

POLK COUNTY, IOWA

Comprehensive Annual Financial Report



Fiscal Year Ending June 30, 2017

POLK COUNTY, IOWA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

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

Christina Albizo
Jessica Burke
Gina Carter
Alison Herold, CPA
Darren Sickerson

BOARD OF SUPERVISOR'S STAFF

Deb Anderson

POLK COUNTY, IOWA

Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Table of Contents

	Page
INTRODUCTORY SECTION	
Table of Contents	1
Letter of Transmittal	3
Officials	8
Organizational Chart	9
Certificate of Achievement for Excellence in Financial Reporting	11
FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis	16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements	
Balance Sheet - Governmental Funds	30
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
Statement of Net Position - Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	40
Statement of Cash Flows - Proprietary Funds	42
Statement of Assets and Liabilities - Fiduciary Funds	46
Notes to the Financial Statements	47
Required Supplementary Information	
Schedule of Funding Progress	88
Schedule of County's Proportionate Share of the Net Pension Liability - Iowa Public Employees' Retirement System	89
Schedule of County Contributions - Iowa Public Employees' Retirement System	90
Notes to the Required Supplementary Information - Pension Liability	92
Budgetary Comparison Schedule - All Governmental Funds	93
Notes to the Required Supplementary Information - Budgetary Reporting	94
Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	102
Nonmajor Enterprise Funds	
Combining Statement of Net Position	108
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	110
Combining Statement of Cash Flows	112
Internal Service Funds	
Combining Statement of Net Position	116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	117
Combining Statement of Cash Flows	118
Agency Funds	
Combining Statement of Assets and Liabilities	120
Combining Statement of Changes in Assets and Liabilities	122
Component Units	
Statement of Net Position - Component Units	127

POLK COUNTY, IOWA

Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Table of Contents

	Page
STATISTICAL SECTION	
Net Position by Component	130
Changes in Net Position	132
Fund Balances, Governmental Funds	136
Changes in Fund Balances, Governmental Funds	138
Assessed Value and Actual Value of Taxable Property	140
Principal Property Taxpayers	142
Property Tax Levies and Collections	143
Direct and Overlapping Property Tax Rates	144
Ratios of Outstanding Debt by Type	146
Ratios of General Bonded Debt Outstanding	147
Direct and Overlapping Governmental Activities Debt	148
Legal Debt Margin Information	150
Demographic and Economic Statistics	152
Principal Employers	153
Full-Time Equivalent County Government Employees by Function/Program	154
Operating Indicators by Function/Program	156
Capital Asset Statistics by Function/Program	158
REPORTS TO COMPLY WITH THE SINGLE AUDIT ACT	
Schedule of Expenditures of Federal Awards	161
Notes to Schedule of Expenditures of Federal Awards	163
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	165
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	167
Schedule of Findings and Questioned Costs	169
Summary Schedule of Prior Audit Findings	172
OTHER REGULATORY REPORTS	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Mental Health - Polk County Region	175
Retail Sales	176
Overlapping and Underlying Debt	177

(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 19, 2017

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, 2017.

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, 2017, 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, 2017, 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 474,045. 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") and for a legally separate convention center hotel entity, Iowa Event Center Hotel Corporation ("IEC Hotel Corp"). Both of these are reported separately within Polk County's financial statements as discretely presented component units. Additional information on these legally separate entities 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 15th, certify the budget for the fiscal year beginning July 1st. If an amendment to the budget is needed after certification, the Board approves and publishes an amendment, with a final amendment approved no later than May 31st of the respective fiscal year. The State of Iowa requires passage of an annual budget of total County operating expenditures by major program service areas. Activities of the general fund, special revenue funds, capital projects funds and debt service funds are included in the annual appropriated budget. The legal level of budgetary control is at the total program service area level.

Factors Affecting Financial Condition

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

Local Economy

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 13% since 2008, to 474,045 in 2017. Unemployment is approximately 3.2%, same as the state level but lower than the 4.5% 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, are 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. Before renovations began there were 28 courtrooms in the Historic Courthouse 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, centralize court services 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, the Justice Center office space has been renovated with all staff relocated to this new space in October 2016. This move has eliminated the use of all leased space for the Polk County court functions, resulting in significant savings. Exterior renovation of the Historic Courthouse was completed in October 2014. Construction is underway for the Criminal Courts building which will be done in June 2018, and planning for the interior of the Historic Courthouse has begun. The anticipated completion date of all phases is 2020.

Iowa Events 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 nearly \$2 million to Polk County for the third year in a row. As successful as the Iowa Events Center has been, it is well documented that 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 in February 2016 when the State of Iowa gave preliminary approval for committing Iowa Reinvestment Act funds 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, the IEC Hotel Corporation, that will ensure that profits from the hotel are reinvested back into the community. Construction on the hotel began in the spring of 2016, and the 330 Hilton Hotel is expected to open in the spring of 2018.

Polk County Water and Land Legacy Projects

In November 2012, voters supported the \$50 million 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. Of \$50 million authorized debt, only \$29.6 million has been issued as of June 30, 2017.

The Polk County Conservation Board completed nearly \$25 million of conservation projects by October 2017, and an additional \$5 million are underway for fiscal year 2017/2018. The remaining \$20 million have been authorized to continue addressing conservation needs over the next several years. Conservation plans to have all projects completed by 2022.

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, \$22 million in funding is secured for the project. Construction on Phase 1, bridge replacement and Phase 2 widening of NW 66th Avenue to the west to NW Beaver Drive along with a multi-purpose trail will be completed later this year. The completion of the full project is expected 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 water quality within 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.

Lower Fourmile Creek Greenway Master Plan

The Lower Fourmile Creek Greenway Master Plan is a joint effort between Polk County, Polk County Conservation, City of Des Moines, and City of Pleasant Hill. The master plan is a result of findings from the Fourmile Creek Watershed Management Authority plan to improve water quality, protect the greenway and to reduce flooding. The Greenway plan will identify improvements to create opportunities for streambank, prairie, woodland and wetland restoration, and a variety of active and passive recreation options.

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 several 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 construction underway for a convention hotel.

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 three-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

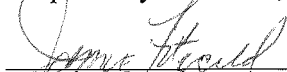
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious 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-three 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

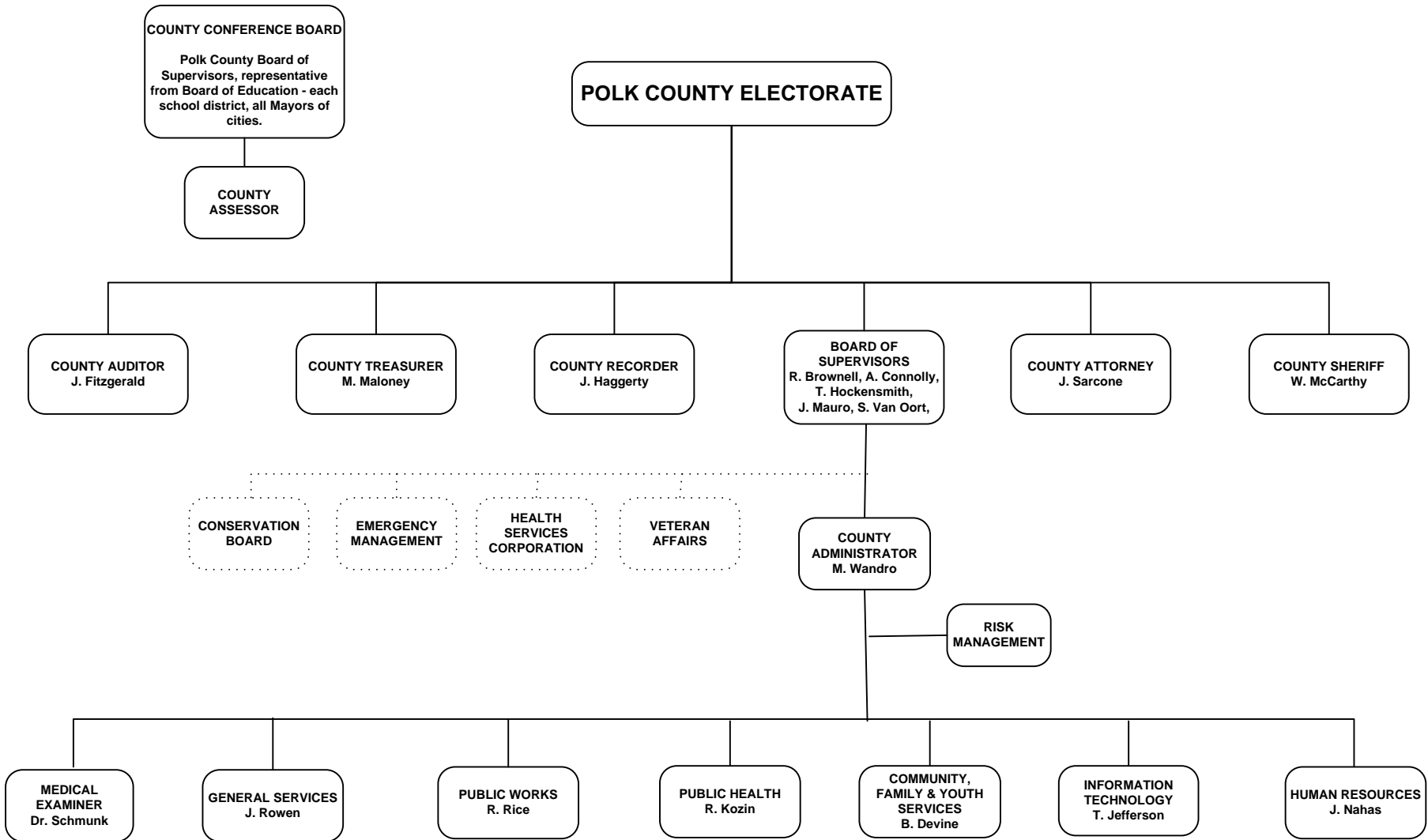
POLK COUNTY, IOWA

OFFICIALS

Name	Title	Term Expires
Jamie Fitzgerald	County Auditor	2020
Mary Maloney	County Treasurer	2018
Julie Haggerty	County Recorder	2018
Bill McCarthy	County Sheriff	2020
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	2020
Tom Hockensmith	Board of Supervisors	2018
Robert Brownell	Board of Supervisors	2020

* Appointed

POLK COUNTY ORGANIZATION



(This page was left blank intentionally)



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, 2016

Executive Director/CEO

(This page was left blank intentionally)

Independent Auditor's Report

Board of Supervisors
Polk County, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate discretely presented component units and remaining fund information of Polk County, Iowa, (the County) as of and for the year ended June 30, 2017, 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, each major fund, and aggregate discretely presented component units and remaining fund information of the County, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress, the Iowa Public Employees Retirement System pension plan schedules and the budgetary comparison schedule, as listed in the table of contents, 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 Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, statistical, and other regulatory reports 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 19, 2017 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 19, 2017

POLK COUNTY, IOWA

Management's Discussion and Analysis For the Year Ended June 30, 2017

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, 2017. 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 \$25.8 million (8%) to \$363.5 million which included a \$30.2 million (31%) increase in net position of governmental activities and a \$4.4 million (2%) decrease in net position of business-type activities.
- Net position of the County's governmental activities increased primarily due to a \$16.9 million increase in net investment in capital assets and a \$11.5 million increase in deferred outflows related to pension activity. Net position of business-type activities decreased primarily due to the increase in accumulated depreciation over capital acquisitions during the year offset by a reduction in long-term debt due to the refunding of several bond issues during the year.
- In the County's governmental activities, total revenues increased \$13.9 million (6%) primarily due to an increase in property tax revenues, capital grants and contributions, and charges for services of \$8.5, \$4.9, and \$1 million respectively. Total expenses decreased \$2.4 million (1%) primarily due to a decrease in mental health and roads and transportation expenses of \$5.1 million and \$3.9 million respectively over an increase in administration and physical health and social services expenses.
- In the County's business-type activities, total revenues increased \$3.7 million (8%) and total expenses decreased \$1.5 million (3%). The increase in revenues is primarily due to a \$5.1 million increase in operating grants and contributions in the Community Based Case Management Fund due to moving case management services to a proprietary fund at the end of the previous fiscal year. Expenses decreased primarily due to the following three items in the previous year: site preparation and demolition costs of \$2.3 million for a new hotel at the Iowa Events Center, purchase of a new \$1.6 million scoreboard for Wells Fargo Arena, and a decrease in sanitary sewer expenses due to a \$4.9 million loss on the conveyance of sanitary sewer improvements to the WRA.
- The County's actual expenditures were \$34.7 million below budget amounts. This is attributed to conservative estimated appropriations of large multi-year capital projects where actual construction expenditures lag the appropriated expenditure schedule and lower than anticipated expenditures on mental health services, utilities, health grants, risk management, and assistance to veterans.

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 Units** – The County includes Polk County Health Services, Inc ("PCHS") and the Iowa Events Center Hotel Corporation ("IEC Hotel Corp") in its report. Although legally separate, these "component units" are included as the County is financially accountable for them.

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** – 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 Capital Project Fund and Debt Service Fund which are considered to be major funds. Data from the other 15 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** – 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, community based case management 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 six 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** – 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 – 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, fiduciary funds and discretely presented component units are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. The County’s *combined* net position increased \$25.8 million (8%) primarily due to an increase in governmental activities net investment in capital assets and deferred outflows of resources related to pension activity.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 331,784,855	\$ 327,357,907	\$ 70,411,705	\$ 61,137,037	\$ 402,196,560	\$ 388,494,944
Capital assets, net	200,344,301	183,017,344	301,715,081	317,283,154	502,059,382	500,300,498
Total assets	<u>532,129,156</u>	<u>510,375,251</u>	<u>372,126,786</u>	<u>378,420,191</u>	<u>904,255,942</u>	<u>888,795,442</u>
Deferred outflows of resources	21,226,050	9,737,934	433,185	600,703	21,659,235	10,338,637
Long-term liabilities	241,831,268	237,063,160	124,958,544	127,964,131	366,789,812	365,027,291
Other liabilities	15,949,929	19,843,475	8,312,070	9,138,775	24,261,999	28,982,250
Total liabilities	<u>257,781,197</u>	<u>256,906,635</u>	<u>133,270,614</u>	<u>137,102,906</u>	<u>391,051,811</u>	<u>394,009,541</u>
Deferred inflows of resources	169,416,961	167,230,699	1,982,007	229,033	171,398,968	167,459,732
Net position						
Net investment in						
capital assets	112,687,170	95,782,354	195,501,228	210,891,115	308,188,398	306,673,469
Restricted	6,845,261	6,856,842	862,445	892,818	7,707,706	7,749,660
Unrestricted (deficit)	6,624,617	(6,663,345)	40,943,677	29,905,022	47,568,294	23,241,677
Total net position	<u>\$ 126,157,048</u>	<u>\$ 95,975,851</u>	<u>\$ 237,307,350</u>	<u>\$ 241,688,955</u>	<u>\$ 363,464,398</u>	<u>\$ 337,664,806</u>

Net position of the County's governmental activities increased 31% to \$126.2 million at June 30, 2017. This increase is primarily due to a \$11.5 million increase in deferred outflows of resources related to pension activity and a \$17.3 million increase in capital assets. Approximately 89% of the net position is invested in capital assets (buildings, roads, bridges, etc). The net position of business-type activities decreased \$4.4 million (2%) to \$237.3 million at June 30, 2017. This decrease is primarily due to an increase in accumulated depreciation over capital acquisitions during the year. Approximately 82% of the net position is invested in capital assets (buildings, land, infrastructure, etc).

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 32,731,620	\$ 31,703,278	\$ 42,319,919	\$ 42,794,554	\$ 75,051,539	\$ 74,497,832
Operating grants and contributions	22,040,570	21,941,825	8,076,897	2,592,193	30,117,467	24,534,018
Capital grants and contributions	10,987,863	6,129,377	498,250	1,644,344	11,486,113	7,773,721
General revenues:						
Property taxes	149,208,819	140,709,005	-	-	149,208,819	140,709,005
Other County taxes	5,768,801	5,735,911	-	-	5,768,801	5,735,911
Interest on property taxes	1,199,698	1,174,445	-	-	1,199,698	1,174,445
State replacements	13,342,460	12,873,398	-	-	13,342,460	12,873,398
Use of money and property	1,233,182	709,823	725,529	637,627	1,958,711	1,347,450
Gain on sale of capital assets	259,350	-	-	-	259,350	-
Miscellaneous	1,227,068	3,082,645	587,018	817,742	1,814,086	3,900,387
Total revenues	237,999,431	224,059,707	52,207,613	48,486,460	290,207,044	272,546,167
Expenses:						
Public safety and legal services	73,081,038	72,778,579	-	-	73,081,038	72,778,579
Physical health and social services	38,587,870	37,352,964	-	-	38,587,870	37,352,964
Mental health	20,756,146	25,906,010	-	-	20,756,146	25,906,010
County environment and education	15,252,013	14,719,318	-	-	15,252,013	14,719,318
Roads and transportation	17,130,748	21,057,936	-	-	17,130,748	21,057,936
Government services to residents	8,053,559	7,974,904	-	-	8,053,559	7,974,904
Administration	37,599,287	32,949,752	-	-	37,599,287	32,949,752
Interest on long-term debt	5,192,766	5,286,682	-	-	5,192,766	5,286,682
Air Quality	-	-	1,275,213	1,180,789	1,275,213	1,180,789
Sanitary Treatment Works	-	-	1,609,984	6,450,974	1,609,984	6,450,974
Prairie Meadows Racetrack/Casino	-	-	10,602,938	10,602,938	10,602,938	10,602,938
Conservation Enterprises	-	-	98,970	191,492	98,970	191,492
Hamilton Urban Drainage District	-	-	598,185	400,587	598,185	400,587
Iowa Events Center	-	-	27,350,775	29,382,506	27,350,775	29,382,506
Urban Sewer	-	-	68,475	88,586	68,475	88,586
Community Base Case Management	-	-	6,759,608	1,592,258	6,759,608	1,592,258
Iowa Tax & Tags	-	-	389,877	349,629	389,877	349,629
Total expenses	215,653,427	218,026,145	48,754,025	50,239,759	264,407,452	268,265,904
Excess (deficiency) before transfers	22,346,004	6,033,562	3,453,588	(1,753,299)	25,799,592	4,280,263
Transfers	7,835,193	8,194,584	(7,835,193)	(8,194,584)	-	-
Increase (decrease) in net position	30,181,197	14,228,146	(4,381,605)	(9,947,883)	25,799,592	4,280,263
Net position - beginning	95,975,851	81,747,705	241,688,955	251,636,838	337,664,806	333,384,543
Net position- ending	\$ 126,157,048	\$ 95,975,851	\$ 237,307,350	\$ 241,688,955	\$ 363,464,398	\$ 337,664,806

Statement of Activities - Changes in Net Position

Polk County's governmental activities net position increased \$30.2 million during the year. Revenues for governmental activities increased \$13.9 million primarily due to an increase in property tax revenues and capital grants and contributions. The business-type activities net position decreased \$4.4 million during the year primarily due to the transfer out to governmental funds for community betterment projects exceeding net profit.

Governmental revenues increased 6% primarily from increased property tax collections and capital grants and contributions. The County's taxable valuations increased 6.2% resulting in an increase in current property tax revenue. The \$4.9 million increase in capital grants and contributions is due to several large reimbursements from the Iowa Department of Natural Resources (IDNR) for their share of the costs for the Easter Lake Renovations project, the receipt of federal and state grant revenue for a land acquisition and bridge project, and contributions collected for the Jester Park Conservation Center.

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 14% and operating grants represents 9% of total governmental revenues.

Governmental activities expenses decreased 1%, including a 20% decrease in mental health expense due to moving case management services to an enterprise fund and a 19% decrease in roads and transportation expense due to decreased spending on roadway maintenance. Administration expenses increased 14% primarily due to increased salary and benefit costs, non-capital information technology upgrades and repair and maintenance projects within the General Services department.

The County's expenses cover a range of services, with the largest expenses relating to public safety and legal services (34%), physical health and social services (18%) and administration (17%).

Governmental Activities Revenues for the County's governmental activities increased \$13.9 million (6%), while expenses decreased \$2.4 million (1%). Key elements of these changes include the following:

- \$8.5 million (6%) increase in property tax revenue due to a 6.2% increase in taxable valuations.
- \$4.9 million (79%) increase in capital grants and contributions due to several large reimbursements from the IDNR for their portion of the Easter Lake Renovations project, the receipt of federal and state grant revenue for a land acquisition and bridge project, and contributions collected for the Jester Park Conservation Center.
- \$5.1 million (20%) decrease in mental health expense primarily due to moving case management services to a proprietary fund.
- \$3.9 million (19%) decrease in roads and transportation expense primarily due to decreased spending on roadway maintenance.
- \$4.6 million (14%) increase in administration expense primarily due to increased salary and benefit costs, non-capital information technology upgrades and repair and maintenance projects within the General Services department.

Business-type Activities Revenues for the County's business-type activities increased \$3.7 million (8%) and expenses decreased \$1.5 million (3%). Key elements of these changes include the following:

- Operating grants and contributions increased \$5.5 million primarily due to an increase in the reimbursements for case management services.
- Capital grants and contributions decreased \$1.1 million due to the completion of the Hamilton Drain Watershed project in the previous fiscal year.
- Sanitary Treatment Works expenses decreased \$4.8 million primarily due to a \$4.9 million loss on the conveyance of sanitary sewer improvements to the WRA in the previous fiscal year.
- Iowa Events Center expenses decreased \$2 million primarily due to costs incurred on hotel site preparation and demolition and the purchase of a new scoreboard at Wells Fargo Arena in the previous fiscal year.
- Community Based Case Management expenses increased \$5.2 million due to moving case management services from a governmental fund to a proprietary fund at the end of the previous fiscal year.

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 \$129.7 million at June 30, 2017, which is \$3 million more than the prior year. Key elements of these changes include the following:

- The General Fund increased \$1.5 million primarily due to the result of a \$8.2 million increase in property tax revenue due to a 6.2% increase in taxable valuations.
- The Mental Health Special Revenue Fund decreased \$.8 million primarily due to not receiving a \$1 million Social Services Block Grant.
- The Justice Center Capital Projects Fund increased \$2.2 million primarily due to a transfer from the General Supplemental Fund, a sub-fund of the General Fund, to provide funding for a portion of the courts master plan construction/renovation.
- The Debt Service Fund increased \$.7 million primarily due to the issuance of 2017 Series A and Series C general obligation bonds to refund outstanding obligations of the County at the end of the year. See Note 8 for further information.

Proprietary Funds

Sanitary Treatment Works net position increased \$1 million primarily due to a \$.4 million capital contribution from Saydel Community School District for their portion of a sewer extension project and \$.3 million increase in charges for services due to an increase in sewer usage and connection fees.

Prairie Meadows Racetrack/Casino net position increased \$2.9 million primarily due to a \$3.6 million decrease in transfers to the Iowa Events Center. In the previous year, a transfer of \$2.3 million to the Iowa Events Center Enterprise Fund was reported for demolition of the former Allied Insurance Building and \$1.6 million for the purchase of a new scoreboard at Wells Fargo Arena.

Iowa Events Center net position decreased \$8 million primarily due to depreciation expense of \$9.6 million and hotel expenses of \$.5 million offset by net profit recorded by Wells Fargo Arena of \$2 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2017, amount to \$502.1 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 increased \$1.8 million during the year. The primary reason for the increase is due to continued work on the historic courthouse and criminal court annex projects and also the Polk County Water & Land Legacy improvement projects.

Major capital asset events for the year ended June 30, 2017, are as follows:

- Criminal Court Annex project - \$6.5 million
- Polk County Water & Land Legacy land acquisitions and improvements - \$6 million
- NW 66th Ave/Kempton Bridge reconstruction including phase 2 paving - \$4.5 million
- Completion of the Northside Senior Center - \$2.9 million
- Lease purchase of 12 axle trucks for secondary roads - \$2.3 million
- Historic Courthouse renovations - \$1.1 million

Capital assets for the governmental and business-type activities at June 30, 2017 are as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 20,155,450	\$ 19,199,474	\$ 18,215,559	\$ 18,215,559	\$ 38,371,009	\$ 37,415,033
Intangibles - permanent easements	-	-	3,322,580	3,322,580	3,322,580	3,322,580
Buildings	171,636,847	149,647,445	323,523,891	323,523,891	495,160,738	473,171,336
Improvements other than buildings	6,530,709	4,940,671	8,725,298	8,725,298	15,256,007	13,665,969
Leasehold improvements	-	-	113,145,115	113,145,115	113,145,115	113,145,115
Infrastructure	111,349,935	110,561,605	34,095,730	33,021,110	145,445,665	143,582,715
Equipment	15,006,052	15,353,096	3,626,421	3,514,146	18,632,473	18,867,242
Vehicles	10,738,895	9,359,622	236,456	236,456	10,975,351	9,596,078
Intangibles - computer software	6,455,002	6,455,002	-	-	6,455,002	6,455,002
Construction in progress	31,428,803	32,164,344	-	138,807	31,428,803	32,303,151
Total	<u>373,301,693</u>	<u>347,681,259</u>	<u>504,891,050</u>	<u>503,842,962</u>	<u>878,192,743</u>	<u>851,524,221</u>
Less: accumulated depreciation	<u>(172,957,392)</u>	<u>(164,663,915)</u>	<u>(203,175,969)</u>	<u>(186,559,808)</u>	<u>(376,133,361)</u>	<u>(351,223,723)</u>
Total	<u>\$ 200,344,301</u>	<u>\$ 183,017,344</u>	<u>\$ 301,715,081</u>	<u>\$ 317,283,154</u>	<u>\$ 502,059,382</u>	<u>\$ 500,300,498</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 17/18 capital budget includes spending an estimated \$14 million for the Polk County Historic Courthouse, \$14.1 million for the Criminal Court Annex, \$13.4 million for Polk County Water & Land Legacy projects, \$3.7 million for capital improvement projects at various County facilities, and \$1.3 million for technology upgrades. Planned capital outlays for proprietary funds include \$.7 million for improvements to the Iowa Events Center and \$.7 million for 2017 Sanitary Sewer Projects.

Long-Term Debt

At June 30, 2017, the County had \$279 million in bonds and notes outstanding, a decrease of \$18.4 million compared to FY 15/16. The change in debt is due to paying down principal on existing bonds, as offset by the issuance of new bonds to pay current year principal on the Iowa Events Center. The use of bond proceeds to pay current year principal enabled the County to free up gaming revenue to be used as part of the financing for construction of an Iowa Events Center hotel.

Four large outstanding obligations pertain to the Iowa Events Center Enterprise Fund. Projects 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 16/17, principal repayments and refundings reduced outstanding principal by \$5.2 million, resulting in an outstanding Iowa Events Center obligation of \$89.5 million.

During FY 17/18, Polk County is contemplating issuing approximately \$20.4 million in additional general obligation debt to finance the remaining phase of the courts master plan and an additional phase of the Polk County Water and Land Legacy project.

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 \$1.3 billion as of June 30, 2017.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2017	2016	2017	2016	2017	2016	2016-2017
G.O. bonds	\$ 154,057,954	\$ 168,758,562	\$ 97,958,000	\$ 100,409,970	\$ 252,015,954	\$ 269,168,532	-6%
Notes payable	1,679,000	2,068,000	25,495,000	26,357,000	27,174,000	28,425,000	-4%
Total	<u>\$ 155,736,954</u>	<u>\$ 170,826,562</u>	<u>\$ 123,453,000</u>	<u>\$ 126,766,970</u>	<u>\$ 279,189,954</u>	<u>\$ 297,593,532</u>	-6%

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 \$34.7 million below final budget amounts. Significant variances include:

- General operational expenditures were \$8.3 million less than budget due to lower than anticipated expenditures for social services staff and programs, utilities, grants, risk management, and assistance to veterans. Additionally, significant unbudgeted savings were realized on the jail medical contract.
- Mental health expenditures were \$2.0 million less than budget due to reduced service utilization. Due to uncertainty over pending legislative changes, the County took a conservative spending approach.
- Courts Master Plan capitals were \$12.7 million less than budget. The budget is a conservative estimate to ensure sufficient appropriation is available to carry out any potential or planned capital improvements. The actual construction expenditures lag the appropriated expenditure schedule.
- Conservation water and land projects were \$9.3 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, 2017.
- Capital project expenditures were \$1.5 million less than budget due to capital projects being carried over to the succeeding fiscal year. This primarily includes reserve funding for information technology projects.
- Community and economic development grant expenditures were \$0.9 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.

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 significant growth in property valuations have allowed Polk County to maintain services without growth in the tax rate.

For FY 17/18, certified taxable valuations increased 3.6%, resulting in a budgeted increase of \$5.8 million in net current property tax revenue and state tax replacements. Per State property tax reform, commercial and industrial taxable valuations were rolled back to 90% of assessed valuation, with the State pledging to replace funding lost due to the rollback. For FY 17/18, the County estimates state replacement funding of \$6.2 million.

Polk County's budget for FY 17/18 indicates General fund balances will decrease \$1.8 million due to planned balance utilization. Balances are projected to exceed the County policy that sets ending fund balances at a goal of 20% - 25% of expenditures. Therefore, the County plans to spend down balances by paying cash for several capital projects. 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@polkcountyiowa.gov.

(This page was left blank intentionally)

POLK COUNTY, IOWA

Statement of Net Position
June 30, 2017

	Primary Government			Component Units Total
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 99,479,087	\$ 39,818,672	\$ 139,297,759	\$ 4,988,882
Receivables (net)	13,260,810	30,300,813	43,561,623	156,101
Due from component units	-	303,682	303,682	-
Internal balances	1,117,333	(1,117,333)	-	-
Inventories	1,943,857	98,187	2,042,044	-
Prepaid items	629,893	145,239	775,132	71,143
Restricted assets - cash and pooled investments	48,596,212	862,445	49,458,657	-
Succeeding year property taxes receivable	166,757,663	-	166,757,663	-
Capital assets not being depreciated	51,584,253	21,538,139	73,122,392	1,301,209
Capital assets being depreciated, net	148,760,048	280,176,942	428,936,990	2,391,674
TOTAL ASSETS	532,129,156	372,126,786	904,255,942	8,909,009
DEFERRED OUTFLOWS OF RESOURCES	21,226,050	433,185	21,659,235	-
LIABILITIES				
Accounts payable and other current liabilities	15,348,163	6,364,580	21,712,743	473,919
Due to primary government	-	-	-	295,232
Interest payable	428,979	600,275	1,029,254	-
Unearned revenues	172,787	704,390	877,177	90,549
Advance deposits and ticket sales	-	642,825	642,825	-
Due within one year:				
General obligation bonds payable	13,848,638	898,681	14,747,319	-
Notes payable	406,000	890,000	1,296,000	-
Capital leases payable	704,224	-	704,224	-
Compensated absences payable	1,985,707	100,572	2,086,279	97,851
Estimated liability for claims and judgments	3,063,600	-	3,063,600	-
Due in more than one year:				
General obligation bonds payable	140,209,316	97,059,319	237,268,635	-
Notes payable	1,273,000	24,605,000	25,878,000	-
Capital leases payable	1,179,580	-	1,179,580	-
Compensated absences payable	14,354,922	287,950	14,642,872	47,937
Estimated liability for claims and judgments	1,164,000	-	1,164,000	-
Post employment liability	7,053,000	-	7,053,000	-
Net pension liability	56,589,281	1,117,022	57,706,303	-
TOTAL LIABILITIES	257,781,197	133,270,614	391,051,811	1,005,488
DEFERRED INFLOWS OF RESOURCES	169,416,961	1,982,007	171,398,968	324,141
NET POSITION				
Net investment in capital assets	112,687,170	195,501,228	308,188,398	3,692,883
Restricted for:				
Capital improvements	-	862,445	862,445	-
Debt service	1,642,484	-	1,642,484	-
Enabling legislation - State Statutes	5,202,777	-	5,202,777	-
PCHS/Foundation	-	-	-	2,278,043
Unrestricted (deficit)	6,624,617	40,943,677	47,568,294	1,608,454
TOTAL NET POSITION	\$ 126,157,048	\$ 237,307,350	\$ 363,464,398	\$ 7,579,380

POLK COUNTY, IOWA

Statement of Activities
For the Year Ended June 30, 2017

Function/Program	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	Total
Primary government:								
Governmental activities:								
Public safety and legal services	\$ 73,081,038	\$ 16,245,042	\$ 1,518,971	\$ -	\$ (55,317,025)	\$ -	\$ (55,317,025)	\$ -
Physical health and social services	38,587,870	1,272,939	11,007,669	-	(26,307,262)	-	(26,307,262)	-
Mental health	20,756,146	2,249,219	2,500,000	-	(16,006,927)	-	(16,006,927)	-
County environment and education	15,252,013	2,299,210	41,524	4,995,040	(7,916,239)	-	(7,916,239)	-
Roads and transportation	17,130,748	566,585	6,869,116	5,992,823	(3,702,224)	-	(3,702,224)	-
Government services to residents	8,053,559	8,381,909	-	-	328,350	-	328,350	-
Administration	37,599,287	1,678,242	103,290	-	(35,817,755)	-	(35,817,755)	-
Interest on long-term debt	5,192,766	38,474	-	-	(5,154,292)	-	(5,154,292)	-
Total governmental activities	215,653,427	32,731,620	22,040,570	10,987,863	(149,893,374)	-	(149,893,374)	-
Business-type activities:								
Air Quality	1,275,213	376,783	889,637	-	-	(8,793)	(8,793)	-
Sanitary Treatment Works	1,609,984	1,051,006	-	370,000	-	(188,978)	(188,978)	-
Prairie Meadows Racetrack/Casino	10,602,938	24,947,712	-	-	-	14,344,774	14,344,774	-
Conservation Enterprises	98,970	196,126	-	-	-	97,156	97,156	-
Hamilton Urban Drainage District	598,185	115,451	-	-	-	(482,734)	(482,734)	-
Iowa Events Center	27,350,775	15,192,487	457,807	128,250	-	(11,572,231)	(11,572,231)	-
Urban Sewer	68,475	-	-	-	-	(68,475)	(68,475)	-
Community Based Case Management	6,759,608	-	6,729,453	-	-	(30,155)	(30,155)	-
Iowa Tax & Tags	389,877	440,354	-	-	-	50,477	50,477	-
Total business-type activities	48,754,025	42,319,919	8,076,897	498,250	-	2,141,041	2,141,041	-
Total primary government	\$ 264,407,452	\$ 75,051,539	\$ 30,117,467	\$ 11,486,113	(149,893,374)	2,141,041	(147,752,333)	-
Component units:								
PCHS	\$ 3,470,367	\$ 1,283,362	\$ 1,954,922					(232,083)
IEC Hotel Corp	598,336	-	-					(598,336)
Total	\$ 4,068,703	\$ 1,283,362	\$ 1,954,922					(830,419)
General revenues:								
Property taxes					149,208,819	-	149,208,819	-
Other county taxes					5,768,801	-	5,768,801	-
Interest and penalties on property taxes					1,199,698	-	1,199,698	-
State tax credits and replacements against levied property taxes					13,342,460	-	13,342,460	-
Interest income					1,233,182	725,529	1,958,711	11,789
Gain on sale of capital assets					259,350	-	259,350	-
Miscellaneous					1,227,068	587,018	1,814,086	38,048
Transfers					7,835,193	(7,835,193)	-	-
Total general revenues and transfers					180,074,571	(6,522,646)	173,551,925	49,837
Change in net position					30,181,197	(4,381,605)	25,799,592	(780,582)
Net position - beginning					95,975,851	241,688,955	337,664,806	8,359,962
Net position - ending					\$ 126,157,048	\$ 237,307,350	\$ 363,464,398	\$ 7,579,380

See Notes to Basic Financial Statements

(This page was left blank intentionally)

(This page was left blank intentionally)

POLK COUNTY, IOWA

**Balance Sheet
Governmental Funds
June 30, 2017**

	General	Mental Health	Justice Center
ASSETS			
Cash and pooled investments	\$ 53,778,672	\$ 2,781,162	\$ 12,526,489
Restricted assets - cash and pooled investments	-	-	38,251,276
Receivables (net):			
Taxes	356,410	41,850	-
Succeeding year property taxes	124,536,285	14,439,175	-
Special assessments	132,171	-	-
Accounts	598,538	97,865	16,166
Notes	2,137,556	-	-
Accrued interest	163,664	-	-
Due from other funds	977,187	50,146	-
Due from other governments	6,184,320	25,165	-
Advances to other funds	16,153	-	-
Inventories	612,447	-	-
Prepaid items	601,804	-	-
TOTAL ASSETS	\$ 190,095,207	\$ 17,435,363	\$ 50,793,931
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,821,815	\$ 1,008,926	\$ 1,117,549
Contract/retainage payable	-	-	301,164
Wages payable	1,646,205	2,797	-
Payroll taxes payable	266,290	448	-
Compensated absences payable	2,305,310	-	-
Estimated liability for claims and judgments	91,000	-	-
Due to other funds	451	-	-
Due to other governments	2,772,013	-	-
Trust payable	80,048	-	-
Unearned revenues	172,787	-	-
TOTAL LIABILITIES	9,155,919	1,012,171	1,418,713
DEFERRED INFLOWS OF RESOURCES	126,955,095	14,548,633	-
Fund balances:			
Nonspendable	1,057,617	-	-
Restricted	-	1,874,559	49,375,218
Committed	4,053,969	-	-
Unassigned	48,872,607	-	-
TOTAL FUND BALANCES	53,984,193	1,874,559	49,375,218
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 190,095,207	\$ 17,435,363	\$ 50,793,931

See Notes to Basic Financial Statements

Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,640,676	\$ 16,271,962	\$ 86,998,961
-	10,344,936	48,596,212
48,040	39,400	485,700
18,640,135	9,142,068	166,757,663
-	9,851	142,022
-	163,192	875,761
-	50,000	2,187,556
-	-	163,664
90,000	451	1,117,784
-	1,194,340	7,403,825
-	-	16,153
-	1,331,410	1,943,857
-	19,868	621,672
\$ 20,418,851	\$ 38,567,478	\$ 317,310,830
\$ -	\$ 6,053,054	\$ 10,001,344
-	-	301,164
-	91,604	1,740,606
-	15,368	282,106
-	-	2,305,310
-	-	91,000
-	-	451
-	-	2,772,013
-	-	80,048
-	-	172,787
-	6,160,026	17,746,829
18,777,614	9,556,637	169,837,979
-	1,351,278	2,408,895
1,641,237	11,853,501	64,744,515
-	12,353,201	16,407,170
-	(2,707,165)	46,165,442
1,641,237	22,850,815	129,726,022
\$ 20,418,851	\$ 38,567,478	\$ 317,310,830

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, 2017**

Fund balances - total governmental funds	\$	129,726,022
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	\$	373,301,693
Accumulated depreciation		<u>(172,957,392)</u>
		200,344,301
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.		
		(428,979)
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.		
		4,108,994
Revenues and other financing sources that are not available to pay for current period expenditures in the funds.		
Property taxes		480,820
Special assessments		138,771
Accounts receivable		142,624
Notes receivable from sale of capital assets (Luther Care)		50,000
Due from other governments		1,695,453
Due from other funds (Prairie Meadows property taxes)		<u>572,648</u>
		3,080,316
Long-term receivables are not available to pay for current period expenditures and therefore are not reported in the funds:		
Notes Receivable (Aviation Authority)		1,520,000
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		21,226,050
Deferred inflows of resources		(1,848,408)
Deferred inflows of resources (gain on refunding)		(810,890)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(154,057,954)
Notes payable		(1,679,000)
Capital leases payable		(1,883,804)
Compensated absences payable		(14,035,319)
Estimated liability for claims and judgments		(2,515,000)
Net pension liability		<u>(56,589,281)</u>
Net position of governmental activities	\$	<u><u>126,157,048</u></u>

(This page was left blank intentionally)

POLK COUNTY, IOWA

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017**

	General	Mental Health	Justice Center
REVENUES:			
Property taxes	\$ 110,267,735	\$ 13,383,353	\$ -
Other County taxes	4,310,899	414,062	-
Interest and penalties on delinquent taxes	1,199,698	-	-
Intergovernmental	33,132,766	5,961,456	-
Licenses and permits	1,192,931	-	-
Charges for services	14,761,277	-	-
Use of money and property	3,501,251	-	215,003
Miscellaneous	1,693,722	214,657	16,166
TOTAL REVENUES	170,060,279	19,973,528	231,169
EXPENDITURES:			
Current:			
Public safety and legal services	69,550,721	-	-
Physical health and social services	36,130,845	-	-
Mental health	-	20,756,146	-
County environment and education	12,450,151	-	-
Roads and transportation	789,725	-	-
Government services to residents	7,426,658	-	-
Administration	33,015,233	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects:			
Roadway construction	-	-	-
Conservation land acquisition and development	299,626	-	-
Other capital projects	-	-	8,260,698
TOTAL EXPENDITURES	159,662,959	20,756,146	8,260,698
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,397,320	(782,618)	(8,029,529)
OTHER FINANCING SOURCES (USES):			
Transfers in	11,808,712	-	10,199,902
Transfers out	(20,703,371)	-	-
Issuance of capital leases	-	-	-
Issuance of refunding bonds	-	-	-
Premium/(discount) on bonds issued	-	-	-
Payment to refunding bond escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(8,894,659)	-	10,199,902
NET CHANGE IN FUND BALANCES	1,502,661	(782,618)	2,170,373
FUND BALANCE, BEGINNING	52,461,168	2,657,177	47,204,845
Change in inventory reserve	20,364	-	-
FUND BALANCE, ENDING	\$ 53,984,193	\$ 1,874,559	\$ 49,375,218

	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$	17,406,818	\$ 8,134,327	\$ 149,192,233
	487,164	556,676	5,768,801
	-	-	1,199,698
	1,504,651	12,792,960	53,391,833
	-	149,315	1,342,246
	-	696,667	15,457,944
	405,045	54,595	4,175,894
	-	1,640,753	3,565,298
	<u>19,803,678</u>	<u>24,025,293</u>	<u>234,093,947</u>
	-	1,643,576	71,194,297
	-	-	36,130,845
	-	-	20,756,146
	-	1,083,684	13,533,835
	-	12,462,235	13,251,960
	-	159,723	7,586,381
	-	-	33,015,233
	14,260,378	49,000	14,309,378
	5,149,574	3,315	5,152,889
	-	5,451,872	5,451,872
	-	7,508,191	7,807,817
	-	5,482,793	13,743,491
	<u>19,409,952</u>	<u>33,844,389</u>	<u>241,934,144</u>
	393,726	(9,819,096)	(7,840,197)
	-	12,192,852	34,201,466
	-	(5,642,902)	(26,346,273)
	-	2,326,428	2,326,428
	56,730,000	-	56,730,000
	8,351,001	-	8,351,001
	(64,819,767)	-	(64,819,767)
	-	359,350	359,350
	<u>261,234</u>	<u>9,235,728</u>	<u>10,802,205</u>
	654,960	(583,368)	2,962,008
	986,277	23,407,769	126,717,236
	-	26,414	46,778
\$	<u>1,641,237</u>	<u>\$ 22,850,815</u>	<u>\$ 129,726,022</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, 2017**

Net change in fund balances - total governmental funds \$ 2,962,008

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	23,033,094
Capital contribution	4,790,594
Depreciation/amortization expense	(10,496,731)

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	(828,346)
Change in deferred inflows of resources relating to note receivable (Luther Care Services)	(100,000)
Collection of long-term receivable (Aviation Authority) recognized as revenue in the governmental funds	(340,000)

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. 8,317,104

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	(1,731,000)
Change in compensated absences	(15,005)
Pension expense	(7,977,597)
Amortization of bond premium/(discount)	230,574

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	(1,584,888)
Payments on long-term bonds	78,740,145
Payments on long-term notes	389,000
Proceeds on long-term debt	(56,730,000)
Premium/(discount) on the issuance of debt	(8,351,001)

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	(39,877)
------------------------------------	----------

Internal service funds are used by management to charge the costs of insurance. The change in net position is reported with governmental activities. (133,655)

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.

	46,778
--	--------

Change in net position of governmental activities \$ 30,181,197

See Notes to Basic Financial Statements

(This page was left blank intentionally)

POLK COUNTY, IOWA

Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and pooled investments	\$ 5,542,090	\$ 25,247,160	\$ 6,144,645	\$ 2,884,777
Restricted assets - cash and pooled investments	-	-	862,445	-
Receivables (net):				
Accounts	168,742	-	3,668,238	1,090,374
Notes	596,966	-	3,770,909	107,726
Due from other governments	410,318	182,456	457,807	405,508
Due from component units	-	-	303,682	-
Inventories	-	-	98,187	-
Prepaid items	-	-	145,239	-
Total current assets	6,718,116	25,429,616	15,451,152	4,488,385
Noncurrent assets:				
Receivables (net):				
Special assessments	10,225	-	-	7,029
Notes	15,449,660	-	-	3,974,855
Capital assets not being depreciated	599,611	3,129,000	13,914,413	3,895,115
Capital assets being depreciated, net	13,960,672	82,389,676	174,673,542	9,153,052
Total noncurrent assets	30,020,168	85,518,676	188,587,955	17,030,051
TOTAL ASSETS	36,738,284	110,948,292	204,039,107	21,518,436
DEFERRED OUTFLOW OF RESOURCES	-	-	25,991	407,194
LIABILITIES				
Current liabilities:				
Accounts payable	22,632	-	1,392,975	730,976
Wages payable	-	-	77,376	21,343
Payroll taxes payable	-	-	6,034	3,436
Interest payable	52,698	-	539,354	8,223
Estimated liability for claims and judgments	-	-	-	-
Due to other funds	-	572,648	-	544,685
Due to other governments	-	4,109,808	-	-
Advance deposits and ticket sales	-	-	642,825	-
Unearned revenues	-	-	704,390	-
General obligation bonds payable	-	-	595,147	303,534
Notes payable	890,000	-	-	-
Compensated absences payable	-	-	87,492	13,080
Total current liabilities	965,330	4,682,456	4,045,593	1,625,277
Noncurrent liabilities:				
General obligation bonds payable	-	-	94,226,048	2,833,271
Notes payable	24,605,000	-	-	-
Compensated absences payable	-	-	-	287,950
Post employment liability	-	-	-	-
Net pension liability	-	-	67,020	1,050,002
Total noncurrent liabilities	24,605,000	-	94,293,068	4,171,223
TOTAL LIABILITIES	25,570,330	4,682,456	98,338,661	5,796,500
DEFERRED INFLOWS OF RESOURCES	-	-	1,946,547	35,460
NET POSITION				
Net investment in capital assets	5,111,909	85,518,676	91,822,476	13,048,167
Restricted for capital improvements	-	-	862,445	-
Unrestricted	6,056,045	20,747,160	11,094,969	3,045,503
TOTAL NET POSITION	\$ 11,167,954	\$ 106,265,836	\$ 103,779,890	\$ 16,093,670

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 39,818,672	\$ 12,480,126
862,445	-
4,927,354	466,129
4,475,601	-
1,456,089	-
303,682	-
98,187	-
145,239	8,221
<u>52,087,269</u>	<u>12,954,476</u>
17,254	-
19,424,515	-
21,538,139	-
280,176,942	-
<u>321,156,850</u>	<u>-</u>
<u>373,244,119</u>	<u>12,954,476</u>
433,185	-
2,146,583	170,882
98,719	-
9,470	-
600,275	-
-	1,621,600
1,117,333	-
4,109,808	-
642,825	-
704,390	-
898,681	-
890,000	-
100,572	-
<u>11,318,656</u>	<u>1,792,482</u>
97,059,319	-
24,605,000	-
287,950	-
-	7,053,000
1,117,022	-
<u>123,069,291</u>	<u>7,053,000</u>
<u>134,387,947</u>	<u>8,845,482</u>
1,982,007	-
195,501,228	-
862,445	-
<u>40,943,677</u>	<u>4,108,994</u>
<u>\$ 237,307,350</u>	<u>\$ 4,108,994</u>

POLK COUNTY, IOWA

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
OPERATING REVENUES:				
Charges for goods and services:				
Charges for services	\$ 1,051,006	\$ 15,600,000	\$ 2,863,814	\$ 932,588
Intergovernmental revenues	-	-	457,807	7,619,090
Project income	-	9,347,712	800,000	-
Parking income	-	-	808,140	-
Concession sales	-	-	6,392,803	-
Commissions income	-	-	3,744,851	196,126
PFMS user fee on ticket sales	-	-	582,879	-
Miscellaneous	10,698	-	441,919	134,401
Total operating revenues	1,061,704	24,947,712	16,092,213	8,882,205
OPERATING EXPENSES:				
Cost of goods and services:				
Personal services	55,261	-	3,014,632	1,454,226
Supplies	-	-	374,853	60,599
Professional services	89,731	-	141,562	220,459
Other services/charges	276,590	4,500,000	3,070,962	6,899,203
Insurance	-	-	176,671	-
Direct event expense	-	-	2,241,761	-
Cost of goods sold - concession	-	-	4,295,017	-
Management expense	-	-	241,920	-
Miscellaneous	10,983	-	-	14,818
Amortization of discount (premium)	-	-	(459,206)	(2,872)
Depreciation	490,719	6,102,938	9,563,587	472,548
Total operating expenses	923,284	10,602,938	22,661,759	9,118,981
OPERATING INCOME (LOSS)	138,420	14,344,774	(6,569,546)	(236,776)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	530,201	71,105	48,195	76,028
Debt issuance costs	-	-	(344,256)	(10,983)
Interest expense	(686,700)	-	(4,344,760)	(60,364)
Total nonoperating revenues (expenses)	(156,499)	71,105	(4,640,821)	4,681
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(18,079)	14,415,879	(11,210,367)	(232,095)
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Capital contributions from others	370,000	-	128,250	-
Transfers in	627,313	-	3,093,882	-
Transfers out	-	(11,556,388)	-	-
Total capital contributions and transfers	997,313	(11,556,388)	3,222,132	-
CHANGE IN NET POSITION	979,234	2,859,491	(7,988,235)	(232,095)
NET POSITION - BEGINNING	10,188,720	103,406,345	111,768,125	16,325,765
NET POSITION - ENDING	\$ 11,167,954	\$ 106,265,836	\$ 103,779,890	\$ 16,093,670

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 20,447,408	\$ 19,634,211
8,076,897	-
10,147,712	-
808,140	-
6,392,803	-
3,940,977	-
582,879	-
587,018	275,275
<u>50,983,834</u>	<u>19,909,486</u>
4,524,119	-
435,452	-
451,752	25,000
14,746,755	52,435
176,671	19,969,592
2,241,761	-
4,295,017	-
241,920	-
25,801	-
(462,078)	-
16,629,792	-
<u>43,306,962</u>	<u>20,047,027</u>
<u>7,676,872</u>	<u>(137,541)</u>
725,529	23,886
(355,239)	-
(5,091,824)	-
<u>(4,721,534)</u>	<u>23,886</u>
<u>2,955,338</u>	<u>(113,655)</u>
498,250	-
3,721,195	3,557,118
(11,556,388)	(3,577,118)
<u>(7,336,943)</u>	<u>(20,000)</u>
(4,381,605)	(133,655)
<u>241,688,955</u>	<u>4,242,649</u>
<u>\$ 237,307,350</u>	<u>\$ 4,108,994</u>

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-type Activities-Enterprise Funds		
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 706,524	\$ -	\$ 16,490,065
Cash received from operating grants	-	-	-
Cash received from racetrack/casino	-	25,050,712	-
Cash paid to suppliers for goods and services	(354,672)	(4,603,000)	(11,385,046)
Cash paid to employees	(55,261)	-	(1,263,516)
Net cash flows from operating activities	<u>296,591</u>	<u>20,447,712</u>	<u>3,841,503</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Disbursements for a receivable from component unit	-	-	(13,657)
Transfers in	627,313	-	3,093,882
Transfers out	-	(11,556,388)	-
Net cash flows from noncapital financing activities	<u>627,313</u>	<u>(11,556,388)</u>	<u>3,080,225</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Issuance costs paid on long-term debt	-	-	(344,256)
Proceeds from debt issued for advance refunding	-	-	84,065,750
Payments to escrow agent for advance refunding debt	-	-	(85,605,869)
Principal paid on long-term debt	(862,000)	-	(135,000)
Interest paid on long-term debt	(688,722)	-	(3,697,474)
Capital contributions from others	370,000	-	128,250
Repayments on capital note receivable	578,174	-	-
Purchase of capital assets	(1,091,216)	-	(64,274)
Net cash flows from capital and related financing activities	<u>(1,693,764)</u>	<u>-</u>	<u>(5,652,873)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	530,201	71,105	48,195
Net cash flows from investing activities	<u>530,201</u>	<u>71,105</u>	<u>48,195</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(239,659)	8,962,429	1,317,050
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,781,749	16,284,731	5,690,040
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,542,090	\$ 25,247,160	\$ 7,007,090

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 8,103,995	\$ 25,300,584	\$ 19,597,485
817,160	817,160	-
-	25,050,712	-
(7,167,886)	(23,510,604)	(19,237,494)
(1,479,429)	(2,798,206)	-
273,840	24,859,646	359,991
-	(13,657)	-
-	3,721,195	3,557,118
-	(11,556,388)	(3,577,118)
-	(7,848,850)	(20,000)
(10,983)	(355,239)	-
3,136,805	87,202,555	-
(3,148,956)	(88,754,825)	-
(302,622)	(1,299,622)	-
(58,967)	(4,445,163)	-
-	498,250	-
130,031	708,205	-
(61,632)	(1,217,122)	-
(316,324)	(7,662,961)	-
76,028	725,529	23,886
76,028	725,529	23,886
33,544	10,073,364	363,877
2,851,233	30,607,753	12,116,249
\$ 2,884,777	\$ 40,681,117	\$ 12,480,126

(continued)

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-type Activities-Enterprise Funds		
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 138,420	\$ 14,344,774	\$ (6,569,546)
Components of operating income (loss) not included in operating activities:			
Depreciation	490,719	6,102,938	9,563,587
Amortization	-	-	(459,206)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	9,197	-	-
(Increase) decrease in accounts receivable	(1,033)	-	830,602
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in due from other governments	(363,344)	103,000	(457,807)
(Increase) decrease in inventories	-	-	4,354
(Increase) decrease in prepaid items	-	-	31,592
(Increase) decrease in deferred outflows of resources	-	-	(14,647)
Increase (decrease) in accounts payable	22,632	-	(878,247)
Increase (decrease) in wages payable	-	-	(46,398)
Increase (decrease) in payroll taxes payable	-	-	(3,734)
Increase (decrease) in due to other funds	-	(1,784)	-
Increase (decrease) in due to other governments	-	(101,216)	-
Increase (decrease) in advance deposits and ticket sales	-	-	(21,414)
Increase (decrease) in unearned revenue	-	-	46,472
Increase (decrease) in compensated absences payable	-	-	(27,078)
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
(Increase) decrease in net pension liability	-	-	19,156
(Increase) decrease in deferred inflows of resources	-	-	1,823,817
Net cash flows from operating activities	<u>\$ 296,591</u>	<u>\$ 20,447,712</u>	<u>\$ 3,841,503</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ -
Acquisition of capital assets through accounts payable	(155,403)	-	-

See Notes to Basic Financial Statements

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ (236,776)	\$ 7,676,872	\$ (137,541)
472,548	16,629,792	-
(2,872)	(462,078)	-
(1,568)	7,629	-
109,146	938,715	(312,001)
360	360	-
(68,988)	(787,139)	-
-	4,354	-
-	31,592	(8,221)
(229,460)	(244,107)	-
116,772	(738,843)	(49,146)
(35,383)	(81,781)	-
(5,822)	(9,556)	-
(89,579)	(91,363)	-
-	(101,216)	-
-	(21,414)	-
-	46,472	-
16,192	(10,886)	-
-	-	142,900
-	-	724,000
300,113	319,269	-
(70,843)	1,752,974	-
<u>\$ 273,840</u>	<u>\$ 24,859,646</u>	<u>\$ 359,991</u>

\$ (13,631)	\$ (13,631)	\$ -
-	(155,403)	-

(concluded)

POLK COUNTY, IOWA

Statement of Assets and Liabilities

Fiduciary Funds

June 30, 2017

	Total Agency Funds
ASSETS	
Cash and pooled investments	\$ 29,362,592
Receivables (net):	
Taxes	3,978,717
Special assessments	8,939,347
Accounts	396,914
Due from other governments	480,139
Prepays	97,926
	<hr/>
TOTAL ASSETS	\$ 43,255,635
LIABILITIES	
Accounts payable	\$ 185,359
Wages payable	74,412
Payroll taxes payable	337,781
Due to other governments	40,435,104
Advances from other funds	16,153
Trusts payable	624,539
Compensated absences payable	1,297,287
Post employment liability	285,000
	<hr/>
TOTAL LIABILITIES	\$ 43,255,635

POLK COUNTY, IOWA

Notes to the Financial Statements For the Year Ended June 30, 2017

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 units, a legally separate entity for which the County is financially accountable.

Discretely Presented Component Units - The financial data of the County’s component units are discretely presented in a separate column in the County's government-wide financial statements to emphasize that the component units are legally separate from the County. Both of the component units are considered nonmajor component units with combining information presented in the supplementary section of this report. The following are the County’s component units:

Polk County Health Services - 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, 2017, 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 \$26 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.

Iowa Events Center Hotel Corporation - On February 23, 2015, the County approved the creation of the Iowa Event Center Hotel Corporation referred to as “IEC Hotel Corp”. The nonprofit IEC Hotel Corp will develop, own and manage a convention center hotel adjacent to the Iowa Events Center. The County appoints a voting majority with five members and the City of Des Moines appoints two members to the IEC Hotel Corp Board. The County is responsible for some of the IEC Hotel Corp debt. Although IEC Hotel Corp is a separate legal entity and has a separate board, it is fiscally dependent on the County. Additional information can be found in Note 20.

Complete financial statements of IEC Hotel Corp can be obtained from the County at 111 Court 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 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/budgeted. 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, pensions, 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. This fund is presented as a major fund for public interest purposes.

Justice Center 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 (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 18 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 19 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 2016 on the assessed valuation of property located in the County as of January 1, 2015, 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, 2016. Taxes were receivable in two installments on September 30, 2016, and March 31, 2017. 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/budgeted.

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 and Prepaid Items: 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements. The cost of prepaid items is reported as expenditures when consumed, rather than when purchased.

Inventories and prepaid items are offset by nonspendable constraint of fund balance except for Supplemental Foods Program commodities. Supplemental Foods Program commodities are reported as unearned revenues 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 acquisition 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 one type of item that qualifies for reporting in this category in the proprietary funds as well as the government-wide statements of net position. The deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the County’s reporting period. See Note 22 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.

A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This gain is deferred and amortized over the shorter of the life of the old debt or the life of the new debt.

In addition, the unamortized portion of pension-related amounts are shown as a deferred inflow of resources on the Statement of Net Position. See Note 22 for further information.

Bond Premiums (Discounts): In the government-wide financial statements and proprietary fund type fund financial statements, bond premiums (discounts) 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 other financing source (use) 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, 2017. 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. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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, 2017 are as follows:

Nonmajor Governmental - Special Revenue:	
Secondary Roads	\$ (1,341,681)
Automated Traffic Enforcement	(34,074)

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 less than one year 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.

As of June 30, 2017, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$ 156,913
Cash on hand not yet deposited	37,453
Bank account deposits	14,626,713
Money market mutual funds	93,970,556
Money market mutual funds - restricted	49,458,657
U.S. government securities	40,013,442
Commercial paper	<u>19,855,274</u>
Total cash and pooled investments	<u>\$ 218,119,008</u>
Cash and pooled investments, statement of net position	\$ 139,297,759
Cash and pooled investments, fiduciary funds	29,362,592
Restricted assets - Note 4	<u>49,458,657</u>
Total cash and pooled investments	<u>\$ 218,119,008</u>

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, \$11,997,237 matures in less than one year and the remaining balance matures in one to four 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, 2017, 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 money market mutual funds are rated AAAM by Standard & Poor's. The County's investment in U.S. government securities consist of FHLB, FFCB, FNMA 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, 2017.

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 and Federal Home Loan Mortgage Corp which represent 8.4% and 6.9% respectively 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, 2017, 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, 2017, the County had no deposits or investments exposed to custodial credit risk.

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Fair value is 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. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Investments of the County in money market mutual funds, commercial paper and \$11,997,237 of U.S. government securities are valued at amortized cost because their maturity date was less than a year from the date of acquisition. As of June 30, 2017, the County held \$28,016,205 of investments in U.S. government securities, which are reported at fair value based on quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, which are classified as Level 2 inputs.

The County has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

4. RESTRICTED ASSETS

The County has the following restricted cash and pooled investments as of June 30, 2017:

	PFMS User Fee	Concession Upkeep	Unspent Bond Proceeds	Total
Iowa Events Center	\$ 745,702	\$ 116,743	\$ -	\$ 862,445
Conservation Water & Land Improvements	-	-	10,344,936	10,344,936
Justice Center	-	-	38,251,276	38,251,276
Total	\$ 745,702	\$ 116,743	\$ 48,596,212	\$ 49,458,657

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 for financing projects within the Justice Center and Conservation Water & Land Improvements Capital Projects Funds.

5. DUE FROM/TO OTHER FUNDS

Amounts due from/to other funds at June 30, 2017, are as follows:

	Due To				Total
	General Fund	Mental Health	Debt Service	Nonmajor Governmental	
Due from					
General Fund	\$ -	\$ -	\$ -	\$ 451	\$ 451
Prairie Meadows Racetrack/Casino	432,502	50,146	90,000	-	572,648
Nonmajor Enterprise	544,685	-	-	-	544,685
Total	\$ 977,187	\$ 50,146	\$ 90,000	\$ 451	\$ 1,117,784

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	\$ 544,685
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	572,648

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, is as follows:

	Balance 7/1/2016	Additions	Disposals	Balance 6/30/2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 19,199,474	\$ 955,976	\$ -	\$ 20,155,450
Construction in progress	32,164,344	23,126,084	(23,861,625)	31,428,803
Total capital assets, not being depreciated	<u>51,363,818</u>	<u>24,082,060</u>	<u>(23,861,625)</u>	<u>51,584,253</u>
Capital assets, being depreciated:				
Buildings	149,647,445	21,989,402	-	171,636,847
Improvements other than buildings	4,940,671	1,590,038	-	6,530,709
Equipment	15,353,096	1,038,504	(1,385,548)	15,006,052
Vehicles	9,359,622	2,835,560	(1,456,287)	10,738,895
Infrastructure	110,561,605	788,330	-	111,349,935
Intangibles-computer software	6,455,002	-	-	6,455,002
Total capital assets being depreciated	<u>296,317,441</u>	<u>28,241,834</u>	<u>(2,841,835)</u>	<u>321,717,440</u>
Less accumulated depreciation for:				
Buildings	(67,238,355)	(4,839,317)	-	(72,077,672)
Improvements other than buildings	(1,361,581)	(309,814)	-	(1,671,395)
Equipment	(8,813,890)	(1,419,257)	746,967	(9,486,180)
Vehicles	(7,128,623)	(1,022,788)	1,456,287	(6,695,124)
Infrastructure	(79,169,235)	(2,475,222)	-	(81,644,457)
Intangibles-computer software	(952,231)	(430,333)	-	(1,382,564)
Total accumulated depreciation	<u>(164,663,915)</u>	<u>(10,496,731)</u>	<u>2,203,254</u>	<u>(172,957,392)</u>
Total capital assets being depreciated, net	<u>131,653,526</u>	<u>17,745,103</u>	<u>(638,581)</u>	<u>148,760,048</u>
Governmental activities capital assets, net	<u>\$ 183,017,344</u>	<u>\$ 41,827,163</u>	<u>\$ (24,500,206)</u>	<u>\$ 200,344,301</u>

Governmental Activities

The County continued to work on the following projects included in construction in progress: 1) Water and Land Legacy improvements, 2) Justice Center Phase II, Historic Courthouse Phases III and IV and Criminal Court Annex improvements and 3) NW 66th Avenue/Kempton Bridge Reconstruction. The County completed construction of a new senior center during the year and the Justice Center Annex Phase II. In addition, the Polk County Public Works Department completed construction of a bridge at NE 102nd Ave. Improvements other than buildings consist of completion of improvements at Fort Des Moines Park.

Equipment additions primarily consist of new sheriff dispatch equipment, conservation and computer equipment. Infrastructure additions primarily consist of a reclassification from construction in progress for the completion of the bridge at NE 102nd Ave and contribution of a new subdivision roadway into the Polk County Secondary Roads System.

Equipment disposals consist primarily of the disposal of the secondary roads equipment and telephone equipment. A jail chiller was also reclassified from equipment to buildings.

Vehicle additions consist primarily of the lease purchase of 12 axle trucks for secondary roads.

	Balance 7/1/2016	Additions	Disposals	Balance 6/30/2017
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 18,215,559	\$ -	\$ -	\$ 18,215,559
Construction in progress	138,807	393,851	(532,658)	-
Intangibles-permanent easements	3,322,580	-	-	3,322,580
Total capital assets, not being depreciated	<u>21,676,946</u>	<u>393,851</u>	<u>(532,658)</u>	<u>21,538,139</u>
Capital assets, being depreciated:				
Buildings	323,523,891	-	-	323,523,891
Improvements other than buildings	8,725,298	-	-	8,725,298
Leasehold improvements	113,145,115	-	-	113,145,115
Equipment	3,514,146	125,906	(13,631)	3,626,421
Vehicles	236,456	-	-	236,456
Infrastructure	33,021,110	1,074,620	-	34,095,730
Total capital assets being depreciated	<u>482,166,016</u>	<u>1,200,526</u>	<u>(13,631)</u>	<u>483,352,911</u>
Less accumulated depreciation for:				
Buildings	(129,240,033)	(10,727,249)	-	(139,967,282)
Improvements other than buildings	(8,471,892)	(24,547)	-	(8,496,439)
Leasehold improvements	(36,887,960)	(4,525,805)	-	(41,413,765)
Equipment	(1,030,293)	(487,355)	13,631	(1,504,017)
Vehicles	(177,742)	(12,440)	-	(190,182)
Infrastructure	(10,751,888)	(852,396)	-	(11,604,284)
Total accumulated depreciation	<u>(186,559,808)</u>	<u>(16,629,792)</u>	<u>13,631</u>	<u>(203,175,969)</u>
Total capital assets being depreciated, net	<u>295,606,208</u>	<u>(15,429,266)</u>	<u>-</u>	<u>280,176,942</u>
Business-type activities capital assets, net	<u>\$ 317,283,154</u>	<u>\$ (15,035,415)</u>	<u>\$ (532,658)</u>	<u>\$ 301,715,081</u>

Business-type Activities

The County completed two sewer extension projects during the year for a total cost of \$542,000. In addition, sanitary sewer projects were completed during the year for a total cost of \$533,000. Equipment additions primarily represent costs of a new scrubber at the Iowa Event Center and Air Quality 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	\$ 4,059,066
Physical health and social services	1,359,730
County environment and education	1,074,968
Roads and transportation	2,839,769
Government services to residents	327,606
Administration	<u>835,592</u>
Total depreciation expense - governmental activities	\$ <u><u>10,496,731</u></u>
Business-type activities:	
Air Quality	\$ 80,408
Sanitary Treatment Works	490,719
Prairie Meadows Racetrack/Casino	6,102,938
Conservation Enterprises	30,463
Hamilton Urban Drainage District	361,677
Iowa Events Center	<u>9,563,587</u>
Total depreciation expense - business-type activities	\$ <u><u>16,629,792</u></u>

7. DEFERRED OUTFLOWS OF RESOURCES

The following is a summary of deferred outflows of resources activity for the year ended June 30, 2017:

	Pension Related Amounts
Governmental activities	\$ 21,226,050
Business-type activities:	
Air Quality	\$ 298,898
Iowa Events Center	25,991
Iowa Tax & Tags	<u>108,296</u>
Total business-type activities	\$ <u><u>433,185</u></u>

8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2017:

	Balance			Balance	
	July 1, 2016	Additions	Deletions	June 30, 2017	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 165,710,145	\$ 56,730,000	\$ (78,740,145)	\$ 143,700,000	\$ 12,775,000
Add: unamortized premium (discount)	3,048,417	8,351,001	(1,041,464)	10,357,954	1,073,638
General obligation notes payable	2,068,000	-	(389,000)	1,679,000	406,000
Capital leases payable	298,916	2,326,428	(741,540)	1,883,804	704,224
Accrued compensated absences	16,265,305	9,734,532	(9,659,208)	16,340,629	1,985,707
Post employment liability	6,329,000	724,000	-	7,053,000	-
Estimated liability for claims and judgements	2,398,300	20,794,254	(18,964,954)	4,227,600	3,063,600
Net pension liability	40,945,077	15,644,204	-	56,589,281	-
Total	\$ 237,063,160	\$ 114,304,419	\$ (109,536,311)	\$ 241,831,268	\$ 20,008,169
Business-type activities:					
General obligation bonds payable	\$ 98,044,855	\$ 81,365,000	\$ (87,254,855)	\$ 92,155,000	\$ 255,000
Add: unamortized premium (discount)	2,365,115	5,837,555	(2,399,670)	5,803,000	643,681
General obligation notes payable	26,357,000	-	(862,000)	25,495,000	890,000
Accrued compensated absences	399,408	109,414	(120,300)	388,522	100,572
Net pension liability	797,753	319,269	-	1,117,022	-
Total	\$ 127,964,131	\$ 87,631,238	\$ (90,636,825)	\$ 124,958,544	\$ 1,889,253

For the governmental activities, accrued compensated absences and estimated liability for claims and judgments are generally liquidated by the General Fund. The postemployment benefit obligation is reported in the Employee Insurance Internal Services Fund. The net pension liability is liquidated by the individual fund paying corresponding salaries.

General Obligation Bonds Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities:					
General Purpose	\$ 3,905,000	12/1/2008	4%	6/1/2018	\$ 500,000
General Purpose	3,800,000	12/23/2013	2.25-3.25%	6/1/2024	2,570,000
General Purpose	14,030,000	12/23/2013	2.25-4.125%	6/1/2033	10,005,000
General Purpose	7,505,000	12/23/2013	2-4.125%	6/1/2033	3,000,000
General Purpose	10,682,560	6/1/2015	2%-2.25%	6/1/2025	7,905,000
General Purpose	73,525,000	6/1/2015	3%-3.75%	6/1/2035	62,990,000
General Purpose	8,565,000	5/3/2017	4%	6/1/2025	8,565,000
General Purpose	48,165,000	6/7/2017	5%	6/1/2026	48,165,000
Total					\$ 143,700,000

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Business-type activities:					
Iowa Events Center	\$ 10,790,000	5/26/2016	2.15%	6/1/2024	\$ 10,790,000
Iowa Events Center	58,455,000	5/3/2017	4.00%	6/1/2026	58,455,000
Iowa Events Center	20,210,000	5/3/2017	2.65-2.8%	6/1/2026	20,210,000
Urban Sewer	2,700,000	6/7/2017	5%	6/1/2026	<u>2,700,000</u>
Total					\$ <u><u>92,155,000</u></u>

Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities:					
General Purpose	\$ 800,000	8/9/2000	1.75%	12/1/2019	\$ 159,000
General Purpose	2,525,000	5/22/2014	1.5 - 2%	6/1/2021	<u>1,520,000</u>
Total					\$ <u><u>1,679,000</u></u>
Business-type activities:					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 2,792,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	9,711,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	4,865,000
Sanitary Treatment	367,000	10/19/2012	1.75%	6/1/2032	317,000
Sanitary Treatment	9,633,000	10/19/2012	1.75%	6/1/2032	<u>7,810,000</u>
Total					\$ <u><u>25,495,000</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	
Governmental activities:					
During the year ending June 30:					
2018	\$ 12,775,000	\$ 5,481,668	\$ 406,000	\$ 29,999	\$ 18,692,667
2019	10,815,000	5,014,257	438,000	23,764	16,291,021
2020	11,205,000	4,593,733	440,000	16,081	16,254,814
2021	11,785,000	4,156,607	395,000	7,900	16,344,507
2022	11,995,000	3,693,283	-	-	15,688,283
2023-2027	48,770,000	11,529,912	-	-	60,299,912
2028-2032	23,530,000	4,976,818	-	-	28,506,818
2033-2037	<u>12,825,000</u>	<u>918,356</u>	-	-	<u>13,743,356</u>
Total	143,700,000	40,364,634	1,679,000	77,744	185,821,378
Add: unamortized premium	<u>10,357,954</u>	-	-	-	<u>10,357,954</u>
Total	\$ <u><u>154,057,954</u></u>	\$ <u><u>40,364,634</u></u>	\$ <u><u>1,679,000</u></u>	\$ <u><u>77,744</u></u>	\$ <u><u>196,179,332</u></u>

	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal and Interest
Business-type activities					
During the year ending June 30:					
2018	\$ 255,000	\$ 3,475,942	\$ 890,000	\$ 663,262	\$ 5,284,204
2019	10,465,000	3,240,922	919,000	636,975	15,261,897
2020	10,890,000	2,819,673	950,000	609,831	15,269,504
2021	11,320,000	2,381,322	980,000	581,780	15,263,102
2022	11,785,000	1,925,573	1,012,000	552,830	15,275,403
2023-2027	47,440,000	3,363,903	5,573,000	2,295,921	58,672,824
2028-2032	-	-	15,171,000	1,295,717	16,466,717
Total	92,155,000	17,207,335	25,495,000	6,636,316	141,493,651
Add: unamortized premium	5,803,000	-	-	-	5,803,000
Total	\$ <u>97,958,000</u>	\$ <u>17,207,335</u>	\$ <u>25,495,000</u>	\$ <u>6,636,316</u>	\$ <u>147,296,651</u>

There were no due and unredeemed bonds/notes or special assessment debt outstanding at June 30, 2017. Management does not believe an arbitrage liability exists at June 30, 2017.

Bond Refunding

2017 G.O. Refunding Bonds

On May 3, 2017, the County issued \$67,020,000 in tax exempt general obligation bonds (Series 2017A) with a refunded interest rate of 4% to current refund the following outstanding bonds dated December 30, 2010: 1) Series 2010A general obligation refunding bonds, 2) Series 2010B general obligation bonds, and 3) Series 2010C general obligation bonds in the amounts of \$29,885,000, \$33,825,000, and \$9,290,000 respectively (redeemed interest rate of 2-5%). The Series 2017A bonds were issued to refinance the bonds at a lower interest rate. As a result of this June 1, 2017 current refunding, the County decreased its debt service requirements by \$6,791,293 over the life of the debt with a present value savings of \$6,712,751.

On May 3, 2017, the County issued \$20,210,000 in taxable general obligation bonds (Series 2017B) with a refunded interest rate of 2.65-2.80% to current refund a portion of the County's debt service payments due June 1, 2017, for Series 2010A, 2010B, 2012B, and 2015A in the amounts of \$825,000, \$1,385,000, \$4,325,000 and \$3,752,000 respectively (redeemed interest rates of 1.125-5%) and a portion of the County's debt service payments due June 1, 2018 for Series 2010A in the amount of \$9,700,000 (redeemed interest rate of 5%). The Series 2017B bonds were issued to extend the maturity on several Iowa Events Center principal payments to free up gaming revenue for the IEC hotel. As a result of this June 1, 2017 current refunding, the County increased its debt service requirements by \$4,894,780 over the life of the debt with a present value loss of \$1,835,363.

On June 7, 2017, the County issued \$50,865,000 in tax exempt general obligation bonds (Series 2017C) with a refunded interest rate of 5% to current refund outstanding bonds and accrued interest of the Series 2012A general obligation bonds (redeemed interest rate of 2%) dated August 22, 2012 in the amount of \$3,601,600 and the Series 2012C general obligation refunding bonds (redeemed interest rate of 2-3%) dated August 1, 2012 in the amount of \$55,081,289. The Series 2017C bonds were issued to refinance the bonds at a lower interest rate. As a result of this current refunding, the County decreased its debt service requirements by \$3,103,637 over the life of the debt with a present value savings of \$2,722,366.

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, 2017 amounted to \$148,821,500.

10. DEVELOPER 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 \$17.5 million exist, of which \$.7 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. TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

County Tax Abatements

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax collected within the urban renewal areas. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2017, the County abated \$311,933 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Des Moines	Urban renewal and economic development projects	\$ 1,664,794
City of Bondurant	Urban renewal and economic development projects	26,544
City of Ankeny	Urban renewal and economic development projects	181,158
City of Ankeny	Urban revitalization and economic development projects	2,587
City of Grimes	Urban renewal and economic development projects	331,529
City of Windsor Heights	Urban renewal and economic development projects	17,192
City of Altoona	Urban renewal and economic development projects	219,627
City of Pleasant Hill	Urban renewal and economic development projects	2,613
City of Johnston	Urban renewal and economic development projects	462,257
City of Clive	Urban renewal and economic development projects	141,239
City of Urbandale	Urban renewal and economic development projects	271,377
City of West Des Moines	Urban renewal and economic development projects	20,613
City of Polk City	Urban renewal and economic development projects	32,063
City of Mitchellville	Urban renewal and economic development projects	6,444
		\$ 3,380,037

12. 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 \$2,219,150. 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, 2017:

During the year ending June 30:		
2018	\$	756,570
2019		621,454
2020		609,172
Total minimum lease payments		1,987,196
Less: amount representing interest		(103,392)
Present value of total minimum lease payments	\$	1,883,804

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, 2017 is \$257,460. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2017:

During the year ending June 30:	
2018	\$ 135,275
2019	67,337
2020	34,140
2021	15,600
2022	15,600
2023-2027	78,000
2028-2032	78,000
2033-2037	<u>62,400</u>
Total	\$ <u>486,352</u>

The above schedule represents operating leases in effect at June 30, 2017. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

13. TRANSFER RECONCILIATION

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

Transfer from	Transfer to						Total
	General Fund	Justice Center	Sanitary Treatment Works	Iowa Events Center	Nonmajor Governmental	Internal Service	
General Fund	\$ -	\$ 10,199,902	\$ -	\$ -	\$ 6,946,351	\$ 3,557,118	\$ 20,703,371
Prairie Meadows Racetrack/Casino	7,834,321	-	627,313	3,093,882	872	-	11,556,388
Nonmajor Governmental	397,273	-	-	-	5,245,629	-	5,642,902
Internal Service	<u>3,577,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,577,118</u>
Total	<u>\$ 11,808,712</u>	<u>\$ 10,199,902</u>	<u>\$ 627,313</u>	<u>\$ 3,093,882</u>	<u>\$ 12,192,852</u>	<u>\$ 3,557,118</u>	<u>\$ 41,479,779</u>

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, 2017, 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.	\$ 11,556,388
General Supplemental fund made transfers to Justice Center fund for funding of the courts master plan construction/renovation.	10,199,902
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.	3,557,118
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	6,871,382

14. DEFERRED INFLOWS OF RESOURCES

The following is a summary of deferred inflows of resources activity for the year ended June 30, 2017:

	Succeeding Year Property Taxes Receivable	Pension Related Amounts	Unavailable Intergovernmental and Other	Gain on Current Refunding	Total
Governmental Funds	\$ 166,757,663	\$ -	\$ 3,080,316	\$ -	\$ 169,837,979
Governmental Activities	\$ 166,757,663	\$ 1,848,408	\$ -	\$ 810,890	\$ 169,416,961
Business-type Activities:					
Air Quality	\$ -	\$ 26,029	\$ -	\$ -	\$ 26,029
Iowa Events Center	-	2,263	-	1,944,284	1,946,547
Iowa Tax & Tags	-	9,431	-	-	9,431
Total Business-type Activities	\$ -	\$ 37,723	\$ -	\$ 1,944,284	\$ 1,982,007

15. DEFERRED COMPENSATION PLAN

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

16. 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.

Self-Insurance Exposure	Self-Insured Retention	Policy Limits
Excess liability	\$ 2,000,000	\$ 10,000,000
Property, fleet, law enforcement, public officials	100,000	629,251,978
Fidelity bond	50,000	5,000,000
Workers' compensation	500,000	Statutory/1,000,000

Conventional Insurance Exposure	Policy Limits
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, 2017. 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, 2017 and 2016 are as follows:

	Year Ended	
	6/30/2017	6/30/2016
Beginning balance	\$ 919,600	\$ 1,547,000
Current year claims and changes in estimates	3,635,959	1,235,734
Claim payments	<u>(1,949,559)</u>	<u>(1,863,134)</u>
Ending balance	\$ <u>2,606,000</u>	\$ <u>919,600</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, 2017 and 2016 are as follows:

	Year Ended	
	6/30/2017	6/30/2016
Beginning balance	\$ 1,478,700	\$ 1,360,800
Current year claims and changes in estimates	17,158,295	17,330,600
Claim payments	<u>(17,015,395)</u>	<u>(17,212,700)</u>
Ending balance	\$ <u>1,621,600</u>	\$ <u>1,478,700</u>

17. 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:	
Neighborhood Finance Corporation	\$ 5,000,000
Polk County Housing Trust Fund	4,500,000
Des Moines City Gaming Payments	4,750,732
Polk County Area Schools Gaming Payments	<u>834,247</u>
Total	<u>\$ 15,084,979</u>
Secondary Road Fund:	
Grimes Asphalt & Paving Corp. (HMA Resurfacing Program)	\$ 2,312,615
Conservation Water & Land Improvements Fund:	
Water and Land Legacy Project	\$ 7,507,682
Justice Center Annex Fund:	
Historic Courthouse Renovations	\$ 991,471
Criminal Courts Annex	<u>29,541,902</u>
Total	<u>\$ 30,533,373</u>
Iowa Events Center Fund:	
Center Street Skywalk Renovation	\$ 1,515,982
Park Street Skywalk	<u>703,222</u>
Total	<u>\$ 2,219,204</u>

Contingencies

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

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

18. RACETRACK/CASINO

The County owns real estate that is currently improved with a horse racing and gaming facility in Altoona, Iowa. The Board of Supervisors leases the real estate and improvements to Prairie Meadows Racetrack and Casino, Inc. (“Prairie Meadows”), which holds a state gaming license and which owns and operates horse racing and gaming at the leased facility, 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 recently completed 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.

19. 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, 2017 the amount of the fixed management fee was \$241,920.

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 \$9,907 for the productivity fee for the fiscal year ending June 30, 2017.

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 7, 2014 the contract was amended to extend the term to September 30, 2026. Under these agreements the County pays Ovations a fixed management fee. For the fiscal year ending June 30, 2017 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, 2017.

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 \$1,983,836 and Global earned \$1,207,358 of WFA's net operating income for the fiscal year ending June 30, 2017.

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 \$520,954 for the fiscal year ending June 30, 2017.

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 \$195,274 for the fiscal year ending June 30, 2017.

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, 2017, the County received the following naming rights revenue:

Hy-Vee Hall	\$	400,000
Wells Fargo Arena		390,000

20. IOWA EVENTS CENTER HOTEL CORPORATION

On February 23, 2015, the County approved the creation of the Iowa Event Center Hotel Corporation (“IEC Hotel Corp”) a 501(c)(3) entity. The non-profit IEC Hotel Corp will develop, own and manage a convention center hotel adjacent to the Iowa Events Center. The County appoints five members and the City of Des Moines appoints two members to the IEC Hotel Corp board of directors. However, the County has veto power on the City of Des Moines appointments. The County has determined that the IEC Hotel Corp will be a discretely presented component unit. See Note 1 for more information.

DSM Convention Hotel LLC (“DSM” a Weitz company), was engaged as the developer of the project. DSM will engineer, design, develop, construct, and furnish a full service hotel with approximately 330 hotel guest rooms and a full service, first class convention center. Hilton Management, LLC has been contracted to operate the facilities.

The County approved an agreement with DSM, on June 23, 2015 for a loan up to \$5 million for the preconstruction and design services of the Iowa Events Center Convention Hotel. Funds will be disbursed monthly to the DSM by the County on a reimbursable basis. As of June 30, 2017, nine payment requests have been submitted for \$3,770,909. The loan will be repaid once the financing package has been completed upon completion of the hotel on or before March 31, 2018.

It is estimated that soft costs for financing and legal work will be approximately \$684,000. Polk County will pay these costs as they incur and will be reimbursed by IEC Hotel Corp when the hotel is completed. Relating to these costs, the County is reporting a \$303,682 due from component unit from IEC Hotel Corp. Since, IEC Hotel Corp operates on a calendar year end, the amount reported by the IEC Hotel Corp as due to the primary government and the County’s due from component unit do not agree by \$8,450.

In accordance with the development agreement, the County contributed \$154,000 during the fiscal year on the construction of the Center Street skywalk. The construction of the skywalk was added to the demolition contract currently in place with Weitz Company. The total construction costs related to this part of the project is expected to be approximately \$1.1 million.

Construction Phase

Construction for the hotel commenced during the fiscal year 2016 and is to be completed prior to the acquisition date of March 31, 2018. A sales tax exemption was received for the construction materials. Sales tax on the project is estimated at \$3 million.

On February 2, 2016, the County approved a loan guarantee of \$27 million to Banker’s Trust during the construction phase of the convention hotel.

The County consented to the assignment of the Amended and Restated Development Agreement. In order for DSM to obtain a loan from the bank (Bankers Trust) for construction, the County was required to acknowledge that DSM assigned and granted a first priority of security interest to the bank to secure the loan.

The construction loan obtained by DSM has a variable interest rate. Bankers Trust has reserved \$3.1 million to make certain that interest costs are paid during the construction period. If the \$3.1 million is depleted, the County will provide funding for the monthly interest costs incurred through the duration of the construction project and will be reimbursed at the time the hotel is leased by the IEC Hotel Corp.

The County approved a 99 year ground lease agreement with Fifth & Park LLC commencing March 30, 2016 and terminating March 30, 2115 to allow for the building of the hotel. Fifth & Park then subleased to DSM to allow for construction and equipping of certain improvements on the site by the contractor Weitz Company.

Financing Phase

Total costs for the hotel are estimated at approximately \$110 million. Several sources of funding will be used to acquire the hotel. The City of Des Moines is obligated to contribute \$14.2 million of City TIF bonds, and \$4 million of Iowa Urban Renewal Revenue bonds. IEC Hotel Corp will be issuing \$33 million of Series A bonds, \$29 million of Series B bonds, \$9.1 million in facility fee Series C, \$8.5 million in Iowa Reinvestment Act (IRA) Series D, and \$8.1 in IRA Series E. The County has guaranteed the \$8.1 million of the IRA Series E secured by a subordinate lien on the IRA Sales Tax. The County has also guaranteed an estimated \$4.795 million secured by the Facility Fee Lease Guaranty.

The County will provide an acquisition loan to IEC Hotel Corp not to exceed \$29 million over 30 years at 3% interest to assist with the acquisition of the hotel by IEC Hotel Corp. The County will purchase the Series B certificates when issued by IEC Hotel Corp. The funds for the acquisition loan will come from surplus gaming revenue that is created as a result of the County's refinancing (and the extension of) of previously issued IEC debt.

The project was awarded \$1 million from the Iowa Economic Development Authority Grayfield Tax Credit program. On or before the acquisition date, the County will sell the tax credits on the open market and contribute the anticipated net proceeds of \$900,000 to the trustee.

The County also consented to the assignment hotel purchase agreement dated March 30, 2016. DSM entered into a Hotel Purchase Agreement with Fifth & Park LLC that obligates DSM to construct the hotel and for Fifth & Park to purchase the completed hotel from DSM at completion. Fifth & Park assigned its interests in the Hotel Purchase Agreement to the Indenture Trustee.

The County approved a hotel purchase agreement dated March 30, 2016 with DSM and Fifth and Park. Substantial completion must be no later than December 31, 2017 and closing completion by March 31, 2018 where dates may be extended due to force majeure and delays caused by the buyer. In the event the seller defaults in its obligation to achieve closing completion by the deadline, the seller will be obligated to pay liquidated damages to buyer at closing in the amount of \$10,000 per calendar day.

The County approved a lease purchase agreement dated March 30, 2016 with Fifth and Park and IEC Hotel Corp in order to finance the acquisition of the improvements from DSM, fund certain reserve funds for various series of the certificates, pay certain costs of issuance of the certificates, reimburse the County, and provide working capital for operation of the hotel. The term of the lease shall commence on the closing date and end March 31, 2058 unless terminated. Lease payments are calculated in the Trust Indenture.

Upon completion of the hotel, IEC Hotel Corp and the Indenture Trustee (Banker's Trust) will implement the provisions of the Trust Indenture. The funds from debt issuances by IEC Hotel Corp will be deposited with the Indenture Trustee. At the acquisition date IEC Hotel Corp will instruct the Indenture Trustee to move funds into the hotel acquisition account. Fifth & Park will acquire the hotel from DSM in an amount equal to the purchase price on the acquisition date with proceeds of the obligations and other amounts contributed for that purpose. IEC Hotel Corp will lease the hotel from Fifth & Park until the obligations are paid in full.

Operation Phase

The County approved the Management Agreement between IEC Hotel Corp and Hilton Management, LLC dated March 30, 2016. The operating period shall commence on opening day and expire on the fifteenth anniversary of the opening date or earlier if terminated. The management fee will be \$212,000 pro-rated by the number of days from the opening date through December 31st of that year. The first full operating year will be \$212,000.

21. RELATED PARTY TRANSACTIONS

The Iowa Events Center is managed by Global Spectrum, L.P. which is a subsidiary of Philadelphia-based Comcast-Spectacor. The Comcast-Spectacor Group includes 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, 2017:

Concessions and catering revenue from Ovations	\$	6,196,376
Ticket revenue and fees received from New Era		52,891
Ticket fees paid to New Era		26,601
Management fee paid to Ovations		12,000

22. 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.

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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies 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 sheriffs, deputies and protection occupation member's 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 - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1% point. IPERS Contribution Rate Funding Policy requires 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 payrolls based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff deputies and the County each contributed 9.63% of covered payroll, for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 were \$8,486,841.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the County reported a liability of \$57,706,303 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the County's collective proportion was .9169460%, which was an increase of .072032% from its collective proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$8,147,123. At June 30, 2017, 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	\$ 469,629	\$ 1,360,808
Changes of assumptions	810,710	245,090
Net difference between projected and actual earnings on pension plan investments	11,709,100	-
Changes in proportion and differences between County contributions and proportionate share of contributions	182,955	280,233
County contributions subsequent to the measurement date	<u>8,486,841</u>	<u>-</u>
	<u>\$ 21,659,235</u>	<u>\$ 1,886,131</u>

\$8,486,841 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, 2018. 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:

2018	\$ 1,046,518
2019	1,046,518
2020	5,881,947
2021	3,384,193
2022	<u>(72,913)</u>
Total	<u>\$ 11,286,263</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 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
Wage growth (effective June 30, 1990)	4% per annum, based on 3% inflation and 1% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24%	5.85%
International Equity	16%	6.32%
Private Equity/Debt	11%	10.31%
Real Estate	8%	3.87%
Credit Opportunities	5%	4.48%
U.S. TIPS	5%	1.36%
Other Real Assets	2%	6.42%
Cash	1%	(0.26)%
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% lower (6.5%) or 1% 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	\$ 106,316,670	\$ 57,706,303	\$ 16,720,487

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.

Payables to IPERS - At June 30, 2017, the County did not have any payables to IPERS because the required contributions for the employer and employee for the month of June were remitted to IPERS in June.

23. 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 2017, the County contributed \$627,000. Retirees receiving benefits contributed \$1,068,000 through their required contribution of \$579 per month for single health coverage and \$1,446 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 on an open basis. The following table shows the components of the County’s annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the County’s annual OPEB obligation:

	County	County Assessor	Total
Annual required contribution	\$ 1,295,000	\$ 41,000	\$ 1,336,000
Interest on net OPEB obligation	285,000	12,000	297,000
Adjustment to annual required contribution	(242,000)	(10,000)	(252,000)
Annual OPEB cost (expense)	<u>1,338,000</u>	<u>43,000</u>	<u>1,381,000</u>
Contributions made	(614,000)	(13,000)	(627,000)
Increase in net OPEB obligation	<u>724,000</u>	<u>30,000</u>	<u>754,000</u>
Net OPEB obligation - July 1, 2016	<u>6,329,000</u>	<u>255,000</u>	<u>6,584,000</u>
Net OPEB obligation - June 30, 2017	<u>\$ 7,053,000</u>	<u>\$ 285,000</u>	<u>\$ 7,338,000</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	<u>Annual OPEB Cost</u>		<u>% of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>	
	County	County Assessor	County	County Assessor	County	County Assessor
6/30/2015	\$ 877,000	\$ 27,000	49%	7%	\$ 5,520,000	\$ 226,000
6/30/2016	1,219,000	38,000	34%	24%	6,329,000	255,000
6/30/2017	1,338,000	43,000	46%	30%	7,053,000	285,000

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date, is as follows:

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 12,090,000	\$ 398,000	\$ 12,488,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 12,090,000</u>	<u>\$ 398,000</u>	<u>\$ 12,488,000</u>
Covered payroll (active employees)	\$ 83,278,000	\$ 2,328,000	\$ 85,606,000
UAAL as a percentage of covered payroll	14.5%	17.1%	

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, 2015 valuation date. The 4% 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% select and 4.5% ultimate with select trends reducing .5% each year until reaching the ultimate trend, per capita health claim costs at age 60 for \$10,300 and at age 70 for \$5,500, 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, 2015, mortality rates using the RP 2014 generational mortality using Scale MP-15 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.

24. 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, 2017, the County has a future commitment for approximately \$4,511,595 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.

25. 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, 2017, are as follows:

	Attorney	Auditor	Board of Supervisors Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
ASSETS:							
Cash and pooled investments	\$ 5,000	\$ 9,966	\$ 550	\$ 630	\$ 883,706	\$ 2,286,210	\$ 3,186,062
Due from other governments	-	-	-	-	4,547	-	4,547
TOTAL ASSETS	\$ 5,000	\$ 9,966	\$ 550	\$ 630	\$ 888,253	\$ 2,286,210	\$ 3,190,609
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,526	\$ 124,526
Due to other funds	5,000	9,966	550	630	2,385	195,491	214,022
Due to other governments	-	-	-	-	885,868	1,886,145	2,772,013
Trusts payable	-	-	-	-	-	80,048	80,048
TOTAL LIABILITIES	\$ 5,000	\$ 9,966	\$ 550	\$ 630	\$ 888,253	\$ 2,286,210	\$ 3,190,609

26. FUND BALANCES

	Major Governmental				Nonmajor	Total
	General Fund	Mental Health	Justice Center	Debt Service	Governmental Funds	
Nonspendable:						
Inventory	\$ 439,660	\$ -	\$ -	\$ -	\$ 1,331,410	\$ 1,771,070
Prepays	601,804	-	-	-	19,868	621,672
Advances	16,153	-	-	-	-	16,153
Restricted for:						
Mental health	-	1,874,559	-	-	-	1,874,559
Rural services	-	-	-	-	2,187,038	2,187,038
Sheriff seized property	-	-	-	-	234,906	234,906
Attorney seized property	-	-	-	-	379,384	379,384
Recorder records management	-	-	-	-	365,096	365,096
Township fire protection	-	-	-	-	4,368	4,368
REAP	-	-	-	-	157,426	157,426
Conservation water & land improvements	-	-	-	-	8,524,036	8,524,036
Justice center	-	-	49,375,218	-	-	49,375,218
Debt service	-	-	-	1,641,237	1,247	1,642,484
Committed to:						
Community betterment	386,500	-	-	-	-	386,500
Economic development	3,667,469	-	-	-	-	3,667,469
Attorney collection incentive	-	-	-	-	663,421	663,421
Contingency reserve	-	-	-	-	10,518,626	10,518,626
Capital projects	-	-	-	-	1,171,154	1,171,154
Unassigned:	48,872,607	-	-	-	(2,707,165)	46,165,442
Total Fund Balances	\$ 53,984,193	\$ 1,874,559	\$ 49,375,218	\$ 1,641,237	\$ 22,850,815	\$ 129,726,022

27. STABILIZATION ARRANGEMENT

The County maintains a Contingency Reserve Special Revenue Fund that was established by board resolution to be used for future contingencies to achieve budget and revenue stabilization. Fund balances have been committed by Board resolution. The fund balance is replenished when it is below the targeted \$8 million plus an accumulated reserve for the 27th payday and an inflation factor. The County annually contributes to a 27th payday reserve in this fund which will cover the extra payday that occurs on a cash basis every 11 years. The next 27th payday will occur in the fiscal year ending 2028. The committed fund balance is to be used for the 27th payday and for the following situations:

- 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

28. SUBSEQUENT EVENTS

On July 11, 2017, the Polk County Board of Supervisors approved an \$844,000 loan at 0% interest to the Polk County Aviation Authority to purchase property adjacent to the Ankeny Airport so that an existing runway can be extended.

29. PENDING ACCOUNTING PRONOUNCEMENTS

As of June 30, 2017 the County adopted the following Governmental Accounting Standards Board (GASB) statements, which did not have a material effect on the financial statements:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued in June 2015, was effective for the County beginning with its fiscal year ending June 30, 2017. The Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position but requires more extensive note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. The Statement also sets forth note disclosure requirements for defined contribution OPEB plans.
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, was 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.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, was effective for the County beginning with its fiscal year ending June 30, 2017. The Statement provides guidance to governments that participate in certain private or federally sponsored multiple-employer defined benefit pension plans. This Statement assists these governments by focusing employer accounting and financial reporting requirements for those pension plans on obtainable information. In lieu of the existing requirements under Statement 68, the new guidance establishes separate requirements for employers that participate in these pension plans. This Statement establishes the criteria for identifying the applicable pension plans and addresses: (a) measurement and recognition of pension liabilities, expense, and expenditures; (b) note disclosures of descriptive information about the plan, benefit terms, and contribution terms; and (c) required supplementary information presenting required contribution amounts for the past 10 fiscal years.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued February 2016, was effective for County beginning with its fiscal year ending June 30, 2017. Statement No. 80 clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring component units incorporated as not-for-profit corporations to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.
- GASB Statement No. 82, *Pension Issues*, issued April 2016, was effective for the County beginning with its fiscal year ending June 30, 2017. This Statement is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

As of June 30, 2017, 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. 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. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the County beginning with its fiscal year ending June 30, 2018. Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the County beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.
- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the County beginning with its fiscal year ending June 30, 2020. Statement No. 84 is designed to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.
- GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the County beginning with its fiscal year ending June 30, 2018. Statement No. 85 is designed to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the County beginning with its fiscal year ending June 30, 2018. Statement No. 86 is designed to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the County beginning with its fiscal year ending June 30, 2021. Statement No 87 is designed to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The County's management has not yet determined the effect these Statements will have on the County's financial statements, although GASB Statement No. 75 will have a material impact.

(This page was left blank intentionally)

POLK COUNTY, IOWA

Required Supplementary Information Schedule of Funding Progress For the Year Ended June 30, 2017

Entity	Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Polk County	2012	7/1/2011	\$ -	\$ 8,450,000	\$ 8,450,000	0.0%	\$ 73,552,000	11.5%
County Assessor	2012	7/1/2011	-	266,000	266,000	0.0%	2,006,000	13.3%
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%
Polk County	2016	7/1/2015	-	12,090,000	12,090,000	0.0%	77,282,000	15.6%
County Assessor	2016	7/1/2015	-	398,000	398,000	0.0%	2,138,000	18.6%
Polk County	2017	7/1/2015	-	12,090,000	12,090,000	0.0%	83,278,000	14.5%
County Assessor	2017	7/1/2015	-	398,000	398,000	0.0%	2,328,000	17.1%

See Note 23 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, 2017**

	Fiscal Year		
	2015	2016	2017
County's collective proportion of the net pension liability	0.7715637%	0.8449138%	0.9169460%
County's collective proportionate share of the net pension liability	\$ 30,599,492	\$ 41,742,830	\$ 57,706,303
County's covered-employee payroll	\$ 80,989,791	\$ 83,272,164	\$ 85,876,171
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.78%	50.13%	67.20%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	85.19%	81.82%

Note: In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year. GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is 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			
	2008	2009	2010	2011
Statutorily required contribution	\$ 4,136,545	\$ 5,036,111	\$ 5,665,569	\$ 6,264,772
Contributions in relation to the statutorily required contribution	(4,136,545)	(5,036,111)	(5,665,569)	(6,264,772)
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.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 6,885,782	\$ 7,178,473	\$ 7,499,317	\$ 7,705,776	\$ 7,897,049	\$ 8,486,841
(6,885,782)	(7,178,473)	(7,499,317)	(7,705,776)	(7,897,049)	(8,486,841)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	\$ 80,989,791	\$ 83,272,164	\$ 85,876,171	\$ 92,676,838
N/A	N/A	9.26%	9.25%	9.20%	9.16%

POLK COUNTY, IOWA

Notes to the Required Supplementary Information Pension Liability For the Year Ended June 30, 2017

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.

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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

POLK COUNTY, IOWA

**Required Supplementary Information
Budgetary Comparison Schedule
All Governmental Funds
For the Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 148,702,255	\$ 148,702,255	\$ 149,197,140	\$ 494,885
Other County taxes	5,854,489	5,854,489	5,751,789	(102,700)
Interest and penalty on delinquent taxes	1,307,000	1,157,000	1,206,569	49,569
Intergovernmental	49,928,184	56,344,772	52,576,497	(3,768,275)
Licenses and permits	973,800	1,173,800	1,381,665	207,865
Charges for services	13,365,530	15,011,189	15,742,748	731,559
Use of money and property	3,078,610	3,858,298	4,421,991	563,693
Miscellaneous	2,513,940	3,463,558	3,461,970	(1,588)
Total receipts	<u>225,723,808</u>	<u>235,565,361</u>	<u>233,740,369</u>	<u>(1,824,992)</u>
EXPENDITURES:				
Current:				
Public safety and legal services	74,288,161	74,884,415	72,790,134	2,094,281
Physical health and social services	37,803,145	39,251,790	35,825,229	3,426,561
Mental health	28,229,014	23,156,792	21,155,707	2,001,085
County environment and education	13,332,666	14,804,191	14,364,564	439,627
Roads and transportation	10,885,012	11,341,369	10,792,328	549,041
Government services to residents	8,103,922	8,176,020	7,747,757	428,263
Administration	33,240,292	35,065,351	33,849,201	1,216,150
Debt service	19,306,455	19,698,128	19,462,268	235,860
Capital projects	47,004,311	51,783,695	27,486,745	24,296,950
Total disbursements	<u>272,192,978</u>	<u>278,161,751</u>	<u>243,473,933</u>	<u>34,687,818</u>
OTHER FINANCING SOURCES (USES):				
General long-term debt proceeds	100,000	65,313,577	65,081,001	(232,576)
Proceeds from sale of capital assets	375,000	450,300	415,583	(34,717)
Transfers in (out)	7,891,596	9,387,618	7,855,193	(1,532,425)
Refunded Debt/Payments to Escrow	-	(64,819,767)	(64,819,767)	-
Total other financing sources (uses)	<u>8,366,596</u>	<u>10,331,728</u>	<u>8,532,010</u>	<u>(1,799,718)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS				
	<u>\$ (38,102,574)</u>	<u>\$ (32,264,662)</u>	<u>(1,201,554)</u>	<u>\$ 31,063,108</u>
RECONCILIATION TO GAAP BASIS:				
Basis differences:				
Increase (decrease) in accrual basis assets/deferred outflows			5,237,198	
(Increase) decrease in accrual basis liabilities/deferred inflows			<u>(1,073,636)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			2,962,008	
Fund balance at beginning of year - GAAP basis			126,717,236	
Changes in inventory reserves			<u>46,778</u>	
Fund balance at end of year - GAAP basis			<u>\$ 129,726,022</u>	

POLK COUNTY, IOWA

Notes to the Required Supplementary Information Budgetary Reporting For the Year Ended June 30, 2017

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, 2017 there were two supplemental appropriations resulting in an increase in total disbursements of \$5,968,773.

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.

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 27 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 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 84th Water Main Debt Service - Accounts for debt service relating to a Drinking Water State Revolving Fund loan for NW 84th Avenue Water Main project.

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

(concluded)

(This page was left blank intentionally)

POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Rural Services	Sheriff Forfeited Property (State)	Sheriff Forfeited Property (Federal)	Attorney Forfeited Property	County Attorney Collection Incentive
ASSETS					
Cash and pooled investments	\$ 2,213,782	\$ 160,493	\$ 74,413	\$ 364,795	\$ 642,753
Restricted assets - cash and pooled investments	-	-	-	-	-
Receivables (net):					
Taxes	37,313	-	-	-	-
Succeeding year property taxes	8,285,047	-	-	-	-
Special assessments	5,233	-	-	-	-
Accounts	-	-	-	235	-
Notes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	17,015	-	-	15,861	21,119
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	\$ 10,558,390	\$ 160,493	\$ 74,413	\$ 380,891	\$ 663,872
LIABILITIES					
Accounts payable	\$ 22,438	\$ -	\$ -	\$ 104	\$ 451
Wages payable	6,578	-	-	1,207	-
Payroll taxes payable	15,172	-	-	196	-
TOTAL LIABILITIES	44,188	-	-	1,507	451
DEFERRED INFLOWS OF RESOURCES	8,327,164	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,187,038	160,493	74,413	379,384	-
Committed	-	-	-	-	663,421
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	2,187,038	160,493	74,413	379,384	663,421
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,558,390	\$ 160,493	\$ 74,413	\$ 380,891	\$ 663,872

Special Revenue						
Secondary Roads	County Recorder Records Management	Township Fire Protection	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenue
\$ 219,373	\$ 364,645	\$ 4,366	\$ 157,426	\$ 10,518,626	\$ -	\$ 14,720,672
-	-	-	-	-	-	-
-	-	2,087	-	-	-	39,400
-	-	857,021	-	-	-	9,142,068
-	-	-	-	-	-	5,233
-	-	-	-	-	134,763	134,998
-	-	-	-	-	-	-
-	451	-	-	-	-	451
944,100	-	-	-	-	-	998,095
1,331,410	-	-	-	-	-	1,331,410
-	-	-	-	-	-	-
\$ 2,494,883	\$ 365,096	\$ 863,474	\$ 157,426	\$ 10,518,626	\$ 134,763	\$ 26,372,327
\$ 3,705,259	\$ -	\$ -	\$ -	\$ -	\$ 42,024	\$ 3,770,276
83,819	-	-	-	-	-	91,604
-	-	-	-	-	-	15,368
3,789,078	-	-	-	-	42,024	3,877,248
47,486	-	859,106	-	-	126,813	9,360,569
1,331,410	-	-	-	-	-	1,331,410
-	365,096	4,368	157,426	-	-	3,328,218
-	-	-	-	10,518,626	-	11,182,047
(2,673,091)	-	-	-	-	(34,074)	(2,707,165)
(1,341,681)	365,096	4,368	157,426	10,518,626	(34,074)	13,134,510
\$ 2,494,883	\$ 365,096	\$ 863,474	\$ 157,426	\$ 10,518,626	\$ 134,763	\$ 26,372,327

(continued)

POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	<u>Capital Projects</u>			<u>Debt Service</u>	
	<u>Conservation Water & Land Improvement</u>	<u>Capital Improvements Projects</u>	<u>Total Capital Projects</u>	<u>Hamilton Drain Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and pooled investments	\$ -	\$ 1,550,043	\$ 1,550,043	\$ 1,247	\$ 16,271,962
Restricted assets - cash and pooled investments	10,344,936	-	10,344,936	-	10,344,936
Receivables (net):					
Taxes	-	-	-	-	39,400
Succeeding year property taxes	-	-	-	-	9,142,068
Special assessments	-	-	-	4,618	9,851
Accounts	-	28,194	28,194	-	163,192
Notes	-	50,000	50,000	-	50,000
Due from other funds	-	-	-	-	451
Due from other governments	141,450	54,795	196,245	-	1,194,340
Inventories	-	-	-	-	1,331,410
Prepaid items	-	19,868	19,868	-	19,868
TOTAL ASSETS	\$ 10,486,386	\$ 1,702,900	\$ 12,189,286	\$ 5,865	\$ 38,567,478
LIABILITIES					
Accounts payable	\$ 1,820,900	\$ 461,878	\$ 2,282,778	\$ -	\$ 6,053,054
Wages payable	-	-	-	-	91,604
Payroll taxes payable	-	-	-	-	15,368
TOTAL LIABILITIES	1,820,900	461,878	2,282,778	-	6,160,026
DEFERRED INFLOWS OF RESOURCES	141,450	50,000	191,450	4,618	9,556,637
FUND BALANCES					
Nonspendable	-	19,868	19,868	-	1,351,278
Restricted	8,524,036	-	8,524,036	1,247	11,853,501
Committed	-	1,171,154	1,171,154	-	12,353,201
Unassigned	-	-	-	-	(2,707,165)
TOTAL FUND BALANCES	8,524,036	1,191,022	9,715,058	1,247	22,850,815
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,486,386	\$ 1,702,900	\$ 12,189,286	\$ 5,865	\$ 38,567,478

(concluded)

(This page was left blank intentionally)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017**

	Rural Services	Sheriff Forfeited Property (State)	Sheriff Forfeited Property (Federal)	Attorney Forfeited Property	County Attorney Collection Incentive
REVENUES:					
Property taxes	\$ 7,364,478	\$ -	\$ -	\$ -	\$ -
Other County taxes	210,984	-	-	-	-
Intergovernmental	602,712	5,000	-	-	178,182
Licenses and permits	-	-	-	-	-
Charges for services	270,302	-	-	-	-
Use of money and property	-	432	235	972	-
Miscellaneous	5,485	4,749	1,556	148,618	-
TOTAL REVENUES	8,453,961	10,181	1,791	149,590	178,182
EXPENDITURES:					
Current:					
Public safety and legal services	408,968	4,580	33,094	106,913	27,032
County environment and education	1,083,684	-	-	-	-
Roads and transportation	1,565,018	-	-	-	-
Government services to residents	112,224	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	-
Other capital projects	-	-	-	-	-
TOTAL EXPENDITURES	3,169,894	4,580	33,094	106,913	27,032
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,284,067	5,601	(31,303)	42,677	151,150
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(5,245,629)	-	-	-	(223,258)
Issuance of capital leases	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,245,629)	-	-	-	(223,258)
NET CHANGE IN FUND BALANCES	38,438	5,601	(31,303)	42,677	(72,108)
FUND BALANCE, BEGINNING	2,148,600	154,892	105,716	336,707	735,529
Change in inventory reserve	-	-	-	-	-
FUND BALANCE, ENDING	\$ 2,187,038	\$ 160,493	\$ 74,413	\$ 379,384	\$ 663,421

Special Revenue						
Secondary Roads	County Recorder Records Management	Township Fire Protection	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenues
\$ -	\$ -	\$ 769,849	\$ -	\$ -	\$ -	\$ 8,134,327
-	-	24,692	-	321,000	-	556,676
8,157,383	-	39,244	160,535	-	-	9,143,056
149,315	-	-	-	-	-	149,315
331,233	95,132	-	-	-	-	696,667
-	953	-	423	-	-	3,015
40,755	-	-	-	-	356,578	557,741
8,678,686	96,085	833,785	160,958	321,000	356,578	19,240,797
-	-	835,694	-	-	227,295	1,643,576
-	-	-	-	-	-	1,083,684
10,897,217	-	-	-	-	-	12,462,235
-	47,499	-	-	-	-	159,723
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,451,872	-	-	-	-	-	5,451,872
-	-	-	133,142	-	-	133,142
-	-	-	-	-	-	-
16,349,089	47,499	835,694	133,142	-	227,295	20,934,232
(7,670,403)	48,586	(1,909)	27,816	321,000	129,283	(1,693,435)
6,871,382	-	-	-	-	-	6,871,382
-	-	-	-	-	(174,015)	(5,642,902)
2,326,428	-	-	-	-	-	2,326,428
259,350	-	-	-	-	-	259,350
9,457,160	-	-	-	-	(174,015)	3,814,258
1,786,757	48,586	(1,909)	27,816	321,000	(44,732)	2,120,823
(3,154,852)	316,510	6,277	129,610	10,197,626	10,658	10,987,273
26,414	-	-	-	-	-	26,414
\$ (1,341,681)	\$ 365,096	\$ 4,368	\$ 157,426	\$ 10,518,626	\$ (34,074)	\$ 13,134,510

(continued)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017**

	Capital Projects			Debt Service	
	Conservation	Capital Improvements Projects	Total Capital Projects	NW 84th	Hamilton
	Water & Land Improvement			Water Main Debt Service	Drain Debt Service
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-	-
Intergovernmental	3,349,356	262,074	3,611,430	38,474	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	51,568	-	51,568	12	-
Miscellaneous	974,950	108,062	1,083,012	-	-
TOTAL REVENUES	4,375,874	370,136	4,746,010	38,486	-
EXPENDITURES:					
Current:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	-	-	-
Roads and transportation	-	-	-	-	-
Government services to residents	-	-	-	-	-
Debt service:					
Principal	-	-	-	49,000	-
Interest and fiscal charges	-	-	-	3,315	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	7,375,049	-	7,375,049	-	-
Other capital projects	-	5,482,793	5,482,793	-	-
TOTAL EXPENDITURES	7,375,049	5,482,793	12,857,842	52,315	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,999,175)	(5,112,657)	(8,111,832)	(13,829)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	5,321,470	5,321,470	-	-
Transfers out	-	-	-	-	-
Issuance of capital leases	-	-	-	-	-
Proceeds from sale of capital assets	-	100,000	100,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	5,421,470	5,421,470	-	-
NET CHANGE IN FUND BALANCES	(2,999,175)	308,813	(2,690,362)	(13,829)	-
FUND BALANCE, BEGINNING	11,523,211	882,209	12,405,420	13,829	1,247
Change in inventory reserve	-	-	-	-	-
FUND BALANCE, ENDING	\$ 8,524,036	\$ 1,191,022	\$ 9,715,058	\$ -	\$ 1,247

Total Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 8,134,327
-	556,676
38,474	12,792,960
-	149,315
-	696,667
12	54,595
-	1,640,753
<u>38,486</u>	<u>24,025,293</u>
-	1,643,576
-	1,083,684
-	12,462,235
-	159,723
49,000	49,000
3,315	3,315
-	5,451,872
-	7,508,191
-	5,482,793
<u>52,315</u>	<u>33,844,389</u>
<u>(13,829)</u>	<u>(9,819,096)</u>
-	12,192,852
-	(5,642,902)
-	2,326,428
-	359,350
<u>-</u>	<u>9,235,728</u>
(13,829)	(583,368)
15,076	23,407,769
-	26,414
<u>\$ 1,247</u>	<u>\$ 22,850,815</u>

(concluded)

(This page was left blank intentionally)

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 body 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.

Community Based Case Management (CBCM) - Accounts for activity relating to PCHS's program providing Target Case Management services to other third parties (managed care organizations). This program was effective April 2006.

Iowa Tax & Tags - Accounts for activity of the Treasurer's 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, 2017**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District	Urban Sewer
ASSETS				
Current assets:				
Cash and pooled investments	\$ 311,607	\$ 937,383	\$ 380,468	\$ 742,513
Receivables (net):				
Accounts	-	40,673	-	-
Notes	-	-	-	107,726
Due from other governments	247,080	-	-	-
Total current assets	<u>558,687</u>	<u>978,056</u>	<u>380,468</u>	<u>850,239</u>
Noncurrent assets:				
Special assessments	-	-	7,029	-
Notes	-	-	-	3,974,855
Capital assets not being depreciated	-	76,593	3,818,522	-
Capital assets being depreciated, net	352,102	270,176	8,530,774	-
Total noncurrent assets	<u>352,102</u>	<u>346,769</u>	<u>12,356,325</u>	<u>3,974,855</u>
TOTAL ASSETS	<u>910,789</u>	<u>1,324,825</u>	<u>12,736,793</u>	<u>4,825,094</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>298,898</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	5,000	109,367	-
Wages payable	15,408	409	-	-
Payroll taxes payable	2,508	50	-	-
Interest payable	-	-	-	8,223
General obligation bonds payable	-	-	-	303,534
Due to other funds	-	-	-	-
Compensated absences payable	11,914	-	-	-
Total current liabilities	<u>29,830</u>	<u>5,459</u>	<u>109,367</u>	<u>311,757</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	2,833,271
Compensated absences payable	262,276	-	-	-
Net pension liability	801,719	-	-	-
Total noncurrent liabilities	<u>1,063,995</u>	<u>-</u>	<u>-</u>	<u>2,833,271</u>
TOTAL LIABILITIES	<u>1,093,825</u>	<u>5,459</u>	<u>109,367</u>	<u>3,145,028</u>
DEFERRED INFLOWS OF RESOURCES	<u>26,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	352,102	346,769	12,349,296	-
Unrestricted (deficit)	(262,269)	972,597	278,130	1,680,066
TOTAL NET POSITION	<u>\$ 89,833</u>	<u>\$ 1,319,366</u>	<u>\$ 12,627,426</u>	<u>\$ 1,680,066</u>

Community Based Case Management	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ -	\$ 512,806	\$ 2,884,777
1,049,701	-	1,090,374
-	-	107,726
153,572	4,856	405,508
1,203,273	517,662	4,488,385
-	-	7,029
-	-	3,974,855
-	-	3,895,115
-	-	9,153,052
-	-	17,030,051
1,203,273	517,662	21,518,436
-	108,296	407,194
616,609	-	730,976
-	5,526	21,343
-	878	3,436
-	-	8,223
-	-	303,534
544,685	-	544,685
-	1,166	13,080
1,161,294	7,570	1,625,277
-	-	2,833,271
-	25,674	287,950
-	248,283	1,050,002
-	273,957	4,171,223
1,161,294	281,527	5,796,500
-	9,431	35,460
-	-	13,048,167
41,979	335,000	3,045,503
\$ 41,979	\$ 335,000	\$ 16,093,670

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District	Urban Sewer
OPERATING REVENUES:				
Charges for goods and services:				
Charges for services	\$ 376,783	\$ -	\$ 115,451	\$ -
Intergovernmental revenues	889,637	-	-	-
Commissions income	-	196,126	-	-
Miscellaneous	12,421	96,550	6,227	-
Total operating revenues	<u>1,278,841</u>	<u>292,676</u>	<u>121,678</u>	<u>-</u>
OPERATING EXPENSES:				
Cost of goods and services:				
Personal services	1,042,703	19,078	12,525	-
Supplies	55,245	5,354	-	-
Professional services	-	23,750	196,709	-
Other services/charges	96,857	10,116	22,665	-
Miscellaneous	-	10,209	4,609	-
Amortization of discount (premium)	-	-	-	(2,872)
Depreciation	80,408	30,463	361,677	-
Total operating expenses	<u>1,275,213</u>	<u>98,970</u>	<u>598,185</u>	<u>(2,872)</u>
OPERATING INCOME (LOSS)	<u>3,628</u>	<u>193,706</u>	<u>(476,507)</u>	<u>2,872</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	886	2,477	1,091	3,973
Debt issuance costs	-	-	-	(10,983)
Interest expense	-	-	-	(60,364)
Total nonoperating revenues (expenses)	<u>886</u>	<u>2,477</u>	<u>1,091</u>	<u>(67,374)</u>
CHANGE IN NET POSITION	4,514	196,183	(475,416)	(64,502)
TOTAL NET POSITION - BEGINNING	<u>85,319</u>	<u>1,123,183</u>	<u>13,102,842</u>	<u>1,744,568</u>
TOTAL NET POSITION - ENDING	<u>\$ 89,833</u>	<u>\$ 1,319,366</u>	<u>\$ 12,627,426</u>	<u>\$ 1,680,066</u>

Community Based Case Management	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ -	\$ 440,354	\$ 932,588
6,729,453	-	7,619,090
-	-	196,126
-	19,203	134,401
<u>6,729,453</u>	<u>459,557</u>	<u>8,882,205</u>
-	379,920	1,454,226
-	-	60,599
-	-	220,459
6,759,608	9,957	6,899,203
-	-	14,818
-	-	(2,872)
-	-	472,548
<u>6,759,608</u>	<u>389,877</u>	<u>9,118,981</u>
<u>(30,155)</u>	<u>69,680</u>	<u>(236,776)</u>
-	67,601	76,028
-	-	(10,983)
-	-	(60,364)
<u>-</u>	<u>67,601</u>	<u>4,681</u>
<u>(30,155)</u>	<u>137,281</u>	<u>(232,095)</u>
<u>72,134</u>	<u>197,719</u>	<u>16,325,765</u>
<u>\$ 41,979</u>	<u>\$ 335,000</u>	<u>\$ 16,093,670</u>

POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 389,204	\$ 297,769	\$ 120,110
Cash received from operating grants	817,160	-	-
Cash paid to suppliers for goods and services	(152,170)	(45,159)	(122,816)
Cash paid to employees	(1,068,329)	(19,663)	(12,525)
Net cash flows from operating activities	<u>(14,135)</u>	<u>232,947</u>	<u>(15,231)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Issuance costs paid on long-term debt	-	-	-
Proceeds from debt issued for advance refunding	-	-	-
Payments to escrow agent for advance refunding debt	-	-	-
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(61,632)	-	-
Net cash flows from capital and related financing activities	<u>(61,632)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	886	2,477	1,091
Net cash flows from investing activities	<u>886</u>	<u>2,477</u>	<u>1,091</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(74,881)	235,424	(14,140)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	386,488	701,959	394,608
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 311,607</u>	<u>\$ 937,383</u>	<u>\$ 380,468</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 3,628	\$ 193,706	\$ (476,507)
Components of operating income (loss) not included in operating activities			
Depreciation	80,408	30,463	361,677
Amortization	-	-	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	(1,568)
(Increase) decrease in accounts receivable	-	4,733	-
(Increase) decrease in due from other funds	-	360	-
(Increase) decrease in due from other governments	(72,477)	-	-
(Increase) decrease in deferred outflows of resources	(159,170)	-	-
Increase (decrease) in accounts payable	(68)	4,270	101,167
Increase (decrease) in wages payable	(26,031)	(486)	-
Increase (decrease) in payroll taxes payable	(4,297)	(99)	-
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences payable	13,039	-	-
Increase (decrease) in net pension liability	220,296	-	-
Increase (decrease) in deferred outflows of resources	(69,463)	-	-
Net cash flows from operating activities	<u>\$ (14,135)</u>	<u>\$ 232,947</u>	<u>\$ (15,231)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ -	\$ (13,631)	\$ -

Urban Sewer	Community Based Case Management	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ -	\$ 6,837,784	\$ 459,128	\$ 8,103,995
-	-	-	817,160
-	(6,837,784)	(9,957)	(7,167,886)
-	-	(378,912)	(1,479,429)
-	-	70,259	273,840

(10,983)	-	-	(10,983)
3,136,805	-	-	3,136,805
(3,148,956)	-	-	(3,148,956)
(302,622)	-	-	(302,622)
(58,967)	-	-	(58,967)
130,031	-	-	130,031
-	-	-	(61,632)
(254,692)	-	-	(316,324)

3,973	-	67,601	76,028
3,973	-	67,601	76,028
(250,719)	-	137,860	33,544
993,232	-	374,946	2,851,233
\$ 742,513	\$ -	\$ 512,806	\$ 2,884,777

\$ 2,872	\$ (30,155)	\$ 69,680	\$ (236,776)
-	-	-	472,548
(2,872)	-	-	(2,872)
-	-	-	(1,568)
-	104,413	-	109,146
-	-	-	360
-	3,918	(429)	(68,988)
-	-	(70,290)	(229,460)
-	11,403	-	116,772
-	-	(8,866)	(35,383)
-	-	(1,426)	(5,822)
-	(89,579)	-	(89,579)
-	-	3,153	16,192
-	-	79,817	300,113
-	-	(1,380)	(70,843)
\$ -	\$ -	\$ 70,259	\$ 273,840

\$ -	\$ -	\$ -	\$ (13,631)
------	------	------	-------------

(This page was left blank intentionally)

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, 2017**

	Employee Insurance	Risk Management	Total
ASSETS:			
Current assets:			
Cash and pooled investments	\$ 8,680,126	\$ 3,800,000	\$ 12,480,126
Accounts receivables	466,129	-	466,129
Prepaid items	8,221	-	8,221
TOTAL ASSETS	9,154,476	3,800,000	12,954,476
LIABILITIES:			
Current liabilities:			
Accounts payable	170,882	-	170,882
Estimated liability for claims and judgments	1,621,600	-	1,621,600
Total current liabilities	1,792,482	-	1,792,482
Noncurrent liabilities:			
Post employment liability (Note 23)	7,053,000	-	7,053,000
Total noncurrent liabilities	7,053,000	-	7,053,000
TOTAL LIABILITIES	8,845,482	-	8,845,482
NET POSITION			
Unrestricted	308,994	3,800,000	4,108,994
TOTAL NET POSITION	\$ 308,994	\$ 3,800,000	\$ 4,108,994

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017**

	Employee Insurance	Risk Management	Total
OPERATING REVENUES:			
Charges for services	\$ 19,634,211	\$ -	\$ 19,634,211
Miscellaneous	275,275	-	275,275
Total operating revenues	<u>19,909,486</u>	-	<u>19,909,486</u>
OPERATING EXPENSES:			
Supplies	-	-	-
Professional services	25,000	-	25,000
Other services/charges	52,435	-	52,435
Insurance	19,969,592	-	19,969,592
Miscellaneous	-	-	-
Total operating expenses	<u>20,047,027</u>	-	<u>20,047,027</u>
OPERATING INCOME (LOSS)	<u>(137,541)</u>	-	<u>(137,541)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	23,886	-	23,886
Total nonoperating revenues (expenses)	<u>23,886</u>	-	<u>23,886</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(113,655)</u>	-	<u>(113,655)</u>
TRANSFERS:			
Transfers in	-	3,557,118	3,557,118
Transfers out	(20,000)	(3,557,118)	(3,577,118)
Total transfers	<u>(20,000)</u>	-	<u>(20,000)</u>
CHANGE IN NET POSITION	<u>(133,655)</u>	-	<u>(133,655)</u>
NET POSITION, BEGINNING	<u>442,649</u>	<u>3,800,000</u>	<u>4,242,649</u>
NET POSITION, ENDING	<u>\$ 308,994</u>	<u>\$ 3,800,000</u>	<u>\$ 4,108,994</u>

POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017**

	Employee Insurance	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 19,597,485	\$ -	\$ 19,597,485
Cash paid to suppliers for goods and services	(19,237,494)	-	(19,237,494)
Net cash flows from operating activities	<u>359,991</u>	<u>-</u>	<u>359,991</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	3,557,118	3,557,118
Transfers out	(20,000)	(3,557,118)	(3,577,118)
Net cash flows from noncapital financing activities	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	23,886	-	23,886
Net cash flows from investing activities	<u>23,886</u>	<u>-</u>	<u>23,886</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	363,877	-	363,877
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,316,249	3,800,000	12,116,249
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,680,126</u>	<u>\$ 3,800,000</u>	<u>\$ 12,480,126</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (137,541)	\$ -	\$ (137,541)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	(312,001)	-	(312,001)
(Increase) decrease in prepaid items	(8,221)	-	(8,221)
Increase (decrease) in accounts payable	(49,146)	-	(49,146)
Increase (decrease) in estimated liability for claims and judgments	142,900	-	142,900
Increase (decrease) in post employment liability	724,000	-	724,000
Net cash flows from operating activities	<u>\$ 359,991</u>	<u>\$ -</u>	<u>\$ 359,991</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 property 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, 2017

	Trust & Agency Treasurer	Trust & Agency Trust Funds Held	County Assessor Expense	E911 Service
ASSETS:				
Cash and pooled investments	\$ 20,464,079	\$ 960,156	\$ 2,165,967	\$ 4,149,488
Receivables (net):				
Taxes	3,930,031	-	48,686	-
Special assessments	8,938,534	813	-	-
Accounts	-	-	-	384,044
Due from other governments	-	-	-	370,870
Prepays	-	-	-	92,926
TOTAL ASSETS	\$ 33,332,644	\$ 960,969	\$ 2,214,653	\$ 4,997,328
LIABILITIES:				
Accounts payable	\$ -	\$ 54,386	\$ 11,214	\$ 64,154
Wages payable	-	-	67,033	-
Payroll taxes payable	325,722	-	10,872	-
Due to other governments	33,006,922	265,891	577,740	4,933,174
Advances from other funds	-	16,153	-	-
Trusts payable	-	624,539	-	-
Compensated absences payable	-	-	1,262,794	-
Post employment liability	-	-	285,000	-
TOTAL LIABILITIES	\$ 33,332,644	\$ 960,969	\$ 2,214,653	\$ 4,997,328

GIMS Implementation	Emergency Management	Seized Funds Unforfeited	Mine Task Force	Total Agency Funds
\$ 686,202	\$ 128,584	\$ 351,836	\$ 456,280	\$ 29,362,592
-	-	-	-	3,978,717
-	-	-	-	8,939,347
-	2,634	10,236	-	396,914
-	88,056	-	21,213	480,139
-	-	-	5,000	97,926
\$ 686,202	\$ 219,274	\$ 362,072	\$ 482,493	\$ 43,255,635
\$ -	\$ 55,605	\$ -	\$ -	\$ 185,359
-	7,379	-	-	74,412
-	1,187	-	-	337,781
686,202	120,610	362,072	482,493	40,435,104
-	-	-	-	16,153
-	-	-	-	624,539
-	34,493	-	-	1,297,287
-	-	-	-	285,000
\$ 686,202	\$ 219,274	\$ 362,072	\$ 482,493	\$ 43,255,635

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
TRUST & AGENCY TREASURER:				
ASSETS:				
Cash and pooled investments	\$ 18,091,989	\$ 2,372,090	\$ -	\$ 20,464,079
Taxes receivable	3,850,710	79,321	-	3,930,031
Special assessments receivable	10,726,159	-	(1,787,625)	8,938,534
TOTAL ASSETS	\$ 32,668,858	\$ 2,451,411	\$ (1,787,625)	\$ 33,332,644
LIABILITIES:				
Payroll taxes payable	\$ 151,684	\$ 174,038	\$ -	\$ 325,722
Due to other governments	32,517,174	489,748	-	33,006,922
TOTAL LIABILITIES	\$ 32,668,858	\$ 663,786	\$ -	\$ 33,332,644

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
TRUST & AGENCY TRUST FUNDS HELD:				
ASSETS:				
Cash and pooled investments	\$ 915,891	\$ 44,265	\$ -	\$ 960,156
Special assessments receivable	9,430	-	(8,617)	813
TOTAL ASSETS	\$ 925,321	\$ 44,265	\$ (8,617)	\$ 960,969
LIABILITIES:				
Accounts payable	\$ 8,726	\$ 45,660	\$ -	\$ 54,386
Due to other governments	334,015	-	(68,124)	265,891
Advances from other funds	6,153	10,000	-	16,153
Trusts payable	576,427	48,112	-	624,539
TOTAL LIABILITIES	\$ 925,321	\$ 103,772	\$ (68,124)	\$ 960,969

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
COUNTY ASSESSOR EXPENSE:				
ASSETS:				
Cash and pooled investments	\$ 1,966,029	\$ 199,938	\$ -	\$ 2,165,967
Taxes receivable	48,325	361	-	48,686
TOTAL ASSETS	\$ 2,014,354	\$ 200,299	\$ -	\$ 2,214,653
LIABILITIES:				
Accounts payable	\$ 36,187	\$ -	\$ (24,973)	\$ 11,214
Wages payable	178,673	-	(111,640)	67,033
Payroll taxes payable	29,055	-	(18,183)	10,872
Due to other governments	430,081	147,659	-	577,740
Compensated absences payable	1,085,358	177,436	-	1,262,794
Post employment liability	255,000	30,000	-	285,000
TOTAL LIABILITIES	\$ 2,014,354	\$ 355,095	\$ (154,796)	\$ 2,214,653

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
E911 SERVICE:				
ASSETS:				
Cash and pooled investments	\$ 4,042,575	\$ 106,913	\$ -	\$ 4,149,488
Accounts receivable	371,915	12,129	-	384,044
Due from other governments	406,211	-	(35,341)	370,870
Prepays	94,591	-	(1,665)	92,926
TOTAL ASSETS	\$ 4,915,292	\$ 119,042	\$ (37,006)	\$ 4,997,328
LIABILITIES:				
Accounts payable	\$ 223,736	\$ -	\$ (159,582)	\$ 64,154
Due to other governments	4,691,556	241,618	-	4,933,174
TOTAL LIABILITIES	\$ 4,915,292	\$ 241,618	\$ (159,582)	\$ 4,997,328

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
GIMS IMPLEMENTATION:				
ASSETS:				
Cash and pooled investments	\$ 686,202	\$ -	\$ -	\$ 686,202
TOTAL ASSETS	\$ 686,202	\$ -	\$ -	\$ 686,202
LIABILITIES:				
Due to other governments	\$ 686,202	\$ -	\$ -	\$ 686,202
TOTAL LIABILITIES	\$ 686,202	\$ -	\$ -	\$ 686,202

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
EMERGENCY MANAGEMENT:				
ASSETS:				
Cash and pooled investments	\$ 8,452	\$ 120,132	\$ -	\$ 128,584
Accounts receivable	6,442	-	(3,808)	2,634
Due from other governments	183,672	-	(95,616)	88,056
TOTAL ASSETS	\$ 198,566	\$ 120,132	\$ (99,424)	\$ 219,274
LIABILITIES:				
Accounts payable	\$ 46,243	\$ 9,362	\$ -	\$ 55,605
Wages payable	19,510	-	(12,131)	7,379
Payroll taxes payable	3,164	-	(1,977)	1,187
Due to other governments	104,915	15,695	-	120,610
Compensated absences payable	24,734	9,759	-	34,493
TOTAL LIABILITIES	\$ 198,566	\$ 34,816	\$ (14,108)	\$ 219,274

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
SEIZED FUNDS UNFORFEITED:				
ASSETS:				
Cash and pooled investments	\$ 311,482	\$ 40,354	\$ -	\$ 351,836
Accounts receivable	-	10,236	-	10,236
TOTAL ASSETS	\$ 311,482	\$ 50,590	\$ -	\$ 362,072
LIABILITIES:				
Accounts payable	\$ 9,118	\$ -	\$ (9,118)	\$ -
Due to other governments	302,364	59,708	-	362,072
TOTAL LIABILITIES	\$ 311,482	\$ 59,708	\$ (9,118)	\$ 362,072

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
MINE TASK FORCE:				
ASSETS:				
Cash and pooled investments	\$ 450,907	\$ 5,373	\$ -	\$ 456,280
Due from other governments	6,017	15,196	-	21,213
Prepays	5,000	-	-	5,000
TOTAL ASSETS	\$ 461,924	\$ 20,569	\$ -	\$ 482,493
LIABILITIES:				
Accounts payable	\$ 265	\$ -	\$ (265)	\$ -
Due to other governments	461,659	20,834	-	482,493
TOTAL LIABILITIES	\$ 461,924	\$ 20,834	\$ (265)	\$ 482,493

(This page was left blank intentionally)

POLK COUNTY, IOWA

Statement of Net Position

Component Units

June 30, 2017

	PCHS	IEC Hotel Corp	Total
ASSETS			
Cash and pooled investments	\$ 4,988,882	\$ -	\$ 4,988,882
Receivables (net)	156,101	-	156,101
Prepaid items	67,917	3,226	71,143
Capital assets not being depreciated	1,301,209	-	1,301,209
Capital assets being depreciated, net	2,391,674	-	2,391,674
TOTAL ASSETS	8,905,783	3,226	8,909,009
LIABILITIES			
Accounts payable and other current liabilities	472,796	1,123	473,919
Due to primary government	-	295,232	295,232
Unearned revenues	90,549	-	90,549
Due within one year:			
Compensated absences payable	97,851	-	97,851
Due in more than one year:			
Compensated absences payable	47,937	-	47,937
TOTAL LIABILITIES	709,133	296,355	1,005,488
DEFERRED INFLOWS OF RESOURCES	-	324,141	324,141
NET POSITION			
Net investment in capital assets	3,692,883	-	3,692,883
Restricted for:			
PCHS/Foundation	2,278,043	-	2,278,043
Unrestricted (deficit)	2,225,724	(617,270)	1,608,454
TOTAL NET POSITION	\$ 8,196,650	\$ (617,270)	\$ 7,579,380

(This page was left blank intentionally)

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.

Source: 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			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 79,083,042	\$ 78,083,885	\$ 73,411,073	\$ 70,770,518
Restricted	16,109,702	5,075,110	4,843,618	5,726,045
Unrestricted	5,896,595	25,286,700	26,911,739	21,606,897
Total governmental activities net position	\$ 101,089,339	\$ 108,445,695	\$ 105,166,430	\$ 98,103,460
Business-type activities:				
Net investment in capital assets	\$ 168,328,097	\$ 169,615,522	\$ 170,445,639	\$ 240,462,094
Restricted	452,485	562,387	521,536	518,126
Unrestricted	27,504,114	17,132,872	17,105,354	21,991,857
Total business-type activities net position	\$ 196,284,696	\$ 187,310,781	\$ 188,072,529	\$ 262,972,077
Primary government:				
Net investment in capital assets	\$ 247,411,139	\$ 247,699,407	\$ 243,856,712	\$ 311,232,612
Restricted	16,562,187	5,637,497	5,365,154	6,244,171
Unrestricted	33,400,709	42,419,572	44,017,093	43,598,754
Total primary government net position	\$ 297,374,035	\$ 295,756,476	\$ 293,238,959	\$ 361,075,537

Note: Net position was affected due to the implementation of GASB Statement 68 in fiscal year 2015.

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 72,748,920	\$ 75,133,663	\$ 75,766,185	\$ 79,649,467	\$ 95,782,354	\$ 112,687,170	
3,281,414	5,923,114	20,238,049	13,961,534	6,856,842	6,845,261	
17,192,311	22,900,184	18,315,610	(11,863,296)	(6,663,345)	6,624,617	
<u>\$ 93,222,645</u>	<u>\$ 103,956,961</u>	<u>\$ 114,319,844</u>	<u>\$ 81,747,705</u>	<u>\$ 95,975,851</u>	<u>\$ 126,157,048</u>	
\$ 237,474,012	\$ 228,985,935	\$ 227,164,549	\$ 227,920,658	\$ 210,891,115	\$ 195,501,228	
769,038	362,825	398,723	683,568	892,818	862,445	
24,470,612	27,365,867	23,792,875	23,032,612	29,905,022	40,943,677	
<u>\$ 262,713,662</u>	<u>\$ 256,714,627</u>	<u>\$ 251,356,147</u>	<u>\$ 251,636,838</u>	<u>\$ 241,688,955</u>	<u>\$ 237,307,350</u>	
\$ 310,222,932	\$ 304,119,598	\$ 302,930,734	\$ 307,570,125	\$ 306,673,469	\$ 308,188,398	
4,050,452	6,285,939	20,636,772	14,645,102	7,749,660	7,707,706	
41,662,923	50,266,051	42,108,485	11,169,316	23,241,677	47,568,294	
<u>\$ 355,936,307</u>	<u>\$ 360,671,588</u>	<u>\$ 365,675,991</u>	<u>\$ 333,384,543</u>	<u>\$ 337,664,806</u>	<u>\$ 363,464,398</u>	

POLK COUNTY, IOWA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
Public safety and legal services	\$ 54,586,369	\$ 61,023,060	\$ 65,461,987	\$ 68,350,314
Physical health and social services	30,701,720	32,285,044	39,210,142	41,244,404
Mental health	50,448,588	48,574,014	53,427,113	50,553,729
County environment and education	12,988,528	16,067,273	15,457,101	14,837,634
Roads and transportation	18,924,908	20,995,975	17,634,649	22,090,050
Governmental services to residents	6,444,220	6,414,215	7,032,880	7,118,535
Administration	34,835,609	33,816,384	29,386,862	30,581,581
Interest on long-term debt	4,497,886	4,462,810	4,250,122	4,206,456
Total governmental activities expenses	213,427,828	223,638,775	231,860,856	238,982,703
Business-type activities:				
Air Quality	892,991	981,255	990,754	1,079,530
Sanitary Treatment Works	901,149	1,237,304	1,431,082	1,056,837
Prairie Meadows Racetrack/Casino	7,469,240	7,526,269	7,586,351	9,083,738
Conservation Enterprises	775,308	163,573	65,896	42,543
Hamilton Urban Drainage District	259,856	390,343	330,924	411,290
Iowa Events Center	23,475,886	22,475,901	22,425,073	20,735,311
Urban Sewer	227,968	220,552	212,936	205,105
Community Based Case Management	-	-	-	-
Iowa Tax & Tags	-	-	-	-
Total business-type activities expenses	34,002,398	32,995,197	33,043,016	32,614,354
Total government expenses	\$ 247,430,226	\$ 256,633,972	\$ 264,903,872	\$ 271,597,057
Program revenues:				
Governmental activities:				
Charges for services:				
Public safety and legal services	\$ 12,544,883	\$ 13,748,833	\$ 14,486,324	\$ 13,788,614
Physical health and social services	1,117,024	1,216,302	1,030,279	1,185,162
Mental health	6,952,878	7,172,445	7,622,337	7,756,232
County environment and education	1,331,272	1,264,129	1,413,568	1,411,631
Roads and transportation	486,994	460,647	524,657	473,411
Governmental services to residents	6,606,559	6,061,786	6,339,744	6,259,696
Administration	1,779,178	1,402,285	1,221,884	1,658,836
Interest on long-term debt	13	25	40,099	9,946
Operating grants and contributions	44,384,526	52,103,769	57,647,553	55,560,468
Capital grants and contributions	1,049,053	1,881,849	263,289	392,162
Total governmental activities program revenues	76,252,380	85,312,070	90,589,734	88,496,158
Business-type activities:				
Charges for services:				
Air Quality	217,265	241,834	245,178	254,186
Sanitary Treatment Works	753,576	598,383	1,115,130	558,604
Prairie Meadows Racetrack/Casino	28,131,768	27,397,093	27,847,963	27,084,294
Conservation Enterprises	934,594	414,992	235,021	191,808
Hamilton Urban Drainage District	130,273	129,686	123,320	140,369
Iowa Events Center	10,195,585	9,785,201	11,469,014	8,982,061
Iowa Tax & Tags	-	-	-	-
Operating grants and contributions	694,812	731,241	782,285	827,478
Capital grants and contributions	1,730,846	1,002,238	938,748	76,576,666
Total business-type activities program revenues	42,788,719	40,300,668	42,756,659	114,615,466
Total government program revenues	\$ 119,041,099	\$ 125,612,738	\$ 133,346,393	\$ 203,111,624

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 67,744,452	\$ 68,677,335	\$ 71,564,875	\$ 69,683,428	\$ 72,778,579	\$ 73,081,038	
37,511,827	34,703,552	35,070,940	35,364,307	37,352,964	38,587,870	
59,804,417	22,325,002	24,158,157	28,533,670	25,906,010	20,756,146	
13,238,065	12,768,084	13,923,732	13,510,577	14,719,318	15,252,013	
18,363,729	18,338,223	19,312,228	18,860,843	21,057,936	17,130,748	
7,242,640	7,077,482	7,129,232	7,344,942	7,974,904	8,053,559	
33,049,043	28,625,011	28,335,206	32,774,134	32,949,752	37,599,287	
4,169,828	5,313,966	5,846,733	3,882,745	5,286,682	5,192,766	
241,124,001	197,828,655	205,341,103	209,954,646	218,026,145	215,653,427	
1,173,421	1,218,911	1,154,638	1,219,921	1,180,789	1,275,213	
948,773	788,708	726,280	1,365,289	6,450,974	1,609,984	
10,402,872	11,052,660	10,167,216	11,602,938	10,602,938	10,602,938	
41,911	47,968	40,327	170,279	191,492	98,970	
684,977	263,778	270,242	294,484	400,587	598,185	
22,844,444	24,891,371	24,405,542	25,689,294	29,382,506	27,350,775	
196,872	277,454	313,883	94,523	88,586	68,475	
-	-	-	-	1,592,258	6,759,608	
60,282	211,165	295,583	350,977	349,629	389,877	
36,353,552	38,752,015	37,373,711	40,787,705	50,239,759	48,754,025	
\$ 277,477,553	\$ 236,580,670	\$ 242,714,814	\$ 250,742,351	\$ 268,265,904	\$ 264,407,452	
\$ 13,041,721	\$ 14,325,269	\$ 13,781,722	\$ 13,176,295	\$ 14,045,975	\$ 16,245,042	
1,418,367	1,236,642	1,042,590	1,036,902	1,078,182	1,272,939	
9,390,080	10,376,168	6,890,136	7,029,275	4,113,979	2,249,219	
1,865,141	1,809,500	1,834,621	1,879,130	2,057,031	2,299,210	
470,974	420,451	483,746	941,450	552,046	566,585	
6,900,219	7,488,249	7,285,121	7,273,173	8,058,455	8,381,909	
1,598,869	1,900,040	1,932,024	1,794,169	1,748,225	1,678,242	
14,487	54,200	49,843	51,062	49,385	38,474	
55,514,496	23,227,618	29,067,248	26,488,420	21,941,825	22,040,570	
700,644	1,902,755	262,332	2,919,497	6,129,377	10,987,863	
90,914,998	62,740,892	62,629,383	62,589,373	59,774,480	65,760,053	
270,256	294,919	348,214	346,417	367,062	376,783	
884,718	868,268	826,236	966,901	787,032	1,051,006	
26,393,924	26,000,000	26,000,000	26,000,000	24,729,652	24,947,712	
209,111	194,267	198,941	195,157	203,609	196,126	
120,850	141,121	120,206	144,566	125,580	115,451	
12,542,142	10,990,697	12,459,738	15,072,784	16,167,111	15,192,487	
7,502	337,895	367,059	386,463	414,508	440,354	
1,304,873	963,837	1,465,466	5,505,719	2,592,193	8,076,897	
723,977	128,250	128,250	128,250	1,644,344	498,250	
42,457,353	39,919,254	41,914,110	48,746,257	47,031,091	50,895,066	
\$ 133,372,351	\$ 102,660,146	\$ 104,543,493	\$ 111,335,630	\$ 106,805,571	\$ 116,655,119	

(continued)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2008	2009	2010	2011
Net (expense)/revenue:				
Governmental activities	\$ (137,175,448)	\$ (138,326,705)	\$ (141,271,122)	\$ (150,486,545)
Business-type activities	8,786,321	7,305,471	9,713,643	82,001,112
Total government net expense	\$ (128,389,127)	\$ (131,021,234)	\$ (131,557,479)	\$ (68,485,433)
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 105,846,177	\$ 113,294,655	\$ 119,034,717	\$ 124,436,158
Other county taxes	5,307,751	5,391,333	5,473,202	5,278,538
Interest on property taxes	1,388,689	1,591,907	1,603,084	1,819,683
State replacements	2,773,895	2,772,002	2,716,286	2,522,012
Use of money and property	6,864,291	3,194,638	2,089,257	286,009
Miscellaneous	4,152,740	1,589,359	1,672,209	1,562,930
Loss on sale of capital assets	-	-	(3,970,233)	-
Gain on sale of capital assets	-	465,490	-	-
Capital transfers	-	-	250,000	-
Transfers	7,420,615	17,383,677	9,123,335	7,518,245
Total governmental activities	133,754,158	145,683,061	137,991,857	143,423,575
Business-type activities:				
Use of money and property	1,373,373	815,374	109,262	95,835
Miscellaneous	350,263	288,917	312,178	320,846
Capital transfers - Loss on transfer of capital assets	-	-	(250,000)	-
Transfers	(7,420,615)	(17,383,677)	(9,123,335)	(7,518,245)
Total business-type activities	(5,696,979)	(16,279,386)	(8,951,895)	(7,101,564)
Total government	\$ 128,057,179	\$ 129,403,675	\$ 129,039,962	\$ 136,322,011
Change in net position:				
Governmental activities	\$ (3,421,290)	\$ 7,356,356	\$ (3,279,265)	\$ (7,062,970)
Business-type activities	3,089,342	(8,973,915)	761,748	74,899,548
Total primary government	\$ (331,948)	\$ (1,617,559)	\$ (2,517,517)	\$ 67,836,578

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (150,209,003)	\$ (135,087,763)	\$ (142,711,720)	\$ (147,365,273)	\$ (158,251,665)	\$ (149,893,374)
6,103,801	1,167,239	4,540,399	7,958,552	(3,208,668)	2,141,041
\$ (144,105,202)	\$ (133,920,524)	\$ (138,171,321)	\$ (139,406,721)	\$ (161,460,333)	\$ (147,752,333)

\$ 128,391,593	\$ 126,597,379	\$ 131,914,045	\$ 136,363,181	\$ 140,709,005	\$ 149,208,819
5,590,186	5,471,136	5,476,275	5,705,541	5,735,911	5,768,801
1,326,266	1,264,536	1,381,536	1,412,664	1,174,445	1,199,698
2,507,895	3,042,129	3,860,426	8,034,434	12,873,398	13,342,460
227,504	379,474	255,759	309,077	709,823	1,233,182
490,821	1,261,848	2,068,364	1,734,376	3,082,645	1,227,068
-	-	-	-	-	-
-	-	-	-	-	259,350
-	425,367	-	-	-	-
6,793,923	7,380,210	9,761,697	7,429,240	8,194,584	7,835,193
145,328,188	145,822,079	154,718,102	160,988,513	172,479,811	180,074,571

49,145	178,934	54,995	74,169	637,627	725,529
382,562	460,369	860,639	572,344	817,742	587,018
-	(425,367)	-	-	-	-
(6,793,923)	(7,380,210)	(9,761,697)	(7,429,240)	(8,194,584)	(7,835,193)
(6,362,216)	(7,166,274)	(8,846,063)	(6,782,727)	(6,739,215)	(6,522,646)
\$ 138,965,972	\$ 138,655,805	\$ 145,872,039	\$ 154,205,786	\$ 165,740,596	\$ 173,551,925

\$ (4,880,815)	\$ 10,734,316	\$ 12,006,382	\$ 13,623,240	\$ 14,228,146	\$ 30,181,197
(258,415)	(5,999,035)	(4,305,664)	1,175,825	(9,947,883)	(4,381,605)
\$ (5,139,230)	\$ 4,735,281	\$ 7,700,718	\$ 14,799,065	\$ 4,280,263	\$ 25,799,592

(concluded)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund:				
Reserved	\$ 8,559,752	\$ 8,123,291	\$ 7,727,389	\$ -
Unreserved	29,777,926	27,566,129	29,462,331	-
Nonspendable	-	-	-	835,122
Committed	-	-	-	3,989,810
Unassigned	-	-	-	34,510,331
Total General Fund	\$ 38,337,678	\$ 35,689,420	\$ 37,189,720	\$ 39,335,263
Mental Health Fund:				
Reserved	\$ 801,046	\$ 736,515	\$ -	\$ -
Unreserved	(3,515,264)	(890,817)	1,347,245	-
Restricted	-	-	-	765,412
Unassigned	-	-	-	-
Total Mental Health Fund	\$ (2,714,218)	\$ (154,302)	\$ 1,347,245	\$ 765,412
Justice Center Fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
Total Justice Center Fund	\$ -	\$ -	\$ -	\$ -
Debt Service Fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
Total Debt Service Fund	\$ -	\$ -	\$ -	\$ -
All other governmental funds:				
Reserved	\$ 6,574,256	\$ 4,529,113	\$ 3,495,836	\$ -
Unreserved, reported in:				
Special revenue funds	4,597,378	6,574,400	5,570,102	-
Capital projects funds	2,798,519	755,855	(1,294,898)	-
Debt service funds	366,009	279,041	598,024	-
Nonspendable	-	-	-	777,178
Restricted	-	-	-	4,960,633
Committed	-	-	-	9,099,102
Unassigned	-	-	-	(3,968,513)
Total all other governmental funds	\$ 14,336,162	\$ 12,138,409	\$ 8,369,064	\$ 10,868,400

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

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,108,645	1,431,512	1,317,221	1,199,934	970,787	1,057,617
3,700,119	3,753,815	3,585,015	3,265,208	3,764,477	4,053,969
28,872,644	35,680,321	37,877,628	43,089,740	47,725,904	48,872,607
<u>\$ 33,681,408</u>	<u>\$ 40,865,648</u>	<u>\$ 42,779,864</u>	<u>\$ 47,554,882</u>	<u>\$ 52,461,168</u>	<u>\$ 53,984,193</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,030,563	6,837,252	7,867,880	2,657,177	1,874,559
(4,132,905)	-	-	-	-	-
<u>\$ (4,132,905)</u>	<u>\$ 2,030,563</u>	<u>\$ 6,837,252</u>	<u>\$ 7,867,880</u>	<u>\$ 2,657,177</u>	<u>\$ 1,874,559</u>

\$ -	\$ -	\$ -	\$ 59,277,232	\$ 47,204,845	\$ 49,375,218
\$ -	\$ -	\$ -	\$ 59,277,232	\$ 47,204,845	\$ 49,375,218

\$ -	\$ 68,561,227	\$ 216,764	\$ 2,892,100	\$ 986,277	\$ 1,641,237
\$ -	\$ 68,561,227	\$ 216,764	\$ 2,892,100	\$ 986,277	\$ 1,641,237

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
925,036	712,871	943,020	1,202,909	1,304,996	1,351,278
3,281,414	3,273,535	13,184,033	18,971,785	14,736,599	11,853,501
9,819,630	10,254,039	10,993,740	13,979,456	11,826,022	12,353,201
(3,939,663)	(4,642,695)	(2,138,711)	(1,503,644)	(4,459,848)	(2,707,165)
<u>\$ 10,086,417</u>	<u>\$ 9,597,750</u>	<u>\$ 22,982,082</u>	<u>\$ 32,650,506</u>	<u>\$ 23,407,769</u>	<u>\$ 22,850,815</u>

POLK COUNTY, IOWA

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Property taxes	\$ 106,659,293	\$ 113,193,055	\$ 119,016,167	\$ 124,413,365
Other County taxes	5,307,751	5,391,333	5,473,202	5,278,538
Interest and penalties on delinquent taxes	1,388,689	1,591,907	1,603,084	1,819,683
Intergovernmental	66,353,718	73,882,316	80,220,727	76,304,288
Licenses and permits	516,733	387,609	432,777	757,224
Charges for service	10,297,290	10,587,827	11,046,694	11,456,931
Use of money and property	6,642,171	3,071,457	2,053,835	2,247,819
Miscellaneous	1,990,742	2,869,983	2,241,977	2,028,618
Total revenues	199,156,387	210,975,487	222,088,463	224,306,466
Expenditures:				
Public safety and legal services	51,056,103	57,336,497	60,831,966	63,358,077
Physical health and social services	29,584,279	32,058,737	38,183,688	39,832,954
Mental health	50,448,588	48,574,015	53,427,113	50,553,729
County environment and education	11,561,165	13,291,947	11,827,727	12,074,726
Roads and transportation	10,658,344	12,989,856	12,644,739	12,565,672
Governmental services to residents	6,008,426	6,158,143	6,630,166	6,712,037
Administration	30,909,966	32,513,299	29,545,205	30,370,108
Nonprogram services	46,304	58,294	-	-
Debt service:				
Principal	4,662,698	8,492,464	8,489,000	7,510,000
Interest and fiscal charges	4,501,088	4,478,202	4,276,689	4,397,923
Capital Projects:				
Roadway construction	5,352,558	4,688,457	1,757,433	4,960,179
Conservation land acquisition and development	3,237,269	3,482,675	3,049,267	3,352,335
Other capital projects	30,098,666	8,774,114	5,991,436	9,470,498
Total expenditures	238,125,454	232,896,700	236,654,429	245,158,238
Excess of revenues over expenditures	(38,969,067)	(21,921,213)	(14,565,966)	(20,851,772)
Other financing sources (uses):				
Transfers in	25,876,454	32,540,326	20,547,356	20,475,572
Transfers out	(18,435,839)	(17,836,649)	(11,154,021)	(12,937,327)
Capital contributions	-	-	-	392,162
Payment to refunded bond escrow agent	-	-	-	-
Issuance of capital leases	-	-	2,577,984	669,366
Issuance of bonds	2,665,000	3,905,000	-	15,485,000
Issuance of refunding bonds	-	-	-	-
Premium (discount) on bonds issued	32,656	95,085	-	298,790
Insurance recovery from 2008 flood	-	323,766	751,906	112,066
Proceeds from sale of capital assets	68,555	537,831	843,174	281,032
Total other financing sources (uses)	11,136,826	19,565,359	13,566,399	24,776,661
Net change in fund balances	\$ (27,832,241)	\$ (2,355,854)	\$ (999,567)	\$ 3,924,889
Total expenditures	\$ 238,125,454	\$ 232,896,700	\$ 236,654,429	\$ 245,158,238
Less: capital expenditures	(30,051,875)	(10,191,039)	(7,866,250)	(10,231,060)
Total non capital expenditures	\$ 208,073,579	\$ 222,705,661	\$ 228,788,179	\$ 234,927,178
Debt service as % of noncapital expenditures	4.40%	5.82%	5.58%	5.07%

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 128,308,790	\$ 126,477,853	\$ 132,115,444	\$ 136,555,746	\$ 140,654,190	\$ 149,192,233
5,590,186	5,471,136	5,476,275	5,705,541	5,735,911	5,768,801
1,326,266	1,264,536	1,381,536	1,412,664	1,174,445	1,199,698
77,268,575	46,892,346	48,896,738	52,671,977	48,896,981	53,391,833
861,128	943,393	913,075	1,073,810	1,308,798	1,342,246
12,437,290	13,685,542	13,215,481	13,753,759	14,232,809	15,457,944
2,179,875	2,525,369	2,641,287	2,880,975	3,246,337	4,175,894
2,263,643	1,539,340	2,679,952	2,787,165	3,112,327	3,565,298
230,235,753	198,799,515	207,319,788	216,841,637	218,361,798	234,093,947
64,519,393	64,362,370	67,550,790	67,742,641	70,630,110	71,194,297
36,865,531	33,295,027	33,590,597	33,988,406	35,624,786	36,130,845
59,804,417	22,325,002	24,158,157	28,533,670	25,906,010	20,756,146
12,465,007	11,135,437	11,426,422	12,320,129	12,318,325	13,533,835
10,569,001	9,271,079	9,937,351	10,217,643	10,207,439	13,251,960
6,960,701	7,048,801	7,066,217	7,086,477	7,508,917	7,586,381
33,214,441	28,112,537	29,091,437	31,075,332	32,415,833	33,015,233
-	-	-	-	-	-
8,351,000	8,428,000	10,904,000	14,249,647	17,185,384	14,309,378
4,195,012	6,093,333	6,015,812	3,718,837	5,320,313	5,152,889
5,715,542	4,834,470	5,684,678	5,650,385	8,744,120	5,451,872
1,503,474	2,679,744	10,850,138	6,895,682	5,260,650	7,807,817
4,290,359	5,057,647	8,455,989	11,171,287	19,118,230	13,743,491
248,453,878	202,643,447	224,731,588	232,650,136	250,240,117	241,934,144
(18,218,125)	(3,843,932)	(17,411,800)	(15,808,499)	(31,878,319)	(7,840,197)
19,575,415	18,034,274	22,707,352	20,447,563	23,753,588	34,201,466
(12,761,492)	(10,639,985)	(12,925,655)	(12,998,323)	(15,539,004)	(26,346,273)
-	-	-	-	-	-
-	-	(66,570,000)	(640,000)	-	(64,819,767)
-	692,111	-	-	-	2,326,428
-	76,114,616	25,335,000	84,207,560	-	-
-	-	-	-	-	56,730,000
-	1,019,219	270,129	2,003,138	-	8,351,001
-	-	-	-	-	-
-	311,766	-	59,100	50,000	359,350
6,813,923	85,532,001	(31,183,174)	93,079,038	8,264,584	10,802,205
\$ (11,404,202)	\$ 81,688,069	\$ (48,594,974)	\$ 77,270,539	\$ (23,613,735)	\$ 2,962,008
\$ 248,453,878	\$ 202,643,447	\$ 224,731,588	\$ 232,650,136	\$ 250,240,117	\$ 241,934,144
(7,053,056)	(6,885,814)	(18,623,440)	(17,279,105)	(22,908,037)	(23,033,094)
\$ 241,400,822	\$ 195,757,633	\$ 206,108,148	\$ 215,371,031	\$ 227,332,080	\$ 218,901,050
5.20%	7.42%	8.21%	8.34%	9.90%	8.89%

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	Multiresidential Property (e)	Agricultural Property & Building
2008	2010	\$ 20,554,841,950	\$ 6,735,360,000	\$ 373,831,230	\$ -	\$ 145,600,810
2009	2011	21,232,362,500	6,942,121,730	398,829,620	-	229,832,970
2010	2012	21,626,138,853	6,905,869,267	403,749,710	-	229,455,630
2011	2013	21,246,394,370	6,414,910,960	391,966,160	-	259,609,210
2012	2014	21,529,228,494	6,427,695,688	370,286,964	-	258,672,910
2013	2015	21,727,868,379	6,485,814,914	384,770,345	-	313,930,120
2014	2016	22,274,713,859	6,628,446,236	409,511,937	-	311,004,300
2015	(b) 2017	23,746,691,193	6,157,667,562	451,341,637	932,100,555	300,971,073
2016	2018	24,322,053,157	6,338,462,185	454,639,393	932,877,464	300,394,143
2017	2019	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)

Source: 2016 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) 2015 Calendar Year Assessment is for taxes due in fiscal year 2016/2017
 - (c) 2017 Calendar Year Assessment is for taxes due in fiscal year 2018/2019 and is not yet available
 - (d) Tax rates are per \$1,000 of assessed value.
 - (e) 2013 Iowa Acts Senate File 295 created a new property classification, multiresidential, for property valuations established on or after January 1, 2015.

	Reimb / Non-Reimb M&E/Comp & Railroads	Utilities W/O Gas & Electric	Less: Military Tax-Exempt Property	Total Taxable Assessed Property	Total Direct Tax Rate (d)
\$	28,944,652	\$ 135,013,575	\$ (36,493,914)	\$ 27,937,098,303	6.84
	32,444,466	136,696,518	(35,928,562)	28,936,359,242	6.83
	38,008,090	152,847,145	(35,075,495)	29,320,993,200	6.82
	43,165,437	160,573,870	(34,269,194)	28,482,350,813	6.81
	48,660,476	169,387,056	(33,445,259)	28,770,486,329	6.81
	48,123,584	172,181,780	(32,737,662)	29,099,951,460	6.94
	47,993,133	172,579,843	(31,844,999)	29,812,404,309	7.17
	53,959,901	173,036,987	(30,796,208)	31,784,972,700	7.30
	61,679,562	162,919,014	(29,872,540)	32,543,152,378	7.30
	N/A (c)	N/A (c)	N/A (c)	N/A (c)	-

POLK COUNTY , IOWA

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

Taxpayer	2017			2008		
	2015 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2006 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mid American Energy	\$ 582,748,085	1	2.8%	\$ 573,177,847	1	3.8%
Nationwide Mutual Insurance Co	141,132,798	2	0.7%			
Prairie Meadows	114,803,510	3	0.6%	106,486,400	6	0.7%
Principal Life Insurance Co	90,908,901	4	0.4%	248,279,820	2	1.7%
Wellmark Inc	101,137,500	5	0.5%			
Principal Mutual Life Insurance Co	109,675,440	6	0.5%			
Wells Fargo Financial Inc	86,583,330	7	0.4%	163,419,180	4	1.1%
Magellan Pipeline	64,596,419	8	0.3%			
Valley West Mall LLC	60,885,000	9	0.3%			
Qwest Corporation	58,498,840	10	0.3%	79,305,603	9	0.5%
R & R Investors				191,274,230	3	1.3%
Mercy Hospital				117,865,790	5	0.8%
Mid America Investments				98,844,630	8	0.7%
Hubbell Interests				101,536,130	7	0.7%
Pioneer Hi-Bred				74,726,330	10	0.5%
Total	<u>\$ 1,410,969,823</u>		<u>6.8%</u>	<u>\$ 1,754,915,960</u>		<u>11.7%</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
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%
2015	141,955,798	141,520,930	99.7%	(60,732) (c)	141,460,198	99.7%
2016	147,131,853	146,902,505	99.8%	147,089	147,049,594	99.9%
2017	156,347,407	156,198,568	99.9%	83,612	156,282,180	100.0%

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

POLK COUNTY, IOWA

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

	Year Taxes are Payable				
	2008	2009	2010	2011	2012
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.97	1.86	1.87	1.92	1.95
MH/DD Service	0.93	0.87	0.83	0.79	0.77
Debt Service	0.45	0.61	0.63	0.61	0.59
Total Countywide Rate	6.84	6.84	6.83	6.82	6.81
Rural service rates	4.59	4.55	4.55	4.55	4.55
Total Rural Rate	11.44	11.39	11.38	11.37	11.36
City rates:					
Alleman	8.23	7.16	8.32	8.77	10.23
Altoona	8.64	8.64	8.64	9.14	9.14
Ankeny	10.29	10.53	11.18	11.18	11.18
Bondurant	14.34	14.29	14.23	14.18	14.13
Carlisle	13.97	13.81	13.81	13.81	13.80
Clive	9.54	9.54	9.54	9.54	9.54
Des Moines	16.59	16.58	16.58	16.58	16.58
Elkhart	10.98	10.49	10.26	10.04	9.90
Granger	12.34	13.03	14.17	15.42	15.99
Grimes	12.93	12.96	12.92	12.91	12.90
Johnston	11.30	11.30	11.30	11.27	11.10
Mitchellville	12.82	13.59	14.37	14.73	14.73
Norwalk	14.98	14.37	14.60	14.60	16.35
Pleasant Hill	11.48	11.48	11.65	11.65	11.65
Polk City	7.90	7.90	7.90	7.90	7.90
Runnells	9.06	8.97	11.01	10.89	10.90
Sheldahl	3.59	3.60	3.43	3.18	3.20
Urbandale	9.22	9.22	9.22	9.32	9.52
Windsor Heights	12.40	14.79	13.76	13.31	13.31
West Des Moines	12.05	12.05	12.05	12.05	12.05
School District Rates:					
North Polk	17.46	17.77	17.39	18.27	19.85
Southeast Polk	21.96	21.85	21.83	21.81	21.66
Bondurant-Farrar	17.32	20.00	19.89	19.99	19.83
Ankeny	17.91	19.58	19.84	22.35	21.07
Carlisle	20.00	19.86	19.47	20.97	20.65
West Des Moines	13.70	13.69	13.64	13.94	13.85
Des Moines Independent	17.94	17.79	17.64	17.64	18.35
Saydel	13.63	13.68	13.98	13.98	13.98
Johnston	17.35	17.34	17.35	17.35	17.35
Woodward-Granger	17.52	20.02	19.85	19.78	19.75
Dallas	17.50	17.50	17.50	17.50	17.50
Dallas	15.90	16.08	-	-	-
Urbandale	15.72	15.51	16.27	17.64	18.35
Urbandale	15.72	16.27	16.27	17.64	17.64
Other:					
Area XI Community College	0.60	0.56	0.57	0.56	0.59
Broadlawns County Hospital	2.97	2.92	2.80	2.92	2.92
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.31	0.33	0.30	0.28	0.25

Source: 2015/2016 Tax Rates Payable Fiscal Year Ended June 30, 2016 obtained from Polk County Tax/GIS Department

Year Taxes are Payable									
2013		2014		2015		2016		2017	
\$	3.50	\$	3.50	\$	3.50	\$	3.50	\$	3.50
	1.92		1.97		2.00		2.18		2.28
	0.79		0.76		0.75		0.71		0.70
	0.60		0.71		0.92		0.91		0.82
	6.81		6.94		7.17		7.30		7.30
	4.55		4.55		4.55		4.55		4.55
	11.36		11.49		11.72		11.85		11.85

10.45	10.05	11.03	10.79	9.69
9.14	9.14	9.94	9.94	9.94
12.03	12.03	11.90	11.85	11.75
14.08	14.04	13.99	13.94	13.88
13.80	13.80	14.14	14.64	14.65
9.99	9.99	9.99	9.99	10.14
16.92	16.92	16.92	16.92	16.92
9.77	8.83	8.78	8.98	8.37
15.76	15.68	14.91	14.62	15.87
12.91	12.91	12.91	12.91	12.91
11.29	11.15	11.34	11.50	11.40
14.80	14.40	14.00	14.00	13.88
15.69	15.69	15.69	15.69	15.69
11.66	11.65	11.65	11.65	11.65
7.90	7.90	7.90	7.90	7.90
10.92	10.84	11.16	11.26	11.77
2.99	2.68	2.82	2.82	2.81
9.62	9.57	9.72	9.82	9.92
13.31	13.90	15.35	15.08	15.66
12.05	12.05	12.05	12.00	12.00

19.99	20.00	19.99	19.94	19.30
21.66	21.66	21.66	20.66	20.31
19.24	18.33	18.49	18.33	19.10
20.59	20.33	20.18	19.77	19.36
18.58	17.91	17.91	17.91	17.91
13.30	13.26	13.27	13.24	13.26
18.35	18.35	18.15	18.43	18.50
13.48	12.88	12.88	12.76	12.76
17.35	17.35	18.36	18.35	11.40
19.49	19.11	19.07	19.06	18.97
17.51	17.84	17.85	17.95	12.91
-	-	-	-	-
18.35	18.35	18.15	18.43	18.50
17.64	17.67	17.55	17.75	17.74

0.58	0.69	0.66	0.68	0.72
2.98	3.00	3.12	3.21	2.77
0.04	0.04	0.04	0.04	0.04
0.24	0.28	0.28	0.28	0.27

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			
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	1.15%	568.72
2015	185,801,079	2,450,000	436,964	100,774,185	27,130,825	316,593,053	1.40%	688.45
2016	168,758,562	2,068,000	298,916	100,409,970	26,357,000	297,892,448	1.32%	636.92
2017	154,057,954	1,679,000	1,883,804	97,958,000	25,495,000	281,073,758	1.24%	600.96

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

Note: 2016 and 2017 percentages calculated using 2015 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		
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
2015	286,575,264	2,892,100	283,683,164	0.89%	616.89
2016	269,168,532	1,001,353	268,167,179	0.82%	573.36
2017	252,015,954	1,642,484	250,373,470	N/A (a)	528.16

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

Note: (a) 2017 Calendar Year Assessment is for taxes due in fiscal year 2018/2019 and is not yet available.

POLK COUNTY, IOWA

Direct and Overlapping Governmental Activities Debt As of June 30, 2017

Governmental Unit	Taxable Valuation	Debt Outstanding	Totals
--------------------------	------------------------------	-----------------------------	---------------

Note: Per GASB 44, 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.

(This page was left blank intentionally)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2008	2009	2010	2011
Debt limit	\$ 1,245,870,290	\$ 1,352,429,902	\$ 1,396,854,915	\$ 1,446,817,962
Less: Total net debt applicable to limit	(407,803,252)	(399,158,767)	(396,754,857)	(460,916,297)
Legal debt margin	\$ 838,067,038	\$ 953,271,135	\$ 1,000,100,058	\$ 985,901,665
Total net debt applicable to the limit as a percentage of debt limit	32.73%	29.51%	28.40%	31.86%

Notes: (a) Calendar year 2015 assessed value is paid in fiscal year 2017

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

Legal debt margin Calculation for Calendar Year 2015 Assessed Value (a)	\$	31,784,972,700
Debt limit (5% of assessed value)		1,589,248,635
Less: Debt applicable to debt limit (b)		<u>(281,073,758)</u>
Legal debt margin	\$	<u>1,308,174,877</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,466,049,660	\$ 1,424,117,541	\$ 1,438,524,316	\$ 1,454,997,573	\$ 1,490,620,215	\$ 1,589,248,635
(448,152,913)	(505,676,659)	(301,626,160)	(316,593,053)	(297,892,448)	(281,073,758)
<u>\$ 1,017,896,747</u>	<u>\$ 918,440,882</u>	<u>\$ 1,136,898,156</u>	<u>\$ 1,138,404,520</u>	<u>\$ 1,192,727,767</u>	<u>\$ 1,308,174,877</u>
30.57%	35.51%	20.97%	21.76%	19.98%	17.69%

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	
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	22,296,178	48,484	253,000	4.3%	4.4%
2015	459,862	22,593,398	48,306	259,600	3.5%	3.7%
2016	467,711	*	*	261,100	4.0%	4.0%
2017	474,045	*	*	266,500	3.2%	3.2%

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

Note: Population increased from 2008-2017 by 13%

* Information not available

POLK COUNTY, IOWA

Principal Employers Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	14,500	1	4.86%	11,700	1	4.18%
Unity Point Health (Iowa Health Des Moines)	7,797	2	2.61%	6,470	5	2.31%
Mercy Hospital Medical Center	7,055	3	2.36%	6,600	4	2.36%
Hy-Vee Food Corp.	6,400	4	2.14%	4,000	8	1.43%
Principal Financial Group	6,182	5	2.07%	8,200	3	2.93%
Nationwide/Allied Insurance	4,442	6	1.49%	-		
Pioneer Hi-Bred International Inc.	2,495	7	0.84%	-		
Kum & Go	2,043	8	0.68%	-		
John Deere	1,900	9	0.64%	-		
Wellmark	1,800	10	0.60%	3,000	10	1.07%
State of Iowa	N/A (a)			9,300	2	3.33%
Federal Government	N/A (a)			5,600	6	2.00%
Des Moines Public Schools	N/A (a)			4,904	7	1.75%
MidAmerican Energy Holdings Co.	-			3,694	9	1.32%
Total	54,614		18.30%	63,468		22.70%

Source: The Greater Des Moines Partnership

Note: (a) Governmental entities information not available for 2017

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety	386	457	458	472	461	462	468	476	482	507
Human services	165	177	178	171	151	155	154	154	154	158
Roads and engineering	69	68	67	67	61	61	61	61	62	61
Administration	153	158	158	157	151	149	149	148	147	149
Other	357	374	378	379	356	363	372	377	384	395
Total	1,130	1,234	1,239	1,246	1,180	1,190	1,204	1,216	1,229	1,270

Source: County Budget Office

(This page was left blank intentionally)

POLK COUNTY, IOWA

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2008	2009	2010	2011
Public safety and legal services:				
Sheriff:				
# of E911 calls	54,107	53,531	53,743	54,517
# of civil papers served	37,055	40,916	44,145	45,583
# of average daily jail population	968	980	930	929
# of bookings	17,917	17,848	17,469	18,347
Medical Examiner:				
# of death investigations	1,133	1,267	1,024	1,056
# of autopsies	164	204	261	224
Physical health and social services:				
Health Department:				
# of patient visits to STD clinic	5,347	5,688	4,571	3,890
Public Works:				
# of septic/well permits	662	321	315	352
Veteran Affairs:				
# of clients interviewed	5,446	5,268	4,911	5,706
# of vouchers issued	3,362	3,358	2,914	4,329
Mental Health:				
# of individuals served	7,768	8,245	8,668	9,643
# of individuals receiving ongoing/intensive svc	3,607	3,711	3,065	3,681
County environment and education:				
Public Works:				
# of requests of service for weed eradication	3,516	4,963	4,462	4,298
# of lots cleaned up	35	23	34	42
Roads and transportation:				
Public Works:				
# of gravel miles maintained	177	172	172	168
# of paved miles maintained	573	551	550	536
Governmental services to residents:				
Treasurer:				
# of titles	137,707	146,550	145,543	147,011
# of registrations	552,415	627,409	631,981	646,533
Auditor / Elections:				
# of registered voters	292,803	281,233	264,425	260,800

Source: County records

Fiscal Year					
2012	2013	2014	2015	2016	2017
49,335	53,674	48,289	50,392	49,146	45,943
50,148	40,661	40,387	52,211	48,747	40,328
942	922	943	925	919	987
19,607	19,329	18,706	17,678	17,765	17,912
1,148	1,215	1,285	1,285	1,287	1,470
275	242	252	275	286	305
3,543	6,128	2,932	2,969	3,056	3,010
303	134	275	69	71	153
4,233	4,388	5,076	6,344	6,351	5,261
3,087	2,557	1,373	1,105	765	870
10,662	10,947	6,205	7,895	7,163	5,146
3,143	4,085	3,689	3,901	4,010	3,855
2,672	4,358	1,859	1,940	1,956	1,863
5	4	26	11	13	12
168	169	169	169	167	163
548	539	540	540	543	539
149,262	153,606	164,532	172,535	174,398	178,259
645,576	657,739	680,155	699,249	709,083	723,098
270,386	277,940	287,268	286,793	300,054	300,545

POLK COUNTY, IOWA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2008	2009	2010	2011
Public safety and legal services:				
Sheriff:				
# of vehicles	102	92	94	91
# of buildings	3	4	3	3
Correctional facility capacities	601	1,500	1,500	1,500
County Attorney				
# of vehicles	8	7	7	7
Medical Examiner				
# of vehicles	1	1	1	1
Physical health and social services:				
Health Department:				
# of vehicles	4	2	2	3
CF&Y Svcs				
# of vehicles	7	7	8	8
# of senior centers/meal sites	6	7	7	7
County environment and education:				
Conservation				
# of parks managed	7	7	7	7
# of vehicles	46	47	47	49
# of buildings	5	5	5	5
Planning and Development				
# of vehicles	16	13	19	19
Roads and transportation:				
Secondary Roads				
# of vehicles	61	60	66	61
# of buildings	6	6	6	6
# of secondary roads miles managed (a)	745	739	734	731
# of bridges	138	137	137	137
Administration				
General Services				
# of vehicles	20	32	29	29
# of buildings maintained	22	23	22	22

Source: County records

(a) Iowa Department of Transportation's Office of Research and Analytics

* Information not available yet

Fiscal Year					
2012	2013	2014	2015	2016	2017
104	87	87	95	95	102
3	3	3	3	3	3
1,500	1,500	1,500	1,500	1,500	1,500
7	14	14	14	14	14
2	2	2	2	2	2
1	1	1	1	1	1
7	5	5	6	6	6
7	7	7	7	7	8
7	7	7	7	7	7
49	52	53	55	59	56
5	5	7	8	8	8
14	13	12	12	10	10
60	60	61	65	63	65
7	7	6	6	6	6
730	731	741	742	741	*
137	137	137	137	137	137
29	29	28	29	30	31
23	24	25	24	24	25

(This page was left blank intentionally)

POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2017
DEPARTMENT OF AGRICULTURE			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	\$ 730,643
Passed through Iowa Department of Education:			
National School Breakfast Program	*	10.553 77-8810	17,436
National School Lunch Program	*	10.555 77-8810	33,734
Child Care Food Program		10.558 77-8050	2,041,130
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	422,176
Produce Box Project for Seniors	10.561	5887NU52	2,830
Commodity Supplemental Food Program	10.565	ACFS 14-239	52,892
Commodity Supplemental Food Program	10.565	ACFS 15-239	157,601
Total Department of Agriculture			<u>3,458,442</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program - Lead Hazard Control Grant Program	14.900	IALHB0621-16	312,800
Passed through City of Des Moines:			
Rapid Rehousing Program	(a)	14.321 15-16 ESG	12,076
Total Department of Housing and Urban Development			<u>324,876</u>
DEPARTMENT OF INTERIOR			
Passed through Iowa Department of Natural Resources:			
Iowa Prairie Lakes 7	15.623	F15AP00419	100,000
Land and Water Conservation Fund Program - LAWCON Jester Park Nature Center	15.916	19-01311	-
Total Department of Interior			<u>100,000</u>
DEPARTMENT OF JUSTICE			
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-17-163-HP	198,078
Crime Victim Assistance (VOCA)	16.575	VA-17-75-SAC	125,438
Passed through Governor's Office of Drug Control Policy:			
Methamphetamine Drug Hot Spots Grant Program	(1)	16.710 14-CAMP-8	2,938
Methamphetamine Drug Hot Spots Grant Program	(2)	16.710 15-CAMP-01	23,236
Edward Byrne Justice Assistance Grant (JAG)	(3)	16.738 14-JAG-115612	338,969
Edward Byrne Justice Assistance Grant (JAG) LLEBG '14		16.738 JAG 2014-DJ-BX-0212	86
Edward Byrne Justice Assistance Grant (JAG) LLEBG '15		16.738 JAG 2015-DJ-BX-0683	9,000
Edward Byrne Justice Assistance Grant (JAG) Mentor Advantage		16.738 14-JAG-161606	18,999
Total Department of Justice			<u>716,744</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - BR#3650	20.205	1-14-HBP-S-003	502,675
Highway Planning and Construction - BR#6066A	20.205	1-17-HBP-S-4	-
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.600	PAP 16-402-MOPT Task 21	5,794
Alcohol Incentive Grant	20.600	PAP 17-402-MOPT Task 19	14,810
Passed through Iowa Department of Public Defense:			
2015 HMEP	20.703	HM-HMP-0475-15-01-00	5,000
2017 HMEP	20.703	HM-HMP-0524-16-01-00	-
Total Department of Transportation			<u>528,279</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Iowa Department of Natural Resources:			
Air Quality Control Implementation Plan Agreement	66.034	17ESDAQBclaim-0002	20,000
Air Quality Control Implementation Plan Agreement	66.605	17ESDAQBclaim-0002	169,910
Total Environmental Protection Agency			<u>189,910</u>
DEPARTMENT OF ENERGY			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-16-20S	135,000
Weatherization Assistance for Low-Income Persons	81.042	DOE-17-20S	268,164
Total Department of Energy			<u>403,164</u>

(continued)

POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2017
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	** 93.044	N/A	\$ 70,000
Title IIIB - Assisted Transportation	** 93.044	N/A	9,000
Title IIIB - Well Elderly Clinic	** 93.044	N/A	17,000
Title IIIB - Advocacy/Counseling	** 93.044	N/A	17,150
Title IIIC-1 - Nutrition	** 93.045	N/A	227,477
Nutrition Services Incentive Program - USDA Cash	** 93.053	N/A	171,794
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-17-20	332,316
Low-Income Home Energy Assistance	93.568	HEAP-16-20S	827,509
Low-Income Home Energy Assistance	93.568	HEAP-17-20S	254,536
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	93.566	N/A	1,260
Local Administration Expense Reimbursement	93.596	N/A	120,231
Local Administration Expense Reimbursement	93.658	N/A	156,762
Local Administration Expense Reimbursement	93.659	N/A	48,639
Local Administration Expense Reimbursement	93.667	N/A	124,550
Local Administration Expense Reimbursement	93.767	N/A	3,352
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	737,332
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness - Cities Readiness Initiative	93.074	5887BT211	142,016
Public Health Emergency Preparedness - Hospital Preparedness Program	93.074	5887BT13	487,008
Emergency Response Multi-Year Program	93.074	5885BT477	192,028
Tuberculosis Elimination	93.116	MOU-2017-TB02	6,261
I-4 Project	93.268	5886I464	6,267
Care for Yourself Program	93.283	5887NB20	71,950
Care for Yourself Program	93.283	5887NB20WW	121,874
I-4 Project	93.539	5886I464	39,973
I-4 Project	93.539	5887I464	13,138
Ebola Virus Disease Preparedness and Response	93.817	5885BT509	191,725
HIV-CTR & Hepatitis	93.917	5887AP10	43,178
HIV-CTR & Hepatitis	93.940	5887AP10	6,250
HIV-CTR & Hepatitis	93.940	5886AP10	25,000
Total Department of Health and Human Services			<u>4,465,576</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through Iowa Department of Public Defense:			
FEMA - Mud Creek Property Acquisition	97.039	HMGP-DR-IA-4181-0007-01	251,625
Emergency Management Performance Grant (EMPG)	97.042	EMPG-17-PT-77	-
Homeland Security Grant Program - IMT	97.067	HSGP-15-SHSP-2007	72,539
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2015-SS-00014-S01	66,244
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2016-SS-00017-S01	229,019
Total Department of Homeland Security			<u>619,427</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,806,418</u>

* - Total Child Nutrition Cluster \$ 51,170
 ** - Total Aging Cluster \$ 512,421

(a) - Represents Polk County Health Services grant awards.

- (1) - The amount reported on the schedule includes \$2,801 passed through to subrecipients.
- (2) - The amount reported on the schedule includes \$13,933 passed through to subrecipients.
- (3) - The amount reported on the schedule includes \$96,551 passed through to subrecipients.

See notes to schedule of expenditures of federal awards.

(concluded)

POLK COUNTY, IOWA

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

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, 2017. 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 Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the schedule presents only a select portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

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 or the Uniform Guidance, where certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(This page was left blank intentionally)



RSM US LLP

**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

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, each major fund, and the aggregate discretely presented component units and remaining fund information of Polk County, Iowa (the County), as of and for the year ended June 30, 2017, 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 19, 2017.

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, 2017, 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.

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 19, 2017

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Supervisors
Polk County, 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 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, 2017. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Des Moines, Iowa
December 19, 2017

Polk County, Iowa

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

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
2 CFR 200.516(a)?

Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.558	Child and Adult Care Food Program
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
93.778	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes No

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017

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

None Reported

IV. Other Findings Related to Required Statutory Reporting

IV-A-17

Certified budget: Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted.

IV-B-17

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-17

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

IV-D-17

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-17

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-17

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

IV-G-17

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.

Polk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017**

IV-H-17

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).

IV-I-17

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, 2017 for the County Extension Office did not exceed the total amount budgeted.

IV-J-17

Tax increment financing (TIF): For the year ended June 30, 2017, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.



COUNTY OF POLK
Board of Supervisors

111 Court Ave, Suite 300
Des Moines, Iowa 50309-2214
Ph. 515.286.3120
Fax. 515.323.5225

December 19, 2017
To the Board of Supervisors
Polk County, Iowa

Polk County, Iowa's external audit has been completed for the year ended June 30, 2017 by RSM US LLP.

The audit was prepared 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 and the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The following is a summary of all prior year findings, management's responses and corrective actions taken as applicable:

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

Findings Related to Financial Statements:

None

Findings Related to Federal Awards:

2016-001

**U.S. Department of Health and Human Services
Passed through the Iowa Department of Human Rights
Low-Income Home Energy Assistance Program (CFDA 93.568)
Federal Award Year: 2015 – 2016**

Finding: The County did not submit its closeout report to the granting agency by the required due date.

Corrective Action Taken:

Public Works continues to monitor reporting due dates to ensure compliance with reporting deadlines.

2016-002

**U.S. Department of Health and Human Services
Passed through the Iowa Department of Public Health
Care for Yourself Program (CFDA 93.283)
Federal Award Year: 2015 – 2016**

Finding: The County did not submit its monthly tracking logs to the granting agency by the required due date.

Corrective Action Taken:

Additional controls have been implemented, including written grantor approval for report due date extensions.

Other Findings Related to Statutory Reporting:

IV-A-16

Finding:

County Assessor's proposed budget: The County Assessor's budget was not proposed until January 8, 2016, which was seven days past due.

Corrective Action Taken:

The County Assessor is aware of this deadline, and the proposed budget is submitted to the Conference Board when completed.

(This page was left blank intentionally)

POLK COUNTY, IOWA

Statement of Revenues, Expenditures, and Changes in Fund Balances Mental Health - Polk County Region For the Year Ended June 30, 2017

		Mental Health
REVENUES:		
Property taxes	\$	13,383,353
Other county taxes		414,062
Intergovernmental revenues:		
State tax replacement credits	\$	1,212,237
Mental health property tax subsidy		2,500,000
Medicaid		61,889
Other intergovernmental revenues		2,187,330
Miscellaneous		214,657
TOTAL REVENUES		19,973,528
EXPENDITURES:		
Services to persons with:		
Mental illness		14,763,585
Intellectual disabilities		1,720,215
Other developmental disabilities		2,896,698
General administration:		
Direct administration		1,393,281
County provided case management		(17,633)
TOTAL EXPENDITURES		20,756,146
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(782,618)
FUND BALANCE, BEGINNING		2,657,177
FUND BALANCE, ENDING	\$	1,874,559

Note: Report required by Iowa Department of Human Services

POLK COUNTY, IOWA

RETAIL SALES Last Six Fiscal Years

Fiscal Year Ended June 30	Taxable Retail Sales	Number of Businesses
2012	\$ 6,786,896,931	10,520
2013	6,969,991,553	10,624
2014	7,291,651,292	10,435
2015	7,736,253,089	10,516
2016	8,073,528,763	10,651
2017	*	*

Source: Iowa Department of Management/Piper Jeffray

Note: Report required by Continuing Disclosure Statement

* Information not available

POLK COUNTY, IOWA

Overlapping and Underlying Debt

	Outstanding Debt Fiscal Year 2017	Year 2016 Taxable Valuation	Taxable Value Within Issuer	Percentage Applicable	Amount Applicable
City rates:					
Alleman	\$ 81,000	\$ 21,566,781	\$ 21,566,781	100.00%	\$ 81,000
Altoona	68,860,000	969,370,189	969,370,189	100.00%	68,860,000
Ankeny	127,392,000	3,120,736,629	3,120,736,629	100.00%	127,392,000
Bondurant	6,640,000	188,528,147	188,528,147	100.00%	6,640,000
Carlisle	5,395,000	137,434,557	13,544,280	9.86%	531,681
Clive	24,630,000	1,434,281,231	1,000,853,306	69.78%	17,187,018
Des Moines	392,430,000	7,711,757,167	7,697,645,242	99.82%	391,711,883
Elkhart	413,000	21,517,992	21,517,992	100.00%	413,000
Granger	3,026,000	61,826,162	13,488,901	21.82%	660,196
Grimes	24,375,000	693,435,470	691,921,033	99.78%	24,321,766
Johnston	75,275,000	1,476,479,223	1,476,479,223	100.00%	75,275,000
Mitchellville	680,000	51,644,454	50,305,504	97.41%	662,370
Norwalk	22,055,000	4,565,429,929	2,446	0.00%	118
Pleasant Hill	11,289,752	583,124,981	583,124,981	100.00%	11,289,752
Polk City	1,400,000	216,222,278	216,222,278	100.00%	1,400,000
Runnells	-	13,751,613	13,751,613	100.00%	-
Sheldahl	-	8,743,356	4,378,439	50.08%	-
Urbandale	67,425,000	2,984,701,061	2,318,618,645	77.68%	52,378,064
West Des Moines	112,915,000	4,973,828,618	3,040,752,957	61.14%	69,030,649
Windsor Heights	10,060,375	254,506,132	254,506,132	100.00%	10,060,375
School District Rates:					
Ankeny	106,185,000	3,365,847,171	3,365,847,171	100.00%	106,185,000
Ballard	10,155,000	388,087,546	1,995,340	0.51%	52,212
Bondurant-Farrar	19,470,000	376,060,499	372,775,490	99.13%	19,299,923
Carlisle	6,060,000	332,231,652	104,322,768	31.40%	1,902,877
Collins-Maxwell	-	148,203,510	17,165,558	11.58%	-
Dallas Center-Grimes	33,329,880	902,644,539	725,459,795	80.37%	26,787,386
Des Moines	-	7,661,504,393	7,595,686,826	99.14%	-
Johnston	63,775,000	2,354,339,310	2,354,339,310	100.00%	63,775,000
Madrid	1,300,000	130,148,234	15,141,322	11.63%	151,241
North Polk	18,715,000	391,798,946	387,386,518	98.87%	18,504,232
PCM	9,265,000	275,012,741	942,424	0.34%	31,750
Saydel	5,675,000	768,782,742	768,782,742	100.00%	5,675,000
Southeast Polk	25,080,000	1,924,327,271	1,915,562,015	99.54%	24,965,761
Urbandale	45,605,000	1,268,366,676	1,268,366,676	100.00%	45,605,000
West Des Moines	19,520,000	4,639,538,873	4,589,417,262	98.92%	19,309,123
Woodward Granger	14,890,000	267,518,715	61,548,827	23.01%	3,425,787
Other:					
Area XI Community College	80,145,000	44,182,118,067	23,544,740,044	53.29%	42,709,433
Heartland AEA #11	-	44,182,118,067	23,544,740,044	53.29%	-
			Total		\$ 1,236,274,597

Source: Iowa Department of Revenue/Piper Jeffray

Note: Report required by Continuing Disclosure Statement

(This page was left blank intentionally)

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.

111 Court Avenue
Des Moines, IA 50309
515-286-3419
www.polkcountyiowa.gov