

# POLK COUNTY, IOWA

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(concluded)



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

JAMIE FITZGERALD  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3080

December 19, 2019

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, 2019.

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, 2019, 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, 2019, 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 487,204. 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 1. (A) in the notes to the financial statements.

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

## **Factors Affecting Financial Condition**

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

## **Local Economy**

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 13% since 2010, to 487,204 in 2019. Unemployment is approximately 2.7%, which is higher than the state level of 2.4% and lower than the national level of 3.8%. 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 included renovation 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 completed at the Criminal Courts building, and renovation/restoration for the interior of the historic Courthouse has begun. The anticipated completion date of all phases is the summer of 2021.

### 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 fourth year in a row. As successful as the Iowa Events Center has been, it is well documented that the venues had 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 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. The 330 Hilton Hotel opened in the spring of 2018 and has been performing as expected.

### 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, \$50 million has been issued as of June 30, 2019. In addition to bond proceeds, Conservation has also received \$6.0 million in grants and other contributions.

The Polk County Conservation Board completed nearly \$41 million of conservation projects by November 2019, and an additional \$4 million are underway for fiscal year 2019/2020. The remaining \$5 million of projects have been authorized to continue addressing conservation needs over the next few 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 was completed in 2019. The \$25 million project was a joint effort with the City of Johnston to increase the capacity of NW 66th Avenue by reconstructing the rural 2-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.

The next segment of the planned improvements to this corridor includes the widening of NW 26th St. from NW 66 Ave. to Oralabor Road, from a two-lane roadway to a 5-lane roadway with recreational trail and bike lanes. Construction is planned to begin in late 2020 with an estimated cost of \$6.5 million.

### Broadway Avenue Multi-Modal Improvements Project

This project is comprised of converting the existing 2-lane rural design of a significant minor arterial roadway to an urban three-lane roadway to match its current use. The project will improve the safety and transportation network reliability for the dozens of industries, their thousands of employees, and local residents that use this corridor every day. This project also includes the construction of an underpass structure below a dual track rail crossing owned and operated by the Union Pacific Railroad Co. The profile geometry and sight distance restrictions of the existing at-grade crossings are unsafe and result in frequent vehicle accidents in addition to traffic delays each day. Polk County will work with the City of Des Moines, Des Moines Area MPO, Iowa Department of Transportation, Union Pacific Railroad, and our business partners to secure the project funding which is estimated to cost \$40 million. This project will be constructed in several phases with the first phase scheduled for construction in 2024.

### 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 within each of 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 reduce flooding.

Over \$12.5 million has been invested to acquire numerous parcels for restoration and management. In conjunction with the 40-acre Strasser Woods Forest Preserve, this greenway is the County's third largest conservation area at 712 acres. The area is currently being improved with projects such as oxbow restorations, stormwater wetlands, stream bank stabilization, timber stand improvements and prairie restoration.

## **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 continued capital investments in the Iowa Events Center arena and construction of 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 serve citizens in the most cost-effective manner possible.

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

The Board has developed and implemented a 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**

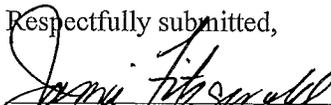
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

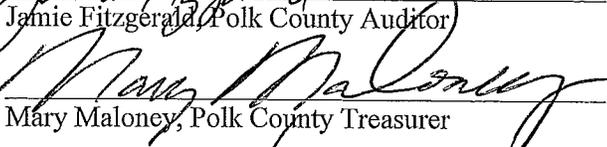
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. A Comprehensive Annual Financial Report must satisfy both generally accepted accounting 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-five consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for their review.

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

Respectfully submitted,

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

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

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

# POLK COUNTY, IOWA

## OFFICIALS

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
John Sarcone	County Attorney	2022
Jamie Fitzgerald	County Auditor	2020
Julie Haggerty	County Recorder	2022
Mary Maloney	County Treasurer	2022
Kevin Schnieder	County Sheriff	2020*
Randy Ripperger	County Assessor	2021*
Robert Brownell	Board of Supervisors	2020
Angela Connolly	Board of Supervisors	2022
Steve Van Oort	Board of Supervisors	2020
Tom Hockensmith	Board of Supervisors	2022
Matt McCoy	Board of Supervisors	2022

\* Appointed

# POLK COUNTY ORGANIZATION

**COUNTY CONFERENCE BOARD**  
 Polk County Board of Supervisors,  
 representative from Board of Education-  
 each school district, all Mayors of cities.

**COUNTY ASSESSOR**

**POLK COUNTY ELECTORATE**

**COUNTY AUDITOR**  
 J. Fitzgerald

**COUNTY TREASURER**  
 M. Maloney

**COUNTY RECORDER**  
 J. Haggerty

**BOARD OF SUPERVISORS**  
 R. Brownell, A. Connolly,  
 T. Hockensmith,  
 M. McCoy, S. Van Oort

**COUNTY ATTORNEY**  
 J. Sarcone

**COUNTY SHERIFF**  
 K. Schneider

**CONSERVATION BOARD**

**EMERGENCY MANAGEMENT**

**HEALTH SERVICES CORPORATION**

**VETERAN AFFAIRS**

**COUNTY ADMINISTRATOR**  
 M. Wandro

**MEDICAL EXAMINER**  
 Dr. Schmunk

**GENERAL SERVICES**  
 J. Rowen

**PUBLIC WORKS**  
 R. Rice

**PUBLIC HEALTH**  
 H. Eddy

**COMMUNITY, FAMILY & YOUTH SERVICES**  
 B. Devine

**INFORMATION TECHNOLOGY**  
 T. Jefferson

**HUMAN RESOURCES**  
 J. Nahas

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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, 2018**

*Christopher P. Morrill*

Executive Director/CEO