

# Polk County, Iowa

Comprehensive Annual Financial Report  
Fiscal Year Ending June 30, 2018



Polk County Conservation Nature Center



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# **POLK COUNTY, IOWA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2018**

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**PREPARED BY:**

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

**CENTRAL ACCOUNTING DIVISION**

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Keith Olson

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**BOARD OF SUPERVISOR'S STAFF**

Deb Anderson

# POLK COUNTY, IOWA

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(concluded)



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

JAMIE FITZGERALD  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3080

December 12, 2018

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, 2018.

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, 2018, 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, 2018, 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 481,830. 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 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 2009, to 481,830 in 2018. Unemployment is approximately 2.5%, which is lower than the state level of 2.7% and the national level of 4.2%. 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 January 2019, and planning 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, only \$29.6 million has been issued as of June 30, 2018. In addition to bond proceeds, Conservation have also received \$12.4 million in grants and other contributions.

The Polk County Conservation Board completed nearly \$35.6 million of conservation projects by October 2018, and an additional \$7.4 million are underway for fiscal year 2018/2019. The remaining \$7 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 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 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. To date, all \$25 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 was completed in 2017. Construction of the 3<sup>rd</sup> and final phase is underway and expected to be completed in 2019. In addition, the next segment of this corridor, NW 26<sup>th</sup> St. from NW 66 Ave. to Oralabor Road, is scheduled for re-construction to a 5-lane roadway in 2020 with an estimated cost of \$6.5 million.

#### 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. 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. The City of Des Moines and Polk County have completed numerous buyouts of flood prone properties with other acquisitions ongoing.

### **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 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 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**

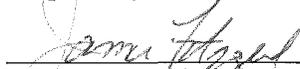
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

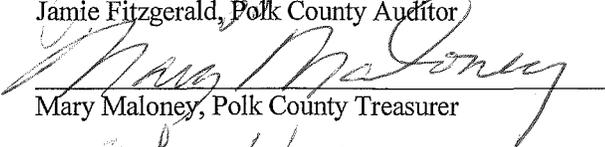
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. A Comprehensive Annual Financial Report must satisfy both generally accepted accounting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

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

Respectfully submitted,

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

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

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

# POLK COUNTY, IOWA

## OFFICIALS

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Jamie Fitzgerald	County Auditor	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

POLK COUNTY ELECTORATE

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

COUNTY ASSESSOR

COUNTY AUDITOR  
J. Fitzgerald

COUNTY TREASURER  
M. Maloney

COUNTY RECORDER  
J. Haggerty

BOARD OF  
SUPERVISORS  
R. Brownell, A. Connolly,  
T. Hockensmith,  
J. Mauro, S. Van Oort

COUNTY ATTORNEY  
J. Sarcone

COUNTY SHERIFF  
W. McCarthy

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  
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Presented to

**Polk County  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

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## 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As explained in Note 29 to the basic financial statements, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which restated beginning net position of the governmental activities and the aggregate discretely presented component units and remaining fund information. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the total OPEB liability schedule, 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 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 12, 2018

## POLK COUNTY, IOWA

### Management's Discussion and Analysis For the Year Ended June 30, 2018

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, 2018. 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 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year ending June 30, 2018. The beginning net position for governmental activities was restated by \$4 million to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense and deferred inflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- The County's total net position increased by \$25.4 million (7%) to \$384.8 million. Net position of governmental activities increased \$28.6 million (23%) over the restated June 30, 2017 balance primarily due to an increase in revenues and lower than anticipated expenses during the year. Net position of business-type activities decreased \$3.2 million (1%) primarily due to a decrease in operating grants and contributions in the Community Based Case Management Fund.
- In the County's governmental activities, total revenues increased \$13.3 million (6%) primarily due to an increase in charges for services and property tax revenues of \$7.2 and \$5.7 million respectively. Total expenses increased \$14.5 million (7%) primarily due to an increase in public safety and legal services, roads and transportation, physical health and social services, county environment and education, and mental health expenses of \$5.4, \$2.6, \$1.8, \$1.6, and \$1.2 million respectively.
- In the County's business-type activities, total revenues decreased \$1.3 million (3%) and total expenses decreased \$2 million (4%). The decrease in revenues is primarily due to a \$3 million decrease in operating grants and contributions in the Community Based Case Management Fund due to external managed care organizations taking over case management services throughout the year. In addition, expenses also decreased primarily due to the termination of case management contracts.
- The County's actual expenditures were \$29.9 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 two individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Mental Health Fund which are considered to be major funds. Data from the other 17 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

- **Proprietary funds** – 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 changes in the total OPEB liability and related ratios 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 following table presents a summary of the County’s net position for the year ended June 30, 2018 with comparison totals as of June 30, 2017. The information below as of June 30, 2017, does not reflect the impact of the restatement due to the County’s adoption of GASB Statement No. 75, as discussed in Note 23. The County’s *combined* net position increased \$25.4 (7%) million with the restatement (\$21.3 million without the restatement) primarily due to an increase in governmental activities net investment in capital assets and unrestricted net position.

### Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Current and other assets	\$ 333,021,917	\$ 331,784,855	\$ 74,882,883	\$ 70,411,705	\$ 407,904,800	\$ 402,196,560
Capital assets, net	234,006,207	200,344,301	293,105,817	301,715,081	527,112,024	502,059,382
<b>Total assets</b>	<u>567,028,124</u>	<u>532,129,156</u>	<u>367,988,700</u>	<u>372,126,786</u>	<u>935,016,824</u>	<u>904,255,942</u>
Deferred outflows of resources	25,006,704	21,226,050	510,341	433,185	25,517,045	21,659,235
Long-term liabilities	236,667,945	241,831,268	123,293,151	124,958,544	359,961,096	366,789,812
Other liabilities	18,944,858	15,949,929	9,358,645	8,312,070	28,303,503	24,261,999
<b>Total liabilities</b>	<u>255,612,803</u>	<u>257,781,197</u>	<u>132,651,796</u>	<u>133,270,614</u>	<u>388,264,599</u>	<u>391,051,811</u>
Deferred inflows of resources	185,720,039	169,416,961	1,770,790	1,982,007	187,490,829	171,398,968
Net position						
Net investment in capital assets	126,040,376	112,687,170	187,999,398	195,501,228	314,039,774	308,188,398
Restricted	5,186,531	6,845,261	895,917	862,445	6,082,448	7,707,706
Unrestricted (deficit)	19,475,079	6,624,617	45,181,140	40,943,677	64,656,219	47,568,294
<b>Total net position</b>	<u>\$ 150,701,986</u>	<u>\$ 126,157,048</u>	<u>\$ 234,076,455</u>	<u>\$ 237,307,350</u>	<u>\$ 384,778,441</u>	<u>\$ 363,464,398</u>

Net position of the County's governmental activities increased 20% to \$150.7 million at June 30, 2018. The increase relating to net investment in capital assets of governmental activities is primarily due to a \$33.7 million increase in capital assets, net of accumulated depreciation, which is the result of continued work on Criminal Court Annex improvements, Water and Land Legacy improvements, and the Kempton Bridge/NW 66<sup>th</sup> Avenue Reconstruction project. Unrestricted net position of governmental activities increased \$12.9 million (194%) to \$19.5 million due to an increase in charges for services and property tax revenues and lower than anticipated expenses due to delays in construction. Approximately 84% of the net position of governmental activities is invested in capital assets (buildings, roads, bridges, etc). The net position of business-type activities decreased \$3.2 million (1%) to \$234.1 million at June 30, 2018. The decrease relating to net investment in capital assets is primarily due to an increase in accumulated depreciation over capital acquisitions during the year. Approximately 80% of the net position of business-type activities is invested in capital assets (buildings, land, infrastructure, etc).

### Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 39,957,496	\$ 32,731,620	\$ 43,073,140	\$ 42,319,919	\$ 83,030,636	\$ 75,051,539
Operating grants and contributions	21,811,485	22,040,570	5,108,887	8,076,897	26,920,372	30,117,467
Capital grants and contributions	9,969,031	10,987,863	928,250	498,250	10,897,281	11,486,113
General revenues:						
Property taxes	154,947,225	149,208,819	-	-	154,947,225	149,208,819
Other County taxes	5,726,777	5,768,801	-	-	5,726,777	5,768,801
Interest on property taxes	1,131,465	1,199,698	-	-	1,131,465	1,199,698
State replacements	13,456,415	13,342,460	-	-	13,456,415	13,342,460
Use of money and property	3,231,716	1,233,182	992,382	725,529	4,224,098	1,958,711
Gain on sale of capital assets	-	259,350	-	-	-	259,350
Miscellaneous	1,097,395	1,227,068	777,838	587,018	1,875,233	1,814,086
<b>Total revenues</b>	<b>251,329,005</b>	<b>237,999,431</b>	<b>50,880,497</b>	<b>52,207,613</b>	<b>302,209,502</b>	<b>290,207,044</b>
<b>Expenses:</b>						
Public safety and legal services	78,520,169	73,081,038	-	-	78,520,169	73,081,038
Physical health and social services	40,425,914	38,587,870	-	-	40,425,914	38,587,870
Mental health	21,978,560	20,756,146	-	-	21,978,560	20,756,146
County environment and education	16,879,257	15,252,013	-	-	16,879,257	15,252,013
Roads and transportation	19,694,797	17,130,748	-	-	19,694,797	17,130,748
Government services to residents	8,411,110	8,053,559	-	-	8,411,110	8,053,559
Administration	38,473,412	37,599,287	-	-	38,473,412	37,599,287
Interest on long-term debt	5,760,430	5,192,766	-	-	5,760,430	5,192,766
Air Quality	-	-	1,345,230	1,275,213	1,345,230	1,275,213
Sanitary Treatment Works	-	-	1,772,545	1,609,984	1,772,545	1,609,984
Prairie Meadows Racetrack/Casino	-	-	10,602,938	10,602,938	10,602,938	10,602,938
Conservation Enterprises	-	-	488,317	98,970	488,317	98,970
Hamilton Urban Drainage District	-	-	496,291	598,185	496,291	598,185
Iowa Events Center	-	-	27,469,180	27,350,775	27,469,180	27,350,775
Urban Sewer	-	-	85,705	68,475	85,705	68,475
Community Base Case Management	-	-	3,994,485	6,759,608	3,994,485	6,759,608
Iowa Tax & Tags	-	-	453,119	389,877	453,119	389,877
<b>Total expenses</b>	<b>230,143,649</b>	<b>215,653,427</b>	<b>46,707,810</b>	<b>48,754,025</b>	<b>276,851,459</b>	<b>264,407,452</b>
Excess (deficiency) before transfers	21,185,356	22,346,004	4,172,687	3,453,588	25,358,043	25,799,592
Transfers	7,403,582	7,835,193	(7,403,582)	(7,835,193)	-	-
<b>Increase (decrease) in net position</b>	<b>28,588,938</b>	<b>30,181,197</b>	<b>(3,230,895)</b>	<b>(4,381,605)</b>	<b>25,358,043</b>	<b>25,799,592</b>
Net position - beginning, restated	122,113,048	95,975,851	237,307,350	241,688,955	359,420,398	337,664,806
<b>Net position- ending</b>	<b>\$ 150,701,986</b>	<b>\$ 126,157,048</b>	<b>\$ 234,076,455</b>	<b>\$ 237,307,350</b>	<b>\$ 384,778,441</b>	<b>\$ 363,464,398</b>

## Statement of Activities - Changes in Net Position

Polk County's governmental activities net position increased \$28.6 million during the year. The County reported an excess of revenues over expenses for the year of \$21.2 million. Revenues for governmental activities increased \$13.3 million primarily due to an increase in charges for services and property tax revenues. The County's expenses were \$29.9 million below budgeted amounts primarily due to construction expenditures lagging the appropriated expenditure schedules for both the Courts Master Plan capitals and Conservation water and land projects. The business-type activities net position decreased \$3.2 million during the year primarily due to a decrease in operating grants and contributions reported in the Community Base Case Management Fund as a result of the termination of the County's case management contract with the managed care organizations during the year.

Governmental revenues increased 6% primarily from increased charges for services and property tax collections. The \$7.2 million increase in charges for services is primarily due to a \$3.7 million increase in mental health revenue that resulted from passing of legislation that redirected county hospital property tax revenues to the County. The County also reported a \$2.6 million increase in public safety and legal services revenue relating to a rising inmate population at the jail and increased rates for service of civil papers. In addition, the County's taxable valuations increased 3.6% resulting in an increase in current property tax revenue.

The fact that 62% 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 16% and operating grants represents 9% of total governmental revenues.

Governmental activities expenses increased 7%, including a 15% increase in roads and transportation expenses due to increased spending on roadway maintenance and an increase in depreciation expense due to completion of phases I and II of the Kempton Bridge/NW 66<sup>th</sup> Avenue Road Reconstruction project. In addition, there was an 11% increase in county environment and education expenses due to increased spending on maintenance and an increase in depreciation expense due to completion of the Jester Park Entrance Road. Public safety and legal services expenses increased 7% due to increased spending on repairs and maintenance at the jail, juvenile detention center, and Justice Center, mental health expenses increased 6% due to increased service costs and utilization, and physical health and social services expenses increased 5% due to increased spending on communicable disease prevention and control and lead remediation.

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 \$13.3 million (6%), while expenses increased \$14.5 million (7%). Key elements of these changes include the following:

- \$7.2 million (22%) increase in charges for services due to increases in mental health revenues, reimbursements for housing more inmates, and increased service of civil papers revenue.
- \$5.7 million (4%) increase in property tax revenue due to a 3.6% increase in taxable valuations.
- \$5.4 million (7%) increase in public safety and legal services expense primarily due to increased spending on repairs and maintenance at the jail, juvenile detention center, and Justice Center in addition to the cost of housing an increasing inmate population.
- \$2.6 million (15%) increase in roads and transportation expense primarily due to increased spending on roadway maintenance and an increase in depreciation expense due to completion of phases I and II of the Kempton Bridge/NW 66<sup>th</sup> Avenue Road Reconstruction project.
- \$1.8 million (5%) increase in physical health and social services expense primarily due to increased spending on communicable disease prevention and control and lead remediation.
- \$1.6 million (11%) increase in county environment and education expense primarily due to increased spending on maintenance and in increase in depreciation expense due to completion of the Jester Park Entrance Road.
- \$1.2 million (6%) increase in mental health expense primarily due to increased service costs and utilization.

**Business-type Activities** Revenues for the County's business-type activities decreased \$1.3 million (3%) and expenses decreased \$2 million (4%). Key elements of these changes include the following:

- Operating grants and contributions decreased \$3 million primarily due to a decrease in the reimbursements for case management services.
- Charges for services increased \$.8 million primarily due to an increase in commissions income at the Iowa Events Center.
- Community Based Case Management expenses decreased \$2.8 million primarily due to the termination of case management services contracts during the 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 \$110 million at June 30, 2018, which is \$19.7 million less than the prior year. Key elements of these changes include the following:

- The General Fund increased \$15.2 million primarily due to the result of a \$5.4 million increase in property tax revenue due to a 3.6% increase in taxable valuations.
- The Mental Health Special Revenue Fund decreased \$.7 million primarily due to an increase in spending on mental illness services.
- The Justice Center Capital Projects Fund decreased \$23.4 million primarily due to spending down bond proceeds on the Criminal Court Annex project.

### **Proprietary Funds**

Sanitary Treatment Works net position increased \$1.1 million primarily due to a transfer in from the general fund of \$.6 million for expenses relating to Saylor Creek Trunk Sewer-Segment 4 and a transfer from Prairie Meadows relating to funding of debt payments.

Prairie Meadows Racetrack/Casino net position increased \$3.2 million primarily due to an increase in payments from adjusted gross receipts and an increase in interest revenue during the year.

Iowa Events Center net position decreased \$7.9 million primarily due to a \$10.2 million balloon payment coming due on the 2017A G.O. Bonds for the year ending June 30, 2019.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The County's capital assets for its governmental and business-type activities as of June 30, 2018, amount to \$527.1 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 \$25.1 million during the year. The primary reason for the increase is due to continued work on the Criminal Court Annex project and the Polk County Water & Land Legacy improvement projects.

Major capital asset events for the year ended June 30, 2018, are as follows:

- Criminal Court Annex project - \$22.8 million
- Polk County Water & Land Legacy land acquisitions and improvements - \$11.2 million
- NW 66<sup>th</sup> Ave/Kempton Bridge reconstruction including phase II and III paving - \$7 million
- Installation of irrigation system at the Jester Park Golf Course - \$2.8 million
- Tuckpointing project at Iowa Events Center - \$2.5 million

Capital assets for the governmental and business-type activities at June 30, 2018 are as follows:

### Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 21,400,626	\$ 20,155,450	\$ 18,215,559	\$ 18,215,559	\$ 39,616,185	\$ 38,371,009
Intangibles - permanent easements	-	-	3,322,580	3,322,580	3,322,580	3,322,580
Buildings	172,314,661	171,636,847	324,920,110	323,523,891	497,234,771	495,160,738
Improvements other than buildings	7,146,810	6,530,709	11,492,142	8,725,298	18,638,952	15,256,007
Leasehold improvements	-	-	113,945,115	113,145,115	113,945,115	113,145,115
Infrastructure	128,903,782	111,349,935	34,095,730	34,095,730	162,999,512	145,445,665
Equipment	15,131,251	15,006,052	3,762,417	3,626,421	18,893,668	18,632,473
Vehicles	10,995,643	10,738,895	247,351	236,456	11,242,994	10,975,351
Intangibles - computer software	6,455,002	6,455,002	-	-	6,455,002	6,455,002
Construction in progress	54,776,309	31,428,803	2,953,161	-	57,729,470	31,428,803
<b>Total</b>	<u>417,124,084</u>	<u>373,301,693</u>	<u>512,954,165</u>	<u>504,891,050</u>	<u>930,078,249</u>	<u>878,192,743</u>
Less: accumulated depreciation	<u>(183,117,877)</u>	<u>(172,957,392)</u>	<u>(219,848,348)</u>	<u>(203,175,969)</u>	<u>(402,966,225)</u>	<u>(376,133,361)</u>
<b>Total</b>	<u>\$ 234,006,207</u>	<u>\$ 200,344,301</u>	<u>\$ 293,105,817</u>	<u>\$ 301,715,081</u>	<u>\$ 527,112,024</u>	<u>\$ 502,059,382</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 18/19 capital budget includes spending an estimated \$23 million for the Polk County Historic Courthouse, \$13.4 million for Polk County Water & Land Legacy projects, \$8.3 million for the Criminal Court Annex, \$3.4 million for capital improvement projects at various County facilities, and \$1 million for technology upgrades. Planned capital outlays for proprietary funds include \$3.5 million for 2019 Sanitary Sewer Projects and \$.6 million for improvements to the Iowa Events Center.

#### Long-Term Debt

At June 30, 2018, the County had \$261 million in bonds and notes outstanding, a decrease of \$18.4 million compared to FY 16/17. The change in debt is due to paying down principal on existing bonds. Three 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. The fund reported outstanding obligations of \$89.5 million at the end of FY17/18. During FY 18/19, Polk County is contemplating issuing approximately \$35.9 million in additional general obligation debt to finance the remaining phases of the courts master plan and 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 \$1.4 billion as of June 30, 2018. In addition, the County maintains an Aaa rating from Moody's Investors Service and an AAA rating from Standard & Poor's Global Ratings on all new and existing outstanding debt obligations.

## Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
G.O. bonds	\$ 137,869,387	\$ 154,057,954	\$ 97,059,319	\$ 97,958,000	\$ 234,928,706	\$ 252,015,954	-7%
Notes payable	1,273,000	1,679,000	24,605,000	25,495,000	25,878,000	27,174,000	-5%
<b>Total</b>	<b>\$ 139,142,387</b>	<b>\$ 155,736,954</b>	<b>\$ 121,664,319</b>	<b>\$ 123,453,000</b>	<b>\$ 260,806,706</b>	<b>\$ 279,189,954</b>	<b>-7%</b>

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

### BUDGETARY HIGHLIGHTS

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

Even with these adjustments, actual expenditures were \$29.9 million below final budget amounts. Significant variances include:

- General operational expenditures were \$7 million less than budget due to lower than anticipated expenditures for social services staff and programs, assistance to veterans, substance abuse treatment facilities, and employee health insurance. Additionally, significant unbudgeted savings were realized on the jail medical contract.
- Courts Master Plan capitals were \$12.1 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 \$8.9 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, 2018.
- Community and economic development grant expenditures were \$1.9 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 18/19, certified taxable valuations increased 9.4%, resulting in a budgeted increase of \$15.4 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 18/19, the County estimates state replacement funding of \$6.2 million.

Polk County’s budget for FY 18/19 indicates General fund balances will increase \$11.6 million due to growth in the tax base. Balances are projected to meet or exceed the County policy that sets ending fund balances at a goal of 20% - 25% of expenditures. Additionally, the County will retain its \$8 million contingency reserve.

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

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

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**POLK COUNTY, IOWA**

**Statement of Net Position  
June 30, 2018**

	Primary Government			Component Units Total
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and pooled investments	\$ 113,142,953	\$ 24,095,424	\$ 137,238,377	\$ 5,092,282
Receivables (net)	15,316,097	24,993,215	40,309,312	153,977
Due from component units	97,296	34,073	131,369	-
Advances to component units	-	27,750,000	27,750,000	-
Internal balances	3,122,703	(3,122,703)	-	-
Inventories	1,820,074	107,570	1,927,644	-
Prepaid items	784,753	129,387	914,140	77,649
Restricted assets - cash and pooled investments	16,469,118	895,917	17,365,035	-
Succeeding year property taxes receivable	182,268,923	-	182,268,923	-
Capital assets not being depreciated	76,176,935	24,491,300	100,668,235	1,301,209
Capital assets being depreciated, net	157,829,272	268,614,517	426,443,789	2,191,270
<b>TOTAL ASSETS</b>	<b>567,028,124</b>	<b>367,988,700</b>	<b>935,016,824</b>	<b>8,816,387</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>25,006,704</b>	<b>510,341</b>	<b>25,517,045</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	18,387,328	7,908,946	26,296,274	497,989
Due to primary government	-	-	-	436,230
Interest payable	399,044	308,107	707,151	-
Unearned revenues	158,486	374,006	532,492	67,664
Advance deposits and ticket sales	-	767,586	767,586	-
Due within one year:				
General obligation bonds payable	14,850,605	11,108,681	25,959,286	-
Notes payable	438,000	919,000	1,357,000	-
Capital leases payable	587,576	-	587,576	-
Compensated absences payable	2,035,811	99,378	2,135,189	90,020
Estimated liability for claims and judgments	3,412,000	-	3,412,000	-
Due in more than one year:				
General obligation bonds payable	123,018,782	85,950,638	208,969,420	-
Notes payable	835,000	23,686,000	24,521,000	-
Capital leases payable	592,004	-	592,004	-
Compensated absences payable	14,867,035	294,455	15,161,490	63,241
Estimated liability for claims and judgments	1,935,000	-	1,935,000	-
Total OPEB liability	11,726,000	-	11,726,000	-
Net pension liability	62,370,132	1,234,999	63,605,131	-
<b>TOTAL LIABILITIES</b>	<b>255,612,803</b>	<b>132,651,796</b>	<b>388,264,599</b>	<b>1,155,144</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>185,720,039</b>	<b>1,770,790</b>	<b>187,490,829</b>	<b>324,141</b>
<b>NET POSITION</b>				
Net investment in capital assets	126,040,376	187,999,398	314,039,774	3,492,479
Restricted for:				
Capital improvements	-	895,917	895,917	-
Debt service	428,943	-	428,943	-
Enabling legislation - State Statutes	4,757,588	-	4,757,588	-
PCHS/Foundation	-	-	-	2,298,119
Unrestricted (deficit)	19,475,079	45,181,140	64,656,219	1,546,504
<b>TOTAL NET POSITION</b>	<b>\$ 150,701,986</b>	<b>\$ 234,076,455</b>	<b>\$ 384,778,441</b>	<b>\$ 7,337,102</b>

POLK COUNTY, IOWA

Statement of Activities  
For the Year Ended June 30, 2018

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
<b>Primary government:</b>								
Governmental activities:								
Public safety and legal services	\$ 78,520,169	\$ 18,787,052	\$ 1,366,530	\$ -	\$ (58,366,587)	\$ -	\$ (58,366,587)	\$ -
Physical health and social services	40,425,914	1,216,522	12,057,369	-	(27,152,023)	-	(27,152,023)	-
Mental health	21,978,560	5,957,472	-	-	(16,021,088)	-	(16,021,088)	-
County environment and education	16,879,257	2,148,206	-	2,981,886	(11,749,165)	-	(11,749,165)	-
Roads and transportation	19,694,797	630,431	6,860,136	6,987,145	(5,217,085)	-	(5,217,085)	-
Government services to residents	8,411,110	8,636,445	88,804	-	314,139	-	314,139	-
Administration	38,473,412	2,527,924	1,438,646	-	(34,506,842)	-	(34,506,842)	-
Interest on long-term debt	5,760,430	53,444	-	-	(5,706,986)	-	(5,706,986)	-
Total governmental activities	230,143,649	39,957,496	21,811,485	9,969,031	(158,405,637)	-	(158,405,637)	-
Business-type activities:								
Air Quality	1,345,230	380,689	886,928	-	-	(77,613)	(77,613)	-
Sanitary Treatment Works	1,772,545	984,610	-	-	-	(787,935)	(787,935)	-
Prairie Meadows Racetrack/Casino	10,602,938	25,334,064	-	-	-	14,731,126	14,731,126	-
Conservation Enterprises	488,317	205,482	-	800,000	-	517,165	517,165	-
Hamilton Urban Drainage District	496,291	118,447	-	-	-	(377,844)	(377,844)	-
Iowa Events Center	27,469,180	15,581,819	545,184	128,250	-	(11,213,927)	(11,213,927)	-
Urban Sewer	85,705	-	-	-	-	(85,705)	(85,705)	-
Community Based Case Management	3,994,485	-	3,676,775	-	-	(317,710)	(317,710)	-
Iowa Tax & Tags	453,119	468,029	-	-	-	14,910	14,910	-
Total business-type activities	46,707,810	43,073,140	5,108,887	928,250	-	2,402,467	2,402,467	-
Total primary government	\$ 276,851,459	\$ 83,030,636	\$ 26,920,372	\$ 10,897,281	(158,405,637)	2,402,467	(156,003,170)	-
<b>Component units:</b>								
PCHS	\$ 3,359,377	\$ 1,252,744	\$ 1,869,815	-	-	-	-	(236,818)
IEC Hotel Corp	57,656	-	-	-	-	-	-	(57,656)
Total	\$ 3,417,033	\$ 1,252,744	\$ 1,869,815	-	-	-	-	(294,474)
General revenues:								
Property taxes	-	-	-	-	154,947,225	-	154,947,225	-
Other county taxes	-	-	-	-	5,726,777	-	5,726,777	-
Interest and penalties on property taxes	-	-	-	-	1,131,465	-	1,131,465	-
State tax credits and replacements against levied property taxes	-	-	-	-	13,456,415	-	13,456,415	-
Interest income	-	-	-	-	3,231,716	992,382	4,224,098	11,809
Gain on sale of capital assets	-	-	-	-	-	-	-	40,387
Miscellaneous	-	-	-	-	1,097,395	777,838	1,875,233	-
Transfers	-	-	-	-	7,403,582	(7,403,582)	-	-
Total general revenues and transfers	-	-	-	-	186,994,575	(5,633,362)	181,361,213	52,196
Change in net position	-	-	-	-	28,588,938	(3,230,895)	25,358,043	(242,278)
Net position - beginning, restated	-	-	-	-	122,113,048	237,307,350	359,420,398	7,579,380
Net position - ending	\$ -	\$ -	\$ -	\$ -	\$ 150,701,986	\$ 234,076,455	\$ 384,778,441	\$ 7,337,102

See Notes to Basic Financial Statements

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**POLK COUNTY, IOWA**

**Balance Sheet  
Governmental Funds  
June 30, 2018**

	<b>General</b>	<b>Mental Health</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and pooled investments	\$ 65,808,862	\$ 2,231,332	\$ 30,835,003	\$ 98,875,197
Restricted assets - cash and pooled investments	-	-	16,469,118	16,469,118
Receivables (net):				
Taxes	390,308	41,158	91,325	522,791
Succeeding year property taxes	138,776,313	14,633,769	28,858,841	182,268,923
Special assessments	153,660	-	10,162	163,822
Accounts	604,579	-	113,428	718,007
Notes	2,581,223	-	-	2,581,223
Accrued interest	681,176	-	29,175	710,351
Due from other funds	3,154,315	46,220	90,893	3,291,428
Due from other governments	7,045,489	52,568	1,952,183	9,050,240
Due from component units	-	97,296	-	97,296
Inventories	559,341	-	1,260,733	1,820,074
Prepaid items	765,189	-	10,698	775,887
<b>TOTAL ASSETS</b>	<b>\$ 220,520,455</b>	<b>\$ 17,102,343</b>	<b>\$ 79,721,559</b>	<b>\$ 317,344,357</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,695,509	\$ 986,111	\$ 7,901,089	\$ 10,582,709
Contract/retainage payable	-	-	1,805,479	1,805,479
Wages payable	1,703,022	8,079	95,115	1,806,216
Payroll taxes payable	284,753	797	15,765	301,315
Compensated absences payable	2,302,130	-	-	2,302,130
Estimated liability for claims and judgments	40,000	-	-	40,000
Due to other funds	338	167,383	1,004	168,725
Due to other governments	3,645,659	-	-	3,645,659
Trust payable	84,514	-	-	84,514
Unearned revenues	158,486	-	-	158,486
<b>TOTAL LIABILITIES</b>	<b>9,914,411</b>	<b>1,162,370</b>	<b>9,818,452</b>	<b>20,895,233</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>141,410,119</b>	<b>14,757,231</b>	<b>30,283,991</b>	<b>186,451,341</b>
Fund balances:				
Nonspendable	1,166,044	-	1,271,431	2,437,475
Restricted	-	1,182,742	30,005,817	31,188,559
Committed	3,878,749	-	13,063,392	16,942,141
Unassigned	64,151,132	-	(4,721,524)	59,429,608
<b>TOTAL FUND BALANCES</b>	<b>69,195,925</b>	<b>1,182,742</b>	<b>39,619,116</b>	<b>109,997,783</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 220,520,455</b>	<b>\$ 17,102,343</b>	<b>\$ 79,721,559</b>	<b>\$ 317,344,357</b>

See Notes to Basic Financial Statements

**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, 2018**

Fund balances - total governmental funds	\$	109,997,783
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	\$	417,124,084
Accumulated depreciation		<u>(183,117,877)</u>
		234,006,207
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.		
		(399,044)
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.		
		12,950,849
Revenues and other financing sources that are not available to pay for current period expenditures in the funds.		
Property taxes		517,957
Special assessments		161,806
Accounts receivable		318,985
Due from other governments		2,608,579
Due from other funds (Prairie Meadows property taxes)		<u>575,091</u>
		4,182,418
Long-term receivables are not available to pay for current period expenditures and therefore are not reported in the funds:		
Notes Receivable (Aviation Authority)		1,165,000
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		25,006,704
Deferred inflows of resources (Pension)		(2,242,136)
Deferred inflows of resources (OPEB)		(297,371)
Deferred inflows of resources (Gain on refunding)		(911,609)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(137,869,387)
Notes payable		(1,273,000)
Capital leases payable		(1,179,580)
Compensated absences payable		(14,600,716)
Estimated liability for claims and judgments		(3,738,000)
Total OPEB liability		(11,726,000)
Net pension liability		<u>(62,370,132)</u>
Net position of governmental activities	\$	<u><u>150,701,986</u></u>

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018**

	<b>General</b>	<b>Mental Health</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Property taxes	\$ 115,621,499	\$ 13,406,004	\$ 25,880,142	\$ 154,907,645
Other County taxes	4,320,151	393,110	1,013,516	5,726,777
Interest and penalties on delinquent taxes	1,131,465	-	-	1,131,465
Intergovernmental	35,923,949	7,136,296	11,624,626	54,684,871
Licenses and permits	1,254,746	-	157,836	1,412,582
Charges for services	15,779,220	-	753,208	16,532,428
Use of money and property	4,897,232	-	921,895	5,819,127
Miscellaneous	1,740,395	351,333	1,153,229	3,244,957
<b>TOTAL REVENUES</b>	<b>180,668,657</b>	<b>21,286,743</b>	<b>41,504,452</b>	<b>243,459,852</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	72,416,683	-	1,566,182	73,982,865
Physical health and social services	37,924,587	-	149	37,924,736
Mental health	-	21,978,560	-	21,978,560
County environment and education	13,065,356	-	984,262	14,049,618
Roads and transportation	826,707	-	9,631,314	10,458,021
Government services to residents	7,606,992	-	153,571	7,760,563
Administration	34,397,839	-	-	34,397,839
Debt service:				
Principal	-	-	13,181,000	13,181,000
Interest and fiscal charges	-	-	5,689,646	5,689,646
Capital projects:				
Roadway construction	-	-	6,530,818	6,530,818
Conservation land acquisition and development	206,322	-	12,743,222	12,949,544
Other capital projects	-	-	29,300,855	29,300,855
<b>TOTAL EXPENDITURES</b>	<b>166,444,486</b>	<b>21,978,560</b>	<b>79,781,019</b>	<b>268,204,065</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>14,224,171</b>	<b>(691,817)</b>	<b>(38,276,567)</b>	<b>(24,744,213)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	12,554,028	-	12,008,629	24,562,657
Transfers out	(11,527,662)	-	(5,812,717)	(17,340,379)
Issuance of refunding bonds	-	-	12,235,000	12,235,000
Premium/(discount) on bonds issued	-	-	248,178	248,178
Payment to refunding bond escrow	-	-	(14,630,000)	(14,630,000)
Proceeds from sale of capital assets	-	-	50,000	50,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,026,366</b>	<b>-</b>	<b>4,099,090</b>	<b>5,125,456</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>15,250,537</b>	<b>(691,817)</b>	<b>(34,177,477)</b>	<b>(19,618,757)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>53,984,193</b>	<b>1,874,559</b>	<b>73,867,270</b>	<b>129,726,022</b>
Change in inventory reserve	(38,805)	-	(70,677)	(109,482)
<b>FUND BALANCE, ENDING</b>	<b>\$ 69,195,925</b>	<b>\$ 1,182,742</b>	<b>\$ 39,619,116</b>	<b>\$ 109,997,783</b>

See Notes to Basic Financial Statements

**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, 2018**

Net change in fund balances - total governmental funds \$ (19,618,757)

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	38,092,157
Capital contribution	6,987,145
Depreciation/amortization expense	(11,018,700)

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

Transfer out to business-type activities	(398,696)
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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	1,152,102
Change in deferred inflows of resources relating to note receivable (Luther Care Services)	(50,000)
Collection of long-term receivable (Aviation Authority) recognized as revenue in the governmental funds	(355,000)

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.

8,287,911

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	(1,223,000)
Change in compensated absences	(565,397)
Pension expense	(10,681,836)
OPEB expense	(926,371)

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	704,224
Payments on long-term bonds	27,405,000
Payments on long-term notes	406,000
Proceeds on long-term debt	(12,235,000)
Premium/(discount) on the issuance of debt	(248,178)
Amortization of bond premium/(discount)	1,266,745
Amortization of gain on refunding of debt	(100,719)

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	29,935
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Internal service funds are used by management to charge the costs of insurance. The change in net position is reported with governmental activities.

1,788,855

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.

(109,482)

Change in net position of governmental activities \$ 28,588,938

POLK COUNTY, IOWA

Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 6,786,382	\$ 6,837,551	\$ 8,767,097	\$ 1,704,394
Restricted assets - cash and pooled investments	-	-	895,917	-
Receivables (net):				
Accounts	193,394	-	3,071,808	319,856
Notes	616,368	-	-	112,930
Accrued interest	-	9,024	4,548	-
Due from other funds	-	-	-	167,383
Due from other governments	-	211,714	1,401,448	339,875
Due from component units	-	-	34,073	-
Advances to component units	-	27,750,000	-	-
Inventories	-	-	107,570	-
Prepaid items	-	-	129,387	-
Total current assets	7,596,144	34,808,289	14,411,848	2,644,438
Noncurrent assets:				
Receivables (net):				
Special assessments	11,770	-	-	5,262
Notes	14,833,293	-	-	3,861,925
Capital assets not being depreciated	1,016,645	3,129,000	16,450,540	3,895,115
Capital assets being depreciated, net	13,469,953	76,286,738	165,251,554	13,606,272
Total noncurrent assets	29,331,661	79,415,738	181,702,094	21,368,574
<b>TOTAL ASSETS</b>	36,927,805	114,224,027	196,113,942	24,013,012
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	30,620	479,721
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	25,484	-	2,670,008	943,612
Wages payable	-	-	99,140	22,599
Payroll taxes payable	-	-	7,717	3,763
Interest payable	50,609	-	247,785	9,713
Estimated liability for claims and judgments	-	-	-	-
Due to other funds	-	575,091	-	2,714,995
Due to other governments	-	4,136,623	-	-
Advance deposits and ticket sales	-	-	767,586	-
Unearned revenues	-	-	374,006	-
General obligation bonds payable	-	-	10,795,147	313,534
Notes payable	919,000	-	-	-
Compensated absences payable	-	-	85,668	13,710
Total current liabilities	995,093	4,711,714	15,047,057	4,021,926
Noncurrent liabilities:				
General obligation bonds payable	-	-	83,430,901	2,519,737
Notes payable	23,686,000	-	-	-
Compensated absences payable	-	-	-	294,455
Net pension liability	-	-	74,099	1,160,900
Total noncurrent liabilities	23,686,000	-	83,505,000	3,975,092
<b>TOTAL LIABILITIES</b>	24,681,093	4,711,714	98,552,057	7,997,018
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	-	-	1,727,777	43,013
<b>NET POSITION</b>				
Net investment in capital assets	5,331,259	79,415,738	85,751,014	17,501,387
Restricted for capital improvements	-	-	895,917	-
Unrestricted	6,915,453	30,096,575	9,217,797	(1,048,685)
<b>TOTAL NET POSITION</b>	\$ 12,246,712	\$ 109,512,313	\$ 95,864,728	\$ 16,452,702

See Notes to Basic Financial Statements

	<b>Governmental Activities- Internal Service Funds</b>
<b>Total</b>	
\$ 24,095,424	\$ 14,267,756
895,917	-
3,585,058	399,153
729,298	-
13,572	5,510
167,383	-
1,953,037	-
34,073	-
27,750,000	-
107,570	-
129,387	8,866
<u>59,460,719</u>	<u>14,681,285</u>
17,032	-
18,695,218	-
24,491,300	-
268,614,517	-
<u>311,818,067</u>	<u>-</u>
371,278,786	14,681,285
<u>510,341</u>	<u>-</u>
3,639,104	161,436
121,739	-
11,480	-
308,107	-
-	1,569,000
3,290,086	-
4,136,623	-
767,586	-
374,006	-
11,108,681	-
919,000	-
99,378	-
<u>24,775,790</u>	<u>1,730,436</u>
85,950,638	-
23,686,000	-
294,455	-
1,234,999	-
<u>111,166,092</u>	<u>-</u>
135,941,882	1,730,436
<u>1,770,790</u>	<u>-</u>
187,999,398	-
895,917	-
<u>45,181,140</u>	<u>12,950,849</u>
\$ 234,076,455	\$ 12,950,849

**POLK COUNTY, IOWA**

**Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>	<b>Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES:</b>				
Charges for goods and services:				
Charges for services	\$ 984,610	\$ 15,600,000	\$ 3,118,403	\$ 967,165
Intergovernmental revenues	-	-	545,184	4,563,703
Project income	-	9,734,064	790,000	-
Parking income	-	-	786,514	-
Concession sales	-	-	7,481,033	-
Commissions income	-	-	2,890,957	205,482
PFMS user fee on ticket sales	-	-	514,912	-
Miscellaneous	138,477	-	508,450	130,911
Total operating revenues	1,123,087	25,334,064	16,635,453	5,867,261
<b>OPERATING EXPENSES:</b>				
Cost of goods and services:				
Personal services	38,182	-	3,208,191	1,550,898
Supplies	-	-	499,483	171,402
Professional services	96,907	-	104,511	151,460
Other services/charges	477,216	4,500,000	4,763,843	4,249,678
Insurance	-	-	166,598	-
Direct event expense	-	-	2,200,574	-
Cost of goods sold - concession	-	-	4,451,874	-
Management expense	-	-	256,097	-
Miscellaneous	8,348	-	-	13,946
Amortization of discount (premium)	-	-	(595,147)	(48,534)
Depreciation	490,719	6,102,938	9,580,785	640,058
Total operating expenses	1,111,372	10,602,938	24,636,809	6,728,908
<b>OPERATING INCOME (LOSS)</b>	11,715	14,731,126	(8,001,356)	(861,647)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	547,952	233,828	54,380	156,222
Interest expense	(661,173)	-	(2,832,371)	(134,239)
Total nonoperating revenues (expenses)	(113,221)	233,828	(2,777,991)	21,983
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(101,506)	14,964,954	(10,779,347)	(839,664)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions from other funds	-	-	-	398,696
Capital contributions from others	-	-	128,250	800,000
Transfers in	1,180,264	-	2,735,935	-
Transfers out	-	(11,718,477)	-	-
Total capital contributions and transfers	1,180,264	(11,718,477)	2,864,185	1,198,696
<b>CHANGE IN NET POSITION</b>	1,078,758	3,246,477	(7,915,162)	359,032
<b>NET POSITION - BEGINNING, RESTATED</b>	11,167,954	106,265,836	103,779,890	16,093,670
<b>NET POSITION - ENDING</b>	\$ 12,246,712	\$ 109,512,313	\$ 95,864,728	\$ 16,452,702

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 20,670,178	\$ 21,438,965
5,108,887	-
10,524,064	-
786,514	-
7,481,033	-
3,096,439	-
514,912	-
777,838	29,084
<u>48,959,865</u>	<u>21,468,049</u>
4,797,271	-
670,885	-
352,878	-
13,990,737	51,038
166,598	20,293,062
2,200,574	-
4,451,874	-
256,097	-
22,294	-
(643,681)	-
16,814,500	-
<u>43,080,027</u>	<u>20,344,100</u>
<u>5,879,838</u>	<u>1,123,949</u>
992,382	84,906
(3,627,783)	-
<u>(2,635,401)</u>	<u>84,906</u>
<u>3,244,437</u>	<u>1,208,855</u>
398,696	-
928,250	-
3,916,199	4,446,455
(11,718,477)	(3,866,455)
<u>(6,475,332)</u>	<u>580,000</u>
(3,230,895)	1,788,855
<u>237,307,350</u>	<u>11,161,994</u>
\$ 234,076,455	\$ 12,950,849

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,507,208	\$ -	\$ 16,082,619
Cash received from operating grants	-	-	-
Cash received from racetrack/casino	-	25,304,806	-
Cash paid to suppliers for goods and services	(579,619)	(4,470,742)	(11,159,478)
Cash paid to employees	(38,182)	-	(3,402,888)
Net cash flows from operating activities	<u>889,407</u>	<u>20,834,064</u>	<u>1,520,253</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Negative cash balance implicitly financed	-	-	-
Repayments on a receivable from component unit	-	-	269,609
Disbursements for an advance to component unit	-	(27,750,000)	-
Transfers in	1,180,264	-	2,735,935
Transfers out	-	(11,718,477)	-
Net cash flows from noncapital financing activities	<u>1,180,264</u>	<u>(39,468,477)</u>	<u>3,005,544</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on long-term debt	(890,000)	-	-
Interest paid on long-term debt	(663,262)	-	(3,123,940)
Capital contributions from others	-	-	128,250
Purchase of capital assets	(417,034)	-	(2,694,924)
Repayments on capital note receivable	596,965	-	3,770,909
Net cash flows from capital and related financing activities	<u>(1,373,331)</u>	<u>-</u>	<u>(1,919,705)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	547,952	224,804	49,832
Net cash flows from investing activities	<u>547,952</u>	<u>224,804</u>	<u>49,832</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,244,292</b>	<b>(18,409,609)</b>	<b>2,655,924</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>5,542,090</b>	<b>25,247,160</b>	<b>7,007,090</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 6,786,382</b>	<b>\$ 6,837,551</b>	<b>\$ 9,663,014</b>

	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$	5,646,050	\$ 23,235,877	\$ 21,535,025
	891,746	891,746	-
	-	25,304,806	-
	(5,121,106)	(21,330,945)	(20,406,791)
	(1,496,256)	(4,937,326)	-
	(79,566)	23,164,158	1,128,234
	2,170,310	2,170,310	-
	-	269,609	-
	-	(27,750,000)	-
	-	3,916,199	4,446,455
	-	(11,718,477)	(3,866,455)
	2,170,310	(33,112,359)	580,000
	(255,000)	(1,145,000)	-
	(132,749)	(3,919,951)	-
	-	128,250	-
	(3,147,326)	(6,259,284)	-
	107,726	4,475,600	-
	(3,427,349)	(6,720,385)	-
	156,222	978,810	79,396
	156,222	978,810	79,396
	(1,180,383)	(15,689,776)	1,787,630
	2,884,777	40,681,117	12,480,126
\$	1,704,394	\$ 24,991,341	\$ 14,267,756

(continued)

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Sanitary Treatment Works</b>	<b>Prairie Meadows Racetrack/ Casino</b>	<b>Iowa Events Center</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 11,715	\$ 14,731,126	\$ (8,001,356)
Components of operating income (loss) not included in operating activities:			
Depreciation	490,719	6,102,938	9,580,785
Amortization	-	-	(595,147)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	(1,545)	-	-
(Increase) decrease in accounts receivable	(24,652)	-	596,430
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in due from other governments	410,318	(29,258)	(943,641)
(Increase) decrease in inventories	-	-	(9,383)
(Increase) decrease in prepaid items	-	-	15,852
(Increase) decrease in deferred outflows of resources	-	-	(4,629)
Increase (decrease) in accounts payable	2,852	-	1,277,033
Increase (decrease) in wages payable	-	-	21,764
Increase (decrease) in payroll taxes payable	-	-	1,683
Increase (decrease) in due to other funds	-	2,443	-
Increase (decrease) in due to other governments	-	26,815	-
Increase (decrease) in advance deposits and ticket sales	-	-	124,761
Increase (decrease) in unearned revenue	-	-	(330,384)
Increase (decrease) in compensated absences payable	-	-	(1,824)
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in net pension liability	-	-	7,079
Increase (decrease) in deferred inflows of resources	-	-	(218,770)
Net cash flows from operating activities	<u>\$ 889,407</u>	<u>\$ 20,834,064</u>	<u>\$ 1,520,253</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ -
Acquisition of capital assets through accounts payable	-	-	-
Acquisition of notes receivable through disposal of capital assets	(596,965)	-	-
Acquisition of capital assets through leasehold improvements	-	-	-
Acquisition of capital assets through governmental funds transfer	-	-	-

See Notes to Basic Financial Statements

	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$	(861,647)	\$ 5,879,838	\$ 1,123,949
	640,058	16,814,500	-
	(48,534)	(643,681)	-
	1,767	222	-
	770,518	1,342,296	66,976
	(167,383)	(167,383)	-
	65,633	(496,948)	-
	-	(9,383)	-
	-	15,852	(645)
	(72,527)	(77,156)	-
	(534,620)	745,265	(9,446)
	1,256	23,020	-
	327	2,010	-
	-	2,443	-
	-	26,815	-
	-	124,761	-
	-	(330,384)	-
	7,135	5,311	-
	-	-	(52,600)
	110,898	117,977	-
	7,553	(211,217)	-
<b>\$</b>	<b>(79,566)</b>	<b>\$ 23,164,158</b>	<b>\$ 1,128,234</b>

\$	(142,121)	\$ (142,121)	-
	747,256	747,256	-
	-	(596,965)	-
	800,000	800,000	-
	398,696	398,696	-

(concluded)

# POLK COUNTY, IOWA

## Statement of Assets and Liabilities

### Fiduciary Funds

June 30, 2018

	<b>Total Agency Funds</b>
<b>ASSETS</b>	
Cash and pooled investments	\$ 30,855,782
Receivables (net):	
Taxes	4,137,677
Special assessments	7,878,190
Accounts	353,837
Due from other governments	754,987
Prepays	96,194
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 44,076,667</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 760,395
Wages payable	76,079
Payroll taxes payable	193,665
Due to other governments	40,866,310
Trusts payable	542,706
Compensated absences payable	1,294,512
Total OPEB liability	343,000
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 44,076,667</b>
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# POLK COUNTY, IOWA

## Notes to the Financial Statements For the Year Ended June 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

#### A) Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America (“GAAP”), the financial statements present the government and its component 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, 2018, 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 \$22 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. The IEC Hotel Corp has a calendar year-end. 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**

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.

### **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 2017 on the assessed valuation of property located in the County as of January 1, 2016, 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, 2017. Taxes were receivable in two installments on September 30, 2017, and March 31, 2018. 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 and 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.

**Total OPEB Liability:** For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on Polk County's actuary report. Benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**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 four types of items that qualify for reporting in this category in the proprietary funds and 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 and OPEB related amounts such as the impact of changes in assumptions and other inputs are shown as a deferred inflow of resources on the Statement of Net Position. See Notes 22 and 23 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 sources (uses) 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 period they are incurred.

**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, 2018. 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, 2018 are as follows:

Nonmajor Governmental	
Special Revenue: Secondary Roads	\$ (1,902,783)
Capital Projects: Conservation Water & Land Improvement	(1,558,008)
Nonmajor Enterprise	
Community Based Case Management	(275,731)

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, 2018, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$ 138,213
Cash on hand not yet deposited	77,308
Bank account deposits	8,765,900
Money market mutual funds	69,987,632
Money market mutual funds - restricted	17,365,035
U.S. government securities	69,364,982
Commercial paper	<u>19,760,124</u>
 Total cash and pooled investments	 \$ <u><u>185,459,194</u></u>
 Cash and pooled investments, statement of net position	 \$ 137,238,377
Cash and pooled investments, fiduciary funds	30,855,782
Restricted assets - Note 4	<u>17,365,035</u>
 Total cash and pooled investments	 \$ <u><u>185,459,194</u></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, \$4,989,686 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, 2018, 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, FAMCA, 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, 2018.

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, and the Federal National Mortgage Association, which represent 19.6%, 9.7%, and 6.2% 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, 2018, 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, 2018, the County had no deposits or investments exposed to custodial credit risk.

**Fair value measurements** - 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 \$4,989,668 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, 2018, the County held \$64,375,314 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, 2018:

	PFMS User Fee	Concession Upkeep	Unspent Bond Proceeds	Total
Iowa Events Center	\$ 780,924	\$ 114,993	\$ -	\$ 895,917
Justice Center	<u>-</u>	<u>-</u>	<u>16,469,118</u>	<u>16,469,118</u>
Total	<u>\$ 780,924</u>	<u>\$ 114,993</u>	<u>\$ 16,469,118</u>	<u>\$ 17,365,035</u>

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

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

The amount of unspent bond proceeds relate to the June 1, 2015 issuance of \$73,525,000 in 2015B general obligation bonds for financing projects within the Justice Center Capital Projects Funds.

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

Amounts due from/to other funds at June 30, 2018, are as follows:

	Due To				Total
	General Fund	Mental Health	Nonmajor Governmental	Nonmajor Enterprise	
<b>Due from</b>					
General Fund	\$ -	\$ -	\$ 338	\$ -	\$ 338
Mental Health	-	-	-	167,383	167,383
Nonmajor Governmental	1,004	-	-	-	1,004
Prairie Meadows Racetrack/Casino	438,316	46,220	90,555	-	575,091
Nonmajor Enterprise	<u>2,714,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,714,995</u>
Total	<u>\$ 3,154,315</u>	<u>\$ 46,220</u>	<u>\$ 90,893</u>	<u>\$ 167,383</u>	<u>\$ 3,458,811</u>



## Governmental Activities

The County continued to work on the following projects included in construction in progress: 1) Water and Land Legacy improvements, 2) Historic Courthouse Phase II and Criminal Court Annex improvements and 3) NW 66<sup>th</sup> Avenue/Kempton Bridge Reconstruction (including phases I-III). The County completed construction of phases I and II of the NW 66<sup>th</sup> Avenue/Kempton Bridge Reconstruction project. In addition, the County completed construction of a bridge at NE 102<sup>nd</sup> Ave and the Jester Park Entrance Relocation project. Improvements other than buildings consist of completion of parking lot improvements at Polk County River Place.

Equipment additions primarily consist of new sheriff equipment, conservation and computer equipment. Infrastructure additions primarily consist of a reclassification from construction in progress for the completion of the projects mentioned above. Equipment disposals consist primarily of the disposal of the secondary roads equipment.

Vehicle additions consist primarily of the purchase of 31 vehicles for various county departments. Vehicle disposals consist of the disposal of 29 vehicles during the year.

	Balance 7/1/2017	Additions	Disposals	Balance 6/30/2018
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 18,215,559	\$ -	\$ -	\$ 18,215,559
Construction in progress	-	2,953,161	-	2,953,161
Intangibles-permanent easements	3,322,580	-	-	3,322,580
Total capital assets, not being depreciated	<u>21,538,139</u>	<u>2,953,161</u>	<u>-</u>	<u>24,491,300</u>
Capital assets, being depreciated:				
Buildings	323,523,891	1,396,219	-	324,920,110
Improvements other than buildings	8,725,298	2,766,844	-	11,492,142
Leasehold improvements	113,145,115	800,000	-	113,945,115
Equipment	3,626,421	238,796	(102,800)	3,762,417
Vehicles	236,456	50,216	(39,321)	247,351
Infrastructure	34,095,730	-	-	34,095,730
Total capital assets being depreciated	<u>483,352,911</u>	<u>5,252,075</u>	<u>(142,121)</u>	<u>488,462,865</u>
Less accumulated depreciation for:				
Buildings	(139,967,282)	(10,773,790)	-	(150,741,072)
Improvements other than buildings	(8,496,439)	(116,775)	-	(8,613,214)
Leasehold improvements	(41,413,765)	(4,541,805)	-	(45,955,570)
Equipment	(1,504,017)	(510,120)	102,800	(1,911,337)
Vehicles	(190,182)	(19,614)	39,321	(170,475)
Infrastructure	(11,604,284)	(852,396)	-	(12,456,680)
Total accumulated depreciation	<u>(203,175,969)</u>	<u>(16,814,500)</u>	<u>142,121</u>	<u>(219,848,348)</u>
Total capital assets being depreciated, net	<u>280,176,942</u>	<u>(11,562,425)</u>	<u>-</u>	<u>268,614,517</u>
Business-type activities capital assets, net	<u>\$ 301,715,081</u>	<u>\$ (8,609,264)</u>	<u>\$ -</u>	<u>\$ 293,105,817</u>

**Business-type Activities**

Construction in progress consisted \$2.5 million for tuckpointing at the Iowa Events Center and \$367,000 for the Saylor Creek Trunk extension. In addition, the Jester Park Golf Course spent approximately \$1.4 million for remodeling the clubhouse and \$2.8 million on a new irrigation system for several holes of the golf course. Golf course leasehold improvements of \$800,000 were recorded due to the conclusion of the lease agreement with the golf course management company. Equipment additions primarily represent costs of a new servers and a combi oven at the Iowa Event Center.

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

<b>Government activities:</b>	
Public safety and legal services	\$ 4,123,531
Physical health and social services	1,391,072
County environment and education	1,177,241
Roads and transportation	3,145,614
Government services to residents	327,606
Administration	<u>853,636</u>
Total depreciation expense - governmental activities	<u>\$ 11,018,700</u>
 <b>Business-type activities:</b>	
Air Quality	\$ 91,204
Sanitary Treatment Works	490,719
Prairie Meadows Racetrack/Casino	6,102,938
Conservation Enterprises	187,177
Hamilton Urban Drainage District	361,677
Iowa Events Center	<u>9,580,785</u>
Total depreciation expense - business-type activities	<u>\$ 16,814,500</u>

**7. DEFERRED OUTFLOWS OF RESOURCES**

The following is a summary of deferred outflows of resources activity for the year ended June 30, 2018:

	<b>Pension Related Amounts</b>
<b>Governmental activities</b>	<u>\$ 25,006,704</u>
 <b>Business-type activities:</b>	
Air Quality	\$ 352,136
Iowa Events Center	30,620
Iowa Tax & Tags	<u>127,585</u>
Total business-type activities	<u>\$ 510,341</u>

## 8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2018:

	Balance July 1, 2017 as restated	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 143,700,000	\$ 12,235,000	\$ (27,405,000)	\$ 128,530,000	\$ 13,785,000
Add: unamortized premium (discount)	10,357,954	248,178	(1,266,745)	9,339,387	1,065,605
General obligation notes payable	1,679,000	-	(406,000)	1,273,000	438,000
Capital leases payable	1,883,804	-	(704,224)	1,179,580	587,576
Accrued compensated absences	16,340,629	10,279,777	(9,717,560)	16,902,846	2,035,811
Total OPEB liability	11,097,000	629,000	-	11,726,000	-
Estimated liability for claims and judgements	4,227,600	22,202,154	(21,082,754)	5,347,000	3,412,000
Net pension liability	56,589,281	5,780,851	-	62,370,132	-
<b>Total</b>	<b>\$ 245,875,268</b>	<b>\$ 51,374,960</b>	<b>\$ (60,582,283)</b>	<b>\$ 236,667,945</b>	<b>\$ 21,323,992</b>
<b>Business-type activities:</b>					
General obligation bonds payable	\$ 92,155,000	\$ -	\$ (255,000)	\$ 91,900,000	\$ 10,465,000
Add: unamortized premium (discount)	5,803,000	-	(643,681)	5,159,319	643,681
General obligation notes payable	25,495,000	-	(890,000)	24,605,000	919,000
Accrued compensated absences	388,522	126,593	(121,282)	393,833	99,378
Net pension liability	1,117,022	117,977	-	1,234,999	-
<b>Total</b>	<b>\$ 124,958,544</b>	<b>\$ 244,570</b>	<b>\$ (1,909,963)</b>	<b>\$ 123,293,151</b>	<b>\$ 12,127,059</b>

For the governmental activities, accrued compensated absences, estimated liability for claims and judgments, and the total OPEB liability are generally liquidated by the General 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
<b>Governmental activities:</b>					
General Purpose	\$ 10,682,560	6/1/2015	2%-2.25%	6/1/2025	\$ 6,980,000
General Purpose	73,525,000	6/1/2015	3%-3.75%	6/1/2035	58,515,000
General Purpose	8,565,000	5/3/2017	4%	6/1/2025	7,550,000
General Purpose	48,165,000	6/7/2017	5%	6/1/2026	43,250,000
General Purpose	12,235,000	5/23/2018	3%	6/1/2031	12,235,000
<b>Total</b>					<b>\$ 128,530,000</b>

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Business-type activities:</b>					
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>2,445,000</u>
Total					\$ <u><u>91,900,000</u></u>

## Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities:</b>					
General Purpose	\$ 800,000	8/9/2000	1.75%	12/1/2019	\$ 108,000
General Purpose	2,525,000	5/22/2014	1.5 - 2%	6/1/2021	<u>1,165,000</u>
Total					\$ <u><u>1,273,000</u></u>
<b>Business-type activities:</b>					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 2,577,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	9,099,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	4,835,000
Sanitary Treatment	367,000	10/19/2012	1.75%	6/1/2032	316,000
Sanitary Treatment	9,633,000	10/19/2012	1.75%	6/1/2032	<u>7,778,000</u>
Total					\$ <u><u>24,605,000</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	
<b>Governmental activities:</b>					
During the year ending June 30:					
2019	\$ 13,785,000	\$ 4,884,319	\$ 438,000	\$ 23,764	\$ 19,131,083
2020	11,130,000	4,359,862	440,000	16,081	15,945,943
2021	11,635,000	3,918,563	395,000	7,900	15,956,463
2022	11,770,000	3,454,612	-	-	15,224,612
2023	11,135,000	2,985,613	-	-	14,120,613
2024-2028	40,400,000	8,609,162	-	-	49,009,162
2029-2033	21,010,000	3,631,600	-	-	24,641,600
2034-2038	<u>7,665,000</u>	<u>433,313</u>	-	-	<u>8,098,313</u>
Total	128,530,000	32,277,044	1,273,000	47,745	162,127,789
Add: unamortized premium	<u>9,339,387</u>	-	-	-	<u>9,339,387</u>
Total	\$ <u><u>137,869,387</u></u>	\$ <u><u>32,277,044</u></u>	\$ <u><u>1,273,000</u></u>	\$ <u><u>47,745</u></u>	\$ <u><u>171,467,176</u></u>

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
<b>Business-type activities</b>					
During the year ending June 30:					
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	12,255,000	1,451,072	1,044,000	522,933	15,273,005
2024-2028	35,185,000	1,912,831	5,749,000	2,131,317	44,978,148
2029-2033	-	-	13,951,000	937,387	14,888,387
Total	<u>91,900,000</u>	<u>13,731,393</u>	<u>24,605,000</u>	<u>5,973,053</u>	<u>136,209,446</u>
Add: unamortized premium	<u>5,159,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,159,319</u>
Total	<u>\$ 97,059,319</u>	<u>\$ 13,731,393</u>	<u>\$ 24,605,000</u>	<u>\$ 5,973,053</u>	<u>\$ 141,368,765</u>

There were no due and unredeemed bonds/notes or special assessment debt outstanding at June 30, 2018. Management does not believe an arbitrage liability exists at June 30, 2018.

## Bond Refunding

### 2018 G.O. Refunding Bonds

On May 23, 2018, the County issued \$12,235,000 in tax exempt general obligation bonds (Series 2018A) with a refunded interest rate of 3% to current refund the following outstanding bonds dated December 23, 2013: 1) Series 2013A general obligation bonds, 2) Series 2013B general obligation bonds, and 3) Series 2013C general obligation bonds in the amounts of \$2,230,000, \$9,525,000 and \$2,875,000 respectively (redeemed interest rate of 2-4.125%). The Series 2018A bonds were issued to refinance the bonds at a lower interest rate. As a result of this June 1, 2018 current refunding, the County decreased its debt service requirements by \$5,000,922 over the life of the debt with a present value savings of \$1,079,649.

## 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, 2018 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 \$16.8 million exist, of which \$.8 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, 2018, the County abated \$713,331 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, 2018 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	\$ 1,985,754
City of Bondurant	Urban renewal and economic development projects	25,303
City of Ankeny	Urban renewal and economic development projects	273,698
City of Ankeny	Urban revitalization and economic development projects	2,227
City of Grimes	Urban renewal and economic development projects	338,954
City of Windsor Heights	Urban renewal and economic development projects	9,525
City of Altoona	Urban renewal and economic development projects	186,234
City of Pleasant Hill	Urban renewal and economic development projects	865
City of Johnston	Urban renewal and economic development projects	517,393
City of Clive	Urban renewal and economic development projects	178,587
City of Urbandale	Urban renewal and economic development projects	87,629
City of West Des Moines	Urban renewal and economic development projects	29,674
City of Polk City	Urban renewal and economic development projects	38,017
City of Mitchellville	Urban renewal and economic development projects	10,669
		\$ 3,684,529

## 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 \$1,661,724. 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, 2018:

During the year ending June 30:	
2019	\$ 621,454
2020	609,172
Total minimum lease payments	<u>1,230,626</u>
Less: amount representing interest	<u>(51,046)</u>
Present value of total minimum lease payments	\$ <u><u>1,179,580</u></u>

### Operating Leases

The County leases building facilities for certain County department offices and equipment on a long-term basis. Rental expense for the year ended June 30, 2018 is \$135,275. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2018:

During the year ending June 30:	
2019	\$ 67,337
2020	34,140
2021	15,600
2022	15,600
2023	15,600
2024-2028	78,000
2029-2033	78,000
2034-2038	<u>46,800</u>
Total	\$ <u><u>351,077</u></u>

## 13. DEFERRED INFLOWS OF RESOURCES

The following is a summary of deferred inflows of resources activity for the year ended June 30, 2018:

	Succeeding Year Property Taxes Receivable	Pension and OPEB Related Amounts	Unavailable Intergovernmental and Other	Gain on Current Refunding	Total
<b>Governmental Funds</b>	\$ 182,268,923	\$ -	\$ 4,182,418	\$ -	\$ 186,451,341
<b>Governmental Activities</b>	\$ 182,268,923	\$ 2,539,507	\$ -	\$ 911,609	\$ 185,720,039
<b>Business-type Activities:</b>					
Air Quality	\$ -	\$ 31,573	\$ -	\$ -	\$ 31,573
Iowa Events Center	-	2,745	-	1,725,032	1,727,777
Iowa Tax & Tags	-	11,440	-	-	11,440
Total Business-type Activities	\$ -	\$ 45,758	\$ -	\$ 1,725,032	\$ 1,770,790

**14. DEFERRED COMPENSATION PLAN**

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

**15. TRANSFER RECONCILIATION**

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

Transfer from	Transfer to					Total
	General Fund	Sanitary Treatment Works	Iowa Events Center	Nonmajor Governmental	Internal Service	
General Fund	\$ -	\$ 552,954	\$ -	\$ 6,528,253	\$ 4,446,455	\$ 11,527,662
Prairie Meadows Racetrack/Casino	8,344,182	627,310	2,735,935	11,050	-	11,718,477
Nonmajor Governmental	343,391	-	-	5,469,326	-	5,812,717
Internal Service	3,866,455	-	-	-	-	3,866,455
<b>Total</b>	<b>\$ 12,554,028</b>	<b>\$ 1,180,264</b>	<b>\$ 2,735,935</b>	<b>\$ 12,008,629</b>	<b>\$ 4,446,455</b>	<b>\$ 32,925,311</b>

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

In addition to the transfers noted above, there was also a governmental-type activities transfer of capital assets relating to clubhouse costs from the Conservation Water & Land Improvements Capital Projects Fund to business-type activities in the amount of \$398,696. This amount is recorded as capital contribution from other funds in the Conservation Enterprises Fund.

In the year ending June 30, 2018, 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.	\$ 11,718,477
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.	4,446,455
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	6,396,318

## 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	770,599,247
Fidelity bond	50,000	5,000,000
Workers' compensation	750,000	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/CCCUC - Unscheduled	25,000
Fine Arts - Hy-Vee Hall/CCCUC - Scheduled	500,000
Liquor Liability - Hy-Vee Hall/CCCUC	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, 2018. 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)

Outstanding and IBNR claims are determined based on a combination of case-by-case reviews and application of historical experience. Changes in the estimated claims liability for governmental activities (prior to the internal service fund allocation) for the years ended June 30, 2018 and 2017 are as follows:

	Year Ended	
	6/30/2018	6/30/2017
Beginning balance	\$ 2,606,000	\$ 919,600
Current year claims and changes in estimates	3,229,688	3,635,959
Claim payments	<u>(2,057,688)</u>	<u>(1,949,559)</u>
Ending balance	\$ <u>3,778,000</u>	\$ <u>2,606,000</u>

### Employee Insurance Fund

The County is self-insured for medical and dental insurance provided to employees. Plan benefits are accounted for through the Employee Insurance Internal Service Fund and are funded by both employee and County contributions. The payment of health and dental insurance claims are processed by third-party administrators, Wellmark and Delta Dental of Iowa, respectively. Interfund charges within the County are recorded as revenue in the Employee Insurance Fund and as expenditure/expense to the benefiting department.

The County's contribution to the Employee Insurance Internal Service Fund for the year ended June 30, 2018 was \$15,365,955 for medical and \$796,802 for dental while employees contributed \$2,357,378 and \$124,519 respectively. The total premium charged is the amount needed to pay expected claim and administrative costs. The County paid \$1,061,063 in administrative costs for the year ended June 30, 2018.

Excess insurance is purchased to cover individual health 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.

The estimated claims liability as of June 30, 2018, includes incurred but not reported (IBNR) claims. Changes in the estimated liability for claims and judgments recorded in the Employee Insurance Fund for the years ended June 30, 2018 and 2017 are as follows:

	Year Ended	
	6/30/2018	6/30/2017
Beginning balance	\$ 1,621,600	\$ 1,478,700
Current year claims and changes in estimates	18,972,466	17,158,295
Claim payments	<u>(19,025,066)</u>	<u>(17,015,395)</u>
Ending balance	\$ <u>1,569,000</u>	\$ <u>1,621,600</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	\$	4,000,000
Polk County Housing Trust Fund		3,000,000
Des Moines City Gaming Payments		2,660,238
Polk County Area Schools Gaming Payments		<u>465,336</u>

Total	\$	<u><u>10,125,574</u></u>
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#### Secondary Road Fund:

Des Moines Asphalt and Paving (HMA Resurfacing Program)	\$	1,260,040
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#### Conservation Water & Land Improvements Fund:

Water and Land Legacy Project	\$	1,993,287
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#### Justice Center Fund:

Criminal Courts Annex	\$	9,038,023
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#### Iowa Events Center Fund:

Tuckpointing	\$	783,432
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### Contingencies

There are currently numerous lawsuits against the County seeking damages for various reasons. With the exception of the estimated liability for claims and judgments as discussed in Note 16, 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, 2018 the amount of the fixed management fee was \$244,097.

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 \$10,252 for the productivity fee for the fiscal year ending June 30, 2018.

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, 2018 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, 2018.

### **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 \$1,195,807 and Global earned \$869,632 of WFA's net operating income for the fiscal year ending June 30, 2018.

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 \$445,598 for the fiscal year ending June 30, 2018.

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 \$164,855 for the fiscal year ending June 30, 2018.

**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, 2018, 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 (“Manager”) 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. The loan of \$3,770,909 was repaid at the time of closing for the hotel acquisition on March 21, 2018.

The County will pay the legal and administrative fees of the IEC Hotel Corp until there is enough funds in the IEC Hotel Corp’s administrative fund to cover the costs on an ongoing basis. Reimbursement for these fees are requested quarterly from the IEC Hotel Corp. The County is reporting a \$34,073 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 \$304,861.

In accordance with the development agreement, the County contributed \$702,000 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 was approximately \$856,000. The County also funded the construction of the Park Street skywalk construction. During the year the County paid \$736,000 in cost related to this project for a total project cost of \$1,041,000. The costs of this project were split between DSM and the City of Des Moines. DSM reimbursed the County their share of \$518,000 in March 2018. As of June 30, 2018, the City of Des Moines balance of \$485,000 was still outstanding.

### **Construction Phase**

Construction for the hotel commenced during the fiscal year 2016 and was completed in March 2018. A sales tax exemption was received for the construction materials. Sales tax on the project is estimated at \$3 million.

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. During February 2018, the \$3.1 million was depleted. The County provided \$73,729 for interest costs in March 2018, and was reimbursed with funds from final closing on the Hotel.

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**

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 begins upon hotel completion and will end 40 year later. Lease payments are calculated in the Trust Indenture.

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.

Upon completion of the hotel, IEC Hotel Corp and the Indenture Trustee (Banker's Trust) implemented the provisions of the Trust Indentures on March 21, 2018. The funds from debt issuances by IEC Hotel Corp were deposited with the Indenture Trustee. The IEC Hotel Corp will lease the hotel from Fifth & Park until the obligations are paid in full.

Fifth and Park purchased the Hotel on the March 21, 2018 for approximately \$102 million. Several sources of funding were used to acquire the Hotel. The Corporation issued various series of debt certificates to capitalize the purchase price necessary for Fifth & Park to acquire the Hotel from DSM upon completion of the Hotel.

In March 2018, the City contributed approximately \$14.2 million of City TIF funds and \$4 million from its Urban Renewal Revenue Capital Loan Notes, Series 2018 bonds which are based on the City's receipt of revenues from the Iowa Economic Development Authority's Iowa Reinvestment Act (IRA) program. The Manager contributed \$3 million in key money, net of a working capital contribution. The County contributed \$900,000, representing the anticipated net proceeds from the sale of a \$1 million tax credit awarded by the Iowa Economic Development Authority under the Brownfield tax credit program for the Hotel.

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 provided an acquisition loan on March 21, 2018 from the Prairie Meadows Enterprise Fund to IEC Hotel Corp of \$27,750,000 over 30 years at 3% interest to assist with the acquisition of the hotel 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. 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 advance to component unit do not agree by \$27,750,000.

### **Operation Phase**

The County approved the Management Agreement between IEC Hotel Corp and Hilton Management, LLC dated March 30, 2016. The operating period commenced on March 21, 2018 and extends to March 21, 2033 unless terminated by criteria set forth in the Management Agreement. 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 management fee for the first, second, and third full operating year will be \$212,000, \$471,000 and \$668,000, respectively. The fee for the fourth full operating year will be \$840,000. The fee for each succeeding operating year will increase by the percentage increase in the Consumer Price Index (CPI) from the prior operating year.

## **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, 2018:

Concessions and catering revenue from Ovations	\$	7,314,299
Ticket revenue and fees received from New Era		31,171
Ticket fees paid to New Era		4,582
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](http://www.ipers.org).

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, 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 2018, 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 9.38% of covered payroll, for a total rate of 18.76%. 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, 2018 were \$8,457,052.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2018, the County reported a liability of \$63,605,131 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the County's collective proportion was .955%, which was an increase of .038% from its collective proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$10,899,836. At June 30, 2018, 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	\$ 868,322	\$ 995,405
Changes of assumptions	14,544,742	142,847
Net difference between projected and actual earnings on pension plan investments	-	949,929
Changes in proportion and differences between County contributions and proportionate share of contributions	1,646,929	199,713
County contributions subsequent to the measurement date	<u>8,457,052</u>	<u>-</u>
	<u>\$ 25,517,045</u>	<u>\$ 2,287,894</u>

\$8,457,052 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, 2019. 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:	
2019	\$ 1,847,472
2020	6,849,663
2021	4,263,173
2022	685,375
2023	<u>1,126,416</u>
Total	<u>\$ 14,772,099</u>

There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.6% per annum.
Rates of salary increase (effective June 30, 2017)	3.25-16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7%, compounded annually, net of investment expense including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.6% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

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
Domestic Equity	24%	6.25%
International Equity	16%	6.71%
Core plus fixed income	27%	2.25%
Public Credit	3.5%	3.46%
Public Real Assets	7%	3.27%
Cash	1%	(.31)%
Private Equity	11%	11.15%
Private Real Assets	7.5%	4.18%
Private Credit	3%	4.25
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' 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 IPERS' 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%, 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%) or 1% higher (8%) than the current rate.

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
County's proportionate share of the net pension liability	\$ 119,825,307	\$ 63,605,131	\$ 16,418,269

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

**Payables to IPERS** - At June 30, 2018, 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 and Benefits Provided**

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. Group insurance benefits are established under Iowa Code Chapter 509A.13. 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 health plan contributions on behalf of employees are established and amended through negotiation by management and the union and governed by the County’s union contracts. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan does not issue a stand-alone financial report.

**Contributions**

All retirees are required to contribute 102% of the retiree rates (COBRA) to continue coverage through the County’s plan at retirement. The County’s monthly retiree premium rates are \$617 for single health coverage and \$1,542 for family health coverage. The County establishes and amends contribution requirements annually.

**Employees Covered by Benefit Terms**

At June 30, 2018, the following employees were covered by the benefit terms:

Current retirees, beneficiaries and dependents	87
Current active members, fully eligible for benefits	308
Current active members, not yet fully eligible for benefits	<u>995</u>
	<u><u>1,390</u></u>

**Total OPEB Liability** – The County’s total OPEB liability of \$12,069,000 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. The County’s portion of the total OPEB liability, \$11,726,000 is reported in the government-wide financial statements and the County Assessor’s office portion, \$343,000 is reported in an Agency Fund.

**Total OPEB Liability by Employee Group**

Employee Group	Total OPEB Liability
Polk County	\$ 11,726,000
County Assessor's Office	<u>343,000</u>
Total	<u><u>\$ 12,069,000</u></u>

**Actuarial Methods and Assumptions** – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3% per annum.
Rates of salary increase	3.5% per annum.
Discount rate	3.87% per annum.
Healthcare cost trend rates	7% initial rate decreasing by 0.5% annually to an ultimate rate of 4.5%.

Discount rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate on the Bond Buyer 20-year GO Bond Index, with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis. Annual retirement probabilities and termination rates were based on the IPERS Actuarial Valuation Report as of June 30, 2017. All current and future retirees are assumed to be eligible for Medicare at age 65. The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 75% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Total OPEB liability - July 1, 2017	\$ 11,467,000
Changes for the year:	
Service cost	818,000
Interest cost	469,000
Changes in assumptions or other inputs	(326,000)
Benefit payments	<u>(359,000)</u>
Net change in total OPEB liability	602,000
Total OPEB liability - June 30, 2018	<u>\$ 12,069,000</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58% in fiscal year ending June 30, 2017 to 3.87% in fiscal year ending June 30, 2018.

**Sensitivity of the total OPEB liability to changes in the discount rate** - The following presents the approximate total OPEB liability of the County using the discount rate of 3.87%, as well as what the County’s approximate total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current rate.

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability	\$ 13,237,000	\$ 12,069,000	\$ 11,018,000

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates** – The following presents the approximate total OPEB liability of the County using a healthcare cost trend rate of 7%, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6%) or 1% higher (8%) than the current health care cost trend rates.

	1% Decrease 6%	Healthcare Cost Trend Rate 7%	1% Increase 8%
Total OPEB liability	\$ 9,872,000	\$ 12,069,000	\$ 15,407,000

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB** – For the year ended June 30, 2018, the County recognized OPEB expense of \$926,371. At June 30, 2018, the County reported deferred inflows of resources related to OPEB from the following source:

	Deferred Inflow of Resources
Changes in assumptions or other inputs	\$ 297,371

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Inflow of Resources
During the year ending June 30:	
2019	\$ (28,960)
2020	(28,960)
2021	(28,960)
2022	(28,960)
2023	(28,960)
Thereafter	<u>(152,571)</u>
Total	<u><u>(297,371)</u></u>

## 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, 2018, the County has a future commitment for approximately \$4,905,108 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, 2018, are as follows:

	Attorney	Auditor	Board of Supervisors Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
<b>ASSETS:</b>							
Cash and pooled investments	\$ 5,000	\$ 11,549	\$ 6,319	\$ 630	\$ 511,743	\$ 3,681,599	\$ 4,216,840
Due from other governments	-	-	-	-	3,420	-	3,420
<b>TOTAL ASSETS</b>	<b>\$ 5,000</b>	<b>\$ 11,549</b>	<b>\$ 6,319</b>	<b>\$ 630</b>	<b>\$ 515,163</b>	<b>\$ 3,681,599</b>	<b>\$ 4,220,260</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,865	\$ 226,865
Due to other funds	5,000	11,549	6,319	630	2,003	237,721	263,222
Due to other governments	-	-	-	-	513,160	3,132,499	3,645,659
Trusts payable	-	-	-	-	-	84,514	84,514
<b>TOTAL LIABILITIES</b>	<b>\$ 5,000</b>	<b>\$ 11,549</b>	<b>\$ 6,319</b>	<b>\$ 630</b>	<b>\$ 515,163</b>	<b>\$ 3,681,599</b>	<b>\$ 4,220,260</b>

**26. FUND BALANCES**

The following is fund balance classifications as of June 30, 2018:

	Major Governmental		Nonmajor Governmental Funds	Total
	General Fund	Mental Health		
<b>Nonspendable:</b>				
Inventory	\$ 400,855	\$ -	\$ 1,260,733	\$ 1,661,588
Prepays	765,189	-	10,698	775,887
<b>Restricted for:</b>				
Mental health	-	1,182,742	-	1,182,742
Rural services	-	-	2,485,754	2,485,754
Sheriff seized property	-	-	222,588	222,588
Attorney seized property	-	-	322,534	322,534
Recorder records management	-	-	398,933	398,933
Township fire protection	-	-	3,252	3,252
REAP	-	-	141,785	141,785
Justice center	-	-	26,002,028	26,002,028
Debt service	-	-	428,943	428,943
<b>Committed to:</b>				
Community betterment	251,475	-	-	251,475
Economic development	3,627,274	-	-	3,627,274
Attorney collection incentive	-	-	581,542	581,542
Contingency reserve	-	-	10,841,951	10,841,951
Automated traffic enforcement	-	-	3,001	3,001
Capital projects	-	-	1,636,898	1,636,898
<b>Unassigned:</b>	<u>64,151,132</u>	<u>-</u>	<u>(4,721,524)</u>	<u>59,429,608</u>
<b>Total Fund Balances</b>	<u>\$ 69,195,925</u>	<u>\$ 1,182,742</u>	<u>\$ 39,619,116</u>	<u>\$ 109,997,783</u>

**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 27<sup>th</sup> payday and an inflation factor. The County annually contributes to a 27<sup>th</sup> payday reserve in this fund which will cover the extra payday that occurs on a cash basis every 11 years. The next 27<sup>th</sup> payday will occur in the fiscal year ending 2028. The committed fund balance is to be used for the 27<sup>th</sup> 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**

In October 2018, the State Revolving Fund for Clean Water and Drinking Water Program (SRF Program) reduced the interest rate on Polk County’s Clean Water loan, C0075G, from 3% to 1.75% effective December 1, 2018. This interest rate reduction will save the County \$169,543 over the remaining term of the loan.

Also, in October 2018, the County approved a \$2.5 million economic development 15 year loan at 1% to the Merle Hay Mall to be used to acquire the Younkers and Sears properties within the mall.

**29. ACCOUNTING CHANGE/RESTATEMENT**

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities	Internal Service Funds
Net position June 30, 2017, as previously reported	\$ 126,157,048	\$ 4,108,994
Net OPEB obligation measured under previous standards	7,053,000	7,053,000
Total OPEB liability at June 30, 2017	<u>(11,097,000)</u>	<u>-</u>
Net position July 1, 2017, as restated	<u><u>\$ 122,113,048</u></u>	<u><u>\$ 11,161,994</u></u>

**30. PENDING ACCOUNTING PRONOUNCEMENTS**

As of June 30, 2018 the County adopted the following Governmental Accounting Standards Board (GASB) statements, which did not have a material effect on the financial statements, except for GASB Statement No. 75 as described in Note 29:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, was 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, was 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. 85, *Omnibus 2017*, issued March 2017, was 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, was 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.

As of June 30, 2018, 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. 83, *Certain Asset Retirement Obligations (ARO)*, issued November 2016 will be effective for the County beginning with its year ending June 30, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.
- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017 will be effective for the County beginning with its year ending June 30, 2019. The objective of this Statement is 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. 87, Leases, issued June 2017, will be effective for the County beginning with its 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.
- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, issued April 2018, will be effective for the County beginning with its year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, issued June 2018, will be effective for the County beginning with its year ending June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.
- GASB Statement No. 90, Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61, issued August 2018, will be effective for the County beginning with its year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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# POLK COUNTY, IOWA

## Required Supplementary Information Schedule of Changes in the County's Total OPEB Liability and Related Ratios For the Year Ended June 30, 2018

	<b>Fiscal Year</b>
	<b>2018</b>
Service cost	\$ 818,000
Interest cost	469,000
Changes in assumptions or other inputs	(326,000)
Benefit payments	(359,000)
Net change in total OPEB liability	602,000
Total OPEB liability beginning of year, as restated	11,467,000
Total OPEB liability end of year	<u>\$ 12,069,000</u>
Covered-employee payroll	\$ 87,753,289
Total OPEB liability as a percentage of covered-employee payroll	14%

### Notes:

Changes in assumptions - Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are discount rates used in each period.

2017	3.58%
2018	3.87%

GASB Statement No. 75 requires the presentation of 10 years of information. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

**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, 2018**

	Fiscal Year			
	2015	2016	2017	2018
County's collective proportion of the net pension liability	0.772%	0.845%	0.917%	0.955%
County's collective proportionate share of the net pension liability	\$ 30,599,492	\$ 41,742,830	\$ 57,706,303	\$ 63,605,131
County's covered payroll	\$ 80,989,791	\$ 83,272,164	\$ 85,876,171	\$ 92,676,838
County's collective proportionate share of the net pension liability as a percentage of its covered payroll	37.78%	50.13%	67.20%	68.63%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	85.19%	81.82%	82.21%

**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

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	Fiscal Year			
	2009	2010	2011	2012
Statutorily required contribution	\$ 5,036,111	\$ 5,665,569	\$ 6,264,772	\$ 6,885,782
Contributions in relation to the statutorily required contribution	(5,036,111)	(5,665,569)	(6,264,772)	(6,885,782)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

See Notes to Required Supplementary Information.

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Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 7,178,473	\$ 7,499,317	\$ 7,705,776	\$ 7,897,049	\$ 8,486,841	\$ 8,457,052
(7,178,473)	(7,499,317)	(7,705,776)	(7,897,049)	(8,486,841)	(8,457,052)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	\$ 80,989,791	\$ 83,272,164	\$ 85,876,171	\$ 92,676,838	\$ 92,543,147
N/A	9.26%	9.25%	9.20%	9.16%	9.14%

## POLK COUNTY, IOWA

### Notes to the Required Supplementary Information Pension Liability For the Year Ended June 30, 2018

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#### Changes of Benefit Terms:

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

#### Changes of Assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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.

**POLK COUNTY, IOWA**

**Required Supplementary Information  
Budgetary Comparison Schedule  
All Governmental Funds  
For the Year Ended June 30, 2018**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES:</b>				
Property taxes	\$ 154,112,227	\$ 154,112,227	\$ 154,909,739	\$ 797,512
Other County taxes	5,588,944	5,588,944	5,730,668	141,724
Interest and penalty on delinquent taxes	1,130,000	1,160,000	1,132,503	(27,497)
Intergovernmental	44,642,678	53,903,803	52,742,641	(1,161,162)
Licenses and permits	1,115,130	1,133,630	1,391,478	257,848
Charges for services	14,566,083	16,342,286	16,498,647	156,361
Use of money and property	3,740,756	5,291,470	5,940,946	649,476
Miscellaneous	2,661,920	2,529,705	3,020,952	491,247
Total receipts	<u>227,557,738</u>	<u>240,062,065</u>	<u>241,367,574</u>	<u>1,305,509</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	76,357,453	76,437,656	73,907,130	2,530,526
Physical health and social services	38,855,690	39,904,916	37,283,860	2,621,056
Mental health	21,215,257	21,217,293	21,202,395	14,898
County environment and education	13,949,198	15,344,635	15,019,861	324,774
Roads and transportation	10,991,728	11,525,838	10,957,436	568,402
Government services to residents	8,059,531	7,956,494	7,777,164	179,330
Administration	33,882,657	37,078,045	34,505,809	2,572,236
Debt service	18,721,138	18,869,861	18,849,646	20,215
Capital projects	44,697,078	67,264,126	46,223,306	21,040,820
Total disbursements	<u>266,729,730</u>	<u>295,598,864</u>	<u>265,726,607</u>	<u>29,872,257</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
General long-term debt proceeds	27,565,000	12,483,178	12,483,178	-
Proceeds from sale of capital assets	121,500	132,500	172,251	39,751
Transfers in (out)	7,783,700	4,528,483	7,222,278	2,693,795
Refunded debt/Payments to escrow	-	(14,630,000)	(14,630,000)	-
Total other financing sources (uses)	<u>35,470,200</u>	<u>2,514,161</u>	<u>5,247,707</u>	<u>2,733,546</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	<u>\$ (3,701,792)</u>	<u>\$ (53,022,638)</u>	<u>(19,111,326)</u>	<u>\$ 33,911,312</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets/deferred outflows			19,253,331	
(Increase) decrease in accrual basis liabilities/deferred inflows			<u>(19,760,762)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(19,618,757)	
Fund balance at beginning of year - GAAP basis			129,726,022	
Changes in inventory reserves			<u>(109,482)</u>	
Fund balance at end of year - GAAP basis			<u>\$ 109,997,783</u>	

See Notes to Required Supplementary Information.

## **POLK COUNTY, IOWA**

### **Notes to the Required Supplementary Information Budgetary Reporting For the Year Ended June 30, 2018**

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

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

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

A budget amendment must be prepared and adopted in the same manner as the original budget. The County budget was amended as prescribed and the original and final amended amounts are shown in the budgetary schedules. Supplemental appropriations are provided when unanticipated revenues become available or when unanticipated program expenditures are needed. During the year ended June 30, 2018 there were two supplemental appropriations resulting in an increase in total disbursements of \$28,869,134.

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 fund 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 fund 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 fund is restricted in accordance with Federal Department of Justice guidelines.

**Attorney Forfeited Property** - Accounts for property forfeited through law enforcement activities. This fund 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 fund 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 fund 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 fund 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 fund 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 fund 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 fund 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.

**Justice Center** - 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). This fund is restricted in accordance with bond covenants.

**Capital Improvements Projects** - Accounts for various capital improvements projects, building repairs, vehicles and equipment expenditures. This fund is committed per Board resolution.

## Debt Service Funds

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

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

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

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

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**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	<b>Rural Services</b>	<b>Sheriff Forfeited Property (State)</b>	<b>Sheriff Forfeited Property (Federal)</b>	<b>Attorney Forfeited Property</b>
<b>ASSETS</b>				
Cash and pooled investments	\$ 2,513,199	\$ 162,269	\$ 60,319	\$ 316,143
Restricted assets - cash and pooled investments	-	-	-	-
Receivables (net):				
Taxes	40,877	-	-	-
Succeeding year property taxes	8,996,984	-	-	-
Special assessments	5,544	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	18,289	-	-	8,004
Inventories	-	-	-	-
Prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 11,574,893</b>	<b>\$ 162,269</b>	<b>\$ 60,319</b>	<b>\$ 324,147</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 23,544	\$ -	\$ -	\$ 116
Contract/retainage payable	-	-	-	-
Wages payable	7,452	-	-	1,282
Payroll taxes payable	15,550	-	-	215
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>46,546</b>	<b>-</b>	<b>-</b>	<b>1,613</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>9,042,593</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	2,485,754	162,269	60,319	322,534
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,485,754</b>	<b>162,269</b>	<b>60,319</b>	<b>322,534</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,574,893</b>	<b>\$ 162,269</b>	<b>\$ 60,319</b>	<b>\$ 324,147</b>

Special Revenue								
County Attorney Collection Incentive	Secondary Roads	County Recorder Records Management	Township Fire Protection	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenue	
\$ 561,740	\$ 466,416	\$ 398,595	\$ 3,229	\$ 146,082	\$ 10,841,951	\$ -	\$ 15,469,943	
-	-	-	-	-	-	-	-	
-	-	-	2,258	-	-	-	43,135	
-	-	-	920,359	-	-	-	9,917,343	
-	-	-	-	-	-	-	5,544	
-	-	-	-	-	-	112,424	112,424	
-	-	-	-	-	-	-	-	
-	-	338	-	-	-	-	338	
19,802	511,254	-	-	-	-	-	557,349	
-	1,260,733	-	-	-	-	-	1,260,733	
-	-	-	-	-	-	-	-	
<b>\$ 581,542</b>	<b>\$ 2,238,403</b>	<b>\$ 398,933</b>	<b>\$ 925,846</b>	<b>\$ 146,082</b>	<b>\$ 10,841,951</b>	<b>\$ 112,424</b>	<b>\$ 27,366,809</b>	
\$ -	\$ 4,054,805	\$ -	\$ -	\$ 4,297	\$ -	\$ -	\$ 4,082,762	
-	-	-	-	-	-	-	-	
-	86,381	-	-	-	-	-	95,115	
-	-	-	-	-	-	-	15,765	
-	-	-	-	-	-	-	-	
-	4,141,186	-	-	4,297	-	-	4,193,642	
-	-	-	922,594	-	-	109,423	10,074,610	
-	1,260,733	-	-	-	-	-	1,260,733	
-	-	398,933	3,252	141,785	-	-	3,574,846	
581,542	-	-	-	-	10,841,951	3,001	11,426,494	
-	(3,163,516)	-	-	-	-	-	(3,163,516)	
581,542	(1,902,783)	398,933	3,252	141,785	10,841,951	3,001	13,098,557	
<b>\$ 581,542</b>	<b>\$ 2,238,403</b>	<b>\$ 398,933</b>	<b>\$ 925,846</b>	<b>\$ 146,082</b>	<b>\$ 10,841,951</b>	<b>\$ 112,424</b>	<b>\$ 27,366,809</b>	

(continued)

POLK COUNTY, IOWA

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Capital Projects			
	Conservation Water & Land Improvement	Justice Center	Capital Improvements Projects	Total Capital Projects
<b>ASSETS</b>				
Cash and pooled investments	\$ 256,791	\$ 12,906,570	\$ 1,752,181	\$ 14,915,542
Restricted assets - cash and pooled investments	-	16,469,118	-	16,469,118
Receivables (net):	-	-	-	-
Taxes	-	-	-	-
Succeeding year property taxes	-	-	-	-
Special assessments	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	29,175	-	29,175
Due from other funds	-	-	-	-
Due from other governments	1,189,595	151,550	53,689	1,394,834
Inventories	-	-	-	-
Prepaid items	-	-	10,698	10,698
<b>TOTAL ASSETS</b>	<b>\$ 1,446,386</b>	<b>\$ 29,556,413</b>	<b>\$ 1,816,568</b>	<b>\$ 32,819,367</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,499,590	\$ 2,128,765	\$ 168,972	\$ 3,797,327
Contract/retainage payable	379,859	1,425,620	-	1,805,479
Wages payable	-	-	-	-
Payroll taxes payable	-	-	-	-
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,879,449</b>	<b>3,554,385</b>	<b>168,972</b>	<b>5,602,806</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,124,945</b>	<b>-</b>	<b>-</b>	<b>1,124,945</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	10,698	10,698
Restricted	-	26,002,028	-	26,002,028
Committed	-	-	1,636,898	1,636,898
Unassigned	(1,558,008)	-	-	(1,558,008)
<b>TOTAL FUND BALANCES</b>	<b>(1,558,008)</b>	<b>26,002,028</b>	<b>1,647,596</b>	<b>26,091,616</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,446,386</b>	<b>\$ 29,556,413</b>	<b>\$ 1,816,568</b>	<b>\$ 32,819,367</b>

		<b>Debt Service</b>				
<b>NW 84th Water Main Debt Service</b>	<b>Hamilton Drain Debt Service</b>	<b>Debt Service</b>	<b>Total Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>		
\$ -	\$ 1,247	\$ 448,271	\$ 449,518	\$ 30,835,003		
-	-	-	-	16,469,118		
-	-	48,190	48,190	91,325		
-	-	18,941,498	18,941,498	28,858,841		
-	4,618	-	4,618	10,162		
1,004	-	-	1,004	113,428		
-	-	-	-	29,175		
-	-	90,555	90,555	90,893		
-	-	-	-	1,952,183		
-	-	-	-	1,260,733		
-	-	-	-	10,698		
<b>\$ 1,004</b>	<b>\$ 5,865</b>	<b>\$ 19,528,514</b>	<b>\$ 19,535,383</b>	<b>\$ 79,721,559</b>		
\$ -	\$ -	\$ 21,000	\$ 21,000	\$ 7,901,089		
-	-	-	-	1,805,479		
-	-	-	-	95,115		
-	-	-	-	15,765		
1,004	-	-	1,004	1,004		
1,004	-	21,000	22,004	9,818,452		
-	4,618	19,079,818	19,084,436	30,283,991		
-	-	-	-	1,271,431		
-	1,247	427,696	428,943	30,005,817		
-	-	-	-	13,063,392		
-	-	-	-	(4,721,524)		
-	1,247	427,696	428,943	39,619,116		
<b>\$ 1,004</b>	<b>\$ 5,865</b>	<b>\$ 19,528,514</b>	<b>\$ 19,535,383</b>	<b>\$ 79,721,559</b>		

(concluded)

POLK COUNTY, IOWA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2018

	Rural Services	Sheriff Forfeited Property (State)	Sheriff Forfeited Property (Federal)	Attorney Forfeited Property
<b>REVENUES:</b>				
Property taxes	\$ 7,702,941	\$ -	\$ -	\$ -
Other County taxes	207,004	-	-	-
Intergovernmental	632,723	-	-	-
Licenses and permits	-	-	-	-
Charges for services	281,215	-	-	-
Use of money and property	-	1,334	537	2,986
Miscellaneous	5,179	4,546	5,520	81,075
<b>TOTAL REVENUES</b>	<b>8,829,062</b>	<b>5,880</b>	<b>6,057</b>	<b>84,061</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	409,462	4,104	20,151	140,911
Physical health and social services	149	-	-	-
County environment and education	984,262	-	-	-
Roads and transportation	1,570,491	-	-	-
Government services to residents	96,656	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects:				
Roadway construction	-	-	-	-
Conservation land acquisition and development	-	-	-	-
Other capital projects	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,061,020</b>	<b>4,104</b>	<b>20,151</b>	<b>140,911</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,768,042</b>	<b>1,776</b>	<b>(14,094)</b>	<b>(56,850)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(5,469,326)	-	-	-
Issuance of refunding bonds	-	-	-	-
Premium/(discount) on bonds issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Payment to refunded bond escrow	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,469,326)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>298,716</b>	<b>1,776</b>	<b>(14,094)</b>	<b>(56,850)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>2,187,038</b>	<b>160,493</b>	<b>74,413</b>	<b>379,384</b>
Change in inventory reserve	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 2,485,754</b>	<b>\$ 162,269</b>	<b>\$ 60,319</b>	<b>\$ 322,534</b>

Special Revenue							
County Attorney Collection Incentive	Secondary Roads	County Recorder Records Management	Township Fire Protection	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenues
\$ -	\$ -	\$ -	\$ 804,779	\$ -	\$ -	\$ -	\$ 8,507,720
-	-	-	23,582	-	323,325	-	553,911
199,091	7,115,538	-	35,833	118,417	-	-	8,101,602
-	157,836	-	-	-	-	-	157,836
-	384,661	87,332	-	-	-	-	753,208
-	-	3,147	-	1,720	-	-	9,724
-	46,863	273	-	-	-	179,896	323,352
199,091	7,704,898	90,752	864,194	120,137	323,325	179,896	18,407,353
23,846	-	-	865,310	-	-	102,398	1,566,182
-	-	-	-	-	-	-	149
-	-	-	-	-	-	-	984,262
-	8,060,823	-	-	-	-	-	9,631,314
-	-	56,915	-	-	-	-	153,571
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,530,818	-	-	-	-	-	6,530,818
-	-	-	-	89,934	-	-	89,934
-	-	-	-	-	-	-	-
23,846	14,591,641	56,915	865,310	89,934	-	102,398	18,956,230
175,245	(6,886,743)	33,837	(1,116)	30,203	323,325	77,498	(548,877)
-	6,396,318	-	-	-	-	-	6,396,318
(257,124)	-	-	-	(45,844)	-	(40,423)	(5,812,717)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(257,124)	6,396,318	-	-	(45,844)	-	(40,423)	583,601
(81,879)	(490,425)	33,837	(1,116)	(15,641)	323,325	37,075	34,724
663,421	(1,341,681)	365,096	4,368	157,426	10,518,626	(34,074)	13,134,510
-	(70,677)	-	-	-	-	-	(70,677)
\$ 581,542	\$ (1,902,783)	\$ 398,933	\$ 3,252	\$ 141,785	\$ 10,841,951	\$ 3,001	\$ 13,098,557

(continued)

POLK COUNTY, IOWA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2018

	Capital Projects			
	Conservation Water & Land Improvement	Justice Center	Capital Improvements Projects	Total Capital Projects
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-
Intergovernmental	1,797,021	-	217,332	2,014,353
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	56,483	392,459	-	448,942
Miscellaneous	717,740	632	111,505	829,877
<b>TOTAL REVENUES</b>	<b>2,571,244</b>	<b>393,091</b>	<b>328,837</b>	<b>3,293,172</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	-	-	-	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Roads and transportation	-	-	-	-
Government services to residents	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects:				
Roadway construction	-	-	-	-
Conservation land acquisition and development	12,653,288	-	-	12,653,288
Other capital projects	-	23,766,281	5,534,574	29,300,855
<b>TOTAL EXPENDITURES</b>	<b>12,653,288</b>	<b>23,766,281</b>	<b>5,534,574</b>	<b>41,954,143</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(10,082,044)</b>	<b>(23,373,190)</b>	<b>(5,205,737)</b>	<b>(38,660,971)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	5,612,311	5,612,311
Transfers out	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Premium/(discount) on bonds issued	-	-	-	-
Proceeds from sale of capital assets	-	-	50,000	50,000
Payment to refunded bond escrow	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>5,662,311</b>	<b>5,662,311</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(10,082,044)</b>	<b>(23,373,190)</b>	<b>456,574</b>	<b>(32,998,660)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>8,524,036</b>	<b>\$ 49,375,218</b>	<b>1,191,022</b>	<b>59,090,276</b>
Change in inventory reserve	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ (1,558,008)</b>	<b>\$ 26,002,028</b>	<b>\$ 1,647,596</b>	<b>\$ 26,091,616</b>

		Debt Service			
NW 84th Water Main Debt Service	Hamilton Drain Debt Service	Debt Service	Total Debt Service	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ 17,372,422	\$ 17,372,422	\$ 25,880,142	
-	-	459,605	459,605	1,013,516	
53,395	-	1,455,276	1,508,671	11,624,626	
-	-	-	-	157,836	
-	-	-	-	753,208	
21	-	463,208	463,229	921,895	
-	-	-	-	1,153,229	
53,416	-	19,750,511	19,803,927	41,504,452	
-	-	-	-	1,566,182	
-	-	-	-	149	
-	-	-	-	984,262	
-	-	-	-	9,631,314	
-	-	-	-	153,571	
51,000	-	13,130,000	13,181,000	13,181,000	
2,416	-	5,687,230	5,689,646	5,689,646	
-	-	-	-	6,530,818	
-	-	-	-	12,743,222	
-	-	-	-	29,300,855	
53,416	-	18,817,230	18,870,646	79,781,019	
-	-	933,281	933,281	(38,276,567)	
-	-	-	-	12,008,629	
-	-	-	-	(5,812,717)	
-	-	12,235,000	12,235,000	12,235,000	
-	-	248,178	248,178	248,178	
-	-	-	-	50,000	
-	-	(14,630,000)	(14,630,000)	(14,630,000)	
-	-	(2,146,822)	(2,146,822)	4,099,090	
-	-	(1,213,541)	(1,213,541)	(34,177,477)	
-	1,247	1,641,237	1,642,484	73,867,270	
-	-	-	-	(70,677)	
\$ -	\$ 1,247	\$ 427,696	\$ 428,943	\$ 39,619,116	

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## NONMAJOR ENTERPRISE FUNDS

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's 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 2016.

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

**POLK COUNTY, IOWA**

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2018**

	<b>Air Quality</b>	<b>Conservation Enterprises</b>	<b>Hamilton Urban Drainage District</b>	<b>Urban Sewer</b>
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 271,774	\$ -	\$ 261,868	\$ 468,490
Receivables (net):				
Accounts	-	139,173	-	-
Notes	-	-	-	112,930
Due from other funds	-	-	-	-
Due from other governments	242,262	-	-	-
Total current assets	<u>514,036</u>	<u>139,173</u>	<u>261,868</u>	<u>581,420</u>
Noncurrent assets:				
Special assessments	-	-	5,262	-
Notes	-	-	-	3,861,925
Capital assets not being depreciated	-	76,593	3,818,522	-
Capital assets being depreciated, net	371,672	5,065,503	8,169,097	-
Total noncurrent assets	<u>371,672</u>	<u>5,142,096</u>	<u>11,992,881</u>	<u>3,861,925</u>
<b>TOTAL ASSETS</b>	<u>885,708</u>	<u>5,281,269</u>	<u>12,254,749</u>	<u>4,443,345</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>352,136</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	747,256	-	-
Wages payable	16,300	364	-	-
Payroll taxes payable	2,723	62	-	-
Interest payable	-	-	-	9,713
General obligation bonds payable	-	-	-	313,534
Due to other funds	-	2,195,276	-	-
Compensated absences payable	12,508	-	-	-
Total current liabilities	<u>31,531</u>	<u>2,942,958</u>	<u>-</u>	<u>323,247</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	2,519,737
Compensated absences payable	268,629	-	-	-
Net pension liability	883,123	-	-	-
Total noncurrent liabilities	<u>1,151,752</u>	<u>-</u>	<u>-</u>	<u>2,519,737</u>
<b>TOTAL LIABILITIES</b>	<u>1,183,283</u>	<u>2,942,958</u>	<u>-</u>	<u>2,842,984</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>31,573</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	371,672	5,142,096	11,987,619	-
Unrestricted (deficit)	(348,684)	(2,803,785)	267,130	1,600,361
<b>TOTAL NET POSITION</b>	<u>\$ 22,988</u>	<u>\$ 2,338,311</u>	<u>\$ 12,254,749</u>	<u>\$ 1,600,361</u>

<b>Community Based Case Management</b>	<b>Iowa Tax &amp; Tags</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ -	\$ 702,262	\$ 1,704,394
180,683	-	319,856
-	-	112,930
167,383	-	167,383
92,278	5,335	339,875
440,344	707,597	2,644,438
-	-	5,262
-	-	3,861,925
-	-	3,895,115
-	-	13,606,272
-	-	21,368,574
440,344	707,597	24,013,012
-	127,585	479,721
196,356	-	943,612
-	5,935	22,599
-	978	3,763
-	-	9,713
-	-	313,534
519,719	-	2,714,995
-	1,202	13,710
716,075	8,115	4,021,926
-	-	2,519,737
-	25,826	294,455
-	277,777	1,160,900
-	303,603	3,975,092
716,075	311,718	7,997,018
-	11,440	43,013
-	-	17,501,387
(275,731)	512,024	(1,048,685)
\$ (275,731)	\$ 512,024	\$ 16,452,702

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2018**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District	Urban Sewer
<b>OPERATING REVENUES:</b>				
Charges for goods and services:				
Charges for services	\$ 380,689	\$ -	\$ 118,447	\$ -
Intergovernmental revenues	886,928	-	-	-
Commissions income	-	205,482	-	-
Miscellaneous	7,970	99,274	2,908	-
Total operating revenues	<u>1,275,587</u>	<u>304,756</u>	<u>121,355</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>				
Cost of goods and services:				
Personal services	1,115,569	17,327	9,649	-
Supplies	46,185	124,077	932	-
Professional services	-	54,794	96,666	-
Other services/charges	92,272	95,685	22,678	-
Miscellaneous	-	9,257	4,689	-
Amortization of discount (premium)	-	-	-	(48,534)
Depreciation	91,204	187,177	361,677	-
Total operating expenses	<u>1,345,230</u>	<u>488,317</u>	<u>496,291</u>	<u>(48,534)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(69,643)</u>	<u>(183,561)</u>	<u>(374,936)</u>	<u>48,534</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	2,798	3,810	2,259	6,000
Interest expense	-	-	-	(134,239)
Total nonoperating revenues (expenses)	<u>2,798</u>	<u>3,810</u>	<u>2,259</u>	<u>(128,239)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(66,845)</u>	<u>(179,751)</u>	<u>(372,677)</u>	<u>(79,705)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions from other funds	-	398,696	-	-
Capital contributions from others	-	800,000	-	-
Total transfers	<u>-</u>	<u>1,198,696</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>(66,845)</u>	<u>1,018,945</u>	<u>(372,677)</u>	<u>(79,705)</u>
<b>TOTAL NET POSITION - BEGINNING</b>	<u>89,833</u>	<u>1,319,366</u>	<u>12,627,426</u>	<u>1,680,066</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 22,988</u>	<u>\$ 2,338,311</u>	<u>\$ 12,254,749</u>	<u>\$ 1,600,361</u>

<b>Community Based Case Management</b>	<b>Iowa Tax &amp; Tags</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ -	\$ 468,029	\$ 967,165
3,676,775	-	4,563,703
-	-	205,482
-	20,759	130,911
<u>3,676,775</u>	<u>488,788</u>	<u>5,867,261</u>
-	408,353	1,550,898
-	208	171,402
-	-	151,460
3,994,485	44,558	4,249,678
-	-	13,946
-	-	(48,534)
-	-	640,058
<u>3,994,485</u>	<u>453,119</u>	<u>6,728,908</u>
<u>(317,710)</u>	<u>35,669</u>	<u>(861,647)</u>
-	141,355	156,222
-	-	(134,239)
-	141,355	21,983
<u>(317,710)</u>	<u>177,024</u>	<u>(839,664)</u>
-	-	398,696
-	-	800,000
-	-	1,198,696
<u>(317,710)</u>	<u>177,024</u>	<u>359,032</u>
<u>41,979</u>	<u>335,000</u>	<u>16,093,670</u>
<u>\$ (275,731)</u>	<u>\$ 512,024</u>	<u>\$ 16,452,702</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2018**

	<b>Air Quality</b>	<b>Conservation Enterprises</b>	<b>Hamilton Urban Drainage District</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 388,659	\$ 206,256	\$ 123,122
Cash received from operating grants	891,746	-	-
Cash paid to suppliers for goods and services	(138,457)	(288,813)	(234,332)
Cash paid to employees	(1,073,805)	(17,360)	(9,649)
Net cash flows from operating activities	<u>68,143</u>	<u>(99,917)</u>	<u>(120,859)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Negative cash balance implicitly financed	-	2,195,276	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>2,195,276</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Purchase of capital assets	(110,774)	(3,036,552)	-
Repayments on capital note receivable	-	-	-
Net cash flows from capital and related financing activities	<u>(110,774)</u>	<u>(3,036,552)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	2,798	3,810	2,259
Net cash flows from investing activities	<u>2,798</u>	<u>3,810</u>	<u>2,259</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(39,833)</b>	<b>(937,383)</b>	<b>(118,600)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>311,607</u></b>	<b><u>937,383</u></b>	<b><u>380,468</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 271,774</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 261,868</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (69,643)	\$ (183,561)	\$ (374,936)
Components of operating income (loss) not included in operating activities			
Depreciation	91,204	187,177	361,677
Amortization	-	-	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	1,767
(Increase) decrease in accounts receivable	-	(98,500)	-
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in due from other governments	4,818	-	-
(Increase) decrease in deferred outflows of resources	(53,238)	-	-
Increase (decrease) in accounts payable	-	(5,000)	(109,367)
Increase (decrease) in wages payable	892	(45)	-
Increase (decrease) in payroll taxes payable	215	12	-
Increase (decrease) in compensated absences payable	6,947	-	-
Increase (decrease) in net pension liability	81,404	-	-
Increase (decrease) in deferred inflows of resources	5,544	-	-
Net cash flows from operating activities	<u>\$ 68,143</u>	<u>\$ (99,917)</u>	<u>\$ (120,859)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ (57,992)	\$ (84,129)	\$ -
Acquisition of capital assets through accounts payable	-	747,256	-
Acquisition of capital assets through leasehold improvements	-	800,000	-
Acquisition of capital assets through governmental funds transfer	-	398,696	-

Urban Sewer	Community Based Case Management	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ -	\$ 4,439,704	\$ 488,309	\$ 5,646,050
-	-	-	891,746
-	(4,414,738)	(44,766)	(5,121,106)
-	-	(395,442)	(1,496,256)
-	24,966	48,101	(79,566)

-	(24,966)	-	2,170,310
-	(24,966)	-	2,170,310

(255,000)	-	-	(255,000)
(132,749)	-	-	(132,749)
-	-	-	(3,147,326)
107,726	-	-	107,726
(280,023)	-	-	(3,427,349)

6,000	-	141,355	156,222
6,000	-	141,355	156,222

(274,023)	-	189,456	(1,180,383)
742,513	-	512,806	2,884,777

\$ 468,490	\$ -	\$ 702,262	\$ 1,704,394
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\$ 48,534	\$ (317,710)	\$ 35,669	\$ (861,647)
-	-	-	640,058
(48,534)	-	-	(48,534)
-	-	-	1,767
-	869,018	-	770,518
-	(167,383)	-	(167,383)
-	61,294	(479)	65,633
-	-	(19,289)	(72,527)
-	(420,253)	-	(534,620)
-	-	409	1,256
-	-	100	327
-	-	188	7,135
-	-	29,494	110,898
-	-	2,009	7,553
\$ -	\$ 24,966	\$ 48,101	\$ (79,566)

\$ -	\$ -	\$ -	\$ (142,121)
-	-	-	747,256
-	-	-	800,000
-	-	-	398,696

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## **INTERNAL SERVICE FUNDS**

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

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

**Risk Management** - This fund is used to account for 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, 2018**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash and pooled investments	\$ 9,867,756	\$ 4,400,000	\$ 14,267,756
Accounts receivables	399,153	-	399,153
Accrued interest	5,510	-	5,510
Prepaid items	8,866	-	8,866
<b>TOTAL ASSETS</b>	10,281,285	4,400,000	14,681,285
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	161,436	-	161,436
Estimated liability for claims and judgments	1,569,000	-	1,569,000
Total current liabilities	1,730,436	-	1,730,436
<b>TOTAL LIABILITIES</b>	1,730,436	-	1,730,436
<b>NET POSITION</b>			
Unrestricted	8,550,849	4,400,000	12,950,849
<b>TOTAL NET POSITION</b>	\$ 8,550,849	\$ 4,400,000	\$ 12,950,849

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2018**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 21,438,965	\$ -	\$ 21,438,965
Miscellaneous	29,084	-	29,084
Total operating revenues	<u>21,468,049</u>	-	<u>21,468,049</u>
<b>OPERATING EXPENSES:</b>			
Other services/charges	51,038	-	51,038
Insurance	20,293,062	-	20,293,062
Total operating expenses	<u>20,344,100</u>	-	<u>20,344,100</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,123,949</u>	-	<u>1,123,949</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	84,906	-	84,906
Total nonoperating revenues (expenses)	<u>84,906</u>	-	<u>84,906</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>1,208,855</u>	-	<u>1,208,855</u>
<b>TRANSFERS:</b>			
Transfers in	-	4,446,455	4,446,455
Transfers out	(20,000)	(3,846,455)	(3,866,455)
Total transfers	<u>(20,000)</u>	<u>600,000</u>	<u>580,000</u>
<b>CHANGE IN NET POSITION</b>	1,188,855	600,000	1,788,855
<b>NET POSITION, BEGINNING, RESTATED</b>	<u>7,361,994</u>	<u>3,800,000</u>	<u>11,161,994</u>
<b>NET POSITION, ENDING</b>	<u>\$ 8,550,849</u>	<u>\$ 4,400,000</u>	<u>\$ 12,950,849</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2018**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 21,535,025	\$ -	\$ 21,535,025
Cash paid to suppliers for goods and services	(20,406,791)	-	(20,406,791)
Net cash flows from operating activities	<u>1,128,234</u>	-	<u>1,128,234</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	4,446,455	4,446,455
Transfers out	(20,000)	(3,846,455)	(3,866,455)
Net cash flows from noncapital financing activities	<u>(20,000)</u>	<u>600,000</u>	<u>580,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	79,396	-	79,396
Net cash flows from investing activities	<u>79,396</u>	-	<u>79,396</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,187,630</b>	<b>600,000</b>	<b>1,787,630</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>8,680,126</b>	<b>3,800,000</b>	<b>12,480,126</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 9,867,756</u></b>	<b><u>\$ 4,400,000</u></b>	<b><u>\$ 14,267,756</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 1,123,949	\$ -	\$ 1,123,949
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	66,976	-	66,976
(Increase) decrease in prepaid items	(645)	-	(645)
Increase (decrease) in accounts payable	(9,446)	-	(9,446)
Increase (decrease) in estimated liability for claims and judgments	(52,600)	-	(52,600)
Net cash flows from operating activities	<u>\$ 1,128,234</u>	<u>\$ -</u>	<u>\$ 1,128,234</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, 2018

	Trust & Agency Treasurer	Trust & Agency Trust Funds Held	County Assessor Expense	E911 Service
<b>ASSETS:</b>				
Cash and pooled investments	\$ 21,486,836	\$ 865,851	\$ 2,583,804	\$ 4,440,740
Receivables (net):				
Taxes	4,087,923	-	49,754	-
Special assessments	7,878,059	131	-	-
Accounts	-	-	-	347,899
Due from other governments	-	-	-	601,300
Prepays	-	-	-	96,194
<b>TOTAL ASSETS</b>	<b>\$ 33,452,818</b>	<b>\$ 865,982</b>	<b>\$ 2,633,558</b>	<b>\$ 5,486,133</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ 185,303	\$ 525,739
Wages payable	-	-	68,313	-
Payroll taxes payable	180,932	-	11,435	-
Due to other governments	33,271,886	323,276	768,608	4,960,394
Trusts payable	-	542,706	-	-
Compensated absences payable	-	-	1,256,899	-
Total OPEB liability	-	-	343,000	-
<b>TOTAL LIABILITIES</b>	<b>\$ 33,452,818</b>	<b>\$ 865,982</b>	<b>\$ 2,633,558</b>	<b>\$ 5,486,133</b>

<b>GIMS Implementation</b>	<b>Emergency Management</b>	<b>Seized Funds Unforfeited</b>	<b>Mine Task Force</b>	<b>Total Agency Funds</b>
\$ 686,202	\$ 136,833	\$ 227,960	\$ 427,556	\$ 30,855,782
-	-	-	-	4,137,677
-	-	-	-	7,878,190
-	938	-	5,000	353,837
-	153,687	-	-	754,987
-	-	-	-	96,194
<b>\$ 686,202</b>	<b>\$ 291,458</b>	<b>\$ 227,960</b>	<b>\$ 432,556</b>	<b>\$ 44,076,667</b>
\$ -	\$ 49,353	\$ -	\$ -	\$ 760,395
-	7,766	-	-	76,079
-	1,298	-	-	193,665
686,202	195,428	227,960	432,556	40,866,310
-	-	-	-	542,706
-	37,613	-	-	1,294,512
-	-	-	-	343,000
<b>\$ 686,202</b>	<b>\$ 291,458</b>	<b>\$ 227,960</b>	<b>\$ 432,556</b>	<b>\$ 44,076,667</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2018**

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>TRUST &amp; AGENCY TREASURER:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 20,464,079	\$ 1,022,757	\$ -	\$ 21,486,836
Taxes receivable	3,930,031	157,892	-	4,087,923
Special assessments receivable	8,938,534	-	(1,060,475)	7,878,059
<b>TOTAL ASSETS</b>	<b>\$ 33,332,644</b>	<b>\$ 1,180,649</b>	<b>\$ (1,060,475)</b>	<b>\$ 33,452,818</b>
<b>LIABILITIES:</b>				
Payroll taxes payable	\$ 325,722	\$ -	\$ (144,790)	\$ 180,932
Due to other governments	33,006,922	264,964	-	33,271,886
<b>TOTAL LIABILITIES</b>	<b>\$ 33,332,644</b>	<b>\$ 264,964</b>	<b>\$ (144,790)</b>	<b>\$ 33,452,818</b>

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>TRUST &amp; AGENCY TRUST FUNDS HELD:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 960,156	\$ -	\$ (94,305)	\$ 865,851
Special assessments receivable	813	-	(682)	131
<b>TOTAL ASSETS</b>	<b>\$ 960,969</b>	<b>\$ -</b>	<b>\$ (94,987)</b>	<b>\$ 865,982</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 54,386	\$ -	\$ (54,386)	\$ -
Due to other governments	265,891	57,385	-	323,276
Advances from other funds	16,153	-	(16,153)	-
Trusts payable	624,539	-	(81,833)	542,706
<b>TOTAL LIABILITIES</b>	<b>\$ 960,969</b>	<b>\$ 57,385</b>	<b>\$ (152,372)</b>	<b>\$ 865,982</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2018**

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>COUNTY ASSESSOR EXPENSE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 2,165,967	\$ 417,837	\$ -	\$ 2,583,804
Taxes receivable	48,686	1,068	-	49,754
<b>TOTAL ASSETS</b>	<b>\$ 2,214,653</b>	<b>\$ 418,905</b>	<b>\$ -</b>	<b>\$ 2,633,558</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 11,214	\$ 174,089	\$ -	\$ 185,303
Wages payable	67,033	1,280	-	68,313
Payroll taxes payable	10,872	563	-	11,435
Due to other governments	577,740	190,868	-	768,608
Compensated absences payable	1,262,794	-	(5,895)	1,256,899
Total OPEB liability	285,000	58,000	-	343,000
<b>TOTAL LIABILITIES</b>	<b>\$ 2,214,653</b>	<b>\$ 424,800</b>	<b>\$ (5,895)</b>	<b>\$ 2,633,558</b>

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>E911 SERVICE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 4,149,488	\$ 291,252	\$ -	\$ 4,440,740
Accounts receivable	384,044	-	(36,145)	347,899
Due from other governments	370,870	230,430	-	601,300
Prepays	92,926	3,268	-	96,194
<b>TOTAL ASSETS</b>	<b>\$ 4,997,328</b>	<b>\$ 524,950</b>	<b>\$ (36,145)</b>	<b>\$ 5,486,133</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 64,154	\$ 461,585	\$ -	\$ 525,739
Due to other governments	4,933,174	27,220	-	4,960,394
<b>TOTAL LIABILITIES</b>	<b>\$ 4,997,328</b>	<b>\$ 488,805</b>	<b>\$ -</b>	<b>\$ 5,486,133</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2018**

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>GIMS IMPLEMENTATION:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 686,202	\$ -	\$ -	\$ 686,202
<b>TOTAL ASSETS</b>	<b>\$ 686,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 686,202</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 686,202	\$ -	\$ -	\$ 686,202
<b>TOTAL LIABILITIES</b>	<b>\$ 686,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 686,202</b>

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>EMERGENCY MANAGEMENT:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 128,584	\$ 8,249	\$ -	\$ 136,833
Accounts receivable	2,634	-	(1,696)	938
Due from other governments	88,056	65,631	-	153,687
<b>TOTAL ASSETS</b>	<b>\$ 219,274</b>	<b>\$ 73,880</b>	<b>\$ (1,696)</b>	<b>\$ 291,458</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 55,605	\$ -	\$ (6,252)	\$ 49,353
Wages payable	7,379	387	-	7,766
Payroll taxes payable	1,187	111	-	1,298
Due to other governments	120,610	74,818	-	195,428
Compensated absences payable	34,493	3,120	-	37,613
<b>TOTAL LIABILITIES</b>	<b>\$ 219,274</b>	<b>\$ 78,436</b>	<b>\$ (6,252)</b>	<b>\$ 291,458</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2018**

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>SEIZED FUNDS UNFORFEITED:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 351,836	\$ -	\$ (123,876)	\$ 227,960
Accounts receivable	10,236	-	(10,236)	-
<b>TOTAL ASSETS</b>	<b>\$ 362,072</b>	<b>\$ -</b>	<b>\$ (134,112)</b>	<b>\$ 227,960</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 362,072	\$ -	\$ (134,112)	\$ 227,960
<b>TOTAL LIABILITIES</b>	<b>\$ 362,072</b>	<b>\$ -</b>	<b>\$ (134,112)</b>	<b>\$ 227,960</b>

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>MINE TASK FORCE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 456,280	\$ -	\$ (28,724)	\$ 427,556
Accounts receivable	-	5,000	-	5,000
Due from other governments	21,213	-	(21,213)	-
Prepays	5,000	-	(5,000)	-
<b>TOTAL ASSETS</b>	<b>\$ 482,493</b>	<b>\$ 5,000</b>	<b>\$ (54,937)</b>	<b>\$ 432,556</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 482,493	\$ -	\$ (49,937)	\$ 432,556
<b>TOTAL LIABILITIES</b>	<b>\$ 482,493</b>	<b>\$ -</b>	<b>\$ (49,937)</b>	<b>\$ 432,556</b>

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**POLK COUNTY, IOWA**

**Statement of Net Position**

**Component Units**

**June 30, 2018**

	<b>PCHS</b>	<b>IEC Hotel Corp</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and pooled investments	\$ 5,092,282	\$ -	\$ 5,092,282
Receivables (net)	153,977	-	153,977
Prepaid items	71,187	6,462	77,649
Capital assets not being depreciated	1,301,209	-	1,301,209
Capital assets being depreciated, net	2,191,270	-	2,191,270
<b>TOTAL ASSETS</b>	<b>8,809,925</b>	<b>6,462</b>	<b>8,816,387</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	479,676	18,313	497,989
Due to primary government	97,296	338,934	436,230
Unearned revenues	67,664	-	67,664
Due within one year:			
Compensated absences payable	90,020	-	90,020
Due in more than one year:			
Compensated absences payable	63,241	-	63,241
<b>TOTAL LIABILITIES</b>	<b>797,897</b>	<b>357,247</b>	<b>1,155,144</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>324,141</b>	<b>324,141</b>
<b>NET POSITION</b>			
Net investment in capital assets	3,492,479	-	3,492,479
Restricted for:			
PCHS/Foundation	2,298,119	-	2,298,119
Unrestricted (deficit)	2,221,430	(674,926)	1,546,504
<b>TOTAL NET POSITION</b>	<b>\$ 8,012,028</b>	<b>\$ (674,926)</b>	<b>\$ 7,337,102</b>

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## STATISTICAL SECTION

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

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

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

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

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

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

**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			
	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	\$ 78,083,885	\$ 73,411,073	\$ 70,770,518	\$ 72,748,920
Restricted	5,075,110	4,843,618	5,726,045	3,281,414
Unrestricted	25,286,700	26,911,739	21,606,897	17,192,311
<b>Total governmental activities net position</b>	<b>\$ 108,445,695</b>	<b>\$ 105,166,430</b>	<b>\$ 98,103,460</b>	<b>\$ 93,222,645</b>
Business-type activities:				
Net investment in capital assets	\$ 169,615,522	\$ 170,445,639	\$ 240,462,094	\$ 237,474,012
Restricted	562,387	521,536	518,126	769,038
Unrestricted	17,132,872	17,105,354	21,991,857	24,470,612
<b>Total business-type activities net position</b>	<b>\$ 187,310,781</b>	<b>\$ 188,072,529</b>	<b>\$ 262,972,077</b>	<b>\$ 262,713,662</b>
Primary government:				
Net investment in capital assets	\$ 247,699,407	\$ 243,856,712	\$ 311,232,612	\$ 310,222,932
Restricted	5,637,497	5,365,154	6,244,171	4,050,452
Unrestricted	42,419,572	44,017,093	43,598,754	41,662,923
<b>Total primary government net position</b>	<b>\$ 295,756,476</b>	<b>\$ 293,238,959</b>	<b>\$ 361,075,537</b>	<b>\$ 355,936,307</b>

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

<b>Fiscal Year</b>					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 75,133,663	\$ 75,766,185	\$ 79,649,467	\$ 95,782,354	\$ 112,687,170	\$ 126,040,376
5,923,114	20,238,049	13,961,534	6,856,842	6,845,261	5,186,531
22,900,184	18,315,610	(11,863,296)	(6,663,345)	6,624,617	19,475,079
<b>\$ 103,956,961</b>	<b>\$ 114,319,844</b>	<b>\$ 81,747,705</b>	<b>\$ 95,975,851</b>	<b>\$ 126,157,048</b>	<b>\$ 150,701,986</b>
\$ 228,985,935	\$ 227,164,549	\$ 227,920,658	\$ 210,891,115	\$ 195,501,228	\$ 187,999,398
362,825	398,723	683,568	892,818	862,445	895,917
27,365,867	23,792,875	23,032,612	29,905,022	40,943,677	45,181,140
<b>\$ 256,714,627</b>	<b>\$ 251,356,147</b>	<b>\$ 251,636,838</b>	<b>\$ 241,688,955</b>	<b>\$ 237,307,350</b>	<b>\$ 234,076,455</b>
\$ 304,119,598	\$ 302,930,734	\$ 307,570,125	\$ 306,673,469	\$ 308,188,398	\$ 314,039,774
6,285,939	20,636,772	14,645,102	7,749,660	7,707,706	6,082,448
50,266,051	42,108,485	11,169,316	23,241,677	47,568,294	64,656,219
<b>\$ 360,671,588</b>	<b>\$ 365,675,991</b>	<b>\$ 333,384,543</b>	<b>\$ 337,664,806</b>	<b>\$ 363,464,398</b>	<b>\$ 384,778,441</b>

**POLK COUNTY, IOWA**

**Changes in Net Position**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses:</b>				
Governmental activities:				
Public safety and legal services	\$ 61,023,060	\$ 65,461,987	\$ 68,350,314	\$ 67,744,452
Physical health and social services	32,285,044	39,210,142	41,244,404	37,511,827
Mental health	48,574,014	53,427,113	50,553,729	59,804,417
County environment and education	16,067,273	15,457,101	14,837,634	13,238,065
Roads and transportation	20,995,975	17,634,649	22,090,050	18,363,729
Governmental services to residents	6,414,215	7,032,880	7,118,535	7,242,640
Administration	33,816,384	29,386,862	30,581,581	33,049,043
Interest on long-term debt	4,462,810	4,250,122	4,206,456	4,169,828
<b>Total governmental activities expenses</b>	<b>223,638,775</b>	<b>231,860,856</b>	<b>238,982,703</b>	<b>241,124,001</b>
Business-type activities:				
Air Quality	981,255	990,754	1,079,530	1,173,421
Sanitary Treatment Works	1,237,304	1,431,082	1,056,837	948,773
Prairie Meadows Racetrack/Casino	7,526,269	7,586,351	9,083,738	10,402,872
Conservation Enterprises	163,573	65,896	42,543	41,911
Hamilton Urban Drainage District	390,343	330,924	411,290	684,977
Iowa Events Center	22,475,901	22,425,073	20,735,311	22,844,444
Urban Sewer	220,552	212,936	205,105	196,872
Community Based Case Management	-	-	-	-
Iowa Tax & Tags	-	-	-	60,282
<b>Total business-type activities expenses</b>	<b>32,995,197</b>	<b>33,043,016</b>	<b>32,614,354</b>	<b>36,353,552</b>
<b>Total government expenses</b>	<b>\$ 256,633,972</b>	<b>\$ 264,903,872</b>	<b>\$ 271,597,057</b>	<b>\$ 277,477,553</b>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Public safety and legal services	\$ 13,748,833	\$ 14,486,324	\$ 13,788,614	\$ 13,041,721
Physical health and social services	1,216,302	1,030,279	1,185,162	1,418,367
Mental health	7,172,445	7,622,337	7,756,232	9,390,080
County environment and education	1,264,129	1,413,568	1,411,631	1,865,141
Roads and transportation	460,647	524,657	473,411	470,974
Governmental services to residents	6,061,786	6,339,744	6,259,696	6,900,219
Administration	1,402,285	1,221,884	1,658,836	1,598,869
Interest on long-term debt	25	40,099	9,946	14,487
Operating grants and contributions	52,103,769	57,647,553	55,560,468	55,514,496
Capital grants and contributions	1,881,849	263,289	392,162	700,644
<b>Total governmental activities program revenues</b>	<b>85,312,070</b>	<b>90,589,734</b>	<b>88,496,158</b>	<b>90,914,998</b>
Business-type activities:				
Charges for services:				
Air Quality	241,834	245,178	254,186	270,256
Sanitary Treatment Works	598,383	1,115,130	558,604	884,718
Prairie Meadows Racetrack/Casino	27,397,093	27,847,963	27,084,294	26,393,924
Conservation Enterprises	414,992	235,021	191,808	209,111
Hamilton Urban Drainage District	129,686	123,320	140,369	120,850
Iowa Events Center	9,785,201	11,469,014	8,982,061	12,542,142
Iowa Tax & Tags	-	-	-	7,502
Operating grants and contributions	731,241	782,285	827,478	1,304,873
Capital grants and contributions	1,002,238	938,748	76,576,666	723,977
<b>Total business-type activities program revenues</b>	<b>40,300,668</b>	<b>42,756,659</b>	<b>114,615,466</b>	<b>42,457,353</b>
<b>Total government program revenues</b>	<b>\$ 125,612,738</b>	<b>\$ 133,346,393</b>	<b>\$ 203,111,624</b>	<b>\$ 133,372,351</b>

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 68,677,335	\$ 71,564,875	\$ 69,683,428	\$ 72,778,579	\$ 73,081,038	\$ 78,520,169	
34,703,552	35,070,940	35,364,307	37,352,964	38,587,870	40,425,914	
22,325,002	24,158,157	28,533,670	25,906,010	20,756,146	21,978,560	
12,768,084	13,923,732	13,510,577	14,719,318	15,252,013	16,879,257	
18,338,223	19,312,228	18,860,843	21,057,936	17,130,748	19,694,797	
7,077,482	7,129,232	7,344,942	7,974,904	8,053,559	8,411,110	
28,625,011	28,335,206	32,774,134	32,949,752	37,599,287	38,473,412	
5,313,966	5,846,733	3,882,745	5,286,682	5,192,766	5,760,430	
197,828,655	205,341,103	209,954,646	218,026,145	215,653,427	230,143,649	
1,218,911	1,154,638	1,219,921	1,180,789	1,275,213	1,345,230	
788,708	726,280	1,365,289	6,450,974	1,609,984	1,772,545	
11,052,660	10,167,216	11,602,938	10,602,938	10,602,938	10,602,938	
47,968	40,327	170,279	191,492	98,970	488,317	
263,778	270,242	294,484	400,587	598,185	496,291	
24,891,371	24,405,542	25,689,294	29,382,506	27,350,775	27,469,180	
277,454	313,883	94,523	88,586	68,475	85,705	
-	-	-	1,592,258	6,759,608	3,994,485	
211,165	295,583	350,977	349,629	389,877	453,119	
38,752,015	37,373,711	40,787,705	50,239,759	48,754,025	46,707,810	
\$ 236,580,670	\$ 242,714,814	\$ 250,742,351	\$ 268,265,904	\$ 264,407,452	\$ 276,851,459	
\$ 14,325,269	\$ 13,781,722	\$ 13,176,295	\$ 14,045,975	\$ 16,245,042	\$ 18,787,052	
1,236,642	1,042,590	1,036,902	1,078,182	1,272,939	1,216,522	
10,376,168	6,890,136	7,029,275	4,113,979	2,249,219	5,957,472	
1,809,500	1,834,621	1,879,130	2,057,031	2,299,210	2,148,206	
420,451	483,746	941,450	552,046	566,585	630,431	
7,488,249	7,285,121	7,273,173	8,058,455	8,381,909	8,636,445	
1,900,040	1,932,024	1,794,169	1,748,225	1,678,242	2,527,924	
54,200	49,843	51,062	49,385	38,474	53,444	
23,227,618	29,067,248	26,488,420	21,941,825	22,040,570	21,811,485	
1,902,755	262,332	2,919,497	6,129,377	10,987,863	9,969,031	
62,740,892	62,629,383	62,589,373	59,774,480	65,760,053	71,738,012	
294,919	348,214	346,417	367,062	376,783	380,689	
868,268	826,236	966,901	787,032	1,051,006	984,610	
26,000,000	26,000,000	26,000,000	24,729,652	24,947,712	25,334,064	
194,267	198,941	195,157	203,609	196,126	205,482	
141,121	120,206	144,566	125,580	115,451	118,447	
10,990,697	12,459,738	15,072,784	16,167,111	15,192,487	15,581,819	
337,895	367,059	386,463	414,508	440,354	468,029	
963,837	1,465,466	5,505,719	2,592,193	8,076,897	5,108,887	
128,250	128,250	128,250	1,644,344	498,250	928,250	
39,919,254	41,914,110	48,746,257	47,031,091	50,895,066	49,110,277	
\$ 102,660,146	\$ 104,543,493	\$ 111,335,630	\$ 106,805,571	\$ 116,655,119	\$ 120,848,289	

(continued)

**POLK COUNTY, IOWA**

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

	Fiscal Year			
	2009	2010	2011	2012
Net (expense)/revenue:				
Governmental activities	\$ (138,326,705)	\$ (141,271,122)	\$ (150,486,545)	\$ (150,209,003)
Business-type activities	7,305,471	9,713,643	82,001,112	6,103,801
<b>Total government net expense</b>	<b>\$ (131,021,234)</b>	<b>\$ (131,557,479)</b>	<b>\$ (68,485,433)</b>	<b>\$ (144,105,202)</b>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 113,294,655	\$ 119,034,717	\$ 124,436,158	\$ 128,391,593
Other county taxes	5,391,333	5,473,202	5,278,538	5,590,186
Interest on property taxes	1,591,907	1,603,084	1,819,683	1,326,266
State replacements	2,772,002	2,716,286	2,522,012	2,507,895
Use of money and property	3,194,638	2,089,257	286,009	227,504
Miscellaneous	1,589,359	1,672,209	1,562,930	490,821
Loss on sale of capital assets	-	(3,970,233)	-	-
Gain on sale of capital assets	465,490	-	-	-
Capital transfers	-	250,000	-	-
Transfers	17,383,677	9,123,335	7,518,245	6,793,923
<b>Total governmental activities</b>	<b>145,683,061</b>	<b>137,991,857</b>	<b>143,423,575</b>	<b>145,328,188</b>
Business-type activities:				
Use of money and property	815,374	109,262	95,835	49,145
Miscellaneous	288,917	312,178	320,846	382,562
Capital transfers - Loss on transfer of capital assets	-	(250,000)	-	-
Transfers	(17,383,677)	(9,123,335)	(7,518,245)	(6,793,923)
<b>Total business-type activities</b>	<b>(16,279,386)</b>	<b>(8,951,895)</b>	<b>(7,101,564)</b>	<b>(6,362,216)</b>
<b>Total government</b>	<b>\$ 129,403,675</b>	<b>\$ 129,039,962</b>	<b>\$ 136,322,011</b>	<b>\$ 138,965,972</b>
Change in net position:				
Governmental activities	\$ 7,356,356	\$ (3,279,265)	\$ (7,062,970)	\$ (4,880,815)
Business-type activities	(8,973,915)	761,748	74,899,548	(258,415)
<b>Total primary government</b>	<b>\$ (1,617,559)</b>	<b>\$ (2,517,517)</b>	<b>\$ 67,836,578</b>	<b>\$ (5,139,230)</b>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (135,087,763)	\$ (142,711,720)	\$ (147,365,273)	\$ (158,251,665)	\$ (149,893,374)	\$ (158,405,637)
1,167,239	4,540,399	7,958,552	(3,208,668)	2,141,041	2,402,467
\$ (133,920,524)	\$ (138,171,321)	\$ (139,406,721)	\$ (161,460,333)	\$ (147,752,333)	\$ (156,003,170)

\$ 126,597,379	\$ 131,914,045	\$ 136,363,181	\$ 140,709,005	\$ 149,208,819	\$ 154,947,225
5,471,136	5,476,275	5,705,541	5,735,911	5,768,801	5,726,777
1,264,536	1,381,536	1,412,664	1,174,445	1,199,698	1,131,465
3,042,129	3,860,426	8,034,434	12,873,398	13,342,460	13,456,415
379,474	255,759	309,077	709,823	1,233,182	3,231,716
1,261,848	2,068,364	1,734,376	3,082,645	1,227,068	1,097,395
-	-	-	-	-	-
-	-	-	-	259,350	-
425,367	-	-	-	-	-
7,380,210	9,761,697	7,429,240	8,194,584	7,835,193	7,403,582
145,822,079	154,718,102	160,988,513	172,479,811	180,074,571	186,994,575

178,934	54,995	74,169	637,627	725,529	992,382
460,369	860,639	572,344	817,742	587,018	777,838
(425,367)	-	-	-	-	-
(7,380,210)	(9,761,697)	(7,429,240)	(8,194,584)	(7,835,193)	(7,403,582)
(7,166,274)	(8,846,063)	(6,782,727)	(6,739,215)	(6,522,646)	(5,633,362)
\$ 138,655,805	\$ 145,872,039	\$ 154,205,786	\$ 165,740,596	\$ 173,551,925	\$ 181,361,213

\$ 10,734,316	\$ 12,006,382	\$ 13,623,240	\$ 14,228,146	\$ 30,181,197	\$ 28,588,938
(5,999,035)	(4,305,664)	1,175,825	(9,947,883)	(4,381,605)	(3,230,895)
\$ 4,735,281	\$ 7,700,718	\$ 14,799,065	\$ 4,280,263	\$ 25,799,592	\$ 25,358,043

(concluded)

**POLK COUNTY, IOWA**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>General Fund:</b>				
Reserved	\$ 8,123,291	\$ 7,727,389	\$ -	\$ -
Unreserved	27,566,129	29,462,331	-	-
Nonspendable	-	-	835,122	1,108,645
Committed	-	-	3,989,810	3,700,119
Unassigned	-	-	34,510,331	28,872,644
<b>Total General Fund</b>	<b>\$ 35,689,420</b>	<b>\$ 37,189,720</b>	<b>\$ 39,335,263</b>	<b>\$ 33,681,408</b>
<b>Mental Health Fund:</b>				
Reserved	\$ 736,515	\$ -	\$ -	\$ -
Unreserved	(890,817)	1,347,245	-	-
Restricted	-	-	765,412	-
Unassigned	-	-	-	(4,132,905)
<b>Total Mental Health Fund</b>	<b>\$ (154,302)</b>	<b>\$ 1,347,245</b>	<b>\$ 765,412</b>	<b>\$ (4,132,905)</b>
<b>Justice Center Fund:</b>				
Restricted	\$ -	\$ -	\$ -	\$ -
<b>Total Justice Center Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service Fund:</b>				
Restricted	\$ -	\$ -	\$ -	\$ -
<b>Total Debt Service Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>All other governmental funds:</b>				
Reserved	\$ 4,529,113	\$ 3,495,836	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	6,574,400	5,570,102	-	-
Capital projects funds	755,855	(1,294,898)	-	-
Debt service funds	279,041	598,024	-	-
Nonspendable	-	-	777,178	925,036
Restricted	-	-	4,960,633	3,281,414
Committed	-	-	9,099,102	9,819,630
Unassigned	-	-	(3,968,513)	(3,939,663)
<b>Total all other governmental funds</b>	<b>\$ 12,138,409</b>	<b>\$ 8,369,064</b>	<b>\$ 10,868,400</b>	<b>\$ 10,086,417</b>

**Note:** Fund balance classifications have been revised due to the implementation of GASB Statement 54 in fiscal year 2011. Only major funds are identified on this schedule.

**Fiscal Year**

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,431,512	1,317,221	1,199,934	970,787	1,057,617	1,166,044
3,753,815	3,585,015	3,265,208	3,764,477	4,053,969	3,878,749
35,680,321	37,877,628	43,089,740	47,725,904	48,872,607	64,151,132
<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>	<u>\$ 69,195,925</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,030,563	6,837,252	7,867,880	2,657,177	1,874,559	1,182,742
-	-	-	-	-	-
<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>	<u>\$ 1,182,742</u>

\$ -	\$ -	\$ 59,277,232	\$ 47,204,845	\$ 49,375,218	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,277,232</u>	<u>\$ 47,204,845</u>	<u>\$ 49,375,218</u>	<u>\$ -</u>

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

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
712,871	943,020	1,202,909	1,304,996	1,351,278	1,271,431
3,273,535	13,184,033	18,971,785	14,736,599	11,853,501	30,005,817
10,254,039	10,993,740	13,979,456	11,826,022	12,353,201	13,063,392
(4,642,695)	(2,138,711)	(1,503,644)	(4,459,848)	(2,707,165)	(4,721,524)
<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>	<u>\$ 39,619,116</u>

# POLK COUNTY, IOWA

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues:</b>				
Property taxes	\$ 113,193,055	\$ 119,016,167	\$ 124,413,365	\$ 128,308,790
Other County taxes	5,391,333	5,473,202	5,278,538	5,590,186
Interest and penalties on delinquent taxes	1,591,907	1,603,084	1,819,683	1,326,266
Intergovernmental	73,882,316	80,220,727	76,304,288	77,268,575
Licenses and permits	387,609	432,777	757,224	861,128
Charges for service	10,587,827	11,046,694	11,456,931	12,437,290
Use of money and property	3,071,457	2,053,835	2,247,819	2,179,875
Miscellaneous	2,869,983	2,241,977	2,028,618	2,263,643
<b>Total revenues</b>	<b>210,975,487</b>	<b>222,088,463</b>	<b>224,306,466</b>	<b>230,235,753</b>
<b>Expenditures:</b>				
Public safety and legal services	57,336,497	60,831,966	63,358,077	64,519,393
Physical health and social services	32,058,737	38,183,688	39,832,954	36,865,531
Mental health	48,574,015	53,427,113	50,553,729	59,804,417
County environment and education	13,291,947	11,827,727	12,074,726	12,465,007
Roads and transportation	12,989,856	12,644,739	12,565,672	10,569,001
Governmental services to residents	6,158,143	6,630,166	6,712,037	6,960,701
Administration	32,513,299	29,545,205	30,370,108	33,214,441
Nonprogram services	58,294	-	-	-
Debt service:				
Principal	8,492,464	8,489,000	7,510,000	8,351,000
Interest and fiscal charges	4,478,202	4,276,689	4,397,923	4,195,012
Capital Projects:				
Roadway construction	4,688,457	1,757,433	4,960,179	5,715,542
Conservation land acquisition and development	3,482,675	3,049,267	3,352,335	1,503,474
Other capital projects	8,774,114	5,991,436	9,470,498	4,290,359
<b>Total expenditures</b>	<b>232,896,700</b>	<b>236,654,429</b>	<b>245,158,238</b>	<b>248,453,878</b>
<b>Excess of revenues over expenditures</b>	<b>(21,921,213)</b>	<b>(14,565,966)</b>	<b>(20,851,772)</b>	<b>(18,218,125)</b>
<b>Other financing sources (uses):</b>				
Transfers in	32,540,326	20,547,356	20,475,572	19,575,415
Transfers out	(17,836,649)	(11,154,021)	(12,937,327)	(12,761,492)
Capital contributions	-	-	392,162	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of capital leases	-	2,577,984	669,366	-
Issuance of bonds	3,905,000	-	15,485,000	-
Issuance of refunding bonds	-	-	-	-
Premium (discount) on bonds issued	95,085	-	298,790	-
Insurance recovery from 2008 flood	323,766	751,906	112,066	-
Proceeds from sale of capital assets	537,831	843,174	281,032	-
<b>Total other financing sources (uses)</b>	<b>19,565,359</b>	<b>13,566,399</b>	<b>24,776,661</b>	<b>6,813,923</b>
Net change in fund balances	<b>\$ (2,355,854)</b>	<b>\$ (999,567)</b>	<b>\$ 3,924,889</b>	<b>\$ (11,404,202)</b>
Total expenditures	\$ 232,896,700	\$ 236,654,429	\$ 245,158,238	\$ 248,453,878
Less: capital expenditures	(10,191,039)	(7,866,250)	(10,231,060)	(7,053,056)
Total non capital expenditures	<b>\$ 222,705,661</b>	<b>\$ 228,788,179</b>	<b>\$ 234,927,178</b>	<b>\$ 241,400,822</b>
Debt service as % of noncapital expenditures	5.82%	5.58%	5.07%	5.20%

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 126,477,853	\$ 132,115,444	\$ 136,555,746	\$ 140,654,190	\$ 149,192,233	\$ 154,907,645
5,471,136	5,476,275	5,705,541	5,735,911	5,768,801	5,726,777
1,264,536	1,381,536	1,412,664	1,174,445	1,199,698	1,131,465
46,892,346	48,896,738	52,671,977	48,896,981	53,391,833	54,684,871
943,393	913,075	1,073,810	1,308,798	1,342,246	1,412,582
13,685,542	13,215,481	13,753,759	14,232,809	15,457,944	16,532,428
2,525,369	2,641,287	2,880,975	3,246,337	4,175,894	5,819,127
1,539,340	2,679,952	2,787,165	3,112,327	3,565,298	3,244,957
198,799,515	207,319,788	216,841,637	218,361,798	234,093,947	243,459,852
64,362,370	67,550,790	67,742,641	70,630,110	71,194,297	73,982,865
33,295,027	33,590,597	33,988,406	35,624,786	36,130,845	37,924,736
22,325,002	24,158,157	28,533,670	25,906,010	20,756,146	21,978,560
11,135,437	11,426,422	12,320,129	12,318,325	13,533,835	14,049,618
9,271,079	9,937,351	10,217,643	10,207,439	13,251,960	10,458,021
7,048,801	7,066,217	7,086,477	7,508,917	7,586,381	7,760,563
28,112,537	29,091,437	31,075,332	32,415,833	33,015,233	34,397,839
-	-	-	-	-	-
8,428,000	10,904,000	14,249,647	17,185,384	14,309,378	13,181,000
6,093,333	6,015,812	3,718,837	5,320,313	5,152,889	5,689,646
4,834,470	5,684,678	5,650,385	8,744,120	5,451,872	6,530,818
2,679,744	10,850,138	6,895,682	5,260,650	7,807,817	12,949,544
5,057,647	8,455,989	11,171,287	19,118,230	13,743,491	29,300,855
202,643,447	224,731,588	232,650,136	250,240,117	241,934,144	268,204,065
(3,843,932)	(17,411,800)	(15,808,499)	(31,878,319)	(7,840,197)	(24,744,213)
18,034,274	22,707,352	20,447,563	23,753,588	34,201,466	24,562,657
(10,639,985)	(12,925,655)	(12,998,323)	(15,539,004)	(26,346,273)	(17,340,379)
-	-	-	-	-	-
-	(66,570,000)	(640,000)	-	(64,819,767)	(14,630,000)
692,111	-	-	-	2,326,428	-
76,114,616	25,335,000	84,207,560	-	-	-
-	-	-	-	56,730,000	12,235,000
1,019,219	270,129	2,003,138	-	8,351,001	248,178
-	-	-	-	-	-
311,766	-	59,100	50,000	359,350	50,000
85,532,001	(31,183,174)	93,079,038	8,264,584	10,802,205	5,125,456
\$ 81,688,069	\$ (48,594,974)	\$ 77,270,539	\$ (23,613,735)	\$ 2,962,008	\$ (19,618,757)
\$ 202,643,447	\$ 224,731,588	\$ 232,650,136	\$ 250,240,117	\$ 241,934,144	\$ 268,204,065
(6,885,814)	(18,623,440)	(17,279,105)	(22,908,037)	(23,033,094)	(38,092,157)
\$ 195,757,633	\$ 206,108,148	\$ 215,371,031	\$ 227,332,080	\$ 218,901,050	\$ 230,111,908
7.42%	8.21%	8.34%	9.90%	8.89%	8.20%

**POLK COUNTY, IOWA**

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

<b>Assessment Date Jan 1</b>	<b>Payable Fiscal Year Ended June 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Multiresidential Property (e)</b>	<b>Agricultural Property &amp; Building</b>
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	2017	23,746,691,193	6,157,667,562	451,341,637	932,100,555	300,971,073
2016	(b) 2018	24,322,053,157	6,338,462,185	454,639,393	932,877,464	300,394,143
2017	2019	26,923,930,435	7,137,508,819	516,044,590	1,088,460,290	293,446,680
<b>2018</b>	2020	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)

**Source:** 2017 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) 2016 Calendar Year Assessment is for taxes due in fiscal year 2017/2018
  - (c) 2018 Calendar Year Assessment is for taxes due in fiscal year 2019/2020 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.

	<b>Reimb / Non-Reimb M&amp;E/Comp &amp; Railroads</b>	<b>Utilities W/O Gas &amp; Electric</b>	<b>Less: Military Tax-Exempt Property</b>	<b>Total Taxable Assessed Property</b>	<b>Total Direct Tax Rate (d)</b>
\$	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
	60,232,520	172,830,293	(28,980,600)	36,163,473,027	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	2018			2009		
	2016 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2007 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mid American Energy	\$ 553,974,900	1	2.4%	\$ -	-	-
Nationwide Mutual Insurance Co	141,305,598	2	0.6%	178,392,010	3	1.1%
Prairie Meadows	113,769,249	3	0.5%	107,717,400	5	0.7%
Principal Life Insurance Co	112,312,440	4	0.5%	245,804,710	1	1.6%
Wellmark Inc	103,018,500	5	0.5%	-	-	-
Principal Mutual Life Insurance Co	98,563,457	6	0.4%	-	-	-
Wells Fargo Financial Inc	80,760,330	7	0.4%	126,974,140	4	0.8%
Magellan Pipeline	64,226,100	8	0.3%	-	-	-
Valley West Mall LLC	60,885,000	9	0.3%	-	-	-
Qwest Corporation	52,983,394	10	0.2%	-	-	-
R & R Investors	-	-	-	181,895,060	2	1.1%
Mercy Hospital	-	-	-	79,361,850	8	0.5%
Mid America Investments	-	-	-	104,246,420	6	0.7%
Hubbell Interests	-	-	-	82,728,580	7	0.5%
Pioneer Hi-Bred	-	-	-	77,132,890	9	0.5%
Target	-	-	-	57,121,500	10	0.4%
<b>Total</b>	<b>\$ 1,381,798,968</b>		<b>6.1%</b>	<b>\$ 1,241,374,560</b>		<b>7.8%</b>

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
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%
<b>2018</b>	<b>177,823,246</b>	<b>162,120,968</b>	<b>91.2%</b>	<b>18,862</b>	<b>162,139,830</b>	<b>91.2%</b>

**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				
	2009	2010	2011	2012	2013
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.86	1.87	1.92	1.95	1.92
MH/DD Service	0.87	0.83	0.79	0.77	0.79
Debt Service	0.61	0.63	0.61	0.59	0.60
<b>Total Countywide Rate</b>	<b>6.84</b>	<b>6.83</b>	<b>6.82</b>	<b>6.81</b>	<b>6.81</b>
Rural service rates	4.55	4.55	4.55	4.55	4.55
<b>Total Rural Rate</b>	<b>11.39</b>	<b>11.38</b>	<b>11.37</b>	<b>11.36</b>	<b>11.36</b>
City rates:					
Alleman	7.16	8.32	8.77	10.23	10.45
Altoona	8.64	8.64	9.14	9.14	9.14
Ankeny	10.53	11.18	11.18	11.18	12.03
Bondurant	14.29	14.23	14.18	14.13	14.08
Carlisle	13.81	13.81	13.81	13.80	13.80
Clive	9.54	9.54	9.54	9.54	9.99
Des Moines	16.58	16.58	16.58	16.58	16.92
Elkhart	10.49	10.26	10.04	9.90	9.77
Granger	13.03	14.17	15.42	15.99	15.76
Grimes	12.96	12.92	12.91	12.90	12.91
Johnston	11.30	11.30	11.27	11.10	11.29
Mitchellville	13.59	14.37	14.73	14.73	14.80
Norwalk	14.37	14.60	14.60	16.35	15.69
Pleasant Hill	11.48	11.65	11.65	11.65	11.66
Polk City	7.90	7.90	7.90	7.90	7.90
Runnells	8.97	11.01	10.89	10.90	10.92
Sheldahl	3.60	3.43	3.18	3.20	2.99
Urbandale	9.22	9.22	9.32	9.52	9.62
Windsor Heights	14.79	13.76	13.31	13.31	13.31
West Des Moines	12.05	12.05	12.05	12.05	12.05
School District Rates:					
North Polk	17.77	17.39	18.27	19.85	19.99
Southeast Polk	21.85	21.83	21.81	21.66	21.66
Bondurant-Farrar	20.00	19.89	19.99	19.83	19.24
Ankeny	19.58	19.84	22.35	21.07	20.59
Carlisle	19.86	19.47	20.97	20.65	18.58
West Des Moines	13.69	13.64	13.94	13.85	13.30
Des Moines Independent	17.79	17.64	17.64	18.35	18.35
Saydel	13.68	13.98	13.98	13.98	13.48
Johnston	17.34	17.35	17.35	17.35	17.35
Woodward-Granger	20.02	19.85	19.78	19.75	19.49
Dallas	17.50	17.50	17.50	17.50	17.51
Dallas	16.08	-	-	-	-
Urbandale	15.51	16.27	17.64	18.35	18.35
Urbandale	16.27	16.27	17.64	17.64	17.64
Other:					
Area XI Community College	0.56	0.57	0.56	0.59	0.58
Broadlawns County Hospital	2.92	2.80	2.92	2.92	2.98
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.33	0.30	0.28	0.25	0.24

Source: 2016/2017 Tax Rates Payable Fiscal Year Ended June 30, 2017 obtained from Polk County Tax/GIS Department

Year Taxes are Payable				
2014	2015	2016	2017	2018
\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
1.97	2.00	2.18	2.28	2.34
0.76	0.75	0.71	0.70	0.67
0.71	0.92	0.91	0.82	0.79
6.94	7.17	7.30	7.30	7.30
4.55	4.55	4.55	4.55	4.55
11.49	11.72	11.85	11.85	11.85

10.05	11.03	10.79	9.69	9.63
9.14	9.94	9.94	9.94	9.94
12.03	11.90	11.85	11.75	11.65
14.04	13.99	13.94	13.88	13.83
13.80	14.14	14.64	14.65	14.89
9.99	9.99	9.99	10.14	10.14
16.92	16.92	16.92	16.92	17.04
8.83	8.78	8.98	8.37	10.09
15.68	14.91	14.62	15.87	16.87
12.91	12.91	12.91	12.91	12.91
11.15	11.34	11.50	11.40	11.38
14.40	14.00	14.00	13.88	13.85
15.69	15.69	15.69	15.69	15.42
11.65	11.65	11.65	11.65	11.65
7.90	7.90	7.90	7.90	7.90
10.84	11.16	11.26	11.77	11.78
2.68	2.82	2.82	2.81	2.99
9.57	9.72	9.82	9.92	10.02
13.90	15.35	15.08	15.66	16.96
12.05	12.05	12.00	12.00	12.00

20.00	19.99	19.94	19.30	19.16
21.66	21.66	20.66	20.31	19.48
18.33	18.49	18.33	19.10	19.10
20.33	20.18	19.77	19.36	18.51
17.91	17.91	17.91	17.91	17.85
13.26	13.27	13.24	13.26	13.26
18.35	18.15	18.43	18.50	18.56
12.88	12.88	12.76	12.76	12.89
17.35	18.36	18.35	11.40	18.32
19.11	19.07	19.06	18.97	18.97
17.84	17.85	17.95	12.91	19.99
-	-	-	-	-
18.35	18.15	18.43	18.50	18.56
17.67	17.55	17.75	17.74	17.75

0.69	0.66	0.68	0.72	0.67
3.00	3.12	3.21	2.77	2.77
0.04	0.04	0.04	0.04	0.04
0.28	0.28	0.28	0.27	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			
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	1.27%	636.92
2017	154,057,954	1,679,000	1,883,804	97,958,000	25,495,000	281,073,758	1.20%	592.93
<b>2018</b>	<b>137,869,387</b>	<b>1,273,000</b>	<b>1,179,580</b>	<b>97,059,319</b>	<b>24,605,000</b>	<b>261,986,286</b>	<b>1.11%</b>	<b>543.73</b>

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

**Note:** 2017 and 2018 percentages calculated using 2016 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		
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	0.69%	528.16
<b>2018</b>	234,928,706	428,943	234,499,763	N/A (a)	486.69

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

**Note:** (a) 2018 Calendar Year Assessment is for taxes due in fiscal year 2019/2020 and is not yet available.

**POLK COUNTY, IOWA**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018**

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<b>Governmental Unit</b>	<b>Taxable Valuation</b>	<b>Debt Outstanding</b>	<b>Totals</b>
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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.

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**POLK COUNTY, IOWA**

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

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	Fiscal Year			
	2009	2010	2011	2012
Debt limit	\$ 1,352,429,902	\$ 1,396,854,915	\$ 1,446,817,962	\$ 1,466,049,660
Less: Total net debt applicable to limit	(399,158,767)	(396,754,857)	(460,916,297)	(448,152,913)
Legal debt margin	<u>\$ 953,271,135</u>	<u>\$ 1,000,100,058</u>	<u>\$ 985,901,665</u>	<u>\$ 1,017,896,747</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	29.51%	28.40%	31.86%	30.57%

**Notes:** (a) Calendar year 2016 assessed value is paid in fiscal year 2018

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

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Legal debt margin Calculation for Calendar Year 2016 Assessed Value (a)	\$ 32,543,152,378
Debt limit (5% of assessed value)	1,627,157,619
Less: Debt applicable to debt limit (b)	<u>(261,986,286)</u>
Legal debt margin	<u>\$ 1,365,171,333</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,424,117,541	\$ 1,438,524,316	\$ 1,454,997,573	\$ 1,490,620,215	\$ 1,589,248,635	\$ 1,627,157,619
(505,676,659)	(301,626,160)	(316,593,053)	(297,892,448)	(281,073,758)	(261,986,286)
<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>	<u>\$ 1,365,171,333</u>
35.51%	20.97%	21.76%	19.98%	17.69%	16.10%

## 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	
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	23,501,624	49,577	261,100	4.0%	4.0%
2017	474,045	*	*	266,500	3.2%	3.2%
<b>2018</b>	481,830	*	*	271,700	2.5%	2.7%

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

**Note:** Population increased from 2009-2018 by 13%

\* Information not available

## POLK COUNTY, IOWA

### Principal Employers Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	14,500	1	4.97%	11,700	1	4.25%
Unity Point Health (Iowa Health Des Moines)	8,026	2	2.75%	6,470	4	2.35%
Principal Financial Group	6,500	3	2.23%	7,785	3	2.83%
Hy-Vee Food Corp.	6,400	4	2.19%	-	-	-
Nationwide/Allied Insurance	4,525	5	1.55%	4,386	8	1.59%
Mercy Hospital Medical Center	4,228	6	1.45%	4,650	7	1.69%
Vermeer Corporation	2,500	7	0.86%	-	-	-
Dupont Pioneer	2,500	8	0.86%	-	-	-
Wellmark	2,000	9	0.69%	-	-	-
John Deere	1,900	10	0.65%	-	-	-
State of Iowa	N/A (a)	-	-	9,300	2	3.38%
Federal Government	N/A (a)	-	-	5,600	6	2.04%
Des Moines Public Schools	N/A (a)	-	-	6,259	5	2.28%
MidAmerican Energy Holdings Co.	-	-	-	3,694	9	1.34%
Communications Data Services	-	-	-	3,000	10	1.09%
<b>Total</b>	<b>53,079</b>		<b>18.18%</b>	<b>62,844</b>		<b>22.84%</b>

**Source:** The Greater Des Moines Partnership

**Note:** (a) Governmental entities information not available for 2018

## POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety	457	458	472	461	462	468	476	482	507	507
Human services	177	178	171	151	155	154	154	154	158	159
Roads and engineering	68	67	67	61	61	61	61	62	61	62
Administration	158	158	157	151	149	149	148	147	149	152
Other	374	378	379	356	363	372	377	384	395	399
<b>Total</b>	<b>1,234</b>	<b>1,239</b>	<b>1,246</b>	<b>1,180</b>	<b>1,190</b>	<b>1,204</b>	<b>1,216</b>	<b>1,229</b>	<b>1,270</b>	<b>1,279</b>

Source: County Budget Office

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POLK COUNTY, IOWA

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2009	2010	2011	2012
Public safety and legal services:				
Sheriff:				
# of E911 calls	53,531	53,743	54,517	49,335
# of civil papers served	40,916	44,145	45,583	50,148
# of average daily jail population	980	930	929	942
# of bookings	17,848	17,469	18,347	19,607
Medical Examiner:				
# of death investigations	1,267	1,024	1,056	1,148
# of autopsies	204	261	224	275
Physical health and social services:				
Health Department:				
# of patient visits to STD clinic	5,688	4,571	3,890	3,543
Public Works:				
# of septic/well permits	321	315	352	303
Veteran Affairs:				
# of clients interviewed	5,268	4,911	5,706	4,233
# of vouchers issued	3,358	2,914	4,329	3,087
Mental Health:				
# of individuals served	8,245	8,668	9,643	10,662
# of individuals receiving ongoing/intensive svc	3,711	3,065	3,681	3,143
County environment and education:				
Public Works:				
# of requests of service for weed eradication	4,963	4,462	4,298	2,672
# of lots cleaned up	23	34	42	5
Roads and transportation:				
Public Works:				
# of gravel miles maintained	172	172	168	168
# of paved miles maintained	551	550	536	548
Governmental services to residents:				
Treasurer:				
# of titles	146,550	145,543	147,011	149,262
# of registrations	627,409	631,981	646,533	645,576
Auditor / Elections:				
# of registered voters	281,233	264,425	260,800	270,386

Source: County records

<b>Fiscal Year</b>					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
53,674	48,289	50,392	49,146	45,943	58,324
40,661	40,387	52,211	48,747	40,328	47,538
922	943	925	919	987	978
19,329	18,706	17,678	17,765	17,912	18,858
1,215	1,285	1,285	1,287	1,470	1,560
242	252	275	286	305	244
6,128	2,932	2,969	3,056	3,010	3,344
134	275	69	71	153	81
4,388	5,076	6,344	6,351	5,261	4,395
2,557	1,373	1,105	765	870	864
10,947	6,205	7,895	7,163	5,146	4,551
4,085	3,689	3,901	4,010	3,855	3,761
4,358	1,859	1,940	1,956	1,863	1,576
4	26	11	13	12	6
169	169	169	167	163	163
539	540	540	543	539	539
153,606	164,532	172,535	174,398	178,259	180,222
657,739	680,155	699,249	709,083	723,098	732,917
277,940	287,268	286,793	300,054	300,545	306,599

# POLK COUNTY, IOWA

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

Function / Program	Fiscal Year			
	2009	2010	2011	2012
Public safety and legal services:				
Sheriff:				
# of vehicles	92	94	91	104
# of buildings	4	3	3	3
Correctional facility capacities	1,500	1,500	1,500	1,500
County Attorney				
# of vehicles	7	7	7	7
Medical Examiner				
# of vehicles	1	1	1	2
Physical health and social services:				
Health Department:				
# of vehicles	2	2	3	1
CF&Y Svcs				
# of vehicles	7	8	8	7
# of senior centers/meal sites	7	7	7	7
County environment and education:				
Conservation				
# of parks managed	7	7	7	7
# of vehicles	47	47	49	49
# of buildings	5	5	5	5
Planning and Development				
# of vehicles	13	19	19	14
Roads and transportation:				
Secondary Roads				
# of vehicles	60	66	61	60
# of buildings	6	6	6	7
# of secondary roads miles managed (a)	739	734	731	730
# of bridges	137	137	137	137
Administration				
General Services				
# of vehicles	32	29	29	29
# of buildings maintained	23	22	22	23

**Source:** County records

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

\* Information not available yet

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Fiscal Year					
2013	2014	2015	2016	2017	2018

87	87	95	95	102	104
3	3	3	3	3	4
1,500	1,500	1,500	1,500	1,500	1,500
14	14	14	14	14	15
2	2	2	2	2	3
1	1	1	1	1	1
5	5	6	6	6	6
7	7	7	7	8	8
7	7	7	7	7	7
52	53	55	59	56	57
5	7	8	8	8	8
13	12	12	10	10	12
60	61	65	63	65	64
7	6	6	6	6	6
731	741	742	741	728	*
137	137	137	137	137	136
29	28	29	30	31	31
24	25	24	24	25	25

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POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2018
<b>DEPARTMENT OF AGRICULTURE</b>			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	\$ 812,087
Passed through Iowa Department of Education:			
National School Breakfast Program	*	10.553 77-8810	18,208
National School Lunch Program	*	10.555 77-8810	33,379
Child Care Food Program		10.558 77-8050	1,964,297
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	404,275
Produce Box Project for Seniors	10.561	5887NU52	4,400
Commodity Supplemental Food Program	10.565	ACFS 14-239	229,879
Total Department of Agriculture			<u>3,466,525</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Program - Lead Hazard Control Grant Program	14.900	IALHB0621-16	772,318
Passed through City of Des Moines:			
Rapid Rehousing Program	(a)	14.321 15-16 ESG	128,790
Total Department of Housing and Urban Development			<u>901,108</u>
<b>DEPARTMENT OF INTERIOR</b>			
Passed through Iowa Department of Natural Resources:			
Iowa Prairie Lakes 7	15.623	F16AP00203	64,650
Land and Water Conservation Fund Program - LAWCON Jester Park Nature Center	15.916	19-01311	-
Total Department of Interior			<u>64,650</u>
<b>DEPARTMENT OF JUSTICE</b>			
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-18-163-HP	187,971
Crime Victim Assistance (VOCA)	16.575	VA-18-75-SAC	135,587
Crime Victim Assistance (VOCA)	16.575	VW-18-45-16	57,155
Passed through Governor's Office of Drug Control Policy:			
Methamphetamine Drug Hot Spots Grant Program	(1)	16.710 16-CAMP-11	29,234
Edward Byrne Justice Assistance Grant (JAG)	(2)	16.738 15-JAG-197692	320,327
Edward Byrne Justice Assistance Grant (JAG) Mentor Advantage		16.738 15-JAG-196673	19,000
Total Department of Justice			<u>749,274</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - BR#3650	20.205	1-14-HBP-S-003	77,723
Highway Planning and Construction - BR#6066A	20.205	1-17-HBP-S-4	-
Transportation Alternatives Program - Easter Lake Trail Phase 3	20.205	17-TAP-103	940,303
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.600	PAP 17-402-MOPT Task 19	9,137
Alcohol Incentive Grant	20.600	PAP 18-402-MOPT Task 21	13,586
Passed through Iowa Department of Public Defense:			
2017 HMEP	20.703	HM-HMP-0524-16-01-00	1,913
2018 HMEP	20.703	HM-HMP-0524-16-01-00	1,500
Total Department of Transportation			<u>1,044,162</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Iowa Department of Natural Resources:			
Air Quality Control Implementation Plan Agreement	66.034	17ESDAQBclaim-0002	20,000
Beaver Creek Watershed Management	66.454	18ESDWQBkamen-0001	-
Beaver Creek Watershed Management	66.460	18ESDWQBkamen-0001	-
Air Quality Control Implementation Plan Agreement	66.605	17ESDAQBclaim-0002	169,909
Total Environmental Protection Agency			<u>189,909</u>
<b>DEPARTMENT OF ENERGY</b>			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-17-20S	269,805
Weatherization Assistance for Low-Income Persons	81.042	DOE-18-20S	244,598
Total Department of Energy			<u>514,403</u>

(continued)

POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2018
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	** 93.044	N/A	\$ 82,000
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	18,600
Title IIIC-1 - Nutrition	** 93.045	N/A	213,193
Nutrition Services Incentive Program - USDA Cash	** 93.053	N/A	192,741
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-18-20	335,454
Low-Income Home Energy Assistance	93.568	HEAP-17-20S	649,657
Low-Income Home Energy Assistance	93.568	HEAP-18-20S	392,191
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	93.566	N/A	1,158
Local Administration Expense Reimbursement	93.596	N/A	109,322
Local Administration Expense Reimbursement	93.658	N/A	135,386
Local Administration Expense Reimbursement	93.659	N/A	44,887
Local Administration Expense Reimbursement	93.667	N/A	113,212
Local Administration Expense Reimbursement	93.767	N/A	2,606
Local Administration Expense Reimbursement	93.778	N/A	637,109
Passed through Iowa Department of Public Health:			
All-Hazard Emergency Preparedness and Response System Development	93.074	5888BT09	880,148
Tuberculosis Elimination	93.116	MOU-2018-TB02	1,456
I-4 Project	93.268	5888I464	6,360
Care for Yourself Program	93.283	5888NB20	78,150
Care for Yourself Program - Wise Woman	93.283	5888NB20WW	94,616
I-4 Project	93.539	5888I464	29,637
Ebola Virus Disease Preparedness and Response	93.817	5885BT509	29,768
HIV-CTR & Hepatitis	93.917	5888AP10	60,891
HIV-CTR & Hepatitis	93.917	5887AP10	96,822
HIV-CTR & Hepatitis	93.940	5888AP10	4,998
HIV-CTR & Hepatitis	93.940	5887AP10	18,750
Total Department of Health and Human Services			<u>4,255,112</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Iowa Department of Public Defense:			
Emergency Management Performance Grant (EMPG)	97.042	EMPG-17-PT-77	39,000
Homeland Security Grant Program - IMT	97.067	EMW-2016-SS-00017-S01	71,525
Homeland Security Grant Program - IMT	97.067	EMW-2017-SS-00014-S01	2,505
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2016-SS-00017-S01	92,678
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2017-SS-00014-S01	12,263
Total Department of Homeland Security			<u>217,971</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 11,403,114</u>

\* - Total Child Nutrition Cluster \$ 51,587  
 \*\* - Total Aging Cluster \$ 532,534

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

(1) - The amount reported on the schedule includes \$20,159 passed through to subrecipients.  
 (2) - The amount reported on the schedule includes \$86,165 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, 2018

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Polk County, Iowa and its discretely presented component unit, Polk County Health Services, Inc., for the year ended June 30, 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.

#### **Note 4. Noncash Assistance**

The Commodity Supplemental Food Distribution Program - Direct – CFDA# 10.565 does not involve cash awards. This award is received in donated commodities. The value of the commodities distributed during the fiscal year ended June 30, 2018, was \$812,087. As of June 30, 2018, the County had commodities on hand with a value of \$158,486.

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

**Independent Auditor's Report**

Board of Supervisors  
Polk County, Iowa

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, 2018, 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 12, 2018. The beginning net position of the governmental activities and aggregate remaining fund information was restated due to the implementation of GASB Statement No. 75.

**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, 2018, 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 12, 2018



RSM US LLP

**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, 2018. 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, 2018.

## **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 12, 2018

**Polk County, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

Yes  No

Significant deficiencies?

Yes  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with  
2 CFR 200.516(a)?

Yes  No

**Identification of major programs:**

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
14.900	Lead Hazard Control Grant Program
93.044, 93.045, 93.053	Aging Cluster

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

Auditee qualified as low-risk auditee?

Yes  No

(Continued)

**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-18**

Certified budget: Disbursements during the year ended June 30, 2018 did not exceed the amounts budgeted.

**IV-B-18**

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-18**

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

**IV-D-18**

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-18**

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-18**

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

**IV-G-18**

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

**IV-H-18**

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-18**

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, 2018 for the County Extension Office did not exceed the total amount budgeted.

**IV-J-18**

Tax increment financing (TIF): For the year ended June 30, 2018, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

**Polk County, Iowa**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2018**

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The prior year Single Audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings*.

# POLK COUNTY, IOWA

## Statement of Revenues, Expenditures, and Changes in Fund Balances Mental Health - Polk County Region For the Year Ended June 30, 2018

		<b>Mental Health</b>
<b>REVENUES:</b>		
Property taxes		\$ 13,406,004
Other county taxes		393,110
Intergovernmental revenues:		
State tax replacement credits	\$ 1,178,782	
Other intergovernmental revenues	<u>5,957,514</u>	7,136,296
Miscellaneous		<u>351,333</u>
<b>TOTAL REVENUES</b>		<b><u>21,286,743</u></b>
<b>EXPENDITURES:</b>		
Services to persons with:		
Mental illness		16,936,364
Intellectual disabilities		1,146,746
Other developmental disabilities		2,659,518
General administration:		
Direct administration		1,235,984
County provided case management		<u>(52)</u>
<b>TOTAL EXPENDITURES</b>		<b><u>21,978,560</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<b>(691,817)</b>
<b>FUND BALANCE, BEGINNING</b>		<b><u>1,874,559</u></b>
<b>FUND BALANCE, ENDING</b>		<b><u>\$ 1,182,742</u></b>

**Note:** Report required by Iowa Department of Human Services

**POLK COUNTY, IOWA**

**RETAIL SALES  
Last Six Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>Taxable Retail Sales</b>	<b>Number of Businesses</b>
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	8,312,033,937	10,812
2018	*	*

**Source:** Iowa Department of Management/Piper Jeffray

**Note:** Report required by Continuing Disclosure Statement

\* Information not available

**POLK COUNTY, IOWA**

**Overlapping and Underlying Debt**

	<b>Outstanding Debt Fiscal Year 2018</b>	<b>Year 2017 Taxable Valuation</b>	<b>Taxable Value Within Issuer</b>	<b>Percentage Applicable</b>	<b>Amount Applicable</b>
<b>City rates:</b>					
Alleman	\$ 72,000	\$ 23,359,672	\$ 23,359,672	100.00%	\$ 72,000
Altoona	71,020,000	969,370,189	1,105,080,214	114.00%	80,962,668
Ankeny	127,490,000	3,120,736,629	3,535,475,863	113.29%	144,433,149
Bondurant	8,175,000	218,552,990	218,552,990	100.00%	8,175,000
Carlisle	5,665,000	146,496,978	14,544,036	9.93%	562,414
Clive	19,260,000	1,505,776,834	1,063,230,301	70.61%	13,599,502
Des Moines	393,570,000	8,360,172,170	8,345,371,519	99.82%	392,873,233
Elkhart	413,000	25,399,815	25,399,815	100.00%	413,000
Granger	2,909,000	66,655,913	14,793,919	22.19%	645,637
Grimes	31,890,000	804,560,277	802,928,698	99.80%	31,825,330
Johnston	91,644,000	1,620,889,669	1,620,889,669	100.00%	91,644,000
Mitchellville	817,318	52,602,509	51,296,181	97.52%	797,021
Norwalk	22,650,000	483,803,313	2,755	0.00%	129
Pleasant Hill	8,287,377	628,440,528	628,440,528	100.00%	8,287,377
Polk City	1,295,000	243,306,599	243,306,599	100.00%	1,295,000
Runnells	88,765	14,763,663	14,763,663	100.00%	88,765
Sheldahl	-	8,979,769	4,580,879	51.01%	-
Urbandale	73,430,000	3,198,267,095	2,488,587,128	77.81%	57,136,239
West Des Moines	184,720,000	5,424,796,017	3,306,657,134	60.95%	112,595,147
Windsor Heights	8,477,905	273,911,783	273,911,783	100.00%	8,477,905
<b>School District Rates:</b>					
Ankeny	84,865,000	3,794,992,443	3,794,992,443	100.00%	84,865,000
Ballard	8,940,000	415,575,184	2,168,267	0.52%	46,645
Bondurant-Farrar	24,940,000	430,032,926	426,588,902	99.20%	24,740,262
Carlisle	5,210,000	352,048,859	110,579,358	31.41%	1,636,473
Collins-Maxwell	-	154,109,461	18,311,495	11.88%	-
Dallas Center-Grimes	31,090,873	1,013,042,839	824,750,574	81.41%	25,312,074
Des Moines	-	8,307,919,052	8,238,807,957	99.17%	-
Johnston	64,355,000	2,569,837,941	2,569,837,941	100.00%	64,355,000
Madrid	995,000	141,386,852	16,682,445	11.80%	117,402
North Polk	17,265,000	436,819,320	432,370,611	98.98%	17,089,168
PCM	8,860,000	285,653,398	1,004,538	0.35%	31,157
Saydel	5,325,000	857,547,090	857,547,090	100.00%	5,325,000
Southeast Polk	19,425,000	2,122,514,510	2,112,994,584	99.55%	19,337,875
Urbandale	48,955,000	1,366,941,336	1,366,941,336	100.00%	48,955,000
West Des Moines	14,990,000	5,009,228,399	4,956,535,468	98.95%	14,832,318
Woodward Granger	14,055,000	288,433,908	65,550,550	22.73%	3,194,191
<b>Other:</b>					
Area XI Community College	74,205,000	47,685,435,379	25,795,663,559	54.10%	40,141,548
Heartland AEA #11	-	47,685,435,379	25,795,663,559	54.10%	-
			<b>Total</b>		<b>\$ 1,303,862,627</b>

Source: Iowa Department of Revenue/Piper Jeffray

Note: Report required by Continuing Disclosure Statement

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# POLK COUNTY IOWA

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

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[www.polkcountyiowa.gov](http://www.polkcountyiowa.gov)