



*Polk County, Iowa*  
**Comprehensive Annual  
Financial Report**

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*Fiscal Year Ending June 30, 2016*



*Polk County Justice Center*



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# **POLK COUNTY, IOWA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2016**

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**PREPARED BY:**

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

**CENTRAL ACCOUNTING DIVISION**

Central Accounting Manager  
Keith Olson

Accounting Supervisor  
Jo Ellen Bigelow, CPA, CPM

**Other Staff**

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

**BOARD OF SUPERVISOR'S STAFF**

Deb Anderson

# POLK COUNTY, IOWA

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(concluded)



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

JAMIE FITZGERALD  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3080

December 12, 2016

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, 2016.

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, 2016, 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, 2016, 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 467,711. 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 14% since 2007, to 467,711 in 2016. Unemployment is approximately 4%, same as the state level but lower than the 5% national level. Other economic indicators are also steady. The County remains the primary center of economic activity in Central Iowa and the State although adjoining counties, specifically Dallas County to the west, 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 and enhance security. The Master Plan includes utilization of the old main jail for criminal courts; a recently purchased office building to be renovated into a Justice Center for County Attorney, Magistrate (small claims, traffic), juvenile and clerk storage functions; and the much needed interior/exterior renovation of the historic courthouse for civil, probate and family courts. A referendum to issue up to \$81 million of bonds to address these needs was approved by Polk County voters in November 2013.

Currently, the Justice Center office space has been renovated with all staff relocated to this new space in October 2016. This move has eliminated the use of all leased space for the Polk County court functions, resulting in significant savings. Exterior renovation of the Historic Courthouse was completed in October 2014. Construction is underway for the Criminal Courts building which will be done in June 2018, and planning for the interior of the Historic Courthouse has begun. The anticipated completion date of all phases is 2020.

### Iowa Events Center Hotel

The Iowa Events Center is owned by Polk County and consists of Wells Fargo Arena, HyVee Hall and Community Choice Credit Union Convention Center. The venues have been successful in drawing first class entertainment to Central Iowa and last year returned record profits to Polk County for the second year in a row. Wells Fargo Arena hosted the NCAA Men's Division I Championship first and second round games and has submitted bids to host again in 2019, 2020, 2021, and 2022. As successful as the Iowa Events Center has been, it is well documented that the venues have been passed over for certain conventions, sporting events, expos, trade shows and conferences because of a lack of a convention center hotel.

The prospect of a convention center hotel became a reality in February 2016 when the State of Iowa gave preliminary approval for committing Iowa Reinvestment Act money to a convention center hotel attached to the Iowa Events Center, and financial contribution commitments were made by Polk County, the City of Des Moines and private businesses. The hotel will be owned and operated by a non-profit organization (IEC Hotel Corp) that will ensure that profits from the hotel are reinvested back into the community. Construction on the hotel began in the spring of 2016 and the 330 Hilton Hotel is expected to open in the spring of 2018.

### Hunger

The Polk County Board of Supervisors has been working for nearly two years on reducing the number of people who go hungry in Polk County. Most people are shocked to learn that 1 in 5 kids and 1 in 8 adults do not have enough food. Research and focus groups were conducted to find out how to make improvements to the food system network and make food more accessible to everyone. Through this work it was clear that the people who are going hungry are not just the homeless or unemployed...it is seniors, families, and parents who work multiple jobs but still have to skip their own meals to ensure their kids have enough to eat. Many of the pantries are only open for a few hours a week, making it extremely difficult to access. From this research, community partners joined to form the Partnership for Hunger Free Polk County collaboration and identified a plan that will expand hours at several pantry locations and add a new mobile pantry for areas of high need. It will cost approximately \$5.8 million to implement this plan over a five-year period. Fundraising is well underway with nearly \$5 million raised to date. With the money raised so far, six pantries expanded their hours to include evenings and weekends, a new St. Vincent De Paul pantry is planned on Army Post Road, and a Polk County Community Center with a food pantry is under construction on 6th and Boston near North High. A mobile pantry began operation in July that visits neighborhoods where food assistance is lacking. So far, well over 150 hours of service per week have been added to the food pantry network. Learn more at [www.hungerfreepolkcounty.org](http://www.hungerfreepolkcounty.org).

### Minimum Wage

Last May, the Board of Supervisors assembled a task force that would make a recommendation regarding a higher minimum wage in Polk County. States and local governments across the country have begun to raise their local minimum wage in the absence of action from the Federal government. In Iowa there has not been an increase to the minimum wage since 2008, and it is widely reported that the current minimum wage of \$7.25 falls far below the cost of living in Polk County. The Polk County minimum wage task force had representation from social service agencies, community agencies, restaurants and private business. After meetings held throughout the summer, the group recommended to raise the minimum wage incrementally over a three-year period up to \$10.75, an amount that the task force believes will be impactful on the lives of those living in poverty but will not cause harm to businesses. The recommendation also included a youth wage of 85% of the minimum wage because of the many restrictions on hours and types of work placed on youth by the State and Federal government. The Board of Supervisors held the first of three votes on the proposed ordinance on September 27. At that meeting an amendment was offered that would freeze the hourly wage for tipped employees at \$5 per hour because the tipped employees are among the highest paid in the restaurant industry. The amended ordinance passed the third vote on October 11 and will become effective on April 1, 2017 when it is raised to \$8.75. The following increments of \$9.75 and \$10.75 will occur on January 1 of 2018 and 2019, respectively.

### 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, 2016.

The Polk County Conservation Board completed nearly \$20 million of conservation projects by October 2016, and an additional \$5 million are underway for fiscal year 2016/2017. The remaining \$25 million have been authorized to continue addressing conservation needs over the next several years. Conservation plans to have all projects completed by 2022.

### NW 66th Avenue/ Kempton Bridge Reconstruction Project

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

### Watershed Management Authorities

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

### 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 plan to protect the greenway to reduce flooding. The Greenway plan will identify improvements to create opportunities for stream bank, prairie, woodland and wetland restoration, and a variety of active and passive recreation options.

## **Operational and Budget Management**

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

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

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

## **Long-term Financial Planning**

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

## Awards and Acknowledgements

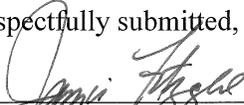
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

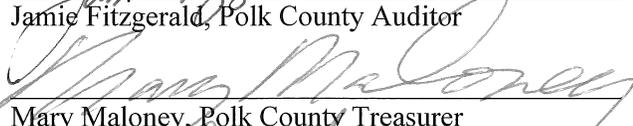
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. A Comprehensive Annual Financial Report must satisfy both generally accepted accounting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

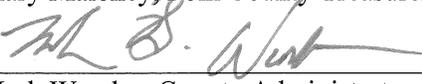
A Certificate of Achievement is valid for a period of one year only. Polk County has received a Certificate of Achievement for the last twenty-two consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to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

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

Respectfully submitted,

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

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

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

## **POLK COUNTY, IOWA**

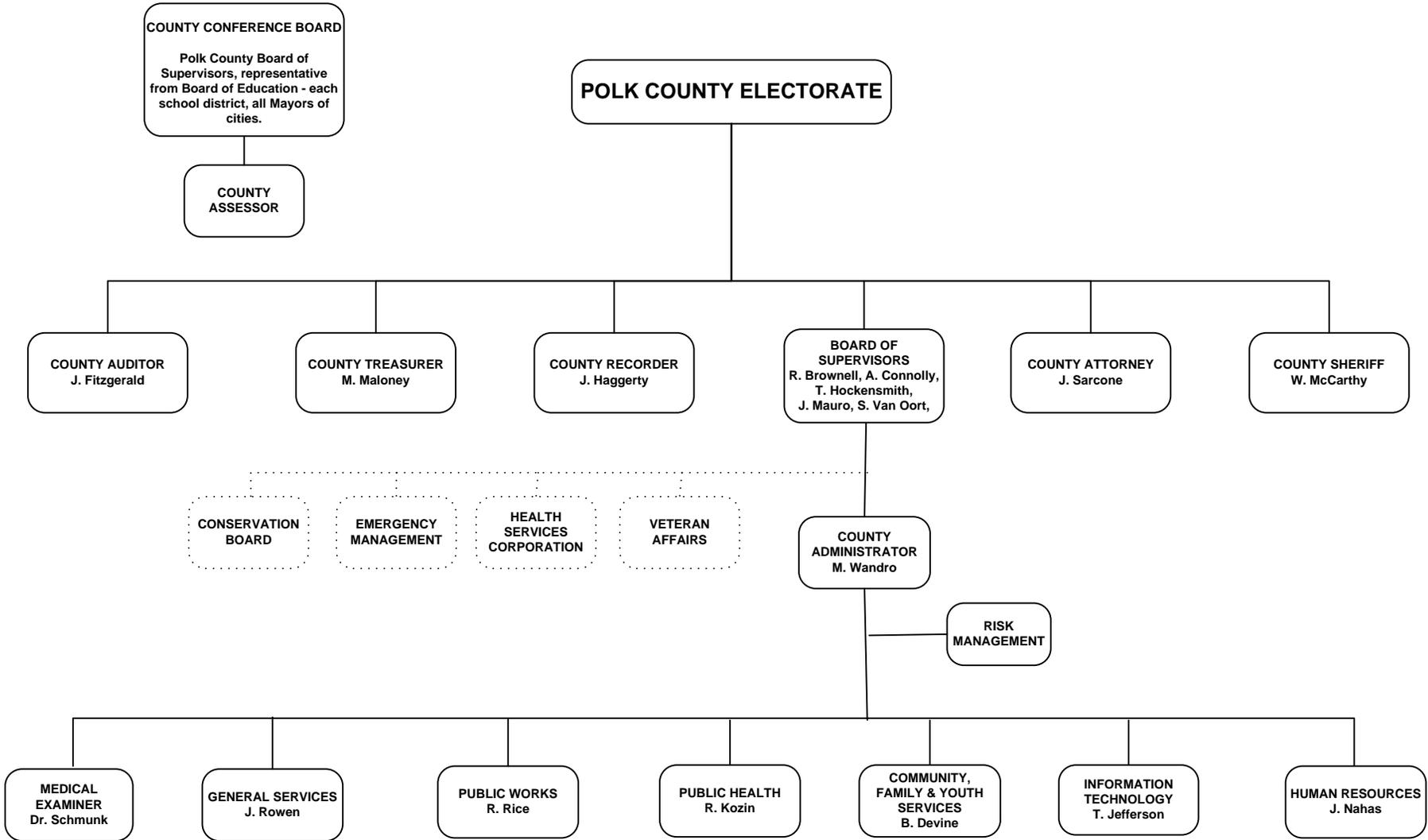
### **OFFICIALS**

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

\* - Appointed

# POLK COUNTY ORGANIZATION





Government Finance Officers Association

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

Presented to

**Polk County  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

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## Independent Auditor's Report

Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Polk County, Iowa, (the County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules and the accompanying schedule of federal awards as required by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016 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, 2016

## POLK COUNTY, IOWA

### Management's Discussion and Analysis For the Year Ended June 30, 2016

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, 2016. Please read this section in conjunction with the transmittal letter at the front of this report and with the County's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The County's total net position increased by \$4.3 million (1%) to \$337.7 million which included a \$14.2 million (17%) increase in net position of governmental activities and a \$9.9 million (4%) decrease in net position of business-type activities.
- Net position of the County's governmental activities increased primarily due to a \$16.2 million increase in net investment in capital assets, a \$14.4 million decrease in pension related deferred inflows of resources over increases in other deferred inflows of resources and \$5.5 million decrease in balances of long-term debt. Net position of business-type activities decreased primarily due to the reduction of capital assets of \$5.1 million for the conveyance of Rock Creek Trunk Sewer Segments 1-5 to the Wastewater Reclamation Authority (WRA) and the increase in accumulated depreciation over capital acquisitions for Prairie Meadows and the Iowa Events Center.
- In the County's governmental activities, total revenues increased \$7.9 million (4%) primarily due to an increase in state tax credits and replacements against levied property taxes, property tax revenues and capital grants and contributions of \$4.8 million, \$4.3 million and \$3.2 million, respectively, over decreases in charges for services and operating grants and contributions. Total expenses increased \$8.1 million (4%) primarily due to an increase in public safety and legal services, roads and transportation and physical health and social services expenses of \$3.1 million, \$2.2 million and \$2 million respectively.
- In the County's business-type activities, total revenues decreased \$.9 million (2%) and total expenses increased \$9.5 million (23%). The decrease in revenues is primarily due to decreased reimbursements from a Hazard Mitigation grant for the Hamilton Drain Watershed improvement project. Expenses increased primarily due to increased event expenses at the Iowa Events Center and the \$4.9 million loss incurred on conveyance of sewer improvements to the WRA mentioned above.
- The County's actual expenditures were \$24.3 million below budget amounts. This is attributed to conservative estimated appropriations of large multi-year capital projects where actual construction expenditures lag the appropriated expenditure schedule and lower than anticipated expenditures on mental health services, utilities, health grants, risk management, and assistance to veterans.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

- **Governmental Activities** – Most of the County's basic services are included here, such as public safety, legal services, physical health, social services, mental health, county environment, roads/transportation, and administration services. Property taxes and state and federal grants finance the majority of these activities.
- **Business-Type Activities** – The County charges fees to customers to help it cover the costs of certain services. The County's sanitary sewer, racetrack/casino, and events center are included here.

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

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

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

### **Fund Financial Statements**

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

The County has three kinds of funds:

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

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

The County maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Mental Health Fund, Justice Center Capital Project Fund and Debt Service Fund which are considered to be major funds. Data from the other 16 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 base case management and a tax and tags collection system. Internal service funds are accounting devices used to accumulate and allocate costs internally among the County’s various functions. The County uses internal service funds to account for health insurance and risk management. The County’s internal services primarily benefit governmental activities.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** The County’s *combined* net position increased \$4.3 million (1%) primarily due to an increase in governmental activities net investment in capital assets, a decrease in pension related deferred inflow of resources and decrease in balances of long-term debt.

### Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 327,357,907	\$ 339,323,816	\$ 61,137,037	\$ 52,041,319	\$ 388,494,944	\$ 391,365,135
Capital assets, net	183,017,344	164,504,908	317,283,154	336,792,694	500,300,498	501,297,602
<b>Total assets</b>	<u>510,375,251</u>	<u>503,828,724</u>	<u>378,420,191</u>	<u>388,834,013</u>	<u>888,795,442</u>	<u>892,662,737</u>
Deferred outflows of resources	9,737,934	9,414,488	600,703	780,197	10,338,637	10,194,685
Long-term liabilities	237,063,160	242,643,166	127,964,131	128,817,808	365,027,291	371,460,974
Other liabilities	19,843,475	16,441,385	9,138,775	8,751,322	28,982,250	25,192,707
<b>Total liabilities</b>	<u>256,906,635</u>	<u>259,084,551</u>	<u>137,102,906</u>	<u>137,569,130</u>	<u>394,009,541</u>	<u>396,653,681</u>
Deferred inflows of resources	167,230,699	172,410,956	229,033	408,242	167,459,732	172,819,198
Net position						
Net investment in capital assets	95,782,354	79,649,467	210,891,115	227,920,658	306,673,469	307,570,125
Restricted	6,856,842	13,961,534	892,818	683,568	7,749,660	14,645,102
Unrestricted (deficit)	(6,663,345)	(11,863,296)	29,905,022	23,032,612	23,241,677	11,169,316
<b>Total net position</b>	<u>\$ 95,975,851</u>	<u>\$ 81,747,705</u>	<u>\$ 241,688,955</u>	<u>\$ 251,636,838</u>	<u>\$ 337,664,806</u>	<u>\$ 333,384,543</u>

Net position of the County's governmental activities increased \$14.2 million (17%) to \$96 million at June 30, 2016. This increase is primarily due to a \$12.9 million decrease in outstanding capital related debt. Approximately 100% of the net position is invested in capital assets (buildings, roads, bridges, etc). The net position of business-type activities decreased \$9.9 million (4%) to \$241.7 million at June 30, 2016. This decrease is primarily due to conveyance of the Rock Creek Trunk Sewer Segments 1-5 to the WRA and an increase in accumulated depreciation over capital acquisitions during the year. Approximately 87% of the net position is invested in capital assets (buildings, land, infrastructure, etc).

### Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 31,703,278	\$ 33,181,456	\$ 42,794,554	\$ 43,112,288	\$ 74,497,832	\$ 76,293,744
Operating grants and contributions	21,941,825	26,488,420	2,592,193	5,505,719	24,534,018	31,994,139
Capital grants and contributions	6,129,377	2,919,497	1,644,344	128,250	7,773,721	3,047,747
General revenues:						
Property taxes	140,709,005	136,363,181	-	-	140,709,005	136,363,181
Other County taxes	5,735,911	5,705,541	-	-	5,735,911	5,705,541
Interest on property taxes	1,174,445	1,412,664	-	-	1,174,445	1,412,664
State replacements	12,873,398	8,034,434	-	-	12,873,398	8,034,434
Use of money and property	709,823	309,077	637,627	74,169	1,347,450	383,246
Miscellaneous	3,082,645	1,734,376	817,742	572,344	3,900,387	2,306,720
<b>Total revenues</b>	<b>224,059,707</b>	<b>216,148,646</b>	<b>48,486,460</b>	<b>49,392,770</b>	<b>272,546,167</b>	<b>265,541,416</b>
<b>Expenses:</b>						
Public safety and legal services	72,778,579	69,683,428	-	-	72,778,579	69,683,428
Physical health and social services	37,352,964	35,364,307	-	-	37,352,964	35,364,307
Mental health	25,906,010	28,533,670	-	-	25,906,010	28,533,670
County environment and education	14,719,318	13,510,577	-	-	14,719,318	13,510,577
Roads and transportation	21,057,936	18,860,843	-	-	21,057,936	18,860,843
Government services to residents	7,974,904	7,344,942	-	-	7,974,904	7,344,942
Administration	32,949,752	32,774,134	-	-	32,949,752	32,774,134
Interest on long-term debt	5,286,682	3,882,745	-	-	5,286,682	3,882,745
Air Quality	-	-	1,180,789	1,219,921	1,180,789	1,219,921
Sanitary Treatment Works	-	-	6,450,974	1,365,289	6,450,974	1,365,289
Prairie Meadows Racetrack/Casino	-	-	10,602,938	11,602,938	10,602,938	11,602,938
Conservation Enterprises	-	-	191,492	170,279	191,492	170,279
Hamilton Urban Drainage District	-	-	400,587	294,484	400,587	294,484
Iowa Events Center	-	-	29,382,506	25,689,294	29,382,506	25,689,294
Urban Sewer	-	-	88,586	94,523	88,586	94,523
Community Base Case Management	-	-	1,592,258	-	1,592,258	-
Iowa Tax & Tags	-	-	349,629	350,977	349,629	350,977
<b>Total expenses</b>	<b>218,026,145</b>	<b>209,954,646</b>	<b>50,239,759</b>	<b>40,787,705</b>	<b>268,265,904</b>	<b>250,742,351</b>
Excess (deficiency) before transfers	6,033,562	6,194,000	(1,753,299)	8,605,065	4,280,263	14,799,065
Transfers	8,194,584	7,429,240	(8,194,584)	(7,429,240)	-	-
<b>Increase (decrease) in net position</b>	<b>14,228,146</b>	<b>13,623,240</b>	<b>(9,947,883)</b>	<b>1,175,825</b>	<b>4,280,263</b>	<b>14,799,065</b>
Net position - beginning	81,747,705	68,124,465	251,636,838	250,461,013	333,384,543	318,585,478
<b>Net position- ending</b>	<b>\$ 95,975,851</b>	<b>\$ 81,747,705</b>	<b>\$ 241,688,955</b>	<b>\$ 251,636,838</b>	<b>\$ 337,664,806</b>	<b>\$ 333,384,543</b>

## Statement of Activities - Changes in Net Position

The \$14.2 million increase in net position of governmental activities is primarily due to an increase in property tax revenues, state tax credits and replacements against levied property taxes, capital grants and contributions and miscellaneous revenue. The \$9.9 million decrease in net position of business-type activities was primarily due to the following:

- Decrease in gaming revenue due to change in terms of the lease contract with Prairie Meadows during the final four years of the agreement (additional information can be found in Note 17)
- \$4.9 million loss on conveyance of the Rock Creek Trunk Sewer Segments 1-5 to the WRA
- \$3.7 million increase in operating expenses of the Iowa Events Center

Governmental revenues increased 4% primarily from increased property tax collections, state tax credits and replacements against levied property taxes and capital grants and contributions over decreases in other revenues. The County's taxable valuations increased 1.8% and increased its General Supplemental levy rate by \$.14/\$1,000 of taxable valuation to fund anticipated operating costs for the Courthouse Master Plan. Additionally, the State provided property tax replacement dollars to make the County whole for commercial and industrial taxable valuation rollbacks that took effect July 1, 2014. The combined increase resulted in \$9.1 million of additional receipts. The \$3.2 million increase in capital grants and contributions is due to the contribution of new subdivision roadways to Polk County Secondary Roads System and work in progress of the Kempton Bridge/NW 66<sup>th</sup> Avenue reconstruction project that is being paid for with grant funds that are reported on the County's farm-to-market account administered by the Iowa Department of Transportation.

The fact that 63% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. In addition, charges for services represents 14% and operating grants represents 10% of total governmental revenues.

Governmental activities expenses increased 4%, including a 12% increase in roads and transportation expense due to increased spending on roadway maintenance and a 9% increase in County environment and education expense due to increased spending on repairs and other minor projects. Additionally, debt service expense increased 36% due to payment of scheduled principal of a large debt issue that occurred at the end of the prior year.

The County's expenses cover a range of services, with the largest expenses relating to public safety and legal services (33%), physical health and social services (17%) and administration (15%).

**Governmental Activities** Revenues for the County's governmental activities increased \$7.9 million (4%), while expenses increased \$8.1 million (4%). Key elements of these changes include the following:

- \$4.3 million (3%) increase in property tax revenue due to a 1.8% increase in taxable valuations and an increase of \$.14/\$1,000 of taxable valuation in the General Supplemental levy rate to fund anticipated operating costs of the Courthouse Master Plan.
- \$4.8 million (60%) increase in state tax credits and replacements against levied property taxes arising mainly from new legislation that rolled back taxable valuations on commercial and industrial properties to 95% of assessed valuations, and then reimbursed local governments for the tax revenues lost due to the rollback.
- \$3.1 million (4%) increase in public safety expense primarily due to increased service costs and utilization.
- \$2.2 million (12%) increase in roads and transportation expense primarily due to increased spending on roadway maintenance.
- \$2 million (6%) increase in physical health and social services expense primarily due to increased adult services and general welfare assistance.
- \$1.4 million (36%) increase in interest on long-term debt primarily due to issuance of a large bond at the end of the prior fiscal year.

**Business-type Activities** Revenues for the County's business-type activities decreased \$.9 million (2%) and expenses increased \$9.5 million (23%). Key elements of these changes include the following:

- Charges for services decreased \$.3 million primarily due to \$1.3 million decrease in gaming receipts from Prairie Meadows Racetrack/Casino over increases in service charges and concession sales of \$.4 million and \$.6 million at the Iowa Events Center.
- The net decrease of \$1.4 million between the operating grants and contributions decrease of \$2.9 million and capital grants and contributions increase of \$1.5 million is primarily due to a change in classification of Hazard Mitigation Grant reimbursements for the Hamilton Drain Watershed project.
- Use of money and property increased \$.6 million primarily due to repayments of interest recorded in the Sanitary Treatment Works fund on notes receivable from the City of Ankeny and City of Polk City.
- Iowa Events Center expenses increased \$3.7 million primarily due to increased direct event expense, cost of goods sold for concessions and other services/charges as a result of increased events.
- Sanitary Treatment Works expenses increased \$5.1 million primarily due to the \$4.9 million loss on conveyance of the Rock Creek Trunk Sewer Segments 1-5 to the WRA.
- A new enterprise fund called Community Base Case Management was created during the year which added an additional \$1.6 million in expenses
- Prairie Meadows Racetrack/Casino expenses decreased \$1 million due to a \$1 million one time contribution to demolish the YMCA in the prior year.
- Other enterprise funds expenses stayed relatively constant.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

### **Governmental Funds**

As the County completed the current fiscal year, its governmental funds reported a *combined fund* balance of \$126.7 million at June 30, 2016, which is \$23.5 million less than the prior year. Key elements of these changes include the following:

- The General Fund increased \$4.9 million primarily due to the result of a \$4.3 million increase in property tax revenue due to a 1.8% increase in taxable valuations and a \$.14 increase in the General Supplemental levy rate to fund anticipated operating costs of the Courthouse Master Plan.
- The Mental Health Special Revenue Fund decreased \$5.2 million primarily due to reclassification of service fees to a new Community Base Case Management Enterprise Fund and reduced state funding.
- The Justice Center Capital Projects Fund decreased \$12.1 million primarily due to increased spending on the Justice Center project.
- The Debt Service Fund decreased \$1.9 million primarily due to scheduled principal and interest payments which included a large bond issue that occurred at the end of the prior fiscal year.

### **Proprietary Funds**

Sanitary Treatment Works net position decreased \$4.4 million primarily due to the \$5.1 million conveyance of Rock Creek Trunk Sewer Segments 1-5 to the WRA which resulted in a \$4.9 million loss.

Prairie Meadows Racetrack/Casino net position decreased \$1.2 million primarily due to a \$1.3 million decrease in gaming receipts.

Iowa Events Center net position decreased \$5.7 million primarily due to a \$7 million decrease in transfers from Prairie Meadows Racetrack/Casino. Transfers were used to pay off the 2007B general obligation bonds in FY14/15 which had an outstanding balance of \$7.6 million.

Nonmajor enterprise fund Hamilton Urban Drainage District net position increased \$1.2 million primarily due to \$1.5 million in reimbursements from a Hazard Mitigation Grant for the Hamilton Drain Watershed project. The other nonmajor enterprise funds remained relatively constant.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2016, amount to \$500.3 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, leasehold improvements, infrastructure, equipment, vehicles, intangibles and construction in progress. Polk County's capital assets remained relatively constant with a decrease of \$1 million. The primary reason for the decrease is due to the conveyance of Rock Creek Trunk Sewer Segments 1-5 improvements to the WRA.

Major capital asset events for the year ended June 30, 2016, are as follows:

- Construction of the Justice Center - \$13 million
- Conveyance of Rock Creek Trunk Sewer Segments 1-5 to the WRA - \$5.1 million
- NW 66<sup>th</sup> Ave/Kempton Bridge reconstruction - \$4.2 million
- Polk County Water & Land Legacy land acquisitions and improvements - \$3.6 million
- Purchase of new scoreboard at the Iowa Events Center - \$1.4 million
- Completion of the Hamilton Drain Watershed improvements - \$1.2 million

Capital assets for the governmental and business-type activities at June 30, 2016 are as follows:

### Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 19,199,474	\$ 18,946,077	\$ 18,215,559	\$ 18,215,559	\$ 37,415,033	\$ 37,161,636
Intangibles - permanent easements	-	-	3,322,580	2,748,825	3,322,580	2,748,825
Buildings	149,647,445	149,647,445	323,523,891	323,488,464	473,171,336	473,135,909
Improvements other than buildings	4,940,671	4,645,510	8,725,298	8,725,298	13,665,969	13,370,808
Leasehold improvements	-	-	113,145,115	113,145,115	113,145,115	113,145,115
Infrastructure	110,561,605	107,407,251	33,021,110	34,986,451	143,582,715	142,393,702
Equipment	15,353,096	13,907,762	3,514,146	1,423,114	18,867,242	15,330,876
Vehicles	9,359,622	9,128,227	236,456	236,456	9,596,078	9,364,683
Intangibles - computer software	6,455,002	6,297,006	-	-	6,455,002	6,297,006
Construction in progress	32,164,344	10,852,773	138,807	4,041,067	32,303,151	14,893,840
<b>Total</b>	<u>347,681,259</u>	<u>320,832,051</u>	<u>503,842,962</u>	<u>507,010,349</u>	<u>851,524,221</u>	<u>827,842,400</u>
Less: accumulated depreciation	<u>(164,663,915)</u>	<u>(156,327,143)</u>	<u>(186,559,808)</u>	<u>(170,217,655)</u>	<u>(351,223,723)</u>	<u>(326,544,798)</u>
<b>Total</b>	<u>\$ 183,017,344</u>	<u>\$ 164,504,908</u>	<u>\$ 317,283,154</u>	<u>\$ 336,792,694</u>	<u>\$ 500,300,498</u>	<u>\$ 501,297,602</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 16/17 capital budget includes spending an estimated \$7.7 million for improvements to the Justice Center, \$1.5 million for the Polk County Historic Courthouse, \$11.8 million for the criminal court annex, \$12.5 million for Polk County Water & Land Legacy projects, \$3.5 million for a new senior center, and \$2.2 million for capital improvement projects at various County facilities. Capital outlays for proprietary funds will include \$.5 million for improvements to the Iowa Events Center and \$.4 million for 2016 Sanitary Sewer Projects.

**Long-Term Debt**

At June 30, 2016, the County had \$298 million in bonds and notes outstanding, a decrease of \$18.6 million compared to FY 14/15. The change in debt is due to paying down principal on existing bonds, as offset by the issuance of new bonds for the Iowa Events Center. See Note 8 in the notes to the financial statements for more information.

Four large outstanding obligations pertain to the Iowa Events Center Enterprise Fund. Projects consist of construction of a new arena and exhibit hall along with a newly renovated Veteran Memorial Community Choice Credit Union Convention Center. During FY 15/16, principal repayments of \$10.2 million were made and an additional \$10.8 million of bonds was issued, resulting in an outstanding Iowa Events Center obligation of \$94.6 million.

During FY 16/17, Polk County plans to issue approximately \$11 million in additional general obligation debt to refund a portion of the Iowa Events Center bonds. This refunding will free up gaming revenues to be used as part of the financing for construction of an Iowa Events Center convention hotel.

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 \$1.2 billion as of June 30, 2016.

**Outstanding Debt**

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
G.O. bonds	\$ 168,758,562	\$ 185,801,079	\$ 100,409,970	\$ 100,774,185	\$ 269,168,532	\$ 286,575,264	-6%
Notes payable	2,068,000	2,450,000	26,357,000	27,130,825	28,425,000	29,580,825	-4%
<b>Total</b>	<u>\$ 170,826,562</u>	<u>\$ 188,251,079</u>	<u>\$ 126,766,970</u>	<u>\$ 127,905,010</u>	<u>\$ 297,593,532</u>	<u>\$ 316,156,089</u>	-6%

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

**BUDGETARY HIGHLIGHTS**

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

Even with these adjustments, actual expenditures were \$24.3 million below final budget amounts. Significant variances include:

- General operational expenditures were \$5.8 million less than budget due to lower than anticipated expenditures for social services staff and programs, mental health services, utilities, health grants, risk management, and assistance to veterans.
- Mental health expenditures were \$2.1 million less than budget due to reduced utilization of community-based services and reclassification of case management expense to a Community Base Case Management Enterprise Fund.
- Courts Master Plan capitals were \$8.3 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 \$5.8 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, 2016.
- Capital project expenditures were \$1 million less than budget due to capital projects being carried over to the succeeding fiscal year. This primarily includes a secondary roads bridge project.
- Community and economic development grant expenditures were \$0.9 million less than budget. The variance is primarily due to a large grant reserve being set aside for this purpose, but fewer than anticipated grants actually being awarded.

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

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

For FY 16/17, certified taxable valuations increased 6.2%, resulting in a budgeted increase of \$8.9 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 16/17, the County estimates state replacement funding of \$6.2 million.

Polk County's budget for FY 16/17 indicates General fund balances will decrease \$6.3 million due to planned balance utilization. Balances are projected to exceed the County policy that sets ending fund balances at a goal of 20% - 25% of expenditures. Therefore, the County plans to spend down balances by paying cash for several capital projects and transferring additional reserve to the Courthouse capitals fund to cover construction contingencies or reduce future borrowings. 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, 2016**

	Primary Government			Component Units Total
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and pooled investments	\$ 88,602,831	\$ 29,714,935	\$ 118,317,766	\$ 4,965,166
Receivables (net)	13,242,506	31,168,223	44,410,729	683,671
Due from component units	259,152	290,025	549,177	-
Internal balances	1,208,336	(1,208,336)	-	-
Inventories	1,862,783	102,541	1,965,324	-
Prepaid items	545,338	176,831	722,169	195,080
Restricted assets - cash and pooled investments	60,750,265	892,818	61,643,083	-
Succeeding year property taxes receivable	160,886,696	-	160,886,696	-
Capital assets not being depreciated	51,363,818	21,676,946	73,040,764	1,301,209
Capital assets being depreciated, net	131,653,526	295,606,208	427,259,734	2,559,268
<b>TOTAL ASSETS</b>	<b>510,375,251</b>	<b>378,420,191</b>	<b>888,795,442</b>	<b>9,704,394</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,737,934</b>	<b>600,703</b>	<b>10,338,637</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	19,315,882	7,451,379	26,767,261	509,804
Due to primary government	-	-	-	485,746
Interest payable	389,102	365,239	754,341	-
Unearned revenues	138,491	657,918	796,409	218,151
Advance deposits and ticket sales	-	664,239	664,239	-
Due within one year:				
General obligation bonds payable	14,150,952	11,186,700	25,337,652	-
Notes payable	389,000	862,000	1,251,000	-
Capital leases payable	141,539	-	141,539	-
Compensated absences payable	1,349,668	122,240	1,471,908	84,637
Estimated liability for claims and judgments	1,958,300	-	1,958,300	-
Due in more than one year:				
General obligation bonds payable	154,607,610	89,223,270	243,830,880	-
Notes payable	1,679,000	25,495,000	27,174,000	-
Capital leases payable	157,377	-	157,377	-
Compensated absences payable	14,915,637	277,168	15,192,805	46,094
Estimated liability for claims and judgments	440,000	-	440,000	-
Post employment liability	6,329,000	-	6,329,000	-
Net pension liability	40,945,077	797,753	41,742,830	-
<b>TOTAL LIABILITIES</b>	<b>256,906,635</b>	<b>137,102,906</b>	<b>394,009,541</b>	<b>1,344,432</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>167,230,699</b>	<b>229,033</b>	<b>167,459,732</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	95,782,354	210,891,115	306,673,469	3,860,477
Restricted for:				
Capital improvements	-	892,818	892,818	-
Debt service	1,001,353	-	1,001,353	-
Enabling legislation - State Statutes	5,855,489	-	5,855,489	-
PCHS/Foundation	-	-	-	2,166,955
Unrestricted (deficit)	(6,663,345)	29,905,022	23,241,677	2,332,530
<b>TOTAL NET POSITION</b>	<b>\$ 95,975,851</b>	<b>\$ 241,688,955</b>	<b>\$ 337,664,806</b>	<b>\$ 8,359,962</b>

POLK COUNTY, IOWA

Statement of Activities  
For the Year Ended June 30, 2016

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	\$ 72,778,579	\$ 14,045,975	\$ 1,415,204	\$ -	\$ (57,317,400)	\$ -	\$ (57,317,400)	\$ -
Physical health and social services	37,352,964	1,078,182	11,672,816	-	(24,601,966)	-	(24,601,966)	-
Mental health	25,906,010	4,113,979	2,000,150	-	(19,791,881)	-	(19,791,881)	-
County environment and education	14,719,318	2,057,031	132,158	732,100	(11,798,029)	-	(11,798,029)	-
Roads and transportation	21,057,936	552,046	6,593,288	5,397,277	(8,515,325)	-	(8,515,325)	-
Government services to residents	7,974,904	8,058,455	45,000	-	128,551	-	128,551	-
Administration	32,949,752	1,748,225	83,209	-	(31,118,318)	-	(31,118,318)	-
Interest on long-term debt	5,286,682	49,385	-	-	(5,237,297)	-	(5,237,297)	-
Total governmental activities	218,026,145	31,703,278	21,941,825	6,129,377	(158,251,665)	-	(158,251,665)	-
Business-type activities:								
Air Quality	1,180,789	367,062	927,801	-	-	114,074	114,074	-
Sanitary Treatment Works	6,450,974	787,032	-	-	-	(5,663,942)	(5,663,942)	-
Prairie Meadows Racetrack/Casino	10,602,938	24,729,652	-	-	-	14,126,714	14,126,714	-
Conservation Enterprises	191,492	203,609	-	-	-	12,117	12,117	-
Hamilton Urban Drainage District	400,587	125,580	-	1,516,094	-	1,241,087	1,241,087	-
Iowa Events Center	29,382,506	16,167,111	-	128,250	-	(13,087,145)	(13,087,145)	-
Urban Sewer	88,586	-	-	-	-	(88,586)	(88,586)	-
Community Base Case Management	1,592,258	-	1,664,392	-	-	72,134	72,134	-
Iowa Tax & Tags	349,629	414,508	-	-	-	64,879	64,879	-
Total business-type activities	50,239,759	42,794,554	2,592,193	1,644,344	-	(3,208,668)	(3,208,668)	-
Total primary government	\$ 268,265,904	\$ 74,497,832	\$ 24,534,018	\$ 7,773,721	(158,251,665)	(3,208,668)	(161,460,333)	-
<b>Component units:</b>								
PCHS	\$ 4,194,708	\$ 1,409,045	\$ 2,418,234					(367,429)
IEC Hotel Corp	18,934	-	-					(18,934)
Total	\$ 4,213,642	\$ 1,409,045	\$ 2,418,234					(386,363)
General revenues:								
Property taxes					140,709,005	-	140,709,005	-
Other county taxes					5,735,911	-	5,735,911	-
Interest and penalties on property taxes					1,174,445	-	1,174,445	-
State tax credits and replacements against levied property taxes					12,873,398	-	12,873,398	-
Interest income					709,823	637,627	1,347,450	36,153
Miscellaneous					3,082,645	817,742	3,900,387	73,373
Transfers					8,194,584	(8,194,584)	-	-
Total general revenues and transfers					172,479,811	(6,739,215)	165,740,596	109,526
Change in net position					14,228,146	(9,947,883)	4,280,263	(276,837)
Net position - beginning					81,747,705	251,636,838	333,384,543	8,636,799
Net position - ending					\$ 95,975,851	\$ 241,688,955	\$ 337,664,806	\$ 8,359,962

See Notes to Basic Financial Statements

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**POLK COUNTY, IOWA**

**Balance Sheet  
Governmental Funds  
June 30, 2016**

	<b>General</b>	<b>Mental Health</b>	<b>Justice Center</b>
<b>ASSETS</b>			
Cash and pooled investments	\$ 55,917,991	\$ 3,698,024	\$ -
Restricted assets - cash and pooled investments	-	-	48,665,794
Receivables (net):			
Taxes	342,096	41,790	-
Succeeding year property taxes	118,970,758	14,439,175	-
Special assessments	87,032	-	-
Accounts	423,472	-	-
Notes	1,967,888	-	-
Accrued interest	122,718	-	-
Due from other funds	1,062,783	52,008	-
Due from other governments	6,427,700	676,843	8,247
Due from component units	-	259,152	-
Advances to other funds	6,153	-	-
Inventories	557,787	-	-
Prepaid items	545,338	-	-
<b>TOTAL ASSETS</b>	<b>\$ 186,431,716</b>	<b>\$ 19,166,992</b>	<b>\$ 48,674,041</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,758,158	\$ 1,305,076	\$ 697,010
Contract/retainage payable	-	-	772,186
Wages payable	4,273,494	7,576	-
Payroll taxes payable	696,951	1,215	-
Compensated absences payable	2,244,991	-	-
Estimated liability for claims and judgments	135,600	-	-
Due to other funds	878	-	-
Due to other governments	3,021,859	-	-
Trust payable	69,355	-	-
Unearned revenues	138,491	-	-
<b>TOTAL LIABILITIES</b>	<b>12,339,777</b>	<b>1,313,867</b>	<b>1,469,196</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>121,630,771</b>	<b>15,195,948</b>	<b>-</b>
Fund balances:			
Nonspendable	970,787	-	-
Restricted	-	2,657,177	47,204,845
Committed	3,764,477	-	-
Unassigned	47,725,904	-	-
<b>TOTAL FUND BALANCES</b>	<b>52,461,168</b>	<b>2,657,177</b>	<b>47,204,845</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 186,431,716</b>	<b>\$ 19,166,992</b>	<b>\$ 48,674,041</b>

See Notes to Basic Financial Statements

<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 985,036	\$ 15,885,531	\$ 76,486,582
-	12,084,471	60,750,265
48,439	39,841	472,166
18,710,190	8,766,573	160,886,696
-	4,618	91,650
-	139,624	563,096
-	150,000	2,117,888
-	-	122,718
93,905	518	1,209,214
-	741,917	7,854,707
-	-	259,152
-	-	6,153
-	1,304,996	1,862,783
-	-	545,338
<u>\$ 19,837,570</u>	<u>\$ 39,118,089</u>	<u>\$ 313,228,408</u>
\$ -	\$ 6,193,531	\$ 9,953,775
-	-	772,186
-	257,642	4,538,712
-	41,801	739,967
-	-	2,244,991
-	-	135,600
-	-	878
-	-	3,021,859
-	-	69,355
-	-	138,491
-	6,492,974	21,615,814
<u>18,851,293</u>	<u>9,217,346</u>	<u>164,895,358</u>
-	1,304,996	2,275,783
986,277	14,736,599	65,584,898
-	11,826,022	15,590,499
-	(4,459,848)	43,266,056
<u>986,277</u>	<u>23,407,769</u>	<u>126,717,236</u>
<u>\$ 19,837,570</u>	<u>\$ 39,118,089</u>	<u>\$ 313,228,408</u>

**POLK COUNTY, IOWA**

**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds  
to Net Position of Governmental Activities on the Statement of Net Position  
June 30, 2016**

Fund balances - total governmental funds	\$	126,717,236
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	\$	347,681,259
Accumulated depreciation		<u>(164,663,915)</u>
		183,017,344
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.		
		(389,102)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		4,242,649
Revenues and other financing sources that are not available to pay for current period expenditures in the funds.		
Property taxes		462,450
Special assessments		91,565
Accounts receivable		175,049
Notes receivable from sale of capital assets (Luther Care)		150,000
Due from other governments		2,555,166
Due from other funds (Prairie Meadows property taxes)		<u>574,432</u>
		4,008,662
Long-term receivables are not available to pay for current period expenditures and therefore are not reported in the funds:		
Notes Receivable (Aviation Authority)		1,860,000
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources		9,737,934
Deferred inflows of resources		(6,344,003)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(168,758,562)
Notes payable		(2,068,000)
Capital leases payable		(298,916)
Compensated absences payable		(14,020,314)
Estimated liability for claims and judgments		(784,000)
Net pension liability		<u>(40,945,077)</u>
Net position of governmental activities	\$	<u><u>95,975,851</u></u>

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**POLK COUNTY, IOWA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016**

	<b>General</b>	<b>Mental Health</b>	<b>Justice Center</b>
<b>REVENUES:</b>			
Property taxes	\$ 102,076,834	\$ 12,815,579	\$ -
Other County taxes	4,228,746	424,895	-
Interest and penalties on delinquent taxes	1,174,445	-	-
Intergovernmental	31,445,873	7,309,799	-
Licenses and permits	1,165,816	-	-
Charges for services	13,571,169	-	-
Use of money and property	2,673,987	-	138,720
Miscellaneous	1,829,835	145,034	-
<b>TOTAL REVENUES</b>	<b>158,166,705</b>	<b>20,695,307</b>	<b>138,720</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety and legal services	69,079,418	-	-
Physical health and social services	35,624,786	-	-
Mental health	-	25,906,010	-
County environment and education	11,250,743	-	-
Roads and transportation	738,989	-	-
Government services to residents	7,244,280	-	-
Administration	32,411,998	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects:			
Roadway construction	-	-	-
Conservation land acquisition and development	149,769	-	-
Other capital projects	-	-	14,431,861
<b>TOTAL EXPENDITURES</b>	<b>156,499,983</b>	<b>25,906,010</b>	<b>14,431,861</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,666,722</b>	<b>(5,210,703)</b>	<b>(14,293,141)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	12,692,704	-	2,220,754
Transfers out	(9,439,424)	-	-
Proceeds from sale of capital assets	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,253,280</b>	<b>-</b>	<b>2,220,754</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,920,002</b>	<b>(5,210,703)</b>	<b>(12,072,387)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>47,554,882</b>	<b>7,867,880</b>	<b>59,277,232</b>
Change in inventory reserve	(13,716)	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 52,461,168</b>	<b>\$ 2,657,177</b>	<b>\$ 47,204,845</b>

See Notes to Basic Financial Statements

<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 18,032,629	\$ 7,729,148	\$ 140,654,190
543,106	539,164	5,735,911
-	-	1,174,445
1,578,964	8,562,345	48,896,981
-	142,982	1,308,798
-	661,640	14,232,809
393,996	39,634	3,246,337
-	1,137,458	3,112,327
<u>20,548,695</u>	<u>18,812,371</u>	<u>218,361,798</u>
-	1,550,692	70,630,110
-	-	35,624,786
-	-	25,906,010
-	1,067,582	12,318,325
-	9,468,450	10,207,439
-	264,637	7,508,917
-	3,835	32,415,833
17,138,384	47,000	17,185,384
5,316,134	4,179	5,320,313
-	8,744,120	8,744,120
-	5,110,881	5,260,650
-	4,686,369	19,118,230
<u>22,454,518</u>	<u>30,947,745</u>	<u>250,240,117</u>
(1,905,823)	(12,135,374)	(31,878,319)
-	8,840,130	23,753,588
-	(6,099,580)	(15,539,004)
-	50,000	50,000
<u>-</u>	<u>2,790,550</u>	<u>8,264,584</u>
(1,905,823)	(9,344,824)	(23,613,735)
2,892,100	32,650,506	150,242,600
-	102,087	88,371
<u>\$ 986,277</u>	<u>\$ 23,407,769</u>	<u>\$ 126,717,236</u>

**POLK COUNTY, IOWA**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ (23,613,735)

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

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

Capital outlays, net of contributed capital	22,908,037
Capital contribution	5,397,277
Depreciation/amortization expense	(9,792,878)

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	619,997
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	(335,000)

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

7,739,108

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	724,000
Change in compensated absences	(1,025,816)
Pension expense	(3,959,074)
Amortization of bond premium/(discount)	239,133

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	138,048
Payments on long-term bonds	16,803,384
Payments on long-term notes	382,000

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	33,631
------------------------------------	--------

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

(2,068,337)

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.

88,371

Change in net position of governmental activities \$ 14,228,146

See Notes to Basic Financial Statements

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POLK COUNTY, IOWA

Statement of Net Position  
Proprietary Funds  
June 30, 2016

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 5,781,749	\$ 16,284,731	\$ 4,797,222	\$ 2,851,233
Restricted assets - cash and pooled investments	-	-	892,818	-
Receivables (net):				
Accounts	167,709	-	4,498,840	1,199,520
Notes	578,174	-	-	130,032
Due from other funds	-	-	-	360
Due from other governments	46,974	285,456	-	336,520
Due from component units	-	-	290,025	-
Inventories	-	-	102,541	-
Prepaid items	-	-	176,831	-
Total current assets	6,574,606	16,570,187	10,758,277	4,517,665
Noncurrent assets:				
Receivables (net):				
Special assessments	19,422	-	-	5,461
Notes	16,046,626	-	3,770,909	4,082,580
Capital assets not being depreciated	738,418	3,129,000	13,914,413	3,895,115
Capital assets being depreciated, net	13,376,771	88,492,614	184,172,855	9,563,968
Total noncurrent assets	30,181,237	91,621,614	201,858,177	17,547,124
<b>TOTAL ASSETS</b>	36,755,843	108,191,801	212,616,454	22,064,789
<b>DEFERRED OUTFLOW OF RESOURCES</b>	-	-	422,969	177,734
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	155,403	-	2,271,222	614,204
Wages payable	-	-	123,774	56,726
Payroll taxes payable	-	-	9,768	9,258
Interest payable	54,720	-	303,693	6,826
Estimated liability for claims and judgments	-	-	-	-
Due to other funds	-	574,432	-	634,264
Due to other governments	-	4,211,024	-	-
Advance deposits and ticket sales	-	-	664,239	-
Unearned revenues	-	-	657,918	-
General obligation bonds payable	-	-	10,881,206	305,494
Notes payable	862,000	-	-	-
Compensated absences payable	-	-	114,570	7,670
Total current liabilities	1,072,123	4,785,456	15,026,390	1,634,442
Noncurrent liabilities:				
General obligation bonds payable	-	-	86,074,314	3,148,956
Notes payable	25,495,000	-	-	-
Compensated absences payable	-	-	-	277,168
Post employment liability	-	-	-	-
Net pension liability	-	-	47,864	749,889
Total noncurrent liabilities	25,495,000	-	86,122,178	4,176,013
<b>TOTAL LIABILITIES</b>	26,567,123	4,785,456	101,148,568	5,810,455
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	122,730	106,303
<b>NET POSITION</b>				
Net investment in capital assets	4,382,989	91,621,614	101,427,429	13,459,083
Restricted for capital improvements	-	-	892,818	-
Unrestricted	5,805,731	11,784,731	9,447,878	2,866,682
<b>TOTAL NET POSITION</b>	\$ 10,188,720	\$ 103,406,345	\$ 111,768,125	\$ 16,325,765

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 29,714,935	\$ 12,116,249
892,818	-
5,866,069	154,128
708,206	-
360	-
668,950	-
290,025	-
102,541	-
176,831	-
<u>38,420,735</u>	<u>12,270,377</u>
24,883	-
23,900,115	-
21,676,946	-
<u>295,606,208</u>	<u>-</u>
<u>341,208,152</u>	<u>-</u>
379,628,887	12,270,377
600,703	-
3,040,829	220,028
180,500	-
19,026	-
365,239	-
-	1,478,700
1,208,696	-
4,211,024	-
664,239	-
657,918	-
11,186,700	-
862,000	-
122,240	-
<u>22,518,411</u>	<u>1,698,728</u>
89,223,270	-
25,495,000	-
277,168	-
-	6,329,000
797,753	-
<u>115,793,191</u>	<u>6,329,000</u>
<u>138,311,602</u>	<u>8,027,728</u>
229,033	-
210,891,115	-
892,818	-
<u>29,905,022</u>	<u>4,242,649</u>
<u>\$ 241,688,955</u>	<u>\$ 4,242,649</u>

POLK COUNTY, IOWA

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>				
Charges for goods and services:				
Charges for services	\$ 787,032	\$ 15,600,000	\$ 3,366,383	\$ 907,150
Intergovernmental revenues	-	-	-	2,592,193
Project income	-	9,129,652	780,000	-
Parking income	-	-	760,427	-
Concession sales	-	-	7,880,537	-
Commissions income	-	-	2,788,152	203,609
PFMS user fee on ticket sales	-	-	591,612	-
Miscellaneous	12,895	-	681,271	123,576
Total operating revenues	799,927	24,729,652	16,848,382	3,826,528
<b>OPERATING EXPENSES:</b>				
Cost of goods and services:				
Personal services	65,839	-	3,441,157	1,326,797
Supplies	-	-	474,708	118,329
Professional services	154,562	-	204,852	10,277
Other services/charges	141,016	4,500,000	4,916,553	1,770,265
Insurance	-	-	165,795	-
Direct event expense	-	-	1,979,361	-
Cost of goods sold - concession	-	-	4,882,522	-
Management expense	-	-	252,000	-
Miscellaneous	12,629	-	-	10,765
Amortization of discount (premium)	-	-	(486,403)	(2,872)
Depreciation	433,017	6,102,938	9,554,405	478,322
Total operating expenses	807,063	10,602,938	25,384,950	3,711,883
<b>OPERATING INCOME (LOSS)</b>	(7,136)	14,126,714	(8,536,568)	114,645
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	542,485	44,678	5,390	45,074
Loss on disposal of capital assets	(4,932,729)	-	-	-
Debt issuance costs	-	-	(79,560)	-
Interest expense	(711,182)	-	(3,917,996)	(91,458)
Total nonoperating revenues (expenses)	(5,101,426)	44,678	(3,992,166)	(46,384)
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(5,108,562)	14,171,392	(12,528,734)	68,261
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions from others	-	-	128,250	1,516,094
Transfers in	669,782	-	6,696,553	-
Transfers out	-	(15,355,860)	-	(205,059)
Total capital contributions and transfers	669,782	(15,355,860)	6,824,803	1,311,035
<b>CHANGE IN NET POSITION</b>	(4,438,780)	(1,184,468)	(5,703,931)	1,379,296
<b>NET POSITION - BEGINNING</b>	14,627,500	104,590,813	117,472,056	14,946,469
<b>NET POSITION - ENDING</b>	\$ 10,188,720	\$ 103,406,345	\$ 111,768,125	\$ 16,325,765

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
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\$ 20,660,565	\$ 18,188,133
2,592,193	-
9,909,652	-
760,427	-
7,880,537	-
2,991,761	-
591,612	-
817,742	3,464
<u>46,204,489</u>	<u>18,191,597</u>

4,833,793	-
593,037	-
369,691	-
11,327,834	73,316
165,795	20,182,253
1,979,361	-
4,882,522	-
252,000	-
23,394	-
(489,275)	-
16,568,682	-
<u>40,506,834</u>	<u>20,255,569</u>

<u>5,697,655</u>	<u>(2,063,972)</u>
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637,627	15,635
(4,932,729)	-
(79,560)	-
(4,720,636)	-
<u>(9,095,298)</u>	<u>15,635</u>

<u>(3,397,643)</u>	<u>(2,048,337)</u>
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1,644,344	-
7,366,335	3,526,445
<u>(15,560,919)</u>	<u>(3,546,445)</u>
<u>(6,550,240)</u>	<u>(20,000)</u>

(9,947,883)	(2,068,337)
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<u>251,636,838</u>	<u>6,310,986</u>
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\$ 241,688,955	\$ 4,242,649
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**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016**

	<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	\$ 822,219	\$ -	\$ 16,137,749
Cash received from operating grants	-	-	-
Cash received from racetrack/casino	-	24,505,716	-
Cash paid to suppliers for goods and services	(308,207)	(4,276,064)	(13,093,364)
Cash paid to employees	(65,839)	-	(3,331,683)
Net cash flows from operating activities	448,173	20,229,652	(287,298)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Disbursements for a receivable from component unit	-	-	(290,025)
Transfers in	669,782	-	6,696,553
Transfers out	-	(15,355,860)	-
Net cash flows from noncapital financing activities	669,782	(15,355,860)	6,406,528
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from general obligation debt	61,000	-	-
Issuance costs paid on long-term debt	-	-	(79,560)
Proceeds from debt issued for advance refunding	-	-	10,750,509
Payments to escrow agent for advance refunding debt	-	-	(10,195,440)
Principal paid on long-term debt	(834,825)	-	-
Interest paid on long-term debt	(713,058)	-	(3,856,049)
Capital grants received	-	-	-
Capital contributions from others	-	-	128,250
Repayments on capital note receivable	560,226	-	-
Disbursements for capital notes receivable	-	-	(3,574,228)
Purchase of capital assets	(355,867)	-	(2,103,664)
Net cash flows from capital and related financing activities	(1,282,524)	-	(8,930,182)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	542,485	44,678	5,390
Net cash flows from investing activities	542,485	44,678	5,390
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>377,916</b>	<b>4,918,470</b>	<b>(2,805,562)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>5,403,833</b>	<b>11,366,261</b>	<b>8,495,602</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,781,749</b>	<b>\$ 16,284,731</b>	<b>\$ 5,690,040</b>

		<b>Governmental Activities- Internal Service Funds</b>	
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>		
\$ 1,609,407	\$ 18,569,375	\$ 18,102,236	
922,156	922,156	-	
-	24,505,716	-	
(678,923)	(18,356,558)	(19,293,913)	
(1,364,393)	(4,761,915)	-	
488,247	20,878,774	(1,191,677)	
-	(290,025)	-	
-	7,366,335	3,526,445	
(205,059)	(15,560,919)	(3,546,445)	
(205,059)	(8,484,609)	(20,000)	
-	61,000	-	
-	(79,560)	-	
-	10,750,509	-	
-	(10,195,440)	-	
(301,176)	(1,136,001)	-	
(91,937)	(4,661,044)	-	
1,840,675	1,840,675	-	
-	128,250	-	
123,707	683,933	-	
-	(3,574,228)	-	
(1,915,571)	(4,375,102)	-	
(344,302)	(10,557,008)	-	
45,074	637,627	15,635	
45,074	637,627	15,635	
(16,040)	2,474,784	(1,196,042)	
2,867,273	28,132,969	13,312,291	
\$ 2,851,233	\$ 30,607,753	\$ 12,116,249	

(continued)

**POLK COUNTY, IOWA**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016**

	<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)	\$ (7,136)	\$ 14,126,714	\$ (8,536,568)
Components of operating income (loss) not included in operating activities:			
Depreciation	433,017	6,102,938	9,554,405
Amortization	-	-	(486,403)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	41,964	-	-
(Increase) decrease in accounts receivable	(17,915)	-	(638,081)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in due from other governments	(1,757)	(223,936)	-
(Increase) decrease in inventories	-	-	14,785
(Increase) decrease in prepaid items	-	-	227,018
(Increase) decrease in deferred outflows of resources	-	-	(285)
Increase (decrease) in accounts payable	-	-	(459,376)
Increase (decrease) in wages payable	-	-	(37,735)
Increase (decrease) in payroll taxes payable	-	-	(2,828)
Increase (decrease) in due to other funds	-	(150)	-
Increase (decrease) in due to other governments	-	224,086	-
Increase (decrease) in advance deposits and ticket sales	-	-	(99,766)
Increase (decrease) in unearned revenue	-	-	27,214
Increase (decrease) in compensated absences payable	-	-	38,715
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
(Increase) decrease in net pension liability	-	-	13,372
(Increase) decrease in deferred inflows of resources	-	-	98,235
Net cash flows from operating activities	<u>\$ 448,173</u>	<u>\$ 20,229,652</u>	<u>\$ (287,298)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ -
Acquisition of capital assets through accounts payable	145,406	-	-
Disposal of capital assets	(7,376,489)	-	-
Acquisition of notes receivable through disposal of capital assets	2,506,422	-	-

See Notes to Basic Financial Statements

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 114,645	\$ 5,697,655	\$ (2,063,972)
478,322	16,568,682	-
(2,872)	(489,275)	-
(935)	41,029	-
(1,139,630)	(1,795,626)	(89,361)
(360)	(360)	-
(154,040)	(379,733)	-
-	14,785	-
-	227,018	-
(4,468)	(4,753)	-
596,449	137,073	34,756
10,069	(27,666)	-
1,971	(857)	-
634,264	634,114	-
-	224,086	-
-	(99,766)	-
-	27,214	-
22,781	61,496	-
-	-	117,900
-	-	809,000
209,495	222,867	-
(277,444)	(179,209)	-
<u>\$ 488,247</u>	<u>\$ 20,878,774</u>	<u>\$ (1,191,677)</u>

\$ (67,409)	\$ (67,409)	\$ -
(22,216)	123,190	-
-	(7,376,489)	-
-	2,506,422	-

(concluded)

# POLK COUNTY, IOWA

## Statement of Assets and Liabilities

### Fiduciary Funds

June 30, 2016

	<b>Total Agency Funds</b>
<b>ASSETS</b>	
Cash and pooled investments	\$ 26,473,527
Receivables (net):	
Taxes	3,899,035
Special assessments	10,735,589
Accounts	378,357
Due from other governments	595,900
Prepays	99,591
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 42,181,999</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 324,275
Wages payable	198,183
Payroll taxes payable	183,903
Due to other governments	39,527,966
Advances from other funds	6,153
Trusts payable	576,427
Compensated absences payable	1,110,092
Post employment liability	255,000
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 42,181,999</b>

# POLK COUNTY, IOWA

## Notes to the Financial Statements For the Year Ended June 30, 2016

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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, 2016, is included in the County's financial statements. PCHS has been designated by the Polk County Board of Supervisors to serve as the Code of Iowa mandated regional planning council and single point of entry for services to persons with mental illness, mental retardation or developmental disabilities. PCHS administers approximately \$26 million each year for mental health services for the County. Although PCHS is a separate legal entity and appoints its own Board of Directors, it is fiscally dependent on the County. The County provides a significant portion of PCHS's financial support and annually approves its overall budget.

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

**Iowa Events Center Hotel Corporation** - On February 23, 2015, the County approved the creation of the Iowa Event Center Hotel Corporation referred to as "IEC Hotel Corp". The nonprofit IEC Hotel Corp will develop, own and manage a convention center hotel adjacent to the Iowa Events Center. The County appoints a voting majority with five members and the City of Des Moines appoints two members to the IEC Hotel Corp Board. The County is responsible for some of the IEC Hotel Corp debt. Although IEC Hotel Corp is a separate legal entity and has a separate board, it is fiscally dependent on the County. Additional information can be found in Note 19.

Complete financial statements of IEC Hotel Corp can be obtained from the County at 111 Court Avenue, Des Moines, IA 50310.

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

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

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

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

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

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

Net position is reported in three categories:

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

### **Fund Accounting**

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

### **Governmental Funds**

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

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

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

The following are the County's major governmental funds:

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

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

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

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

### **Proprietary Funds**

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

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

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

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

The County reports the following major proprietary funds:

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

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

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

## Fiduciary Funds

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

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

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

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

**Property Taxes:** The County proposed property tax levy was approved during the Board of Supervisors' session held in March of 2015 on the assessed valuation of property located in the County as of January 1, 2014, 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, 2015. Taxes were receivable in two installments on September 30, 2015, and March 31, 2016. 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:** All inventories are stated at cost (first-in, first-out method). For governmental funds, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a non-spendable fund balance, or unearned revenues in the case of the Supplemental Foods Program commodities, which indicates that they are not available to liquidate current obligations.

**Capital Assets:** Capital assets, which include land, buildings, improvements other than buildings, leasehold improvements, equipment, vehicles, intangibles, and infrastructure assets (roads, bridges, sewers, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at 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 two types of items that qualify for reporting in this category in the proprietary funds as well as the government-wide statements of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This loss is deferred and amortized over the shorter of the life of the old debt or the life of the new debt.

The other deferred outflows of resources consists of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the County's reporting period. See Note 21 for further information.

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

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

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

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

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

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

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

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

In addition, the unamortized portion of pension-related amounts are shown as a deferred inflow of resources on the Statement of Net Position. See Note 21 for further information.

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

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

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

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

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

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

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. 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, 2016 are as follows:

Nonmajor Governmental - Special Revenue:	
Secondary Roads	\$ (3,154,852)

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

**3. CASH AND POOLED INVESTMENTS**

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

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

As of June 30, 2016, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$ 139,765
Cash on hand not yet deposited	50,304
Bank account deposits	46,251,537
Money market mutual funds	47,660,001
Money market mutual funds - restricted	61,643,083
U.S. government securities	30,807,411
Commercial paper	<u>19,882,275</u>
Total cash and pooled investments	<u>\$ 206,434,376</u>
Cash and pooled investments, statement of net position	\$ 118,317,766
Cash and pooled investments, fiduciary funds	26,473,527
Restricted assets - Note 4	<u>61,643,083</u>
Total cash and pooled investments	<u>\$ 206,434,376</u>

The County elected to maintain a non-interest bearing account with Bank of America in the average total of \$33,364,808 in order to avoid banking service charges. This is considered a compensating balance.

**Interest rate risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Operating funds may only be invested with maturities of 397 days or less. Non-operating funds may be invested with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County. The County's investment policy focuses on the preservation of principal, liquidity, and obtaining a reasonable rate of return. All of the County's investments in commercial paper mature in less than one year. Of the U.S government securities, \$14,978,023 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, 2016, the County's investments in commercial paper were rated A-1 or A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. The County's investments in the money market mutual funds are rated AAAM by Standard & Poor's. The County's investment in U.S. government securities consist of FHLB, FFCB, FNMA and FHLMC and are rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

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

When applying the state law, certificates of deposits, bank account deposits, and cash are included as part of the investment portfolio. The County did not exceed the 10% and 5% limitations as set by the State of Iowa at June 30, 2016.

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 Mortgage Corp, Federal National Mortgage Association, and Federal Farm Credit Bank securities, which represent 6%, 6% and 5%, 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, 2016, 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, 2016, the County had no deposits or investments exposed to custodial credit risk.

During the fiscal year ending June 30, 2016 the County adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes.

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 \$14,978,023 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, 2016, the County held \$15,829,388 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, 2016:

	PFMS User Fee	Concession Upkeep	Unspent Bond Proceeds	Total
Iowa Events Center	\$ 706,717	\$ 186,101	\$ -	\$ 892,818
Conservation Water & Land Improvements	-	-	12,084,471	12,084,471
Justice Center	-	-	48,665,794	48,665,794
<b>Total</b>	<b>\$ 706,717</b>	<b>\$ 186,101</b>	<b>\$ 60,750,265</b>	<b>\$ 61,643,083</b>

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

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

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

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

Amounts due from/to other funds at June 30, 2016, are as follows:

	Due To					
	General Fund	Mental Health	Debt Service	Nonmajor Governmental	Nonmajor Enterprise	Total
<b>Due from</b>						
General Fund	\$ -	\$ -	\$ -	\$ 518	\$ 360	\$ 878
Prairie Meadows Racetrack/Casino	428,519	52,008	93,905	-	-	574,432
Nonmajor Enterprise	634,264	-	-	-	-	634,264
<b>Total</b>	<b>\$ 1,062,783</b>	<b>\$ 52,008</b>	<b>\$ 93,905</b>	<b>\$ 518</b>	<b>\$ 360</b>	<b>\$ 1,209,574</b>

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

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

Cash overdrafts owed to the General Fund from other funds	\$	634,264
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund		574,432

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, is as follows:

	Balance 7/1/2015	Additions	Disposals	Balance 6/30/2016
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 18,946,077	\$ 253,397	\$ -	\$ 19,199,474
Construction in progress	10,852,773	23,424,329	(2,112,758)	32,164,344
Total capital assets, not being depreciated	<u>29,798,850</u>	<u>23,677,726</u>	<u>(2,112,758)</u>	<u>51,363,818</u>
Capital assets, being depreciated:				
Buildings	149,647,445	-	-	149,647,445
Improvements other than buildings	4,645,510	295,161	-	4,940,671
Equipment	13,907,762	2,409,523	(964,189)	15,353,096
Vehicles	9,128,227	723,312	(491,917)	9,359,622
Infrastructure	107,407,251	3,154,354	-	110,561,605
Intangibles-computer software	6,297,006	157,996	-	6,455,002
Total capital assets being depreciated	<u>291,033,201</u>	<u>6,740,346</u>	<u>(1,456,106)</u>	<u>296,317,441</u>
Less accumulated depreciation for:				
Buildings	(63,223,245)	(4,015,110)	-	(67,238,355)
Improvements other than buildings	(1,131,269)	(230,312)	-	(1,361,581)
Equipment	(8,273,298)	(1,504,781)	964,189	(8,813,890)
Vehicles	(6,886,899)	(733,641)	491,917	(7,128,623)
Infrastructure	(76,290,534)	(2,878,701)	-	(79,169,235)
Intangibles-computer software	(521,898)	(430,333)	-	(952,231)
Total accumulated depreciation	<u>(156,327,143)</u>	<u>(9,792,878)</u>	<u>1,456,106</u>	<u>(164,663,915)</u>
Total capital assets being depreciated, net	<u>134,706,058</u>	<u>(3,052,532)</u>	<u>-</u>	<u>131,653,526</u>
Governmental activities capital assets, net	<u>\$ 164,504,908</u>	<u>\$ 20,625,194</u>	<u>\$ (2,112,758)</u>	<u>\$ 183,017,344</u>

## Governmental Activities

The County continued to work on the following projects included in construction in progress: 1) Water and Land Legacy improvements, 2) Justice Center Phase II, Historic Courthouse Phase II and Criminal Court Annex improvements and 3) NW 66<sup>th</sup> Avenue/Kempton Bridge Reconstruction. The County also started construction of a new senior center during the year and the Polk County Conservation Board completed construction of Phase II of the Easter Lake Trail. In addition, the Polk County Public Works Department completed construction of a bridge at NW 72<sup>nd</sup> Place. Improvements other than buildings consist of a reclassification from construction in progress for the completion of Thomas Mitchell pond and trail improvements and completion of improvements at Brown's Woods.

Equipment additions primarily consist of new sheriff dispatch equipment and the jail chiller. Infrastructure additions primarily consist of a reclassification from construction in progress for the completion of the Easter Lake Trail Phase II and contribution of a new subdivision roadway into the Polk County Secondary Roads System.

Equipment disposals consist primarily of the disposal of the old sheriff dispatch equipment and conservation equipment.

	Balance 7/1/2015	Additions	Disposals	Balance 6/30/2016
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 18,215,559	\$ -	\$ -	\$ 18,215,559
Construction in progress	4,041,067	1,368,203	(5,270,463)	138,807
Intangibles-permanent easements	2,748,825	573,755	-	3,322,580
Total capital assets, not being depreciated	<u>25,005,451</u>	<u>1,941,958</u>	<u>(5,270,463)</u>	<u>21,676,946</u>
Capital assets, being depreciated:				
Buildings	323,488,464	35,427	-	323,523,891
Improvements other than buildings	8,725,298	-	-	8,725,298
Leasehold improvements	113,145,115	-	-	113,145,115
Equipment	1,423,114	2,158,441	(67,409)	3,514,146
Vehicles	236,456	-	-	236,456
Infrastructure	34,986,451	5,632,929	(7,598,270)	33,021,110
Total capital assets being depreciated	<u>482,004,898</u>	<u>7,826,797</u>	<u>(7,665,679)</u>	<u>482,166,016</u>
Less accumulated depreciation for:				
Buildings	(118,512,784)	(10,727,249)	-	(129,240,033)
Improvements other than buildings	(8,447,345)	(24,547)	-	(8,471,892)
Leasehold improvements	(32,362,155)	(4,525,805)	-	(36,887,960)
Equipment	(621,786)	(475,916)	67,409	(1,030,293)
Vehicles	(157,271)	(20,471)	-	(177,742)
Infrastructure	(10,116,314)	(794,694)	159,120	(10,751,888)
Total accumulated depreciation	<u>(170,217,655)</u>	<u>(16,568,682)</u>	<u>226,529</u>	<u>(186,559,808)</u>
Total capital assets being depreciated, net	<u>311,787,243</u>	<u>(8,741,885)</u>	<u>(7,439,150)</u>	<u>295,606,208</u>
Business-type activities capital assets, net	<u>\$ 336,792,694</u>	<u>\$ (6,799,927)</u>	<u>\$ (12,709,613)</u>	<u>\$ 317,283,154</u>

## Business-type Activities

The County completed the Hamilton Drainage District Watershed project during the year for a total cost of \$5.3 million. In addition, sewer improvements costing \$5.1 million were conveyed to the Wastewater Reclamation Authority. This project was completed under Chapter 28E of the Code of Iowa with the cities of Ankeny and Polk City. A \$2.5 million adjustment was made to decrease the County's portion of the project costs of the Rock Creek Trunk Sewer Project as a result of the final allocation of costs. Equipment additions primarily represent costs of a new scoreboard 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	\$ 3,506,221
Physical health and social services	1,233,440
County environment and education	992,312
Roads and transportation	2,909,004
Government services to residents	329,755
Administration	<u>822,146</u>
Total depreciation expense - governmental activities	<u>\$ 9,792,878</u>
<b>Business-type activities:</b>	
Air Quality	\$ 86,182
Sanitary Treatment Works	433,017
Prairie Meadows Racetrack/Casino	6,102,938
Conservation Enterprises	30,463
Hamilton Urban Drainage District	361,677
Iowa Events Center	<u>9,554,405</u>
Total depreciation expense - business-type activities	<u>\$ 16,568,682</u>

## 7. DEFERRED OUTFLOWS OF RESOURCES

The following is a summary of deferred outflows of resources activity for the year ended June 30, 2016:

	Loss on Refunding	Pension Related Amounts	Total
<b>Governmental activities</b>	\$ -	\$ 9,737,934	\$ 9,737,934
<b>Business-type activities</b>			
Air Quality	\$ -	\$ 139,728	\$ 139,728
Iowa Events Center	411,625	11,344	422,969
Iowa Tax & Tags	<u>-</u>	<u>38,006</u>	<u>38,006</u>
Total business-type activities	<u>\$ 411,625</u>	<u>\$ 189,078</u>	<u>\$ 600,703</u>

## 8. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 182,513,529	\$ -	\$ (16,803,384)	\$ 165,710,145	\$ 13,920,378
Add: unamortized premium (discount)	3,287,550	-	(239,133)	3,048,417	230,574
General obligation notes payable	2,450,000	-	(382,000)	2,068,000	389,000
Capital leases payable	436,964	-	(138,048)	298,916	141,539
Accrued compensated absences	15,502,717	9,562,346	(8,799,758)	16,265,305	1,349,668
Post employment liability	5,520,000	809,000	-	6,329,000	-
Estimated liability for claims and judgements	2,907,800	18,566,334	(19,075,834)	2,398,300	1,958,300
Net pension liability	30,024,606	10,920,471	-	40,945,077	-
<b>Total</b>	<b>\$ 242,643,166</b>	<b>\$ 39,858,151</b>	<b>\$ (45,438,157)</b>	<b>\$ 237,063,160</b>	<b>\$ 17,989,459</b>
<b>Business-type activities:</b>					
General obligation bonds payable	\$ 97,751,471	\$ 10,790,000	\$ (10,496,616)	\$ 98,044,855	\$ 10,724,622
Add: unamortized premium (discount)	3,022,714	(39,491)	(618,108)	2,365,115	462,078
General obligation notes payable	27,130,825	61,000	(834,825)	26,357,000	862,000
Accrued compensated absences	337,912	177,851	(116,355)	399,408	122,240
Net pension liability	574,886	222,867	-	797,753	-
<b>Total</b>	<b>\$ 128,817,808</b>	<b>\$ 11,212,227</b>	<b>\$ (12,065,904)</b>	<b>\$ 127,964,131</b>	<b>\$ 12,170,940</b>

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

### General Obligation Bonds Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Governmental activities</b>					
General Purpose	\$ 3,905,000	12/1/2008	4%	6/1/2018	\$ 975,000
General Purpose	15,485,000	12/30/2010	2-4%	6/1/2025	10,300,000
General Purpose	6,900,000	8/22/2012	2%	6/1/2022	4,300,000
General Purpose	69,214,616	8/1/2012	2-3%	6/1/2026	57,027,145
General Purpose	3,800,000	12/23/2013	2.25-3.25%	6/1/2024	2,900,000
General Purpose	14,030,000	12/23/2013	2.25-4.125%	6/1/2033	10,475,000
General Purpose	7,505,000	12/23/2013	2-4.125%	6/1/2033	3,125,000
General Purpose	10,682,560	6/1/2015	2%-2.25%	6/1/2025	9,133,000
General Purpose	73,525,000	6/1/2015	3%-3.75%	6/1/2035	67,475,000
<b>Total</b>					<b>\$ 165,710,145</b>

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
<b>Business-type activities</b>					
Iowa Events Center	\$ 46,885,000	12/30/2010	2-5%	6/1/2021	\$ 40,410,000
Iowa Events Center	42,450,000	12/30/2010	2-4%	6/1/2023	35,345,000
Iowa Events Center	20,935,000	8/1/2012	1-1.25%	6/1/2017	4,325,000
Iowa Events Center	7,517,440	6/1/2015	2%	6/1/2017	3,752,000
Iowa Events Center	10,790,000	5/26/2016	2.15%	6/1/2024	10,790,000
Urban Sewer	4,020,384	8/1/2012	2-3%	6/1/2026	3,422,855
Total					\$ <u>98,044,855</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	\$ 208,000
General Purpose	2,525,000	5/22/2014	1.5 - 2%	6/1/2021	1,860,000
Total					\$ <u>2,068,000</u>
<b>Business-type activities</b>					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 3,000,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	10,304,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	4,894,000
Sanitary Treatment	367,000	10/19/2012	1.75%	6/1/2032	318,000
Sanitary Treatment	9,633,000	10/19/2012	1.75%	6/1/2032	7,841,000
Total					\$ <u>26,357,000</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:					
2017	\$ 13,920,378	\$ 4,860,903	\$ 389,000	\$ 35,974	\$ 19,206,255
2018	13,768,893	4,516,045	406,000	29,999	18,720,937
2019	11,842,495	4,162,318	438,000	23,764	16,466,577
2020	12,115,457	3,872,843	440,000	16,081	16,444,381
2021	12,421,194	3,575,958	395,000	7,900	16,400,052
2022-2026	61,316,728	12,605,991	-	-	73,922,719
2027-2031	22,500,000	5,736,213	-	-	28,236,213
2032-2036	17,825,000	1,584,994	-	-	19,409,994
Total	165,710,145	40,915,265	2,068,000	113,718	208,807,128
Add: unamortized premium	3,048,417	-	-	-	3,048,417
Total	\$ <u>168,758,562</u>	\$ <u>40,915,265</u>	\$ <u>2,068,000</u>	\$ <u>113,718</u>	\$ <u>211,855,545</u>

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
<b>Business-type activities</b>					
During the year ending June 30:					
2017	\$ 10,724,622	\$ 3,863,918	\$ 862,000	\$ 688,722	\$ 16,139,262
2018	11,576,107	3,644,097	890,000	663,262	16,773,466
2019	12,132,505	3,090,274	919,000	636,975	16,778,754
2020	12,709,543	2,509,475	950,000	609,831	16,778,849
2021	13,323,806	1,901,084	980,000	581,780	16,786,670
2022-2026	37,578,272	2,315,826	5,399,000	2,455,391	47,748,489
2027-2031	-	-	10,135,000	1,580,192	11,715,192
2032-2036	-	-	6,222,000	108,885	6,330,885
Total	<u>98,044,855</u>	<u>17,324,674</u>	<u>26,357,000</u>	<u>7,325,038</u>	<u>149,051,567</u>
Add: unamortized premium	<u>2,365,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,365,115</u>
Total	<u>\$ 100,409,970</u>	<u>\$ 17,324,674</u>	<u>\$ 26,357,000</u>	<u>\$ 7,325,038</u>	<u>\$ 151,416,682</u>

There were no due and unredeemed bonds/notes or special assessment debt outstanding at June 30, 2016. Management does not believe an arbitrage liability exists at June 30, 2016.

### **Bond Refunding**

#### ***2016 Taxable G.O. Refunding Bonds***

On May 26, 2016, the County issued \$10,790,000 (refunded interest rate of 2.15%) taxable general obligation bonds in a current refunding of the County's debt service payment due June 1, 2016, for general obligation bonds dated December 30, 2010, August 1, 2012, and June 1, 2015, in the amount of \$10,195,440 (redeemed interest rate of 1-5%). The refunding bonds were issued to free up gaming revenue to make a loan to the IEC Hotel Corp. The County anticipates the same financing structure for the June 2017 and 2018 principal payments.

As a result of this current refunding, the County increased its debt service requirements by \$1,519,278 over the life of the debt with a present value savings of \$367,172.

## **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, 2016 amounted to \$148,821,500.

## **10. DEVELOPER (REBATE) AGREEMENTS**

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

Currently, it is estimated that outstanding commitments totaling about \$9.3 million exist, of which \$.3 million is estimated to be paid in the next fiscal year. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by property taxes collected on the project each fiscal year. These agreements are not a general obligation of the County.

## 11. LEASE COMMITMENTS

### Capital Leases

The County has entered into agreements to purchase equipment through capital lease agreements. The net book value of the equipment relating to capital leases is \$276,844. 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, 2016:

During the year ending June 30:		
2017	\$	147,398
2018		147,398
2019		<u>12,283</u>
Total minimum lease payments		307,079
Less: amount representing interest		<u>(8,163)</u>
Present value of total minimum lease payments	\$	<u><u>298,916</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, 2016 is \$584,564. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2016:

During the year ending June 30:		
2017	\$	281,693
2018		258,393
2019		80,212
2020		15,600
2021		15,600
2022-2026		78,000
2027-2031		78,000
2032-2036		<u>78,000</u>
Total	\$	<u><u>885,498</u></u>

The above schedule represents operating leases in effect at June 30, 2016. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

## 12. TRANSFER RECONCILIATION

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

Transfer from	Transfer to						Total
	General Fund	Justice Center	Sanitary Treatment Works	Iowa Events Center	Nonmajor Governmental	Internal Service	
General Fund	\$ -	\$ 2,220,754	\$ -	\$ -	\$ 3,692,225	\$ 3,526,445	\$ 9,439,424
Prairie Meadows Racetrack/Casino	7,817,234	-	669,782	6,696,553	172,291	-	15,355,860
Nonmajor Governmental	1,123,966	-	-	-	4,975,614	-	6,099,580
Nonmajor Enterprise	205,059	-	-	-	-	-	205,059
Internal Service	3,546,445	-	-	-	-	-	3,546,445
Total	<u>\$ 12,692,704</u>	<u>\$ 2,220,754</u>	<u>\$ 669,782</u>	<u>\$ 6,696,553</u>	<u>\$ 8,840,130</u>	<u>\$ 3,526,445</u>	<u>\$ 34,646,368</u>

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

In the year ending June 30, 2016, 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.	\$ 15,355,860
General Supplemental fund made transfers to Risk Management Internal Service funds for funding of current year activities and subsequent transfer from Risk Management Internal Service to General Self Insurance Reserve Fund.	3,526,445
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	6,472,560

### 13. DEFERRED INFLOWS OF RESOURCES

The following is a summary of deferred inflows of resources activity for the year ended June 30, 2016:

	Succeeding Year Property Taxes Receivable	Pension Related Amounts	Unavailable Intergovernmental and Other	Gain on Current Refunding	Total
<b>Governmental Funds</b>	\$ 160,886,696	\$ -	\$ 4,008,662	\$ -	\$ 164,895,358
<b>Governmental Activities</b>	\$ 160,886,696	\$ 6,344,003	\$ -	\$ -	\$ 167,230,699
<b>Business-type Activities</b>					
Air Quality	\$ -	\$ 95,492	\$ -	\$ -	\$ 95,492
Iowa Events Center	-	6,786	-	115,944	122,730
Iowa Tax & Tags	-	10,811	-	-	10,811
Total Business-type Activities	\$ -	\$ 113,089	\$ -	\$ 115,944	\$ 229,033

### 14. DEFERRED COMPENSATION PLAN

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

### 15. RISK MANAGEMENT

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

#### Self-Insurance Fund

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

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

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

<b>Self-Insurance Exposure</b>	<b>Self-Insured Retention</b>	<b>Policy Limits</b>
Excess liability	\$ 2,000,000	\$ 10,000,000
Property, fleet, law enforcement, public officials	100,000	646,174,505
Fidelity bond	50,000	5,000,000
Workers' compensation	500,000	Statutory/1,000,000

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

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

There have been no significant reductions in insurance coverage during the year ended June 30, 2016. There have been no claims in excess of the insurance coverage in the last three fiscal years.

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

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

This amount was determined based on actual claim payments subsequent to year-end rather than on discounted estimates. Changes in the estimated claims liability for governmental activities (prior to the internal service fund allocation) for the years ended June 30, 2016 and 2015 are as follows:

	Year Ended	
	6/30/2016	6/30/2015
Beginning balance	\$ 1,547,000	\$ 868,000
Current year claims and changes in estimates	1,235,734	2,024,346
Claim payments	<u>(1,863,134)</u>	<u>(1,345,346)</u>
Ending balance	<u>\$ 919,600</u>	<u>\$ 1,547,000</u>

**Employee Insurance Fund**

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

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

Changes in the estimated liability for probable losses recorded in the Employee Insurance Fund for the years ended June 30, 2016 and 2015 are as follows:

	Year Ended	
	6/30/2016	6/30/2015
Beginning balance	\$ 1,360,800	\$ 1,243,100
Current year claims and changes in estimates	17,330,600	15,694,736
Claim payments	<u>(17,212,700)</u>	<u>(15,577,036)</u>
Ending balance	\$ <u>1,478,700</u>	\$ <u>1,360,800</u>

## 16. COMMITMENTS AND CONTINGENCIES

### Commitments

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

#### General Fund:

Neighborhood Finance Corp.	\$ 800,000
Des Moines City Gaming Payments	6,747,110
Polk County Area Schools Gaming Payments	1,186,549
Polk County Housing Trust Fund	<u>1,500,000</u>
Total	\$ <u>10,233,659</u>

#### Secondary Road Fund:

Grimes Asphalt & Paving Corp. (HMA Resurfacing Program)	\$ 2,033,124
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#### Conservation Water & Land Improvements Fund:

Water and Land Legacy Project	\$ 1,015,460
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#### Justice Center Fund:

Historic Courthouse Renovations	\$ 1,984,132
Criminal Courts Annex	503,973
Justice Center	<u>1,425,521</u>

Total	\$ <u>3,913,626</u>
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#### Capital Improvements Projects Fund:

Northside Community Center	\$ 2,284,690
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#### Iowa Events Center Fund:

Hotel Site Demolition	\$ 728,536
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## **Contingencies**

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

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

## **17. RACETRACK/CASINO**

The County owns 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.

## **18. IOWA EVENTS CENTER**

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

### **Managed Facilities**

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

In addition to the fixed management fee, Global is entitled to earn a productivity fee for each full, completed operating year of the term. The County paid Global \$12,600 for the productivity fee for the fiscal year ending June 30, 2016.

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

### **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 \$1,094,704 and Global earned \$826,302 of WFA's net operating income for the fiscal year ending June 30, 2016.

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 \$518,046 for the fiscal year ending June 30, 2016.

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 \$184,564 for the fiscal year ending June 30, 2016.

### **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, 2016, the County received the following naming rights revenue:

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

## **19. IOWA EVENTS CENTER HOTEL CORPORATION**

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

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

The County approved an agreement with DSM, on June 23, 2015 for a loan up to \$5 million for the preconstruction and design services of the Iowa Events Center Convention Hotel. Funds will be disbursed monthly to the DSM by the County on a reimbursable basis. As of June 30, 2016, nine payment requests have been submitted for \$3,770,909. The loan will be repaid once the financing package has been completed upon completion of the hotel on or before March 31, 2018.

It is estimated that soft costs for financing and legal work will be approximately \$684,000. Polk County will pay these costs as they incur and will be reimbursed by IEC Hotel Corp when the hotel is completed. Relating to these costs, the County is reporting a \$290,025 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 \$63,431.

In accordance with the development agreement, the County contributed \$2.5 million during the fiscal year on hotel site preparations for asbestos abatement, demolition and site excavation of the former Allied Insurance Building.

### **Construction Phase**

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

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

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

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

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

## **Financing Phase**

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

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

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

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

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

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

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

## **Operation Phase**

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

## 20. 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, 2016:

Concessions and catering revenue from Ovations	\$	7,695,206
Ticket revenue and fees received from New Era		14,295
Ticket fees paid to New Era		1,476
Management fee paid to Ovations		12,000

## 21. 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 2016, 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 9.88% of covered payroll, for a total rate of 19.76%. 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, 2016 were \$7,897,049.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the County reported a liability of \$41,742,830 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the County's collective proportion was .8449138%, which was an increase of .07335% from its collective proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$4,045,088. At June 30, 2016, 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	\$ 641,148	\$ 662,333
Changes of assumptions	1,168,359	347,976
Net difference between projected and actual earnings on pension plan investments	-	5,218,199
Changes in proportion and differences between County contributions and proportionate share of contributions	220,456	228,584
County contributions subsequent to the measurement date	<u>7,897,049</u>	<u>-</u>
	<u>\$ 9,927,012</u>	<u>\$ 6,457,092</u>

\$7,897,049 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, 2017. 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:

2017	\$ (2,319,113)
2018	(2,319,113)
2019	(2,319,113)
2020	2,514,388
2021	<u>15,822</u>
Total	<u>\$ (4,427,129)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3% per annum
Rates of salary increase (effective June 30, 2010)	4 - 17%, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.5%, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4% per annum, based on 3% inflation and 1% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24%	6.29%
International Equity	16%	6.75%
Private Equity/Debt	11%	11.32%
Real Estate	8%	3.48%
Credit Opportunities	5%	3.63%
U.S. TIPS	5%	1.91%
Other Real Assets	2%	6.24%
Cash	1%	(0.71)%
Total	<u>100%</u>	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate  
The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 88,518,264	\$ 41,742,830	\$ 2,305,114

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

Payables to IPERS - At June 30, 2016, 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.

## 22. OTHER POST EMPLOYMENT BENEFITS (OPEB)

### Plan Description

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

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

### Funding Policy

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

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2016, the County contributed \$419,000. Retirees receiving benefits contributed \$882,000 through their required contribution of \$536 per month for single health coverage and \$1,341 per month for family health coverage.

### Annual OPEB cost and net OPEB obligation

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

	County	County Assessor	Total
Annual required contribution	\$ 1,195,000	\$ 37,000	\$ 1,232,000
Interest on net OPEB obligation	221,000	9,000	230,000
Adjustment to annual required contribution	<u>(197,000)</u>	<u>(8,000)</u>	<u>(205,000)</u>
Annual OPEB cost (expense)	1,219,000	38,000	1,257,000
Contributions made	<u>(410,000)</u>	<u>(9,000)</u>	<u>(419,000)</u>
Increase in net OPEB obligation	809,000	29,000	838,000
Net OPEB obligation - July 1, 2015	<u>5,520,000</u>	<u>226,000</u>	<u>5,746,000</u>
Net OPEB obligation - June 30, 2016	<u>\$ 6,329,000</u>	<u>\$ 255,000</u>	<u>\$ 6,584,000</u>

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

Fiscal Year Ended	Annual OPEB Cost		% of Annual OPEB Cost Contributed		Net OPEB Obligation	
	County	County Assessor	County	County Assessor	County	County Assessor
6/30/2014	832,000	27,000	39%	7%	5,069,000	201,000
6/30/2015	877,000	27,000	49%	7%	5,520,000	226,000
6/30/2016	1,219,000	38,000	34%	24%	6,329,000	255,000

### Funded Status and Funding Progress

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

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 12,090,000	\$ 398,000	\$ 12,488,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 12,090,000	\$ 398,000	\$ 12,488,000
Covered payroll (active employees)	\$ 77,282,000	\$ 2,138,000	\$ 79,420,000
UAAL as a percentage of covered payroll	15.6%	18.6%	

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

### Actuarial Methods and Assumptions

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

The actuarial calculations were performed in accordance with the projected unit credit actuarial cost method as of the July 1, 2015 valuation date. The 4% discount rate used was based on the expected rate of return for investments used to finance the payment of benefits. For Polk County, the investment return assumption is based on the expected return of short-term liquid investments. Other actuarial assumptions include salary increases of 3.5% per annum, health care cost trend rates of 8% select and 4.5% ultimate with select trends reducing .5% each year until reaching the ultimate trend, per capita health claim costs at age 60 for \$10,300 and at age 70 for \$5,500, annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report and the Municipal Fire and Police Retirement System of Iowa Actuarial Valuation Report as of June 30, 2015, mortality rates using the RP 2014 generational mortality using Scale MP-15 applied on a gender-specific basis and retiree participation rate of 75%. The assumed number of eligible spouses is based on the current census information.

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

### 23. 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, 2016, the County has a future commitment for approximately \$1,537,232 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.

### 24. 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, 2016, 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	\$ 11,940	\$ 650	\$ 2,052	\$ 890,770	\$ 2,805,349	\$ 3,715,761
Due from other governments	-	-	-	-	3,186	-	3,186
<b>TOTAL ASSETS</b>	<b>\$ 5,000</b>	<b>\$ 11,940</b>	<b>\$ 650</b>	<b>\$ 2,052</b>	<b>\$ 893,956</b>	<b>\$ 2,805,349</b>	<b>\$ 3,718,947</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,212	\$ 109,212
Due to other funds	5,000	11,940	650	2,052	343,588	155,291	518,521
Due to other governments	-	-	-	-	550,368	2,471,491	3,021,859
Trusts payable	-	-	-	-	-	69,355	69,355
<b>TOTAL LIABILITIES</b>	<b>\$ 5,000</b>	<b>\$ 11,940</b>	<b>\$ 650</b>	<b>\$ 2,052</b>	<b>\$ 893,956</b>	<b>\$ 2,805,349</b>	<b>\$ 3,718,947</b>

**25. FUND BALANCES**

	Major Governmental				Nonmajor Governmental Funds	Total
	General Fund	Mental Health	Justice Center	Debt Service		
<b>Nonspendable:</b>						
Inventory	\$ 419,296	\$ -	\$ -	\$ -	\$ 1,304,996	\$ 1,724,292
Prepays	545,338	-	-	-	-	545,338
Advances	6,153	-	-	-	-	6,153
<b>Restricted for:</b>						
Mental health	-	2,657,177	-	-	-	2,657,177
Rural services	-	-	-	-	2,148,600	2,148,600
Sheriff seized property	-	-	-	-	260,608	260,608
Attorney seized property	-	-	-	-	336,707	336,707
Recorder records management	-	-	-	-	316,510	316,510
Township fire protection	-	-	-	-	6,277	6,277
REAP	-	-	-	-	129,610	129,610
Conservation water & land improv	-	-	-	-	11,523,211	11,523,211
Justice center	-	-	47,204,845	-	-	47,204,845
Debt service	-	-	-	986,277	15,076	1,001,353
<b>Committed to:</b>						
Community betterment	242,500	-	-	-	-	242,500
Economic development	3,521,977	-	-	-	-	3,521,977
Attorney collection incentive	-	-	-	-	735,529	735,529
Contingency reserve	-	-	-	-	10,197,626	10,197,626
Automated traffic enforcement	-	-	-	-	10,658	10,658
Capital projects	-	-	-	-	882,209	882,209
<b>Unassigned:</b>	47,725,904	-	-	-	(4,459,848)	43,266,056
<b>Total Fund Balances</b>	<b>\$ 52,461,168</b>	<b>\$ 2,657,177</b>	<b>\$ 47,204,845</b>	<b>\$ 986,277</b>	<b>\$ 23,407,769</b>	<b>\$ 126,717,236</b>

**26. 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 \$5 million plus an accumulated reserve for the 27<sup>th</sup> payday and an inflation factor. The County annually contributes to a 27<sup>th</sup> payday reserve in this fund which will cover the extra payday that occurs on a cash basis every 11 years. The next 27<sup>th</sup> payday will occur in the fiscal year ending 2017. 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

## 27. SUBSEQUENT EVENTS

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

In November 2015, the Board of Supervisors held a public meeting and hearing upon the proposal to institute proceedings for the issuance of not to exceed \$95 million general obligation refunding bonds in order to provide funds to pay the costs of refunding and refinancing all the outstanding debt related to the Iowa Events Center. In May 2016, the Board of Supervisors approved the issuance of \$10,790,000 Taxable General Obligation Refunding Bonds as part of the not to exceed \$95 million general obligation refunding bonds. The County anticipates the issuance of additional general obligation refunding bonds under this authority in the Spring of 2017, however, no action has yet been taken.

### **Lease-Purchase Agreement**

In October 2016, the County signed a four year lease with PACCAR Financial Corp in the amount of \$2,326,428 for 12 axle trucks. Annual payments will be made from the Secondary Roads Fund.

## 28. PENDING ACCOUNTING PRONOUNCEMENTS

As of June 30, 2016 the County adopted the following Governmental Accounting Standards Board (GASB) statements, which did not have a material effect on the financial statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, was effective for the County, beginning with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued July 2015, was effective for the County beginning with its fiscal year ending June 30, 2016. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The first category of authoritative GAAP consists of GASB Statements. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the County beginning with its fiscal year ending June 30, 2016. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants by establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools.

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the County beginning with its fiscal year ending June 30, 2016. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants by establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools.

As of June 30, 2016, 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued in June 2015, will be effective for the County beginning with its fiscal year ending June 30, 2017. The Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position but requires more extensive note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. The Statement also sets forth note disclosure requirements for defined contribution OPEB plans.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the County beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the County beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, will be effective for the County beginning with its fiscal year ending June 30, 2017. The Statement provides guidance to governments that participate in certain private or federally sponsored multiple-employer defined benefit pension plans. This Statement assists these governments by focusing employer accounting and financial reporting requirements for those pension plans on obtainable information. In lieu of the existing requirements under Statement 68, the new guidance establishes separate requirements for employers that participate in these pension plans. This Statement establishes the criteria for identifying the applicable pension plans and addresses: (a) measurement and recognition of pension liabilities, expense, and expenditures; (b) note disclosures of descriptive information about the plan, benefit terms, and contribution terms; and (c) required supplementary information presenting required contribution amounts for the past 10 fiscal years.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued February 2016, will be effective for County beginning with its fiscal year ending June 30, 2017. Statement No. 80 clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring component units incorporated as not-for-profit corporations to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the County beginning with its fiscal year ending June 30, 2018. Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.
- GASB Statement No. 82, *Pension Issues*, issued April 2016, will be effective for the County beginning with its fiscal year ending June 30, 2017. This Statement is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

# POLK COUNTY, IOWA

## Required Supplementary Information Schedule of Funding Progress For the Year Ended June 30, 2016

Entity	Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Polk County	2012	7/1/2011	\$ -	\$ 8,450,000	\$ 8,450,000	0.0%	\$ 73,552,000	11.5%
County Assessor	2012	7/1/2011	-	266,000	266,000	0.0%	2,006,000	13.3%
Polk County	2013	7/1/2011	-	8,450,000	8,450,000	0.0%	71,516,000	11.8%
County Assessor	2013	7/1/2011	-	266,000	266,000	0.0%	1,984,000	13.4%
Polk County	2014	7/1/2013	-	7,793,000	7,793,000	0.0%	73,599,000	10.6%
County Assessor	2014	7/1/2013	-	275,000	275,000	0.0%	1,931,000	14.2%
Polk County	2015	7/1/2013	-	7,793,000	7,793,000	0.0%	75,587,000	10.3%
County Assessor	2015	7/1/2013	-	275,000	275,000	0.0%	2,058,000	13.4%
Polk County	2016	7/1/2015	-	12,090,000	12,090,000	0.0%	77,282,000	15.6%
County Assessor	2016	7/1/2015	-	398,000	398,000	0.0%	2,138,000	18.6%

See Note 22 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

**POLK COUNTY, IOWA**

**Required Supplementary Information  
Schedule of County's Proportionate Share of the Net Pension Liability  
Iowa Public Employees' Retirement System  
For the Year Ended June 30, 2016**

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

**Note:** In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year. GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

See Notes to Required Supplementary Information.

**POLK COUNTY, IOWA**

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

	Fiscal Year			
	2007	2008	2009	2010
Statutorily required contribution	\$ 3,835,785	\$ 4,136,545	\$ 5,036,111	\$ 5,665,569
Contributions in relation to the statutorily required contribution	(3,835,785)	(4,136,545)	(5,036,111)	(5,665,569)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A

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

See Notes to Required Supplementary Information.

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Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 6,264,772	\$ 6,885,782	\$ 7,178,473	\$ 7,499,317	\$ 7,705,776	\$ 7,897,049
(6,264,772)	(6,885,782)	(7,178,473)	(7,499,317)	(7,705,776)	(7,897,049)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	\$ 80,989,791	\$ 83,272,164	\$ 85,876,171
N/A	N/A	N/A	9.26%	9.25%	9.20%

## POLK COUNTY, IOWA

### Notes to the Required Supplementary Information Pension Liability For the Year Ended June 30, 2016

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#### Changes of Benefit Terms:

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

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

#### Changes of Assumptions:

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

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

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

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

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

# POLK COUNTY, IOWA

## Required Supplementary Information Budgetary Comparison Schedule All Governmental Funds For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance
<b>REVENUES:</b>				
Property taxes	\$ 140,456,400	\$ 140,456,400	\$ 140,668,890	\$ 212,490
Other County taxes	5,869,317	5,869,317	5,738,423	(130,894)
Interest and penalty on delinquent taxes	1,282,000	1,360,000	1,218,357	(141,643)
Intergovernmental	54,656,795	53,532,200	49,208,912	(4,323,288)
Licenses and permits	891,150	1,041,150	1,275,103	233,953
Charges for services	13,154,750	13,814,361	13,781,100	(33,261)
Use of money and property	3,123,226	5,363,849	5,367,226	3,377
Miscellaneous	2,605,590	3,178,511	3,194,306	15,795
Total receipts	222,039,228	224,615,788	220,452,317	(4,163,471)
<b>EXPENDITURES:</b>				
Current:				
Public safety and legal services	72,112,651	71,880,948	70,121,781	1,759,167
Physical health and social services	36,196,586	38,268,364	34,762,750	3,505,614
Mental health	27,670,983	28,344,609	26,249,674	2,094,935
County environment and education	12,503,448	15,168,773	14,223,848	944,925
Roads and transportation	10,098,782	10,411,528	10,060,591	350,937
Government services to residents	7,622,671	7,626,792	7,474,894	151,898
Administration	31,560,350	33,034,299	32,181,469	852,830
Debt service	23,037,045	22,505,771	22,505,696	75
Capital projects	36,286,344	46,295,623	31,626,047	14,669,576
Total disbursements	257,088,860	273,536,707	249,206,750	24,329,957
<b>OTHER FINANCING SOURCES (USES):</b>				
General long-term debt proceeds	33,976,156	100,000	-	(100,000)
Proceeds from sale of capital assets	105,000	122,988	123,980	992
Transfers in (out)	7,911,192	9,016,689	8,214,584	(802,105)
Total other financing sources (uses)	41,992,348	9,239,677	8,338,564	(901,113)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS</b>				
	\$ 6,942,716	\$ (39,681,242)	(20,415,869)	\$ 19,265,373
<b>RECONCILIATION TO GAAP BASIS:</b>				
Basis differences:				
Increase (decrease) in accrual basis assets/deferred outflows			9,803,623	
(Increase) decrease in accrual basis liabilities/deferred inflows			(13,001,489)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(23,613,735)	
Fund balance at beginning of year - GAAP basis			150,242,600	
Changes in inventory reserves			88,371	
Fund balance at end of year - GAAP basis			\$ 126,717,236	

## **POLK COUNTY, IOWA**

### **Notes to the Required Supplementary Information Budgetary Reporting For the Year Ended June 30, 2016**

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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, 2016 there were two supplemental appropriations resulting in an increase in total disbursements of \$16,447,847.

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

**Contingency Reserve** - Accounts for transfers from Prairie Meadows Racetrack/Casino Enterprise Fund and wagering tax revenue earmarked for future contingencies. This fund serves as a stabilization arrangement and is committed per Board resolution. See Note 26 for further information.

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

(continued)

## **Capital Projects Funds**

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

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

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

## **Debt Service Funds**

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

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

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

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**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

	<b>Rural Services</b>	<b>Sheriff Forfeited Property (State)</b>	<b>Sheriff Forfeited Property (Federal)</b>	<b>Attorney Forfeited Property</b>	<b>County Attorney Collection Incentive</b>
<b>ASSETS</b>					
Cash and pooled investments	\$ 2,266,093	\$ 154,892	\$ 104,813	\$ 330,303	\$ 704,866
Restricted assets - cash and pooled investments	-	-	-	-	-
Receivables (net):					
Taxes	38,015	-	-	-	-
Succeeding year property taxes	7,942,514	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	17,411	-	903	10,424	30,663
Inventories	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,264,033</b>	<b>\$ 154,892</b>	<b>\$ 105,716</b>	<b>\$ 340,727</b>	<b>\$ 735,529</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 72,660	\$ -	\$ -	\$ 104	\$ -
Wages payable	21,388	-	-	3,362	-
Payroll taxes payable	41,247	-	-	554	-
<b>TOTAL LIABILITIES</b>	<b>135,295</b>	<b>-</b>	<b>-</b>	<b>4,020</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>7,980,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	2,148,600	154,892	105,716	336,707	-
Committed	-	-	-	-	735,529
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,148,600</b>	<b>154,892</b>	<b>105,716</b>	<b>336,707</b>	<b>735,529</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,264,033</b>	<b>\$ 154,892</b>	<b>\$ 105,716</b>	<b>\$ 340,727</b>	<b>\$ 735,529</b>

Special Revenue						
Secondary Roads	County Recorder Records Management	Township Fire Protection	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenue
\$ 228,597	\$ 315,992	\$ 6,267	\$ 129,610	\$ 10,197,626	-	\$ 14,439,059
-	-	-	-	-	-	-
-	-	1,826	-	-	-	39,841
-	-	824,059	-	-	-	8,766,573
-	-	-	-	-	-	-
-	-	-	-	-	132,002	132,002
-	-	-	-	-	-	-
-	518	-	-	-	-	518
483,145	-	-	-	-	-	542,546
1,304,996	-	-	-	-	-	1,304,996
<b>\$ 2,016,738</b>	<b>\$ 316,510</b>	<b>\$ 832,152</b>	<b>\$ 129,610</b>	<b>\$ 10,197,626</b>	<b>\$ 132,002</b>	<b>\$ 25,225,535</b>
\$ 4,938,698	\$ -	\$ -	\$ -	\$ -	\$ 10,016	\$ 5,021,478
232,892	-	-	-	-	-	257,642
-	-	-	-	-	-	41,801
5,171,590	-	-	-	-	10,016	5,320,921
-	-	825,875	-	-	111,328	8,917,341
1,304,996	-	-	-	-	-	1,304,996
-	316,510	6,277	129,610	-	-	3,198,312
-	-	-	-	10,197,626	10,658	10,943,813
(4,459,848)	-	-	-	-	-	(4,459,848)
(3,154,852)	316,510	6,277	129,610	10,197,626	10,658	10,987,273
<b>\$ 2,016,738</b>	<b>\$ 316,510</b>	<b>\$ 832,152</b>	<b>\$ 129,610</b>	<b>\$ 10,197,626</b>	<b>\$ 132,002</b>	<b>\$ 25,225,535</b>

(continued)

**POLK COUNTY, IOWA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

	<b>Capital Projects</b>			<b>Debt Service</b>	
	<b>Conservation</b>	<b>Capital</b>	<b>Total</b>	<b>NW 84th</b>	<b>Hamilton</b>
	<b>Water &amp; Land Improvement</b>			<b>Water Main Debt Service</b>	<b>Drain Debt Service</b>
<b>ASSETS</b>					
Cash and pooled investments	\$ -	\$ 1,431,396	\$ 1,431,396	\$ 13,829	\$ 1,247
Restricted assets - cash and pooled investments	12,084,471	-	12,084,471	-	-
Receivables (net):					
Taxes	-	-	-	-	-
Succeeding year property taxes	-	-	-	-	-
Special assessments	-	-	-	-	4,618
Accounts	-	7,622	7,622	-	-
Notes	-	150,000	150,000	-	-
Due from other funds	-	-	-	-	-
Due from other governments	145,387	53,984	199,371	-	-
Inventories	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,229,858</b>	<b>\$ 1,643,002</b>	<b>\$ 13,872,860</b>	<b>\$ 13,829</b>	<b>\$ 5,865</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 561,260	\$ 610,793	\$ 1,172,053	\$ -	\$ -
Wages payable	-	-	-	-	-
Payroll taxes payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>561,260</b>	<b>610,793</b>	<b>1,172,053</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>145,387</b>	<b>150,000</b>	<b>295,387</b>	<b>-</b>	<b>4,618</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	11,523,211	-	11,523,211	13,829	1,247
Committed	-	882,209	882,209	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>11,523,211</b>	<b>882,209</b>	<b>12,405,420</b>	<b>13,829</b>	<b>1,247</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 12,229,858</b>	<b>\$ 1,643,002</b>	<b>\$ 13,872,860</b>	<b>\$ 13,829</b>	<b>\$ 5,865</b>

<b>Total Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
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\$ 15,076	\$ 15,885,531
-	12,084,471
-	39,841
-	8,766,573
4,618	4,618
-	139,624
-	150,000
-	518
-	741,917
-	1,304,996

\$ 19,694    \$ 39,118,089

\$ -	\$ 6,193,531
-	257,642
-	41,801

-    6,492,974

4,618    9,217,346

-	1,304,996
15,076	14,736,599
-	11,826,022
-	(4,459,848)

15,076    23,407,769

\$ 19,694    \$ 39,118,089

(concluded)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016**

	<b>Rural Services</b>	<b>Sheriff Forfeited Property (State)</b>	<b>Sheriff Forfeited Property (Federal)</b>	<b>Attorney Forfeited Property</b>	<b>County Attorney Collection Incentive</b>
<b>REVENUES:</b>					
Property taxes	\$ 6,984,452	\$ -	\$ -	\$ -	\$ -
Other County taxes	214,823	-	-	-	-
Intergovernmental	597,665	4,000	-	-	403,261
Licenses and permits	-	-	-	-	-
Charges for services	270,575	-	-	-	-
Use of money and property	-	254	177	552	-
Miscellaneous	30,503	10,008	5,962	113,840	-
<b>TOTAL REVENUES</b>	<b>8,098,018</b>	<b>14,262</b>	<b>6,139</b>	<b>114,392</b>	<b>403,261</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	417,323	4,310	-	102,774	21,088
County environment and education	1,067,582	-	-	-	-
Roads and transportation	1,578,978	-	-	-	-
Government services to residents	121,559	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	-
Other capital projects	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,185,442</b>	<b>4,310</b>	<b>-</b>	<b>102,774</b>	<b>21,088</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,912,576</b>	<b>9,952</b>	<b>6,139</b>	<b>11,618</b>	<b>382,173</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(4,975,614)	-	-	-	(215,561)
Proceeds from sale of capital assets	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,975,614)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(215,561)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(63,038)</b>	<b>9,952</b>	<b>6,139</b>	<b>11,618</b>	<b>166,612</b>
<b>FUND BALANCE, BEGINNING</b>	<b>2,211,638</b>	<b>144,940</b>	<b>99,577</b>	<b>325,089</b>	<b>568,917</b>
Change in inventory reserve	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 2,148,600</b>	<b>\$ 154,892</b>	<b>\$ 105,716</b>	<b>\$ 336,707</b>	<b>\$ 735,529</b>

Special Revenue							
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenues
\$ -	\$ -	\$ 744,696	\$ -	\$ -	\$ -	\$ -	\$ 7,729,148
-	-	25,354	-	-	298,987	-	539,164
6,700,554	45,000	30,406	-	171,528	-	-	7,952,414
142,982	-	-	-	-	-	-	142,982
301,798	89,166	-	101	-	-	-	661,640
-	508	-	-	232	-	-	1,723
59,494	-	-	-	-	-	460,510	680,317
7,204,828	134,674	800,456	101	171,760	298,987	460,510	17,707,388
-	-	802,286	-	-	-	202,911	1,550,692
-	-	-	-	-	-	-	1,067,582
7,889,472	-	-	-	-	-	-	9,468,450
-	143,078	-	-	-	-	-	264,637
-	-	-	3,835	-	-	-	3,835
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,744,120	-	-	-	-	-	-	8,744,120
-	-	-	-	129,439	-	-	129,439
-	-	-	-	-	-	-	-
16,633,592	143,078	802,286	3,835	129,439	-	202,911	21,228,755
(9,428,764)	(8,404)	(1,830)	(3,734)	42,321	298,987	257,599	(3,521,367)
6,472,560	-	-	-	-	-	-	6,472,560
-	-	-	-	-	-	(908,405)	(6,099,580)
-	-	-	-	-	-	-	-
6,472,560	-	-	-	-	-	(908,405)	372,980
(2,956,204)	(8,404)	(1,830)	(3,734)	42,321	298,987	(650,806)	(3,148,387)
(300,735)	324,914	8,107	3,734	87,289	9,898,639	661,464	14,033,573
102,087	-	-	-	-	-	-	102,087
\$ (3,154,852)	\$ 316,510	\$ 6,277	\$ -	\$ 129,610	\$ 10,197,626	\$ 10,658	\$ 10,987,273

(continued)

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016**

	Capital Projects			Debt Service	
	Conservation	Capital	Total	NW 84th	Hamilton
	Water & Land Improvement			Improvements Projects	Capital Projects
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-	-
Intergovernmental	338,745	221,827	560,572	49,359	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	37,887	-	37,887	24	-
Miscellaneous	357,790	82,479	440,269	15,625	1,247
<b>TOTAL REVENUES</b>	<b>734,422</b>	<b>304,306</b>	<b>1,038,728</b>	<b>65,008</b>	<b>1,247</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	-	-	-
Roads and transportation	-	-	-	-	-
Government services to residents	-	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	47,000	-
Interest and fiscal charges	-	-	-	4,179	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	4,981,442	-	4,981,442	-	-
Other capital projects	-	4,686,369	4,686,369	-	-
<b>TOTAL EXPENDITURES</b>	<b>4,981,442</b>	<b>4,686,369</b>	<b>9,667,811</b>	<b>51,179</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,247,020)</b>	<b>(4,382,063)</b>	<b>(8,629,083)</b>	<b>13,829</b>	<b>1,247</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	2,367,570	2,367,570	-	-
Transfers out	-	-	-	-	-
Proceeds from sale of capital assets	-	50,000	50,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>2,417,570</b>	<b>2,417,570</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,247,020)</b>	<b>(1,964,493)</b>	<b>(6,211,513)</b>	<b>13,829</b>	<b>1,247</b>
<b>FUND BALANCE, BEGINNING</b>	<b>15,770,231</b>	<b>2,846,702</b>	<b>18,616,933</b>	<b>-</b>	<b>-</b>
Change in inventory reserve	-	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 11,523,211</b>	<b>\$ 882,209</b>	<b>\$ 12,405,420</b>	<b>\$ 13,829</b>	<b>\$ 1,247</b>

<b>Total Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
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\$	-	\$	7,729,148
	-		539,164
	49,359		8,562,345
	-		142,982
	-		661,640
	24		39,634
	16,872		1,137,458
	<u>66,255</u>		<u>18,812,371</u>

-	1,550,692
-	1,067,582
-	9,468,450
-	264,637
-	3,835

47,000	47,000
4,179	4,179

-	8,744,120
-	5,110,881
-	4,686,369

<u>51,179</u>	<u>30,947,745</u>
---------------	-------------------

<u>15,076</u>	<u>(12,135,374)</u>
---------------	---------------------

-	8,840,130
-	(6,099,580)
-	50,000
-	<u>2,790,550</u>

15,076	(9,344,824)
--------	-------------

-	32,650,506
---	------------

-	102,087
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<u>\$</u>	<u>15,076</u>	<u>\$</u>	<u>23,407,769</u>
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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 Base Case Management (CBCM)** - Accounts for activity relating to PCHS's program providing Target Case Management services to other third parties (managed care organizations). This program was effective April 2006.

**Iowa Tax & Tags** - Accounts for activity of the Treasurer's [www.iowataxandtags.gov](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, 2016**

	<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	\$ 386,488	\$ 701,959	\$ 394,608	\$ 993,232
Receivables (net):				
Accounts	-	45,406	-	-
Notes	-	-	-	130,032
Due from other funds	-	360	-	-
Due from other governments	174,603	-	-	-
Total current assets	<u>561,091</u>	<u>747,725</u>	<u>394,608</u>	<u>1,123,264</u>
Noncurrent assets:				
Special assessments	-	-	5,461	-
Notes	-	-	-	4,082,580
Capital assets not being depreciated	-	76,593	3,818,522	-
Capital assets being depreciated, net	370,878	300,639	8,892,451	-
Total noncurrent assets	<u>370,878</u>	<u>377,232</u>	<u>12,716,434</u>	<u>4,082,580</u>
<b>TOTAL ASSETS</b>	<u>931,969</u>	<u>1,124,957</u>	<u>13,111,042</u>	<u>5,205,844</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>139,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	68	730	8,200	-
Wages payable	41,439	895	-	-
Payroll taxes payable	6,805	149	-	-
Interest payable	-	-	-	6,826
General obligation bonds payable	-	-	-	305,494
Due to other funds	-	-	-	-
Compensated absences payable	7,032	-	-	-
Total current liabilities	<u>55,344</u>	<u>1,774</u>	<u>8,200</u>	<u>312,320</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	3,148,956
Compensated absences payable	254,119	-	-	-
Net pension liability	581,423	-	-	-
Total noncurrent liabilities	<u>835,542</u>	<u>-</u>	<u>-</u>	<u>3,148,956</u>
<b>TOTAL LIABILITIES</b>	<u>890,886</u>	<u>1,774</u>	<u>8,200</u>	<u>3,461,276</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>95,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	370,878	377,232	12,710,973	-
Unrestricted (deficit)	(285,559)	745,951	391,869	1,744,568
<b>TOTAL NET POSITION</b>	<u>\$ 85,319</u>	<u>\$ 1,123,183</u>	<u>\$ 13,102,842</u>	<u>\$ 1,744,568</u>

<b>Community Base Case Management</b>	<b>Iowa Tax &amp; Tags</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ -	\$ 374,946	\$ 2,851,233
1,154,114	-	1,199,520
-	-	130,032
-	-	360
157,490	4,427	336,520
<u>1,311,604</u>	<u>379,373</u>	<u>4,517,665</u>
-	-	5,461
-	-	4,082,580
-	-	3,895,115
-	-	9,563,968
-	-	17,547,124
<u>1,311,604</u>	<u>379,373</u>	<u>22,064,789</u>
-	38,006	177,734
605,206	-	614,204
-	14,392	56,726
-	2,304	9,258
-	-	6,826
-	-	305,494
634,264	-	634,264
-	638	7,670
<u>1,239,470</u>	<u>17,334</u>	<u>1,634,442</u>
-	-	3,148,956
-	23,049	277,168
-	168,466	749,889
-	191,515	4,176,013
<u>1,239,470</u>	<u>208,849</u>	<u>5,810,455</u>
-	10,811	106,303
-	-	13,459,083
<u>72,134</u>	<u>197,719</u>	<u>2,866,682</u>
<u>\$ 72,134</u>	<u>\$ 197,719</u>	<u>\$ 16,325,765</u>

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2016**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District	Urban Sewer
<b>OPERATING REVENUES:</b>				
Charges for goods and services:				
Charges for services	\$ 367,062	\$ -	\$ 125,580	\$ -
Intergovernmental revenues	927,801	-	-	-
Commissions income	-	203,609	-	-
Miscellaneous	8,916	91,165	5,569	-
Total operating revenues	<u>1,303,779</u>	<u>294,774</u>	<u>131,149</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>				
Cost of goods and services:				
Personal services	961,733	15,739	10,583	-
Supplies	49,271	68,331	-	-
Professional services	-	8,173	2,104	-
Other services/charges	83,603	62,882	21,362	-
Miscellaneous	-	5,904	4,861	-
Amortization of discount (premium)	-	-	-	(2,872)
Depreciation	86,182	30,463	361,677	-
Total operating expenses	<u>1,180,789</u>	<u>191,492</u>	<u>400,587</u>	<u>(2,872)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>122,990</u>	<u>103,282</u>	<u>(269,438)</u>	<u>2,872</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	472	1,519	479	4,461
Interest expense	-	-	-	(91,458)
Total nonoperating revenues (expenses)	<u>472</u>	<u>1,519</u>	<u>479</u>	<u>(86,997)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>123,462</u>	<u>104,801</u>	<u>(268,959)</u>	<u>(84,125)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions from others - grants	-	-	1,516,094	-
Transfers out	-	(205,059)	-	-
Total transfers	<u>-</u>	<u>(205,059)</u>	<u>1,516,094</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>123,462</u>	<u>(100,258)</u>	<u>1,247,135</u>	<u>(84,125)</u>
<b>TOTAL NET POSITION - BEGINNING</b>	<u>(38,143)</u>	<u>1,223,441</u>	<u>11,855,707</u>	<u>1,828,693</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 85,319</u>	<u>\$ 1,123,183</u>	<u>\$ 13,102,842</u>	<u>\$ 1,744,568</u>

<b>Community Base Case Management</b>	<b>Iowa Tax &amp; Tags</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ -	\$ 414,508	\$ 907,150
1,664,392	-	2,592,193
-	-	203,609
-	17,926	123,576
1,664,392	432,434	3,826,528
-	338,742	1,326,797
-	727	118,329
-	-	10,277
1,592,258	10,160	1,770,265
-	-	10,765
-	-	(2,872)
-	-	478,322
1,592,258	349,629	3,711,883
72,134	82,805	114,645
-	38,143	45,074
-	-	(91,458)
-	38,143	(46,384)
72,134	120,948	68,261
-	-	1,516,094
-	-	(205,059)
-	-	1,311,035
72,134	120,948	1,379,296
-	76,771	14,946,469
\$ 72,134	\$ 197,719	\$ 16,325,765

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2016**

	<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	\$ 375,978	\$ 308,898	\$ 139,701
Cash received from operating grants	922,156	-	-
Cash paid to suppliers for goods and services	(132,925)	(162,196)	(20,127)
Cash paid to employees	(1,000,565)	(15,522)	(10,583)
Net cash flows from operating activities	<u>164,644</u>	<u>131,180</u>	<u>108,991</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers out	-	(205,059)	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>(205,059)</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	-	-	-
Capital grants received	-	-	1,840,675
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(90,204)	-	(1,825,367)
Net cash flows from capital and related financing activities	<u>(90,204)</u>	<u>-</u>	<u>15,308</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	472	1,519	479
Net cash flows from investing activities	<u>472</u>	<u>1,519</u>	<u>479</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>74,912</b>	<b>(72,360)</b>	<b>124,778</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>311,576</b>	<b>774,319</b>	<b>269,830</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 386,488</u></b>	<b><u>\$ 701,959</u></b>	<b><u>\$ 394,608</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 122,990	\$ 103,282	\$ (269,438)
Components of operating income (loss) not included in operating activities			
Depreciation	86,182	30,463	361,677
Amortization	-	-	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	(935)
(Increase) decrease in accounts receivable	-	14,484	-
(Increase) decrease in due from other funds	-	(360)	-
(Increase) decrease in due from other governments	(5,645)	-	9,487
(Increase) decrease in deferred outflows of resources	(3,327)	-	-
Increase (decrease) in accounts payable	(51)	(16,906)	8,200
Increase (decrease) in wages payable	7,082	155	-
Increase (decrease) in payroll taxes payable	1,461	62	-
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences payable	6,552	-	-
Increase (decrease) in net pension liability	156,007	-	-
Increase (decrease) in deferred outflows of resources	(206,607)	-	-
Net cash flows from operating activities	<u>\$ 164,644</u>	<u>\$ 131,180</u>	<u>\$ 108,991</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Disposal of fully depreciated capital assets	\$ -	\$ (67,409)	\$ -
Acquisition of capital assets through accounts payable	-	-	(22,216)

Urban Sewer	Community Base Case Management	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
\$ -	\$ 352,788	\$ 432,042	\$ 1,609,407
-	-	-	922,156
-	(352,788)	(10,887)	(678,923)
-	-	(337,723)	(1,364,393)
-	-	83,432	488,247
-	-	-	(205,059)
-	-	-	(205,059)
(301,176)	-	-	(301,176)
(91,937)	-	-	(91,937)
-	-	-	1,840,675
123,707	-	-	123,707
-	-	-	(1,915,571)
(269,406)	-	-	(344,302)
4,461	-	38,143	45,074
4,461	-	38,143	45,074
(264,945)	-	121,575	(16,040)
1,258,177	-	253,371	2,867,273
\$ 993,232	\$ -	\$ 374,946	\$ 2,851,233
\$ 2,872	\$ 72,134	\$ 82,805	\$ 114,645
-	-	-	478,322
(2,872)	-	-	(2,872)
-	-	-	(935)
-	(1,154,114)	-	(1,139,630)
-	-	-	(360)
-	(157,490)	(392)	(154,040)
-	-	(1,141)	(4,468)
-	605,206	-	596,449
-	-	2,832	10,069
-	-	448	1,971
-	634,264	-	634,264
-	-	16,229	22,781
-	-	53,488	209,495
-	-	(70,837)	(277,444)
\$ -	\$ -	\$ 83,432	\$ 488,247
\$ -	\$ -	\$ -	\$ (67,409)
-	-	-	(22,216)

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## **INTERNAL SERVICE FUNDS**

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

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

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

**POLK COUNTY, IOWA**

**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2016**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash and pooled investments	\$ 8,316,249	\$ 3,800,000	\$ 12,116,249
Accounts receivables	154,128	-	154,128
<b>TOTAL ASSETS</b>	<b>8,470,377</b>	<b>3,800,000</b>	<b>12,270,377</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	220,028	-	220,028
Estimated liability for claims and judgments	1,478,700	-	1,478,700
Total current liabilities	1,698,728	-	1,698,728
Noncurrent liabilities:			
Post employment liability (Note 22)	6,329,000	-	6,329,000
Total noncurrent liabilities	6,329,000	-	6,329,000
<b>TOTAL LIABILITIES</b>	<b>8,027,728</b>	<b>-</b>	<b>8,027,728</b>
<b>NET POSITION</b>			
Unrestricted	442,649	3,800,000	4,242,649
<b>TOTAL NET POSITION</b>	<b>\$ 442,649</b>	<b>\$ 3,800,000</b>	<b>\$ 4,242,649</b>

**POLK COUNTY, IOWA**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2016**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 18,188,133	\$ -	\$ 18,188,133
Miscellaneous	3,464	-	3,464
Total operating revenues	<u>18,191,597</u>	-	<u>18,191,597</u>
<b>OPERATING EXPENSES:</b>			
Other services/charges	73,316	-	73,316
Insurance	20,182,253	-	20,182,253
Total operating expenses	<u>20,255,569</u>	-	<u>20,255,569</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,063,972)</u>	-	<u>(2,063,972)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	15,635	-	15,635
Total nonoperating revenues (expenses)	<u>15,635</u>	-	<u>15,635</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(2,048,337)</u>	-	<u>(2,048,337)</u>
<b>TRANSFERS:</b>			
Transfers in	-	3,526,445	3,526,445
Transfers out	(20,000)	(3,526,445)	(3,546,445)
Total transfers	<u>(20,000)</u>	-	<u>(20,000)</u>
<b>CHANGE IN NET POSITION</b>	<u>(2,068,337)</u>	-	<u>(2,068,337)</u>
<b>NET POSITION, BEGINNING</b>	<u>2,510,986</u>	3,800,000	<u>6,310,986</u>
<b>NET POSITION, ENDING</b>	<u>\$ 442,649</u>	<u>\$ 3,800,000</u>	<u>\$ 4,242,649</u>

**POLK COUNTY, IOWA**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2016**

	<b>Employee Insurance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 18,102,236	\$ -	\$ 18,102,236
Cash paid to suppliers for goods and services	(19,293,913)	-	(19,293,913)
Net cash flows from operating activities	<u>(1,191,677)</u>	-	<u>(1,191,677)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	3,526,445	3,526,445
Transfers out	(20,000)	(3,526,445)	(3,546,445)
Net cash flows from noncapital financing activities	<u>(20,000)</u>	-	<u>(20,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	15,635	-	15,635
Net cash flows from investing activities	<u>15,635</u>	-	<u>15,635</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,196,042)</b>	<b>-</b>	<b>(1,196,042)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>9,512,291</b>	<b>3,800,000</b>	<b>13,312,291</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 8,316,249</u></b>	<b><u>\$ 3,800,000</u></b>	<b><u>\$ 12,116,249</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (2,063,972)	\$ -	\$ (2,063,972)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	(89,361)	-	(89,361)
Increase (decrease) in accounts payable	34,756	-	34,756
Increase (decrease) in estimated liability for claims and judgments	117,900	-	117,900
Increase (decrease) in post employment liability	809,000	-	809,000
Net cash flows from operating activities	<u>\$ (1,191,677)</u>	<u>\$ -</u>	<u>\$ (1,191,677)</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, 2016**

	<b>Trust &amp; Agency Treasurer</b>	<b>Trust &amp; Agency Trust Funds Held</b>	<b>County Assessor Expense</b>	<b>E911 Service</b>
<b>ASSETS:</b>				
Cash and pooled investments	\$ 18,091,989	\$ 915,891	\$ 1,966,029	\$ 4,042,575
Receivables (net):				
Taxes	3,850,710	-	48,325	-
Special assessments	10,726,159	9,430	-	-
Accounts	-	-	-	371,915
Due from other governments	-	-	-	406,211
Prepays	-	-	-	94,591
<b>TOTAL ASSETS</b>	<b>\$ 32,668,858</b>	<b>\$ 925,321</b>	<b>\$ 2,014,354</b>	<b>\$ 4,915,292</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 8,726	\$ 36,187	\$ 223,736
Wages payable	-	-	178,673	-
Payroll taxes payable	151,684	-	29,055	-
Due to other governments	32,517,174	334,015	430,081	4,691,556
Advances from other funds	-	6,153	-	-
Trusts payable	-	576,427	-	-
Compensated absences payable	-	-	1,085,358	-
Post employment liability	-	-	255,000	-
<b>TOTAL LIABILITIES</b>	<b>\$ 32,668,858</b>	<b>\$ 925,321</b>	<b>\$ 2,014,354</b>	<b>\$ 4,915,292</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	\$ 8,452	\$ 311,482	\$ 450,907	\$ 26,473,527
-	-	-	-	3,899,035
-	-	-	-	10,735,589
-	6,442	-	-	378,357
-	183,672	-	6,017	595,900
-	-	-	5,000	99,591
<b>\$ 686,202</b>	<b>\$ 198,566</b>	<b>\$ 311,482</b>	<b>\$ 461,924</b>	<b>\$ 42,181,999</b>
\$ -	\$ 46,243	\$ 9,118	\$ 265	\$ 324,275
-	19,510	-	-	198,183
-	3,164	-	-	183,903
686,202	104,915	302,364	461,659	39,527,966
-	-	-	-	6,153
-	-	-	-	576,427
-	24,734	-	-	1,110,092
-	-	-	-	255,000
<b>\$ 686,202</b>	<b>\$ 198,566</b>	<b>\$ 311,482</b>	<b>\$ 461,924</b>	<b>\$ 42,181,999</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2016**

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2016</b>
<b>TRUST &amp; AGENCY TREASURER:</b>				
ASSETS:				
Cash and pooled investments	\$ 18,663,216	\$ 923,608,535	\$ (924,179,762)	\$ 18,091,989
Taxes receivable	3,691,545	159,165	-	3,850,710
Special assessments receivable	10,451,693	274,466	-	10,726,159
<b>TOTAL ASSETS</b>	<b>\$ 32,806,454</b>	<b>\$ 924,042,166</b>	<b>\$ (924,179,762)</b>	<b>\$ 32,668,858</b>
LIABILITIES:				
Payroll taxes payable	\$ 142,751	\$ 8,933	\$ -	\$ 151,684
Due to other governments	32,663,703	-	(146,529)	32,517,174
<b>TOTAL LIABILITIES</b>	<b>\$ 32,806,454</b>	<b>\$ 8,933</b>	<b>\$ (146,529)</b>	<b>\$ 32,668,858</b>

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2016</b>
<b>TRUST &amp; AGENCY TRUST FUNDS HELD:</b>				
ASSETS:				
Cash and pooled investments	\$ 937,449	\$ 1,528,559	\$ (1,550,117)	\$ 915,891
Special assessments receivable	18,031	-	(8,601)	9,430
<b>TOTAL ASSETS</b>	<b>\$ 955,480</b>	<b>\$ 1,528,559</b>	<b>\$ (1,558,718)</b>	<b>\$ 925,321</b>
LIABILITIES:				
Accounts payable	\$ 5,665	\$ 3,061	\$ -	\$ 8,726
Due to other governments	336,216	-	(2,201)	334,015
Advances from other funds	45,600	-	(39,447)	6,153
Trusts payable	567,999	8,428	-	576,427
<b>TOTAL LIABILITIES</b>	<b>\$ 955,480</b>	<b>\$ 11,489</b>	<b>\$ (41,648)</b>	<b>\$ 925,321</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2016**

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2016</b>
<b>COUNTY ASSESSOR EXPENSE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 1,861,249	\$ 5,681,664	\$ (5,576,884)	\$ 1,966,029
Taxes receivable	47,154	1,171	-	48,325
Due from other governments	20,000	-	(20,000)	-
<b>TOTAL ASSETS</b>	<b>\$ 1,928,403</b>	<b>\$ 5,682,835</b>	<b>\$ (5,596,884)</b>	<b>\$ 2,014,354</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 14,616	\$ 21,571	\$ -	\$ 36,187
Wages payable	148,613	30,060	-	178,673
Payroll taxes payable	23,905	5,150	-	29,055
Due to other governments	557,414	-	(127,333)	430,081
Compensated absences payable	957,855	127,503	-	1,085,358
Post employment liability	226,000	29,000	-	255,000
<b>TOTAL LIABILITIES</b>	<b>\$ 1,928,403</b>	<b>\$ 213,284</b>	<b>\$ (127,333)</b>	<b>\$ 2,014,354</b>

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2016</b>
<b>E911 SERVICE:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ 3,671,900	\$ 3,309,088	\$ (2,938,413)	\$ 4,042,575
Accounts receivable	408,380	-	(36,465)	371,915
Due from other governments	429,897	-	(23,686)	406,211
Prepays	86,369	8,222	-	94,591
<b>TOTAL ASSETS</b>	<b>\$ 4,596,546</b>	<b>\$ 3,317,310</b>	<b>\$ (2,998,564)</b>	<b>\$ 4,915,292</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 324,499	\$ -	\$ (100,763)	\$ 223,736
Due to other governments	4,272,047	419,509	-	4,691,556
<b>TOTAL LIABILITIES</b>	<b>\$ 4,596,546</b>	<b>\$ 419,509</b>	<b>\$ (100,763)</b>	<b>\$ 4,915,292</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2016**

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2016</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, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2016</b>
<b>EMERGENCY MANAGEMENT:</b>				
<b>ASSETS:</b>				
Cash and pooled investments	\$ -	\$ 1,106,120	\$ (1,097,668)	\$ 8,452
Accounts receivable	4,449	1,993	-	6,442
Due from other governments	161,899	21,773	-	183,672
<b>TOTAL ASSETS</b>	<b>\$ 166,348</b>	<b>\$ 1,129,886</b>	<b>\$ (1,097,668)</b>	<b>\$ 198,566</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 3,236	\$ 43,007	\$ -	\$ 46,243
Wages payable	13,731	5,779	-	19,510
Payroll taxes payable	2,228	936	-	3,164
Due to other funds	88,489	-	(88,489)	-
Due to other governments	36,287	68,628	-	104,915
Compensated absences payable	22,377	2,357	-	24,734
<b>TOTAL LIABILITIES</b>	<b>\$ 166,348</b>	<b>\$ 120,707</b>	<b>\$ (88,489)</b>	<b>\$ 198,566</b>

**POLK COUNTY, IOWA**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>SEIZED FUNDS UNFORFEITED:</b>				
ASSETS:				
Cash and pooled investments	\$ 90,457	\$ 756,128	\$ (535,103)	\$ 311,482
<b>TOTAL ASSETS</b>	<b>\$ 90,457</b>	<b>\$ 756,128</b>	<b>\$ (535,103)</b>	<b>\$ 311,482</b>
LIABILITIES:				
Accounts payable	\$ -	\$ 9,118	\$ -	\$ 9,118
Due to other governments	90,457	211,907	-	302,364
<b>TOTAL LIABILITIES</b>	<b>\$ 90,457</b>	<b>\$ 221,025</b>	<b>\$ -</b>	<b>\$ 311,482</b>

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>MINE TASK FORCE:</b>				
ASSETS:				
Cash and pooled investments	\$ 413,085	\$ 433,057	\$ (395,235)	\$ 450,907
Due from other governments	6,615	-	(598)	6,017
Prepays	5,000	-	-	5,000
<b>TOTAL ASSETS</b>	<b>\$ 424,700</b>	<b>\$ 433,057</b>	<b>\$ (395,833)</b>	<b>\$ 461,924</b>
LIABILITIES:				
Accounts payable	\$ -	\$ 265	\$ -	\$ 265
Due to other governments	424,700	36,959	-	461,659
<b>TOTAL LIABILITIES</b>	<b>\$ 424,700</b>	<b>\$ 37,224</b>	<b>\$ -</b>	<b>\$ 461,924</b>

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**POLK COUNTY, IOWA**

**Statement of Net Position**

**Component Units**

**June 30, 2016**

	<b>PCHS</b>	<b>IEC Hotel Corp</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and pooled investments	\$ 4,965,166	\$ -	\$ 4,965,166
Receivables (net)	381,872	301,799	683,671
Prepaid items	195,080	-	195,080
Capital assets not being depreciated	1,301,209	-	1,301,209
Capital assets being depreciated, net	2,559,268	-	2,559,268
<b>TOTAL ASSETS</b>	<b>9,402,595</b>	<b>301,799</b>	<b>9,704,394</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	415,665	94,139	509,804
Due to primary government	259,152	226,594	485,746
Unearned revenues	218,151	-	218,151
Due within one year:			
Compensated absences payable	84,637	-	84,637
Due in more than one year:			
Compensated absences payable	46,094	-	46,094
<b>TOTAL LIABILITIES</b>	<b>1,023,699</b>	<b>320,733</b>	<b>1,344,432</b>
<b>NET POSITION</b>			
Net investment in capital assets	3,860,477	-	3,860,477
Restricted for:			
PCHS/Foundation	2,166,955	-	2,166,955
Unrestricted (deficit)	2,351,464	(18,934)	2,332,530
<b>TOTAL NET POSITION</b>	<b>\$ 8,378,896</b>	<b>\$ (18,934)</b>	<b>\$ 8,359,962</b>

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## STATISTICAL SECTION

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

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

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

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

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

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

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

# POLK COUNTY, IOWA

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 88,071,556	\$ 79,083,042	\$ 78,083,885	\$ 73,411,073
Restricted	21,722,629	16,109,702	5,075,110	4,843,618
Unrestricted	(5,283,556)	5,896,595	25,286,700	26,911,739
<b>Total governmental activities net position</b>	<b>\$ 104,510,629</b>	<b>\$ 101,089,339</b>	<b>\$ 108,445,695</b>	<b>\$ 105,166,430</b>
Business-type activities:				
Net investment in capital assets	\$ 171,678,408	\$ 168,328,097	\$ 169,615,522	\$ 170,445,639
Restricted	575,235	452,485	562,387	521,536
Unrestricted	20,941,711	27,504,114	17,132,872	17,105,354
<b>Total business-type activities net position</b>	<b>\$ 193,195,354</b>	<b>\$ 196,284,696</b>	<b>\$ 187,310,781</b>	<b>\$ 188,072,529</b>
Primary government:				
Net investment in capital assets	\$ 259,749,964	\$ 247,411,139	\$ 247,699,407	\$ 243,856,712
Restricted	22,297,864	16,562,187	5,637,497	5,365,154
Unrestricted	15,658,155	33,400,709	42,419,572	44,017,093
<b>Total primary government net position</b>	<b>\$ 297,705,983</b>	<b>\$ 297,374,035</b>	<b>\$ 295,756,476</b>	<b>\$ 293,238,959</b>

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 70,770,518	\$ 72,748,920	\$ 75,133,663	\$ 75,766,185	\$ 79,649,467	\$ 95,782,354	
5,726,045	3,281,414	5,923,114	20,238,049	13,961,534	6,856,842	
21,606,897	17,192,311	22,900,184	18,315,610	(11,863,296)	(6,663,345)	
<u>\$ 98,103,460</u>	<u>\$ 93,222,645</u>	<u>\$ 103,956,961</u>	<u>\$ 114,319,844</u>	<u>\$ 81,747,705</u>	<u>\$ 95,975,851</u>	
\$ 240,462,094	\$ 237,474,012	\$ 228,985,935	\$ 227,164,549	\$ 227,920,658	\$ 210,891,115	
518,126	769,038	362,825	398,723	683,568	892,818	
21,991,857	24,470,612	27,365,867	23,792,875	23,032,612	29,905,022	
<u>\$ 262,972,077</u>	<u>\$ 262,713,662</u>	<u>\$ 256,714,627</u>	<u>\$ 251,356,147</u>	<u>\$ 251,636,838</u>	<u>\$ 241,688,955</u>	
\$ 311,232,612	\$ 310,222,932	\$ 304,119,598	\$ 302,930,734	\$ 307,570,125	\$ 306,673,469	
6,244,171	4,050,452	6,285,939	20,636,772	14,645,102	7,749,660	
43,598,754	41,662,923	50,266,051	42,108,485	11,169,316	23,241,677	
<u>\$ 361,075,537</u>	<u>\$ 355,936,307</u>	<u>\$ 360,671,588</u>	<u>\$ 365,675,991</u>	<u>\$ 333,384,543</u>	<u>\$ 337,664,806</u>	

**POLK COUNTY, IOWA**

**Changes in Net Position**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses:</b>				
Governmental activities:				
Public safety and legal services	\$ 50,943,331	\$ 54,586,369	\$ 61,023,060	\$ 65,461,987
Physical health and social services	27,939,503	30,701,720	32,285,044	39,210,142
Mental health	47,580,948	50,448,588	48,574,014	53,427,113
County environment and education	17,911,180	12,988,528	16,067,273	15,457,101
Roads and transportation	14,384,813	18,924,908	20,995,975	17,634,649
Governmental services to residents	6,068,908	6,444,220	6,414,215	7,032,880
Administration	31,230,881	34,835,609	33,816,384	29,386,862
Interest on long-term debt	3,143,577	4,497,886	4,462,810	4,250,122
<b>Total governmental activities expenses</b>	<b>199,203,141</b>	<b>213,427,828</b>	<b>223,638,775</b>	<b>231,860,856</b>
Business-type activities:				
Air Quality	773,893	892,991	981,255	990,754
Sanitary Treatment Works	896,815	901,149	1,237,304	1,431,082
Prairie Meadows Racetrack/Casino	6,589,760	7,469,240	7,526,269	7,586,351
Conservation Enterprises	1,367,187	775,308	163,573	65,896
Hamilton Urban Drainage District	269,147	259,856	390,343	330,924
Iowa Events Center	14,584,039	23,475,886	22,475,901	22,425,073
Wells Fargo Arena	8,390,198	-	-	-
Urban Sewer	234,327	227,968	220,552	212,936
Community Base Case Management	-	-	-	-
Iowa Tax & Tags	-	-	-	-
<b>Total business-type activities expenses</b>	<b>33,105,366</b>	<b>34,002,398</b>	<b>32,995,197</b>	<b>33,043,016</b>
<b>Total government expenses</b>	<b>\$ 232,308,507</b>	<b>\$ 247,430,226</b>	<b>\$ 256,633,972</b>	<b>\$ 264,903,872</b>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Public safety and legal services	\$ 11,186,397	\$ 12,544,883	\$ 13,748,833	\$ 14,486,324
Physical health and social services	1,115,878	1,117,024	1,216,302	1,030,279
Mental health	5,848,459	6,952,878	7,172,445	7,622,337
County environment and education	1,241,881	1,331,272	1,264,129	1,413,568
Roads and transportation	566,269	486,994	460,647	524,657
Governmental services to residents	7,041,509	6,606,559	6,061,786	6,339,744
Administration	1,123,749	1,779,178	1,402,285	1,221,884
Interest on long-term debt	8	13	25	40,099
Operating grants and contributions	40,462,381	44,384,526	52,103,769	57,647,553
Capital grants and contributions	340,200	1,049,053	1,881,849	263,289
<b>Total governmental activities program revenues</b>	<b>68,926,731</b>	<b>76,252,380</b>	<b>85,312,070</b>	<b>90,589,734</b>
Business-type activities:				
Charges for services:				
Air Quality	256,331	217,265	241,834	245,178
Sanitary Treatment Works	588,771	753,576	598,383	1,115,130
Prairie Meadows Racetrack/Casino	27,183,708	28,131,768	27,397,093	27,847,963
Conservation Enterprises	1,390,168	934,594	414,992	235,021
Hamilton Urban Drainage District	131,245	130,273	129,686	123,320
Iowa Events Center	7,176,134	10,195,585	9,785,201	11,469,014
Wells Fargo Arena	2,170,233	-	-	-
Iowa Tax & Tags	-	-	-	-
Operating grants and contributions	648,292	694,812	731,241	782,285
Capital grants and contributions	1,537,235	1,730,846	1,002,238	938,748
<b>Total business-type activities program revenues</b>	<b>41,082,117</b>	<b>42,788,719</b>	<b>40,300,668</b>	<b>42,756,659</b>
<b>Total government program revenues</b>	<b>\$ 110,008,848</b>	<b>\$ 119,041,099</b>	<b>\$ 125,612,738</b>	<b>\$ 133,346,393</b>

							Fiscal Year						
		2011		2012		2013		2014		2015		2016	
\$	68,350,314	\$	67,744,452	\$	68,677,335	\$	71,564,875	\$	69,683,428	\$	72,778,579		
	41,244,404		37,511,827		34,703,552		35,070,940		35,364,307		37,352,964		
	50,553,729		59,804,417		22,325,002		24,158,157		28,533,670		25,906,010		
	14,837,634		13,238,065		12,768,084		13,923,732		13,510,577		14,719,318		
	22,090,050		18,363,729		18,338,223		19,312,228		18,860,843		21,057,936		
	7,118,535		7,242,640		7,077,482		7,129,232		7,344,942		7,974,904		
	30,581,581		33,049,043		28,625,011		28,335,206		32,774,134		32,949,752		
	4,206,456		4,169,828		5,313,966		5,846,733		3,882,745		5,286,682		
	238,982,703		241,124,001		197,828,655		205,341,103		209,954,646		218,026,145		
	1,079,530		1,173,421		1,218,911		1,154,638		1,219,921		1,180,789		
	1,056,837		948,773		788,708		726,280		1,365,289		6,450,974		
	9,083,738		10,402,872		11,052,660		10,167,216		11,602,938		10,602,938		
	42,543		41,911		47,968		40,327		170,279		191,492		
	411,290		684,977		263,778		270,242		294,484		400,587		
	20,735,311		22,844,444		24,891,371		24,405,542		25,689,294		29,382,506		
	-		-		-		-		-		-		
	205,105		196,872		277,454		313,883		94,523		88,586		
	-		-		-		-		-		1,592,258		
	-		60,282		211,165		295,583		350,977		349,629		
	32,614,354		36,353,552		38,752,015		37,373,711		40,787,705		50,239,759		
\$	271,597,057	\$	277,477,553	\$	236,580,670	\$	242,714,814	\$	250,742,351	\$	268,265,904		
\$	13,788,614	\$	13,041,721	\$	14,325,269	\$	13,781,722	\$	13,176,295	\$	14,045,975		
	1,185,162		1,418,367		1,236,642		1,042,590		1,036,902		1,078,182		
	7,756,232		9,390,080		10,376,168		6,890,136		7,029,275		4,113,979		
	1,411,631		1,865,141		1,809,500		1,834,621		1,879,130		2,057,031		
	473,411		470,974		420,451		483,746		941,450		552,046		
	6,259,696		6,900,219		7,488,249		7,285,121		7,273,173		8,058,455		
	1,658,836		1,598,869		1,900,040		1,932,024		1,794,169		1,748,225		
	9,946		14,487		54,200		49,843		51,062		49,385		
	55,560,468		55,514,496		23,227,618		29,067,248		26,488,420		21,941,825		
	392,162		700,644		1,902,755		262,332		2,919,497		6,129,377		
	88,496,158		90,914,998		62,740,892		62,629,383		62,589,373		59,774,480		
	254,186		270,256		294,919		348,214		346,417		367,062		
	558,604		884,718		868,268		826,236		966,901		787,032		
	27,084,294		26,393,924		26,000,000		26,000,000		26,000,000		24,729,652		
	191,808		209,111		194,267		198,941		195,157		203,609		
	140,369		120,850		141,121		120,206		144,566		125,580		
	8,982,061		12,542,142		10,990,697		12,459,738		15,072,784		16,167,111		
	-		-		-		-		-		-		
	-		7,502		337,895		367,059		386,463		414,508		
	827,478		1,304,873		963,837		1,465,466		5,505,719		2,592,193		
	76,576,666		723,977		128,250		128,250		128,250		1,644,344		
	114,615,466		42,457,353		39,919,254		41,914,110		48,746,257		47,031,091		
\$	203,111,624	\$	133,372,351	\$	102,660,146	\$	104,543,493	\$	111,335,630	\$	106,805,571		

(continued)

**POLK COUNTY, IOWA**

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

	Fiscal Year			
	2007	2008	2009	2010
Net (expense)/revenue:				
Governmental activities	\$ (130,276,410)	\$ (137,175,448)	\$ (138,326,705)	\$ (141,271,122)
Business-type activities	7,976,751	8,786,321	7,305,471	9,713,643
<b>Total government net expense</b>	<b>\$ (122,299,659)</b>	<b>\$ (128,389,127)</b>	<b>\$ (131,021,234)</b>	<b>\$ (131,557,479)</b>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 95,414,667	\$ 105,846,177	\$ 113,294,655	\$ 119,034,717
Other county taxes	4,539,835	5,307,751	5,391,333	5,473,202
Interest on property taxes	1,147,313	1,388,689	1,591,907	1,603,084
State replacements	2,658,239	2,773,895	2,772,002	2,716,286
Use of money and property	8,347,209	6,864,291	3,194,638	2,089,257
Miscellaneous	2,068,863	4,152,740	1,589,359	1,672,209
Loss on sale of capital assets	-	-	-	(3,970,233)
Gain on sale of capital assets	-	-	465,490	-
Capital transfers	-	-	-	250,000
Transfers	8,043,702	7,420,615	17,383,677	9,123,335
<b>Total governmental activities</b>	<b>122,219,828</b>	<b>133,754,158</b>	<b>145,683,061</b>	<b>137,991,857</b>
Business-type activities:				
Use of money and property	1,854,206	1,373,373	815,374	109,262
Miscellaneous	420,136	350,263	288,917	312,178
Capital transfers - Loss on transfer of capital assets	-	-	-	(250,000)
Transfers	(8,043,702)	(7,420,615)	(17,383,677)	(9,123,335)
<b>Total business-type activities</b>	<b>(5,769,360)</b>	<b>(5,696,979)</b>	<b>(16,279,386)</b>	<b>(8,951,895)</b>
<b>Total government</b>	<b>\$ 116,450,468</b>	<b>\$ 128,057,179</b>	<b>\$ 129,403,675</b>	<b>\$ 129,039,962</b>
Change in net position:				
Governmental activities	\$ (8,056,582)	\$ (3,421,290)	\$ 7,356,356	\$ (3,279,265)
Business-type activities	2,207,391	3,089,342	(8,973,915)	761,748
<b>Total primary government</b>	<b>\$ (5,849,191)</b>	<b>\$ (331,948)</b>	<b>\$ (1,617,559)</b>	<b>\$ (2,517,517)</b>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (150,486,545)	\$ (150,209,003)	\$ (135,087,763)	\$ (142,711,720)	\$ (147,365,273)	\$ (158,251,665)
82,001,112	6,103,801	1,167,239	4,540,399	7,958,552	(3,208,668)
\$ (68,485,433)	\$ (144,105,202)	\$ (133,920,524)	\$ (138,171,321)	\$ (139,406,721)	\$ (161,460,333)

\$ 124,436,158	\$ 128,391,593	\$ 126,597,379	\$ 131,914,045	\$ 136,363,181	\$ 140,709,005
5,278,538	5,590,186	5,471,136	5,476,275	5,705,541	5,735,911
1,819,683	1,326,266	1,264,536	1,381,536	1,412,664	1,174,445
2,522,012	2,507,895	3,042,129	3,860,426	8,034,434	12,873,398
286,009	227,504	379,474	255,759	309,077	709,823
1,562,930	490,821	1,261,848	2,068,364	1,734,376	3,082,645
-	-	-	-	-	-
-	-	-	-	-	-
-	-	425,367	-	-	-
7,518,245	6,793,923	7,380,210	9,761,697	7,429,240	8,194,584
143,423,575	145,328,188	145,822,079	154,718,102	160,988,513	172,479,811

95,835	49,145	178,934	54,995	74,169	637,627
320,846	382,562	460,369	860,639	572,344	817,742
-	-	(425,367)	-	-	-
(7,518,245)	(6,793,923)	(7,380,210)	(9,761,697)	(7,429,240)	(8,194,584)
(7,101,564)	(6,362,216)	(7,166,274)	(8,846,063)	(6,782,727)	(6,739,215)
\$ 136,322,011	\$ 138,965,972	\$ 138,655,805	\$ 145,872,039	\$ 154,205,786	\$ 165,740,596

\$ (7,062,970)	\$ (4,880,815)	\$ 10,734,316	\$ 12,006,382	\$ 13,623,240	\$ 14,228,146
74,899,548	(258,415)	(5,999,035)	(4,305,664)	1,175,825	(9,947,883)
\$ 67,836,578	\$ (5,139,230)	\$ 4,735,281	\$ 7,700,718	\$ 14,799,065	\$ 4,280,263

(concluded)

**POLK COUNTY, IOWA**

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Reserved	\$ 5,007,608	\$ 8,559,752	\$ 8,123,291	\$ 7,727,389
Unreserved	31,554,143	29,777,926	27,566,129	29,462,331
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>\$ 36,561,751</b>	<b>\$ 38,337,678</b>	<b>\$ 35,689,420</b>	<b>\$ 37,189,720</b>
Mental Health Fund:				
Reserved	\$ 863,685	\$ 801,046	\$ 736,515	\$ -
Unreserved	(3,180,810)	(3,515,264)	(890,817)	1,347,245
Restricted	-	-	-	-
Unassigned	-	-	-	-
<b>Total Mental Health Fund</b>	<b>\$ (2,317,125)</b>	<b>\$ (2,714,218)</b>	<b>\$ (154,302)</b>	<b>\$ 1,347,245</b>
Jail Facility Fund:				
Unreserved	\$ 18,559,904	\$ -	\$ -	\$ -
<b>Total Jail Facility Fund</b>	<b>\$ 18,559,904</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Justice Center Fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
<b>Total Justice Center Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Debt Service Fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
<b>Total Debt Service Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
All other governmental funds:				
Reserved	\$ 7,618,031	\$ 6,574,256	\$ 4,529,113	\$ 3,495,836
Unreserved, reported in:				
Special revenue funds	7,321,608	4,597,378	6,574,400	5,570,102
Capital projects funds	9,597,713	2,798,519	755,855	(1,294,898)
Debt service funds	417,138	366,009	279,041	598,024
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 24,954,490</b>	<b>\$ 14,336,162</b>	<b>\$ 12,138,409</b>	<b>\$ 8,369,064</b>

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

**Fiscal Year**

	2011	2012	2013	2014	2015	2016
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	835,122	1,108,645	1,431,512	1,317,221	1,199,934	970,787
	3,989,810	3,700,119	3,753,815	3,585,015	3,265,208	3,764,477
	34,510,331	28,872,644	35,680,321	37,877,628	43,089,740	47,725,904
\$	39,335,263	\$ 33,681,408	\$ 40,865,648	\$ 42,779,864	\$ 47,554,882	\$ 52,461,168

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	765,412	-	2,030,563	6,837,252	7,867,880	2,657,177
	-	(4,132,905)	-	-	-	-
\$	765,412	\$ (4,132,905)	\$ 2,030,563	\$ 6,837,252	\$ 7,867,880	\$ 2,657,177

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -

\$	-	\$ -	\$ -	\$ -	\$ 59,277,232	\$ 47,204,845
\$	-	\$ -	\$ -	\$ -	\$ 59,277,232	\$ 47,204,845

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

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	777,178	925,036	712,871	943,020	1,202,909	1,304,996
	4,960,633	3,281,414	3,273,535	13,184,033	18,971,785	14,736,599
	9,099,102	9,819,630	10,254,039	10,993,740	13,979,456	11,826,022
	(3,968,513)	(3,939,663)	(4,642,695)	(2,138,711)	(1,503,644)	(4,459,848)
\$	10,868,400	\$ 10,086,417	\$ 9,597,750	\$ 22,982,082	\$ 32,650,506	\$ 23,407,769

# POLK COUNTY, IOWA

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues:</b>				
Property taxes	\$ 95,065,943	\$ 106,659,293	\$ 113,193,055	\$ 119,016,167
Other County taxes	4,539,835	5,307,751	5,391,333	5,473,202
Interest and penalties on delinquent taxes	1,147,313	1,388,689	1,591,907	1,603,084
Intergovernmental	59,267,106	66,353,718	73,882,316	80,220,727
Licenses and permits	481,516	516,733	387,609	432,777
Charges for service	10,734,667	10,297,290	10,587,827	11,046,694
Use of money and property	8,147,428	6,642,171	3,071,457	2,053,835
Miscellaneous	1,763,992	1,990,742	2,869,983	2,241,977
<b>Total revenues</b>	<b>181,147,800</b>	<b>199,156,387</b>	<b>210,975,487</b>	<b>222,088,463</b>
<b>Expenditures:</b>				
Public safety and legal services	48,709,314	51,056,103	57,336,497	60,831,966
Physical health and social services	27,175,301	29,584,279	32,058,737	38,183,688
Mental health	47,580,948	50,448,588	48,574,015	53,427,113
County environment and education	16,670,606	11,561,165	13,291,947	11,827,727
Roads and transportation	8,731,835	10,658,344	12,989,856	12,644,739
Governmental services to residents	5,717,290	6,008,426	6,158,143	6,630,166
Administration	29,266,591	30,909,966	32,513,299	29,545,205
Nonprogram services	709,229	46,304	58,294	-
Debt service:				
Principal	3,791,808	4,662,698	8,492,464	8,489,000
Interest and fiscal charges	2,895,372	4,501,088	4,478,202	4,276,689
Capital Projects:				
Roadway construction	4,003,795	5,352,558	4,688,457	1,757,433
Conservation land acquisition and development	853,962	3,237,269	3,482,675	3,049,267
Other capital projects	48,382,141	30,098,666	8,774,114	5,991,436
<b>Total expenditures</b>	<b>244,488,192</b>	<b>238,125,454</b>	<b>232,896,700</b>	<b>236,654,429</b>
<b>Excess of revenues over expenditures</b>	<b>(63,340,392)</b>	<b>(38,969,067)</b>	<b>(21,921,213)</b>	<b>(14,565,966)</b>
<b>Other financing sources (uses):</b>				
Transfers in	99,924,310	25,876,454	32,540,326	20,547,356
Transfers out	(93,360,608)	(18,435,839)	(17,836,649)	(11,154,021)
Capital contributions	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of capital leases	168,920	-	-	2,577,984
Issuance of bonds	80,915,000	2,665,000	3,905,000	-
Premium (discount) on bonds issued	24,675	32,656	95,085	-
Insurance recovery from 2008 flood	-	-	323,766	751,906
Proceeds from sale of capital assets	74,152	68,555	537,831	843,174
<b>Total other financing sources (uses)</b>	<b>87,746,449</b>	<b>11,136,826</b>	<b>19,565,359</b>	<b>13,566,399</b>
<b>Net change in fund balances</b>	<b>\$ 24,406,057</b>	<b>\$ (27,832,241)</b>	<b>\$ (2,355,854)</b>	<b>\$ (999,567)</b>
<b>Total expenditures</b>	<b>\$ 244,488,192</b>	<b>\$ 238,125,454</b>	<b>\$ 232,896,700</b>	<b>\$ 236,654,429</b>
<b>Less: capital expenditures</b>	<b>(49,469,518)</b>	<b>(30,051,875)</b>	<b>(10,191,039)</b>	<b>(7,866,250)</b>
<b>Total non capital expenditures</b>	<b>\$ 195,018,674</b>	<b>\$ 208,073,579</b>	<b>\$ 222,705,661</b>	<b>\$ 228,788,179</b>
Debt service as % of noncapital expenditures	3.43%	4.40%	5.82%	5.58%

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 124,413,365	\$ 128,308,790	\$ 126,477,853	\$ 132,115,444	\$ 136,555,746	\$ 140,654,190	
5,278,538	5,590,186	5,471,136	5,476,275	5,705,541	5,735,911	
1,819,683	1,326,266	1,264,536	1,381,536	1,412,664	1,174,445	
76,304,288	77,268,575	46,892,346	48,896,738	52,671,977	48,896,981	
757,224	861,128	943,393	913,075	1,073,810	1,308,798	
11,456,931	12,437,290	13,685,542	13,215,481	13,753,759	14,232,809	
2,247,819	2,179,875	2,525,369	2,641,287	2,880,975	3,246,337	
2,028,618	2,263,643	1,539,340	2,679,952	2,787,165	3,112,327	
224,306,466	230,235,753	198,799,515	207,319,788	216,841,637	218,361,798	
63,358,077	64,519,393	64,362,370	67,550,790	67,742,641	70,630,110	
39,832,954	36,865,531	33,295,027	33,590,597	33,988,406	35,624,786	
50,553,729	59,804,417	22,325,002	24,158,157	28,533,670	25,906,010	
12,074,726	12,465,007	11,135,437	11,426,422	12,320,129	12,318,325	
12,565,672	10,569,001	9,271,079	9,937,351	10,217,643	10,207,439	
6,712,037	6,960,701	7,048,801	7,066,217	7,086,477	7,508,917	
30,370,108	33,214,441	28,112,537	29,091,437	31,075,332	32,415,833	
-	-	-	-	-	-	
7,510,000	8,351,000	8,428,000	10,904,000	14,249,647	17,185,384	
4,397,923	4,195,012	6,093,333	6,015,812	3,718,837	5,320,313	
4,960,179	5,715,542	4,834,470	5,684,678	5,650,385	8,744,120	
3,352,335	1,503,474	2,679,744	10,850,138	6,895,682	5,260,650	
9,470,498	4,290,359	5,057,647	8,455,989	11,171,287	19,118,230	
245,158,238	248,453,878	202,643,447	224,731,588	232,650,136	250,240,117	
(20,851,772)	(18,218,125)	(3,843,932)	(17,411,800)	(15,808,499)	(31,878,319)	
20,475,572	19,575,415	18,034,274	22,707,352	20,447,563	23,753,588	
(12,937,327)	(12,761,492)	(10,639,985)	(12,925,655)	(12,998,323)	(15,539,004)	
392,162	-	-	-	-	-	
-	-	-	(66,570,000)	(640,000)	-	
669,366	-	692,111	-	-	-	
15,485,000	-	76,114,616	25,335,000	84,207,560	-	
298,790	-	1,019,219	270,129	2,003,138	-	
112,066	-	-	-	-	-	
281,032	-	311,766	-	59,100	50,000	
24,776,661	6,813,923	85,532,001	(31,183,174)	93,079,038	8,264,584	
\$ 3,924,889	\$ (11,404,202)	\$ 81,688,069	\$ (48,594,974)	\$ 77,270,539	\$ (23,613,735)	
\$ 245,158,238	\$ 248,453,878	\$ 202,643,447	\$ 224,731,588	\$ 232,650,136	\$ 250,240,117	
(10,231,060)	(7,053,056)	(6,885,814)	(18,623,440)	(17,279,105)	(22,908,037)	
\$ 234,927,178	\$ 241,400,822	\$ 195,757,633	\$ 206,108,148	\$ 215,371,031	\$ 227,332,080	
5.07%	5.20%	7.42%	8.21%	8.34%	9.90%	

**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>
2007	2009	\$ 19,792,218,240	\$ 6,611,496,480	\$ 371,734,980	\$ -	\$ 146,593,080
2008	2010	20,554,841,950	6,735,360,000	373,831,230	-	145,600,810
2009	2011	21,232,362,500	6,942,121,730	398,829,620	-	229,832,970
2010	2012	21,626,138,853	6,905,869,267	403,749,710	-	229,455,630
2011	2013	21,246,394,370	6,414,910,960	391,966,160	-	259,609,210
2012	2014	21,529,228,494	6,427,695,688	370,286,964	-	258,672,910
2013	2015	21,727,868,379	6,485,814,914	384,770,345	-	313,930,120
2014	(b) 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
<b>2016</b>	2018	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)

**Source:** 2015 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) 2014 Calendar Year Assessment is for taxes due in fiscal year 2015/2016
  - (c) 2016 Calendar Year Assessment is for taxes due in fiscal year 2017/2018 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>
\$	28,112,835	\$ 135,387,079	\$ (36,944,652)	\$ 27,048,598,042	6.84
	28,944,652	135,013,575	(36,493,914)	27,937,098,303	6.84
	32,444,466	136,696,518	(35,928,562)	28,936,359,242	6.83
	38,008,090	152,847,145	(35,075,495)	29,320,993,200	6.82
	43,165,437	160,573,870	(34,269,194)	28,482,350,813	6.81
	48,660,476	169,387,056	(33,445,259)	28,770,486,329	6.81
	48,123,584	172,181,780	(32,737,662)	29,099,951,460	6.94
	47,993,133	172,579,843	(31,844,999)	29,812,404,309	7.17
	53,959,901	173,036,987	(30,796,208)	31,784,972,700	7.30
	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	2016			2007		
	2014 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2005 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mid American Energy	\$ 583,378,454	1	2.9%	\$ -	-	-
Nationwide Mutual Insurance Co	142,773,282	2	0.7%	89,829,350	8	0.6%
Prairie Meadows	107,745,794	3	0.5%	83,923,000	9	0.6%
Wellmark Inc	97,183,800	4	0.5%	-	-	-
Principal Mutual Life Insurance Co	91,253,430	5	0.5%	-	-	-
Wells Fargo Financial Inc	86,013,630	6	0.4%	100,431,550	7	0.7%
Principal Life Insurance Co	83,436,291	7	0.4%	259,269,890	1	1.8%
Qwest Corporation	64,876,299	8	0.3%	101,497,343	6	0.7%
Magellan Pipeline	62,166,555	9	0.3%	-	-	-
Valley West Mall LLC	60,885,000	10	0.3%	82,868,700	10	0.6%
R & R Investors	-	-	-	220,575,770	2	1.5%
Knapp, William	-	-	-	151,290,130	3	1.0%
Mid America Investments	-	-	-	109,444,400	4	0.8%
Hubbell Realty Co	-	-	-	103,966,700	5	0.7%
<b>Total</b>	<b>\$ 1,379,712,535</b>		<b>6.9%</b>	<b>\$ 1,303,096,833</b>		<b>9.0%</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
2007	\$ 98,107,703	\$ 97,654,105	99.5%	\$ 27,061	\$ 97,681,166	99.6%
2008	109,708,680	109,344,353	99.7%	43,323	109,387,676	99.7%
2009	116,311,807	115,868,918	99.6%	51,627	115,920,545	99.7%
2010	121,940,768	121,631,575	99.7%	56,774	121,688,349	99.8%
2011	127,415,609	126,836,381	99.5%	56,052	126,892,433	99.6%
2012	131,319,138	130,815,263	99.6%	(40,359) (c)	130,774,904	99.6%
2013	129,857,326	129,476,254	99.7%	3,421	129,479,675	99.7%
2014	136,692,801	136,130,097	99.6%	(194,522) (c)	135,935,575	99.4%
2015	141,955,798	141,520,930	99.7%	(60,732) (c)	141,460,198	99.7%
<b>2016</b>	<b>147,131,853</b>	<b>146,902,505</b>	<b>99.8%</b>	<b>147,089</b>	<b>147,049,594</b>	<b>99.9%</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				
	2007	2008	2009	2010	2011
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.64	1.97	1.86	1.87	1.92
MH/DD Service	0.96	0.93	0.87	0.83	0.79
Debt Service	0.24	0.45	0.61	0.63	0.61
<b>Total Countywide Rate</b>	<b>6.35</b>	<b>6.84</b>	<b>6.84</b>	<b>6.83</b>	<b>6.82</b>
Rural service rates	4.59	4.59	4.55	4.55	4.55
<b>Total Rural Rate</b>	<b>10.94</b>	<b>11.44</b>	<b>11.39</b>	<b>11.38</b>	<b>11.37</b>
City rates:					
Alleman	8.05	8.23	7.16	8.32	8.77
Altoona	8.64	8.64	8.64	8.64	9.14
Ankeny	10.34	10.29	10.53	11.18	11.18
Bondurant	14.38	14.34	14.29	14.23	14.18
Carlisle	13.97	13.97	13.81	13.81	13.81
Clive	9.25	9.54	9.54	9.54	9.54
Des Moines	16.45	16.59	16.58	16.58	16.58
Elkhart	11.69	10.98	10.49	10.26	10.04
Granger	12.65	12.34	13.03	14.17	15.42
Grimes	12.75	12.93	12.96	12.92	12.91
Johnston	11.31	11.30	11.30	11.30	11.27
Mitchellville	12.45	12.82	13.59	14.37	14.73
Norwalk	13.92	14.98	14.37	14.60	14.60
Pleasant Hill	11.48	11.48	11.48	11.65	11.65
Polk City	7.90	7.90	7.90	7.90	7.90
Runnells	9.08	9.06	8.97	11.01	10.89
Sheldahl	3.43	3.59	3.60	3.43	3.18
Urbandale	9.07	9.22	9.22	9.22	9.32
Windsor Heights	12.22	12.40	14.79	13.76	13.31
West Des Moines	11.95	12.05	12.05	12.05	12.05
School District Rates:					
North Polk	16.13	17.46	17.77	17.39	18.27
Southeast Polk	20.99	21.96	21.85	21.83	21.81
Bondurant-Farrar	17.23	17.32	20.00	19.89	19.99
Ankeny	16.71	17.91	19.58	19.84	22.35
Carlisle	17.21	20.00	19.86	19.47	20.97
West Des Moines	13.70	13.70	13.69	13.64	13.94
Des Moines Independent	18.02	17.94	17.79	17.64	17.64
Saydel	13.39	13.63	13.68	13.98	13.98
Johnston	17.35	17.35	17.34	17.35	17.35
Woodward-Granger	17.52	17.52	20.02	19.85	19.78
Dallas	17.50	17.50	17.50	17.50	17.50
Dallas	15.68	15.90	16.08	-	-
Urbandale	13.48	15.72	15.51	16.27	17.64
Urbandale	13.48	15.72	16.27	16.27	17.64
Other:					
Area XI Community College	0.69	0.60	0.56	0.57	0.56
Broadlawns County Hospital	3.49	2.97	2.92	2.80	2.92
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.30	0.31	0.33	0.30	0.28

Source: 2014/2015 Tax Rates Payable Fiscal Year Ended June 30, 2016 obtained from Polk County Tax/GIS Department

Year Taxes are Payable									
2012		2013		2014		2015		2016	
\$	3.50	\$	3.50	\$	3.50	\$	3.50	\$	3.50
	1.95		1.92		1.97		2.00		2.18
	0.77		0.79		0.76		0.75		0.71
	0.59		0.60		0.71		0.92		0.91
	6.81		6.81		6.94		7.17		7.30
	4.55		4.55		4.55		4.55		4.55
	11.36		11.36		11.49		11.72		11.85

10.23	10.45	10.05	11.03	10.79
9.14	9.14	9.14	9.94	9.94
11.18	12.03	12.03	11.90	11.85
14.13	14.08	14.04	13.99	13.94
13.80	13.80	13.80	14.14	14.64
9.54	9.99	9.99	9.99	9.99
16.58	16.92	16.92	16.92	16.92
9.90	9.77	8.83	8.78	8.98
15.99	15.76	15.68	14.91	14.62
12.90	12.91	12.91	12.91	12.91
11.10	11.29	11.15	11.34	11.50
14.73	14.80	14.40	14.00	14.00
16.35	15.69	15.69	15.69	15.69
11.65	11.66	11.65	11.65	11.65
7.90	7.90	7.90	7.90	7.90
10.90	10.92	10.84	11.16	11.26
3.20	2.99	2.68	2.82	2.82
9.52	9.62	9.57	9.72	9.82
13.31	13.31	13.90	15.35	15.08
12.05	12.05	12.05	12.05	12.00

19.85	19.99	20.00	19.99	19.94
21.66	21.66	21.66	21.66	20.66
19.83	19.24	18.33	18.49	18.33
21.07	20.59	20.33	20.18	19.77
20.65	18.58	17.91	17.91	17.91
13.85	13.30	13.26	13.27	13.24
18.35	18.35	18.35	18.15	18.43
13.98	13.48	12.88	12.88	12.76
17.35	17.35	17.35	18.36	18.35
19.75	19.49	19.11	19.07	19.06
17.50	17.51	17.84	17.85	17.95
-	-	-	-	-
18.35	18.35	18.35	18.15	18.43
17.64	17.64	17.67	17.55	17.75

0.59	0.58	0.69	0.66	0.68
2.92	2.98	3.00	3.12	3.21
0.04	0.04	0.04	0.04	0.04
0.25	0.24	0.28	0.28	0.28

## POLK COUNTY, IOWA

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds Payable	Notes Payable	Capital Leases Payable	General Obligation Bonds Payable	Notes Payable			
2007	\$ 111,657,091	\$ 581,000	\$ 550,926	\$ 136,562,443	\$ -	\$ 249,351,460	1.42%	\$ 609.83
2008	110,646,911	545,000	371,163	127,016,267	678,932	239,258,273	1.31%	571.92
2009	106,164,706	508,000	194,245	117,607,149	4,998,010	229,472,110	1.26%	540.22
2010	97,682,876	469,000	2,319,288	107,578,031	10,470,099	218,519,294	1.18%	508.85
2011	105,954,533	429,000	2,047,367	140,495,304	18,115,588	267,041,792	1.35%	620.10
2012	97,592,097	388,000	1,340,199	131,001,771	22,303,132	252,625,199	1.21%	577.56
2013	166,213,860	345,000	1,323,713	125,139,328	26,814,566	319,836,467	1.47%	720.82
2014	114,230,485	2,826,000	894,500	111,553,904	27,373,572	256,878,461	1.15%	568.72
2015	185,801,079	2,450,000	436,964	100,774,185	27,130,825	316,593,053	1.42%	688.45
<b>2016</b>	168,758,562	2,068,000	298,916	100,409,970	26,357,000	297,892,448	1.34%	636.92

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

**Note:** 2015 and 2016 percentages calculated using 2014 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		
2007	\$ 248,219,534	\$ 417,138	\$ 247,802,396	0.92%	\$ 606.04
2008	237,663,178	366,009	237,297,169	0.85%	567.24
2009	223,771,855	279,041	223,492,814	0.77%	526.14
2010	205,260,907	598,024	204,662,883	0.70%	476.58
2011	246,449,837	1,650,202	244,799,635	0.86%	568.46
2012	228,593,868	405,753	228,188,115	0.79%	521.69
2013	291,353,188	68,561,227	222,791,961	0.77%	502.11
2014	225,784,389	216,764	225,567,625	0.76%	499.40
2015	286,575,264	2,892,100	283,683,164	0.89%	616.89
<b>2016</b>	269,168,532	1,001,353	268,167,179	N/A (a)	573.36

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

**Note:** (a) 2016 Calendar Year Assessment is for taxes due in fiscal year 2017/2018 and is not yet available.

**POLK COUNTY, IOWA**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2016**

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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			
	2007	2008	2009	2010
Debt limit	\$ 1,195,367,969	\$ 1,245,870,290	\$ 1,352,429,902	\$ 1,396,854,915
Less: Total net debt applicable to limit	(419,214,286)	(407,803,252)	(399,158,767)	(396,754,857)
Legal debt margin	<u>\$ 776,153,683</u>	<u>\$ 838,067,038</u>	<u>\$ 953,271,135</u>	<u>\$ 1,000,100,058</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	35.07%	32.73%	29.51%	28.40%

**Notes:** (a) Calendar year 2014 assessed value is paid in fiscal year 2016

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

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Legal Debt Margin Calculation for Calendar Year 2014 Assessed Value (a)	\$	29,812,404,309
Debt limit (5% of assessed value)		1,490,620,215
Less: Debt applicable to debt limit (b)		<u>(297,892,448)</u>
Legal debt margin	\$	<u><u>1,192,727,767</u></u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,446,817,962	\$ 1,466,049,660	\$ 1,424,117,541	\$ 1,438,524,316	\$ 1,454,997,573	\$ 1,490,620,215
(460,916,297)	(448,152,913)	(505,676,659)	(301,626,160)	(316,593,053)	(297,892,448)
<u>\$ 985,901,665</u>	<u>\$ 1,017,896,747</u>	<u>\$ 918,440,882</u>	<u>\$ 1,136,898,156</u>	<u>\$ 1,138,404,520</u>	<u>\$ 1,192,727,767</u>
31.86%	30.57%	35.51%	20.97%	21.76%	19.98%

# 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	
2007	408,888	\$ 17,538,839	\$ 41,992	234,900	3.4%	3.7%
2008	418,339	18,225,740	43,098	237,000	3.6%	3.8%
2009	424,778	18,199,886	42,381	241,000	4.0%	4.1%
2010	429,439	18,462,461	42,712	242,200	5.7%	6.0%
2011	430,640	19,829,971	45,336	241,600	6.1%	6.1%
2012	437,399	20,881,257	47,061	240,300	5.4%	5.1%
2013	443,710	21,733,610	48,118	242,200	4.8%	4.6%
2014	451,677	22,296,178	48,484	253,000	4.3%	4.4%
2015	459,862	*	*	259,600	3.5%	3.7%
<b>2016</b>	467,711	*	*	261,100	4.0%	4.0%

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

**Note:** Population increased from 2007-2016 by 14%

\*Information not available

## POLK COUNTY, IOWA

### Principal Employers Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	14,000	1	4.86%	11,700	1	4.27%
Mercy Hospital Medical Center	7,055	2	2.45%	7,900	4	2.89%
Unity Point Health (Iowa Health Des Moines)	6,435	3	2.24%	5,300	5	1.94%
Hy-Vee Food Corp.	6,400	4	2.22%	3,730	9	1.36%
Principal Financial Group	6,066	5	2.11%	8,000	3	2.92%
Nationwide/Allied Insurance	4,269	6	1.48%	4,275	8	1.56%
Pioneer Hi-Bred International Inc.	2,800	7	0.97%	-		-
John Deere	1,900	8	0.66%	-		-
Kum & Go	1,820	9	0.63%	-		-
Wellmark	1,800	10	0.63%	-		-
State of Iowa	N/A (a)		-	8,800	2	3.21%
Federal Government	N/A (a)		-	5,200	6	1.90%
Des Moines Public Schools	N/A (a)		-	4,520	7	1.65%
MidAmerican Energy Holdings Co.	-		-	3,500	10	1.28%
<b>Total</b>	<b>52,545</b>		<b>18.26%</b>	<b>62,925</b>		<b>22.98%</b>

**Source:** The Greater Des Moines Partnership

**Note:** (a) Governmental entities information not available for 2016

## POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety	361	386	457	458	472	461	462	468	476	482
Human services	163	165	177	178	171	151	155	154	154	154
Roads and engineering	68	69	68	67	67	61	61	61	61	62
Administration	149	153	158	158	157	151	149	149	148	147
Other	351	357	374	378	379	356	363	372	377	384
<b>Total</b>	<b>1,092</b>	<b>1,130</b>	<b>1,234</b>	<b>1,239</b>	<b>1,246</b>	<b>1,180</b>	<b>1,190</b>	<b>1,204</b>	<b>1,216</b>	<b>1,229</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			
	2007	2008	2009	2010
Public safety and legal services:				
Sheriff:				
# of E911 calls	45,866	54,107	53,531	53,743
# of civil papers served	45,488	37,055	40,916	44,145
# of average daily jail population	995	968	980	930
# of bookings	17,978	17,917	17,848	17,469
Medical Examiner:				
# of death investigations	996	1,133	1,267	1,024
# of autopsies	169	164	204	261
Physical health and social services:				
Health Department:				
# of patient visits to STD clinic	4,752	5,347	5,688	4,571
Public Works:				
# of septic/well permits	817	662	321	315
Veteran Affairs:				
# of clients interviewed	5,726	5,446	5,268	4,911
# of vouchers issued	3,516	3,362	3,358	2,914
Mental Health:				
# of individuals served	7,224	7,768	8,245	8,668
# of individuals receiving ongoing/intensive svc	3,399	3,607	3,711	3,065
County environment and education:				
Public Works:				
# of requests of service for weed eradication	3,781	3,516	4,963	4,462
# of lots cleaned up	28	35	23	34
Roads and transportation:				
Public Works:				
# of gravel miles maintained	182	177	172	172
# of paved miles maintained	570	573	551	550
Governmental services to residents:				
Treasurer:				
# of titles	134,329	137,707	146,550	145,543
# of registrations	569,082	552,415	627,409	631,981
Auditor / Elections:				
# of registered voters	275,511	292,803	281,233	264,425

Source: County records

Fiscal Year					
2011	2012	2013	2014	2015	2016
54,517	49,335	53,674	48,289	50,392	49,146
45,583	50,148	40,661	40,387	52,211	48,747
929	942	922	943	925	919
18,347	19,607	19,329	18,706	17,678	17,765
1,056	1,148	1,215	1,285	1,285	1,287
224	275	242	252	275	286
3,890	3,543	6,128	2,932	2,969	3,056
352	303	134	275	69	71
5,706	4,233	4,388	5,076	6,344	6,351
4,329	3,087	2,557	1,373	1,105	765
9,643	10,662	10,947	6,205	7,895	7,163
3,681	3,143	4,085	3,689	3,901	4,010
4,298	2,672	4,358	1,859	1,940	1,956
42	5	4	26	11	13
168	168	169	169	169	167
536	548	539	540	540	543
147,011	149,262	153,606	164,532	172,535	174,398
646,533	645,576	657,739	680,155	699,249	709,083
260,800	270,386	277,940	287,268	286,793	300,054

# POLK COUNTY, IOWA

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

Function / Program	Fiscal Year			
	2007	2008	2009	2010
Public safety and legal services:				
Sheriff:				
# of vehicles	104	102	92	94
# of buildings	3	3	4	3
Correctional facility capacities	601	601	1,500	1,500
County Attorney				
# of vehicles	8	8	7	7
Medical Examiner				
# of vehicles	1	1	1	1
Physical health and social services:				
Health Department:				
# of vehicles	4	4	2	2
CF&Y Svcs				
# of vehicles	5	7	7	8
# of senior centers/meal sites	6	6	7	7
County environment and education:				
Conservation				
# of parks managed	7	7	7	7
# of vehicles	42	46	47	47
# of buildings	5	5	5	5
Planning and Development				
# of vehicles	18	16	13	19
Roads and transportation:				
Secondary Roads				
# of vehicles	62	61	60	66
# of buildings	6	6	6	6
# of secondary roads miles managed (a)	759	745	739	734
# of bridges	139	138	137	137
Administration				
General Services				
# of vehicles	24	20	32	29
# of buildings maintained	21	22	23	22

**Source:** County records

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

\*Information not available yet

Fiscal Year					
2011	2012	2013	2014	2015	2016
91	104	87	87	95	95
3	3	3	3	3	3
1,500	1,500	1,500	1,500	1,500	1,500
7	7	14	14	14	14
1	2	2	2	2	2
3	1	1	1	1	1
8	7	5	5	6	6
7	7	7	7	7	7
7	7	7	7	7	7
49	49	52	53	55	59
5	5	5	7	8	8
19	14	13	12	12	10
61	60	60	61	65	63
6	7	7	6	6	6
731	730	731	741	742	*
137	137	137	137	137	137
29	29	29	28	29	30
22	23	24	25	24	24

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POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>			
Direct Program - Commodity Supplemental Food Distribution (Non-Cash)	10.565	N/A	\$ 683,531
Passed through Iowa Department of Education:			
National School Breakfast Program	*	10.553 77-8810	29,957
National School Lunch Program	*	10.555 77-8810	16,450
Child Care Food Program		10.558 77-8050	2,141,063
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	378,241
Commodity Supplemental Food Program	10.565	ACFS 14-239	159,061
Commodity Supplemental Food Program	10.565	ACFS 13-239	52,028
Total Department of Agriculture			<u>3,460,331</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through Iowa Department of Economic Development:			
Community Development Block Grants-Housing Rehabilitation	14.228	13-HSG-010	52,978
Total Department of Housing and Urban Development			<u>52,978</u>
<b>DEPARTMENT OF INTERIOR</b>			
Passed through Iowa Department of Natural Resources:			
Iowa Prairie Lakes 7	15.623	F15AP00419	20,000
Land and Water Conservation Fund Program - Fort Des Moines Classroom	15.916	19-01298	103,437
Total Department of Interior			<u>123,437</u>
<b>DEPARTMENT OF JUSTICE</b>			
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-16-40-HP	139,723
Crime Victim Assistance (VOCA)	16.575	VA-16-21-SAC	104,552
Passed through Governor's Office of Drug Control Policy:			
Methamphetamine Drug Hot Spots Grant Program	(1)	16.710 14-CAMP-8	29,715
Edward Byrne Justice Assistance Grant (JAG)	(2)	16.738 12-JAG-110907	374,148
Edward Byrne Justice Assistance Grant (JAG) LLEBG '14		16.738 JAG 2014-DJ-BX-0212	3,335
Total Department of Justice			<u>651,473</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - Galy Lea Wilson Trail	20.205	12-STPE-128	2,279
Highway Planning and Construction - BR#3650	20.205	1-14-HBP-S-003	-
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.600	PAP 15-402-M0AL Task 08	1,658
Alcohol Incentive Grant	20.600	PAP 16-402-M0PT Task 21	12,330
Passed through Iowa Department of Public Defense:			
2014 HMEP - Training	20.703	HM-HMP-0399-14-01-00	4,578
2015 HMEP	20.703	HM-HMP-0475-15-01-00	1,500
Total Department of Transportation			<u>22,345</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Iowa Department of Natural Resources:			
Air Quality Control Implementation Plan Agreement	66.001	15ESDAQBclaim-0002	188,231
Water Quality Management Planning - Mud, Spring, and Camp Creek	66.454	15ESDWQBKAMEN-0004	67,570
Total Environmental Protection Agency			<u>255,801</u>
<b>DEPARTMENT OF ENERGY</b>			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-15-20S	196,070
Weatherization Assistance for Low-Income Persons	81.042	DOE-16-20S	446,941
Total Department of Energy			<u>643,011</u>

(continued)

POLK COUNTY, IOWA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	** 93.044	N/A	\$ 57,500
Title IIIB - Assisted Transportation	** 93.044	N/A	9,036
Title IIIB - Well Elderly Clinic	** 93.044	N/A	16,000
Title IIIB - Advocacy/Counseling	** 93.044	N/A	18,600
Title IIIC-1 - Nutrition	** 93.045	N/A	225,000
Nutrition Services Incentive Program - USDA Cash	** 93.053	N/A	138,059
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-16-20	332,316
Low-Income Home Energy Assistance	93.568	HEAP-15-20S	1,157,077
Low-Income Home Energy Assistance	93.568	HEAP-16-20S	719,875
Passed through Iowa Department of Human Services:			
Local Purchase Allocation Social Services Block Grant	93.667	N/A	960,000
Local Administration Expense Reimbursement	93.566	N/A	1,093
Local Administration Expense Reimbursement	93.596	N/A	100,301
Local Administration Expense Reimbursement	93.658	N/A	141,784
Local Administration Expense Reimbursement	93.659	N/A	49,373
Local Administration Expense Reimbursement	93.667	N/A	118,530
Local Administration Expense Reimbursement	93.767	N/A	2,678
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	718,003
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness - Cities Readiness Initiative	93.074	5886BT211	160,350
Public Health Emergency Preparedness - Hospital Preparedness Program	93.074	5886BT13	472,375
Ebola Virus Disease Monitoring - PHEP	93.074	5886BT85	2,393
Emergency Response Multi-Year Program	93.074	5885BT477	40,410
Tuberculosis Elimination	93.116	MOU-2016-TB02	1,700
I-4 Project	93.268	5885I464	20,859
I-4 Project	93.268	5886I464	11,699
Care for Yourself Program	93.283	5885NB20	190,163
Ebola Virus Disease Preparedness and Response	93.817	5885BT509	36,733
HIV-CTR & Hepatitis	93.940	5885AP10	11,049
HIV-CTR & Hepatitis	93.940	5886AP10	16,500
Total Department of Health and Human Services			<u>5,729,456</u>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Iowa Enforcement Initiative (HIDTA) Grant	95.001	G15MW0002A	<u>34,469</u>
Total Office of National Drug Control Policy			<u>34,469</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Iowa Department of Public Defense:			
FEMA - Polk County Hamilton Drainage Watershed	97.039	HMGP-DR-1763-0113-01	1,337,730
FEMA - Mud Creek Property Acquisition	97.039	HMGP-DR-IA-4181-0007-01	-
Emergency Management Performance Grant (EMPG)	97.042	EMPG-16-PT-77	39,000
Homeland Security Grant Program - ARES	97.067	HSGP-14-SHSP-2039	16,586
Homeland Security Grant Program - Central Iowa Underwater Search & Rescue	97.067	HSGP-14-SHSP-2040	69,809
Homeland Security Grant Program - IMT	97.067	HSGP-14-SHSP-34	85,371
Homeland Security Grant Program - IMT	97.067	HSGP-15-SHSP-2007	2,416
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2014-SS-00021	117,712
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	HSGP-15-SHSP-2006	-
Total Department of Homeland Security			<u>1,668,624</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 12,641,925</u>

\* - Total Child Nutrition Cluster \$ 46,407  
 \*\* - Total Aging Cluster \$ 464,195

(1) - The amount reported on the schedule includes \$11,802 passed through to subrecipients.  
 (2) - The amount reported on the schedule includes \$94,097 passed through to subrecipients.

## POLK COUNTY, IOWA

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

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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, 2016. 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.

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

**Independent Auditor's Report**

Board of Supervisors  
Polk County, Iowa  
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Polk County, Iowa (the County), as of and for the year ended June 30, 2016, 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, 2016.

**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, 2016, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory or other legal matters are not intended to constitute legal interpretations of those statutes.

**County's Responses to Findings**

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

**Purpose of this Report**

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

*RSM US LLP*

Des Moines, Iowa  
December 12, 2016

**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  
Des Moines, Iowa

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

We have audited Polk County, Iowa's (the County) compliance with the types of compliance requirements described in the *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, 2016. 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, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

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

### **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, 2016

**Polk County, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016**

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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
10.565	Commodity Supplemental Food Program
93.283	Care for Yourself Program
93.568	Low-Income Home Energy Assistance

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

Auditee qualified as low-risk auditee?

Yes  No

(Continued)

Polk County, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2016

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

A. Internal Controls

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

None reported

B. Compliance Findings

2016-001

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

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

Criteria: The Project Grant Agreement (HEAP-15-20S) between Polk County and the Iowa Department of Human Rights requires the County to submit a grant closeout report within 45 days of the contract termination date. The contract termination date was December 31, 2015.

Condition and context: The County submitted its year-end closeout report on February 17, which was one day past due.

Effect: The County is not in compliance with the reporting requirements of this grant program, which could result in potential action by the granting agency.

Cause: The closeout report was not submitted by the due date included in the grant agreement.

Questioned costs: None

Recommendation: We recommend that the County submit all year end closeout reports timely.

Response and corrective action plan: Public Works acknowledges that the report was one day late. Public works intends to comply with all reporting dates as stipulated in the contract.

**Polk County, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2016**

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**2016-002**

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

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

Criteria: The Project Grant Agreement between Polk County and the Iowa Department of Public Health requires the County to submit monthly tracking logs to the Iowa Department of Public Health by the first business day each month.

Condition and context: Of the six tracking log submissions tested, the County submitted each late. The submissions ranged from one to three days late.

Effect: The County is not in compliance with the reporting requirements of this grant program, which could result in potential action by the granting agency.

Cause: Some of the reports were not submitted by the due date included in the grant agreement.

Questioned costs: None

Recommendation: We recommend that the County submit tracking logs timely to the Iowa Department of Public Health.

Response and corrective action plan: The Health Department plans to add new controls to assist in timely submissions in the future.

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

**IV-A-16**

Certified budget: Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

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

Recommendation: The budget must be proposed on or before January 1, 2016, in accordance with Chapter 441.16 of the Code of Iowa.

Response:

County Assessor's Response: This office was unable to complete the proposed budget by January 1, 2016, due to the fact that we did not receive the taxable valuations, used in developing the FY2016-2017 proposed budget, until January 7, 2016. Once these taxable valuations became available, we completed our proposed budget and mailed it to the Conference Board members on January 8, 2016.

County Auditor's Response: County Auditors are not required to furnish valuations to taxing bodies until January of each year. Also, the Assessor proposed budget requirement applies only to expenses.

**Polk County, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2016**

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**IV-B-16**

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-16**

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

**IV-D-16**

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-16**

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-16**

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

**IV-G-16**

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-16**

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-16**

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, 2016 for the County Extension Office did not exceed the total amount budgeted.

**IV-J-16**

Tax increment financing (TIF): For the year ended June 30, 2016, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

## Polk County, Iowa

### Corrective Action Plan Year Ended June 30, 2016

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
<b>Compliance for Federal Awards</b>				
2016-001	The County did not submit the closeout report to the granting agency by the required due date.	See response and corrective action plan at 2016-001.	Grant Administrator	February 17, 2016
2016-002	The County did not submit its monthly tracking logs to the granting agency by the required due date.	See response and corrective action plan at 2016-002.	Grant Administrator	July 18, 2016
<b>Statutory Reporting</b>				
IV-A-16	The County Assessor's budget was not proposed until January 8, 2016, seven days past due according to Chapter 441.16 of the Code of Iowa.	See response and corrective action plan at IV-A-16.	County Assessor	January 8, 2016

**Polk County, Iowa**

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

Comment Number	Comment	Status	Corrective Action or Other Explanation
<b>Compliance for Federal Awards:</b>			
2015-001	The County did not submit one quarterly report to the granting agency timely.	Corrected	
<b>Other Findings Related to Statutory Reporting:</b>			
IV-A-15	Expenditures exceeded appropriation of the Polk County Conservation Board during the year before the May 2015 amendment was passed.	Corrected	



# POLK COUNTY IOWA

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