

POLK COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2014



Polk County Courthouse

POLK COUNTY, IOWA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

PREPARED BY:

POLK COUNTY AUDITOR'S OFFICE – JAMIE FITZGERALD

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BOARD OF SUPERVISOR'S STAFF

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POLK COUNTY, IOWA

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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 15, 2014

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, 2014.

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 CliftonLarsonAllen 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, 2014, 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, 2014, 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 451,677. Polk County is empowered to levy a property tax on real properties located within its boundaries.

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 14% since 2005, to 451,677 in 2014. Unemployment is approximately 4%, same as the state level but lower than the 6% national level. Other economic indicators are also steady. The County remains the primary center of economic activity in central Iowa and the State although adjoining counties, specifically Dallas County to the west, is experiencing significant new development.

Major Initiatives

Four Mile Creek Watershed Study: The Four Mile Creek Watershed Study is a joint effort between Polk County and the cities of Ankeny, Des Moines, and Pleasant Hill that will most importantly develop flood reduction alternatives that can be implemented to reduce the costly impacts of frequent flooding of homes and businesses in this watershed. The study will also include an update of the FEMA floodplain maps to more accurately reflect the current condition and will analyze the impact of past and future land use in the basin. Polk County is currently pursuing federal funding assistance and state assistance for this project. Improving the watershed and eliminating development within the flood plain will protect the County's tax base and make all four communities more sustainable for growth. Polk County, in cooperation with the Des Moines Wastewater Reclamation Authority (WRA), developed a project that included voluntary acquisition of up to 20 properties from Easton Boulevard to Hubbell Avenue in Des Moines that would eliminate point sources of contaminants during storm events, expand the open floodplain to reduce velocities in Four Mile Creek, reduce stress on the stream banks, and decrease erosion. In 2013, this project was awarded \$3.3 million in state Water Resource Restoration program funds. The acquisition process began in 2014, and should be complete in 2015.

Hamilton Drain Watershed– Hazard Mitigation Grant: In 2011, Polk County completed preliminary design and cost estimates for Phase 1 of a Hazard Mitigation grant from Homeland Security/FEMA. Phase 2 was approved in 2013 and will allow Polk County to complete \$10 million of improvements to storm water and flood control measures in Saylor Township. This mitigation project consists of constructing four regional basins and associated storm sewer improvements to direct water through the detention basin system. The purpose of this project is to reduce future flooding within the Hamilton Drain Watershed, avoid future property damage and economic losses due to flooding, and mitigate the risk to life and health associated with the frequent flooding that currently occurs in this area. The project construction contract was awarded in 2014, with construction scheduled to be complete by November of 2015

Sanitary Sewer extension projects: The County has also worked with the cities of Ankeny and Polk City to construct over \$33 million in Sanitary Sewer expansion projects. The Norwoodville Trunk Sewer Project and Phase 1 of the Saylor Creek Sanitary Sewer Project were completed in 2008 at a cost of \$4 million. Phases 1-3 of the Rock Creek Sanitary Sewer project were completed in 2011 (\$12 million). The final phases of the Rock Creek project were completed in the spring of 2014. These projects not only support the balanced growth initiative by providing sanitary sewer service to the Saylor Creek and Rock Creek basins, but also reduce the environmental impacts of conventional and discharging on-site sewage disposal systems. These sanitary sewer trunk lines also eliminate the need for construction of new and expensive sewage treatment plants and lift stations for both cities.

NW 66th Avenue/ Kempton Bridge Reconstruction Project: The NW 66 Avenue/Kempton Bridge Reconstruction project is currently in the planning & design phase. 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 would also include replacing the 55 year-old two-lane bridge over the Des Moines River. This 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 the economic development of the northern metro area. To date, \$22 million in funding is secured for the project with construction of Phase 1 to begin in April of 2015.

The Tomorrow Plan: In October 2010, the Des Moines Metropolitan Planning Organization (MPO) representing the Des Moines region through a collaborative effort including Polk County received a \$2 million award to develop a regional comprehensive sustainability plan from the Sustainable Communities Regional Planning Grant Program. The grant program is through The Interagency Partnership on Sustainable Communities, a collaboration between the Department of Housing and Urban Development (HUD), the Department of Transportation (DOT), and the Environmental Protection Agency (EPA). The purpose of the grant program is to support metropolitan and multi-jurisdictional planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments. The Tomorrow Plan incorporates existing components of the Polk 2030 Comprehensive Plan completed in 2006 and provides opportunities for updates to Polk 2030. The plan was completed in 2013 and endorsed by the Board of Supervisors on January 14, 2014.

Capital Crossroads: Greater Des Moines and Central Iowa are at an important crossroads. The region has vibrant neighborhoods, a strong business community, dynamic arts and recreational attractions and a desirable quality of life. But the region also has its challenges. Local leaders feel the time is right to take advantage of opportunities and address challenges through a clear vision and plan for Iowa's capital region. This process, branded Capital Crossroads, will result in the development of a new five-year vision strategy for the region.

The focus is on ideas and energy to ensure our region grows and prospers for current and future generations. Eight organizations joined together to sponsor the planning process. Fifty members of the Capital Crossroads Steering Committee invited public input on ways to improve the Central Iowa region, covering a 50-mile radius from the State Capitol. More than 5,000 local voices contributed to the process via one-on-one interviews, focus groups and online surveys. Research was conducted to assess the area's strengths, weaknesses, opportunities, and challenges. The Steering Committee then evaluated and prioritized ideas and developed ten areas of focus. Ten Capital plans were developed to elevate our region. Each of the ten plans impacts growth in its area of focus and on an integrated basis. Implementation workgroups are currently refining action plans for each capital. At the end of the months-long effort, Greater Des Moines and Central Iowa will have a consensus-based, achievable roadmap to guide the area's path to short and long-term economic growth.

County Courthouse: The Polk County Courthouse, built in 1906, was originally designed for four courtrooms. Currently, there are 28 courtrooms in the building with Polk County providing an additional 9,000 square feet in leased space as well as 14,705 square feet of additional leased space for Clerk of Court Records.

On November 5, 2013, voters passed a referendum by a 67% majority authorizing the issuance of up to \$81 million in bonds for retrofitting an existing office building to serve as the Justice Center, renovating an old jail facility to serve as the Criminal Courts Annex, and restoring the historic courthouse. This process will increase the space available for court services, reduce costs from leasing space, and co-locate all of the court related services into one campus.

Phase 1 of the project began in November 2013 with the renovation of the 3rd floor of the Justice Center to office space for the Polk County Attorney, which was previously located in leased space. This phase was completed in March 2014.

The spring of 2014 saw the beginning of Phase 2 which includes the restoration and renovation of the exterior of the Historic Courthouse and the renovation of the lower level, 1st and 2nd floors of the Justice Center. This space will house Small Claims, Magistrate and Juvenile Courts. The exterior of the Historic Courthouse has been cleaned of 100 years worth of dirt, and repairs and weatherproofing have been completed to withstand another 100 years. Next, the architect and construction team will focus on the renovation of the remaining three floors of the Justice Center, which is scheduled to begin in December of 2014 and be completed in January of 2016.

The Old Main Jail will be converted into criminal court space in 2017 followed by the completion of the project with renovations to the interior of the Historic Courthouse in 2018.

Operational and Budget Management

Polk County is continuing to develop strategies for improving service quality and efficiency. The Board of Supervisors initiated a strategic planning process a few years ago that focused on achieving balanced growth, addressing mental health service delivery costs, offering affordable housing, and protecting the County's investment in the Iowa Events Center.

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

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

Long-term Financial Planning

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

Awards and Acknowledgements

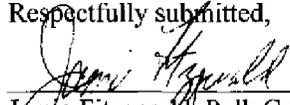
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious 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.

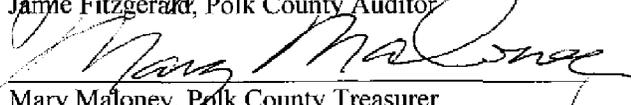
A Certificate of Achievement is valid for a period of one year only. Polk County has received a Certificate of Achievement for the last twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA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

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

Respectfully submitted,



Jamie Fitzgerald, Polk County Auditor



Mary Maloney, Polk County Treasurer



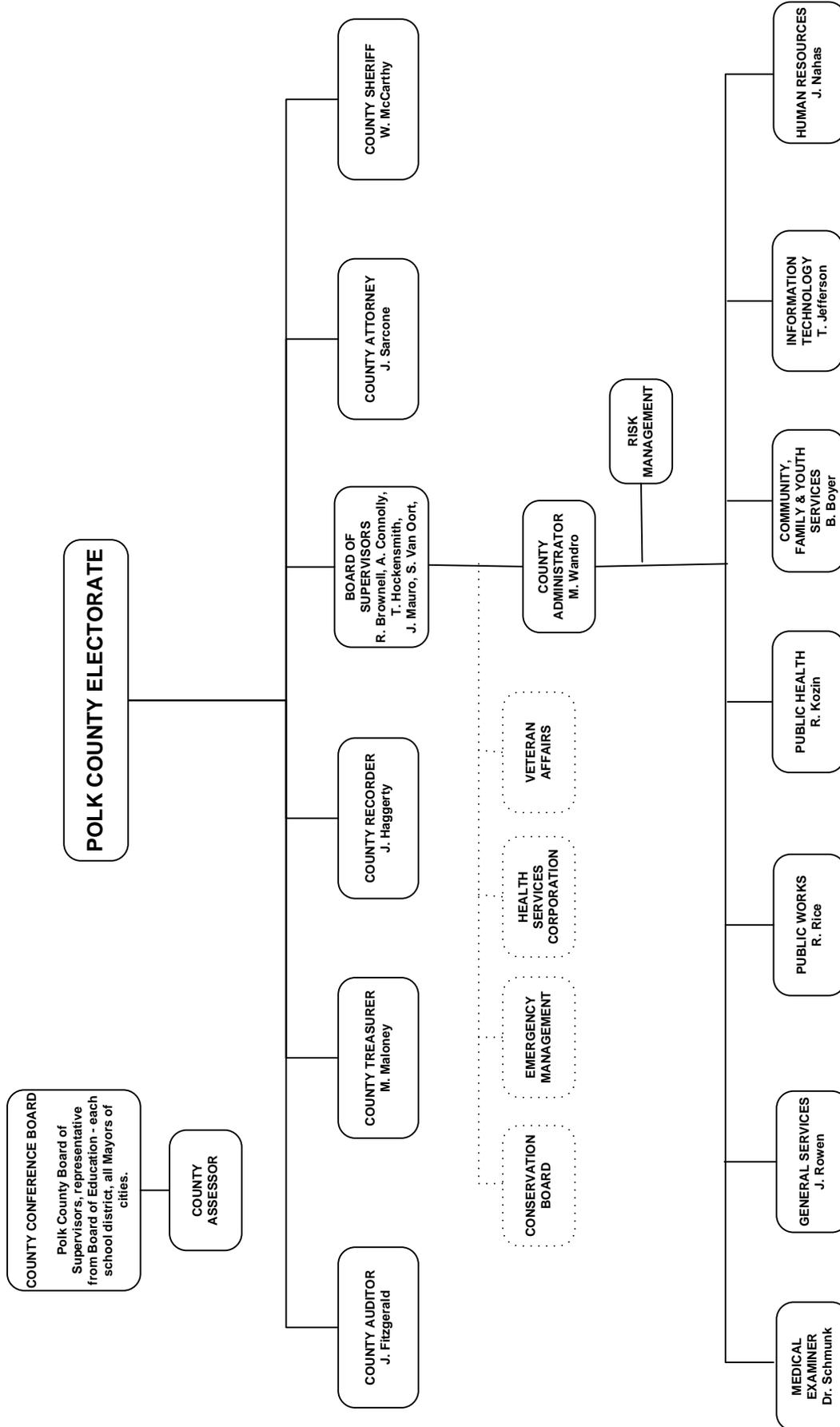
Mark Wandro, County Administrator

POLK COUNTY, IOWA

OFFICIALS

Name	Title	Term Expires
Jamie Fitzgerald	County Auditor	2016
Mary Maloney	County Treasurer	2014
Julie Haggerty	County Recorder	2014
Bill McCarthy	County Sheriff	2016
John Sarcone	County Attorney	2014
Jim Maloney	County Assessor	Appointed
Angela Connolly	Board of Supervisors	2014
John Mauro	Board of Supervisors	2014
Steve Van Oort	Board of Supervisors	2016
Tom Hockensmith	Board of Supervisors	2014
Robert Brownell	Board of Supervisors	2016

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, 2013

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Polk County, Iowa
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the entity'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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Polk County, Iowa as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matters

As discussed in Note 24, to the financial statements, Polk County, Iowa adopted provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress, and budgetary comparison schedule as listed on 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 Polk County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section, 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 15, 2014, on our consideration of Polk County, Iowa'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 result 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 Polk County, Iowa's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

West Des Moines, Iowa
December 15, 2014

POLK COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. 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 \$7.7 million (2%) to \$365.7 million due to the increase in cash balance of \$7 million in the Justice Center Annex fund due to unspent bond proceeds.
- Net position of the County's governmental activities increased \$12 million (12%) primarily due to an increase in operating grants and contributions and property tax revenues of \$5.8 million and \$5.3 million respectively. Net position of business-type activities decreased \$4.3 million (2%) primarily due to decrease of restricted assets held in escrow of \$3.9 million due to defeasance of debt in the Urban Sewer Fund.
- In the County's governmental activities, total revenues increased \$6.8 million (3%) primarily due to an increase in operating grants and contributions and property tax revenues. Governmental activities total expenses increased \$7.5 million (4%) primarily due to an increase in public safety, mental health and county environment and education expenses.
- In the County's business-type activities, total revenues increased \$2.3 million (6%) and total expenses decreased \$1.4 million (4%). The increase in revenues is primarily due to increased events at the Iowa Event Center. Expenses decreased primarily due to the sale of the Convention Complex in the prior year and Prairie Meadows Racetrack/Casino repayment of property taxes from RACI.
- The County's actual expenditures were \$10.2 million below budget amounts. This is attributed to slower than anticipated completion of capital and technology projects, lower than anticipated community and economic development grants, decreased spending on health administration, social services and court ordered inpatient treatment services and lower than anticipated worker's compensation disability and medical payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

- **Governmental funds** – 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 three 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, MH/MR/DD Services Fund and Debt Service which are considered to be major funds. Data from the other 18 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major 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, convention/entertainment/arena, sanitary treatment, racetrack/casino, golf course/cabins, sewer/drainage district operations and a tax and tags collection system. Internal service funds are accounting devices used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for health insurance and risk management. The County's internal services primarily benefit governmental activities.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Sanitary Treatment Works, Prairie Meadows Racetrack/Casino and Iowa Events Center which are considered to be major funds of the County. Data from the other five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 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 \$7.7 million (2%) primarily due to \$7 million increase in the Justice Center Annex fund’s cash balance. The increase relates to unspent bond proceeds of a debt issue that occurred in December 2013 to fund phase II activities of the Justice Center Annex and courthouse improvements.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 256,440,394	\$ 297,607,987	\$ 35,841,360	\$ 42,565,649	\$ 292,281,754	\$ 340,173,636
Capital assets, net	158,607,563	150,637,359	362,034,302	372,840,937	520,641,865	523,478,296
Total assets	<u>415,047,957</u>	<u>448,245,346</u>	<u>397,875,662</u>	<u>415,406,586</u>	<u>812,923,619</u>	<u>863,651,932</u>
Deferred outflows of resources	-	-	733,777	-	733,777	-
Long-term liabilities	139,644,068	188,696,966	139,146,368	152,169,917	278,790,436	340,866,883
Other liabilities	14,728,800	157,234,918	8,106,924	7,574,858	22,835,724	164,809,776
Total liabilities	<u>154,372,868</u>	<u>345,931,884</u>	<u>147,253,292</u>	<u>159,744,775</u>	<u>301,626,160</u>	<u>505,676,659</u>
Deferred inflows of resources	146,355,245	-	-	-	146,355,245	-
Net position						
Net investment in						
capital assets	75,766,185	75,133,663	227,164,549	228,985,935	302,930,734	304,119,598
Restricted	20,238,049	5,923,114	398,723	362,825	20,636,772	6,285,939
Unrestricted (deficit)	18,315,610	21,256,685	23,792,875	26,313,051	42,108,485	47,569,736
Total net position	<u>\$ 114,319,844</u>	<u>\$ 102,313,462</u>	<u>\$ 251,356,147</u>	<u>\$ 255,661,811</u>	<u>\$ 365,675,991</u>	<u>\$ 357,975,273</u>

Net position of the County's governmental activities increased \$12 million (12%) to \$114.3 million at June 30, 2014. Approximately 66% of the net position is invested in capital assets (buildings, roads, bridges, etc). The net position of business-type activities decreased \$4.3 million (2%) to \$251.4 million at June 30, 2014. Approximately 90% of the net position is invested in capital assets (buildings, land, infrastructure, etc).

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 33,299,803	\$ 37,610,519	\$ 40,320,394	\$ 38,827,167	\$ 73,620,197	\$ 76,437,686
Operating grants and contributions	29,067,248	23,227,618	1,465,466	963,837	30,532,714	24,191,455
Capital grants and contributions	262,332	1,902,755	128,250	128,250	390,582	2,031,005
General revenues:						
Property taxes	131,914,045	126,597,379	-	-	131,914,045	126,597,379
Other County taxes	5,476,275	5,471,136	-	-	5,476,275	5,471,136
Interest on property taxes	1,381,536	1,264,536	-	-	1,381,536	1,264,536
State replacements	3,860,426	3,042,129	-	-	3,860,426	3,042,129
Use of money and property	255,759	379,474	54,995	178,934	310,754	558,408
Miscellaneous	2,068,364	1,261,848	860,639	460,369	2,929,003	1,722,217
Total revenues	207,585,788	200,757,394	42,829,744	40,558,557	250,415,532	241,315,951
Expenses:						
Public safety and legal services	71,564,875	68,677,335	-	-	71,564,875	68,677,335
Physical health and social services	35,070,940	34,703,552	-	-	35,070,940	34,703,552
Mental health	24,158,157	22,325,002	-	-	24,158,157	22,325,002
County environment and education	13,923,732	12,768,084	-	-	13,923,732	12,768,084
Roads and transportation	19,312,228	18,338,223	-	-	19,312,228	18,338,223
Government services to residents	7,129,232	7,077,482	-	-	7,129,232	7,077,482
Administration	28,335,206	28,625,011	-	-	28,335,206	28,625,011
Interest on long-term debt	5,846,733	5,313,966	-	-	5,846,733	5,313,966
Air Pollution	-	-	1,154,638	1,218,911	1,154,638	1,218,911
Sanitary Treatment Works	-	-	726,280	788,708	726,280	788,708
Prairie Meadows Racetrack/Casino	-	-	10,167,216	11,052,660	10,167,216	11,052,660
Conservation Enterprises	-	-	40,327	47,968	40,327	47,968
Hamilton Urban Drainage District	-	-	270,242	263,778	270,242	263,778
Iowa Events Center	-	-	24,405,542	24,891,371	24,405,542	24,891,371
Urban Sewer	-	-	313,883	277,454	313,883	277,454
Iowa Tax & Tags	-	-	295,583	211,165	295,583	211,165
Total expenses	205,341,103	197,828,655	37,373,711	38,752,015	242,714,814	236,580,670
Excess (deficiency) before transfers	2,244,685	2,928,739	5,456,033	1,806,542	7,700,718	4,735,281
Capital Transfer	-	425,367	-	(425,367)	-	-
Transfers	9,761,697	7,380,210	(9,761,697)	(7,380,210)	-	-
Increase (decrease) in net position	12,006,382	10,734,316	(4,305,664)	(5,999,035)	7,700,718	4,735,281
Net position - beginning, restated	102,313,462	93,222,645	255,661,811	262,713,662	357,975,273	355,936,307
Net position- ending	\$ 114,319,844	\$ 103,956,961	\$ 251,356,147	\$ 256,714,627	\$ 365,675,991	\$ 360,671,588

Statement of Activities - Changes in Net Position

The \$12 million increase in net position of governmental activities is primarily due to an increase in both operating grants and contributions and property tax revenues of \$5.8 million and \$5.3 million respectively. The \$4.3 million decrease in net position of business-type activities was primarily due to decrease of restricted assets held in escrow of \$3.9 million relating to defeasance of debt in the Urban Sewer Fund.

Governmental revenues increased 3% primarily from increased property tax collections and operating grants and contributions. The County's taxable valuations increased 3.1% and increased its levy rate \$.13/\$1,000 of taxable valuation to service new debt issued for Polk County Water Land and Legacy projects. The combined increase resulted in \$5.3 million additional tax receipts. Additionally, operating grants and contributions revenue increased \$5.8 million primarily due to a new state mental health per capita equalization payment that the County receives instead of Medicaid match payments. Charges for services revenue decreased \$4.3 million primarily due to reduction in Medicaid reimbursements for targeted case management services. Capital grants and contributions decreased \$1.6 million primarily due to a large capital contribution from the Iowa Department of Transportation and the donation of two parcels of property from the City of Des Moines and Des Moines Public Schools that occurred in the prior year.

The fact that 64% of total governmental revenues are derived from property taxes illustrates the County's continued dependence on property taxes to finance its general functions. Charges for services represents 16% and federal/state funding represents 14% of total governmental revenues.

Governmental activities expenses increased 4%, including a 4% increase in public safety expenses due to initial costs arising from an enhanced public safety communications system and rising personnel costs, an 8% increase in mental health services due to increased service costs and utilization and a 9% increase in county environment and education expenses due to increased Community Development grants being awarded. Additionally, debt service expense increased 10% due to interest coming due on a large crossover refunding debt issue that occurred in the prior year.

The County's expenses cover a range of services, with the largest expenses relating to public safety and legal services (35%), physical health and social services (17%), and administration (14%).

Governmental Activities Revenues for the County's governmental activities increased \$6.8 million (3%), while expenses increased \$7.5 million (4%). Key elements of these changes include the following:

- \$5.8 million (25%) increase in operating grants and contributions revenue arising mainly from changes the Iowa Department of Human Services made to the Medicaid State Plan. The state now provides a per capita amount for mental health services.
- \$5.3 million (4%) increase in property tax revenue due to a 3.1% increase in taxable valuations and a \$0.13/\$1,000 of taxable valuation increase in the levy rate to service debt on the voter-approved Conservation Water and Land Legacy bonds
- \$4.3 million (11%) decrease in charges for services revenue primarily due to changes the Iowa Department of Human Services made to the Medicaid State Plan. The state shifted from reimbursing counties for case management to providing a per capita contribution, such that an increased amount of state revenue is now classified as an operating contribution rather than a charge for service for mental health activities. Additionally, federal reimbursements for care of Immigration and Customs inmates declined significantly due to a reduction in number of federal inmates held at the County jail.
- \$2.9 million (4%) increase in public safety expense due to initial year funding for an enhanced public safety communications system and rising personnel costs
- \$1.2 million (9%) increase in county environment expense primarily due to increased Community Development grants being awarded
- \$1.8 million (8%) increase in mental health expense primarily due to increased service costs and utilization

Business-type Activities Revenues for the County's business-type activities increased \$2.3 million (6%) and expenses decreased \$1.4 million (4%). Key elements of these changes include the following:

- Charges for services increased \$1.5 million primarily due to \$.6 million increase in concession sales, \$.4 million increase in commissions income and \$.3 million in other service charges all relating to increased events at the Iowa Event Center.
- Operating grants and contributions increased \$.5 million due to an increase in FEMA reimbursements for the Hamilton Drain Watershed Flood Control improvements.
- Iowa Events Center expenses decreased \$.5 million due to the decrease in depreciation expense as a result of the sale of the Convention Complex in the prior year.
- Prairie Meadows Racetrack/Casino expenses decreased \$.9 million due to repayment of property taxes from RACI.
- 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 \$72.8 million at June 30, 2014, which is \$48.2 million less than the prior year. Included in this year's total change in fund balance is a decrease of \$68.3 million in the Debt Service Fund, an increase of \$12.8 million in the Capital Projects Funds, an increase of \$4.8 million in the Mental Health Fund and an increase of \$1.9 million in the County's General Fund.

The primary reason for the Debt Service Fund's decrease is due to the defeasance of \$66.6 million in outstanding general obligation debt. The Capital Projects Fund's increase is primarily due to unspent bond proceeds that are funding the Polk County Water and Land Legacy and the Justice Center Annex improvement projects. The primary reason for the Mental Health Fund's increase is due to state changes in the mental health system. The General Fund's increase is primarily the result of a \$5.3 million increase in property tax revenue due to a 3.1% increase in taxable valuations and a \$.13 increase in the levy rate to service debt.

Proprietary Funds

Sanitary Treatment Works net position increased \$.8 million primarily due to transfer in from Prairie Meadows relating to funding of debt payments.

Prairie Meadows Racetrack/Casino net position decreased \$11 million primarily due to \$26.8 million transfers out to other funds over \$15.8 million operating income. Transfers out cover other funds debt payments, community betterment grants, economic development and capital projects.

Iowa Events Center net position increased \$5.5 million primarily due to a \$.7 million increase in concession sales, \$.4 million increase in commissions income and \$3.5 million increased transfers over the prior year from Prairie Meadows. Additionally, depreciation expense decreased \$.4 million due to the sale of the Convention Center in the prior year.

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, 2014, amount to \$520.6 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, leasehold improvements, infrastructure, equipment, vehicles, intangibles and construction in progress. Polk County's capital assets decreased \$2.8 million (1%). The primary reason for the decrease is due to increased depreciation expense over capital additions during the fiscal year.

Major capital asset events for the year ended June 30, 2014, are as follows:

- Polk County Water & Land Legacy land acquisitions and improvements - \$7.9 million
- Purchase of two real estate parcels - \$3.4 million
- Completion of the West Des Moines Senior Center - \$2.3 million
- Completion of the Justice Center Annex – Phase I - \$1.3 million
- Real estate system in-progress - \$1 million

Capital assets for the governmental and business-type activities at June 30, 2014 are as follows:

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 17,424,735	\$ 14,280,588	\$ 18,215,559	\$ 14,851,251	\$ 35,640,294	\$ 29,131,839
Intangibles - permanent easements	-	-	500,611	500,611	500,611	500,611
Buildings	149,751,199	145,701,798	323,416,800	323,268,770	473,167,999	468,970,568
Improvements other than buildings	3,525,358	2,398,778	8,725,298	8,725,298	12,250,656	11,124,076
Leasehold improvements	-	-	113,145,115	113,145,115	113,145,115	113,145,115
Infrastructure	104,827,867	101,422,898	21,698,051	21,698,051	126,525,918	123,120,949
Equipment	13,484,850	13,437,567	979,288	1,166,880	14,464,138	14,604,447
Vehicles	8,675,069	8,486,680	229,571	205,144	8,904,640	8,691,824
Intangibles - Computer software	765,741	765,741	-	-	765,741	765,741
Intangible in progress	4,751,081	3,706,465	-	-	4,751,081	3,706,465
Construction in progress	4,305,710	969,799	29,164,709	27,686,848	33,470,419	28,656,647
Total	<u>307,511,610</u>	<u>291,170,314</u>	<u>516,075,002</u>	<u>511,247,968</u>	<u>823,586,612</u>	<u>802,418,282</u>
Less: accumulated depreciation	<u>(148,904,047)</u>	<u>(140,532,955)</u>	<u>(154,040,700)</u>	<u>(138,407,031)</u>	<u>(302,944,747)</u>	<u>(278,939,986)</u>
Total	<u>\$ 158,607,563</u>	<u>\$ 150,637,359</u>	<u>\$ 362,034,302</u>	<u>\$ 372,840,937</u>	<u>\$ 520,641,865</u>	<u>\$ 523,478,296</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 14/15 capital budget includes spending an estimated \$12.3 million for improvements to the Justice Center Annex, \$4.1 million for Polk County Water & Land Legacy projects, and \$1.5 million for capital improvement projects at various County facilities. Capital outlays for proprietary funds will include \$5.9 million for improvements of the Hamilton Drain Watershed and \$1.8 million for a new scoreboard at Wells Fargo Arena.

Long-Term Debt

At June 30, 2014, the County had \$256 million in bonds and notes outstanding, a decrease of \$62.5 million compared to FY 12/13. The change in debt is primarily due to the defeasance of \$70.4 (\$66.6 million in Debt Service Fund and \$3.8 million in Urban Sewer Fund) million of outstanding general obligation debt that was issued June 1 and December 1, 2006 and issuance of new debt over principal repayments of \$7.3 million. See Note 7 in the notes to the financial statements for more information.

Four large outstanding obligations pertain to the Iowa Events Center Enterprise Fund. These consist of construction of a new arena and exhibit hall along with a newly renovated Veteran Memorial Community Choice Credit Union Convention Center. During FY 13/14, principal repayments of \$9.8 million were made, decreasing the outstanding Iowa Events Center obligation to \$104.1 million.

During FY 14/15, Polk County plans to issue \$7.6 million in additional general obligation debt for grants to housing programs and an asset repair and replacement program. Additionally, the County estimates it will issue up to \$11 million for Polk County Water and Land Legacy projects and \$31.2 million to fund the next phase of a multi-year plan to address concerns with court space and safety issues. These amounts will fund FY 14/15 and FY 15/16 expenditures.

Polk County is well below the statutory debt capacity limitation. The debt capacity is controlled by the constitutional debt limit which is an amount equal to 5% of the actual value of taxable property within the County limits. The County's unused legal debt capacity was \$1.1 billion as of June 30, 2014.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage Change 2013-2014
	2014	2013	2014	2013	2014	2013	
G.O. bonds	\$ 114,230,485	\$ 166,213,860	\$ 111,553,904	\$ 125,139,328	\$ 225,784,389	\$ 291,353,188	-23%
Notes payable	2,826,000	345,000	27,373,572	26,814,566	30,199,572	27,159,566	11%
Total	\$ 117,056,485	\$ 166,558,860	\$ 138,927,476	\$ 151,953,894	\$ 255,983,961	\$ 318,512,754	-20%

Additional information on Polk County's outstanding debt can be found in Note 7 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 \$10.2 million below final budget amounts. Significant variances include:

- General operational expenditures were \$3.8 million less than budget due to lower than anticipated expenditures for social services staff and programs, general services, risk management, health grants, and assistance to veterans.
- Capital project expenditures were \$2.2 million less than budget due to capital projects being carried over to the succeeding fiscal year. This primarily includes Courts Master Plan capitals and information technology upgrades.

- Conservation water and land projects were \$1.2 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, 2014.
- Community and economic development grant expenditures were \$2.0 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 personnel savings have allowed Polk County to maintain services despite a prolonged downturn in interest earnings.

For FY 14/15, certified taxable valuations increased 0.5%, resulting in a budgeted increase of \$0.7 million in net current property tax revenue. Taxable valuations increased less than the historical average due to the first year of state property tax reform taking effect. Commercial and industrial taxable valuations are being rolled back to 90% of assessed valuation over two years, with a 5% rollback occurring each year. The State legislature has pledged to replace funding lost due to the rollback. For FY 14/15, the County estimates state replacement funding of \$2.6 million.

Additionally, the County increased the debt service levy rate by \$0.22 to fund anticipated debt service on Courthouse Master Plan bonds, generating an additional \$4.7 million increase in tax revenues.

Polk County's budget for FY 14/15 indicates General fund balances will decrease \$0.4 million, largely due to planned balance utilization for capital projects carried forward from the prior year. This balance utilization will not be a significant draw on General fund balances. Balances are projected to exceed the County policy that sets ending fund balances at a goal of 20% - 25% of expenditures. Additionally, the County will retain its \$8 million contingency reserve.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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POLK COUNTY, IOWA

Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	PCHS
ASSETS				
Cash and pooled investments	\$ 92,017,101	\$ 27,916,389	\$ 119,933,490	\$ 5,380,839
Receivables (net)	14,892,008	7,903,047	22,795,055	100,317
Due from component unit	79,092	-	79,092	-
Internal balances	606,178	(606,178)	-	-
Inventories	1,710,351	96,484	1,806,835	-
Prepaid items	780,419	132,895	913,314	55,893
Restricted assets - cash and pooled investments	-	398,723	398,723	-
Succeeding year property taxes receivable	146,355,245	-	146,355,245	-
Capital assets not being depreciated	26,481,526	47,880,879	74,362,405	1,250,482
Capital assets being depreciated, net	132,126,037	314,153,423	446,279,460	2,671,601
TOTAL ASSETS	415,047,957	397,875,662	812,923,619	9,459,132
DEFERRED OUTFLOWS OF RESOURCES	-	733,777	733,777	-
LIABILITIES				
Accounts payable and other current liabilities	14,239,446	6,471,663	20,711,109	660,595
Due to primary government	-	-	-	79,092
Interest payable	258,825	394,984	653,809	-
Unearned revenues	230,529	574,684	805,213	87,136
Advance deposits and ticket sales	-	665,593	665,593	-
Due within one year:				
General obligation bonds payable	14,001,782	10,775,162	24,776,944	-
Notes payable	376,000	809,000	1,185,000	-
Capital leases payable	468,908	-	468,908	-
Compensated absences payable	1,545,109	85,703	1,630,812	-
Estimated liability for claims and judgments	1,592,100	-	1,592,100	-
Due in more than one year:				
General obligation bonds payable	100,228,703	100,778,742	201,007,445	-
Notes payable	2,450,000	26,564,572	29,014,572	-
Capital leases payable	425,592	-	425,592	-
Compensated absences payable	12,967,874	133,189	13,101,063	-
Estimated liability for claims and judgments	519,000	-	519,000	-
Post employment liability	5,069,000	-	5,069,000	-
TOTAL LIABILITIES	154,372,868	147,253,292	301,626,160	826,823
DEFERRED INFLOWS OF RESOURCES	146,355,245	-	146,355,245	-
NET POSITION				
Net investment in capital assets	75,766,185	227,164,549	302,930,734	3,922,083
Restricted for:				
Capital improvements	9,788,087	398,723	10,186,810	-
Debt service	216,764	-	216,764	-
Enabling legislation	10,233,198	-	10,233,198	-
PCHS/Foundation	-	-	-	2,666,363
Unrestricted	18,315,610	23,792,875	42,108,485	2,043,863
TOTAL NET POSITION	\$ 114,319,844	\$ 251,356,147	\$ 365,675,991	\$ 8,632,309

POLK COUNTY, IOWA

Statement of Activities
For the Year Ended June 30, 2014

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

Function/Program	PROGRAM REVENUES					Primary Government		Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	PCHS
Primary government:								
Governmental activities:								
Public safety and legal services	\$ 71,564,875	\$ 13,781,722	\$ 1,679,445	\$ -	\$ (56,103,708)	\$ -	\$ (56,103,708)	\$ -
Physical health and social services	35,070,940	1,042,590	10,950,017	-	(23,078,333)	-	(23,078,333)	-
Mental health	24,158,157	6,890,136	7,613,143	-	(9,654,878)	-	(9,654,878)	-
County environment and education	13,923,732	1,834,621	320,048	-	(11,769,063)	-	(11,769,063)	-
Roads and transportation	19,312,228	483,746	5,265,715	262,332	(13,300,435)	-	(13,300,435)	-
Government services to residents	7,129,232	7,285,121	-	-	155,889	-	155,889	-
Administration	28,335,206	1,932,024	3,238,880	-	(23,164,302)	-	(23,164,302)	-
Interest on long-term debt	5,846,733	49,843	-	-	(5,796,890)	-	(5,796,890)	-
Total governmental activities	205,341,103	33,299,803	29,067,248	262,332	(142,711,720)	-	(142,711,720)	-
Business-type activities:								
Air Quality	1,154,638	348,214	870,262	-	-	63,838	63,838	-
Sanitary Treatment Works	726,280	826,236	-	-	-	99,956	99,956	-
Prairie Meadows Racetrack/Casino	10,167,216	26,000,000	-	-	-	15,832,784	15,832,784	-
Conservation Enterprises	40,327	198,941	-	-	-	158,614	158,614	-
Hamilton Urban Drainage District	270,242	120,206	595,204	-	-	445,168	445,168	-
Iowa Events Center	24,405,542	12,459,738	-	128,250	-	(11,817,554)	(11,817,554)	-
Urban Sewer	313,883	-	-	-	-	(313,883)	(313,883)	-
Iowa Tax & Tags	295,583	367,059	-	-	-	71,476	71,476	-
Total business-type activities	37,373,711	40,320,394	1,465,466	128,250	-	4,540,399	4,540,399	-
Total primary government	\$ 242,714,814	\$ 73,620,197	\$ 30,532,714	\$ 390,582	(142,711,720)	4,540,399	(138,171,321)	-
Component unit:								
PCHS	\$ 3,709,509	\$ 1,428,154	\$ 2,694,290					412,935
General revenues:								
Property taxes					131,914,045	-	131,914,045	-
Other county taxes					5,476,275	-	5,476,275	-
Interest on property taxes					1,381,536	-	1,381,536	-
State replacements credits against levied property taxes					3,860,426	-	3,860,426	-
Interest income					255,759	54,995	310,754	23,567
Miscellaneous					2,068,364	860,639	2,929,003	17,910
Transfers					9,761,697	(9,761,697)	-	-
Total general revenues and transfers					154,718,102	(8,846,063)	145,872,039	41,477
Change in net position					12,006,382	(4,305,664)	7,700,718	454,412
Net position - beginning, restated					102,313,462	255,661,811	357,975,273	8,177,897
Net position - ending					\$ 114,319,844	\$ 251,356,147	\$ 365,675,991	\$ 8,632,309

See Notes to Basic Financial Statements

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POLK COUNTY, IOWA

**Balance Sheet
Governmental Funds
June 30, 2014**

	General	MH/MR/DD Services	Debt Service
ASSETS			
Cash and pooled investments	\$ 43,966,363	\$ 8,014,402	\$ 207,654
Receivables (net):			
Taxes	456,938	63,656	61,138
Succeeding year property taxes	104,710,252	14,186,262	19,318,897
Special assessments	67,375	-	-
Accounts	261,845	-	-
Notes	2,077,249	-	2,525,000
Accrued interest	4,124	-	3,565
Due from other funds	543,306	60,044	103,943
Due from other governments	5,946,524	1,825,036	752
Due from component unit	-	79,092	-
Inventories	767,331	-	-
Prepaid items	780,419	-	-
TOTAL ASSETS	\$ 159,581,726	\$ 24,228,492	\$ 22,220,949
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,790,776	\$ 2,412,547	\$ -
Wages payable	3,156,892	9,891	-
Payroll taxes payable	514,417	1,608	-
Compensated absences payable	1,987,678	-	-
Estimated liability for claims and judgments	53,000	-	-
Due to other funds	1,477	-	-
Due to other governments	1,621,251	-	-
Trust payable	67,143	-	-
Unearned revenues	230,529	-	-
TOTAL LIABILITIES	9,423,163	2,424,046	-
DEFERRED INFLOWS OF RESOURCES	107,378,699	14,967,194	22,004,185
Fund balances:			
Nonspendable	1,317,221	-	-
Restricted	-	6,837,252	216,764
Committed	3,585,015	-	-
Unassigned	37,877,628	-	-
TOTAL FUND BALANCES	42,779,864	6,837,252	216,764
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 159,581,726	\$ 24,228,492	\$ 22,220,949

Nonmajor Governmental Funds		Total Governmental Funds	
\$	25,129,006	\$	77,317,425
	30,111		611,843
	8,139,834		146,355,245
	4,618		71,993
	116,372		378,217
	-		4,602,249
	-		7,689
	1,477		708,770
	1,278,555		9,050,867
	-		79,092
	943,020		1,710,351
	-		780,419
<u>\$</u>	<u>35,642,993</u>	<u>\$</u>	<u>241,674,160</u>
\$	4,195,332	\$	8,398,655
	190,744		3,357,527
	30,749		546,774
	-		1,987,678
	-		53,000
	-		1,477
	-		1,621,251
	-		67,143
	-		230,529
	<u>4,416,825</u>		<u>16,264,034</u>
	<u>8,244,086</u>		<u>152,594,164</u>
	943,020		2,260,241
	13,184,033		20,238,049
	10,993,740		14,578,755
	(2,138,711)		35,738,917
	<u>22,982,082</u>		<u>72,815,962</u>
<u>\$</u>	<u>35,642,993</u>	<u>\$</u>	<u>241,674,160</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, 2014

Fund balances - total governmental funds		\$	72,815,962
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	\$	307,511,610	
Accumulated depreciation		<u>(148,904,047)</u>	158,607,563
Interest payable on long-term obligations that does not require current financial resources and therefore is not reported in the funds.			
			(258,825)
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.			
			8,207,515
Revenues that are not available to pay for current period expenditures in the funds.			
Property taxes		568,454	
Special assessments		71,405	
Accounts receivable		63,889	
Due from other governments		2,403,993	
Due from other funds (Prairie Meadows property taxes)		<u>606,178</u>	3,713,919
Reclassification of deferred inflows of resources related to the Aviation Authority			
			2,525,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable			(114,230,485)
Notes payable			(2,826,000)
Capital leases payable			(894,500)
Compensated absences payable			(12,525,305)
Estimated liability for claims and judgments			<u>(815,000)</u>
Net position of governmental activities		\$	<u>114,319,844</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, 2014**

	General	MH/MR/DD Services	Debt Service
REVENUES:			
Property taxes	\$ 97,066,781	\$ 13,522,221	\$ 13,894,300
Other County taxes	4,079,694	451,660	418,628
Interest and penalties on delinquent taxes	1,381,536	-	-
Intergovernmental	24,532,752	14,901,061	376,334
Licenses and permits	829,788	-	-
Charges for services	12,534,651	-	-
Use of money and property	2,503,336	-	136,133
Miscellaneous	1,448,204	89,904	-
TOTAL REVENUES	144,376,742	28,964,846	14,825,395
EXPENDITURES:			
Current:			
Public safety and legal services	66,192,303	-	-
Physical health and social services	33,590,597	-	-
Mental health	-	24,158,157	-
County environment and education	10,513,237	-	-
Roads and transportation	692,465	-	-
Government services to residents	6,916,880	-	-
Administration	29,088,171	-	-
Debt service:			
Principal	-	-	10,860,000
Interest and fiscal charges	-	-	6,009,987
Capital projects:			
Roadway construction	-	-	-
Conservation land acquisition and development	138,450	-	-
Other capital projects	-	-	-
TOTAL EXPENDITURES	147,132,103	24,158,157	16,869,987
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,755,361)	4,806,689	(2,044,592)
OTHER FINANCING SOURCES (USES):			
Transfers in	9,652,252	-	-
Transfers out	(7,408,274)	-	-
Issuance of bonds	2,300,000	-	-
Premium/(discount) on bonds issued	-	-	270,129
Payment to refunded debt escrow	-	-	(66,570,000)
TOTAL OTHER FINANCING SOURCES (USES)	4,543,978	-	(66,299,871)
NET CHANGE IN FUND BALANCES	1,788,617	4,806,689	(68,344,463)
FUND BALANCE, BEGINNING	40,865,648	2,030,563	68,561,227
Change in inventory reserve	125,599	-	-
FUND BALANCE, ENDING	\$ 42,779,864	\$ 6,837,252	\$ 216,764

Nonmajor Governmental Funds		Total Governmental Funds	
\$	7,632,142	\$	132,115,444
	526,293		5,476,275
	-		1,381,536
	9,086,591		48,896,738
	83,287		913,075
	680,830		13,215,481
	1,818		2,641,287
	1,141,844		2,679,952
	<u>19,152,805</u>		<u>207,319,788</u>
	1,358,487		67,550,790
	-		33,590,597
	-		24,158,157
	913,185		11,426,422
	9,244,886		9,937,351
	149,337		7,066,217
	3,266		29,091,437
	44,000		10,904,000
	5,825		6,015,812
	5,684,678		5,684,678
	10,711,688		10,850,138
	8,455,989		8,455,989
	<u>36,571,341</u>		<u>224,731,588</u>
	(17,418,536)		(17,411,800)
	13,055,100		22,707,352
	(5,517,381)		(12,925,655)
	23,035,000		25,335,000
	-		270,129
	-		(66,570,000)
	<u>30,572,719</u>		<u>(31,183,174)</u>
	13,154,183		(48,594,974)
	9,597,750		121,055,188
	230,149		355,748
\$	<u>22,982,082</u>	\$	<u>72,815,962</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, 2014**

Net change in fund balances - total governmental funds \$ (48,594,974)

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	18,623,440
Capital contribution	262,332
Depreciation/amortization expense	(10,915,568)

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	(15,128)
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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	532,000
Change in compensated absences	(1,193,405)
Amortization of bond premium/(discount)	158,504

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	429,213
Payments on long-term bonds	77,430,000
Payments on long-term notes	44,000
Proceeds on long-term bonds	(25,335,000)
Premium/(discount) on the issuance of bonds	(270,129)

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 general obligation bonds	169,079
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Internal service funds are used by management to charge the costs of insurance. The change in net position is reported with governmental activities.

326,270

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.

355,748

Change in net position of governmental activities \$ 12,006,382

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POLK COUNTY, IOWA

Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and pooled investments	\$ 4,707,679	\$ 12,530,065	\$ 6,435,430	\$ 4,243,215
Restricted assets - cash and pooled investments	-	-	398,723	-
Receivables (net):				
Accounts	174,825	-	2,435,162	44,192
Notes	-	-	-	117,426
Accrued interest	-	-	-	3,081
Due from other governments	35,547	393,538	13,998	269,957
Inventories	-	-	96,484	-
Prepaid items	-	-	132,895	-
Total current assets	4,918,051	12,923,603	9,512,692	4,677,871
Noncurrent assets:				
Receivables (net):				
Special assessments	67,245	-	-	11,757
Notes	-	-	-	4,336,319
Capital assets not being depreciated	28,961,693	3,129,000	13,914,413	1,875,773
Capital assets being depreciated, net	8,242,821	100,698,490	200,415,284	4,796,828
Total noncurrent assets	37,271,759	103,827,490	214,329,697	11,020,677
TOTAL ASSETS	42,189,810	116,751,093	223,842,389	15,698,548
DEFERRED OUTFLOW OF RESOURCES	-	-	733,777	-
LIABILITIES				
Current liabilities:				
Accounts payable	127,059	-	1,531,536	107,656
Contract/retainage payable	295,328	-	-	-
Wages payable	-	-	73,800	37,033
Payroll taxes payable	-	-	5,854	6,037
Interest payable	57,705	-	329,504	7,775
Estimated liability for claims and judgments	-	-	-	-
Due to other funds	-	606,178	-	-
Due to other governments	-	4,287,360	-	-
Advance deposits and ticket sales	-	-	665,593	-
Unearned revenues	-	-	574,684	-
General obligation bonds payable	-	-	10,475,937	299,225
Notes payable	809,000	-	-	-
Compensated absences payable	-	-	75,373	10,330
Total current liabilities	1,289,092	4,893,538	13,732,281	468,056
Noncurrent liabilities:				
General obligation bonds payable	-	-	97,020,244	3,758,498
Notes payable	26,564,572	-	-	-
Compensated absences payable	-	-	-	133,189
Post employment liability	-	-	-	-
Total noncurrent liabilities	26,564,572	-	97,020,244	3,891,687
TOTAL LIABILITIES	27,853,664	4,893,538	110,752,525	4,359,743
NET POSITION				
Net investment in capital assets	9,830,942	103,827,490	106,833,516	6,672,601
Restricted for capital improvements	-	-	398,723	-
Unrestricted	4,505,204	8,030,065	6,591,402	4,666,204
TOTAL NET POSITION	\$ 14,336,146	\$ 111,857,555	\$ 113,823,641	\$ 11,338,805

Total	Governmental Activities- Internal Service Funds
\$ 27,916,389	\$ 14,699,676
398,723	-
2,654,179	62,773
117,426	-
3,081	-
713,040	5,262
96,484	-
132,895	-
<u>32,032,217</u>	<u>14,767,711</u>
79,002	-
4,336,319	-
47,880,879	-
314,153,423	-
<u>366,449,623</u>	<u>-</u>
<u>398,481,840</u>	<u>14,767,711</u>
<u>733,777</u>	<u>-</u>
1,766,251	248,096
295,328	-
110,833	-
11,891	-
394,984	-
-	1,243,100
606,178	-
4,287,360	-
665,593	-
574,684	-
10,775,162	-
809,000	-
85,703	-
<u>20,382,967</u>	<u>1,491,196</u>
100,778,742	-
26,564,572	-
133,189	-
-	5,069,000
<u>127,476,503</u>	<u>5,069,000</u>
<u>147,859,470</u>	<u>6,560,196</u>
227,164,549	-
398,723	-
<u>23,792,875</u>	<u>8,207,515</u>
<u>\$ 251,356,147</u>	<u>\$ 8,207,515</u>

POLK COUNTY, IOWA

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds			
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center	Nonmajor Enterprise Funds
OPERATING REVENUES:				
Charges for goods and services:				
Charges for services	\$ 826,236	\$ 15,600,000	\$ 2,550,586	\$ 835,479
Intergovernmental revenues	-	-	-	1,465,466
Project income	-	10,400,000	790,833	-
Parking income	-	-	543,829	-
Concession sales	-	-	5,742,402	-
Commissions income	-	-	2,338,855	198,941
PFMS user fee on ticket sales	-	-	493,233	-
Miscellaneous	793	-	756,271	103,575
Total operating revenues	827,029	26,000,000	13,216,009	2,603,461
OPERATING EXPENSES:				
Cost of goods and services:				
Personal services	37,855	-	3,048,322	1,095,139
Supplies	-	-	294,363	58,744
Professional services	-	-	286,110	159,450
Other services/charges	355,615	4,064,278	2,408,453	125,856
Insurance	-	-	168,501	-
Direct event expense	-	-	1,067,196	-
Cost of goods sold - concession	-	-	3,631,828	-
Management expense	-	-	296,279	-
Miscellaneous	15,668	-	-	6,529
Amortization of discount (premium)	-	-	(510,937)	(2,356)
Depreciation	312,539	6,102,938	9,199,029	315,072
Total operating expenses	721,677	10,167,216	19,889,144	1,758,434
OPERATING INCOME (LOSS)	105,352	15,832,784	(6,673,135)	845,027
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	9,941	23,407	8,667	12,980
Interest expense	(4,603)	-	(4,516,398)	(316,239)
Total nonoperating revenues (expenses)	5,338	23,407	(4,507,731)	(303,259)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	110,690	15,856,191	(11,180,866)	541,768
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Capital contributions from others	-	-	128,250	-
Transfers in	669,873	-	16,523,112	-
Transfers out	-	(26,766,363)	-	(188,319)
Total capital contributions and transfers	669,873	(26,766,363)	16,651,362	(188,319)
CHANGE IN NET POSITION	780,563	(10,910,172)	5,470,496	353,449
NET POSITION - BEGINNING, RESTATED	13,555,583	122,767,727	108,353,145	10,985,356
NET POSITION - ENDING	\$ 14,336,146	\$ 111,857,555	\$ 113,823,641	\$ 11,338,805

See Notes to Basic Financial Statements

Total	Governmental Activities- Internal Service Funds
\$ 19,812,301	\$ 16,272,841
1,465,466	-
11,190,833	-
543,829	-
5,742,402	-
2,537,796	-
493,233	-
860,639	6,944
<u>42,646,499</u>	<u>16,279,785</u>
4,181,316	-
353,107	-
445,560	-
6,954,202	84,581
168,501	15,867,730
1,067,196	-
3,631,828	-
296,279	-
22,197	-
(513,293)	-
15,929,578	-
<u>32,536,471</u>	<u>15,952,311</u>
<u>10,110,028</u>	<u>327,474</u>
54,995	18,796
(4,837,240)	-
<u>(4,782,245)</u>	<u>18,796</u>
<u>5,327,783</u>	<u>346,270</u>
128,250	-
17,192,985	2,189,793
(26,954,682)	(2,209,793)
<u>(9,633,447)</u>	<u>(20,000)</u>
(4,305,664)	326,270
<u>255,661,811</u>	<u>7,881,245</u>
<u>\$ 251,356,147</u>	<u>\$ 8,207,515</u>

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014**

	Business-type Activities-Enterprise Funds		
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 812,716	\$ -	\$ 14,374,226
Cash received from intergovernmental revenue	-	-	-
Cash received from racetrack/casino	-	25,606,462	-
Cash paid to suppliers for goods and services	(386,861)	(4,106,462)	(7,935,627)
Cash paid to employees	(37,855)	-	(3,053,939)
Net cash flows from operating activities	<u>388,000</u>	<u>21,500,000</u>	<u>3,384,660</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	669,873	-	16,523,112
Transfers out	-	(26,766,363)	-
Net cash flows from noncapital financing activities	<u>669,873</u>	<u>(26,766,363)</u>	<u>16,523,112</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation debt	1,341,900	-	-
Payments to escrow agent for advance refunding debt	-	-	-
Principal paid on long-term debt	(922,894)	-	(9,765,000)
Interest paid on long-term debt	(4,970)	-	(4,398,456)
Capital contributions from others	-	-	128,250
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(735,894)	-	(3,625,561)
Net cash flows from capital and related financing activities	<u>(321,858)</u>	<u>-</u>	<u>(17,660,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	9,941	23,407	8,667
Net cash flows from investing activities	<u>9,941</u>	<u>23,407</u>	<u>8,667</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	745,956	(5,242,956)	2,255,672
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,961,723	17,773,021	4,578,481
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,707,679	\$ 12,530,065	\$ 6,834,153

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 1,144,701	\$ 16,331,643	\$ 16,266,435
1,465,879	1,465,879	-
-	25,606,462	-
(338,332)	(12,767,282)	(15,403,360)
(1,084,592)	(4,176,386)	-
1,187,656	26,460,316	863,075
-	17,192,985	2,189,793
(188,319)	(26,954,682)	(2,209,793)
(188,319)	(9,761,697)	(20,000)
-	1,341,900	-
(3,810,000)	(3,810,000)	-
(235,000)	(10,922,894)	-
(323,996)	(4,727,422)	-
-	128,250	-
111,186	111,186	-
(753,321)	(5,114,776)	-
(5,011,131)	(22,993,756)	-
32,500	74,515	18,796
32,500	74,515	18,796
(3,979,294)	(6,220,622)	861,871
8,222,509	34,535,734	13,837,805
\$ 4,243,215	\$ 28,315,112	\$ 14,699,676

(continued)

POLK COUNTY, IOWA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014**

	Business-type Activities-Enterprise Funds		
	Sanitary Treatment Works	Prairie Meadows Racetrack/ Casino	Iowa Events Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 105,352	\$ 15,832,784	\$ (6,673,135)
Components of operating income (loss) not included in operating activities:			
Depreciation	312,539	6,102,938	9,199,029
Amortization	-	-	(510,937)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	15,581	-	-
(Increase) decrease in accounts receivable	(25,599)	-	954,166
(Increase) decrease in due from other governments	(4,295)	(393,538)	(13,998)
(Increase) decrease in inventories	-	-	(1,768)
(Increase) decrease in prepaid items	-	-	23,273
Increase (decrease) in accounts payable	(15,578)	-	195,598
Increase (decrease) in wages payable	-	-	(5,707)
Increase (decrease) in payroll taxes payable	-	-	(446)
Increase (decrease) in due to other funds	-	(187,980)	-
Increase (decrease) in due to other governments	-	145,796	-
Increase (decrease) in advance deposits and ticket sales	-	-	121,331
Increase (decrease) in unearned revenue	-	-	96,718
Increase (decrease) in compensated absences payable	-	-	536
Increase (decrease) in estimated liability for claims and judgments	-	-	-
Increase (decrease) in post employment liability	-	-	-
Net cash flows from operating activities	<u>\$ 388,000</u>	<u>\$ 21,500,000</u>	<u>\$ 3,384,660</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ -	\$ -	\$ -
Acquisition of capital assets through accounts payable	15,363	-	(42,464)
Acquisition of capital assets through contract/retainage payable	26,363	-	-

See Notes to Basic Financial Statements

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 845,027	\$ 10,110,028	\$ 327,474
315,072	15,929,578	-
(2,356)	(513,293)	-
(3,893)	11,688	-
1,253	929,820	(8,088)
9,759	(402,072)	-
-	(1,768)	-
-	23,273	-
12,247	192,267	36,151
7,059	1,352	-
1,155	709	-
-	(187,980)	-
-	145,796	(5,262)
-	121,331	-
-	96,718	-
2,333	2,869	-
-	-	4,800
-	-	508,000
<u>\$ 1,187,656</u>	<u>\$ 26,460,316</u>	<u>\$ 863,075</u>

\$ (295,909)	\$ (295,909)	\$ -
8,905	(18,196)	-
-	26,363	-

(concluded)

POLK COUNTY, IOWA

Statement of Assets and Liabilities

Fiduciary Funds

June 30, 2014

	Total Agency Funds
ASSETS	
Cash and pooled investments	\$ 25,512,955
Receivables (net):	
Taxes	3,292,918
Special assessments	10,911,262
Accounts	437,490
Due from other governments	611,438
Prepays	5,427
	<hr/>
TOTAL ASSETS	\$ 40,771,490
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 361,646
Wages payable	140,669
Payroll taxes payable	161,039
Due to other funds	101,115
Due to other governments	38,411,487
Trusts payable	461,656
Compensated absences payable	932,878
Post employment liability	201,000
	<hr/>
TOTAL LIABILITIES	\$ 40,771,490
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POLK COUNTY, IOWA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A) Financial Reporting Entity

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

Discretely Presented Component Unit - The combined financial data of Polk County Health Services, Inc. and Polk County Health Services Foundation, collectively referred to as "PCHS" as of and for the year ended June 30, 2014, 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 an average of \$24 million each year for mental health services for the County. Although PCHS is a separate legal entity and appoints its own Board of Directors, it is fiscally dependent on the County. The County provides a significant portion of PCHS's financial support and annually approves its overall budget.

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

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

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

Government-wide Financial Statements

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

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

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

Net position is reported in three categories:

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

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

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

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

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

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

In the governmental fund financial statements, differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

MH/MR/DD Services 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.

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 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 16 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 17 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, police 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 2013 on the assessed valuation of property located in the County as of January 1, 2012, 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, 2013. Taxes were receivable in two installments on September 30, 2013, and March 31, 2014. 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 deferred and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

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

The County's capitalization thresholds are as follows:

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

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

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

Deferred Outflows of Resources (Loss on Debt Refunding): In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The County has one type of item that qualifies for reporting in this category in the propriety funds as well as the government-wide statements of net position. It is the 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. Additional information is found in Note 7.

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 deferred advertising, ticket sales and fees, and miscellaneous other event revenues and liabilities.

Deferred Inflows of Resources: In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, 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.

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.

The governmental activities in the government-wide statements report unavailable revenues from subsequent year property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

Payment of sick leave upon IPERS retirement is maximized at \$4,000 with the remainder of any accrual available to be 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, 2014. A liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. The retired employees' health insurance bank is also recorded as compensated absences in the governmental fund statements.

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

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

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

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

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. FUND BALANCE DEFICITS

Individual fund balance deficits for the year ended June 30, 2014 are as follows:

Special Revenue:	
Secondary Roads	\$ (1,195,691)

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 amortized value.

As of June 30, 2014, the cash and pooled investments of the County consist of:

Cash and cash items in vault	\$	121,605
Cash on hand not yet deposited		53,397
Bank account deposits		115,267,278
Mutual funds		21,006,955
Mutual funds - restricted		398,723
U.S. government securities		4,005,960
Commercial paper		<u>4,991,250</u>
Total cash and pooled investments	\$	<u>145,845,168</u>
Cash and pooled investments, statement of net position	\$	119,933,490
Cash and pooled investments, fiduciary funds		25,512,955
Restricted assets - Note 4		<u>398,723</u>
Total cash and pooled investments	\$	<u>145,845,168</u>

The County elected to maintain a non-interest bearing account with Bank of America in the average total of \$30,650,045 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.

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, 2014, the County's investments in commercial paper were rated A-1 and A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. The County's investments in the open-end mutual funds are rated AAAM by Standard & Poor's.

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, 2014.

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, 2014, 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. As of June 30, 2014, the County had no deposits or investments exposed to custodial credit risk.

The County's discretely presented component unit did not own any investments as of June 30, 2014, other than certificates of deposit. In addition, the component unit had no deposits or investments exposed to custodial credit risk.

4. RESTRICTED ASSETS

The County has the following restricted cash as of June 30, 2014:

	PFMS User Fee	Concession Upkeep	Total
Iowa Events Center	\$ 268,822	\$ 129,901	\$ 398,723

In accordance with the Master Lease Agreement, approximately 50% of 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.

5. DUE FROM/TO OTHER FUNDS

Amounts due from/to other funds at June 30, 2014, are as follows:

	Due To			Total
	General Fund	MH/MR/DD Services	Nonmajor Governmental	
Due from				
General Fund	\$ -	\$ -	\$ 1,477	\$ 1,477
Prairie Meadows Racetrack/Casino	442,191	60,044	103,943	606,178
Fiduciary	101,115	-	-	101,115
Total	\$ 543,306	\$ 60,044	\$ 105,420	\$ 708,770

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	\$ 101,115
Property taxes owed to various funds from Prairie Meadows Racetrack/Casino Enterprise Fund	606,178

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, is as follows:

	Balance 7/1/2013	Additions	Disposals	Balance 6/30/2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,280,588	\$ 3,144,147	\$ -	\$ 17,424,735
Construction in progress	969,799	10,850,854	(7,514,943)	4,305,710
Intangibles-computer software in progress	3,706,465	1,044,616	-	4,751,081
Total capital assets, not being depreciated	<u>18,956,852</u>	<u>15,039,617</u>	<u>(7,514,943)</u>	<u>26,481,526</u>
Capital assets, being depreciated:				
Buildings	145,701,798	4,474,384	(424,983)	149,751,199
Improvements other than buildings	2,398,778	1,332,498	(205,918)	3,525,358
Equipment	13,437,567	1,428,000	(1,380,717)	13,484,850
Vehicles	8,486,680	721,247	(532,858)	8,675,069
Infrastructure	101,422,898	3,404,969	-	104,827,867
Intangibles-computer software	765,741	-	-	765,741
Total capital assets being depreciated	<u>272,213,462</u>	<u>11,361,098</u>	<u>(2,544,476)</u>	<u>281,030,084</u>
Less accumulated depreciation for:				
Buildings	(55,489,035)	(4,514,702)	424,983	(59,578,754)
Improvements other than buildings	(912,581)	(206,254)	205,918	(912,917)
Equipment	(10,108,737)	(1,107,319)	1,380,717	(9,835,339)
Vehicles	(5,742,805)	(1,030,169)	532,858	(6,240,116)
Infrastructure	(68,228,748)	(4,006,075)	-	(72,234,823)
Intangibles-computer software	(51,049)	(51,049)	-	(102,098)
Total accumulated depreciation	<u>(140,532,955)</u>	<u>(10,915,568)</u>	<u>2,544,476</u>	<u>(148,904,047)</u>
Total capital assets being depreciated, net	<u>131,680,507</u>	<u>445,530</u>	<u>-</u>	<u>132,126,037</u>
Governmental activities capital assets, net	<u>\$ 150,637,359</u>	<u>\$ 15,485,147</u>	<u>\$ (7,514,943)</u>	<u>\$ 158,607,563</u>

Governmental Activities

Land additions represent conservation land acquisitions as part of the Water and Land Legacy Projects. The intangible in progress represents continued work on the new real estate system. Construction in progress primarily consists of the following unfinished projects: 1) Water and Land Legacy improvements, 2) Justice Center Annex and Historic Courthouse Phase II improvements and 3) NW Madrid Drive bridge replacement project. Building additions consist of a reclassification from construction in progress for the completion of West Des Moines Senior Center, Justice Center Annex-Phase I and Jester Park Cabins.

Infrastructure additions primarily consist of a reclassification from construction in progress for the completion of the Easter Lake Trail-Phase I (Water and Land Legacy Project) and Ankeny-Carney Marsh-Des Moines Trail. In addition, the County completed a bridge project and made improvements to a storm sewer during the year.

	Balance 7/1/2013	Additions	Disposals	Balance 6/30/2014
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,851,251	\$ 3,364,308	\$ -	\$ 18,215,559
Construction in progress	27,686,848	1,477,861	-	29,164,709
Intangibles-permanent easements	500,611	-	-	500,611
Total capital assets, not being depreciated	<u>43,038,710</u>	<u>4,842,169</u>	<u>-</u>	<u>47,880,879</u>
Capital assets, being depreciated:				
Buildings	323,268,770	148,030	-	323,416,800
Improvements other than buildings	8,725,298	-	-	8,725,298
Leasehold improvements	113,145,115	-	-	113,145,115
Equipment	1,166,880	108,317	(295,909)	979,288
Vehicles	205,144	24,427	-	229,571
Infrastructure	21,698,051	-	-	21,698,051
Total capital assets being depreciated	<u>468,209,258</u>	<u>280,774</u>	<u>(295,909)</u>	<u>468,194,123</u>
Less accumulated depreciation for:				
Buildings	(97,063,038)	(10,723,678)	-	(107,786,716)
Improvements other than buildings	(8,398,251)	(24,547)	-	(8,422,798)
Leasehold improvements	(23,310,545)	(4,525,805)	-	(27,836,350)
Equipment	(770,332)	(93,882)	295,909	(568,305)
Vehicles	(165,671)	(19,211)	-	(184,882)
Infrastructure	(8,699,194)	(542,455)	-	(9,241,649)
Total accumulated depreciation	<u>(138,407,031)</u>	<u>(15,929,578)</u>	<u>295,909</u>	<u>(154,040,700)</u>
Total capital assets being depreciated, net	<u>329,802,227</u>	<u>(15,648,804)</u>	<u>-</u>	<u>314,153,423</u>
Business-type activities capital assets, net	<u>\$ 372,840,937</u>	<u>\$ (10,806,635)</u>	<u>\$ -</u>	<u>\$ 362,034,302</u>

Business-type Activities

The land additions represent the purchase of the two real estate parcels in proximity to the Iowa Events Center, whose development will enhance the use and value of the Iowa Events Center. The construction in progress account consists of the continuation of a major sanitary sewer extension project, and the Hamilton Drainage District Watershed project.

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

Government activities:	
Public safety and legal services	\$ 3,626,167
Physical health and social services	1,251,367
County environment and education	819,002
Roads and transportation	4,472,849
Government services to residents	2,151
Administration	<u>744,032</u>
Total depreciation expense - governmental activities	\$ <u>10,915,568</u>
Business-type activities:	
Air Pollution	\$ 57,425
Sanitary Treatment Works	312,539
Prairie Meadows Racetrack/Casino	6,102,938
Conservation Enterprises	27,731
Hamilton Urban Drainage District	229,916
Iowa Events Center	<u>9,199,029</u>
Total depreciation expense - business-type activities	\$ <u>15,929,578</u>

7. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 164,914,616	\$ 25,335,000	\$ (77,430,000)	\$ 112,819,616	\$ 13,873,647
Add: unamortized premium (discount)	1,299,244	270,129	(158,504)	1,410,869	128,135
General obligation notes payable	345,000	2,525,000	(44,000)	2,826,000	376,000
Capital leases payable	1,323,713	-	(429,213)	894,500	468,908
Accrued compensated absences	13,476,294	9,658,325	(8,621,636)	14,512,983	1,545,109
Termination benefits payable	74,799	-	(74,799)	-	-
Post employment liability	4,561,000	508,000	-	5,069,000	-
Estimated liability for claims and judgements	<u>2,702,300</u>	<u>13,388,012</u>	<u>(13,979,212)</u>	<u>2,111,100</u>	<u>1,592,100</u>
Total	\$ <u>188,696,966</u>	\$ <u>51,684,466</u>	\$ <u>(100,737,364)</u>	\$ <u>139,644,068</u>	\$ <u>17,989,857</u>
Business-type activities:					
General obligation bonds payable	\$ 122,050,384	\$ -	\$ (13,950,000)	\$ 108,100,384	\$ 10,261,353
Add: unamortized premium (discount)	3,960,626	6,187	(513,293)	3,453,520	513,809
Less: loss on advance refunding	(871,682)	-	871,682	-	-
General obligation notes payable	26,814,566	1,341,900	(782,894)	27,373,572	809,000
Accrued compensated absences	<u>216,023</u>	<u>104,793</u>	<u>(101,924)</u>	<u>218,892</u>	<u>85,703</u>
Total	\$ <u>152,169,917</u>	\$ <u>1,452,880</u>	\$ <u>(14,476,429)</u>	\$ <u>139,146,368</u>	\$ <u>11,669,865</u>

The deletion of the loss on advance refunding is a result of implementing GASB No. 65, which no longer requires the loss on defeasance of debt to be capitalized. The loss was reclassified as a deferred outflow on the statement of net position.

For the governmental activities, accrued compensated absences, termination benefits, and claims and judgments are generally liquidated by the General Fund. The entire claims liability for net other postemployment 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
Governmental activities					
General Purpose	\$ 3,770,000	7/15/2004	3-3.9%	6/1/2015	\$ 445,000
General Purpose	2,665,000	12/1/2007	4%	6/1/2017	940,000
General Purpose	3,905,000	12/1/2008	4%	6/1/2018	1,860,000
General Purpose	15,485,000	12/30/2010	2-4%	6/1/2025	12,260,000
General Purpose	6,900,000	8/22/2012	2%	6/1/2022	5,615,000
General Purpose	69,214,616	8/1/2012	2-3%	6/1/2026	69,214,616
General Purpose	3,800,000	12/23/2013	2.25-3.25%	6/1/2024	3,545,000
General Purpose	14,030,000	12/23/2013	2.25-4.125%	6/1/2033	11,435,000
General Purpose	7,505,000	12/23/2013	2-4.125%	6/1/2033	<u>7,505,000</u>
Total					\$ <u><u>112,819,616</u></u>

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Business-type activities					
Iowa Events Center	\$ 27,490,000	12/3/2007	4%	6/1/2017	\$ 11,215,000
Iowa Events Center	46,885,000	12/30/2010	2-5%	6/1/2021	41,885,000
Iowa Events Center	42,450,000	12/30/2010	2-4%	6/1/2023	38,270,000
Iowa Events Center	20,935,000	8/1/2012	1-1.25%	6/1/2017	12,710,000
Urban Sewer	4,020,384	8/1/2012	2-3%	6/1/2026	<u>4,020,384</u>
Total					\$ <u><u>108,100,384</u></u>

Notes Payable

	Original Amount	Date Issued	Interest Rates	Due Date	Amount Outstanding
Governmental activities					
General Purpose	\$ 800,000	8/9/2000	3%	12/1/2019	\$ 301,000
General Purpose	2,525,000	5/22/2014	1.5 - 2%	6/1/2021	<u>2,525,000</u>
Total					\$ <u><u>2,826,000</u></u>

Business-type activities					
Sanitary Treatment	\$ 5,000,000	7/30/2008	3%	6/1/2028	\$ 3,397,000
Sanitary Treatment	13,000,000	6/16/2010	3%	6/1/2030	11,434,000
Sanitary Treatment	5,000,000	6/1/2011	3%	6/1/2031	4,949,000
Sanitary Treatment	367,000	10/19/2012	1.75%	6/1/2032	320,000
Sanitary Treatment	9,633,000	10/12/2012	1.75%	6/1/2032	<u>7,273,572</u>
Total					\$ <u><u>27,373,572</u></u>

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

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
Governmental activities					
During the year ending June 30:					
2015	\$ 13,873,647	\$ 3,122,567	\$ 376,000	\$ 48,671	\$ 17,420,885
2016	9,518,824	2,734,983	382,000	41,838	12,677,645
2017	8,532,378	2,517,430	389,000	35,974	11,474,782
2018	8,368,893	2,318,683	406,000	29,999	11,123,575
2019	8,062,495	2,117,706	438,000	23,764	10,641,965
2020-2024	42,041,462	7,544,178	835,000	23,981	50,444,621
2025-2029	18,316,917	1,984,275	-	-	20,301,192
2030-2034	4,105,000	432,471	-	-	4,537,471
Total	112,819,616	22,772,293	2,826,000	204,227	138,622,136
Add: unamortized premium	1,410,869	-	-	-	1,410,869
Total	\$ 114,230,485	\$ 22,772,293	\$ 2,826,000	\$ 204,227	\$ 140,033,005

	Bonds Payable		Notes Payable		Total Principal and Interest
	Principal	Interest	Principal	Interest	
Business-type activities					
During the year ending June 30:					
2015	\$ 10,261,353	\$ 4,245,071	\$ 809,000	\$ 726,287	\$ 16,041,711
2016	10,501,176	3,985,893	835,000	702,405	16,024,474
2017	10,807,622	3,707,071	862,000	677,743	16,054,436
2018	11,576,107	3,412,112	890,000	652,282	16,530,501
2019	12,132,505	2,858,289	919,000	625,995	16,535,789
2020-2024	52,043,538	5,531,247	5,065,000	2,704,560	65,344,345
2025-2029	778,083	35,213	5,922,000	1,906,573	8,641,869
2030-2034	-	-	12,071,572	582,206	12,653,778
Total	108,100,384	23,774,896	27,373,572	8,578,051	167,826,903
Add: unamortized premium	3,453,520	-	-	-	3,453,520
Total	\$ 111,553,904	\$ 23,774,896	\$ 27,373,572	\$ 8,578,051	\$ 171,280,423

There were no due and unredeemed bonds/notes or special assessment debt outstanding at June 30, 2014. Management does not believe an arbitrage liability exists at June 30, 2014.

Bond/Note Refunding

2012C G.O. Crossover Advance Refunding Bonds

On August 1, 2012, the County issued \$73,235,000 (refunded interest rate of 2-3%) of Series C general obligation bonds in a crossover advance refunding of the County's outstanding general obligation bonds dated June 1, 2006, and December 1, 2006, in the amount of \$70,380,000 (redeemed interest rate of 4-4.5%). The refunding bonds were issued to reduce future debt service payments.

On June 1, 2014, the \$70,380,000 outstanding general obligation bonds dated June 1, 2006, and December 1, 2006, were called with the proceeds of the refunding debt that was held in escrow. The outstanding debt amount of \$66,570,000 was recorded in the Debt Service Fund and \$3,810,000 in the Urban Sewer enterprise fund. As a result of this crossover advance refunding, the County reduced its debt service requirements by \$4,169,056 over the life of the debt with a present value savings of \$3,531,347.

2014A G.O. Refunding Capital Loan Note – Polk County Aviation Authority

On May 22, 2014, the County issued \$2,525,000 (refunded interest rate of 1.5-2%) in general obligation refunding capital loan notes to call \$2,510,000 (redeemed interest rate of 4.75-5.25%) in outstanding principal of the \$4,240,000 general obligation capital loan notes issued during the year ended June 30, 2005. As a result of this refunding, the County reduced its debt service requirements by \$355,962 over the life of the debt with a present value savings of \$338,672.

The Aviation Authority will repay the refunding note in accordance with its debt service requirements. The County has recorded this future repayment as a note receivable and related deferred inflow in the debt service fund.

8. 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, 2014 amounted to \$138,821,500.

9. 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 \$9.7 million exist, of which \$.8 million is estimated to be paid in the next fiscal year. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by property taxes collected on the project each fiscal year.

These agreements are not a general obligation of the County. However, the amount payable in the succeeding year is subject to the constitutional debt limitation of the County.

10. LEASE COMMITMENTS

Capital Leases

The County has entered into agreements to purchase equipment through capital lease agreements. The historical cost of equipment relating to capital leases is \$2,940,288. 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, 2014:

During the year ending June 30:	
2015	\$ 502,754
2016	147,398
2017	147,398
2018	147,398
Total minimum lease payments	944,948
Less: amount representing interest	(50,448)
Present value of total minimum lease payments	\$ <u>894,500</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, 2014 is \$801,660. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2014:

During the year ending June 30:	
2015	\$ 618,024
2016	423,708
2017	182,879
2018	164,879
2019	52,920
2020-2024	78,000
2025-2029	78,000
2030-2034	78,000
2035-2039	31,200
Total	\$ <u>1,707,610</u>

The above schedule represents operating leases in effect at June 30, 2014. As part of the normal course of business, the County continues to negotiate and/or renegotiate various operating leases.

11. TRANSFER RECONCILIATION

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

Transfer from	Transfer to					Total
	General Fund	Sanitary Treatment Works	Iowa Events Center	Nonmajor Governmental	Internal Service	
General Fund	\$ -	\$ -	\$ -	\$ 5,218,481	\$ 2,189,793	\$ 7,408,274
Prairie Meadows Racetrack/Casino	7,140,462	669,873	16,523,112	2,432,916	-	26,766,363
Nonmajor Governmental	140,532	-	-	5,376,849	-	5,517,381
Nonmajor Enterprise	161,465	-	-	26,854	-	188,319
Internal Service	2,209,793	-	-	-	-	2,209,793
Total	\$ <u>9,652,252</u>	\$ <u>669,873</u>	\$ <u>16,523,112</u>	\$ <u>13,055,100</u>	\$ <u>2,189,793</u>	\$ <u>42,090,130</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires 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, 2014, 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.	\$ 26,766,363
General Supplemental fund made transfers to Risk Management Internal Service funds for funding of current year activities and subsequent transfer from Risk Management Internal Service to General Self Insurance Reserve Fund.	2,209,793
General fund and Rural Services fund made transfers to Secondary Roads fund in accordance with state statutes.	6,830,476

12. 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.

13. PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$7,225,720, \$6,920,270 and \$6,638,908, respectively, equal to the required contributions for each year.

14. RISK MANAGEMENT

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

Self-Insurance Fund

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

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

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

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

Conventional Insurance Exposure	Policy Limits
General liability - Iowa Events Center (OLT)	\$ 1,000,000/2,000,000
Contractor Pollution - Weatherization/Public Works	1,000,000/2,000,000
Fine Arts - Hy-Vee Hall/CCCUCC	500,000
Liquor Liability - Hy-Vee Hall/CCCUCC	1,000,000
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 Chichaqua Park.

There have been no significant reductions in insurance coverage during the year ended June 30, 2014. There have been no claims in excess of the insurance coverage in the last three fiscal years.

Liabilities are reported 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, 2014 and 2013 are as follows:

	Year Ended	
	6/30/2014	6/30/2013
Beginning balance	\$ 1,464,000	\$ 1,017,000
Current year claims and changes in estimates	138,238	1,565,675
Claim payments	<u>(734,238)</u>	<u>(1,118,675)</u>
Ending Balance	<u>\$ 868,000</u>	<u>\$ 1,464,000</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, 2014 and 2013 are as follows:

	Year Ended	
	6/30/2014	6/30/2013
Beginning balance	\$ 1,238,300	\$ 1,340,300
Current year claims and changes in estimates	13,249,774	13,454,640
Claim payments	<u>(13,244,974)</u>	<u>(13,566,640)</u>
Ending Balance	<u>\$ 1,243,100</u>	<u>\$ 1,228,300</u>

15. COMMITMENTS AND CONTINGENCIES

Commitments

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

General Fund:

Phase II Sheriff Radio Project	\$	3,346,555
Neighborhood Finance Corp.		2,400,000
Des Moines City Gaming Payments		10,648,338
Polk County Area Schools Gaming Payments		1,875,001
YMCA Demolition		1,000,000
Total	\$	<u>19,269,894</u>

Secondary Road Fund:

OMG Midwest, Inc. (Hot Mix Asphalt Resurfacing Program)	\$	4,442,000
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Conservation Water & Land Improvements Fund:

Water and Land Legacy Project	\$	5,130,591
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Justice Center Annex Fund:

Historic Courthouse Exterior	\$	1,475,361
Justice Center Annex		694,077
Total	\$	<u>2,169,438</u>

Hamilton Urban Drainage District:

Hamilton Drainage District Plan - Phase II	\$	916,000
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Contingencies

There are currently numerous lawsuits against the County seeking damages for various reasons. With the exception of the estimated liability for claims and judgments as discussed in Note 14, 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.

16. RACETRACK/CASINO

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

Under the contract, Prairie Meadows may make leasehold improvements to the property, subject to County approval. Prairie Meadows is currently undertaking 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.

17. 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, 2014 the amount of the fixed management fee was \$218,486.

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 \$54,622 for the productivity fee for the fiscal year ending June 30, 2014.

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, 2014 the amount of the fixed management fee was \$192,000.

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 \$96,000 for the incentive fee for the fiscal year ending June 30, 2014.

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 receives 80% of the first one million dollars of net operating income for such fiscal year in excess of the operator's share, plus 70% of all net operating income in excess of the operator's share plus one million dollars for such year. The operator's share is \$500,000 per fiscal year. The County earned \$1,284,110 and Global earned \$907,476 of WFA's net operating income for the fiscal year ending June 30, 2014.

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 \$449,296 for the fiscal year ending June 30, 2014.

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 again 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 \$150,688 for the fiscal year ending June 30, 2014.

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, 2014, the County received the following naming rights revenue:

Hy-Vee Hall	\$	375,000
Wells Fargo Arena		357,500
Principal River's Edge Restaurant		58,333

Land Purchase

In April 2014, the County purchased the former Allied Insurance Building site at 435 Park Street and the parking lot at 700 6th Avenue for \$3,364,308, whose development will enhance the use and value of the Iowa Events Center. The intent of this building is to demolish the current structure and develop a 450 guestroom Four-Star convention hotel.

18. 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, 2014:

Concessions and catering revenue from Ovations	\$	5,591,588
Ticket revenue and fees received from New Era		11,286
Ticket fees paid to New Era		7,575
Management fee paid to Ovations		192,000

19. 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, 2014, the County has a future commitment for approximately \$1,111,803 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.

20. 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 2014, the County contributed \$326,000. Retirees receiving benefits contributed \$837,900 through their required contribution of \$475 per month for single health coverage and \$1,189 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	\$ 801,000	\$ 26,000	\$ 827,000
Interest on net OPEB obligation	205,000	8,000	213,000
Adjustment to annual required contribution	<u>(174,000)</u>	<u>(7,000)</u>	<u>(181,000)</u>
Annual OPEB cost (expense)	832,000	27,000	859,000
Contributions made	<u>(324,000)</u>	<u>(2,000)</u>	<u>(326,000)</u>
Increase in net OPEB obligation	508,000	25,000	533,000
Net OPEB obligation - July 1, 2013	4,561,000	176,000	4,737,000
Net OPEB obligation - June 30, 2014	<u>\$ 5,069,000</u>	<u>\$ 201,000</u>	<u>\$ 5,270,000</u>

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

Fiscal Year Ended	<u>Annual OPEB Cost</u>		<u>% of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>	
	County	County Assessor	County	County Assessor	County	County Assessor
6/30/2012	\$ 902,000	\$ 26,000	40%	4%	\$ 4,003,000	\$ 147,000
6/30/2013	949,000	29,000	41%	0%	4,561,000	176,000
6/30/2014	832,000	27,000	39%	7%	5,069,000	201,000

Funded Status and Funding Progress

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

	County	County Assessor	Total
Actuarial accrued liability (AAL)	\$ 7,793,000	\$ 275,000	\$ 8,068,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 7,793,000</u>	<u>\$ 275,000</u>	<u>\$ 8,068,000</u>
Covered payroll (active employees)	\$ 73,599,000	\$ 1,931,000	\$ 75,530,000
UAAL as a percentage of covered payroll	10.6%	14.2%	

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

Actuarial Methods and Assumptions

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

The actuarial calculations were performed in accordance with the projected unit credit actuarial cost method as of the July 1, 2013 valuation date. The 4.5% discount rate used was based on the expected rate of return for investments used to finance the payment of benefits. For Polk County, the investment return assumption is based on the expected return of short-term liquid investments. Other actuarial assumptions include salary increases of 3.5% per annum, health care cost trend rates of 8.5% select and 5% ultimate with select trends reducing 0.5% each year until reaching the ultimate trend, per capita health claim costs at age 60 for \$8,700 and at age 70 for \$4,700, annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report and the Municipal Fire and Police Retirement System of Iowa Actuarial Valuation Report as of June 30, 2012, mortality rates using the RP 2000 Group Annuity Mortality Table projected to 2020 using Scale BB applied on a gender-specific basis and retiree participation rate of 75%. The assumed number of eligible spouses is based on the current census information.

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

21. 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, 2014, are as follows:

	Attorney	Auditor	Board of Supervisors Other	Conservation Board	Recorder	Sheriff	Total Elected Officials
ASSETS:							
Cash and pooled investments	\$ 5,000	\$ 12,785	\$ 7,018	\$ 16,914	\$ 469,391	\$ 1,386,085	\$ 1,897,193
Due from other governments	-	-	-	-	2,464	-	2,464
TOTAL ASSETS	\$ 5,000	\$ 12,785	\$ 7,018	\$ 16,914	\$ 471,855	\$ 1,386,085	\$ 1,899,657
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,019	\$ 86,019
Due to other funds	5,000	12,785	7,018	16,914	2,362	81,165	125,244
Due to other governments	-	-	-	-	469,493	1,151,758	1,621,251
Trusts payable	-	-	-	-	-	67,143	67,143
TOTAL LIABILITIES	\$ 5,000	\$ 12,785	\$ 7,018	\$ 16,914	\$ 471,855	\$ 1,386,085	\$ 1,899,657

22. FUND BALANCES

	Major Governmental			Nonmajor	
	General Fund	Mental Health	Debt Service	Governmental Funds	Total
Nonspendable:					
Inventory	\$ 536,802	\$ -	\$ -	\$ 943,020	\$ 1,479,822
Prepays	780,419	-	-	-	780,419
Restricted for:					
Mental health	-	6,837,252	-	-	6,837,252
Rural services	-	-	-	2,431,816	2,431,816
Sheriff seized property	-	-	-	214,676	214,676
Attorney seized property	-	-	-	362,661	362,661
Recorder records management	-	-	-	331,569	331,569
Township fire protection	-	-	-	6,295	6,295
REAP	-	-	-	48,929	48,929
Conservation land acquisition & dev	-	-	-	3,636,017	3,636,017
Conservation water & land improv	-	-	-	6,152,070	6,152,070
Debt service	-	-	216,764	-	216,764
Committed to:					
Economic development	3,585,015	-	-	-	3,585,015
Attorney collection incentive	-	-	-	379,617	379,617
Treasurer's banking reserve	-	-	-	3,969	3,969
Contingency reserve	-	-	-	9,609,096	9,609,096
Automated traffic enforcement	-	-	-	290,003	290,003
Capital projects	-	-	-	711,055	711,055
Unassigned:	37,877,628	-	-	(2,138,711)	35,738,917
Total Fund Balances	\$ 42,779,864	\$ 6,837,252	\$ 216,764	\$ 22,982,082	\$ 72,815,962

23. STABILIZATION ARRANGEMENT

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

Contingency Reserve fund balances may also be spent as follows:

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

24. ACCOUNTING CHANGE/RESTATEMENT

During the fiscal year ended June 30, 2014, the County implemented the provisions of GASB No. 65, “Items Previously Reported as Assets and Liabilities”. Debt issuance costs were previously reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. Debt issuance costs are now recognized as an expense in the period incurred. As a result of the implementation of GASB No. 65, the beginning net position was restated in the Governmental, Business-Type Activities and the Proprietary Fund financial statements, as follows:

	6/30/2013 Previously Reported Balances	Adjustment for Debt Issuance Costs	7/1/2013 Restated Balances
Governmental Activities	\$ 103,956,961	\$ (1,643,499)	\$ 102,313,462
Business-type Activities	256,714,627	(1,052,816)	255,661,811
Major Enterprise:			
Sanitary Treatment	13,557,749	(2,166)	13,555,583
Iowa Events Center	109,314,123	(960,978)	108,353,145
Nonmajor Enterprise:			
Urban Sewer	2,323,023	(89,672)	2,233,351

25. SUBSEQUENT EVENTS

Youth Shelter Building

In August 2014, the County sold the Youth Shelter Building to Luther Care Services, Inc. in the amount of \$259,100. The real estate contract called for payment of \$59,100 at closing and \$50,000 annually for the next four years.

Debt Issuance

In August 2014, the County authorized the issuance of \$2.3 million general obligation bonds for grants to housing programs and \$1.5 million for the County’s asset repair and replacement program. It is anticipated that these debt issuances will occur in June 2015.

26. NEW ACCOUNTING PRONOUNCEMENTS

As of June 30, 2014, 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. 65 (“GASB 65”), “*Items Previously Reported as Assets and Liabilities*”, issued in March 2012, was effective for the County beginning with its fiscal year ending June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Organization implemented the requirements of this standard beginning with the year ending June 30, 2014.

- GASB Statement No. 66 (“GASB 66”), *“Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”*, issued in March 2012, was effective for the County beginning with its fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Organization implemented the requirements of this standard beginning with the year ending June 30, 2014.
- GASB Statement No. 67 (“GASB 67”), *“Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”*, issued June 2012, was effective for the County beginning with its fiscal year ending June 30, 2014. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans. This statement, which does not apply to the Organization, became effective beginning with the year ending June 30, 2014.
- GASB Statement No. 70 (“GASB 70”), *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, issued April 2013, was effective for the County beginning with its fiscal year ending June 30, 2014. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Organization implemented the requirements of this standard beginning with the year ending June 30, 2014.

As of June 30, 2014, 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. 68 (“GASB 68”), *“Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27”*, issued June 2012, will be effective for the County beginning with its fiscal year ending June 30, 2015. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.
- GASB Statement No. 69 (“GASB 69”), *“Government Combinations and Disposals of Government Operations”*, issued January 2013, will be effective for the County beginning with its fiscal year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.
- GASB Statement No. 71 (“GASB 71”), *“Pension Transition for Contributions Made Subsequent to the Measurement Date an Amendment of GASB Statement No. 68”*, issued November 2013, will be effective for the County beginning with its fiscal year ending June 30, 2015. This Statement improve accounting and financial reporting by addressing an issue in Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

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

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POLK COUNTY, IOWA

Required Supplementary Information Schedule of Funding Progress For the Year Ended June 30, 2014

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%

See Note 20 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 Budgetary Comparison Schedule All Governmental Funds For the Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 133,559,095	\$ 133,559,095	\$ 132,074,536	\$ (1,484,559)
Other County taxes	5,577,304	5,577,304	5,535,138	(42,166)
Interest and penalty on delinquent taxes	1,346,000	1,251,000	1,388,781	137,781
Intergovernmental	45,827,851	47,296,815	47,266,358	(30,457)
Licenses and permits	588,900	670,900	886,846	215,946
Charges for services	12,466,195	13,499,429	13,231,747	(267,682)
Use of money and property	3,144,215	3,335,565	3,254,424	(81,141)
Miscellaneous	2,721,650	2,806,140	2,359,279	(446,861)
Total receipts	<u>205,231,210</u>	<u>207,996,248</u>	<u>205,997,109</u>	<u>(1,999,139)</u>
EXPENDITURES:				
Current:				
Public safety and legal services	65,162,843	67,668,259	67,239,371	428,888
Physical health and social services	34,986,183	35,175,755	32,596,182	2,579,573
Mental health	28,318,446	24,796,306	24,635,349	160,957
County environment and education	11,944,883	11,339,847	11,158,268	181,579
Roads and transportation	9,994,353	10,448,032	10,270,605	177,427
Government services to residents	7,171,815	7,180,342	7,036,053	144,289
Administration	30,559,746	31,956,480	29,154,651	2,801,829
Debt service	15,230,188	18,438,160	18,231,571	206,589
Capital projects	19,858,737	28,267,598	24,778,499	3,489,099
Total disbursements	<u>223,227,194</u>	<u>235,270,779</u>	<u>225,100,549</u>	<u>10,170,230</u>
OTHER FINANCING SOURCES (USES):				
General long-term debt proceeds	9,930,000	28,115,128	28,115,129	1
Proceeds from disposal of capital assets	151,000	158,700	110,622	(48,078)
Transfers in (out)	9,601,453	11,962,529	9,781,698	(2,180,831)
Total other financing sources (uses)	<u>19,682,453</u>	<u>40,236,357</u>	<u>38,007,449</u>	<u>(2,228,908)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS				
	<u>\$ 1,686,469</u>	<u>\$ 12,961,826</u>	18,904,009	<u>\$ 5,942,183</u>
RECONCILIATION TO GAAP BASIS:				
Basis differences:				
Increase (decrease) in accrual basis assets/deferred outflows			(61,301,629)	
(Increase) decrease in accrual basis liabilities/deferred inflows			<u>(6,197,354)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(48,594,974)	
Fund balance at beginning of year - GAAP basis			121,055,188	
Changes in inventory reserves			<u>355,748</u>	
Fund balance at end of year - GAAP basis			<u>\$ 72,815,962</u>	

POLK COUNTY, IOWA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 there were two supplemental appropriations resulting in an increase in total disbursements of \$12,043,585.

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.

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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 23 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.

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Capital Projects Funds

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

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

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

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

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 accounts are restricted in accordance with bond covenants.

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

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

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POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

	Rural Services	Sheriff Forfeited Property (State)	Sheriff Forfeited Property (Federal)	Attorney Forfeited Property	County Attorney Collection Incentive
ASSETS					
Cash and pooled investments	\$ 2,486,394	\$ 123,154	\$ 91,522	\$ 255,609	\$ 346,068
Receivables (net):					
Taxes	28,787	-	-	-	-
Succeeding year property taxes	7,367,087	-	-	-	-
Special assessments	-	-	-	-	-
Accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	16,910	-	-	110,079	33,549
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 9,899,178	\$ 123,154	\$ 91,522	\$ 365,688	\$ 379,617
LIABILITIES					
Accounts payable	\$ 22,096	\$ -	\$ -	\$ 103	\$ -
Wages payable	19,214	-	-	2,510	-
Payroll taxes payable	30,335	-	-	414	-
TOTAL LIABILITIES	71,645	-	-	3,027	-
DEFERRED INFLOWS OF RESOURCES	7,395,717	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,431,816	123,154	91,522	362,661	-
Committed	-	-	-	-	379,617
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	2,431,816	123,154	91,522	362,661	379,617
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,899,178	\$ 123,154	\$ 91,522	\$ 365,688	\$ 379,617

Special Revenue							
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenue
\$ 93,096	\$ 331,107	\$ 6,265	\$ 3,969	\$ 58,433	\$ 9,609,096	\$ 285,519	\$ 13,690,232
-	-	1,324	-	-	-	-	30,111
-	-	772,747	-	-	-	-	8,139,834
-	-	-	-	-	-	-	-
-	-	-	-	20,000	-	84,232	104,232
-	462	-	-	-	-	1,015	1,477
437,578	-	-	-	-	-	-	598,116
943,020	-	-	-	-	-	-	943,020
\$ 1,473,694	\$ 331,569	\$ 780,336	\$ 3,969	\$ 78,433	\$ 9,609,096	\$ 370,766	\$ 23,507,022
\$ 2,500,365	\$ -	\$ -	\$ -	\$ 29,504	\$ -	\$ 31,010	\$ 2,583,078
169,020	-	-	-	-	-	-	190,744
-	-	-	-	-	-	-	30,749
2,669,385	-	-	-	29,504	-	31,010	2,804,571
-	-	774,041	-	-	-	49,753	8,219,511
943,020	-	-	-	-	-	-	943,020
-	331,569	6,295	-	48,929	-	-	3,395,946
-	-	-	3,969	-	9,609,096	290,003	10,282,685
(2,138,711)	-	-	-	-	-	-	(2,138,711)
(1,195,691)	331,569	6,295	3,969	48,929	9,609,096	290,003	12,482,940
\$ 1,473,694	\$ 331,569	\$ 780,336	\$ 3,969	\$ 78,433	\$ 9,609,096	\$ 370,766	\$ 23,507,022

(continued)

POLK COUNTY, IOWA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

	Capital Projects			Total Capital Projects
	Conservation Water & Land Improvement	Justice Center Annex	Capital Improvements Projects	
ASSETS				
Cash and pooled investments	\$ 3,525,728	\$ 7,040,405	\$ 872,641	\$ 11,438,774
Receivables (net):				
Taxes	-	-	-	-
Succeeding year property taxes	-	-	-	-
Special assessments	-	-	-	-
Accounts	-	-	12,140	12,140
Due from other funds	-	-	-	-
Due from other governments	619,957	-	60,482	680,439
Inventories	-	-	-	-
TOTAL ASSETS	\$ 4,145,685	\$ 7,040,405	\$ 945,263	\$ 12,131,353
LIABILITIES				
Accounts payable	\$ 489,711	\$ 888,335	\$ 234,208	\$ 1,612,254
Wages payable	-	-	-	-
Payroll taxes payable	-	-	-	-
TOTAL LIABILITIES	489,711	888,335	234,208	1,612,254
DEFERRED INFLOWS OF RESOURCES	19,957	-	-	19,957
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	3,636,017	6,152,070	-	9,788,087
Committed	-	-	711,055	711,055
Unassigned	-	-	-	-
TOTAL FUND BALANCES	3,636,017	6,152,070	711,055	10,499,142
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,145,685	\$ 7,040,405	\$ 945,263	\$ 12,131,353

<u>Debt Service</u>				
<u>Hamilton</u>		<u>Total</u>		<u>Total</u>
<u>Drain</u>		<u>Debt</u>		<u>Nonmajor</u>
<u>Debt</u>		<u>Service</u>		<u>Governmental</u>
<u>Service</u>				<u>Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 25,129,006
-	-	-	-	30,111
-	-	-	-	8,139,834
4,618	4,618	4,618	4,618	4,618
-	-	-	-	116,372
-	-	-	-	1,477
-	-	-	-	1,278,555
-	-	-	-	943,020
<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 35,642,993</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,195,332
-	-	-	-	190,744
-	-	-	-	30,749
-	-	-	-	4,416,825
<u>4,618</u>	<u>4,618</u>	<u>4,618</u>	<u>4,618</u>	<u>8,244,086</u>
-	-	-	-	943,020
-	-	-	-	13,184,033
-	-	-	-	10,993,740
-	-	-	-	(2,138,711)
-	-	-	-	22,982,082
<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>	<u>\$ 35,642,993</u>

(concluded)

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014**

	Rural Services	Sheriff Forfeited Property (State)	Sheriff Forfeited Property (Federal)	Attorney Forfeited Property	County Attorney Collection Incentive
REVENUES:					
Property taxes	\$ 6,915,521	\$ -	\$ -	\$ -	\$ -
Other County taxes	217,864	-	-	-	-
Intergovernmental	206,248	-	-	-	348,731
Licenses and permits	-	-	-	-	-
Charges for services	263,817	-	-	-	-
Use of money and property	-	244	164	630	-
Miscellaneous	37,320	14,110	18,278	210,491	-
TOTAL REVENUES	7,640,770	14,354	18,442	211,121	348,731
EXPENDITURES:					
Current:					
Public safety and legal services	14,655	2,875	-	227,060	77,964
County environment and education	913,185	-	-	-	-
Roads and transportation	1,692,140	-	-	-	-
Government services to residents	101,990	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	-	-	-	-	-
Other capital projects	-	-	-	-	-
TOTAL EXPENDITURES	2,721,970	2,875	-	227,060	77,964
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,918,800	11,479	18,442	(15,939)	270,767
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(4,843,601)	-	-	-	(673,780)
Issuance of bonds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,843,601)	-	-	-	(673,780)
NET CHANGE IN FUND BALANCES	75,199	11,479	18,442	(15,939)	(403,013)
FUND BALANCE, BEGINNING	2,356,617	111,675	73,080	378,600	782,630
Change in inventory reserve	-	-	-	-	-
FUND BALANCE, ENDING	\$ 2,431,816	\$ 123,154	\$ 91,522	\$ 362,661	\$ 379,617

Special Revenue							
Secondary Roads	County Recorder Records Management	Township Fire Protection	Treasurer Banking Reserve	REAP	Contingency Reserve	Automated Traffic Enforcement	Total Special Revenues
\$ -	\$ -	\$ 716,621	\$ -	\$ -	\$ -	\$ -	\$ 7,632,142
-	-	26,111	-	-	282,318	-	526,293
5,964,242	-	24,973	-	156,461	-	-	6,700,655
83,287	-	-	-	-	-	-	83,287
332,685	83,643	-	685	-	-	-	680,830
-	640	-	-	140	-	-	1,818
62,113	-	-	-	25,272	-	549,625	917,209
6,442,327	84,283	767,705	685	181,873	282,318	549,625	16,542,234
-	-	776,311	-	-	-	259,622	1,358,487
-	-	-	-	-	-	-	913,185
7,552,746	-	-	-	-	-	-	9,244,886
-	47,347	-	-	-	-	-	149,337
-	-	-	3,266	-	-	-	3,266
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,684,678	-	-	-	-	-	-	5,684,678
-	-	-	-	176,973	-	-	176,973
-	-	-	-	-	-	-	-
13,237,424	47,347	776,311	3,266	176,973	-	259,622	17,530,812
(6,795,097)	36,936	(8,606)	(2,581)	4,900	282,318	290,003	(988,578)
6,830,476	-	-	-	-	-	-	6,830,476
-	-	-	-	-	-	-	(5,517,381)
-	-	-	-	-	-	-	-
6,830,476	-	-	-	-	-	-	1,313,095
35,379	36,936	(8,606)	(2,581)	4,900	282,318	290,003	324,517
(1,461,219)	294,633	14,901	6,550	44,029	9,326,778	-	11,928,274
230,149	-	-	-	-	-	-	230,149
\$ (1,195,691)	\$ 331,569	\$ 6,295	\$ 3,969	\$ 48,929	\$ 9,609,096	\$ 290,003	\$ 12,482,940

(continued)

POLK COUNTY, IOWA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Capital Projects				
	Conservation Land Acquisition & Development	Conservation Water & Land Improvement	Justice Center Annex	Capital Improvements Projects	Total Capital Projects
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other County taxes	-	-	-	-	-
Intergovernmental	25,963	2,023,573	-	286,575	2,336,111
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	-	-	-	-
Miscellaneous	-	139,074	-	85,561	224,635
TOTAL REVENUES	25,963	2,162,647	-	372,136	2,560,746
EXPENDITURES:					
Current:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	-	-	-
Roads and transportation	-	-	-	-	-
Government services to residents	-	-	-	-	-
Administration	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital projects:					
Roadway construction	-	-	-	-	-
Conservation land acquisition and development	18,027	10,516,688	-	-	10,534,715
Other capital projects	-	-	3,314,829	5,141,160	8,455,989
TOTAL EXPENDITURES	18,027	10,516,688	3,314,829	5,141,160	18,990,704
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,936	(8,354,041)	(3,314,829)	(4,769,024)	(16,429,958)
OTHER FINANCING SOURCES (USES):					
Transfers in	26,854	-	2,355,772	3,841,998	6,224,624
Transfers out	-	-	-	-	-
Issuance of bonds	-	14,030,000	7,505,000	1,500,000	23,035,000
TOTAL OTHER FINANCING SOURCES (USES)	26,854	14,030,000	9,860,772	5,341,998	29,259,624
NET CHANGE IN FUND BALANCES	34,790	5,675,959	6,545,943	572,974	12,829,666
FUND BALANCE, BEGINNING	(34,790)	(2,039,942)	(393,873)	138,081	(2,330,524)
Change in inventory reserve	-	-	-	-	-
FUND BALANCE, ENDING	\$ -	\$ 3,636,017	\$ 6,152,070	\$ 711,055	\$ 10,499,142

Debt Service			
NW 84th			
Water Main	Total	Total	
Debt	Debt	Nonmajor	
Service	Service	Governmental	
		Funds	
\$ -	\$ -	\$ 7,632,142	
-	-	526,293	
49,825	49,825	9,086,591	
-	-	83,287	
-	-	680,830	
-	-	1,818	
-	-	1,141,844	
49,825	49,825	19,152,805	
-	-	1,358,487	
-	-	913,185	
-	-	9,244,886	
-	-	149,337	
-	-	3,266	
44,000	44,000	44,000	
5,825	5,825	5,825	
-	-	5,684,678	
-	-	10,711,688	
-	-	8,455,989	
49,825	49,825	36,571,341	
-	-	(17,418,536)	
-	-	13,055,100	
-	-	(5,517,381)	
-	-	23,035,000	
-	-	30,572,719	
-	-	13,154,183	
-	-	9,597,750	
-	-	230,149	
\$ -	\$ -	\$ 22,982,082	

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NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

Iowa Tax & Tags – Accounts for activity of the Treasurer's www.iowataxandtags.gov program relating to online property tax and vehicle tag payments.

POLK COUNTY, IOWA

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District	Urban Sewer
ASSETS				
Current assets:				
Cash and pooled investments	\$ 364,585	\$ 779,934	\$ 1,352,691	\$ 1,529,870
Receivables (net):				
Accounts	-	44,192	-	-
Notes	-	-	-	117,426
Accrued interest	-	-	-	3,081
Due from other governments	193,159	-	76,798	-
Total current assets	<u>557,744</u>	<u>824,126</u>	<u>1,429,489</u>	<u>1,650,377</u>
Noncurrent assets:				
Special assessments	-	-	11,757	-
Notes	-	-	-	4,336,319
Capital assets not being depreciated	-	76,593	1,799,180	-
Capital assets being depreciated, net	249,006	334,241	4,213,581	-
Total noncurrent assets	<u>249,006</u>	<u>410,834</u>	<u>6,024,518</u>	<u>4,336,319</u>
TOTAL ASSETS	<u>806,750</u>	<u>1,234,960</u>	<u>7,454,007</u>	<u>5,986,696</u>
LIABILITIES				
Current liabilities:				
Accounts payable	11,480	-	90,351	-
Wages payable	30,220	-	-	-
Payroll taxes payable	4,937	-	-	-
Interest payable	-	-	-	7,775
General obligation bonds payable	-	-	-	299,225
Compensated absences payable	9,818	-	-	-
Total current liabilities	<u>56,455</u>	<u>-</u>	<u>90,351</u>	<u>307,000</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	3,758,498
Compensated absences payable	126,583	-	-	-
Total noncurrent liabilities	<u>126,583</u>	<u>-</u>	<u>-</u>	<u>3,758,498</u>
TOTAL LIABILITIES	<u>183,038</u>	<u>-</u>	<u>90,351</u>	<u>4,065,498</u>
NET POSITION				
Net investment in capital assets	249,006	410,834	6,012,761	-
Unrestricted	374,706	824,126	1,350,895	1,921,198
TOTAL NET POSITION	<u>\$ 623,712</u>	<u>\$ 1,234,960</u>	<u>\$ 7,363,656</u>	<u>\$ 1,921,198</u>

	Iowa Tax & Tags		Total Nonmajor Enterprise Funds
\$	216,135	\$	4,243,215
	-		44,192
	-		117,426
	-		3,081
	-		269,957
	<u>216,135</u>		<u>4,677,871</u>
	-		11,757
	-		4,336,319
	-		1,875,773
	-		4,796,828
	<u>-</u>		<u>11,020,677</u>
	<u>216,135</u>		<u>15,698,548</u>
	5,825		107,656
	6,813		37,033
	1,100		6,037
	-		7,775
	-		299,225
	512		10,330
	<u>14,250</u>		<u>468,056</u>
	-		3,758,498
	<u>6,606</u>		<u>133,189</u>
	<u>6,606</u>		<u>3,891,687</u>
	<u>20,856</u>		<u>4,359,743</u>
	-		6,672,601
	<u>195,279</u>		<u>4,666,204</u>
\$	<u>195,279</u>	\$	<u>11,338,805</u>

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District	Urban Sewer
OPERATING REVENUES:				
Charges for goods and services:				
Charges for services	\$ 348,214	\$ -	\$ 120,206	\$ -
Intergovernmental revenues	870,262	-	595,204	-
Commissions income	-	198,941	-	-
Miscellaneous	16,493	60,645	8,392	-
Total operating revenues	<u>1,234,969</u>	<u>259,586</u>	<u>723,802</u>	<u>-</u>
OPERATING EXPENSES:				
Cost of goods and services:				
Personal services	944,201	2,507	20,107	-
Supplies	49,435	3,850	-	-
Professional services	-	-	1,983	-
Other services/charges	103,577	4,214	13,732	-
Miscellaneous	-	2,025	4,504	-
Amortization of discount (premium)	-	-	-	(2,356)
Depreciation	57,425	27,731	229,916	-
Total operating expenses	<u>1,154,638</u>	<u>40,327</u>	<u>270,242</u>	<u>(2,356)</u>
OPERATING INCOME (LOSS)	<u>80,331</u>	<u>219,259</u>	<u>453,560</u>	<u>2,356</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	501	1,735	2,631	1,730
Interest expense	-	-	-	(316,239)
Total nonoperating revenues (expenses)	<u>501</u>	<u>1,735</u>	<u>2,631</u>	<u>(314,509)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>80,832</u>	<u>220,994</u>	<u>456,191</u>	<u>(312,153)</u>
TRANSFERS:				
Transfers out	-	(188,319)	-	-
Total transfers	<u>-</u>	<u>(188,319)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>80,832</u>	<u>32,675</u>	<u>456,191</u>	<u>(312,153)</u>
TOTAL NET POSITION - BEGINNING, RESTATED	<u>542,880</u>	<u>1,202,285</u>	<u>6,907,465</u>	<u>2,233,351</u>
TOTAL NET POSITION - ENDING	<u>\$ 623,712</u>	<u>\$ 1,234,960</u>	<u>\$ 7,363,656</u>	<u>\$ 1,921,198</u>

Iowa Tax & Tags	Total Nonmajor Enterprise Funds
------------------------------------	--

\$ 367,059	\$ 835,479
-	1,465,466
-	198,941
18,045	103,575
<u>385,104</u>	<u>2,603,461</u>

128,324	1,095,139
5,459	58,744
157,467	159,450
4,333	125,856
-	6,529
-	(2,356)
-	315,072
<u>295,583</u>	<u>1,758,434</u>

<u>89,521</u>	<u>845,027</u>
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6,383	12,980
-	(316,239)
<u>6,383</u>	<u>(303,259)</u>

<u>95,904</u>	<u>541,768</u>
---------------	----------------

-	(188,319)
<u>-</u>	<u>(188,319)</u>

95,904	353,449
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<u>99,375</u>	<u>10,985,356</u>
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<u>\$ 195,279</u>	<u>\$ 11,338,805</u>
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POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014**

	Air Quality	Conservation Enterprises	Hamilton Urban Drainage District
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 364,707	\$ 260,839	\$ 126,821
Cash received from intergovernmental revenues	870,675	-	595,204
Cash paid to suppliers for goods and services	(141,574)	(10,089)	(20,219)
Cash paid to employees	(938,256)	(2,507)	(20,107)
Net cash flows from operating activities	<u>155,552</u>	<u>248,243</u>	<u>681,699</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	-	(188,319)	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>(188,319)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments to escrow agent for advance refunding debt	-	-	-
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Repayments on capital note receivable	-	-	-
Purchase of capital assets	(61,985)	-	(691,336)
Net cash flows from capital and related financing activities	<u>(61,985)</u>	<u>-</u>	<u>(691,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	501	1,735	2,631
Net cash flows from investing activities	<u>501</u>	<u>1,735</u>	<u>2,631</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	94,068	61,659	(7,006)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	270,517	718,275	1,359,697
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 364,585	\$ 779,934	\$ 1,352,691
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 80,331	\$ 219,259	\$ 453,560
Components of operating income (loss) not included in operating activities			
Depreciation	57,425	27,731	229,916
Amortization	-	-	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in special assessments receivable	-	-	(3,893)
(Increase) decrease in accounts receivable	-	1,253	-
(Increase) decrease in due from other governments	413	-	2,116
Increase (decrease) in accounts payable	11,438	-	-
Increase (decrease) in wages payable	3,394	-	-
Increase (decrease) in payroll taxes payable	572	-	-
Increase (decrease) in compensated absences payable	1,979	-	-
Net cash flows from operating activities	<u>\$ 155,552</u>	<u>\$ 248,243</u>	<u>\$ 681,699</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Disposal of fully depreciated capital assets	\$ (95,981)	\$ (199,928)	-
Acquisition of capital assets through accounts payable	-	-	8,905

Urban Sewer	Iowa Tax & Tags	Total Nonmajor Enterprise Funds
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\$ -	\$ 392,334	\$ 1,144,701
-	-	1,465,879
-	(166,450)	(338,332)
-	(123,722)	(1,084,592)
-	102,162	1,187,656

-	-	(188,319)
-	-	(188,319)

(3,810,000)	-	(3,810,000)
(235,000)	-	(235,000)
(323,996)	-	(323,996)
111,186	-	111,186
-	-	(753,321)
(4,257,810)	-	(5,011,131)

21,250	6,383	32,500
21,250	6,383	32,500

(4,236,560)	108,545	(3,979,294)
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5,766,430	107,590	8,222,509
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\$ 1,529,870	\$ 216,135	\$ 4,243,215
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\$ 2,356	\$ 89,521	\$ 845,027
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-	-	315,072
(2,356)	-	(2,356)

-	-	(3,893)
---	---	---------

-	-	1,253
---	---	-------

-	7,230	9,759
---	-------	-------

-	809	12,247
---	-----	--------

-	3,665	7,059
---	-------	-------

-	583	1,155
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-	354	2,333
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\$ -	\$ 102,162	\$ 1,187,656
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\$ -	\$ -	\$ (295,909)
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-	-	8,905
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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 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, 2014**

	Employee Insurance	Risk Management	Total
ASSETS:			
Current assets:			
Cash and pooled investments	\$ 10,899,676	\$ 3,800,000	\$ 14,699,676
Accounts receivables	62,773	-	62,773
Due from other governments	5,262	-	5,262
TOTAL ASSETS	10,967,711	3,800,000	14,767,711
LIABILITIES:			
Current liabilities:			
Accounts payable	248,096	-	248,096
Estimated liability for claims and judgments	1,243,100	-	1,243,100
Total current liabilities	1,491,196	-	1,491,196
Noncurrent liabilities:			
Post employment liability (Note 20)	5,069,000	-	5,069,000
Total noncurrent liabilities	5,069,000	-	5,069,000
TOTAL LIABILITIES	6,560,196	-	6,560,196
NET POSITION			
Unrestricted	4,407,515	3,800,000	8,207,515
TOTAL NET POSITION	\$ 4,407,515	\$ 3,800,000	\$ 8,207,515

POLK COUNTY, IOWA

**Combining Statement of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014**

	Employee Insurance	Risk Management	Total
OPERATING REVENUES:			
Charges for services	\$ 16,272,841	\$ -	\$ 16,272,841
Miscellaneous	6,944	-	6,944
Total operating revenues	<u>16,279,785</u>	-	<u>16,279,785</u>
OPERATING EXPENSES:			
Other services/charges	84,581	-	84,581
Insurance	15,867,730	-	15,867,730
Total operating expenses	<u>15,952,311</u>	-	<u>15,952,311</u>
OPERATING INCOME (LOSS)	<u>327,474</u>	-	<u>327,474</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	18,796	-	18,796
Total nonoperating revenues (expenses)	<u>18,796</u>	-	<u>18,796</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>346,270</u>	-	<u>346,270</u>
TRANSFERS:			
Transfers in	-	2,189,793	2,189,793
Transfers out	(20,000)	(2,189,793)	(2,209,793)
Total transfers	<u>(20,000)</u>	-	<u>(20,000)</u>
CHANGE IN NET POSITION	326,270	-	326,270
NET POSITION, BEGINNING	<u>4,081,245</u>	<u>3,800,000</u>	<u>7,881,245</u>
NET POSITION, ENDING	<u>\$ 4,407,515</u>	<u>\$ 3,800,000</u>	<u>\$ 8,207,515</u>

POLK COUNTY, IOWA

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014**

	Employee Insurance	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 16,266,435	\$ -	\$ 16,266,435
Cash paid to suppliers for goods and services	(15,403,360)	-	(15,403,360)
Net cash flows from operating activities	<u>863,075</u>	-	<u>863,075</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	2,189,793	2,189,793
Transfers out	(20,000)	(2,189,793)	(2,209,793)
Net cash flows from noncapital financing activities	<u>(20,000)</u>	-	<u>(20,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	18,796	-	18,796
Net cash flows from investing activities	<u>18,796</u>	-	<u>18,796</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	861,871	-	861,871
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,037,805	3,800,000	13,837,805
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,899,676</u>	<u>\$ 3,800,000</u>	<u>\$ 14,699,676</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 327,474	\$ -	\$ 327,474
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) decrease in accounts receivable	(8,088)	-	(8,088)
(Increase) decrease in due from other governments	(5,262)	-	(5,262)
Increase (decrease) in accounts payable	36,151	-	36,151
Increase (decrease) in estimated liability for claims and judgments	4,800	-	4,800
Increase (decrease) in post employment liability	508,000	-	508,000
Net cash flows from operating activities	<u>\$ 863,075</u>	<u>\$ -</u>	<u>\$ 863,075</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
- Trust & Agency Trust Funds Held
- County Assessor Expense
- E911 Service
- GIMS Implementation
- Emergency Management
- Seized Funds Unforfeited
- Mine Task Force

POLK COUNTY, IOWA

Combining Statement of Assets and Liabilities Agency Funds June 30, 2014

	Trust & Agency Treasurer	Trust & Agency Trust Funds Held	County Assessor Expense	E911 Service
ASSETS:				
Cash and pooled investments	\$ 18,350,537	\$ 808,696	\$ 1,669,379	\$ 3,265,399
Receivables (net):				
Taxes	3,269,695	-	23,223	-
Special assessments	10,911,071	191	-	-
Accounts	-	-	-	429,073
Due from other governments	-	-	-	395,701
Prepays	-	-	-	-
TOTAL ASSETS	\$ 32,531,303	\$ 808,887	\$ 1,692,602	\$ 4,090,173
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 154,250	\$ -
Wages payable	-	-	128,690	-
Payroll taxes payable	138,145	-	20,946	-
Due to other funds	-	-	-	-
Due to other governments	32,393,158	347,231	284,066	4,090,173
Trusts payable	-	461,656	-	-
Compensated absences payable	-	-	903,650	-
Post employment liability	-	-	201,000	-
TOTAL LIABILITIES	\$ 32,531,303	\$ 808,887	\$ 1,692,602	\$ 4,090,173

GIMS Implementation	Emergency Management	Seized Funds Unforfeited	Mine Task Force	Total Agency Funds
\$ 686,202	\$ -	\$ 122,631	\$ 610,111	\$ 25,512,955
-	-	-	-	3,292,918
-	-	-	-	10,911,262
-	2,477	5,940	-	437,490
-	215,737	-	-	611,438
-	-	-	5,427	5,427
\$ 686,202	\$ 218,214	\$ 128,571	\$ 615,538	\$ 40,771,490
\$ -	\$ 63,204	\$ -	\$ 144,192	\$ 361,646
-	11,979	-	-	140,669
-	1,948	-	-	161,039
-	101,115	-	-	101,115
686,202	10,740	128,571	471,346	38,411,487
-	-	-	-	461,656
-	29,228	-	-	932,878
-	-	-	-	201,000
\$ 686,202	\$ 218,214	\$ 128,571	\$ 615,538	\$ 40,771,490

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
TRUST & AGENCY TREASURER:				
ASSETS:				
Cash and pooled investments	\$ 16,801,544	\$ 1,548,993	\$ -	\$ 18,350,537
Taxes receivable	3,163,612	106,083	-	3,269,695
Special assessments receivable	11,453,657	-	(542,586)	10,911,071
TOTAL ASSETS	\$ 31,418,813	\$ 1,655,076	\$ (542,586)	\$ 32,531,303
LIABILITIES:				
Payroll taxes payable	\$ 134,764	\$ 3,381	\$ -	\$ 138,145
Due to other funds	1,044	-	(1,044)	-
Due to other governments	31,283,005	1,110,153	-	32,393,158
TOTAL LIABILITIES	\$ 31,418,813	\$ 1,113,534	\$ (1,044)	\$ 32,531,303

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
TRUST & AGENCY TRUST FUNDS HELD:				
ASSETS:				
Cash and pooled investments	\$ 743,113	\$ 65,583	\$ -	\$ 808,696
Special assessments receivable	30,888	-	(30,697)	191
Due from other governments	140,027	-	(140,027)	-
TOTAL ASSETS	\$ 914,028	\$ 65,583	\$ (170,724)	\$ 808,887
LIABILITIES:				
Accounts payable	\$ 29,089	\$ -	\$ (29,089)	\$ -
Due to other funds	92,791	-	(92,791)	-
Due to other governments	386,589	-	(39,358)	347,231
Advances from other funds	7,000	-	(7,000)	-
Trusts payable	398,559	63,097	-	461,656
TOTAL LIABILITIES	\$ 914,028	\$ 63,097	\$ (168,238)	\$ 808,887

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
COUNTY ASSESSOR EXPENSE:				
ASSETS:				
Cash and pooled investments	\$ 1,775,144	\$ -	\$ (105,765)	\$ 1,669,379
Taxes receivable	22,440	783	-	23,223
TOTAL ASSETS	\$ 1,797,584	\$ 783	\$ (105,765)	\$ 1,692,602
LIABILITIES:				
Accounts payable	\$ 129,976	\$ 24,274	\$ -	\$ 154,250
Wages payable	116,118	12,572	-	128,690
Payroll taxes payable	18,862	2,084	-	20,946
Due to other governments	602,983	-	(318,917)	284,066
Compensated absences payable	753,645	150,005	-	903,650
Post employment liability	176,000	25,000	-	201,000
TOTAL LIABILITIES	\$ 1,797,584	\$ 213,935	\$ (318,917)	\$ 1,692,602

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
RECORDER'S E-COMMERCE CLEARING:				
ASSETS:				
Cash and pooled investments	\$ 31	\$ -	\$ (31)	\$ -
TOTAL ASSETS	\$ 31	\$ -	\$ (31)	\$ -
LIABILITIES:				
Due to other governments	\$ 31	\$ -	\$ (31)	\$ -
TOTAL LIABILITIES	\$ 31	\$ -	\$ (31)	\$ -

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
E911 SERVICE:				
ASSETS:				
Cash and pooled investments	\$ 2,978,959	\$ 286,440	\$ -	\$ 3,265,399
Accounts receivable	421,819	7,254	-	429,073
Due from other governments	66,301	329,400	-	395,701
Prepays	87,826	-	(87,826)	-
TOTAL ASSETS	\$ 3,554,905	\$ 623,094	\$ (87,826)	\$ 4,090,173
LIABILITIES:				
Due to other governments	\$ 3,554,905	\$ 535,268	\$ -	\$ 4,090,173
TOTAL LIABILITIES	\$ 3,554,905	\$ 535,268	\$ -	\$ 4,090,173

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
GIMS IMPLEMENTATION:				
ASSETS:				
Cash and pooled investments	\$ 686,202	\$ -	\$ -	\$ 686,202
TOTAL ASSETS	\$ 686,202	\$ -	\$ -	\$ 686,202
LIABILITIES:				
Due to other governments	\$ 686,202	\$ -	\$ -	\$ 686,202
TOTAL LIABILITIES	\$ 686,202	\$ -	\$ -	\$ 686,202

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
EMERGENCY MANAGEMENT:				
ASSETS:				
Accounts receivable	\$ -	\$ 2,477	\$ -	\$ 2,477
Due from other governments	167,690	48,047	-	215,737
TOTAL ASSETS	\$ 167,690	\$ 50,524	\$ -	\$ 218,214
LIABILITIES:				
Accounts payable	\$ 36,956	\$ 26,248	\$ -	\$ 63,204
Wages payable	10,517	1,462	-	11,979
Payroll taxes payable	1,721	227	-	1,948
Due to other funds	84,395	16,720	-	101,115
Due to other governments	-	10,740	-	10,740
Compensated absences payable	34,101	-	(4,873)	29,228
TOTAL LIABILITIES	\$ 167,690	\$ 55,397	\$ (4,873)	\$ 218,214

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
SEIZED FUNDS UNFORFEITED:				
ASSETS:				
Cash and pooled investments	\$ 273,566	\$ -	\$ (150,935)	\$ 122,631
Accounts receivable	-	5,940	-	5,940
TOTAL ASSETS	\$ 273,566	\$ 5,940	\$ (150,935)	\$ 128,571
LIABILITIES:				
Due to other governments	\$ 273,566	\$ -	\$ (144,995)	\$ 128,571
TOTAL LIABILITIES	\$ 273,566	\$ -	\$ (144,995)	\$ 128,571

POLK COUNTY, IOWA

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
MINE TASK FORCE:				
ASSETS:				
Cash and pooled investments	\$ 520,020	\$ 90,091	\$ -	\$ 610,111
Prepays	5,427	-	-	5,427
TOTAL ASSETS	\$ 525,447	\$ 90,091	\$ -	\$ 615,538
LIABILITIES:				
Accounts payable	\$ -	\$ 144,192	\$ -	\$ 144,192
Due to other governments	525,447	-	(54,101)	471,346
TOTAL LIABILITIES	\$ 525,447	\$ 144,192	\$ (54,101)	\$ 615,538

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			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 83,433,110	\$ 88,986,810	\$ 88,071,556	\$ 79,083,042
Restricted	17,401,988	18,604,872	21,722,629	16,109,702
Unrestricted	20,846,704	4,975,529	(5,283,556)	5,896,595
Total governmental activities net position	\$ 121,681,802	\$ 112,567,211	\$ 104,510,629	\$ 101,089,339
Business-type activities:				
Net investment in capital assets	\$ 166,183,976	\$ 171,295,876	\$ 171,678,408	\$ 168,328,097
Restricted	-	250,665	575,235	452,485
Unrestricted	18,902,368	19,441,422	20,941,711	27,504,114
Total business-type activities net position	\$ 185,086,344	\$ 190,987,963	\$ 193,195,354	\$ 196,284,696
Primary government:				
Net investment in capital assets	\$ 249,617,086	\$ 260,282,686	\$ 259,749,964	\$ 247,411,139
Restricted	17,401,988	18,855,537	22,297,864	16,562,187
Unrestricted	39,749,072	24,416,951	15,658,155	33,400,709
Total primary government net position	\$ 306,768,146	\$ 303,555,174	\$ 297,705,983	\$ 297,374,035

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 78,083,885	\$ 73,411,073	\$ 70,770,518	\$ 72,748,920	\$ 75,133,663	\$ 75,766,185
5,075,110	4,843,618	5,726,045	3,281,414	5,923,114	20,238,049
25,286,700	26,911,739	21,606,897	17,192,311	22,900,184	18,315,610
\$ 108,445,695	\$ 105,166,430	\$ 98,103,460	\$ 93,222,645	\$ 103,956,961	\$ 114,319,844
\$ 169,615,522	\$ 170,445,639	\$ 240,462,094	\$ 237,474,012	\$ 228,985,935	\$ 227,164,549
562,387	521,536	518,126	769,038	362,825	398,723
17,132,872	17,105,354	21,991,857	24,470,612	27,365,867	23,792,875
\$ 187,310,781	\$ 188,072,529	\$ 262,972,077	\$ 262,713,662	\$ 256,714,627	\$ 251,356,147
\$ 247,699,407	\$ 243,856,712	\$ 311,232,612	\$ 310,222,932	\$ 304,119,598	\$ 302,930,734
5,637,497	5,365,154	6,244,171	4,050,452	6,285,939	20,636,772
42,419,572	44,017,093	43,598,754	41,662,923	50,266,051	42,108,485
\$ 295,756,476	\$ 293,238,959	\$ 361,075,537	\$ 355,936,307	\$ 360,671,588	\$ 365,675,991

POLK COUNTY, IOWA

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

	Fiscal Year			
	2005	2006	2007	2008
Expenses:				
Governmental activities:				
Public safety and legal services	\$ 43,906,960	\$ 49,691,718	\$ 50,943,331	\$ 54,586,369
Physical health and social services	25,528,316	27,479,491	27,939,503	30,701,720
Mental health	44,893,946	44,253,468	47,580,948	50,448,588
County environment and education	13,611,135	21,791,609	17,911,180	12,988,528
Roads and transportation	15,429,274	15,662,237	14,384,813	18,924,908
Governmental services to residents	5,625,475	5,702,700	6,068,908	6,444,220
Administration	27,880,553	29,651,306	31,230,881	34,835,609
Interest on long-term debt	778,112	755,602	3,143,577	4,497,886
Total governmental activities expenses	177,653,771	194,988,131	199,203,141	213,427,828
Business-type activities:				
Air Quality	868,170	890,104	773,893	892,991
Sanitary Treatment Works	1,327,274	1,021,679	896,815	901,149
Prairie Meadows Racetrack/Casino	6,379,323	5,796,602	6,589,760	7,469,240
Conservation Enterprises	1,343,601	1,404,849	1,367,187	775,308
Hamilton Urban Drainage District	257,173	259,674	269,147	259,856
Iowa Events Center	11,052,531	15,317,370	14,584,039	23,475,886
Wells Fargo Arena	511,976	9,134,360	8,390,198	-
Urban Sewer	-	18,025	234,327	227,968
Iowa Tax & Tags	-	-	-	-
Total business-type activities expenses	21,740,048	33,842,663	33,105,366	34,002,398
Total government expenses	\$ 199,393,819	\$ 228,830,794	\$ 232,308,507	\$ 247,430,226
Program revenues:				
Governmental activities:				
Charges for services:				
Public safety and legal services	\$ 7,729,226	\$ 9,881,061	\$ 11,186,397	\$ 12,544,883
Physical health and social services	1,229,497	1,156,011	1,115,878	1,117,024
Mental health	4,730,128	6,454,464	5,848,459	6,952,878
County environment and education	995,812	1,074,961	1,241,881	1,331,272
Roads and transportation	463,326	325,313	566,269	486,994
Governmental services to residents	6,918,675	7,413,659	7,041,509	6,606,559
Administration	1,186,472	1,111,113	1,123,749	1,779,178
Interest on long-term debt	7	16	8	13
Operating grants and contributions	33,588,436	38,376,764	40,462,381	44,384,526
Capital grants and contributions	4,397,521	2,379,801	340,200	1,049,053
Total governmental activities program revenues	61,239,100	68,173,163	68,926,731	76,252,380
Business-type activities:				
Charges for services:				
Air Quality	216,107	306,972	256,331	217,265
Sanitary Treatment Works	516,014	535,978	588,771	753,576
Prairie Meadows Racetrack/Casino	26,314,007	27,130,384	27,183,708	28,131,768
Conservation Enterprises	1,388,515	1,489,001	1,390,168	934,594
Hamilton Urban Drainage District	129,326	138,401	131,245	130,273
Iowa Events Center	6,446,233	6,039,145	7,176,134	10,195,585
Wells Fargo Arena	260,000	2,150,216	2,170,233	-
Iowa Tax & Tags	-	-	-	-
Operating grants and contributions	660,817	710,464	648,292	694,812
Capital grants and contributions	20,367,596	10,756,874	1,537,235	1,730,846
Total business-type activities program revenues	56,298,615	49,257,435	41,082,117	42,788,719
Total government program revenues	\$ 117,537,715	\$ 117,430,598	\$ 110,008,848	\$ 119,041,099

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 61,023,060	\$ 65,461,987	\$ 68,350,314	\$ 67,744,452	\$ 68,677,335	\$ 71,564,875	
32,285,044	39,210,142	41,244,404	37,511,827	34,703,552	35,070,940	
48,574,014	53,427,113	50,553,729	59,804,417	22,325,002	24,158,157	
16,067,273	15,457,101	14,837,634	13,238,065	12,768,084	13,923,732	
20,995,975	17,634,649	22,090,050	18,363,729	18,338,223	19,312,228	
6,414,215	7,032,880	7,118,535	7,242,640	7,077,482	7,129,232	
33,816,384	29,386,862	30,581,581	33,049,043	28,625,011	28,335,206	
4,462,810	4,250,122	4,206,456	4,169,828	5,313,966	5,846,733	
223,638,775	231,860,856	238,982,703	241,124,001	197,828,655	205,341,103	
981,255	990,754	1,079,530	1,173,421	1,218,911	1,154,638	
1,237,304	1,431,082	1,056,837	948,773	788,708	726,280	
7,526,269	7,586,351	9,083,738	10,402,872	11,052,660	10,167,216	
163,573	65,896	42,543	41,911	47,968	40,327	
390,343	330,924	411,290	684,977	263,778	270,242	
22,475,901	22,425,073	20,735,311	22,844,444	24,891,371	24,405,542	
-	-	-	-	-	-	
220,552	212,936	205,105	196,872	277,454	313,883	
-	-	-	60,282	211,165	295,583	
32,995,197	33,043,016	32,614,354	36,353,552	38,752,015	37,373,711	
\$ 256,633,972	\$ 264,903,872	\$ 271,597,057	\$ 277,477,553	\$ 236,580,670	\$ 242,714,814	

\$ 13,748,833	\$ 14,486,324	\$ 13,788,614	\$ 13,041,721	\$ 14,325,269	\$ 13,781,722	
1,216,302	1,030,279	1,185,162	1,418,367	1,236,642	1,042,590	
7,172,445	7,622,337	7,756,232	9,390,080	10,376,168	6,890,136	
1,264,129	1,413,568	1,411,631	1,865,141	1,809,500	1,834,621	
460,647	524,657	473,411	470,974	420,451	483,746	
6,061,786	6,339,744	6,259,696	6,900,219	7,488,249	7,285,121	
1,402,285	1,221,884	1,658,836	1,598,869	1,900,040	1,932,024	
25	40,099	9,946	14,487	54,200	49,843	
52,103,769	57,647,553	55,560,468	55,514,496	23,227,618	29,067,248	
1,881,849	263,289	392,162	700,644	1,902,755	262,332	
85,312,070	90,589,734	88,496,158	90,914,998	62,740,892	62,629,383	
241,834	245,178	254,186	270,256	294,919	348,214	
598,383	1,115,130	558,604	884,718	868,268	826,236	
27,397,093	27,847,963	27,084,294	26,393,924	26,000,000	26,000,000	
414,992	235,021	191,808	209,111	194,267	198,941	
129,686	123,320	140,369	120,850	141,121	120,206	
9,785,201	11,469,014	8,982,061	12,542,142	10,990,697	12,459,738	
-	-	-	-	-	-	
-	-	-	7,502	337,895	367,059	
731,241	782,285	827,478	1,304,873	963,837	1,465,466	
1,002,238	938,748	76,576,666	723,977	128,250	128,250	
40,300,668	42,756,659	114,615,466	42,457,353	39,919,254	41,914,110	
\$ 125,612,738	\$ 133,346,393	\$ 203,111,624	\$ 133,372,351	\$ 102,660,146	\$ 104,543,493	

(continued)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2005	2006	2007	2008
Net (expense)/revenue:				
Governmental activities	\$ (116,414,671)	\$ (126,814,968)	\$ (130,276,410)	\$ (137,175,448)
Business-type activities	34,558,567	15,414,772	7,976,751	8,786,321
Total government net expense	\$ (81,856,104)	\$ (111,400,196)	\$ (122,299,659)	\$ (128,389,127)
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 85,283,346	\$ 88,765,727	\$ 95,414,667	\$ 105,846,177
Other county taxes	4,809,582	4,793,069	4,539,835	5,307,751
Interest on property taxes	1,061,401	1,153,332	1,147,313	1,388,689
State replacements	2,746,785	2,670,946	2,658,239	2,773,895
Use of money and property	3,210,740	5,197,356	8,347,209	6,864,291
Miscellaneous	2,401,601	3,346,717	2,068,863	4,152,740
Loss on sale of capital assets	-	-	-	-
Gain on sale of capital assets	-	270,000	-	-
Capital transfers	-	-	-	-
Transfers	7,889,858	11,503,230	8,043,702	7,420,615
Total governmental activities	107,403,313	117,700,377	122,219,828	133,754,158
Business-type activities:				
Use of money and property	1,679,914	1,558,005	1,854,206	1,373,373
Miscellaneous	185,513	432,072	420,136	350,263
Special item - contribution expense WRA Sewer	(14,700,543)	-	-	-
Capital transfers - Loss on transfer of capital assets	-	-	-	-
Transfers	(7,889,858)	(11,503,230)	(8,043,702)	(7,420,615)
Total business-type activities	(20,724,974)	(9,513,153)	(5,769,360)	(5,696,979)
Total government	\$ 86,678,339	\$ 108,187,224	\$ 116,450,468	\$ 128,057,179
Change in net position:				
Governmental activities	\$ (9,011,358)	\$ (9,114,591)	\$ (8,056,582)	\$ (3,421,290)
Business-type activities	13,833,593	5,901,619	2,207,391	3,089,342
Total primary government	\$ 4,822,235	\$ (3,212,972)	\$ (5,849,191)	\$ (331,948)

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (138,326,705)	\$ (141,271,122)	\$ (150,486,545)	\$ (150,209,003)	\$ (135,087,763)	\$ (142,711,720)
7,305,471	9,713,643	82,001,112	6,103,801	1,167,239	4,540,399
\$ (131,021,234)	\$ (131,557,479)	\$ (68,485,433)	\$ (144,105,202)	\$ (133,920,524)	\$ (138,171,321)

\$ 113,294,655	\$ 119,034,717	\$ 124,436,158	\$ 128,391,593	\$ 126,597,379	\$ 131,914,045
5,391,333	5,473,202	5,278,538	5,590,186	5,471,136	5,476,275
1,591,907	1,603,084	1,819,683	1,326,266	1,264,536	1,381,536
2,772,002	2,716,286	2,522,012	2,507,895	3,042,129	3,860,426
3,194,638	2,089,257	286,009	227,504	379,474	255,759
1,589,359	1,672,209	1,562,930	490,821	1,261,848	2,068,364
-	(3,970,233)	-	-	-	-
465,490	-	-	-	-	-
-	250,000	-	-	425,367	-
17,383,677	9,123,335	7,518,245	6,793,923	7,380,210	9,761,697
145,683,061	137,991,857	143,423,575	145,328,188	145,822,079	154,718,102

815,374	109,262	95,835	49,145	178,934	54,995
288,917	312,178	320,846	382,562	460,369	860,639
-	-	-	-	-	-
-	(250,000)	-	-	(425,367)	-
(17,383,677)	(9,123,335)	(7,518,245)	(6,793,923)	(7,380,210)	(9,761,697)
(16,279,386)	(8,951,895)	(7,101,564)	(6,362,216)	(7,166,274)	(8,846,063)
\$ 129,403,675	\$ 129,039,962	\$ 136,322,011	\$ 138,965,972	\$ 138,655,805	\$ 145,872,039

\$ 7,356,356	\$ (3,279,265)	\$ (7,062,970)	\$ (4,880,815)	\$ 10,734,316	\$ 12,006,382
(8,973,915)	761,748	74,899,548	(258,415)	(5,999,035)	(4,305,664)
\$ (1,617,559)	\$ (2,517,517)	\$ 67,836,578	\$ (5,139,230)	\$ 4,735,281	\$ 7,700,718

(concluded)

POLK COUNTY, IOWA

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund:				
Reserved	\$ 8,395,056	\$ 6,225,399	\$ 5,007,608	\$ 8,559,752
Unreserved	20,772,957	27,458,434	31,554,143	29,777,926
Total General Fund	\$ 29,168,013	\$ 33,683,833	\$ 36,561,751	\$ 38,337,678
MH/MR/DD Services:				
Reserved	\$ 983,501	\$ 924,486	\$ 863,685	\$ 801,046
Unreserved	(651,661)	(1,323,681)	(3,180,810)	(3,515,264)
Total MH/MR/DD Services	\$ 331,840	\$ (399,195)	\$ (2,317,125)	\$ (2,714,218)
Jail Facility Fund:				
Unreserved	\$ N/A	\$ N/A	\$ 18,559,904	\$ N/A
Total Jail Facility Fund	\$ -	\$ -	\$ 18,559,904	\$ -
All other governmental funds:				
Reserved	\$ 8,891,844	\$ 7,603,761	\$ 7,618,031	\$ 6,574,256
Unreserved, reported in:				
Special revenue funds	13,660,794	17,148,176	7,321,608	4,597,378
Capital projects funds	3,149,526	(5,727,117)	9,597,713	2,798,519
Debt service funds	789,769	936,163	417,138	366,009
Total all other governmental funds	\$ 26,491,933	\$ 19,960,983	\$ 24,954,490	\$ 14,336,162
General Fund:				
Nonspendable	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Committed	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total General Fund	\$ -	\$ -	\$ -	\$ -
MH/MR/DD Services:				
Restricted	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Unassigned	N/A	N/A	N/A	N/A
Total MH/MR/DD Services	\$ -	\$ -	\$ -	\$ -
Debt Service:				
Restricted	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Total Debt Service	\$ -	\$ -	\$ -	\$ -
All other governmental funds:				
Nonspendable	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Restricted	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 8,123,291	\$ 7,727,389	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
27,566,129	29,462,331	N/A	N/A	N/A	N/A	
\$ 35,689,420	\$ 37,189,720	\$ -	\$ -	\$ -	\$ -	
\$ 736,515	\$ -	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
(890,817)	1,347,245	N/A	N/A	N/A	N/A	
\$ (154,302)	\$ 1,347,245	\$ -	\$ -	\$ -	\$ -	
\$ N/A						
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 4,529,113	\$ 3,495,836	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
6,574,400	5,570,102	N/A	N/A	N/A	N/A	
755,855	(1,294,898)	N/A	N/A	N/A	N/A	
279,041	598,024	N/A	N/A	N/A	N/A	
\$ 12,138,409	\$ 8,369,064	\$ -	\$ -	\$ -	\$ -	
\$ N/A	\$ N/A	\$ 835,122	\$ 1,108,645	\$ 1,431,512	\$ 1,317,221	
N/A	N/A	3,989,810	3,700,119	3,753,815	3,585,015	
N/A	N/A	34,510,331	28,872,644	35,680,321	37,877,628	
\$ -	\$ -	\$ 39,335,263	\$ 33,681,408	\$ 40,865,648	\$ 42,779,864	
\$ N/A	\$ N/A	\$ 765,412	\$ -	\$ 2,030,563	\$ 6,837,252	
N/A	N/A	-	(4,132,905)	-	-	
\$ -	\$ -	\$ 765,412	\$ -	\$ 2,030,563	\$ 6,837,252	
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 68,561,227	\$ 216,764	
\$ -	\$ -	\$ -	\$ -	\$ 68,561,227	\$ 216,764	
\$ N/A	\$ N/A	\$ 777,178	\$ 925,036	\$ 712,871	\$ 943,020	
N/A	N/A	4,960,633	3,281,414	3,273,535	13,184,033	
N/A	N/A	9,099,102	9,819,630	10,254,039	10,993,740	
N/A	N/A	(3,968,513)	(3,939,663)	(4,642,695)	(2,138,711)	
\$ -	\$ -	\$ 10,868,400	\$ 10,086,417	\$ 9,597,750	\$ 22,982,082	

POLK COUNTY, IOWA

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Property taxes	\$ 84,979,971	\$ 88,444,351	\$ 95,065,943	\$ 106,659,293
Other County taxes	4,809,582	4,793,069	4,539,835	5,307,751
Interest and penalties on delinquent taxes	1,061,401	1,153,332	1,147,313	1,388,689
Intergovernmental	48,116,800	59,121,302	59,267,106	66,353,718
Licenses and permits	943,081	600,980	481,516	516,733
Charges for service	9,619,485	10,717,919	10,734,667	10,297,290
Use of money and property	3,145,534	5,039,230	8,147,428	6,642,171
Miscellaneous	1,824,317	2,443,924	1,763,992	1,990,742
Total revenues	154,500,171	172,314,107	181,147,800	199,156,387
Expenditures:				
Public safety and legal services	41,340,119	46,600,339	48,709,314	51,056,103
Physical health and social services	24,781,328	26,453,593	27,175,301	29,584,279
Mental health	44,893,946	44,253,468	47,580,948	50,448,588
County environment and education	13,086,191	21,369,155	16,670,606	11,561,165
Roads and transportation	7,881,246	9,176,185	8,731,835	10,658,344
Governmental services to residents	5,243,386	5,192,084	5,717,290	6,008,426
Administration	25,221,121	28,141,913	29,266,591	30,909,966
Nonprogram services	70,697	193,374	709,229	46,304
Debt service:				
Principal	2,526,980	2,749,893	3,791,808	4,662,698
Interest and fiscal charges	776,022	714,235	2,895,372	4,501,088
Capital Projects:				
Roadway construction	2,768,779	3,484,215	4,003,795	5,352,558
Conservation land acquisition and development	195,324	1,187,487	853,962	3,237,269
Other capital projects	3,270,594	12,605,065	48,382,141	30,098,666
Total expenditures	172,055,733	202,121,006	244,488,192	238,125,454
Excess of revenues over expenditures	(17,555,562)	(29,806,899)	(63,340,392)	(38,969,067)
Other financing sources (uses):				
Transfers in	23,278,866	39,867,947	99,924,310	25,876,454
Transfers out	(18,869,008)	(28,344,717)	(93,360,608)	(18,435,839)
Capital contributions	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of capital leases	-	557,766	168,920	-
Issuance of bonds	3,770,000	14,975,000	80,915,000	2,665,000
Premium (discount) on bonds issued	25,652	77,543	24,675	32,656
Insurance recovery from 2008 flood	-	-	-	-
Proceeds from sale of capital assets	41,430	41,078	74,152	68,555
Total other financing sources (uses)	8,246,940	27,174,617	87,746,449	11,136,826
Net change in fund balances	\$ (9,308,622)	\$ (2,632,282)	\$ 24,406,057	\$ (27,832,241)
Total expenditures	\$ 172,055,733	\$ 202,121,006	\$ 244,488,192	\$ 238,125,454
Less: capital expenditures	(2,259,466)	(15,244,167)	(49,469,518)	(30,051,875)
Total non capital expenditures	\$ 169,796,267	\$ 186,876,839	\$ 195,018,674	\$ 208,073,579
Debt service as % of noncapital expenditures	1.95%	1.85%	3.43%	4.40%

Fiscal Year

	2009	2010	2011	2012	2013	2014
\$	113,193,055	\$ 119,016,167	\$ 124,413,365	\$ 128,308,790	\$ 126,477,853	\$ 132,115,444
	5,391,333	5,473,202	5,278,538	5,590,186	5,471,136	5,476,275
	1,591,907	1,603,084	1,819,683	1,326,266	1,264,536	1,381,536
	73,882,316	80,220,727	76,304,288	77,268,575	46,892,346	48,896,738
	387,609	432,777	757,224	861,128	943,393	913,075
	10,587,827	11,046,694	11,456,931	12,437,290	13,685,542	13,215,481
	3,071,457	2,053,835	2,247,819	2,179,875	2,525,369	2,641,287
	2,869,983	2,241,977	2,028,618	2,263,643	1,539,340	2,679,952
	210,975,487	222,088,463	224,306,466	230,235,753	198,799,515	207,319,788
	57,336,497	60,831,966	63,358,077	64,519,393	64,362,370	67,550,790
	32,058,737	38,183,688	39,832,954	36,865,531	33,295,027	33,590,597
	48,574,015	53,427,113	50,553,729	59,804,417	22,325,002	24,158,157
	13,291,947	11,827,727	12,074,726	12,465,007	11,135,437	11,426,422
	12,989,856	12,644,739	12,565,672	10,569,001	9,271,079	9,937,351
	6,158,143	6,630,166	6,712,037	6,960,701	7,048,801	7,066,217
	32,513,299	29,545,205	30,370,108	33,214,441	28,112,537	29,091,437
	58,294	-	-	-	-	-
	8,492,464	8,489,000	7,510,000	8,351,000	8,428,000	10,904,000
	4,478,202	4,276,689	4,397,923	4,195,012	6,093,333	6,015,812
	4,688,457	1,757,433	4,960,179	5,715,542	4,834,470	5,684,678
	3,482,675	3,049,267	3,352,335	1,503,474	2,679,744	10,850,138
	8,774,114	5,991,436	9,470,498	4,290,359	5,057,647	8,455,989
	232,896,700	236,654,429	245,158,238	248,453,878	202,643,447	224,731,588
	(21,921,213)	(14,565,966)	(20,851,772)	(18,218,125)	(3,843,932)	(17,411,800)
	32,540,326	20,547,356	20,475,572	19,575,415	18,034,274	22,707,352
	(17,836,649)	(11,154,021)	(12,937,327)	(12,761,492)	(10,639,985)	(12,925,655)
	-	-	392,162	-	-	-
	-	-	-	-	-	(66,570,000)
	-	2,577,984	669,366	-	692,111	-
	3,905,000	-	15,485,000	-	76,114,616	25,335,000
	95,085	-	298,790	-	1,019,219	270,129
	323,766	751,906	112,066	-	-	-
	537,831	843,174	281,032	-	311,766	-
	19,565,359	13,566,399	24,776,661	6,813,923	85,532,001	(31,183,174)
\$	(2,355,854)	\$ (999,567)	\$ 3,924,889	\$ (11,404,202)	\$ 81,688,069	\$ (48,594,974)
\$	232,896,700	\$ 236,654,429	\$ 245,158,238	\$ 248,453,878	\$ 202,643,447	\$ 224,731,588
	(10,191,039)	(7,866,250)	(10,231,060)	(7,053,056)	(6,885,814)	(18,623,440)
\$	222,705,661	\$ 228,788,179	\$ 234,927,178	\$ 241,400,822	\$ 195,757,633	\$ 206,108,148
	5.82%	5.58%	5.07%	5.20%	7.42%	8.21%

POLK COUNTY, IOWA

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

Assessment Date Jan 1	Payable Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property & Building	Reimb / Non-Reimb M&E/Comp & Railroads	Utilities W/O Gas & Electric	Less:		Total Taxable Assessed Property	Total Direct Tax Rate (d)
								Military Tax-Exempt Property	Property		
2005	2007	\$ 17,199,501,990	\$ 6,091,367,498	\$ 347,505,667	\$ 118,207,210	\$ 26,095,792	\$ 162,418,793	\$ (37,737,570)	\$ 23,907,359,380	6.35	
2006	2008	17,989,044,550	6,323,324,900	360,678,980	118,019,020	24,874,251	138,971,954	(37,507,856)	24,917,405,799	6.35	
2007	2009	19,792,218,240	6,611,496,480	371,734,980	146,593,080	28,112,835	135,387,079	(36,944,652)	27,048,598,042	6.84	
2008	2010	20,554,841,950	6,735,360,000	373,831,230	145,600,810	28,944,652	135,013,575	(36,493,914)	27,937,098,303	6.84	
2009	2011	21,232,362,500	6,942,121,730	398,829,620	229,832,970	32,444,466	136,696,518	(35,928,562)	28,936,359,242	6.83	
2010	2012	21,626,138,853	6,905,869,267	403,749,710	229,455,630	38,008,090	152,847,145	(35,075,495)	29,320,993,200	6.82	
2011	2013	21,246,394,370	6,414,910,960	391,966,160	259,609,210	43,165,437	160,573,870	(34,269,194)	28,482,350,813	6.81	
2012	(b) 2014	21,529,228,494	6,427,695,688	370,286,964	258,672,910	48,660,476	169,387,056	(33,445,259)	28,770,486,329	6.81	
2013	2015	21,727,868,379	6,485,814,914	384,770,345	313,930,120	48,123,584	172,181,780	(32,737,662)	29,099,951,460	6.94	
2014	2016	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	N/A (c)	-	-

Source: 2013 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) 2012 Calendar Year Assessment is for taxes due in fiscal year 2013/2014
 - (c) 2014 Calendar Year Assessment is for taxes due in fiscal year 2015/2016 and is not yet available
 - (d) Tax rates are per \$1,000 of assessed value.

POLK COUNTY , IOWA

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

Taxpayer	2014			2005		
	2012 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	2003 Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mid American Energy	\$ 576,183,073	1	3.1%	\$ -		0.0%
Principal Life Insurance Co.	196,144,820	2	1.1%	260,602,430	1	2.0%
R & R Investors	183,012,885	3	1.0%	101,500,480	3	0.8%
Nationwide Mutual Insurance	171,472,280	4	0.9%	68,021,600	10	0.5%
Prairie Meadows	116,703,000	5	0.6%	-		0.0%
Wells Fargo	109,957,675	6	0.6%	80,423,550	7	0.6%
Wellmark Inc.	105,680,800	7	0.6%	-		0.0%
Pioneer Hi-Bred	75,768,378	8	0.4%	-		0.0%
Valley West Mall	67,650,000	9	0.4%	102,031,000	2	0.8%
Mercy Hospital	64,269,910	10	0.3%	-		0.0%
Hubbell Interests	-		-	69,531,020	9	0.5%
Knapp, William	-		-	89,950,750	5	0.7%
Mid America Investments	-		-	89,814,580	6	0.7%
Qwest	-		-	90,026,109	4	0.7%
Ruan	-		-	72,125,880	8	0.6%
Total	\$ 1,666,842,821		9.0%	\$ 1,024,027,399		7.9%

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
2005	\$ 87,950,229	\$ 87,623,125	99.6%	\$ 58,083	\$ 87,681,208	99.7%
2006	91,360,000	91,060,220	99.7%	10,946	91,071,166	99.7%
2007	98,107,703	97,654,105	99.5%	27,061	97,681,166	99.6%
2008	109,708,680	109,344,353	99.7%	43,323	109,387,676	99.7%
2009	116,311,807	115,868,918	99.6%	51,627	115,920,545	99.7%
2010	121,940,768	121,631,575	99.7%	56,774	121,688,349	99.8%
2011	127,415,609	126,836,381	99.5%	56,052	126,892,433	99.6%
2012	131,319,138	130,815,263	99.6%	(40,359) (c)	130,774,904	99.6%
2013	129,857,326	129,476,254	99.7%	3,421	129,479,675	99.7%
2014	136,692,801	136,130,097	99.6%	(194,522) (c)	135,935,575	99.4%

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, Mobile Home and Family Farm).

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

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

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POLK COUNTY, IOWA

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

	Year Taxes are Payable				
	2005	2006	2007	2008	2009
Countywide service rates:					
General Basic	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
General Supplemental	1.59	1.57	1.64	1.97	1.86
MH/DD Service	1.06	1.03	0.96	0.93	0.87
Debt Service	0.20	0.24	0.24	0.45	0.61
Total Countywide Rate	6.35	6.35	6.35	6.84	6.84
Rural service rates	4.59	4.59	4.59	4.59	4.55
Total Rural Rate	10.95	10.94	10.94	11.44	11.39
City rates:					
Alleman	8.07	7.89	8.05	8.23	7.16
Altoona	8.89	8.79	8.64	8.64	8.64
Ankeny	10.39	10.39	10.34	10.29	10.53
Bondurant	14.45	14.39	14.38	14.34	14.29
Carlisle	12.92	13.99	13.97	13.97	13.81
Clive	8.93	9.11	9.25	9.54	9.54
Des Moines	17.06	16.52	16.45	16.59	16.58
Elkhart	11.70	11.55	11.69	10.98	10.49
Granger	12.20	12.99	12.65	12.34	13.03
Grimes	12.84	12.83	12.75	12.93	12.96
Johnston	10.81	10.74	11.31	11.30	11.30
Mitchellville	13.34	13.47	12.45	12.82	13.59
Norwalk	12.43	12.43	13.92	14.98	14.37
Pleasant Hill	11.48	11.48	11.48	11.48	11.48
Polk City	7.90	7.90	7.90	7.90	7.90
Runnells	8.83	9.02	9.08	9.06	8.97
Sheldahl	2.63	2.55	3.43	3.59	3.60
Urbandale	9.07	9.07	9.07	9.22	9.22
Windsor Heights	12.63	12.63	12.22	12.40	14.79
West Des Moines	11.73	11.73	11.95	12.05	12.05
School District Rates:					
North Polk	16.04	16.42	16.13	17.46	17.77
Southeast Polk	17.28	17.99	20.99	21.96	21.85
Bondurant-Farrar	16.26	16.71	17.23	17.32	20.00
Ankeny	16.90	16.70	16.71	17.91	19.58
Carlisle	18.37	18.37	17.21	20.00	19.86
West Des Moines	13.50	13.50	13.70	13.70	13.69
Des Moines Independent	18.03	18.01	18.02	17.94	17.79
Saydel	14.67	13.13	13.39	13.63	13.68
Johnston	17.21	17.35	17.35	17.35	17.34
Woodward-Granger	17.02	16.76	17.52	17.52	20.02
Dallas	17.51	17.51	17.50	17.50	17.50
Dallas	14.88	14.96	15.68	15.90	16.08
Urbandale	12.13	13.70	13.48	15.72	15.51
Urbandale	11.99	13.51	13.48	15.72	16.27
Other:					
Area XI Community College	0.60	0.68	0.69	0.60	0.56
Broadlawns County Hospital	3.26	3.20	3.49	2.97	2.92
Ag. Extension	0.04	0.04	0.04	0.04	0.04
Assessor	0.32	0.35	0.30	0.31	0.33

Source: 2012/2013 Tax Rates Payable Fiscal Year Ended June 30, 2014 obtained from Polk County Tax/GIS Department

Year Taxes are Payable									
2010		2011		2012		2013		2014	
\$	3.50	\$	3.50	\$	3.50	\$	3.50	\$	3.50
	1.87		1.92		1.95		1.92		1.97
	0.83		0.79		0.77		0.79		0.76
	0.63		0.61		0.59		0.60		0.71
	6.83		6.82		6.81		6.81		6.94
	4.55		4.55		4.55		4.55		4.55
	11.38		11.37		11.36		11.36		11.49
	8.32		8.77		10.23		10.45		10.05
	8.64		9.14		9.14		9.14		9.14
	11.18		11.18		11.18		12.03		12.03
	14.23		14.18		14.13		14.08		14.04
	13.81		13.81		13.80		13.80		13.80
	9.54		9.54		9.54		9.99		9.99
	16.58		16.58		16.58		16.92		16.92
	10.26		10.04		9.90		9.77		8.83
	14.17		15.42		15.99		15.76		15.68
	12.92		12.91		12.90		12.91		12.91
	11.30		11.27		11.10		11.29		11.15
	14.37		14.73		14.73		14.80		14.40
	14.60		14.60		16.35		15.69		15.69
	11.65		11.65		11.65		11.66		11.65
	7.90		7.90		7.90		7.90		7.90
	11.01		10.89		10.90		10.92		10.84
	3.43		3.18		3.20		2.99		2.68
	9.22		9.32		9.52		9.62		9.57
	13.76		13.31		13.31		13.31		13.90
	12.05		12.05		12.05		12.05		12.05
	17.39		18.27		19.85		19.99		20.00
	21.83		21.81		21.66		21.66		21.66
	19.89		19.99		19.83		19.24		18.33
	19.84		22.35		21.07		20.59		20.33
	19.47		20.97		20.65		18.58		17.91
	13.64		13.94		13.85		13.30		13.26
	17.64		17.64		18.35		18.35		18.35
	13.98		13.98		13.98		13.48		12.88
	17.35		17.35		17.35		17.35		17.35
	19.85		19.78		19.75		19.49		19.11
	17.50		17.50		17.50		17.51		17.84
	-		-		-		-		-
	16.27		17.64		18.35		18.35		18.35
	16.27		17.64		17.64		17.64		17.67
	0.57		0.56		0.59		0.58		0.69
	2.80		2.92		2.92		2.98		3.00
	0.04		0.04		0.04		0.04		0.04
	0.30		0.28		0.25		0.24		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				
2005	\$ 22,162,437	\$ 650,000	\$ 483,525	\$ 147,618,237	\$ -	\$ -	170,914,199	1.08%	430.35
2006	34,491,195	616,000	687,403	144,921,169	-	-	180,715,767	1.08%	448.28
2007	111,657,091	581,000	550,926	136,562,443	-	-	249,351,460	1.42%	609.83
2008	110,646,911	545,000	371,163	127,016,267	678,932		239,258,273	1.31%	571.92
2009	106,164,706	508,000	194,245	117,607,149	4,998,010		229,472,110	1.26%	540.22
2010	97,682,876	469,000	2,319,288	107,578,031	10,470,099		218,519,294	1.18%	508.85
2011	105,954,533	429,000	2,047,367	140,495,304	18,115,588		267,041,792	1.35%	620.10
2012	97,592,097	388,000	1,340,199	131,001,771	22,303,132		252,625,199	1.21%	577.56
2013	166,213,860	345,000	1,323,713	125,139,328	26,814,566		319,836,467	1.53%	720.82
2014	114,230,485	2,826,000	894,500	111,553,904	27,373,572		256,878,461	1.23%	568.72

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

Notes: 2013 and 2014 percentages calculated using 2012 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		
2005	169,780,674	789,769	168,990,905	0.71%	425.51
2006	179,412,364	936,163	178,476,201	0.72%	442.72
2007	248,219,534	417,138	247,802,396	0.92%	606.04
2008	237,663,178	366,009	237,297,169	0.85%	567.24
2009	223,771,855	279,041	223,492,814	0.77%	526.14
2010	205,260,907	598,024	204,662,883	0.70%	476.58
2011	246,449,837	1,650,202	244,799,635	0.86%	568.46
2012	228,593,868	405,753	228,188,115	0.79%	521.69
2013	291,353,188	68,561,227	222,791,961	0.77%	502.11
2014	225,784,389	216,764	225,567,625	N/A (a)	499.40

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

Note: (a) 2014 Calendar Year Assessment is for taxes due in fiscal year 2015/2016 and is not yet available.

POLK COUNTY, IOWA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2014**

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

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

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POLK COUNTY, IOWA

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

	Fiscal Year			
	2005	2006	2007	2008
Debt limit	\$ 1,034,571,308	\$ 1,074,239,416	\$ 1,195,367,969	\$ 1,245,870,290
Less: Total net debt applicable to limit	(313,142,908)	(327,914,085)	(419,214,286)	(407,803,252)
Legal debt margin	<u>\$ 721,428,400</u>	<u>\$ 746,325,331</u>	<u>\$ 776,153,683</u>	<u>\$ 838,067,038</u>
Total net debt applicable to the limit as a percentage of debt limit	30.27%	30.53%	35.07%	32.73%

Note: (a) Calendar year 2012 assessed value is paid in fiscal year 2014

(b) Constitutional limit in Article XI of the State Constitution refers to "indebted in any manner".

Legal Debt Margin Calculation for Calendar Year 2012 Assessed Value (a)	\$ 28,770,486,329
Debt limit (5% of assessed value)	1,438,524,316
Less: Debt applicable to debt limit; Outstanding County indebtedness (b)	<u>(301,626,160)</u>
Legal debt margin	<u>\$ 1,136,898,156</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,352,429,902	\$ 1,396,854,915	\$ 1,446,817,962	\$ 1,466,049,660	\$ 1,424,117,541	\$ 1,438,524,316
(399,158,767)	(396,754,857)	(460,916,297)	(448,152,913)	(505,676,659)	(301,626,160)
<u>\$ 953,271,135</u>	<u>\$ 1,000,100,058</u>	<u>\$ 985,901,665</u>	<u>\$ 1,017,896,747</u>	<u>\$ 918,440,882</u>	<u>\$ 1,136,898,156</u>
29.51%	28.40%	31.86%	30.57%	35.51%	20.97%

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	
2005	397,152	\$ 15,754,629	\$ 39,215	224,900	4.8%	4.8%
2006	403,132	16,755,221	40,764	232,200	4.3%	4.6%
2007	408,888	17,538,839	41,992	234,900	3.4%	3.7%
2008	418,339	18,225,740	43,098	237,000	3.6%	3.8%
2009	424,778	18,199,886	42,381	241,000	4.0%	4.1%
2010	429,439	18,462,461	42,712	242,200	5.7%	6.0%
2011	430,640	19,829,971	45,336	241,600	6.1%	6.1%
2012	437,399	20,881,257	47,061	240,300	5.4%	5.1%
2013	443,710	*	*	242,200	4.8%	4.6%
2014	451,677	*	*	253,000	4.3%	4.4%

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

*Information not available

POLK COUNTY, IOWA

Principal Employers Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo & Co.	13,500	1	4.82%	10,000	1	3.79%
Hy-Vee Food Corp.	7,500	2	2.68%	-		
Mercy Hospital Medical Center	7,305	3	2.61%	6,000	4	2.27%
Unity Point Health	6,329	4	2.26%	-		
Principal Financial Group	6,131	5	2.19%	8,000	2	3.03%
Nationwide/Allied Insurance	4,300	6	1.54%	2,200	6	0.83%
John Deere	3,089	7	1.10%	-		0.00%
Pioneer Hi-Bred International Inc.	3,000	8	1.07%	2,008	8	0.76%
Kum & Go	1,820	9	0.65%	-		0.00%
Casey's General Stores, Inc.	1,635	10	0.58%	-		0.00%
State of Iowa	N/A (a)		0.00%	6,585	3	2.49%
Des Moines Public Schools	N/A (a)		0.00%	4,615	5	1.75%
City of Des Moines	N/A (a)		0.00%	2,164	7	0.82%
Wellmark Blue Cross and Blue Shield of Iowa	-		0.00%	1,600	10	0.61%
Bridgestone-Firestone	-		0.00%	1,701	9	0.64%
Total	54,609		19.49%	44,873		16.99%

Source: The Greater Des Moines Partnership

(a) Governmental entities information not available for 2014

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety	351	358	361	386	457	458	472	461	462	468
Human services	159	159	163	165	177	178	171	151	155	154
Roads and engineering	72	72	68	69	68	67	67	61	61	61
Administration	151	151	149	153	158	158	157	151	149	149
Other	344	347	351	357	374	378	379	356	363	372
Total	1,077	1,087	1,092	1,130	1,234	1,239	1,246	1,180	1,190	1,204

Source: County Budget Office

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POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety and legal services:										
Sheriff:										
# of E911 calls	47,550	42,474	45,866	54,107	53,531	53,743	54,517	49,335	53,674	48,289
# of civil papers served	42,154	46,164	45,488	37,055	40,916	44,145	45,583	50,148	40,661	40,387
# of average daily jail population	959	993	995	968	980	930	929	942	922	943
# of bookings	17,234	17,377	17,978	17,917	17,848	17,469	18,347	19,607	19,329	18,706
Medical Examiner:										
# of death investigations	939	995	996	1,133	1,267	1,024	1,056	1,148	1,215	1,285
# of autopsies	235	212	169	164	204	261	224	275	242	252
Physical health and social services:										
Health Department:										
# of patient visits to STD clinic	4,435	4,074	4,752	5,347	5,688	4,571	3,890	3,543	6,128	2,932
Public Works:										
# of septic/well permits	811	795	817	662	321	315	352	303	134	275
# of food inspections	2,787	N/A (a)								
Veteran Affairs:										
# of clients interviewed	4,164	6,213	5,726	5,446	5,268	4,911	5,706	4,233	4,388	5,076
# of vouchers issued	2,876	3,548	3,516	3,362	3,358	2,914	4,329	3,087	2,557	1,373
Mental Health:										
# of individuals served	7,487	7,282	7,224	7,768	8,245	8,668	9,643	10,662	10,947	6,205
# of individuals receiving ongoing/intensive svc	3,174	3,225	3,399	3,607	3,711	3,065	3,681	3,143	4,085	3,689
County environment and education:										
Public Works:										
# of requests of service for weed eradication	4,342	3,994	3,781	3,516	4,963	4,462	4,298	2,672	4,358	1,859
# of lots cleaned up	46	33	28	35	23	34	42	5	4	26

POLK COUNTY, IOWA

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

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Roads and transportation:										
Public Works:										
# of gravel miles maintained	201	187	182	177	172	172	168	168	169	169
# of paved miles maintained	548	582	570	573	551	550	536	548	539	540
Governmental services to residents:										
Treasurer:										
# of titles	172,545	146,641	134,329	137,707	146,550	145,543	147,011	149,262	153,606	164,532
# of registrations	494,924	593,767	569,082	552,415	627,409	631,981	646,533	645,576	657,739	680,155
Auditor / Elections:										
# of registered voters	265,000	253,400	275,511	292,803	281,233	264,425	260,800	270,386	277,940	287,268

Source: County records

Notes: (a) turned over to State in July 2005.

POLK COUNTY, IOWA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2005	2006	2007	2008
Public safety and legal services	\$ 42,377,518	\$ 49,107,367	\$ 91,968,820	\$ 107,014,496
Physical health and social services	10,111,029	10,950,861	12,668,272	11,692,242
County environment and education	5,317,890	6,369,054	6,066,861	7,852,059
Roads and transportation	91,571,796	96,256,517	96,853,889	98,759,779
Governmental services to residents	1,448,189	2,546,321	2,517,342	2,509,217
Administration	20,352,004	21,221,297	21,502,376	33,889,089

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 110,536,573	\$ 102,885,848	\$ 102,749,009	\$ 103,174,561	\$ 104,464,604	\$ 107,327,192
11,654,917	28,919,793	35,556,329	36,105,331	36,384,611	38,656,501
8,941,718	9,558,801	10,518,265	11,891,737	14,416,922	23,179,737
101,450,520	103,743,216	102,852,662	105,747,811	108,312,634	109,873,736
3,947,498	2,656,956	2,656,956	2,639,312	2,622,009	2,622,009
34,453,109	21,758,977	22,632,129	23,817,862	24,969,534	25,852,435

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POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2014
DEPARTMENT OF AGRICULTURE			
Direct Program - Commodity Supplemental Food Distribution	10.565	N/A	\$ 747,716
Passed through Iowa Department of Education:			
National School Breakfast Program	10.553	77-8810	18,845
National School Lunch Program	10.555	77-8810	34,451
Child Care Food Program	10.558	77-8050	2,018,701
Passed through Iowa Department of Human Services:			
Local Administration Expense Reimbursement	10.561	N/A	410,556
Commodity Supplemental Food Program	10.565	FHWS 09-19	46,222
Commodity Supplemental Food Program	10.565	ACFS 13-239	160,373
Total Department of Agriculture			<u>3,436,864</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program - Lead Hazard Control Grant Program	14.900	IALHB0499-11	627,623
Passed through Iowa Department of Economic Development:			
Community Development Block Grants-Housing Rehabilitation	14.228	13-HSG-010	-
Passed through Iowa Economic Development Authority:			
Community Development Block Grants-Fourmile Creek Watershed Plan	14.228	08-DRIFWP-209	39,970
Passed through the City of Des Moines:			
Emergency Solutions Grant	14.231	N/A	155,913
Total Department of Housing and Urban Development			<u>823,506</u>
DEPARTMENT OF INTERIOR			
Passed through Iowa Department of Natural Resources:			
Land and Water Conservation Fund Program - Two Dam Pond Improvements	15.916	19-01282	12,038
Total Department of Interior			<u>12,038</u>
DEPARTMENT OF JUSTICE			
Passed through Iowa Department of Justice:			
Crime Victim Assistance (VOCA)	16.575	VA-14-40-HP	106,629
Crime Victim Assistance (VOCA)	16.575	VA-14-39-SAC	36,545
Violence Against Women Formula Grants	16.588	VW-14-39 SAC	12,250
Passed through Governor's Office of Drug Control Policy:			
Methamphetamine Drug Hot Spots Grant Program	16.710	10-HotSpots/Interdiction-09	19,781
Edward Byrne Justice Assistance Grant (JAG)	16.738	11-JAG-58707	542,169
Edward Byrne Justice Assistance Grant (JAG) LLEBG '10	16.738	JAG 2010-DJ-BX-1150	20,013
Edward Byrne Justice Assistance Grant (JAG) LLEBG '11	16.738	JAG 2011-DJ-BX-2322	15,874
Edward Byrne Justice Assistance Grant (JAG) LLEBG '12	16.738	JAG 2012-DJ-BX-0497	12,866
Total Department of Justice			<u>766,127</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction - Galy Lea Wilson Trail	20.205	12-STPE-128	399,144
Highway Planning and Construction - BR#9176 SE 20th Avenue	20.205	1-11-HBRRS-030A	630,754
Highway Planning and Construction - BR#3650	20.205	1-14-HBP-S-003	-
Highway Planning and Construction - BR#3050	20.205	1-14-HBP-S-006	-
Highway Planning and Construction - Chichaqua Valley Trail Extension	20.205	13-STPE-113	-
Highway Planning and Construction - Easter Lake Ackelson Trail Phase II	20.205	13-STPE-121	-
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Alcohol Incentive Grant	20.601	PAP 13-04 Task 20	11,385
Alcohol Incentive Grant	20.601	PAP 14-402-MOPT Task 20	7,423
Passed through Iowa Department of Public Defense:			
2013 HMEP - Training	20.703	HM-HMP-0275-12-01-00	4,244
2014 HMEP - Training	20.703	HM-HMP-0340-13-01-00	9,123
Total Department of Transportation			<u>1,062,073</u>

(continued)

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2014
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Iowa Department of Natural Resources:			
Air Quality Control Implementation Plan Agreement	66.001	13ESDAQBClaim-0002	\$ 190,686
Total Environmental Protection Agency			<u>190,686</u>
DEPARTMENT OF ENERGY			
Passed through Iowa Department of Human Rights:			
Weatherization Assistance for Low-Income Persons	81.042	DOE-13-20	354,096
Weatherization Assistance for Low-Income Persons	81.042	DOE-14-20	141,774
Total Department of Energy			<u>495,870</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Aging Resource of Central Iowa:			
Title IIIB - Transportation	93.044	N/A	81,000
Title IIIB - Assisted Transportation	93.044	N/A	6,843
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	129,675
Passed through Iowa Department of Human Rights:			
Family Development and Self Sufficiency	93.558	FaDSS-14-20	338,309
Low-Income Home Energy Assistance	93.568	HEAP-13-20S	560,268
Low-Income Home Energy Assistance	93.568	HEAP-14-20	528,912
Passed through Iowa Department of Human Services:			
Local Purchase Allocation Social Services Block Grant	93.667	N/A	1,217,886
Local Administration Expense Reimbursement	93.566	N/A	926
Local Administration Expense Reimbursement	93.596	N/A	119,671
Local Administration Expense Reimbursement	93.658	N/A	157,542
Local Administration Expense Reimbursement	93.659	N/A	53,381
Local Administration Expense Reimbursement	93.667	N/A	128,362
Local Administration Expense Reimbursement	93.767	N/A	1,727
Local Administration Expense Reimbursement-Medical Assistance Program	93.778	N/A	684,550
Passed through Iowa Department of Public Health:			
Public Health Emergency Preparedness - City Readiness Initiative	93.069	5883BT77	56,730
Public Health Emergency Preparedness - Cities Readiness Initiative	93.074	5884BT211	97,774
Public Health Emergency Preparedness - Hospital Preparedness Program	93.074	5884BT13	320,999
Medical Reserve Corps	93.074	5884BT112	3,750
Tuberculosis Elimination	93.116	MOU-2014-TB02	7,916
Project Launch	93.243	5884PL01	51,359
Project Launch	93.243	5883PL01	18,203
I-4 Project	93.268	5883I464	22,036
I-4 Project	93.268	5884I464	7,542
Care for Yourself Program	93.283	5884NB20	108,670
Iowa Get Screened	93.283	5884CRC02	4,725
Community Transformation	93.531	5884HP17	46,279
Community Transformation	93.531	5883HP17	35,496
Capacity Building for Health Information Exchange	93.719	5884HIT06	-
Capacity Building for Health Information Exchange	93.778	5884HIT06	-
HIV-CTR & Hepatitis	93.940	5883AP10	14,015
HIV-CTR & Hepatitis	93.940	5884AP10	15,052
Total Department of Health and Human Services			<u>5,079,198</u>
OFFICE OF NATIONAL DRUG CONTROL POLICY			
Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau:			
Iowa Enforcement Initiative (HIDTA) Grant	95.001	G13MW0002A	23,147
Iowa Enforcement Initiative (HIDTA) Grant	95.001	G14MW0002A	53,326
Total Office of National Drug Control Policy			<u>76,473</u>

(continued)

POLK COUNTY, IOWA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Grantor/Program	CFDA Number	Contract Number	Total Federal Expenditures For Fiscal Year 2014
DEPARTMENT OF HOMELAND SECURITY			
Passed through Iowa Department of Public Defense:			
FEMA - 2008 Floods	97.036	DR-1763-IA	\$ 2,701
FEMA - Polk County Hamilton Drainage Watershed	97.039	HMGP-DR-1763-0113-01	525,181
FEMA - Polk County Multi-Jurisdiction Hazard Mitigation Plan Update	97.039	DR-1998-0022-01	62,775
Emergency Management Performance Grant (EMPG)	97.042	EMPG-13-PT-77	39,000
Homeland Security Grant Program - IMT	97.067	2010-SS-T0-0031-26-IMT	6,304
Homeland Security Grant Program - IMT	97.067	EMW-2011-SS-0071-S01-07	77,495
Homeland Security Grant Program - IMT	97.067	EMW-2012-SS-0028-14	12,701
Homeland Security Grant Program - MMRS	97.067	2011-SS-00071-S01-08 MMRS	212,760
Homeland Security Grant Program - MMRS	97.067	2012-SS-00028-26 MMRS	87,246
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2011-SS-0071-S01-04	223,742
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2012-SS-0028-11	35,684
Homeland Security Grant Program - WMD Hazmat Task Force	97.067	EMW-2013-SS-0004-S01	69,413
Total Department of Homeland Security			<u>1,355,002</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,297,837</u>

See notes to schedule of expenditures of federal awards.

(concluded)

Polk County, Iowa

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

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, 2014. All federal financial awards received directly from federal agencies, as well as federal financial awards passed through other government agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

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 become a demand on current available financial resources.

Note 3. Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Edward Byrne Justice Assistance Grant (JAG) Program	16.738	234,711

The amount for the JAG Program includes \$42,977 passed through to subrecipients in the current year for expenditures reported in the prior year.

Note 4. Program Clusters

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

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

Note 5. Noncash Assistance

The Commodity Supplemental Food Distribution Program - Direct – CFDA# 10.565 does not involve cash awards. This award is received in donated commodities. The value of the commodities distributed during the fiscal year ended June 30, 2014, was \$747,716. As of June 30, 2014, the County had commodities on hand with a value of \$230,529.



INDEPENDENT AUDITORS' 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

Board of Supervisors
Polk County, Iowa
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Iowa (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Polk County Iowa's basic financial statements, and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Polk 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 Polk County's internal control. Accordingly, we do not express an opinion on the effectiveness of Polk 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 Polk 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 and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the basic 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 and legal matters presented in the accompanying schedule of findings and questioned costs are not intended to constitute a legal interpretation of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

West Des Moines, Iowa
December 15, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Supervisors
Polk County, Iowa
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

We have audited Polk County, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Polk County's major federal programs for the year ended June 30, 2014. Polk County, Iowa's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Polk County, Iowa 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, 2014.

Report on Internal Control Over Compliance

Management of Polk County, Iowa 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 Polk County, Iowa'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 each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Polk County, Iowa'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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

West Des Moines, Iowa
December 15, 2014

POLK COUNTY, IOWA

Summary Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

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

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Identification of major programs

CFDA Number(s)

Name of Federal Program or Cluster

10.558	Department of Agriculture Child and Adult Care Food Program
93.074	Department of Health and Human Services Public Health Emergency Preparedness
93.667	Department of Health and Human Services Social Services Block Grant
97.039	Department of Homeland Security Hazard Mitigation Grant Polk County Hamilton Drainage Watershed

Dollar threshold used to distinguish between Type A and type B programs: \$ 398,935

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There were no findings reported related to the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs reported in the current year related to federal awards.

POLK COUNTY, IOWA

Summary Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section IV - Other Findings Related to Required State Statutory Reporting

- A. **Certified Budget:** Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted for the Polk Emergency Management Agency.

Recommendation: The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed budget.

Response: We will amend the budget when required and expenditures will be watched more closely by the Polk Emergency Management Agency.

Conclusion: Response accepted.

- B. **Questionable Expenditures:** We noted no expenditures for parties, banquets, or other entertainment for employees during the year ended June 30, 2014 that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- C. **Travel Expense:** No expenditures of County money for travel expenses of spouses of County officials or employees were noted for the year ended June 30, 2014.
- D. **Business Transactions:** No business transactions between the County and County officials or employees were noted for the year ended June 30, 2014.
- E. **Bond Coverage:** Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- F. **Board Minutes:** No transactions were found that we believe should have been approved in the Board minutes but were not.
- G. **Deposits and Investments:** No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- H. **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).
- I. **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, 2014 for the County Extension Office did not exceed the total amount budgeted.

- J. **Tax Increment Financing (TIF):** For the year ended June 30, 2014, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

POLK COUNTY, IOWA

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014**

Findings Related to the Basic Financial Statements

There were no findings reported for the year ended June 30, 2014.

Findings Related to Federal Awards

There were no findings reported for the year ended June 30, 2014.

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POLK COUNTY IOWA

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

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