



**Polk County, Iowa**  
**\$18,135,000\* General Obligation Bonds, Series 2015A**  
**\$73,975,000\* General Obligation Bonds, Series 2015B**

(Book Entry Only)  
(Parity Bidding Available)

DATE: Monday, April 27, 2015  
TIME: 11:00 AM  
PLACE: Office of the Board of Supervisors, Room 300  
Polk County Administrative Building  
Des Moines, IA 50309  
Telephone: (515)286-3016  
Fax: (515)286-2068

Award of the Bonds will occur on Tuesday April 28 at 9:30 am

Standard & Poor's: "AAA"  
Moody's Rating: "Aaa"

\* Preliminary, subject to change

**PiperJaffray®**

3900 Ingersoll Ave., Suite 110  
Des Moines, IA 50312  
515/247-2355

**OFFICIAL BID FORM**

TO: Board of Supervisors of Polk County, Iowa (the "Issuer")

Re: \$18,135,000\* General Obligation Bonds, Series 2015A, dated the date of delivery, of the Issuer (the "Series 2015A Bonds")

For all or none of the above Bonds, in accordance with the notice of sale, we will pay you \$ \_\_\_\_\_ for Bonds bearing interest rates and maturing on June 1 in each of the stated years as follows:

| <u>Coupon</u> | <u>Yield</u> | <u>Due June 1st</u> | <u>Coupon</u> | <u>Yield</u> | <u>Due June 1st</u> |
|---------------|--------------|---------------------|---------------|--------------|---------------------|
| _____         | _____        | 2016                | _____         | _____        | 2021                |
| _____         | _____        | 2017                | _____         | _____        | 2022                |
| _____         | _____        | 2018                | _____         | _____        | 2023                |
| _____         | _____        | 2019                | _____         | _____        | 2024                |
| _____         | _____        | 2020                | _____         | _____        | 2025                |

\_\_\_\_\_ We hereby elect to have the following issued as term bonds:

| <u>Principal Amount</u> | <u>Month and Year (Inclusive)</u> | <u>Maturity Month and Year</u> |
|-------------------------|-----------------------------------|--------------------------------|
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |

Subject to mandatory redemption requirement in the amounts and at the times shown above

\_\_\_\_\_ We will not elect to have any bonds issued as term bonds

This bid is for prompt acceptance and for delivery of said Bonds to use in compliance with the Official Notice of Sale and Official Terms of Offering of General Obligation Bonds, Series 2015A, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:\$ \_\_\_\_\_ TRUE INTEREST RATE \_\_\_\_\_ %  
(Computed from the dated date)

\_\_\_\_\_  
Account Manager

\_\_\_\_\_  
Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Supervisors of Polk County, State of Iowa, this 28<sup>th</sup> day of April, 2015.

ATTEST: \_\_\_\_\_  
Auditor

\_\_\_\_\_  
Chair

\* Preliminary, subject to change

# OFFICIAL BID FORM

TO: Board of Supervisors of Polk County, Iowa (the "Issuer")

Re: \$73,975,000\* General Obligation Bonds, Series 2015B, dated the date of delivery, of the Issuer (the "Series 2015B Bonds")

For all or none of the above Bonds, in accordance with the notice of sale, we will pay you \$ \_\_\_\_\_ for Bonds bearing interest rates and maturing on June 1 in each of the stated years as follows:

| <u>Coupon</u> | <u>Yield</u> | <u>Due June 1st</u> | <u>Coupon</u> | <u>Yield</u> | <u>Due June 1st</u> |
|---------------|--------------|---------------------|---------------|--------------|---------------------|
| _____         | _____        | 2016                | _____         | _____        | 2026                |
| _____         | _____        | 2017                | _____         | _____        | 2027                |
| _____         | _____        | 2018                | _____         | _____        | 2028                |
| _____         | _____        | 2019                | _____         | _____        | 2029                |
| _____         | _____        | 2020                | _____         | _____        | 2030                |
| _____         | _____        | 2021                | _____         | _____        | 2031                |
| _____         | _____        | 2022                | _____         | _____        | 2032                |
| _____         | _____        | 2023                | _____         | _____        | 2033                |
| _____         | _____        | 2024                | _____         | _____        | 2034                |
| _____         | _____        | 2025                | _____         | _____        | 2035                |

\_\_\_\_\_ We hereby elect to have the following issued as term bonds:

| <u>Principal Amount</u> | <u>Month and Year (Inclusive)</u> | <u>Maturity Month and Year</u> |
|-------------------------|-----------------------------------|--------------------------------|
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |
| \$ _____                | _____ to _____                    | _____                          |

Subject to mandatory redemption requirement in the amounts and at the times shown above

\_\_\_\_\_ We will not elect to have any bonds issued as term bonds

This bid is for prompt acceptance and for delivery of said Bonds to use in compliance with the Official Notice of Sale and Official Terms of Offering of General Obligation Bonds, Series 2015B, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:\$ \_\_\_\_\_ TRUE INTEREST RATE \_\_\_\_\_ %  
(Computed from the dated date)

\_\_\_\_\_  
Account Manager

\_\_\_\_\_  
Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Supervisors of Polk County, State of Iowa, this 28<sup>th</sup> day of April, 2015.

ATTEST:

\_\_\_\_\_  
Auditor

\_\_\_\_\_  
Chair

\* Preliminary, subject to change

## NOTICE OF BOND SALE

Time and Place of Sealed Bids: Bids for the sale of Bonds of the County of Polk, State of Iowa, hereafter described, must be received at the office of the Board of Supervisors, Room 300, Polk County Administration Building, 111 Court Avenue, Des Moines, Iowa 50309 before 11:00 o'clock A.M., on the 27th day of April, 2015. The bids will then be publicly opened and referred for action to the meeting of the Board of Supervisors in conformity with the TERMS OF OFFERING.

The Bonds: The Bonds to be offered are the following:

- \$18,135,000\* GENERAL OBLIGATION BONDS, SERIES 2015A, and
- \$73,975,000\* GENERAL OBLIGATION BONDS, SERIES 2015B

\*Subject to principal adjustment in accordance with the Terms of Offering.

(collectively, the "Bonds").

Manner of Bidding: Open bids will not be received. Bids will be received in any of the following methods:

- Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Board of Supervisors, Room 300, Polk County Administration Building, 111 Court Avenue, Des Moines, Iowa 50309.
- Electronic Internet Bidding: Electronic internet bids will be received at the office of the Board of Supervisors, Room 300, Polk County Administration Building, 111 Court Avenue, Des Moines, Iowa 50309. The bids must be submitted through the PARITY® competitive bidding system.
- Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the Board of Supervisors, Room 300, Polk County Administration Building, 111 Court Avenue, Des Moines, Iowa 50309 (facsimile number: 515-286-2068). Electronic facsimile bids will be sealed and treated as sealed bids.

Consideration of Bids: After the time for receipt of bids has passed, the close of sealed bids will be announced. Sealed bids will then be publicly opened and announced. Finally, electronic internet bids will be accessed and announced.

Sale and Award: The sale and award of the Bonds will be held at the Board of Supervisors' Room, Polk County Administration Building, 111 Court Avenue, Des Moines, Iowa at a meeting of the Board of Supervisors on April 28, 2015 at 9:30 A.M.

Official Statement: The Issuer has issued an Official Statement of information pertaining to the Bonds to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the Board of Supervisors, Room 300, Polk County Administration Building, 111 Court Avenue, Des Moines, Iowa 50309; Telephone: 515-286-3016 or the Issuer's Financial Advisor, Piper Jaffray & Co., 3900 Ingersoll Ave., Suite 110, Des Moines, Iowa, 50312; Telephone: 515-247-2355.

Terms of Offering: All bids shall be in conformity with and the sale shall be in accord with the Terms of Offering as set forth in the Official Statement.

Legal Opinion: The Bonds will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed Bonds without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the Bonds, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the Bonds.

Rights Reserved: The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

By order of the Board of Supervisors of County of Polk, State of Iowa.

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County Auditor, County of Polk, State of Iowa

(End of Notice)

## OFFICIAL TERMS OF OFFERING

In addition to the provisions of the official notice of bond sale, this section sets forth the description of certain terms of the Bonds as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Bonds. The Bonds to be offered are the following:

**GENERAL OBLIGATION BONDS, SERIES 2015A**, in the principal amount of \$18,135,000\* dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement “the Series 2015A Bonds”

And

**GENERAL OBLIGATION BONDS, SERIES 2015B**, in the principal amount of \$73,975,000\* dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement “the Series 2015B Bonds”

(Collectively herein called the “Bonds”).

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the Issuer or its designee after the determination of the Successful Bidder. The Issuer may increase or decrease each maturity in increments of \$5,000. Interest rates specified by the Successful Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the Issuer.

The dollar amount of the purchase price proposed by the Successful Bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the Successful Bidder's net compensation, calculated as a percentage of bond principal. The Successful Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Optional Redemption: The Bonds may be called for redemption by the Issuer and paid before maturity beginning June 1, 2020 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable on December 1, 2015 and semiannually on the 1st day of June and December thereafter. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Book Entry System: The Bonds will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Bonds will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit (“Deposit”) in the form of a certified or cashier's check or a wire in the amount of \$181,350 for the Series 2015A Bonds, payable to the order of the Issuer, is required for each bid to be considered. Good Faith Deposit (“Deposit”) in the form of a certified or cashier's check or a wire in the amount of \$739,750 for the Series 2015B Bonds, payable to the order of the Issuer, is required for each bid to be considered. The Financial Advisor or the Issuer will provide the apparent winning bidder for each Series (the “Purchaser”) with wiring instructions, by email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser (“Purchaser”), and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of the Series 2015A Bonds for a price of not less than 100% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. All bids shall be

unconditional for the entire issue of the Series 2015B Bonds for a price of not less than 100% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified in the Notice of Sale. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

**Sealed Bidding:** Sealed bids may be submitted and will be received at the office of the Board of Supervisors, Polk County Administrative Office Building, Room 300, Des Moines, IA 50309.

**Internet Bidding:** Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

**Electronic Facsimile Bidding:** Bids may be submitted via facsimile at the phone number listed on the front cover of this Preliminary Official Statement. Electronic facsimile bids will be sealed and treated as sealed bids. Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to the appointed time, and that the bid is sent to the telecopier number set forth above. The Financial Advisor will, in no instance correct, alter, or in any way change bids submitted through facsimile transmission. Neither the Issuer nor its agents will be responsible for bids submitted by facsimile transmission not received in accordance with the provisions of this Official Terms of Offering. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Neither the Issuer nor its agents will assume liability for the inability of the bidder to reach the above name fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator.

**Rates of Interest:** The rates of interest specified in the bidder's proposal must conform to the limitations following:

All Bonds of each annual maturity must bear the same interest rate.

Rates of interest bid may be in multiples of 1/8<sup>th</sup>, 1/20<sup>th</sup>, or 1/100<sup>th</sup> of 1%.

Rates must be in level or ascending order.

**Delivery:** The Bonds will be delivered to the Purchaser in book-entry form through DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. (When the Bonds are ready for delivery, the Issuer may give the successful bidder five working days notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidder has failed to comply with the offer of purchase.)

**Certificate of Purchaser:** The Purchaser of the Bonds will be required as a condition of the sale to execute and submit to the Issuer as a part of its bid, a Certificate in a form satisfactory to the Issuer as to the initial offering price of the Bonds to the public (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were in fact sold, and certifying that the prices are not greater than as shown on the Certificate and that the prices are not unreasonably low.

**Official Statement:** The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the Official Statement and the

addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Bonds. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Bonds shall not be cause for the purchaser to refuse to accept delivery of the Bonds. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement and in the Official Notice of Sale. Neither the Issuer nor its Financial Consultant will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to the Rule, in the last five years, the Issuer believes it has complied in all material respects with regard to its prior Disclosure Covenants.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Bonds qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Bonds from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Issuance Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Issuance Resolution or other issuance documents without prior Issuer consent, in its sole discretion. Either the purchaser or the insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to pay any future continuing disclosure costs of the Issuer associated with any rating changes assigned to the municipal bond insurer after closing (for example, if there is a rating change on the municipal bond insurer that require a material event notice filing by the Issuer, the purchaser or the municipal bond insurer must agree to pay the reasonable costs associated with such filing). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

NEW ISSUE - DTC BOOK ENTRY ONLY

Standard & Poor's Rating: "AAA"  
Moody's Rating: "Aaa"

*Subject to the Issuer's compliance with certain covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations, such interest is included in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The Bonds will NOT be designated as "qualified tax-exempt obligations." See "TAX MATTERS" herein.*



**Polk County, Iowa**  
**\$18,135,000\* General Obligation Bonds, Series 2015A**  
**\$73,975,000\* General Obligation Bonds, Series 2015B**

Dated: Date of Delivery

The General Obligation Bonds, Series 2015A and General Obligation Bonds, Series 2015B, described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by Polk County Treasurer as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning December 1, 2015 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2020, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

**MATURITY SCHEDULE – see next page**

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter for each Series, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney P.C. Des Moines, Iowa, Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery on or about June 1, 2015. The Underwriter for each Series intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter for each Series is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

The Date of this Official Statement is \_\_\_\_\_, 2015

\* Preliminary, subject to change



## Maturity Schedule\*

### Series 2015A

| <u>Bond Due</u> | <u>Amount *</u> | <u>Rate *</u> | <u>Yield *</u> | <u>Cusip Num.**</u> | <u>Bonds Due</u> | <u>Amount *</u> | <u>Rate *</u> | <u>Yield *</u> | <u>Cusip Num.**</u> |
|-----------------|-----------------|---------------|----------------|---------------------|------------------|-----------------|---------------|----------------|---------------------|
| June 1, 2016    | \$5,230,000     |               |                | 731197 K24          | June 1, 2021     | \$995,000       |               |                | 731197 K73          |
| June 1, 2017    | 4,895,000       |               |                | 731197 K32          | June 1, 2022     | 1,010,000       |               |                | 731197 K81          |
| June 1, 2018    | 925,000         |               |                | 731197 K40          | June 1, 2023     | 1,035,000       |               |                | 731197 K99          |
| June 1, 2019    | 945,000         |               |                | 731197 K57          | June 1, 2024     | 1,050,000       |               |                | 731197 L23          |
| June 1, 2020    | 975,000         |               |                | 731197 K65          | June 1, 2025     | 1,075,000       |               |                | 731197 L31          |

### Series 2015B

| <u>Bond Due</u> | <u>Amount *</u> | <u>Rate *</u> | <u>Yield *</u> | <u>Cusip Num.**</u> | <u>Bonds Due</u> | <u>Amount *</u> | <u>Rate *</u> | <u>Yield *</u> | <u>Cusip Num.**</u> |
|-----------------|-----------------|---------------|----------------|---------------------|------------------|-----------------|---------------|----------------|---------------------|
| June 1, 2016    | \$6,050,000     |               |                | 731197 L49          | June 1, 2026     | \$3,385,000     |               |                | 731197 M63          |
| June 1, 2017    | 4,535,000       |               |                | 731197 L56          | June 1, 2027     | 3,470,000       |               |                | 731197 M71          |
| June 1, 2018    | 4,520,000       |               |                | 731197 L64          | June 1, 2028     | 3,555,000       |               |                | 731197 M89          |
| June 1, 2019    | 2,835,000       |               |                | 731197 L72          | June 1, 2029     | 3,660,000       |               |                | 731197 M97          |
| June 1, 2020    | 2,935,000       |               |                | 731197 L80          | June 1, 2030     | 3,760,000       |               |                | 731197 N21          |
| June 1, 2021    | 2,995,000       |               |                | 731197 L98          | June 1, 2031     | 3,825,000       |               |                | 731197 N39          |
| June 1, 2022    | 3,060,000       |               |                | 731197 M22          | June 1, 2032     | 3,945,000       |               |                | 731197 N47          |
| June 1, 2023    | 3,160,000       |               |                | 731197 M30          | June 1, 2033     | 4,065,000       |               |                | 731197 N54          |
| June 1, 2024    | 3,240,000       |               |                | 731197 M48          | June 1, 2034     | 3,775,000       |               |                | 731197 N62          |
| June 1, 2025    | 3,315,000       |               |                | 731197 M55          | June 1, 2035     | 3,890,000       |               |                | 731197 N70          |

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\* Preliminary, subject to change

\*\* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter(s). This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER(S) MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The Issuer considers the Official Statement to be “near final” within the meaning of Rule 15c2-12 of the Securities Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement, including Appendix A, contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “plan,” “expect,” “estimate,” “budget” or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**OFFICIAL STATEMENT**  
**\$18,135,000\* GENERAL OBLIGATION BONDS, SERIES 2015A**  
**\$73,975,000\* GENERAL OBLIGATION BONDS, SERIES 2015B**  
**POLK COUNTY, IOWA**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to Polk County, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation Bonds, Series 2015A (the “Series 2015A Bonds”) and the General Obligation Bonds Series 2015B (the “Series 2015B Bonds”) (collectively, the “Bonds”). The Series 2015A Bonds are being issued to provide funds for various County infrastructure and equipment acquisition projects, to fund housing grants, and to reimburse prior qualified expenditures for said projects, and to refund prior County indebtedness including General Obligation Bonds, Series 2007A and 2007B, as well as paying the costs associated with the issuance of the Series 2015A Bonds. The Series 2015B Bonds are being issued to provide funds for certain courthouse and conservation improvements, and to pay costs associated with the issuance of the Series 2015B Bonds. See “**THE BONDS - Sources and Uses of Funds**” herein.

This Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against all of the property valuation of the Issuer. See “**THE BONDS – Source of Security for the Bonds**” herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

**THE BONDS**

**General**

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 1, 2015, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

**Authorization for the Issuance**

The Bonds are being issued pursuant to the Code of Iowa, 2015 as amended, Sections 331.442, 331.443 and 331.445.

The Series 2015B Bonds were authorized at special elections held November 6, 2012, and November 5, 2013, respectively, at which time voters authorized the issuance of up to \$50,000,000 for land acquisition, conservation and stormwater management improvements (referred to as the Polk County Water and Land Legacy Project, or PCWLL for short), and up to \$81,000,000 for courthouse renovation, construction, acquisition and related improvements. The Issuer previously issued \$14,030,000 of the \$50,000,000 PCWLL authority, and \$7,505,000 of the courthouse authority.

**Book Entry Only System**

*The following information concerning The Depository Trust Company (“DTC”), New York, New York and DTC’s book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

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\* Preliminary, subject to change

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S equity issues, corporate and municipal debt issues and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates.

Direct Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”).

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered in the transaction. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to taken certain steps to augment transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices by provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participants in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of

such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Security certificates will be printed and delivered to DTC.

The Issuer cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Notes (i) payments of principal of or interest and premium, if any, on the Notes, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Notes, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Notes, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer nor the Paying Agent/Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Notes; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Notes; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Notes; or (5) any consent given or other action taken by DTC as a Noteholder.

## **Transfer and Exchange**

In the event that the Book Entry System is discontinued, any Bond may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Registrar shall execute and deliver a new Bond or Bonds of the same maturity, interest rate, and aggregate principal amount.

Bonds may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Bonds which have been selected for prepayment and is not required to transfer or exchange any Bonds during the period beginning 15 days prior to the selection of Bonds for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Bonds surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

## **Prepayment**

Optional Prepayment. The Bonds maturing after June 1, 2020, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Mandatory Sinking Fund Redemption The Bonds maturing on \_\_\_\_\_ are subject to mandatory redemption (by lot, as selected by the Registrar) on \_\_\_\_ 1 and \_\_\_\_\_ in each of the years \_\_\_\_ through \_\_\_\_ at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

| <u>_____Term Bond</u>              |                         |
|------------------------------------|-------------------------|
| <u>Mandatory Sinking Fund Date</u> | <u>Principal Amount</u> |
|                                    | \$                      |
| (maturity)                         |                         |

Selection of Bonds for Redemption Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Issuer will notify DTC of the particular amount of such maturity to

be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest. If the Issuer ceases to use DTC for the Bonds, the Bonds to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Notice of Redemption. Prior to the redemption of any Bonds under the provisions of the Bond Resolution, the Bond Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof.

On the dates so designated for redemption, notice having been given in the manner and under the conditions hereinabove, provided and moneys for payment of the redemption price being held in the Sinking Fund, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date. Interest on the Bonds so called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefit hereunder, and the Bond Holders shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Bonds which have been duly called for redemption, with respect to which irrevocable instructions to call for redemption at a stated redemption have been given to the Bond Registrar, and moneys for the payment the face amount thereof, premium, if any, and interest on are held in separate accounts by the Bond Registrar in trust for Bondholders shall not thereafter be deemed to be outstanding under the provisions of the Resolution, other than be entitled to receive payment from such sources.

### **Source of Security for the Bonds**

These Bonds are general obligations of the Issuer. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to amount.

## **BONDHOLDERS' RISKS**

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

### **Ratings Loss**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aaa" to the Bonds. Standard & Poor's Corporation ("S&P") has assigned a rating of "AAA" to the Bonds. (Moody's and S&P are referred to herein as the "Rating Agencies.") Generally, a Rating Agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of the Rating Agency or Agencies, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Rating Agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

### **Loss of Tax Exemption**

As discussed under the heading "**Tax Matters**" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its

covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

### **DTC-Beneficial Owners**

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See **“THE BONDS– Book-Entry Only System.”**

### **Other Factors**

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

### **Legislation**

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the federal tax or property tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the “Act”), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, (ii) assigns a “rollback” (the percentage of a property’s value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, (iii) creates a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) that begins in the 2015 assessment year, and assigns a declining rollback percentage to such properties for each subsequent year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempts a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to fiscal year 2018, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for multi-residential properties from the commercial rollback percentage (100% of market value) to the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the Act on the Issuer’s future property tax collections is uncertain and the Issuer has not attempted to quantify the financial impact of the Act’s provisions on the Issuer’s future operations. It has been projected by Moody’s Investor Service (as reported US Public Finance Weekly Credit Outlook, May 30, 2013) that local governments in Iowa are likely to experience modest reductions in property tax revenues starting in fiscal 2015 as a result of the Act, with sizeable reductions possible starting in fiscal 2018. According to Moody’s, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of multi-residential developments (such as college towns), or significant amounts of telecommunications property.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, “[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed

with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the Issuer.

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or proposed federal income tax legislation being enacted or whether the proposed terms will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

### **LITIGATION**

The Issuer encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of the Bonds.

### **ACCOUNTANT**

The accrual-basis financial statements of the Issuer included as **APPENDIX D** to this Official Statement have been examined by Clifton Gunderson LLP. to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Bonds or the Official Statement.

### **UNDERWRITING**

The Series 2015A Bonds are being purchased, subject to certain conditions, by \_\_\_\_\_ (the "Series A Underwriter"). The Series A Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Series 2015A Bonds at an aggregate purchase price of \$\_\_\_\_\_ plus accrued interest to the Closing Date.

The Series 2015B Bonds are being purchased, subject to certain conditions, by \_\_\_\_\_ (the "Series B Underwriter"). The Series B Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the 2015B Bonds at an aggregate purchase price of \$\_\_\_\_\_ plus accrued interest to the Closing Date.

Each of the Series A Underwriter and the Series B Underwriter (collectively, the "Underwriter") may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

### **THE PROJECT**

The Series 2015A Bonds are being issued to provide funds for various Issuer capital improvements and equipment acquisition projects, to fund grants to the Housing Trust Fund and the Neighborhood Finance Corp, to reimburse prior qualified expenditures for said projects, and to refund outstanding County indebtedness including General Obligation Bonds, Series 2007A and Series 2007B, as well as provide for costs of issuance associated with the Series 2015A Bonds. The Series 2015B Bonds are being issued to provide funds for certain courthouse and conservation improvements, and to provide costs of issuance associated with the Series 2015B Bonds.



## SOURCES AND USES OF FUNDS \*

| <u>Sources of Funds</u>       | <u>Series 2015A</u> | <u>Series 2015B</u> |
|-------------------------------|---------------------|---------------------|
| Bond Proceeds                 | \$18,135,000        | \$73,975,000        |
| Reoffering Premium            |                     |                     |
| <u>Total Sources of Funds</u> |                     | \$                  |
| <br><u>Uses of Funds</u>      |                     |                     |
| County CIP Projects           |                     | \$                  |
| Neighborhood Finance Corp     |                     |                     |
| Housing Trust Fund            |                     |                     |
| Voting Equipment              |                     |                     |
| PCWLL Project                 |                     |                     |
| Courthouse Project            |                     |                     |
| Issuance costs                |                     |                     |
| Underwriter's Discount        |                     |                     |
| <u>Total Uses of Funds</u>    |                     | \$                  |

\* Preliminary, subject to change

## TAX MATTERS

**Tax Exemptions and Related Considerations:** Federal tax law contains a number of requirements and restrictions that apply to the Bonds. These include investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and facilities financed with bond proceeds, and certain other matters. The Issuer has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Issuer's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations. However, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the federal alternative minimum tax for such corporations.

Interest on the Bonds is not exempt from present Iowa income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

**NOT-Qualified Tax-Exempt Obligations:** The Issuer will NOT designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

**Tax Accounting Treatment of Discount and Premium on Certain Bonds:** The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of Discount Bonds (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds ("Premium Bonds") may be greater than the amount of such Bonds at maturity. An amount equal to the difference between the initial public offering price of Premium bonds (assuming that a substantial amount of the

Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes a premium to the initial purchaser of such Premium Bonds. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Related Tax Matters: The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, Representative David Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Bonds to a federal income tax at an effective rate of 10% or more for certain individuals, trusts and estates, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals or clarification of the Code may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Enforcement: There is no bond trustee or similar person to monitor or enforce the terms of the resolution for issuance of the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

The owners of the Bonds cannot foreclose on property within the boundaries of the Issuer or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel’s opinion. The opinion will state, in part, that the obligations of the Issuer with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

Opinion: Bond Counsel’s opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel’s opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).

## FINANCIAL ADVISOR

The Issuer has retained Piper Jaffray & Co. as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds.

The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

#### CONTINUING DISCLOSURE

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time to time (the “Rule”), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided on an annual basis, and the events as to which notice is to be given, if material, is summarized below under the caption “**APPENDIX C - Form of Continuing Disclosure Certificate**” herein for more information. This covenant is being made by the Issuer to assist the Underwriter(s) in complying with the Rule.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or Resolution, respectively. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to the Rule, in the last five years, the Issuer believes it has complied in all material respects with regard to its prior Disclosure Covenants.

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I have reviewed the information contained within the Official Statement of the Polk County, Iowa, and said Official Statement does not contain any material misstatements of fact nor omissions of any material fact regarding the issue of \$18,135,000\* General Obligation Bonds, Series 2015A and \$73,975,000\* General Obligation Bonds, Series 2015B of said Issuer to be issued under date of the date of delivery.

POLK COUNTY, IOWA

/s/ Jamie Fitzgerald  
County Auditor

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\* Preliminary, subject to change

## **APPENDIX A - INFORMATION ABOUT THE ISSUER**

### **POLK COUNTY, IOWA**

#### **COUNTY OFFICIALS**

|                              |   |
|------------------------------|---|
| <b>BOARD OF SUPERVISORS:</b> | Robert Brownell<br>Angela Connolly, Chair<br>Tom Hockensmith<br>John F. Mauro<br>Steve Van Oort |
| <b>COUNTY AUDITOR:</b>       | Jamie Fitzgerald  |
| <b>COUNTY TREASURER:</b>     | Mary Maloney  |
| <b>COUNTY RECORDER:</b>      | Julie Haggerty  |
| <b>COUNTY ATTORNEY:</b>      | John Sarcone, Esq.  |
| <b>COUNTY SHERIFF:</b>       | Bill McCarthy   |
| <b>COUNTY ADMINISTRATOR:</b> | Mark Wandro   |

#### **CONSULTANTS**

|                                      |   |
|--------------------------------------|---|
| <b>BOND COUNSEL:</b>                 | Ahlers & Cooney, P.C.<br>Des Moines, Iowa |
| <b>FINANCIAL ADVISOR:</b>            | Piper Jaffray & Co.<br>Des Moines, Iowa   |
| <b>REGISTRAR &amp; PAYING AGENT:</b> | Polk County Treasurer<br>Des Moines, Iowa |

## **General Information**

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 currently occupies a land area of 592 square miles and serves a population of 437,399. 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.

## **COUNTY INITIATIVES**

### **Iowa Events Center Hotel**

Des Moines is a city with momentum. Hardly a week passes without a national publication recognizing Des Moines as a great place to do business, raise a family, start a career, retire and more. However, one thing it doesn't have is a first-class convention center hotel. The Iowa Events Center is owned by Polk County and consists of Wells Fargo Arena, HyVee Hall and Community Choice Credit Union Convention Center. The venues have been wildly successful in drawing first class entertainment to Central Iowa and last year returned record profits to Polk County. As documented by the Iowa Events Center General Manager, however, the venues have been passed over regularly for conventions, sporting events, expos, trade shows and conferences – all because of a lack of a convention center hotel.

The prospect of a convention center hotel became a reality this February when the State of Iowa gave preliminary approval for committing Iowa Reinvestment Act money to a convention center hotel attached to the Iowa Events Center and financial contribution commitments were made by Polk County, the City of Des Moines and private businesses. The hotel will be owned and operated by a non-profit organization that will ensure that profits from the hotel are reinvested back into the community. The hotel is expected to make a \$35 million economic impact in the first year alone and \$1.2 billion in the first 20 years. The addition of a hotel will bring an additional 3 million visitors to Iowa and create 1,000 temporary construction jobs and 360 permanent jobs. Projections also indicate a 100 percent increase in new demand for hotel nights, which would lead to increased demand at existing hotels.

### **Capital Crossroads**

Greater Des Moines and Central Iowa is 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. To this end, the community engaged in Capital Crossroads in 2011, a collaborative, research effort to identify key trends, strengths, challenges, threats, and opportunities facing Greater Des Moines and Central Iowa as it looks to develop jobs and talents in a competitive environment.

Facilitated by a national consultant, a fifty-member steering committee invited public input on ways to improve the Central Iowa region. More than 5,000 local voices contributed to the process via one-on-one interviews, focus groups, and online surveys. After evaluating and prioritizing input, a five-year strategic plan was formulated to elevate our region.

The strategic plan includes ten focus areas: capital core, urban core, business capital, capital corridor, human capital, wellness, social capital, culture, physical capital, governance, and environment. Presently, implementation workgroups are working to refine these capital plans and develop action plans.

### Fourmile Creek Watershed Management Authority

The Fourmile Creek Watershed Management Authority is a joint effort between Polk County and the cities of Altoona, Ankeny, Bondurant, 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 business in this watershed. 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. A study was recently completed that identified projects within the watershed that would improve water quality and reduce flooding. One project that Polk County has underway, through cooperation with the Wastewater Reclamation Authority (WRA), is utilizing a \$3.2 million grant to purchase properties within the Fourmile floodplain in the City of Des Moines and convert them to green space. Other projects include large detention basins, streambank restoration, and water quality monitoring programs. Polk County is currently pursuing federal funding assistance and state assistance for these projects.

### 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 has been approved by FEMA, therefore Polk County has been awarded \$9.5 million in federal and state funds to complete \$11 million of improvements to storm water and flood control measures in the Hamilton Drain Watershed 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. Work will began in 2014 and will be completed in 2015.

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

The NW 66th 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 56 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, \$21 million in funding is secured for the project. Construction on Phase 1 is set to begin in May of this year with completion of the entire project by 2020.

### Sanitary Sewer Extension Projects

The County 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 spring 2014. These projects will 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 will also eliminate the need for construction of new and expensive sewage treatment plants and lift stations for both cities.

### Mud, Camp, and Spring Creek Watershed Management Authority

Polk County, in cooperation with Jasper County, Marion County, the communities of Altoona, Bondurant, Mitchellville, Pleasant Hill, and Runnells, and the Soil and Water Conservation Districts in Jasper County, Marion County, and Polk County formed the Mud, Camp and Spring Creek Watershed Management Authority (MCSCWMA). The Mud, Camp and Spring Creek watersheds encompass 101 square miles in Polk, Jasper, and Marion Counties. The three creeks run approximately parallel and drain into the Des Moines River. Flooding, nutrient pollution and stream bank erosion are the primary concerns in the watersheds. The Authority received a \$78,850 planning grant from the Iowa DNR to develop a comprehensive watershed plan to focus on agricultural and urban conservation issues within the Mud, Spring, and Camp Creek watersheds. Improving the watershed and eliminating development within the flood plain will protect the County's tax base and make all member communities more sustainable for growth.

### Walnut Creek Watershed Management Authority

Polk County, in cooperation with the communities of Clive, Dallas Center, Des Moines, Grimes, Johnston, Urbandale, Waukee, West Des Moines, and Windsor Heights as well as Soil and Water Conservation Districts in Polk and Dallas County formed the Walnut Creek Watershed Management Authority. The Walnut Creek watershed encompasses 82 square miles in Polk and Dallas Counties, of which 60% is urban use. Flooding, nutrient pollution and stream bank erosion are the primary concerns in the watershed. The Authority received a \$130,500 planning grant from the Iowa DNR to develop a comprehensive watershed plan. Improving the watershed and eliminating development within the flood plain will protect the County's tax base and make all member communities more sustainable for growth.

### Polk County Water and Land Legacy Projects

On Tuesday, November 6, 2012, voters supported the Polk County Water and Land Legacy (PCWLL) Bond, passing the measure by 72%. Conservation projects to be addressed include improved water quality, wildlife habitat protection, connected communities by means of trails and greenways, revitalized parks, outdoor recreation and education opportunities.

The Polk County Conservation Board completed nearly \$14 million of conservation projects by January 2015, and an additional \$5 million are underway for fiscal year 2015/2016. A total of \$50 million of bond proceeds have been authorized to continue addressing conservation needs over the next several years.

### County Judicial System Public Safety Improvements

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 23,700 square feet of leased space at two locations. Following a study conducted by the National Center for State Courts, the County developed a three-stage, nine-year Master Plan to increase court space and enhance security. The Master Plan includes utilization of the old main jail for criminal courts, a recently purchased office building for County Attorney, Magistrate (small claims, traffic), juvenile and clerk storage functions, and the much needed interior/exterior renovation of the historic courthouse for civil, probate and family courts. A referendum to issue up to \$81 million of bonds to address these needs was approved by Polk County voters in November 2013.

Currently, one floor of the office space has been renovated, and the County Attorney's office relocated to this new space in March 2014. Exterior renovation of the Historic Courthouse was completed in October 2014. Architectural and engineering services are underway for the next phase of the improvements, including interior redesign of the Justice Center and planning and design for the new Criminal Courts building. The architects and county staff have worked to take three years off of the construction schedule in order to capture savings by avoiding future inflation costs. The anticipated completion date of all phases is now December 2018.

### Operational and Budget Management

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.

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. Significant strides have been made towards these priorities, particularly pursuant to recent renovations to the Iowa Events Center auditorium and ongoing discussions of further development.

For FY 15/16, certified taxable valuations plus state property tax replacements increase property tax revenues by \$6.3 million. Additionally, the County increased the General Supplemental levy rate by \$0.14 to fund anticipated courts maintenance and operations expense associated with the Polk County Public Safety Judicial System referendum, generating an additional \$2.8 million increase in tax revenues.

Polk County's budget for FY 15/16 indicates General fund balances will remain steady and comply with County policy that sets ending fund balances at a goal of 20%-25% of expenditures. Additionally, the County will retain its \$8.0 million contingency reserve.

The County continues to closely monitor the effect of federal actions and state tax regulations on budget projections. We are committed to responsible fiscal management and will adapt as needed to continue serving the community in a cost-effective manner.

### **Prairie Meadows**

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 amended 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 four years. During the final four years of the lease, "Additional Payments" will equal 5% of Prairie Meadows' adjusted gross receipts. In the event adjusted gross receipts exceed \$225 million, an additional 1% of adjusted gross receipts will be paid on the increment above \$225 million. Additionally, Prairie Meadows will reimburse Polk County for any annual property tax liability in excess of \$4.5 million.

Under the contract, Prairie Meadows may make leasehold improvements to the property, subject to County approval. During fiscal year ending June 30, 2013, Prairie Meadows constructed and opened a \$33 million, 168-room hotel adjoining the casino property. Initial performance has exceeded projections, and occupancy rates continue to rise. Pro formas for the hotel project annual net hotel operating income in excess of \$2 million, and additional casino revenue is anticipated from the traffic generated by the hotel. Prairie Meadows has completed a 3-year phased approach to renovation of the gaming facility.

On November 2, 2010, Polk County voters approved a referendum permitting Prairie Meadows to continue operations for another 8 year period. The measure was passed with 74% voter approval. During the 2011 legislative session, the state approved an amendment to Iowa gaming law which removed the referendum renewal requirement for casinos that previously received voter approval through at least two consecutive referendums. Prairie Meadows meets the new requirements and will be exempt from future renewal referendums unless the voters petition for a reverse referendum.

## Employee Pension Plan

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing 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. All full-time employees of the Issuer are required to participate in IPERS. Employees who retire at age 65 (or anytime after age 58 with 30 or more years of service) are entitled to full monthly benefits. IPERS offers five options for distribution of retirement benefits. Prior to July 1, 2012, benefits become fully vested after completing four years of service or after attaining age 55 and after July 1, 2012 benefits become fully vested after completing seven years of service or after attaining age 65.

IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The Issuer's share, payable from the applicable funds of the Issuer, is provided by an annual levy of taxes without limit or restriction as to rate or amount against all the taxable property of the Issuer. All contributions are on a current basis. See "**APPENDIX D – AUDITED FINANCIAL STATEMENTS**" for additional information on IPERS.

The following table sets forth the contributions made by the Issuer and employees to IPERS for the period indicated. The Issuer has always made their full statutorily required contributions to IPERS. The Issuer cannot predict the levels of funding that will be required in the future.

| <u>Fiscal Year</u> | <u>Amount Contributed by Issuer</u> | <u>% of Payroll paid by Issuer</u> | <u>% of Payroll paid by Employee</u> |
|--------------------|-------------------------------------|------------------------------------|--------------------------------------|
| 2008               | \$3,970,106                         | 6.05%                              | 3.95%                                |
| 2009               | 4,850,540                           | 6.35                               | 4.10                                 |
| 2010               | 5,475,966                           | 6.65                               | 4.30                                 |
| 2011               | 6,058,362                           | 6.95                               | 4.50                                 |
| 2012               | 6,638,908                           | 8.07                               | 5.38                                 |
| 2013               | 6,920,270                           | 8.67                               | 5.78                                 |
| 2014               | 7,225,720                           | 8.93                               | 5.95                                 |

Source: Polk County's Independent Auditor's Reports for Fiscal Year Ending June 30, 2014.

The fund is administered by the Board with administration costs paid from income derived from invested funds. IPERS has an unfunded actuarial liability and unrecognized actuarial loss. The following table sets forth certain information about the funding status of IPERS that has been extracted from the Actuarial Valuation Report of IPERS for fiscal years noted below (the "Reports"). A complete copy of the Reports can be obtained by visiting IPERS website at: <http://www.ipers.org/> or by writing to IPERS at P.O. Box 9117, Des Moines, Iowa 50306-9117.

| <u>Fiscal Year<br/>Ended<br/>June 30</u> | <u>Actuarial<br/>Value of<br/>Assets [a]</u> | <u>Actuarial<br/>Accrued<br/>Liability [b]</u> | <u>Unfunded Actuarial<br/>Accrued Liability<br/>Actuarial Value [b] – [a]</u> | <u>Funded Ratio<br/>(actuarial<br/>Value) [a] / [b]</u> | <u>Covered<br/>Payroll<br/>[c]</u> | <u>UAL as a % of<br/>Covered Payroll (Actuarial<br/>Value) [(b-a) / [c]]</u> |
|--|--|--|---|---|------------------------------------|--|
| 2010                                     | 21,537,458,560                               | 26,468,419,650                                 | 4,930,961,090   | 81.37   | 6,571,182,005                      | 75.04  |
| 2011                                     | 22,575,309,199                               | 28,257,080,114                                 | 5,681,770,915   | 79.89   | 6,574,872,719                      | 86.42  |
| 2012                                     | 23,530,094,461                               | 29,446,197,486                                 | 5,916,103,025   | 79.91   | 6,786,158,720                      | 87.18  |
| 2013                                     | 24,711,096,187                               | 30,498,342,320                                 | 5,787,246,133   | 81.02   | 6,880,131,134                      | 84.12  |
| 2014                                     | 26,460,428,085                               | 32,004,456,088                                 | 5,544,028,003   | 82.68   | 7,099,277,280                      | 78.09  |

Source: IPERS

The Reports outline the assumptions made in the above valuations.

Bond Counsel, the Issuer and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

## Other Post Employment Benefits

### 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. Full-time



Sheriff and Sheriff 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. 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:

|  | <u>County</u> | <u>County Assessor</u> | <u>Total</u> |
|--|---------------|------------------------|--------------|
| 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 | (174,000)     | (7,000)                | (181,000)    |
| Annual OPEB cost (expense)                 | 832,000       | 27,000                 | 859,000      |
| Contributions made                         | (324,000)     | (2,000)                | (326,000)    |
| Increase in net OPEB obligation            | 508,000       | 25,000                 | 533,000      |
| Net OPEB obligation – July 1, 2012         | 4,561,000     | 176,000                | 4,737,000    |
| Net OPEB obligation - June 30, 2013        | \$5,069,000   | \$201,000              | \$5,270,000  |

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:

| <u>Fiscal Year</u> | <u>Annual OPEB Cost</u> |                 | <u>% of Annual OPEB Cost Contributed</u> |                 | <u>Net OPEB Obligation</u> |                 |
|--------------------|-------------------------|-----------------|--|-----------------|----------------------------|-----------------|
|                    | <u>County</u>           | <u>Assessor</u> | <u>County</u>                            | <u>Assessor</u> | <u>County</u>              | <u>Assessor</u> |
| 6/30/2009          | 996,698                 | 63,302          | 34%                                      | 52%             | 1,340,000                  | 67,000          |
| 6/30/2010          | 1,348,000               | 50,000          | 21%                                      | 48%             | 2,401,000                  | 93,000          |
| 6/30/2011          | 1,432,000               | 59,000          | 26%                                      | 54%             | 3,459,000                  | 120,000         |
| 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:

|   | <u>County</u> | <u>County Assessor</u> | <u>Total</u> |
|---|---------------|------------------------|--------------|
| Actuarial accrued liability (AAL)           | \$7,793,000   | \$275,000              | \$8,068,000  |
| Actuarial value of plan assets              | 0             | 0                      | 0            |
| Unfunded actuarial accrued liability (UAAL) | 7,793,000     | 275,000                | 8,068,000    |
| 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.

The Issuer's unfunded actuarial accrued liability may have a material adverse impact upon the Issuer's finances and could force the Issuer to reduce services, raise taxes or both.

The Auditor of the State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of State governmental bodies, including audits of the Issuer, which can be found at the following link <http://auditor.iowa.gov/reports/index.html>.

Bond Counsel, the Financial Advisor, the Issuer, and the Underwriter undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the State Auditor discussed in the preceding paragraph or included on the State Auditor's website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the State Auditor's website.

## **Population**

The following table sets forth population trends for the County.

| <u>Year</u> | <u>Population</u> |
|-------------|-------------------|
| 2010        | 430,640           |
| 2000        | 374,601           |
| 1990        | 327,140           |
| 1980        | 303,170           |
| 1970        | 286,101           |

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Source: U.S. Census Bureau

## **Population by Age**

Presented below is the 2010 Census figures according to age group for Polk County and the State of Iowa:

| <u>Age Group</u>      | <u>Polk County</u> | <u>State of Iowa</u> |
|-----------------------|--------------------|----------------------|
| Under 20 years of age | 28.1%              | 26.9%                |
| 20 to 24 years of age | 6.7                | 7.0                  |
| 25 to 44 years of age | 29.5               | 24.5                 |
| 45 to 64 years of age | 24.9               | 26.7                 |
| 65 to 84 years of age | 9.2                | 12.4                 |
| 85 and over           | 1.6                | 2.3                  |
| Median Age            | 34.7               | 38.1                 |

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Source: U.S. Census Bureau

## Major Employers

Following are the major employers within the County

| <u>Employer</u>                 | <u>Business/Service</u>                | <u>Approximate Employees</u> |
|---------------------------------|--|------------------------------|
| Wells Fargo & Co.               | Financial Services                     | 12,900                       |
| State of Iowa                   | State Government                       | 18,000                       |
| Principal Financial Group       | Retirement and global asset management | 8,169                        |
| Mercy Medical Center            | Health Care                            | 5,384                        |
| Unity Point Health              | Health care                            | 5,309                        |
| Hy-Vee                          | Grocery Store                          | 4,400                        |
| Nationwide Mutual Insurance     | Insurance                              | 4,000                        |
| Des Moines Public Schools       | Education                              | 4,000                        |
| Wellmark Inc.                   | Insurance                              | 3,000                        |
| Pioneer Hi-Bred                 | Research and seed corn                 | 2,938                        |
| Wal-Mart                        | Retail store                           | 2,380                        |
| City of Des Moines              | City government                        | 2,000                        |
| John Deere Des Moines Works     | Agricultural Equipment                 | 1,900                        |
| Kum & Go.                       | Convenience store chain                | 1,820                        |
| UPS                             | Package delivery                       | 1,000                        |
| Firestone Agricultural Tire Co. | Agricultural Tires                     | 1,500                        |
| Prairie Meadows                 | Horsetrack & Casino                    | 1,378                        |
| Aviva USA                       | Life insurance & indexed annuities     | 1,300                        |
| EMC Insurance Company           | Property & casualty insurance          | 1,166                        |
| FBL Financial Group             | Insurance & investments                | 1,160                        |
| Polk County                     | County government                      | 1,120                        |
| Adventureland                   | Amusement park, hotel & campgrounds    | 1,120                        |
| Ankeny CSD                      | Education                              | 1,103                        |
| CDS Global                      | Telemarketing                          | 1,100                        |
| Marsh & McLennan                | Insurance                              | 1,100                        |
| CenturyLink                     | Telecommunications                     | 1,100                        |
| Casey's General Store           | Convenience Store chain                | 1,050                        |

Source: Locationone.com

## Employment Statistics

The State of Iowa Workforce Department reports unemployment unadjusted rates as follows (December 2014)

| <u>Governmental Body</u> | <u>Percentage Unemployed</u> |
|--------------------------|------------------------------|
| National Average         | 5.60%                        |
| State of Iowa            | 4.10%                        |
| Polk County              | 4.10%                        |

Source: Iowa Workforce Development

## Historical Employment Statistics

Presented below are the historical unemployment rates for the years indicated for Polk County and the State of Iowa.

| <u>Calendar Year</u> | <u>Polk County</u> | <u>State of Iowa</u> |
|----------------------|--------------------|----------------------|
| 2014                 | 4.30%              | 4.40%                |
| 2013                 | 4.80               | 4.70                 |
| 2012                 | 5.40               | 5.20                 |
| 2011                 | 6.10               | 5.90                 |
| 2010                 | 6.60               | 6.70                 |

Source: Iowa Workforce Development

## Retail Sales

Presented below are retail sales statistics for Polk County as reported by the State of Iowa Department of Revenue for the period indicated:

| <u>Year Ended</u> | <u>Taxable Retail Sales</u> | <u>Number of Businesses</u> |
|-------------------|-----------------------------|-----------------------------|
| 2014*             | \$7,291,651,292             | 10,435                      |
| 2013*             | 6,969,991,553               | 10,624                      |
| 2012*             | 6,786,896,931               | 10,520                      |
| 2011*             | 6,563,580,934               | 10,389                      |
| 2010*             | 6,341,034,117               | 10,583                      |

\* reported as of June 30

Source: Iowa Department of Revenue

## Median Family Income

Polk County had an estimated median family income of \$58,096, compared to \$51,129 for the State of Iowa. The following table represents the distribution of family incomes for the County according to the 2008-2012 American Community Survey 5 year estimated table:

| <u>Household Income</u> | <u># of Households</u> | <u>% of Households</u> |
|-------------------------|------------------------|------------------------|
| Under \$10,000          | 9165                   | 5.4                    |
| 10,000 to 14,999        | 7413                   | 4.3                    |
| 15,000 to 24,999        | 16014                  | 9.4                    |
| 25,000 to 34,999        | 17130                  | 10.0                   |
| 35,000 to 49,999        | 23403                  | 13.7                   |
| 50,000 to 74,999        | 33826                  | 19.8                   |
| 75,000 to 99,999        | 24522                  | 14.3                   |
| 100,000 to 149,999      | 25255                  | 14.7                   |
| 150,000 to 199,999      | 7891                   | 4.6                    |
| 200,000 or more         | 6608                   | 3.9                    |

Source: U.S. Census Bureau

## Property Tax Valuations

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the county auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are as follows:

| <u>Fiscal Year</u> | <u>Residential Rollback</u> | <u>Ag. Land &amp; Buildings</u> | <u>Commercial</u> |
|--------------------|-----------------------------|---------------------------------|-------------------|
| 2015-16            | 55.7335                     | 44.7021                         | 90.0000           |
| 2014-15            | 54.4002                     | 43.3997                         | 95.0000           |
| 2013-14            | 52.8166                     | 59.9334                         | 100.0000          |
| 2012-13            | 50.7518                     | 57.5411                         | 100.0000          |
| 2011-12            | 48.5299                     | 69.0152                         | 100.0000          |
| 2010-11            | 46.9094                     | 66.2715                         | 100.0000          |

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2013 are used to calculate tax liability for the tax year starting July 1, 2014 through June 30, 2015. Presented below are the historic property valuations of the Issuer by class of property.

## Property Valuations

|                         |                |                |                |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actual Valuation        |                |                |                |                |                |                |
| Valuation as of January | 2014           | 2013           | 2012           | 2011           | 2010           | 2009           |
| Fiscal Year             | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> | <u>2012-13</u> | <u>2011-12</u> | <u>2010-11</u> |
| Residential:            | 22,274,713,859 | 21,727,868,379 | 21,529,228,494 | 21,246,394,370 | 21,626,138,853 | 21,232,362,500 |
| Agricultural Land:      | 288,681,820    | 292,093,910    | 240,457,380    | 242,595,610    | 214,980,410    | 215,816,390    |
| Ag Buildings:           | 22,322,480     | 21,836,210     | 18,215,530     | 17,013,600     | 14,475,220     | 14,016,580     |
| Commercial:             | 6,628,446,236  | 6,485,775,757  | 6,427,695,688  | 6,414,910,960  | 6,905,869,267  | 6,942,121,730  |
| Industrial:             | 409,511,937    | 384,770,345    | 370,286,964    | 391,966,160    | 403,749,710    | 398,829,620    |
| Personal RE:            | 0              | 0              | 0              | 0              | 0              | 0              |
| Railroads:              | 47,993,133     | 48,123,584     | 48,660,476     | 43,165,437     | 38,008,090     | 32,444,466     |
| Utilities:              | 172,579,843    | 172,181,780    | 169,387,056    | 160,573,870    | 152,847,145    | 136,696,518    |
| Other:                  | 0              | 0              | 0              | 0              | 0              | 0              |
| Total Valuation:        | 29,844,249,308 | 29,132,649,965 | 28,803,931,588 | 28,516,620,007 | 29,356,068,695 | 28,972,287,804 |
| Less Military:          | 31,844,999     | 32,737,662     | 33,445,259     | 34,269,194     | 35,075,495     | 35,928,562     |
| Net Valuation:          | 29,812,404,309 | 29,099,912,303 | 28,770,486,329 | 28,482,350,813 | 29,320,993,200 | 28,936,359,242 |
| TIF Valuation:          | 1,865,737,514  | 1,911,246,752  | 2,002,386,156  | 1,969,969,304  | 1,836,946,160  | 1,734,820,090  |
| Utility Replacement:    | 1,177,184,453  | 992,890,461    | 1,197,276,456  | 1,149,984,725  | 1,130,909,894  | 1,100,687,431  |
| Taxable Valuation       |                |                |                |                |                |                |
| Valuation as of January | 2014           | 2013           | 2012           | 2011           | 2010           | 2009           |
| Fiscal Year             | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> | <u>2012-13</u> | <u>2011-12</u> | <u>2010-11</u> |
| Residential:            | 12,286,367,841 | 11,684,891,555 | 11,212,637,877 | 10,659,005,770 | 10,382,937,073 | 9,829,584,470  |
| Agricultural Land:      | 129,046,871    | 126,767,856    | 144,114,468    | 139,592,120    | 148,369,450    | 143,024,910    |
| Ag Buildings:           | 9,978,624      | 9,476,870      | 10,917,204     | 9,790,320      | 9,990,320      | 9,289,300      |
| Commercial:             | 5,818,954,071  | 6,088,199,891  | 6,427,695,688  | 6,414,910,960  | 6,905,869,267  | 6,942,121,730  |
| Industrial:             | 361,732,955    | 362,157,143    | 370,286,964    | 391,966,160    | 403,749,710    | 398,829,620    |
| Personal RE:            | 0              | 0              | 0              | 0              | 0              | 0              |
| Railroads:              | 43,193,823     | 45,717,405     | 48,660,476     | 43,165,437     | 38,008,090     | 32,444,466     |
| Utilities:              | 172,579,843    | 172,181,780    | 169,387,056    | 160,573,870    | 152,847,145    | 136,696,518    |
| Other:                  | 0              | 0              | 0              | 0              | 0              | 0              |
| Total Valuation:        | 18,821,854,028 | 18,489,392,500 | 18,383,699,733 | 17,819,004,637 | 18,041,771,055 | 17,491,991,014 |
| Less Military:          | 31,844,999     | 32,737,662     | 33,445,259     | 34,269,194     | 35,075,495     | 35,928,562     |
| Net Valuation:          | 18,790,009,029 | 18,456,654,838 | 18,350,254,474 | 17,784,735,443 | 18,006,695,560 | 17,456,062,452 |
| TIF Valuation:          | 1,859,220,690  | 1,884,800,425  | 1,980,155,958  | 1,888,419,214  | 1,737,264,730  | 1,688,321,340  |
| Utility Replacement:    | 591,572,807    | 580,707,500    | 583,199,000    | 577,390,979    | 588,313,776    | 555,651,507    |

| Valuation<br>Year | Actual<br>Valuation<br>w/ Utilities | % Change in<br>Actual<br>Valuation | Taxable<br>Valuation<br>w/ Utilities | % Change in<br>Taxable<br>Valuation |
|-------------------|-------------------------------------|------------------------------------|--------------------------------------|-------------------------------------|
| 2014              | 32,855,326,276                      | 2.66%                              | 21,240,802,526                       | 1.52%                               |
| 2013              | 32,004,049,516                      | 0.11%                              | 20,922,162,763                       | 0.04%                               |
| 2012              | 31,970,148,941                      | 1.16%                              | 20,913,609,432                       | 3.27%                               |
| 2011              | 31,602,304,842                      | -2.13%                             | 20,250,545,636                       | -0.40%                              |
| 2010              | 32,288,849,254                      | 1.63%                              | 20,332,274,066                       | 3.21%                               |
| 2009              | 31,771,866,763                      | 2.83%                              | 19,700,035,299                       | 3.74%                               |

Source: Iowa Department of Management

## Tax Rates

The County levied the following taxes for collection during the fiscal years indicated: (Source Local Division, Iowa State Comptroller, Office):

| Fiscal Year | General Basic | Cemetery | General Supp | Mental Health | Debt Service | Countywide |
|-------------|---------------|----------|--------------|---------------|--------------|------------|
| 2015        | 3.50000       | 0.00000  | 2.00025      | 0.74518       | 0.92337      | 7.16880    |
| 2014        | 3.50000       | 0.00000  | 1.97440      | 0.76263       | 0.70678      | 6.94381    |
| 2013        | 3.50000       | 0.00000  | 1.92060      | 0.78636       | 0.60296      | 6.80992    |
| 2012        | 3.50000       | 0.00000  | 1.94829      | 0.76810       | 0.59353      | 6.80992    |
| 2011        | 3.50000       | 0.00000  | 1.91872      | 0.79143       | 0.60818      | 6.81833    |
| 2010        | 3.50000       | 0.00000  | 1.86871      | 0.82967       | 0.63017      | 6.82855    |

Source: Iowa Department of Management

## Combined Historic Tax Rates

There are many different governmental bodies that operate within the County, with many of those bodies having overlapping boundaries. Presented below are the tax rates for four of the largest combinations of governmental bodies that operate within the County:

### City of Des Moines/Des Moines Independent Community School District

Presented below are the tax rates by taxing district for the residents of the City of Des Moines/Des Moines School District:

| <u>Year</u> | <u>City</u> | <u>School</u> | <u>College</u> | <u>State</u> | <u>Assessor</u> | <u>Ag Extens</u> | <u>Hospital</u> | <u>County</u> | <u>Transit</u> | <u>Levy Rate</u> |
|-------------|-------------|---------------|----------------|--------------|-----------------|------------------|-----------------|---------------|----------------|------------------|
| 2015        | 16.92000    | 18.14592      | 0.65724        | 0.00330      | 0.27750         | 0.04061          | 3.11769         | 7.16880       | 0.73900        | 47.07006         |
| 2014        | 16.92001    | 18.34842      | 0.69120        | 0.00330      | 0.27822         | 0.03945          | 2.99567         | 6.94381       | 0.67400        | 46.89408         |
| 2013        | 16.91982    | 18.34845      | 0.58466        | 0.00330      | 0.24382         | 0.03866          | 2.97819         | 6.80992       | 0.59400        | 46.52082         |
| 2012        | 16.58000    | 18.34848      | 0.59018        | 0.00320      | 0.24628         | 0.03696          | 2.92193         | 6.80992       | 0.44400        | 45.98095         |
| 2011        | 16.57614    | 17.64347      | 0.56008        | 0.00340      | 0.27848         | 0.03631          | 2.92111         | 6.81833       | 0.44430        | 45.28162         |
| 2010        | 16.57614    | 17.64277      | 0.56778        | 0.00300      | 0.30104         | 0.03752          | 2.80423         | 6.82855       | 0.46232        | 45.22335         |

### City of West Des Moines/West Des Moines Community School District

Presented below are the tax rates by taxing district for residents of the City of West Des Moines/West Des Moines School District:

| <u>Year</u> | <u>City</u> | <u>School</u> | <u>College</u> | <u>State</u> | <u>Assessor</u> | <u>Ag Extens</u> | <u>Hospital</u> | <u>County</u> | <u>Transit</u> | <u>Levy Rate</u> |
|-------------|-------------|---------------|----------------|--------------|-----------------|------------------|-----------------|---------------|----------------|------------------|
| 2015        | 12.05000    | 13.26572      | 0.65724        | 0.00330      | 0.27750         | 0.04061          | 3.11769         | 7.16880       | 0.69800        | 37.27886         |
| 2014        | 12.05000    | 13.26452      | 0.69120        | 0.00330      | 0.27822         | 0.03945          | 2.99567         | 6.94381       | 0.63300        | 36.89917         |
| 2013        | 12.05000    | 13.30184      | 0.58466        | 0.00330      | 0.24382         | 0.03866          | 2.97819         | 6.80992       | 0.55300        | 36.56339         |
| 2012        | 12.05000    | 13.84954      | 0.59018        | 0.00320      | 0.24628         | 0.03696          | 2.92193         | 6.80992       | 0.40300        | 36.91101         |
| 2011        | 12.05000    | 13.94266      | 0.56008        | 0.00340      | 0.27848         | 0.03631          | 2.92111         | 6.81833       | 0.38830        | 36.99867         |
| 2010        | 12.05000    | 13.64410      | 0.56778        | 0.00300      | 0.30104         | 0.03752          | 2.80423         | 6.82855       | 0.38095        | 36.61717         |

### City of Urbandale/Urbandale Community School District

Presented below are the tax rates by taxing district for residents of the City of Urbandale/Urbandale School District:

| <u>Year</u> | <u>City</u> | <u>School</u> | <u>College</u> | <u>State</u> | <u>Assessor</u> | <u>Ag Extens</u> | <u>Hospital</u> | <u>County</u> | <u>Transit</u> | <u>Levy Rate</u> |
|-------------|-------------|---------------|----------------|--------------|-----------------|------------------|-----------------|---------------|----------------|------------------|
| 2015        | 9.72000     | 17.55495      | 0.65724        | 0.00330      | 0.27750         | 0.04061          | 3.11769         | 7.16880       | 0.59700        | 39.13709         |
| 2014        | 9.57000     | 17.67483      | 0.69120        | 0.00330      | 0.27822         | 0.03945          | 2.99567         | 6.94381       | 0.53200        | 38.72848         |
| 2013        | 9.62000     | 17.63864      | 0.58466        | 0.00330      | 0.24382         | 0.03866          | 2.97819         | 6.80992       | 0.45200        | 38.36919         |
| 2012        | 9.52000     | 17.63590      | 0.59018        | 0.00320      | 0.24628         | 0.03696          | 2.92193         | 6.80992       | 0.30200        | 38.06637         |
| 2011        | 9.32000     | 17.64258      | 0.56008        | 0.00340      | 0.27848         | 0.03631          | 2.92111         | 6.81833       | 0.28480        | 37.86509         |
| 2010        | 9.22000     | 16.26634      | 0.56778        | 0.00300      | 0.30104         | 0.03752          | 2.80423         | 6.82855       | 0.27104        | 36.29950         |

### City of Ankeny/Ankeny Community School District

Presented below are the tax rates by taxing district for residents of the City of Ankeny/Ankeny School District:

| <u>Year</u> | <u>City</u> | <u>School</u> | <u>College</u> | <u>State</u> | <u>Assessor</u> | <u>Ag Extens</u> | <u>Hospital</u> | <u>County</u> | <u>Transit</u> | <u>Levy Rate</u> |
|-------------|-------------|---------------|----------------|--------------|-----------------|------------------|-----------------|---------------|----------------|------------------|
| 2015        | 11.90000    | 20.18299      | 0.65724        | 0.00330      | 0.27750         | 0.04061          | 3.11769         | 7.16880       | 0.55400        | 43.90213         |
| 2014        | 12.02746    | 20.33221      | 0.69120        | 0.00330      | 0.27822         | 0.03945          | 2.99567         | 6.94381       | 0.48900        | 43.80032         |
| 2013        | 12.02746    | 20.59177      | 0.58466        | 0.00330      | 0.24382         | 0.03866          | 2.97819         | 6.80992       | 0.40900        | 43.68678         |
| 2012        | 11.17646    | 21.07036      | 0.59018        | 0.00320      | 0.24628         | 0.03696          | 2.92193         | 6.80992       | 0.25900        | 43.11429         |
| 2011        | 11.17646    | 22.34576      | 0.56008        | 0.00340      | 0.27848         | 0.03631          | 2.92111         | 6.81833       | 0.24290        | 44.38283         |
| 2010        | 11.17646    | 19.84290      | 0.56778        | 0.00300      | 0.30104         | 0.03752          | 2.80423         | 6.82855       | 0.22946        | 41.79094         |

Source: Iowa Department of Management

## Tax Collection History

| <u>Fiscal Year</u> | <u>Amount Levied</u> | <u>Amount Collected (1)</u> | <u>Percentage Collected</u> |
|--------------------|----------------------|-----------------------------|-----------------------------|
| 2015               | \$141,955,798        | In Collection               | NA                          |
| 2014               | 136,692,801          | \$135,344,899               | 99.01%                      |
| 2013               | 129,857,326          | 129,476,254                 | 99.70%                      |
| 2012               | 131,319,138          | 130,815,263                 | 99.62%                      |
| 2011               | 127,415,609          | 126,836,381                 | 99.55%                      |
| 2010               | 121,940,768          | 121,631,575                 | 99.75%                      |
| 2009               | 116,311,807          | 115,868,918                 | 99.62%                      |

(1) Collections for FY14 are unaudited

## Largest Taxpayers

Set forth in the following table are the persons or entities which represent the largest 2014 taxpayers within the County, as provided by the Assessor's Office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County. The County's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the County from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

| <u>Taxpayer</u>                | <u>2014 Taxable Valuation</u> | <u>Percent of Total</u> |
|--------------------------------|-------------------------------|-------------------------|
| Mid American Energy            | 583,378,454                   | 2.79%                   |
| Nationwide Mutual Insurance Co | 151,767,630                   | 0.73%                   |
| Polk County                    | 106,667,100                   | 0.51%                   |
| Wellmark Inc                   | 97,183,800                    | 0.46%                   |
| Principal Mutl Life Ins Co     | 93,182,580                    | 0.45%                   |
| Principal Life Ins Co          | 64,883,520                    | 0.31%                   |
| Qwest Corporation              | 64,876,299                    | 0.31%                   |
| Magellan Pipelines Co          | 62,166,555                    | 0.30%                   |
| Valey West Mall LLC            | 60,885,000                    | 0.29%                   |
| Deere Credit Services Inc      | 46,908,000                    | 0.22%                   |

Total of Top 10 Taxpayers: 6.37%

## Public Funds Investments

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below are the amounts on deposit and the type of deposit as of January 31, 2015.

| <u>Type of Investment</u>  | <u>Amount Invested</u> |
|----------------------------|------------------------|
| Local Bank Money Market    | \$56,374,397           |
| Local Bank Time CD's       | 0                      |
| Repurchase Agreements      | 0                      |
| Money Market               | 68,232,519             |
| Publicly Traded Securities | 23,005,346             |
| IPAIT Time CD's            | 0                      |

## Direct Debt

The Issuer has numerous outstanding general obligation bonds and notes. Presented below is a summary of the principal balance on the Issuer's outstanding general obligations, presented by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Outstanding<br/>Principal</u> | <u>Outstanding<br/>Interest</u> | <u>Total<br/>P&amp;I</u> |
|------------------------|----------------------------------|---------------------------------|--------------------------|
| 2015                   | 25,407,520                       | 8,215,642                       | 33,623,161               |
| 2016                   | 32,958,708                       | 10,965,513                      | 43,924,221               |
| 2017                   | 28,027,879                       | 10,069,797                      | 38,097,675               |
| 2018                   | 24,709,707                       | 9,321,546                       | 34,031,253               |
| 2019                   | 24,812,502                       | 8,430,166                       | 33,242,668               |
| 2020                   | 25,751,454                       | 7,531,175                       | 33,282,629               |
| 2021                   | 26,697,433                       | 6,593,459                       | 33,290,892               |
| 2022                   | 27,430,444                       | 5,586,617                       | 33,017,062               |
| 2023                   | 24,618,491                       | 4,619,527                       | 29,238,018               |
| 2024                   | 13,524,567                       | 3,718,995                       | 17,243,562               |
| 2025                   | 13,735,652                       | 3,262,734                       | 16,998,385               |
| 2026                   | 12,317,820                       | 2,793,510                       | 15,111,330               |
| 2027                   | 5,635,013                        | 2,382,910                       | 8,017,922                |
| 2028                   | 6,080,247                        | 2,170,736                       | 8,250,982                |
| 2029                   | 6,318,496                        | 1,940,587                       | 8,259,083                |
| 2030                   | 7,473,791                        | 1,701,211                       | 9,175,002                |
| 2031                   | 10,621,826                       | 1,424,618                       | 12,046,444               |
| 2032                   | 14,811,000                       | 1,007,468                       | 15,818,468               |
| 2033                   | 7,490,246                        | 531,857                         | 8,022,104                |
| 2034                   | 1,547,333                        | 167,650                         | 1,714,983                |
| 2035                   | 1,690,568                        | 91,064                          | 1,781,632                |
| 2036                   | 31,577                           | 7,039                           | 38,616                   |
| 2037                   | 26,649                           | 5,974                           | 32,623                   |
| 2038                   | 27,445                           | 5,165                           | 32,610                   |
| 2039                   | 28,264                           | 4,345                           | 32,609                   |
| 2040                   | 26,596                           | 3,487                           | 30,083                   |
| 2041                   | 26,082                           | 2,711                           | 28,793                   |
| 2042                   | 25,625                           | 1,700                           | 27,325                   |
| 2043                   | 10,950                           | 690                             | 11,640                   |
| 2044                   | 2,866                            | 201                             | 3,067                    |
| Totals:                | 341,866,751                      | 92,558,090                      | 434,424,841              |

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Source: Polk County

## Additional Debt

The Issuer does not expect to issue additional obligations in the next ninety days. The Issuer will continue the funding of two previous voter approved initiatives: (1) Conservation initiative from 2012 (\$50,000,000 approved and \$14,030,000 issued to date, not including a portion of this issue), and (2) Courthouse and courts renovation project (\$81,000,000 authorized and \$7,505,000 issued to date, not including a portion of this issue).



## General Obligation Bonds payable from Gaming Revenues

The Issuer has previously issued Bonds and Notes, to fund projects that are intended to be paid from the Issuer's receipt of gaming revenue from Prairie Meadows. Presented below are G.O. bonds the Issuer abates the debt service levy with this revenue source, including interest:

| Fiscal Year | 28E w/<br>City of DM | Series B<br>12/1/07 | Series A<br>12/30/10 | Series B<br>12/30/10 | Series B<br>8/1/12 | Rock Creek<br>SRF | Total<br>Principal | Total<br>Interest | Total<br>P&I |
|-------------|----------------------|---------------------|----------------------|----------------------|--------------------|-------------------|--------------------|-------------------|--------------|
| 2015        | 57,920               | 3,610,000           | 770,000              | 1,450,000            | 4,135,000          | 604,701           | 10,627,621         | 4,154,320         | 14,781,941   |
| 2016        | 60,564               | 3,770,000           | 705,000              | 1,475,000            | 4,250,000          | 604,701           | 10,865,265         | 3,898,474         | 14,763,738   |
| 2017        | 20,808               | 3,835,000           | 825,000              | 1,520,000            | 4,325,000          | 604,701           | 11,130,509         | 3,622,960         | 14,753,469   |
| 2018        | 21,689               |                     | 9,700,000            | 1,565,000            | 0                  | 604,701           | 11,891,390         | 3,333,170         | 15,224,560   |
| 2019        | 0                    |                     | 10,185,000           | 1,630,000            | 0                  | 604,701           | 12,419,701         | 2,784,650         | 15,204,351   |
| 2020        | 0                    |                     | 10,650,000           | 1,735,000            | 0                  | 604,701           | 12,989,701         | 2,210,200         | 15,199,901   |
| 2021        | 0                    |                     | 9,050,000            | 3,940,000            | 0                  | 604,701           | 13,594,701         | 1,608,300         | 15,203,001   |
| 2022        | 0                    |                     | 0                    | 13,600,000           | 0                  | 604,701           | 14,204,701         | 998,200           | 15,202,901   |
| 2023        | 0                    |                     | 0                    | 11,355,000           | 0                  | 604,701           | 11,959,701         | 454,200           | 12,413,901   |
| 2024        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2025        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2026        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2027        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2028        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2029        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2030        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2031        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2032        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2033        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2034        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2035        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2036        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2037        | 0                    |                     | 0                    | 0                    | 0                  | 604,701           | 604,701            | 0                 | 604,701      |
| 2038        | 0                    |                     | 0                    | 0                    | 0                  | 578,894           | 578,894            | 0                 | 578,894      |
| 2039        | 0                    |                     | 0                    | 0                    | 0                  | 371,120           | 371,120            | 0                 | 371,120      |
| 2040        | 0                    |                     | 0                    | 0                    | 0                  | 157,972           | 157,972            | 0                 | 157,972      |
| 2041        | 0                    |                     | 0                    | 0                    | 0                  | 81,591            | 81,591             | 0                 | 81,591       |
| 2042        | 0                    |                     | 0                    | 0                    | 0                  | 71,392            | 71,392             | 0                 | 71,392       |
| Totals:     | 160,980              | 11,215,000          | 41,885,000           | 38,270,000           | 12,710,000         | 15,169,092        | 119,410,072        | 23,064,474        | 142,474,547  |

Source: Polk County

## General Obligation Bonds payable from Aviation Receipts

The Issuer has previously issued Notes to fund projects that are intended to be paid from the Issuer's receipt of aviation revenue. Presented below are the G.O. bonds the Issuer abates the debt service levy with this revenue source, including interest:

| Fiscal Year | 5/22/14   | Total<br>Principal | Total<br>Interest | Total<br>P&I |
|-------------|-----------|--------------------|-------------------|--------------|
| 2015        | 330,000   | 330,000            | 43,806            | 373,806      |
| 2016        | 335,000   | 335,000            | 37,788            | 372,788      |
| 2017        | 340,000   | 340,000            | 32,763            | 372,763      |
| 2018        | 355,000   | 355,000            | 27,663            | 382,663      |
| 2019        | 385,000   | 385,000            | 22,338            | 407,338      |
| 2020        | 385,000   | 385,000            | 15,600            | 400,600      |
| 2021        | 395,000   | 395,000            | 7,900             | 402,900      |
| Totals:     | 2,525,000 | 2,525,000          | 187,856           | 2,712,856    |

Source: Polk County

## General Obligation Bonds payable from Intergovernmental & Sanitary Sewer Receipts

The Issuer has previously issued Bonds and Notes, to fund projects that are intended to be paid from the Issuer's receipt of intergovernmental funding, sewer system special assessments and the sale of capacity in the treatment plant by the County to certain communities. Presented below are the G.O. bonds the Issuer abates the debt service levy with this revenue source:

| <u>Fiscal</u><br><u>Year</u> | <u>6/1/00</u> | Series C<br><u>8/1/12</u> | 28E w/<br><u>City of DM</u> | <u>Total</u> | <u>Interest</u> | <u>P&amp;I</u> |
|------------------------------|---------------|---------------------------|-----------------------------|--------------|-----------------|----------------|
| 2015                         | 46,000        | 296,353                   | 29,600                      | 371,953      | 128,789         | 500,742        |
| 2016                         | 47,000        | 301,176                   | 36,145                      | 384,321      | 142,003         | 526,324        |
| 2017                         | 49,000        | 302,622                   | 31,071                      | 382,693      | 117,952         | 500,645        |
| 2018                         | 51,000        | 311,107                   | 32,018                      | 394,125      | 110,332         | 504,456        |
| 2019                         | 53,000        | 317,505                   | 30,502                      | 401,007      | 102,494         | 503,501        |
| 2020                         | 55,000        | 324,543                   | 31,454                      | 410,997      | 94,244          | 505,241        |
| 2021                         | 0             | 333,806                   | 32,433                      | 366,239      | 86,293          | 452,531        |
| 2022                         | 0             | 341,993                   | 33,444                      | 375,437      | 77,766          | 453,203        |
| 2023                         | 0             | 350,286                   | 34,491                      | 384,777      | 68,173          | 452,950        |
| 2024                         | 0             | 362,910                   | 35,567                      | 398,477      | 56,577          | 455,054        |
| 2025                         | 0             | 382,403                   | 36,652                      | 419,055      | 44,611          | 463,666        |
| 2026                         | 0             | 395,680                   | 37,820                      | 433,500      | 31,960          | 465,460        |
| 2027                         |               |                           | 39,013                      | 39,013       | 18,902          | 57,915         |
| 2028                         |               |                           | 40,247                      | 40,247       | 17,658          | 57,905         |
| 2029                         |               |                           | 41,496                      | 41,496       | 16,397          | 57,893         |
| 2030                         |               |                           | 42,791                      | 42,791       | 15,093          | 57,884         |
| 2031                         |               |                           | 45,826                      | 45,826       | 13,780          | 59,606         |
| 2032                         |               |                           | 46,000                      | 46,000       | 12,406          | 58,405         |
| 2033                         |               |                           | 40,246                      | 40,246       | 10,688          | 50,935         |
| 2034                         |               |                           | 42,333                      | 42,333       | 9,400           | 51,733         |
| 2035                         |               |                           | 30,568                      | 30,568       | 8,064           | 38,632         |
| 2036                         |               |                           | 31,577                      | 31,577       | 7,039           | 38,616         |
| 2037                         |               |                           | 26,649                      | 26,649       | 5,974           | 32,623         |
| 2038                         |               |                           | 27,445                      | 27,445       | 5,165           | 32,610         |
| 2039                         |               |                           | 28,264                      | 28,264       | 4,345           | 32,609         |
| 2040                         |               |                           | 26,596                      | 26,596       | 3,487           | 30,083         |
| 2041                         |               |                           | 26,082                      | 26,082       | 2,711           | 28,793         |
| 2042                         |               |                           | 25,625                      | 25,625       | 1,700           | 27,325         |
| 2043                         |               |                           | 10,950                      | 10,950       | 690             | 11,640         |
| 2044                         |               |                           | 2,866                       | 2,866        | 201             | 3,067          |
| Totals:                      | 301,000       | 4,020,384                 | 975,771                     | 5,297,155    | 1,214,892       | 6,512,046      |

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Source: Polk County

## Rock Creek Sanitary Sewer Improvements

The Issuer has previously issued general obligation notes on 7/30/2008, 6/16/2010 and 6/8/2011, and 10/19/2012, all purchased by the Iowa State Revolving Loan Fund (the "SRF"). Proceeds of those notes are being used to build the Rock Creek Sanitary Sewer trunk line and related improvements through northern Ankeny and to Polk City, to connect those communities, and the unincorporated area between them, to the Wastewater Reclamation Authority sanitary sewer treatment facility operated by the City of Des Moines. The County and the cities of Ankeny and Polk City agreed to an annual payment stream sufficient to amortize the Bonds and Notes issued based on a 30 year payoff period and a 5-year construction period. The County pays its share of this obligation out of Gaming Receipts, as noted herein. Presented below is a summary of the income and expenses of the Rock Creek project:

| Fiscal<br>Year | C0075G<br>7/30/08 | C0298G<br>6/16/10 | C0391G<br>6/8/11 | C0478G<br>9/1/12 | C0479G<br>10/19/12 | Total      | Interest  | P&I        |
|----------------|-------------------|-------------------|------------------|------------------|--------------------|------------|-----------|------------|
| 2015           | 195,000           | 556,000           | 27,000           | 30,000           | 1,000              | 809,000    | 765,758   | 1,574,758  |
| 2016           | 202,000           | 574,000           | 28,000           | 30,000           | 1,000              | 835,000    | 741,875   | 1,576,875  |
| 2017           | 208,000           | 593,000           | 29,000           | 31,000           | 1,000              | 862,000    | 717,213   | 1,579,213  |
| 2018           | 215,000           | 612,000           | 30,000           | 32,000           | 1,000              | 890,000    | 691,753   | 1,581,753  |
| 2019           | 222,000           | 632,000           | 31,000           | 33,000           | 1,000              | 919,000    | 665,465   | 1,584,465  |
| 2020           | 229,000           | 653,000           | 32,000           | 35,000           | 1,000              | 950,000    | 638,320   | 1,588,320  |
| 2021           | 237,000           | 674,000           | 33,000           | 35,000           | 1,000              | 980,000    | 610,270   | 1,590,270  |
| 2022           | 245,000           | 696,000           | 34,000           | 36,000           | 1,000              | 1,012,000  | 581,320   | 1,593,320  |
| 2023           | 253,000           | 718,000           | 35,000           | 37,000           | 1,000              | 1,044,000  | 551,423   | 1,595,423  |
| 2024           | 261,000           | 742,000           | 36,000           | 39,000           | 1,000              | 1,079,000  | 520,578   | 1,599,578  |
| 2025           | 269,000           | 766,000           | 37,000           | 41,000           | 1,000              | 1,114,000  | 488,708   | 1,602,708  |
| 2026           | 278,000           | 791,000           | 38,000           | 42,000           | 1,000              | 1,150,000  | 455,813   | 1,605,813  |
| 2027           | 287,000           | 816,000           | 39,000           | 43,000           | 1,000              | 1,186,000  | 421,850   | 1,607,850  |
| 2028           | 296,000           | 843,000           | 40,000           | 40,000           | 1,000              | 1,220,000  | 386,820   | 1,606,820  |
| 2029           | 0                 | 870,000           | 343,000          | 38,000           | 1,000              | 1,252,000  | 350,733   | 1,602,733  |
| 2030           | 0                 | 898,000           | 1,210,000        | 47,000           | 1,000              | 2,156,000  | 313,660   | 2,469,660  |
| 2031           | 0                 | 0                 | 2,927,000        | 1,344,000        | 50,000             | 4,321,000  | 249,580   | 4,570,580  |
| 2032           | 0                 | 0                 | 0                | 7,596,000        | 254,000            | 7,850,000  | 137,375   | 7,987,375  |
| Totals:        | 3,397,000         | 11,434,000        | 4,949,000        | 9,529,000        | 320,000            | 29,629,000 | 9,288,510 | 38,917,510 |

Source: Polk County

## Debt Limit

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The Issuer's debt limit, based upon said valuation, amounts to the following:

|                                     |                |
|-------------------------------------|----------------|
| 1/1/2013 Actual Valuation:          | 32,004,088,673 |
| X                                   | 0.05           |
| Statutory Debt Limit:               | 1,600,204,434  |
| Total General Obligation Debt:      | 341,866,751    |
| Total Lease Purchases:              |                |
| Total Loan Agreements:              |                |
| Capital Leases:                     | 1,323,713      |
| Total Urban Renewal Revenue Debt:   |                |
| Total Debt Subject to Limit:        | 343,190,464    |
| Percentage of Debt Limit Obligated: | 21.45%         |

Source: Iowa Department of Management

## Overlapping & Underlying Debt

Presented below is a listing of the overlapping and underlying debt and the amount applicable to the Issuer:

| <u>Taxing Authority</u>           | <u>Outstanding<br/>Debt</u> | <u>2014 Taxable<br/>Valuation</u> | <u>Taxable Value<br/>Within Issuer</u> | <u>Percentage<br/>Applicable</u> | <u>Amount<br/>Applicable</u> |
|-----------------------------------|-----------------------------|-----------------------------------|--|----------------------------------|------------------------------|
| City of Alleman                   | 86,783                      | 19,273,340                        | 19,273,340                             | 100.00%                          | 86,783                       |
| City of Altoona                   | 30,150,000                  | 840,714,922                       | 840,714,922                            | 100.00%                          | 30,150,000                   |
| City of Ankeny                    | 144,951,000                 | 2,611,859,821                     | 2,611,859,821                          | 100.00%                          | 144,951,000                  |
| City of Bondurant                 | 8,150,000                   | 154,213,034                       | 154,213,034                            | 100.00%                          | 8,150,000                    |
| City of Carlisle                  | 4,095,000                   | 125,812,575                       | 11,809,003                             | 9.39%                            | 384,364                      |
| City of Clive                     | 14,013,000                  | 1,305,336,197                     | 935,272,175                            | 71.65%                           | 10,040,302                   |
| City of Des Moines                | 297,869,000                 | 7,199,267,432                     | 7,187,588,743                          | 99.84%                           | 297,385,795                  |
| City of Elkhart                   | 20,000                      | 18,229,153                        | 18,229,153                             | 100.00%                          | 20,000                       |
| City of Granger                   | 2,195,000                   | 55,697,018                        | 11,489,839                             | 20.63%                           | 452,811                      |
| City of Grimes                    | 17,853,681                  | 542,403,640                       | 541,734,911                            | 99.88%                           | 17,831,669                   |
| City of Johnston                  | 63,865,000                  | 1,289,102,472                     | 1,289,102,472                          | 100.00%                          | 63,865,000                   |
| City of Mitchellville             | 440,000                     | 47,812,097                        | 46,553,878                             | 97.37%                           | 428,421                      |
| City of Norwalk                   | 11,690,000                  | 385,050,204                       | 385,050,204                            | 100.00%                          | 11,690,000                   |
| City of Pleasant Hill             | 3,680,000                   | 545,887,372                       | 545,887,372                            | 100.00%                          | 3,680,000                    |
| City of Polk City                 | 1,720,000                   | 180,174,892                       | 180,174,892                            | 100.00%                          | 1,720,000                    |
| City of Runnells                  | 0                           | 13,124,675                        | 13,124,675                             | 100.00%                          | 0                            |
| City of Sheldahl                  | 0                           | 7,837,817                         | 4,029,556                              | 51.41%                           | 0                            |
| City of Urbandale                 | 53,190,000                  | 2,704,034,893                     | 2,163,811,243                          | 80.02%                           | 42,563,474                   |
| City of West Des Moines           | 49,780,000                  | 4,397,879,272                     | 2,731,131,287                          | 62.10%                           | 30,913,926                   |
| City of Windsor Heights           | 3,455,000                   | 240,814,405                       | 240,814,405                            | 100.00%                          | 3,455,000                    |
| Ankeny CSD                        | 87,125,000                  | 2,847,396,971                     | 2,847,396,971                          | 100.00%                          | 87,125,000                   |
| Ballard CSD                       | 13,025,000                  | 356,451,241                       | 2,011,740                              | 0.56%                            | 73,511                       |
| Bondurant-Farrar CSD              | 9,260,000                   | 333,857,694                       | 330,684,158                            | 99.05%                           | 9,171,978                    |
| Carlisle CSD                      | 6,625,000                   | 309,940,264                       | 98,407,068                             | 31.75%                           | 2,103,460                    |
| Collins-Maxwell CSD               | 2,590,000                   | 142,019,830                       | 16,875,386                             | 11.88%                           | 307,755                      |
| Dallas Center-Grimes CSD          | 24,208,023                  | 758,868,415                       | 591,643,506                            | 77.96%                           | 18,873,522                   |
| Des Moines ISD                    | 0                           | 7,175,479,412                     | 7,110,721,563                          | 99.10%                           | 0                            |
| Johnston CSD                      | 27,810,000                  | 2,091,826,714                     | 2,091,826,714                          | 100.00%                          | 27,810,000                   |
| Madrid CSD                        | 1,725,000                   | 121,650,137                       | 14,492,926                             | 11.91%                           | 205,510                      |
| North Polk CSD                    | 14,365,000                  | 344,212,210                       | 340,078,245                            | 98.80%                           | 14,192,477                   |
| PCM CSD                           | 0                           | 264,496,764                       | 806,110                                | 0.30%                            | 0                            |
| Saydel CSD                        | 7,585,000                   | 656,701,131                       | 656,701,131                            | 100.00%                          | 7,585,000                    |
| Southeast Polk CSD                | 38,140,000                  | 1,727,167,501                     | 1,719,135,632                          | 99.53%                           | 37,962,637                   |
| Urbandale CSD                     | 50,880,000                  | 1,182,791,601                     | 1,182,791,601                          | 100.00%                          | 50,880,000                   |
| West Des Moines CSD               | 41,214,947                  | 4,231,799,008                     | 4,184,316,406                          | 98.88%                           | 40,752,498                   |
| Woodward-Granger CSD              | 14,900,000                  | 248,689,566                       | 52,913,369                             | 21.28%                           | 3,170,254                    |
| Des Moines Area Community College | 65,880,000                  | 40,092,344,221                    | 20,922,162,763                         | 52.18%                           | 34,379,434                   |
| Heartland AEA #11                 | 0                           | 40,092,344,221                    | 20,922,162,763                         | 52.18%                           | 0                            |
| Total                             |                             |                                   |  |                                  | 1,002,361,579                |

Source: Iowa Department of Management

## FINANCIAL SUMMARY

|   |                  |
|---|------------------|
| Actual Value of Property, 2013:                   | \$32,855,326,276 |
| Taxable Value of Property, 2013:                  | 21,240,802,526   |
| Direct General Obligation Debt:                   | \$341,866,751    |
| Less Self-Supported General Obligation Debt:      | -179,606,500     |
| Net Direct General Obligation Debt:               | \$162,260,252    |
| Overlapping Debt:                                 | 1,002,885,170    |
| Net Direct & Overlapping General Obligation Debt: | \$1,165,145,421  |
| Population, 2010 US Census:                       | 430,640          |
| Direct Debt per Capita:                           | \$793.86         |
| Total Debt per Capita:                            | \$2,705.61       |
| Net Direct Debt to Taxable Valuation:             | 0.76%            |
| Total Debt to Taxable Valuation:                  | 5.49%            |
| Net Direct Debt to Actual Valuation:              | 0.49%            |
| Total Debt to Actual Valuation:                   | 3.55%            |
| Actual Valuation per Capita:                      | \$76,294         |
| Taxable Valuation per Capita:                     | \$49,324         |

---

Source: Iowa Department of Management

## APPENDIX B – FORM OF LEGAL OPINIONS

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Supervisors and acts of administrative officers of County of Polk, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Bonds, Series 2015A, by said County, dated the date of delivery, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$\_\_\_\_\_ (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

### **Form of Legal Opinion – Series 2015B**

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Supervisors and acts of administrative officers of County of Polk, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Bonds, Series 2015B, by said County, dated the date of delivery, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$\_\_\_\_\_ (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by County of Polk, State of Iowa (the "Issuer"), in connection with the issuance of \$\_\_\_\_\_ General Obligation Bonds, Series 2015A and \$\_\_\_\_\_ General Obligation Bonds, Series 2015B (the "Bonds") dated the date of delivery. The Bonds are being issued pursuant to a Resolution of the Issuer approved on May 12, 2015 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated \_\_\_\_\_.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

#### Section 3. Provision of Annual Financial Information.

- a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April each year, commencing with information for the 2014/15 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A-1 and Exhibit A-2.



- c) The Dissemination Agent shall:
  - i. each year file Annual Financial Information with the National Repository; and
  - ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

- a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b) A table, schedule or other information, prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions: "Population", "Employment Statistics", "Retail Sales, Property Valuations", "Tax Rates", "Combined Historic Tax Rates", "Tax Collection History", "Largest Taxpayers", "Outstanding Debt", "Overlapping & Underlying Debt", "Debt Limit and Financial Summary".
- c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
  - i. Principal and interest payment delinquencies;
  - ii. Non-payment related defaults, if material;
  - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
  - v. Substitution of credit or liquidity providers, or their failure to perform;
  - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
  - vii. Modifications to rights of Holders of the Bonds, if material;
  - viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
  - ix. Defeasances of the Bonds;
  - x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - xi. Rating changes on the Bonds;
  - xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
  - xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.
- c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent

permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_ day of \_\_\_\_\_, 2015.

COUNTY OF POLK, STATE OF IOWA

By: \_\_\_\_\_  
Chairperson

ATTEST:

By: \_\_\_\_\_  
County Auditor

EXHIBIT A-1

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: County of Polk, Iowa.

Name of Bond Issue: \$\_\_\_\_\_ General Obligation Bonds, Series 2015A

Dated Date of Issue: date of delivery

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Financial Information will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

COUNTY OF POLK, STATE OF IOWA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## **APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**

This Appendix contains the entire 2014 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link <http://auditor.iowa.gov/reports/index.html>.

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# **POLK COUNTY, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDING JUNE 30, 2014**



*Polk County Courthouse*



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# **POLK COUNTY, IOWA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2014**

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**PREPARED BY:**

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

**CENTRAL ACCOUNTING DIVISION**

Central Accounting Manager  
Keith Olson

Accounting Supervisor  
Jo Ellen Bigelow, CPA, CPM

**Other Staff**

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

**BOARD OF SUPERVISOR'S STAFF**

Deb Anderson

# POLK COUNTY, IOWA

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(concluded)



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

JAMIE FITZGERALD  
COUNTY AUDITOR  
COMMISSIONER OF ELECTIONS

ADMINISTRATION BUILDING  
111 COURT AVE.  
286-3080

December 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 15<sup>th</sup>, certify the budget for the fiscal year beginning July 1st. If an amendment to the budget is needed after certification, the Board approves and publishes an amendment, with a final amendment approved no later than May 31<sup>st</sup> of the respective fiscal year. The State of Iowa requires passage of an annual budget of total County operating expenditures by major program service areas. Activities of the general fund, special revenue funds, capital projects funds and debt service funds are included in the annual appropriated budget. The legal level of budgetary control is at the total program service area level.

## **Factors Affecting Financial Condition**

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

## **Local Economy**

The current general economic condition of the County is growing. The population continues to grow at a moderate pace, up approximately 14% since 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 66<sup>th</sup> 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 3<sup>rd</sup> 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, 1<sup>st</sup> and 2<sup>nd</sup> 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.

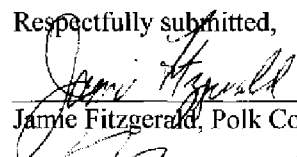
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. A Comprehensive Annual Financial Report must satisfy both generally accepted accounting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

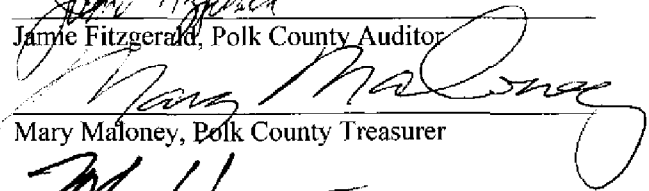
A Certificate of Achievement is valid for a period of one year only. Polk County has received a Certificate of Achievement for the last twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA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

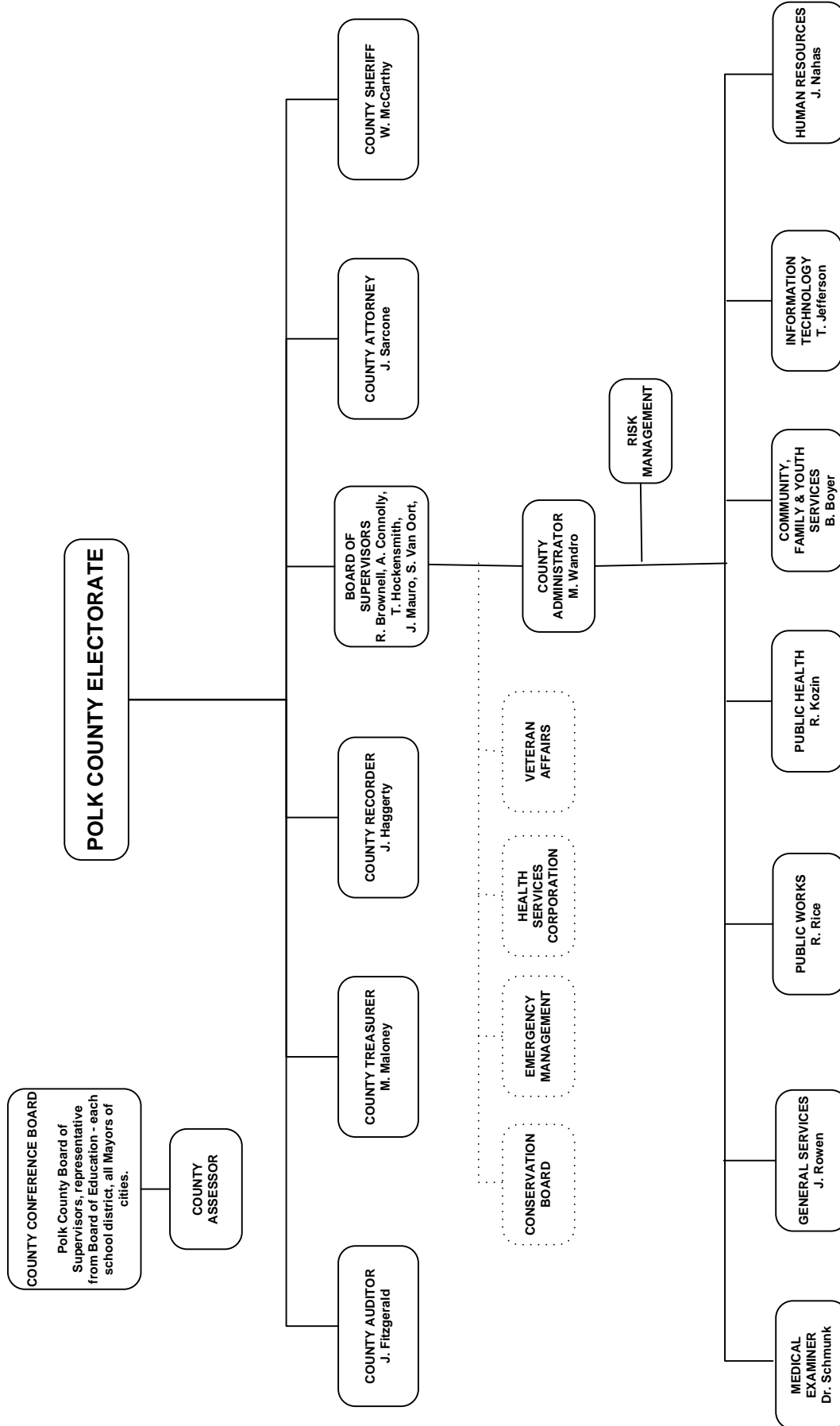
## **POLK COUNTY, IOWA**

### **OFFICIALS**

---

| <b>Name</b>      | <b>Title</b>         | <b>Term Expires</b> |
|------------------|----------------------|---------------------|
| 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 black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

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<br>Activities |                       | Business-type<br>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           |
| <b>Total assets</b>            | <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           |
| <b>Total liabilities</b>       | <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            |
| <b>Total net position</b>      | <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<br>Activities |                       | Business-type<br>Activities |                       | Total                 |                       |
|--|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
|  | 2014                       | 2013                  | 2014                        | 2013                  | 2014                  | 2013                  |
| <b>Revenues:</b>                           |                            |                       |                             |                       |                       |                       |
| 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             |
| <b>Total revenues</b>                      | <b>207,585,788</b>         | <b>200,757,394</b>    | <b>42,829,744</b>           | <b>40,558,557</b>     | <b>250,415,532</b>    | <b>241,315,951</b>    |
| <b>Expenses:</b>                           |                            |                       |                             |                       |                       |                       |
| 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               |
| <b>Total expenses</b>                      | <b>205,341,103</b>         | <b>197,828,655</b>    | <b>37,373,711</b>           | <b>38,752,015</b>     | <b>242,714,814</b>    | <b>236,580,670</b>    |
| 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)           | -                     | -                     |
| <b>Increase (decrease) in net position</b> | <b>12,006,382</b>          | <b>10,734,316</b>     | <b>(4,305,664)</b>          | <b>(5,999,035)</b>    | <b>7,700,718</b>      | <b>4,735,281</b>      |
| Net position - beginning, restated         | 102,313,462                | 93,222,645            | 255,661,811                 | 262,713,662           | 357,975,273           | 355,936,307           |
| <b>Net position- ending</b>                | <b>\$ 114,319,844</b>      | <b>\$ 103,956,961</b> | <b>\$ 251,356,147</b>       | <b>\$ 256,714,627</b> | <b>\$ 365,675,991</b> | <b>\$ 360,671,588</b> |

## 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<br>Activities |                       | Business-Type<br>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            |
| <b>Total</b>                      | <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>  |
| <b>Total</b>                      | <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<br>Activities |                       | Business-type<br>Activities |                       | Total                 |                       | Percentage<br>Change |
|---------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|----------------------|
|               | 2014                       | 2013                  | 2014                        | 2013                  | 2014                  | 2013                  | 2013-2014            |
| 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%                  |
| <b>Total</b>  | <b>\$ 117,056,485</b>      | <b>\$ 166,558,860</b> | <b>\$ 138,927,476</b>       | <b>\$ 151,953,894</b> | <b>\$ 255,983,961</b> | <b>\$ 318,512,754</b> | <b>-20%</b>          |

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](mailto: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                |
| <b>ASSETS</b>                                   |                         |                          |                       |                     |
| 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           |
| <b>TOTAL ASSETS</b>                             | <b>415,047,957</b>      | <b>397,875,662</b>       | <b>812,923,619</b>    | <b>9,459,132</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           | <b>-</b>                | <b>733,777</b>           | <b>733,777</b>        | <b>-</b>            |
| <b>LIABILITIES</b>                              |                         |                          |                       |                     |
| 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             | -                   |
| <b>TOTAL LIABILITIES</b>                        | <b>154,372,868</b>      | <b>147,253,292</b>       | <b>301,626,160</b>    | <b>826,823</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            | <b>146,355,245</b>      | <b>-</b>                 | <b>146,355,245</b>    | <b>-</b>            |
| <b>NET POSITION</b>                             |                         |                          |                       |                     |
| 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           |
| <b>TOTAL NET POSITION</b>                       | <b>\$ 114,319,844</b>   | <b>\$ 251,356,147</b>    | <b>\$ 365,675,991</b> | <b>\$ 8,632,309</b> |

# POLK COUNTY, IOWA

Statement of Activities  
For the Year Ended June 30, 2014

|                                     |                | PROGRAM REVENUES                     |                                    |                                  | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |                          |                 |
|-------------------------------------|----------------|--------------------------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|
| Function/Program                    | Expenses       | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          | Component Unit  |
|                                     |                |                                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total PCHS      |
| <b>Primary government:</b>          |                |                                      |                                    |                                  |   |                          |                 |
| 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:

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| PCHS | \$ | 3,709,509 | \$ | 1,428,154 | \$ | 2,694,290 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|------|----|-----------|----|-----------|----|-----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

See Notes to Basic Financial Statements

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# POLK COUNTY, IOWA

## Balance Sheet Governmental Funds June 30, 2014

|   | General               | MH/MR/DD<br>Services | Debt<br>Service      |
|---|-----------------------|----------------------|----------------------|
| <b>ASSETS</b>   |                       |                      |                      |
| 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               | -                    | -                    |
| <b>TOTAL ASSETS</b>   | <b>\$ 159,581,726</b> | <b>\$ 24,228,492</b> | <b>\$ 22,220,949</b> |
| <b>LIABILITIES AND FUND BALANCES</b>  |                       |                      |                      |
| 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               | -                    | -                    |
| <b>TOTAL LIABILITIES</b>  | <b>9,423,163</b>      | <b>2,424,046</b>     | <b>-</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <b>107,378,699</b>    | <b>14,967,194</b>    | <b>22,004,185</b>    |
| Fund balances:  |                       |                      |                      |
| Nonspendable  | 1,317,221             | -                    | -                    |
| Restricted  | -                     | 6,837,252            | 216,764              |
| Committed   | 3,585,015             | -                    | -                    |
| Unassigned  | 37,877,628            | -                    | -                    |
| <b>TOTAL FUND BALANCES</b>  | <b>42,779,864</b>     | <b>6,837,252</b>     | <b>216,764</b>       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 159,581,726</b> | <b>\$ 24,228,492</b> | <b>\$ 22,220,949</b> |

See Notes to Basic Financial Statements

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| <b>Nonmajor<br/>Governmental<br/>Funds</b> |            | <b>Total<br/>Governmental<br/>Funds</b> |             |
|--|------------|---|-------------|
| \$   | 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     |
| <hr/>                                      |            | <hr/>                                   |             |
| \$   | 35,642,993 | \$                                      | 241,674,160 |
| <hr/>                                      |            | <hr/>                                   |             |

|    |           |    |           |
|----|-----------|----|-----------|
| \$ | 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   |

|  |           |  |            |
|--|-----------|--|------------|
|  | 4,416,825 |  | 16,264,034 |
|--|-----------|--|------------|

|  |           |  |             |
|--|-----------|--|-------------|
|  | 8,244,086 |  | 152,594,164 |
|--|-----------|--|-------------|

|  |             |  |            |
|--|-------------|--|------------|
|  | 943,020     |  | 2,260,241  |
|  | 13,184,033  |  | 20,238,049 |
|  | 10,993,740  |  | 14,578,755 |
|  | (2,138,711) |  | 35,738,917 |

|  |            |  |            |
|--|------------|--|------------|
|  | 22,982,082 |  | 72,815,962 |
|--|------------|--|------------|

|       |            |       |             |
|-------|------------|-------|-------------|
| \$    | 35,642,993 | \$    | 241,674,160 |
| <hr/> |            | <hr/> |             |



## 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

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|  |    |            |
|--|----|------------|
| 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><u>114,319,844</u></u> |
|---|----|---------------------------|

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# POLK COUNTY, IOWA

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

|  | General              | MH/MR/DD<br>Services | Debt<br>Service     |
|--|----------------------|----------------------|---------------------|
| <b>REVENUES:</b>   |                      |                      |                     |
| 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               | -                   |
| <b>TOTAL REVENUES</b>  | <b>144,376,742</b>   | <b>28,964,846</b>    | <b>14,825,395</b>   |
| <b>EXPENDITURES:</b>   |                      |                      |                     |
| 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                                       | -                    | -                    | -                   |
| <b>TOTAL EXPENDITURES</b>                                    | <b>147,132,103</b>   | <b>24,158,157</b>    | <b>16,869,987</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>(2,755,361)</b>   | <b>4,806,689</b>     | <b>(2,044,592)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                      |                      |                     |
| 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)        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <b>4,543,978</b>     | <b>-</b>             | <b>(66,299,871)</b> |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>1,788,617</b>     | <b>4,806,689</b>     | <b>(68,344,463)</b> |
| <b>FUND BALANCE, BEGINNING</b>                               | <b>40,865,648</b>    | <b>2,030,563</b>     | <b>68,561,227</b>   |
| Change in inventory reserve                                  | 125,599              | -                    | -                   |
| <b>FUND BALANCE, ENDING</b>                                  | <b>\$ 42,779,864</b> | <b>\$ 6,837,252</b>  | <b>\$ 216,764</b>   |

| 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    |
|                             | 19,152,805   |                          | 207,319,788  |
|                             |              |                          |              |
|                             | 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    |
|                             | 36,571,341   |                          | 224,731,588  |
|                             |              |                          |              |
|                             | (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) |
|                             | 30,572,719   |                          | (31,183,174) |
|                             |              |                          |              |
|                             | 13,154,183   |                          | (48,594,974) |
|                             | 9,597,750    |                          | 121,055,188  |
|                             | 230,149      |                          | 355,748      |
| \$                          | 22,982,082   | \$                       | 72,815,962   |

## 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) |
|---|----------|

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 |
|--|---------|

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 | \$ <u><u>12,006,382</u></u> |
|---|-----------------------------|

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**POLK COUNTY, IOWA**

**Statement of Net Position  
Proprietary Funds  
June 30, 2014**

|   | Business-type Activities - Enterprise Funds |  |                          |                                 |
|---|---|--|--------------------------|---------------------------------|
|   | Sanitary<br>Treatment<br>Works              | Prairie<br>Meadows<br>Racetrack/<br>Casino | Iowa<br>Events<br>Center | Nonmajor<br>Enterprise<br>Funds |
| <b>ASSETS</b>                                   |   |  |                          |                                 |
| 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                      |
| <b>TOTAL ASSETS</b>                             | 42,189,810                                  | 116,751,093                                | 223,842,389              | 15,698,548                      |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>            | -   | -  | 733,777                  | -                               |
| <b>LIABILITIES</b>                              |   |  |                          |                                 |
| 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                       |
| <b>TOTAL LIABILITIES</b>                        | 27,853,664                                  | 4,893,538                                  | 110,752,525              | 4,359,743                       |
| <b>NET POSITION</b>                             |   |  |                          |                                 |
| 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                       |
| <b>TOTAL NET POSITION</b>                       | \$ 14,336,146                               | \$ 111,857,555                             | \$ 113,823,641           | \$ 11,338,805                   |

|       |             | Governmental<br>Activities-<br>Internal<br>Service<br>Funds |            |
|-------|-------------|---|------------|
| Total |             |   |            |
| \$    | 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     |   | -          |
|       | 32,032,217  |   | 14,767,711 |
|       | 79,002      |   | -          |
|       | 4,336,319   |   | -          |
|       | 47,880,879  |   | -          |
|       | 314,153,423 |   | -          |
|       | 366,449,623 |   | -          |
|       | 398,481,840 |   | 14,767,711 |
|       | 733,777     |   | -          |
|       | 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      |   | -          |
|       | 20,382,967  |   | 1,491,196  |
|       | 100,778,742 |   | -          |
|       | 26,564,572  |   | -          |
|       | 133,189     |   | -          |
|       | -           |   | 5,069,000  |
|       | 127,476,503 |   | 5,069,000  |
|       | 147,859,470 |   | 6,560,196  |
|       | 227,164,549 |   | -          |
|       | 398,723     |   | -          |
|       | 23,792,875  |   | 8,207,515  |
| \$    | 251,356,147 | \$  | 8,207,515  |



**POLK COUNTY, IOWA**

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

|   | <b>Business-type Activities - Enterprise Funds</b> |  |                                   |  |
|---|--|--|-----------------------------------|--|
|   | <b>Sanitary<br/>Treatment<br/>Works</b>            | <b>Prairie<br/>Meadows<br/>Racetrack/<br/>Casino</b> | <b>Iowa<br/>Events<br/>Center</b> | <b>Nonmajor<br/>Enterprise<br/>Funds</b> |
| <b>OPERATING REVENUES:</b>                                      |  |  |                                   |  |
| 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                                |
| <b>OPERATING EXPENSES:</b>                                      |  |  |                                   |  |
| 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                                |
| <b>OPERATING INCOME (LOSS)</b>                                  | 105,352  | 15,832,784   | (6,673,135)                       | 845,027                                  |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                        |  |  |                                   |  |
| 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)                                |
| <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b> | 110,690  | 15,856,191   | (11,180,866)                      | 541,768                                  |
| <b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>                     |  |  |                                   |  |
| 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)                                |
| <b>CHANGE IN NET POSITION</b>                                   | 780,563  | (10,910,172)   | 5,470,496                         | 353,449                                  |
| <b>NET POSITION - BEGINNING, RESTATED</b>                       | 13,555,583   | 122,767,727  | 108,353,145                       | 10,985,356                               |
| <b>NET POSITION - ENDING</b>                                    | \$ 14,336,146                                      | \$ 111,857,555                                       | \$ 113,823,641                    | \$ 11,338,805                            |

See Notes to Basic Financial Statements

|       |              | Governmental |             |
|-------|--------------|--------------|-------------|
|       |              | Activities-  |             |
|       |              | Internal     |             |
|       |              | Service      |             |
| Total |              | 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       |
|       | 42,646,499   |              | 16,279,785  |
|       |              |              |             |
|       | 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   |              | -           |
|       | 32,536,471   |              | 15,952,311  |
|       |              |              |             |
|       | 10,110,028   |              | 327,474     |
|       |              |              |             |
|       | 54,995       |              | 18,796      |
|       | (4,837,240)  |              | -           |
|       | (4,782,245)  |              | 18,796      |
|       |              |              |             |
|       | 5,327,783    |              | 346,270     |
|       |              |              |             |
|       | 128,250      |              | -           |
|       | 17,192,985   |              | 2,189,793   |
|       | (26,954,682) |              | (2,209,793) |
|       | (9,633,447)  |              | (20,000)    |
|       |              |              |             |
|       | (4,305,664)  |              | 326,270     |
|       | 255,661,811  |              | 7,881,245   |
| \$    | 251,356,147  | \$           | 8,207,515   |

**POLK COUNTY, IOWA**

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

|  | <b>Business-type Activities-Enterprise Funds</b> |  |                                   |
|--|--|--|-----------------------------------|
|  | <b>Sanitary<br/>Treatment<br/>Works</b>          | <b>Prairie<br/>Meadows<br/>Racetrack/<br/>Casino</b> | <b>Iowa<br/>Events<br/>Center</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                     |  |  |                                   |
| 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>                  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>          |  |  |                                   |
| 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>                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |  |  |                                   |
| 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>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                     |  |  |                                   |
| 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>                      |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>          | <b>745,956</b>                                   | <b>(5,242,956)</b>                                   | <b>2,255,672</b>                  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>              | <b>3,961,723</b>                                 | <b>17,773,021</b>                                    | <b>4,578,481</b>                  |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                    | <b><u>\$ 4,707,679</u></b>                       | <b><u>\$ 12,530,065</u></b>                          | <b><u>\$ 6,834,153</u></b>        |



# POLK COUNTY, IOWA

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

|   | Business-type Activities-Enterprise Funds |  |                          |
|---|---|--|--------------------------|
|   | Sanitary<br>Treatment<br>Works            | Prairie<br>Meadows<br>Racetrack/<br>Casino | Iowa<br>Events<br>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  | \$ 388,000                                | \$ 21,500,000                              | \$ 3,384,660             |
| 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



# POLK COUNTY, IOWA

## Statement of Assets and Liabilities

### Fiduciary Funds

June 30, 2014

|                              | Total<br>Agency<br>Funds |
|------------------------------|--------------------------|
| <b>ASSETS</b>                |                          |
| 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                    |
| <b>TOTAL ASSETS</b>          | <b>\$ 40,771,490</b>     |
| <b>LIABILITIES</b>           |                          |
| 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                  |
| <b>TOTAL LIABILITIES</b>     | <b>\$ 40,771,490</b>     |

## POLK COUNTY, IOWA

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

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

#### A) Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America ("GAAP"), the financial statements present the government and its component 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<br>Capital<br>Assets | Business-type<br>Capital<br>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<br>User Fee | Concession<br>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 Ovation 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            |                      |                          |                   |
|----------------------------------|-------------------|----------------------|--------------------------|-------------------|
|                                  | General<br>Fund   | MH/MR/DD<br>Services | Nonmajor<br>Governmental | Total             |
| <b>Due from</b>                  |                   |                      |                          |                   |
| General Fund                     | \$ -              | \$ -                 | \$ 1,477                 | \$ 1,477          |
| Prairie Meadows Racetrack/Casino | 442,191           | 60,044               | 103,943                  | 606,178           |
| Fiduciary                        | 101,115           | -                    | -                        | 101,115           |
| Total                            | <u>\$ 543,306</u> | <u>\$ 60,044</u>     | <u>\$ 105,420</u>        | <u>\$ 708,770</u> |

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<br>7/1/2013   | Additions            | Disposals             | Balance<br>6/30/2014  |
|---|-----------------------|----------------------|-----------------------|-----------------------|
| <b>Governmental activities:</b>             |                       |                      |                       |                       |
| 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<br>7/1/2013   | Additions              | Disposals        | Balance<br>6/30/2014  |
|--|-----------------------|------------------------|------------------|-----------------------|
| <b>Business-type activities:</b>             |                       |                        |                  |                       |
| 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<br>July 1, 2013 | Additions            | Deletions               | Balance<br>June 30, 2014 | Due Within<br>One Year |
|---|-------------------------|----------------------|-------------------------|--------------------------|------------------------|
| <b>Governmental activities:</b>               |                         |                      |                         |                          |                        |
| 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>       |
| <b>Total</b>                                  | <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>   |
| <b>Business-type activities:</b>              |                         |                      |                         |                          |                        |
| 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>          |
| <b>Total</b>                                  | <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<br>Amount | Date<br>Issued | Interest<br>Rates | Due<br>Date | Amount<br>Outstanding        |
|--------------------------------|--------------------|----------------|-------------------|-------------|------------------------------|
| <b>Governmental activities</b> |                    |                |                   |             |                              |
| 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<br>Amount | Date<br>Issued | Interest<br>Rates | Due<br>Date | Amount<br>Outstanding        |
|---------------------------------|--------------------|----------------|-------------------|-------------|------------------------------|
| <b>Business-type activities</b> |                    |                |                   |             |                              |
| 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<br>Amount | Date<br>Issued | Interest<br>Rates | Due<br>Date | Amount<br>Outstanding       |
|---------------------------------|--------------------|----------------|-------------------|-------------|-----------------------------|
| <b>Governmental activities</b>  |                    |                |                   |             |                             |
| 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>  |
| <b>Business-type activities</b> |                    |                |                   |             |                             |
| 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<br>Principal<br>and<br>Interest |
|---------------------------------|----|--------------------|----------------------|---------------------|-------------------|---------------------------------------|
|                                 |    | Principal          | Interest             | Principal           | Interest          |                                       |
| <b>Governmental activities</b>  |    |                    |                      |                     |                   |                                       |
| 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                           | \$ | <u>114,230,485</u> | <u>\$ 22,772,293</u> | <u>\$ 2,826,000</u> | <u>\$ 204,227</u> | <u>\$ 140,033,005</u>                 |

|                                 |    | Bonds Payable      |                      | Notes Payable        |                     | Total<br>Principal<br>and<br>Interest |
|---------------------------------|----|--------------------|----------------------|----------------------|---------------------|---------------------------------------|
|                                 |    | Principal          | Interest             | Principal            | Interest            |                                       |
| <b>Business-type activities</b> |    |                    |                      |                      |                     |                                       |
| 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                           | \$ | <u>111,553,904</u> | <u>\$ 23,774,896</u> | <u>\$ 27,373,572</u> | <u>\$ 8,578,051</u> | <u>\$ 171,280,423</u>                 |

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)       |
|   |    | <u>894,500</u> |
| 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           |
|                                 |    | <u>1,707,610</u> |
| 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         |                          |                      |                       |                     |                      |
|----------------------------------|---------------------|--------------------------|----------------------|-----------------------|---------------------|----------------------|
|                                  | General Fund        | Sanitary Treatment Works | Iowa Events Center   | Nonmajor Governmental | Internal Service    | Total                |
| 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 |
|---|----|-----------|

#### Conservation Water & Land Improvements Fund:

|                               |    |           |
|-------------------------------|----|-----------|
| Water and Land Legacy Project | \$ | 5,130,591 |
|-------------------------------|----|-----------|

#### 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 |
|--|----|---------|

### 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 6<sup>th</sup> 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<br>Supervisors<br>Other | Conservation<br>Board | Recorder          | Sheriff             | Total<br>Elected<br>Officials |
|-----------------------------|-----------------|------------------|----------------------------------|-----------------------|-------------------|---------------------|-------------------------------|
| <b>ASSETS:</b>              |                 |                  |                                  |                       |                   |                     |                               |
| 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                         |
| <b>TOTAL ASSETS</b>         | <b>\$ 5,000</b> | <b>\$ 12,785</b> | <b>\$ 7,018</b>                  | <b>\$ 16,914</b>      | <b>\$ 471,855</b> | <b>\$ 1,386,085</b> | <b>\$ 1,899,657</b>           |
| <b>LIABILITIES:</b>         |                 |                  |                                  |                       |                   |                     |                               |
| 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                        |
| <b>TOTAL LIABILITIES</b>    | <b>\$ 5,000</b> | <b>\$ 12,785</b> | <b>\$ 7,018</b>                  | <b>\$ 16,914</b>      | <b>\$ 471,855</b> | <b>\$ 1,386,085</b> | <b>\$ 1,899,657</b>           |

## 22. FUND BALANCES

|                                     | Major Governmental |               |              | Nonmajor           |               |
|-------------------------------------|--------------------|---------------|--------------|--------------------|---------------|
|                                     | General Fund       | Mental Health | Debt Service | Governmental Funds | Total         |
| <b>Nonspendable:</b>                |                    |               |              |                    |               |
| Inventory                           | \$ 536,802         | \$ -          | \$ -         | \$ 943,020         | \$ 1,479,822  |
| Prepays                             | 780,419            | -             | -            | -                  | 780,419       |
| <b>Restricted for:</b>              |                    |               |              |                    |               |
| 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       |
| <b>Committed to:</b>                |                    |               |              |                    |               |
| 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       |
| <b>Unassigned:</b>                  | 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 27<sup>th</sup> payday and an inflation factor. The County annually contributes to a 27<sup>th</sup> payday reserve in this fund which will cover the extra payday that occurs on a cash basis every 11 years. The next 27<sup>th</sup> payday will occur in the fiscal year ending 2017.

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<br>Previously<br>Reported<br>Balances | Adjustment for<br>Debt Issuance<br>Costs | 7/1/2013<br>Restated<br>Balances |
|---------------------------------|---|--|----------------------------------|
| <b>Governmental Activities</b>  | \$ 103,956,961                                  | \$ (1,643,499)                           | \$ 102,313,462                   |
| <b>Business-type Activities</b> | 256,714,627                                     | (1,052,816)                              | 255,661,811                      |
| <b>Major Enterprise:</b>        |   |  |                                  |
| Sanitary Treatment              | 13,557,749                                      | (2,166)                                  | 13,555,583                       |
| Iowa Events Center              | 109,314,123                                     | (960,978)                                | 108,353,145                      |
| <b>Nonmajor Enterprise:</b>     |   |  |                                  |
| 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<br>Budget | Amended<br>Budget | Actual         | Variance       |
|---|--------------------|-------------------|----------------|----------------|
| <b>REVENUES:</b>  |                    |                   |                |                |
| 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  | 205,231,210        | 207,996,248       | 205,997,109    | (1,999,139)    |
| <b>EXPENDITURES:</b>  |                    |                   |                |                |
| 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   | 223,227,194        | 235,270,779       | 225,100,549    | 10,170,230     |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                    |                   |                |                |
| 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)  | 19,682,453         | 40,236,357        | 38,007,449     | (2,228,908)    |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES AND<br/>OTHER FINANCING USES - BUDGETARY BASIS</b> |                    |                   |                |                |
|   | \$ 1,686,469       | \$ 12,961,826     | 18,904,009     | \$ 5,942,183   |
| <b>RECONCILIATION TO GAAP BASIS:</b>  |                    |                   |                |                |
| Basis differences:  |                    |                   |                |                |
| Increase (decrease) in accrual basis assets/deferred outflows   |                    |                   | (61,301,629)   |                |
| (Increase) decrease in accrual basis liabilities/deferred inflows   |                    |                   | (6,197,354)    |                |
| Excess (deficiency) of revenues and other financing sources<br>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   |                    |                   | 355,748        |                |
| Fund balance at end of year - GAAP basis  |                    |                   | \$ 72,815,962  |                |

## **POLK COUNTY, IOWA**

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

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

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

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

A budget amendment must be prepared and adopted in the same manner as the original budget. The County budget was amended as prescribed and the original and final amended amounts are shown in the budgetary schedules. Supplemental appropriations are provided when unanticipated revenues become available or when unanticipated program expenditures are needed. During the year ended June 30, 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.

(continued)

## **Capital Projects Funds**

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

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

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

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**POLK COUNTY, IOWA**

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

|   | <b>Rural<br/>Services</b> | <b>Sheriff<br/>Forfeited<br/>Property<br/>(State)</b> | <b>Sheriff<br/>Forfeited<br/>Property<br/>(Federal)</b> | <b>Attorney<br/>Forfeited<br/>Property</b> | <b>County<br/>Attorney<br/>Collection<br/>Incentive</b> |
|---|---------------------------|---|---|--|---|
| <b>ASSETS</b>   |                           |   |   |  |   |
| 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   | -                         | -   | -   | -  | -   |
| <b>TOTAL ASSETS</b>   | <b>\$ 9,899,178</b>       | <b>\$ 123,154</b>                                     | <b>\$ 91,522</b>  | <b>\$ 365,688</b>                          | <b>\$ 379,617</b>                                       |
| <b>LIABILITIES</b>  |                           |   |   |  |   |
| Accounts payable  | \$ 22,096                 | \$ -  | \$ -  | \$ 103                                     | \$ -  |
| Wages payable   | 19,214                    | -   | -   | 2,510                                      | -   |
| Payroll taxes payable   | 30,335                    | -   | -   | 414  | -   |
| <b>TOTAL LIABILITIES</b>  | <b>71,645</b>             | <b>-</b>  | <b>-</b>  | <b>3,027</b>                               | <b>-</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <b>7,395,717</b>          | <b>-</b>  | <b>-</b>  | <b>-</b>                                   | <b>-</b>  |
| <b>FUND BALANCES</b>  |                           |   |   |  |   |
| Nonspendable  | -                         | -   | -   | -  | -   |
| Restricted  | 2,431,816                 | 123,154   | 91,522  | 362,661                                    | -   |
| Committed   | -                         | -   | -   | -  | 379,617   |
| Unassigned  | -                         | -   | -   | -  | -   |
| <b>TOTAL FUND BALANCES</b>  | <b>2,431,816</b>          | <b>123,154</b>  | <b>91,522</b>   | <b>362,661</b>                             | <b>379,617</b>  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 9,899,178</b>       | <b>\$ 123,154</b>                                     | <b>\$ 91,522</b>  | <b>\$ 365,688</b>                          | <b>\$ 379,617</b>                                       |

| Special Revenue    |   |                                |                                 |           |                        |                                     |                             |  |
|--------------------|---|--------------------------------|---------------------------------|-----------|------------------------|-------------------------------------|-----------------------------|--|
| Secondary<br>Roads | County<br>Recorder<br>Records<br>Management | Township<br>Fire<br>Protection | Treasurer<br>Banking<br>Reserve | REAP      | Contingency<br>Reserve | Automated<br>Traffic<br>Enforcement | Total<br>Special<br>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                               |                            |                                     |                              |
|---|--|----------------------------|-------------------------------------|------------------------------|
|   | Conservation<br>Water<br>& Land<br>Improvement | Justice<br>Center<br>Annex | Capital<br>Improvements<br>Projects | Total<br>Capital<br>Projects |
| <b>ASSETS</b>   |  |                            |                                     |                              |
| 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   | -  | -                          | -                                   | -                            |
| <b>TOTAL ASSETS</b>   | <b>\$ 4,145,685</b>                            | <b>\$ 7,040,405</b>        | <b>\$ 945,263</b>                   | <b>\$ 12,131,353</b>         |
| <b>LIABILITIES</b>  |  |                            |                                     |                              |
| Accounts payable  | \$ 489,711                                     | \$ 888,335                 | \$ 234,208                          | \$ 1,612,254                 |
| Wages payable   | -  | -                          | -                                   | -                            |
| Payroll taxes payable   | -  | -                          | -                                   | -                            |
| <b>TOTAL LIABILITIES</b>  | <b>489,711</b>                                 | <b>888,335</b>             | <b>234,208</b>                      | <b>1,612,254</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <b>19,957</b>                                  | <b>-</b>                   | <b>-</b>                            | <b>19,957</b>                |
| <b>FUND BALANCES</b>  |  |                            |                                     |                              |
| Nonspendable  | -  | -                          | -                                   | -                            |
| Restricted  | 3,636,017                                      | 6,152,070                  | -                                   | 9,788,087                    |
| Committed   | -  | -                          | 711,055                             | 711,055                      |
| Unassigned  | -  | -                          | -                                   | -                            |
| <b>TOTAL FUND BALANCES</b>  | <b>3,636,017</b>                               | <b>6,152,070</b>           | <b>711,055</b>                      | <b>10,499,142</b>            |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 4,145,685</b>                            | <b>\$ 7,040,405</b>        | <b>\$ 945,263</b>                   | <b>\$ 12,131,353</b>         |

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

(concluded)



**POLK COUNTY, IOWA**

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

|  | <b>Rural<br/>Services</b> | <b>Sheriff<br/>Forfeited<br/>Property<br/>(State)</b> | <b>Sheriff<br/>Forfeited<br/>Property<br/>(Federal)</b> | <b>Attorney<br/>Forfeited<br/>Property</b> | <b>County<br/>Attorney<br/>Collection<br/>Incentive</b> |
|--|---------------------------|---|---|--|---|
| <b>REVENUES:</b>   |                           |   |   |  |   |
| 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                                    | -   |
| <b>TOTAL REVENUES</b>  | <b>7,640,770</b>          | <b>14,354</b>   | <b>18,442</b>   | <b>211,121</b>                             | <b>348,731</b>  |
| <b>EXPENDITURES:</b>   |                           |   |   |  |   |
| 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                                       | -                         | -   | -   | -  | -   |
| <b>TOTAL EXPENDITURES</b>                                    | <b>2,721,970</b>          | <b>2,875</b>  | <b>-</b>  | <b>227,060</b>                             | <b>77,964</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>4,918,800</b>          | <b>11,479</b>   | <b>18,442</b>   | <b>(15,939)</b>                            | <b>270,767</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                           |   |   |  |   |
| Transfers in   | -                         | -   | -   | -  | -   |
| Transfers out  | (4,843,601)               | -   | -   | -  | (673,780)   |
| Issuance of bonds  | -                         | -   | -   | -  | -   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <b>(4,843,601)</b>        | <b>-</b>  | <b>-</b>  | <b>-</b>                                   | <b>(673,780)</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>75,199</b>             | <b>11,479</b>   | <b>18,442</b>   | <b>(15,939)</b>                            | <b>(403,013)</b>  |
| <b>FUND BALANCE, BEGINNING</b>                               | <b>2,356,617</b>          | <b>111,675</b>  | <b>73,080</b>   | <b>378,600</b>                             | <b>782,630</b>  |
| Change in inventory reserve                                  | -                         | -   | -   | -  | -   |
| <b>FUND BALANCE, ENDING</b>                                  | <b>\$ 2,431,816</b>       | <b>\$ 123,154</b>                                     | <b>\$ 91,522</b>  | <b>\$ 362,661</b>                          | <b>\$ 379,617</b>                                       |

| Special Revenue    |   |                                |                                 |           |                        |                                     |                              |
|--------------------|---|--------------------------------|---------------------------------|-----------|------------------------|-------------------------------------|------------------------------|
| Secondary<br>Roads | County<br>Recorder<br>Records<br>Management | Township<br>Fire<br>Protection | Treasurer<br>Banking<br>Reserve | REAP      | Contingency<br>Reserve | Automated<br>Traffic<br>Enforcement | Total<br>Special<br>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**

|  | <b>Capital Projects</b>  |  |                                     |  |                                       |
|--|--|--|-------------------------------------|--|---------------------------------------|
|  | <b>Conservation<br/>Land<br/>Acquisition &amp;<br/>Development</b> | <b>Conservation<br/>Water<br/>&amp; Land<br/>Improvement</b> | <b>Justice<br/>Center<br/>Annex</b> | <b>Capital<br/>Improvements<br/>Projects</b> | <b>Total<br/>Capital<br/>Projects</b> |
| <b>REVENUES:</b>   |  |  |                                     |  |                                       |
| 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                               |
| <b>TOTAL REVENUES</b>  | <b>25,963</b>  | <b>2,162,647</b>   | <b>-</b>                            | <b>372,136</b>                               | <b>2,560,746</b>                      |
| <b>EXPENDITURES:</b>   |  |  |                                     |  |                                       |
| Current:   |  |  |                                     |  |                                       |
| Public safety and legal services                             | -  | -  | -                                   | -  | -                                     |
| County environment and education                             | -  | -  | -                                   | -  | -                                     |
| Roads and transportation                                     | -  | -  | -                                   | -  | -                                     |
| Government services to residents                             | -  | -  | -                                   | -  | -                                     |
| Administration   | -  | -  | -                                   | -  | -                                     |
| Debt service:  |  |  |                                     |  |                                       |
| Principal  | -  | -  | -                                   | -  | -                                     |
| 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                             |
| <b>TOTAL EXPENDITURES</b>                                    | <b>18,027</b>  | <b>10,516,688</b>  | <b>3,314,829</b>                    | <b>5,141,160</b>                             | <b>18,990,704</b>                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>7,936</b>   | <b>(8,354,041)</b>   | <b>(3,314,829)</b>                  | <b>(4,769,024)</b>                           | <b>(16,429,958)</b>                   |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |  |  |                                     |  |                                       |
| 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                            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <b>26,854</b>  | <b>14,030,000</b>  | <b>9,860,772</b>                    | <b>5,341,998</b>                             | <b>29,259,624</b>                     |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>34,790</b>  | <b>5,675,959</b>   | <b>6,545,943</b>                    | <b>572,974</b>                               | <b>12,829,666</b>                     |
| <b>FUND BALANCE, BEGINNING</b>                               | <b>(34,790)</b>  | <b>(2,039,942)</b>   | <b>(393,873)</b>                    | <b>138,081</b>                               | <b>(2,330,524)</b>                    |
| Change in inventory reserve                                  | -  | -  | -                                   | -  | -                                     |
| <b>FUND BALANCE, ENDING</b>                                  | <b>\$ -</b>  | <b>\$ 3,636,017</b>  | <b>\$ 6,152,070</b>                 | <b>\$ 711,055</b>                            | <b>\$ 10,499,142</b>                  |

| <b>Debt Service</b> |             |                |              |                 |                     |
|---------------------|-------------|----------------|--------------|-----------------|---------------------|
| <b>NW 84th</b>      |             |                |              |                 |                     |
| <b>Water Main</b>   | <b>Debt</b> | <b>Service</b> | <b>Total</b> | <b>Debt</b>     | <b>Service</b>      |
|                     |             |                | <b>Total</b> | <b>Nonmajor</b> | <b>Governmental</b> |
|                     |             |                |              | <b>Funds</b>    |                     |
| \$                  | -           | \$             | -            | \$              | 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          |

(concluded)

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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](http://www.iowataxandtags.gov) program relating to online property tax and vehicle tag payments.

# POLK COUNTY, IOWA

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

|                                       | Air<br>Quality | Conservation<br>Enterprises | Hamilton<br>Urban<br>Drainage<br>District | Urban<br>Sewer |
|---------------------------------------|----------------|-----------------------------|---|----------------|
| <b>ASSETS</b>                         |                |                             |   |                |
| 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                  | 557,744        | 824,126                     | 1,429,489                                 | 1,650,377      |
| 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               | 249,006        | 410,834                     | 6,024,518                                 | 4,336,319      |
| <b>TOTAL ASSETS</b>                   | 806,750        | 1,234,960                   | 7,454,007                                 | 5,986,696      |
| <b>LIABILITIES</b>                    |                |                             |   |                |
| 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             | 56,455         | -                           | 90,351                                    | 307,000        |
| Noncurrent liabilities:               |                |                             |   |                |
| General obligation bonds payable      | -              | -                           | -   | 3,758,498      |
| Compensated absences payable          | 126,583        | -                           | -   | -              |
| Total noncurrent liabilities          | 126,583        | -                           | -   | 3,758,498      |
| <b>TOTAL LIABILITIES</b>              | 183,038        | -                           | 90,351                                    | 4,065,498      |
| <b>NET POSITION</b>                   |                |                             |   |                |
| Net investment in capital assets      | 249,006        | 410,834                     | 6,012,761                                 | -              |
| Unrestricted                          | 374,706        | 824,126                     | 1,350,895                                 | 1,921,198      |
| <b>TOTAL NET POSITION</b>             | \$ 623,712     | \$ 1,234,960                | \$ 7,363,656                              | \$ 1,921,198   |

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



# POLK COUNTY, IOWA

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

|   | Air<br>Quality | Conservation<br>Enterprises | Hamilton<br>Urban<br>Drainage<br>District | Urban<br>Sewer |
|---|----------------|-----------------------------|---|----------------|
| <b>OPERATING REVENUES:</b>                      |                |                             |   |                |
| 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                        | 1,234,969      | 259,586                     | 723,802                                   | -              |
| <b>OPERATING EXPENSES:</b>                      |                |                             |   |                |
| 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                        | 1,154,638      | 40,327                      | 270,242                                   | (2,356)        |
| <b>OPERATING INCOME (LOSS)</b>                  | 80,331         | 219,259                     | 453,560                                   | 2,356          |
| <b>NONOPERATING REVENUES (EXPENSES):</b>        |                |                             |   |                |
| Interest revenue                                | 501            | 1,735                       | 2,631                                     | 1,730          |
| Interest expense                                | -              | -                           | -   | (316,239)      |
| Total nonoperating revenues (expenses)          | 501            | 1,735                       | 2,631                                     | (314,509)      |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>           | 80,832         | 220,994                     | 456,191                                   | (312,153)      |
| <b>TRANSFERS:</b>                               |                |                             |   |                |
| Transfers out                                   | -              | (188,319)                   | -   | -              |
| Total transfers                                 | -              | (188,319)                   | -   | -              |
| <b>CHANGE IN NET POSITION</b>                   | 80,832         | 32,675                      | 456,191                                   | (312,153)      |
| <b>TOTAL NET POSITION - BEGINNING, RESTATED</b> | 542,880        | 1,202,285                   | 6,907,465                                 | 2,233,351      |
| <b>TOTAL NET POSITION - ENDING</b>              | \$ 623,712     | \$ 1,234,960                | \$ 7,363,656                              | \$ 1,921,198   |

|    | Iowa<br>Tax &<br>Tags | Total<br>Nonmajor<br>Enterprise<br>Funds |
|----|-----------------------|--|
| \$ | 367,059               | \$ 835,479                               |
|    | -                     | 1,465,466                                |
|    | -                     | 198,941                                  |
|    | 18,045                | 103,575                                  |
|    | 385,104               | 2,603,461                                |
|    |                       |  |
|    | 128,324               | 1,095,139                                |
|    | 5,459                 | 58,744                                   |
|    | 157,467               | 159,450                                  |
|    | 4,333                 | 125,856                                  |
|    | -                     | 6,529                                    |
|    | -                     | (2,356)                                  |
|    | -                     | 315,072                                  |
|    | 295,583               | 1,758,434                                |
|    |                       |  |
|    | 89,521                | 845,027                                  |
|    |                       |  |
|    | 6,383                 | 12,980                                   |
|    | -                     | (316,239)                                |
|    | 6,383                 | (303,259)                                |
|    |                       |  |
|    | 95,904                | 541,768                                  |
|    |                       |  |
|    | -                     | (188,319)                                |
|    | -                     | (188,319)                                |
|    |                       |  |
|    | 95,904                | 353,449                                  |
|    | 99,375                | 10,985,356                               |
| \$ | 195,279               | \$ 11,338,805                            |

**POLK COUNTY, IOWA**

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

|   | <b>Air<br/>Quality</b> | <b>Conservation<br/>Enterprises</b> | <b>Hamilton<br/>Urban<br/>Drainage<br/>District</b> |
|---|------------------------|-------------------------------------|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                        |                                     |   |
| 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  | 155,552                | 248,243                             | 681,699   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                        |                                     |   |
| Transfers out   | -                      | (188,319)                           | -   |
| Net cash flows from noncapital financing activities   | -                      | (188,319)                           | -   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                  |                        |                                     |   |
| 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                                      | (61,985)               | -                                   | (691,336)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                        |                                     |   |
| Interest received   | 501                    | 1,735                               | 2,631   |
| Net cash flows from investing activities  | 501                    | 1,735                               | 2,631   |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>94,068</b>          | <b>61,659</b>                       | <b>(7,006)</b>                                      |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>   | <b>270,517</b>         | <b>718,275</b>                      | <b>1,359,697</b>                                    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <b>\$ 364,585</b>      | <b>\$ 779,934</b>                   | <b>\$ 1,352,691</b>                                 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS<br/>FROM OPERATING ACTIVITIES:</b> |                        |                                     |   |
| 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  | \$ 155,552             | \$ 248,243                          | \$ 681,699  |
| <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>  |                        |                                     |   |
| Disposal of fully depreciated capital assets  | \$ (95,981)            | \$ (199,928)                        | \$ -  |
| Acquisition of capital assets through accounts payable  | -                      | -                                   | 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<br>Insurance | Risk<br>Management  | Total               |
|--|-----------------------|---------------------|---------------------|
| <b>ASSETS:</b>                               |                       |                     |                     |
| 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               |
| <b>TOTAL ASSETS</b>                          | <b>10,967,711</b>     | <b>3,800,000</b>    | <b>14,767,711</b>   |
| <b>LIABILITIES:</b>                          |                       |                     |                     |
| 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           |
| <b>TOTAL LIABILITIES</b>                     | <b>6,560,196</b>      | <b>-</b>            | <b>6,560,196</b>    |
| <b>NET POSITION</b>                          |                       |                     |                     |
| Unrestricted                                 | 4,407,515             | 3,800,000           | 8,207,515           |
| <b>TOTAL NET POSITION</b>                    | <b>\$ 4,407,515</b>   | <b>\$ 3,800,000</b> | <b>\$ 8,207,515</b> |

# POLK COUNTY, IOWA

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

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



# POLK COUNTY, IOWA

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

|   | Employee<br>Insurance | Risk<br>Management | Total         |
|---|-----------------------|--------------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                       |                    |               |
| 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  | 863,075               | -                  | 863,075       |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                       |                       |                    |               |
| 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   | (20,000)              | -                  | (20,000)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                       |                    |               |
| Interest received   | 18,796                | -                  | 18,796        |
| Net cash flows from investing activities  | 18,796                | -                  | 18,796        |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                       | 861,871               | -                  | 861,871       |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>   | 10,037,805            | 3,800,000          | 13,837,805    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | \$ 10,899,676         | \$ 3,800,000       | \$ 14,699,676 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b> |                       |                    |               |
| 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  | \$ 863,075            | \$ -               | \$ 863,075    |

## **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 &<br>Agency<br>Treasurer | Trust &<br>Agency<br>Trust Funds<br>Held | County<br>Assessor<br>Expense | E911<br>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    |

| <b>GIMS<br/>Implementation</b> | <b>Emergency<br/>Management</b> | <b>Seized<br/>Funds<br/>Unforfeited</b> | <b>Mine<br/>Task<br/>Force</b> | <b>Total<br/>Agency<br/>Funds</b> |
|--------------------------------|---------------------------------|---|--------------------------------|-----------------------------------|
| \$ 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<br>July 1, 2013 | Additions           | Deductions          | Balance<br>June 30, 2014 |
|--------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| <b>TRUST &amp; AGENCY TREASURER:</b> |                         |                     |                     |                          |
| 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               |
| <b>TOTAL ASSETS</b>                  | <b>\$ 31,418,813</b>    | <b>\$ 1,655,076</b> | <b>\$ (542,586)</b> | <b>\$ 32,531,303</b>     |
| 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               |
| <b>TOTAL LIABILITIES</b>             | <b>\$ 31,418,813</b>    | <b>\$ 1,113,534</b> | <b>\$ (1,044)</b>   | <b>\$ 32,531,303</b>     |

|   | Balance<br>July 1, 2013 | Additions        | Deductions          | Balance<br>June 30, 2014 |
|---|-------------------------|------------------|---------------------|--------------------------|
| <b>TRUST &amp; AGENCY TRUST FUNDS HELD:</b> |                         |                  |                     |                          |
| 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)           | -                        |
| <b>TOTAL ASSETS</b>                         | <b>\$ 914,028</b>       | <b>\$ 65,583</b> | <b>\$ (170,724)</b> | <b>\$ 808,887</b>        |
| 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                  |
| <b>TOTAL LIABILITIES</b>                    | <b>\$ 914,028</b>       | <b>\$ 63,097</b> | <b>\$ (168,238)</b> | <b>\$ 808,887</b>        |

# POLK COUNTY, IOWA

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

|                                 | Balance<br>July 1, 2013 |           | Additions      |           | Deductions       |           | Balance<br>June 30, 2014 |
|---------------------------------|-------------------------|-----------|----------------|-----------|------------------|-----------|--------------------------|
| <b>COUNTY ASSESSOR EXPENSE:</b> |                         |           |                |           |                  |           |                          |
| <b>ASSETS:</b>                  |                         |           |                |           |                  |           |                          |
| Cash and pooled investments     | \$ 1,775,144            | \$        | -              | \$        | (105,765)        | \$        | 1,669,379                |
| Taxes receivable                | 22,440                  |           | 783            |           | -                |           | 23,223                   |
| <b>TOTAL ASSETS</b>             | <b>\$ 1,797,584</b>     | <b>\$</b> | <b>783</b>     | <b>\$</b> | <b>(105,765)</b> | <b>\$</b> | <b>1,692,602</b>         |
| <b>LIABILITIES:</b>             |                         |           |                |           |                  |           |                          |
| 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                  |
| <b>TOTAL LIABILITIES</b>        | <b>\$ 1,797,584</b>     | <b>\$</b> | <b>213,935</b> | <b>\$</b> | <b>(318,917)</b> | <b>\$</b> | <b>1,692,602</b>         |

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

# POLK COUNTY, IOWA

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

|                             | Balance<br>July 1, 2013 | Additions         | Deductions         | Balance<br>June 30, 2014 |
|-----------------------------|-------------------------|-------------------|--------------------|--------------------------|
| <b>E911 SERVICE:</b>        |                         |                   |                    |                          |
| 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)           | -                        |
| <b>TOTAL ASSETS</b>         | <b>\$ 3,554,905</b>     | <b>\$ 623,094</b> | <b>\$ (87,826)</b> | <b>\$ 4,090,173</b>      |
| LIABILITIES:                |                         |                   |                    |                          |
| Due to other governments    | \$ 3,554,905            | \$ 535,268        | \$ -               | \$ 4,090,173             |
| <b>TOTAL LIABILITIES</b>    | <b>\$ 3,554,905</b>     | <b>\$ 535,268</b> | <b>\$ -</b>        | <b>\$ 4,090,173</b>      |

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

# POLK COUNTY, IOWA

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

|                              | Balance<br>July 1, 2013 | Additions        | Deductions        | Balance<br>June 30, 2014 |
|------------------------------|-------------------------|------------------|-------------------|--------------------------|
| <b>EMERGENCY MANAGEMENT:</b> |                         |                  |                   |                          |
| <b>ASSETS:</b>               |                         |                  |                   |                          |
| Accounts receivable          | \$ -                    | \$ 2,477         | \$ -              | \$ 2,477                 |
| Due from other governments   | 167,690                 | 48,047           | -                 | 215,737                  |
| <b>TOTAL ASSETS</b>          | <b>\$ 167,690</b>       | <b>\$ 50,524</b> | <b>\$ -</b>       | <b>\$ 218,214</b>        |
| <b>LIABILITIES:</b>          |                         |                  |                   |                          |
| 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                   |
| <b>TOTAL LIABILITIES</b>     | <b>\$ 167,690</b>       | <b>\$ 55,397</b> | <b>\$ (4,873)</b> | <b>\$ 218,214</b>        |

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



# POLK COUNTY, IOWA

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

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

## 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             |
| <b>Total governmental activities net position</b>  | <b>\$ 121,681,802</b> | <b>\$ 112,567,211</b> | <b>\$ 104,510,629</b> | <b>\$ 101,089,339</b> |
| 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            |
| <b>Total business-type activities net position</b> | <b>\$ 185,086,344</b> | <b>\$ 190,987,963</b> | <b>\$ 193,195,354</b> | <b>\$ 196,284,696</b> |
| 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            |
| <b>Total primary government net position</b>       | <b>\$ 306,768,146</b> | <b>\$ 303,555,174</b> | <b>\$ 297,705,983</b> | <b>\$ 297,374,035</b> |

| 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             |
| <b>Total governmental activities expenses</b>          | <b>177,653,771</b>    | <b>194,988,131</b>    | <b>199,203,141</b>    | <b>213,427,828</b>    |
| 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  | -                     | -                     | -                     | -                     |
| <b>Total business-type activities expenses</b>         | <b>21,740,048</b>     | <b>33,842,663</b>     | <b>33,105,366</b>     | <b>34,002,398</b>     |
| <b>Total government expenses</b>                       | <b>\$ 199,393,819</b> | <b>\$ 228,830,794</b> | <b>\$ 232,308,507</b> | <b>\$ 247,430,226</b> |
| 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             |
| <b>Total governmental activities program revenues</b>  | <b>61,239,100</b>     | <b>68,173,163</b>     | <b>68,926,731</b>     | <b>76,252,380</b>     |
| 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             |
| <b>Total business-type activities program revenues</b> | <b>56,298,615</b>     | <b>49,257,435</b>     | <b>41,082,117</b>     | <b>42,788,719</b>     |
| <b>Total government program revenues</b>               | <b>\$ 117,537,715</b> | <b>\$ 117,430,598</b> | <b>\$ 110,008,848</b> | <b>\$ 119,041,099</b> |

| 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               |
| <b>Total government net expense</b>                    | <b>\$ (81,856,104)</b> | <b>\$ (111,400,196)</b> | <b>\$ (122,299,659)</b> | <b>\$ (128,389,127)</b> |
| 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               |
| <b>Total governmental activities</b>                   | <b>107,403,313</b>     | <b>117,700,377</b>      | <b>122,219,828</b>      | <b>133,754,158</b>      |
| 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)             |
| <b>Total business-type activities</b>                  | <b>(20,724,974)</b>    | <b>(9,513,153)</b>      | <b>(5,769,360)</b>      | <b>(5,696,979)</b>      |
| <b>Total government</b>                                | <b>\$ 86,678,339</b>   | <b>\$ 108,187,224</b>   | <b>\$ 116,450,468</b>   | <b>\$ 128,057,179</b>   |
| 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               |
| <b>Total primary government</b>                        | <b>\$ 4,822,235</b>    | <b>\$ (3,212,972)</b>   | <b>\$ (5,849,191)</b>   | <b>\$ (331,948)</b>     |

| 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            |
| <b>Total General Fund</b>                 | <b>\$ 29,168,013</b> | <b>\$ 33,683,833</b> | <b>\$ 36,561,751</b>  | <b>\$ 38,337,678</b>  |
| 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)           |
| <b>Total MH/MR/DD Services</b>            | <b>\$ 331,840</b>    | <b>\$ (399,195)</b>  | <b>\$ (2,317,125)</b> | <b>\$ (2,714,218)</b> |
| Jail Facility Fund:                       |                      |                      |                       |                       |
| Unreserved                                | \$ N/A               | \$ N/A               | \$ 18,559,904         | \$ N/A                |
| <b>Total Jail Facility Fund</b>           | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 18,559,904</b>  | <b>\$ -</b>           |
| 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               |
| <b>Total all other governmental funds</b> | <b>\$ 26,491,933</b> | <b>\$ 19,960,983</b> | <b>\$ 24,954,490</b>  | <b>\$ 14,336,162</b>  |
| 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                   |
| <b>Total General Fund</b>                 | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ -</b>           |
| MH/MR/DD Services:                        |                      |                      |                       |                       |
| Restricted                                | \$ N/A               | \$ N/A               | \$ N/A                | \$ N/A                |
| Unassigned                                | N/A                  | N/A                  | N/A                   | N/A                   |
| <b>Total MH/MR/DD Services</b>            | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ -</b>           |
| Debt Service:                             |                      |                      |                       |                       |
| Restricted                                | \$ N/A               | \$ N/A               | \$ N/A                | \$ N/A                |
| <b>Total Debt Service</b>                 | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ -</b>           |
| 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                   |
| <b>Total all other governmental funds</b> | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ -</b>           |

| 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        | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        | \$ 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              |
| <b>Total revenues</b>                         | <b>154,500,171</b>    | <b>172,314,107</b>    | <b>181,147,800</b>    | <b>199,156,387</b>     |
| 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             |
| <b>Total expenditures</b>                     | <b>172,055,733</b>    | <b>202,121,006</b>    | <b>244,488,192</b>    | <b>238,125,454</b>     |
| <b>Excess of revenues over expenditures</b>   | <b>(17,555,562)</b>   | <b>(29,806,899)</b>   | <b>(63,340,392)</b>   | <b>(38,969,067)</b>    |
| 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                 |
| <b>Total other financing sources (uses)</b>   | <b>8,246,940</b>      | <b>27,174,617</b>     | <b>87,746,449</b>     | <b>11,136,826</b>      |
| Net change in fund balances                   | <b>\$ (9,308,622)</b> | <b>\$ (2,632,282)</b> | <b>\$ 24,406,057</b>  | <b>\$ (27,832,241)</b> |
| 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                | <b>\$ 169,796,267</b> | <b>\$ 186,876,839</b> | <b>\$ 195,018,674</b> | <b>\$ 208,073,579</b>  |
| 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<br>Date<br>Jan 1 | Payable<br>Fiscal<br>Year<br>Ended<br>June 30 | Residential<br>Property | Commercial<br>Property | Industrial<br>Property | Agricultural<br>Property &<br>Building | Reimb /<br>Non-Reimb<br>M&E/Comp<br>& Railroads | Utilities W/O<br>Gas & Electric | Less:<br>Military<br>Tax-Exempt<br>Property | Total Taxable<br>Assessed<br>Property | Total<br>Direct Tax<br>Rate (d) |
|-----------------------------|---|-------------------------|------------------------|------------------------|--|---|---------------------------------|---|---------------------------------------|---------------------------------|
| 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 workbook 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<br>Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total County<br>Taxable<br>Assessed<br>Value | 2003<br>Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total County<br>Taxable<br>Assessed<br>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%  |
| <b>Total</b>                 | <b>\$ 1,666,842,821</b>              |      | <b>9.0%</b>   | <b>\$ 1,024,027,399</b>              |      | <b>7.9%</b>   |

Source: Polk County Tax/GIS Department

## POLK COUNTY, IOWA

### Property Tax Levies and Collections, Last Ten Fiscal Years

| Fiscal<br>Year<br>Ended<br>June 30 | Property<br>Taxes Levied<br>for the<br>Fiscal Year | Property Taxes<br>Collected Within the<br>Fiscal Year of the Levy (a) |                       |               | Property Tax<br>Collections<br>In Subsequent<br>Years (b) | Property Tax<br>Total Collections to Date |  |
|------------------------------------|--|---|-----------------------|---------------|---|---|--|
|                                    |  | Percentage<br>of Levy   |                       | Amount        |   | Percentage<br>of Levy                     |  |
|                                    |  | Amount  | Percentage<br>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    |
| <b>Total Countywide Rate</b> | 6.35                   | 6.35    | 6.35    | 6.84    | 6.84    |
| Rural service rates          | 4.59                   | 4.59    | 4.59    | 4.59    | 4.55    |
| <b>Total Rural Rate</b>      | 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        |
| <b>2014</b> | <b>114,230,485</b>               | <b>2,826,000</b> | <b>894,500</b>         | <b>111,553,904</b>               | <b>27,373,572</b> |    | <b>256,878,461</b> | <b>1.23%</b>                   | <b>568.72</b> |

\* 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<br>Year | General Bonded Debt Outstanding |   |             | Percentage<br>Actual Taxable<br>Value of<br>Property | Per<br>Capita* |
|----------------|---------------------------------|---|-------------|--|----------------|
|                | General<br>Obligation<br>Bonds  | Less Amounts<br>Restricted to<br>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         |
| <b>2014</b>    | 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**

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| <b>Governmental Unit</b> | <b>Taxable<br/>Valuation</b> | <b>Debt<br/>Outstanding</b> | <b>Totals</b> |
|--------------------------|------------------------------|-----------------------------|---------------|
|--------------------------|------------------------------|-----------------------------|---------------|

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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   | \$ 721,428,400   | \$ 746,325,331   | \$ 776,153,683   | \$ 838,067,038   |
| <b>Total net debt applicable to the limit<br/>as a percentage of debt limit</b> | 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".

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|  |                                |
|--|--------------------------------|
| 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><u>\$ 1,136,898,156</u></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)<br>Estimated<br>Population | (b)                           |                                  | Unemployment Statistics (c) |      |                  |  |
|-------------|--------------------------------|-------------------------------|----------------------------------|-----------------------------|------|------------------|--|
|             |                                | Personal<br>Income<br>(000's) | Per Capita<br>Personal<br>Income | Polk County                 |      | State of<br>Iowa |  |
|             |                                |                               |                                  | Labor<br>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%             |  |
| <b>2014</b> | 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<br>of Total County<br>Employment | Employees     | Rank | Percentage<br>of Total County<br>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%                                       |
| <b>Total</b>                                | <b>54,609</b> |      | <b>19.49%</b>                               | <b>44,873</b> |      | <b>16.99%</b>                               |

**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          |
| <b>Total</b>          | <b>1,077</b> | <b>1,087</b> | <b>1,092</b> | <b>1,130</b> | <b>1,234</b> | <b>1,239</b> | <b>1,246</b> | <b>1,180</b> | <b>1,190</b> | <b>1,204</b> |

**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) | N/A (a) | N/A (a) | N/A (a) | N/A (a) | N/A (a) | N/A (a) | N/A (a) | 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     |

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| 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<br>Number | Contract<br>Number          | Total Federal<br>Expenditures<br>For Fiscal<br>Year 2014 |
|---|----------------|-----------------------------|--|
| <b>DEPARTMENT OF AGRICULTURE</b>  |                |                             |  |
| 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>   |
| <b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                                |                |                             |  |
| 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>   |
| <b>DEPARTMENT OF INTERIOR</b>   |                |                             |  |
| 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>  |
| <b>DEPARTMENT OF JUSTICE</b>  |                |                             |  |
| 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>   |
| <b>DEPARTMENT OF TRANSPORTATION</b>   |                |                             |  |
| 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<br>Number | Contract<br>Number | Total Federal<br>Expenditures<br>For Fiscal<br>Year 2014 |
|---|----------------|--------------------|--|
| <b>ENVIRONMENTAL PROTECTION AGENCY</b>  |                |                    |  |
| 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>   |
| <b>DEPARTMENT OF ENERGY</b>   |                |                    |  |
| 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>   |
| <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                    |                |                    |  |
| 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>   |
| <b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>                                     |                |                    |  |
| Passed through Iowa Department of Public Safety/Governor's Traffic Safety Bureau: |                |                    |  |
| Iowa Enforcement Initiative (HIDTA) Grant   | 95.001         | 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**

| <b>Grantor/Program</b>  | <b>CFDA<br/>Number</b> | <b>Contract<br/>Number</b> | <b>Total Federal<br/>Expenditures<br/>For Fiscal<br/>Year 2014</b> |
|---|------------------------|----------------------------|--|
| <b>DEPARTMENT OF HOMELAND SECURITY</b>                              |                        |                            |  |
| 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>   |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                         |                        |                            | <u><u>\$ 13,297,837</u></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

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#### Note 1. Basis of Presentation

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

| Program Title                                       | Federal<br>CFDA<br>Number | Amount<br>Provided to<br>Subrecipients |
|---|---------------------------|--|
| 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 black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

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.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

West Des Moines, Iowa  
December 15, 2014

**POLK COUNTY, IOWA**

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

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**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

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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**

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**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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