



Telephone: (515) 281-5368
Fax: (515) 281-7562

Michael L. Fitzgerald
Treasurer of State
Capitol Building
Des Moines, Iowa 50319-0005

E-Mail: treasurer@iowa.gov
Web: www.treasurer.state.ia.us

May 24, 2018

Hon. Mary Mosiman, CPA
Office of Auditor of State
State Capitol Building
Des Moines, IA 50319

Mr. David Roederer, Director
Department of Management
State Capitol Building
Des Moines, IA 50319

Dear Fellow Members of the Honey Creek Premier Destination Park Authority:

Please be advised that, pursuant to Iowa Code 463C.19, the Honey Creek Premier Destination Park Authority (the "Authority") shall be dissolved effective June 1, 2018.

On November 25, 2013, all outstanding bonds of the Authority were defeased and subsequently redeemed on June 1, 2016. All outstanding obligations of the Authority have been satisfied and the Authority has no remaining assets.

Attached, for your convenience, is a copy of Iowa Code 463C.19, the Notice of Redemption issued by Bankers Trust Company as Trustee dated April 29, 2016 and the final audited financial report of the Authority dated June 30, 2014.

Thank you for your service.

Sincerely,


Michael L. Fitzgerald
Treasurer of State and
Treasurer of the Honey Creek Premier Destination Park Authority

463C.19 Dissolution of the authority.

The authority shall dissolve no later than two years after the date of final payment of all outstanding bonds and the satisfaction of all outstanding obligations of the authority, except to the extent necessary to remain in existence to fulfill any outstanding covenants or provisions with bondholders or third parties made in accordance with this chapter. Upon dissolution of the authority, all assets of the authority shall be returned to the state and shall be deposited in the general fund of the state, unless otherwise directed by the general assembly, and the authority shall execute any necessary assignments or instruments, including any assignment of any right, title, or ownership to the state for receipt of payments.

2005 Acts, ch 178, §61, 64

NOTICE OF REDEMPTION

STATE OF IOWA
HONEY CREEK DESTINATION PARK AUTHORITY
DESTINATION PARK REVENUE BOND
(HONEY CREEK PROJECT)
DATED 10/19/06

Notice is hereby given that the Bonds of the above issue which mature on June 1st in the following years:

<i>Year</i>	<i>Amount</i>	<i>Interest Rate</i>	<i>Cusip No *</i>
2017	945,000	3.95%	46256NAG8
2018	985,000	4.00%	46256NAH6
2019	1,020,000	4.05%	46256NAJ2
2020	1,065,000	4.10%	46256NAK9
2021	1,105,000	4.15%	46256NAL7
2022	1,155,000	5.00%	46256NAM5
2023	1,210,000	5.00%	46256NAN3
2024	1,270,000	5.00%	46256NAP8
2025	1,335,000	5.00%	46256NAQ6
2026	1,400,000	5.00%	46256NAR4
2027	1,470,000	5.00%	46256NAS2
2028	1,545,000	5.00%	46256NAT0
2031	5,085,000	4.50%	46256NAU7
2036	10,130,000	4.50%	46256NAV5

are being redeemed for the above amount on **June 1, 2016**.

The bonds will be redeemed at a price of **100%** of their principal amount plus accrued interest to the date of redemption. Holders of such Bonds should present them for payment at **Bankers Trust Company, Security Transfer Department, 453 7th Street, Des Moines, Iowa 50309**, on or before said date, on which date they will cease to bear interest.

Please **DO NOT** submit your securities for payment more than 30 days in advance of the redemption date. When inquiring about this redemption, please have the Bond number available. Customer Service can be reached at 800-362-1688.

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), 28% will be withheld if a tax identification number is not properly certified. Bondholders who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their Bonds.

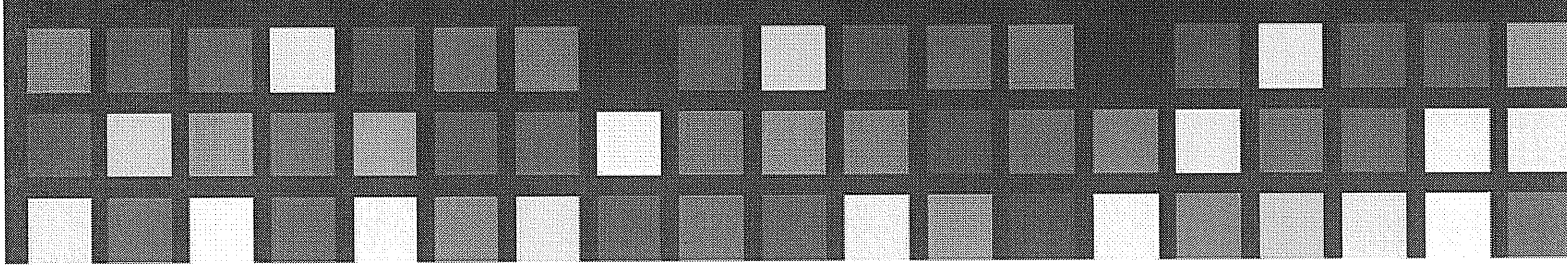
*The Registrar shall not be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for convenience of the holders.

Dated this 29th day of April 2016.

**BANKERS TRUST COMPANY,
TRUSTEE**

Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)

Financial Report
June 30, 2014



Contents

Independent Auditor's Report	1 – 2
Management's Discussion and Analysis	3 – 5
Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities	7
Notes to Financial Statements	8 – 11



Independent Auditor's Report

To the Board of Honey Creek
Premier Destination Park Authority
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Honey Creek Premier Destination Park Authority (the Authority), a component unit of the State of Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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 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 and the General Fund of the Honey Creek Premier Destination Park Authority as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 3 to the financial statements, the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is applied retroactively by restating the beginning net position. 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 Management's Discussion and Analysis on pages 3 through 5 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 which 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of the Honey Creek Premier Destination Park Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Honey Creek Premier Destination Park Authority's internal control over financial reporting and compliance.

McGladrey LLP

Des Moines, Iowa
November 14, 2014

**Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)**

**Management's Discussion and Analysis
Year Ended June 30, 2014**

The Honey Creek Premier Destination Park Authority (the Authority) provides this management's discussion and analysis of the Authority's annual financial statements. This narrative overview and analysis of the financial activities of the Authority is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Authority's financial statements and footnotes, which follow this section.

Financial Highlights

In October 2006, the Authority sold \$33,370,000 of bonds at a premium, producing \$33,639,613 of proceeds. The Authority made an advance of \$28,000,000 to the State of Iowa (the State) after providing for interest, payment of issuance costs and establishment of a debt service reserve. The State used the advance for the development of the Honey Creek Premier Destination Park (the Park). The bonds are secured by and are payable from the net revenues of the Park, if any, which have been pledged under the indenture and amounts held in the debt service reserve account, including any amounts appropriated by the State to replenish such account to its required balance. The bonds do not constitute an obligation or indebtedness of the State or any political subdivision of the State.

The Park is a resort park and recreational development undertaken by the Iowa Department of Natural Resources at Lake Rathbun, a man-made lake developed by the U.S. Army Corps of Engineers in southern Iowa near Moravia, Iowa. The Park opened in September 2008.

In November 2013, the Authority, with funds on hand and funds provided by the State, defeased all outstanding bonds. The established escrow account paid debt service on the bonds in fiscal year 2014.

Using this Annual Report

This Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of a series of financial statements. The Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities combine two sets of financial statements to compare information from a fund perspective with information about the activities of the Authority as a whole with a longer-term view of the Authority's finances. These basic financial statements also include the Notes to Financial Statements that explain some of the information in the financial statements and provide more detail.

The Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. The adoption of this Statement is applied retroactively by restating the beginning net position for items previously reported as assets.

**Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)**

**Management's Discussion and Analysis
Year Ended June 30, 2014**

Reporting the Authority

The Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities report information of the Authority as a whole and its activities. These statements include the General Fund reported on a modified accrual basis of accounting with adjustments to report all assets, liabilities and activities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

The Statement of Net Position presents all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the Authority's net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods.

Financial Analysis of the Statement of Net Position and the Statement of Activities

The Authority has a net position of zero due to the defeasance of all outstanding bonds during the fiscal year. Funds on hand and funds contributed by the State were used to fund an escrow account. The Authority is no longer responsible to pay debt service on the bonds.

Intergovernmental program revenue is the net of the amount contributed by the State to fund the escrow and pay escrow agent fees less the amount due from the State to repay the balance of the Authority's advance at the time the bonds were issued. Interest expense is the amount transferred to the escrow account to fund interest payments accrued through the date of defeasance, loss on early redemption of bonds is the amount transferred to the escrow account to fund interest payments from the date of defeasance to the call date of the bonds.

**Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)**

**Management's Discussion and Analysis
Year Ended June 30, 2014**

Condensed financial information as of and for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Assets:		
Current assets	\$ -	\$ 657,453
Noncurrent assets	-	28,305,440
Total assets	-	28,962,893
Liabilities:		
Current liabilities	-	770,891
Noncurrent liabilities	-	31,482,189
Total liabilities	-	32,253,080
Net position:		
Restricted for debt service	-	2,375,440
Unrestricted	-	(5,665,627)
Net position	\$ -	\$ (3,290,187)
Revenues:		
General revenue and investment income on investments and bank deposits	\$ -	\$ 12,041
Intergovernmental program revenue	6,882,842	1,473,285
Total revenues	6,882,842	1,485,326
Expenses:		
Loss on early redemption of bonds	3,008,582	-
Interest expense	584,304	1,471,402
Amortization of bond premium	(5,227)	(12,977)
Trustee fees	4,250	2,016
Investment expense on investments and bank deposits	746	-
Total expenses	3,592,655	1,460,441
Net change in net position	3,290,187	24,885
Net position (deficit), beginning of year, as restated	(3,290,187)	(3,315,072)
Net position (deficit), end of year, as restated	\$ -	\$ (3,290,187)

Debt Administration

Due to the defeasance of all bonds, future principal and interest payments due on the bonds to and including June 1, 2016 and 100% of the principal amount of bonds outstanding on the call date of June 1, 2016 will be made from escrowed funds.

Contacting the Authority

This financial report is designed to present users with a general overview of the Authority's finances and to demonstrate accountability for the funds generated and expended. If you have any questions about the report or need additional information, please contact the State Treasurer's Office, Lucas State Office Building, Des Moines, Iowa 50319.

Honey Creek Premier Destination Park Authority
 (A Component Unit of the State of Iowa)

Governmental Fund Balance Sheet/Statement of Net Position
 June 30, 2014

	General Fund Balance Sheet	Adjustments	Statement of Net Position
Assets	\$ -	-	-
Liabilities	\$ -	-	-
Fund balance	-	-	-
Total liabilities and fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Total net position		<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)**

**Statement of Revenues, Expenditures and Changes in Fund Balance/
Statement of Activities
Year Ended June 30, 2014**

	<u>General Fund</u>		
	Statement of Revenues, Expenditures and Changes in		Statement of
	Fund Balance	Adjustments	Activities
Intergovernmental program revenue	\$ 6,882,842	\$ -	\$ 6,882,842
Expenditures/expenses:			
Debt service:			
Principal	31,950,000	(31,950,000)	-
Loss on early redemption of bonds	3,185,544	(176,962)	3,008,582
Interest	705,195	(120,891)	584,304
Amortization of bond premium	-	(5,227)	(5,227)
Investment expense on investments and bank deposits	746	-	746
Trustee fees	4,250	-	4,250
Total expenditures/expenses	<u>35,845,735</u>	<u>(32,253,080)</u>	<u>3,592,655</u>
Net change in fund balance/net position	(28,962,893)	32,253,080	3,290,187
Fund balance/net position (deficit), beginning of year, as restated	28,962,893	(32,253,080)	(3,290,187)
Fund balance/net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)**

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Significant Accounting Policies

Nature of operations:

The Honey Creek Premier Destination Park Authority (the Authority) was authorized by the provisions of Chapter 463C of the Code of Iowa on June 15, 2005. The purposes of the Authority include: (a) to implement and administer the Honey Creek Premier Destination Park bond program and to establish a stable source of revenue to be used for the purposes designated, (b) to issue bonds and enter into funding options, including refunding and refinancing its debt and obligations, (c) to provide for and secure the issuance and repayment of its bonds, (d) to invest funds available to provide for a source of revenue in accordance with the program plan, (e) to refund and refinance the Authority's debts and obligations and (f) to manage its funds, obligations and investments as necessary to implement the purposes of Chapter 463C of the Code of Iowa.

The Authority's board consists of the Treasurer of State, the Auditor of State and the Director of the Department of Management of the State.

In November 2013, the Authority, with funds on hand and funds provided by the State, defeased all outstanding bonds. The established escrow account paid debt service on the bonds in fiscal year 2014.

Reporting entity:

The Authority is a component unit of the State of Iowa (the State). The financial statements of the Authority are included in the State's Comprehensive Annual Financial Report.

The Authority has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Authority. The Authority has no component units which meet the GASB criteria.

Authority-wide and Fund Financial Statements: The financial statements combine both an authority-wide perspective and a governmental fund perspective.

The Authority is classified as a Special Revenue Fund in the State's Comprehensive Annual Financial Report. Special Revenue Funds account for the proceeds of specific revenue sources (other than permanent or capital projects) legally restricted to expenditures for a specified purpose. The difference between assets and liabilities is referred to as fund balance.

Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)

The Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. The adoption of this Statement restated net position as described in Note 3.

The Authority-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all the activities of the Authority. Governmental activities generally are those normally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

Measurement focus and basis of accounting:

The Authority-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payments are due.

Significant accounting policies:

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The more significant of the Authority's accounting policies are described below.

Honey Creek Premier Destination Park Authority Bonds, Series 2006: The Authority issued Honey Creek Premier Destination Park Authority Bonds (Series 2006), dated October 19, 2006, in the amount of \$33,370,000. The bonds bear interest at rates ranging from 4 percent to 5 percent and mature in varying annual amounts ranging from \$370,000 to \$2,210,000, with the final term maturity due in the year ending June 30, 2036, including an optional 10-year call date of June 1, 2016. These bonds are secured by the net revenues of the Honey Creek Premier Destination Park Project (the Park).

**Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)**

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)

Use of estimates: Management of the Authority has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets or liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

Budget: The Authority has not, and is not required to, enact an appropriation budget.

Note 2. Defeasance of Debt

During the year ended June 30, 2013, the General Assembly of the State of Iowa and Governor Terry Branstad approved House File 648. Division 1, section 1 of this act provides that if the Iowa Economic Emergency Fund reaches its maximum balance in the fiscal year beginning July 1, 2013, after the designated portion of the excess moneys is transferred to the Taxpayers Trust Fund pursuant to section 8.55, subsection 2, paragraph "a", the next \$116,100,000 is transferred to the State Bond Repayment Fund and specified bonds, including the Honey Creek Destination Bonds (Series 2006), are to be defeased.

During the year ended June 30, 2014, the Authority received approximately \$33,463,000 from the State of Iowa to in-substance defease the Honey Creek Destination Bonds (Series 2006). The proceeds and approximately \$2,380,000 additional monies of the Authority were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Honey Creek Destination Bonds. As of June 30, 2014, the trust held approximately \$33,813,000 invested in U.S. government securities. As a result, the Honey Creek Destination Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The Authority in effect reduced its total debt service payments over the next 22 years by approximately \$16,414,000. At June 30, 2014, the amount of bonds outstanding totaled \$31,300,000.

**Honey Creek Premier Destination Park Authority
(A Component Unit of the State of Iowa)**

Notes to Financial Statements

Note 3. Restatement

As a result of the adoption of GASB Statement No. 65, the beginning net position (deficit) was restated. The effect on fiscal year 2013 is as follows:

	<u>Statement of Net Position (Deficit)</u>
Net position (deficit), June 30, 2013, as previously reported	\$ (2,910,061)
Bond issuance costs previously reported as assets	<u>(380,126)</u>
Net position (deficit), June 30, 2013, as restated	<u>\$ (3,290,187)</u>

Prior to adoption of GASB Statement No. 65, bond issuance costs were capitalized and amortized over the life of the debt.