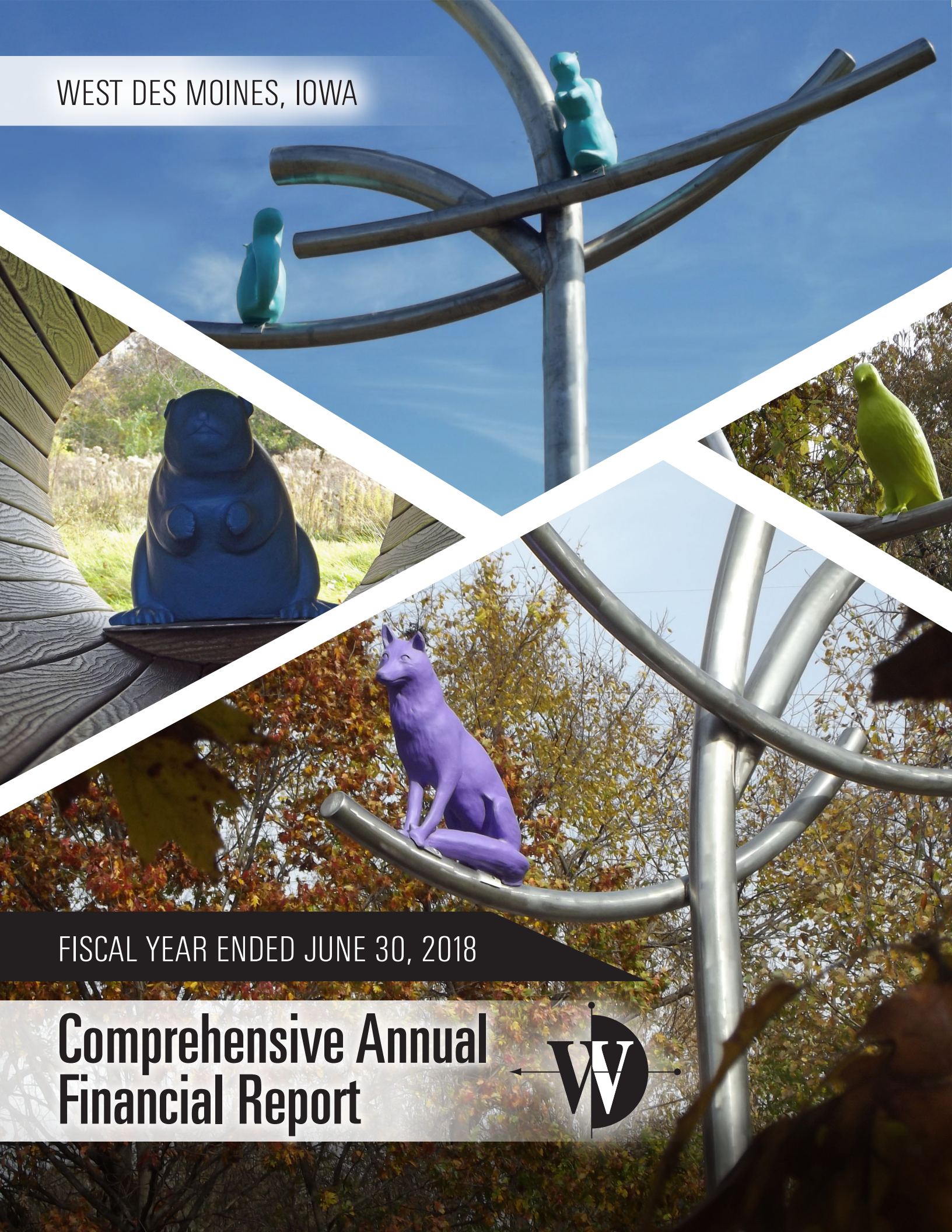


WEST DES MOINES, IOWA



FISCAL YEAR ENDED JUNE 30, 2018

# Comprehensive Annual Financial Report





**CITY OF WEST DES MOINES, IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2018**

**Prepared by the Finance Department**



**CITY OF WEST DES MOINES  
2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# **INTRODUCTORY SECTION**





THE CITY OF  
**West Des Moines®**  
www.wdm.iowa.gov

**Finance Department**

4200 Mills Civic Parkway  
P.O. Box 65320  
West Des Moines, IA 50265-0320

515-222-3600  
FAX 515-222-3640

'Aaa'  
Credit Rating  
Moody's

'AAA'  
Credit Rating  
Standard & Poor's

**December 17, 2018**

Honorable Mayor, Members of the City Council, and  
Citizens of the City of West Des Moines, Iowa:

Chapter 11 of the *Code of Iowa* requires the City of West Des Moines (the "City") to publish a complete set of audited financial statements within nine months of the close of each fiscal year. This comprehensive annual financial report has been published to fulfill this requirement for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all the information, based upon a comprehensive framework of internal control established for this purpose. The cost of internal controls should not exceed anticipated benefits; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly LLP, a firm of licensed certified public accountants, has issued an unmodified opinion on the statements which has been published herein, immediately preceding the financial section of the report.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis. This letter of transmittal is intended to complement the MD&A and they should be read in conjunction.

**Profile of the City**

The City was incorporated as Valley Junction in 1893, changed its name to West Des Moines in 1938, and is now the largest suburb of Iowa's capital city of Des Moines. This year marked the 125<sup>th</sup> anniversary of the City and the milestone was commemorated by holding numerous neighborhood events and scaling up the town's 4<sup>th</sup> of July celebration.

Centrally located in Iowa, the City is currently comprised of approximately 48.2 square miles spanning portions of Polk, Dallas, Warren, and Madison counties. The City's population continues to grow at a steady pace, totaling 65,608 residents according to the most recently-available United States Census Bureau estimate (July 1, 2017). The City has grown its population 15.9% since the 2010 Census, 38.4% since 2000, and 107.0% since 1990.

Policy-making and legislative authority in the City are vested in a governing council. The City Council consists of a mayor and five council members; all are elected on a non-partisan basis. Three of the council members are elected by ward and two, as well as the mayor, elected at large. For continuity purposes, the mayor and council members serve four-year staggered terms with elections held every two years. The City Council makes policy decisions for the City through the enactment of ordinances, resolutions and motions. The Council is also responsible for adopting operating and capital budgets, appointing committees, hiring a city manager and city attorney, and appointing a city clerk.



The City Manager, as the City's chief administrative officer, is responsible for implementing policy decisions of the Council, overseeing day-to-day operations, and hiring department directors. Departments of the City include Community & Economic Development, Development Services, Emergency Medical Services, Engineering, Finance, Fire, Human Resources, Human Services, Legal, Parks & Recreation, Police, and Public Services. The City also maintains a public library which, through state statute, is governed by a separate Board of Trustees. However, the library and its employees are also considered a city department as they are budgeted funds by the City Council and routinely follow the general operating policies and procedures implemented by the City.

Public elementary and secondary education services for residents of West Des Moines are provided by six separate public school districts – Des Moines, Norwalk, Van Meter, Waukee, West Des Moines, and Winterset – in addition to several parochial schools. Public water services are provided primarily by the West Des Moines Water Works with scant areas of the City served by Des Moines Water Works. Each of the public school districts or water works entities have the ability to issue separate debt which is not an obligation of the City; therefore the financial statements of these entities have not been included in this report.

The City's annual budget serves as the foundation for financial planning and control. Each fall, staff from each of the City's departments submits budgetary requests and discusses appropriation levels for their department related to the upcoming fiscal year. Using these requests as well as staffing and revenue projections produced by the finance department, the city manager prepares a preliminary budget. The proposed budget is presented to the Mayor and City Council for discussion during workshops, and a public hearing is held before Council ultimately votes on the City's budget. By state statute, the budget for each fiscal year must be adopted by the Council and filed with the State prior to March 15<sup>th</sup> of the preceding fiscal year. The state mandates that the City maintain legal spending control at the function level, which consists of Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Capital Projects, Debt Service, and Business-type expenditures.

## **Local Economy**

Based on the most recently-available US Census estimate (July 1, 2017), West Des Moines ranks as the 8<sup>th</sup> largest city by population in the State of Iowa. By contrast, it currently ranks 3<sup>rd</sup> in terms of overall taxable property valuation as of January 1, 2017, 2<sup>nd</sup> in the collection of hotel/motel tax revenues during fiscal 2018, and 4<sup>th</sup> in Iowa overall in terms of taxable retail sales during fiscal 2017 (fiscal 2018 was not available at the report date). The median household income in the City continues to exceed both the national and state averages. According to the US Census Bureau, at the end of 2017, the median household income in the City was \$73,645, which compares to the State of Iowa median of \$56,247 and the national median of \$57,617.

The City continues to grow high quality jobs, mainly in the office and retail sectors. Housing continues to expand westward with a mix of rentals and owner-occupied and the City has a large and growing inventory of multi-family housing – apartments, condos, and townhomes. Fiscal 2018 saw 290 new single family homes constructed along with 9 new multi-family projects containing 355 units. Rental rates and occupancy percentages are well above the average for the state and region.

Business development projects over the past fiscal year include the continued construction of Microsoft's Mountain and Alluvion data centers as well as preliminary work towards a third major data center for the company. The third center, named Project Osmium, will ensure continued construction for the company and will carry a final taxable valuation of over \$313 million when completed. The Osmium project was originally scheduled to begin in fiscal 2018, but was delayed slightly due to planning and should begin in fiscal 2019. Microsoft also emphasized its commitment to the West Des Moines community during fiscal 2018 by contributing over \$800,000 towards construction of a city amphitheater as well as being a major funder of a project dedicated to bringing reduced-fee Wi-Fi service to lower income households in the City's Valley Junction area.

Other development projects included renovation of a historic train depot building into a gathering space with an on-site brewery, distillery, and food truck commissary kitchen facility. Retail also continued to expand with several new hotels, retail shops, and new to the market restaurants opening during the year. During fiscal 2018 the City saw a total of 23 new commercial buildings constructed with an estimated value of \$118 million.

Fiscal 2018 saw continued strong building growth overall, with a total of \$323 million of building permit activity. This represented a jump from the 2017 level of \$288 million but was still lagging behind a historic \$1.1 billion of building permit activity in fiscal 2016 and three consecutive years prior which were each over \$400 million. Much of the activity from earlier years was generated by Microsoft Alluvion. It is anticipated that fiscal 2019 will benefit similarly from the permits required for Microsoft Project Osmium.

The City places an emphasis on a creative but sound economic development strategy which offers plans to businesses seeking to grow within or relocate to the City. During fiscal 2017 and 2018 several economic incentive programs (a combination of grants and no-interest loans) were developed to energize the Valley Junction area. These incentives, with three rounds of funding completed, have thus far seen private investment of over 4 times the cost of the incentive program. Another new incentive program (tax rebates) has been developed to target several sections of the city that have been determined to be in need of redevelopment.

### **Relevant Financial Policies and Long-term Financial Planning**

The City continues to be cautious when estimating property tax revenue, ancillary revenue, and investment returns, as well as use conservative expense figures to establish rates and balance the budget into upcoming fiscal years. These tactics ensure that adequate funding for services will be available in future budget cycles.

For budgetary and planning purposes, management strives to maintain an unassigned, undesignated general fund balance equal to or slightly exceeding 25% of total general fund expenditures. These funds are necessary to meet cash flow needs during the initial months of the new fiscal year as property tax revenue, the primary source of funding for general operations, is collected semi-annually with the respective county treasurers remitting the vast majority of those taxes to the City in the months of October and April.

During the annual budgeting process, the City evaluates the property tax rate for comparison to other cities of similar size and to determine that there will be sufficient revenue to provide the services deemed necessary by the City Council. Fees and charges for services are also evaluated annually to ensure they keep pace with the cost of providing these specific services. The City strives to maintain or increase its diversified revenue sources, to provide for greater financial stability.

Included in the operating budget are costs associated with the City's capital equipment replacement schedule. This money is set-aside annually to ensure funding is available for the timely replacement of vehicles and heavy equipment that are no longer cost effective to maintain. In addition, during each budget cycle the City Council and staff update the City's multi-year capital improvement plan, including funding of priority projects, based on community input and other data. Among the data available is information from a street management system which assesses and prioritizes street maintenance needs over a multi-year cycle.

### **Major Initiatives and Accomplishments**

On May 3, 2018, Moody's Investors Services reviewed and reaffirmed its highest rating (Aaa) to the City's general obligation bonds. Prior to that, on July 11, 2017, Standard & Poor's reaffirmed its AAA rating on the bonds. The City continues to hold the highest available rating from both Moody's Investor Services and Standard and Poor's rating. Each of the agencies cites the City's financial positions and conservative fiscal management as strengths.

As of June 30, 2018, the City was one of approximately 100 in the United States to have the distinction of carrying the highest rating from both agencies. The City's financial positions remain strong and for the fiscal year ended June 30, 2018, the City reported a general fund surplus of approximately \$4.3 million, which brought the general fund reserves to \$41.1 million, or 71.2% of annual general fund operating expenditures.

### **Financial Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Des Moines for its Comprehensive Annual Financial

Report for the fiscal year ended June 30, 2017. This was the 25<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and again this year will be submitting it to the GFOA to determine eligibility for another certificate.


Additionally, for the 20<sup>th</sup> consecutive year the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document related to the fiscal year beginning July 1, 2018. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged and deemed proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

### Acknowledgements

Elected officials and staff take great pride in providing high quality municipal services, including transparent and clear financial reporting and budgeting. The City's continued recognition of reporting excellence by the GFOA, the City's continuing Aaa bond rating, and a #1 ranking by the Des Moines Business Record as the most conducive city for business in Central Iowa for nineteen consecutive years, are all reflective of competitiveness, efficiency, and attention to detail.

Preparation of this report was accomplished through the dedicated services provided by the Finance Department staff. We would like to express our appreciation to all members of the department who assisted with the audit and contributed to the preparation of this report, including our audit firm Eide Bailly LLP. Likewise, we wish to extend our sincere appreciation to the Mayor and members of the City Council for their interest in and support of our efforts to conduct the City's financial operations in the most responsible and progressive manner.

Respectfully submitted,



Tom Hadden  
City Manager



Tim Stiles  
Finance Director



Government Finance Officers Association

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

Presented to

**City of West Des Moines  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

City of West Des Moines, Iowa  
List of Principal Officials  
As of June 30, 2018

---

**Elected Officials**

---

|                  |                         |                                |
|------------------|-------------------------|--------------------------------|
| Steven K. Gaer   | Mayor                   | Term Expires December 31, 2021 |
| Renee Hardman    | Councilmember, At Large | Term Expires December 31, 2021 |
| James Sandager   | Councilmember, At Large | Term Expires December 31, 2019 |
| Kevin Trevillyan | Councilmember, Ward 1   | Term Expires December 31, 2021 |
| John Mickelson   | Councilmember, Ward 2   | Term Expires December 31, 2019 |
| Russ Trimble     | Councilmember, Ward 3   | Term Expires December 31, 2021 |

**Appointed Officials**

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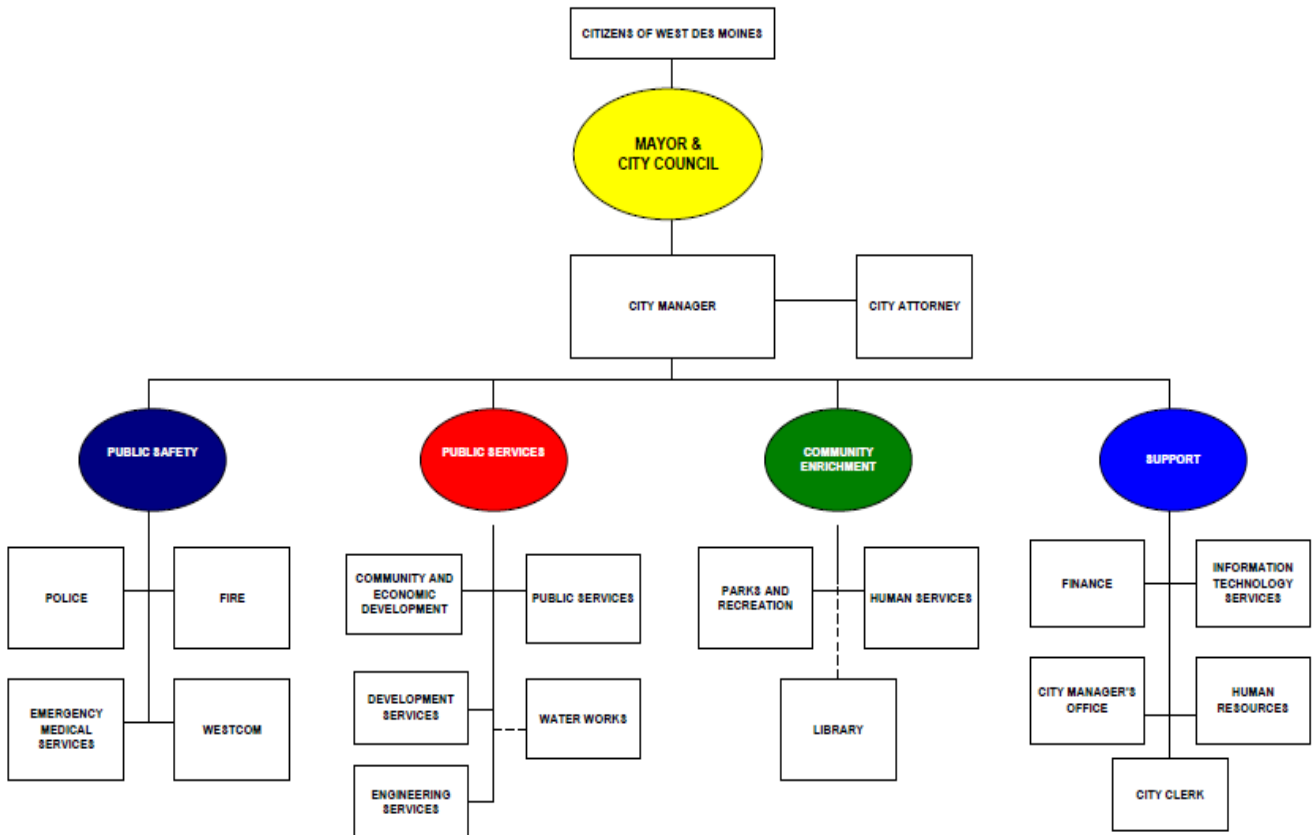
Tom Hadden, City Manager  
Ryan Jacobson, City Clerk  
Richard J. Scieszinski, City Attorney

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City of West Des Moines, Iowa  
**Organizational Chart**  
 As of June 30, 2018

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---- Indicates Reports to Board

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# **FINANCIAL SECTION**





## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of West Des Moines, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, (City) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes 1 and 19 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are 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 and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 City of West Des Moines, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

The combining 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 combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 a report dated December 17, 2018, on our consideration of the City of West Des Moines, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Dubuque, Iowa  
December 17, 2018

# City of West Des Moines, Iowa

## Management's Discussion and Analysis

### For Fiscal Year Ended June 30, 2018

---

As management of the City of West Des Moines, Iowa (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is located in the Introductory Section at the front of this report.

## Financial Highlights

At June 30, 2018, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows by \$634 million. Of this amount, \$65 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. By comparison, for the fiscal year ended June 30, 2017, assets and deferred outflows exceeded liabilities and deferred inflows by \$608 million, of which \$50 million was unrestricted.

The City's total net position increased by \$26 million during the fiscal year ended June 30, 2018. Governmental activities increased by \$15 million and business-type activities increased by \$11 million. The City continues to be able to report positive balances in all three categories of net position; for the government as a whole, as well as its separate governmental and business-type activities.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$146 million, which is significantly increased from the prior year in part due to an increase in bonds issued during the year related to construction. The unassigned portion of the City's fund balance, which is available for spending at the City's discretion, totaled \$40.4 million at June 30, 2018, increasing \$11.7 million from the balance at the end of the prior fiscal year.

The City implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions during fiscal year 2018. The beginning net position for governmental and business type activities was restated by \$1,368,431 and by \$60,052 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

Moody's Investors Services reaffirmed the City's Aaa rating on May 3, 2018 in conjunction with the issuance of 2018 General Obligation Bonds. Standard & Poor's last reaffirmed the City's Aaa bond rating on July 11, 2017. The City continues to hold the highest available rating from both services. Each of the agencies cites the City's financial position and conservative fiscal management as strengths.

## Overview of the Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as 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 (e.g., uncollected taxes and earned but unused vacation leave).

City of West Des Moines, Iowa  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2018

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Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public works (roads, engineering, and traffic controls), health and social services, culture and recreation, community and economic development, general government, and interest on long-term debt. The business-type activities of the City include sanitary sewer, storm water, and solid waste operations.

The government-wide financial statements include only those balances of the City of West Des Moines, as the *primary government*. The West Des Moines Community School District, the Waukee Community School District, the Des Moines Independent School District, the Norwalk Community School District, the Van Meter Community School District, the Winterset Community School District, and West Des Moines Water Works provide services to the citizens of West Des Moines but do not meet established criteria to be component units of the City, and thus are not included in this report.

The government-wide financial statements can be found on pages 32 through 35 of this report.

**Fund financial statements.** A *fund* is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of West Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds, which are described in further detail as follows:

**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, government 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 financing requirements, and is typically the basis used in developing the next annual budget.

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 City's near term financing 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.

The City maintains fourteen individual governmental funds. Information is presented separately in the *Balance Sheet - Governmental Funds* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* for the General Fund, Road Use Tax Fund, Tax Increment Financing Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation under the column heading *Nonmajor Governmental Funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City presents budgetary information as allowed by GASB Statement No. 41. The City adopts an annual appropriated budget for the activity of all funds except agency funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions, not by fund or fund type.

The basic governmental fund financial statements can be found on pages 36 through 39 of this report.

City of West Des Moines, Iowa  
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*Proprietary funds* consist of two different types of funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses internal service funds to account for its vehicle replacement, vehicle maintenance, health and dental insurance program, workers' compensation program and technology replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds 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 the major sanitary sewer operations fund, the major storm water operations fund, and the nonmajor solid waste operations fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided as combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40 through 45 of this report.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 46 of this report.

**Notes to basic financial statements.** The notes included herein provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 47 through 80 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also provides certain *required supplementary information* concerning the City, including a schedule of changes in the City's total OPEB liability, the City's proportionate share of the net pension liability and related contributions for both of the City's pension plans, a budgetary comparison based on the City's legal level of budgetary control, and infrastructure condition and maintenance records which are required as the City has elected to use the modified approach for reporting much of its infrastructure. This approach to recording infrastructure is explained in detail on page 27, while other required supplementary information can be found on pages 89 through 92 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on infrastructure. Combining statements and schedules can be found on pages 94 through 101 of this report.

## Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government's financial standing. At June 30, 2018, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$634 million. The City's Net Position is allocated on the basis of function and categorized as either supporting a governmental or business-type purpose. A summary of Net Position follows and is discussed on the following page.



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| City of West Des Moines             |                         |                        |                          |                        |                  |                        |
|-------------------------------------|-------------------------|------------------------|--------------------------|------------------------|------------------|------------------------|
| Net Position                        |                         |                        |                          |                        |                  |                        |
| (in thousands of dollars)           |                         |                        |                          |                        |                  |                        |
|                                     | Governmental Activities |                        | Business-Type Activities |                        | Total            |                        |
|                                     | 2018                    | 2017<br>(Not Restated) | 2018                     | 2017<br>(Not Restated) | 2018             | 2017<br>(Not Restated) |
| <b>Assets</b>                       |                         |                        |                          |                        |                  |                        |
| Current and other assets            | \$ 254,130              | \$ 179,719             | \$ 47,958                | \$ 48,474              | \$302,088        | \$ 228,193             |
| Capital assets, net of depreciation | 529,531                 | 501,982                | 118,748                  | 105,418                | 648,279          | 607,400                |
| <b>Total assets</b>                 | <b>783,661</b>          | <b>681,701</b>         | <b>166,706</b>           | <b>153,892</b>         | <b>950,367</b>   | <b>835,593</b>         |
| <b>Deferred Outflows</b>            |                         |                        |                          |                        |                  |                        |
| Pension related                     | 10,769                  | 12,221                 | 224                      | 206                    | 10,993           | 12,427                 |
| OPEB related                        | 270                     | -                      | 12                       | -                      | 282              | -                      |
| Advance refunding related           | 103                     | -                      | -                        | -                      | 103              | -                      |
| <b>Total deferred outflows</b>      | <b>11,142</b>           | <b>12,221</b>          | <b>236</b>               | <b>206</b>             | <b>11,378</b>    | <b>12,427</b>          |
| <b>Liabilities</b>                  |                         |                        |                          |                        |                  |                        |
| Current liabilities                 | 32,491                  | 29,544                 | 3,076                    | 1,125                  | 35,567           | 30,669                 |
| Long-term liabilities outstanding   | 214,996                 | 139,397                | 1,258                    | 1,132                  | 216,254          | 140,529                |
| <b>Total liabilities</b>            | <b>247,487</b>          | <b>168,941</b>         | <b>4,334</b>             | <b>2,257</b>           | <b>251,821</b>   | <b>171,198</b>         |
| <b>Deferred Inflows</b>             |                         |                        |                          |                        |                  |                        |
| Unavailable revenue, property taxes | 75,510                  | 68,220                 | -                        | -                      | 75,510           | 68,220                 |
| Pension related                     | 588                     | 370                    | 187                      | 180                    | 775              | 550                    |
| <b>Total deferred inflows</b>       | <b>76,098</b>           | <b>68,590</b>          | <b>187</b>               | <b>180</b>             | <b>76,285</b>    | <b>68,770</b>          |
| <b>Net position</b>                 |                         |                        |                          |                        |                  |                        |
| Net investment in capital assets    | 420,604                 | 419,227                | 118,748                  | 105,418                | 539,352          | 524,645                |
| Restricted net position             | 27,581                  | 27,059                 | 1,365                    | 5,971                  | 28,946           | 33,030                 |
| Unrestricted net position           | 23,033                  | 10,105                 | 42,308                   | 40,272                 | 65,341           | 50,377                 |
| <b>Total net position</b>           | <b>\$ 471,218</b>       | <b>\$ 456,391</b>      | <b>\$ 162,421</b>        | <b>\$ 151,661</b>      | <b>\$633,639</b> | <b>\$ 608,052</b>      |

The largest portion of the City's net position (85% of the total) represents its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less all outstanding debt used to acquire those assets. The City uses the capital assets to provide services to its citizens; consequently these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities. Overall, the net investment in capital assets increased \$14.7 million from the previous year. The increases were in support of both governmental activities and business-type activities and are indicative of the City's ongoing commitment to provide quality infrastructure assets in the community, and its effort to aggressively repay debt related to those assets.

An additional portion of the City's net position (5% of the total) represents resources that are subject to external use restrictions. These amounts fluctuate annually based on the timing of restricted revenue and completion of the restricted projects or activities. Total restricted net position decreased \$4.1 million during the fiscal year ended June 30, 2018.

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The remaining balance of net position (10% of the total) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position increased \$15.0 million during the fiscal year ended June 30, 2018.

The City's Changes in Net Position during the fiscal years ended June 30, 2018 and 2017, follows and is discussed below:

|   | Changes in Net Position<br>(in thousands of dollars) |                        |                          |                        |                   |                        |
|---|--|------------------------|--------------------------|------------------------|-------------------|------------------------|
|   | Governmental Activities                              |                        | Business-Type Activities |                        | Total             |                        |
|   | 2018   | 2017<br>(Not Restated) | 2018                     | 2017<br>(Not Restated) | 2018              | 2017<br>(Not Restated) |
| <b>Revenues</b>   |  |                        |                          |                        |                   |                        |
| Program revenues:   |  |                        |                          |                        |                   |                        |
| Charges for services  | \$ 13,628  | \$ 13,539              | \$ 15,854                | \$ 15,164              | \$ 29,482         | \$ 28,703              |
| Operating grants and contributions                          | 13,871   | 10,391                 | -                        | -                      | 13,871            | 10,391                 |
| Capital grants and contributions                            | 565  | 5,174                  | 4,206                    | 3,373                  | 4,771             | 8,547                  |
| General revenues:   |  |                        |                          |                        |                   |                        |
| Property taxes  | 67,629   | 64,302                 | -                        | -                      | 67,629            | 64,302                 |
| Other taxes   | 5,065  | 5,070                  | -                        | -                      | 5,065             | 5,070                  |
| Earnings on investments                                     | 1,750  | 715                    | 639                      | 176                    | 2,389             | 891                    |
| Other   | 5,771  | 5,687                  | 23                       | -                      | 5,794             | 5,687                  |
| <b>Total revenues</b>                                       | <b>108,279</b>                                       | <b>104,878</b>         | <b>20,722</b>            | <b>18,713</b>          | <b>129,001</b>    | <b>123,591</b>         |
| <b>Expenses</b>   |  |                        |                          |                        |                   |                        |
| General government  | 9,737  | 8,953                  | -                        | -                      | 9,737             | 8,953                  |
| Public safety   | 31,869   | 30,994                 | -                        | -                      | 31,869            | 30,994                 |
| Public Works  | 17,480   | 16,035                 | -                        | -                      | 17,480            | 16,035                 |
| Health and social services                                  | 1,402  | 1,251                  | -                        | -                      | 1,402             | 1,251                  |
| Culture and recreation                                      | 10,225   | 9,879                  | -                        | -                      | 10,225            | 9,879                  |
| Community & economic development                            | 10,593   | 7,578                  | -                        | -                      | 10,593            | 7,578                  |
| Interest on long term debt                                  | 4,945  | 3,322                  | -                        | -                      | 4,945             | 3,322                  |
| Sanitary sewer  | -  | -                      | 10,012                   | 9,815                  | 10,012            | 9,815                  |
| Solid waste   | -  | -                      | 3,714                    | 3,650                  | 3,714             | 3,650                  |
| Storm water   | -  | -                      | 2,008                    | 1,804                  | 2,008             | 1,804                  |
| <b>Total expenses</b>                                       | <b>86,251</b>  | <b>78,012</b>          | <b>15,734</b>            | <b>15,269</b>          | <b>101,985</b>    | <b>93,281</b>          |
| <b>Increase (decrease) in net position before transfers</b> | <b>22,028</b>  | <b>26,866</b>          | <b>4,988</b>             | <b>3,444</b>           | <b>27,016</b>     | <b>30,310</b>          |
| Transfers   | (5,833)  | (10,685)               | 5,833                    | 10,685                 | -                 | -                      |
| <b>Increase (decrease) in net position</b>                  | <b>16,195</b>  | <b>16,181</b>          | <b>10,821</b>            | <b>14,129</b>          | <b>27,016</b>     | <b>30,310</b>          |
| <b>Net position, beginning of year</b>                      | <b>455,023</b>                                       | <b>440,210</b>         | <b>151,600</b>           | <b>137,532</b>         | <b>606,623</b>    | <b>577,742</b>         |
| <b>Net position, end of year</b>                            | <b>\$ 471,218</b>                                    | <b>\$ 456,391</b>      | <b>\$ 162,421</b>        | <b>\$ 151,661</b>      | <b>\$ 633,639</b> | <b>\$ 608,052</b>      |

**Governmental Activities.** Governmental revenues in the current year increased by \$3.4 million, or 3.2%, which largely was a result of an increase of \$3.1 million in grant revenue associated with the City's grant to renovate a former school building into housing. Revenues from building permits and related activity remained relatively strong (although down from the previous year) and other fee-based revenues also remained stable. Investment earnings were up sharply (\$1.0 million or 144%) due to rising interest rates and investment management. The City's overall property tax revenue increased by \$3.3 million due to development within the City, however revenue from capital grants decreased by \$4.6 million from the previous year due to smaller roadway infrastructure grant revenue received. Governmental expenses increased \$8.2 million, or 10.5% from the prior fiscal year and this was largely due to \$3.1 million in grant expenses associated with the renovation of a former school building into housing, a \$1.6 million increase in long term debt interest associated with bond issuances, the addition of 10 FTE's, less staffing vacancies compared to the prior year, and rising employee costs, including salaries, pensions, and insurance. Staffing efficiencies were assisted by combining the City's Parks Maintenance and Public Works Maintenance divisions into one consolidated unit, which allowed for cross-functionality of personnel and equipment.

# City of West Des Moines, Iowa

## Management's Discussion and Analysis

### For Fiscal Year Ended June 30, 2018

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**Business-Type Activities.** Revenue received through charges for services increased by \$0.7 million, or approximately 4.6% in the current year. Capital grant revenues, which can swing dramatically based on available grant programs, increased by \$0.8 million, or approximately 24.7%. Investment earnings increased \$0.5 million due to the rise in interest rates. Business-type expenses increased by \$0.5 million, or approximately 3.2%, and are largely based on water (through stormwater fees), sewer, and solid waste usage. These increases were expected based on pre-determined rate increases which were developed as part of a long-term funding strategy.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also the case in the prior fiscal year.

## Financial Analysis of the Government's Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The financial reporting requirements. In particular, unassigned fund balances serve as a useful measure of a government's net resources available at focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing at the end of the fiscal year.

The City's governmental funds reported combined fund balances of \$145.7 million as of June 30, 2018. Of this total \$40.4 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. \$0.6 million of the balance is unspendable as it relates to inventory and loan receivables to be collected. The remainder of the fund balance is not available for new spending because it has already been restricted either (1) by legal requirements for debt service payments (\$3.0 million); (2) for urban renewal and development in Tax Increment Financing Districts (\$5.0 million); (3) for liquidation of contracts for capital improvements (\$90.9 million); or (4) various other purposes (\$5.8 million).

The unassigned balance of the General Fund, the chief operating fund of the City, increased \$3.8 million, or 10.3%, to a total of \$40.5 million at June 30, 2018. As a measure of the General Fund's liquidity, it is generally useful to compare unassigned fund balance to total annual fund expenditures. The unassigned balance of the General Fund at June 30, 2018, represents approximately 70.3% of annual General Fund expenditures. The City strives to maintain an average fund balance of at least 25.0% of General Fund expenditures for working capital needs due to fluctuations in revenue, as property tax revenue, the overwhelming majority of revenue, is only collected semi-annually with the majority of the revenue remitted to the City by the respective county treasurers in the months of October and April each year.

The City's General Fund revenue saw an overall increase of \$2.4 million, which includes an increase in property tax revenue of \$1.4 million. The more significant portions of the change are a \$0.1 million increase in charges for services, a \$0.8 million increase in use of money and property.

General Fund expenditures increased by \$1.5 million, or approximately 2.7%. The most significant portion of this increase was rising employee costs, including salaries, pensions, and insurance.

The Road Use Tax Revenue collected by the State of Iowa and allocated to the City decreased by \$230,000 (-2.8%) from the previous fiscal year. Revenue is tied to vehicle registrations and the sale of fuel, but it is unknown whether the trend was due to price fluctuation or other factors. An increase in funding for the City's road maintenance projects led to a fiscal 2018 increase of only \$400,000, and although this increase is significantly less than that of the previous year (\$1.3 million), the overall ending fund balance at June 30, 2018, remained at a healthy level, exceeding \$13.8 million.

## City of West Des Moines, Iowa Management's Discussion and Analysis For Fiscal Year Ended June 30, 2018

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The Tax Increment Financing (TIF) Fund had a fund balance of \$4.9 million at June 30, 2018, which represents an increase of \$100,000, or 2.8% from the prior year. Increases to this fund balance are not typically foreseen, and the City had actually planned for this balance to decrease, however, the State of Iowa continued to backfill lost commercial property tax revenue in fiscal 2018 and some of this revenue was allocable to the TIF areas of the City. Since property taxes are collected in arrears, the City continues to benefit from past growth in these areas. The property taxes collected in these special financing districts are generally transferred from the Tax Increment Financing Fund to other funds to cover bonded debt, other loans, advances, and contracts used to finance infrastructure improvements in these TIF districts.

The Debt Service Fund had a fund balance of \$3.0 million at June 30, 2018, which represents an increase of 50.0%, from the prior year. This increase was due to timing of debt payments. The continued long-term strategy for the fund is to maintain a minimum reserve balance approximately equal to 25% of total interest payable each fiscal year.

The Capital Projects Fund had a fund balance of \$77.1 million at June 30, 2018, which represents an increase in fund balance of \$58.5 million. The sales of Series 2018 A through D General Obligation Bonds were completed on June 13, 2018, which resulted in \$42 million of proceeds deposited into the fund with relatively little advance spending. In addition, certain projects designated for completion with Series 2017 C and D General Obligation Bonds were delayed and so a significant portion of those bond proceeds (approximately \$19 million of the total \$34 million) remained unspent at June 30, 2018. Numerous larger-scale capital projects are slated for fiscal 2019 so it is anticipated that the Capital Projects Fund will be reduced to a more typical level by the end of the upcoming fiscal year.

**Proprietary Funds.** The City's proprietary funds financial statements provide detail which supports information found in the government-wide financial statements. Total net position of the City's Sanitary Sewer Fund at June 30, 2018, was \$103.2 million. This is comprised of a \$60.7 million investment in capital assets and \$42.5 million in net position, \$1.3 million of which is restricted to use only on specific improvement projects. The net position of the Sanitary Sewer Fund increased \$4.2 million, or 4.2%, which was largely the result of a planned rate increase.

Total net position of the City's Storm Water Fund at the end of the current year was \$57.9 million. This is comprised of \$57.9 million investment in capital assets. In order to address the shortfall in unrestricted net position in this fund, the stormwater rate was increased by \$.60 per Equivalent Residential Unit effective July 1, 2018. The current rate had been in place since fiscal year ending June 30, 2010. In addition, the City authorized an internal loan from the sewer fund to the stormwater fund in the amount of \$6.2 million to be paid back over a 15 year term.

Total net position of the Solid Waste Fund at the end of the current year was \$0.7 million, all of which was unrestricted. The Solid Waste Fund does not have any investment in capital assets as all assets are handled by a private contractor. The fund balance did not change significantly from the previous year.

### Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type. During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the Debt Service and Health and Social Services function. However, the expenditures and associated bond proceeds were recognized during the fiscal year.

During the fiscal year ended June 30, 2018, there were two budget amendments, dated October 16, 2017, and April 30, 2018. Amendments are a routine occurrence for the City and are primarily due to changes in the timing of capital improvement projects and related grant and other receipts for these projects. Because the City's June 30 fiscal year end occurs during the "construction season" in Iowa, it is difficult to judge in advance, that portion of construction projects which will be in process on June 30. The

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budget is also routinely amended each year to adjust projected fiscal year beginning balances to equal actual audited fund balances.

| <b>Condition Level for Street Network</b><br>(prior 3 condition assessments) |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | <b>2015</b>          | <b>2016</b>          | <b>2017*</b>         |
| <b>Street subsystem:</b>   |                      |                      |                      |
| Goal   | 78-80                | 78-80                | 70                   |
| Actual   | 80.0                 | 80.0                 | 73.0                 |
| <b>Levee subsystem:</b>  |                      |                      |                      |
|  | <b>2015</b>          | <b>2016</b>          | <b>2017</b>          |
| Goal   | Minimally Acceptable | Minimally Acceptable | Minimally Acceptable |
| Actual   | Acceptable           | Minimally Acceptable | Minimally Acceptable |
| <b>Bridge &amp; Culvert subsystem:</b>                                       |                      |                      |                      |
|  | <b>2013</b>          | <b>2015</b>          | <b>2017</b>          |
| Goal   | 81 or greater        | 81 or greater        | 81 or greater        |
| Actual   | 86.4                 | 85.6                 | 88.5                 |

\*During FY17-18, the City began using the Iowa Pavement Management Program (IPMP) sponsored by Iowa DOT and Iowa State University for the street subsystem. The new program uses a different scale compared to previous fiscal years. For more information, please refer to the Required Supplementary Information-Modified Approach Section.

## Capital Assets and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$648 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings (e.g. recreation trails, athletic fields, and parking lots), vehicles and equipment, and infrastructure (e.g. roads, bridges, sanitary and storm sewer lines). The total increase in the City of West Des Moines' capital assets for the current fiscal year was 6.7%, and is largely due to infrastructure completed as part of several arterial street widening projects, and to a lesser degree, due to improvements to city building facilities. This is slightly more than the previous year's increase of 5.9%, which was largely due to city infrastructure improvements associated with the Alluvion Data Center site.

The City has elected the option to use the modified approach for reporting infrastructure within the governmental activities, as allowed by GASB Statement No. 34. Under the modified approach eligible infrastructure is not required to be depreciated if the following requirements have been met:

- The government must have an up-to-date inventory of the assets of those networks or subsystems.
- The government must perform or obtain condition assessments of those assets and summarize the results using a measurement scale. It is essential that such condition assessment be replicable (i.e., conducted using methods that would allow different measurers to reach substantially similar results).
- The government must make an annual estimate of the amount needed to maintain and preserve those assets at a condition level established and disclosed by the government.
- The government must document that infrastructure assets are being preserved at or above the condition level established and disclosed by the government.



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The City already had an inventory management system in place and was performing condition assessments as part of its on-going efforts to maintain and preserve the quality and useful life of these governmental infrastructure assets. Under the modified approach, the City records the actual maintenance and preservation costs incurred during the period as expense, rather than capitalizing the preservation costs and estimating the amount of depreciation expense to record. Only improvements and additions that increase the capacity or efficiency of the infrastructure network are capitalized under this approach. All other costs are expensed in the period incurred.

The *required supplementary information* that must be presented by governments electing this approach appears on pages 89 through 92 of this report. From this supplementary information you can see that the City has been able to consistently meet or exceed its condition level goals. For a full explanation as to how the following condition levels were determined, please see page 89 through 90 of this report.

The *required supplementary information* also reveals that estimated maintenance costs and actual maintenance costs are fairly consistent considering that the fiscal year falls in the middle of the construction season. This will result in some fluctuation from year to year depending on the exact date that the construction contract is let.

**Comparison of street network prevention and maintenance costs**  
(in thousands)

|                        | 2018    | 2017    | 2016    | 2015    | 2014    | 2013    | 2012    | 2011    |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Estimated Costs</b> | \$4,820 | \$4,760 | \$5,060 | \$4,041 | \$4,567 | \$6,753 | \$5,307 | \$5,296 |
| <b>Actual Costs</b>    | \$4,840 | \$3,472 | \$3,784 | \$4,119 | \$4,130 | \$3,720 | \$5,119 | \$5,387 |

The City has *not* elected to use the modified approach for reporting the infrastructure of business-type activities, as it has not yet completed the necessary condition assessments required for the use of the modified approach. Therefore, depreciation expense has been recognized for the sanitary sewer and storm sewer infrastructure capital assets.

**Capital Assets, Net of Applicable Depreciation**  
(in thousands of dollars)

|   | Governmental Activities |                   | Business-Type Activities |                   | Total             |                   |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|   | 2018                    | 2017              | 2018                     | 2017              | 2018              | 2017              |
| Land                                      | \$ 23,908               | \$ 23,908         | 413                      | \$ 413            | \$ 24,321         | \$ 24,321         |
| Buildings                                 | 53,127                  | 50,575            | -                        | -                 | 53,127            | 50,575            |
| Improvements other than buildings         | 50,725                  | 43,488            | -                        | -                 | 50,725            | 43,488            |
| Fiber Network                             | 5,159                   | 5,159             | -                        | -                 | 5,159             | 5,159             |
| Equipment and vehicles                    | 23,280                  | 23,480            | 648                      | 302               | 23,928            | 23,782            |
| Construction-in-Progress                  | 46,094                  | 43,783            | 15,320                   | 10,975            | 61,414            | 54,758            |
| Share of undivided equity interest assets | 5,020                   | 5,045             | -                        | -                 | 5,020             | 5,045             |
| Infrastructure, depreciable               | -                       | -                 | 148,903                  | 137,464           | 148,903           | 137,464           |
| Infrastructure, nondepreciable            | 394,192                 | 374,265           | -                        | -                 | 394,192           | 374,265           |
| Accumulated depreciation                  | (88,754)                | (84,371)          | (46,583)                 | (43,767)          | (135,337)         | (128,138)         |
| Intangibles                               | 16,780                  | 16,650            | 47                       | 31                | 16,827            | 16,681            |
| <b>Total capital assets</b>               | <b>\$ 529,531</b>       | <b>\$ 501,982</b> | <b>\$ 118,748</b>        | <b>\$ 105,418</b> | <b>\$ 648,279</b> | <b>\$ 607,400</b> |

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Major capital asset expenditures during the fiscal year ended June 30, 2018, included the following projects with over \$1 million in spending:

- Spent \$9.8 million towards an overall \$20.2 million project to construct South Grand Prairie Parkway from Raccoon River Drive to Veterans Parkway, including a bridge spanning the Raccoon River.
- Spent \$5.9 million towards an overall \$48.1 million project to construct Veterans Parkway from SE Maffit Lake Road to Grand Prairie Parkway, including construction of a new bridge over Interstate 35 (which will ultimately be owned and maintained by the Department of Transportation).
- Spent \$3.4 million of Stormwater Funds towards an \$8.1 million project to construct an outfall and pump station to assist in mitigation of floodwater in the Walnut Creek Basin in the area of 1<sup>st</sup> Street and Grand Avenue.
- Spent \$3.0 million towards an overall \$15.7 million project to widen and improve Ashworth Road from Jordan Creek Parkway to the City's western boundary, including construction of a new bridge over Interstate 80 (which will ultimately be owned and maintained by the Department of Transportation).
- Spent \$2.8 million towards an overall \$8.5 million project to construct infrastructure needed to support a new headquarters for IMT Insurance, including widening and improving Mills Civic Parkway from Jordan Creek Parkway to 81<sup>st</sup> Street and constructing new segments of 77<sup>th</sup> Street and Coachlight Drive.
- Spent \$2.1 million towards a total \$9.9 million project to pave, widen, and improve S 60<sup>th</sup> Street from Mills Civic Parkway to Raccoon River Drive.
- Spent \$1.5 million to pave South 50<sup>th</sup> Street and Adams Street to provide construction traffic access to the Microsoft Osmium Data Center.
- Spent \$1.2 million towards a \$5.6 million project to renovate the Holiday Park Baseball Complex.
- Spent \$1.2 million to construct a road crossing for Stagecoach Drive over Sugar Creek.

Additional information concerning the City's capital assets can be found in Note 1 and Note 3 of the *Notes to Basic Financial Statements* on pages 47 through 56 and 58 through 59, respectively.

**Long-term debt.** At the close of the fiscal year ended June 30, 2018, the City had total bonded debt outstanding of \$195.8 million (including unamortized net premium), all backed by the full faith and credit of the government. During the fiscal year the City's total bonded debt increased significantly as \$99 million was issued during the current fiscal year compared to \$19 million in the previous year.

The Iowa State Constitution limits the amount of general obligation debt which may be issued by a city to 5% of the actual assessed value of all its taxable property. The current debt limitation for the City is approximately \$359.5 million. With outstanding general obligation principal debt of \$186.3 million (general obligation bonds plus other debt subject to the limitation), the City had utilized 52% of the debit limit as of June 30, 2018.

Additional information on the City's long-term debt can be found in Note 4 on pages 60 through 62 of this report.

City of West Des Moines, Iowa  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2018

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## **Economic Factors, Budgets, and Rates for the Upcoming Fiscal Year**

As one of the faster growing cities in the State of Iowa, West Des Moines expects growth both in population and in overall property valuations to continue over the next several years. A distinct advantage of West Des Moines is its unusual position as a desirable suburban city for residential growth while at the same time maintaining a strong retail, office, and commercial presence. The City's overall economic balance is 60%-65% residential valuation (including a significant presence of multi-family dwellings) and 40-45% commercial and industrial valuation.

Legislative action originally passed in May 2013 continues to affect taxable valuations for commercial and multi-family residential property. This legislation included a 10% cut to commercial tax rates over a period beginning July 1, 2014, a cap on overall statewide tax growth at an amount not to exceed 3% (it was previously allowed to grow up to 4%), and a drastic reduction to the taxable valuations of multi-family residential property. The lost commercial revenue is being funded by the State of Iowa, but this is only guaranteed to match the lost revenues through the end of fiscal 2018, and there is no backfilling planned for the lost multi-family residential revenues. Thus, the City continues to engage in very conservative budgeting practices.

Historically, the City's tax base has grown between 2% and 9% annually. The City's tax base (taxable valuation) increased 5.8% annually from 2006-2010 but slowed during the recession. The past two years, since the economic recovery, there has been steady growth. The City's tax base grew 4.2% from 2016 to 2017 and another 4.5% from 2017 to 2018. The total assessed valuation of the City at January 1, 2018, was \$8.29 billion.

The budget for fiscal year ending June 30, 2019, decreased the City's levy rate from \$12.00 to \$11.79 per \$1,000 of taxable valuation. This decrease was largely possible because of a voter-approved local option sales tax in the Dallas County portion of West Des Moines. This local sales tax is projected to generate approximately \$2.5 million annually beginning July 1, 2018, with 50% of the revenue pledged for property tax reduction and 50% to be used for certain initiatives including quality of life amenities and increased public safety spending.

Future year tax base growth assumptions remain conservative, reflecting between 1% and 3% annual growth. While West Des Moines continues to experience moderate growth in its property tax base, valuations are determined at the county level. Recent valuation rollbacks and appeals have resulted in the City recognizing the need to project future revenue and expenditure levels to ensure adequate funding for services will be available in future budget cycles for operations. The City has essentially budgeted for breakeven results, without the use of this fund balance, and without a property tax rate increase, for the fiscal year ending June 30, 2019.

As measured by current actual property valuation and recent population data, valuation compares very strongly to comparable cities, at approximately \$127,000 per capita. The City's taxable valuation per capita of over \$88,000 remains the highest of Iowa's top ten most populated cities, which allows West Des Moines to maintain the third lowest tax rate of those same ten cities. Based on fiscal year totals from the fiscal year ended June 30, 2018, the City ranks as the third highest city for taxable retail sales in Iowa at over \$2 billion, due to the large presence of retail including a major regional shopping center. Many other economic indicators for the City compare favorably with state and national averages. See additional information and measures regarding the City in the Statistical Section of this report.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of West Des Moines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department at 4200 Mills Civic Parkway, Suite 2B or by mail to the City of West Des Moines, Finance Department, Post Office Box 65320, West Des Moines, Iowa 50265-0320.

## **BASIC FINANCIAL STATEMENTS**

**City of West Des Moines, Iowa**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

|   | <b>Primary Government</b>          |                                     |                    |
|---|------------------------------------|-------------------------------------|--------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>       |
| <b>ASSETS</b>                               |                                    |                                     |                    |
| Current assets:                             |                                    |                                     |                    |
| Cash and investments                        | \$ 87,021,359                      | \$ 47,302,834                       | \$ 134,324,193     |
| Restricted cash and investments             | 82,358,928                         | -                                   | 82,358,928         |
| Receivables                                 |                                    |                                     |                    |
| Property taxes                              | 75,630,474                         | -                                   | 75,630,474         |
| Accounts and unbilled usage                 | 1,466,567                          | 3,877,001                           | 5,343,568          |
| Special Assessments                         | 525,809                            | -                                   | 525,809            |
| Interest                                    | 249,723                            | 202,175                             | 451,898            |
| Loans                                       | 351,304                            | -                                   | 351,304            |
| Internal balances                           | 3,424,249                          | (3,424,249)                         | -                  |
| Due from other governments                  | 2,897,114                          | -                                   | 2,897,114          |
| Inventories                                 | 204,658                            | -                                   | 204,658            |
| Total current assets                        | <u>254,130,185</u>                 | <u>47,957,761</u>                   | <u>302,087,946</u> |
| Capital Assets                              |                                    |                                     |                    |
| Nondepreciable                              |                                    |                                     |                    |
| Land  | 23,908,175                         | 413,178                             | 24,321,353         |
| Infrastructure                              | 394,191,661                        | -                                   | 394,191,661        |
| Construction-in-progress                    | 46,093,481                         | 15,320,011                          | 61,413,492         |
| Intangibles                                 | 15,574,850                         | -                                   | 15,574,850         |
| Depreciable                                 |                                    |                                     |                    |
| Buildings                                   | 53,126,968                         | -                                   | 53,126,968         |
| Equipment and vehicles                      | 23,280,390                         | 648,098                             | 23,928,488         |
| Fiber network                               | 5,159,190                          | -                                   | 5,159,190          |
| Improvements other than buildings           | 50,725,307                         | -                                   | 50,725,307         |
| Share of undivided equity interest assets   | 5,020,429                          | -                                   | 5,020,429          |
| Intangibles                                 | 1,204,722                          | 47,050                              | 1,251,772          |
| Infrastructure                              | -                                  | 148,902,966                         | 148,902,966        |
| Accumulated depreciation                    | (88,753,965)                       | (46,583,413)                        | (135,337,378)      |
| Net capital assets                          | <u>529,531,208</u>                 | <u>118,747,890</u>                  | <u>648,279,097</u> |
| Total assets                                | <u>783,661,393</u>                 | <u>166,705,651</u>                  | <u>950,367,043</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                    |                                     |                    |
| Pension related deferred outflows           | 10,769,262                         | 224,030                             | 10,993,292         |
| OPEB related deferred outflows              | 269,768                            | 11,838                              | 281,606            |
| Advance refunding related deferred outflows | 102,958                            | -                                   | 102,958            |
| Total deferred outflows                     | <u>11,141,988</u>                  | <u>235,868</u>                      | <u>11,377,856</u>  |

|                                      | <b>Primary Government</b>          |                                     |                |
|--------------------------------------|------------------------------------|-------------------------------------|----------------|
|                                      | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>   |
| <b>LIABILITIES</b>                   |                                    |                                     |                |
| Current liabilities:                 |                                    |                                     |                |
| Accounts payable                     | \$ 6,861,173                       | \$ 2,888,803                        | \$ 9,749,975   |
| Claims payable                       | 744,688                            | -                                   | 744,688        |
| Accrued wages payable                | 1,495,259                          | 55,565                              | 1,550,824      |
| Interest payable                     | 507,363                            | -                                   | 507,363        |
| Note payable                         | 123,459                            | -                                   | 123,459        |
| Compensated absences                 | 3,113,990                          | 131,272                             | 3,245,262      |
| General obligation bonds             | 19,480,000                         | -                                   | 19,480,000     |
| Installment contracts                | 164,639                            | -                                   | 164,639        |
| Total current liabilities            | 32,490,571                         | 3,075,640                           | 35,566,210     |
| Noncurrent liabilities               |                                    |                                     |                |
| Note payable                         | 319,690                            | -                                   | 319,690        |
| Compensated absences                 | 1,893,021                          | 101,545                             | 1,994,566      |
| General obligation bonds             | 176,285,057                        | -                                   | 176,285,057    |
| Installment contracts                | 987,837                            | -                                   | 987,837        |
| Total OPEB liability                 | 2,841,141                          | 106,406                             | 2,947,547      |
| Net pension liability                | 32,669,792                         | 1,049,822                           | 33,719,614     |
| Total noncurrent liabilities         | 214,996,538                        | 1,257,773                           | 216,254,311    |
| Total liabilities                    | 247,487,109                        | 4,333,413                           | 251,820,521    |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                    |                                     |                |
| Deferred property taxes              | 75,509,608                         | -                                   | 75,509,608     |
| Pension related deferred inflows     | 588,202                            | 187,531                             | 775,733        |
| Total deferred inflows of resources  | 76,097,810                         | 187,531                             | 76,285,341     |
| <b>NET POSITION</b>                  |                                    |                                     |                |
| Net investment in capital assets     | 420,604,201                        | 118,747,890                         | 539,352,091    |
| Restricted for:                      |                                    |                                     |                |
| Debt service                         | 2,992,585                          | -                                   | 2,992,585      |
| Urban renewal and development        | 5,489,051                          | -                                   | 5,489,051      |
| Road use projects                    | 13,847,226                         | -                                   | 13,847,226     |
| Retirement benefits                  | 2,612,697                          | -                                   | 2,612,697      |
| Other purposes                       | 2,640,046                          | 1,365,019                           | 4,005,065      |
| Unrestricted                         | 23,032,656                         | 42,307,666                          | 65,340,322     |
| Total net position                   | \$ 471,218,462                     | \$ 162,420,575                      | \$ 633,639,037 |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2018**

| <u>Programs/Functions</u>        | <u>Expenses</u>       | <u>Program Revenues</u>     |   |   |
|----------------------------------|-----------------------|-----------------------------|---|---|
|                                  |                       | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental activities          |                       |                             |   |   |
| Public safety                    | \$ 31,868,522         | \$ 7,756,927                | \$ 2,201,970                              | \$ 305,212                              |
| Public works                     | 17,480,055            | 707,203                     | 7,889,959                                 | 259,337                                 |
| Health and social services       | 1,402,151             | -                           | 191,245                                   | -                                       |
| Culture and recreation           | 10,225,234            | 1,515,911                   | 47,427                                    | -                                       |
| Community & economic development | 10,593,060            | 2,066,713                   | 3,540,262                                 | -                                       |
| General government               | 9,736,717             | 1,580,939                   | -   | -                                       |
| Interest on long-term debt       | 4,945,248             | -                           | -   | -                                       |
| Total governmental activities    | <u>86,250,987</u>     | <u>13,627,693</u>           | <u>13,870,863</u>                         | <u>564,549</u>                          |
| Business-type activities         |                       |                             |   |   |
| Sewer system                     | 10,011,946            | 11,482,770                  | -   | 2,282,371                               |
| Storm water system               | 3,714,592             | 2,465,152                   | -   | 1,923,697                               |
| Solid waste system               | 2,007,770             | 1,906,217                   | -   | -                                       |
| Total business-type activities   | <u>15,734,308</u>     | <u>15,854,139</u>           | <u>-</u>                                  | <u>4,206,068</u>                        |
| Total primary government         | <u>\$ 101,985,295</u> | <u>\$ 29,481,832</u>        | <u>\$ 13,870,863</u>                      | <u>\$ 4,770,617</u>                     |

**General revenues**

- Taxes
  - Property taxes
  - Franchise tax
  - Other City taxes
  - Hotel/Motel tax
  - Miscellaneous
  - Investment earnings
  - Unrestricted grants

**Transfers**

- Total general revenues and transfers
- Changes in net position

Net position, beginning of year, as restated

Net position, end of year



**Net (Expense) Revenue and  
Changes in Net Position**

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Totals</b>         |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (21,604,413)                    | \$ -                                | \$ (21,604,413)       |
| (8,623,556)                        | -                                   | (8,623,556)           |
| (1,210,906)                        | -                                   | (1,210,906)           |
| (8,661,896)                        | -                                   | (8,661,896)           |
| (4,986,085)                        | -                                   | (4,986,085)           |
| (8,155,778)                        | -                                   | (8,155,778)           |
| (4,945,248)                        | -                                   | (4,945,248)           |
| <u>(58,187,882)</u>                | <u>-</u>                            | <u>(58,187,882)</u>   |
| -                                  | 3,753,195                           | 3,753,195             |
| -                                  | 674,257                             | 674,257               |
| -                                  | (101,553)                           | (101,553)             |
| <u>-</u>                           | <u>4,325,899</u>                    | <u>4,325,899</u>      |
| <u>(58,187,882)</u>                | <u>4,325,899</u>                    | <u>(53,861,983)</u>   |
| 67,629,043                         | -                                   | 67,629,043            |
| 254,708                            | -                                   | 254,708               |
| 630,581                            | -                                   | 630,581               |
| 4,180,160                          | -                                   | 4,180,160             |
| 534,749                            | -                                   | 534,749               |
| 1,748,087                          | 638,710                             | 2,386,797             |
| 5,238,857                          | 23,049                              | 5,261,906             |
| (5,832,650)                        | 5,832,650                           | -                     |
| <u>74,383,535</u>                  | <u>6,494,409</u>                    | <u>80,877,944</u>     |
| <u>16,195,653</u>                  | <u>10,820,308</u>                   | <u>27,015,961</u>     |
| <u>455,022,809</u>                 | <u>151,600,267</u>                  | <u>606,623,076</u>    |
| <u>\$ 471,218,462</u>              | <u>\$ 162,420,575</u>               | <u>\$ 633,639,037</u> |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**June 30, 2018**

|   | General             | Road Use<br>Tax     | Tax<br>Increment<br>Financing | Debt Service         | Capital<br>Projects | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|-------------------------------|----------------------|---------------------|----------------------------|--------------------------------|
| <b>ASSETS</b>   |                     |                     |                               |                      |                     |                            |                                |
| Cash and investments  | \$36,163,498        | \$13,301,773        | \$ 4,935,409                  | \$ 2,972,406         | \$ -                | \$ 5,567,274               | \$ 62,940,360                  |
| Restricted cash and investments                                   | -                   | -                   | -                             | -                    | 82,072,200          | 286,728                    | 82,358,928                     |
| Receivables   |                     |                     |                               |                      |                     |                            |                                |
| Property taxes  | 39,949,453          | -                   | 17,828,867                    | 10,584,922           | -                   | 7,267,233                  | 75,630,475                     |
| Accounts  | 873,347             | -                   | -                             | -                    | 507,639             | 74,823                     | 1,455,809                      |
| Special assessments   | 9,893               | -                   | -                             | -                    | 515,916             | -                          | 525,809                        |
| Interest  | 194,908             | -                   | -                             | -                    | -                   | 1,110                      | 196,018                        |
| Loans   | 351,304             | -                   | -                             | -                    | -                   | -                          | 351,304                        |
| Due from other funds  | 4,313,649           | -                   | -                             | -                    | -                   | -                          | 4,313,649                      |
| Due from other governments  | 1,709,141           | 605,977             | -                             | -                    | 80,764              | 481,668                    | 2,877,550                      |
| Inventories   | 204,658             | -                   | -                             | -                    | -                   | -                          | 204,658                        |
| Total assets  | <u>\$83,769,851</u> | <u>\$13,907,750</u> | <u>\$22,764,276</u>           | <u>\$ 13,557,328</u> | <u>\$83,176,519</u> | <u>\$13,678,836</u>        | <u>\$ 230,854,560</u>          |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b> |                     |                     |                               |                      |                     |                            |                                |
| <b>Liabilities</b>  |                     |                     |                               |                      |                     |                            |                                |
| Accounts payable  | \$ 1,409,486        | \$ 60,524           | \$ -                          | \$ -                 | \$ 5,112,253        | \$ 219,713                 | \$ 6,801,976                   |
| Accrued wages payable   | 1,397,646           | -                   | -                             | -                    | -                   | 97,611                     | 1,495,257                      |
| Due to other funds  | -                   | -                   | -                             | -                    | -                   | 329,848                    | 329,848                        |
| Total liabilities   | <u>2,807,132</u>    | <u>60,524</u>       | <u>-</u>                      | <u>-</u>             | <u>5,112,253</u>    | <u>647,172</u>             | <u>8,627,081</u>               |
| Deferred inflows of resources                                     |                     |                     |                               |                      |                     |                            |                                |
| Unavailable revenue:  |                     |                     |                               |                      |                     |                            |                                |
| Succeeding year property tax                                      | 39,863,320          | -                   | 17,822,026                    | 10,564,743           | -                   | 7,251,868                  | 75,501,957                     |
| Grants and other  | 35,454              | -                   | -                             | -                    | 483,327             | 42,754                     | 561,535                        |
| Special assessments   | 7,296               | -                   | -                             | -                    | 499,487             | -                          | 506,783                        |
| Total deferred inflows of resources                               | <u>39,906,070</u>   | <u>-</u>            | <u>17,822,026</u>             | <u>10,564,743</u>    | <u>982,814</u>      | <u>7,294,622</u>           | <u>76,570,275</u>              |
| <b>FUND BALANCES (DEFICITS)</b>                                   |                     |                     |                               |                      |                     |                            |                                |
| Nonspendable  | 555,962             | -                   | -                             | -                    | -                   | -                          | 555,962                        |
| Restricted for  |                     |                     |                               |                      |                     |                            |                                |
| Capital projects  | -                   | 13,847,226          | -                             | -                    | 77,081,452          | -                          | 90,928,678                     |
| Debt service  | -                   | -                   | -                             | 2,992,585            | -                   | -                          | 2,992,585                      |
| Urban renewal and development                                     | -                   | -                   | 4,942,250                     | -                    | -                   | -                          | 4,942,250                      |
| Other purposes  | -                   | -                   | -                             | -                    | -                   | 5,799,544                  | 5,799,544                      |
| Unassigned  | 40,500,687          | -                   | -                             | -                    | -                   | (62,502)                   | 40,438,185                     |
| Total fund equity   | <u>41,056,649</u>   | <u>13,847,226</u>   | <u>4,942,250</u>              | <u>2,992,585</u>     | <u>77,081,452</u>   | <u>5,737,042</u>           | <u>145,657,204</u>             |
| Total liabilities, deferred inflows of resources and fund equity  | <u>\$83,769,851</u> | <u>\$13,907,750</u> | <u>\$22,764,276</u>           | <u>\$ 13,557,328</u> | <u>\$83,176,519</u> | <u>\$13,678,836</u>        | <u>\$ 230,854,560</u>          |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2018**

|  |               |                              |
|--|---------------|------------------------------|
| Total governmental funds balances  |               | \$ 145,657,204               |
| 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. The cost of assets is \$600,894,694 and the accumulated depreciation is \$77,855,166                               |               | 523,039,528                  |
| Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue.   |               | 1,068,317                    |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position |               |                              |
| Capital assets   | 17,390,479    |                              |
| Accumulated depreciation   | (10,898,799)  |                              |
| Other current assets   | 24,165,027    |                              |
| Other current liabilities  | (811,539)     | 29,845,168                   |
| Internal service funds allocated to business-type activities   |               | (559,552)                    |
| Pension, OPEB and advance refunding related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:              |               |                              |
| Deferred outflows of resources   | 11,141,988    |                              |
| Deferred inflows of resources  | (588,202)     | 10,553,786                   |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds  |               |                              |
| Compensated absences   | (5,007,011)   |                              |
| Other postemployment benefits payable  | (2,841,141)   |                              |
| Net pension liability  | (32,669,792)  |                              |
| Accrued interest payable   | (507,363)     |                              |
| General obligation bonds payable   | (184,720,000) |                              |
| Premium on bonds payable   | (11,045,057)  |                              |
| Note payable   | (443,149)     |                              |
| Installment contracts  | (1,152,476)   | (238,385,989)                |
| Net position of governmental activities  |               | <u><u>\$ 471,218,462</u></u> |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2018**

|   | General              | Road Use<br>Tax      | Tax<br>Increment<br>Financing | Debt Service        | Capital<br>Projects  | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------|-------------------------------|---------------------|----------------------|----------------------------|--------------------------------|
| <b>REVENUES</b>                                   |                      |                      |                               |                     |                      |                            |                                |
| Property taxes                                    | \$ 37,775,427        | \$ -                 | \$ 13,531,467                 | \$ 9,582,988        | \$ -                 | \$ 6,739,161               | \$ 67,629,043                  |
| Other City taxes                                  | 4,883,932            | -                    | -                             | 101,932             | -                    | 79,585                     | 5,065,449                      |
| Special assessments                               | -                    | -                    | -                             | -                   | 142,102              | -                          | 142,102                        |
| Licenses and permits                              | 1,904,626            | -                    | -                             | -                   | -                    | -                          | 1,904,626                      |
| Intergovernmental                                 | 7,111,277            | 7,889,959            | 575,745                       | 453,718             | 1,179,691            | 3,960,138                  | 21,170,528                     |
| Charges for services                              | 5,996,384            | -                    | -                             | -                   | -                    | -                          | 5,996,384                      |
| Use of money and property                         | 1,081,968            | -                    | 127,076                       | 101,200             | -                    | 121,158                    | 1,431,402                      |
| Miscellaneous                                     | 1,071,638            | -                    | -                             | -                   | 987,198              | 1,454,522                  | 3,513,358                      |
| Total revenues                                    | <u>59,825,252</u>    | <u>7,889,959</u>     | <u>14,234,288</u>             | <u>10,239,838</u>   | <u>2,308,991</u>     | <u>12,354,564</u>          | <u>106,852,892</u>             |
| <b>EXPENDITURES</b>                               |                      |                      |                               |                     |                      |                            |                                |
| Current operating                                 |                      |                      |                               |                     |                      |                            |                                |
| Public safety                                     | 26,021,922           | -                    | -                             | -                   | -                    | 3,028,099                  | 29,050,021                     |
| Public works                                      | 8,503,012            | 737,876              | -                             | -                   | -                    | -                          | 9,240,888                      |
| Health and social services                        | 1,029,306            | -                    | -                             | -                   | -                    | 242,371                    | 1,271,677                      |
| Culture and recreation                            | 8,446,714            | -                    | -                             | -                   | -                    | 241,109                    | 8,687,823                      |
| Community and economic development                | 5,152,185            | -                    | 1,676,573                     | -                   | -                    | 3,530,328                  | 10,359,086                     |
| General government                                | 8,371,646            | -                    | -                             | -                   | -                    | -                          | 8,371,646                      |
| Debt service                                      |                      |                      |                               |                     |                      |                            |                                |
| Principal   | -                    | 164,639              | -                             | 18,940,000          | -                    | 119,249                    | 19,223,888                     |
| Interest and other charges                        | 88,053               | -                    | -                             | 4,965,200           | 841,976              | 17,752                     | 5,912,981                      |
| Capital outlay                                    | -                    | -                    | -                             | -                   | 43,414,199           | -                          | 43,414,199                     |
| Total expenditures                                | <u>57,612,838</u>    | <u>902,515</u>       | <u>1,676,573</u>              | <u>23,905,200</u>   | <u>44,256,175</u>    | <u>7,178,908</u>           | <u>135,532,209</u>             |
| Excess (deficiency) of revenues over expenditures | <u>2,212,414</u>     | <u>6,987,444</u>     | <u>12,557,715</u>             | <u>(13,665,362)</u> | <u>(41,947,184)</u>  | <u>5,175,656</u>           | <u>(28,679,317)</u>            |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                      |                      |                               |                     |                      |                            |                                |
| Transfers in                                      | 5,139,899            | -                    | -                             | 14,588,223          | 9,200,256            | 170,000                    | 29,098,378                     |
| Transfers out                                     | (3,063,834)          | (6,539,022)          | (12,421,185)                  | -                   | (4,090,983)          | (5,139,899)                | (31,254,923)                   |
| Issuance of other debt                            | -                    | -                    | -                             | -                   | -                    | 3,217                      | 3,217                          |
| Issuance of bonds                                 | -                    | -                    | -                             | -                   | 89,730,000           | -                          | 89,730,000                     |
| Issuance of refunding bonds                       | -                    | -                    | -                             | 3,470,000           | -                    | -                          | 3,470,000                      |
| Payment to refunding escrow                       | -                    | -                    | -                             | (3,740,105)         | -                    | -                          | (3,740,105)                    |
| Premium on issuance of bonds                      | -                    | -                    | -                             | 348,515             | 5,524,323            | -                          | 5,872,838                      |
| Proceeds from sale of capital assets              | 55,304               | -                    | -                             | -                   | 500                  | -                          | 55,804                         |
| Total other financing sources (uses)              | <u>2,131,369</u>     | <u>(6,539,022)</u>   | <u>(12,421,185)</u>           | <u>14,666,633</u>   | <u>100,364,096</u>   | <u>(4,966,682)</u>         | <u>93,235,209</u>              |
| <b>NET CHANGE IN FUND BALANCES</b>                | 4,343,783            | 448,422              | 136,530                       | 1,001,271           | 58,416,912           | 208,974                    | 64,555,892                     |
| <b>FUND BALANCES, beginning of year</b>           | 36,712,866           | 13,398,804           | 4,805,720                     | 1,991,314           | 18,664,540           | 5,528,068                  | 81,101,312                     |
| <b>FUND BALANCES, end of year</b>                 | <u>\$ 41,056,649</u> | <u>\$ 13,847,226</u> | <u>\$ 4,942,250</u>           | <u>\$ 2,992,585</u> | <u>\$ 77,081,452</u> | <u>\$ 5,737,042</u>        | <u>\$ 145,657,204</u>          |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2018**

Net change in fund balances—governmental funds \$ 64,555,892

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

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

|                |             |
|----------------|-------------|
| Capital outlay | 36,071,912  |
| Depreciation   | (4,657,822) |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase (decrease) net position:

|  |             |
|--|-------------|
| Capital assets transferred to business-type activities | (3,976,104) |
| Book value of capital assets disposed                  | (55,804)    |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

|                                |           |
|--------------------------------|-----------|
| Change in unavailable revenue: |           |
| Special assessments            | 83,668    |
| Grants                         | (536,937) |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, change in:

|                      |           |
|----------------------|-----------|
| Total OPEB liability | (235,292) |
| Compensated absences | (299,268) |
| Pension expense      | (937,852) |

The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net positions. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following detail of the net effect of these differences in the treatment of long-term debt and related items:

|                              |              |
|------------------------------|--------------|
| Repayment of long-term debt: |              |
| Note payable                 | 119,249      |
| General obligation bonds     | 22,610,000   |
| Installment contracts        | 164,639      |
| Interest                     | (201,450)    |
| Issuance of long-term debt   | (99,072,838) |
| Amortization of bond premium | 1,239,288    |
| Advance refunding            | 102,958      |

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.

|   |               |
|---|---------------|
| Change in net position of governmental activities | 1,221,414     |
|   | \$ 16,195,653 |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF NET POSITION-PROPRIETARY FUNDS**  
**June 30, 2018**

|                                       | <b>Business-type Activities</b> |                               |   |                                       |                                       |
|---------------------------------------|---------------------------------|-------------------------------|---|---------------------------------------|---------------------------------------|
|                                       | <b>Enterprise Funds</b>         |                               |   |                                       |                                       |
|                                       | <b>Sewer<br/>System</b>         | <b>Storm Water<br/>System</b> | <b>Nonmajor<br/>Enterprise<br/>Fund<br/>Solid Waste</b> | <b>Total<br/>Enterprise<br/>Funds</b> | <b>Internal<br/>Service<br/>Funds</b> |
| <b>ASSETS</b>                         |                                 |                               |   |                                       |                                       |
| Current assets:                       |                                 |                               |   |                                       |                                       |
| Cash and investments                  | \$ 38,720,694                   | \$ 8,170,362                  | \$ 411,778  | \$ 47,302,834                         | \$ 24,080,999                         |
| Receivables                           |                                 |                               |   |                                       |                                       |
| Accounts and unbilled usage           | 2,777,318                       | 634,657                       | 465,026   | 3,877,001                             | 10,759                                |
| Interest                              | 169,320                         | 32,855                        | -   | 202,175                               | 53,704                                |
| Advance due from other funds          | 370,000                         | -                             | -   | 370,000                               | -                                     |
| Due from other governments            | -                               | -                             | -   | -                                     | 19,565                                |
| Total current assets                  | <u>42,037,332</u>               | <u>8,837,874</u>              | <u>876,804</u>  | <u>51,752,010</u>                     | <u>24,165,027</u>                     |
| Noncurrent assets:                    |                                 |                               |   |                                       |                                       |
| Advance due from other funds          | 5,830,000                       | -                             | -   | 5,830,000                             | -                                     |
| Capital assets                        |                                 |                               |   |                                       |                                       |
| Nondepreciable                        |                                 |                               |   |                                       |                                       |
| Land                                  | 411,278                         | 1,900                         | -   | 413,178                               | -                                     |
| Construction-in-progress              | 5,750,560                       | 9,569,451                     | -   | 15,320,011                            | -                                     |
| Depreciable                           |                                 |                               |   |                                       |                                       |
| Equipment and vehicles                | 618,713                         | 29,385                        | -   | 648,098                               | 17,390,479                            |
| Intangibles                           | 23,525                          | 23,525                        | -   | 47,050                                | -                                     |
| Infrastructure                        | 94,034,406                      | 54,868,560                    | -   | 148,902,966                           | -                                     |
| Accumulated depreciation              | (40,085,027)                    | (6,498,386)                   | -   | (46,583,413)                          | (10,898,799)                          |
| Net capital assets                    | <u>60,753,455</u>               | <u>57,994,435</u>             | <u>-</u>  | <u>118,747,890</u>                    | <u>6,491,680</u>                      |
| Total assets                          | <u>108,620,787</u>              | <u>66,832,309</u>             | <u>876,804</u>  | <u>176,329,900</u>                    | <u>30,656,707</u>                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                 |                               |   |                                       |                                       |
| Pension related deferred outflows     | 119,286                         | 104,744                       | -   | 224,030                               | -                                     |
| OPEB related deferred outflows        | 6,749                           | 5,089                         | -   | 11,838                                | -                                     |
| Total deferred outflows               | <u>126,035</u>                  | <u>109,833</u>                | <u>-</u>  | <u>235,868</u>                        | <u>-</u>                              |

See Notes to Basic Financial Statements.

|   | Business-type Activities<br>Enterprise Funds |                       |   |                              |                              |
|---|--|-----------------------|---|------------------------------|------------------------------|
|   | Sewer<br>System                              | Storm Water<br>System | Nonmajor<br>Enterprise<br>Fund<br>Solid Waste | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>  |  |                       |   |                              |                              |
| <b>LIABILITIES</b>  |  |                       |   |                              |                              |
| Current   |  |                       |   |                              |                              |
| Accounts payable  | \$ 667,114                                   | \$ 2,048,571          | \$ 173,118                                    | \$ 2,888,803                 | \$ 59,201                    |
| Claims payable  | -  | -                     | -   | -                            | 744,687                      |
| Accrued wages payable   | 32,741                                       | 22,824                | -   | 55,565                       | -                            |
| Compensated absences  | 66,171                                       | 65,101                | -   | 131,272                      | -                            |
| Due to other funds  | 3,983,801                                    | -                     | -   | 3,983,801                    | -                            |
| Advance due to other funds  | -  | 370,000               | -   | 370,000                      | -                            |
| Total current liabilities   | <u>4,749,827</u>                             | <u>2,506,496</u>      | <u>173,118</u>                                | <u>7,429,441</u>             | <u>803,888</u>               |
| Noncurrent  |  |                       |   |                              |                              |
| Advance due to other funds  | -  | 5,830,000             | -   | 5,830,000                    | -                            |
| Compensated absences  | 66,825                                       | 34,720                | -   | 101,545                      | -                            |
| Total OPEB liability  | 58,656                                       | 47,750                | -   | 106,406                      | -                            |
| Net pension liability   | 552,152                                      | 497,670               | -   | 1,049,822                    | -                            |
| Total noncurrent liabilities  | <u>677,633</u>                               | <u>6,410,140</u>      | <u>-</u>                                      | <u>7,087,773</u>             | <u>-</u>                     |
| Total liabilities   | <u>5,427,460</u>                             | <u>8,916,636</u>      | <u>173,118</u>                                | <u>14,517,214</u>            | <u>803,888</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |                       |   |                              |                              |
| Pension related deferred inflows  | 102,894                                      | 84,637                | -   | 187,531                      | -                            |
| Grant and other deferred inflows  | -  | -                     | -   | -                            | 7,651                        |
| Total deferred inflows of resources   | <u>102,894</u>                               | <u>84,637</u>         | <u>-</u>                                      | <u>187,531</u>               | <u>7,651</u>                 |
| <b>NET POSITION</b>   |  |                       |   |                              |                              |
| Net investment in capital assets  | 60,753,455                                   | 57,994,435            | -   | 118,747,890                  | 6,491,680                    |
| Restricted for capital improvements   | 1,365,019                                    | -                     | -   | 1,365,019                    | -                            |
| Unrestricted  | 41,097,994                                   | (53,566)              | 703,686                                       | 41,748,114                   | 23,353,488                   |
| Total net position  | <u>103,216,468</u>                           | <u>57,940,869</u>     | <u>703,686</u>                                | <u>161,861,023</u>           | <u>29,845,168</u>            |
| Total liabilities, deferred inflows of resources, and net position  | <u>\$108,746,822</u>                         | <u>\$ 66,942,142</u>  | <u>\$ 876,804</u>                             | <u>\$176,565,768</u>         | <u>\$ 30,656,707</u>         |
| Total enterprise funds net position   |  |                       |   | \$161,861,023                |                              |
| Amounts reported for business-type activities in the statement of net position are different because: Internal service funds are used by management to charge the cost of certain services to individual funds. These assets of the internal service funds are included in business-type activities in the statement of net position. |  |                       |   |                              |                              |
|   |  |                       |   | 559,552                      |                              |
| Net position of business-type activities  |  |                       |   | <u>\$162,420,575</u>         |                              |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION-PROPRIETARY FUNDS**  
**Year Ended June 30, 2018**

|  | Business-type Activities<br>Enterprise Funds |                       |   |                              | Internal<br>Service<br>Funds |
|--|--|-----------------------|---|------------------------------|------------------------------|
|  | Sewer System                                 | Storm Water<br>System | Nonmajor<br>Enterprise<br>Fund<br>Solid Waste | Total<br>Enterprise<br>Funds |                              |
| <b>OPERATING REVENUES</b>                          |  |                       |   |                              |                              |
| Charges for services                               | \$ 11,482,770                                | \$ 2,465,152          | \$ 1,906,217                                  | \$ 15,854,139                | \$ 7,545,663                 |
| Lease revenue                                      | -  | -                     | -   | -                            | 1,729,336                    |
| Other  | 23,049                                       | 14,622                | -   | 37,671                       | 431,544                      |
| Total operating revenues                           | <u>11,505,819</u>                            | <u>2,479,774</u>      | <u>1,906,217</u>                              | <u>15,891,810</u>            | <u>9,706,543</u>             |
| <b>OPERATING EXPENSES</b>                          |  |                       |   |                              |                              |
| Cost of sales and services                         | 3,898,381                                    | 2,109,232             | 2,007,770                                     | 8,015,383                    | 7,536,532                    |
| Depreciation                                       | 1,814,301                                    | 1,155,253             | -   | 2,969,554                    | 1,528,108                    |
| Total operating expenses                           | <u>5,712,682</u>                             | <u>3,264,485</u>      | <u>2,007,770</u>                              | <u>10,984,937</u>            | <u>9,064,640</u>             |
| Operating income (loss)                            | <u>5,793,137</u>                             | <u>(784,711)</u>      | <u>(101,553)</u>                              | <u>4,906,873</u>             | <u>641,903</u>               |
| <b>NONOPERATING REVENUES (EXPENSES)</b>            |  |                       |   |                              |                              |
| Investment earnings                                | 485,055                                      | 143,986               | 9,669   | 638,710                      | 388,169                      |
| Payments to WRA                                    | (4,310,178)                                  | -                     | -   | (4,310,178)                  | -                            |
| Lawsuit payments                                   | -  | (464,464)             | -   | (464,464)                    | -                            |
| Gain (loss) on sale/transfer of capital assets     | -  | -                     | -   | -                            | (83,386)                     |
| Total nonoperating revenues (expenses)             | <u>(3,825,123)</u>                           | <u>(320,478)</u>      | <u>9,669</u>                                  | <u>(4,135,932)</u>           | <u>304,783</u>               |
| Income (loss) before contributions and transfers   | 1,968,014                                    | (1,105,189)           | (91,884)                                      | 770,941                      | 946,686                      |
| <b>OTHER FINANCING SOURCES (USES)</b>              |  |                       |   |                              |                              |
| Capital contributions                              | 2,284,714                                    | 5,882,835             | -   | 8,167,549                    | -                            |
| Transfers in                                       | 7,653  | 1,856,546             | -   | 1,864,199                    | 300,000                      |
| Transfers out                                      | -  | (7,653)               | -   | (7,653)                      | -                            |
| Total other financing sources and uses             | <u>2,292,367</u>                             | <u>7,731,728</u>      | <u>-</u>                                      | <u>10,024,095</u>            | <u>300,000</u>               |
| Change in net position                             | 4,260,381                                    | 6,626,539             | (91,884)                                      | 10,795,036                   | 1,246,686                    |
| Total net position, beginning of year, as restated | 98,956,087                                   | 51,314,330            | 795,570                                       | 151,065,987                  | 28,598,482                   |
| Total net position, end of year                    | <u>\$ 103,216,468</u>                        | <u>\$ 57,940,869</u>  | <u>\$ 703,686</u>                             | <u>\$ 161,861,023</u>        | <u>\$ 29,845,168</u>         |

Change in net position \$ 10,795,036

Amounts reported for proprietary activities in the statement of activities are different because internal service funds are used by management to charge the costs of various activities internally to individual funds.

The net income of certain activities of internal service funds is reported with business-type activities.

Change in net position of business-type activities 25,272  
\$ 10,820,308



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**City of West Des Moines, Iowa**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**Year Ended June 30, 2018**

|  | Business-Type Activities |               |               |               |               |
|--|--------------------------|---------------|---------------|---------------|---------------|
|  | Enterprise Funds         |               |               |               |               |
|  |                          | Nonmajor      |               |               |               |
|  | Storm                    | Enterprise    | Total         | Internal      |               |
|  | Water                    | Fund          | Enterprise    | Service       |               |
|  | System                   | Solid Waste   | Funds         | Funds         |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          | <b>Sewer</b>             | <b>System</b> | <b>System</b> | <b>System</b> | <b>System</b> |
| Receipts from customers and users                                    | \$ 11,387,594            | \$ 2,473,761  | \$ 1,900,271  | \$15,761,626  | \$ 2,168,807  |
| Receipts from interfund charges                                      | -                        | -             | -             | -             | \$ 7,534,111  |
| Payments to suppliers  | (2,733,749)              | (1,117,459)   | (1,873,879)   | (5,725,087)   | (1,177,896)   |
| Payments to WRA  | (4,310,178)              | -             | -             | (4,310,178)   | -             |
| Payments to claimants  | -                        | -             | -             | -             | (6,361,256)   |
| Payments to employees  | (767,718)                | (682,937)     | -             | (1,450,655)   | -             |
| Payments to interfund  | (157,910)                | (151,880)     | -             | (309,790)     | -             |
| Net cash provided (used) by operating activities                     | 3,418,039                | 521,485       | 26,392        | 3,965,916     | 2,163,766     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |                          |               |               |               |               |
| Payments from other funds  | 3,983,801                | 6,200,000     | -             | 10,183,801    | -             |
| Payments to other funds  | (6,200,000)              | -             | -             | (6,200,000)   | -             |
| Transfers in   | 7,653                    | 1,856,546     | -             | 1,864,199     | 300,000       |
| Transfers out  | -                        | (7,653)       | -             | (7,653)       | -             |
| Net cash provided (used) by noncapital financing activities          | (2,208,546)              | 8,048,893     | -             | 5,840,347     | 300,000       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                          |               |               |               |               |
| Purchase of capital assets   | (2,901,616)              | (5,425,437)   | -             | (8,327,053)   | (1,865,214)   |
| Capital contributions  | 740,353                  | 453,577       | -             | 1,193,930     | -             |
| Proceeds from disposal of capital assets                             | -                        | -             | -             | -             | 86,991        |
| Net cash provided (used) by capital and related financing activities | (2,161,263)              | (4,971,860)   | -             | (7,133,123)   | (1,778,223)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                          |               |               |               |               |
| Interest received  | 624,454                  | 171,105       | 9,669         | 805,228       | 432,387       |
| Purchase of investment securities                                    | (44,562,460)             | (8,647,048)   | -             | (53,209,508)  | (14,134,085)  |
| Proceeds from maturity of investment securities                      | 44,081,821               | 8,553,783     | -             | 52,635,604    | 13,981,639    |
| Net cash provided (used) by investing activities                     | 143,815                  | 77,840        | 9,669         | 231,324       | 279,941       |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>              | (807,955)                | 3,676,358     | 36,061        | 2,904,464     | 965,484       |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>                  | 2,172,974                | (2,754,616)   | 375,717       | (205,925)     | 11,267,240    |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                        | \$ 1,365,019             | \$ 921,742    | \$ 411,778    | \$ 2,698,539  | \$12,232,724  |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (continued)**  
**Year Ended June 30, 2018**

|  | Business-Type Activities |                          |   |                              |                              |
|--|--------------------------|--------------------------|---|------------------------------|------------------------------|
|  | Enterprise Funds         |                          |   |                              |                              |
|  | Sewer<br>System          | Storm<br>Water<br>System | Nonmajor<br>Enterprise<br>Fund<br>Solid Waste | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>   |                          |                          |   |                              |                              |
| <b>TO NET CASH PROVIDED (USED) BY</b>  |                          |                          |   |                              |                              |
| <b>OPERATING ACTIVITIES</b>  |                          |                          |   |                              |                              |
| Operating income (loss)  | \$ 5,793,137             | \$ (784,711)             | \$ (101,553)                                  | \$ 4,906,873                 | \$ 641,903                   |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities |                          |                          |   |                              |                              |
| Depreciation   | 1,814,301                | 1,155,253                | -   | 2,969,554                    | 1,528,108                    |
| Payments to WRA  | (4,310,178)              | -                        | -   | (4,310,178)                  | -                            |
| Change in assets and liabilities   |                          |                          |   |                              |                              |
| Receivables  | (118,224)                | (6,013)                  | (5,946)                                       | (130,183)                    | (11,271)                     |
| Accounts payable   | 182,424                  | 138,154                  | 133,891                                       | 454,469                      | (123,375)                    |
| Claims payable   | -                        | -                        | -   | -                            | 128,401                      |
| Compensated absences and accrued wages payable   | 49,983                   | 7,289                    | -   | 57,272                       | -                            |
| Net pension liability and related deferred   |                          |                          |   |                              |                              |
| outflows of resources and deferred inflows of resources  | 13,136                   | 12,921                   | -   | 26,057                       | -                            |
| OPEB liability and related deferred outflows of resources  | (6,540)                  | (1,408)                  | -   | (7,948)                      | -                            |
| Net cash provided (used) by operating activities   | <u>\$ 3,418,039</u>      | <u>\$ 521,485</u>        | <u>\$ 26,392</u>                              | <u>\$ 3,965,916</u>          | <u>\$ 2,163,766</u>          |
| <b>RECONCILIATION OF CASH AND CASH</b>   |                          |                          |   |                              |                              |
| <b>EQUIVALENTS TO SPECIFIC ASSETS ON THE</b>   |                          |                          |   |                              |                              |
| <b>STATEMENT OF NET POSITION</b>   |                          |                          |   |                              |                              |
| Cash and investments   | \$ 38,720,694            | \$ 8,170,362             | \$ 411,778                                    | \$ 47,302,834                | \$ 24,080,999                |
| Less items not meeting the definition of cash equivalents  | (37,355,675)             | (7,248,620)              | -   | (44,604,295)                 | (11,848,275)                 |
| Cash and cash equivalents at end of year   | <u>\$ 1,365,019</u>      | <u>\$ 921,742</u>        | <u>\$ 411,778</u>                             | <u>\$ 2,698,539</u>          | <u>\$ 12,232,724</u>         |
| <b>SCHEDULE OF NONCASH ITEMS</b>   |                          |                          |   |                              |                              |
| Capital and related financing activities   |                          |                          |   |                              |                              |
| Donated construction by developers   | \$ 1,544,361             | \$ 1,486,677             | \$ -  | \$ 3,031,038                 | \$ -                         |
| Donated construction from other funds  | \$ 2,344                 | \$ 3,973,760             | \$ -  | \$ 3,976,104                 | \$ -                         |
| Acquisition of capital assets through retainage payable  | \$ -                     | \$ 149,863               | \$ -  | \$ 149,863                   | \$ -                         |
| Investing activities   |                          |                          |   |                              |                              |
| Change in fair market value of investments   | \$ (199,919)             | \$ (38,793)              | \$ -  | \$ (238,712)                 | \$ (63,409)                  |

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2018**

**ASSETS**

|                      |            |
|----------------------|------------|
| Cash and investments | \$ 719,436 |
|----------------------|------------|

**LIABILITIES**

|                              |            |
|------------------------------|------------|
| Deposits and remittances due | \$ 719,436 |
|------------------------------|------------|

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of West Des Moines (the City) is a political subdivision of the State of Iowa located in Polk, Dallas, Madison and Warren counties. It was first incorporated in 1893 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government, with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, health and social services, public improvements and general administrative services. It also provides sewer, storm water and solid waste utilities.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also 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 City are such that exclusions would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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 City 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 City. Based on these criteria, there are no component units, organizations or agencies which should be included in these basic financial statements.

**Basis of Presentation**

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City'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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent for support on fees and charges for services.

The Statement of Net Position presents the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Three categories of net position are reported:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation 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 the use of net position are either externally 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**Fund Accounting:** The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, and deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

**Governmental Fund Types:** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets, liabilities, and deferred inflows of resources, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial positions, rather than upon net income determination. The following are the City's major governmental funds:

**General Fund:** The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Road Use Tax Fund (Special Revenue):** To account for the proceeds from road use tax monies.

**Tax Increment Financing Fund (Special Revenue):** To account for the accumulation of resources generated by TIF districts to be used for urban renewal and development. Property tax revenue generated on increased assessed valuations within TIF districts are the resources accounted for in this fund.

**Debt Service Fund:** To account for the servicing of the general long-term debt not financed by a specific source.

**Capital Projects Fund:** To account for the acquisition and construction of major capital facilities and other capital assets, with the exception of those that are financed through proprietary fund types.

The other governmental funds of the City are considered nonmajor and are as follows:

**Special Revenue Funds:** Are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

**Police and Fire Retirement Fund:** To account for the remaining balances of the self-administered pension plans after a transfer to a state administered plan which may be used by the City to meet future pension funding requirements as prescribed by law.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**Fund Accounting (continued)**

Employee Benefit Fund: To account for the property tax revenues collected to be used for City employees' health insurance and pension costs.

Economic Development Fund: To account for grants, contributions, and loan repayments to be used for general economic development and redevelopment purposes of the City including low interest loans the City makes to private companies for economic development purposes, as well as the acquisition and sale of land.

Housing Programs Fund: To account for the U.S. Department of Housing and Urban Development Block Grant programs as well as miscellaneous other grants and contributions to provide housing assistance and housing rehabilitation programs.

Parks Fund: To account for the donations identified to specifically assist the park programs and annual tree planting.

Library Fund: To account for reimbursements from the State of Iowa for library materials lent to non-City residents and other libraries in Iowa, and used for improvements to the Library. This Fund also accounts for money received through donations and fund raising activities for the Library.

Public Safety Fund: To account for grants and contributions specifically identified for use in public safety activities such as contributions for the purchase of public access defibrillators. This fund is also used to account for funds received by the City as a result of drug seizures.

Dallas County Local Housing Trust Fund: To account for grants from the Iowa Finance Authority and other Dallas County Local Housing Trust Fund revenues and related expenditures.

Community Development Block Grant Fund: To account for the community development block grant revenues and related expenditures.

***Proprietary Fund Types***: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector (business-type activities). The measurement focus is upon income determination, financial positions and cash flows.

***Enterprise Funds***: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The following are the City's major enterprise funds:

Sewer System Fund: To account for the operations of the City's sanitary sewer systems including the revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

Storm Water System Fund: To account for the operations of the City's storm water sewer systems including revenue from usage fees, operating costs, capital projects, and all bond issues.

The other enterprise fund of the City is considered nonmajor and is as follows:

Solid Waste Fund: To account for the operations of the City's solid waste collection system.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**Fund Accounting (continued)**

***Internal Service Funds:*** Are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City. The following are the City's internal service funds:

Vehicle Replacement Fund: To account for replacement costs related to vehicles and equipment of the City.

Vehicle Maintenance Fund: To account for the maintenance costs related to the vehicles and equipment of the City.

Health and Dental Insurance Fund: To account for the health and dental insurance premiums and claims for all City employees.

Worker's Compensation Insurance Fund: To account for the worker's compensation premiums and claims.

Technology Replacement Fund: To account for replacement costs related to technology used by the City, such as hardware and software.

***Fiduciary Fund Types:*** Fiduciary fund types are used to account for net position and changes in net position held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

***Agency Funds:*** Are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The City has the following agency funds:

Collections and Deposits Fund: To account for collections and deposits received by the City from external parties for purposes such as escrow accounts for transitional housing program participants, deposits by transient vendors to ensure compliance with temporary use permits and deposits from developers pending completion of remaining site plan requirements.

Section 125 Plan Fund: To account for current payroll deductions of City employees for future use as group insurance premiums.

**Measurement Focus and 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 fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year in which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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 City considers revenues to be available if they are collected within 90 days of the current fiscal period.



**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**Measurement Focus and Basis of Accounting (continued)**

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

When an expenditure is incurred in governmental funds that can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified in February 2018, the date at which a lien attaches, based on the 2017 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 1½% per month penalty for delinquent payment. Since the 2017 tax levy is budgeted and levied for fiscal year 2019, the revenue from this tax levy has been deferred.

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 City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City maintains its financial records on the cash basis during the fiscal year. The financial statements of the City are prepared by making adjusting entries to the cash basis financial records at the end of the fiscal year.

**Summary of Significant Accounting Policies:**

The significant accounting policies followed by the City include the following:

**Cash, Pooled Investments and Cash Equivalents:** The City maintains a cash and investment pool to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value except for non-negotiable certificates of deposit which are stated at cost. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued)**

The City invests in the Iowa Public Agency Investment Trust (IPAIT) which is a 2a7-like pool. IPAIT is a common-law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the positions in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows for proprietary fund type funds, the City considers pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Certificates of deposit with a maturity greater than three months are considered investments. Cash equivalents also include restricted cash and investments.

**Property Taxes Receivable, Including Tax Increment Financing:** Property tax, including tax increment financing in governmental funds, is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2018 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and the fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2016, assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018, and reflects tax asking contained in the budget certified to the County Board of Supervisors in February 2017.

**Accounts Receivable:** results primarily from services provided to citizens and are accounted for in the governmental funds. Sanitary sewer, storm water sewer and solid waste services are accounted for in the enterprise funds. All are net of an allowance for uncollectibles. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

**Special Assessments Receivable:** Special assessments receivable represents the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax.

**Inventories:** consists of materials and supplies and are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures.

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

**City of West Des Moines, Iowa  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued)**

**Restricted Assets:** Funds invested from contributions which carry specific restrictions for their use are classified as restricted assets.

**Bond Issuance Costs:** in the government-wide financial statements and the fund financial statements, bond issuance costs are recognized during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses in the government-wide financial statement and proprietary fund types in the fund financial statement. Governmental funds recognize the costs as debt service expenditures.

**Capital Assets:** including land, buildings, improvements other than buildings, intangibles, equipment and vehicles, infrastructure, construction-in-progress, sanitary and storm water sewer systems and the City's share of assets in their undivided equity interest are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The City has chosen the modified approach, as defined by GASB Statement No. 34, for reporting the governmental activities infrastructure assets. The City maintains an inventory of infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is maintained.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

| <u>Asset class</u>                        | <u>Estimated useful lives (in years)</u> |
|---|--|
| Buildings                                 | 30                                       |
| Improvements other than buildings         | 15                                       |
| Equipment and vehicles                    | 3 - 15                                   |
| Fiber network                             | 20                                       |
| Sanitary and storm water sewer systems    | 50                                       |
| Share of undivided equity interest assets | 5 - 15                                   |
| Intangibles                               | 5  |

The City's collection of works of art and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued)**

**Deferred Outflows of Resources:** Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

**Deferred Inflows of Resources:** Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available. Deferred inflows of resources at the governmental fund level consist of the succeeding year property tax receivable, and other receivables not collected within 90 days of the current fiscal period.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and other unrecognized items not yet charged to pension expense.

**Interfund Transactions:** Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds, that are representative of lending/borrowing arrangements at the end of the fiscal year, are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**Compensated Absences:** City employees accumulate vacation benefits for subsequent use or payment upon termination, death or retirement. City employees also accumulate sick leave benefits for subsequent use or payment at one-half the accumulated value upon death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured. Examples of these are employee retirements and resignations. There is no amount considered due as of year-end or reported in the fund financial statements. However, the entire compensated absence liability, computed based on rates of pay in effect at June 30, 2018, is reported on the government-wide financial statements. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued)**

**Long-Term Liabilities:** In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**Total OPEB Liability:** For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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

**Nonspendable** - Amounts which cannot be spent either because they are in a non-spendable 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, contributors, or laws or regulations of other governments 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 highest level of decision-making authority. The City Council is the highest level of decision-making authority and can, through ordinance or resolution approved prior to fiscal year end, commit fund balance. For the purpose of financial commitments, ordinances and resolutions are equally binding. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts. At this time no amounts have been committed by the City Council.

**Assigned** - Amounts the City intends to use for a specific purpose. The intent is expressed by the governing body itself, or a body or official to which the City has delegated the authority to assign amounts to be used for specific purposes. It does not require formal action of the City. At this time no amounts have been assigned nor has any specific authority to assign fund equity been delegated by the City, governing bodies or officials.

**Unassigned** - All amounts not included in other spendable classifications. The General fund is the only fund that would report a positive amount in unassigned fund balance.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, it is the City's policy to pay the expenditure from restricted fund balance and then from less-restrictive classifications of committed, assigned and then unassigned fund balance.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued)**

Net Position: Net position represents the difference between assets, deferred inflows of resources, liabilities, and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2018, the City had \$76,048,676 in unspent debt proceeds available for projects. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$13,847,226 for road construction projects, \$2,612,697 for retirement benefits, and \$5,489,051 for tax increment projects. All other restrictions are imposed by outside parties through grants, debt agreements or donors.

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

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 and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 19 and the additional disclosures required by this standard is included in Note 10.

**NOTE 2 CASH AND INVESTMENTS**

As of June 30, 2018, the City's cash and investments were as follows:

|   |                      |
|---|----------------------|
| Cash and investments, statement of net position | \$134,324,193        |
| Restricted cash and investments                 | 82,358,928           |
| Cash and investments, fiduciary funds           | <u>719,436</u>       |
|   | <u>\$217,402,558</u> |

As of June 30, 2018, the City had investments in U.S. Agency coupon securities with a fair value of \$42,080,478. The City categorized its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. All of the City's investments in U.S. Agency coupon securities are valued using significant other observable inputs (level 2 inputs). There have been no changes in valuation methodologies at June 30, 2018 compared to June 30, 2017.

Authorized Investments: The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 CASH AND INVESTMENTS (continued)**

insured depository institutions approved by the City Council; 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. However, the City's investment policy additionally limits investments in commercial paper to obligations at the time of purchase rated within the two highest ratings issued by nationally recognized statistical rating organizations with a maturity less than 270 days.

**Interest Rate Risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the City's investment policy, the City minimizes the fair value risk of investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

The City employs a laddered maturity approach to its investments in U.S. Agency coupon securities. Within 12 months, \$7,968,730 of the fair value will mature. An additional \$14,801,110 will mature between 13 and 24 months. The remaining \$19,310,638 will mature between 25 and 60 months.

**Credit Risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All \$42,080,478 of the fair value invested in U.S. Agency coupon securities are rated Aaa by Fitch, Standard and Poor's, and Moody's. The City adheres to investment policies established in the State of Iowa code.

**Concentration of Credit Risk:** The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. The policy limits the City to holding a minimum of 5% of the total portfolio in highly marketable short-term treasuries, short-term federal government agencies, checking with interest, government pooled account or a combination of all four. The policy limits investments in order to avoid over-concentration in securities of a specific issuer and limits certificates of deposit to the amount approved by City Council for each financial institution in accordance with the Code of Iowa.

**Custodial Credit Risk-Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the City's policy to require that time deposits in excess of FDIC insurance limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2018, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. The City's investments were covered by investments purchased and held by an independent third party.

**Custodial Credit Risk-Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no custodial risk with regards to investments since all investments were held by the City or its agent in the City's name.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 3 CAPITAL ASSETS**

The City has reported all capital assets including infrastructure in the government-wide statement of net position. The City elected to use the modified approach as defined by GASB Statement No. 34 for governmental activities infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

The following is a summary of changes in capital assets for the year ended June 30, 2018:

|  | Balance<br>beginning of<br>year | Additions     | Deletions     | Transfers      | Balance end<br>of year |
|--|---------------------------------|---------------|---------------|----------------|------------------------|
| <b>Governmental Activities</b>               |                                 |               |               |                |                        |
| Capital assets, not being depreciated        |                                 |               |               |                |                        |
| Land   | \$ 23,908,175                   | \$ -          | \$ -          | \$ -           | \$ 23,908,175          |
| Infrastructure                               | 374,264,647                     | 19,930,150    | 3,136         | -              | 394,191,661            |
| Construction-in-progress                     | 43,783,460                      | 36,239,934    | 29,998,993    | (3,930,920)    | 46,093,481             |
| Intangibles                                  | 15,574,850                      | -             | -             | -              | 15,574,850             |
| Total capital assets, not being depreciated  | 457,531,132                     | 56,170,084    | 30,002,129    | (3,930,920)    | 479,768,167            |
| Capital assets, being depreciated            |                                 |               |               |                |                        |
| Buildings                                    | 50,575,303                      | 2,551,665     | -             | -              | 53,126,968             |
| Equipment and vehicles                       | 23,480,054                      | 1,533,366     | 1,703,646     | (29,384)       | 23,280,390             |
| Fiber network                                | 5,159,190                       | -             | -             | -              | 5,159,190              |
| Improvements other than buildings            | 43,488,187                      | 7,408,898     | 171,778       | -              | 50,725,307             |
| Share of undivided equity interest assets    | 5,045,296                       | 29,435        | 54,302        | -              | 5,020,429              |
| Intangibles                                  | 1,074,229                       | 209,115       | 62,822        | (15,800)       | 1,204,722              |
| Total capital assets, being depreciated      | 128,822,259                     | 11,732,479    | 1,992,548     | (45,184)       | 138,517,006            |
| Less accumulated depreciation for            |                                 |               |               |                |                        |
| Buildings                                    | 28,102,082                      | 1,740,486     | -             | -              | 29,842,568             |
| Equipment and vehicles                       | 15,121,381                      | 2,036,007     | 1,631,519     | (2,449)        | 15,523,420             |
| Fiber network                                | 2,433,815                       | 389,339       | -             | -              | 2,823,154              |
| Improvements other than buildings            | 35,539,872                      | 1,421,569     | 15,881        | -              | 36,945,560             |
| Share of undivided equity interest assets    | 2,588,411                       | 478,217       | 74,588        | -              | 2,992,040              |
| Intangibles                                  | 585,532                         | 120,313       | 62,822        | (15,800)       | 627,223                |
| Total accumulated depreciation               | 84,371,093                      | 6,185,931     | 1,784,810     | (18,249)       | 88,753,965             |
| Total capital assets, being depreciated, net | 44,451,166                      | 5,546,548     | 207,738       | (26,935)       | 49,763,041             |
| Governmental activities, capital assets net  | \$ 501,982,298                  | \$ 61,716,632 | \$ 30,209,867 | \$ (3,957,855) | \$ 529,531,208         |



**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 3 CAPITAL ASSETS (continued)**

|   | Balance<br>beginning<br>of year | Additions            | Deletions           | Transfers           | Balance end of<br>year |
|---|---------------------------------|----------------------|---------------------|---------------------|------------------------|
| <b>Business-Type Activities</b>               |                                 |                      |                     |                     |                        |
| Capital assets, not being depreciated         |                                 |                      |                     |                     |                        |
| Land  | \$ 413,178                      | \$ -                 | \$ -                | \$ -                | \$ 413,178             |
| Construction-in-progress                      | 10,975,009                      | 9,196,907            | 8,782,825           | 3,930,920           | 15,320,011             |
| Total capital assets, not being depreciated   | <u>11,388,187</u>               | <u>9,196,907</u>     | <u>8,782,825</u>    | <u>3,930,920</u>    | <u>15,733,189</u>      |
| Capital assets, being depreciated             |                                 |                      |                     |                     |                        |
| Equipment                                     | 302,489                         | 316,225              | -                   | 29,384              | 648,098                |
| Intangibles                                   | 31,250                          | -                    | -                   | 15,800              | 47,050                 |
| Sanitary and storm sewer system               | 137,463,285                     | 11,562,553           | 122,872             | -                   | 148,902,966            |
| Total capital assets, being depreciated       | <u>137,797,024</u>              | <u>11,878,778</u>    | <u>122,872</u>      | <u>45,184</u>       | <u>149,598,114</u>     |
| Less accumulated depreciation for             |                                 |                      |                     |                     |                        |
| Equipment                                     | 211,096                         | 38,488               | -                   | 2,449               | 252,033                |
| Intangibles                                   | 26,564                          | 1,561                | -                   | 15,800              | 43,925                 |
| Sanitary and storm sewer system               | 43,480,822                      | 2,929,505            | 122,872             | -                   | 46,287,455             |
| Total accumulated depreciation                | <u>43,718,482</u>               | <u>2,969,554</u>     | <u>122,872</u>      | <u>18,249</u>       | <u>46,583,413</u>      |
| Total capital assets, being depreciated, net  | <u>94,078,542</u>               | <u>8,909,224</u>     | <u>-</u>            | <u>26,935</u>       | <u>103,014,701</u>     |
| Business-type activities, capital assets, net | <u>\$ 105,466,729</u>           | <u>\$ 18,106,131</u> | <u>\$ 8,782,825</u> | <u>\$ 3,957,855</u> | <u>\$ 118,747,890</u>  |

Depreciation expense was charged to the governmental activities functions as follows:

|                                    |                            |
|------------------------------------|----------------------------|
| Governmental Activities            |                            |
| Public Safety                      | \$ 2,158,710               |
| Health and social services         | 146,256                    |
| Culture and recreation             | 1,520,721                  |
| Public works                       | 1,449,206                  |
| General government                 | 727,218                    |
| Community and economic development | 183,821                    |
| <b>Total</b>                       | <u><u>\$ 6,185,931</u></u> |

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4 BONDED AND OTHER DEBT**

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2018:

|                                   | <u>Balance<br/>June 30, 2017</u> | <u>Increases &amp;<br/>Issues</u> | <u>Decreases &amp;<br/>Retirements</u> | <u>Balance<br/>June 30, 2018</u> | <u>Due within<br/>one year</u> |
|-----------------------------------|----------------------------------|-----------------------------------|--|----------------------------------|--------------------------------|
| <b>Governmental activities</b>    |                                  |                                   |  |                                  |                                |
| General obligation bonds          | \$ 120,541,507                   | \$ 99,072,838                     | \$ 23,849,288                          | \$ 195,765,057                   | \$ 19,480,000                  |
| Equipment note payable            | 562,398                          | -                                 | 119,249                                | 443,149                          | 123,459                        |
| Installment contracts             | 1,317,115                        | -                                 | 164,639                                | 1,152,476                        | 164,639                        |
| Compensated absences              | 4,707,743                        | 5,007,011                         | 4,707,743                              | 5,007,011                        | 3,113,990                      |
| Net pension liability             | 33,402,064                       | -                                 | 732,272                                | 32,669,792                       | -                              |
| Total OPEB liability, as restated | 2,336,081                        | 505,060                           | -                                      | 2,841,141                        | -                              |
| Total governmental activities     | <u>162,866,908</u>               | <u>104,584,909</u>                | <u>29,573,191</u>                      | <u>237,878,626</u>               | <u>22,882,088</u>              |
| <b>Business-type activities</b>   |                                  |                                   |  |                                  |                                |
| Compensated absences              | 187,891                          | 232,817                           | 187,891                                | 232,817                          | 131,272                        |
| Net pension liability             | 1,013,067                        | 36,755                            | -                                      | 1,049,822                        | -                              |
| Total OPEB liability, as restated | 102,516                          | 3,890                             | -                                      | 106,406                          | -                              |
| Total business-type activities    | <u>1,303,474</u>                 | <u>273,462</u>                    | <u>187,891</u>                         | <u>1,389,045</u>                 | <u>131,272</u>                 |
| Total long-term debt              | <u>\$ 164,170,382</u>            | <u>\$ 104,858,371</u>             | <u>\$ 29,761,082</u>                   | <u>\$ 239,267,671</u>            | <u>\$ 23,013,360</u>           |

Bonds were sold at a net premium; unamortized net premium at June 30, 2018 totaled \$11,045,058.

On August 22, 2017, the City issued \$3,470,000 in general obligation refunding bonds with an average interest rate of 3.86% to crossover refund \$3,773,744 Series 2010D general obligation bonds with a combined average interest rate of 3.13%. The crossover occurred on August 22, 2017. The City issued the crossover refunding debt to reduce its total debt service payments over the next eleven years by \$312,894 and to obtain an economic gain of \$276,358.

For governmental activities, pension-related debt and other post-employment benefits are generally liquidated by the general fund.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4 BONDED AND OTHER DEBT (continued)**

**General Obligation Bonds/Notes:** General obligation bonds outstanding as of June 30, 2018, consist of the following individual issues:

| <u>Date of Issue</u> | <u>Interest Rates</u> | <u>Final Due Date</u> | <u>Annual Principal Payments</u> |              | <u>Amount Originally issued</u> | <u>Amount Outstanding June 30, 2018</u> |
|----------------------|-----------------------|-----------------------|----------------------------------|--------------|---------------------------------|---|
| 03/04/2010           | 2.000-4.250           | June 2020             | \$ 780,000                       | \$ 4,140,000 | \$ 31,450,000                   | \$ 4,920,000                            |
| 06/29/2010           | 3.000                 | June 2020             | 685,000                          | 845,000      | 7,000,000                       | 1,660,000                               |
| 08/11/2010           | 2.000-4.000           | June 2029             | 50,000                           | 405,000      | 5,000,000                       | -                                       |
| 08/10/2011           | 2.000-3.500           | June 2025             | 500,000                          | 1,215,000    | 6,900,000                       | 3,190,000                               |
| 08/25/2011           | 2.000-2.500           | June 2018             | 1,775,000                        | 1,985,000    | 11,270,000                      | -                                       |
| 05/01/2012           | 4.000                 | June 2018             | 365,000                          | 1,040,000    | 2,610,000                       | -                                       |
| 05/01/2012           | 5.000                 | June 2021             | 560,000                          | 1,945,000    | 11,355,000                      | 2,875,000                               |
| 06/27/2012           | 2.000-3.000           | June 2026             | 250,000                          | 655,000      | 7,520,000                       | 4,725,000                               |
| 08/21/2013           | 2.000-3.100           | June 2024             | 250,000                          | 1,080,000    | 4,385,000                       | 1,735,000                               |
| 09/11/2014           | 2.000-5.000           | June 2026             | 820,000                          | 1,055,000    | 13,375,000                      | 7,585,000                               |
| 04/07/2015           | 2.000-3.100           | June 2029             | 240,000                          | 2,195,000    | 21,755,000                      | 21,080,000                              |
| 04/07/2015           | 2.000-2.800           | June 2025             | 875,000                          | 1,660,000    | 12,715,000                      | 10,815,000                              |
| 04/07/2015           | 2.000                 | June 2020             | 615,000                          | 955,000      | 3,410,000                       | 1,570,000                               |
| 06/15/2016           | 2.000-5.000           | June 2026             | 690,000                          | 3,260,000    | 9,225,000                       | 5,295,000                               |
| 06/15/2016           | 2.000-5.000           | June 2031             | 555,000                          | 1,495,000    | 13,855,000                      | 12,185,000                              |
| 11/16/2016           | 2.000-4.000           | June 2026             | 100,000                          | 840,000      | 7,200,000                       | 6,350,000                               |
| 11/16/2016           | 2.000-4.000           | June 2030             | 100,000                          | 1,025,000    | 10,700,000                      | 10,500,000                              |
| 08/22/2017           | 2.000-3.000           | June 2029             | 435,000                          | 2,320,000    | 7,650,000                       | 5,330,000                               |
| 08/22/2017           | 2.000-4.000           | June 2024             | 615,000                          | 735,000      | 4,665,000                       | 4,020,000                               |
| 08/22/2017           | 2.125-5.000           | June 2032             | 535,000                          | 850,000      | 9,130,000                       | 9,130,000                               |
| 08/22/2017           | 3.000-5.000           | June 2036             | 100,000                          | 2,125,000    | 25,555,000                      | 25,555,000                              |
| 08/22/2017           | 2.000-5.000           | June 2029             | 240,000                          | 385,000      | 3,470,000                       | 3,470,000                               |
| 06/13/2018           | 3.000-5.000           | June 2030             | 430,000                          | 2,100,000    | 8,110,000                       | 8,110,000                               |
| 06/13/2018           | 3.000-5.000           | June 2031             | 315,000                          | 1,675,000    | 12,540,000                      | 12,540,000                              |
| 06/13/2018           | 3.000-5.000           | June 2037             | 100,000                          | 485,000      | 6,155,000                       | 6,155,000                               |
| 06/13/2018           | 2.700-5.000           | June 2036             | 250,000                          | 1,455,000    | 15,925,000                      | 15,925,000                              |
|                      |                       |                       |                                  |              | <b>\$ 272,925,000</b>           | <b>\$ 184,720,000</b>                   |

**Other than Bonded Debt**

**Installment contracts:**

The City has entered into an installment contract with the Iowa Department of Transportation (DOT) related to the Highway 5 relocation construction project. The agreement is non-interest bearing and originally called for annual installments of approximately \$1,077,000 through June 2015. Prior to the final payment due date, IDOT agreed to delay the payment pending modification of terms of the agreement. An amendment, effective January 11, 2016, included settlement of additional construction cost reimbursement of \$569,571, and provided for the remaining balance of \$1,646,390 to be refinanced into a non-interest bearing installment contract allowing for equal principal installments over ten years beginning April 2016.

**Note payable:**

The City entered into a five year term loan agreement with a bank, collateralized by funds held in a general operating money market account. The note is payable in monthly installments of \$11,417, including variable interest at 2.0 percent above the money market rate, through November 2021. The balance due as of June 30, 2018 was \$443,149.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4 BONDED AND OTHER DEBT (continued)**

Compensated Absences: Compensated absences are typically liquidated in the fund that accounts for the employee's salary and benefits.

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2018, are as follows:

| <u>Year Ending June 30</u> | <u>General Obligation Bonds</u> |                      | <u>Installment Contracts &amp; Note Payable</u> |                  |
|----------------------------|---------------------------------|----------------------|---|------------------|
|                            | <u>Principal</u>                | <u>Interest</u>      | <u>Principal</u>                                | <u>Interest</u>  |
| 2019                       | \$ 19,480,000                   | \$ 6,124,232         | \$ 288,098                                      | \$ 13,542        |
| 2020                       | 14,720,000                      | 5,524,490            | 292,489   | 9,151            |
| 2021                       | 12,650,000                      | 5,006,954            | 297,036   | 4,604            |
| 2022                       | 13,635,000                      | 4,565,705            | 224,085   | 496              |
| 2023                       | 14,640,000                      | 4,060,846            | 164,639   | -                |
| 2024 - 2028                | 63,760,000                      | 12,632,975           | 329,279   | -                |
| 2029 - 2033                | 33,615,000                      | 4,367,872            | -   | -                |
| 2034 - 2037                | 12,220,000                      | 803,487              | -   | -                |
|                            | <u>\$ 184,720,000</u>           | <u>\$ 43,086,563</u> | <u>\$ 1,595,625</u>                             | <u>\$ 27,794</u> |

Legal debt margin: As of June 30, 2018, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

|   |                       |
|---|-----------------------|
| Actual valuation, net of military exemption * | \$ 7,188,993,509      |
| Debt limit, 5% of total actual valuation      | 359,449,675           |
| Debt applicable to debt limit                 |                       |
| General obligation bonds                      | 184,720,000           |
| Note payable                                  | 443,149               |
| Installment contracts                         | <u>1,152,476</u>      |
| Legal debt margin                             | <u>\$ 173,134,050</u> |

\* 100% of assessed valuation including TIF increment

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 FUND BALANCES**

The following fund had a deficit fund balance as of June 30, 2018:

Community Development Block Grant \$ (62,502)

The City intends to fund this deficit through future grant revenues.

As of June 30, 2018, fund balances were composed of the following:

|   | General       | Debt<br>Service | Capital<br>Projects | Special<br>Revenue | Total          |
|---|---------------|-----------------|---------------------|--------------------|----------------|
| Nonspendable:                                     |               |                 |                     |                    |                |
| Inventories and loan receivable                   | \$ 555,962    | \$ -            | \$ -                | \$ -               | \$ 555,962     |
| Restricted for:                                   |               |                 |                     |                    |                |
| Road and street projects                          | -             | -               | -                   | 13,847,226         | 13,847,226     |
| Tax rebates and urban renewal projects            | -             | -               | -                   | 4,942,250          | 4,942,250      |
| Debt service                                      | -             | 2,992,585       | -                   | -                  | 2,992,585      |
| General obligation bond projects                  | -             | -               | 77,081,452          | -                  | 77,081,452     |
| Public safety pension                             | -             | -               | -                   | 2,602,513          | 2,602,513      |
| Employee insurance benefits                       | -             | -               | -                   | 10,184             | 10,184         |
| Economic development                              | -             | -               | -                   | 546,801            | 546,801        |
| General housing assistance                        | -             | -               | -                   | 391,071            | 391,071        |
| Elderly housing assistance                        | -             | -               | -                   | 250,338            | 250,338        |
| Parks operations and projects                     | -             | -               | -                   | 22,378             | 22,378         |
| Raccoon River quarry conservation                 | -             | -               | -                   | 366,934            | 366,934        |
| Public art  | -             | -               | -                   | 436,013            | 436,013        |
| Adult softball field maintenance and improvements | -             | -               | -                   | 125,093            | 125,093        |
| Jordan Cemetery maintenance                       | -             | -               | -                   | 335,520            | 335,520        |
| Library operations and programs                   | -             | -               | -                   | 229,232            | 229,232        |
| Suburban Emergency Response Team                  | -             | -               | -                   | 7,745              | 7,745          |
| Dispatch operations and improvements              | -             | -               | -                   | 169,825            | 169,825        |
| Police Operations                                 | -             | -               | -                   | 305,897            | 305,897        |
| Total restricted fund balance                     | -             | 2,992,585       | 77,081,452          | 24,589,020         | 104,663,057    |
| Unrestricted                                      | 40,500,687    | -               | -                   | (62,502)           | 40,438,185     |
| Total fund balance                                | \$ 41,056,649 | \$ 2,992,585    | \$ 77,081,452       | \$ 24,526,518      | \$ 145,657,204 |

**City of West Des Moines, Iowa  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6 INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables balances as of June 30, 2018 were:

| <u>Receivable Fund</u>           | <u>Payable Fund</u>                 |                     |
|----------------------------------|-------------------------------------|---------------------|
| Major Governmental Fund, General | Major Proprietary Fund, Sewer       | \$ 3,983,801        |
| Major Governmental Fund, General | Nonmajor Governmental Fund, CDBG    | <u>329,848</u>      |
| Total                            |                                     | <u>\$ 4,313,649</u> |
| <br><u>Advance From Fund</u>     | <br><u>Advance To Fund</u>          |                     |
| Major Proprietary Fund, Sewer    | Major Proprietary Fund, Storm Water | <u>\$ 6,200,000</u> |

Interfund balances result 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.

On January 8, 2018 the City entered into an interfund loan agreement. The terms of the loan state that \$6,200,000 was paid from the Sewer Fund to the Storm Water fund. Repayments including 1.5% interest will occur over a 15 year term ending on June 1, 2033. This interfund loan has been eliminated in the government wide financial statements.

**NOTE 7 INTERFUND TRANSFERS**

The following is a schedule of transfers as included in the basic financial statements of the City:

|                              | <u>Transfers in</u>  | <u>Transfers out</u> |
|------------------------------|----------------------|----------------------|
| Major Governmental Funds     |                      |                      |
| General                      | \$ 5,139,899         | \$ 3,063,834         |
| Special Revenue Funds        |                      |                      |
| Road Use Tax                 | -                    | 6,539,022            |
| Tax Increment Financing      | -                    | 12,421,185           |
| Debt Services                | 14,588,223           | -                    |
| Capital Projects             | 9,200,256            | 4,090,983            |
| Major Enterprise Funds       |                      |                      |
| Sewer System                 | 7,653                | -                    |
| Storm Water System           | 1,856,546            | 7,653                |
| Non-major Governmental Funds | 170,000              | 5,139,899            |
| Internal Service Funds       |                      |                      |
| Technology Replacement       | 300,000              | -                    |
| Total                        | <u>\$ 31,262,576</u> | <u>\$ 31,262,576</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 or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS**

**Iowa Public Employees' Retirement System - IPERS**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

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

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.5% for each month that the member received benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits: A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions: Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)**

**Iowa Public Employees' Retirement System – IPERS**

cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2018, pursuant to the required rate, regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.56% of pay and the City contributed 9.84% for a total rate of 16.40%.

The City's total contributions to IPERS for the year ended June 30, 2018 were \$1,886,023.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018 the City reported a liability of \$33,719,614 for its proportionate share of the net pension liability, of which \$15,203,717 relates to IPERS. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participation employers. At June 30, 2017, the City's collective proportion was 0.2282407% which was a decrease of 0.001227% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized total pension expense \$5,297,903 of which, \$2,426,066 relates to IPERS. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 147,914                        | \$ 169,698                       |
| Changes of assumptions   | 3,038,485                         | 458                              |
| Net difference between projected and actual earnings<br>on IPERS' investments                                | -                                 | 192,384                          |
| Changes in proportion and differences between City<br>contributions and proportionate share of contributions | 199,229                           | 45,129                           |
| City contributions subsequent to the measurement date  | 1,886,023                         | -                                |
|  | \$ 5,271,651                      | \$ 407,669                       |

The \$1,886,023 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30</u> |    |           |
|---------------------------|----|-----------|
| 2019                      | \$ | 428,546   |
| 2020                      |    | 1,413,220 |
| 2021                      |    | 850,771   |
| 2022                      |    | 79,231    |
| 2023                      |    | 206,192   |
| Total                     | \$ | 2,977,960 |

There were no non-employer contributing entities at IPERS.



**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)**

**Iowa Public Employees' Retirement System – IPERS**

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

|  |  |
|--|--|
| Rate of Inflation<br>(effective June 30, 2017)         | 2.60 % per annum   |
| Rates of salary increase<br>(effective June 30, 2017)  | 3.25 % to 16.25 % average,<br>including inflation. Rates vary by membership group.       |
| Investment rate of return<br>(effective June 30, 2017) | 7.00 % per annum, compounded annually,<br>net of investment expense, including inflation |
| Wage growth<br>(effective June 30, 2017)               | 3.25 % per annum based on 2.60 % inflation<br>and .65 % real wage inflation              |

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

| Asset Class            | Asset Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|------------------------|------------------|--|
| Core Plus Fixed Income | 27.0%            | 2.25%  |
| Domestic Equity        | 24.0%            | 6.25%  |
| International Equity   | 16.0%            | 6.71%  |
| Private Equity         | 11.0%            | 11.15%                                       |
| Private Real Assets    | 7.5%             | 4.18%  |
| Public Real Assets     | 7.0%             | 3.27%  |
| Public Credit          | 3.5%             | 3.46%  |
| Private Credit         | 3.0%             | 4.25%  |
| Cash                   | 1.0%             | -0.31%                                       |
|                        | <u>100.0%</u>    |  |

Discount Rate – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of West Des Moines, Iowa  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)**

**Iowa Public Employees' Retirement System – IPERS**

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1%-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

|   | 1%<br>Decrease<br>(6.00%) | Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|---|---------------------------|-----------------------------|---------------------------|
| City's proportionate share of the net pension liability | \$ 26,795,364             | \$ 15,203,717               | \$ 5,466,363              |

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

Payables to IPERS' – At June 30, 2018, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**Municipal Fire & Police Retirement System - MFPRSI**

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)**

**Municipal Fire & Police Retirement System – MFPRSI (continued)**

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability benefits may be either accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2018.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.68% for the year ended June 30, 2018.

The City's contributions to MFPRSI for the year ended June 30, 2018 was \$2,448,537.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a non-employer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2018.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)**

**Municipal Fire & Police Retirement System – MFPRSI (continued)**

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$33,719,614 for its proportionate share of the net pension liability, of which \$18,515,897 relates to MFPRSI. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2017, the City's proportion was 3.157150% which was a decrease of .037354% from its proportions measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized total pension expense of \$5,297,903, of which \$2,871,837 relates to MFPRSI. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 710,550                        | \$ 11,266                        |
| Changes of assumptions   | 1,573,452                         | 210,304                          |
| Net difference between projected and actual earnings<br>on pension plan investments                          | 758,668                           | -                                |
| Changes in proportion and differences between City<br>contributions and proportionate share of contributions | 230,434                           | 146,494                          |
| City contributions subsequent to the measurement date  | 2,448,537                         | -                                |
| Total  | <u>\$ 5,721,641</u>               | <u>\$ 368,064</u>                |

\$2,448,537 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ended June 30</b> |                     |
|---------------------------|---------------------|
| 2019                      | 471,945             |
| 2020                      | 1,734,894           |
| 2021                      | 899,606             |
| 2022                      | (311,197)           |
| 2023                      | 109,792             |
| Total                     | <u>\$ 2,905,040</u> |

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

|                           |  |
|---------------------------|--|
| Rate of Inflation         | 3.00 % per annum   |
| Salary Increases          | 4.50 % to 15.11 %, including inflation                           |
| Investment rate of return | 7.50 % per annum, net of investment expense, including inflation |

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)**

**Municipal Fire & Police Retirement System – MFPRSI (continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and individuals with disabilities set-forward one year (male only rates), with five years projection of future mortality improvement with Scale BB.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class                  | Long-Term Expected Real<br>Rate of Return |
|------------------------------|---|
| Large cap                    | 5.5%                                      |
| Small cap                    | 5.8%                                      |
| International large cap      | 7.3%                                      |
| Emerging makets              | 9.0%                                      |
| Emerging market debt         | 6.3%                                      |
| Private non-core real estate | 8.0%                                      |
| Master limited partnerships  | 9.0%                                      |
| Private equity               | 9.0%                                      |
| Core plus fixed income       | 3.3%                                      |
| Private core real estate     | 6.0%                                      |
| Tactical asset allocation    | 6.4%                                      |

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the city’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

|   | 1%<br>Decrease<br>(6.50%) | Discount<br>Rate<br>(7.50%) | 1%<br>Increase<br>(8.50%) |
|---|---------------------------|-----------------------------|---------------------------|
| City's proportionate share of the net pension liability | \$ 30,429,762             | \$ 18,515,897               | \$ 8,606,604              |

**City of West Des Moines, Iowa  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)**

**Municipal Fire & Police Retirement System – MFPRSI (continued)**

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

Payables to MFPRSI - At June 30, 2018, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

**NOTE 9 DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, is available to all full & ¾ time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements. During the fiscal year, the City changed management firms and also added a new plan in accordance with Internal Revenue Code Section 401a.

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS - OPEB**

Plan Description - The City operates a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses and dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report. The healthcare benefit plans are self-insured and are administered by a third party.

OPEB Benefits – Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay 102% of the full active employee premium rates. This results in an implicit subsidy and an OPEB liability. The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Retired participants must be age 55 or older at retirement. At June 30, 2017, the following employees were covered by the benefit terms:

|   |     |
|---|-----|
| Inactive employees or beneficiaries currently receiving benefit payments              | 16  |
| Inactive employees or beneficiaries entitled to but not yet receiving benefit payment | 0   |
| Active employees  | 377 |
| Total   | 393 |

Total OPEB Liability – The City’s total OPEB liability of \$2,947,547 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)**

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

|   |  |
|---|--|
| Rate of inflation (effective June 30, 2018)         | 3.00% per annum                                |
| Rates of salary increases (effective June 30, 2018) | 3.00% per annum, including inflation           |
| Discount rate (effective June 30, 2018)             | 3.87% compounded annually, including inflation |
| Health cost trend rate (effective June 30, 2018)    | 5.00% per annum                                |

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2016 with MP 2016 generational projection of future mortality improvement. Annual retirement and termination probabilities are based on varying rates by age and were developed based on Scale T-3 of the Actuary’s Pension Handbook.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

|   | Total OPEB<br>Liability |
|---|-------------------------|
| Total OPEB Liability beginning of year, as restated | \$ 2,438,597            |
| Changes for the year:                               |                         |
| Service cost  | 157,757                 |
| Interest  | 111,053                 |
| Changes in benefit terms                            | -                       |
| Difference between expected and actual experience   | -                       |
| Changes of assumptions                              | 306,308                 |
| Benefit payments                                    | (66,168)                |
| Net changes   | 508,950                 |
| Total OPEB Liability end of year                    | \$ 2,947,547            |

Changes of assumptions reflect a change in the discount rate from 5.00% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

|                      | 1%<br>Decrease<br>(2.87%) | Discount<br>Rate<br>(3.87%) | 1%<br>Increase<br>(4.87%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB Liability | \$ 3,228,460              | \$ 2,947,547                | \$ 2,693,186              |

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)**

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

|                      | 1%<br>Decrease<br>(4.00%) | Current<br>Healthcare Cost<br>Trend Rate<br>(5.00%) | 1%<br>Increase<br>(6.00%) |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB Liability | \$ 2,604,330              | \$ 2,947,547  | \$ 3,353,901              |

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the City recognized OPEB expense of \$293,512. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following:

|   | Deferred Outflows<br>of Resources |
|---|-----------------------------------|
| Differences between expected and<br>actual experience | \$ -                              |
| Changes of assumptions                                | 281,606                           |
|   | \$ 281,606                        |

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year ending<br>June 30, | Amount     |
|-------------------------|------------|
| 2019                    | \$ 24,702  |
| 2020                    | 24,702     |
| 2021                    | 24,702     |
| 2022                    | 24,702     |
| 2023                    | 24,702     |
| Thereafter              | 158,096    |
|                         | \$ 281,606 |



**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11 JOINT VENTURE**

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority joint venture. This joint venture provides primary and secondary treatment of the sewer flows of the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board. The WRA Agreement creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities 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.

The City 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. Although the 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 bonds issued during the time the entity was a participating community are still outstanding.

In May of 2015, the WRA issued Sewer Revenue Bonds Series 2015E for the purpose of refunding Series 2006A. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2018, the Series 2015E bonds had a balance of \$29,665,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$5,608,949.

In May of 2013, the WRA issued Sewer Revenue Bonds Series 2013B for the purpose of refunding Series 2004B. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2018, the Series 2013B bonds had a balance of \$48,730,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$8,847,180.

The WRA Agreement requires the debt service on all State Revolving Loans issued after July 1, 2004 to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2018, the WRA had \$279,527,264 of such State Revolving Loans of which \$44,134,729 future principal debt service is a commitment to the City of West Des Moines. The State Revolving Loans assumed by the WRA in 2004 are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2018, the WRA had \$1,515,326 in these State Revolving Loans of which \$35,883 future principal debt service is a commitment to the City of West Des Moines.

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 will be paid. Since there is no specific and measurable equity interest in the WRA Agreement, no investment in the joint venture has been reported by the City.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 12 RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS**

Related organization: The West Des Moines Water Works Utility is governed by a five-member board which is appointed by the Mayor and approved by the City Council. The West Des Moines Water Works Utility is legally a separate entity and is not financially accountable to the City. The City provides various services to the Water Works, including office facilities, reimbursable expenses, and the availability to participate in the City's health insurance plan. The Water Works provides billing and collection services to the City in connection with the City's Sewer, Solid Waste, and Storm Water Enterprise Funds. The following is a summary of the related party transactions for the year ended June 30, 2018:

|   |           |
|---|-----------|
| Received from West Des Moines Water Works               |           |
| Occupancy reimbursements                                | \$ 24,721 |
| Health insurance reimbursements                         | 522,031   |
| Gasoline reimbursements                                 | 30,393    |
| Telephone reimbursements                                | 6,298     |
| Share of general insurance                              | 144,191   |
| Delinquent reimbursements                               | 331       |
|   |           |
| Payments to West Des Moines Water Works                 |           |
| Collection fees for sewer, solid waste, and storm water | 179,934   |
| Miscellaneous fees                                      | 50,353    |

Amounts receivable from West Des Moines Water Works as of June 30, 2018 for sewer, storm, and solid waste charges totaled \$3,226,845, \$634,007, and \$465,026 respectively.

Jointly governed organizations: The City participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Polk, Dallas and Warren County Assessor's Conference Boards; Metropolitan Planning Organization; Greater Des Moines Convention and Visitors Bureau. In August 2000, the City entered into a jointly governed organization with two other Des Moines suburbs for the creation of Westcom. Westcom was established as an undivided interest ownership arrangement, whereby title to assets in Westcom is held individually by the City and two other Des Moines suburbs. The City's portion of current year costs of operations and capital for the dispatch center were \$1,361,508 and \$52,590 respectively. On July 1, 2018 Westcom was re-classified as an enterprise fund from the general fund to improve presentation of the operation.

In July 2008, the City entered into a jointly governed organization with Central Iowa Health System for the provision of emergency medical services. The agreement between the participating organizations is commonly referred to as the "Iowa EMS Alliance". The Iowa EMS Alliance was established as an undivided interest ownership arrangement, whereby the title to Alliance assets is held individually by the City and Iowa Health. The City's portion of current year costs of operation for the Iowa EMS Alliance was \$2,980,432 and there were no capital costs.

**NOTE 13 COMMITMENTS**

The City has entered into contracts totaling approximately \$117 million for various projects that were not complete at year-end. As of June 30, 2018, approximately \$50 million has been incurred on these contracts.

In order to encourage development within designated Urban Renewal Areas, the City Council has approved development rebate agreements related to several different projects. Rebates are to be paid only after certain conditions have been met by each project developer, and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. It is estimated that outstanding commitments of approximately \$20.87 million exist, of which \$11.60 million is likely to be eligible to be paid in the

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13 COMMITMENTS (continued)**

next fiscal year. The payments will be expensed in the period in which they are paid. No liability for these obligations is recognized due to the fact that the agreements are conditional and the payments are to be funded by future property taxes received on the project.

The City, in equal partnership with a neighboring city, has entered into an agreement with the Iowa Department of Transportation (IDOT) where the cities have agreed to reimburse in equal shares the IDOT's construction cost for a new interstate interchange which straddles the shared border of the two cities. The construction project was nearly complete but not finalized at June 30, 2018. As a result, final repayment amounts and terms have not yet been formalized. However, the cities and IDOT have agreed that payments will be made in ten annual equal principal-only installments beginning in 2020. It is currently estimated that each city's share of the total project cost will be approximately \$9 million. No liability for this obligation has been recognized.

**NOTE 14 RISK MANAGEMENT**

The City is a member in the Iowa Communities Assurance Pool (the Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 800 members include various governmental entities throughout the state of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2018 were approximately \$448,438.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured in an amount not to exceed \$2,500,000 per claim, with no aggregate. For members requiring specific coverage from \$2,000,000 to \$12,000,000, such excess coverage is also reinsured. The City of West Des Moines has elected \$10,000,000 in coverage. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured through reinsurance and risk-sharing agreements with various providers.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 14 RISK MANAGEMENT (continued)**

City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, as of June 30, 2018, no liability has been recorded in the City's financial statements. As of June 30, 2018, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions; however, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with employee blanket bonds. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Self-insurance: The City has a self-insured medical expense reimbursement plan which provides medical benefits to its employees and to the employees of affiliates. The plan provides each covered person with unlimited lifetime maximum coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Wellmark. The uninsured risk retention per person is \$100,000 (not to exceed 125% of the aggregate expected claims of \$5,151,390 for the year ended June 30, 2018). The City purchased commercial stop-loss insurance to provide for claims in excess of the \$100,000 to reduce its exposure to large losses. There has been no significant reduction in insurance coverage under the plan from prior years.

The City has established the Health and Dental Insurance Fund (an internal service fund) to account for and finance the uninsured risk of loss. The City's contribution to the fund for the year ended June 30, 2018 was \$4,727,954.

Effective July 1, 2005, the City established a self-insured plan for its worker's compensation plan. An internal service fund was created to account for premiums and claims paid. The uninsured risk retention is \$400,000 per occurrence. The aggregate retention is 85.5% of the annual premium amount or approximately \$2,747,750.

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2018, totaled \$744,687 and include incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for other loss. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Settlements exceeded stop-loss coverage in the year ended June 30, 2018, June 30, 2017, June 30, 2016, and June 30, 2015 by \$328,387, \$61,672, \$162,624, and \$404,139 respectively. Settlements did not exceed the stop-loss coverage in the year ended June 30, 2014. Information on changes in the aggregate liabilities for claims is as follows:

|                                   | <u>2018</u>        | <u>2017</u>        |
|-----------------------------------|--------------------|--------------------|
| Claims payable, beginning of year | \$ 616,286         | \$ 671,561         |
| Claims recognized                 | 5,891,354          | 4,788,454          |
| Claim payments                    | <u>(5,762,953)</u> | <u>(4,843,729)</u> |
| Claims payable, end of year       | <u>\$ 744,687</u>  | <u>\$ 616,286</u>  |

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 15 CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial info assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon prepayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, there was one series of industrial development revenue bonds outstanding, with an aggregated principal amount payable of \$3,575,005.

**NOTE 16 LITIGATION**

Claims have been asserted against the City in the ordinary course of business with a maximum exposure of \$490,000. Management is unable to estimate the cost of these claims or determine a range of loss and, accordingly, no accrual has been made for them. The City settled litigation subsequent to year end in the amount of \$464,464 for stormwater fees that were collected through June 30, 2018 in one district. The liability has been accrued in Accounts Payable and the stormwater fees were refunded subsequent to year end.

**NOTE 17 TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2018, the City abated \$1,654,766 of property tax under the urban renewal and economic development projects. Property tax revenues of the City were reduced by \$0 for the year ended June 30, 2018 under agreements entered into by other entities.

**NOTE 18 SUBSEQUENT EVENTS**

On July 1, 2018 Westcom was re-classified as an enterprise fund from the general fund to improve presentation of the operation.

On September 24, 2018 and on October 9, 2018, the City issued a loan payable totaling \$625,000 with the intention to pass on the funds to a sub-recipient in the continuation of the rehabilitation of a school building.

On December 10, 2018, the City issued bonds totaling \$10,565,000 in General Obligation Urban Renewal Bonds.

**City of West Des Moines, Iowa**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 19 ACCOUNTING CHANGE / RESTATEMENT**

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

|   | Governmental<br>Activities | Sewer             | Storm Water       | Solid Waste    | Business Type<br>Activities |
|---|----------------------------|-------------------|-------------------|----------------|-----------------------------|
| Net position June 30, 2017 as previously reported     | \$ 456,391,240             | 98,990,324        | 51,340,145        | 795,570        | \$ 151,660,319              |
| Net OPEB obligation measured under previous standards | 967,650                    | 24,210            | 18,254            | -              | 42,464                      |
| Total OPEB liability at June 30, 2017                 | (2,336,081)                | (58,447)          | (44,069)          | -              | (102,516)                   |
| Net position July 1, 2017, as restated                | <u>\$ 455,022,809</u>      | <u>98,956,087</u> | <u>51,314,330</u> | <u>795,570</u> | <u>\$ 151,600,267</u>       |

**City of West Des Moines, Iowa**  
**SCHEDULE OF CHANGES IN THE CITY'S**  
**TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES**

**FOR THE CURRENT YEAR**  
**REQUIRED SUPPLEMENTARY INFORMATION**

|   | 2018         |
|---|--------------|
| Service Cost  | \$ 157,757   |
| Interest Cost   | 111,053      |
| Difference between expected and actual experience                   | -            |
| Changes of assumptions  | 306,308      |
| Benefit payments  | (66,168)     |
| Net change in total OPEB liability                                  | 508,950      |
| Total OPEB liability beginning of year, as restated                 | 2,438,597    |
| Total OPEB liability end of year                                    | \$ 2,947,547 |
| Covered-employee payroll  | 26,989,124   |
| Total OPEB Liability as a percentage of<br>covered-employee payroll | 10.92%       |

**Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

|                          |       |
|--------------------------|-------|
| Year ended June 30, 2018 | 3.87% |
| Year ended June 30, 2017 | 5.00% |

Note: GASB Statement No. 75 required ten years to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information was available.

**City of West Des Moines, Iowa**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – IPERS**  
**LAST FOUR FISCAL YEARS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

|   | 2015          | 2016          | 2017          | 2018          |
|---|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability  | 0.208525300%  | 0.216906600%  | 0.229468000%  | 0.228240700%  |
| City's proportionate share of the net pension liability   | \$ 8,269,916  | \$ 10,716,237 | \$ 14,441,145 | \$ 15,203,717 |
| City's covered payroll  | \$ 16,337,805 | \$ 18,379,445 | \$ 19,793,111 | \$ 20,057,940 |
| City's proportionate share of the net pension liability<br>as a percentage of its covered payroll | 50.62%        | 58.31%        | 72.96%        | 75.80%        |
| Plan fiduciary net position as a percentage of the total<br>pension liability                     | 87.61%        | 85.19%        | 81.82%        | 82.21%        |

See accompanying notes to required supplementary information

Note: GASB Statement No. 68 required ten years to be presented in this table.  
However, until a full 10-year trend is compiled, the City will present  
information for those years for which information was available.

In accordance with GASB No 68 the amounts presented for each fiscal year  
were determined as of June 30th of the preceding year



**City of West Des Moines, Iowa  
 SCHEDULE OF CITY CONTRIBUTIONS  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - IPERS  
 LAST TEN FISCAL YEARS  
 REQUIRED SUPPLEMENTARY INFORMATION**

|  | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contribution  | \$ 1,043,635 | \$ 1,178,526 | \$ 1,220,065 | \$ 1,458,325 | \$ 1,529,529 | \$ 1,617,030 | \$ 1,675,318 | \$ 1,754,825 | \$ 1,820,285 | \$ 1,886,023 |
| Contribution in the relation to the<br>statutorily required contribution | 1,043,635    | 1,178,526    | 1,220,065    | 1,458,325    | 1,529,529    | 1,617,030    | 1,675,318    | 1,754,825    | 1,820,285    | 1,886,023    |
| Contribution deficiency (excess)   | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| City's covered payroll   | 13,847,643   | 16,865,755   | 16,524,200   | 17,426,384   | 15,827,188   | 16,337,805   | 18,379,445   | 19,793,111   | 20,057,940   | 20,769,182   |
| Contributions as a percentage of<br>covered payroll                      | 7.54%        | 6.99%        | 7.38%        | 8.37%        | 9.66%        | 9.90%        | 9.12%        | 8.87%        | 9.08%        | 9.08%        |

**City of West Des Moines, Iowa**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM - IPERS**  
**June 30, 2018**

**Changes of benefit terms:**

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

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

**Changes of assumptions:**

The 2017 valuation implemented the following refinements as a result of an accelerated experience study:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50%.
- Lowered the estimated investment rate of return from 7.50% to 7.00%.
- Lowered the assumed wage growth rate from 4.00% to 3.25%.
- Decreased the estimated rate of payroll growth from 4.00% to 3.25%.

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

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

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

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

**City of West Des Moines, Iowa**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA - MFPRSI**  
**LAST FOUR FISCAL YEARS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

|   | 2015          | 2016          | 2017          | 2018          |
|---|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability  | 3.126078%     | 3.156744%     | 3.194504%     | 3.157150%     |
| City's proportionate share of the net pension liability   | \$ 11,331,979 | \$ 14,830,836 | \$ 19,973,986 | \$ 18,515,897 |
| City's covered payroll  | \$ 7,983,068  | \$ 8,278,428  | \$ 8,766,120  | \$ 8,941,753  |
| City's proportionate share of the net pension liability<br>as a percentage of its covered payroll | 141.95%       | 179.15%       | 227.85%       | 207.07%       |
| Plan fiduciary net position as a percentage of the total<br>pension liability                     | 86.27%        | 83.04%        | 78.20%        | 80.60%        |

See accompanying notes to required supplementary information

Note: GASB Statement No. 68 required ten years to be presented in this table.  
However, until a full 10-year trend is compiled, the City will present  
information for those years for which information was available.

In accordance with GASB No. 68 the amounts presented for each fiscal year  
were determined as of June 30th of the preceding year

See accompanying notes to required supplementary information.

**City of West Des Moines, Iowa**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA-MFPRS**  
**LAST TEN FISCAL YEARS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

|  | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contribution  | \$ 1,291,314 | \$ 1,223,912 | \$ 1,445,739 | \$ 1,881,373 | \$ 2,023,600 | \$ 2,404,500 | \$ 2,517,470 | \$ 2,404,016 | \$ 2,317,700 | \$ 2,448,537 |
| Contribution in the relation to the<br>statutorily required contribution | 1,291,314    | 1,223,912    | 1,445,739    | 1,881,373    | 2,023,600    | 2,404,500    | 2,517,470    | 2,404,016    | 2,317,700    | 2,448,537    |
| Contribution deficiency (excess)   | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| City's covered payroll   | 6,887,008    | 7,199,482    | 7,265,020    | 7,598,437    | 7,747,320    | 7,983,068    | 8,278,428    | 8,766,120    | 8,941,753    | 9,534,802    |
| Contributions as a percentage of<br>covered payroll                      | 18.75%       | 17.00%       | 19.90%       | 24.76%       | 26.12%       | 30.12%       | 30.41%       | 27.42%       | 25.92%       | 25.68%       |

Notes to Required Supplementary Information - Pension Liability:

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: Postretirement mortality rates changed to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and individuals with disabilities set-forward one year (male only rates), with five years projection of future mortality improvement with Scale BB.

City of West Des Moines, Iowa  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Year Ended June 30, 2018

|  | Governmental<br>Fund Types<br>Actual | Proprietary Fund<br>Types Actual | Total Actual   | Budgeted Amounts |               | Final to Actual<br>Variance -<br>Positive<br>(Negative) |
|--|--------------------------------------|----------------------------------|----------------|------------------|---------------|---|
|  |                                      |                                  |                | Original         | Final         |   |
| <b>REVENUES</b>  |                                      |                                  |                |                  |               |   |
| Property tax   | \$ 54,097,576                        | \$ -                             | \$ 54,097,576  | \$ 54,096,896    | \$ 54,096,896 | \$ 680  |
| Tax increment financing taxes  | 13,531,467                           | -                                | 13,531,467     | 13,498,069       | 13,498,069    | 33,398  |
| Other City taxes   | 5,065,449                            | -                                | 5,065,449      | 4,901,803        | 4,901,803     | 163,646   |
| Special assessments  | 142,102                              | -                                | 142,102        | 150,000          | 150,000       | (7,898)   |
| Licenses and permits   | 1,904,626                            | -                                | 1,904,626      | 1,806,671        | 1,700,782     | 203,844   |
| Intergovernmental  | 21,170,528                           | -                                | 21,170,528     | 23,580,508       | 26,032,817    | (4,862,289)   |
| Charges for services   | 5,996,384                            | 15,854,139                       | 21,850,523     | 19,931,050       | 20,387,125    | 1,463,398   |
| Use of money and property  | 1,431,402                            | 638,710                          | 2,070,112      | 578,000          | 1,084,500     | 985,612   |
| Miscellaneous  | 3,513,358                            | 37,671                           | 3,551,029      | 13,044,496       | 15,067,341    | (11,516,312)  |
| Total revenues   | 106,852,892                          | 16,530,520                       | 123,383,412    | 131,587,493      | 136,919,333   | (13,535,921)  |
| <b>EXPENDITURES/EXPENSES</b>   |                                      |                                  |                |                  |               |   |
| Public safety  | 29,050,021                           | -                                | 29,050,021     | 31,517,239       | 32,834,503    | 3,784,482   |
| Public works   | 9,240,888                            | -                                | 9,240,888      | 10,578,765       | 10,711,350    | 1,470,462   |
| Health and social services   | 1,271,677                            | -                                | 1,271,677      | 1,212,406        | 1,250,526     | (21,151)  |
| Culture and recreation   | 8,687,823                            | -                                | 8,687,823      | 9,404,368        | 9,606,358     | 918,535   |
| Community and economic<br>development  | 10,359,086                           | -                                | 10,359,086     | 10,862,888       | 12,765,532    | 2,406,446   |
| General government   | 8,371,646                            | -                                | 8,371,646      | 9,042,102        | 9,830,037     | 1,458,391   |
| Debt service   | 25,136,869                           | -                                | 25,136,869     | 21,767,475       | 27,877,452    | 2,740,583   |
| Capital outlay   | 43,414,199                           | -                                | 43,414,199     | 116,116,061      | 145,171,223   | 101,757,024   |
| Business-type  | -                                    | 15,759,579                       | 15,759,579     | 37,698,221       | 46,549,419    | 30,789,840  |
| Total expenditures/expenses  | 135,532,209                          | 15,759,579                       | 151,291,788    | 248,199,525      | 296,596,400   | 145,304,612   |
| Excess (deficiency) of revenues over<br>(under) expenditures/expenses  | (28,679,317)                         | 770,941                          | (27,908,376)   | (116,612,032)    | (159,677,067) | 131,768,691   |
| <b>OTHER FINANCING<br/>SOURCES, NET</b>  |                                      |                                  |                |                  |               |   |
|  | 93,235,209                           | 10,024,095                       | 103,259,304    | 101,242,100      | 102,014,490   | 1,244,814   |
| Excess (deficiency) of revenues and<br>other financing sources over/(under)<br>expenditures/expenses and other<br>financing sources (uses) | 64,555,892                           | 10,795,036                       | 75,350,928     | (15,369,932)     | (57,662,577)  | 17,688,351  |
| <b>BALANCES</b> , beginning of year, as restated   | 81,101,312                           | 151,065,987                      | 232,167,299    | 156,604,227      | 99,745,405    |   |
| <b>BALANCES</b> , end of year  | \$ 145,657,204                       | \$ 161,861,023                   | \$ 307,518,227 | \$ 141,234,295   | \$ 42,082,828 |   |

**City of West Des Moines, Iowa**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING**  
**Year ended June 30, 2018**

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing which include all funds, except internal service and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, budget amendments increased budgeted expenditures by \$48,396,875. The budget amendments are reflected in the final budgeted amounts.

The City of West Des Moines, Iowa prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with generally accepted accounting principles.

**City of West Des Moines, Iowa**  
**REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH**  
**Year ended June 30, 2018**

The City has elected to use the modified approach as defined by the GASB Statement No. 34 for reporting the infrastructure of its street network. The street network is defined as all physical features existing within the right of way limits for the City’s roadways and includes the streets, flood control levees, and bridges and street culverts (For additional information regarding the use of the modified approach and the City's capitalization policies, see Management's Discussion and Analysis and the Notes to Basic Financial Statements).

**City Street Network**

The City of West Des Moines maintains a computerized Street Management System (SMS) to keep an up-to-date inventory of the street network and to record condition assessments. As of 2017, the City utilized the Iowa Pavement Management Program (IPMP) sponsored by the Iowa DOT and Iowa State University to assess to the pavement condition [prior to 2017, each City street was evaluated to an Overall Condition Index (OCI)]. The IPMP uses automated equipment to rate the condition of Iowa roads, including for the City of West Des Moines, every two years. The PCI index represents a composite rating including the evaluation of pavement defects/deterioration, ride quality and other characteristics condition. The PCI of each street is calculated and rated on a scale from 100 to 0, with a PCI rating of 100 being the best and 0 the worst. This condition assessment will be performed at least once every three years.

The following tables defines the Pavement Condition Index (PCI) rating scale for streets and the Overall Condition Index (OCI) rating scale for streets:

| <u>Pavement Condition</u> | <u>PCI Range (2017)</u> | <u>Pavement Condition</u> | <u>OCI Range (prior to 2017)</u> |
|---------------------------|-------------------------|---------------------------|----------------------------------|
| Excellent                 | 100 – 80                | Very Good                 | 100-90                           |
| Good                      | 80 – 60                 | Good                      | 90-80                            |
| Fair                      | 60 – 40                 | Average                   | 80-60                            |
| Poor                      | 40 – 20                 | Below Average             | 60-50                            |
| Very Poor                 | 20 – 0                  | Poor                      | 50-25                            |
|                           |                         | Failed                    | 25-0                             |

The City's goal is to maintain a PCI rating of 70 for the street network. The following are descriptions for Portland cement concrete and asphalt surfaced streets in the City in the 70 PCI rating range.

**Portland cement concrete streets and trails (PCI - 70):** Low and moderate severity settlement, bumps, cracking or joint deterioration may exist up to 15% of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. Patches may exist up to 20% of the street area and are typically moderate in quality. Joint spalling may exist up to 15 to 25 isolated locations. The pavement smoothness international roughness index typically ranges between 250 to 550 in. /mi. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. Surface pop-outs may exist throughout the pavement.

**Asphalt Surfaced Streets and trails (PCI - 70):** Reflective cracking may exist throughout the pavement. Reflective cracking is typically between 3/8 inch and 2 inches wide. Reflective cracks typically may need to be sealed. Low and moderate severity bumps, alligator cracking, rutting, or raveling may exist up to 10% of the street area. Patches may exist up to 10% of the street area and are typically moderate in quality. Up to a total of 10 SF of potholes may exist at small isolated locations. The pavement smoothness international roughness index typically ranges between 100 to 400 in. /mi. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated areas. The surface color is typically medium gray.

**City of West Des Moines, Iowa**  
**REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)**  
**Year ended June 30, 2018**

***City Flood Control Levee System***

The City's federal levees and associated flood control elements are inspected and maintained per the U.S. Army Corp of Engineers criteria. The Army Corp inspects the flood control levee system in the City every two years. The Army Corps rating criteria for the flood control levee system is Acceptable, Minimally Acceptable and Unacceptable. The City's goal is to maintain as least a minimally acceptable rating for the levee system. The following is the description for minimally acceptable rating.

**Levees and Associated Flood Control Elements (Army Corp. Rating – Minimally Acceptable):** One or more items are rated as Minimally Acceptable or one or more items are rated as unacceptable and an engineering determination concludes that unacceptable items would not prevent the segment / system from performing as intended during the next flood event.

***City Bridges and Large Street Culverts***

The City's vehicle bridges, large drainage and box culverts and pedestrian underpasses under streets greater than greater than 20 ft. in span are inspected every two years using the Iowa DOT / FHWA National Bridge Inspection System (NBIS). The NBIS evaluates each structure for drainage, scour/erosion, debris, surface and structural deficiencies. The NBIS gives each structure a Sufficiency Rating (SR). The SR is composite score of the evaluation items. The SR of each structure is calculated and rated on a scale from 100 to 0, with a SR of 100 being the best and 0 the worst. The City's goal is to maintain a SR of 80 or better for each bridge or culvert structure. The following are descriptions for an 80 Sufficiency Rating.

**Bridge and Large Street Culverts (FHWA & Iowa DOT Sufficiency Rating – 80 or Greater):** The item is structurally sound and there appears to be no immediate safety hazards. Minor cracking, scaling, leaching, channel silting and vegetation, or other minor problems may exist in isolated locations. Minor problems, if any exist, do not appear to have an immediate impact on structural integrity or safety.



**City of West Des Moines, Iowa**  
**REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)**  
**Year ended June 30, 2018**

One factor that significantly affects the trend of levee condition assessments is the 2014 assessment is a Periodic Inspection using different criteria and standards than the previous years' Continuing Eligibility Inspections.

Condition rating of the City's street subsystem

| Category      | OCI Range | 2015       |                           | 2016       |                           | Category  | PCI Range | 2017       |                           |
|---------------|-----------|------------|---------------------------|------------|---------------------------|-----------|-----------|------------|---------------------------|
|               |           | Lane Miles | Percent of Street Network | Lane Miles | Percent of Street Network |           |           | Lane Miles | Percent of Street Network |
| Very Good     | 100 - 90  | 239        | 30.6%                     | 265        | 33.7%                     | Excellent | 100 - 80  | 326        | 39.5%                     |
| Good          | 90 - 80   | 262        | 33.5%                     | 245        | 31.1%                     | Good      | 80 - 60   | 278        | 33.7%                     |
| Average       | 80 - 60   | 181        | 23.1%                     | 179        | 22.7%                     | Fair      | 60 - 40   | 155        | 18.8%                     |
| Below Average | 60 - 50   | 89         | 11.4%                     | 88         | 11.2%                     | Poor      | 40 - 20   | 14         | 1.7%                      |
| Poor          | 50 - 25   | 11         | 1.4%                      | 10         | 1.3%                      | Very Poor | 20 - 0    | 1          | 0.1%                      |
| Failed        | 25 - 0    | 0          | 0.0%                      | 0          | 0.0%                      | Unpaved*  | N/R       | 52         | 6.3%                      |
| <b>Total</b>  |           | <b>782</b> | <b>100%</b>               | <b>787</b> | <b>100%</b>               |           |           | <b>826</b> | <b>100%</b>               |

Overall condition index (OCI)

|        | 2015  | 2016  | 2017** |
|--------|-------|-------|--------|
| Goal   | 78-80 | 78-80 | 70     |
| Actual | 80.0  | 80.0  | 73.0   |

\*The IPMP does not rate the condition of gravel roads. Unpaved roads are listed on the table to show they are part of the City street network. For more information on the IPMP, please see the following website <http://www.ctre.iastate.edu/ipmp>.

\*\*Due to 2017 being the City's first year using the IPMP to assess pavement conditions, the PCI goal is an estimate and may be subject to change based on further evaluation by the City and Iowa State University.

**Bridge & Street Culvert Condition by Category as of the Last Assessment**

Condition Categories Based on FHWA Criteria:

| Category         | OCI Range | 2013              |                              | 2015              |                              | 2017              |                              |
|------------------|-----------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                  |           | Bridges Inspected | Percent of Bridges Inspected | Bridges Inspected | Percent of Bridges Inspected | Bridges Inspected | Percent of Bridges Inspected |
| Excellent        | 100 - 90  | 17                | 58.6%                        | 16                | 57.1%                        | 21                | 63.6%                        |
| Very Good        | 90 - 80   | 6                 | 20.7%                        | 5                 | 17.9%                        | 5                 | 15.2%                        |
| Good             | 80 - 70   | 2                 | 6.9%                         | 2                 | 7.1%                         | 2                 | 6.1%                         |
| Satisfactory     | 70 - 60   | 2                 | 6.9%                         | 1                 | 3.6%                         | 2                 | 6.1%                         |
| Fair             | 60 - 50   | 2*                | 6.9%                         | 4*                | 14.3%                        | 3*                | 9.1%                         |
| Poor             | 50 - 40   | 0                 | 0.0%                         | 0                 | 0.0%                         | 0                 | 0.0%                         |
| Serious          | 40 - 30   | 0                 | 0.0%                         | 0                 | 0.0%                         | 0                 | 0.0%                         |
| Critical         | 30 - 20   | 0                 | 0.0%                         | 0                 | 0.0%                         | 0                 | 0.0%                         |
| Imminent Failure | 20 - 10   | 0                 | 0.0%                         | 0                 | 0.0%                         | 0                 | 0.0%                         |
| Failed           | 10 - 0    | 0                 | 0.0%                         | 0                 | 0.0%                         | 0                 | 0.0%                         |
| <b>Total</b>     |           | <b>29</b>         | <b>100%</b>                  | <b>28</b>         | <b>100%</b>                  | <b>33</b>         | <b>100%</b>                  |

\*Structures closed to traffic or scheduled for replacement

Overall condition index (OCI)

|        | 2013          | 2015          | 2017          |
|--------|---------------|---------------|---------------|
| Goal   | 81 or greater | 81 or greater | 81 or greater |
| Actual | 86.4          | 85.6          | 88.5          |

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)**  
**Year ended June 30, 2018**

Levee Condition by Category as of the Last Assessment

Condition Categories Based on the Army Corp. Criteria

| OCI Range            | 2015                  |                                  | 2016                  |                                  | 2017                  |                                  |
|----------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|
|                      | Levee Items Inspected | Percent of Levee Items Inspected | Levee Items Inspected | Percent of Levee Items Inspected | Levee Items Inspected | Percent of Levee Items Inspected |
|                      | Acceptable            | 48                               | 88.9%                 | 43                               | 93.5%                 | 43                               |
| Minimally Acceptable | 6                     | 11.1%                            | 3                     | 6.5%                             | 4                     | 8.5%                             |
| Unacceptable         | 0                     | 0.0%                             | 0                     | 0.0%                             | 0                     | 0.0%                             |
|                      | <u>54</u>             | <u>100%</u>                      | <u>46</u>             | <u>100%</u>                      | <u>47</u>             | <u>100%</u>                      |

Overall condition index (OCI)

|        | 2015                 | 2016                 | 2017                 |
|--------|----------------------|----------------------|----------------------|
| Goal   | Minimally Acceptable | Minimally Acceptable | Minimally Acceptable |
| Actual | Acceptable           | Minimally Acceptable | Minimally Acceptable |

Comparison of estimated prevention/maintenance costs to actual for the street network (in thousands):

**Comparison of street network prevention and maintenance costs**  
(in thousands)

|                        | 2018    | 2017    | 2016    | 2015    | 2014    | 2013    | 2012    | 2011    |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Estimated Costs</b> | \$4,820 | \$4,760 | \$5,060 | \$4,041 | \$4,567 | \$6,753 | \$5,307 | \$5,296 |
| <b>Actual Costs</b>    | \$4,840 | \$3,472 | \$3,784 | \$4,119 | \$4,130 | \$3,720 | \$5,119 | \$5,387 |

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**City of West Des Moines, Iowa  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2018**

|  | Police & Fire<br>Retirement | Employee<br>Benefits | Economic<br>Development | Housing<br>Programs | Parks               | Library           | Public Safety     | Dallas County<br>Local<br>Housing Trust | Community<br>Development<br>Block Grant | Totals               |
|--|-----------------------------|----------------------|-------------------------|---------------------|---------------------|-------------------|-------------------|---|---|----------------------|
| <b>ASSETS</b>  |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| Cash and investments   | \$ 2,691,567                | \$ -                 | \$ 550,019              | \$ 354,556          | \$ 1,256,215        | \$ 230,115        | \$ 473,183        | \$ 11,619                               | \$ -                                    | \$ 5,567,274         |
| Restricted cash and investments  | -                           | -                    | -                       | 286,728             | -                   | -                 | -                 | -                                       | -                                       | 286,728              |
| Receivables  |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| Property taxes   | 2,465,437                   | 4,801,796            | -                       | -                   | -                   | -                 | -                 | -                                       | -                                       | 7,267,233            |
| Accounts   | -                           | -                    | -                       | -                   | 50,000              | -                 | -                 | 24,823                                  | -                                       | 74,823               |
| Interest   | -                           | -                    | -                       | 1,110               | -                   | -                 | -                 | -                                       | -                                       | 1,110                |
| Due from other governments   | -                           | -                    | -                       | 17,931              | -                   | -                 | 194,180           | -                                       | 269,557                                 | 481,668              |
| <b>Total assets</b>  | <b>\$ 5,157,004</b>         | <b>\$ 4,801,796</b>  | <b>\$ 550,019</b>       | <b>\$ 660,325</b>   | <b>\$ 1,306,215</b> | <b>\$ 230,115</b> | <b>\$ 667,363</b> | <b>\$ 36,442</b>                        | <b>\$ 269,557</b>                       | <b>\$ 13,678,836</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>                    |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| <b>LIABILITIES</b>   |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| Accounts payable   | \$ -                        | \$ -                 | \$ 3,218                | \$ 135              | \$ 20,277           | \$ 883            | \$ 183,896        | \$ 10,975                               | \$ 329                                  | \$ 219,713           |
| Accrued wages payable  | 94,235                      | -                    | -                       | 850                 | -                   | -                 | -                 | 644                                     | 1,882                                   | 97,611               |
| Due to other funds   | -                           | -                    | -                       | -                   | -                   | -                 | -                 | -                                       | 329,848                                 | 329,848              |
| <b>Total liabilities</b>   | <b>94,235</b>               | <b>-</b>             | <b>3,218</b>            | <b>985</b>          | <b>20,277</b>       | <b>883</b>        | <b>183,896</b>    | <b>11,619</b>                           | <b>332,059</b>                          | <b>647,172</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| Unavailable revenue:   |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| Succeeding year property tax   | 2,460,256                   | 4,791,612            | -                       | -                   | -                   | -                 | -                 | -                                       | -                                       | 7,251,868            |
| Grants and other   | -                           | -                    | -                       | 17,931              | -                   | -                 | -                 | 24,823                                  | -                                       | 42,754               |
| <b>Total deferred inflows of resources</b>   | <b>2,460,256</b>            | <b>4,791,612</b>     | <b>-</b>                | <b>17,931</b>       | <b>-</b>            | <b>-</b>          | <b>-</b>          | <b>24,823</b>                           | <b>-</b>                                | <b>7,294,622</b>     |
| <b>FUND BALANCES (DEFICITS)</b>  |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| Restricted for   |                             |                      |                         |                     |                     |                   |                   |   |   |                      |
| Other purposes   | 2,602,513                   | 10,184               | 546,801                 | 641,409             | 1,285,938           | 229,232           | 483,467           | -                                       | -                                       | 5,799,544            |
| Unassigned   | -                           | -                    | -                       | -                   | -                   | -                 | -                 | -                                       | (62,502)                                | (62,502)             |
| <b>Total fund balances (deficits)</b>  | <b>2,602,513</b>            | <b>10,184</b>        | <b>546,801</b>          | <b>641,409</b>      | <b>1,285,938</b>    | <b>229,232</b>    | <b>483,467</b>    | <b>-</b>                                | <b>(62,502)</b>                         | <b>5,737,042</b>     |
| <b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b> | <b>\$ 5,157,004</b>         | <b>\$ 4,801,796</b>  | <b>\$ 550,019</b>       | <b>\$ 660,325</b>   | <b>\$ 1,306,215</b> | <b>\$ 230,115</b> | <b>\$ 667,363</b> | <b>\$ 36,442</b>                        | <b>\$ 269,557</b>                       | <b>\$ 13,678,836</b> |

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2018**

|  | Police &<br>Fire<br>Retirement | Employee<br>Benefits | Economic<br>Development | Housing<br>Programs | Parks        | Library    | Public<br>Safety | Dallas County<br>Local Housing<br>Trust | Community<br>Development<br>Block Grant | Totals       |
|--|--------------------------------|----------------------|-------------------------|---------------------|--------------|------------|------------------|---|---|--------------|
| <b>REVENUES</b>  |                                |                      |                         |                     |              |            |                  |   |   |              |
| Property taxes   | \$ 2,272,444                   | \$ 4,466,717         | \$ -                    | \$ -                | \$ -         | \$ -       | \$ -             | \$ -                                    | \$ -                                    | \$ 6,739,161 |
| Other City taxes   | 26,836                         | 52,749               | -                       | -                   | -            | -          | -                | -                                       | -                                       | 79,585       |
| Intergovernmental  | 109,318                        | 214,875              | 50,000                  | 99,313              | -            | 47,427     | -                | 267,289                                 | 3,171,916                               | 3,960,138    |
| Use of money and property                                    | 65,827                         | -                    | -                       | 11,195              | 28,439       | 5,497      | 10,200           | -                                       | -                                       | 121,158      |
| Miscellaneous  | -                              | -                    | -                       | 125,975             | 242,661      | 35,970     | 1,034,310        | 7,572                                   | 8,034                                   | 1,454,522    |
| Total revenues   | 2,474,425                      | 4,734,341            | 50,000                  | 236,483             | 271,100      | 88,894     | 1,044,510        | 274,861                                 | 3,179,950                               | 12,354,564   |
| <b>EXPENDITURES</b>  |                                |                      |                         |                     |              |            |                  |   |   |              |
| Current operating  |                                |                      |                         |                     |              |            |                  |   |   |              |
| Public safety  | 2,459,612                      | -                    | -                       | -                   | -            | -          | 568,487          | -                                       | -                                       | 3,028,099    |
| Health and social services                                   | -                              | -                    | -                       | 242,371             | -            | -          | -                | -                                       | -                                       | 242,371      |
| Culture and recreation                                       | -                              | -                    | -                       | -                   | 164,804      | 76,305     | -                | -                                       | -                                       | 241,109      |
| Community & economic development                             | -                              | -                    | 156,796                 | -                   | -            | -          | -                | 259,402                                 | 3,114,130                               | 3,530,328    |
| Debt Service   |                                |                      |                         |                     |              |            |                  |   |   |              |
| Principal  | -                              | -                    | -                       | -                   | -            | -          | 119,249          | -                                       | -                                       | 119,249      |
| Interest   | -                              | -                    | -                       | -                   | -            | -          | 17,752           | -                                       | -                                       | 17,752       |
| Total expenditures   | 2,459,612                      | -                    | 156,796                 | 242,371             | 164,804      | 76,305     | 705,488          | 259,402                                 | 3,114,130                               | 7,178,908    |
| Excess (deficiency) of revenues over<br>(under) expenditures | 14,813                         | 4,734,341            | (106,796)               | (5,888)             | 106,296      | 12,589     | 339,022          | 15,459                                  | 65,820                                  | 5,175,656    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                |                      |                         |                     |              |            |                  |   |   |              |
| Transfers in   | -                              | -                    | 50,000                  | -                   | 120,000      | -          | -                | -                                       | -                                       | 170,000      |
| Transfers out  | -                              | (4,732,960)          | -                       | -                   | -            | -          | (294,045)        | (12,475)                                | (100,419)                               | (5,139,899)  |
| Issuance of debt   | -                              | -                    | -                       | -                   | -            | -          | -                | -                                       | 3,217                                   | 3,217        |
| Total other financing sources (uses)                         | -                              | (4,732,960)          | 50,000                  | -                   | 120,000      | -          | (294,045)        | (12,475)                                | (97,202)                                | (4,966,682)  |
| Net change in fund balances                                  | 14,813                         | 1,381                | (56,796)                | (5,888)             | 226,296      | 12,589     | 44,977           | 2,984                                   | (31,382)                                | 208,974      |
| Fund balances (deficit), beginning of year                   | 2,587,700                      | 8,803                | 603,597                 | 647,297             | 1,059,642    | 216,643    | 438,490          | (2,984)                                 | (31,120)                                | 5,528,068    |
| Fund balances (deficit), end of year                         | \$ 2,602,513                   | \$ 10,184            | \$ 546,801              | \$ 641,409          | \$ 1,285,938 | \$ 229,232 | \$ 483,467       | \$ -                                    | \$ (62,502)                             | \$ 5,737,042 |

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF NET POSITION-INTERNAL SERVICE FUNDS**  
**June 30, 2018**

|  | Vehicle<br>Replacement | Vehicle<br>Maintenance | Health & Dental<br>Insurance | Workers'<br>Compensation<br>Insurance | Technology<br>Replacement | Total                |
|--|------------------------|------------------------|------------------------------|---------------------------------------|---------------------------|----------------------|
| <b>ASSETS</b>  |                        |                        |                              |                                       |                           |                      |
| Current assets:  |                        |                        |                              |                                       |                           |                      |
| Cash and investments   | \$ 10,087,563          | \$ 82,704              | \$ 8,971,490                 | \$ 4,377,738                          | \$ 561,504                | \$ 24,080,999        |
| Accounts   | -                      | 10,759                 | -                            | -                                     | -                         | 10,759               |
| Interest   | 20,687                 | -                      | 33,017                       | -                                     | -                         | 53,704               |
| Due from other governments   | -                      | 19,565                 | -                            | -                                     | -                         | 19,565               |
| Total current assets   | <u>10,108,250</u>      | <u>113,028</u>         | <u>9,004,507</u>             | <u>4,377,738</u>                      | <u>561,504</u>            | <u>24,165,027</u>    |
| Noncurrent assets, capital assets  |                        |                        |                              |                                       |                           |                      |
| Equipment and vehicles   | 16,968,857             | -                      | -                            | -                                     | 421,622                   | 17,390,479           |
| Accumulated depreciation   | (10,808,451)           | -                      | -                            | -                                     | (90,348)                  | (10,898,799)         |
| Total noncurrent assets  | <u>6,160,406</u>       | <u>-</u>               | <u>-</u>                     | <u>-</u>                              | <u>331,274</u>            | <u>6,491,680</u>     |
| Total assets   | <u>\$ 16,268,656</u>   | <u>\$ 113,028</u>      | <u>\$ 9,004,507</u>          | <u>\$ 4,377,738</u>                   | <u>\$ 892,778</u>         | <u>\$ 30,656,707</u> |
| <b>LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES AND<br/>NET POSITION</b> |                        |                        |                              |                                       |                           |                      |
| Current liabilities:   |                        |                        |                              |                                       |                           |                      |
| Accounts payable   | \$ 1,373               | \$ 57,828              | \$ -                         | \$ -                                  | \$ -                      | \$ 59,201            |
| Claims payable   | -                      | -                      | 468,187                      | 276,500                               | -                         | 744,687              |
| Total current liabilities  | <u>1,373</u>           | <u>57,828</u>          | <u>468,187</u>               | <u>276,500</u>                        | <u>-</u>                  | <u>803,888</u>       |
| <b>DEFERRED INFLOWS OF<br/>RESOURCES</b>                                   |                        |                        |                              |                                       |                           |                      |
| Grant and other deferred inflows   | -                      | 7,651                  | -                            | -                                     | -                         | 7,651                |
| <b>NET POSITION</b>  |                        |                        |                              |                                       |                           |                      |
| Investment in capital assets   | 6,160,406              | -                      | -                            | -                                     | 331,274                   | 6,491,680            |
| Unrestricted   | 10,106,877             | 47,549                 | 8,536,320                    | 4,101,238                             | 561,504                   | 23,353,488           |
| Total net position   | <u>\$ 16,267,283</u>   | <u>\$ 47,549</u>       | <u>\$ 8,536,320</u>          | <u>\$ 4,101,238</u>                   | <u>\$ 892,778</u>         | <u>\$ 29,845,168</u> |
| Total liabilities and net position   | <u>\$ 16,268,656</u>   | <u>\$ 113,028</u>      | <u>\$ 9,004,507</u>          | <u>\$ 4,377,738</u>                   | <u>\$ 892,778</u>         | <u>\$ 30,656,707</u> |

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2018**

|   | Vehicle<br>Replacement | Vehicle<br>Maintenance | Health &<br>Dental<br>Insurance | Workers'<br>Compensation<br>Insurance | Technology<br>Replacement | Total         |
|---|------------------------|------------------------|---------------------------------|---------------------------------------|---------------------------|---------------|
| <b>OPERATING REVENUES</b>               |                        |                        |                                 |                                       |                           |               |
| Charges for services                    | \$ -                   | \$ 1,088,449           | \$ 6,173,015                    | \$ 284,199                            | \$ -                      | \$ 7,545,663  |
| Lease revenue                           | 1,729,336              | -                      | -                               | -                                     | -                         | 1,729,336     |
| Other                                   | 13,642                 | -                      | 417,902                         | -                                     | -                         | 431,544       |
| Total operating revenues                | 1,742,978              | 1,088,449              | 6,590,917                       | 284,199                               | -                         | 9,706,543     |
| <b>OPERATING EXPENSES</b>               |                        |                        |                                 |                                       |                           |               |
| Cost of sales and services              | -                      | 1,046,875              | 6,029,198                       | 460,459                               | -                         | 7,536,532     |
| Depreciation                            | 1,467,876              | -                      | -                               | -                                     | 60,232                    | 1,528,108     |
| Total operating expenses                | 1,467,876              | 1,046,875              | 6,029,198                       | 460,459                               | 60,232                    | 9,064,640     |
| Operating income (loss)                 | 275,102                | 41,574                 | 561,719                         | (176,260)                             | (60,232)                  | 641,903       |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                        |                        |                                 |                                       |                           |               |
| Investment earnings                     | 177,879                | -                      | 98,471                          | 105,475                               | 6,344                     | 388,169       |
| Gain (loss) on sale of capital assets   | (83,386)               | -                      | -                               | -                                     | -                         | (83,386)      |
| Total nonoperating revenues (expenses)  | 94,493                 | -                      | 98,471                          | 105,475                               | 6,344                     | 304,783       |
| Income (Loss) before transfers          | 369,595                | 41,574                 | 660,190                         | (70,785)                              | (53,888)                  | 946,686       |
| Transfers in                            | -                      | -                      | -                               | -                                     | 300,000                   | 300,000       |
| Change in net position                  | 369,595                | 41,574                 | 660,190                         | (70,785)                              | 246,112                   | 1,246,686     |
| Total net position, beginning of year   | 15,897,688             | 5,975                  | 7,876,130                       | 4,172,023                             | 646,666                   | 28,598,482    |
| Total net position, ending of year      | \$ 16,267,283          | \$ 47,549              | \$ 8,536,320                    | \$ 4,101,238                          | \$ 892,778                | \$ 29,845,168 |

See accompanying independent auditor's report.

City of West Des Moines, Iowa  
**COMBINING STATEMENT OF CASH FLOWS-INTERNAL SERVICE FUNDS**  
Year Ended June 30, 2018

|  | Vehicle<br>Replacement | Vehicle<br>Maintenance | Health and<br>Dental<br>Insurance | Worker's<br>Compensation<br>Insurance | Technology<br>Replacement | Total         |
|--|------------------------|------------------------|-----------------------------------|---------------------------------------|---------------------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                        |                        |                                   |                                       |                           |               |
| Receipts from customers and users                                    | \$ 13,642              | \$ 36,094              | \$ 1,834,872                      | \$ 284,199                            | \$ -                      | \$ 2,168,807  |
| Receipts from interfund charges                                      | 1,729,336              | 1,048,730              | 4,756,045                         | -                                     | -                         | 7,534,111     |
| Payments to suppliers  | (142,508)              | (1,035,388)            | -                                 | -                                     | -                         | (1,177,896)   |
| Payments to claimants  | -                      | -                      | (5,852,388)                       | (508,868)                             | -                         | (6,361,256)   |
| Net cash provided (used) by operating activities                     | 1,600,470              | 49,436                 | 738,529                           | (224,669)                             | -                         | 2,163,766     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |                        |                        |                                   |                                       |                           |               |
| Transfers in   | -                      | -                      | -                                 | -                                     | 300,000                   | 300,000       |
| Net cash provided (used) by noncapital financing activities          | -                      | -                      | -                                 | -                                     | 300,000                   | 300,000       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                        |                        |                                   |                                       |                           |               |
| Purchase of capital assets   | (1,865,214)            | -                      | -                                 | -                                     | -                         | (1,865,214)   |
| Proceeds from disposal of capital assets                             | 86,991                 | -                      | -                                 | -                                     | -                         | 86,991        |
| Net cash provided (used) by capital and related financing activities | (1,778,223)            | -                      | -                                 | -                                     | -                         | (1,778,223)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                        |                        |                                   |                                       |                           |               |
| Interest received  | 194,874                | -                      | 125,694                           | 105,475                               | 6,344                     | 432,387       |
| Purchase of investment securities                                    | (5,444,382)            | -                      | (8,689,703)                       | -                                     | -                         | (14,134,085)  |
| Proceeds from maturity of investment securities                      | 5,385,660              | -                      | 8,595,979                         | -                                     | -                         | 13,981,639    |
| Net cash provided (used) by investing activities                     | 136,152                | -                      | 31,970                            | 105,475                               | 6,344                     | 279,941       |
| Net increase (decrease) in cash and cash equivalents                 | (41,601)               | 49,436                 | 770,499                           | (119,194)                             | 306,344                   | 965,484       |
| Cash and cash equivalents  |                        |                        |                                   |                                       |                           |               |
| Beginning of year  | 5,565,265              | 33,268                 | 916,615                           | 4,496,932                             | 255,160                   | 11,267,240    |
| End of year  | \$ 5,523,664           | \$ 82,704              | \$ 1,687,114                      | \$ 4,377,738                          | \$ 561,504                | \$ 12,232,724 |

See accompanying independent auditor's report.



**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (continued)**  
**Year ended June 30, 2018**

|  | Vehicle<br>Replacement | Vehicle<br>Maintenance | Health and<br>Dental<br>Insurance | Worker's<br>Compensation<br>Insurance | Technology<br>Replacement | Total         |
|--|------------------------|------------------------|-----------------------------------|---------------------------------------|---------------------------|---------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   |                        |                        |                                   |                                       |                           |               |
| Operating income (loss)  | \$ 275,102             | \$ 41,574              | \$ 561,719                        | \$ (176,260)                          | \$ (60,232)               | \$ 641,903    |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities   |                        |                        |                                   |                                       |                           |               |
| Depreciation   | 1,467,876              | -                      | -                                 | -                                     | 60,232                    | 1,528,108     |
| Change in assets and liabilities   |                        |                        |                                   |                                       |                           |               |
| Receivables  | -                      | (11,271)               | -                                 | -                                     | -                         | (11,271)      |
| Accounts payable & other liabilities   | (142,508)              | 19,133                 | -                                 | -                                     | -                         | (123,375)     |
| Claims payable   | -                      | -                      | 176,810                           | (48,409)                              | -                         | 128,401       |
| Net cash provided (used) by operating activities   | \$ 1,600,470           | \$ 49,436              | \$ 738,529                        | \$ (224,669)                          | -                         | \$ 2,163,766  |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION</b> |                        |                        |                                   |                                       |                           |               |
| Cash and investments   | \$ 10,087,563          | \$ 82,704              | \$ 8,971,490                      | \$ 4,377,738                          | \$ 561,504                | \$ 24,080,999 |
| Less items not meeting the definition of cash equivalents  | (4,563,899)            | -                      | (7,284,376)                       | -                                     | -                         | (11,848,275)  |
| Cash and cash equivalents at end of year   | \$ 5,523,664           | \$ 82,704              | \$ 1,687,114                      | \$ 4,377,738                          | \$ 561,504                | \$ 12,232,724 |
| <b>SCHEDULE OF NONCASH ITEMS</b>   |                        |                        |                                   |                                       |                           |               |
| Investing activities   |                        |                        |                                   |                                       |                           |               |
| Change in fair market value of investments   | \$ (24,425)            | -                      | \$ (38,984)                       | -                                     | -                         | \$ (63,409)   |

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2018**

|                              | Collections<br>and<br>Deposits | Section 125<br>Plan | Total Agency<br>Funds |
|------------------------------|--------------------------------|---------------------|-----------------------|
| <b>ASSETS</b>                |                                |                     |                       |
| Cash and cash equivalents    | \$ 613,906                     | \$ 105,530          | \$ 719,436            |
|                              |                                |                     |                       |
| <b>LIABILITIES</b>           |                                |                     |                       |
| Deposits and remittances due | \$ 613,906                     | \$ 105,530          | \$ 719,436            |
|                              |                                |                     |                       |

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2018**

| <u>Collections and Deposits</u>    | <b>Balance<br/>June 30,<br/>2017</b> | <b>Increases</b>  | <b>Decreases</b>  | <b>Balance<br/>June 30,<br/>2018</b> |
|------------------------------------|--------------------------------------|-------------------|-------------------|--------------------------------------|
| <b>ASSETS</b>                      |                                      |                   |                   |                                      |
| Cash and investments               | \$ 620,464                           | \$ 335,229        | \$ 341,787        | \$ 613,906                           |
| Total assets                       | <u>\$ 620,464</u>                    | <u>\$ 335,229</u> | <u>\$ 341,787</u> | <u>\$ 613,906</u>                    |
| <b>LIABILITIES</b>                 |                                      |                   |                   |                                      |
| Accounts payable                   | \$ 6,483                             | \$ 354,654        | \$ 339,537        | \$ 21,600                            |
| Deposits and remittances due       | 613,981                              | 311,379           | 333,054           | 592,306                              |
| Total liabilities                  | <u>\$ 620,464</u>                    | <u>\$ 666,033</u> | <u>\$ 672,591</u> | <u>\$ 613,906</u>                    |
| <br><b><u>Section 125 Plan</u></b> |                                      |                   |                   |                                      |
| <b>ASSETS</b>                      |                                      |                   |                   |                                      |
| Cash and investments               | \$ 81,757                            | \$ 330,363        | \$ 306,590        | \$ 105,530                           |
| Total assets                       | <u>\$ 81,757</u>                     | <u>\$ 330,363</u> | <u>\$ 306,590</u> | <u>\$ 105,530</u>                    |
| <b>LIABILITIES</b>                 |                                      |                   |                   |                                      |
| Accounts payable                   | \$ -                                 | \$ 31,274         | \$ 17,286         | \$ 13,988                            |
| Deposits and remittances due       | 81,757                               | 316,376           | 306,591           | 91,542                               |
| Total liabilities                  | <u>\$ 81,757</u>                     | <u>\$ 347,650</u> | <u>\$ 323,877</u> | <u>\$ 105,530</u>                    |
| <br><b><u>Combined Funds</u></b>   |                                      |                   |                   |                                      |
| <b>ASSETS</b>                      |                                      |                   |                   |                                      |
| Cash and investments               | \$ 702,221                           | \$ 665,592        | \$ 648,377        | \$ 719,436                           |

See accompanying independent auditor's report.

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**STATISTICAL SECTION  
(UNAUDITED)**



**City of West Des Moines, Iowa**  
**STATISTICAL SECTION**  
**(UNAUDITED)**

The statistical section of the City'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 says about the City's overall financial health.

| Contents   | Page      |
|--|-----------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.   | 106 - 111 |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.   | 112 - 117 |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.                             | 118 - 122 |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | 123 - 125 |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 126-127   |

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

**City of West Des Moines, Iowa**  
Schedule 1  
**Net Position By Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

|   | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental activities:</b>             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 292,458,981        | \$ 302,966,015        | \$ 321,551,229        | \$ 331,322,948        | \$ 348,765,036        | \$ 368,581,117        | \$ 389,657,031        | \$ 406,719,035        | \$ 419,227,002        | \$ 420,604,201        |
| Restricted                                  | 27,163,903            | 30,280,778            | 36,114,937            | 39,407,570            | 30,254,780            | 26,436,390            | 29,398,389            | 27,215,947            | 27,059,457            | 27,581,605            |
| Unrestricted                                | 18,416,398            | 24,106,536            | 14,586,371            | 25,616,756            | 38,547,866            | 39,963,379            | 1,717,321             | 6,274,984             | 10,104,781            | 23,032,656            |
| Total governmental activities net position  | <u>\$ 338,039,282</u> | <u>\$ 357,353,329</u> | <u>\$ 372,252,537</u> | <u>\$ 396,347,274</u> | <u>\$ 417,567,682</u> | <u>\$ 434,980,886</u> | <u>\$ 420,772,741</u> | <u>\$ 440,209,966</u> | <u>\$ 456,391,240</u> | <u>\$ 471,218,462</u> |
| <b>Business-type activities:</b>            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 62,493,646         | \$ 64,376,299         | \$ 66,624,832         | \$ 71,785,215         | \$ 76,661,562         | \$ 78,214,604         | \$ 82,858,647         | \$ 88,977,720         | \$ 105,417,468        | \$ 118,747,890        |
| Restricted                                  | 457,350               | 457,920               | 460,130               | 462,920               | -                     | -                     | 1,682,523             | 5,566,179             | 5,970,731             | 1,365,019             |
| Unrestricted                                | 32,824,759            | 36,611,269            | 39,240,141            | 40,765,024            | 42,576,460            | 46,257,356            | 46,692,784            | 42,988,298            | 40,272,120            | 42,307,666            |
| Total business-type activities net position | <u>\$ 95,775,755</u>  | <u>\$ 101,445,488</u> | <u>\$ 106,325,103</u> | <u>\$ 113,013,159</u> | <u>\$ 119,238,022</u> | <u>\$ 124,471,960</u> | <u>\$ 131,233,954</u> | <u>\$ 137,532,197</u> | <u>\$ 151,660,319</u> | <u>\$ 162,420,575</u> |
| <b>Primary government:</b>                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 354,952,627        | \$ 367,342,314        | \$ 388,176,061        | \$ 403,108,163        | \$ 425,426,598        | \$ 446,795,721        | \$ 472,515,678        | \$ 495,696,755        | \$ 524,644,470        | \$ 539,352,091        |
| Restricted                                  | 27,621,253            | 30,738,698            | 36,575,067            | 39,870,490            | 30,254,780            | 26,436,390            | 31,080,912            | 32,782,126            | 33,030,188            | 28,946,624            |
| Unrestricted                                | 51,241,157            | 60,717,805            | 53,826,512            | 66,381,780            | 81,124,326            | 86,220,735            | 48,410,105            | 49,263,282            | 50,376,901            | 65,340,322            |
| Total primary government net position       | <u>\$ 433,815,037</u> | <u>\$ 458,798,817</u> | <u>\$ 478,577,640</u> | <u>\$ 509,360,433</u> | <u>\$ 536,805,704</u> | <u>\$ 559,452,846</u> | <u>\$ 552,006,695</u> | <u>\$ 577,742,163</u> | <u>\$ 608,051,559</u> | <u>\$ 633,639,037</u> |



City of West Des Moines, Iowa

Schedule 2

Changes In Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

|   | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses:                                     |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                      |               |               |               |               |               |               |               |               |               |               |
| Public safety                                 | \$ 21,770,283 | \$ 23,683,353 | \$ 23,683,157 | \$ 24,796,973 | \$ 24,700,994 | \$ 26,053,563 | \$ 26,908,642 | \$ 27,553,472 | \$ 30,993,743 | \$ 31,868,522 |
| Public works                                  | 13,375,100    | 10,511,602    | 14,401,577    | 9,522,787     | 10,742,899    | 12,356,926    | 12,866,884    | 24,317,064    | 16,035,288    | 17,480,055    |
| Health and social services                    | 1,092,443     | 1,113,846     | 1,119,049     | 1,191,055     | 1,152,757     | 1,114,334     | 1,221,187     | 1,234,763     | 1,251,049     | 1,402,151     |
| Culture and recreation                        | 9,308,507     | 9,355,663     | 9,644,825     | 9,526,437     | 9,495,234     | 10,109,588    | 11,107,595    | 10,498,272    | 9,878,532     | 10,225,234    |
| Community and economic development            | 6,486,571     | 5,836,209     | 6,245,150     | 7,587,871     | 7,592,235     | 8,658,500     | 21,653,257    | 6,980,849     | 7,578,127     | 10,593,060    |
| General government                            | 4,966,906     | 5,425,921     | 5,590,913     | 5,712,265     | 6,199,838     | 6,651,611     | 6,952,173     | 9,081,229     | 8,953,162     | 9,736,717     |
| Interest on long-term debt                    | 5,253,741     | 4,551,673     | 5,050,716     | 3,652,748     | 3,450,029     | 3,742,960     | 2,345,067     | 3,091,773     | 3,322,213     | 4,945,248     |
| Total governmental activities expenses        | 62,253,551    | 60,478,267    | 65,735,387    | 61,990,136    | 63,333,986    | 68,687,482    | 83,054,805    | 82,757,422    | 78,012,114    | 86,250,987    |
| Business-type activities:                     |               |               |               |               |               |               |               |               |               |               |
| Sanitary sewer                                | 5,960,011     | 6,513,514     | 7,285,218     | 8,254,719     | 8,372,160     | 8,798,820     | 9,349,927     | 9,268,656     | 9,815,597     | 10,011,946    |
| Storm Water                                   | 921,824       | 1,020,304     | 1,264,278     | 1,310,785     | 1,852,241     | 1,598,003     | 1,506,777     | 2,243,666     | 3,649,618     | 3,714,592     |
| Solid waste                                   | 1,571,481     | 1,549,437     | 1,663,021     | 1,730,612     | 1,778,179     | 1,839,484     | 1,886,538     | 1,783,951     | 1,804,263     | 2,007,770     |
| Total business-type activities expenses       | 8,453,316     | 9,083,255     | 10,212,517    | 11,296,116    | 12,002,580    | 12,236,307    | 12,743,242    | 13,296,273    | 15,269,478    | 15,734,308    |
| Total primary government expenses             | 70,706,867    | 69,561,522    | 75,947,904    | 73,286,252    | 75,336,566    | 80,923,789    | 95,798,047    | 96,053,695    | 93,281,592    | 101,985,295   |
| Program revenue:                              |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                      |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                         |               |               |               |               |               |               |               |               |               |               |
| Public safety                                 | 5,011,751     | 3,859,194     | 4,656,246     | 4,721,074     | 5,608,894     | 6,641,203     | 6,792,943     | 8,958,481     | 7,923,356     | 7,756,927     |
| Public works                                  | 906,216       | 298,400       | 442,416       | 956,272       | 104,108       | 207,541       | 322,994       | 423,612       | 550,566       | 707,203       |
| Health and social services                    | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Culture and recreation                        | 1,415,877     | 1,336,498     | 1,391,873     | 1,392,190     | 1,343,505     | 1,384,465     | 1,430,723     | 1,512,266     | 1,406,066     | 1,515,911     |
| Community and economic development            | 905,019       | 485,277       | 437,296       | 411,260       | 579,364       | 871,234       | 1,062,029     | 2,292,604     | 2,029,627     | 2,066,713     |
| General government                            | 329,147       | 262,331       | 542,589       | 1,284,718     | 46,383        | 830,713       | 958,624       | 1,317,863     | 1,629,751     | 1,580,939     |
| Operating grants and contributions:           |               |               |               |               |               |               |               |               |               |               |
| Public safety                                 | 2,901,377     | 2,863,503     | 2,542,721     | 2,663,420     | 2,469,593     | 2,490,415     | 3,130,192     | 3,432,717     | 1,578,849     | 2,201,970     |
| Public works                                  | 4,330,498     | 4,666,008     | 5,039,619     | 5,350,804     | 5,504,499     | 5,660,623     | 6,057,014     | 7,427,481     | 8,120,086     | 7,889,959     |
| Health and social services                    | 268,305       | 304,591       | 277,529       | 648,841       | 226,484       | 237,948       | 254,880       | 272,635       | 98,356        | 191,245       |
| Culture and recreation                        | 121,134       | 172,253       | 140,754       | 130,592       | 177,360       | 137,992       | 108,902       | 106,576       | 53,909        | 47,427        |
| Community and economic development            | 1,135,664     | 579,077       | 623,836       | 1,046,406     | 934,355       | 768,491       | 740,796       | 449,233       | 540,155       | 3,540,262     |
| General government                            | 492,351       | 310,950       | 332,379       | 1,116,997     | 336,938       | 359,569       | 377,422       | 120,000       | -             | -             |
| Capital grants and contributions              | 5,390,380     | 4,187,992     | 8,029,691     | 7,125,936     | 2,704,041     | 3,781,649     | 8,443,062     | 10,552,433    | 5,173,579     | 564,549       |
| Total governmental activities program revenue | 23,207,719    | 19,326,074    | 24,456,949    | 26,848,510    | 20,035,524    | 23,371,843    | 29,679,581    | 36,865,901    | 29,104,300    | 28,063,105    |

**City of West Des Moines, Iowa**  
**Schedule 2 (continued):**

|  | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Business-type activities:</b>                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Charges for services:</b>                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Sanitary sewer   | \$ 6,963,248         | \$ 7,131,407         | \$ 8,203,582         | \$ 9,225,687         | \$ 9,814,708         | \$ 10,253,778        | \$ 10,057,555        | \$ 10,443,664        | \$ 10,889,405        | \$ 11,482,770        |
| Storm water  | 1,793,470            | 2,071,169            | 2,111,487            | 2,156,738            | 2,165,281            | 2,201,450            | 2,257,315            | 2,458,867            | 2,397,491            | 2,465,152            |
| Solid waste  | 1,662,222            | 1,679,223            | 1,709,893            | 1,772,291            | 1,762,412            | 1,797,486            | 1,817,392            | 1,847,148            | 1,877,166            | 1,906,217            |
| <b>Operating grants and contributions:</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Sanitary sewer   | 284,071              | 8,673                | 285                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Storm water  | -                    | -                    | 37,882               | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Solid waste  | -                    | -                    | 75,000               | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Capital grants and contributions:</b>                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Sanitary sewer   | 1,489,316            | 855,392              | 382,564              | 1,210,579            | 982,089              | 754,686              | 2,793,715            | 1,401,630            | 1,862,945            | 2,282,371            |
| Storm Water  | 4,150,933            | 2,187,157            | 2,205,180            | 390,093              | 3,557,677            | 1,500,418            | 2,363,627            | 1,206,371            | 1,510,166            | 1,923,697            |
| Solid waste  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total business-type activities program revenues</b>     | <b>16,343,260</b>    | <b>13,933,021</b>    | <b>14,725,873</b>    | <b>14,755,388</b>    | <b>18,282,167</b>    | <b>16,507,818</b>    | <b>19,289,604</b>    | <b>17,357,680</b>    | <b>18,537,173</b>    | <b>20,060,207</b>    |
| <b>Total primary government program revenues</b>           | <b>39,550,979</b>    | <b>33,259,095</b>    | <b>39,182,822</b>    | <b>41,603,898</b>    | <b>38,317,691</b>    | <b>39,879,661</b>    | <b>48,969,185</b>    | <b>54,223,581</b>    | <b>47,641,473</b>    | <b>48,123,312</b>    |
| <b>Net (expense) revenue:</b>                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                    | (39,045,832)         | (41,152,193)         | (41,278,438)         | (35,141,626)         | (43,298,462)         | (45,315,639)         | (53,375,224)         | (45,891,521)         | (48,907,814)         | (58,187,882)         |
| Business-type activities                                   | 7,889,944            | 4,849,766            | 4,513,356            | 3,459,272            | 6,279,587            | 4,271,511            | 6,546,362            | 4,061,407            | 3,267,695            | 4,325,899            |
| <b>Total primary government net (expense) revenue</b>      | <b>(31,155,888)</b>  | <b>(36,302,427)</b>  | <b>(36,765,082)</b>  | <b>(31,682,354)</b>  | <b>(37,018,875)</b>  | <b>(41,044,128)</b>  | <b>(46,828,862)</b>  | <b>(41,830,114)</b>  | <b>(45,640,119)</b>  | <b>(53,861,983)</b>  |
| <b>General revenues and other changes in net position:</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental activities:</b>                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Taxes:</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property taxes   | \$ 55,455,071        | \$ 56,467,707        | \$ 56,151,749        | \$ 57,842,225        | \$ 58,568,528        | \$ 57,929,145        | \$ 57,601,375        | \$ 57,977,845        | \$ 64,302,185        | \$ 67,629,043        |
| Hotel motel taxes  | 2,537,115            | 2,450,583            | 3,621,343            | 3,071,320            | 3,287,208            | 3,457,345            | 3,669,278            | 3,963,886            | 4,142,183            | 4,180,160            |
| Other taxes  | 513,509              | 450,794              | 357,518              | 879,985              | 869,737              | 855,554              | 930,371              | 839,206              | 927,829              | 885,289              |
| Unrestricted grants and contributions                      | 1,280,674            | 1,007,460            | 1,116,368            | -                    | 945,655              | 961,742              | 2,424,385            | 3,975,812            | 5,278,449            | 5,238,857            |
| Investment earnings  | 1,258,910            | 197,707              | 285,935              | 59,397               | 245,879              | 150,053              | 115,683              | 345,601              | 715,264              | 1,748,087            |
| Miscellaneous  | 1,574                | -                    | -                    | 1,029,403            | 480,641              | 227,310              | 565,066              | 226,417              | 407,737              | 534,749              |
| Transfers  | 466,952              | (108,011)            | 29,784               | (3,079,696)          | 121,222              | (852,306)            | (1,103,125)          | (2,000,021)          | (10,684,559)         | (5,832,650)          |
| Contribution to other government                           | -                    | -                    | (5,385,051)          | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total governmental activities</b>                       | <b>61,513,805</b>    | <b>60,466,240</b>    | <b>56,177,646</b>    | <b>59,802,634</b>    | <b>64,518,870</b>    | <b>62,728,843</b>    | <b>64,203,033</b>    | <b>65,328,746</b>    | <b>65,089,088</b>    | <b>74,383,535</b>    |
| <b>Business-type activities:</b>                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investment earnings  | 942,991              | 711,956              | 396,043              | 149,088              | 66,498               | 110,121              | 90,111               | 236,815              | 175,868              | 638,710              |
| Miscellaneous  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 23,049               |
| Transfers  | (466,952)            | 108,011              | (29,784)             | 3,079,696            | (121,222)            | 852,306              | 1,103,125            | 2,000,021            | 10,684,559           | 5,832,650            |
| <b>Total business-type activities</b>                      | <b>476,039</b>       | <b>819,967</b>       | <b>366,259</b>       | <b>3,228,784</b>     | <b>(54,724)</b>      | <b>962,427</b>       | <b>1,193,236</b>     | <b>2,236,836</b>     | <b>10,860,427</b>    | <b>6,494,409</b>     |
| <b>Total primary government</b>                            | <b>61,989,844</b>    | <b>61,286,207</b>    | <b>56,543,905</b>    | <b>63,031,418</b>    | <b>64,464,146</b>    | <b>63,691,270</b>    | <b>65,396,269</b>    | <b>67,565,582</b>    | <b>75,949,515</b>    | <b>80,877,944</b>    |
| <b>Changes in net position:</b>                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                    | 22,467,973           | 19,314,047           | 14,899,208           | 24,661,008           | 21,220,408           | 17,413,204           | 10,827,809           | 19,437,225           | 16,181,274           | 16,195,653           |
| Business-type activities                                   | 8,365,983            | 5,669,733            | 4,879,615            | 6,688,056            | 6,224,863            | 5,233,938            | 7,739,598            | 6,298,243            | 14,128,122           | 10,820,308           |
| <b>Total primary government</b>                            | <b>\$ 30,833,956</b> | <b>\$ 24,983,780</b> | <b>\$ 19,778,823</b> | <b>\$ 31,349,064</b> | <b>\$ 27,445,271</b> | <b>\$ 22,647,142</b> | <b>\$ 18,567,407</b> | <b>\$ 25,735,468</b> | <b>\$ 30,309,396</b> | <b>\$ 27,015,961</b> |

**City of West Des Moines, Iowa**  
Schedule 3  
**Program Revenues by Function/Program**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

| Function / Program                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities:</b>    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Public safety                      | \$ 8,265,790         | \$ 6,724,657         | \$ 7,401,727         | \$ 7,384,494         | \$ 8,078,487         | \$ 9,140,818         | \$ 9,926,613         | \$ 13,185,869        | \$ 9,935,158         | \$ 10,264,109        |
| Public works                       | 10,092,139           | 8,875,090            | 12,572,431           | 13,433,012           | 8,124,895            | 7,233,022            | 9,241,752            | 17,487,104           | 13,353,278           | 8,856,499            |
| Health and social services         | 268,305              | 304,591              | 277,529              | 648,841              | 226,484              | 237,948              | 254,880              | 272,635              | 98,356               | 191,245              |
| Culture and recreation             | 1,552,178            | 1,508,751            | 1,650,898            | 1,522,782            | 1,520,865            | 1,891,722            | 1,625,403            | 1,740,593            | 1,459,975            | 1,563,338            |
| Community and economic development | 2,155,241            | 1,280,879            | 1,626,828            | 1,457,666            | 1,513,719            | 3,678,051            | 5,794,887            | 2,741,837            | 2,627,782            | 5,606,975            |
| General government                 | 874,066              | 632,106              | 927,536              | 2,401,715            | 571,074              | 1,190,282            | 2,836,046            | 1,437,863            | 1,629,751            | 1,580,939            |
| Total governmental activities      | <u>23,207,719</u>    | <u>19,326,074</u>    | <u>24,456,949</u>    | <u>26,848,510</u>    | <u>20,035,524</u>    | <u>23,371,843</u>    | <u>29,679,581</u>    | <u>36,865,901</u>    | <u>29,104,300</u>    | <u>28,063,105</u>    |
| <b>Business-type activities:</b>   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Sanitary sewer                     | 8,736,635            | 7,995,472            | 8,586,431            | 10,436,266           | 10,796,797           | 11,008,464           | 12,851,270           | 11,845,294           | 12,752,350           | 13,765,141           |
| Storm water                        | 5,944,403            | 4,258,326            | 4,354,549            | 2,546,831            | 5,722,958            | 3,701,868            | 4,620,942            | 3,665,238            | 3,907,657            | 4,388,849            |
| Solid waste                        | 1,662,222            | 1,679,223            | 1,784,893            | 1,772,291            | 1,762,412            | 1,797,486            | 1,817,392            | 1,847,148            | 1,877,166            | 1,906,217            |
| Total business-type activities     | <u>14,681,038</u>    | <u>12,253,798</u>    | <u>12,940,980</u>    | <u>12,983,097</u>    | <u>18,282,167</u>    | <u>16,507,818</u>    | <u>19,289,604</u>    | <u>17,357,680</u>    | <u>18,537,173</u>    | <u>20,060,207</u>    |
| Total government                   | <u>\$ 37,888,757</u> | <u>\$ 31,579,872</u> | <u>\$ 37,397,929</u> | <u>\$ 39,831,607</u> | <u>\$ 38,317,691</u> | <u>\$ 39,879,661</u> | <u>\$ 48,969,185</u> | <u>\$ 54,223,581</u> | <u>\$ 47,641,473</u> | <u>\$ 48,123,312</u> |

**City of West Des Moines, IA**  
Schedule 4  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

|   | 2009                 | 2010                 | 2011*                | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                  |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| General Fund:                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                       |
| Reserved                                  | \$ -                 | \$ 4,950             | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                   |
| Unreserved                                | 15,733,356           | 14,890,544           | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                   |
| Assigned                                  | N/A                  | N/A                  | \$ 4,950             | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                  |
| Unrestricted                              | N/A                  | N/A                  | 17,448,724           | 22,334,719           | 24,843,852           | 25,298,338           | 26,202,982           | 31,020,437           | 36,712,866           | 40,500,687            |
| Nonspendable                              | N/A                  | N/A                  | -                    | 147,108              | -                    | -                    | 535,023              | 535,023              | -                    | 555,962               |
| <b>Total General Fund</b>                 | <b>\$ 15,733,356</b> | <b>\$ 14,895,494</b> | <b>\$ 17,453,674</b> | <b>\$ 22,481,827</b> | <b>\$ 24,843,852</b> | <b>\$ 25,298,338</b> | <b>\$ 26,738,005</b> | <b>\$ 31,555,460</b> | <b>\$ 36,712,866</b> | <b>\$ 41,056,649</b>  |
| All Other Governmental Funds:             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                       |
| Reserved                                  | \$ 14,258,027        | \$ 51,571,911        | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                   |
| Unreserved, reported in:                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                       |
| Special revenue funds                     | 13,679,529           | 20,829,755           | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                   |
| Capital projects funds                    | (4,433,136)          | (8,600,545)          | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                   |
| Restricted for:                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                       |
| Capital projects                          | N/A                  | N/A                  | \$ 10,794,471        | \$ 25,810,078        | \$ 18,323,593        | \$ 18,186,504        | \$ 49,225,848        | \$ 34,625,993        | \$ 38,724,528        | \$ 90,928,678         |
| Debt service                              | N/A                  | N/A                  | 3,580,012            | 19,724,769           | 16,237,372           | 3,431,293            | 6,296,984            | 2,963,773            | 1,991,314            | 2,992,585             |
| Urban renewal and development             | N/A                  | N/A                  | 3,957,336            | 4,244,492            | 4,979,438            | 5,107,567            | 5,579,040            | 6,665,816            | 6,107,167            | 4,942,250             |
| Other purposes                            | N/A                  | N/A                  | 17,783,118           | 5,761,817            | 5,625,357            | 5,338,145            | 5,218,426            | 5,547,731            | 5,562,172            | 5,799,544             |
| Unassigned                                | N/A                  | N/A                  | (8,227,876)          | -                    | (14,580)             | -                    | -                    | (112,049)            | (7,996,735)          | (62,502)              |
| <b>Total all other governmental funds</b> | <b>\$ 23,504,420</b> | <b>\$ 63,801,121</b> | <b>\$ 27,887,061</b> | <b>\$ 55,541,156</b> | <b>\$ 45,151,180</b> | <b>\$ 32,063,509</b> | <b>\$ 66,320,298</b> | <b>\$ 49,691,264</b> | <b>\$ 44,388,446</b> | <b>\$ 104,600,555</b> |

The City of West Des Moines implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*, issued March 2009, effective the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**City of West Des Moines, Iowa**  
Schedule 5  
**Changes In Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

|   | 2009                   | 2010                 | 2011                   | 2012                 | 2013                  | 2014                   | 2015                 | 2016                   | 2017                | 2018                 |
|---|------------------------|----------------------|------------------------|----------------------|-----------------------|------------------------|----------------------|------------------------|---------------------|----------------------|
| <b>Revenues:</b>  |                        |                      |                        |                      |                       |                        |                      |                        |                     |                      |
| Taxes   | \$ 58,295,948          | \$ 59,218,487        | \$ 60,074,073          | \$ 61,793,530        | \$ 62,725,473         | \$ 62,242,044          | \$ 62,201,024        | \$ 62,780,937          | \$ 69,372,197       | \$ 72,694,492        |
| Special assessments                                       | 811,801                | 219,979              | 285,121                | 395,576              | 359,798               | 315,821                | 249,814              | 159,895                | 200,558             | 142,102              |
| Licenses and permits                                      | 1,457,440              | 1,017,766            | 1,023,653              | 1,404,430            | 1,638,474             | 2,172,885              | 2,326,549            | 4,400,512              | 1,980,884           | 1,904,626            |
| Intergovernmental   | 15,405,673             | 11,912,577           | 18,885,005             | 15,956,531           | 11,335,540            | 15,117,233             | 21,328,305           | 23,718,226             | 22,711,155          | 21,170,528           |
| Charges for services                                      | 3,846,730              | 3,694,455            | 4,254,710              | 4,759,448            | 4,817,190             | 5,600,845              | 5,722,482            | 7,183,974              | 5,812,211           | 5,996,384            |
| Use of money and property                                 | 1,066,751              | 142,076              | 247,705                | 110,219              | 231,123               | 241,391                | 224,398              | 439,378                | 674,954             | 1,431,402            |
| Miscellaneous   | 2,982,979              | 1,732,625            | 1,833,998              | 2,049,561            | 2,045,588             | 2,072,539              | 2,060,383            | 2,194,102              | 3,660,421           | 3,513,358            |
| <b>Total revenues</b>                                     | <b>83,867,322</b>      | <b>77,937,965</b>    | <b>86,604,265</b>      | <b>86,469,295</b>    | <b>83,153,186</b>     | <b>87,762,758</b>      | <b>94,112,955</b>    | <b>100,877,024</b>     | <b>104,412,380</b>  | <b>106,852,892</b>   |
| <b>Expenditures:</b>                                      |                        |                      |                        |                      |                       |                        |                      |                        |                     |                      |
| Public safety   | 20,692,061             | 21,888,463           | 22,746,328             | 23,330,603           | 24,478,042            | 25,550,009             | 26,739,914           | 27,397,684             | 29,142,995          | 29,050,021           |
| Public works  | 9,212,032              | 9,239,194            | 13,278,333             | 6,476,619            | 7,234,347             | 7,899,715              | 8,199,192            | 8,536,611              | 9,363,033           | 9,240,888            |
| Health and social services                                | 1,068,302              | 1,092,425            | 1,082,744              | 1,125,608            | 1,117,964             | 1,059,392              | 1,105,932            | 1,152,347              | 1,141,940           | 1,271,677            |
| Culture and recreation                                    | 6,728,349              | 6,792,238            | 7,237,052              | 6,849,848            | 6,927,142             | 7,528,417              | 7,743,062            | 8,172,199              | 7,955,071           | 8,687,823            |
| Community and economic development                        | 6,434,853              | 5,718,922            | 6,195,337              | 7,387,617            | 7,497,883             | 8,539,842              | 21,691,199           | 6,821,846              | 7,367,319           | 10,359,086           |
| General government  | 4,689,574              | 5,131,798            | 5,959,287              | 5,371,275            | 5,848,266             | 6,088,713              | 6,865,765            | 7,572,490              | 7,684,444           | 8,371,646            |
| Capital outlay  | 20,783,005             | 17,970,097           | 16,919,978             | 14,975,786           | 16,238,960            | 13,670,433             | 19,115,297           | 54,187,611             | 39,190,028          | 43,414,199           |
| Debt service:   |                        |                      |                        |                      |                       |                        |                      |                        |                     |                      |
| Principal   | 21,971,688             | 23,295,328           | 46,342,770             | 14,830,982           | 15,645,323            | 29,373,453             | 16,283,339           | 18,694,167             | 18,275,455          | 19,223,888           |
| Interest  | 5,211,717              | 4,762,119            | 5,549,995              | 4,253,798            | 4,096,596             | 3,684,868              | 3,293,452            | 3,796,662              | 4,381,103           | 5,912,981            |
| Bond issuance costs                                       | -                      | -                    | -                      | -                    | -                     | -                      | -                    | -                      | -                   | -                    |
| <b>Total expenditures</b>                                 | <b>96,791,581</b>      | <b>95,890,584</b>    | <b>125,311,824</b>     | <b>84,602,136</b>    | <b>89,084,523</b>     | <b>103,394,842</b>     | <b>111,037,152</b>   | <b>136,331,617</b>     | <b>124,501,388</b>  | <b>135,532,209</b>   |
| Excess (deficiency) of revenues over (under) expenditures | (12,924,259)           | (17,952,619)         | (38,707,559)           | 1,867,159            | (5,931,337)           | (15,632,084)           | (16,924,197)         | (35,454,593)           | (20,089,008)        | (28,679,317)         |
| <b>Other financing sources (uses):</b>                    |                        |                      |                        |                      |                       |                        |                      |                        |                     |                      |
| Issuance of long-term debt                                | -                      | 54,965,000           | 4,963,424              | 40,385,000           | 72,950                | 4,385,000              | 51,255,000           | 23,080,000             | 18,543,214          | 93,203,217           |
| Payments to escrow agent                                  | -                      | -                    | -                      | (11,497,739)         | (2,720,000)           | -                      | -                    | -                      | -                   | (3,740,105)          |
| Issuance of capital lease                                 | 336,466                | -                    | 832,032                | -                    | 850,000               | -                      | -                    | -                      | -                   | -                    |
| Premium (discount) on long-term debt                      | -                      | 2,929,609            | (281)                  | 3,204,245            | -                     | 108,907                | 1,795,889            | 2,497,042              | 1,062,083           | 5,872,838            |
| Proceeds from sale of capital assets                      | 26,618                 | 23,633               | -                      | 21,300               | 88,605                | 11,358                 | 403,959              | 60,293                 | 71,011              | 55,804               |
| Transfers In  | 42,499,110             | 84,593,346           | 21,031,612             | 27,886,566           | 25,755,270            | 45,661,770             | 27,012,339           | 25,124,899             | 26,401,678          | 29,098,378           |
| Transfers Out   | (42,269,739)           | (85,100,130)         | (21,475,108)           | (28,618,012)         | (26,143,439)          | (47,168,136)           | (27,846,534)         | (27,119,220)           | (26,134,390)        | (31,254,923)         |
| <b>Total other financing sources (uses)</b>               | <b>592,455</b>         | <b>57,411,458</b>    | <b>5,351,679</b>       | <b>31,381,360</b>    | <b>(2,096,614)</b>    | <b>2,998,899</b>       | <b>52,620,653</b>    | <b>23,643,014</b>      | <b>19,943,596</b>   | <b>93,235,209</b>    |
| <b>Net changes in fund balance</b>                        | <b>\$ (12,331,804)</b> | <b>\$ 39,458,839</b> | <b>\$ (33,355,880)</b> | <b>\$ 33,248,519</b> | <b>\$ (8,027,951)</b> | <b>\$ (12,633,185)</b> | <b>\$ 35,696,456</b> | <b>\$ (11,811,579)</b> | <b>\$ (145,412)</b> | <b>\$ 64,555,892</b> |
| Debt service as a percentage of noncapital expenditures   | 34.2%                  | 35.1%                | 46.7%                  | 24.9%                | 26.1%                 | 36.7%                  | 20.4%                | 24.0%                  | 25.1%               | 24.8%                |

**City of West Des Moines, Iowa**  
Schedule 6  
**General Government Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

| Fiscal<br>Year      | Property<br>Taxes (1) | Tax Increment<br>Finance Revenue(TIF) | Cable<br>Franchise | Hotel/ Motel<br>Tax | Total      |
|---------------------|-----------------------|---------------------------------------|--------------------|---------------------|------------|
| 2009                | 41,261,516            | 14,193,555                            | 303,761            | 2,537,116           | 58,295,948 |
| 2010                | 43,597,288            | 12,870,419                            | 300,198            | 2,450,583           | 59,218,487 |
| 2011                | 45,429,128            | 10,722,622                            | 300,979            | 2,815,388           | 60,074,073 |
| 2012                | 46,202,311            | 12,219,161                            | 300,737            | 2,974,428           | 61,793,530 |
| 2013                | 45,871,977            | 13,272,106                            | 294,182            | 3,287,208           | 62,725,473 |
| 2014                | 47,675,917            | 10,822,378                            | 286,404            | 3,457,345           | 62,242,044 |
| 2015                | 49,087,368            | 9,172,349                             | 272,029            | 3,669,278           | 62,201,024 |
| 2016                | 49,217,965            | 9,323,812                             | 275,273            | 3,963,886           | 62,780,936 |
| 2017                | 60,076,872            | 12,183,281                            | 266,724            | 4,142,183           | 76,669,061 |
| 2018                | 62,012,139            | 13,531,467                            | 254,708            | 4,180,160           | 79,978,473 |
| Change<br>2009-2018 | 50.29%                | -4.66%                                | -16.15%            | 64.76%              | 37.19%     |

Source: City records:

(1) For the purposes of this schedule, Property Taxes includes miscellaneous Other City Taxes that are received in conjunction with the county's tax collections on behalf of the City. These miscellaneous taxes include Utility Tax Replacement / Excise Tax.

**City of West Des Moines, Iowa**  
Schedule 7  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

| Valuation Date<br>Jan. 1 | Fiscal Year<br>Collected | Residential Property | Multi-Residential Property | Commercial Property | Industrial Property | Utilities  | Tax Increment | Total Assessed Value | Actual Taxable Value | Total Direct Tax Rate |
|--------------------------|--------------------------|----------------------|----------------------------|---------------------|---------------------|------------|---------------|----------------------|----------------------|-----------------------|
| 2007                     | 2009                     | 3,190,575,026        |                            | 1,930,481,940       | 21,818,907          | 66,077,910 | 484,394,040   | 5,693,347,823        | 3,820,324,623        | 12.05000              |
| 2008                     | 2010                     | 3,373,591,777        |                            | 1,971,150,188       | 21,850,279          | 74,240,564 | 444,502,202   | 5,885,335,010        | 3,979,630,063        | 12.05000              |
| 2009                     | 2011                     | 3,518,096,224        |                            | 2,006,487,532       | 36,249,137          | 77,233,162 | 360,625,798   | 5,998,691,853        | 4,084,690,238        | 12.05000              |
| 2010                     | 2012                     | 3,596,162,970        |                            | 1,978,387,072       | 35,461,977          | 80,033,040 | 413,950,068   | 6,103,995,127        | 4,205,957,596        | 12.05000              |
| 2011                     | 2013                     | 3,599,922,685        |                            | 1,871,149,143       | 35,687,153          | 82,255,886 | 456,215,897   | 6,045,230,764        | 4,221,370,425        | 12.05000              |
| 2012                     | 2014                     | 3,660,465,036        |                            | 1,933,557,882       | 37,269,222          | 84,371,549 | 394,337,882   | 6,110,001,571        | 4,323,503,805        | 12.05000              |
| 2013                     | 2015                     | 3,777,274,059        |                            | 1,994,723,069       | 39,046,340          | 69,014,743 | 364,715,578   | 6,244,773,789        | 4,379,018,663        | 12.05000              |
| 2014                     | 2016                     | 3,762,282,445        |                            | 2,183,517,561       | 39,763,958          | 78,806,498 | 344,791,179   | 6,409,161,641        | 4,403,448,240        | 12.00000              |
| 2015                     | 2017                     | 4,102,433,391        | \$ 285,337,409             | 1,979,073,438       | 45,947,912          | 97,509,502 | 451,307,237   | 6,961,608,889        | 4,774,220,905        | 12.00000              |
| 2016                     | 2018                     | 4,227,989,357        | \$ 311,238,983             | 1,977,050,072       | 43,836,449          | 98,457,678 | 530,420,970   | 7,188,993,509        | 4,973,828,618        | 12.00000              |

Source: Polk, Dallas, Warren, and Madison County Auditor's Offices

Note: The tax rate collected by the City for properties in the Tax Increment Districts varies by district, ranging from a rate > the City's direct rate to a rate < the total rate for all overlapping governments

Note: Prior to FY 2017 Multi-Residential Property was included with Commercial Property and taxed at the same rate. Beginning in FY 2017 it's rollback percentage is 3.75% less than Commercial Property. The rollback percentage for Multi-Residential Property will decrease 3.75% per year until it is taxed at the same rate as Residential Property

**City of West Des Moines, Iowa**  
Schedule 8  
**Direct and Overlapping Property Tax Rates - Per \$1,000 of Assessed Valuation**  
**Last Ten Fiscal Years**

| Fiscal Year   | City Direct Rates |              |              |              | Overlapping Rates |          |                   |                  |         | Total Direct & Overlapping Rates |
|---|-------------------|--------------|--------------|--------------|-------------------|----------|-------------------|------------------|---------|----------------------------------|
|   | General Fund      | Debt Service | Other Levies | Total Direct | School District   | County   | Community College | Regional Transit | State   |                                  |
| <b>Polk County / Des Moines Community School District:</b>      |                   |              |              |              |                   |          |                   |                  |         |                                  |
| 2009  | 7.94081           | 1.99881      | 2.11037      | 12.04999     | 17.93709          | 10.16218 | 0.60276           | 0.33240          | 0.00350 | 41.08792                         |
| 2010  | 8.09676           | 2.00053      | 1.95271      | 12.05000     | 17.78888          | 10.12532 | 0.56386           | 0.33566          | 0.00350 | 40.86722                         |
| 2011  | 8.08219           | 2.00055      | 1.96726      | 12.05000     | 17.64277          | 9.97134  | 0.56778           | 0.38095          | 0.00300 | 40.61584                         |
| 2012  | 8.09998           | 2.00000      | 1.95002      | 12.05000     | 17.64347          | 10.05423 | 0.56008           | 0.38830          | 0.00340 | 40.69948                         |
| 2013  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 18.34845          | 10.07059 | 0.58466           | 0.55300          | 0.00330 | 41.61000                         |
| 2014  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 18.34842          | 10.25715 | 0.69120           | 0.63300          | 0.00330 | 41.98307                         |
| 2015  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 18.14592          | 10.60460 | 0.65724           | 0.69800          | 0.00330 | 42.15906                         |
| 2016  | 8.10000           | 1.95283      | 1.94717      | 12.00000     | 18.42809          | 10.84198 | 0.67574           | 0.76300          | 0.00330 | 42.71211                         |
| 2017  | 8.10000           | 1.95000      | 1.95000      | 12.00000     | 18.50586          | 10.39630 | 0.72334           | 0.78300          | 0.00330 | 42.41180                         |
| 2018  | 8.10000           | 1.95000      | 1.95000      | 12.00000     | 18.56349          | 10.39541 | 0.67458           | 0.78300          | 0.00310 | 42.41958                         |
| <b>Polk County / West Des Moines Community School District:</b> |                   |              |              |              |                   |          |                   |                  |         |                                  |
| 2009  | 7.94081           | 1.99881      | 2.11037      | 12.04999     | 13.70031          | 10.16218 | 0.60276           | 0.33240          | 0.00350 | 36.85114                         |
| 2010  | 8.09676           | 2.00053      | 1.95271      | 12.05000     | 13.69179          | 10.12532 | 0.56386           | 0.33566          | 0.00350 | 36.77013                         |
| 2011  | 8.08219           | 2.00055      | 1.96726      | 12.05000     | 13.64410          | 9.97134  | 0.56778           | 0.38095          | 0.00300 | 36.61717                         |
| 2012  | 8.09998           | 2.00000      | 1.95002      | 12.05000     | 13.94266          | 10.05423 | 0.56008           | 0.38830          | 0.00340 | 36.99867                         |
| 2013  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 13.30184          | 10.07059 | 0.58466           | 0.55300          | 0.00330 | 36.56339                         |
| 2014  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 13.26452          | 10.25715 | 0.69120           | 0.63300          | 0.00330 | 36.89917                         |
| 2015  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 13.26572          | 10.25715 | 0.69120           | 0.63300          | 0.00330 | 36.90037                         |
| 2016  | 8.10000           | 1.95283      | 1.94717      | 12.00000     | 13.24189          | 10.84198 | 0.67574           | 0.76300          | 0.00330 | 37.52591                         |
| 2017  | 8.10000           | 1.95000      | 1.95000      | 12.00000     | 13.26872          | 10.39630 | 0.72334           | 0.78300          | 0.00330 | 37.17466                         |
| 2018  | 8.10000           | 1.95000      | 1.95000      | 12.00000     | 13.26871          | 10.39541 | 0.67458           | 0.78300          | 0.00310 | 37.12480                         |
| <b>Dallas County / Waukee Community School District:</b>        |                   |              |              |              |                   |          |                   |                  |         |                                  |
| 2009  | 8.09676           | 2.00053      | 1.95271      | 12.05000     | 17.75814          | 6.33037  | 0.56386           | 0.33566          | 0.00350 | 37.04153                         |
| 2010  | 8.08219           | 2.00055      | 1.96726      | 12.05000     | 17.80336          | 6.26394  | 0.56778           | 0.38095          | 0.00300 | 37.06903                         |
| 2011  | 8.09998           | 2.00000      | 1.95002      | 12.05000     | 17.79315          | 5.72984  | 0.56008           | 0.38830          | 0.00340 | 36.52477                         |
| 2012  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 17.80292          | 5.23877  | 0.59018           | 0.40300          | 0.00320 | 36.08807                         |
| 2013  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 17.61083          | 5.25442  | 0.58466           | 0.55300          | 0.00330 | 36.05621                         |
| 2014  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 16.57669          | 4.81190  | 0.69120           | 0.63300          | 0.00330 | 34.76609                         |
| 2015  | 8.10000           | 2.00000      | 1.95000      | 12.05000     | 16.57427          | 4.79944  | 0.65721           | 0.69800          | 0.00330 | 34.78222                         |
| 2016  | 8.10000           | 1.95283      | 1.94717      | 12.00000     | 16.69522          | 4.79841  | 0.67574           | 0.76300          | 0.00330 | 34.93567                         |
| 2017  | 8.10000           | 1.95000      | 1.95000      | 12.00000     | 17.64874          | 4.92583  | 0.72334           | 0.78300          | 0.00330 | 36.08421                         |
| 2018  | 8.10000           | 1.95000      | 1.95000      | 12.00000     | 17.85545          | 4.79002  | 0.67458           | 0.78300          | 0.00310 | 36.10615                         |



**City of West Des Moines, Iowa**  
Schedule 8 (continued):

| Fiscal<br>Year  | City Direct Rates |                 |                 |                 | Overlapping Rates  |         |                      |                     |         | Total<br>Direct &<br>Overlapping<br>Rates |
|---|-------------------|-----------------|-----------------|-----------------|--------------------|---------|----------------------|---------------------|---------|---|
|   | General<br>Fund   | Debt<br>Service | Other<br>Levies | Total<br>Direct | School<br>District | County  | Community<br>College | Regional<br>Transit | State   |   |
| <b>Warren County / Norwalk Community School District :</b>    |                   |                 |                 |                 |                    |         |                      |                     |         |   |
| 2009  | 8.09676           | 2.00053         | 1.95271         | 12.05000        | 20.89092           | 6.89026 | 0.56386              | 0.33566             | 0.00350 | 40.73420                                  |
| 2010  | 8.08219           | 2.00055         | 1.96726         | 12.05000        | 20.56618           | 6.56329 | 0.56778              | 0.38895             | 0.00300 | 40.13120                                  |
| 2011  | 8.09998           | 2.00000         | 1.95002         | 12.05000        | 20.16885           | 6.36577 | 0.56008              | 0.38830             | 0.00340 | 39.53640                                  |
| 2012  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 20.01224           | 6.16492 | 0.59018              | 0.40300             | 0.00320 | 39.22354                                  |
| 2013  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 20.57095           | 6.16946 | 0.58466              | 0.55300             | 0.00330 | 39.93137                                  |
| 2014  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 19.80039           | 6.09558 | 0.69120              | 0.63300             | 0.00330 | 39.27347                                  |
| 2015  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 19.89589           | 6.09176 | 0.65724              | 0.69800             | 0.00330 | 39.39619                                  |
| 2016  | 8.10000           | 1.95283         | 1.94717         | 12.00000        | 20.61029           | 6.15660 | 0.67574              | 0.76300             | 0.00330 | 40.20893                                  |
| 2017  | 8.10000           | 1.95000         | 1.95000         | 12.00000        | 20.48322           | 6.22250 | 0.72334              | 0.78300             | 0.00330 | 40.21536                                  |
| 2018  | 8.10000           | 1.95000         | 1.95000         | 12.00000        | 20.15731           | 6.20807 | 0.67458              | 0.78300             | 0.00310 | 39.82606                                  |
| <b>Madison County / Van Meter Community School District :</b> |                   |                 |                 |                 |                    |         |                      |                     |         |   |
| *   |                   |                 |                 |                 |                    |         |                      |                     |         |   |
| 2012  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 18.23000           | 7.96054 | 0.59018              | 0.40300             | 0.00320 | 39.23692                                  |
| 2013  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 16.56006           | 8.65420 | 0.58466              | 0.55300             | 0.00330 | 38.40522                                  |
| 2014  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 16.00558           | 8.73622 | 0.69120              | 0.63300             | 0.00330 | 38.11930                                  |
| 2015  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 15.95771           | 8.59099 | 0.65724              | 0.69800             | 0.00330 | 37.95724                                  |
| 2016  | 8.10000           | 1.95283         | 1.94717         | 12.00000        | 15.95980           | 8.68862 | 0.67574              | 0.76300             | 0.00330 | 38.09046                                  |
| 2017  | 8.10000           | 1.95000         | 1.95000         | 12.00000        | 15.97798           | 9.20077 | 0.72334              | 0.78300             | 0.00330 | 38.68839                                  |
| 2018  | 8.10000           | 1.95000         | 1.95000         | 12.00000        | 15.98012           | 9.22088 | 0.67458              | 0.78300             | 0.00310 | 38.66168                                  |
| <b>Madison County / Winterset Community School District :</b> |                   |                 |                 |                 |                    |         |                      |                     |         |   |
| *   |                   |                 |                 |                 |                    |         |                      |                     |         |   |
| 2012  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 19.61273           | 7.96054 | 0.59018              | 0.40300             | 0.00320 | 40.61965                                  |
| 2013  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 19.43152           | 8.65420 | 0.58466              | 0.55300             | 0.00330 | 41.27668                                  |
| 2014  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 19.02607           | 8.59634 | 0.69120              | 0.63300             | 0.00330 | 40.99991                                  |
| 2015  | 8.10000           | 2.00000         | 1.95000         | 12.05000        | 18.49000           | 8.59099 | 0.65724              | 0.69800             | 0.00330 | 40.48953                                  |
| 2016  | 8.10000           | 1.95283         | 1.94717         | 12.00000        | 17.49000           | 8.68862 | 0.67574              | 0.76300             | 0.00330 | 39.62066                                  |
| 2017  | 8.10000           | 1.95000         | 1.95000         | 12.00000        | 17.49000           | 9.20070 | 0.72334              | 0.78300             | 0.00330 | 40.20034                                  |
| 2018  | 8.10000           | 1.95000         | 1.95000         | 12.00000        | 17.24000           | 9.22088 | 0.67458              | 0.78300             | 0.00310 | 39.92156                                  |

Source: Polk, Dallas, Madison and Warren County Auditor's Offices

\* City's corporate boundaries did not extend into Madison County prior to 2012

Note: State law limits the maximum tax rate for the General Fund to \$8.10 per thousand dollars of assessed valuation.  
The limit does not include debt service or other special levies.

**City of West Des Moines, Iowa**  
Schedule 9  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

| Taxpayer                          | 2018                  |      |   | 2009                 |      |   |
|-----------------------------------|-----------------------|------|---|----------------------|------|---|
|                                   | Assessed Value        | Rank | Percentage of Total City Assessed Value | Assessed Value       | Rank | Percentage of Total City Assessed Value |
| Microsoft Corporation             | \$ 214,289,055        | 1    | 2.98%                                   |                      |      |   |
| Wells Fargo Home Mortgage Inc     | 208,468,674           | 2    | 2.90%                                   | \$ 194,964,583       | 1    | 3.42%                                   |
| GPG Jordan Creek LLC              | 172,798,129           | 3    | 2.40%                                   | 174,282,507          | 2    | 3.06%                                   |
| Valley West Mall LLC              | 54,909,000            | 4    | 0.76%                                   | 70,029,260           | 4    | 1.23%                                   |
| MidAmerican Energy                | 51,738,923            | 5    | 0.72%                                   |                      |      |   |
| Aviva Real Prperty Holdings LLC   | 51,086,403            | 6    | 0.71%                                   |                      |      |   |
| Jordan Creek Town Center LLC      | 48,481,596            | 7    | 0.67%                                   |                      |      |   |
| Regency West Office               | 42,273,900            | 8    | 0.59%                                   |                      |      |   |
| IFBF Property Management          | 40,255,920            | 9    | 0.56%                                   | 45,477,120           | 6    | 0.80%                                   |
| MRES West Glen Holdings LP        | 35,844,779            | 10   | 0.50%                                   |                      |      |   |
| Mid-America Investment Company    |                       |      |   | 58,388,610           | 5    | 1.03%                                   |
| CCOP I LLC                        |                       |      |   | 81,790,814           | 3    | 1.44%                                   |
| 1776 Westlakes Parkway LC         |                       |      |   | 31,936,930           | 7    | 0.56%                                   |
| Dallas County Partners            |                       |      |   | 31,640,092           | 8    | 0.56%                                   |
| Water Tower Place Shopping Ctr LC |                       |      |   | 28,698,740           | 9    | 0.50%                                   |
| West Glen I LLC                   |                       |      |   | 28,605,000           | 10   | 0.50%                                   |
| <b>Total</b>                      | <u>\$ 920,146,379</u> |      | <u>12.78%</u>                           | <u>\$745,813,656</u> |      | <u>13.10%</u>                           |

Source: Polk, Dallas, Warren, and Madison County Assessor's Offices

**City of West Des Moines, Iowa**  
Schedule 10  
**Property Tax Levies And Collections**  
**Last Ten Fiscal Years**  
**(Cash basis of accounting)**

| Fiscal<br>Ended<br>June 30th | Taxes Levied<br>for the<br>Tax Year | Collected Within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years* | Total Collections |                       |
|------------------------------|-------------------------------------|---|-----------------------|--|-------------------|-----------------------|
|                              |                                     | Amount  | Percentage<br>of Levy |  | Amount            | Percentage<br>of Levy |
| 2009                         | 40,783,461                          | 40,697,806                                      | 99.79%                |  | 40,697,806        | 99.79%                |
| 2010                         | 43,083,063                          | 43,026,062                                      | 99.87%                |  | 43,026,062        | 99.87%                |
| 2011                         | 45,147,267                          | 45,015,780                                      | 99.71%                |  | 45,015,780        | 99.71%                |
| 2012                         | 45,901,436                          | 45,677,788                                      | 99.51%                |  | 45,677,788        | 99.51%                |
| 2013                         | 45,810,651                          | 45,418,689                                      | 99.14%                |  | 45,418,689        | 99.14%                |
| 2014                         | 47,154,213                          | 47,130,490                                      | 99.95%                |  | 47,130,490        | 99.95%                |
| 2015                         | 48,523,258                          | 48,427,111                                      | 99.80%                |  | 48,427,111        | 99.80%                |
| 2016                         | 48,748,929                          | 48,653,263                                      | 99.80%                |  | 48,653,263        | 99.80%                |
| 2017                         | 52,096,862                          | 52,078,945                                      | 99.97%                |  | 52,078,945        | 99.97%                |
| 2018                         | 54,096,896                          | 54,097,576                                      | 100.00%               |  | 54,097,576        | 100.00%               |

\*Due to the no availability of delinquent collection detail, the City has applied a policy of applying subsequent years collections to oldest levied tax year first

Source: City's certified budget for amt. levied; monthly tax statements from Polk, Dallas, Warren, and Madison County Treasurer's Offices.

**City of West Des Moines, Iowa**  
Schedule 11  
**Outstanding Debt By Type**  
**Last Ten Fiscal Years**

| Fiscal Year | Governmental Activities  |                               |                |                                       | Business-type Activities |                          |               | Total Primary Government | Total Debt Per Capita | Total Debt as a Percentage of Personal Income |
|-------------|--------------------------|-------------------------------|----------------|---------------------------------------|--------------------------|--------------------------|---------------|--------------------------|-----------------------|---|
|             | General Obligation Bonds | Tax Increment Financing Bonds | Capital Leases | Loans Payable & Installment Contracts | Financing Agreements     | General Obligation Bonds | Revenue Bonds |                          |                       |   |
| 2009        | 107,185,000              | -                             | 387,451        | 238,829                               | -                        | -                        | 2,545,000     | 110,356,280              | 1,949                 | 4.64%   |
| 2010        | 141,822,308              | -                             | 285,637        | 240,327                               | -                        | -                        | 2,164,000     | 144,512,272              | 2,509                 | 5.79%   |
| 2011        | 101,081,101              | -                             | 978,328        | 4,307,341                             | -                        | -                        | 1,771,000     | 108,137,770              | 1,842                 | 4.08%   |
| 2012        | 119,400,616              | -                             | 760,022        | 3,230,493                             | -                        | -                        | 1,364,000     | 124,755,131              | 2,104                 | 4.50%   |
| 2013        | 101,834,010              | -                             | 559,497        | 2,833,646                             | -                        | -                        | -             | 105,227,153              | 1,707                 | 3.63%   |
| 2014        | 77,725,762               | -                             | 282,867        | 1,586,823                             | -                        | -                        | -             | 79,595,452               | 1,254                 | 2.66%   |
| 2015        | 113,962,258              | -                             | 109,527        | 1,416,822                             | -                        | -                        | -             | 115,488,607              | 1,788                 | 3.69%   |
| 2016        | 120,494,464              | -                             | -              | 1,651,754                             | -                        | -                        | -             | 122,146,218              | 1,905                 | 4.15%   |
| 2017        | 120,541,507              | -                             | -              | 1,879,513                             | -                        | -                        | -             | 122,421,020              | 1,896                 | 3.93%   |
| 2018        | 195,765,057              | -                             | -              | 1,595,625                             | -                        | -                        | -             | 197,360,682              | 3,008                 | 6.07%   |

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

**City of West Des Moines, Iowa**  
Schedule 12  
**Ratios of General Obligation Bonded Debt**  
**Last Ten Fiscal Years**

| Fiscal Year | General Obligation Bonds | Tax Increment Financing Bonds | Gross Bonded Debt | Less: Amount Available in Debt Service | Net General Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|-------------|--------------------------|-------------------------------|-------------------|--|-------------------------|--|----------------------------|
| 2009        | 107,185,000              | -                             | 107,185,000       | 3,994,661                              | 103,190,339             | 0.01812 to 1                               | 1,822.22                   |
| 2010        | 141,822,308              | -                             | 141,822,308       | 37,115,667                             | 104,706,641             | 0.01729 to 1                               | 1,817.54                   |
| 2011        | 101,081,101              | -                             | 101,081,101       | 3,580,012                              | 97,501,089              | 0.01625 to 1                               | 1,660.84                   |
| 2012        | 119,400,616              | -                             | 119,400,616       | 3,591,183                              | 115,809,433             | 0.01897 to 1                               | 1,953.57                   |
| 2013        | 101,834,010              | -                             | 101,834,010       | 3,497,034                              | 98,336,976              | 0.01627 to 1                               | 1,595.14                   |
| 2014        | 77,725,762               | -                             | 77,725,762        | 3,431,293                              | 74,294,469              | 0.01216 to 1                               | 1,170.53                   |
| 2015        | 113,962,258              | -                             | 113,962,258       | 6,296,984                              | 107,665,274             | 0.01649 to 1                               | 1,666.70                   |
| 2016        | 120,494,464              | -                             | 120,494,464       | 2,963,773                              | 117,530,691             | 0.01834 to 1                               | 1,833.18                   |
| 2017        | 120,541,507              | -                             | 120,541,507       | 1,991,314                              | 118,550,193             | 0.01703 to 1                               | 1,836.28                   |
| 2018        | 195,765,057              | -                             | 195,765,057       | 2,992,585                              | 192,772,472             | 0.02681 to 1                               | 2,938.25                   |

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

**City of West Des Moines, Iowa**  
Schedule 13  
**Direct and Overlapping Governmental Activities Debt**  
**For the Year Ended June 30, 2018**

| Governmental Unit                 | General Obligation<br>Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable | Estimated<br>Share of<br>Overlapping<br>Debt |
|-----------------------------------|---|---------------------------------------|--|
| Polk County                       | \$ 260,634,000                            | 12.82%                                | \$ 33,413,279                                |
| Dallas County                     | 17,190,000                                | 34.23%                                | 5,884,137                                    |
| Warren County                     | 247,806                                   | 0.48%                                 | 1,189  |
| Madison County                    | 735,000                                   | 0.02%                                 | 147  |
| West Des Moines CSD               | 14,990,000                                | 65.98%                                | 9,890,402                                    |
| Waukee CSD                        | 75,825,000                                | 47.52%                                | 36,032,040                                   |
| Des Moines Area Community College | 74,205,000                                | 11.38%                                | 8,444,529                                    |
| Norwalk CSD                       | 31,830,000                                | 1.70%                                 | 541,110                                      |
| Winterset CSD                     | 5,595,000                                 | 0.02%                                 | 1,119  |
| Van Meter CSD                     | 7,640,000                                 | 0.29%                                 | 22,156                                       |
| Subtotal, overlapping debt        |   |                                       | <u>94,230,108</u>                            |
| City Direct Debt                  |   |                                       | <u>197,360,682</u>                           |
| Total direct and overlapping debt |   |                                       | <u><u>\$ 291,590,790</u></u>                 |

Sources: Official Bond Offering Statement and Finance officer for each government entity listed

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of West Des Moines. This process recognizes that, when considering the government's ability to issue and repay long-term debt the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

The percentage of an overlapping government's debt that is applicable to City of West Des Moines residents and businesses located within that particular government's jurisdiction is calculated based on the portion of that government's taxable value that lies within the boundaries of the city.

**City of West Des Moines, Iowa**  
Schedule 14  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

|                                    | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           | 2018           |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt limit                         | \$ 284,667,391 | \$ 294,266,751 | \$ 299,934,593 | \$ 305,199,756 | \$ 302,261,538 | \$ 305,500,079 | \$ 312,238,689 | \$ 320,461,851 | \$ 348,080,444 | \$ 359,449,675 |
| Total net debt applicable to limit | 107,811,280    | 139,415,964    | 103,985,669    | 123,391,131    | 105,227,152    | 79,595,451     | 110,786,349    | 115,741,755    | 116,009,513    | 186,315,625    |
| Legal debt margin                  | \$ 176,856,111 | \$ 154,850,787 | \$ 195,948,924 | \$ 181,808,625 | \$ 197,034,386 | \$ 225,904,628 | \$ 201,452,340 | \$ 204,720,096 | \$ 232,070,931 | \$ 173,134,050 |

|   |        |        |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Total net debt applicable to the limit as a percentage of debt limit</b> | 37.87% | 47.38% | 34.67% | 40.43% | 34.81% | 26.05% | 35.48% | 36.12% | 33.33% | 51.83% |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Legal Debt Margin Calculation for Fiscal Year 2018:

|   |                       |
|---|-----------------------|
| Total Assessed Value                    | \$ 7,188,993,509      |
| Debt limit (5% of total assessed value) | \$ 359,449,675        |
| Less: Debt applicable to limit          |                       |
| General obligation bonds                | 184,720,000           |
| TIF revenue bonds                       | -                     |
| Capital lease obligations               | -                     |
| Note payable and installment contracts  | 1,595,625             |
| Legal debt margin                       | <u>\$ 173,134,050</u> |

**City of West Des Moines, Iowa**  
Schedule 15  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

| Sewer Revenue Bonds |                 |                    |  |                       |              |          |         |                   |
|---------------------|-----------------|--------------------|--|-----------------------|--------------|----------|---------|-------------------|
| Fiscal Year         | Pledge Revenue* | Less:              |  | Net Available Revenue | Debt Service |          |         | Ratio of Coverage |
|                     |                 | Operating Expenses |  |                       | Principal    | Interest | Total   |                   |
| 2009                | 8,378,001       | 2,728,070          |  | 5,649,931             | 367,000      | 87,360   | 454,360 | 12.43             |
| 2010                | 7,830,313       | 3,128,894          |  | 4,701,419             | 381,000      | 76,350   | 457,350 | 10.28             |
| 2011                | 8,585,615       | 3,216,312          |  | 5,369,303             | 393,000      | 64,920   | 457,920 | 11.73             |
| 2012                | 9,079,154       | 3,908,020          |  | 5,171,134             | 407,000      | 53,130   | 460,130 | 11.24             |
| 2013                | 9,750,097       | 3,450,803          |  | 6,299,294             | -            | -        | -       | -                 |
| 2014                | 10,356,470      | 3,576,901          |  | 6,779,569             | -            | -        | -       | -                 |
| 2015                | 9,972,282       | 3,795,272          |  | 6,177,010             | -            | -        | -       | -                 |
| 2016                | 10,660,901      | 3,654,104          |  | 7,006,797             | -            | -        | -       | -                 |
| 2017                | 11,040,485      | 3,758,899          |  | 7,281,586             | -            | -        | -       | -                 |
| 2018                | 11,990,874      | 3,898,381          |  | 8,092,493             | -            | -        | -       | -                 |

Notes:

\* Pledged Revenues include operating revenue and investment earnings.  
Operating expenses excluding depreciation and amortization expenses



**City of West Des Moines, Iowa**  
Schedule 16  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

| Calendar Year | Population | Personal Income | Per Capita Income | Unemployment Rate | Taxable Retail Sales |
|---------------|------------|-----------------|-------------------|-------------------|----------------------|
| 2009          | 56,629     | 2,379,097,548   | 42,012            | 4.3%              | 1,563,886,251        |
| 2010          | 57,609     | 2,495,852,316   | 43,324            | 4.4%              | 1,496,999,951        |
| 2011          | 58,706     | 2,649,401,780   | 45,130            | 4.5%              | 1,529,029,060        |
| 2012          | 59,281     | 2,771,564,593   | 46,753            | 3.8%              | 1,681,710,058        |
| 2013          | 61,648     | 2,901,216,528   | 47,061            | 3.4%              | 1,636,714,660        |
| 2014          | 63,471     | 2,987,008,731   | 47,061            | 3.2%              | 1,647,831,070        |
| 2015          | 64,598     | 3,131,969,432   | 48,484            | 3.3%              | 1,723,946,833        |
| 2016          | 64,113     | 2,942,914,926   | 45,902            | 2.8%              | 1,768,926,175        |
| 2017          | 64,560     | 3,118,635,360   | 48,306            | 2.4%              | 1,796,720,183        |
| 2018          | 65,608     | 3,252,647,816   | 49,577            | 2.3%              | 1,750,840,994        |

Sources: City of West Des Moines, Community & Economic Development Department; City Demographics. Per Capita Income is based on Metropolitan Des Moines/West Des Moines and based on figures from Bureau of Economic Analysis Bond Offering Statements prepared by an independent financial advisor, U.S. Census Bureau, and Iowa Dept. of Revenue Qtrly Retail Sales and Tax Data.

**City of West Des Moines, Iowa**  
Schedule 17  
**Principal Employers**  
**Current Year and Ten Years Ago**

| Employer   | Type of Business               | 2018      |      |                                | 2008      |        |                                |
|--|--------------------------------|-----------|------|--------------------------------|-----------|--------|--------------------------------|
|  |                                | Employees | Rank | Percentage of Total Employment | Employees | Rank   | Percentage of Total Employment |
| Wells Fargo Home Mortgage & Credit Services      | Financial Services             | 9,569     | 1    | 15.13%                         | 4,455     | 1 & 4* | 8.34%                          |
| West Des Moines Community School District        | Education                      | 1,509     | 2    | 2.39%                          | 1,400     | 3      | 2.62%                          |
| Hy-Vee Inc.                                      | Grocery Stores                 | 1,205     | 3    |                                | 1,802     | 2      | 3.37%                          |
| Athene USA Corporation                           | Insurance                      | 1,100     | 4    | 1.74%                          |           |        | 0.00%                          |
| FBL Financial Group / Iowa Farm Bureau Insurance | Insurance / Financial Services | 1,011     | 5    |                                | 1,175     | 5      | 2.20%                          |
| Universal Pediatrics                             | Home Health Care               | 985       | 6    | 1.56%                          |           |        | 0.00%                          |
| The Iowa Clinic                                  | Medical Services               | 950       | 7    | 1.50%                          |           |        | 0.00%                          |
| Iowa Realty Co., Inc.                            | Real Estate                    | 740       | 8    | 1.17%                          |           |        | 0.00%                          |
| Guide One Insurance Company                      | Insurance                      | 651       | 9    | 1.03%                          | 523       | 9      | 0.98%                          |
| Aureon   | Recruiting                     | 600       | 10   | 0.95%                          |           |        | 0.00%                          |
| Marsh Insurance                                  | Insurance                      |           |      | 0.00%                          | 1,031     | 6      | 1.93%                          |
| City of West Des Moines                          | Municipal Government           |           |      | 0.00%                          | 723       | 7      | 1.35%                          |
| Iowa Foundation for Medical Care                 | Healthcare Management          |           |      |                                | 645       | 8      | 1.21%                          |
| ADP National Service Center                      | Financial Services             |           |      |                                | 520       | 10     | 0.97%                          |
| All West Des Moines Employees                    |                                | 63,231    |      | 25.46%                         | 53,417    |        | 22.98%                         |

\* In 2008 Wells Fargo Home Mortgage and Credit Services were counted separately. 3,177 were employed by the Home Mortgage division and 1,278 were employed by the Credit Services Division.

Source: Bond Offering Statements prepared by independent financial advisor and Economic Development Dept.

**City of West Des Moines, Iowa**  
Schedule 18  
**Full-Time Equivalent City Government Employees By Function / Program**  
**Last Ten Fiscal Years**

| Functions/Program            | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Community Enrichment:</b> |               |               |               |               |               |               |               |               |               |               |
| Human Services               | 12.00         | 12.25         | 12.25         | 12.25         | 12.25         | 13.25         | 13.25         | 13.25         | 13.25         | 13.75         |
| Library                      | 23.60         | 23.60         | 23.60         | 22.50         | 22.50         | 22.50         | 22.50         | 25.25         | 26.25         | 26.50         |
| Parks & Recreation*****      | 25.75         | 25.75         | 25.75         | 25.00         | 25.00         | 25.00         | 26.00         | 26.00         | 26.00         | 16.00         |
| <b>Public Safety:</b>        |               |               |               |               |               |               |               |               |               |               |
| Emergency Medical Services   | 45.25         | 45.25         | 47.25         | 51.25         | 30.25         | 30.25         | 33.75         | 40.75         | 41.25         | 41.50         |
| Fire Department              | 51.00         | 51.00         | 51.00         | 50.00         | 50.00         | 51.00         | 57.00         | 57.00         | 59.50         | 61.50         |
| Police Department            | 85.75         | 85.75         | 84.75         | 82.75         | 80.75         | 83.25         | 82.25         | 84.00         | 87.50         | 86.00         |
| Westcom Dispatch*            | -             | -             | -             | -             | 20.00         | 20.00         | 21.00         | 24.00         | 29.00         | 28.75         |
| Westpet Animal Control**     | -             | -             | -             | -             | 3.00          | 3.00          | 4.00          | 4.33          | 4.33          | 4.33          |
| <b>Public Services:</b>      |               |               |               |               |               |               |               |               |               |               |
| Community & Economic Dev     | 5.50          | 5.50          | 5.50          | 4.50          | 4.50          | 4.50          | 4.50          | 4.50          | 4.50          | 4.50          |
| Development Services         | 24.00         | 23.00         | 22.00         | 22.20         | 20.20         | 20.20         | 23.20         | 20.00         | 20.50         | 20.50         |
| Engineering Services***      | -             | -             | -             | -             | -             | -             | 7.00          | 7.00          | 9.00          | 20.00         |
| Public Services*****         | 68.00         | 68.00         | 67.00         | 67.80         | 64.80         | 63.80         | 57.80         | 62.00         | 62.00         | 67.00         |
| <b>Support Services:</b>     |               |               |               |               |               |               |               |               |               |               |
| City Manager's Office        | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| City Clerk****               | -             | -             | -             | -             | 1.00          | 1.00          | 1.00          | 1.33          | 1.33          | 1.33          |
| Finance                      | 9.50          | 9.50          | 9.75          | 9.75          | 8.75          | 9.00          | 8.75          | 9.09          | 9.09          | 9.09          |
| Human Resources              | 4.50          | 4.50          | 4.50          | 4.00          | 4.00          | 4.50          | 4.50          | 4.50          | 5.50          | 6.50          |
| Information Services         | 10.00         | 10.00         | 10.00         | 10.00         | 10.00         | 10.00         | 11.00         | 11.00         | 12.00         | 13.00         |
| Legal                        | 3.00          | 3.00          | 3.00          | 3.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          | 5.00          |
| <b>Total</b>                 | <b>371.85</b> | <b>371.10</b> | <b>370.35</b> | <b>369.00</b> | <b>365.00</b> | <b>369.25</b> | <b>385.50</b> | <b>402.00</b> | <b>419.00</b> | <b>429.25</b> |

Source: City Payroll records, Budget Summary Personnel

- \* Westcom Dispatch included with Emergency Medical Services prior to 2013.
- \*\* Westpet Animal Control included with Police Department prior to 2013.
- \*\*\* Engineering Services Department created in 2015.
- \*\*\*\* City Clerk Included with City Manager's Office prior to 2013.
- \*\*\*\*\* Departmental reorganization in 2018 resulted in a net decrease of FTE's in Parks & Recreation with a corresponding increase in FTE's split between Public Services and Engineering Services.

**City of West Des Moines, Iowa**  
Schedule 19  
**Operating Indicators By Department**  
**Last Ten Fiscal Years**

| <u>Function/Program:</u>           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016             | 2017           | 2018           |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| <b>Emergency Medical Services</b>  |                |                |                |                |                |                |                |                  |                |                |
| Total ambulance calls              | 5,395          | 5,678          | 6,005          | 6,295          | 6,800          | 7,337          | 7,979          | 8,717            | 8,686          | 9,219          |
| <b>Fire Department</b>             |                |                |                |                |                |                |                |                  |                |                |
| Total incidents                    | 2,756          | 2,539          | 2,638          | 2,513          | 2,554          | 2,881          | 2,982          | 3,431            | 3,397          | 3,672          |
| Total estimated loss               | \$ 991,000     | \$ 990,400     | \$ 2,012,250   | \$ 1,693,070   | \$ 1,107,070   | \$ 1,022,067   | \$ 1,467,625   | \$ 1,951,025     | \$ 7,401,799   | \$ 4,792,512   |
| <b>Police Department</b>           |                |                |                |                |                |                |                |                  |                |                |
| Number of parking tickets issued   | 1,205          | 1,392          | 1,148          | 968            | 801            | 1,615          | 1,105          | 797              | 482            | 744            |
| Percent of parking tickets paid    | 78.81%         | 79.04%         | 82.14%         | 80.89%         | 77.21%         | 84.24%         | 80.36%         | 77.83%           | 76.76%         | 58.47%         |
| Calls for service                  | 48,956         | 48,798         | 46,931         | 50,430         | 48,987         | 80,365         | 46,464         | 46,866           | 48,802         | 54,511         |
| Case Reports                       | 6,617          | 6,570          | 6,533          | 6,356          | 6,230          | 6,676          | 6,521          | 6,640            | 6,090          | 5,216          |
| Fed UCR Part 1 Crimes              | 1,888          | 1,887          | 1,968          | 1,961          | 1,790          | 1,833          | 2,642          | 1,599            | 1,711          | 1,491          |
| <b>Development Services</b>        |                |                |                |                |                |                |                |                  |                |                |
| Total building permits issued      | 1,009          | 1,163          | 1,158          | 1,002          | 1,060          | 1,105          | 1,047          | 935              | 1,033          | 1,051          |
| Total value of permits issued      | \$ 380,668,062 | \$ 133,491,107 | \$ 297,239,849 | \$ 227,758,147 | \$ 237,701,490 | \$ 404,077,538 | \$ 471,952,558 | \$ 1,256,576,333 | \$ 288,664,683 | \$ 323,885,538 |
| <b>Public Works</b>                |                |                |                |                |                |                |                |                  |                |                |
| Lane miles of streets per operator | 27.00          | 28.00          | 28.00          | 28.00          | 28.00          | 28.00          | 30.08          | 24.59            | 30.11          | 27.53          |
| <b>Library</b>                     |                |                |                |                |                |                |                |                  |                |                |
| Volumes in collection              | 172,718        | 180,188        | 180,308        | 178,509        | 195,915        | 179,755        | 148,942        | 130,648          | 147,726        | 151,899        |
| Annual circulation                 | 815,944        | 691,721        | 689,193        | 685,899        | 674,699        | 651,770        | 695,092        | 678,110          | 671,500        | 694,969*       |
| <b>Parks &amp; Recreation</b>      |                |                |                |                |                |                |                |                  |                |                |
| Aquatic Centers                    | 2              | 2              | 2              | 2              | 2              | 2              | 2              | 2                | 2              | 2              |
| Aquatic Center attendance          | 122,517        | 124,499        | 103,049        | 112,364        | 91,948         | 76,247         | 88,060         | 90,873           | 90,166         | 70,000         |
| Rec program registrations          | 6,396          | 6,619          | 6,612          | 6,574          | 6,051          | 6,041          | 6,344          | 6,075            | 7,757          | 10,736         |
| Total acres of parks maintained    | 1,238          | 1,238          | 1,238          | 1,239          | 1,239          | 1,269          | 1,275          | 1,275            | 1,282          | 1,303          |
| Total miles of trails maintained   | 45             | 48             | 48             | 49             | 49             | 50             | 50             | 56               | 58             | 58             |

Source: City Departmental data

\* Includes physical and digital materials

**City of West Des Moines, Iowa**  
Schedule 20  
**Capital Asset Statistics By Department**  
**Last Ten Fiscal Years**

| <b>Department:</b>              | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Police: Stations                | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Fire: Stations                  | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Public Works:                   |         |         |         |         |         |         |         |         |         |         |
| Streets (Miles):                |         |         |         |         |         |         |         |         |         |         |
| Paved                           | 670     | 691     | 708     | 708     | 714     | 724     | 729     | 733     | 756     | 774     |
| Unpaved                         | 48      | 51      | 50      | 58      | 57      | 55      | 53      | 54      | 57      | 52      |
| Wastewater (Miles):             |         |         |         |         |         |         |         |         |         |         |
| Storm Sewer                     | 190     | 182     | 187     | 195     | 200     | 200     | 207     | 210     | 212     | 220     |
| Sanitary Sewer                  | 233     | 232     | 232     | 233     | 234     | 238     | 240     | 248     | 245     | 251     |
| Parks & Recreation:             |         |         |         |         |         |         |         |         |         |         |
| Park Acreage                    | 1,238   | 1,238   | 1,238   | 1,239   | 1,239   | 1,269   | 1,275   | 1,275   | 1,282   | 1,303   |
| Parks                           | 36      | 36      | 36      | 36      | 36      | 38      | 40      | 40      | 41      | 43      |
| Parks with Playground Equipment | 22      | 23      | 23      | 23      | 20      | 20      | 20      | 20      | 20      | 20      |
| Miles of Trails                 | 45      | 48      | 48      | 49      | 49      | 50      | 50      | 56      | 58      | 58      |
| Baseball/Softball Diamonds      | 24      | 24      | 24      | 24      | 25      | 25      | 25      | 25      | 25      | 25      |
| Horseshoe Courts                | 18      | 18      | 18      | 18      | 18      | 18      | 18      | 18      | 18      | 14      |
| Sand Volleyball Courts          | 5       | 5       | 5       | 3       | 3       | 3       | 3       | 2       | 2       | 2       |
| Soccer/Football Fields          | 21      | 21      | 21      | 21      | 21      | 20      | 20      | 20      | 20      | 20      |
| Basketball Courts               | 13      | 13      | 14      | 14      | 14      | 15      | 15      | 17      | 17      | 18      |
| Tennis Courts                   | 11      | 11      | 12      | 12      | 12      | 13      | 13      | 13      | 15      | 16      |
| Archery Ranges                  | -       | -       | -       | -       | -       | -       | -       | 1       | 1       | 1       |
| Aquatic Centers                 | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       |
| Wading Pools/Spray Grounds      | 1       | 1       | 1       | 1       | 1       | 2       | 2       | 2       | 2       | 2       |
| Dog Parks                       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Parks and Recreation / Other:   |         |         |         |         |         |         |         |         |         |         |
| Cemetery acres                  | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9       |
| Library:                        |         |         |         |         |         |         |         |         |         |         |
| Facilities                      | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Volumes in collection           | 172,718 | 180,188 | 180,308 | 178,509 | 195,915 | 179,755 | 148,942 | 130,648 | 147,726 | 151,899 |

Source: Department capital asset records

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**INTERNAL CONTROLS  
AND  
COMPLIANCE SECTION**







**Independent Auditor's 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***

To the Honorable Mayor and  
Members of the City Council  
City of West Des Moines, Iowa

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, (City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*. However, we noted certain immaterial instances of noncompliance which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2018, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. 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 other legal matters are not intended to constitute legal interpretations of those statutes.

### **City's Responses to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Dubuque, Iowa  
December 17, 2018



## **Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Mayor and  
Members of the City Council  
City of West Des Moines, Iowa

### **Report on Compliance for the Major Federal Program**

We have audited the City of West Des Moines, Iowa’s (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2018. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

### **Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the compliance for the City’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’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 the major federal program. However, our audit does not provide a legal determination of the City’s compliance.

### **Opinion on the Major Federal Program**

In our opinion, the City of West Des Moines, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2018.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and to report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa  
December 17, 2018

City of West Des Moines, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

| <u>Federal Grantor/Pass-Through<br/>Grantor/Program or Cluster Title</u>                      | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Entity Identifying<br/>Number</u> | <u>Federal<br/>Expenditures</u> | <u>Subrecipients</u> |
|---|------------------------------------|---|---------------------------------|----------------------|
| U.S. Department of Housing and Urban Development  |                                    |   |                                 |                      |
| Direct program  |                                    |   |                                 |                      |
| CDBG – Entitlement Grants Cluster   |                                    |   |                                 |                      |
| Community Development Block<br>Grants/Entitlement Grants                                      | 14.218                             |   | \$ 71,497                       | \$ -                 |
| Pass-through program from   |                                    |   |                                 |                      |
| Iowa Economic Development Authority   |                                    |   |                                 |                      |
| Community Development Block Grants/<br>States Program and Non-Entitlement<br>Grants in Hawaii | 14.228                             | 08-DRH-214  | 3,100,419                       | 3,000,000            |
| Pass-through program from   |                                    |   |                                 |                      |
| Iowa Finance Authority  |                                    |   |                                 |                      |
| Emergency Solutions Grant Program   | 14.231                             | 77029-18  | 19,793                          | -                    |
| City of Des Moines  |                                    |   |                                 |                      |
| Continuum of Care   | 14.267                             | IA0088L7D021702                                       | 97,451                          | -                    |
| Total U.S. Department of Housing and Urban Development  |                                    |   | <u>3,289,160</u>                | <u>3,000,000</u>     |
| U.S. Department of Justice  |                                    |   |                                 |                      |
| Pass-through program from   |                                    |   |                                 |                      |
| Governor's Office of Drug Control Policy  |                                    |   |                                 |                      |
| Public Safety Partnership and Community<br>Policing Grants                                    | 16.710                             | 16-CAMP-11  | 1,732                           | -                    |
| Direct program  |                                    |   |                                 |                      |
| Public Safety Partnership and Community   |                                    |   |                                 |                      |
| Policing Grants   | 16.710                             |   | 41,682                          | -                    |
| Total Public Safety Partnership and Community Policing Grants                                 |                                    |   | <u>43,414</u>                   | <u>-</u>             |
| Equitable Sharing Program   |                                    |   |                                 |                      |
|   | 16.922                             |   | 4,444                           | -                    |
| Total U.S. Department of Justice  |                                    |   | <u>47,858</u>                   | <u>-</u>             |

City of West Des Moines, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | Subrecipients       |
|--|---------------------------|--|-------------------------|---------------------|
| U.S. Department of Transportation                                |                           |  |                         |                     |
| Pass-through program from  |                           |  |                         |                     |
| Iowa Department of Transportation                                |                           |  |                         |                     |
| Highway Planning and Construction Cluster                        |                           |  |                         |                     |
| Highway Planning and Construction                                | 20.205                    | HDP-8260(629)--71-25                         | \$ 41,851               | \$ -                |
| Highway Planning and Construction                                | 20.205                    | STP-U-8260(634)--70-77                       | 3,620                   | -                   |
| Highway Planning and Construction                                | 20.205                    | STP-A-8260(643)-86-77                        | 400,000                 | -                   |
| Total Highway Planning and Construction Cluster                  |                           |  | <u>445,471</u>          | <u>-</u>            |
| Iowa Department of Public Safety                                 |                           |  |                         |                     |
| Highway Safety Cluster   |                           |  |                         |                     |
| Alcohol Impaired Driving Counter-<br>Measures Incentive Grants I | 20.601                    | 17-402-M0OP, Task 12                         | 10,262                  | -                   |
| Alcohol Impaired Driving Counter-<br>Measures Incentive Grants I | 20.601                    | 18-402-M0OP, Task 10                         | 14,669                  | -                   |
| Total Highway Safety Cluster                                     |                           |  | <u>24,931</u>           | <u>-</u>            |
| Total U.S. Department of Transportation                          |                           |  | <u>470,402</u>          | <u>-</u>            |
| U.S. Department of Health and Human Services                     |                           |  |                         |                     |
| Pass-through program from  |                           |  |                         |                     |
| Iowa Department of Human Rights                                  |                           |  |                         |                     |
| Low-Income Home Energy Assistance                                | 93.568                    | LIHEAP 18-12                                 | 6,000                   | -                   |
| Community Services Block Grant                                   | 93.569                    | CSBG 18-12                                   | 6,000                   | -                   |
| Total U.S. Department of Health and Human Services               |                           |  | <u>12,000</u>           | <u>-</u>            |
| U.S. Office of National Drug Control Policy                      |                           |  |                         |                     |
| Pass-through program from  |                           |  |                         |                     |
| Iowa Department of Public Safety                                 |                           |  |                         |                     |
| High Intensity Drug Trafficking Areas<br>Program                 | 95.001                    | G17MW0002A                                   | 46,654                  | -                   |
| High Intensity Drug Trafficking Areas<br>Program                 | 95.001                    | G18MW0002A                                   | 56,339                  | -                   |
| Total U.S. Office of National Drug Control Policy                |                           |  | <u>102,993</u>          | <u>-</u>            |
| Total  |                           |  | <u>\$ 3,922,413</u>     | <u>\$ 3,000,000</u> |

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of West Des Moines, Iowa, (the City) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

**Note 2 – Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 – Indirect Cost Rate**

The City has not elected to use the 10% de minimis cost rate.

**Part I: Summary of the Independent Auditor's Results:**

**Financial Statements**

|  |               |
|--|---------------|
| Type of auditor's report issued  | Unmodified    |
| Internal control over financial reporting:                                   |               |
| Material weaknesses identified   | No            |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements noted?                        | No            |

**Federal Awards**

|  |               |
|--|---------------|
| Internal control over major program:   |               |
| Material weaknesses identified   | No            |
| Significant deficiencies identified not considered to be material weaknesses                                     | None reported |
| Type of auditor's report issued on compliance for major program:   | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: | No            |

Identification of major program:

| <u>Name of Federal Program</u>  | <u>CFDA Number</u> |
|---|--------------------|
| Community Development Block Grants/<br>States Program and Non-Entitlement<br>Grants in Hawaii | 14.228             |
| Dollar threshold used to distinguish between type A and type B programs:                      | \$750,000          |
| Auditee qualified as low-risk auditee?  | No                 |



**Part II: Findings Related to the Financial Statements:**

There were no findings to report.

**Part III: Findings and Questioned Costs for Federal Awards:**

There were no federal findings and questioned costs to report.

**Part IV: Other Findings Related to Required Statutory Reporting:**

**2018-IA-A Certified Budget** – Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the health and social services function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

**Recommendation** – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

**Response** – The budget will be amended in the future, if applicable.

**2018-IA-B Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

**2018-IA-C Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**2018-IA-D Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

| Name, Title, and<br>Business Connection  | Transaction<br>Description | Amount     |
|--|----------------------------|------------|
| Rick Messerschmidt, City Council,<br>Wife owns Embark IT, Inc.                               | Information<br>Technology  | \$ 191,577 |
| Benjamin Bruening, Firefighter,<br>Father-in-law owns Premier A & B Services                 | Service                    | 16,811     |
| Brian Ascheman, Police Officer,<br>Father, Philip Ascheman,<br>is a medical service provider | Medical                    | 5,150      |
| Greg Siembeida, Firefighter,<br>Owner of Walnut Creek Promotions, Inc.                       | Uniform Supplies           | 3,759      |

**Part IV: Other Findings Related to Required Statutory Reporting: (continued)**

According to Chapter 362.5 of the Code of Iowa, an officer or employee of a City shall not have an interest, direct or indirect, in a contract with that City. The provision does not apply to transactions that do not exceed a cumulative total purchase price of \$1,500 in a fiscal year or to contracts made by a city upon competitive bid. All the transactions with Walnut Creek Promotions, Inc. were entered into through competitive bidding. \$123,532 of the transactions with Embark IT, Inc. were entered into through competitive bidding. The transactions with Premier A & B Services and Philip Ascheman were not entered into through competitive bidding.

**2018-IA-E Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

**2018-IA-F Council Minutes** – No transactions were found that we believe should have been approved in the City Council minutes but were not.

Although minutes of City Council proceedings were published, they were normally not published within 15 days of the meeting as required by Chapter 372.13(6) of the Code of Iowa.

**Recommendation** – The City should take measures to publish Council minutes within 15 days of the meeting.

**Views of Responsible Officials** – The City’s practice is to publish Council meeting minutes immediately after approval by Council at the subsequent meeting, generally two weeks following. Minutes are made available to the public via the City’s website along with the upcoming meeting Council packet within two weeks, however they are generally considered to be a proposed version until acted upon by the Council.

**2018-IA-G Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

**2018-IA-H Annual Urban Renewal Report** – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the City misreported the debt in its original submission.

**Recommendation** – The City should implement additional preparation and review procedures relating to the annual urban renewal report.

**Views of Responsible Officials** – The City will review all TIF reconciliations, internal cash flow models, and annual Urban Renewal reports with its financial advisors, as well as State and County officials, as needed to ensure accurate certifications and reports.

**2018-IA-I Tax Increment Financing** – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. While performing audit procedures, we noted some amounts certified inaccurately.

**Recommendation** –The City should reconcile future TIF needs with the annual County TIF Reconciliation.

**Views of Responsible Officials** – The City will review all TIF reconciliations, internal cash flow models, and annual Urban Renewal reports with its financial advisors, as well with State and County officials, as needed to ensure accurate certifications and reports.