

FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and City Council
City of West Des Moines, Iowa
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 (the City) as of and for the year ended June 30, 2020, 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, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, statistical section and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards (supplementary information) are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated January 20, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

BKD, LLP

West Des Moines, Iowa
January 20, 2021

City of West Des Moines, Iowa

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2020

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, 2020 with selected comparative information for the fiscal year ended June 30, 2019. 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 in the Introductory Section at the front of this report.

Financial Highlights

At June 30, 2020, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$702 million. Of this amount, \$56 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, 2019, assets and deferred outflows exceeded liabilities and deferred inflows by \$667 million, of which \$63 million was unrestricted.

The City's total net position increased by \$35 million during the fiscal year ended June 30, 2020. Governmental activities increased by \$20 million and business-type activities increased by \$15 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. A considerable portion of expenditures each year were for capital assets, which allowed for increases to net position.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$88 million, down from \$139 million in the prior year. The unassigned portion of the City's governmental fund balance, which is available for spending at the City's discretion, totaled \$32.3 million at June 30, 2020, decreasing by \$6.5 million.

The City continues to hold the highest available bond rating from Moody's Investor Services and S&P Global (Standard & Poor's). 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, 2020

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, Westcom, the MidAmerican Energy RecPlex, 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 34 through 37 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 sixteen 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, Capital Projects Fund, and Local Option Sales Tax Fund, all of which are considered to be major funds. Data from the other ten 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 38 through 41 of this report.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020

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, the major Westcom fund, the major MidAmerican Energy RecPlex 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 42 through 47 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 48 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 49 through 84 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 28, while other required supplementary information can be found on pages 93 through 96 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 98 through 107 of this report.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government's financial standing. At June 30, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$702 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 and discussion of Net Position is discussed on the following page.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020

City of West Des Moines
Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 209,257	\$ 260,257	\$ 49,218	\$ 41,897	\$ 258,475	\$ 302,154
Noncurrent and other assets	7,400	-	1,815	-	9,215	-
Capital assets, net of depreciation	627,111	563,337	166,556	141,052	793,667	704,389
Total assets	843,768	823,594	217,589	182,949	1,061,357	1,006,543
Deferred Outflows						
Pension related	11,532	10,848	621	637	12,153	11,485
Other post-employment benefits related	427	466	44	54	471	520
Advance refunding related	84	93	-	-	84	93
Total deferred outflows	12,043	11,407	665	691	12,708	12,098
Liabilities						
Current liabilities	35,502	34,758	5,895	1,929	41,397	36,687
Long-term liabilities outstanding	229,223	236,391	18,291	2,951	247,514	239,342
Total liabilities	264,725	271,149	24,186	4,880	288,911	276,029
Deferred Inflows						
Unavailable revenue, property taxes	80,300	74,220	-	-	80,300	74,220
Pension related	2,359	1,150	546	300	2,905	1,450
Other post-employment benefits related	18	20	2	2	20	22
Total deferred inflows	82,677	75,390	548	302	83,225	75,692
Net position						
Net investment in capital assets	473,484	430,464	145,122	139,578	618,606	570,042
Restricted - expendable	17,857	27,883	8,940	4,855	26,797	32,738
Restricted - nonexpendable	-	-	842	721	842	721
Unrestricted net position	17,068	30,115	38,616	33,304	55,684	63,419
Total net position	\$ 508,409	\$ 488,462	\$ 193,520	\$ 178,458	\$ 701,929	\$ 666,920

The largest portion of the City's net position (88% 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 \$48.6 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 (4% 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 \$5.8 million during the fiscal year ended June 30, 2020.

The remaining balance of net position (8% of the total) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position decreased \$7.7 million during the fiscal year ended June 30, 2020.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020

A summary and discussion of the City's Changes in Net Position during the fiscal years ended June 30, 2020 and 2019, is as follows:

	Changes in Net Position (in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 11,469	\$ 11,538	\$ 21,251	\$ 19,595	\$ 32,720	\$ 31,133
Operating grants and contributions	9,340	12,138	1,084	980	10,424	13,118
Capital grants and contributions	2,082	9,136	8,780	4,473	10,862	13,609
General revenues:						
Property taxes	72,600	74,694	-	-	72,600	74,694
Other taxes	17,228	7,732	-	-	17,228	7,732
Earnings on investments	2,784	3,919	1,182	1,450	3,966	5,369
Other	4,449	5,160	91	10	4,540	5,170
Total revenues	119,952	124,317	32,388	26,508	152,340	150,825
Expenses						
General government	12,247	11,514	-	-	12,247	11,514
Public safety	35,669	32,529	-	-	35,669	32,529
Public works	19,987	27,219	-	-	19,987	27,219
Health and social services	1,352	1,383	-	-	1,352	1,383
Culture and recreation	11,798	11,184	-	-	11,798	11,184
Community & economic development	8,329	8,695	-	-	8,329	8,695
Interest on long term debt	5,718	5,410	-	-	5,718	5,410
Sanitary sewer	-	-	10,147	10,688	10,147	10,688
Storm water	-	-	3,343	3,100	3,343	3,100
Westcom	-	-	5,669	5,322	5,669	5,322
MidAmerican Energy RecPlex	-	-	773	99	773	99
Solid waste	-	-	2,299	2,049	2,299	2,049
Total expenses	95,100	97,934	22,231	21,258	117,331	119,192
Increase in net position before transfers	24,852	26,383	10,157	5,250	35,009	31,633
Transfers	(4,905)	(8,311)	4,905	8,311	-	-
Increase in net position	19,947	18,072	15,062	13,561	35,009	31,633
Net position, beginning of year	488,462	470,390	178,458	164,897	666,920	635,287
Net position, end of year	\$ 508,409	\$ 488,462	\$ 193,520	\$ 178,458	\$ 701,929	\$ 666,920

Governmental Activities. Governmental revenues in the current year decreased by \$4.4 million, or 3.5%. The largest contributor was capital and operating grants and contributions, which decreased \$9.9 million fueled largely by infrastructure relating to the Microsoft data center in the prior year. The City's overall property tax revenue decreased \$2.1 million. This was due to a decrease in the City Tax Levy from \$11.79 to \$10.99 per \$1,000 of Assessed Valuation. Other tax revenues increased by \$9.5 million, largely because of the passing of a 1% increase in the local option sales and service tax rate in Polk County beginning at the start of the current fiscal year (an increase of \$10.6 million). Voters approved that 50% of the revenues from the 1% sales and service tax be applied directly to city property tax reduction and the remaining 50% be applied to legal uses authorized by the state of Iowa, including public safety expenditures, public infrastructure improvements for transportation and traffic flow as well as flood control projects, and quality of life projects, such as the Five Waters Project, and a major refurbishment of the Public Library. Due to a decrease in travel caused by the COVID-19 pandemic that started in March 2020, the City's hotel/motel tax revenues decreased by \$1.1 million. Investment and other miscellaneous earnings were down \$1.9 million from the previous fiscal year, largely due to decreasing interest rates.

City of West Des Moines, Iowa

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2020

Governmental expenses decreased \$2.8 million, or 2.9% from the prior fiscal year. This was largely due a \$7.2 million decrease in public works and the large fluctuation in capital outlay expenses from the prior year. Public safety expenses increased by \$3.1 million due to an increase in police and fire FTE's and a corresponding increase in compensated absences, OPEB, and Pension. General government expenses increased by \$0.7 million, culture and recreation increased by \$0.6 million primarily due to rising personnel costs, and interest on long term debt increased by \$0.3 million due to long term debt issuances.

Business-Type Activities. Revenue received through charges for services increased by \$1.7 million due to the annual increase in service rates. Capital and operating grant and contribution revenues increased by \$4.4 million, or approximately 80.9% which relates to contributions collected for the construction of the MidAmerican Energy RecPlex (\$1.7 million), donated subdivision to the sewer and storm water fund (\$1.9 million) and additional sewer fee district collections (\$0.8 million). Investment and other miscellaneous earnings on business cash and investments decreased by \$0.2 million (12.8%) due to decreasing balances and lower interest rates. Business-type expenses increased by \$1.0 million, or approximately 4.6%, which was largely due to increased expenses by the WestCom dispatching center and the MidAmerican Energy RecPlex.

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 \$87.7 million as of June 30, 2020. Of this total \$32.3 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. \$1.2 million of the balance is unspendable as it relates to inventory, prepaids, 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 (\$1.7 million); (2) for urban renewal and development in Tax Increment Financing Districts (\$5.7 million); (3) for liquidation of contracts for capital improvements (\$36.4 million); (4) for various local option sales tax initiatives as directed by voters (\$4.2 million); or (5) various other purposes (\$6.2 million).

The unassigned balance of the General Fund, the chief operating fund of the City, decreased \$3.1 million, or 8.1%, to a total of \$35.7 million at June 30, 2020. A major portion of this decrease was a budgeted decision to use reserves to fund renovations within the City Hall building. Also contributing to the decrease were lower-than anticipated revenue from Hotel/Motel taxes and a drop in recreational program revenue, both primarily due to COVID-19. 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 portion of the General Fund balance at June 30, 2020, represents approximately 55.2% 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 decrease of \$0.4 million, despite an increase in property tax and other City tax revenue of \$2.7 million. The fund saw \$1.3 million decrease in intergovernmental revenue, the primary driver of this variance was the expiration of an agreement with Dallas County in which the county agreed to supplement the City's revenue over a

City of West Des Moines, Iowa Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

revenue of \$2.7 million. The fund saw \$1.3 million decrease in intergovernmental revenue, the primary driver of this variance was the expiration of an agreement with Dallas County in which the county agreed to supplement the City's revenue over a period of years in return for the City's significant investment in the Jordan Creek Town Center. Other factors in the overall decrease were a \$0.6 million decrease in charges for services due to reduced programming due to COVID-19 (primarily the closing of the City's two aquatic centers), and a \$1 million decrease in use of money and property (investment earnings).

General Fund expenditures increased by \$1.8 million, or approximately 2.9%. Nearly all can be attributed to rising employee costs, including salaries, pensions, and insurance.

The Road Use Tax Revenue collected by the State of Iowa and allocated to the City increased by \$0.3 million (+3.9%) 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 transfers out, largely to fund construction of a new Public Services Maintenance facility led to a fiscal 2020 increase in other financing uses of \$17.4 million. The overall ending Road Use Tax Fund balance at June 30, 2020, was a deficit balance of \$3.3 million, which, following appropriate Council action, was temporarily covered by a loan from the City's General Fund.

The Tax Increment Financing (TIF) Fund had a fund balance of \$5.7 million at June 30, 2020, which represents an increase of \$2.0 million, or 54.8% from the prior year. There were rising levels of collections, but the primary reasons for the increase were a need to collect funding for upcoming rebates and infrastructure obligations related to development agreements. 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 \$1.7 million at June 30, 2020, which represents a decrease of 45.9%, from the prior year. This decrease was due to a planned aggressive repayment schedule for 2020 Series A General Obligation Bonds. 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 and because the fund was in a strong position, the 2020 bonds were structured accordingly.

The Capital Projects Fund had a fund balance of \$36.4 million at June 30, 2020, which represents a decrease in fund balance of \$34.5 million, or 48.7%. The decrease was largely due to several large projects undertaken during fiscal 2020, as over \$82.7 million was expended from the fund.

The Local Option Sales Tax Fund had a fund balance of \$4.2 million at June 30, 2020, which represents an increase of 368.9% from the prior year. This large increase was due to a voter-initiated change which allowed for collection of Local Option Sales Tax in the West Des Moines portion of Polk County beginning July 1, 2019. Previously, Local Option Sales Tax was only collected in the Dallas County portion of West Des Moines. The ballot language approved by the voters in each of the counties requires 50% of all revenue collected to be applied directly to city property tax reduction while the other 50% is to be applied only to expenditures for public safety, public infrastructure, public parks, sports and recreational facilities and trails, or the public library.

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, 2020, was \$110.3 million. This is comprised of a \$65.9 million investment in capital assets and \$44.4 million in unrestricted net position. The net position of the Sanitary Sewer Fund increased \$5.6 million, or 5.4%, which was the result of \$0.4 million in increased revenue, a reduction of \$0.7 million in operating expenditures, a \$1.1 million decrease in capital spending, and capital contributions of infrastructure from developers of \$3.5 million.

Total net position of the City's Storm Water Fund at the end of the current year was \$69.6 million. This is comprised of \$75.9

City of West Des Moines, Iowa

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2020

beginning July 1, 2018, and extending through 2022. The prior rate had been in place since fiscal year ending June 30, 2010. In addition, the City authorized internal loans from the sewer fund to the stormwater fund in the amounts of \$6.2 million and \$7.5 million in fiscal years 2018 and 2019, respectively. Each loan will be repaid over a 15 year term and the outstanding balance at June 30, 2020 was \$12.5 million.

Total net position of the Westcom Fund at the end of the current year was \$1.1 million. This is comprised of \$1.0 million investment in capital assets (City's share of net capital assets, or 55%), \$0.8 million restricted by other entities (other participants share of net capital assets, 45%), and a shortfall of \$0.7 million. With the restatement of the fund in fiscal year 2019 to full accrual, long term debt obligations such as OPEB, pension, and compensated absences have now been recognized. In accordance with the current agreement with participant cities, these costs have not been previously included in charges for services. This issue is currently being discussed.

Total net position of the MidAmerican Energy RecPlex Fund at the end of the current year was \$11.3 million. This is comprised of \$2.4 million investment in capital assets and \$8.9 million has been restricted by other entities for the construction of the facility. The construction of the multi-sport complex is underway with a completion date in fiscal year 2021. It's worth noting that \$1.1 million was transferred from the Hotel Motel fund to cover the current year principal and interest debt payments.

Total net position of the Solid Waste Fund at the end of the current year was \$0.6 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, 2020, no disbursements exceeded the budget.

During the fiscal year ended June 30, 2020, there were three budget amendments, dated October 7, 2019, February 3, 2020, and May 18, 2020. 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 budget is also routinely amended each year to adjust projected fiscal year beginning balances to equal actual audited fund balances. Other adjustments addressed through amendment during the fiscal year included the passage of Local Option Sales Tax in Polk County resulting in additional revenue and a subsequent decision to hire 12 public safety employees (7 police officers and 5 firefighters) with this revenue, the effects of COVID-19 on certain revenues, an increase in project scope and the underlying construction cost of the MidAmerican Energy Rec Plex, the addition of 5 staff in the City's Information Technology Department following recommendations for improvement following a cyber-attack on the City's network, and many other smaller considerations.

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, 2020, amounts to \$794 million (net of accumulated depreciation). This investment in capital assets includes land, intangibles, fiber network, construction in progress, 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 12.7%, and is largely due to infrastructure completed as part of several arterial street widening projects (most notably new sections of Veterans Parkway and Grand Prairie Parkway), and to a lesser degree, due to improvements to city building facilities (most notably City Hall renovation and continuing

City of West Des Moines, Iowa
 Management’s Discussion and Analysis
 For Fiscal Year Ended June 30, 2020

construction of the new MidAmerican Energy Rec Plex and the West Public Works Building). This is slightly more than the previous year’s increase of 8.6%, which was largely due to city infrastructure improvements (streets).

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.

The City already had an inventory management system in place and was performing condition assessments as part of its ongoing 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.

	Condition Level for Street Network (prior 3 condition assessments)		
	2017*	2018	2019
Street subsystem:			
Goal	70	70.0	70.0
Actual	73.0	73.0	76.3
	2017	2018	2019
Levee subsystem:			
Goal	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
	2015	2017	2019
Bridge & Culvert subsystem:			
Goal	81 or greater	81 or greater	81 or greater
Actual	85.6	88.5	93.8

*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.

The *required supplementary information* that must be presented by governments electing this approach appears on pages 93 through 96 of this report. From this supplementary information the reader can determine that the City has been able to consistently meet or exceed condition level goals. For a full explanation as to how the following condition levels were determined, please see page 93 through 94 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.

City of West Des Moines, Iowa
 Management's Discussion and Analysis
 For Fiscal Year Ended June 30, 2020

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

	2020	2019	2018	2017	2016	2015	2014	2013
Estimated Costs	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753
Actual Costs	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720

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	
	2020	2019	2020	2019	2020	2019
Land	\$ 29,933	\$ 28,808	4,667	3,710	\$ 34,600	\$ 32,518
Buildings	63,002	56,959	-	-	63,002	56,959
Improvements other than buildings	54,779	51,553	557	557	55,336	52,110
Fiber network	5,159	5,159	-	-	5,159	5,159
Equipment and vehicles	28,102	25,097	6,471	6,458	34,573	31,555
Construction-in-progress	98,170	62,641	27,709	21,472	125,879	84,113
Sanitary and storm sewer system	-	-	184,861	162,111	184,861	162,111
Infrastructure, nondepreciable	426,221	406,009	-	-	426,221	406,009
Accumulated depreciation	(95,147)	(89,767)	(60,261)	(55,792)	(155,408)	(145,559)
Intangibles	16,892	16,878	2,552	2,536	19,444	19,414
Total capital assets	\$ 627,111	\$ 563,337	\$ 166,556	\$ 141,052	\$ 793,667	\$ 704,389

Major capital asset expenditures during the fiscal year ended June 30, 2020, included the following projects with over \$1 million in spending:

- Spent \$19.2 million towards an overall \$28 million project to construct a new Public Works Facility at S 88th Street and Grand Avenue, which will serve as the department's main facility upon completion.
- Spent \$18.5 million towards an overall \$57 million project to construct the MidAmerican Energy RecPlex, a city-owned multi-sport recreational facility.
- Spent \$9.6 million towards an overall \$48.1 million project cost 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). A portion of the spending will be reimbursed by West Des Moines Water Works.
- Spent \$5.2 million towards an overall \$10.5 million project to re-route, widen, and reconstruct 88th Street and Mills Civic Parkway to avoid Huston Cemetery.
- Spent \$4.8 million towards an overall \$8.0 million project to construct Grand Avenue between Jordan Creek Parkway and S 88th Street.
- Spent \$3.7 million towards an overall \$6.4 million project to pave and improve Booneville Road from S 88th St. to S

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020

100th St., including reconstruction of the existing bridge over Sugar Creek.

- Spent \$2.5 million towards an overall \$5.5 million project to renovate West Des Moines City Hall, including replacement of the heating and cooling systems, installation of new carpet, and several security-related upgrades.
- Spent \$2.1 million towards an overall \$2.5 million project to construct a new Boathouse and Watercraft Rental Facility at Raccoon River Park.
- Spent \$2.0 million of an estimated \$4.4 million project to construct fiber conduit routes to support Microsoft's data center operation. The entire cost of the project will be reimbursed by Microsoft.
- Spent \$1.7 million towards an overall \$2.5 million project to pave and widen SW 60th Street in Madison County to support the Microsoft Osmium Data Center.
- Spent \$1.6 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. A portion of the spending will ultimately be reimbursed by West Des Moines Water Works.
- Spent \$1.6 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 \$1.3 million to construct S 85th Street from Cascade Avenue to Mills Civic Parkway to support a new headquarters building for Sammons Financial.
- Spent \$1.3 million towards an overall \$2.1 million project to renovate the interior of the West Des Moines Public Library, including updating restrooms, carpeting, furniture, and office areas.
- Spent \$1.2 million of Sewer Funds to extend the Raccoon River Basin Segment 5 Sewer in order to facilitate future development.
- Spent \$1.1 million to widen and improve EP True Parkway from Jordan Creek Parkway to 81st Street, including installation of a new pedestrian crossing signal.

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 49 through 56 and 60 through 61, respectively.

Long-term debt. At the close of the fiscal year ended June 30, 2020, the City had total bonded debt outstanding of \$217.1 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 as \$30.5 million of new debt was issued during the current fiscal year versus \$24.9 million of retirements.

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 \$414.4 million. With outstanding general obligation principal debt of \$208.1 million (general obligation bonds plus other debt subject to the limitation), the City had utilized 50% of the debit limit as of June 30, 2020.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020

Additional information on the City's long-term debt can be found in Note 4 on pages 62 through 65 of this report.

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 35-40% 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. The lost commercial revenue is being funded by the State of Iowa but is only guaranteed to match the lost revenues through the end of fiscal 2020. Thus, the City continues to engage in very conservative revenue 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 for several years (2011-2015) during the economic recession. The past four years have seen an economic recovery and again there has been impressive, steady growth. The City's tax base grew 4.2% from 2016 to 2017, another 4.5% from 2017 to 2018, and finally 8.7% from 2018 to 2019 to reach a total assessed valuation at January 1, 2019, of \$9.01 billion. Valuations as of January 1, 2020, were not available at the time of this report.

The budget for fiscal year ending June 30, 2020, decreased the City's levy rate from \$11.79 to \$10.99 per \$1,000 of taxable valuation. This happened after a similar decrease for fiscal 2019 from \$12.00 to \$11.79. The decreases were largely made possible by voter-approved local option sales taxes, first for the Dallas County portion of the City in 2017 and then for the Polk County portion in 2019. The voters directed that at least 50% of the revenue will directly be pledged for property tax reduction, with the balance available for specific initiatives including quality of life amenities and public safety. The Polk County local sales tax generated approximately \$10.5 million in revenue to the City in its first year of collections (FY 2020), and the Dallas County portion totaled \$2.7 million over the same period.

Future year tax growth assumptions remain conservative, reflecting between 1% and 3% annual growth. While West Des Moines continues to experience moderate growth in its tax base, valuations are determined at the county level. Recent valuation rollbacks and appeals have resulted a 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 (prior to reductions due to local option sales tax collections), for the fiscal year ending June 30, 2021.

As measured by current actual property valuation and recent population data, valuation compares very strongly to comparable cities, at approximately \$133,000 per capita. The City's taxable valuation per capita of over \$90,000 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. See additional information and measures regarding the City in the Statistical Section of this report.

While the City has certainly been affected in nearly all areas by COVID-19, an analysis of revenue trends since the onset of the pandemic shows that over 99% of budgeted revenue was collected during FY 2020. In addition, the early months of FY 2021 show encouraging results as well. While some of the City's specific revenue centers showed sharp decreases (most notably Hotel/Motel taxes, recreational facility rentals, and aquatic center admissions), other larger revenue centers such as property taxes, building permits, and even sales taxes remained mostly steady. The effects of COVID-19 has also caused an increase in certain expenditures, but fortunately the city has qualified for Federal CARES act funding and other grants, and those opportunities coupled together with diligent planning, should provide the stability needed to stay within budgetary guidelines.

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.

BASIC FINANCIAL STATEMENTS

City of West Des Moines, Iowa
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 71,987,550	\$ 43,919,161	\$ 115,906,711
Restricted cash and investments	50,742,322	-	50,742,322
Receivables			
Property taxes	80,627,891	-	80,627,891
Accounts and unbilled usage	1,010,316	4,049,709	5,060,025
Special assessments	354,578	-	354,578
Interest	225,238	213,838	439,076
Promises to give	-	431,396	431,396
Loans	79,931	-	79,931
Internal balances	(507,718)	507,718	-
Due from other governments	4,034,779	96,110	4,130,889
Inventories	179,616	-	179,616
Prepays	523,141	-	523,141
Total current assets	209,257,644	49,217,932	258,475,576
Noncurrent assets:			
Promises to give	-	1,814,816	1,814,816
Loans	1,028,180	-	1,028,180
Due from other governments	6,371,646	-	6,371,646
Total noncurrent assets	7,399,826	1,814,816	9,214,642
Capital assets:			
Nondepreciable			
Land	29,933,053	4,666,758	34,599,811
Infrastructure	426,220,964	-	426,220,964
Construction-in-progress	98,169,822	27,708,626	125,878,448
Intangibles	15,574,850	-	15,574,850
Depreciable			
Buildings	63,001,953	-	63,001,953
Equipment and vehicles	28,102,341	6,470,585	34,572,926
Fiber network	5,159,190	-	5,159,190
Intangibles	1,316,728	2,552,883	3,869,611
Improvements other than buildings	54,778,975	557,247	55,336,222
Sanitary and storm sewer system	-	184,861,189	184,861,189
Accumulated depreciation	(95,147,470)	(60,261,069)	(155,408,539)
Net capital assets	627,110,406	166,556,219	793,666,625
Total assets	843,767,876	217,588,967	1,061,356,843
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	11,531,998	621,201	12,153,199
Other post-employment benefits related deferred outflows	427,361	44,287	471,648
Advance refunding related deferred outflows	84,095	-	84,095
Total deferred outflows of resources	12,043,454	665,488	12,708,942

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 13,696,062	\$ 4,778,780	\$ 18,474,842
Claims payable	1,130,610	-	1,130,610
Accrued wages payable	1,784,186	171,749	1,955,935
Interest payable	555,385	45,350	600,735
Note payable	-	132,397	132,397
Compensated absences	2,993,558	235,138	3,228,696
General obligation bonds	14,350,000	520,000	14,870,000
Installment contracts	840,106	-	840,106
Notes from direct borrowings and direct placements	33,347	-	33,347
Other post-employment benefits liability	119,053	11,775	130,828
Total current liabilities	<u>35,502,307</u>	<u>5,895,189</u>	<u>41,397,496</u>
Noncurrent liabilities			
Note payable	-	63,612	63,612
Compensated absences	2,743,913	164,530	2,908,443
General obligation bonds	186,691,375	15,530,758	202,222,133
Installment contracts	1,516,253	-	1,516,253
Notes from direct borrowings and direct placements	542,252	-	542,252
Other post-employment benefits liability	3,122,064	324,105	3,446,169
Net pension liability	34,607,382	2,208,397	36,815,779
Total noncurrent liabilities	<u>229,223,239</u>	<u>18,291,402</u>	<u>247,514,641</u>
Total liabilities	<u>264,725,546</u>	<u>24,186,591</u>	<u>288,912,137</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	80,299,711	-	80,299,711
Pension related deferred inflows	2,359,563	545,706	2,905,269
Other post-employment benefits related deferred inflows	17,961	1,862	19,823
Total deferred inflows of resources	<u>82,677,235</u>	<u>547,568</u>	<u>83,224,803</u>
NET POSITION			
Net investment in capital assets	473,483,882	145,122,059	618,605,941
Restricted for:			
Debt service	1,699,890	-	1,699,890
Urban renewal and development	6,683,671	-	6,683,671
Retirement benefits	2,025,413	-	2,025,413
Other entities - expendable	-	8,939,944	8,939,944
Other entities - nonexpendable	-	841,744	841,744
Other purposes	7,447,845	-	7,447,845
Unrestricted	17,067,848	38,616,549	55,684,397
Total net position	<u>\$ 508,408,549</u>	<u>\$ 193,520,296</u>	<u>\$ 701,928,845</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

<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	\$ 35,669,625	\$ 5,523,533	\$ 938,343	\$ 46,727
Public works	19,986,907	403,416	7,551,473	2,029,537
Health and social services	1,352,625	-	141,417	-
Culture and recreation	11,798,168	871,763	75,524	5,803
Community & economic development	8,329,189	2,851,733	632,488	-
General government	12,246,766	1,818,360	-	-
Interest on long-term debt	5,718,071	-	-	-
Total governmental activities	<u>95,101,351</u>	<u>11,468,805</u>	<u>9,339,245</u>	<u>2,082,067</u>
Business-type activities				
Sewer system	10,146,423	11,633,673	5,434	3,026,992
Storm water system	3,342,630	3,339,317	-	1,502,701
Westcom	5,669,123	4,066,082	1,078,913	-
MidAmerican Energy RecPlex	773,033	-	-	4,250,353
Solid waste system	2,298,977	2,211,891	-	-
Total business-type activities	<u>22,230,186</u>	<u>21,250,963</u>	<u>1,084,347</u>	<u>8,780,046</u>
Total primary government	<u>\$ 117,331,537</u>	<u>\$ 32,719,768</u>	<u>\$ 10,423,592</u>	<u>\$ 10,862,113</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

Net position, end of year

See Notes to Basic Financial Statements.

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

Governmental Activities	Business-type Activities	Totals
\$ (29,161,022)	\$ -	\$ (29,161,022)
(10,002,481)	-	(10,002,481)
(1,211,208)	-	(1,211,208)
(10,845,078)	-	(10,845,078)
(4,844,968)	-	(4,844,968)
(10,428,406)	-	(10,428,406)
(5,718,071)	-	(5,718,071)
(72,211,234)	-	(72,211,234)
-	4,519,676	4,519,676
-	1,499,388	1,499,388
	(524,128)	(524,128)
	3,477,320	3,477,320
-	(87,086)	(87,086)
-	8,885,170	8,885,170
(72,211,234)	8,885,170	(63,326,064)
72,600,065	-	72,600,065
246,223	-	246,223
13,618,511	-	13,618,511
3,363,143	-	3,363,143
210,573	90,747	301,320
2,783,963	1,181,618	3,965,581
4,239,744	-	4,239,744
(4,904,927)	4,904,927	-
92,157,295	6,177,292	98,334,587
19,946,061	15,062,462	35,008,523
488,462,488	178,457,834	666,920,322
\$ 508,408,549	\$ 193,520,296	\$ 701,928,845

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2020

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 32,714,408	\$ -	\$ 5,809,839	\$ 1,645,003	\$ -	\$ -	\$ 5,604,915	\$ 45,774,165
Restricted cash and investments	-	-	-	-	47,291,008	3,216,091	235,223	50,742,322
Receivables								
Property taxes	45,992,790	-	19,789,946	11,932,476	-	-	2,912,679	80,627,891
Accounts	914,511	-	-	-	-	-	78,168	992,679
Special assessments	10,386	-	-	-	344,192	-	-	354,578
Interest	168,437	-	-	-	-	-	-	168,437
Loans	532,512	-	-	-	-	-	575,599	1,108,111
Due from other funds	4,495,654	-	-	-	-	-	-	4,495,654
Due from other governments	1,136,230	1,068,305	-	-	6,971,438	994,328	214,375	10,384,676
Inventories	179,616	-	-	-	-	-	-	179,616
Prepays	523,141	-	-	-	-	-	-	523,141
Total assets	\$ 86,667,685	\$ 1,068,305	\$ 25,599,785	\$ 13,577,479	\$ 54,606,638	\$ 4,210,419	\$ 9,620,959	\$ 195,351,270
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 2,207,949	\$ 56,184	\$ 106,948	\$ 2,399	\$ 11,115,462	\$ -	\$ 81,348	\$ 13,570,290
Accrued wages payable	1,649,204	-	-	-	-	-	134,982	1,784,186
Due to other funds	-	4,353,765	-	-	-	-	141,889	4,495,654
Total liabilities	3,857,153	4,409,949	106,948	2,399	11,115,462	-	358,219	19,850,130
Deferred inflows of resources								
Unavailable revenue:								
Succeeding year property tax	45,745,300	-	19,782,703	11,875,190	-	-	2,896,518	80,299,711
Grants and other	133,079	-	-	-	6,779,646	-	196,781	7,109,506
Special assessments	4,725	-	-	-	343,902	-	-	348,627
Total deferred inflows of resources	45,883,104	-	19,782,703	11,875,190	7,123,548	-	3,093,299	87,757,844
FUND BALANCES (DEFICITS)								
Nonspendable	1,235,269	-	-	-	-	-	-	1,235,269
Restricted for								
Capital projects	-	-	-	-	36,367,628	-	-	36,367,628
Debt service	-	-	-	1,699,890	-	-	-	1,699,890
Urban renewal and development	-	-	5,710,134	-	-	-	-	5,710,134
Other purposes	-	-	-	-	-	4,210,419	6,236,376	10,446,795
Unassigned	35,692,159	(3,341,644)	-	-	-	-	(66,935)	32,283,580
Total fund balance (deficits)	36,927,428	(3,341,644)	5,710,134	1,699,890	36,367,628	4,210,419	6,169,441	87,743,296
Total liabilities, deferred inflows of resources and fund balances	\$ 86,667,685	\$ 1,068,305	\$ 25,599,785	\$ 13,577,479	\$ 54,606,638	\$ 4,210,419	\$ 9,620,959	\$ 195,351,270

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, 2020

Total governmental funds balances		\$ 87,743,296
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 \$701,992,674 and the accumulated depreciation is \$82,512,899		619,479,775
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue.		7,458,133
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	20,265,202	
Accumulated depreciation	(12,634,571)	
Other current assets	26,309,572	
Other current liabilities	(1,256,383)	32,683,820
Internal service funds allocated to business-type activities		(507,718)
Pension, other post-employment benefits and advance refunding related deferred outflows of resources and deferred inflows of resources are not due and payable follows:		
Deferred outflows of resources	12,043,454	
Deferred inflows of resources	(2,377,524)	9,665,930
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	(5,737,471)	
Other post-employment benefits payable	(3,241,117)	
Net pension liability	(34,607,382)	
Accrued interest payable	(555,385)	
Notes from direct borrowings and direct placements	(575,599)	
General obligation bonds payable	(188,365,000)	
Premium on bonds payable	(12,698,039)	
Discount on bonds payable	21,664	
Installment contracts	(2,356,358)	(248,114,687)
Net position of governmental activities		\$ <u>508,408,549</u>

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 43,119,406	\$ -	\$15,674,198	\$ 10,986,266	\$ -	\$ -	\$ 2,820,195	\$ 72,600,065
Other City taxes	4,056,094	-	-	102,671	-	13,039,868	29,244	17,227,877
Special assessments	-	-	-	-	20,315	-	-	20,315
Licenses and permits	2,286,131	-	-	-	-	-	-	2,286,131
Intergovernmental	4,622,879	8,579,845	772,312	483,723	2,029,535	-	705,713	17,194,007
Charges for services	5,974,133	-	-	-	-	-	-	5,974,133
Use of money and property	932,313	-	96,536	1,052,191	115,602	33,379	92,203	2,322,224
Miscellaneous	789,457	-	-	-	300,168	-	470,422	1,560,047
Total revenues	61,780,413	8,579,845	16,543,046	12,624,851	2,465,620	13,073,247	4,117,777	119,184,799
EXPENDITURES								
Current								
Public safety	28,143,492	-	-	-	-	-	2,929,173	31,072,665
Public works	9,713,371	684,033	-	-	-	-	-	10,397,404
Health and social services	972,274	-	-	-	-	-	238,870	1,211,144
Culture and recreation	9,687,001	-	-	-	-	-	263,980	9,950,981
Community and economic development	5,966,242	-	1,469,639	-	-	-	622,698	8,058,579
General government	9,934,929	-	-	-	-	-	-	9,934,929
Debt service								
Principal	142,951	164,639	-	19,800,000	318,080	-	33,016	20,458,686
Interest and other charges	84,411	-	-	7,300,856	94,863	-	6,004	7,486,134
Capital outlay	-	-	-	-	82,244,679	-	-	82,244,679
Total expenditures	64,644,671	848,672	1,469,639	27,100,856	82,657,622	-	4,093,741	180,815,201
Excess (deficiency) of revenues over expenditures	(2,864,258)	7,731,173	15,073,407	(14,476,005)	(80,192,002)	13,073,247	24,036	(61,630,402)
OTHER FINANCING SOURCES (USES)								
Transfers in	6,735,345	-	-	13,026,818	34,814,946	-	303,418	54,880,527
Transfers out	(6,901,715)	(24,877,039)	(13,051,629)	-	(209,883)	(10,004,211)	(868,021)	(55,912,498)
Issuance of bonds	-	-	-	-	10,140,000	-	-	10,140,000
Issuance of refunding bonds	-	-	-	2,485,000	-	-	-	2,485,000
Payment to refunding escrow	-	-	-	(2,775,000)	-	-	-	(2,775,000)
Premium on issuance of bonds	-	-	-	294,174	911,184	-	-	1,205,358
Proceeds from sale of capital assets	22,320	-	-	-	-	-	-	22,320
Total other financing sources (uses)	(144,050)	(24,877,039)	(13,051,629)	13,030,992	45,656,247	(10,004,211)	(564,603)	10,045,707
NET CHANGE IN FUND BALANCES	(3,008,308)	(17,145,866)	2,021,778	(1,445,013)	(34,535,755)	3,069,036	(540,567)	(51,584,695)
FUND BALANCES, beginning of year	39,935,736	13,804,222	3,688,356	3,144,903	70,903,383	1,141,383	6,710,008	139,327,991
FUND BALANCES, end of year	\$ 36,927,428	\$ (3,341,644)	\$ 5,710,134	\$ 1,699,890	\$ 36,367,628	\$ 4,210,419	\$ 6,169,441	\$ 87,743,296

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, 2020

Net change in fund balances—governmental funds \$ (51,584,695)

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	70,928,589
Depreciation	(4,254,603)

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	(4,172,956)
Book value of capital assets disposed	(326,794)
Contributions of capital assets	1,828,481

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	(38,725)
Grants	(973,310)

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 other post-employment benefit liability	(205,853)
Deferred inflow and outflow of resources – other post-employment benefits liability and pensions	(562,132)
Net pension liability	(2,761,501)
Compensated absences	(589,550)

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:

General obligation bonds	22,575,000
Installment contracts	625,670
Direct borrowings and direct placements	33,016
Change in accrued interest	16,764
Issuance of long-term debt including premium	(13,830,358)
Amortization of bond premium	1,754,910
Amortization of bond discount	(3,611)
Advance refunding	(9,431)

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	1,497,150
	\$ 19,946,061

City of West Des Moines, Iowa
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
 June 30, 2020

Business-type Activities
Enterprise Funds

	Sewer System	Storm Water System	Westcom	MidAmerican Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 29,918,532	\$ 6,062,881	\$ 697,151	\$ 6,748,558	\$ 492,039	\$ 43,919,161	\$ 26,213,385
Receivables							
Accounts and unbilled usage	2,646,067	859,994	-	-	543,648	4,049,709	17,637
Interest	179,087	34,751	-	-	-	213,838	56,801
Promises to give	-	-	-	431,396	-	431,396	-
Advance due from other funds	840,000	-	-	-	-	840,000	-
Due from other governments	-	-	96,110	-	-	96,110	21,749
Total current assets	33,583,686	6,957,626	793,261	7,179,954	1,035,687	49,550,214	26,309,572
Noncurrent assets:							
Promises to give	-	-	-	1,814,816	-	1,814,816	-
Advance due from other funds	11,665,000	-	-	-	-	11,665,000	-
Total noncurrent assets	11,665,000	-	-	1,814,816	-	13,479,816	-
Capital assets:							
Nondepreciable							
Land	1,682,024	488,733	-	2,496,001	-	4,666,758	-
Construction-in-progress	4,982,130	2,826,208	-	19,900,288	-	27,708,626	-
Depreciable							
Equipment and vehicles	581,888	80,000	5,808,697	-	-	6,470,585	20,265,202
Intangibles	23,525	23,525	2,505,833	-	-	2,552,883	-
Improvements other than buildings	-	-	557,247	-	-	557,247	-
Sanitary and storm sewer system	102,848,638	82,012,551	-	-	-	184,861,189	-
Accumulated depreciation	(44,123,915)	(9,331,928)	(6,805,226)	-	-	(60,261,069)	(12,634,571)
Net capital assets	65,994,290	76,099,089	2,066,551	22,396,289	-	166,556,219	7,630,631
Total assets	111,242,976	83,056,715	2,859,812	31,391,059	1,035,687	229,586,249	33,940,203
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	103,909	90,845	426,447	-	-	621,201	-
Other post-employment benefits related deferred outflows	10,376	8,631	25,280	-	-	44,287	-
Total deferred outflows of resources	114,285	99,476	451,727	-	-	665,488	-

**Business-type Activities
Enterprise Funds**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	MidAmerican						Internal Service Funds
	Sewer System	Storm Water System	Westcom	Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	
LIABILITIES							
Current							
Accounts payable	\$ 143,992	\$ 246,917	\$ 30,588	\$ 3,954,737	\$ 402,546	\$ 4,778,780	\$ 125,773
Claims payable	-	-	-	-	-	-	1,130,610
Accrued wages payable	30,053	28,936	107,003	5,757	-	171,749	-
Interest payable	-	-	-	45,350	-	45,350	-
Note payable	-	-	132,397	-	-	132,397	-
Compensated absences	78,032	66,043	91,063	-	-	235,138	-
General obligation bonds	-	-	-	520,000	-	520,000	-
Advance due to other funds	-	840,000	-	-	-	840,000	-
Other post-employment benefit liability	2,758	2,295	6,722	-	-	11,775	-
Total current liabilities	254,835	1,184,191	367,773	4,525,844	402,546	6,735,189	1,256,383
Noncurrent							
Advance due to other funds	-	11,665,000	-	-	-	11,665,000	-
Note payable	-	-	63,612	-	-	63,612	-
Compensated absences	59,086	35,781	65,943	3,720	-	164,530	-
General obligation bonds	-	-	-	15,530,758	-	15,530,758	-
Other post-employment benefits liability	75,936	63,164	185,005	-	-	324,105	-
Net pension liability	512,243	461,917	1,234,237	-	-	2,208,397	-
Total noncurrent liabilities	647,265	12,225,862	1,548,797	15,534,478	-	29,956,402	-
Total liabilities	902,100	13,410,053	1,916,570	20,060,322	402,546	36,691,591	1,256,383
DEFERRED INFLOWS OF RESOURCES							
Pension related deferred inflows	166,516	141,150	238,040	-	-	545,706	-
Other post-employment benefits related deferred inflows	436	363	1,063	-	-	1,862	-
Total deferred inflows of resources	166,952	141,513	239,103	-	-	547,568	-
NET POSITION							
Net investment in capital assets	65,850,296	75,852,172	1,028,798	2,390,793	-	145,122,059	7,630,631
Restricted by other entities - expendable	-	-	-	8,939,944	-	8,939,944	-
Restricted by other entities - nonexpendable minority interest	-	-	841,744	-	-	841,744	-
Unrestricted	44,437,913	(6,247,547)	(714,676)	-	633,141	38,108,831	25,053,189
Total net position	110,288,209	69,604,625	1,155,866	11,330,737	633,141	193,012,578	32,683,820
Total liabilities, deferred inflows of resources, and net position	\$ 111,357,261	\$ 83,156,191	\$ 3,311,539	\$ 31,391,059	\$ 1,035,687	\$ 230,251,737	\$ 33,940,203

Total enterprise funds net position \$ 193,012,578

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.

Net position of business-type activities

507,718

\$ 193,520,296

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUNDS
Year Ended June 30, 2020

Business-type Activities
Enterprise Funds

	Sewer System	Storm Water System	Westcom	MidAmerican Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 11,633,673	\$ 3,339,317	\$ 4,066,082	\$ -	\$ 2,211,891	\$ 21,250,963	\$ 8,201,122
Lease revenue	-	-	-	-	-	-	1,916,725
Other	5,434	15,568	1,082,489	-	-	1,103,491	222,006
Total operating revenues	11,639,107	3,354,885	5,148,571	-	2,211,891	22,354,454	10,339,853
OPERATING EXPENSES							
Cost of sales and services	3,667,227	1,690,112	4,758,378	172,738	2,298,977	12,587,432	8,732,589
Depreciation	2,076,351	1,651,466	863,841	-	-	4,591,658	1,717,162
Total operating expenses	5,743,578	3,341,578	5,622,219	172,738	2,298,977	17,179,090	10,449,751
Operating income (loss)	5,895,529	13,307	(473,648)	(172,738)	(87,086)	5,175,364	(109,898)
NONOPERATING REVENUES (EXPENSES)							
Investment earnings	921,796	181,897	8,168	63,652	6,105	1,181,618	521,185
Interest revenue (expense)	194,950	(194,950)	(10,015)	(598,910)	-	(608,925)	-
Payments to WRA	(4,412,392)	-	-	-	-	(4,412,392)	-
Gain on sale of capital assets	73,719	13,452	-	-	-	87,171	756,084
Total nonoperating revenues (expenses)	(3,221,927)	399	(1,847)	(535,258)	6,105	(3,752,528)	1,277,269
Income (loss) before contributions and transfers	2,673,602	13,706	(475,495)	(707,996)	(80,981)	1,422,836	1,167,371
OTHER FINANCING SOURCES (USES)							
Capital contributions	3,499,398	5,170,444	17,239	4,250,353	-	12,937,434	-
Transfers in	-	209,884	-	1,062,875	-	1,272,759	300,000
Transfers out	(540,788)	-	-	-	-	(540,788)	-
Total other financing sources and uses	2,958,610	5,380,328	17,239	5,313,228	-	13,669,405	300,000
Change in net position	5,632,212	5,394,034	(458,256)	4,605,232	(80,981)	15,092,241	1,467,371
Total net position, beginning of year	104,655,997	64,210,591	1,614,122	6,725,505	714,122	177,920,337	31,216,449
Total net position, end of year	\$110,288,209	\$69,604,625	\$ 1,155,866	\$ 11,330,737	\$ 633,141	\$ 193,012,578	\$32,683,820

Change in net position \$ 15,092,241

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

(29,779)
\$ 15,062,462

This page is intentionally blank

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities						Internal Service Funds
	Enterprise Funds						
	Sewer System	Storm Water System	MidAmerican Westcom	Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 11,686,440	\$ 3,221,344	\$ 5,150,009	\$ -	\$ 2,174,634	\$ 22,232,427	\$ 2,190,928
Receipts from interfund charges	-	-	-	-	-	-	8,155,966
Payments to suppliers	(2,847,127)	(1,471,285)	(1,716,505)	(47,840)	(1,951,907)	(8,034,664)	(1,234,736)
Payments to WRA	(4,412,392)	-	-	-	-	(4,412,392)	-
Payments to claimants	-	-	-	-	-	-	(7,555,750)
Payments to employees	(789,764)	(766,670)	(2,901,831)	(87,015)	-	(4,545,280)	-
Payments to interfund	(187,121)	(98,288)	(6,394)	-	-	(291,803)	-
Net cash provided (used) by operating activities	3,450,036	885,101	525,279	(134,855)	222,727	4,948,288	1,556,408
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments from other funds	1,019,950	-	-	-	-	1,019,950	-
Payments to other funds	(13,574,336)	(2,083,519)	-	-	-	(15,657,855)	-
Transfers in	-	209,884	-	1,062,875	-	1,272,759	300,000
Transfers out	(540,788)	-	-	-	-	(540,788)	-
Net cash provided (used) by noncapital financing activities	(13,095,174)	(1,873,635)	-	1,062,875	-	(13,905,934)	300,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(2,331,773)	(1,071,275)	(12,407)	(15,229,725)	-	(18,645,180)	(1,489,023)
Capital contributions	1,191,641	-	-	4,364,551	-	5,556,192	-
Proceeds from issuance of general obligation bonds	-	-	-	16,689,958	-	16,689,958	-
Principal, interest, and bond fees	-	-	(137,000)	(1,192,761)	-	(1,329,761)	-
Proceeds from disposal of capital assets	73,719	13,452	-	-	-	87,171	756,084
Net cash provided (used) by capital and related financing activities	(1,066,413)	(1,057,823)	(149,407)	4,632,023	-	2,358,380	(732,939)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	711,028	140,999	8,168	63,652	6,105	929,952	454,333
Purchase of investment securities	(31,868,770)	(6,183,922)	-	-	-	(38,052,692)	(10,107,967)
Proceeds from maturity of investment securities	40,527,887	7,606,777	-	-	-	48,134,664	9,863,091
Net cash provided by investing activities	9,370,145	1,563,854	8,168	63,652	6,105	11,011,924	209,457
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,341,406)	(482,503)	384,040	5,623,695	228,832	4,412,658	1,332,926
CASH AND CASH EQUIVALENTS, beginning of year	1,341,406	482,503	313,111	1,124,863	263,207	3,525,090	12,399,730
CASH AND CASH EQUIVALENTS, end of year	\$ -	\$ -	\$ 697,151	\$ 6,748,558	\$ 492,039	\$ 7,937,748	\$ 13,732,656

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (continued)
Year Ended June 30, 2020

	Business-Type Activities						
	Enterprise Funds						
	Sewer System	Storm Water System	Westcom	MidAmerican Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS)							
TO NET CASH PROVIDED (USED) BY							
OPERATING ACTIVITIES							
Operating income (loss)	\$ 5,895,529	\$ 13,307	\$ (473,648)	\$ (172,738)	\$ (87,086)	\$ 5,175,364	\$ (109,898)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	2,076,351	1,651,466	863,841	-	-	4,591,658	1,717,162
Payments to WRA	(4,412,392)	-	-	-	-	(4,412,392)	-
Change in assets and liabilities						-	
Receivables	47,333	(133,541)	6,014	58,292	(37,257)	(59,159)	7,041
Accounts payable	(191,594)	(692,526)	(4,740)	(29,886)	347,070	(571,676)	(46,142)
Claims payable	-	-	-	-	-	-	(11,755)
Compensated absences and accrued wages payable	7,338	15,138	34,135	9,477	-	66,088	-
Net pension liability and related deferred							
outflows of resources and deferred inflows of resources	30,955	27,258	104,173	-	-	162,386	-
Other post-employment benefits liability and related							
deferred outflows of resources	(3,484)	3,999	(4,496)	-	-	(3,981)	-
Net cash provided (used) by operating activities	<u>\$ 3,450,036</u>	<u>\$ 885,101</u>	<u>\$ 525,279</u>	<u>\$ (134,855)</u>	<u>\$ 222,727</u>	<u>\$ 4,948,288</u>	<u>\$ 1,556,408</u>
RECONCILIATION OF CASH AND CASH							
EQUIVALENTS TO SPECIFIC ASSETS ON THE							
STATEMENT OF NET POSITION							
Cash and investments	\$ 29,918,532	\$ 6,062,881	\$ 697,151	\$ 6,748,558	\$ 492,039	\$ 43,919,161	\$ 26,213,385
Less items not meeting the definition of cash equivalents	(29,918,532)	(6,062,881)	-	-	-	(35,981,413)	(12,480,729)
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,151</u>	<u>\$ 6,748,558</u>	<u>\$ 492,039</u>	<u>\$ 7,937,748</u>	<u>\$ 13,732,656</u>
SCHEDULE OF NONCASH ITEMS							
Capital and related financing activities							
Donated construction by developers	\$ 1,835,351	\$ 1,471,216	\$ -	\$ -	\$ -	\$ 3,306,567	\$ -
Donated construction from other funds	\$ 472,406	\$ 3,683,311	\$ 17,239	\$ -	\$ -	\$ 4,172,956	\$ -
Acquisition of capital assets through payables	\$ 143,994	\$ 246,917	\$ -	\$ 3,954,738	\$ -	\$ 4,345,649	\$ -
Amortization of bond premium	\$ -	\$ -	\$ -	\$ 54,200	\$ -	\$ 54,200	\$ -
Investing activities						\$ -	
Change in fair market value of investments	\$ 251,358	\$ 48,774	\$ -	\$ -	\$ -	\$ 300,132	\$ 79,724

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2020

ASSETS

Cash and investments	\$ 796,682
----------------------	------------

LIABILITIES

Accounts payable	\$ 796,682
------------------	------------

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, solid waste utilities and dispatching services (Westcom). The City continues construction of a City-owned multi-sport recreational facility (MidAmerican Energy RecPlex).

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, the City reports Westcom, a legally separate entity, that is, in substance part of the City's general operations. Westcom is governed by a management committee as outlined in the 28E agreement. Although it is legally separate from the City, Westcom is reported as if it were part of the primary government because its sole function is the management of the region's public safety emergency dispatch. The activities of Westcom are included in the accompanying financial statements as a major enterprise fund within the business-type activities. Westcom does not have separately issued financial statements. The minority interest of the component unit is reported as restricted net position, nonexpendable in accordance with GASB 61, paragraph 12.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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 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.

Local Option Sales Tax Fund: To account for the voter-approved local option sales tax in Dallas and

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Polk County 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.

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).

Fund Accounting (continued)

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.

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.

Human Services Child Care & Medical Clinic: To account for the human services child care and medical clinic donations and related expenditures.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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.

Westcom Fund: To account for the operations of the City's dispatching services.

MidAmerican Energy RecPlex: to account for the operations of the City-owned multi-sport recreational facility.

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.

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 fiduciary 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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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 60 days of the current fiscal period.

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 2020, the date at which a lien attaches, based on the 2019 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 2019 tax levy is budgeted and levied for fiscal year 2021, 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020 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, 2018, assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020, and reflects tax asking contained in the budget certified to the County Board of Supervisors in February 2019.

Accounts Receivable: results primarily from services provided to citizens and are accounted for in the governmental funds. Sanitary sewer, storm water sewer, solid waste, dispatching services, and the MidAmerican Energy RecPlex 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: 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.

Interest Receivable: represents the amounts due from earnings on investments.

Promises to Give: represents promises made directly to the City from individuals and businesses to be used in

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 construction on the MidAmerican Energy RecPlex. Approximately \$431,000 of the \$2,246,212 receivable at June 30, 2020 is expected to be received with one year. The entire balance is expected to be received in ten years.

Loans Receivable: represents amounts due from businesses related to the City's economic incentive programs and the amounts due relating to notes from direct borrowings and direct placements.

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.

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 using the purchase method.

Prepays: consists of software maintenance, support, and warranty extending beyond the current fiscal year end. The associated expenditure is recognized in the period benefited by the prepayment.

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 system 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 modified approach for reporting infrastructure assets takes into consideration the fact that many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained. Therefore, these particular assets would not be depreciated over a useful life. The City has established an asset management system and has committed to maintain the following networks of infrastructure asset at an established condition level as determined by the City's Public Services department (1) roadways and pavements (2) bridges (3) flood control levees and (4) street culverts. The Required Supplementary Information Section of this report provides additional information regarding the condition assessment and the estimated and actual costs to maintain the assets

Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to fiscal year 2020, interest incurred during the construction phase of capital assets of business-type activities was included as part of the capitalized value of the assets constructed. For fiscal year 2020, the City adopted GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which requires such costs to be

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)

expensed in the period incurred. GASB 89 provisions have been applied prospectively in accordance with the transition provisions in the pronouncement. Accordingly, GASB 89 has no effect on beginning net position.

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 system	50
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.

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 60 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 and OPEB 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.

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)

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, 2020, 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.

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. The net pension liability attributable to the governmental activities will be paid primarily by the general fund.

Total other post-employment benefits (OPEB) liability: For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the general fund.

Fund Balance: 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.

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)

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.

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, 2020, the City had \$31,396,209 in unspent debt proceeds available for projects in governmental funds. 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 \$2,025,413 for retirement benefits, and \$6,108,072 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.

NOTE 2 CASH AND INVESTMENTS

As of June 30, 2020, the City's cash and investments were as follows:

Cash and investments, statement of net position	\$115,906,711
Restricted cash and investments	50,742,322
Cash and investments, fiduciary funds	<u>796,682</u>
	<u>\$167,445,715</u>

As of June 30, 2020, the City had investments in U.S. Agency coupon securities with a fair value of \$20,226,590. 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

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

NOTE 2 CASH AND INVESTMENTS (continued)

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, 2020 compared to June 30, 2019.

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 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, \$7,678,108 of the fair value will mature. An additional \$12,548,482 will mature between 13 and 24 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. The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year. All \$20,226,590 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, 2020, 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, 2020:

	Balance beginning of year	Additions	Deletions	Transfers	Balance end of year
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 28,807,963	\$ -	\$ -	\$ 1,125,090	\$ 29,933,053
Infrastructure	406,008,760	910,857	-	19,301,347	426,220,964
Construction-in-progress	62,641,295	75,403,087	3,886,309	(35,988,251)	98,169,822
Intangibles	15,574,850	-	-	-	15,574,850
Total capital assets, not being depreciated	513,032,868	76,313,944	3,886,309	(15,561,814)	569,898,689
Capital assets, being depreciated					
Buildings	56,958,829	-	251,144	6,294,268	63,001,953
Equipment and vehicles	25,096,773	1,750,499	448,018	1,703,087	28,102,341
Fiber network	5,159,190	-	-	-	5,159,190
Intangibles	1,302,767	31,200	-	(17,239)	1,316,728
Improvements other than buildings	51,553,323	-	183,090	3,408,742	54,778,975
Total capital assets, being depreciated	140,070,882	1,781,699	882,252	11,388,858	152,359,187
Less accumulated depreciation for					
Buildings	31,640,487	1,926,141	127,322	-	33,439,306
Equipment and vehicles	15,888,191	2,159,457	437,701	-	17,609,947
Fiber network	3,081,114	257,959	-	-	3,339,073
Intangibles	762,383	183,979	-	-	946,362
Improvements other than buildings	38,429,583	1,444,229	61,030	-	39,812,782
Total accumulated depreciation	89,801,758	5,971,765	626,053	-	95,147,470
Total capital assets, being depreciated, net	50,269,124	(4,190,066)	256,199	11,388,858	57,211,717
Governmental activities, capital assets net	\$563,301,992	\$ 72,123,878	\$ 4,142,508	\$ (4,172,956)	\$ 627,110,406

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

Governmental Activities	
Public safety	\$ 1,841,707
Health and social services	98,328
Culture and recreation	1,623,597
Public works	1,359,374
General government	863,907
Community and economic development	184,852
Total	\$ 5,971,765

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

NOTE 3 CAPITAL ASSETS (continued)

	Balance beginning of year	Additions	Deletions	Transfers	Balance end of year
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 3,710,179	\$ -	\$ -	\$ 956,579	\$ 4,666,758
Construction-in-progress	21,472,321	23,082,724	479,296	(16,367,123)	27,708,626
Total capital assets, not being depreciated	25,182,500	23,082,724	479,296	(15,410,544)	32,375,384
Capital assets, being depreciated					
Equipment and vehicles	6,458,179	12,406	-	-	6,470,585
Intangibles	2,535,644	-	-	17,239	2,552,883
Improvements other than buildings	557,247	-	-	-	557,247
Sanitary and storm sewer system	162,110,864	3,306,567	122,503	19,566,261	184,861,189
Total capital assets, being depreciated	171,661,934	3,318,973	122,503	19,583,500	194,441,904
Less accumulated depreciation for					
Equipment and vehicles	4,440,812	424,755	-	-	4,865,567
Intangibles	1,505,304	489,327	-	-	1,994,631
Improvements other than buildings	371,498	37,150	-	-	408,648
Sanitary and storm sewer system	49,474,300	3,640,426	122,503	-	52,992,223
Total accumulated depreciation	55,791,914	4,591,658	122,503	-	60,261,069
Total capital assets, being depreciated, net	115,870,020	(1,272,685)	-	19,583,500	134,180,835
Business-type activities, capital assets, net	\$ 141,052,520	\$ 21,810,039	\$ 479,296	\$ 4,172,956	\$ 166,556,219

Depreciation expense was charged to the business-type activities functions as follows:

Business-Type Activities	
Sewer system	\$ 2,076,351
Storm water system	1,651,466
Westcom	863,841
Total	\$ 4,591,658

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

NOTE 4 LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Increases & Issues</u>	<u>Decreases & Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
Governmental activities					
General obligation bonds, including unamortized net premiums	\$ 211,537,315	\$ 13,830,358	\$ 24,326,298	\$ 201,041,375	\$ 14,350,000
Installment contracts	2,982,029	-	625,670	2,356,359	840,106
Notes from direct borrowings and direct placements	608,615	-	33,016	575,599	33,347
Compensated absences	5,147,921	5,737,471	5,147,921	5,737,471	2,993,558
Other post-employment benefits liability	3,035,264	205,853	-	3,241,117	119,053
Net pension liability	31,845,871	2,761,511	-	34,607,382	-
Total governmental activities	<u>255,157,015</u>	<u>22,535,193</u>	<u>30,132,905</u>	<u>247,559,303</u>	<u>18,336,064</u>
Business-type activities					
General obligation bonds	-	16,689,958	639,200	16,050,758	520,000
Equipment note payable	322,994	-	126,985	196,009	132,397
Compensated absences	353,433	399,668	353,433	399,668	235,138
Other post-employment benefits liability	348,718	-	12,838	335,880	11,775
Net pension liability	2,307,451	-	99,054	2,208,397	-
Total business-type activities	<u>3,332,596</u>	<u>17,089,626</u>	<u>1,231,510</u>	<u>19,190,712</u>	<u>899,310</u>
Total primary government long term liabilities	<u>\$ 258,489,611</u>	<u>\$ 39,624,819</u>	<u>\$ 31,364,415</u>	<u>\$ 266,750,015</u>	<u>\$ 19,235,374</u>

Bonds were sold at a net premium; unamortized net premium at June 30, 2020 totaled \$13,912,133.

On August 1, 2019, the City issued \$2,485,000 in general obligation refunding bonds with an average interest rate of 4.52% to crossover refund \$2,777,847 Series 2011A general obligation bonds with a combined average interest rate of 2.58%. The crossover occurred on August 1, 2019. The City issued the crossover refunding debt to reduce its total debt service payments over the next six years by \$188,506 and to obtain an economic gain of \$180,532.

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

NOTE 4 LONG TERM LIABILITIES (continued)

General Obligation Bonds/Notes: General obligation bonds outstanding as of June 30, 2020, consist of the following individual issues:

Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally issued	Amount Outstanding June 30, 2020
05/01/2012	5.000	June 2021	560,000 - 1,945,000	11,355,000	560,000
06/27/2012	2.000-3.000	June 2026	250,000 - 655,000	7,520,000	3,640,000
08/21/2013	2.000-3.100	June 2024	250,000 - 1,080,000	4,385,000	1,190,000
09/11/2014	2.000-5.000	June 2026	820,000 - 1,055,000	13,375,000	5,710,000
04/07/2015	2.000-3.100	June 2029	240,000 - 2,195,000	21,755,000	17,680,000 *
04/07/2015	2.000-2.800	June 2025	875,000 - 1,660,000	12,715,000	7,895,000 *
06/15/2016	2.000-5.000	June 2026	690,000 - 3,260,000	9,225,000	3,935,000
06/15/2016	2.000-5.000	June 2031	555,000 - 1,495,000	13,855,000	9,780,000 *
11/16/2016	2.000-4.000	June 2026	100,000 - 840,000	7,200,000	4,830,000
11/16/2016	2.000-4.000	June 2030	100,000 - 1,025,000	10,700,000	9,010,000 *
08/22/2017	2.000-3.000	June 2029	435,000 - 2,320,000	7,650,000	4,455,000
08/22/2017	2.000-4.000	June 2024	615,000 - 735,000	4,665,000	2,775,000 *
08/22/2017	2.125-5.000	June 2032	535,000 - 850,000	9,130,000	8,595,000 *
08/22/2017	3.000-5.000	June 2036	100,000 - 2,125,000	25,555,000	25,355,000 *
08/22/2017	2.000-5.000	June 2029	240,000 - 385,000	3,470,000	2,975,000 *
06/13/2018	3.000-5.000	June 2030	430,000 - 2,100,000	8,110,000	5,580,000
06/13/2018	3.000-5.000	June 2031	315,000 - 1,675,000	12,540,000	12,225,000 *
06/13/2018	3.000-5.000	June 2037	100,000 - 485,000	6,155,000	6,055,000 *
06/13/2018	2.700-5.000	June 2036	250,000 - 1,455,000	15,925,000	15,925,000 *
12/27/2018	3.000-3.125	June 2026	1,000,000 - 2,475,000	10,480,000	10,480,000 *
06/20/2019	4.000-5.000	June 2026	850,000 - 1,375,000	7,225,000	7,225,000 *
06/20/2019	5.000	June 2026	895,000 - 1,090,000	4,945,000	4,945,000 *
06/20/2019	3.000-5.000	June 2031	370,000 - 490,000	5,105,000	4,735,000 *
06/20/2019	5.000	June 2025	970,000 - 1,170,000	5,320,000	5,320,000 *
08/01/2019	2.000-5.000	June 2031	480,000 - 5,135,000	12,625,000	7,490,000
08/01/2019	3.000-5.000	June 2039	520,000 - 1,035,000	15,400,000	14,815,000
				\$ 266,385,000	\$ 203,180,000

*Urban Renewal General Obligation Bond

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. The balance due as of June 30, 2020 was \$823,197.

The City has entered into an installment contract with a private party for a property acquisition for a future park of approximately \$1,988,000. The payments are due in annual installments of \$318,080 plus interest of 3% through July 2021. The balance due as of June 30, 2019 is \$318,080.

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

NOTE 4 LONG TERM LIABILITIES (continued)

Installment contracts (continued):

The City has entered into an installment contract with a neighboring City to acquire a previously shared fire station totaling approximately \$1,429,508. The payments are due in pro rated annual installments ranging from \$71,476 to \$428,852 through May 2023. The balance due as of June 30, 2020 was \$1,215,082.

Equipment 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, 2020 was \$196,009.

Direct borrowings and direct placements:

On August 24, 2018 and October 9, 2018, the City borrowed \$625,000 from Iowa Finance Authority with the intention to pass on the funds to a sub-recipient in the continuation of the rehabilitation of a school building. The loan bears interest at 1% per annum with semi-annual payments of \$19,510 and matures in June 2036. The balance due as of June 30, 2019 was \$575,599.

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

Line of Credit: On April 15, 2020, the City entered into a three year \$6,000,000 revolving line of credit agreement with a bank for the purpose of providing funding for the construction of the MidAmerican Energy Rec Plex and specifically to fund timing differences of construction payables to the receipt of various pledges. The line of credit includes monthly interest payments on the outstanding amount, with the variable interest rate at 1.75 percent above the 1.25 index, or a 3% interest rate. The balance due as of June 30, 2020 was \$0.

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2020, are as follows:

Year Ending June 30	Governmental Activities						Business-Type Activities			
	<u>General Obligation Bonds</u>		<u>Borrowings and Direct</u>				<u>General Obligation Bonds</u>		<u>Equipment Note Payable</u>	
			<u>Placements</u>		<u>Installment Contracts</u>					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	14,350,000	7,179,565	33,347	5,673	840,106	9,542	520,000	544,200	132,397	4,604
2022	18,125,000	6,642,980	33,681	5,339	593,488	-	545,000	518,200	63,612	496
2023	21,050,000	5,897,840	34,019	5,001	593,487	-	575,000	490,950	-	-
2024	21,390,000	5,043,590	34,360	4,660	164,639	-	600,000	462,200	-	-
2025	20,900,000	4,186,088	34,705	4,315	164,639	-	635,000	432,200	-	-
2026 - 2030	64,660,000	11,411,121	178,812	16,288	-	-	3,650,000	1,675,050	-	-
2031 - 2035	23,355,000	3,604,927	187,957	7,143	-	-	4,330,000	991,500	-	-
2036 - 2039	4,535,000	460,065	38,718	291	-	-	3,960,000	301,500	-	-
	<u>\$ 188,365,000</u>	<u>\$ 44,426,176</u>	<u>\$ 575,599</u>	<u>\$ 48,710</u>	<u>\$ 2,356,359</u>	<u>\$ 9,542</u>	<u>\$ 14,815,000</u>	<u>\$ 5,415,800</u>	<u>\$ 196,009</u>	<u>\$ 5,100</u>

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

NOTE 4 LONG TERM LIABILITIES (continued)

Legal debt margin: As of June 30, 2020, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Actual valuation, net of military exemption *	\$	8,287,956,903
Debt limit, 5% of total actual valuation		414,397,845
Debt applicable to debt limit		
General obligation bonds		203,180,000
Notes from direct borrowings & direct placements		575,599
Equipment note payable		196,009
Installment contracts		2,356,359
Legal debt margin	\$	208,089,878

* 100% of assessed valuation including TIF increment

NOTE 5 FUND BALANCES

The following funds had a deficit fund balance as of June 30, 2020:

Dallas County Local Housing Trust Fund	\$	(2,031)
Road Use Tax Fund		(3,341,644)

The City intends to fund these deficits through future grant and tax revenues.

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

NOTE 5 FUND BALANCES (continued)

As of June 30, 2020, fund balances were composed of the following:

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Nonmajor Special Revenue	Total
Nonspendable:								
Inventories and loan receivable	\$ 1,235,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,235,269
Restricted for:								
Tax rebates and urban renewal projects	-	-	5,710,134	-	-	-	-	5,710,134
Debt service	-	-	-	1,699,890	-	-	-	1,699,890
General obligation bond projects	-	-	-	-	36,367,628	-	-	36,367,628
Public safety pension	-	-	-	-	-	-	2,021,017	2,021,017
Employee insurance benefits	-	-	-	-	-	-	4,396	4,396
Economic development	-	-	-	-	-	-	397,938	397,938
General housing assistance	-	-	-	-	-	-	571,886	571,886
Elderly housing assistance	-	-	-	-	-	-	196,561	196,561
Child care and medical clinic	-	-	-	-	-	-	38,662	38,662
Parks operations and projects	-	-	-	-	-	-	42,121	42,121
Raccoon River quarry conservation	-	-	-	-	-	-	643,240	643,240
Public art	-	-	-	-	-	-	473,486	473,486
Adult softball field maintenance and improvements	-	-	-	-	-	-	117,868	117,868
Jordan Cemetery maintenance	-	-	-	-	-	-	467,053	467,053
Library operations and programs	-	-	-	-	-	-	345,098	345,098
Suburban Emergency Response Team	-	-	-	-	-	-	8,859	8,859
Police Operations	-	-	-	-	-	-	332,592	332,592
Community Development Block Grant	-	-	-	-	-	-	575,599	575,599
LOST-Property Tax Reduction	-	-	-	-	-	1,525,144	-	1,525,144
LOST-Other City Uses	-	-	-	-	-	2,685,275	-	2,685,275
Total restricted fund balance	-	-	5,710,134	1,699,890	36,367,628	4,210,419	6,236,376	54,224,447
Unassigned	35,692,159	(3,341,644)	-	-	-	-	(66,935)	32,283,580
Total fund balance	\$ 36,927,428	\$ (3,341,644)	\$ 5,710,134	\$ 1,699,890	\$ 36,367,628	\$ 4,210,419	\$ 6,169,441	\$ 87,743,296

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, 2020 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Major Governmental Fund, General	Major Governmental Fund, Road Use Tax	\$ 4,353,765
Major Governmental Fund, General	Nonmajor Governmental Fund, DCLHTF	41,154
Major Governmental Fund, General	Nonmajor Governmental Fund, CDBG	<u>100,735</u>
Total		<u>\$ 4,495,654</u>
 <u>Advance From Fund</u>	 <u>Advance To Fund</u>	
Major Proprietary Fund, Sewer	Major Proprietary Fund, Storm Water	<u>\$ 12,505,000</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.

On June 17, 2019 the City entered into a second interfund loan agreement. The terms of the loan state that \$7,500,000 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, 2034. 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	\$ 6,735,345	\$ 6,901,715
Road Use Tax	-	24,877,039
Tax Increment Financing	-	13,051,629
Debt Services	13,026,818	-
Capital Projects	34,814,946	209,883
Local Option Sales Tax	-	10,004,211
Major Enterprise Funds		
Sewer System	-	540,788
Storm Water System	209,884	-
RecPlex	1,062,875	-
Non-major Governmental Funds	303,418	868,021
Internal Service Funds		
Technology Replacement	300,000	-
Total	<u>\$ 56,453,286</u>	<u>\$ 56,453,286</u>

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

NOTE 7 INTERFUND TRANSFERS (continued)

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.

NOTE 8 PENSION AND RETIREMENT SYSTEMS

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by a nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System’s funding mechanism. All full-time employees must participate in either IPERS or MFPRSI. The City allocates to governmental and business-type activities according to the proportionate share of contributions in the prior year. As of June 30, 2020, the City had the following balances related to its pension accounts:

	IPERS	MFPRSI	Total
Net Pension Liability	\$13,925,954	\$22,889,825	\$36,815,779
Deferred Inflows	2,511,554	393,715	2,905,269
Deferred Outflows	4,796,165	7,357,034	12,153,199
Pension Expense	3,239,043	5,239,006	8,478,049

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.

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.

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

NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)

Iowa Public Employees' Retirement System – IPERS (continued)

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 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 2020, pursuant to the required rate, regular members contributed 6.29% of pay and the City contributed 9.44% for a total rate of 15.73%. Protection occupation members contributed 6.61% of pay and the City contributed 9.91% for a total rate of 16.52%.

The City's total contributions to IPERS for the year ended June 30, 2020 were \$2,182,514.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2020 the City reported a liability of \$36,815,779 for its proportionate share of the net pension liability, of which \$13,925,954 relates to IPERS. The net pension liability was measured as of June 30, 2019 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, 2019, the City's collective proportion was 0.2404900% which was an increase of .0102458% from its proportion measured as of June 30, 2018.

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

NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)

Iowa Public Employees' Retirement System – IPERS (continued)

For the year ended June 30, 2020, the City recognized total pension expense \$8,478,049 of which, \$3,239,043 relates to IPERS. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,264	\$ 522,283
Changes of assumptions	1,763,698	9,500
Net difference between projected and actual earnings on IPERS' investments	-	1,952,035
Changes in proportion and differences between City contributions and proportionate share of contributions	787,689	27,736
City contributions subsequent to the measurement date	2,182,514	-
	<u>\$ 4,796,165</u>	<u>\$ 2,511,554</u>

The \$2,182,514 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, 2021. 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>	
2021	570,566
2022	(251,296)
2023	(115,162)
2024	(144,237)
2025	42,226
Total	<u>\$ 102,097</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)

Iowa Public Employees' Retirement System – IPERS (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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 on the following page:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	27.0%	1.71%
Domestic Equity	22.0%	5.60%
International Equity	15.0%	6.08%
Global smart beta equity	3.0%	5.82%
Private Equity	11.0%	10.13%
Private Real Assets	7.5%	4.76%
Public Real Assets	7.0%	2.81%
Public Credit	3.5%	3.32%
Private Credit	3.0%	3.01%
Cash	1.0%	-0.21%
	100.0%	

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.

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% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 27,116,971	\$ 13,925,954	\$ 2,864,449

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

NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)

Iowa Public Employees' Retirement System – IPERS (continued)

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.

Payables to IPERS' – At June 30, 2020, 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.

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.

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.

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)

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, 2020.

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 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 was \$2,846,475.

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, 2020.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$36,815,779 for its proportionate share of the net pension liability, of which \$22,889,825 relates to MFPRSI. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was 3.489693% which was an increase of 0.200679% from its proportions measured as of 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)

For the year ended June 30, 2020, the City recognized total pension expense of \$8,478,049, of which \$5,239,006 relates to MFPRSI. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 788,205	\$ 214,193
Changes of assumptions	1,149,256	99,624
Net difference between projected and actual earnings on pension plan investments	1,261,133	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,311,965	79,898
City contributions subsequent to the measurement date	2,846,475	-
Total	<u>\$ 7,357,034</u>	<u>\$ 393,715</u>

\$2,846,475 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, 2021. 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>	
2021	1,830,182
2022	495,303
2023	960,235
2024	740,983
2025	90,133
Thereafter	
Total	<u>\$ 4,116,836</u>

Actuarial Assumptions – The total pension liability in the June 30, 2019 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	3.75% to 15.11%, including inflation
Investment rate of return	7.50% per annum, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

Postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and individuals with disabilities set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

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 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 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% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 37,268,646	\$ 22,889,825	\$ 10,981,344

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.

Payables to MFPRSI - At June 30, 2020, 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.

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

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 & ¼ 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 previous 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	19
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	0
Active employees	410
Total	429

Total OPEB Liability – The City's total OPEB liability of \$3,576,997 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020. The City allocates to governmental and business-type activities according to the proportionate share of expenses in the prior year.

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, 2020 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, 2020)	3.00% per annum
Rates of salary increases (effective June 30, 2020)	4.00% per annum, including inflation
Discount rate (effective June 30, 2020)	3.50% compounded annually, including inflation
Health cost trend rate (effective June 30, 2020)	5.00% per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% 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 2006 with MP 2018 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, 2020 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 Liability
Total OPEB Liability beginning of year	\$ 3,383,982
Changes for the year:	
Service cost	200,669
Interest	123,174
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(130,828)
Net changes	193,015
Total OPEB Liability end of year	\$ 3,576,997

There were no changes of assumptions from fiscal year 2019 to fiscal year 2020.

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 3,885,387	\$ 3,576,997	\$ 3,294,382

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% Decrease (4.00%)	Current Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	\$ 3,185,010	\$ 3,576,997	\$ 4,038,673

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2020, the City recognized OPEB expense of \$369,663. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 239,446	\$ -
Changes of assumptions	232,202	(19,823)
	\$ 471,648	\$ (19,823)

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

Year ending June 30,	Amount
2021	45,820
2022	45,820
2023	45,820
2024	45,820
2025	45,820
Thereafter	222,725
	\$ 451,825

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. The City does not anticipate the need to contribute additional financial resources beyond the existing agreement.

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, 2020, the Series 2015E bonds had a balance of \$27,235,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$4,901,035.

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, 2020, the Series 2013B bonds had a balance of \$44,540,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$7,716,364.

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, 2020, the WRA had \$307,791,149 of such State Revolving Loans of which \$46,530,198 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, 2020, the WRA had \$3,127,533 in these State Revolving Loans of which \$76,166 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 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, 2020:

Received from West Des Moines Water Works	
Health insurance reimbursements	477,753
Gasoline reimbursements	33,475
Telephone reimbursements	2,182
Share of general insurance	102,402
Delinquent reimbursements	527
Donation reimbursements	8,705
Miscellaneous reimbursements	11,504
Payments to West Des Moines Water Works	
Collection fees for sewer, solid waste, and storm water	186,055
Miscellaneous fees	1,062,010

Amounts receivable from West Des Moines Water Works as of June 30, 2020 for sewer, storm, solid waste charges, and capital projects totaled \$2,646,067, \$859,994, \$543,648, and \$6,779,646 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 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 \$3,434,037 and there were no capital costs.

NOTE 13 COMMITMENTS

The City has entered into contracts totaling approximately \$271 million for various projects that were not complete at year-end. As of June 30, 2020, approximately \$193 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 \$33.85 million exist, of which \$2.17 million is likely to be eligible to be paid in the 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.

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

NOTE 13 COMMITMENTS (continued)

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, 2020. 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 most likely beginning in the fiscal year ending June 30, 2021. It is currently estimated that each city's share of the total project cost will be approximately \$9 million contingent on project completion and final negotiation. 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, 2020 were approximately \$502,720.

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 \$10,000,000, 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 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, 2020, no liability has been recorded in the City's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

NOTE 14 RISK MANAGEMENT (continued)

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 \$125,000 (not to exceed 125% of the aggregate expected claims of \$6,056,614 for the year ended June 30, 2020). The City purchased commercial stop-loss insurance to provide for claims in excess of the \$125,000 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, 2020 was \$5,156,511.

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 76.95% of the annual premium amount or approximately \$2,766,930.

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2020, totaled \$1,130,610 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, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, and June 30, 2015 by \$178,890, \$548,902, \$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>2020</u>	<u>2019</u>
Claims payable, beginning of year	\$ 1,142,366	\$ 744,687
Claims recognized	6,762,268	6,754,810
Claim payments	<u>(6,774,024)</u>	<u>(6,357,131)</u>
Claims payable, end of year	<u>\$ 1,130,610</u>	<u>\$ 1,142,366</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, 2020, there was one series of industrial development revenue bonds outstanding, with an aggregated principal amount payable of \$2,708,333.

NOTE 16 LITIGATION

Claims have been asserted against the City in the ordinary course of business with a maximum exposure of \$230,000. 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.

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, 2020, the City rebated \$1,222,212 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, 2020 under agreements entered into by other entities.

NOTE 18 CONTINGENCY

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experiences a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact of the City's operation and finances.

NOTE 19 SUBSEQUENT EVENTS

The City was awarded additional funding through the Federal CARES Act in response to the COVID-19 pandemic. Although additional expenses were incurred during the current fiscal year, grant agreements were not fully executed until after June 30, 2020. As a result, the financial statements do not reflect the additional revenue totaling approximately \$2,600,000. The grant agreements were executed during the fiscal year ended June 30, 2021, so the associated revenue will be recognized at that time.

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

NOTE 19 SUBSEQUENT EVENTS (continued)

On July 1, 2020, the City announced a comprehensive plan to construct a Citywide conduit network to expand access to high-speed Internet. As a result, the City established a new Enterprise Fund for the new operation.

On July 1, 2020, the City divested itself of shared maintenance and operation of the regional Metropolitan Salt Storage Facility as result of an amendment to a 28E agreement. This is primarily due to the construction of the City's Public Service facility and the new ability to store salt on-site.

On July 9, 2020, the City purchased property in the amount of approximately \$4,350,000 with the intention to develop the location for a new fire station and public safety training facility.

On July 10, 2020, the City withdrew funds in the amount of \$2,500,000 related to the \$6,000,000 revolving line of credit to fund construction of the MidAmerican Energy RecPlex.

On September 3, 2020, the City issued General Obligation bonds totaling \$13,805,000, of which \$10,650,000 was to fund infrastructure and other capital projects, and \$3,155,000 was to refund Series 2012D General Obligation bonds. On that same date, the City also issued General Obligation Urban Renewal bonds totaling \$5,100,000 to fund infrastructure and General Obligation Urban Renewal Taxable bonds totaling \$13,565,000 to fund the construction of the new Citywide conduit network.

On October 19, 2020, the City entered into an internal advance agreement. A surplus of approximately \$5,100,000 in the Sewer Enterprise Fund was identified and transferred to the MidAmerican Energy RecPlex Fund. Repayments including 1.5% interest will occur over a 15 year term ending June 1, 2035.

On January 5, 2021, the City issued General Obligation Urban Renewal Taxable bonds totaling \$16,240,000 to fund the construction of the MidAmerican Energy RecPlex.

NOTE 20 PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

The Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

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

FOR THE LAST THREE YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018
Service Cost	\$ 200,669	\$ 162,490	\$ 157,757
Interest Cost	123,174	118,303	111,053
Difference between expected and actual experience	-	285,494	-
Changes of assumptions	-	(23,635)	306,308
Benefit payments	(130,828)	(106,217)	(66,168)
Net change in total OPEB liability	193,015	436,435	508,950
Total OPEB liability beginning of year	3,383,982	2,947,547	2,438,597
Total OPEB liability end of year	\$ 3,576,997	\$ 3,383,982	\$ 2,947,547
Covered-employee payroll	32,494,586	31,244,794	26,989,124
Total OPEB Liability as a percentage of covered-employee payroll	11.01%	10.83%	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, 2020	3.50%
Year ended June 30, 2019	3.50%
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 SIX FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.208525300%	0.216906600%	0.229468000%	0.228240700%	0.230244200%	0.240490007%
City's proportionate share of the net pension liability	\$ 8,269,916	\$ 10,716,237	\$ 14,441,145	\$ 15,203,717	\$ 14,570,418	\$ 13,925,954
City's covered payroll	\$ 16,337,805	\$ 18,379,445	\$ 19,793,111	\$ 20,057,940	\$ 20,769,182	\$ 22,220,838
City's proportionate share of the net pension liability as a percentage of its covered payroll	50.62%	58.31%	72.96%	75.80%	70.15%	62.67%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	85.19%	81.82%	82.21%	83.62%	85.45%

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Statutorily required contribution	\$ 1,220,065	\$ 1,458,325	\$ 1,529,529	\$ 1,617,030	\$ 1,675,318	\$ 1,754,825	\$ 1,820,285	\$ 1,886,023	\$ 2,124,433	\$ 2,182,514
Contribution in the relation to the statutorily required contribution	1,220,065	1,458,325	1,529,529	1,617,030	1,675,318	1,754,825	1,820,285	1,886,023	2,124,433	2,182,514
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	16,524,200	17,426,384	15,827,188	16,337,805	18,379,445	19,793,111	20,057,940	20,769,182	22,220,838	22,924,282
Contributions as a percentage of covered payroll	7.38%	8.37%	9.66%	9.90%	9.12%	8.87%	9.08%	9.08%	9.56%	9.52%

City of West Des Moines, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM - IPERS
June 30, 2020

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 2019 valuation did not include any changes of assumptions.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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 SIX FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	3.126078%	3.156744%	3.194504%	3.157150%	3.289014%	3.489693%
City's proportionate share of the net pension liability	\$ 11,331,979	\$ 14,830,836	\$ 19,973,986	\$ 18,515,897	\$ 19,582,904	\$ 22,889,825
City's covered payroll	\$ 7,983,068	\$ 8,278,428	\$ 8,766,120	\$ 8,941,753	\$ 9,534,802	\$ 10,575,871
City's proportionate share of the net pension liability as a percentage of its covered payroll	141.95%	179.15%	227.85%	207.07%	205.38%	216.43%
Plan fiduciary net position as a percentage of the total pension liability	86.27%	78.20%	80.60%	81.07%	81.07%	79.94%

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-MFRSI
LAST TEN FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Statutorily required contribution	\$ 1,445,739	\$ 1,881,373	\$ 2,023,600	\$ 2,404,500	\$ 2,517,470	\$ 2,404,016	\$ 2,317,700	\$ 2,448,537	\$ 2,751,800	\$ 2,846,475
Contribution in the relation to the statutorily required contribution	1,445,739	1,881,373	2,023,600	2,404,500	2,517,470	2,404,016	2,317,700	2,448,537	2,751,800	2,846,475
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	7,265,020	7,598,437	7,747,320	7,983,068	8,278,428	8,766,120	8,941,753	9,534,802	10,575,871	11,661,137
Contributions as a percentage of covered payroll	17.00%	19.90%	24.76%	26.12%	30.12%	30.41%	27.42%	25.92%	25.68%	24.41%

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-2014 Blue Collar Combined Healthy Mortality Table with males set-forward two years, females set-forward two years and individuals with disabilities set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB in 2017.

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, 2020

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
REVENUES						
Property tax	\$ 56,925,867	\$ -	\$ 56,925,867	\$ 57,410,675	\$ 57,410,675	\$ (484,808)
Tax increment financing taxes	15,674,198	-	15,674,198	16,241,444	16,052,263	(378,065)
Other City taxes	17,227,877	-	17,227,877	15,753,277	19,503,619	(2,275,742)
Special assessments	20,315	-	20,315	125,000	125,000	(104,685)
Licenses and permits	2,286,131	-	2,286,131	1,755,800	1,755,800	530,331
Intergovernmental	17,194,007	-	17,194,007	21,636,940	22,753,718	(5,559,711)
Charges for services	5,974,133	21,250,963	27,225,096	22,551,800	23,969,152	3,255,944
Use of money and property	2,322,224	1,268,789	3,591,013	1,960,069	2,155,019	1,435,994
Miscellaneous	1,560,047	1,103,491	2,663,538	11,692,046	11,727,046	(9,063,508)
Total revenues	119,184,799	23,623,243	142,808,042	149,127,051	155,452,292	(12,644,250)
EXPENDITURES/EXPENSES						
Public safety	31,072,665	-	31,072,665	33,188,943	34,467,710	3,395,045
Public works	10,397,404	-	10,397,404	10,970,683	11,335,205	937,801
Health and social services	1,211,144	-	1,211,144	1,340,460	1,352,190	141,046
Culture and recreation	9,950,981	-	9,950,981	10,628,702	11,264,039	1,313,058
Community and economic development	8,058,579	-	8,058,579	9,506,413	11,037,351	2,978,772
General government	9,934,929	-	9,934,929	9,967,144	11,148,419	1,213,490
Debt service	27,944,820	-	27,944,820	24,273,255	30,073,181	2,128,361
Capital outlay	82,244,679	-	82,244,679	68,210,008	115,009,859	32,765,180
Business-type	-	22,200,407	22,200,407	52,991,602	78,258,692	56,058,285
Total expenditures/expenses	180,815,201	22,200,407	203,015,608	221,077,210	303,946,646	100,931,038
Excess (deficiency) of revenues over (under) expenditures/expenses	(61,630,402)	1,422,836	(60,207,566)	(71,950,159)	(148,494,354)	88,286,788
OTHER FINANCING SOURCES, NET						
	10,045,707	13,669,405	23,715,112	(47,525,159)	30,558,762	(6,843,650)
Excess (deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing sources (uses)	(51,584,695)	15,092,241	(36,492,454)	(119,475,318)	(117,935,592)	(154,428,046)
BALANCES, beginning of year	139,327,991	177,920,337	317,248,328	253,234,961	443,694,521	
BALANCES, end of year	\$ 87,743,296	\$ 193,012,578	\$ 280,755,874	\$ 133,759,643	\$ 325,758,929	

City of West Des Moines, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2020

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 \$82,869,436. 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, 2020

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 the travel portion 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, 2020

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 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 – 81 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, 2020

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	PCI Range	2017		2018		2019	
		Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Excellent	100 - 80	326	39.5%	331	39.6%	428	50.9%
Good	80 - 60	278	33.7%	282	33.8%	197	23.4%
Fair	60 - 40	155	18.8%	157	18.8%	149	17.7%
Poor	40 - 20	14	1.7%	14	1.7%	16	1.9%
Very Poor	20 - 0	1	0.1%	1	0.1%	1	0.1%
Unpaved*	N/R	52	6.3%	50	6.0%	50	5.9%
		826	100%	835	100%	841	100%
			2017**		2018		2019
			70		70		70
			73.0		73.0		76.3

*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	2015		2017		2019	
		Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected
Excellent	100 - 90	16	57.1%	21	63.6%	26	76.5%
Very Good	90 - 80	5	17.9%	5	15.2%	4	11.8%
Good	80 - 70	2	7.1%	2	6.1%	2	5.9%
Satisfactory	70 - 60	1	3.6%	2	6.1%	1	2.9%
Fair	60 - 50	4*	14.3%	3*	9.1%	1*	2.9%
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%
Total		28	100%	33	100%	34	100%

*Structures closed to traffic or scheduled for replacement

Overall condition index (OCI)

	2015	2017	2019
Goal	81 or greater	81 or greater	81 or greater
Actual	85.6	88.5	93.8

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2020

Levee Condition by Category as of the Last Assessment

Condition Categories Based on the Army Corp. Criteria

OCI Range	2017		2018		2019	
	Percent of		Percent of		Percent of	
	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected
Acceptable	43	91.5%	56	90.3%	57	90.5%
Minimally Acceptable	4	8.5%	6	9.7%	6	9.5%
Unacceptable	0	0.0%	0	0.0%	0	0.0%
	<u>47</u>	<u>100%</u>	<u>62</u>	<u>100%</u>	<u>63</u>	<u>100%</u>

Overall condition index (OCI)

	2017	2018	2019
Goal	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Minimally 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)							
	2020	2019	2018	2017	2016	2015	2014	2013
Estimated Costs	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753
Actual Costs	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720

This page is intentionally blank

**City of West Des Moines, Iowa
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2020**

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
ASSETS					
Cash and investments	\$ 2,140,539	\$ -	\$ 431,811	\$ 562,155	\$ -
Restricted cash and investments	-	-	-	196,561	38,662
Receivables					
Property taxes	2,597,948	314,731	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	11,232	-
Total assets	<u>\$ 4,738,487</u>	<u>\$ 314,731</u>	<u>\$ 431,811</u>	<u>\$ 769,948</u>	<u>\$ 38,662</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 19	\$ -	\$ 33,873	\$ 664	\$ -
Accrued wages payable	131,268	-	-	837	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>131,287</u>	<u>-</u>	<u>33,873</u>	<u>1,501</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Succeeding year property tax	2,586,183	310,335	-	-	-
Grants and other	-	-	-	-	-
Total deferred inflows of resources	<u>2,586,183</u>	<u>310,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted for					
Other purposes	2,021,017	4,396	397,938	768,447	38,662
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>2,021,017</u>	<u>4,396</u>	<u>397,938</u>	<u>768,447</u>	<u>38,662</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,738,487</u>	<u>\$ 314,731</u>	<u>\$ 431,811</u>	<u>\$ 769,948</u>	<u>\$ 38,662</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Totals
\$ 1,744,454	\$ 345,098	\$ 342,923	\$ -	\$ 37,935	\$ 5,604,915
-	-	-	-	-	235,223
-	-	-	-	-	2,912,679
750	-	-	77,418	-	78,168
-	-	-	-	575,599	575,599
-	-	-	10,848	192,295	214,375
\$ 1,745,204	\$ 345,098	\$ 342,923	\$ 88,266	\$ 805,829	\$ 9,620,959

\$ 1,436	\$ -	\$ 1,472	\$ 43,864	\$ 20	\$ 81,348
-	-	-	793	2,084	134,982
-	-	-	41,154	100,735	141,889
1,436	-	1,472	85,811	102,839	358,219

-	-	-	-	-	2,896,518
-	-	-	4,486	192,295	196,781
-	-	-	4,486	192,295	3,093,299

1,743,768	345,098	341,451	-	575,599	6,236,376
-	-	-	(2,031)	(64,904)	(66,935)
1,743,768	345,098	341,451	(2,031)	510,695	6,169,441
\$ 1,745,204	\$ 345,098	\$ 342,923	\$ 88,266	\$ 805,829	\$ 9,620,959

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, 2020

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
REVENUES					
Property taxes	\$ 2,052,845	\$ 767,350	\$ -	\$ -	\$ -
Other City taxes	21,287	7,957	-	-	-
Intergovernmental	89,997	33,640	-	128,506	-
Use of money and property	38,892	-	-	9,170	1,188
Miscellaneous	-	-	-	141,500	-
Total revenues	<u>2,203,021</u>	<u>808,947</u>	<u>-</u>	<u>279,176</u>	<u>1,188</u>
EXPENDITURES					
Current					
Public safety	2,886,592	-	-	-	-
Health and social services	-	-	-	223,024	15,846
Culture and recreation	-	-	-	-	-
Community & economic development	-	-	103,453	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,886,592</u>	<u>-</u>	<u>103,453</u>	<u>223,024</u>	<u>15,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(683,571)</u>	<u>808,947</u>	<u>(103,453)</u>	<u>56,152</u>	<u>(14,658)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	128,469	-	50,000	-	-
Transfers out	-	(813,067)	-	-	(54,954)
Total other financing sources (uses)	<u>128,469</u>	<u>(813,067)</u>	<u>50,000</u>	<u>-</u>	<u>(54,954)</u>
Net change in fund balances	(555,102)	(4,120)	(53,453)	56,152	(69,612)
Fund balances (deficit), beginning of year	<u>2,576,119</u>	<u>8,516</u>	<u>451,391</u>	<u>712,295</u>	<u>108,274</u>
Fund balances (deficit), end of year	<u>\$ 2,021,017</u>	<u>\$ 4,396</u>	<u>\$ 397,938</u>	<u>\$ 768,447</u>	<u>\$ 38,662</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,820,195
-	-	-	-	-	29,244
-	67,537	-	232,722	153,311	705,713
26,960	5,030	4,959	-	6,004	92,203
194,282	39,699	66,213	27,228	1,500	470,422
221,242	112,266	71,172	259,950	160,815	4,117,777
-	-	42,581	-	-	2,929,173
-	-	-	-	-	238,870
225,002	38,978	-	-	-	263,980
-	-	-	263,355	255,890	622,698
-	-	-	-	33,016	33,016
-	-	-	-	6,004	6,004
225,002	38,978	42,581	263,355	294,910	4,093,741
(3,760)	73,288	28,591	(3,405)	(134,095)	24,036
120,000	-	-	4,949	-	303,418
-	-	-	-	-	(868,021)
120,000	-	-	4,949	-	(564,603)
116,240	73,288	28,591	1,544	(134,095)	(540,567)
1,627,528	271,810	312,860	(3,575)	644,790	6,710,008
\$ 1,743,768	\$ 345,098	\$ 341,451	\$ (2,031)	\$ 510,695	\$ 6,169,441

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF NET POSITION-INTERNAL SERVICE FUNDS
June 30, 2020

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
ASSETS						
Current assets:						
Cash and investments	\$ 11,531,030	\$ 131,898	\$ 9,475,003	\$ 4,443,756	\$ 631,698	\$ 26,213,385
Accounts	-	17,637	-	-	-	17,637
Interest	21,879	-	34,922	-	-	56,801
Due from other governments	-	21,749	-	-	-	21,749
Total current assets	<u>11,552,909</u>	<u>171,284</u>	<u>9,509,925</u>	<u>4,443,756</u>	<u>631,698</u>	<u>26,309,572</u>
Noncurrent assets, capital assets						
Equipment and vehicles	19,448,843	-	-	-	816,359	20,265,202
Accumulated depreciation	(12,334,326)	-	-	-	(300,245)	(12,634,571)
Total noncurrent assets	<u>7,114,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,114</u>	<u>7,630,631</u>
Total assets	<u>\$ 18,667,426</u>	<u>\$ 171,284</u>	<u>\$ 9,509,925</u>	<u>\$ 4,443,756</u>	<u>\$ 1,147,812</u>	<u>\$ 33,940,203</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities:						
Accounts payable	\$ 20,520	\$ 105,253	\$ -	\$ -	\$ -	\$ 125,773
Claims payable	-	-	704,110	426,500	-	1,130,610
Total current liabilities	<u>20,520</u>	<u>105,253</u>	<u>704,110</u>	<u>426,500</u>	<u>-</u>	<u>1,256,383</u>
NET POSITION						
Investment in capital assets	7,114,517	-	-	-	516,114	7,630,631
Unrestricted	11,532,389	66,031	8,805,815	4,017,256	631,698	25,053,189
Total net position	<u>\$ 18,646,906</u>	<u>\$ 66,031</u>	<u>\$ 8,805,815</u>	<u>\$ 4,017,256</u>	<u>\$ 1,147,812</u>	<u>\$ 32,683,820</u>
Total liabilities and net position	<u>\$ 18,667,426</u>	<u>\$ 171,284</u>	<u>\$ 9,509,925</u>	<u>\$ 4,443,756</u>	<u>\$ 1,147,812</u>	<u>\$ 33,940,203</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, 2020

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
OPERATING REVENUES						
Charges for services	\$ -	\$ 1,216,771	\$ 6,719,387	\$ 264,964	\$ -	\$ 8,201,122
Lease revenue	1,916,725	-	-	-	-	1,916,725
Other	-	-	178,890	43,116	-	222,006
Total operating revenues	1,916,725	1,216,771	6,898,277	308,080	-	10,339,853
OPERATING EXPENSES						
Cost of sales and services	1,318	1,176,573	7,201,046	342,949	10,703	8,732,589
Depreciation	1,588,812	-	-	-	128,350	1,717,162
Total operating expenses	1,590,130	1,176,573	7,201,046	342,949	139,053	10,449,751
Operating income (loss)	326,595	40,198	(302,769)	(34,869)	(139,053)	(109,898)
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	218,191	-	221,932	72,694	8,368	521,185
Gain on sale of capital assets	756,084	-	-	-	-	756,084
Total nonoperating revenues (expenses)	974,275	-	221,932	72,694	8,368	1,277,269
Income (Loss) before transfers	1,300,870	40,198	(80,837)	37,825	(130,685)	1,167,371
Transfers in	-	-	-	-	300,000	300,000
Change in net position	1,300,870	40,198	(80,837)	37,825	169,315	1,467,371
Total net position, beginning of year	17,346,036	25,833	8,886,652	3,979,431	978,497	31,216,449
Total net position, ending of year	\$ 18,646,906	\$ 66,031	\$ 8,805,815	\$ 4,017,256	\$ 1,147,812	\$ 32,683,820

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2020

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Technology Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ -	\$ 51,553	\$ 1,831,295	\$ 308,080	\$ -	\$ 2,190,928
Receipts from interfund charges	1,916,725	1,172,259	5,066,982	-	-	8,155,966
Payments from (to) suppliers	(43,730)	(1,180,303)	-	-	(10,703)	(1,234,736)
Payments to claimants	-	-	(7,070,522)	(485,228)	-	(7,555,750)
Net cash provided (used) by operating activities	1,872,995	43,509	(172,245)	(177,148)	(10,703)	1,556,408
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	300,000	300,000
Net cash provided (used) by noncapital financing activities	-	-	-	-	300,000	300,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(1,419,743)	-	-	-	(69,280)	(1,489,023)
Proceeds from disposal of capital assets	756,084	-	-	-	-	756,084
Net cash provided (used) by capital and related financing activities	(663,659)	-	-	-	(69,280)	(732,939)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	192,440	-	180,832	72,694	8,367	454,333
Purchase of investment securities	(3,893,541)	-	(6,214,426)	-	-	(10,107,967)
Proceeds from maturity of investment securities	3,799,216	-	6,063,875	-	-	9,863,091
Net cash provided (used) by investing activities	98,115	-	30,281	72,694	8,367	209,457
Net increase (decrease) in cash and cash equivalents	1,307,451	43,509	(141,964)	(104,454)	228,384	1,332,926
Cash and cash equivalents Beginning of year	5,416,061	88,389	1,943,756	4,548,210	403,314	12,399,730
End of year	\$ 6,723,512	\$ 131,898	\$ 1,801,792	\$ 4,443,756	\$ 631,698	\$13,732,656

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, 2020

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Technology Replacement	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 326,595	\$ 40,198	\$ (302,769)	\$ (34,869)	\$ (139,053)	\$ (109,898)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	1,588,812	-	-	-	128,350	1,717,162
Change in assets and liabilities						
Receivables	-	7,041	-	-	-	7,041
Accounts payable & other liabilities	(42,412)	(3,730)	-	-	-	(46,142)
Claims payable	-	-	130,524	(142,279)	-	(11,755)
Net cash provided (used) by operating activities	\$ 1,872,995	\$ 43,509	\$ (172,245)	\$ (177,148)	\$ (10,703)	\$ 1,556,408
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION						
Cash and investments	\$ 11,531,030	\$ 131,898	\$ 9,475,003	\$ 4,443,756	\$ 631,698	\$26,213,385
Less items not meeting the definition of cash equivalents	(4,807,518)	-	(7,673,211)	-	-	(12,480,729)
Cash and cash equivalents at end of year	\$ 6,723,512	\$ 131,898	\$ 1,801,792	\$ 4,443,756	\$ 631,698	\$13,732,656
SCHEDULE OF NONCASH ITEMS						
Investing activities						
Change in fair market value of investments	\$ 30,709	\$ -	\$ 49,015	\$ -	\$ -	\$ 79,724

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2020

	Collections and Deposits	Section 125 Plan	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 671,042	\$ 125,640	\$ 796,682
LIABILITIES			
Accounts payable	\$ 671,042	\$ 125,640	\$ 796,682

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2020

<u>Collections and Deposits</u>	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
ASSETS				
Cash and investments	\$ 553,117	\$ 198,097	\$ 80,172	\$ 671,042
Total assets	\$ 553,117	\$ 198,097	\$ 80,172	\$ 671,042
LIABILITIES				
Accounts payable	\$ 5,600	\$ 65,220	\$ 51,820	\$ 19,000
Deposits and remittances due	547,517	172,897	68,372	652,042
Total liabilities	\$ 553,117	\$ 238,117	\$ 120,192	\$ 671,042
 <u>Section 125 Plan</u>				
ASSETS				
Cash and investments	\$ 129,047	\$ 338,902	\$ 342,309	\$ 125,640
Total assets	\$ 129,047	\$ 338,902	\$ 342,309	\$ 125,640
LIABILITIES				
Accounts payable	\$ 28,650	\$ 11,611	\$ 28,650	\$ 11,611
Deposits and remittances due	100,397	338,902	325,270	114,029
Total liabilities	\$ 129,047	\$ 350,513	\$ 353,920	\$ 125,640
 <u>Combined Funds</u>				
ASSETS				
Cash and investments	\$ 682,164	\$ 536,999	\$ 422,481	\$ 796,682
LIABILITIES				
Accounts payable	\$ 34,250	\$ 76,831	\$ 80,470	\$ 30,611
Deposits and remittances due	647,914	511,799	393,642	766,071
Total liabilities	\$ 682,164	\$ 588,630	\$ 474,112	\$ 796,682

See accompanying independent auditor's report.

This page is intentionally blank.