

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, (City) as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the City changed the components of the reporting entity during the year, and accordingly, has restated the related fund balances and net position as of June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Des Moines, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2020, on our consideration of the City of West Des Moines, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dubuque, Iowa
January 10, 2020

City of West Des Moines, Iowa

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2019

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, 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 located in the Introductory Section at the front of this report.

Financial Highlights

At June 30, 2019, assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows by \$667 million. Of this amount, \$63 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, 2018, assets and deferred outflows exceeded liabilities and deferred inflows by \$635 million, of which \$65 million was unrestricted.

The City's total net position increased by \$32 million during the fiscal year ended June 30, 2019. Governmental activities increased by \$18 million and business-type activities increased by \$14 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 \$139 million, down slightly from \$145 million in the prior year. A portion of the decrease can be attributed to reclassification of activity related to the city's dispatching center (Westcom) – which was previously categorized within the general fund and nonmajor Public Safety fund, but due to its growth and underlying inter-city operating agreement is now classified as an enterprise fund (Note 18 can be found on page 83 for additional explanation). The unassigned portion of the City's governmental fund balance, which is available for spending at the City's discretion, totaled \$38.8 million at June 30, 2019, decreasing slightly by \$1.6 million.

The City continues to hold the highest available bond rating from Moody's Investor Services and S&P Global (Standard & Poors). 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, 2019

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, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eleven 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
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Proprietary funds consist of two different types of funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses internal service funds to account for its vehicle replacement, vehicle maintenance, health and dental insurance program, workers' compensation program and technology replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major sanitary sewer operations fund, the major storm water operations fund, 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, 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$667 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, 2019

City of West Des Moines						
Net Position						
(in thousands of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018 (As Restated)	2019	2018 (As Restated)	2019	2018 (As Restated)
Assets						
Current and other assets	\$ 260,257	\$ 253,386	\$ 41,897	\$ 48,702	\$ 302,154	\$ 302,088
Capital assets, net of depreciation	563,337	527,503	141,052	122,424	704,389	649,927
Total assets	823,594	780,889	182,949	171,126	1,006,543	952,015
Deferred Outflows						
Pension related	10,848	10,300	637	693	11,485	10,993
OPEB related	466	253	54	29	520	282
Advance refunding related	93	103	-	-	93	103
Total deferred outflows	11,407	10,656	691	722	12,098	11,378
Liabilities						
Current liabilities	34,758	31,999	1,929	3,568	36,687	35,567
Long-term liabilities outstanding	236,391	213,094	2,951	3,160	239,342	216,254
Total liabilities	271,149	245,093	4,880	6,728	276,029	251,821
Deferred Inflows						
Unavailable revenue, property taxes	74,220	75,510	-	-	74,220	75,510
Pension related	1,150	552	300	223	1,450	775
OPEB related	20	-	2	-	22	-
Total deferred inflows	75,390	76,062	302	223	75,692	76,285
Net position						
Net investment in capital assets	430,464	420,227	139,578	121,981	570,042	542,208
Restricted net position	27,883	27,130	5,576	1,365	33,459	28,495
Unrestricted net position	30,115	23,033	33,304	41,551	63,419	64,584
Total net position	\$ 488,462	\$ 470,390	\$ 178,458	\$ 164,897	\$ 666,920	\$ 635,287

The largest portion of the City's net position (85% of the total) represents its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less all outstanding debt used to acquire those assets. The City uses the capital assets to provide services to its citizens; consequently these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities. Overall, the net investment in capital assets increased \$27.8 million from the previous year. The increases were in support of both governmental activities and business-type activities and are indicative of the City's ongoing commitment to provide quality infrastructure assets in the community, and its effort to aggressively repay debt related to those assets.

An additional portion of the City's net position (5% of the total) represents resources that are subject to external use restrictions. These amounts fluctuate annually based on the timing of restricted revenue and completion of the restricted projects or activities. Total restricted net position increased \$4.9 million during the fiscal year ended June 30, 2019.

The remaining balance of net position (10% of the total) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position decreased \$1.1 million during the fiscal year ended June 30, 2019.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2019

A summary and discussion of the City's Changes in Net Position during the fiscal years ended June 30, 2019 and 2018, is as follows:

	Changes in Net Position (in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018 (As Restated)	2019	2018 (As Restated)	2019	2018 (As Restated)
Revenues						
Program revenues:						
Charges for services	\$ 11,538	\$ 9,303	\$ 19,595	\$ 19,184	\$ 31,133	\$ 28,487
Operating grants and contributions	12,138	13,871	980	995	13,118	14,866
Capital grants and contributions	9,136	565	4,473	7,882	13,609	8,447
General revenues:						
Property taxes	74,694	67,629	-	-	74,694	67,629
Other taxes	7,732	5,065	-	-	7,732	5,065
Earnings on investments	3,919	1,748	1,450	641	5,369	2,389
Other	5,160	5,770	10	24	5,170	5,794
Total revenues	124,317	103,951	26,508	28,726	150,825	132,677
Expenses						
General government	11,514	9,737	-	-	11,514	9,737
Public safety	32,529	30,821	-	-	32,529	30,821
Public Works	27,219	17,480	-	-	27,219	17,480
Health and social services	1,383	1,402	-	-	1,383	1,402
Culture and recreation	11,184	10,225	-	-	11,184	10,225
Community & economic development	8,695	10,593	-	-	8,695	10,593
Interest on long term debt	5,410	4,945	-	-	5,410	4,945
Sanitary sewer	-	-	10,688	10,012	10,688	10,012
Storm water	-	-	3,100	3,714	3,100	3,714
Westcom	-	-	5,322	3,076	5,322	3,076
MidAmerican Energy RecPlex	-	-	99	-	99	-
Solid waste	-	-	2,049	2,008	2,049	2,008
Total expenses	97,934	85,203	21,258	18,810	119,192	104,013
Increase (decrease) in net position before transfers	26,383	18,748	5,250	9,916	31,633	28,664
Transfers	(8,311)	(3,381)	8,311	3,381	-	-
Increase (decrease) in net position	18,072	15,367	13,561	13,297	31,633	28,664
Net position, beginning of year, as restated	470,390	455,023	164,897	151,600	635,287	606,623
Net position, end of year	\$ 488,462	\$ 470,390	\$ 178,458	\$ 164,897	\$ 666,920	\$ 635,287

Governmental Activities. Governmental revenues in the current year increased by \$20.3 million, or 19.6%. The largest contributor was capital grants and contributions, which increased \$8.6 million fueled largely by infrastructure relating to the Microsoft data center. The City's overall property tax revenue increased \$7.0 million which was caused by a combination of capturing additional tax revenue through TIF (Tax Increment Financing) and increasing overall property valuations within the City. Other tax revenues also increased by \$2.6 million, largely because of increasing local option sales tax and hotel/motel tax revenues. Finally, investment earnings were up significantly \$2.1 million from the previous fiscal year due to increasing fund balances and rising interest rates.

Governmental expenses increased \$12.7 million, or 15.0% from the prior fiscal year and this was largely due a \$9.8 million increase in public works expenses associated with capital projects (\$6.6 million), additional installment contracts incurred in the current fiscal year (\$2.3 million), and an increase in supplies, maintenance, and contractual services (\$.9 million). In addition, public safety expenses increased by \$1.7 million due to an increase in police and fire FTE's, and interest on long term debt increased by \$.5 million due to long term debt issuances.

Business-Type Activities. Revenue received through charges for services remained relatively unchanged at \$19.5 million. Capital grant and contribution revenues decreased by \$3.4 million, or approximately 43.2% which relates to the Westcom

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2019

Business-Type Activities. Revenue received through charges for services remained relatively unchanged at \$19.5 million. Capital grant and contribution revenues decreased by \$3.4 million, or approximately 43.2% which relates to the Westcom restatement. Historically, the City only included its respective portion of net assets in the government wide financials (approximately 55%). With the conversion, the City elected to present 100% of the net assets as a business type activity for improved transparency. Investment earnings on business cash and investments increased dramatically by \$.8 million (126%) due to increasing balances and higher interest rates. Business-type expenses increased by \$2.4 million, or approximately 13.0%, 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 \$139.3 million as of June 30, 2019. Of this total \$38.9 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. \$1.7 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 (\$3.1 million); (2) for urban renewal and development in Tax Increment Financing Districts (\$3.7 million); (3) for liquidation of contracts for capital improvements (\$84.7 million); or (4) various other purposes (\$7.2 million).

The unassigned balance of the General Fund, the chief operating fund of the City, decreased \$1.7 million, or 4.2%, to a total of \$38.8 million at June 30, 2019. The City used reserves to buyout a portion of City Hall to accommodate for the growth the City has experienced within the last several years. 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, 2019, represents approximately 61.9% of annual General Fund expenditures. The City strives to maintain an average fund balance of at least 25.0% of General Fund expenditures for working capital needs due to fluctuations in revenue, as property tax revenue, the overwhelming majority of revenue, is only collected semi-annually with the majority of the revenue remitted to the City by the respective county treasurers in the months of October and April each year.

The City's General Fund revenue saw an overall increase of \$2.3 million, which includes an increase in property tax revenue of \$1.6 million. The other significant portions of the General Fund revenue increase are a \$0.6 million increase in charges for services and a \$0.8 million increase in use of money and property.

General Fund expenditures increased by \$5.2 million, or approximately 9.0%. The most significant portion of this increase was rising employee costs, including salaries, pensions, and insurance. As previously mentioned, cash reserves were used to buyout a portion of City Hall (\$1.2 million) and the Westcom conversion contributed to a portion of the increase as the City's share of operations was previously recorded as a transfer (\$1.6 million).

City of West Des Moines, Iowa Management's Discussion and Analysis For Fiscal Year Ended June 30, 2019

The Road Use Tax Revenue collected by the State of Iowa and allocated to the City increased by \$370,000 (+4.7%) 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 for the City's road maintenance projects led to a fiscal 2019 increase of \$900,000, and the overall ending fund balance at June 30, 2019, remained at a healthy level, exceeding \$13.8 million. It is worth noting that during fiscal 2019 the city began construction of a new Public Service Maintenance facility which is being funded primarily with Road Use Tax dollars. The total cost of the entire project, spread over multiple years, is approximately \$27 million.

The Tax Increment Financing (TIF) Fund had a fund balance of \$3.7 million at June 30, 2019, which represents a decrease of \$1.2 million, or 25.4% from the prior year. There were rising levels of collections, but the primary reason for the overall decrease was an effort to spend the remaining cash balance of \$2.0 million from the Jordan Creek Urban Renewal Area towards a street reconstruction project, and also a use of \$2.0 million from the Mills Parkway Urban Renewal Area to assist in land acquisition for the City's MidAmerican Rec Plex facility. Since property taxes are collected in arrears, the City continues to benefit from past growth in these areas. The property taxes collected in these special financing districts are generally transferred from the Tax Increment Financing Fund to other funds to cover bonded debt, other loans, advances, and contracts used to finance infrastructure improvements in these TIF districts.

The Debt Service Fund had a fund balance of \$3.2 million at June 30, 2019, which represents an increase of 5.1%, from the prior year. This increase was due to an unforeseen delay in establishing a formal debt repayment schedule for a street debt obligation to the State of Iowa. The continued long-term strategy for the fund is to maintain a minimum reserve balance approximately equal to 25% of total interest payable each fiscal year.

The Capital Projects Fund had a fund balance of \$70.9 million at June 30, 2019, which represents a decrease in fund balance of \$6.2 million, or 8.0%. The primary driver in the change is the amount of bond issuances in 2019 versus 2018. Numerous larger-scale capital projects are to be completed in fiscal 2020 so it is anticipated that the Capital Projects Fund will be reduced to a more typical level by the end of the upcoming fiscal year.

Proprietary Funds. The City's proprietary funds financial statements provide detail which supports information found in the government-wide financial statements. Total net position of the City's Sanitary Sewer Fund at June 30, 2019, was \$104.7 million. This is comprised of a \$63.4 million investment in capital assets, \$39.9 million in net position, and \$1.3 million of which is restricted to use only on specific improvement projects. The net position of the Sanitary Sewer Fund increased \$1.4 million, or 1.4%, which was largely the result of a planned rate increase offset slightly by a declared excess which was transferred to the MidAmerican Rec Plex Enterprise Fund in order to fund site infrastructure.

Total net position of the City's Storm Water Fund at the end of the current year was \$64.2 million. This is comprised of \$71.5 million investment in capital assets and a shortfall of \$7.3 million in unrestricted net position. The negative net position is being addressed through a multi-year rate increase, essentially raising rates by \$.60 per Equivalent Residential Unit each fiscal year beginning July 1, 2018, and extending through 2022. The current 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 and \$7.5 million in fiscal years 2018 and 2019, respectively. Each loan will be repaid over a 15 year term.

Total net position of the Westcom Fund at the end of the current year was \$1.6 million. This is comprised of \$1.4 million investment in capital assets (City's share of net capital assets), \$.7 million restricted by other entities (other participants share of net capital assets), and a shortfall of \$.5 million. With the restatement of the fund 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.

City of West Des Moines, Iowa
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complex is underway with a completion date in fiscal year 2020. It’s worth noting that \$2.0 million was transferred from the Mills Parkway Urban Renewal Area, \$1.5 million from the Sewer Fund due to fund balance excess, and \$.8 million from Hotel Motel dollars.

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

Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type. During the year ended June 30, 2019, disbursements exceeded the amount budgeted in the Debt Service function, however, the expenditures and associated bond proceeds were recognized during the fiscal year.

During the fiscal year ended June 30, 2019, there were four budget amendments, dated August 20, 2018, October 29, 2018, February 4, 2019, and May 20, 2019. 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 reclassification of Westcom from Government to an Enterprise Fund and the establishment of the MidAmerican Energy Rec Plex Fund as an additional Enterprise Fund.

Condition Level for Street Network (prior 3 condition assessments)			
	2016	2017*	2018
Street subsystem:			
Goal	78-80	70	70.0
Actual	80.0	73.0	73.0
	2016	2017	2018
Levee subsystem:			
Goal	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
	2013	2015	2017
Bridge & Culvert subsystem:			
Goal	81 or greater	81 or greater	81 or greater
Actual	86.4	85.6	88.5

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

Capital Assets and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$704 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 8.6%, 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 commencing 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 6.7%, 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.

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.

	2019	2018	2017	2016	2015	2014	2013	2012
Estimated Costs	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753	\$5,307
Actual Costs	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720	\$5,119

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2019

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	
	2019	2018	2019	2018	2019	2018
		(As Restated)		(As Restated)		(As Restated)
Land	\$ 28,808	\$ 23,908	3,710	413	\$ 32,518	\$ 24,321
Buildings	56,959	53,127	-	-	56,959	53,127
Improvements other than buildings	51,553	50,725	557	557	52,110	51,282
Fiber Network	5,159	5,159	-	-	5,159	5,159
Equipment and vehicles	25,097	23,250	6,458	6,812	31,555	30,062
Construction-in-Progress	62,641	46,094	21,472	15,320	84,113	61,414
Infrastructure, depreciable	-	-	162,111	148,903	162,111	148,903
Infrastructure, nondepreciable	406,009	394,192	-	-	406,009	394,192
Accumulated depreciation	(89,767)	(85,756)	(55,792)	(52,006)	(145,559)	(137,762)
Intangibles	16,878	16,780	2,536	2,425	19,414	19,205
Total capital assets	\$ 563,337	\$ 527,479	\$ 141,052	\$ 122,424	\$ 704,389	\$ 649,903

Major capital asset expenditures during the fiscal year ended June 30, 2019, included the following projects with over \$1 million in spending:

- Spent \$11.2 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 \$7.0 million of Stormwater Funds towards an \$10.1 million project to construct an outfall and pump station to assist in mitigation of floodwater in the Walnut Creek Basin in the area of 1st Street and Grand Avenue.
- Spent \$6.7 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 \$4.5 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 \$4.5 million towards an overall \$27 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 \$3.2 million towards an overall \$42 million project to construct the MidAmerican Energy RecPlex, a city-owned multi-sport recreational facility.
- Spent \$3.0 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 \$2.7 million towards an overall \$8.5 million project to construct infrastructure needed to support a new

City of West Des Moines, Iowa Management's Discussion and Analysis For Fiscal Year Ended June 30, 2019

headquarters for IMT Insurance, including widening and improving Mills Civic Parkway from Jordan Creek Parkway to 81st Street and constructing new segments of 77th Street and Coachlight Drive.

- Spent \$2.0 million of Sewer Funds to extend the Middle Creek Sewer in order to support the Microsoft Osmium Data Center and surrounding properties.
- Spent \$1.7 million towards an overall \$8.0 million project construct Grand Avenue between Jordan Creek Parkway and S 88th Street.
- Spent \$1.7 million towards an overall \$9.5 million project to re-route, widen, and reconstruct 88th Street and Mills Civic Parkway to avoid Huston Cemetery.
- Spent \$1.7 million to reconstruct the Booneville Road Bridge over Sugar Creek.
- Spent \$1.5 million towards an approximately \$1.8 million project to construct a Water Booster Station to serve the Alluvion Data Center and surrounding property. The West Des Moines Water Works will ultimately reimburse the City for 25% of the total project cost.

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 55 and 60 through 61, respectively.

Long-term debt. At the close of the fiscal year ended June 30, 2019, the City had total bonded debt outstanding of \$211.5 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 \$36 million of new debt was issued during the current fiscal year versus \$20.1 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 \$396.5 million. With outstanding general obligation principal debt of \$202.2 million (general obligation bonds plus other debt subject to the limitation), the City had utilized 51% of the debit limit as of June 30, 2019.

Additional information on the City's long-term debt can be found in Note 4 on pages 62 through 64 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 40-45% commercial and industrial valuation.

Legislative action originally passed in May 2013 continues to affect taxable valuations for commercial and multi-family residential property. This legislation included a 10% cut to commercial tax rates over a period beginning July 1, 2014, a cap on overall statewide tax growth at an amount not to exceed 3% (it was previously allowed to grow up to 4%), and a drastic reduction to the taxable valuations of multi-family residential property. The lost commercial revenue is being funded by the State of Iowa, but this is only guaranteed to match the lost revenues through the end of fiscal 2019, and there is no backfilling planned for the lost multi-family residential revenues. Thus, the City continues to engage in very conservative budgeting practices.

City of West Des Moines, Iowa Management's Discussion and Analysis For Fiscal Year Ended June 30, 2019

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 three 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 \$8.96 billion.

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 and then for the Polk County portion in the following year. This Dallas County local sales tax generated approximately \$2.8 million in revenue to the City in its first year of collections (FY 2019). Collections in Polk County will begin July 1, 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.

Future year 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, 2019.

As measured by current actual property valuation and recent population data, valuation compares very strongly to comparable cities, at approximately \$124,000 per capita. The City's taxable valuation per capita of over \$86,000 remains the highest of Iowa's top ten most populated cities, which allows West Des Moines to maintain the third lowest tax rate of those same ten cities. Based on fiscal year totals from the fiscal year ended June 30, 2019, the City ranks as the fourth highest city in Iowa for taxable retail sales in Iowa at over \$1.75 billion, due to the large presence of retail including a major regional shopping center. Many other economic indicators for the City compare favorably with state and national averages. See additional information and measures regarding the City in the Statistical Section of this report.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

City of West Des Moines, Iowa
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 75,276,488	\$ 49,288,342	\$ 124,564,830
Restricted cash and investments	82,935,940	-	82,935,940
Receivables			
Property taxes	74,327,514	-	74,327,514
Accounts and unbilled usage	742,808	3,984,536	4,727,344
Special assessments	389,558	-	389,558
Interest	411,854	262,305	674,159
Promises to give	-	2,360,410	2,360,410
Loans	1,019,572	-	1,019,572
Internal balances	14,100,407	(14,100,407)	-
Due from other governments	10,381,282	102,124	10,483,406
Inventories	123,317	-	123,317
Prepays	548,004	-	548,004
Total current assets	<u>260,256,744</u>	<u>41,897,310</u>	<u>302,154,054</u>
Capital Assets			
Nondepreciable			
Land	28,807,963	3,710,179	32,518,142
Infrastructure	406,008,760	-	406,008,760
Construction-in-progress	62,641,295	21,472,321	84,113,616
Intangibles	15,574,850	-	15,574,850
Depreciable			
Buildings	56,958,829	-	56,958,829
Equipment and vehicles	25,096,773	6,458,179	31,554,952
Fiber network	5,159,190	-	5,159,190
Intangibles	1,302,767	2,535,643	3,838,410
Improvements other than buildings	51,553,323	557,247	52,110,570
Infrastructure	-	162,110,864	162,110,864
Accumulated depreciation	(89,766,606)	(55,791,914)	(145,558,520)
Net capital assets	<u>563,337,144</u>	<u>141,052,519</u>	<u>704,389,662</u>
Total assets	<u>823,593,888</u>	<u>182,949,829</u>	<u>1,006,543,716</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	10,847,859	637,296	11,485,155
OPEB related deferred outflows	465,853	53,521	519,374
Advance refunding related deferred outflows	93,526	-	93,526
Total deferred outflows	<u>11,407,238</u>	<u>690,817</u>	<u>12,098,055</u>

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 12,744,916	\$ 1,395,720	\$ 14,140,635
Claims payable	1,142,366	-	1,142,366
Accrued wages payable	1,532,040	151,896	1,683,936
Interest payable	572,149	-	572,149
Note payable	-	127,849	127,849
Compensated absences	3,017,949	253,319	3,271,268
General obligation bonds	15,090,000	-	15,090,000
Installment contracts	625,670	-	625,670
Notes from direct borrowings and direct placements	33,016	-	33,016
Total current liabilities	34,758,106	1,928,784	36,686,889
Noncurrent liabilities			
Note payable	-	195,145	195,145
Compensated absences	2,129,972	100,114	2,230,086
General obligation bonds	196,447,315	-	196,447,315
Installment contracts	2,356,359	-	2,356,359
Notes from direct borrowings and direct placements	575,599	-	575,599
Total OPEB liability	3,035,264	348,718	3,383,982
Net pension liability	31,845,871	2,307,451	34,153,322
Total noncurrent liabilities	236,390,380	2,951,428	239,341,808
Total liabilities	271,148,486	4,880,212	276,028,697
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	74,220,397	-	74,220,397
Pension related deferred inflows	1,150,265	300,361	1,450,626
OPEB related deferred inflows	19,490	2,239	21,729
Total deferred inflows of resources	75,390,152	302,600	75,692,752
NET POSITION			
Net investment in capital assets	430,463,986	139,578,301	570,042,287
Restricted for:			
Debt service	3,144,903	-	3,144,903
Urban renewal and development	4,139,747	-	4,139,747
Road use projects	13,804,222	-	13,804,222
Retirement benefits	2,584,635	-	2,584,635
Other entities	-	720,867	720,867
Other purposes	4,210,325	4,855,085	9,065,410
Unrestricted	30,114,670	33,303,581	63,418,251
Total net position	\$ 488,462,488	\$ 178,457,834	\$ 666,920,322

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

<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	\$ 32,529,006	\$ 5,220,130	\$ 2,769,952	\$ 409,938
Public works	27,219,083	318,540	8,258,530	8,711,043
Health and social services	1,382,598	-	181,011	5,300
Culture and recreation	11,184,101	1,459,931	65,826	4,908
Community & economic development	8,695,124	2,929,785	863,053	5,000
General government	11,513,774	1,609,865	-	-
Interest on long-term debt	5,410,325	-	-	-
Total governmental activities	97,934,011	11,538,251	12,138,372	9,136,189
Business-type activities				
Sewer system	10,688,039	11,226,789	-	896,472
Storm water system	3,099,584	2,909,546	-	1,076,358
Westcom	5,322,222	3,418,747	980,208	788
MidAmerican Energy RecPlex	98,759	-	-	2,499,850
Solid waste system	2,049,135	2,039,811	-	-
Total business-type activities	21,257,739	19,594,893	980,208	4,473,468
Total primary government	\$ 119,191,750	\$ 31,133,144	\$ 13,118,580	\$ 13,609,657

General revenues

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

Transfers

- Total general revenues and transfers
- Changes in net position
- Net position, beginning of year, as restated
- Net position, end of year

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

Governmental Activities	Business-type Activities	Totals
\$ (24,128,986)	\$ -	\$ (24,128,986)
(9,930,970)	-	(9,930,970)
(1,196,287)	-	(1,196,287)
(9,653,436)	-	(9,653,436)
(4,897,286)	-	(4,897,286)
(9,903,909)	-	(9,903,909)
(5,410,325)	-	(5,410,325)
<u>(65,121,199)</u>	<u>-</u>	<u>(65,121,199)</u>
-	1,435,222	1,435,222
-	886,320	886,320
-	(922,479)	(922,479)
-	2,401,091	2,401,091
-	(9,324)	(9,324)
<u>-</u>	<u>3,790,830</u>	<u>3,790,830</u>
<u>(65,121,199)</u>	<u>3,790,830</u>	<u>(61,330,369)</u>
74,694,466	-	74,694,466
252,353	-	252,353
3,028,504	-	3,028,504
4,450,774	-	4,450,774
767,822	9,629	777,451
3,919,058	1,450,135	5,369,193
4,391,355	-	4,391,355
(8,310,535)	8,310,535	-
<u>83,193,797</u>	<u>9,770,299</u>	<u>92,964,096</u>
<u>18,072,598</u>	<u>13,561,129</u>	<u>31,633,727</u>
<u>470,389,890</u>	<u>164,896,705</u>	<u>635,286,595</u>
<u>\$ 488,462,488</u>	<u>\$ 178,457,834</u>	<u>\$ 666,920,322</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2019

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 24,861,167	\$ 13,206,038	\$ 3,682,089	\$ 3,127,856	\$ -	\$ 5,843,479	\$ 50,720,629
Restricted cash and investments	-	-	-	-	81,693,224	1,242,716	82,935,940
Receivables							
Property taxes	43,998,042	-	16,247,711	11,194,570	-	2,887,191	74,327,514
Accounts	549,097	-	-	-	111,358	55,492	715,947
Special assessments	23,682	-	-	-	365,876	-	389,558
Interest	340,930	-	-	-	-	1,248	342,178
Loans	410,957	-	-	-	-	608,615	1,019,572
Due from other funds	14,711,518	-	-	-	-	-	14,711,518
Due from other governments	1,679,793	655,917	-	-	7,696,660	329,346	10,361,716
Inventories	123,317	-	-	-	-	-	123,317
Prepays	548,004	-	-	-	-	-	548,004
Total assets	<u>\$ 87,246,507</u>	<u>\$ 13,861,955</u>	<u>\$ 19,929,800</u>	<u>\$ 14,322,426</u>	<u>\$ 89,867,118</u>	<u>\$ 10,968,087</u>	<u>\$ 236,195,893</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
Liabilities							
Accounts payable	\$ 1,659,464	\$ 57,733	\$ -	\$ -	\$ 10,790,694	\$ 63,793	\$ 12,571,684
Accrued wages payable	1,430,626	-	-	-	-	101,414	1,532,040
Due to other funds	-	-	-	-	-	73,613	73,613
Total liabilities	<u>3,090,090</u>	<u>57,733</u>	<u>-</u>	<u>-</u>	<u>10,790,694</u>	<u>238,820</u>	<u>14,177,337</u>
Deferred inflows of resources							
Unavailable revenue:							
Succeeding year property tax	43,927,129	-	16,241,444	11,177,523	-	2,874,301	74,220,397
Grants and other	271,223	-	-	-	7,808,018	3,575	8,082,816
Special assessments	22,329	-	-	-	365,023	-	387,352
Total deferred inflows of resources	<u>44,220,681</u>	<u>-</u>	<u>16,241,444</u>	<u>11,177,523</u>	<u>8,173,041</u>	<u>2,877,876</u>	<u>82,690,565</u>
FUND BALANCES (DEFICITS)							
Nonspendable	1,082,278	-	-	-	-	608,615	1,690,893
Restricted for							
Capital projects	-	13,804,222	-	-	70,903,383	-	84,707,605
Debt service	-	-	-	3,144,903	-	-	3,144,903
Urban renewal and development	-	-	3,688,356	-	-	-	3,688,356
Other purposes	-	-	-	-	-	7,246,351	7,246,351
Unassigned	38,853,458	-	-	-	-	(3,575)	38,849,883
Total fund equity	<u>39,935,736</u>	<u>13,804,222</u>	<u>3,688,356</u>	<u>3,144,903</u>	<u>70,903,383</u>	<u>7,851,391</u>	<u>139,327,991</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 87,246,507</u>	<u>\$ 13,861,955</u>	<u>\$ 19,929,800</u>	<u>\$ 14,322,426</u>	<u>\$ 89,867,118</u>	<u>\$ 10,968,087</u>	<u>\$ 236,195,893</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total governmental funds balances		\$ 139,327,991
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 \$634,000,897 and the accumulated depreciation is \$78,523,839		555,477,058
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue.		8,470,168
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	19,102,852	
Accumulated depreciation	(11,242,766)	
Other current assets	24,671,962	
Other current liabilities	<u>(1,315,599)</u>	31,216,449
Internal service funds allocated to business-type activities		(537,497)
Pension, OPEB and advance refunding related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	11,407,238	
Deferred inflows of resources	<u>(1,169,755)</u>	10,237,483
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	(5,147,921)	
Other postemployment benefits payable	(3,035,264)	
Net pension liability	(31,845,871)	
Accrued interest payable	(572,149)	
Notes from direct borrowings and direct placements	(608,615)	
General obligation bonds payable	(198,315,000)	
Premium on bonds payable	(13,247,591)	
Discount on bonds payable	25,276	
Installment contracts	<u>(2,982,029)</u>	<u>(255,729,164)</u>
Net position of governmental activities		<u>\$ 488,462,488</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 39,384,178	\$ -	\$ 17,702,649	\$ 10,444,937	\$ -	\$ 7,162,702	\$ 74,694,466
Other City taxes	5,134,313	-	-	101,001	-	2,496,317	7,731,631
Special assessments	-	-	-	-	135,216	-	135,216
Licenses and permits	2,198,311	-	-	-	-	-	2,198,311
Intergovernmental	5,881,935	8,258,530	474,602	468,476	1,786,146	1,262,992	18,132,681
Charges for services	6,549,407	-	-	-	-	-	6,549,407
Use of money and property	1,955,623	-	358,974	171,870	121,383	338,827	2,946,677
Miscellaneous	1,046,810	-	-	-	356,114	590,634	1,993,558
Total revenues	<u>62,150,577</u>	<u>8,258,530</u>	<u>18,536,225</u>	<u>11,186,284</u>	<u>2,398,859</u>	<u>11,851,472</u>	<u>114,381,947</u>
EXPENDITURES							
Current operating							
Public safety	27,151,815	-	-	-	-	2,810,683	29,962,498
Public works	9,790,889	700,940	-	-	-	-	10,491,829
Health and social services	995,345	-	-	-	-	266,779	1,262,124
Culture and recreation	9,322,254	-	-	-	-	141,182	9,463,436
Community and economic development	5,532,041	-	2,062,652	-	-	849,949	8,444,642
General government	9,852,201	-	-	-	-	-	9,852,201
Debt service							
Principal	71,476	164,639	-	19,480,000	318,080	16,385	20,050,580
Interest and other charges	87,478	-	-	6,272,549	349,170	4,753	6,713,950
Capital outlay	-	-	-	-	56,782,109	-	56,782,109
Total expenditures	<u>62,803,499</u>	<u>865,579</u>	<u>2,062,652</u>	<u>25,752,549</u>	<u>57,449,359</u>	<u>4,089,731</u>	<u>153,023,369</u>
Excess (deficiency) of revenues over expenditures	<u>(652,922)</u>	<u>7,392,951</u>	<u>16,473,573</u>	<u>(14,566,265)</u>	<u>(55,050,500)</u>	<u>7,761,741</u>	<u>(38,641,422)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	6,050,636	-	-	14,718,583	14,903,860	253,263	35,926,342
Transfers out	(6,324,426)	(7,435,955)	(17,727,467)	-	(2,652,098)	(6,352,613)	(40,492,559)
Issuance of direct borrowings and placements	-	-	-	-	-	621,783	621,783
Issuance of bonds	-	-	-	-	33,075,000	-	33,075,000
Premium on issuance of bonds	-	-	-	-	3,574,555	-	3,574,555
Discount on issuance of bonds	-	-	-	-	(28,886)	-	(28,886)
Proceeds from sale of capital assets	86,851	-	-	-	-	-	86,851
Total other financing sources (uses)	<u>(186,939)</u>	<u>(7,435,955)</u>	<u>(17,727,467)</u>	<u>14,718,583</u>	<u>48,872,431</u>	<u>(5,477,567)</u>	<u>32,763,086</u>
NET CHANGE IN FUND BALANCES	(839,861)	(43,004)	(1,253,894)	152,318	(6,178,069)	2,284,174	(5,878,336)
FUND BALANCES , beginning of year as restated	40,775,597	13,847,226	4,942,250	2,992,585	77,081,452	5,567,217	145,206,327
FUND BALANCES , end of year	<u>\$ 39,935,736</u>	<u>\$ 13,804,222</u>	<u>\$ 3,688,356</u>	<u>\$ 3,144,903</u>	<u>\$ 70,903,383</u>	<u>\$ 7,851,391</u>	<u>\$ 139,327,991</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Net change in fund balances—governmental funds \$ (5,878,336)

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	42,702,905
Depreciation	(4,175,023)

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	(4,055,316)
Book value of capital assets disposed	(6,646)

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	(119,431)
Grants	7,521,282

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

Total OPEB liability	(159,328)
Compensated absences	(266,928)
Pension expense	(599,272)

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	19,480,000
Installment contracts	554,195
Direct borrowings and direct placements	16,385
Acquisition of installment loan	(2,383,748)
Interest	(64,786)
Issuance of long-term debt	(37,245,669)
Amortization of bond premium	1,372,022
Amortization of bond discount	(3,611)
Advance refunding	(9,432)

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	\$ 18,072,598
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City of West Des Moines, Iowa
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
June 30, 2019

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	\$ 39,667,697	\$ 7,919,464	\$ 313,111	\$ 1,124,863	\$ 263,207	\$ 49,288,342	\$ 24,555,859
Receivables							
Accounts and unbilled usage	2,693,400	726,453	-	58,292	506,391	3,984,536	26,861
Interest	219,678	42,627	-	-	-	262,305	69,676
Promises to give	-	-	-	2,360,410	-	2,360,410	-
Advance due from other funds	825,000	-	-	-	-	825,000	-
Due from other governments	-	-	102,124	-	-	102,124	19,566
Total current assets	<u>43,405,775</u>	<u>8,688,544</u>	<u>415,235</u>	<u>3,543,565</u>	<u>769,598</u>	<u>56,822,717</u>	<u>24,671,962</u>
Noncurrent assets:							
Advance due from other funds	12,505,000	-	-	-	-	12,505,000	-
Capital assets							
Nondepreciable							
Land	725,445	488,733	-	2,496,001	-	3,710,179	-
Construction-in-progress	4,443,245	16,313,251	-	715,825	-	21,472,321	-
Depreciable							
Equipment and vehicles	581,888	80,000	5,796,291	-	-	6,458,179	19,102,852
Intangibles	23,525	23,525	2,488,593	-	-	2,535,643	-
Improvements other than buildings	-	-	557,247	-	-	557,247	-
Infrastructure	99,707,620	62,403,244	-	-	-	162,110,864	-
Accumulated depreciation	(42,050,613)	(7,799,916)	(5,941,385)	-	-	(55,791,914)	(11,242,766)
Net capital assets	<u>63,431,110</u>	<u>71,508,837</u>	<u>2,900,746</u>	<u>3,211,826</u>	<u>-</u>	<u>141,052,519</u>	<u>7,860,086</u>
Total assets	<u>119,341,885</u>	<u>80,197,381</u>	<u>3,315,981</u>	<u>6,755,391</u>	<u>769,598</u>	<u>210,380,236</u>	<u>32,532,048</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	106,977	93,547	436,772	-	-	637,296	-
OPEB related deferred outflows	12,999	9,571	30,951	-	-	53,521	-
Total deferred outflows	<u>119,976</u>	<u>103,118</u>	<u>467,723</u>	<u>-</u>	<u>-</u>	<u>690,817</u>	<u>-</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Business-type Activities Enterprise Funds						
	Sewer System	Storm Water System	Westcom	MidAmerican Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
LIABILITIES							
Current							
Accounts payable	\$ 335,586	\$ 939,443	\$ 35,328	\$ 29,886	\$ 55,476	\$ 1,395,719	\$ 173,233
Claims payable	-	-	-	-	-	-	1,142,366
Accrued wages payable	27,362	24,899	99,635	-	-	151,896	-
Note payable	-	-	127,849	-	-	127,849	-
Compensated absences	82,470	79,682	91,167	-	-	253,319	-
Due to other funds	13,574,336	1,063,569	-	-	-	14,637,905	-
Advance due to other funds	-	825,000	-	-	-	825,000	-
Total current liabilities	14,019,754	2,932,593	353,979	29,886	55,476	17,391,688	1,315,599
Noncurrent							
Advance due to other funds	-	12,505,000	-	-	-	12,505,000	-
Note payable	-	-	195,145	-	-	195,145	-
Compensated absences	50,001	11,041	39,072	-	-	100,114	-
Total OPEB liability	84,693	62,363	201,662	-	-	348,718	-
Net pension liability	531,126	478,544	1,297,781	-	-	2,307,451	-
Total noncurrent liabilities	665,820	13,056,948	1,733,660	-	-	15,456,428	-
Total liabilities	14,685,574	15,989,541	2,087,639	29,886	55,476	32,848,116	1,315,599
DEFERRED INFLOWS OF RESOURCES							
Pension related deferred inflows	119,746	99,967	80,648	-	-	300,361	-
OPEB related deferred inflows	544	400	1,295	-	-	2,239	-
Total deferred inflows of resources	120,290	100,367	81,943	-	-	302,600	-
NET POSITION							
Net investment in capital assets	63,431,110	71,508,837	1,426,528	3,211,826	-	139,578,301	7,860,086
Restricted by other entities	-	-	720,867	-	-	720,867	-
Restricted for capital improvements	1,341,406	-	-	3,513,679	-	4,855,085	-
Unrestricted	39,883,481	(7,298,246)	(533,273)	-	714,122	32,766,084	23,356,363
Total net position	104,655,997	64,210,591	1,614,122	6,725,505	714,122	177,920,337	31,216,449
Total liabilities, deferred inflows of resources, and net position	\$119,461,861	\$ 80,300,499	\$ 3,783,704	\$ 6,755,391	\$ 769,598	\$211,071,053	\$ 32,532,048

Total enterprise funds net position

\$177,920,337

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.

537,497

Net position of business-type activities

\$178,457,834

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUNDS
Year Ended June 30, 2019

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	\$ 11,226,789	\$ 2,909,546	\$ 3,418,747	\$ -	\$ 2,039,811	\$ 19,594,893	\$ 7,812,913
Lease revenue	-	-	-	-	-	-	1,919,320
Other	-	13,990	982,076	-	-	996,066	560,121
Total operating revenues	<u>11,226,789</u>	<u>2,923,536</u>	<u>4,400,823</u>	<u>-</u>	<u>2,039,811</u>	<u>20,590,959</u>	<u>10,292,354</u>
OPERATING EXPENSES							
Cost of sales and services	4,428,739	1,846,585	4,379,750	98,759	2,049,135	12,802,968	8,902,151
Depreciation	2,012,919	1,260,843	884,155	-	-	4,157,917	1,618,996
Total operating expenses	<u>6,441,658</u>	<u>3,107,428</u>	<u>5,263,905</u>	<u>98,759</u>	<u>2,049,135</u>	<u>16,960,885</u>	<u>10,521,147</u>
Operating income (loss)	<u>4,785,131</u>	<u>(183,892)</u>	<u>(863,082)</u>	<u>(98,759)</u>	<u>(9,324)</u>	<u>3,630,074</u>	<u>(228,793)</u>
NONOPERATING REVENUES (EXPENSES)							
Investment earnings	885,969	509,836	1,641	32,931	19,760	1,450,137	1,050,089
Interest revenue (expense)	116,250	(116,250)	(16,845)	-	-	(16,845)	-
Payments to WRA	(4,257,956)	-	-	-	-	(4,257,956)	-
Gain (loss) on sale/transfer of capital assets	10,508	-	(1,960)	-	-	8,548	238,985
Total nonoperating revenues (expenses)	<u>(3,245,229)</u>	<u>393,586</u>	<u>(17,164)</u>	<u>32,931</u>	<u>19,760</u>	<u>(2,816,116)</u>	<u>1,289,074</u>
Income (loss) before contributions and transfers	<u>1,539,902</u>	<u>209,694</u>	<u>(880,246)</u>	<u>(65,828)</u>	<u>10,436</u>	<u>813,958</u>	<u>1,060,281</u>
OTHER FINANCING SOURCES (USES)							
Capital contributions	1,273,789	4,740,368	-	2,499,850	-	8,514,007	-
Transfers in	281,371	1,674,642	18,236	4,291,483	-	6,265,732	311,000
Transfers out	(1,655,533)	(354,982)	-	-	-	(2,010,515)	-
Total other financing sources and uses	<u>(100,373)</u>	<u>6,060,028</u>	<u>18,236</u>	<u>6,791,333</u>	<u>-</u>	<u>12,769,224</u>	<u>311,000</u>
Change in net position	<u>1,439,529</u>	<u>6,269,722</u>	<u>(862,010)</u>	<u>6,725,505</u>	<u>10,436</u>	<u>13,583,182</u>	<u>1,371,281</u>
Total net position, beginning of year, as restated	<u>103,216,468</u>	<u>57,940,869</u>	<u>2,476,132</u>	<u>-</u>	<u>703,686</u>	<u>164,337,155</u>	<u>29,845,168</u>
Total net position, end of year	<u>\$ 104,655,997</u>	<u>\$ 64,210,591</u>	<u>\$ 1,614,122</u>	<u>\$ 6,725,505</u>	<u>\$ 714,122</u>	<u>\$ 177,920,337</u>	<u>\$ 31,216,449</u>

Change in net position \$ 13,583,182

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 \$ 13,561,129

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City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
Year Ended June 30, 2019

	Business-Type Activities						Internal Service Funds
	Enterprise Funds						
	Sewer System	Storm Water System	Westcom	MidAmerican Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 11,310,707	\$ 2,831,740	\$ 4,298,699	\$ -	\$ 1,998,446	\$ 20,439,592	\$ 2,342,776
Receipts from interfund charges	-	-	-	-	-	-	7,925,824
Payments to suppliers	(3,848,757)	(2,070,659)	(1,843,781)	(127,165)	(2,166,777)	(10,057,139)	(1,291,824)
Payments to WRA	(4,257,956)	-	-	-	-	(4,257,956)	-
Payments to claimants	-	-	-	-	-	-	(7,098,617)
Payments to employees	(808,874)	(714,881)	(1,340,345)	-	-	(2,864,100)	-
Payments to interfund	(195,029)	(159,264)	(6,394)	-	-	(360,687)	-
Net cash provided (used) by operating activities	2,200,091	(113,064)	1,108,179	(127,165)	(168,331)	2,899,710	1,878,159
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments from other funds	10,076,785	8,563,569	-	-	-	18,640,354	-
Payments to other funds	(7,500,000)	(486,250)	-	-	-	(7,986,250)	-
Transfers in	281,371	1,674,642	18,236	4,291,483	-	6,265,732	311,000
Transfers out	(1,655,533)	(354,982)	-	-	-	(2,010,515)	-
Net cash provided by noncapital financing activities	1,202,623	9,396,979	18,236	4,291,483	-	14,909,321	311,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(3,635,483)	(10,224,134)	(1,225,683)	(3,211,826)	-	(18,297,126)	(2,784,703)
Capital contributions	266,031	148,570	-	139,440	-	554,041	-
Principal and interest payments	-	-	(137,000)	-	-	(137,000)	-
Proceeds (loss) from disposal of capital assets	10,508	-	(1,960)	-	-	8,548	36,287
Net cash provided (used) by capital and related financing activities	(3,358,944)	(10,075,564)	(1,364,643)	(3,072,386)	-	(17,871,537)	(2,748,416)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	672,782	496,034	1,641	32,931	19,760	1,223,148	961,024
Purchase of investment securities	(30,272,042)	(5,874,088)	-	-	-	(36,146,130)	(9,601,526)
Proceeds from maturity of investment securities	29,531,877	5,730,464	-	-	-	35,262,341	9,366,765
Net cash provided (used) by investing activities	(67,383)	352,410	1,641	32,931	19,760	339,359	726,263
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,613)	(439,239)	(236,587)	1,124,863	(148,571)	276,853	167,006
CASH AND CASH EQUIVALENTS, beginning of year as restated	1,365,019	921,742	549,698	-	411,778	3,248,237	12,232,724
CASH AND CASH EQUIVALENTS, end of year	\$ 1,341,406	\$ 482,503	\$ 313,111	\$ 1,124,863	\$ 263,207	\$ 3,525,090	\$ 12,399,730

See Notes to Basic Financial Statements.

Business-Type Activities
Enterprise Funds

	Sewer System	Storm Water System	Westcom	MidAmerican Energy RecPlex	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS)							
TO NET CASH PROVIDED (USED) BY							
OPERATING ACTIVITIES							
Operating income (loss)	\$ 4,785,131	\$ (183,892)	\$ (863,082)	\$ (98,759)	\$ (9,324)	\$ 3,630,074	\$ (228,793)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	2,012,919	1,260,843	884,155	-	-	4,157,917	1,618,996
Payments to WRA	(4,257,956)	-	-	-	-	(4,257,956)	-
Change in assets and liabilities							
Receivables	83,918	(91,796)	(102,124)	(58,292)	(41,365)	(209,659)	(16,104)
Accounts payable	(446,483)	(1,109,128)	35,328	29,886	(117,642)	(1,608,039)	106,382
Claims payable	-	-	-	-	-	-	397,678
Compensated absences and accrued wages payable	(5,904)	(7,023)	40,239	-	-	27,312	-
Net pension liability and related deferred outflows of resources and deferred inflows of resources	8,135	7,401	941,657	-	-	957,193	-
OPEB liability and related deferred outflows of resources	20,331	10,531	172,006	-	-	202,868	-
Net cash provided (used) by operating activities	<u>\$ 2,200,091</u>	<u>\$ (113,064)</u>	<u>\$ 1,108,179</u>	<u>\$ (127,165)</u>	<u>\$ (168,331)</u>	<u>\$ 2,899,710</u>	<u>\$ 1,878,159</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION							
Cash and investments	\$ 39,667,697	\$ 7,919,464	\$ 313,111	\$ 1,124,863	\$ 263,207	\$ 49,288,342	\$ 24,555,859
Less items not meeting the definition of cash equivalents	(38,326,291)	(7,436,961)	-	-	-	(45,763,252)	(12,156,129)
Cash and cash equivalents at end of year	<u>\$ 1,341,406</u>	<u>\$ 482,503</u>	<u>\$ 313,111</u>	<u>\$ 1,124,863</u>	<u>\$ 263,207</u>	<u>\$ 3,525,090</u>	<u>\$ 12,399,730</u>
SCHEDULE OF NONCASH ITEMS							
Capital and related financing activities							
Donated construction by developers	\$ 565,107	\$ 910,435	\$ -	\$ -	\$ -	\$ 1,475,542	\$ -
Donated construction from other funds	\$ 409,983	\$ 3,674,717	\$ -	\$ -	\$ -	\$ 4,084,700	\$ -
Investing activities						\$ -	
Change in fair market value of investments	\$ 230,450	\$ 44,717	\$ -	\$ -	\$ -	\$ 275,167	\$ 73,093

City of West Des Moines, Iowa
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2019

ASSETS

Cash and investments	\$ 682,164
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LIABILITIES

Accounts payable	\$ 682,164
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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). During the current fiscal year, the City began 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, there are no component units, organizations or agencies which should be included in these basic financial statements.

Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Accounting (continued)

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

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

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

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.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Accounting (continued)

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 net position and changes in net position held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Measurement Focus and Basis of Accounting

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 2019, the date at which a lien attaches, based on the 2018 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 2018 tax levy is budgeted and levied for fiscal year 2020, the revenue from this tax levy has been deferred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019 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, 2017, assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019, and reflects tax asking contained in the budget certified to the County Board of Supervisors in February 2018.

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 the construction on the MidAmerican Energy RecPlex. Approximately \$335,000 of the \$2,360,410 receivable at June 30, 2019 is expected to be received with one year. The entire balance is expected to be received in ten years.

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)

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.

Prepays: consists of software maintenance, support, and warranty extending beyond the current fiscal year end.

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

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

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

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

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

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

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

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

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

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)

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:

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.

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".

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)

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, 2019, 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 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 Equity: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the highest level of decision-making authority. The City Council is the highest level of decision-making authority and can, through ordinance or resolution approved prior to fiscal year end, commit fund balance. For the purpose of financial commitments, ordinances and resolutions are equally binding. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts. At this time no amounts have been committed by the City Council.

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)

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, 2019, the City had \$61,181,186 in unspent debt proceeds available for projects. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$13,804,222 for road construction projects, \$2,584,635 for retirement benefits, and \$4,139,747 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, 2019, the City's cash and investments were as follows:

Cash and investments, statement of net position	\$124,564,830
Restricted cash and investments	82,935,940
Cash and investments, fiduciary funds	<u>682,164</u>
	<u>\$208,182,934</u>

As of June 30, 2019, the City had investments in U.S. Agency coupon securities with a fair value of \$34,811,831. The City categorized its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. All of the City's investments in U.S. Agency coupon securities are valued using significant other observable inputs (level 2 inputs). There have been no changes in valuation methodologies at June 30, 2019 compared to June 30, 2018.

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

NOTE 2 CASH AND INVESTMENTS (continued)

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, \$14,965,170 of the fair value will mature. An additional \$7,597,127 will mature between 13 and 24 months. The remaining \$12,249,534 will mature between 25 and 60 months.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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 \$34,811,831 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, 2019, 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, 2019:

	Balance beginning of year (as Restated)	Additions	Deletions	Transfers	Balance end of year
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 23,908,175	\$ 4,899,788	\$ -	\$ -	\$ 28,807,963
Infrastructure	394,191,661	11,852,252	35,153	-	406,008,760
Construction-in-progress	46,093,481	50,380,436	29,747,922	(4,084,700)	62,641,295
Intangibles	15,574,850	-	-	-	15,574,850
Total capital assets, not being depreciated	479,768,167	67,132,476	29,783,075	(4,084,700)	513,032,868
Capital assets, being depreciated					
Buildings	53,126,968	4,140,729	308,868	-	56,958,829
Equipment and vehicles	23,250,142	3,771,057	1,953,810	29,384	25,096,773
Fiber network	5,159,190	-	-	-	5,159,190
Intangibles	1,204,722	130,574	32,529	-	1,302,767
Improvements other than buildings	50,725,307	828,016	-	-	51,553,323
Total capital assets, being depreciated	133,466,329	8,870,376	2,295,207	29,384	140,070,882
Less accumulated depreciation for					
Buildings	29,842,568	1,842,334	44,415	-	31,640,487
Equipment and vehicles	15,517,298	2,042,014	1,712,921	6,648	15,853,039
Fiber network	2,823,154	257,960	-	-	3,081,114
Intangibles	627,223	167,689	32,529	-	762,383
Improvements other than buildings	36,945,560	1,484,023	-	-	38,429,583
Total accumulated depreciation	85,755,803	5,794,020	1,789,865	6,648	89,766,606
Total capital assets, being depreciated, net	47,710,526	3,076,356	505,342	22,736	50,304,276
Governmental activities, capital assets net	\$ 527,478,693	\$ 70,208,832	\$ 30,288,417	\$ (4,061,964)	\$ 563,337,144

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

NOTE 3 CAPITAL ASSETS (continued)

	Balance beginning of year (as Restated)	Additions	Deletions	Transfers	Balance end of year
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 413,178	\$ 3,297,001	\$ -	\$ -	\$ 3,710,179
Construction-in-progress	15,320,011	18,216,634	16,149,024	4,084,700	21,472,321
Total capital assets, not being depreciated	15,733,189	21,513,635	16,149,024	4,084,700	25,182,500
Capital assets, being depreciated					
Equipment and Vehicles	6,811,447	43,173	367,057	(29,384)	6,458,179
Intangibles	2,424,730	110,913	-	-	2,535,643
Improvements Other than Buildings	557,247	-	-	-	557,247
Sanitary and storm sewer system	148,902,966	13,207,898	-	-	162,110,864
Total capital assets, being depreciated	158,696,390	13,361,984	367,057	(29,384)	171,661,933
Less accumulated depreciation for					
Equipment and Vehicles	4,363,939	448,616	365,097	(6,646)	4,440,812
Intangibles	1,019,997	485,307	-	-	1,505,304
Improvements Other than Buildings	334,348	37,150	-	-	371,498
Sanitary and storm sewer system	46,287,455	3,186,845	-	-	49,474,300
Total accumulated depreciation	52,005,739	4,157,918	365,097	(6,646)	55,791,914
Total capital assets, being depreciated, net	106,690,651	9,204,066	1,960	(22,738)	115,870,019
Business-type activities, capital assets, net	\$ 122,423,840	\$ 30,717,701	\$ 16,150,984	\$ 4,061,962	\$ 141,052,519

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

Governmental Activities

Public Safety	\$ 1,733,283
Health and social services	125,862
Culture and recreation	1,627,646
Public works	1,320,599
General government	803,464
Community and economic development	183,166
Total	\$ 5,794,020

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

NOTE 4 BONDED AND OTHER DEBT

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2019:

	<u>Balance June 30, 2018</u>	<u>Increases & Issues</u>	<u>Decreases & Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due within one year</u>
Governmental activities					
General obligation bonds	\$ 195,765,057	\$ 36,620,669	\$ 20,848,411	\$ 211,537,315	\$ 15,090,000
Notes from direct borrowings and direct placements	-	625,000	16,385	608,615	33,016
Installment contracts	2,106,716	1,429,508	554,195	2,982,029	625,670
Compensated absences	4,880,993	5,147,921	4,880,993	5,147,921	3,017,949
Total governmental activities	<u>202,752,766</u>	<u>43,823,098</u>	<u>26,299,984</u>	<u>220,275,880</u>	<u>18,766,635</u>
Business-type activities					
Equipment note payable	443,149	-	120,155	322,994	127,849
Compensated absences	358,835	353,433	358,835	353,433	253,319
Total business-type activities	<u>801,984</u>	<u>353,433</u>	<u>478,990</u>	<u>676,427</u>	<u>381,168</u>
Total long-term debt	<u>\$ 203,554,750</u>	<u>\$ 44,176,531</u>	<u>\$ 26,778,974</u>	<u>\$ 220,952,307</u>	<u>\$ 19,147,803</u>

Bonds were sold at a net premium; unamortized net premium at June 30, 2019 totaled \$13,222,317.

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

NOTE 4 BONDED AND OTHER DEBT (continued)

General Obligation Bonds/Notes: General obligation bonds outstanding as of June 30, 2019, consist of the following individual issues:

Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally issued	Amount Outstanding June 30, 2019
03/04/2010	2.000-4.250	June 2020	\$ 780,000 - \$4,140,000	\$ 31,450,000	\$ 780,000
06/29/2010	3.000	June 2020	685,000 - 845,000	7,000,000	845,000
08/10/2011	2.000-3.500	June 2025	500,000 - 1,215,000	6,900,000	2,775,000
05/01/2012	5.000	June 2021	560,000 - 1,945,000	11,355,000	1,430,000
06/27/2012	2.000-3.000	June 2026	250,000 - 655,000	7,520,000	4,190,000
08/21/2013	2.000-3.100	June 2024	250,000 - 1,080,000	4,385,000	1,465,000
09/11/2014	2.000-5.000	June 2026	820,000 - 1,055,000	13,375,000	6,530,000
04/07/2015	2.000-3.100	June 2029	240,000 - 2,195,000	21,755,000	19,400,000
04/07/2015	2.000-2.800	June 2025	875,000 - 1,660,000	12,715,000	9,370,000
04/07/2015	2.000	June 2020	615,000 - 955,000	3,410,000	615,000
06/15/2016	2.000-5.000	June 2026	690,000 - 3,260,000	9,225,000	4,620,000
06/15/2016	2.000-5.000	June 2031	555,000 - 1,495,000	13,855,000	11,015,000
11/16/2016	2.000-4.000	June 2026	100,000 - 840,000	7,200,000	5,595,000
11/16/2016	2.000-4.000	June 2030	100,000 - 1,025,000	10,700,000	9,765,000
08/22/2017	2.000-3.000	June 2029	435,000 - 2,320,000	7,650,000	4,895,000
08/22/2017	2.000-4.000	June 2024	615,000 - 735,000	4,665,000	3,405,000
08/22/2017	2.125-5.000	June 2032	535,000 - 850,000	9,130,000	9,130,000
08/22/2017	3.000-5.000	June 2036	100,000 - 2,125,000	25,555,000	25,555,000
08/22/2017	2.000-5.000	June 2029	240,000 - 385,000	3,470,000	3,230,000
06/13/2018	3.000-5.000	June 2030	430,000 - 2,100,000	8,110,000	6,010,000
06/13/2018	3.000-5.000	June 2031	315,000 - 1,675,000	12,540,000	12,540,000
06/13/2018	3.000-5.000	June 2037	100,000 - 485,000	6,155,000	6,155,000
06/13/2018	2.700-5.000	June 2036	250,000 - 1,455,000	15,925,000	15,925,000
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	5,105,000
06/20/2019	5.000	June 2025	970,000 - 1,170,000	5,320,000	5,320,000
				<u>\$ 287,120,000</u>	<u>\$ 198,315,000</u>

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, 2019 was \$987,836.

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 \$636,160.

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

NOTE 4 BONDED AND OTHER DEBT (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, 2019 was \$1,358,033.

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, 2019 was \$322,994.

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 \$608,615.

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

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2019, are as follows:

	<u>Governmental Activities</u>						<u>Business-Type Activities</u>	
	<u>Notes from Direct Borrowings</u>						<u>Note Payable</u>	
	<u>General Obligation Bonds</u>		<u>and Direct Placements</u>		<u>Installment Contracts</u>			
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	15,090,000	6,875,072	33,016	6,004	625,671	19,085	127,849	9,151
2021	14,000,000	6,396,598	33,347	5,673	840,096	9,542	132,397	4,604
2022	17,775,000	5,887,849	33,681	5,339	593,492	-	62,748	496
2023	20,675,000	5,195,990	34,019	5,001	593,492	-	-	-
2024	20,990,000	4,397,465	34,360	4,660	164,639	-	-	-
2025 - 2029	73,940,000	11,847,746	177,037	18,063	164,639	-	-	-
2030 - 2034	27,400,000	3,416,244	186,091	9,009	-	-	-	-
2035 - 2037	8,445,000	422,761	77,062	965	-	-	-	-
	<u>\$ 198,315,000</u>	<u>\$ 44,439,725</u>	<u>\$ 608,615</u>	<u>\$ 54,714</u>	<u>\$ 2,982,029</u>	<u>\$ 28,627</u>	<u>\$ 322,994</u>	<u>\$ 14,251</u>

Legal debt margin: As of June 30, 2019, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Actual valuation, net of military exemption *	\$ 7,931,184,722
Debt limit, 5% of total actual valuation	396,559,236
Debt applicable to debt limit	
General obligation bonds	198,315,000
Notes from direct borrowings & direct placement	608,615
Note payable	322,994
Installment contracts	<u>2,982,029</u>
Legal debt margin	<u>\$ 194,330,598</u>

* 100% of assessed valuation including TIF increment

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

NOTE 5 FUND BALANCES

The following fund had a deficit fund balance as of June 30, 2019:

Dallas County Local Housing Trust Fund \$ (3,575)

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

As of June 30, 2019, fund balances were composed of the following:

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Nonspendable:							
Inventories and loan receivable	\$ 1,082,278	\$ -	\$ -	\$ -	\$ -	\$ 608,615	\$ 1,690,893
Restricted for:							
Road and street projects	-	13,804,222	-	-	-	-	13,804,222
Tax rebates and urban renewal projects	-	-	3,688,356	-	-	-	3,688,356
Debt service	-	-	-	3,144,903	-	-	3,144,903
General obligation bond projects	-	-	-	-	70,903,383	-	70,903,383
Public safety pension	-	-	-	-	-	2,576,119	2,576,119
Employee insurance benefits	-	-	-	-	-	8,516	8,516
Economic development	-	-	-	-	-	451,391	451,391
General housing assistance	-	-	-	-	-	489,326	489,326
Elderly housing assistance	-	-	-	-	-	222,969	222,969
Child care and medical clinic	-	-	-	-	-	108,274	108,274
Parks operations and projects	-	-	-	-	-	41,828	41,828
Raccoon River quarry conservation	-	-	-	-	-	512,282	512,282
Public art	-	-	-	-	-	550,410	550,410
Adult softball field maintenance and improvements	-	-	-	-	-	115,116	115,116
Jordan Cemetery maintenance	-	-	-	-	-	407,892	407,892
Library operations and programs	-	-	-	-	-	271,810	271,810
Suburban Emergency Response Team	-	-	-	-	-	8,468	8,468
Police Operations	-	-	-	-	-	304,392	304,392
Community Development Block Grant	-	-	-	-	-	36,175	36,175
LOST-Property Tax Reduction	-	-	-	-	-	196,237	196,237
LOST-Other City Uses	-	-	-	-	-	945,146	945,146
Total restricted fund balance	-	13,804,222	3,688,356	3,144,903	70,903,383	7,246,351	98,787,215
Unrestricted	38,853,458	-	-	-	-	(3,575)	38,849,883
Total fund balance	\$ 39,935,736	\$ 13,804,222	\$ 3,688,356	\$ 3,144,903	\$ 70,903,383	\$ 7,851,391	\$ 139,327,991

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, 2019 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Major Governmental Fund, General	Major Proprietary Fund, Sewer	\$ 13,574,336
Major Governmental Fund, General	Major Proprietary Fund, Stormwater	\$ 1,063,569
Major Governmental Fund, General	Nonmajor Governmental Fund, CDBG	<u>73,613</u>
Total		\$ <u>14,711,518</u>
<u>Advance From Fund</u>	<u>Advance To Fund</u>	
Major Proprietary Fund, Sewer	Major Proprietary Fund, Storm Water	\$ <u>13,330,000</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	\$ 6,050,636	\$ 6,324,426
Special Revenue Funds	-	-
Road Use Tax	-	7,435,955
Tax Increment Financing	-	17,727,467
Debt Services	14,718,583	-
Capital Projects	14,903,860	2,652,098
Major Enterprise Funds		
Sewer System	281,371	1,655,533
Storm Water System	1,674,642	354,982
Westcom	18,236	-
RecPlex	4,291,483	-
Non-major Governmental Funds	253,263	6,352,613
Internal Service Funds		
Technology Replacement	300,000	-
Vehicle Replacement	11,000	-
Total	<u>\$ 42,503,074</u>	<u>\$ 42,503,074</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

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.

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.

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)

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 2019, 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 6.81% of pay and the City contributed 10.21% for a total rate of 17.02%.

The City's total contributions to IPERS for the year ended June 30, 2019 were \$2,124,433.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019 the City reported a liability of \$34,153,322 for its proportionate share of the net pension liability, of which \$14,570,418 relates to IPERS. The net pension liability was measured as of June 30, 2018 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, 2018, the City's collective proportion was 0.2302442% which was an increase of .0020035% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized total pension expense \$5,492,974 of which, \$2,369,512 relates to IPERS. At June 30, 2019, 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	\$ 88,110	\$ 356,305
Changes of assumptions	2,432,331	12,726
Net difference between projected and actual earnings on IPERS' investments	-	504,929
Changes in proportion and differences between City contributions and proportionate share of contributions	256,016	41,326
City contributions subsequent to the measurement date	2,124,433	-
	<u>\$ 4,900,890</u>	<u>\$ 915,286</u>

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 \$2,124,433 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	1,258,032
2021	683,880
2022	(104,892)
2023	26,106
2024	(1,955)
Total	\$ 1,861,171

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates used in the 2018 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:

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)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	27.0%	1.97%
Domestic Equity	22.0%	6.01%
International Equity	15.0%	6.48%
Global smart beta equity	3.0%	6.23%
Private Equity	11.0%	10.81%
Private Real Assets	7.5%	4.14%
Public Real Assets	7.0%	2.91%
Public Credit	3.5%	3.93%
Private Credit	3.0%	3.11%
Cash	1.0%	-0.25%
	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	\$ 26,840,048	\$ 14,570,418	\$ 4,281,204

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, 2019, 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.

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

NOTE 8 PENSION AND RETIREMENT SYSTEMS (continued)

Municipal Fire & Police Retirement System – MFPRSI (continued)

MFPRSI 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.

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, 2019.

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)

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 26.02% for the year ended June 30, 2019.

The City's contributions to MFPRSI for the year ended June 30, 2019 was \$2,751,800.

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, 2019.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$34,153,322 for its proportionate share of the net pension liability, of which \$19,582,904 relates to MFPRSI. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 3.289014% which was an increase of 0.131864% from its proportions measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized total pension expense of \$5,492,974, of which \$3,123,462 relates to MFPRSI. At June 30, 2019, 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	\$ 525,706	\$ 265,652
Changes of assumptions	1,672,579	156,491
Net difference between projected and actual earnings on pension plan investments	957,883	-
Changes in proportion and differences between City contributions and proportionate share of contributions	676,297	113,200
City contributions subsequent to the measurement date	2,751,800	-
Total	<u>\$ 6,584,265</u>	<u>\$ 535,343</u>

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)

\$2,751,800 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, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	1,988,541
2021	1,136,278
2022	(118,902)
2023	282,876
2024	136,136
Thereafter	(127,807)
Total	\$ 3,297,122

Actuarial Assumptions – The total pension liability in the June 30, 2018 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, 2018 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 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 beginning in 2017.

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.

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)

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	\$ 32,673,407	\$ 19,582,904	\$ 8,744,408

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, 2019, 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, 2019, 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 payment	0
Active employees	410
Total	429

Total OPEB Liability – The City’s total OPEB liability of \$3,383,982 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019.

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, 2019 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, 2019)	3.00% per annum
Rates of salary increases (effective June 30, 2019)	4.00% per annum, including inflation
Discount rate (effective June 30, 2019)	3.50% compounded annually, including inflation
Health cost trend rate (effective June 30, 2019)	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, 2019 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	\$ 2,947,547
Changes for the year:	
Service cost	162,490
Interest	118,303
Changes in benefit terms	-
Difference between expected and actual experience	285,494
Changes of assumptions	(23,635)
Benefit payments	(106,217)
Net changes	436,435
Total OPEB Liability end of year	\$ 3,383,982

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

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	\$ 3,675,731	\$ 3,383,982	\$ 3,116,617

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	\$ 3,013,147	\$ 3,383,982	\$ 3,820,746

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$326,613. At June 30, 2019, 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	\$ 262,470	\$ -
Changes of assumptions	256,904	21,729
	\$ 519,374	\$ 21,729

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

Year ending June 30,	Amount
2020	\$ 45,820
2021	45,820
2022	45,820
2023	45,820
2024	45,820
Thereafter	268,545
	\$ 497,645

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

NOTE 11 JOINT VENTURE

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

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service, and reserve requirements. Allocations are based on wastewater reclamation facility flows and adjusted prospectively for differences in budgeted flows and actual flows.

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any bonds issued during the time the entity was a participating community are still outstanding.

In May of 2015, the WRA issued Sewer Revenue Bonds Series 2015E for the purpose of refunding Series 2006A. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2019, the Series 2015E bonds had a balance of \$28,480,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$5,411,200.

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, 2019, the Series 2013B bonds had a balance of \$46,805,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$7,913,387.

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, 2019, the WRA had \$291,457,633 of such State Revolving Loans of which \$45,614,719 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, 2019, the WRA had \$2,273,887 in these State Revolving Loans of which \$77,044 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. As of December 2019, Water Works moved office facilities outside of City Hall. 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, 2019:

Received from West Des Moines Water Works	
Occupancy reimbursements	\$ 11,153
Health insurance reimbursements	483,033
Gasoline reimbursements	37,013
Telephone reimbursements	6,144
Share of general insurance	136,286
Delinquent reimbursements	1,615
Donation reimbursements	6,248
Miscellaneous reimbursements	20,773
Payments to West Des Moines Water Works	
Collection fees for sewer, solid waste, and storm water	182,263
City Hall building buyout	1,200,498
Miscellaneous fees	51,143

Amounts receivable from West Des Moines Water Works as of June 30, 2019 for sewer, storm, solid waste charges, and capital projects totaled \$2,693,400, \$726,453, \$506,391, and \$7,682,260 respectively.

Jointly governed organizations: The City participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Polk, Dallas and Warren County Assessor's Conference Boards; Metropolitan Planning Organization; Greater Des Moines Convention and Visitors Bureau. In August 2000, the City entered into a jointly governed organization with two other Des Moines suburbs for the creation of Westcom. Westcom was established as an undivided interest ownership arrangement, whereby title to assets in Westcom is held individually by the City and two other Des Moines suburbs. The City's portion of current year costs of operations and capital for the dispatch center were \$1,645,835 and \$61,002 respectively. During the current fiscal year, Westcom was restated as an enterprise fund from the general fund to improve presentation of the operation. For additional information on the conversion, refer to Note 18 on page 83.

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 \$3,217,226 and there were no capital costs.

NOTE 13 COMMITMENTS

The City has entered into contracts totaling approximately \$194 million for various projects that were not complete at year-end. As of June 30, 2019, approximately \$112 million has been incurred on these contracts.

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

NOTE 13 COMMITMENTS (continued)

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 \$9.04 million exist, of which \$1.95 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.

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, 2019. 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, 2019 were approximately \$462,287.

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

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

NOTE 14 RISK MANAGEMENT (continued)

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, 2019, no liability has been recorded in the City's financial statements. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

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

Self-insurance: The City has a self-insured medical expense reimbursement plan which provides medical benefits to its employees and to the employees of affiliates. The plan provides each covered person with unlimited lifetime maximum coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Wellmark. The uninsured risk retention per person is \$125,000 (not to exceed 125% of the aggregate expected claims of \$5,523,526 for the year ended June 30, 2019). 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, 2019 was \$4,888,697.

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, 2019, totaled \$1,142,366 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, 2019, June 30, 2018, June 30, 2017, June 30, 2016, and June 30, 2015 by \$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.

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

NOTE 14 RISK MANAGEMENT (continued)

Information on changes in the aggregate liabilities for claims is as follows:

	2019	2018
Claims payable, beginning of year	\$ 744,687	\$ 616,286
Claims recognized	6,754,810	5,891,354
Claim payments	(6,357,131)	(5,762,953)
Claims payable, end of year	\$ 1,142,366	\$ 744,687

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, 2019, there was one series of industrial development revenue bonds outstanding, with an aggregated principal amount payable of \$3,141,667.

NOTE 16 LITIGATION

Claims have been asserted against the City in the ordinary course of business with a maximum exposure of \$380,000. 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, 2019, the City rebated \$1,604,083 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, 2019 under agreements entered into by other entities.

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

NOTE 18 RESTATEMENT OF BEGINNING BALANCES

The restatement of fund balances and net assets/net position were due to the following:

During the fiscal year ended June 30, 2019, the City of West Des Moines elected to present the Westcom fund and E911 fund as one enterprise fund. Previously, Westcom was reported within the General Fund and E911 within the nonmajor governmental fund Public Safety. The change of these governmental funds to be presented as one enterprise fund constitutes a change in reporting entity and was done to improve transparency regarding the activities of each fund and to accommodate for the dispatching center's growth. Furthermore, the City of West Des Moines historically only included its respective portion of Westcom's assets on the financial statements. With the conversion of Westcom to an enterprise fund, the City has elected to present the entire net assets contained by Westcom, of which the portion not belonging to the City of West Des Moines being presented as restricted by other entities net position. The net asset balance not attributed to the City of West Des Moines represents the net asset portion of participating jurisdictions in Westcom operations.

Restatements of fund balances, net assets/net position previously reported are as follows:

Fund	Fund Balances/ Net Assets/Net Position Ending June 30, 2018 as Previously Reported	Effect of Reclassification of Westcom Fund	Fund Balances/ Net Assets/Net Position Ending June 30, 2018 as Restated
General	\$ 41,056,649	\$ (281,052)	\$ 40,775,597
Nonmajor Governmental-Public Safety	\$ 483,467	\$ (169,825)	\$ 313,642
Governmental Activities	\$ 471,218,462	\$ (828,572)	\$ 470,389,890
Major Enterprise Fund-Westcom	\$ -	\$ 2,476,132	\$ 2,476,132
Business-type Activities	\$ 162,420,573	\$ 2,476,132	\$ 164,896,705

NOTE 19 SUBSEQUENT EVENTS

On August 1, 2019, the City issued General Obligation bonds totaling \$12,625,000 to fund infrastructure and other capital projects, and \$2,485,000 to refund Series 2011A. The City also issued General Obligation bonds totaling \$15,400,000 to fund the construction of the MidAmerican Energy RecPlex.

On October 21, 2019, the City entered into an agreement with a developer regarding construction of a \$51.5 million medical office facility and parking structure. The City anticipates providing incentives to the developer in the form of property tax rebates not to exceed \$11.0 million over ten years.

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

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, 2020. 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.

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

FOR THE LAST TWO YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018
Service Cost	\$ 162,490	\$ 157,757
Interest Cost	118,303	111,053
Difference between expected and actual experience	285,494	-
Changes of assumptions	(23,635)	306,308
Benefit payments	(106,217)	(66,168)
Net change in total OPEB liability	436,435	508,950
Total OPEB liability beginning of year	2,947,547	2,438,597
Total OPEB liability end of year	\$ 3,383,982	\$ 2,947,547
Covered-employee payroll	31,244,794	26,989,124
Total OPEB Liability as a percentage of covered-employee payroll	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, 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 FIVE FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Statutorily required contribution	\$ 1,178,526	\$ 1,220,065	\$ 1,458,325	\$ 1,529,529	\$ 1,617,030	\$ 1,675,318	\$ 1,754,825	\$ 1,820,285	\$ 1,886,023	\$ 2,124,433
Contribution in the relation to the statutorily required contribution	1,178,526	1,220,065	1,458,325	1,529,529	1,617,030	1,675,318	1,754,825	1,820,285	1,886,023	2,124,433
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	16,865,755	16,524,200	17,426,384	15,827,188	16,337,805	18,379,445	19,793,111	20,057,940	20,769,182	22,220,838
Contributions as a percentage of covered payroll	6.99%	7.38%	8.37%	9.66%	9.90%	9.12%	8.87%	9.08%	9.08%	9.56%

City of West Des Moines, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM - IPERS
June 30, 2019

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 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 FIVE FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2016	2017	2018	2019
City's proportion of the net pension liability	3.126078%	3.156744%	3.194504%	3.157150%	3.289014%
City's proportionate share of the net pension liability	\$ 11,331,979	\$ 14,830,836	\$ 19,973,986	\$ 18,515,897	\$ 19,582,904
City's covered payroll	\$ 7,983,068	\$ 8,278,428	\$ 8,766,120	\$ 8,941,753	\$ 9,534,802
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%
Plan fiduciary net position as a percentage of the total pension liability	86.27%	83.04%	78.20%	80.60%	81.07%

Note: GASB Statement No. 68 required ten years to be presented in this table.

However, until a full 10-year trend is compiled, the City will present information for those years for which information was available.

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

See accompanying notes to required supplementary information.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Statutorily required contribution	\$ 1,223,912	\$ 1,445,739	\$ 1,881,373	\$ 2,023,600	\$ 2,404,500	\$ 2,517,470	\$ 2,404,016	\$ 2,317,700	\$ 2,448,537	\$ 2,751,800
Contribution in the relation to the statutorily required contribution	1,223,912	1,445,739	1,881,373	2,023,600	2,404,500	2,517,470	2,404,016	2,317,700	2,448,537	2,751,800
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	7,199,482	7,265,020	7,598,437	7,747,320	7,983,068	8,278,428	8,766,120	8,941,753	9,534,802	10,575,871
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%	26.02%

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, 2019

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
REVENUES						
Property tax	\$ 56,991,817	\$ -	\$ 56,991,817	\$ 57,066,411	\$ 57,066,411	\$ (74,594)
Tax increment financing taxes	17,702,649	-	17,702,649	17,822,026	17,822,026	(119,377)
Other City taxes	7,731,631	-	7,731,631	7,201,884	7,201,884	529,747
Special assessments	135,216	-	135,216	100,000	143,835	(8,619)
Licenses and permits	2,198,311	-	2,198,311	1,700,800	1,998,300	200,011
Intergovernmental	18,132,681	-	18,132,681	19,376,813	21,901,714	(3,769,033)
Charges for services	6,549,407	19,594,893	26,144,300	21,265,470	21,862,426	4,281,874
Use of money and property	2,946,677	1,450,137	4,396,814	906,450	1,712,000	2,684,814
Miscellaneous	1,993,558	996,066	2,989,624	12,866,800	14,211,100	(11,221,476)
Total revenues	114,381,947	22,041,096	136,423,043	138,306,654	143,919,696	(7,496,653)
EXPENDITURES/EXPENSES						
Public safety	29,962,498	-	29,962,498	34,395,188	31,697,993	1,735,495
Public works	10,491,829	-	10,491,829	10,914,333	11,460,773	968,944
Health and social services	1,262,124	-	1,262,124	1,319,541	1,348,981	86,857
Culture and recreation	9,463,436	-	9,463,436	9,931,866	10,384,230	920,794
Community and economic development	8,444,642	-	8,444,642	8,211,601	10,340,799	1,896,157
General government	9,852,201	-	9,852,201	9,948,337	12,123,083	2,270,882
Debt service	26,764,530	-	26,764,530	24,671,669	25,917,379	(847,151)
Capital outlay	56,782,109	-	56,782,109	35,964,250	105,345,862	48,563,753
Business-type	-	21,210,293	21,210,293	36,581,532	64,373,550	43,163,257
Total expenditures/expenses	153,023,369	21,210,293	174,233,662	171,938,317	272,992,650	98,758,988
Excess (deficiency) of revenues over (under) expenditures/expenses	(38,641,422)	830,803	(37,810,619)	(33,631,663)	(129,072,954)	91,262,335
OTHER FINANCING SOURCES, NET						
	32,763,086	12,769,224	45,532,310	22,305,000	35,099,830	10,432,480
Excess (deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing sources (uses)	(5,878,336)	13,583,182	7,704,846	(11,326,663)	(93,973,124)	(86,268,278)
BALANCES , beginning of year, as restated	145,206,327	164,337,155	309,543,482	195,233,313	337,363,353	
BALANCES , end of year	\$ 139,327,991	\$ 177,920,337	\$ 317,248,328	\$ 183,906,650	\$ 243,390,229	

City of West Des Moines, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2019

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 \$101,054,333. 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, 2019

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, 2019

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

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2019

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

Condition rating of the City's street subsystem

Category	OCI Range	2016		Category	PCI Range	2017		2018	
		Lane Miles	Percent of Street Network			Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Very Good	100 - 90	265	33.7%	Excellent	100 - 80	326	39.5%	331	39.6%
Good	90 - 80	245	31.1%	Good	80 - 60	278	33.7%	282	33.8%
Average	80 - 60	179	22.7%	Fair	60 - 40	155	18.8%	157	18.8%
Below Average	60 - 50	88	11.2%	Poor	40 - 20	14	1.7%	14	1.7%
Poor	50 - 25	10	1.3%	Very Poor	20 - 0	1	0.1%	1	0.1%
Failed	25 - 0	0	0.0%	Unpaved*	N/R	52	6.3%	50	6.0%
Total		787	100%			826	100%	835	100%

Overall condition index (OCI)

	2016	2017**	2018
Goal	78-80	70	70
Actual	80.0	73.0	73.0

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

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

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

Condition Categories Based on FHWA Criteria:

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

*Structures closed to traffic or scheduled for replacement

Overall condition index (OCI)

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

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2019

Levee Condition by Category as of the Last Assessment

Condition Categories Based on the Army Corp. Criteria

OCI Range	2016		2017		2018	
	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected
	Acceptable	43	93.5%	43	91.5%	56
Minimally Acceptable	3	6.5%	4	8.5%	6	9.7%
Unacceptable	0	0.0%	0	0.0%	0	0.0%
	<u>46</u>	<u>100%</u>	<u>47</u>	<u>100%</u>	<u>62</u>	<u>100%</u>

Overall condition index (OCI)

	2016	2017	2018
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)

	2019	2018	2017	2016	2015	2014	2013	2012
Estimated Costs	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753	\$5,307
Actual Costs	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720	\$5,119

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**City of West Des Moines, Iowa
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2019**

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
ASSETS					
Cash and investments	\$ 2,670,258	\$ -	\$ 456,742	\$ 465,653	\$ -
Restricted cash and investments	-	-	-	221,721	108,274
Receivables					
Property taxes	2,096,666	790,525	-	-	-
Accounts	-	-	-	-	-
Interest	-	-	-	1,248	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	27,071	-
Total assets	<u>\$ 4,766,924</u>	<u>\$ 790,525</u>	<u>\$ 456,742</u>	<u>\$ 715,693</u>	<u>\$ 108,274</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 5,351	\$ 2,927	\$ -
Accrued wages payable	98,513	-	-	471	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>98,513</u>	<u>-</u>	<u>5,351</u>	<u>3,398</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Succeeding year property tax	2,092,292	782,009	-	-	-
Grants and other	-	-	-	-	-
Total deferred inflows of resources	<u>2,092,292</u>	<u>782,009</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted for					
Other purposes	2,576,119	8,516	451,391	712,295	108,274
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>2,576,119</u>	<u>8,516</u>	<u>451,391</u>	<u>712,295</u>	<u>108,274</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,766,924</u>	<u>\$ 790,525</u>	<u>\$ 456,742</u>	<u>\$ 715,693</u>	<u>\$ 108,274</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Local Option Sales Tax	Totals
\$1,590,751	\$ 277,111	\$ 314,401	\$ 30,628	\$ 37,935	\$ -	\$ 5,843,479
-	-	-	-	-	912,721	1,242,716
-	-	-	-	-	-	2,887,191
50,000	-	-	5,492	-	-	55,492
-	-	-	-	-	-	1,248
-	-	-	-	608,615	-	608,615
-	-	-	-	73,613	228,662	329,346
\$1,640,751	\$ 277,111	\$ 314,401	\$ 36,120	\$ 720,163	\$ 1,141,383	\$ 10,968,087
\$ 13,223	\$ 5,301	\$ 1,541	\$ 35,450	\$ -	\$ -	\$ 63,793
-	-	-	670	1,760	-	101,414
-	-	-	-	73,613	-	73,613
13,223	5,301	1,541	36,120	75,373	-	238,820
-	-	-	-	-	-	2,874,301
-	-	-	3,575	-	-	3,575
-	-	-	3,575	-	-	2,877,876
-	-	-	-	608,615	-	608,615
1,627,528	271,810	312,860	-	36,175	1,141,383	7,246,351
-	-	-	(3,575)	-	-	(3,575)
1,627,528	271,810	312,860	(3,575)	644,790	1,141,383	7,851,391
\$1,640,751	\$ 277,111	\$ 314,401	\$ 36,120	\$ 720,163	\$ 1,141,383	\$ 10,968,087

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, 2019

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
REVENUES					
Property taxes	\$ 2,430,305	\$ 4,732,397	\$ -	\$ -	\$ -
Other City taxes	26,629	51,852	-	-	-
Intergovernmental	115,780	225,452	-	175,466	-
Use of money and property	156,970	-	-	33,366	155
Miscellaneous	-	-	5,000	128,652	108,300
Total revenues	<u>2,729,684</u>	<u>5,009,701</u>	<u>5,000</u>	<u>337,484</u>	<u>108,455</u>
EXPENDITURES					
Current operating					
Public safety	2,756,078	-	-	-	-
Health and social services	-	-	-	266,598	181
Culture and recreation	-	-	-	-	-
Community & economic development	-	-	150,410	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,756,078</u>	<u>-</u>	<u>150,410</u>	<u>266,598</u>	<u>181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,394)</u>	<u>5,009,701</u>	<u>(145,410)</u>	<u>70,886</u>	<u>108,274</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	50,000	-	-
Transfers out	-	(5,011,369)	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(5,011,369)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(26,394)	(1,668)	(95,410)	70,886	108,274
Fund balances (deficit), beginning of year as restated	2,602,513	10,184	546,801	641,409	-
Fund balances (deficit), end of year	<u>\$ 2,576,119</u>	<u>\$ 8,516</u>	<u>\$ 451,391</u>	<u>\$ 712,295</u>	<u>\$ 108,274</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Local Option Sales Tax	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,162,702
-	-	-	-	-	2,417,836	2,496,317
-	65,826	10,000	165,385	505,083	-	1,262,992
83,906	14,850	17,621	-	4,753	27,206	338,827
254,249	18,519	26,202	45,367	4,345	-	590,634
338,155	99,195	53,823	210,752	514,181	2,445,042	11,851,472
-	-	54,605	-	-	-	2,810,683
-	-	-	-	-	-	266,779
105,565	35,617	-	-	-	-	141,182
-	-	-	213,691	485,848	-	849,949
-	-	-	-	16,385	-	16,385
-	-	-	-	4,753	-	4,753
105,565	35,617	54,605	213,691	506,986	-	4,089,731
232,590	63,578	(782)	(2,939)	7,195	2,445,042	7,761,741
120,000	-	-	4,949	78,314	-	253,263
(11,000)	(21,000)	-	(5,585)	-	(1,303,659)	(6,352,613)
-	-	-	-	621,783	-	621,783
109,000	(21,000)	-	(636)	700,097	(1,303,659)	(5,477,567)
341,590	42,578	(782)	(3,575)	707,292	1,141,383	2,284,174
1,285,938	229,232	313,642	-	(62,502)	-	5,567,217
\$ 1,627,528	\$ 271,810	\$ 312,860	\$ (3,575)	\$ 644,790	\$ 1,141,383	\$ 7,851,391

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF NET POSITION-INTERNAL SERVICE FUNDS
June 30, 2019

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
ASSETS						
Current assets:						
Cash and investments	\$ 10,098,544	\$ 88,389	\$ 9,417,402	\$ 4,548,210	\$ 403,314	\$ 24,555,859
Accounts	-	26,861	-	-	-	26,861
Interest	26,839	-	42,837	-	-	69,676
Due from other governments	-	19,566	-	-	-	19,566
Total current assets	<u>10,125,383</u>	<u>134,816</u>	<u>9,460,239</u>	<u>4,548,210</u>	<u>403,314</u>	<u>24,671,962</u>
Noncurrent assets, capital assets						
Equipment and vehicles	18,355,773	-	-	-	747,079	19,102,852
Accumulated depreciation	(11,070,870)	-	-	-	(171,896)	(11,242,766)
Total noncurrent assets	<u>7,284,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,183</u>	<u>7,860,086</u>
Total assets	<u>\$ 17,410,286</u>	<u>\$ 134,816</u>	<u>\$ 9,460,239</u>	<u>\$ 4,548,210</u>	<u>\$ 978,497</u>	<u>\$ 32,532,048</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities:						
Accounts payable	\$ 64,250	\$ 108,983	\$ -	\$ -	\$ -	\$ 173,233
Claims payable	-	-	573,587	568,779	-	1,142,366
Total current liabilities	<u>64,250</u>	<u>108,983</u>	<u>573,587</u>	<u>568,779</u>	<u>-</u>	<u>1,315,599</u>
NET POSITION						
Investment in capital assets	7,284,903	-	-	-	575,183	7,860,086
Unrestricted	10,061,133	25,833	8,886,652	3,979,431	403,314	23,356,363
Total net position	<u>\$ 17,346,036</u>	<u>\$ 25,833</u>	<u>\$ 8,886,652</u>	<u>\$ 3,979,431</u>	<u>\$ 978,497</u>	<u>\$ 31,216,449</u>
Total liabilities and net position	<u>\$ 17,410,286</u>	<u>\$ 134,816</u>	<u>\$ 9,460,239</u>	<u>\$ 4,548,210</u>	<u>\$ 978,497</u>	<u>\$ 32,532,048</u>

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2019

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
OPERATING REVENUES						
Charges for services	\$ -	\$ 1,201,018	\$ 6,322,464	\$ 289,431	\$ -	\$ 7,812,913
Lease revenue	1,919,320	-	-	-	-	1,919,320
Other	-	5,421	554,700	-	-	560,121
Total operating revenues	1,919,320	1,206,439	6,877,164	289,431	-	10,292,354
OPERATING EXPENSES						
Cost of sales and services	16,721	1,228,155	6,832,218	664,077	160,980	8,902,151
Depreciation	1,537,448	-	-	-	81,548	1,618,996
Total operating expenses	1,554,169	1,228,155	6,832,218	664,077	242,528	10,521,147
Operating income (loss)	365,151	(21,716)	44,946	(374,646)	(242,528)	(228,793)
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	463,617	-	305,386	252,839	28,247	1,050,089
Gain on sale of capital assets	238,985	-	-	-	-	238,985
Total nonoperating revenues (expenses)	702,602	-	305,386	252,839	28,247	1,289,074
Income (Loss) before transfers	1,067,753	(21,716)	350,332	(121,807)	(214,281)	1,060,281
Transfers in	11,000	-	-	-	300,000	311,000
Change in net position	1,078,753	(21,716)	350,332	(121,807)	85,719	1,371,281
Total net position, beginning of year	16,267,283	47,549	8,536,320	4,101,238	892,778	29,845,168
Total net position, ending of year	\$ 17,346,036	\$ 25,833	\$ 8,886,652	\$ 3,979,431	\$ 978,497	\$ 31,216,449

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2019

	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	\$ -	\$ 23,326	\$ 2,030,019	\$ 289,431	\$ -	\$ 2,342,776
Receipts from interfund charges	1,919,320	1,159,359	4,847,145	-	-	7,925,824
Payments from (to) suppliers	46,156	(1,177,000)	-	-	(160,980)	(1,291,824)
Payments to claimants	-	-	(6,726,819)	(371,798)	-	(7,098,617)
Net cash provided (used) by operating activities	1,965,476	5,685	150,345	(82,367)	(160,980)	1,878,159
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	11,000	-	-	-	300,000	311,000
Net cash provided (used) by noncapital financing activities	11,000	-	-	-	300,000	311,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(2,459,247)	-	-	-	(325,456)	(2,784,703)
Proceeds from disposal of capital assets	36,287	-	-	-	-	36,287
Net cash provided (used) by capital and related financing activities	(2,422,960)	-	-	-	(325,456)	(2,748,416)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	429,310	-	250,629	252,839	28,246	961,024
Purchase of investment securities	(3,698,462)	-	(5,903,064)	-	-	(9,601,526)
Proceeds from maturity of investment securities	3,608,033	-	5,758,732	-	-	9,366,765
Net cash provided (used) by investing activities	338,881	-	106,297	252,839	28,246	726,263
Net increase (decrease) in cash and cash equivalents	(107,603)	5,685	256,642	170,472	(158,190)	167,006
Cash and cash equivalents Beginning of year	5,523,664	82,704	1,687,114	4,377,738	561,504	12,232,724
End of year	\$ 5,416,061	\$ 88,389	\$ 1,943,756	\$ 4,548,210	\$ 403,314	\$ 12,399,730

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, 2019

	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)	\$ 365,151	\$ (21,716)	\$ 44,946	\$ (374,646)	\$ (242,528)	\$ (228,793)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	1,537,448	-	-	-	81,548	1,618,996
Change in assets and liabilities						
Receivables	-	(16,104)	-	-	-	(16,104)
Accounts payable & other liabilities	62,877	43,505	-	-	-	106,382
Claims payable	-	-	105,399	292,279	-	397,678
Net cash provided (used) by operating activities	<u>\$ 1,965,476</u>	<u>\$ 5,685</u>	<u>\$ 150,345</u>	<u>\$ (82,367)</u>	<u>\$ (160,980)</u>	<u>\$ 1,878,159</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION						
Cash and investments	\$ 10,098,544	\$ 88,389	\$ 9,417,402	\$ 4,548,210	\$ 403,314	\$ 24,555,859
Less items not meeting the definition of cash equivalents	(4,682,483)	-	(7,473,646)	-	-	(12,156,129)
Cash and cash equivalents at end of year	<u>\$ 5,416,061</u>	<u>\$ 88,389</u>	<u>\$ 1,943,756</u>	<u>\$ 4,548,210</u>	<u>\$ 403,314</u>	<u>\$ 12,399,730</u>
SCHEDULE OF NONCASH ITEMS						
Investing activities						
Change in fair market value of investments	\$ 28,155	\$ -	\$ 44,938	\$ -	\$ -	\$ 73,093

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2019

	Collections and Deposits	Section 125 Plan	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 553,117	\$ 129,047	\$ 682,164
LIABILITIES			
Accounts payable	\$ 553,117	\$ 129,047	\$ 682,164

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2019

<u>Collections and Deposits</u>	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
ASSETS				
Cash and investments	\$ 613,906	\$ 370,789	\$ 431,578	\$ 553,117
Total assets	\$ 613,906	\$ 370,789	\$ 431,578	\$ 553,117
LIABILITIES				
Accounts payable	\$ 21,600	\$ 418,578	\$ 434,578	\$ 5,600
Deposits and remittances due	592,306	9,015	53,804	547,517
Total liabilities	\$ 613,906	\$ 427,593	\$ 488,382	\$ 553,117
 <u>Section 125 Plan</u>				
ASSETS				
Cash and investments	\$ 105,530	\$ 363,487	\$ 339,970	\$ 129,047
Total assets	\$ 105,530	\$ 363,487	\$ 339,970	\$ 129,047
LIABILITIES				
Accounts payable	\$ 13,988	\$ 51,920	\$ 37,258	\$ 28,650
Deposits and remittances due	91,542	352,451	343,596	100,397
Total liabilities	\$ 105,530	\$ 404,371	\$ 380,854	\$ 129,047
 <u>Combined Funds</u>				
ASSETS				
Cash and investments	\$ 719,436	\$ 734,276	\$ 771,548	\$ 682,164
LIABILITIES				
Accounts payable	\$ 35,588	\$ 470,498	\$ 471,836	\$ 34,250
Deposits and remittances due	683,848	361,466	397,400	647,914
Total liabilities	\$ 719,436	\$ 831,964	\$ 869,236	\$ 682,164

See accompanying independent auditor's report.