

FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and City Council
City of West Des Moines, Iowa
West Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Des Moines, Iowa (the City), as of and for the year ended June 30, 2021, 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, the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 19 to the financial statements, in 2021 the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

As discussed in Note 20 to the financial statements, beginning net position and fund balances have been restated to report a change in reporting of an equity interest. 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 budgetary comparison, pension and other postemployment information and modified approach for infrastructure as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining fund financial statements and the schedule of expenditures of federal awards (supplementary information) 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 16, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

West Des Moines, Iowa
March 16, 2022

City of West Des Moines, Iowa

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2021

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, 2021 with selected comparative information for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is in the Introductory Section at the front of this report.

Financial Highlights

At June 30, 2021, the total assets plus deferred outflows of resources of the City exceeded total liabilities plus deferred inflows of resources by \$740 million. Of this amount, \$58 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, 2020, total assets plus deferred outflows exceeded total liabilities plus deferred inflows by \$701 million, of which \$56 million was unrestricted.

The City's total net position increased by \$39 million during the fiscal year ended June 30, 2021. Governmental activities increased by \$14 million and business-type activities increased by \$25 million. The City continues to be able to report positive balances in all three categories of net position: for the governmentwide statements, 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 \$87 million, down from \$88 million in the prior year. The unassigned portion of the City's governmental fund balance, which is available for spending at the City's discretion, totaled \$37.4 million at June 30, 2021, increasing by \$4.8 million.

The City continues to hold the highest available bond rating from Moody's Investor Services and S&P Global (Standard & Poor's). Each of the agencies cites the City's financial position and conservative fiscal management as strengths.

Overview of the Financial Statements

The discussion and analysis are 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 similar manner to private-sector business.

The *Statement of Net Position* presents information on all 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, 2021

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, solid waste operations, the MidAmerican Energy RecPlex, and the citywide digital utility enterprise.

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. The City's collection of funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds, which are described in further detail as follows:

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements and is typically the basis used in developing the next annual budget.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

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

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

The basic governmental fund financial statements can be found on pages 38 through 41 of this report.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021

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 MidAmerican Energy RecPlex fund, the major Fiber Conduit Utility 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 in custodial capacity 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 fiduciary funds 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 50 through 87 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 96 through 99 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 100 through 109 of this report.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government's financial standing. At June 30, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$744 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, 2021

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020 (As Restated)	2021	2020 (As Restated)	2021	2020 (As Restated)
Assets						
Current and other assets	\$ 211,869	\$ 210,694	\$ 46,589	\$ 48,425	\$ 258,458	\$ 259,119
Noncurrent and other assets	10,504	8,957	1,514	1,815	12,018	10,772
Capital assets, net of depreciation	640,298	627,111	225,066	164,489	865,364	791,600
Total assets	862,671	846,762	273,169	214,729	1,135,840	1,061,491
Deferred Outflows						
Pension related	16,001	11,958	239	195	16,240	12,153
Other post-employment benefits related	1,717	452	70	19	1,787	471
Advance refunding related	75	84	-	-	75	84
Total deferred outflows	17,793	12,494	309	214	18,102	12,708
Liabilities						
Current liabilities	40,906	36,572	11,604	5,535	52,510	42,107
Long-term liabilities outstanding	231,583	231,476	43,998	16,735	275,581	248,211
Total liabilities	272,489	268,048	55,602	22,270	328,091	290,318
Deferred Inflows						
Unavailable revenue, property taxes	85,139	80,300	-	-	85,139	80,300
Pension related	533	2,597	148	308	681	2,905
Other post-employment benefits related	17	19	1	1	18	20
Total deferred inflows	85,689	82,916	149	309	85,838	83,225
Net position						
Net investment in capital assets	486,143	473,484	174,201	144,093	660,344	617,577
Restricted - expendable	16,899	17,857	4,684	8,940	21,583	26,797
Unrestricted net position	19,244	16,951	38,842	39,331	58,086	56,282
Total net position	\$ 522,286	\$ 508,292	\$ 217,727	\$ 192,364	\$ 740,013	\$ 700,656

The largest portion of the City's net position (89% 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 \$42.7 million from the previous year. The increases were in support of both governmental activities and business-type activities and are indicative of the City's ongoing commitment to provide quality infrastructure assets in the community, and its effort to aggressively repay debt related to those assets.

An additional portion of the City's net position (3% of the total) represents resources that are subject to external use restrictions. These amounts fluctuate annually based on the timing of restricted revenue and completion of the restricted projects or activities. Total restricted net position decreased \$5.2 million during the fiscal year ended June 30, 2021.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021

The remaining balance of net position (8% of the total) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position increased \$1.8 million during the fiscal year ended June 30, 2021.

A summary and discussion of the City's Changes in Net Position during the fiscal years ended June 30, 2021 and 2020, is as follows:

	Changes in Net Position (in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020 (As Restated)	2021	2020 (As Restated)	2021	2020 (As Restated)
Revenues						
Program revenues:						
Charges for services	\$ 16,081	\$ 11,469	\$ 18,597	\$ 17,185	\$ 34,678	\$ 28,654
Operating grants and contributions	17,102	9,340	-	2	17,102	9,342
Capital grants and contributions	1,197	2,082	10,161	8,763	11,358	10,845
General revenues:						
Property taxes	80,048	72,600	-	-	80,048	72,600
Other taxes	12,962	17,228	-	-	12,962	17,228
Earnings on investments	544	2,784	346	1,174	890	3,958
Other	6,265	4,449	36	91	6,301	4,540
Total revenues	134,199	119,952	29,140	27,215	163,339	147,167
Expenses						
General government	12,656	12,247	-	-	12,656	12,247
Public safety	39,712	35,786	-	-	39,712	35,786
Public works	24,648	19,987	-	-	24,648	19,987
Health and social services	1,183	1,352	-	-	1,183	1,352
Culture and recreation	12,045	11,798	-	-	12,045	11,798
Community & economic development	9,115	8,329	-	-	9,115	8,329
Interest on long term debt	5,453	5,718	-	-	5,453	5,718
Sewer system	-	-	10,720	10,147	10,720	10,147
Storm water system	-	-	3,888	3,343	3,888	3,343
MidAmerican Energy RecPlex	-	-	1,354	773	1,354	773
Fiber Conduit Utility	-	-	893	-	893	-
Solid waste system	-	-	2,315	2,299	2,315	2,299
Total expenses	104,812	95,217	19,170	16,562	123,982	111,779
Increase in net position before transfers	29,387	24,735	9,970	10,653	39,357	35,388
Transfers	(15,393)	(4,905)	15,393	4,905	-	-
Increase in net position	13,994	19,830	25,363	15,558	39,357	35,388
Net position, beginning of year, as restated	508,292	488,462	192,364	176,806	700,656	665,268
Net position, end of year	\$ 522,286	\$ 508,292	\$ 217,727	\$ 192,364	\$ 740,013	\$ 700,656

Governmental Activities. Governmental revenues in the current year increased by \$14.2 million, or 11.9%. The largest contributor was capital and operating grants and contributions, which increased \$6.9 million powered largely by \$2.3 million in federal grant revenues relating to the ongoing COVID-19 pandemic, \$0.8 million additional road use tax dollars collected, \$3.3 million in additional state/local grant revenue, and an additional \$0.5 million in other contributions. The City's overall property tax revenue increased \$7.4 million (fueled by the City's overall actual valuation increase of \$718 million). This additional property tax revenue was generated from an additional \$4.0 million of Tax Increment Financing revenue, an additional \$2.5 million of general fund revenue, and an additional \$0.9 million in the debt service fund. Other taxes decreased by \$4.3 million largely because of a \$3.6 million decrease in local option sales tax and a \$0.7 million decrease in hotel/motel revenue due to the ongoing pandemic and a decrease in overall consumer travel. However, this loss was covered by a \$4.6 million increase in

City of West Des Moines, Iowa

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2021

charges for services due to \$0.8 million in additional ambulance billings, an additional \$3.4 million in permit and plan revenue, and an additional \$0.4 million in parks and recreation fees attributable to increased programming and pool admission compared to the prior year. Investment and miscellaneous earnings were down \$0.4 million from the previous fiscal year, largely due to decreasing interest rates.

Governmental expenses increased by \$9.6 million, or 10.1% from the prior fiscal year. This was largely due a \$4.7 million increase in public works and the large fluctuation in capital outlay expenses from the prior year. Public safety expenses increased by \$4.0 million due to an increase in police and fire FTE's and a corresponding increase in compensated absences, OPEB, and Pension. General government and health and social services expenses remained relatively unchanged. Community & economic development expenses increased by \$0.7 million due to additional COVID-19 relief funds made available through the federal government, culture and recreation increased by \$0.2 million primarily due to rising personnel costs, and interest on long term debt decreased by \$0.3 million due to additional amortization of bond premiums.

Business-Type Activities. Revenue received through charges for services increased by \$1.4 million due to the annual increase in service rates and the partial opening of the MidAmerican Energy RecPlex. Capital and operating grant and contribution revenues increased by \$1.4 million, or approximately 15.9%. The increase relates to contributions collected for the construction of the MidAmerican Energy RecPlex (\$0.6 million), an increase in donated subdivision to the sewer fund (\$0.4 million), additional sewer fee district collections (\$0.9 million), and a decrease in donated subdivision to the stormwater fund (\$0.5 million). Investment and other miscellaneous earnings on business cash and investments decreased by \$0.9 million (69.8%) due to decreasing balances and lower interest rates. Business-type expenses increased by \$2.6 million, or approximately 15.7%, which was largely due to increased expenses by the construction of the MidAmerican Energy RecPlex and Fiber Conduit Network utility.

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 \$86.7 million as of June 30, 2021. Of this total \$37.4 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 (\$0.7 million); (2) for urban renewal and development in Tax Increment Financing Districts (\$8.4 million); (3) for liquidation of contracts for capital improvements (\$30.6 million); (4) for various local option sales tax initiatives as directed by voters (\$1.8 million); (5) various other purposes (\$6.1 million).

The unassigned balance of the General Fund, the chief operating fund of the City, increased \$9.7 million, or 27.0%, to a total of \$45.7 million at June 30, 2021. A portion of the increase relates to \$1.5 million in additional E911 services, an additional \$4.9 million in interfund borrowings, personnel savings due to unfilled vacancies, and a reduction of overall spending due to the ongoing pandemic. As a measure of the General Fund's liquidity, it is generally useful to compare unassigned fund balance to

City of West Des Moines, Iowa Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

total annual fund expenditures. The unassigned portion of the General Fund balance at June 30, 2021, represents approximately 67.7% of annual General Fund expenditures. On July 19, 2021, the City Council adopted a policy to maintain an average fund balance of at least 30.0% of General Fund expenditures. This reserve allows for working capital needs due to fluctuations in revenue as a large share of city revenue, semi-annual property taxes, are received in the months of October and April.

The City's General Fund revenue saw an overall increase of \$8.6 million. Property tax and other City tax revenue increased \$1.8 million. The fund saw \$2.4 million increase in intergovernmental revenue and the primary driver of this variance was the increase in grant funding associated with the American Rescue Plan Act and Local Government Relief Fund. Other factors in the overall increase were a \$2.4 million increase in charges for services due to additional recreational facilities and other programming not present in the previous fiscal year due to COVID-19 (primarily opening the City's two aquatic centers in 2021 after a 2020 hiatus), a \$2.2 million increase in license and permits issued due to increased construction activity, offset by a \$0.2 million decrease in use of money and property (investment earnings) due to continued low interest rates.

General Fund expenditures increased by \$2.9 million, or approximately 4.5%. Nearly all can be attributed to rising employee costs, including salaries, pensions, and insurance.

The Road Use Tax Revenue collected by the State of Iowa and allocated to the City increased by \$0.8 million, or approximately 10.0%, from the previous fiscal year. Revenue is tied to vehicle registrations and the sale of fuel. Most of the increase is attributable to an additional one-time \$600,000 related to the Coronavirus Response and Relief Supplemental Appropriations Act. The large transfers out were needed to fund construction of the City's new Public Services facility. The overall ending Road Use Tax Fund balance at June 30, 2021, was a deficit balance of \$8.3 million, which, due to appropriate Council action, was temporarily covered by a loan from the City's General Fund.

The Tax Increment Financing (TIF) Fund had a fund balance of \$8.4 million at June 30, 2021, which represents an increase of \$2.7 million, or 47.4% from the prior year. There were rising levels of collections, but the primary reasons for the increase were a need to collect funding for upcoming rebates and infrastructure obligations related to development agreements. Since property taxes are collected in arrears, the City continues to benefit from past growth in these areas. The property taxes collected in these special financing districts are generally transferred from the Tax Increment Financing Fund to other funds to cover bonded debt, other loans, advances, and contracts used to finance infrastructure improvements in these TIF districts.

The Debt Service Fund had a fund balance of \$0.6 million at June 30, 2021, which represents a decrease of 61.9%, from the prior year. The \$1.0 million increase in transfers out was to cover principal and interest payments of the MidAmerican Energy RecPlex. This transfer was made due to the declining hotel/motel taxes collected caused by the pandemic. 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 \$30.6 million at June 30, 2021, which represents a decrease in fund balance of \$5.7 million, or 15.7%. The decrease was largely due to several large infrastructure and building projects undertaken during fiscal 2021, as over \$42.2 million was expended from the fund.

The Local Option Sales Tax Fund had a fund balance of \$1.8 million at June 30, 2021, which represents a decrease of 58.0% from the prior year. This large decrease was due to spending associated with a voter-initiated change which allowed for collection of Local Option Sales Tax in the West Des Moines portion of Polk County beginning July 1, 2019. Previously, Local Option Sales Tax was only collected in the Dallas County portion of West Des Moines. The ballot language approved by the voters in each of the counties requires 50% of all revenue collected to be applied directly to city property tax reduction while the other 50% is to be applied only to expenditures for public safety, public infrastructure, public parks, sports and recreational facilities and trails, or the public library. During 2021, the State of Iowa discovered a formula in error which resulted in the City over collecting in the amount of \$2.1 million. The State and City have agreed to repay the funds over the next fiscal year by reducing the normal

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021

distribution amount each month. This amount owed to the State is included in accounts payable at June 30, 2021.

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, 2021 was \$117.2 million. This is comprised of a \$69.5 million investment in capital assets and \$47.7 million in unrestricted net position. The net position of the Sanitary Sewer Fund increased \$6.9 million, or 6.3%, which was the result of \$0.5 million in increased revenue, a reduction of \$0.6 million in operating and non-operating expenditures, capital contributions of infrastructure from developers of \$4.9 million, and investment earnings of \$0.5 million.

Total net position of the City's Storm Water Fund at the end of the current year was \$83.2 million. This is comprised of \$89.7 million investment in capital assets and a shortfall of \$6.5 million in unrestricted net position. The negative net position is being addressed through a multi-year rate increase, essentially raising rates by \$0.60 per Equivalent Residential Unit each fiscal year beginning July 1, 2018 and extending through 2022. The prior rate had been in place since fiscal year ending June 30, 2010. In addition, the City authorized internal loans from the sewer fund to the stormwater fund in the amounts of \$6.2 million and \$7.5 million in fiscal years 2018 and 2019, respectively. Each loan will be repaid over a 15-year term and the outstanding balance at June 30, 2021 was \$11.7 million.

Total net position of the MidAmerican Energy RecPlex Fund at the end of the current year was \$17.1 million. This is comprised of: (a) a \$15.9 million investment in capital assets, (b) \$1.9 million restricted by other entities for construction, and (c) a cash shortfall of \$0.7 million. The construction of the multi-sport complex is underway with a full completion date in fiscal year 2022, at which time charges for services is expected to increase. It's worth noting that \$2.1 million was transferred into the fund to cover current year principal and interest debt payments: (\$1.1 million from the Local Option Sales Tax Fund and a one-time \$1.0 million from the Debt Service Fund). Future debt payments of the facility will be backed by future Hotel/Motel and Local Option Sales Tax revenues. The net position of the MidAmerican Energy RecPlex increased by \$5.8 million, or 51.3%, which was a result of \$0.2 million in increased charges for service, a \$2.1 million transfer in discussed previously, \$4.9 million in capital contributions from other entities, and \$1.4 million in operating and non-operating expenditures.

Total net position of the Fiber Conduit Utility Fund at the end of the current year was a \$0.9 million deficit. This is comprised of: (1) a \$0.9 million shortfall in investment in capital assets, (b) \$2.7 million restricted for construction, and (c) a cash shortfall of \$2.7 million. The construction of the fiber conduit utility network is underway with a full completion date in fiscal year 2023, at which time charges for services is expected to increase. Future debt payments of the network will be backed by the debt service levy and future conduit licensing revenues.

Total net position of the Solid Waste Fund at the end of the current year was \$0.6 million, all of which was unrestricted. The Solid Waste Fund does not have any investment in capital assets as all assets are handled by a private contractor. The fund balance did not change significantly from the previous year.

Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type. During the year ended June 30, 2021, no disbursements exceeded the budget.

During the fiscal year ended June 30, 2021, there were three budget amendments, dated October 19, 2020, March 1, 2021, and May 17, 2021. 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

City of West Des Moines, Iowa
 Management’s Discussion and Analysis
 For Fiscal Year Ended June 30, 2021

actual audited fund balances. Other adjustments addressed through amendments during the fiscal year included an increase in expenses and a decrease to revenue projections caused by the ongoing COVID-19 pandemic, an increase in building permit revenue caused by the Microsoft data center projects, an increase in expenses due to updated projections for the construction of the new Fiber Conduit utility, and an increase in expenses due to project delays to the MidAmerican Energy Rec Plex and other capital projects due to the ongoing pandemic.

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, 2021, amounts to \$865 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 9.3%, and is largely due to infrastructure completed as part of several arterial street widening projects (most notably the widening of Grand Avenue, 88th St & Mills Civic Parkway, 88th & Jordan Creek Parkway, Grand Prairie Parkway-Stagecoach to Mills Civic Parkway, and Booneville Road Reconstruction), improvements to city building facilities (most notably the continuing construction of the new MidAmerican Energy Rec Plex and the new Fiber Conduit Utility network, the completion of the West Public Works Building, and interior renovations at the Library).

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

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

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

	Condition Level for Street Network (prior 3 condition assessments)		
	2018	2019	2020
Street subsystem:			
Goal	70.0	70.0	70.0
Actual	73.0	76.3	76.3
	2018	2019	2020
Levee subsystem:			
Goal	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
	2015	2017	2019
Bridge & Culvert subsystem:			
Goal	81 or greater	81 or greater	81 or greater
Actual	85.6	88.5	93.8

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021

The *required supplementary information* that must be presented by governments electing this approach appears on pages 96 through 99 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 96 through 97 of this report.

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

Comparison of street network prevention and maintenance costs

	(in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Estimated Costs	\$6,500	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753	\$5,307
Actual Costs	\$6,015	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720	\$5,119

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	
	2021	2020	2021	2020 (As Restated)	2021	2020 (As Restated)
Land	\$ 36,970	\$ 29,933	4,721	4,667	\$ 41,691	\$ 34,600
Buildings	98,935	63,002	585	-	99,520	63,002
Improvements other than buildings	58,655	54,779	-	-	58,655	54,779
Fiber network	8,024	5,159	-	-	8,024	5,159
Equipment and vehicles	29,153	28,102	2,202	662	31,355	28,764
Construction-in-progress	38,097	98,170	66,029	27,709	104,126	125,879
Sanitary and storm sewer system	-	-	209,413	184,861	209,413	184,861
Infrastructure, nondepreciable	450,834	426,221	-	-	450,834	426,221
Intangibles	16,799	16,892	47	46	16,846	16,938
Accumulated depreciation	(97,169)	(95,147)	(57,931)	(53,456)	(155,100)	(148,603)
Total capital assets	\$ 640,298	\$ 627,111	\$ 225,066	\$ 164,489	\$ 865,364	\$ 791,600

Major capital asset expenditures during the fiscal year ended June 30, 2021, included the following projects with over \$1 million in spending:

- Spent \$30.3 million towards an overall \$60 million project to construct the MidAmerican Energy RecPlex, a city-owned multi-sport recreational facility.
- Spent \$11.1 million towards an overall \$50 million project to construct the new Fiber Conduit Utility network.
- Spent \$4.9 million towards the new \$30 million Public Works Facility at S 88th Street and Grand Avenue, which now serves as the department's main facility.
- Spent \$4.9 million on a land acquisition for the future location of a new public safety station.
- Spent \$4.1 million on pavement rehabilitation and repairs throughout the City.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021

- Spent \$2.9 million on a new pump lift station near the Raccoon River Basin.
- Spent \$2.5 million on the reconstruction and widening of Grand Avenue from 1st the 6th Street.
- Spent \$2.3 million towards an overall \$8.0 million project to construct Grand Avenue between Jordan Creek Parkway and S 88th Street and Grand Prairie Parkway to 115th St.
- Spent \$1.9 million towards an overall \$6.4 million project to pave and improve Booneville Road from S 88th St. to S 100th St., including reconstruction of the existing bridge over Sugar Creek.
- Spent \$1.5 million on the expansion of Grand Prairie Parkway including Stagecoach Dr, Raccoon River Drive, and Boonville Road.
- Spent \$1.4 million of Stormwater Funds to extend the NE Basin connection to 4th and Ashworth.
- Spent \$1.4 million on upgrades in the Valley Junction area including new pavers, tree planters, and sidewalk repairs.
- Spent \$1.4 million towards an overall \$10.5 million project to re-route, widen, and reconstruct 88th Street and Mills Civic Parkway to avoid Huston Cemetery.
- Spent \$1.3 million toward a new Stormwater Management Facility located at 12th and Vine Street.
- Spent \$1.0 million toward an overall \$5.7 million to expand South Grand Prairie Parkway from Stagecoach to Mills Civic Parkway.
- Spent \$1.1 million towards an overall \$2.5 million project to renovate the interior of the West Des Moines Public Library, including updating restrooms, carpeting, furniture, and office areas.

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 50 through 59 and 61 through 62, respectively.

Long-term debt. At the close of the fiscal year ended June 30, 2021, the City had total bonded debt outstanding of \$240.4 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 \$51.4 million of new debt was issued during the current fiscal year versus \$28.1 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 \$450.3 million. With outstanding general obligation principal debt of \$230.8 million (general obligation bonds plus other debt subject to the limitation), the City had utilized 51% of the debit limit as of June 30, 2021.

Additional information on the City's long-term debt can be found in Note 4 on pages 63 through 66 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 roughly 65% residential valuation (including a significant presence of multi-family dwellings) and 35% commercial and industrial valuation.

Legislative action originally passed in May 2013 continues to affect taxable valuations for commercial and multi-family residential property. This legislation included a 10% cut to commercial tax rates over a period beginning July 1, 2014. The lost commercial revenue is being funded by the State of Iowa but is only guaranteed to match the lost revenues through the end of fiscal 2021. During 2021, new legislation called for a phasing out of this backfill over a five-year period, beginning with the 2023 fiscal year. Thus, the City continues to engage in very conservative revenue budgeting practices.

Historically, the City's tax base has grown between 2% and 9% annually. The City's tax base (taxable valuation) increased 5.8% annually from 2006-2010 but slowed for several years (2011-2015) during the economic recession. The past five 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, another 8.7% from 2018 to 2019, another 3.9% from 2019 to 2020, and finally another 8.2% from 2020 to 2021, to reach a total assessed valuation at January 1, 2021, of \$10.1 billion.

The budget for fiscal year ending June 30, 2022, decreased the City's levy rate from \$10.99 to \$10.95 per \$1,000 of taxable valuation. This happened following a decrease in fiscal 2021 from \$11.79 to \$10.99 and in 2019 from \$12.00 to \$11.79. The earlier 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. The most recent decrease was simply the result of a Council-led decision to reduce the Debt Service Levy by reducing the funding for capital projects.

Future year tax growth assumptions remain conservative, reflecting between 1% and 3% annual growth. While West Des Moines continues to experience moderate growth in its tax base, valuations are determined at the county level. Recent valuation rollbacks and appeals have resulted a need to project future revenue and expenditure levels to ensure adequate funding for services will be available in future budget cycles for operations. The City has essentially budgeted for breakeven results, without the use of this fund balance and without a property tax rate increase (prior to reductions due to local option sales tax collections), for the fiscal year ending June 30, 2022.

As measured by current actual property valuation and recent population data, valuation compares very strongly to comparable cities, at approximately \$147,000 per capita. The City's taxable valuation per capita of over \$98,000 remains the highest of Iowa's top ten most populated cities, which allows West Des Moines to maintain the third lowest tax rate of those same ten cities. See additional information and measures regarding the City in the Statistical Section of this report.

While the City has certainly been affected in nearly all areas by COVID-19, an analysis of revenue trends since the onset of the pandemic shows that over 89% of budgeted revenue was collected during FY 2021. In addition, the early months of FY 2022 show encouraging results as well. While some of the City's specific revenue centers showed decreases (most notably Hotel/Motel taxes, recreational facility rentals, and aquatic center admissions), other larger revenue centers such as property taxes, building permits, and even sales taxes remained mostly steady. The effects of COVID-19 has also caused an increase in certain expenditures, but fortunately the city has qualified for Federal funding and other grants, and those opportunities coupled together with diligent planning, should provide the stability needed to stay within budgetary guidelines.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of West Des Moines, Iowa
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 75,497,903	\$ 40,552,338	\$ 116,050,241
Restricted cash and investments	42,268,429	-	42,268,429
Receivables			
Property taxes	85,244,411	-	85,244,411
Accounts and unbilled usage, net of allowance for doubtful accounts	2,777,244	4,890,795	7,668,039
Special assessments	313,732	-	313,732
Interest	171,415	147,105	318,520
Promises to give	-	421,265	421,265
Loans	112,785	-	112,785
Internal balances	(500,845)	500,845	-
Due from other governments	3,863,319	76,874	3,940,193
Inventories	342,596	-	342,596
Prepays	1,778,429	-	1,778,429
Total current assets	<u>211,869,418</u>	<u>46,589,222</u>	<u>258,458,640</u>
Noncurrent assets:			
Promises to give	-	1,513,950	1,513,950
Loans	1,078,844	-	1,078,844
Due from other governments	7,908,480	-	7,908,480
Investment in joint venture	1,516,357	-	1,516,357
Capital assets:			
Nondepreciable			
Land	36,970,629	4,720,775	41,691,404
Infrastructure	450,834,369	-	450,834,369
Construction-in-progress	38,096,838	66,029,047	104,125,885
Intangibles	15,574,850	-	15,574,850
Depreciable			
Buildings	98,934,556	585,110	99,519,666
Equipment and vehicles	29,152,672	2,201,859	31,354,531
Fiber network	8,024,022	-	8,024,022
Intangibles	1,224,336	47,050	1,271,386
Improvements other than buildings	58,654,978	-	58,654,978
Sanitary and storm sewer system	-	209,412,885	209,412,885
Accumulated depreciation	(97,169,248)	(57,930,851)	(155,100,099)
Net capital assets	<u>640,298,002</u>	<u>225,065,875</u>	<u>865,363,877</u>
Total noncurrent assets	<u>650,801,683</u>	<u>226,579,825</u>	<u>877,381,508</u>
Total assets	<u>862,671,101</u>	<u>273,169,047</u>	<u>1,135,840,148</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	16,000,873	239,405	16,240,278
Other post-employment benefits related deferred outflows	1,717,149	69,873	1,787,022
Advance refunding related deferred outflows	74,664	-	74,664
Total deferred outflows of resources	<u>17,792,686</u>	<u>309,278</u>	<u>18,101,964</u>

See Notes to Basic Financial Statements.

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	9,530,713	\$ 7,788,763	\$ 17,319,476
Claims payable	1,924,331	-	1,924,331
Accrued wages payable	811,529	33,353	844,882
Unearned revenue	3,835,436	-	3,835,436
Interest payable	561,138	82,912	644,050
Note payable	62,093	-	62,093
Compensated absences	3,445,812	157,253	3,603,065
Line of credit	-	986,050	986,050
General obligation bonds	19,640,000	2,550,000	22,190,000
Installment contracts	911,571	-	911,571
Notes from direct borrowings and direct placements	33,681	-	33,681
Other post-employment benefits liability	149,490	6,072	155,562
Total current liabilities	<u>40,905,794</u>	<u>11,604,403</u>	<u>52,510,197</u>
Noncurrent liabilities			
Compensated absences	2,585,948	89,467	2,675,415
Line of credit	-	1,513,950	1,513,950
General obligation bonds	177,227,967	40,966,236	218,194,203
Installment contracts	922,771	-	922,771
Notes from direct borrowings and direct placements	508,571	-	508,571
Due to joint venture	434,641	-	434,641
Other post-employment benefits liability	4,207,009	171,198	4,378,207
Net pension liability	45,695,551	1,257,197	46,952,748
Total noncurrent liabilities	<u>231,582,458</u>	<u>43,998,048</u>	<u>275,580,506</u>
Total liabilities	<u>272,488,252</u>	<u>55,602,451</u>	<u>328,090,703</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	85,138,938	-	85,138,938
Pension related deferred inflows	533,305	147,987	681,292
Other post-employment benefits related deferred inflows	17,217	700	17,917
Total deferred inflows of resources	<u>85,689,460</u>	<u>148,687</u>	<u>85,838,147</u>
NET POSITION			
Net investment in capital assets	486,142,713	174,201,020	660,343,733
Restricted for:			
Debt service	648,336	-	648,336
Urban renewal and development	9,348,297	-	9,348,297
Retirement benefits	1,733,848	-	1,733,848
Other entities - expendable	-	1,935,215	1,935,215
Other purposes	5,168,730	2,749,249	7,917,979
Unrestricted	19,244,151	38,841,703	58,085,854
Total net position	<u>\$ 522,286,075</u>	<u>\$ 217,727,187</u>	<u>\$ 740,013,262</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Public safety	\$ 39,711,704	\$ 6,216,537	\$ 4,377,358	\$ 183,427
Public works	24,647,645	276,357	10,902,066	1,014,058
Health and social services	1,182,557	-	504,063	-
Culture and recreation	12,045,218	1,277,851	71,521	-
Community & economic development	9,115,077	6,380,451	746,524	-
General government	12,656,270	1,929,871	500,661	-
Interest on long-term debt	5,453,437	-	-	-
Total governmental activities	104,811,908	16,081,067	17,102,193	1,197,485
Business-type activities				
Sewer system	10,720,450	12,172,737	-	4,259,887
Storm water system	3,888,435	3,981,788	-	1,018,583
MidAmerican Energy RecPlex	1,353,607	154,390	-	4,882,972
Fiber conduit utility	892,623	10,338	-	-
Solid waste system	2,315,193	2,277,827	-	-
Total business-type activities	19,170,308	18,597,080	-	10,161,442
Total primary government	\$ 123,982,216	\$ 34,678,147	\$ 17,102,193	\$ 11,358,927

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
\$ (28,934,382)	\$ -	\$ (28,934,382)
(12,455,164)	-	(12,455,164)
(678,494)	-	(678,494)
(10,695,846)	-	(10,695,846)
(1,988,102)	-	(1,988,102)
(10,225,738)	-	(10,225,738)
(5,453,437)	-	(5,453,437)
<u>(70,431,163)</u>	<u>-</u>	<u>(70,431,163)</u>
-	5,712,174	5,712,174
-	1,111,936	1,111,936
-	3,683,755	3,683,755
-	(882,285)	(882,285)
-	(37,366)	(37,366)
<u>-</u>	<u>9,588,214</u>	<u>9,588,214</u>
<u>(70,431,163)</u>	<u>9,588,214</u>	<u>(60,842,949)</u>
80,048,152	-	80,048,152
231,178	-	231,178
9,987,118	-	9,987,118
2,743,692	-	2,743,692
979,582	22,525	1,002,107
543,822	345,697	889,519
5,284,509	13,253	5,297,762
(15,393,068)	15,393,068	-
<u>84,424,985</u>	<u>15,774,543</u>	<u>100,199,528</u>
<u>13,993,822</u>	<u>25,362,757</u>	<u>39,356,579</u>
<u>508,292,253</u>	<u>192,364,430</u>	<u>700,656,683</u>
<u>\$ 522,286,075</u>	<u>\$ 217,727,187</u>	<u>\$ 740,013,262</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2021

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 36,672,720	\$ -	\$ 8,464,815	\$ 633,612	\$ -	\$ -	\$ 5,492,397	\$ 51,263,544
Restricted cash and investments	4,270,077	-	-	-	34,873,873	2,886,114	238,365	42,268,429
Receivables								
Property taxes	47,717,242	-	22,149,107	12,255,328	-	-	3,122,734	85,244,411
Accounts, less allowance for uncollectible	2,478,277	-	-	-	151,445	-	25,574	2,655,296
Special assessments	18,849	-	-	-	294,883	-	-	313,732
Interest	120,389	-	-	-	-	-	-	120,389
Loans	649,377	-	-	-	-	-	542,252	1,191,629
Due from other funds	9,388,070	-	-	-	-	-	-	9,388,070
Due from other governments	1,390,646	993,960	-	-	8,277,117	947,480	143,006	11,752,209
Inventories	342,596	-	-	-	-	-	-	342,596
Prepays	748,180	-	-	-	36,000	-	-	784,180
Investment in joint venture	223,146	-	-	-	-	-	-	223,146
Total assets	\$ 104,019,569	\$ 993,960	\$ 30,613,922	\$ 12,888,940	\$ 43,633,318	\$ 3,833,594	\$ 9,564,328	\$ 205,547,631
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 2,477,757	\$ 58,880	\$ 67,580	\$ 2,400	\$ 4,479,297	\$ 2,065,508	\$ 78,516	\$ 9,229,938
Accrued wages payable	660,299	-	-	-	-	-	151,230	811,529
Unearned revenue	3,835,436	-	-	-	-	-	-	3,835,436
Due to other funds	-	9,217,728	-	-	-	-	170,342	9,388,070
Due to joint venture	434,641	-	-	-	-	-	-	434,641
Total liabilities	7,408,133	9,276,608	67,580	2,400	4,479,297	2,065,508	400,088	23,699,614
Deferred inflows of resources								
Unavailable revenue:								
Succeeding year property tax	47,647,022	-	22,135,419	12,238,204	-	-	3,118,293	85,138,938
Grants and other	1,481,874	-	-	-	8,214,982	-	4,862	9,701,718
Special assessments	13,769	-	-	-	294,471	-	-	308,240
Total deferred inflows of resources	49,142,665	-	22,135,419	12,238,204	8,509,453	-	3,123,155	95,148,896
FUND BALANCES (DEFICITS)								
Nonspendable	1,740,153	-	-	-	-	-	-	1,740,153
Restricted for								
Capital projects	-	-	-	-	30,644,568	-	-	30,644,568
Debt service	-	-	-	648,336	-	-	-	648,336
Urban renewal and development	-	-	8,410,923	-	-	-	-	8,410,923
Other purposes	-	-	-	-	-	1,768,086	6,071,866	7,839,952
Unassigned	45,728,618	(8,282,648)	-	-	-	-	(30,781)	37,415,189
Total fund balance (deficits)	47,468,771	(8,282,648)	8,410,923	648,336	30,644,568	1,768,086	6,041,085	86,699,121
Total liabilities, deferred inflows of resources and fund balances	\$ 104,019,569	\$ 993,960	\$ 30,613,922	\$ 12,888,940	\$ 43,633,318	\$ 3,833,594	\$ 9,564,328	\$ 205,547,631

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, 2021

Total governmental funds balances		\$ 86,699,121
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 \$717,069,775 and the accumulated depreciation is \$85,342,507		631,727,268
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue.		10,009,958
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Investment in joint venture-capital assets		1,293,211
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		
Capital assets	20,397,474	
Accumulated depreciation	(11,826,740)	
Other current assets	25,421,172	
Other current liabilities	(2,225,106)	31,766,800
Internal service funds allocated to business-type activities		(500,845)
Pension, other post-employment benefits 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	17,792,686	
Deferred inflows of resources	(550,522)	17,242,164
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	(6,031,760)	
Other post-employment benefits payable	(4,356,499)	
Net pension liability	(45,695,551)	
Accrued interest payable	(561,138)	
Notes from direct borrowings and direct placements	(542,252)	
Note payable	(62,093)	
General obligation bonds payable	(183,910,000)	
Premium on bonds payable	(12,976,021)	
Discount on bonds payable	18,054	
Installment contracts	(1,834,342)	(255,951,602)
Net position of governmental activities		\$ 522,286,075

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, 2021

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 45,571,819	\$ -	\$ 19,753,584	\$ 11,837,545	\$ -	\$ -	\$ 2,885,204	\$ 80,048,152
Other City taxes	3,399,974	-	-	97,507	-	9,437,581	26,926	12,961,988
Special assessments	-	-	-	-	18,759	-	-	18,759
Licenses and permits	4,483,245	-	-	-	-	-	-	4,483,245
Intergovernmental	7,012,425	9,435,343	534,785	481,939	790,820	-	1,367,063	19,622,375
Charges for services	8,344,780	-	-	-	-	-	-	8,344,780
Use of money and property	919,981	-	22,830	106,246	34,991	8,419	20,230	1,112,697
Miscellaneous	629,548	-	-	-	1,572,758	-	553,837	2,756,143
Total revenues	70,361,772	9,435,343	20,311,199	12,523,237	2,417,328	9,446,000	4,853,260	129,348,139
EXPENDITURES								
Current								
Public safety	30,589,339	-	-	-	-	-	3,262,649	33,851,988
Public works	10,508,418	690,601	-	-	-	-	-	11,199,019
Health and social services	934,480	-	-	-	-	-	114,380	1,048,860
Culture and recreation	9,802,105	-	-	-	-	-	273,103	10,075,208
Community and economic development	4,563,043	-	3,155,626	-	-	-	1,140,124	8,858,793
General government	10,601,763	-	-	-	-	-	-	10,601,763
Debt service								
Principal	491,293	164,639	-	19,720,000	-	-	33,347	20,409,279
Interest and other charges	71,749	-	-	7,221,112	141,282	-	5,673	7,439,816
Capital outlay								
	-	-	-	-	42,163,766	-	-	42,163,766
Total expenditures	67,562,190	855,240	3,155,626	26,941,112	42,305,048	-	4,829,276	145,648,492
Excess (deficiency) of revenues over expenditures	2,799,582	8,580,103	17,155,573	(14,417,875)	(39,887,720)	9,446,000	23,984	(16,300,353)
OTHER FINANCING SOURCES (USES)								
Transfers in	8,738,161	324,444	2,814	14,416,820	17,546,644	-	198,620	41,227,503
Transfers out	(1,469,765)	(13,845,551)	(14,457,598)	(1,064,200)	(906,890)	(11,888,333)	(350,960)	(43,983,297)
Issuance of bonds	-	-	-	-	15,750,000	-	-	15,750,000
Issuance of refunding bonds	-	-	-	3,155,000	-	-	-	3,155,000
Payment to refunding escrow	-	-	-	(3,640,000)	-	-	-	(3,640,000)
Premium on issuance of bonds	-	-	-	498,701	1,774,906	-	-	2,273,607
Proceeds from sale of capital assets	160,530	-	-	-	-	-	-	160,530
Total other financing sources (uses)	7,428,926	(13,521,107)	(14,454,784)	13,366,321	34,164,660	(11,888,333)	(152,340)	14,943,343
NET CHANGE IN FUND BALANCES	10,228,508	(4,941,004)	2,700,789	(1,051,554)	(5,723,060)	(2,442,333)	(128,356)	(1,357,010)
FUND BALANCES, beginning of year, as restated	37,240,263	(3,341,644)	5,710,134	1,699,890	36,367,628	4,210,419	6,169,441	88,056,131
FUND BALANCES, end of year	\$ 47,468,771	\$ (8,282,648)	\$ 8,410,923	\$ 648,336	\$ 30,644,568	\$ 1,768,086	\$ 6,041,085	\$ 86,699,121

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, 2021

Net change in fund balances—governmental funds \$ (1,357,010)

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	28,217,263
Depreciation	(4,845,807)

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	(12,855,436)
Book value of capital assets disposed	370,913
Contributions of capital assets	1,360,560

Other expenses reported in the statement of activities that do not require the use of current fund resources and are not reported in the funds:

Investment in joint venture-depreciation	155,988
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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	(40,387)
Grants	2,592,212

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

Total other post-employment benefit liability	(923,655)
Deferred inflow and outflow of resources – other post-employment benefits liability and pensions	7,373,040
Net pension liability	(9,853,932)
Compensated absences	(137,283)

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	23,360,000
Installment contracts	522,017
Direct borrowings and direct placements	33,347
Note payable	133,916
Change in accrued interest	(5,754)
Issuance of long-term debt including premium	(21,178,607)
Amortization of bond premium	1,995,625
Amortization of bond discount	(3,610)
Advance refunding	(9,431)

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

Change in net position of governmental activities	(910,147)
	\$ 13,993,822

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
June 30, 2021

Business-type Activities
Enterprise Funds

	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 28,320,334	\$ 4,771,437	\$ 4,480,804	\$ 2,749,249	\$ 230,514	\$ 40,552,338	\$ 24,234,359
Receivables							
Accounts and unbilled usage, net of allowance for doubtful accounts	3,214,777	1,046,009	62,522	10,338	557,149	4,890,795	121,948
Interest	122,318	24,787	-	-	-	147,105	51,026
Promises to give	-	-	421,265	-	-	421,265	-
Advance due from other funds	855,000	-	-	-	-	855,000	-
Due from other governments	-	51,874	25,000	-	-	76,874	19,590
Prepays	-	-	-	-	-	-	994,249
Total current assets	<u>32,512,429</u>	<u>5,894,107</u>	<u>4,989,591</u>	<u>2,759,587</u>	<u>787,663</u>	<u>46,943,377</u>	<u>25,421,172</u>
Noncurrent assets:							
Promises to give	-	-	1,513,950	-	-	1,513,950	-
Advance due from other funds	15,940,835	-	-	-	-	15,940,835	-
Capital assets:							
Nondepreciable							
Land	1,682,024	542,750	2,496,001	-	-	4,720,775	-
Construction-in-progress	990,188	2,801,097	50,987,635	11,250,127	-	66,029,047	-
Depreciable							
Buildings	-	585,110	-	-	-	585,110	-
Equipment and vehicles	1,256,963	766,909	177,987	-	-	2,201,859	20,397,474
Intangibles	23,525	23,525	-	-	-	47,050	-
Improvements other than buildings	-	-	-	-	-	-	-
Sanitary and storm sewer system	112,441,863	96,971,022	-	-	-	209,412,885	-
Accumulated depreciation	(46,631,143)	(11,292,292)	(7,416)	-	-	(57,930,851)	(11,826,740)
Net capital assets	<u>69,763,420</u>	<u>90,398,121</u>	<u>53,654,207</u>	<u>11,250,127</u>	<u>-</u>	<u>225,065,875</u>	<u>8,570,734</u>
Total noncurrent assets	<u>85,704,255</u>	<u>90,398,121</u>	<u>55,168,157</u>	<u>11,250,127</u>	<u>-</u>	<u>242,520,660</u>	<u>8,570,734</u>
Total assets	<u>118,216,684</u>	<u>96,292,228</u>	<u>60,157,748</u>	<u>14,009,714</u>	<u>787,663</u>	<u>289,464,037</u>	<u>33,991,906</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	126,293	111,430	1,682	-	-	239,405	-
Other post-employment benefits related deferred outflows	33,060	33,239	3,574	-	-	69,873	-
Total deferred outflows of resources	<u>159,353</u>	<u>144,669</u>	<u>5,256</u>	<u>-</u>	<u>-</u>	<u>309,278</u>	<u>-</u>

See Notes to Basic Financial Statements.

**Business-type Activities
Enterprise Funds**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
LIABILITIES							
Current							
Accounts payable	\$ 237,597	\$ 691,689	\$ 4,242,893	\$ 2,425,689	\$ 190,895	\$ 7,788,763	\$ 300,775
Claims payable	-	-	-	-	-	-	1,924,331
Accrued wages payable	15,867	7,744	7,885	1,857	-	33,353	-
Unearned revenue	-	-	-	-	-	-	-
Interest payable	-	-	65,477	17,435	-	82,912	-
Note payable	-	-	-	-	-	-	-
Compensated absences	94,230	61,177	1,463	383	-	157,253	-
Line of credit	-	-	986,050	-	-	986,050	-
General obligation bonds	-	-	1,270,000	1,280,000	-	2,550,000	-
Advance due to other funds	-	855,000	-	-	-	855,000	-
Other post-employment benefit liability	2,873	2,888	311	-	-	6,072	-
Total current liabilities	350,567	1,618,498	6,574,079	3,725,364	190,895	12,459,403	2,225,106
Noncurrent							
Advance due to other funds	-	10,810,000	5,130,835	-	-	15,940,835	-
Compensated absences	31,231	23,180	15,352	19,704	-	89,467	-
Line of credit	-	-	1,513,950	-	-	1,513,950	-
General obligation bonds	-	-	29,798,247	11,167,989	-	40,966,236	-
Other post-employment benefits liability	81,002	81,440	8,756	-	-	171,198	-
Net pension liability	654,129	592,408	10,660	-	-	1,257,197	-
Total noncurrent liabilities	766,362	11,507,028	36,477,800	11,187,693	-	59,938,883	-
Total liabilities	1,116,929	13,125,526	43,051,879	14,913,057	190,895	72,398,286	2,225,106
DEFERRED INFLOWS OF RESOURCES							
Pension related deferred inflows	80,455	67,532	-	-	-	147,987	-
Other post-employment benefits related deferred inflows	331	333	36	-	-	700	-
Total deferred inflows of resources	80,786	67,865	36	-	-	148,687	-
NET POSITION							
Net investment in capital assets	69,525,823	89,706,432	15,843,067	(874,302)	-	174,201,020	8,570,734
Restricted by other entites - expendable	-	-	1,935,215	-	-	1,935,215	-
Restricted for other purposes	-	-	-	2,749,249	-	2,749,249	-
Unrestricted	47,652,499	(6,462,926)	(667,193)	(2,778,290)	596,768	38,340,858	23,196,066
Total net position (deficit)	117,178,322	83,243,506	17,111,089	(903,343)	596,768	217,226,342	31,766,800
Total liabilities, deferred inflows of resources, and net position	\$ 118,376,037	\$ 96,436,897	\$ 60,163,004	\$ 14,009,714	\$ 787,663	\$ 289,773,315	\$ 33,991,906

Total enterprise funds net position

\$ 217,226,342

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.

500,845

Net position of business-type activities

\$ 217,727,187

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities						Internal Service Funds
	Enterprise Funds						
	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	
OPERATING REVENUES							
Charges for services	\$ 12,172,737	\$ 3,981,788	\$ 154,390	\$ 10,338	\$ 2,277,827	\$ 18,597,080	\$ 8,801,978
Lease revenue	-	-	-	-	-	-	1,912,232
Other	-	15,384	-	-	-	15,384	213,994
Total operating revenues	<u>12,172,737</u>	<u>3,997,172</u>	<u>154,390</u>	<u>10,338</u>	<u>2,277,827</u>	<u>18,612,464</u>	<u>10,928,204</u>
OPERATING EXPENSES							
Cost of sales and services	4,511,705	1,873,692	501,869	552,376	2,315,193	9,754,835	10,254,078
Depreciation	2,288,875	2,010,953	7,416	-	-	4,307,244	1,714,288
Total operating expenses	<u>6,800,580</u>	<u>3,884,645</u>	<u>509,285</u>	<u>552,376</u>	<u>2,315,193</u>	<u>14,062,079</u>	<u>11,968,366</u>
Operating income (loss)	<u>5,372,157</u>	<u>112,527</u>	<u>(354,895)</u>	<u>(542,038)</u>	<u>(37,366)</u>	<u>4,550,385</u>	<u>(1,040,162)</u>
NONOPERATING REVENUES (EXPENSES)							
Investment earnings	269,164	56,207	15,541	3,792	993	345,697	166,291
Interest revenue (expense)	225,952	(187,576)	(878,545)	(338,791)	-	(1,178,960)	-
Payments to WRA	(3,922,395)	-	-	-	-	(3,922,395)	-
Gain on sale of capital assets	-	35,779	-	-	-	35,779	(261,310)
Total nonoperating revenues (expenses)	<u>(3,427,279)</u>	<u>(95,590)</u>	<u>(863,004)</u>	<u>(334,999)</u>	<u>993</u>	<u>(4,719,879)</u>	<u>(95,019)</u>
Income (loss) before contributions and transfers	1,944,878	16,937	(1,217,899)	(877,037)	(36,373)	(169,494)	(1,135,181)
OTHER FINANCING SOURCES (USES)							
Capital contributions	4,942,033	13,176,487	4,882,972	-	-	23,001,492	-
Transfers in	3,202	576,749	2,115,279	-	-	2,695,230	300,000
Transfers out	-	(131,292)	-	(26,306)	-	(157,598)	(81,839)
Total other financing sources and uses	<u>4,945,235</u>	<u>13,621,944</u>	<u>6,998,251</u>	<u>(26,306)</u>	<u>-</u>	<u>25,539,124</u>	<u>218,161</u>
Change in net position	6,890,113	13,638,881	5,780,352	(903,343)	(36,373)	25,369,630	(917,020)
Total net position, beginning of year, as restated	110,288,209	69,604,625	11,330,737	-	633,141	191,856,712	32,683,820
Total net position, end of year	<u>\$ 117,178,322</u>	<u>\$ 83,243,506</u>	<u>\$ 17,111,089</u>	<u>\$ (903,343)</u>	<u>\$ 596,768</u>	<u>\$ 217,226,342</u>	<u>\$ 31,766,800</u>

Change in net position \$ 25,369,630

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

(6,873)
\$ 25,362,757

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City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities						
	Enterprise Funds						Internal Service Funds
	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 11,604,030	\$ 3,757,359	\$ 66,867	\$ -	\$ 2,264,329	\$ 17,692,585	\$ 2,216,991
Receipts from interfund charges	-	-	-	-	-	-	8,609,061
Payments to suppliers	(3,550,243)	(1,075,405)	(159,311)	(479,036)	(2,526,847)	(7,790,842)	(1,900,863)
Payments to WRA	(3,922,395)	-	-	-	-	(3,922,395)	-
Payments to claimants	-	-	-	-	-	-	(8,378,741)
Payments to employees	(850,079)	(716,740)	(305,410)	(51,396)	-	(1,923,625)	-
Payments to interfund	(132,882)	(87,764)	(7,416)	-	-	(228,062)	-
Net cash provided (used) by operating activities	3,148,431	1,877,450	(405,270)	(530,432)	(262,518)	3,827,661	546,448
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interfund loans issued	(5,130,835)	-	5,130,835	-	-	-	-
Interfund loan repayments	1,065,952	(1,027,576)	(38,376)	-	-	-	-
Transfers in	3,202	576,749	2,115,279	-	-	2,695,230	300,000
Transfers out	-	(131,292)	-	(26,306)	-	(157,598)	(81,839)
Net cash provided (used) by noncapital financing activities	(4,061,681)	(582,119)	7,207,738	(26,306)	-	2,537,632	218,161
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(3,608,219)	(2,740,598)	(30,977,179)	(8,824,438)	-	(46,150,434)	(2,915,702)
Capital contributions	2,597,338	51,873	5,193,969	-	-	7,843,180	-
Proceeds from issuance of general obligation bonds	-	-	16,545,794	13,682,945	-	30,228,739	-
Proceeds from issuance of line of credit	-	-	2,500,000	-	-	2,500,000	-
Principal, interest, and bond fees	-	-	(2,348,347)	(1,556,312)	-	(3,904,659)	-
Proceeds from disposal of capital assets	-	35,779	-	-	-	35,779	-
Net cash provided (used) by capital and related financing activities	(1,010,881)	(2,652,946)	(9,085,763)	3,302,195	-	(9,447,395)	(2,915,702)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income	387,145	78,576	15,541	3,792	993	486,047	197,601
Purchase of investment securities	(22,440,437)	(4,547,472)	-	-	-	(26,987,909)	(9,361,190)
Proceeds from maturity of investment securities	24,915,005	5,826,511	-	-	-	30,741,516	9,198,075
Net cash provided (used) by investing activities	2,861,713	1,357,615	15,541	3,792	993	4,239,654	34,486
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	937,582	-	(2,267,754)	2,749,249	(261,525)	1,157,552	(2,116,607)
CASH AND CASH EQUIVALENTS, beginning of year	-	-	6,748,558	-	492,039	7,240,597	13,732,656
CASH AND CASH EQUIVALENTS, end of year	\$ 937,582	\$ -	\$ 4,480,804	\$ 2,749,249	\$ 230,514	\$ 8,398,149	\$ 11,616,049

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (continued)
Year Ended June 30, 2021

	Business-Type Activities						Internal Service Funds
	Enterprise Funds						
	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income (loss)	\$ 5,372,157	\$ 112,527	\$ (354,895)	\$ (542,038)	\$ (37,366)	\$ 4,550,385	\$ (1,040,162)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	2,288,875	2,010,953	7,416	-	-	4,307,244	1,714,288
Payments to WRA	(3,922,395)	-	-	-	-	(3,922,395)	-
Change in assets and liabilities							
Receivables	(568,710)	(237,890)	(87,521)	(10,338)	(13,501)	(917,960)	(102,152)
Prepaid expenses	-	-	-	-	-	-	(994,249)
Unearned revenue	-	-	-	-	-	-	-
Accounts payable & other liabilities	(11,486)	-	-	-	(211,651)	(223,137)	175,002
Claims payable	-	-	-	-	-	-	793,721
Compensated absences and accrued wages payable	(25,843)	(38,659)	15,223	21,944	-	(27,335)	-
Net pension liability and related deferred outflows of resources and deferred inflows of resources	21,602	48,127	8,978	-	-	78,707	-
Other post-employment benefits liability and related deferred outflows of resources	(5,769)	(17,608)	5,529	-	-	(17,848)	-
Net cash provided (used) by operating activities	\$ 3,148,431	\$ 1,877,450	\$ (405,270)	\$ (530,432)	\$ (262,518)	\$ 3,827,661	\$ 546,448
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION							
Cash and investments	\$ 28,320,334	\$ 4,771,437	\$ 4,480,804	\$ 2,749,249	\$ 230,514	\$ 40,552,338	\$ 24,234,359
Less items not meeting the definition of cash equivalents	(27,382,752)	(4,771,437)	-	-	-	(32,154,189)	(12,618,310)
Cash and cash equivalents at end of year	\$ 937,582	\$ -	\$ 4,480,804	\$ 2,749,249	\$ 230,514	\$ 8,398,149	\$ 11,616,049
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Capital and related financing activities							
Donated construction	\$ 1,662,549	\$ 951,324	\$ -	\$ -	\$ -	\$ 2,613,873	\$ -
Donated construction from other funds	\$ 682,146	\$ 12,173,290	\$ -	\$ -	\$ -	\$ 12,855,436	\$ -
Acquisition of capital assets through payables	\$ 237,596	\$ 691,690	\$ 4,242,893	\$ 2,425,689	\$ -	\$ 7,597,868	\$ -
Amortization of bond premium	\$ -	\$ -	\$ 73,305	\$ 4,946	\$ -	\$ 78,251	\$ -
Investing activities						\$ -	
Change in fair market value of investments	\$ (61,212)	\$ (12,404)	\$ -	\$ -	\$ -	\$ (73,616)	\$ (25,535)

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 56,332</u>
LIABILITIES	
Funds held for the benefit of others	<u>\$ -</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ 56,332</u>

City of West Des Moines, Iowa
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2021

	Custodial Fund
Additions	
Seized funds	\$ -
Total additions	-
Deductions	
Due to individuals and organizations	\$ -
Total deductions	\$ -
Change in net position	-
Net position beginning of year, as restated	\$ 56,332
Net position end of year	\$ 56,332

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 government administrative services. It also provides sewer, storm water, and solid waste utilities. The City continues construction of a City-owned multi-sport recreational facility (MidAmerican Energy RecPlex) and the Fiber Conduit Utility network (Fiber Conduit Utility).

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. As discussed in Note 11, the City also reports its participation in two joint ventures.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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

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

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

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

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

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

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

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

Local Option Sales Tax Fund: To account for the voter-approved local option sales tax in Dallas and Polk County with 50% of the revenue pledged for property tax reduction and 50% to be used for certain initiatives including quality of life amenities and increased public safety spending.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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 or committed 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.

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

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

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

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

Fiber Conduit Network: to account for the operations of the City-owned fiber conduit network to provide increased access to high speed Internet.

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 – Custodial Funds: Fiduciary funds – Custodial Funds are used to account for assets held by the City as an agency for individuals, private organizations, certain jointly governed organizations, and other governmental units and/or funds. The City has the following fiduciary fund type:

Police Agency Monies: a custodial fund utilized to hold evidentiary cash.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2021, the date at which a lien attaches, based on the 2020 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 2020 tax levy is budgeted and levied for fiscal year 2022, 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, 2021 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, 2019, assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021, and reflects tax asking contained in the budget certified to the County Board of Supervisors in February 2020.

Accounts Receivable: results primarily from services provided to citizens and are accounted for in the governmental funds. Sanitary sewer, Storm water, the MidAmerican Energy RecPlex, Fiber Conduit Utility, and solid waste are accounted for in the enterprise funds. All are net of an allowance for uncollectible which amounted to \$0.4 million in the current fiscal year. 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.

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)

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 \$421,000 of the \$1,935,215 receivable at June 30, 2021 is expected to be received with one year. The entire balance is expected to be received in ten years.

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

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

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

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

Investment in joint venture: represents the City's proportionate share of a centralized emergency dispatch center (Westcom). Refer to Note 11 and Note 20 for additional details on the joint venture.

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

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

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

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

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

The City has chosen the modified approach, as defined by GASB Statement No. 34, for reporting the governmental activities infrastructure assets. The modified approach for reporting infrastructure assets takes into consideration the fact that many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained. Therefore, these particular assets would not be depreciated over a useful life. The City has established an asset management system and has committed to maintain the following networks of infrastructure asset at an established condition level as determined by the City's Public Services department (1) roadways and pavements (2) bridges (3) flood control levees and (4) street

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)

culverts. The Required Supplementary Information Section of this report provides additional information regarding the condition assessment and the estimated and actual costs to maintain the assets

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction period are expensed as incurred.

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

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

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

Deferred Outflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, deferred losses on advance refunding of bonds, 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 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.

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)

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

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

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

Compensated Absences: City employees accumulate vacation benefits for subsequent use or payment upon termination, death or retirement. City employees also accumulate sick leave benefits for subsequent use or payment at one-half the accumulated value upon death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured. Examples of these are employee retirements and resignations. There is no amount considered due as of year-end or reported in the fund financial statements. However, the entire compensated absence liability, computed based on rates of pay in effect at June 30, 2021, is reported on the government-wide financial statements. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

Total other post-employment benefits (OPEB) liability: For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the general fund.

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)

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

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

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

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the highest level of decision-making authority. The City Council is the highest level of decision-making authority and can, through ordinance or resolution approved prior to fiscal year end, commit fund balance.

For the purpose of financial commitments, ordinances and resolutions are equally binding. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts. At this time no amounts have been committed by the City Council.

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

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

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

Net Position: Net position represents the difference between assets, deferred inflows of resources, liabilities, and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2021, the City had \$27,677,020 in unspent debt proceeds available for projects in governmental funds and \$7,230,053 in enterprise funds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$1,733,848 for retirement benefits, and \$8,410,923 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

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

NOTE 2 CASH AND INVESTMENTS

As of June 30, 2021, the City's cash and investments were as follows:

Cash and investments, statement of net position	\$116,050,241
Restricted cash and investments	42,268,429
Cash and investments, fiduciary funds	<u>56,332</u>
	<u>\$158,375,002</u>

As of June 30, 2021, the City had investments in U.S. Agency coupon securities with a fair value of \$12,333,732. 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, 2021 compared to June 30, 2020.

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 ladder maturity approach to its investments in U.S. Agency coupon securities. Within 12 months, \$12,333,732 of the fair value will mature.

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 \$12,333,732 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

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

NOTE 2 CASH AND INVESTMENTS (continued)

an approved depository and be either insured or collateralized. As of June 30, 2021, 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.

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, 2021:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 29,933,053	\$ 7,037,576	\$ -	\$ -	\$ 36,970,629
Infrastructure	426,220,964	24,972,799	359,394		450,834,369
Construction-in-progress	98,169,822	38,188,580	86,495,871	(11,765,693)	38,096,838
Intangibles	15,574,850	-	-	-	15,574,850
Total capital assets, not being depreciated	569,898,689	70,198,955	86,855,265	(11,765,693)	541,476,686
Capital assets, being depreciated					
Buildings	63,001,953	35,974,329	41,726	-	98,934,556
Equipment and vehicles	28,102,341	6,677,516	4,033,712	(1,593,473)	29,152,672
Fiber network	5,159,190	2,864,832	-	-	8,024,022
Intangibles	1,316,728	205,013	297,405	-	1,224,336
Improvements other than buildings	54,778,975	3,876,003	-	-	58,654,978
Total capital assets, being depreciated	152,359,187	49,597,693	4,372,843	(1,593,473)	195,990,564
Less accumulated depreciation for					
Buildings	33,439,306	2,122,467	13,793	-	35,547,980
Equipment and vehicles	17,609,947	2,362,832	3,733,524	(503,730)	15,735,525
Fiber network	3,339,073	257,960	-	-	3,597,033
Intangibles	946,362	187,926	287,271	-	847,017
Improvements other than buildings	39,812,782	1,628,911	-	-	41,441,693
Total accumulated depreciation	95,147,470	6,560,096	4,034,588	(503,730)	97,169,248
Total capital assets, being depreciated, net	57,211,717	43,037,597	338,255	(1,089,743)	98,821,316
Governmental activities, capital assets net	\$ 627,110,406	\$ 113,236,552	\$ 87,193,520	\$(12,855,436)	\$ 640,298,002

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

Governmental Activities	
Public safety	\$ 2,123,895
Health and social services	103,165
Culture and recreation	1,815,229
Public works	1,306,160
General government	1,026,775
Community and economic development	184,872
Total	\$ 6,560,096

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

NOTE 3 CAPITAL ASSETS (continued)

	Beginning Balance (as Restated)	Additions	Deletions	Transfers	Ending Balance
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 4,666,758	\$ 54,017	\$ -	\$ -	\$ 4,720,775
Construction-in-progress	27,708,626	50,321,352	23,766,624	11,765,693	66,029,047
Total capital assets, not being depreciated	32,375,384	50,375,369	23,766,624	11,765,693	70,749,822
Capital assets, being depreciated					
Buildings	-	585,110	-	-	585,110
Equipment and vehicles	661,887	214,058	267,559	1,593,473	2,201,859
Intangibles	47,050	-	-	-	47,050
Sanitary and storm sewer system	184,861,189	24,620,103	68,407	-	209,412,885
Total capital assets, being depreciated	185,570,126	25,419,271	335,966	1,593,473	212,246,904
Less accumulated depreciation for					
Buildings	-	-	-	-	-
Equipment and vehicles	416,570	177,335	267,559	503,730	830,076
Intangibles	47,050	-	-	-	47,050
Improvements other than buildings	-	-	-	-	-
Sanitary and storm sewer system	52,992,223	4,129,909	68,407	-	57,053,725
Total accumulated depreciation	53,455,843	4,307,244	335,966	503,730	57,930,851
Total capital assets, being depreciated, net	132,114,283	21,112,027	-	1,089,743	154,316,053
Business-type activities, capital assets, net	\$ 164,489,667	\$ 71,487,396	\$ 23,766,624	\$ 12,855,436	\$ 225,065,875

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

Business-Type Activities	
Sewer system	\$ 2,288,875
Storm water system	2,010,953
MidAmerican Energy RecPlex	7,416
Total	\$ 4,307,244

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

NOTE 4 LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020 (As Restated)	Increases & Issues	Decreases & Retirements	Balance June 30, 2021	Due within one year
Governmental activities					
General obligation bonds, including unamortized net premiums	\$ 201,041,375	\$ 21,178,607	\$ 25,352,015	\$ 196,867,967	\$ 19,640,000
Installment contracts	2,356,359	-	522,017	1,834,342	911,571
Notes from direct borrowings and direct placements	575,599	-	33,347	542,252	33,681
Equipment note payable	196,009	-	133,916	62,093	62,093
Compensated absences	5,894,477	6,031,760	5,894,477	6,031,760	3,445,812
Other post-employment benefits liability	3,432,844	923,655	-	4,356,499	149,490
Net pension liability	35,841,619	9,853,932	-	45,695,551	-
Total governmental activities	<u>249,338,282</u>	<u>37,987,954</u>	<u>31,935,772</u>	<u>255,390,464</u>	<u>24,242,647</u>
Business-type activities					
General obligation bonds, including unamortized net premiums	16,050,758	30,228,739	2,763,261	43,516,236	2,550,000
Line of credit	-	2,500,000	-	2,500,000	986,050
Compensated absences	242,662	246,720	242,662	246,720	157,253
Other post-employment benefits liability	144,153	33,117	-	177,270	6,072
Net pension liability	974,160	283,037	-	1,257,197	-
Total business-type activities	<u>17,411,733</u>	<u>33,291,613</u>	<u>3,005,923</u>	<u>47,697,423</u>	<u>3,699,375</u>
Total primary government long term liabilities	<u>\$ 266,750,015</u>	<u>\$ 71,279,567</u>	<u>\$ 34,941,695</u>	<u>\$ 303,087,887</u>	<u>\$ 27,942,022</u>

Bonds were sold at a net premium; unamortized net premium at June 30, 2021 totaled \$14,539,203.

On September 3, 2020, the City issued \$3,155,000 in general obligation refunding bonds with an average interest rate of 3.00% to crossover refund \$3,652,935 Series 2012D general obligation bonds with a combined average interest rate of 2.83%. The crossover occurred on September 3, 2020. The City issued the crossover refunding debt to reduce its total debt service payments over the next six years by \$316,657 and to obtain an economic gain of \$311,622.

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

NOTE 4 LONG TERM LIABILITIES (continued)

General Obligation Bonds/Notes: General obligation bonds outstanding as of June 30, 2021, consist of the following individual issues:

<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Principal Payments</u>	<u>Amount Originally issued</u>	<u>Amount Outstanding June 30, 2021</u>
08/21/2013	2.000-3.100	June 2024	250,000 - 1,080,000	4,385,000	905,000
09/11/2014	2.000-5.000	June 2026	820,000 - 1,055,000	12,250,000	4,845,000
04/07/2015	2.000-3.100	June 2029	240,000 - 2,195,000	21,755,000	15,915,000 *
04/07/2015	2.000-2.800	June 2025	875,000 - 1,660,000	12,715,000	6,390,000 *
06/15/2016	2.000-5.000	June 2026	690,000 - 3,260,000	9,225,000	3,310,000
06/15/2016	2.000-5.000	June 2031	555,000 - 1,495,000	13,855,000	8,485,000 *
11/16/2016	2.000-4.000	June 2026	100,000 - 840,000	7,200,000	4,055,000
11/16/2016	2.000-4.000	June 2030	100,000 - 1,025,000	10,700,000	8,235,000 *
08/22/2017	2.000-3.000	June 2029	435,000 - 2,320,000	7,650,000	4,005,000
08/22/2017	2.000-4.000	June 2024	615,000 - 735,000	4,665,000	2,115,000 *
08/22/2017	2.125-5.000	June 2032	535,000 - 850,000	9,130,000	8,030,000 *
08/22/2017	3.000-5.000	June 2036	100,000 - 2,125,000	25,555,000	25,255,000 *
08/22/2017	2.000-5.000	June 2029	240,000 - 385,000	3,470,000	2,705,000 *
06/13/2018	3.000-5.000	June 2030	430,000 - 2,100,000	8,110,000	5,135,000
06/13/2018	3.000-5.000	June 2031	315,000 - 1,675,000	12,540,000	11,870,000 *
06/13/2018	3.000-5.000	June 2037	100,000 - 485,000	6,155,000	5,955,000 *
06/13/2018	2.700-5.000	June 2036	250,000 - 1,455,000	15,925,000	15,675,000 *
12/27/2018	3.000-3.125	June 2026	1,000,000 - 2,475,000	10,480,000	10,480,000 *
06/20/2019	4.000-5.000	June 2026	850,000 - 1,375,000	7,225,000	7,225,000 *
06/20/2019	5.000	June 2026	895,000 - 1,090,000	4,945,000	4,945,000 *
06/20/2019	3.000-5.000	June 2031	370,000 - 490,000	5,105,000	4,355,000 *
06/20/2019	5.000	June 2025	970,000 - 1,170,000	5,320,000	4,350,000 *
08/01/2019	2.000-5.000	June 2031	480,000 - 5,135,000	12,625,000	6,700,000
08/01/2019	3.000-5.000	June 2039	520,000 - 1,035,000	15,400,000	14,295,000 **
09/03/2020	5.000	June 2026	480,000 - 5,450,000	13,805,000	8,125,000
09/03/2020	1.250-5.000	June 2032	255,000 - 515,000	5,100,000	4,845,000 *
09/03/2020	1.100-2.000	June 2040	535,000 - 1,230,000	13,565,000	12,335,000 **
01/05/2021	1.150-2.000	June 2039	725,000 - 1,040,000	16,240,000	15,305,000 **
				\$ 295,095,000	\$ 225,845,000

*Urban Renewal General Obligation Bond

**Enterprise Fund General Obligation Bond

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

NOTE 4 LONG TERM LIABILITIES (continued)

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, 2021 was \$658,558.

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, 2021 is \$318,080.

The City has entered into a non-interest-bearing installment contract with a neighboring City to acquire a previously shared fire station totaling approximately \$1,429,508. The payments are due in prorated annual installments ranging from \$71,476 to \$428,852 through May 2023. The balance due as of June 30, 2021 was \$857,704.

Equipment note payable:

The City entered into a five year term loan agreement with a bank, collateralized by funds held in a general operating money market account. The note is payable in monthly installments of \$11,417, including variable interest at 2% above the money market rate, through November 2021. The balance due as of June 30, 2021 was \$62,093.

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, 2021 was \$542,252.

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

Line of Credit: On April 15, 2020, the City entered into a three year \$6,000,000 revolving line of credit agreement with a bank for the purpose of providing funding for the construction of the MidAmerican Energy Rec Plex and specifically to fund timing differences of construction payables to the receipt of various pledges. The line of credit includes monthly interest payments on the outstanding amount, with the variable interest rate at 1.75 percent above the 1.25 index, or a 3% interest rate. The balance due as of June 30, 2021 was \$2,500,000.

On June 21, 2021, the City entered into a three year \$29,000,000 revolving line of credit agreement with a bank for the purpose of providing construction of the Fiber Conduit Utility. The line of credit includes monthly interest payments on the outstanding amount, with the variable interest rate at 0.5% below the Lender's Prime Rate index or a 2.75% interest rate. The balance due as of June 30, 2021 was \$0.

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

NOTE 4 LONG TERM LIABILITIES (continued)

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2021, are as follows:

Year Ending June 30	Governmental Activities								Business-Type Activities			
	General Obligation Bonds		Borrowings and Direct		Equipment Note		Installment Contracts		General Obligation Bonds		Line of Credit	
			Placements		Payable							
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	19,640,000	6,612,338	33,681	5,339	62,093	345	911,571	9,542	2,550,000	994,939	986,050	29,582
2023	22,650,000	5,807,098	34,019	5,001	-	-	593,493	-	1,845,000	927,589	1,513,950	45,419
2024	23,090,000	4,889,698	34,360	4,660	-	-	164,639	-	1,885,000	873,439	-	-
2025	22,695,000	3,964,896	34,705	4,315	-	-	164,639	-	1,940,000	817,739	-	-
2026	18,980,000	3,065,916	35,053	3,967	-	-	-	-	1,990,000	759,889	-	-
2027 - 2031	56,090,000	7,826,044	180,605	14,495	-	-	-	-	10,790,000	2,980,641	-	-
2032 - 2036	20,280,000	1,911,275	189,829	5,260	-	-	-	-	12,160,000	1,811,535	-	-
2037 - 2040	485,000	15,762	-	-	-	-	-	-	8,775,000	442,120	-	-
	<u>\$ 183,910,000</u>	<u>\$ 34,093,027</u>	<u>\$ 542,252</u>	<u>\$ 43,037</u>	<u>\$ 62,093</u>	<u>\$ 345</u>	<u>\$ 1,834,342</u>	<u>\$ 9,542</u>	<u>\$ 41,935,000</u>	<u>\$ 9,607,891</u>	<u>\$ 2,500,000</u>	<u>\$ 75,000</u>

Legal debt margin: As of June 30, 2021, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Actual valuation, net of military exemption *	\$ 9,006,198,565
Debt limit, 5% of total actual valuation	450,309,928
Debt applicable to debt limit	
General obligation bonds	225,845,000
Notes from direct borrowings & direct placements	542,252
Equipment note payable	62,093
Line of credit	2,500,000
Installment contracts	<u>1,834,342</u>
Legal debt margin	<u>\$ 219,526,241</u>

* 100% of assessed valuation including TIF increment

NOTE 5 FUND BALANCES

The following funds had a deficit fund balance as of June 30, 2021:

Dallas County Local Housing Trust Fund	\$ (30,781)
Road Use Tax Fund	(8,282,648)
Fiber Conduit Utility Fund	(903,343)

The City intends to fund these deficits through future grant, tax, and fiber conduit licensing revenues.

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

NOTE 5 FUND BALANCES (continued)

As of June 30, 2021, fund balances were composed of the following:

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Nonmajor Special Revenue	Total
Nonspendable:								
Inventories, loan receivable, and prepaids	\$ 1,740,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,740,153
Restricted for:								
Tax rebates and urban renewal projects	-	-	8,410,923	-	-	-	-	8,410,923
Debt service	-	-	-	648,336	-	-	-	648,336
General obligation bond projects	-	-	-	-	30,644,568	-	-	30,644,568
Public safety pension	-	-	-	-	-	-	1,733,372	1,733,372
Employee insurance benefits	-	-	-	-	-	-	476	476
Economic development	-	-	-	-	-	-	365,750	365,750
General housing assistance	-	-	-	-	-	-	674,956	674,956
Elderly housing assistance	-	-	-	-	-	-	161,661	161,661
Child care and medical clinic	-	-	-	-	-	-	38,769	38,769
Parks operations and projects	-	-	-	-	-	-	40,848	40,848
Raccoon River quarry conservation	-	-	-	-	-	-	767,258	767,258
Public art	-	-	-	-	-	-	307,477	307,477
Adult softball field maintenance and improvements	-	-	-	-	-	-	135,246	135,246
Jordan Cemetery maintenance	-	-	-	-	-	-	526,654	526,654
Library operations and programs	-	-	-	-	-	-	348,011	348,011
Suburban Emergency Response Team	-	-	-	-	-	-	9,007	9,007
Police Operations	-	-	-	-	-	-	390,757	390,757
Community Development Block Grant	-	-	-	-	-	-	571,624	571,624
LOST-Property Tax Reduction & Other City Uses	-	-	-	-	-	1,768,086	-	1,768,086
Total restricted fund balance	-	-	8,410,923	648,336	30,644,568	1,768,086	6,071,866	47,543,779
Unassigned	45,728,618	(8,282,648)	-	-	-	-	(30,781)	37,415,189
Total fund balance	\$ 47,468,771	\$ (8,282,648)	\$ 8,410,923	\$ 648,336	\$ 30,644,568	\$ 1,768,086	\$ 6,041,085	\$ 86,699,121

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, 2021 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Major Governmental Fund, General	Major Governmental Fund, Road Use Tax	\$ 9,217,728
Major Governmental Fund, General	Nonmajor Governmental Fund, DCLHTF	22,939
Major Governmental Fund, General	Nonmajor Governmental Fund, CDBG	<u>147,403</u>
Total		\$ 9,388,070
<u>Advance From Fund</u>	<u>Advance To Fund</u>	
Major Proprietary Fund, Sewer	Major Proprietary Fund, Storm Water	\$ 11,665,000
Major Proprietary Fund, Sewer	Major Proprietary Fund, MidAmerican Energy Rec Plex	<u>5,130,835</u>
Total		\$16,795,835

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.

On October 19, 2020 the City entered into a third interfund loan agreement. The terms of the loan state that \$5,130,835 was paid from the Sewer Fund to the MidAmerican Energy RecPlex fund. Repayments including 1.5% interest will occur over a 15 year term ending on June 1, 2035. This interfund loan has been eliminated in the government wide financial statements.

City of West Des Moines, Iowa
NOTES TO BASIC 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	\$ 8,738,161	\$ 1,469,765
Road Use Tax	324,444	13,845,551
Tax Increment Financing	2,814	14,457,598
Debt Services	14,416,821	1,064,200
Capital Projects	17,546,644	906,890
Local Option Sales Tax	-	11,888,333
Major Enterprise Funds		
Sewer System	3,202	-
Storm Water System	576,749	131,292
MidAmerican Energy RecPlex	2,115,279	-
Fiber Conduit Utility	-	26,306
Non-major Governmental Funds	198,620	350,960
Internal Service Funds		
Vehicle Maintenance	-	81,839
Technology Replacement	300,000	-
Total	<u>\$ 44,222,734</u>	<u>\$ 44,222,734</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 PENSION AND RETIREMENT SYSTEMS

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by a nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI. The City allocates to governmental and business-type activities according to the proportionate share of contributions in the prior year. As of June 30, 2021, the City had the following balances related to its pension accounts:

	IPERS	MFPRSI	Total
Net Pension Liability	\$17,601,751	\$29,350,997	\$46,952,748
Deferred Inflows	437,806	243,486	681,292
Deferred Outflows	5,376,061	10,864,217	16,240,278
Pension Expense	3,363,630	5,973,654	9,337,284

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.

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

NOTE 8 PENSION AND RETIREMENT SYSTEMS

Iowa Public Employees' Retirement System – IPERS (continued)

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 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

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

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

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

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

NOTE 8 PENSION AND RETIREMENT SYSTEMS

Iowa Public Employees' Retirement System – IPERS (continued)

In fiscal year 2021, 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 6.41% of pay and the City contributed 9.61% for a total rate of 16.02%.

The City's total contributions to IPERS for the year ended June 30, 2021 were \$2,341,477.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2021 the City reported a liability of \$46,952,748 for its proportionate share of the net pension liability, of which \$17,601,751 relates to IPERS. The net pension liability was measured as of June 30, 2020 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, 2020, the City's collective proportion was 0.250568170% which was an increase of .010078163% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized total pension expense \$9,337,284 of which, \$3,363,630 relates to IPERS. At June 30, 2021, 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	\$ 59,761	\$ 415,242
Changes of assumptions	1,013,590	6,071
Net difference between projected and actual earnings on IPERS' investments	1,182,801	-
Changes in proportion and differences between City contributions and proportionate share of contributions	778,432	16,493
City contributions subsequent to the measurement date	2,341,477	-
	\$ 5,376,061	\$ 437,806

The \$2,341,477 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, 2022. 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	
2022	516,264
2023	651,093
2024	621,352
2025	808,454
2026	(385)
Total	\$ 2,596,778

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)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28.0%	-0.29%
Domestic Equity	22.0%	4.43%
International Equity	17.5%	5.15%
Global smart beta equity	6.0%	4.87%
Private Equity	11.0%	6.54%
Private Real Assets	7.5%	4.48%
Public Credit	4.0%	2.29%
Private Credit	3.0%	3.11%
Cash	1.0%	-0.78%
	100.0%	

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)

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	\$ 31,234,479	\$ 17,601,751	\$ 6,173,364

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, 2021, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Municipal Fire & Police Retirement System - MFPRSI

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

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

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

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)

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, 2021.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.31% for the year ended June 30, 2021.

The City's contributions to MFPRSI for the year ended June 30, 2021 were \$3,169,901.

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)

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, 2021.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$46,952,748 for its proportionate share of the net pension liability, of which \$29,350,997 relates to MFPRSI. The net pension liability was measured as of June 30, 2020, 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, 2020, the City’s proportion was 3.679913% which was an increase of 0.190220% from its proportions measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized total pension expense of \$9,337,284, of which \$5,973,654 relates to MFPRSI. At June 30, 2021, 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	\$ 806,993	\$ 159,436
Changes of assumptions	727,058	35,018
Net difference between projected and actual earnings on pension plan investments	4,317,879	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,842,386	49,032
City contributions subsequent to the measurement date	3,169,901	-
Total	\$ 10,864,217	\$ 243,486

\$3,169,901 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, 2022. 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	
2022	1,755,737
2023	2,239,290
2024	2,014,356
2025	1,359,646
2026	81,801
Total	\$ 7,450,830

**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)

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

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

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

Asset Class	Long-Term Expected Real Rate of Return
Large cap	7.5%
Small cap	8.1%
International large cap	7.2%
Emerging makets	7.9%
Global infrastructure	7.5%
Private non-core real estate	11.5%
Private credit	6.4%
Private equity	10.8%
Core plus fixed income	4.0%
Private core real estate	7.2%

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.

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)

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	\$ 45,018,718	\$ 29,350,997	\$ 16,373,145

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, 2021, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

NOTE 9 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, is available to all full & ¾ time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, this plan is not reflected in the financial statements. Total 457 contributions for the current fiscal year were \$1,049,446. The City deposits the employer portion of contributions in accordance with Internal Revenue Code Section 401a. Total 401a contributions for the current fiscal year were \$151,435.

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.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	26
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	0
Active employees	454
Total	480

Total OPEB Liability – The City’s total OPEB liability of \$4,533,769 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021. The City allocates to governmental and business-type activities according to the proportionate share of expenses in the prior year.

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum
Rates of salary increases (effective June 30, 2020)	4.00% per annum, including inflation
Discount rate (effective June 30, 2021)	2.16% compounded annually, including inflation
Health cost trend rate (effective June 30, 2020)	5.00% per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16% 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-2020 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability beginning of year	\$ 3,576,997
Changes for the year:	
Service cost	208,696
Interest	129,781
Changes in benefit terms	(706,017)
Difference between expected and actual experience	487,135
Changes of assumptions	992,469
Benefit payments	(155,292)
Net changes	956,772
Total OPEB Liability end of year	\$ 4,533,769

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)

Changes of assumptions reflect a change in the discount rate from 3.5% in fiscal year 2020 to 2.16% in fiscal year 2021, a change in the future retire participation rate was changed from 30% in fiscal year 2020 to 40% in fiscal year 2021, and a change in mortality rates from RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2018 generational projection of future mortality improvement in fiscal year 2020 to RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2020 generational projection of future mortality improvement in fiscal year 2021.

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 (1.16%) or 1% higher (3.16%) than the current discount rate.

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 4,910,777	\$ 4,533,769	\$ 4,188,026

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	\$ 4,051,981	\$ 4,533,769	\$ 5,102,343

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB expense of \$205,216. At June 30, 2021, 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	\$ 665,200	\$ -
Changes of assumptions	1,121,822	17,917
	\$ 1,787,022	\$ 17,917

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)

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

Year ending June 30,	Amount
2022	162,324
2023	162,324
2024	162,324
2025	162,324
2026	162,324
Thereafter	957,485
	\$ 1,769,105

NOTE 11 JOINT VENTURES

Des Moines Wastewater Reclamation Authority

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

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

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

In May of 2015, the WRA issued Sewer Revenue Bonds Series 2015E for the purpose of refunding Series 2006A. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2021, the Series 2015E bonds had a balance of \$25,930,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$4,769,118.

In April of 2021, the WRA issued Sewer Revenue Bonds Series 2021A for the purpose of refunding Series 2013B which included the previous 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, 2021, the Series 2021A bonds had a balance of \$37,380,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$6,619,208.

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

NOTE 11 JOINT VENTURES (continued)

Des Moines Wastewater Reclamation Authority (continued)

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, 2021, the WRA had \$309,398,902 of such State Revolving Loans of which \$47,260,129 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, 2021, the WRA had \$3,305,072 in these State Revolving Loans of which \$77,290 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.

Westcom Dispatch Center

The City is a participating community in the Westcom Dispatch Center joint venture. This joint venture is a consolidated public safety dispatch facility. Westcom currently provides 911 emergency response and dispatching services for the suburban cities of West Des Moines, Clive, Urbandale, Norwalk, and Waukee.

WestCom began on August 7, 2000, with the execution of an intergovernmental agreement between West Des Moines, Clive, and Urbandale to provide continued operation, improvements to, and expansion of a consolidated dispatch center. West Des Moines has been the contracting and hiring authority for the joint venture since inception. The Westcom Agreement also establishes a management committee structure as well as providing a framework for additional communities to participate. Since its creation, the Agreement has been amended to include the cities of Norwalk and Waukee in 2012 and 2015, respectively, and on June 7, 2021, the agreement was amended to add the City of Windsor Heights as a participant in Westcom effective July 1, 2021.

The Westcom agreement is tiered to establish an equity interest for the Authority Member cities as well as allowing for Contracted User cities who receive no equity interest. West Des Moines, Urbandale, and Clive have been classified as Authority Member cities beginning with the original agreement, and on June 3, 2021, a Memorandum of Understanding was executed to establish Norwalk as an Authority Member. As of June 30, 2021, the percentages of ownership for each Authority Member city, based on historical contributions, are as follows:

<u>City</u>	<u>Equity Percentage</u>
West Des Moines	52.49%
Urbandale	30.70%
Clive	14.77%
Norwalk	2.04%
Total	<u>100.00%</u>

Each participating city maintains an undivided interest in the assets contributed to the Westcom operations. Additionally, each participating city has an ongoing financial responsibility to fund the operations of Westcom based on annual budgeted operations and capital expenditures as approved by the management committee.

The City of West Des Moines reports its equity interest as an Investment in Joint Venture within these financial statements. Westcom does not issue separate financial statements.

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

NOTE 12 RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Related organization: The West Des Moines Water Works Utility is governed by a five-member board which is appointed by the Mayor and approved by the City Council. The West Des Moines Water Works Utility is legally a separate entity and is not financially accountable to the City. The City provides various services to the Water Works, including reimbursable expenses and the availability to participate in the City's health insurance plan. The Water Works provides billing and collection services to the City in connection with the City's Sewer, Solid Waste, and Storm Water Enterprise Funds. The following is a summary of the related party transactions for the year ended June 30, 2021:

Received from West Des Moines Water Works	
Health insurance reimbursements	521,309
Gasoline reimbursements	32,447
Capital project reimbursements	271,281
Share of general insurance	92,579
Delinquent reimbursements	1,126
Donation reimbursements	10,877
Miscellaneous reimbursements	111,923
Payments to West Des Moines Water Works	
Collection fees for sewer, solid waste, and storm water	188,136
Miscellaneous fees	372,905

Amounts receivable from West Des Moines Water Works as of June 30, 2021 for sewer, storm water, solid waste charges, and capital projects totaled \$2,996,894, \$1,042,393, \$557,149, and \$6,728,826 respectively.

Jointly governed organizations: The City participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Polk, Dallas and Warren County Assessor's Conference Boards; Metropolitan Planning Organization; Greater Des Moines Convention and Visitors Bureau.

In July 2008, the City entered into a jointly governed organization with Central Iowa Health System for the provision of emergency medical services. The agreement between the participating organizations is commonly referred to as the "Iowa EMS Alliance". The Iowa EMS Alliance was established as an undivided interest ownership arrangement, whereby the title to Alliance assets is held individually by the City and Iowa Health. The City's portion of current year costs of operation for the Iowa EMS Alliance was \$4,055,849 and there were no capital costs.

NOTE 13 COMMITMENTS

The City has entered into contracts totaling approximately \$169 million for various projects that were not complete at year-end. As of June 30, 2021, approximately \$86 million has been incurred on these contracts.

In order to encourage development within designated Urban Renewal Areas, the City Council has approved development rebate agreements related to several different projects. Rebates are to be paid only after certain conditions have been met by each project developer, and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. It is estimated that outstanding commitments of approximately \$24.21 million exist, of which \$1.96 million is likely to be eligible to be paid in the next fiscal year. The payments will be expensed in the period in which they are paid. No liability for these obligations is recognized due to the fact that the agreements are conditional and the payments are to be funded by future property taxes received on the project.

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

NOTE 13 COMMITMENTS (continued)

The City, in equal partnership with a neighboring city, has entered into an agreement with the Iowa Department of Transportation (IDOT) where the cities have agreed to reimburse in equal shares the IDOT's construction cost for a new interstate interchange which straddles the shared border of the two cities. The construction project was nearly complete but not finalized at June 30, 2021. 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, 2022. 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, 2021 were approximately \$539,090.

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 \$15,000,000, 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.

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, 2021, no liability has been recorded in the City's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

NOTE 14 RISK MANAGEMENT (continued)

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

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

Self-insurance: The City has a self-insured medical expense reimbursement plan which provides medical benefits to its employees and to the employees of affiliates. The plan provides each covered person with unlimited lifetime maximum coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Wellmark. The uninsured risk retention per person is \$125,000 (not to exceed 125% of the aggregate expected claims of \$7,465,677 for the year ended June 30, 2021). 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, 2021 was \$5,720,953.

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 \$500,000 per occurrence for non 411 and \$750,000 for 411. The aggregate retention is 109.6% of the annual premium amount or approximately \$3,625,114.

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2021, totaled \$1,924,331 and include incurred but not reported (IBNR) and reported but not paid. 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, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, and June 30, 2015 by \$106,621, \$178,890, \$548,902, \$328,387, \$61,672, \$162,624, and \$404,139 respectively. Settlements did not exceed the stop-loss coverage in the year ended June 30, 2014.

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

	2021	2020
Claims payable, beginning of year	\$ 1,130,610	\$ 1,142,366
Claims recognized	8,128,540	6,762,268
Claim payments	(7,334,819)	(6,774,024)
Claims payable, end of year	\$ 1,924,331	\$ 1,130,610

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

NOTE 15 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial info assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon prepayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021, there was one series of industrial development revenue bonds outstanding, with an aggregated principal amount payable of \$4,080,000.

NOTE 16 LITIGATION

Claims have been asserted against the City in the ordinary course of business with a maximum exposure of \$1,745,000. 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 REBATES

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, 2021, the City rebated \$1,522,896 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, 2021 under agreements entered into by other entities.

NOTE 18 CONTINGENCY

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

NOTE 19 ACCOUNTING CHANGE

GASB Statement No. 84, Fiduciary Activities, changed the definition, criteria and reporting of fiduciary activities as well as redefined various fiduciary fund types and changed fund type terminology. Adoption of GASB Statement No. 84 requires the City to report the activity of the Section 125 Plan Fund and the Collections and Deposits Fund activity, previously reported as agency funds, as part of the General Fund. As assets equaled liabilities, this change had no impact on beginning net position. The Police Agency Monies Fund, previously reported as a part of the collections and deposits fund, is now reported as a custodial fund under GASB 84. The change resulted in a restatement of beginning net position at July 1, 2020 of \$56,332 to report the custodial fund.

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

NOTE 20 RESTATEMENT OF BEGINNING BALANCES

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

Effective July 1, 2020, the City changed the reporting for its equity interest in Westcom. Previously, the City had reported such equity interest as a separate enterprise fund. The effects of the changes were as follows:

	Governmental Activities	General Fund	Business-Type Activities	Enterprise Fund
Beginning net position/fund balance at July 1, 2020, as previously reported	\$ 508,408,549	\$ 36,927,428	\$ 193,520,296	\$ 1,155,866
Increase (decrease) beginning net position/fund balance as of July 1,	\$ (116,296)	\$ 312,835	\$ (1,155,866)	\$ (1,155,866)
Beginning net position/fund balance at July 1, 2020, as restated	\$ 508,292,253	\$ 37,240,263	\$ 192,364,430	\$ -

The effect on change in net position of the business-type activities and enterprise fund was an increase of \$458,256 for the year ended June 30, 2020 and the change in the net position of the governmental activities was a decrease of the same amount. The effect on the net change in fund balance of the general fund was not significant.

NOTE 21 SUBSEQUENT EVENTS

The City was awarded funding through the Federal American Rescue Plan Act (ARPA) of 2021 in response to the COVID-19 pandemic. The first half of the funding, approximately \$3,800,000, was received during the current fiscal year ending June 30, 2021, with the remaining half expected to be received in the following fiscal year. The revenue received has not been recognized in the financial statements and is included in restricted cash. Because the spending plan was not finalized until after June 30, 2021, the financial statements do not reflect any associated expenditures on the Schedule of Federal Awards. The grant agreement and spending plan were each executed during the fiscal year ended June 30, 2022, so all the associated revenues and expenditures will be recognized in that period.

Three draws were initiated on the City's revolving line of credit to fund construction of the Fiber Conduit Utility. On August 13, 2021, \$700,000 was drawn; on October 12, 2021, \$6,500,000 was drawn; and on January 28, 2022; \$7,700,000 was drawn.

On September 23, 2021, the City issued General Obligation Urban Renewal bonds totaling \$20,395,000 to fund infrastructure in the Grand Prairie Parkway Urban Renewal area. On that same date, the City also issued General Obligation Urban Renewal bonds totaling \$2,990,000 to fund infrastructure in the Mills Parkway Urban Renewal area.

On December 20, 2021, the City pledged \$2,000,000 of support to the Des Moines International Airport in to be used to assist in construction of a new terminal. This pledge will be paid in equal installments over a four-year period beginning July 1, 2023.

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

NOTE 21 SUBSEQUENT EVENTS (continued)

On January 18, 2022, the City executed an agreement with Microsoft Corporation, in which the City agreed to incentivize the construction of a regional data center by providing public infrastructure and an economic incentive grant totaling approximately \$11,000,000. The data center will carry a minimum assessed value of \$242,000,000 upon completion.

On January 18, 2022, the City executed an agreement with Jordan Creek Associates, LLC, in which the City agreed to incentivize the construction of a mixed use project consisting of residential and commercial development by providing public infrastructure and an economic incentive grant totaling approximately \$3,160,000. The project will carry a minimum assessed value of \$19,600,000 upon completion.

NOTE 22 PROSPECTIVE ACCOUNTING CHANGE

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

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

FOR THE LAST FOUR YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Service cost	\$ 208,696	\$ 200,669	\$ 162,490	\$ 157,757
Interest cost	129,781	123,174	118,303	111,053
Difference between expected and actual experience	487,135	-	285,494	-
Changes of assumptions	992,469	-	(23,635)	306,308
Changes of benefit terms	(706,017)	-	-	-
Benefit payments	(155,292)	(130,828)	(106,217)	(66,168)
Net change in total OPEB liability	956,772	193,015	436,435	508,950
Total OPEB liability beginning of year	3,576,997	3,383,982	2,947,547	2,438,597
Total OPEB liability end of year	\$ 4,533,769	\$ 3,576,997	\$ 3,383,982	\$ 2,947,547
Covered-employee payroll	36,136,946	32,494,586	31,244,794	26,989,124
Total OPEB Liability as a percentage of covered-employee payroll	12.55%	11.01%	10.83%	10.92%

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

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

Changes in benefit terms:

Changes in benefit terms reflect the effects of the retiree participation rate. The following are the retiree participation rates used in each period.

Year ended June 30, 2021	40%
Year ended June 30, 2020	30%
Year ended June 30, 2019	30%
Year ended June 30, 2018	30%
Year ended June 30, 2017	30%

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, 2021	2.16%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	5.00%

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

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

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	0.208525300%	0.216906600%	0.229468000%	0.228240700%	0.230244200%	0.240490007%	0.250568170%
City's proportionate share of the net pension liability	\$ 8,269,916	\$ 10,716,237	\$ 14,441,145	\$ 15,203,717	\$ 14,570,418	\$ 13,925,954	\$ 17,601,751
City's covered payroll	\$ 16,337,805	\$ 18,379,445	\$ 19,793,111	\$ 20,057,940	\$ 20,769,182	\$ 22,220,838	\$ 22,924,282
City's proportionate share of the net pension liability as a percentage of its covered payroll	50.62%	58.31%	72.96%	75.80%	70.15%	62.67%	76.78%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	85.19%	81.82%	82.21%	83.62%	85.45%	82.90%

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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 1,458,325	\$ 1,529,529	\$ 1,617,030	\$ 1,675,318	\$ 1,754,825	\$ 1,820,285	\$ 1,886,023	\$ 2,124,433	\$ 2,182,514	\$ 2,341,477
Contribution in the relation to the statutorily required contribution	1,458,325	1,529,529	1,617,030	1,675,318	1,754,825	1,820,285	1,886,023	2,124,433	2,182,514	2,341,477
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	17,426,384	15,827,188	16,337,805	18,379,445	19,793,111	20,057,940	20,769,182	22,220,838	22,924,282	24,762,948
Contributions as a percentage of covered payroll	8.37%	9.66%	9.90%	9.12%	8.87%	9.08%	9.08%	9.56%	9.52%	9.46%

City of West Des Moines, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM - IPERS
June 30, 2021

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 2020 valuation did not include any changes of assumptions.

The 2019 valuation did not include any changes of assumptions.

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

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

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

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

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

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

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

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

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

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	3.126078%	3.156744%	3.194504%	3.157150%	3.289014%	3.489693%	3.679913%
City's proportionate share of the net pension liability	\$ 11,331,979	\$ 14,830,836	\$ 19,973,986	\$ 18,515,897	\$ 19,582,904	\$ 22,889,825	\$ 29,350,997
City's covered payroll	\$ 7,983,068	\$ 8,278,428	\$ 8,766,120	\$ 8,941,753	\$ 9,534,802	\$ 10,575,871	\$ 11,661,137
City's proportionate share of the net pension liability as a percentage of its covered payroll	141.95%	179.15%	227.85%	207.07%	205.38%	216.43%	251.70%
Plan fiduciary net position as a percentage of the total pension liability	86.27%	78.20%	80.60%	81.07%	81.07%	79.94%	76.47%

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 1,881,373	\$ 2,023,600	\$ 2,404,500	\$ 2,517,470	\$ 2,404,016	\$ 2,317,700	\$ 2,448,537	\$ 2,751,800	\$ 2,846,475	\$ 3,169,901
Contribution in the relation to the statutorily required contribution	1,881,373	2,023,600	2,404,500	2,517,470	2,404,016	2,317,700	2,448,537	2,751,800	2,846,475	3,169,901
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	7,598,437	7,747,320	7,983,068	8,278,428	8,766,120	8,941,753	9,534,802	10,575,871	11,661,137	12,524,311
Contributions as a percentage of covered payroll	19.90%	24.76%	26.12%	30.12%	30.41%	27.42%	25.92%	25.68%	24.41%	25.31%

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, 2021

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
REVENUES						
Property tax	\$ 60,294,568	\$ -	\$ 60,294,568	\$ 59,978,003	\$ 59,978,003	\$ 316,565
Tax increment financing taxes	19,753,584	-	19,753,584	19,782,703	19,782,703	(29,119)
Other City taxes	12,961,988	-	12,961,988	19,877,002	14,567,425	(1,605,437)
Special assessments	18,759	-	18,759	20,000	20,000	(1,241)
Licenses and permits	4,483,245	-	4,483,245	1,764,500	3,065,850	1,417,395
Intergovernmental	19,622,375	-	19,622,375	21,980,022	30,948,623	(11,326,248)
Charges for services	8,344,780	18,597,080	26,941,860	24,263,550	26,489,900	451,960
Use of money and property	1,112,697	381,476	1,494,173	3,882,626	3,888,298	(2,394,125)
Miscellaneous	2,756,143	15,384	2,771,527	15,929,696	18,018,719	(15,247,192)
Total revenues	129,348,139	18,993,940	148,342,079	167,478,102	176,759,521	(28,417,442)
EXPENDITURES/EXPENSES						
Public safety	33,851,988	-	33,851,988	37,800,483	38,305,462	4,453,474
Public works	11,199,019	-	11,199,019	12,309,883	12,538,038	1,339,019
Health and social services	1,048,860	-	1,048,860	1,190,888	1,328,588	279,728
Culture and recreation	10,075,208	-	10,075,208	11,800,653	11,942,048	1,866,840
Community and economic development	8,858,793	-	8,858,793	9,738,339	11,153,562	2,294,769
General government	10,601,763	-	10,601,763	11,022,241	11,546,675	944,912
Debt service	27,849,095	-	27,849,095	26,923,286	34,304,632	6,455,537
Capital outlay	42,163,766	-	42,163,766	33,530,665	71,305,395	29,141,629
Business-type	-	19,163,434	19,163,434	53,334,249	100,199,471	81,036,037
Total expenditures/expenses	145,648,492	19,163,434	164,811,926	197,650,687	292,623,871	127,811,945
Excess (deficiency) of revenues over (under) expenditures/expenses	(16,300,353)	(169,494)	(16,469,847)	(30,172,585)	(115,864,350)	99,394,503
OTHER FINANCING SOURCES, NET						
	14,943,343	25,539,124	40,482,467	11,108,000	51,131,549	(10,649,082)
Excess (deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing sources (uses)	(1,357,010)	25,369,630	24,012,620	(19,064,585)	(64,732,801)	(40,720,181)
BALANCES, beginning of year, as restated	88,056,131	191,856,712	279,912,843	133,759,643	325,758,929	
BALANCES, end of year	\$ 86,699,121	\$ 217,226,342	\$ 303,925,463	\$ 114,695,058	\$ 261,026,128	

City of West Des Moines, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2021

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 \$94,973,184. 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, 2021

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, 2021

City Flood Control Levee System

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

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

City Bridges and Large Street Culverts

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

Bridge and Large Street Culverts (FHWA & Iowa DOT Sufficiency Rating – 81 or Greater): The item is structurally sound and there appears to be no immediate safety hazards. Minor cracking, scaling, leaching, channel silting and vegetation, or other minor problems may exist in isolated locations. Minor problems, if any exist, do not appear to have an immediate impact on structural integrity or safety.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2021

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

Condition rating of the City's street subsystem

Category	PCI Range	2018		2019		2020	
		Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Excellent	100 - 80	331	39.6%	428	50.9%	440	51.2%
Good	80 - 60	282	33.8%	197	23.4%	204	23.7%
Fair	60 - 40	157	18.8%	149	17.7%	154	17.9%
Poor	40 - 20	14	1.7%	16	1.9%	17	2.0%
Very Poor	20 - 0	1	0.1%	1	0.1%	1	0.1%
Unpaved*	N/R	50	6.0%	50	5.9%	44	5.1%
		835	100%	841	100%	860	100%

2018	2019	2020
70	70	70
73.0	76.3	76.3

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

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

Condition Categories Based on FHWA Criteria:

Category	OCI Range	2015		2017		2019	
		Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected
Excellent	100 - 90	16	57.1%	21	63.6%	26	76.5%
Very Good	90 - 80	5	17.9%	5	15.2%	4	11.8%
Good	80 - 70	2	7.1%	2	6.1%	2	5.9%
Satisfactory	70 - 60	1	3.6%	2	6.1%	1	2.9%
Fair	60 - 50	4*	14.3%	3*	9.1%	1*	2.9%
Poor	50 - 40	0	0.0%	0	0.0%	0	0.0%
Serious	40 - 30	0	0.0%	0	0.0%	0	0.0%
Critical	30 - 20	0	0.0%	0	0.0%	0	0.0%
Imminent Failure	20 - 10	0	0.0%	0	0.0%	0	0.0%
Failed	10 - 0	0	0.0%	0	0.0%	0	0.0%
Total		28	100%	33	100%	34	100%

*Structures closed to traffic or scheduled for replacement

Overall condition index (OCI)

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

See accompanying independent auditor's report.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2021

Levee Condition by Category as of the Last Assessment

Condition Categories Based on the Army Corp. Criteria

OCI Range	2018		2019		2020	
	Percent of		Percent of		Percent of	
	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected	Levee Items Inspected
Acceptable	56	91.5%	57	90.3%	33	71.7%
Minimally Acceptable	6	8.5%	6	9.7%	13	28.3%
Unacceptable	0	0.0%	0	0.0%	0	0.0%
	<u>62</u>	<u>100%</u>	<u>63</u>	<u>100%</u>	<u>46</u>	<u>100%</u>

Overall condition index (OCI)

	2018	2019	2020
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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Estimated Costs	\$6,500	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753	\$5,307
Actual Costs	\$6,015	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720	\$5,119

**City of West Des Moines, Iowa
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2021**

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
ASSETS					
Cash and investments	\$ 1,880,206	\$ -	\$ 365,750	\$ 673,226	\$ -
Restricted cash and investments	-	-	-	161,661	38,769
Receivables					
Property taxes	3,103,510	19,224	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	2,597	-
Total assets	<u>\$ 4,983,716</u>	<u>\$ 19,224</u>	<u>\$ 365,750</u>	<u>\$ 837,484</u>	<u>\$ 38,769</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 841	\$ -
Accrued wages payable	150,799	-	-	26	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>150,799</u>	<u>-</u>	<u>-</u>	<u>867</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Succeeding year property tax	3,099,545	18,748	-	-	-
Grants and other	-	-	-	-	-
Total deferred inflows of resources	<u>3,099,545</u>	<u>18,748</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted for					
Other purposes	1,733,372	476	365,750	836,617	38,769
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>1,733,372</u>	<u>476</u>	<u>365,750</u>	<u>836,617</u>	<u>38,769</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,983,716</u>	<u>\$ 19,224</u>	<u>\$ 365,750</u>	<u>\$ 837,484</u>	<u>\$ 38,769</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Totals
\$ 1,814,283	\$ 356,123	\$ 402,809	\$ -	\$ -	\$ 5,492,397
-	-	-	-	37,935	238,365
-	-	-	-	-	3,122,734
-	-	-	25,574	-	25,574
-	-	-	-	542,252	542,252
-	-	-	1,287	139,122	143,006
\$ 1,814,283	\$ 356,123	\$ 402,809	\$ 26,861	\$ 719,309	\$ 9,564,328

\$ 36,800	\$ 8,112	\$ 3,045	\$ 29,718	\$ -	\$ 78,516
-	-	-	123	282	151,230
-	-	-	22,939	147,403	170,342
36,800	8,112	3,045	52,780	147,685	400,088

-	-	-	-	-	3,118,293
-	-	-	4,862	-	4,862
-	-	-	4,862	-	3,123,155

1,777,483	348,011	399,764	-	571,624	6,071,866
-	-	-	(30,781)	-	(30,781)
1,777,483	348,011	399,764	(30,781)	571,624	6,041,085
\$ 1,814,283	\$ 356,123	\$ 402,809	\$ 26,861	\$ 719,309	\$ 9,564,328

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, 2021

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
REVENUES					
Property taxes	\$ 2,576,136	\$ 309,068	\$ -	\$ -	\$ -
Other City taxes	24,044	2,882	-	-	-
Intergovernmental	109,924	13,251	11,440	115,817	-
Use of money and property	5,545	-	-	2,057	107
Miscellaneous	-	-	-	161,428	-
Total revenues	<u>2,715,649</u>	<u>325,201</u>	<u>11,440</u>	<u>279,302</u>	<u>107</u>
EXPENDITURES					
Current					
Public safety	3,196,965	-	-	-	-
Health and social services	-	-	-	114,380	-
Culture and recreation	-	-	-	-	-
Community & economic development	-	-	43,628	96,011	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>3,196,965</u>	<u>-</u>	<u>43,628</u>	<u>210,391</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(481,316)</u>	<u>325,201</u>	<u>(32,188)</u>	<u>68,911</u>	<u>107</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	193,671	-	-	-	-
Transfers out	-	(329,121)	-	(741)	-
Total other financing sources (uses)	<u>193,671</u>	<u>(329,121)</u>	<u>-</u>	<u>(741)</u>	<u>-</u>
Net change in fund balances	(287,645)	(3,920)	(32,188)	68,170	107
Fund balances (deficit), beginning of year	2,021,017	4,396	397,938	768,447	38,662
Fund balances (deficit), end of year	<u>\$ 1,733,372</u>	<u>\$ 476</u>	<u>\$ 365,750</u>	<u>\$ 836,617</u>	<u>\$ 38,769</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,885,204
-	-	-	-	-	26,926
10,000	61,521	-	167,516	877,594	1,367,063
4,909	967	972	-	5,673	20,230
207,476	24,858	123,025	37,050	-	553,837
222,385	87,346	123,997	204,566	883,267	4,853,260
-	-	65,684	-	-	3,262,649
-	-	-	-	-	114,380
188,670	84,433	-	-	-	273,103
-	-	-	238,265	762,220	1,140,124
-	-	-	-	33,347	33,347
-	-	-	-	5,673	5,673
188,670	84,433	65,684	238,265	801,240	4,829,276
33,715	2,913	58,313	(33,699)	82,027	23,984
-	-	-	4,949	-	198,620
-	-	-	-	(21,098)	(350,960)
-	-	-	4,949	(21,098)	(152,340)
33,715	2,913	58,313	(28,750)	60,929	(128,356)
1,743,768	345,098	341,451	(2,031)	510,695	6,169,441
\$ 1,777,483	\$ 348,011	\$ 399,764	\$ (30,781)	\$ 571,624	\$ 6,041,085

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF NET POSITION-INTERNAL SERVICE FUNDS
June 30, 2021

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
ASSETS						
Current assets:						
Cash and investments	\$ 10,568,113	\$ -	\$ 9,400,663	\$ 4,082,222	\$ 183,361	\$ 24,234,359
Accounts	-	45,525	76,423	-	-	121,948
Interest	19,655	-	31,371	-	-	51,026
Due from other governments	-	19,590	-	-	-	19,590
Prepays	784,648	-	-	-	209,601	994,249
Total current assets	<u>11,372,416</u>	<u>65,115</u>	<u>9,508,457</u>	<u>4,082,222</u>	<u>392,962</u>	<u>25,421,172</u>
Noncurrent assets, capital assets						
Equipment and vehicles	19,509,897	-	-	-	887,577	20,397,474
Accumulated depreciation	(11,601,880)	-	-	-	(224,860)	(11,826,740)
Total noncurrent assets	<u>7,908,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>662,717</u>	<u>8,570,734</u>
Total assets	<u>\$ 19,280,433</u>	<u>\$ 65,115</u>	<u>\$ 9,508,457</u>	<u>\$ 4,082,222</u>	<u>\$ 1,055,679</u>	<u>\$ 33,991,906</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities:						
Accounts payable	\$ 255,888	\$ 44,887	\$ -	\$ -	\$ -	\$ 300,775
Claims payable	-	-	848,357	1,075,974	-	1,924,331
Total current liabilities	<u>255,888</u>	<u>44,887</u>	<u>848,357</u>	<u>1,075,974</u>	<u>-</u>	<u>2,225,106</u>
NET POSITION						
Investment in capital assets	7,908,017	-	-	-	662,717	8,570,734
Unrestricted	11,116,528	20,228	8,660,100	3,006,248	392,962	23,196,066
Total net position	<u>\$ 19,024,545</u>	<u>\$ 20,228</u>	<u>\$ 8,660,100</u>	<u>\$ 3,006,248</u>	<u>\$ 1,055,679</u>	<u>\$ 31,766,800</u>
Total liabilities and net position	<u>\$ 19,280,433</u>	<u>\$ 65,115</u>	<u>\$ 9,508,457</u>	<u>\$ 4,082,222</u>	<u>\$ 1,055,679</u>	<u>\$ 33,991,906</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
OPERATING REVENUES						
Charges for services	\$ -	\$ 1,097,485	\$ 7,491,274	\$ 213,219	\$ -	\$ 8,801,978
Lease revenue	1,912,232	-	-	-	-	1,912,232
Other	-	-	183,043	30,951	-	213,994
Total operating revenues	1,912,232	1,097,485	7,674,317	244,170	-	10,928,204
OPERATING EXPENSES						
Cost of sales and services	20,168	1,061,449	7,905,818	1,266,643	-	10,254,078
Depreciation	1,564,169	-	-	-	150,119	1,714,288
Total operating expenses	1,584,337	1,061,449	7,905,818	1,266,643	150,119	11,968,366
Operating income (loss)	327,895	36,036	(231,501)	(1,022,473)	(150,119)	(1,040,162)
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	67,916	-	85,786	11,465	1,124	166,291
Gain (loss) on sale of capital assets	(18,172)	-	-	-	(243,138)	(261,310)
Total nonoperating revenues (expenses)	49,744	-	85,786	11,465	(242,014)	(95,019)
Income (Loss) before transfers	377,639	36,036	(145,715)	(1,011,008)	(392,133)	(1,135,181)
Transfers in	-	-	-	-	300,000	300,000
Transfers out	-	(81,839)	-	-	-	(81,839)
Change in net position	377,639	(45,803)	(145,715)	(1,011,008)	(92,133)	(917,020)
Total net position, beginning of year	18,646,906	66,031	8,805,815	4,017,256	1,147,812	32,683,820
Total net position, ending of year	\$ 19,024,545	\$ 20,228	\$ 8,660,100	\$ 3,006,248	\$ 1,055,679	\$ 31,766,800

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2021

	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	\$ -	\$ 20,411	\$ 1,952,410	\$ 244,170	\$ -	\$ 2,216,991
Receipts from interfund charges	1,912,232	1,051,344	5,645,485	-	-	8,609,061
Payments from (to) suppliers	(569,448)	(1,121,814)	-	-	(209,601)	(1,900,863)
Payments to claimants	-	-	(7,761,572)	(617,169)	-	(8,378,741)
Net cash provided (used) by operating activities	1,342,784	(50,059)	(163,677)	(372,999)	(209,601)	546,448
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	300,000	300,000
Transfers out	-	(81,839)	-	-	-	(81,839)
Net cash provided (used) by noncapital financing activities	-	(81,839)	-	-	300,000	218,161
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(2,375,842)	-	-	-	(539,860)	(2,915,702)
Proceeds from disposal of capital assets	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(2,375,842)	-	-	-	(539,860)	(2,915,702)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	79,977	-	105,035	11,465	1,124	197,601
Purchase of investment securities	(3,605,886)	-	(5,755,304)	-	-	(9,361,190)
Proceeds from maturity of investment securities	3,543,055	-	5,655,020	-	-	9,198,075
Net cash provided (used) by investing activities	17,146	-	4,751	11,465	1,124	34,486
Net increase (decrease) in cash and cash equivalents	(1,015,912)	(131,898)	(158,926)	(361,534)	(448,337)	(2,116,607)
Cash and cash equivalents Beginning of year	6,723,512	131,898	1,801,792	4,443,756	631,698	13,732,656
End of year	\$ 5,707,600	\$ -	\$ 1,642,866	\$ 4,082,222	\$ 183,361	\$ 11,616,049

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, 2021

	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)	\$ 327,895	\$ 36,036	\$ (231,501)	\$ (1,022,473)	\$ (150,119)	\$ (1,040,162)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	1,564,169	-	-	-	150,119	1,714,288
Change in assets and liabilities						
Receivables	-	(25,729)	(76,423)	-	-	(102,152)
Prepaid expenses	(784,648)	-	-	-	(209,601)	(994,249)
Accounts payable & other liabilities	235,368	(60,366)	-	-	-	175,002
Claims payable	-	-	144,247	649,474	-	793,721
Net cash provided (used) by operating activities	<u>\$ 1,342,784</u>	<u>\$ (50,059)</u>	<u>\$ (163,677)</u>	<u>\$ (372,999)</u>	<u>\$ (209,601)</u>	<u>\$ 546,448</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION						
Cash and investments	\$ 10,568,113	\$ -	\$ 9,400,663	\$ 4,082,222	\$ 183,361	\$ 24,234,359
Less items not meeting the definition of cash equivalents	(4,860,513)	-	(7,757,797)	-	-	(12,618,310)
Cash and cash equivalents at end of year	<u>\$ 5,707,600</u>	<u>\$ -</u>	<u>\$ 1,642,866</u>	<u>\$ 4,082,222</u>	<u>\$ 183,361</u>	<u>\$ 11,616,049</u>
SCHEDULE OF NONCASH ITEMS						
Investing activities						
Change in fair market value of investments	\$ (9,836)	\$ -	\$ (15,699)	\$ -	\$ -	\$ (25,535)

See accompanying independent auditor's report.

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