

City of Waukee, Iowa

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
OFFICIALS	3
INDEPENDENT AUDITOR'S REPORT	4-5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6-13
BASIC FINANCIAL STATEMENTS	14
Government-wide financial statements	
Statement of net position	15-16
Statement of activities	17-18
Governmental fund financial statements	
Balance sheet	19
Reconciliation of the balance sheet—governmental funds to the statement of net position	20
Statement of revenues, expenditures and changes in fund balances	21
Reconciliation of the statement of revenues, expenditures and changes in fund balances—governmental funds to the statement of activities	22
Proprietary fund financial statements	
Statement of net position	23
Statement of revenues, expenses and changes in fund net position	24
Statement of cash flows	25-26
Notes to financial statements	27-51
REQUIRED SUPPLEMENTARY INFORMATION	52
Schedule of changes in the City's total OPEB liability, related ratios and notes	53
Budgetary comparison schedule of revenues, expenditures/expenses and changes in balances—budget and actual—governmental funds and proprietary funds	54-55
Note to required supplementary information—budgetary reporting	56
Schedule of the City's proportionate share of the net pension liability	57
Schedule of City contributions	58-59
Notes to required supplementary information—pension liability	60
SUPPLEMENTARY INFORMATION	61
Nonmajor Governmental Funds	
Combining balance sheet	62
Combining schedule of revenues, expenditures and changes in fund balances	63
Nonmajor Proprietary Funds	
Combining statement of net position	64
Combining statement of revenues, expenses and changes in fund net position	65
Combining statement of cash flows	66-67
Schedule of revenues by source and expenditures by function—all governmental funds	68-69
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	70-71
SCHEDULE OF FINDINGS	72-74

City of Waukee, Iowa
OFFICIALS

Before January 2020

	<u>Term expires</u>
MAYOR AND MEMBERS OF CITY COUNCIL	
William Peard, Mayor	January 2020
Rachelle Hughes, Council Member	January 2020
Courtney Clarke, Council Member	January 2022
Larry Lyon, Council Member	January 2020
Anna Bergman, Council Member	January 2022
Charlie Bottenberg, Council Member	January 2022
CITY ADMINISTRATOR	
Tim Moerman	Indefinite
CITY CLERK	
Rebecca D. Schuett	Indefinite
DIRECTOR OF FINANCE	
Linda Burkhart	Indefinite
CITY ATTORNEY	
Steven P. Brick	January 2020

After January 2020

	<u>Term expires</u>
MAYOR AND MEMBERS OF CITY COUNCIL	
Courtney Clarke, Mayor	January 2024
Chris Crone, Council Member	January 2024
Ben Sinclair, Council Member	January 2022
Larry Lyon, Council Member	January 2024
Anna Bergman, Council Member	January 2022
Charlie Bottenberg, Council Member	January 2022
CITY ADMINISTRATOR	
Tim Moerman	Indefinite
CITY CLERK	
Rebecca D. Schuett	Indefinite
DIRECTOR OF FINANCE	
Linda Burkhart	Indefinite
CITY ATTORNEY	
Steven P. Brick	January 2021



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
Waukee, 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 Waukee, Iowa (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Waukee, Iowa, as of June 30, 2020, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in the City's total OPEB liability, related ratios and notes, the schedule of the City's proportionate share of the net position liability, and the schedule of City contributions on pages 6 through 13 and 53 through 60 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukee, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The combining and individual nonmajor fund financial statements and schedule of revenues by source and expenditures by function, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020 on our consideration of the City of Waukee, Iowa'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 of Waukee, Iowa's internal control over financial reporting and compliance.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Waukee provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- Revenues of the City's Governmental Funds increased 10.2 %, or \$ 3,065,963, from fiscal 2019 to fiscal 2020. Property and other City Taxes increased \$ 2,674,832, Tax Increment Financing increased \$ 1,068,040, Licenses and Permits decreased \$ 108,214, Intergovernmental decreased \$ 1,282,405, Charges for Services increased \$ 144,249, Use of Money/Property decreased \$288,101 and Miscellaneous increased \$ 857,562.
- Program expenditures of the City's Governmental Funds decreased 3.1 %, or \$ 1,171,519 in fiscal 2020 from fiscal 2019. Public Safety expenses increased \$ 890,979, Community and Economic Development decreased \$ 129,025, Culture and Recreation increased \$ 105,821, Public Works increased \$ 291,411, General Government decreased \$ 19,851, Debt Service increased \$ 733,168 and Capital Projects decreased \$ 3,043,222.
- The City has a net position of \$ 227,477,939 on June 30, 2020 as compared to \$ 206,335,314 on June 30, 2019. Of this amount, the net position of the Governmental Activities was \$ 149,472,831 and the net position of the Business Type Activities was \$ 78,005,108.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City of Waukee as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of net pension liability and related contributions, as well as presenting the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the non-major Governmental and Proprietary Funds, and Schedule of Revenues by Source and Expenditures by Function.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as "net position". Over time, increases or decreases in the City's 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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax, state and federal grants, and license and permit fees finance most of these activities.
- Business type activities include the water, sewer, gas and storm water utilities, the municipal golf course and the City's sanitation department. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

(1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Tax Increment Financing Revenues, and Local Option Sales Tax, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the City's Enterprise and Internal Service Funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. The Enterprise Funds include the Water, Sewer, Gas, Storm Water, Golf Course and Sanitation Funds. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The financial statements required for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

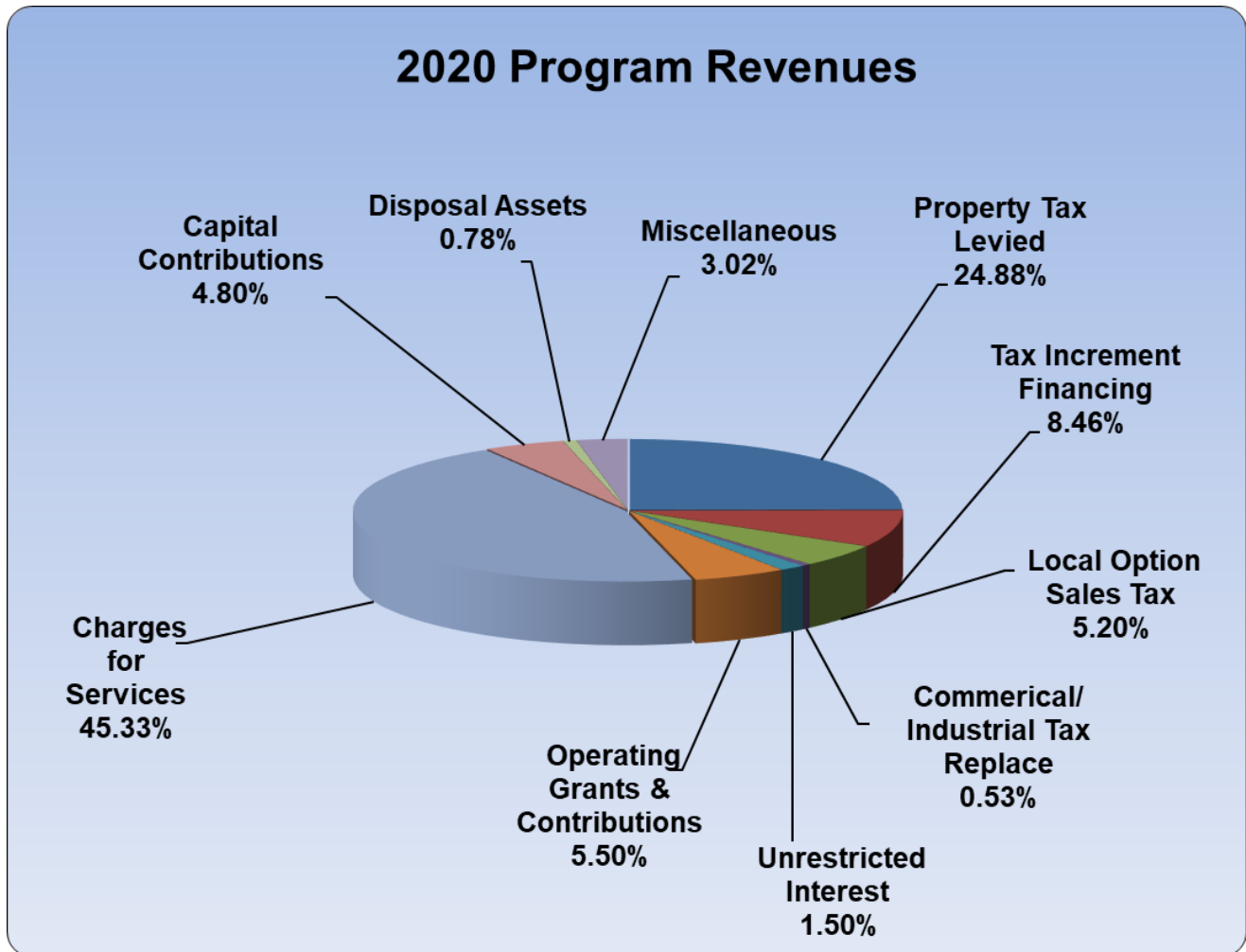
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental and business type activities.

	Net Position at Year End					
	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$74,287,176	\$ 57,178,178	\$29,514,040	\$ 24,701,642	\$103,801,216	\$ 81,879,820
Capital Assets	183,365,294	172,608,710	76,036,857	72,663,152	259,402,151	245,271,862
Total Assets	<u>257,652,470</u>	<u>229,786,888</u>	<u>105,550,897</u>	<u>97,364,794</u>	<u>363,203,367</u>	<u>327,151,682</u>
Deferred Outflows of Resources	1,546,826	1,826,783	313,760	403,545	1,860,586	2,230,328
Current Liabilities	10,973,329	9,754,154	3,412,250	3,128,151	14,385,579	12,882,305
Non-Current Liabilities	74,784,983	64,913,946	24,267,910	24,400,904	99,052,893	89,314,850
Total Liabilities	<u>85,758,312</u>	<u>74,668,100</u>	<u>27,680,160</u>	<u>27,529,055</u>	<u>113,438,472</u>	<u>102,197,155</u>
Deferred Inflows of Resources	23,968,153	20,772,143	179,389	77,398	24,147,542	20,849,541
Net Position:						
Net investment in Capital Assets	125,342,452	117,430,736	56,721,544	49,707,757	182,063,996	167,138,493
Restricted	18,731,898	13,189,406	482,539	578,485	19,214,437	13,767,891
Unrestricted	<u>5,398,481</u>	<u>5,553,286</u>	<u>20,801,025</u>	<u>19,875,644</u>	<u>26,199,506</u>	<u>25,428,930</u>
Total Net Position	<u>\$ 149,472,831</u>	<u>\$ 136,173,428</u>	<u>\$ 78,005,108</u>	<u>\$ 70,161,886</u>	<u>\$ 227,477,939</u>	<u>\$ 206,335,314</u>

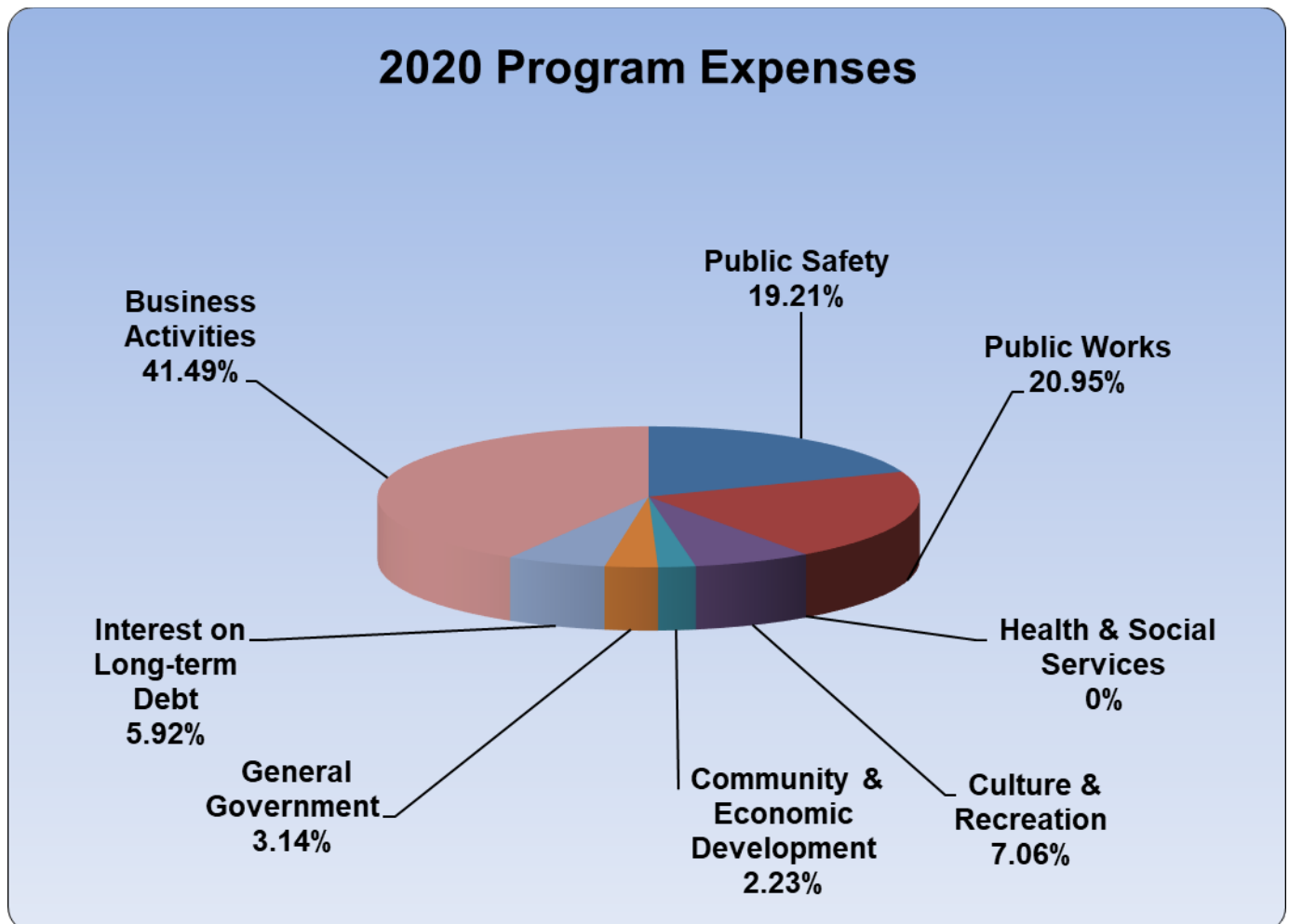
Net position of governmental activities increased \$ 13,483,169, or 9.91%, over fiscal year 2019. Net position of business type activities increased \$ 7,843,222, or 11.18%, over fiscal year 2019. The largest portion of the City's net position is the investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt, excluding unspent debt proceeds. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is \$ 26,085,148 at the end of this year.

Changes in Net Position for the Year Ended June 30, 2020

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Property Tax Levied and Other City Tax	\$ 15,280,012	\$ 13,609,900	\$ -	\$ -	\$ 15,280,012	\$ 13,609,900
Tax Increment Financing	5,198,896	4,130,856	-	-	5,198,896	4,130,856
Local Option Sales Tax	3,191,666	2,486,798	-	-	3,191,666	2,486,798
Commercial/Industrial Tax Replacement	325,767	281,962	-	-	325,767	281,962
Unrestricted Interest	529,735	829,688	392,745	533,864	922,480	1,363,552
Operating Grants and Contributions	3,376,316	4,758,398	-	-	3,376,316	4,758,398
Charges for Services	3,480,864	3,406,233	24,359,221	23,743,464	27,840,085	27,149,697
Capital Grants and Contributions	2,946,552	4,215,775	-	-	2,946,552	4,215,775
Gain (loss) from Disposal of Capital Assets	349,045	41,518	132,949	(1,229,699)	481,994	(1,188,181)
Miscellaneous	1,642,806	785,243	209,210	280,238	1,852,016	1,065,481
Total Revenues	36,321,659	34,546,371	25,094,125	23,327,867	61,415,784	57,874,238
Transfers	618,003	386,729	(618,003)	(386,729)	-	-
Total Revenues and Transfers	\$ 36,939,662	\$ 34,933,100	\$ 24,476,122	\$ 22,941,138	\$ 61,415,784	\$ 57,874,238



	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Expenses						
Public Safety	\$ 7,702,081	\$ 6,655,888	\$ -	\$ -	\$ 7,702,081	\$ 6,655,888
Public Works	8,399,357	7,964,923	-	-	8,399,357	7,964,923
Health and Social Services	-	800	-	-	-	800
Culture and Recreation	2,828,872	2,583,818	-	-	2,828,872	2,583,818
Community and Economic Development	893,086	1,002,123	-	-	893,086	1,002,123
General Government	1,260,145	1,328,393	-	-	1,260,145	1,328,393
Interest on Long-Term Debt	2,372,952	2,120,887	-	-	2,372,952	2,120,887
Business Type Activities	-	-	16,632,900	16,648,986	16,632,900	16,648,986
Total Expenses	<u>23,456,493</u>	<u>21,656,832</u>	<u>16,632,900</u>	<u>16,648,986</u>	<u>40,089,393</u>	<u>38,305,818</u>
Increase in Net Position	13,483,169	13,276,268	7,843,222	6,292,152	21,326,391	19,568,420
Net Position Beginning of Year	<u>135,989,662</u>	<u>122,897,160</u>	<u>70,161,886</u>	<u>63,869,734</u>	<u>206,151,548</u>	<u>186,766,894</u>
Net Position End of Year	<u>\$ 149,472,831</u>	<u>\$ 136,173,428</u>	<u>\$ 78,005,108</u>	<u>\$ 70,161,886</u>	<u>\$ 227,477,939</u>	<u>\$ 206,335,314</u>



The City maintained the property tax levy of \$ 13.40 per \$1,000 for FY20, while recognizing an increase of \$ 2,738,152 in property tax revenue due to increase in residential and commercial property valuation. Revenues for operating and capital grants, contributions, restricted and unrestricted interest, decreased by \$ 3,092,377, charges for services increased by \$ 690,388, gain from disposal of capital assets increased \$ 1,670,175 and miscellaneous revenues increased by \$ 786,535.

Overall revenues for governmental activities increased approximately \$ 1,775,000 from the prior year.

The cost of all governmental activities this year was approximately \$ 23.5 million compared to approximately \$ 21.7 million last year. However, as shown in the Statement of Activities on pages 17 and 18, the amount taxpayers ultimately financed for these activities was (\$ 13.7) million as some of the cost was paid by those directly benefited from the programs (\$ 3,480,864) or by other governments and organizations which subsidized certain programs with grants and contributions (\$ 6,322,868).

Overall revenues for business type activities increased \$ 1,766,258 over the prior year.

The cost of all business activities this year was relatively stable, with approximately \$ 16.6 million compared to approximately \$ 16.6 million last year.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As the City of Waukee completed the year, its governmental funds reported a combined fund balance of \$ 46,926,179 at June 30, 2020, compared to \$ 32,012,307 combined fund balance at June 30, 2019.

The General Fund showed an increase of \$ 1,320,856 from the prior year to \$ 8,482,357.

The Tax Increment Financing Urban Renewal Funds account for revenues from the tax authorized by ordinance in the urban renewal districts which are used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects. These funds ended fiscal 2020 with a \$ 2,686,579 balance compared to the prior year ending balance of \$ 2,617,568.

The Debt Service Fund ended fiscal 2020 with a \$ 1,793,090 balance compared to the prior year ending balance of \$ 755,983. Bond principal and interest payments increased by \$ 520,292 in fiscal 2020.

The Local Option Sales Tax Fund ended fiscal 2020 with a \$4,726,484 balance compared to the prior year ending balance of \$ 2,015,215.

The Capital Projects Fund ended fiscal 2020 with a \$ 25,644,379 balance compared to the prior year ending balance of \$ 17,793,834.

Proprietary Fund Highlights

The Water Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2020 with a net position of \$21,014,786 compared to the prior year ending net position balance of \$ 19,411,303.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2020 with a net position of \$ 36,228,640, compared to the prior year ending net position balance of \$ 32,291,710.

The Gas Fund, which accounts for the operations and maintenance of the City's gas utility, ended fiscal 2020 with a \$ 16,998,051 net position balance, compared to the prior year ending net position balance of \$ 14,995,765.

The Golf Course Fund, which accounts for the operations and maintenance of the City's municipal golf course, ended fiscal 2020 with a net position of \$ 690,642, compared to the prior year ending net position balance of \$ 761,121.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City of Waukee amended its budget once in May of 2020. The amendment was required to cover unplanned disbursements, including program expenditures associated with a decrease to Public Safety and Culture and Recreation, and an increase to Public Works, Community and Economic Development, General Government, Debt Service, and Business Type Activities; while also increasing revenue sources for Licenses and Permits, Use of Money and Property, Intergovernmental, Charges for Services, Miscellaneous, Other Financing Sources and Transfers.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets include land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure. Capital assets for governmental activities totaled \$ 183,365,294 (net of accumulated depreciation) at June 30, 2020. Capital assets for business type activities totaled \$ 76,036,857 (net of accumulated depreciation) at June 30, 2020. See Note 4 to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year included the completion of Library interior renovations, City wide phone system and copier/printer replacement, land purchase for future public safety building, replacement of road grader, Sugar Creek Municipal Golf Course golf carts replacement, Kettlestone Blvd, Fox Creek park including the City's first splash pad, and the continuation of the entrance signage project.

For business type activities, the major additions included the fees associated with the Wastewater Reclamation Authority (WRA), completion of the NW Area water main extension-phase II, a water chloramination facility; sewer projects included the completion of Kettlestone East sewer installation; gas projects included general distribution system improvements, and the completion of the Alice's Road Gas Main improvements project to relocate the main along the Alice's Road corridor in conjunction with the paving project.

Construction in progress at June 30, 2020 for the City consists primarily of the Alice's Road Widening Phase 4 & Phase 5 projects, Triumph Park planning, and planning & engineering for several roads projects including Ashworth Road improvements, street infrastructure for the new Northwest High School including 10th Street, Sunrise Drive, 4th Street and Douglas Parkway, 5-Way intersection and Warrior Lane improvements; parks projects also included Alice's Historic District park, Westown Meadows park and Glynn Village park.

Long-Term Debt

At June 30, 2020, the City had \$ 74,784,983 in total non-current debt outstanding for governmental activities. Total non-current debt outstanding for business type activities was \$ 24,267,910 at June 30, 2020.

The City maintained their general obligation bond rating of Aa2, assigned by national rating agency, Moody's Investors Services, on April 10, 2017. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$ 76,357,000 or 72.81%, is below its constitutional debt limit of \$ 104,866,529. Other obligations include accrued vacation pay, net OPEB liability and net pension liability. Additional information about the City's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS BEARING ON THE CITY’S FUTURE

Several economic factors affected decisions made by the City in setting its fiscal 2021 budget. The City of Waukee will experience a significant increase in General Fund revenues and expenditures from fiscal 2020 to fiscal 2021. The major factors that will play a role in this change are the increase in property tax revenues from increased valuations for fiscal 2021, and the new increase generated by the Local Sales Tax approved by voters in November 2017.

The General Fund is projected to end fiscal 2021 with a fund balance of approximately \$ 7,810,000, or a planned decrease of \$ 671,600 from fiscal 2020. The tax levy rates per \$1,000 of taxable valuation for fiscal 2021 was reduced by \$0.10/\$1000 as provided below:

General levy	\$7.90
Debt Service levy	3.32
Employee Benefits Levy	<u>2.08</u>
Total	<u>\$13.30</u>

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to present our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and operating activities. If you have any questions or require additional information, please contact the City Administrator or the Finance Director, at Waukee City Hall, 230 W Hickman Road, Waukee, Iowa.

BASIC FINANCIAL STATEMENTS

City of Waukee, Iowa
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Current assets			
Cash and investments	\$ 48,500,597	\$ 26,178,042	\$ 74,678,639
Receivables			
Property tax			
Delinquent	223,229	-	223,229
Succeeding year	23,120,093	-	23,120,093
Special assessments	176,528	-	176,528
Customer accounts	-	1,692,465	1,692,465
Other	668,131	-	668,131
Due from other governments	704,555	-	704,555
Internal balances	645,397	(645,397)	-
Inventories	<u>248,646</u>	<u>316,661</u>	<u>565,307</u>
Total unrestricted current assets	74,287,176	27,541,771	101,828,947
Restricted assets – cash and investments	-	1,972,269	1,972,269
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>183,365,294</u>	<u>76,036,857</u>	<u>259,402,151</u>
Total assets	<u>257,652,470</u>	<u>105,550,897</u>	<u>363,203,367</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,521,794	305,364	1,827,158
OPEB related deferred outflows	<u>25,032</u>	<u>8,396</u>	<u>33,428</u>
Total deferred outflows of resources	<u>1,546,826</u>	<u>313,760</u>	<u>1,860,586</u>
LIABILITIES			
Current liabilities			
Accounts payable	3,259,807	1,291,070	4,550,877
Accrued compensation	399,205	84,376	483,581
Accrued interest payable	201,000	58,285	259,285
Customer deposits payable	-	254,769	254,769
Compensated absences	63,317	78,873	142,190
General obligation bonds/notes	6,875,000	21,846	6,896,846
Tax increment financing (TIF) bonds	175,000	-	175,000
Revenue notes payable	-	1,623,031	1,623,031
Total current liabilities	<u>10,973,329</u>	<u>3,412,250</u>	<u>14,385,579</u>
Noncurrent liabilities			
Compensated absences	341,709	-	341,709
General obligation bonds/notes, net	70,994,050	92,512	71,086,562
Revenue notes payable, net	-	23,437,999	23,437,999
Total OPEB liability	335,939	112,685	448,624
Net pension liability	<u>3,113,285</u>	<u>624,714</u>	<u>3,737,999</u>
Total noncurrent liabilities	<u>74,784,983</u>	<u>24,267,910</u>	<u>99,052,893</u>
Total liabilities	<u>85,758,312</u>	<u>27,680,160</u>	<u>113,438,472</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF NET POSITION (continued)
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business Type Activities	
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues			
Succeeding year property taxes	23,120,093	-	23,120,093
Pension related deferred inflows	779,685	156,453	936,138
OPEB related deferred inflows	68,375	22,936	91,311
Total deferred inflows of resources	<u>23,968,153</u>	<u>179,389</u>	<u>24,147,542</u>
NET POSITION			
Net investment in capital assets	125,342,452	56,721,544	182,063,996
Restricted for			
Debt service	1,982,364	482,539	2,464,903
Other purposes	16,749,534	-	16,749,534
Unrestricted	<u>5,398,481</u>	<u>20,801,025</u>	<u>26,199,506</u>
Total net position	<u>\$149,472,831</u>	<u>\$ 78,005,108</u>	<u>\$227,477,939</u>

City of Waukee, Iowa
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
Public safety	\$ 7,702,081	\$ 2,235,300	\$ -	\$ -
Public works	8,399,357	783,835	3,376,316	2,556,302
Culture and recreation	2,828,872	251,316	-	390,250
Community and economic development	893,086	-	-	-
General government	1,260,145	210,413	-	-
Interest on long-term debt	<u>2,372,952</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>23,456,493</u>	<u>3,480,864</u>	<u>3,376,316</u>	<u>2,946,552</u>
Business-type activities				
Water	4,602,967	6,212,099	-	-
Sewer	3,178,219	7,009,264	-	-
Gas	5,809,784	7,797,032	-	-
Golf	705,741	483,994	-	-
Other	<u>2,336,189</u>	<u>2,856,832</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>16,632,900</u>	<u>24,359,221</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$40,089,393</u>	<u>\$27,840,085</u>	<u>\$ 3,376,316</u>	<u>\$ 2,946,552</u>

GENERAL REVENUES

Property and other city tax levied for
 General purposes
 Debt service
 Employee benefits
 Tax increment financing
 Local option sales tax
 Commercial/Industrial tax replacement
 Unrestricted interest on investments
 Gain from disposal of capital assets
 Miscellaneous

TRANSFERS

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION BEGINNING OF YEAR

NET POSITION END OF YEAR

Net Revenue (Expense) and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (5,466,781)	\$ —	\$ (5,466,781)
(1,682,904)	—	(1,682,904)
(2,187,306)	—	(2,187,306)
(893,086)	—	(893,086)
(1,049,732)	—	(1,049,732)
<u>(2,372,952)</u>	<u>—</u>	<u>(2,372,952)</u>
<u>(13,652,761)</u>	<u>—</u>	<u>(13,652,761)</u>
—	1,609,132	1,609,132
—	3,831,045	3,831,045
—	1,987,248	1,987,248
—	(221,747)	(221,747)
<u>—</u>	<u>520,643</u>	<u>520,643</u>
<u>—</u>	<u>7,726,321</u>	<u>7,726,321</u>
(13,652,761)	7,726,321	(5,926,440)
8,784,556	—	8,784,556
4,249,659	—	4,249,659
2,245,797	—	2,245,797
5,198,896	—	5,198,896
3,191,666	—	3,191,666
325,767	—	325,767
529,735	392,745	922,480
349,045	132,949	481,994
1,642,806	209,210	1,852,016
<u>618,003</u>	<u>(618,003)</u>	<u>—</u>
<u>27,135,930</u>	<u>116,901</u>	<u>27,252,831</u>
<u>13,483,169</u>	<u>7,843,222</u>	<u>21,326,391</u>
<u>135,989,662</u>	<u>70,161,886</u>	<u>206,151,548</u>
<u>\$149,472,831</u>	<u>\$78,005,108</u>	<u>\$227,477,939</u>

**City of Waukee, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue</u>		<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
				<u>Urban Renewal TIF</u>	<u>Local Option Sales Tax</u>		
ASSETS							
Cash and investments	\$ 8,173,303	\$27,918,796	\$1,956,353	\$2,599,980	\$4,483,636	\$3,425,286	\$48,357,354
Receivables							
Property tax							
Delinquent	67,694	—	40,287	97,856	—	17,392	223,229
Succeeding year	9,208,288	—	4,726,775	6,765,615	—	2,419,415	23,120,093
Special assessments	—	949	—	—	—	175,579	176,528
Other	432,182	179,479	—	—	—	56,470	668,131
Due from other funds	645,397	—	—	—	—	—	645,397
Due from other governments	—	160,000	—	—	242,848	301,707	704,555
Inventory	122,894	—	—	—	—	125,752	248,646
	<u>122,894</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>125,752</u>	<u>248,646</u>
Total assets	<u>\$18,649,758</u>	<u>\$28,259,224</u>	<u>\$6,523,415</u>	<u>\$9,463,451</u>	<u>\$4,726,484</u>	<u>\$6,521,601</u>	<u>\$74,143,933</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 469,126	\$ 2,453,896	\$ 3,550	\$ 11,257	\$ —	\$ 321,978	\$ 3,259,807
Accrued compensation	378,024	—	—	—	—	21,181	399,205
Total liabilities	<u>847,150</u>	<u>2,453,896</u>	<u>3,550</u>	<u>11,257</u>	<u>—</u>	<u>343,159</u>	<u>3,659,012</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues							
Succeeding year property tax	9,208,288	—	4,726,775	6,765,615	—	2,419,415	23,120,093
Special assessments	—	949	—	—	—	165,737	166,686
Intergovernmental	—	160,000	—	—	—	—	160,000
Other	111,963	—	—	—	—	—	111,963
Total deferred inflows of resources	<u>9,320,251</u>	<u>160,949</u>	<u>4,726,775</u>	<u>6,765,615</u>	<u>—</u>	<u>2,585,152</u>	<u>23,558,742</u>
FUND BALANCES							
Nonspendable	768,291	—	—	—	—	125,752	894,043
Restricted for							
Capital projects	—	25,644,379	—	—	—	—	25,644,379
Debt service	—	—	1,793,090	—	—	189,274	1,982,364
Urban renewal and development	—	—	—	2,686,579	—	—	2,686,579
Other purposes	435,036	—	—	—	4,726,484	3,278,264	8,439,784
Committed	664,574	—	—	—	—	—	664,574
Unassigned	6,614,456	—	—	—	—	—	6,614,456
Total fund balances	<u>8,482,357</u>	<u>25,644,379</u>	<u>1,793,090</u>	<u>2,686,579</u>	<u>4,726,484</u>	<u>3,593,290</u>	<u>46,926,179</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$18,649,758</u>	<u>\$28,259,224</u>	<u>\$6,523,415</u>	<u>\$9,463,451</u>	<u>\$4,726,484</u>	<u>\$6,521,601</u>	<u>\$74,143,933</u>

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE BALANCE SHEET—
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

Total governmental fund balances		\$ 46,926,179
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		183,365,294
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue		438,649
Long-term liabilities, including bonds payable, bond premiums and discounts, other post employment benefits payable, net pension liability, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(82,099,300)
Pension and OPEB 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	1,546,826	
Deferred inflows of resources	<u>(848,060)</u>	698,766
The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The assets of the Internal Service Fund are allocated between governmental and business type activities in the Statement of Net Position.		<u>143,243</u>
Net position of governmental activities		<u>\$149,472,831</u>

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue</u>		<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
				<u>Urban Renewal TIF</u>	<u>Local Option Sales Tax</u>		
REVENUES							
Property tax	\$ 8,652,771	\$ -	\$ 4,249,659	\$ -	\$ -	\$ 2,245,797	\$ 15,148,227
Tax increment financing	-	-	-	5,198,896	-	-	5,198,896
Other city tax	9,412	175,480	-	-	3,191,666	13,476	3,390,034
Licenses and permits	1,961,060	288,636	-	-	-	69,969	2,319,665
Use of money and property	202,569	289,663	17,312	64,831	42,973	28,585	645,933
Intergovernmental	531,936	953,229	70,313	68,654	-	2,461,633	4,085,765
Charges for services	614,439	-	-	-	-	1,525	615,964
Miscellaneous	113,711	-	-	-	-	1,529,095	1,642,806
Total revenues	<u>12,085,898</u>	<u>1,707,008</u>	<u>4,337,284</u>	<u>5,332,381</u>	<u>3,234,639</u>	<u>6,350,080</u>	<u>33,047,290</u>
EXPENDITURES							
Operating							
Public safety	7,097,460	-	-	-	-	-	7,097,460
Public works	655,182	-	-	-	-	1,794,905	2,450,087
Culture and recreation	2,231,556	-	-	-	-	-	2,231,556
Community and economic development	720,045	-	-	142,594	-	-	862,639
General government	1,119,735	-	-	-	-	-	1,119,735
Debt service							
Principal	-	-	7,055,024	-	-	-	7,055,024
Interest	-	-	2,269,948	-	-	-	2,269,948
Bond issuance and other costs	-	260,227	7,127	-	-	-	267,354
Capital projects	<u>1,802,207</u>	<u>11,587,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,720</u>	<u>13,721,659</u>
Total expenditures	<u>13,626,185</u>	<u>11,847,959</u>	<u>9,332,099</u>	<u>142,594</u>	<u>-</u>	<u>2,126,625</u>	<u>37,075,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,540,287)</u>	<u>(10,140,951)</u>	<u>(4,994,815)</u>	<u>5,189,787</u>	<u>3,234,639</u>	<u>4,223,455</u>	<u>(4,028,172)</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	17,455,000	-	-	-	-	17,455,000
Bond premium	-	536,496	-	-	-	-	536,496
Sale of capital assets	322,416	-	-	-	-	26,629	349,045
Operating transfers in	2,555,227	-	6,031,922	-	-	-	8,587,149
Operating transfers out	<u>(16,500)</u>	<u>-</u>	<u>-</u>	<u>(5,120,776)</u>	<u>(523,370)</u>	<u>(2,325,000)</u>	<u>(7,985,646)</u>
Total other financing sources (uses)	<u>2,861,143</u>	<u>17,991,496</u>	<u>6,031,922</u>	<u>(5,120,776)</u>	<u>(523,370)</u>	<u>(2,298,371)</u>	<u>18,942,044</u>
CHANGE IN FUND BALANCES	1,320,856	7,850,545	1,037,107	69,011	2,711,269	1,925,084	14,913,872
FUND BALANCES, beginning	<u>7,161,501</u>	<u>17,793,834</u>	<u>755,983</u>	<u>2,617,568</u>	<u>2,015,215</u>	<u>1,668,206</u>	<u>32,012,307</u>
FUND BALANCES, ending	<u>\$ 8,482,357</u>	<u>\$ 25,644,379</u>	<u>\$ 1,793,090</u>	<u>\$ 2,686,579</u>	<u>\$ 4,726,484</u>	<u>\$ 3,593,290</u>	<u>\$ 46,926,179</u>

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2020

Change in fund balances—Total governmental funds \$14,913,872

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

Governmental funds reported capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Capital outlays	17,718,993	
Depreciation expense	<u>(6,962,409)</u>	10,756,584

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

Changes in unavailable revenue		
Special assessments	(66,583)	
Grants	(947,947)	
Other	<u>42,477</u>	(972,053)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues exceeded repayments as follows:

Issued	(17,455,000)	
Repaid	<u>7,055,024</u>	(10,399,976)

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.

(347,146)

The City's current year IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.

743,015

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, as follows:

Compensated absences	(79,333)	
Other postemployment benefits	(42,603)	
Pension expense	(1,083,569)	
Interest on long-term debt	<u>(25,000)</u>	(1,230,505)

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The change in net position of the Internal Service Fund is allocated to governmental activities.

19,378

Change in net position of governmental activities

\$13,483,169

City of Waukee, Iowa
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds						Internal
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Service Fund Equipment Revolving
ASSETS							
Current assets							
Cash and investments	\$ 7,594,211	\$11,782,918	\$ 4,901,411	\$ -	\$1,815,818	\$ 26,094,358	\$ 226,927
Receivables, net of allowances							
Customer accounts	656,649	499,548	257,268	-	279,000	1,692,465	-
Due from other funds	100,000	-	-	-	-	100,000	-
Inventories	95,668	-	203,974	17,019	-	316,661	-
Total current assets	<u>8,446,528</u>	<u>12,282,466</u>	<u>5,362,653</u>	<u>17,019</u>	<u>2,094,818</u>	<u>28,203,484</u>	<u>226,927</u>
Noncurrent assets							
Restricted assets – cash and investments							
Customer deposits	153,819	-	100,950	-	-	254,769	-
Revenue note and interest sinking account	59,635	220,815	39,758	43,805	15,310	379,323	-
Revenue note reserve account	715,699	565,136	-	57,342	-	1,338,177	-
Capital assets, net of accumulated depreciation	18,802,211	41,613,358	11,956,731	1,860,462	1,804,095	76,036,857	-
Total noncurrent assets	<u>19,731,364</u>	<u>42,399,309</u>	<u>12,097,439</u>	<u>1,961,609</u>	<u>1,819,405</u>	<u>78,009,126</u>	<u>-</u>
Total assets	<u>28,177,892</u>	<u>54,681,775</u>	<u>17,460,092</u>	<u>1,978,628</u>	<u>3,914,223</u>	<u>106,212,610</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	62,621	62,286	76,059	22,211	82,187	305,364	-
OPEB related deferred outflows	2,282	1,802	2,376	525	1,411	8,396	-
Total deferred outflows of resources	<u>64,903</u>	<u>64,088</u>	<u>78,435</u>	<u>22,736</u>	<u>83,598</u>	<u>313,760</u>	<u>-</u>
LIABILITIES							
Current liabilities							
Accounts payable	529,113	212,971	165,538	42,639	340,809	1,291,070	-
Accrued compensation	19,056	15,140	19,473	14,761	15,946	84,376	-
Compensated absences	21,055	13,832	21,564	4,290	18,132	78,873	-
Due to other funds	-	-	-	745,397	-	745,397	-
Customer deposits payable	153,819	-	100,950	-	-	254,769	-
General obligation notes payable	-	-	-	21,846	-	21,846	-
Revenue notes payable	315,000	920,000	-	323,031	65,000	1,623,031	-
Interest payable	17,553	39,207	-	940	585	58,285	-
Total current liabilities	<u>1,055,596</u>	<u>1,201,150</u>	<u>307,525</u>	<u>1,152,904</u>	<u>440,472</u>	<u>4,157,647</u>	<u>-</u>
Noncurrent liabilities							
General obligation notes payable, net	-	-	-	92,512	-	92,512	-
Revenue notes payable, net	5,975,369	17,127,630	-	-	335,000	23,437,999	-
Total OPEB liability	30,617	24,185	31,889	7,051	18,943	112,685	-
Net pension liability	128,111	127,424	155,602	45,440	168,137	624,714	-
Total noncurrent liabilities	<u>6,134,097</u>	<u>17,279,239</u>	<u>187,491</u>	<u>145,003</u>	<u>522,080</u>	<u>24,267,910</u>	<u>-</u>
Total liabilities	<u>7,189,693</u>	<u>18,480,389</u>	<u>495,016</u>	<u>1,297,907</u>	<u>962,552</u>	<u>28,425,557</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues							
Pension related deferred inflows	32,084	31,912	38,969	11,380	42,108	156,453	-
OPEB related deferred inflows	6,232	4,922	6,491	1,435	3,856	22,936	-
Total deferred inflows of resources	<u>38,316</u>	<u>36,834</u>	<u>45,460</u>	<u>12,815</u>	<u>45,964</u>	<u>179,389</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	14,495,458	27,229,855	11,956,731	1,423,073	1,616,427	56,721,544	-
Restricted for bond retirement	442,781	-	39,758	-	-	482,539	-
Unrestricted	<u>6,076,547</u>	<u>8,998,785</u>	<u>5,001,562</u>	<u>(732,431)</u>	<u>1,372,878</u>	<u>20,717,341</u>	<u>226,927</u>
Total net position	<u>\$21,014,786</u>	<u>\$36,228,640</u>	<u>\$16,998,051</u>	<u>\$ 690,642</u>	<u>\$2,989,305</u>	<u>77,921,424</u>	<u>\$ 226,927</u>

Amounts reported for business type activities in the Statement of Net Position are different because

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The assets of the Internal Service Fund are allocated between governmental and business type activities in the Statement of Net Position.

Net assets of business type activities

83,684
\$78,005,108

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2020

	Enterprise Funds						Internal
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Service Fund Equipment Revolving
OPERATING REVENUES							
Charges for services	\$ 6,212,099	\$ 7,009,264	\$ 7,797,032	\$ 483,994	\$2,856,832	\$24,359,221	\$ -
Miscellaneous	6,050	7,811	41,311	77,468	3,531	136,171	-
Total operating revenues	<u>6,218,149</u>	<u>7,017,075</u>	<u>7,838,343</u>	<u>561,462</u>	<u>2,860,363</u>	<u>24,495,392</u>	<u>-</u>
OPERATING EXPENSES							
Business type activities							
Cost of sales and services	3,566,928	1,698,344	5,351,261	614,502	2,235,422	13,466,457	-
Depreciation and amortization	680,277	1,074,603	426,799	68,804	94,399	2,344,882	-
Total operating expenses	<u>4,247,205</u>	<u>2,772,947</u>	<u>5,778,060</u>	<u>683,306</u>	<u>2,329,821</u>	<u>15,811,339</u>	<u>-</u>
Operating income (loss)	<u>1,970,944</u>	<u>4,244,128</u>	<u>2,060,283</u>	<u>(121,844)</u>	<u>530,542</u>	<u>8,684,053</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)							
Interest income	133,029	173,066	60,641	-	26,009	392,745	2,878
Rental income	73,039	-	-	-	-	73,039	-
Gain on disposal of capital assets	12,261	21,698	25,190	73,800	-	132,949	-
Interest expense and fiscal charges	(355,762)	(405,272)	(31,724)	(22,435)	(6,368)	(821,561)	-
Total nonoperating revenues (expenses)	<u>(137,433)</u>	<u>(210,508)</u>	<u>54,107</u>	<u>51,365</u>	<u>19,641</u>	<u>(222,828)</u>	<u>2,878</u>
Income (loss) before transfers	1,833,511	4,033,620	2,114,390	(70,479)	550,183	8,461,225	2,878
Transfers in	-	-	-	-	-	-	16,500
Transfers (out)	<u>(230,028)</u>	<u>(96,690)</u>	<u>(112,104)</u>	<u>-</u>	<u>(179,181)</u>	<u>(618,003)</u>	<u>-</u>
CHANGE IN NET POSITION	1,603,483	3,936,930	2,002,286	(70,479)	371,002	7,843,222	19,378
NET POSITION, beginning	<u>19,411,303</u>	<u>32,291,710</u>	<u>14,995,765</u>	<u>761,121</u>	<u>2,618,303</u>	<u>70,078,202</u>	<u>207,549</u>
NET POSITION, ending	<u>\$21,014,786</u>	<u>\$36,228,640</u>	<u>\$16,998,051</u>	<u>\$ 690,642</u>	<u>\$2,989,305</u>	<u>\$77,921,424</u>	<u>\$ 226,927</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2020

	<u>Enterprise Funds</u>					<u>Total</u>	<u>Internal</u>
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf</u>	<u>Nonmajor Funds</u>		<u>Service Fund Equipment Revolving</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers and users	\$6,194,025	\$ 6,964,295	\$7,773,081	\$ 483,994	\$2,858,404	\$24,273,799	\$ -
Cash received from other revenues	6,050	7,811	41,311	77,468	3,531	136,171	-
Cash paid for personal services	(897,696)	(716,293)	(937,998)	(206,756)	(558,881)	(3,317,624)	-
Cash paid to suppliers	(2,549,756)	(962,322)	(4,314,251)	(394,176)	(1,657,450)	(9,877,955)	-
Net cash flows from operating activities	<u>2,752,623</u>	<u>5,293,491</u>	<u>2,562,143</u>	<u>(39,470)</u>	<u>645,604</u>	<u>11,214,391</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments made on interfund accounts	-	-	-	(25,002)	-	(25,002)	-
Transfers to other funds	(230,028)	(96,690)	(112,104)	-	(179,181)	(618,003)	-
Transfers from other funds	-	-	-	-	-	-	16,500
Net cash flows from noncapital financing activities	<u>(230,028)</u>	<u>(96,690)</u>	<u>(112,104)</u>	<u>(25,002)</u>	<u>(179,181)</u>	<u>(643,005)</u>	<u>16,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(935,245)	(3,607,056)	(859,335)	(9,238)	(239,595)	(5,650,469)	-
Proceeds from sale of capital assets	12,261	32,029	51,129	73,800	-	169,219	-
Principal paid on revenue notes	(2,210,000)	(798,000)	(1,195,000)	(68,286)	(60,000)	(4,331,286)	-
Interest and fiscal charges paid	(341,505)	(417,038)	(34,413)	(22,604)	(6,438)	(821,998)	-
Proceeds from bond issuance	2,242,925	2,041,918	-	-	-	4,284,843	-
Proceeds from equipment notes payable	-	-	-	125,000	-	125,000	-
Net cash flows from capital and related financing activities	<u>(1,231,564)</u>	<u>(2,748,147)</u>	<u>(2,037,619)</u>	<u>98,672</u>	<u>(306,033)</u>	<u>(6,224,691)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments	133,029	173,066	60,641	-	26,009	392,745	2,878
Purchase of investments	(96,835)	-	-	-	-	(96,835)	-
Cash received from property rental	73,039	-	-	-	-	73,039	-
Net cash flows from investing activities	<u>109,233</u>	<u>173,066</u>	<u>60,641</u>	<u>-</u>	<u>26,009</u>	<u>368,949</u>	<u>2,878</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,400,264	2,621,720	473,061	34,200	186,399	4,715,644	19,378
CASH AND CASH EQUIVALENTS, beginning	<u>6,407,401</u>	<u>9,745,902</u>	<u>4,569,058</u>	<u>9,605</u>	<u>1,644,729</u>	<u>22,376,695</u>	<u>207,549</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$7,807,665</u>	<u>\$12,367,622</u>	<u>\$5,042,119</u>	<u>\$ 43,805</u>	<u>\$1,831,128</u>	<u>\$27,092,339</u>	<u>\$ 226,927</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year ended June 30, 2020

	<u>Enterprise Funds</u>					<u>Total</u>	<u>Internal Service Fund Equipment Revolving</u>
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf</u>	<u>Nonmajor Funds</u>		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income (loss)	\$1,970,944	\$ 4,244,128	\$2,060,283	\$ (121,844)	\$ 530,542	\$ 8,684,053	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	680,277	1,074,603	426,799	68,804	94,399	2,344,882	-
Change in assets, deferred outflows, liabilities and deferred inflows							
Customer accounts receivable	(18,074)	(44,969)	(23,951)	-	1,572	(85,422)	-
Inventories	24,256	-	87,902	(1,653)	-	110,505	-
Accounts payable, net of capital assets	74,377	22,561	(3,087)	20,893	(3,605)	111,139	-
Accrued compensation	3,643	59	1,180	1,024	677	6,583	-
Customer deposits	(10,103)	-	(1,450)	-	-	(11,553)	-
Compensated absences	6,940	1,102	6,830	1,397	2,378	18,647	-
Net pension liability	(13,922)	(48,295)	(42,149)	(29,273)	(16,778)	(150,417)	-
Deferred outflows of resources	9,615	27,372	24,673	15,864	12,261	89,785	-
Deferred inflows of resources	23,279	19,321	25,483	5,797	28,111	101,991	-
OPEB liability	1,391	(2,391)	(370)	(479)	(3,953)	(5,802)	-
Net cash flows from operating activities	<u>\$2,752,623</u>	<u>\$ 5,293,491</u>	<u>\$2,562,143</u>	<u>\$ (39,470)</u>	<u>\$ 645,604</u>	<u>\$11,214,391</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET POSITION							
Current assets							
Cash and investments	\$7,594,211	\$11,782,918	\$4,901,411	\$ -	\$1,815,818	\$26,094,358	\$ 226,927
Restricted assets – cash and investments							
Customer deposits	153,819	-	100,950	-	-	254,769	-
Revenue note and interest sinking account	59,635	220,815	39,758	43,805	15,310	379,323	-
Revenue note reserve account	<u>715,699</u>	<u>565,136</u>	<u>-</u>	<u>57,342</u>	<u>-</u>	<u>1,338,177</u>	<u>-</u>
	<u>8,523,364</u>	<u>12,568,869</u>	<u>5,042,119</u>	<u>101,147</u>	<u>1,831,128</u>	<u>28,066,627</u>	<u>226,927</u>
Less items not meeting the definition of cash equivalent							
Certificates of deposit	<u>(715,699)</u>	<u>(201,247)</u>	<u>-</u>	<u>(57,342)</u>	<u>-</u>	<u>(974,288)</u>	<u>-</u>
Cash and cash equivalents at year end	<u>\$7,807,665</u>	<u>\$12,367,622</u>	<u>\$5,042,119</u>	<u>\$ 43,805</u>	<u>\$1,831,128</u>	<u>\$27,092,339</u>	<u>\$ 226,927</u>

See Notes to Financial Statements.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waukee is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Clerk/Administrator form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Waukee provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. It also operates the water, sewer, gas, storm water and solid waste utilities and the public golf course.

The financial statements of the City of Waukee, Iowa, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity

For financial reporting purposes, the City of Waukee 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 exclusion 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. The City has no component units which meet the Government Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Bravo Greater Des Moines, Inc., Des Moines Area Metropolitan Planning Board, Central Iowa Regional Drinking Water Commission, Dallas County Housing Trust Fund Board, Dallas County Emergency Management Commission, Metro Advisory Council, Westcom, Wastewater Reclamation Authority and Waukee Economic Development Corporation.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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. The related debt excludes unspent debt proceeds of \$25,881,283.

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

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Government-wide Financial Statements (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 clearly identifiable with a specific function. 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, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds and proprietary funds are aggregated and reported as nonmajor governmental and nonmajor proprietary funds.

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. All general tax revenues from general and emergency levies and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue

Urban Renewal Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the City's urban renewal districts and to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

The Local Option Sales Tax Fund is used to account for local option sales tax collections to be used for property tax relief and City quality of life improvement purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Debt Service Fund

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The City reports the following major proprietary funds:

Enterprise

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Gas Fund is used to account for the operation and maintenance of the City's gas system.

The Golf Fund is used to account for the operation and maintenance of the City's municipal golf course.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for 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 after year end.

Property 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 which 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 are 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Pooled Cash Investments

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable, Including Tax Increment Financing

Property tax, including tax increment financing, in governmental funds are 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. Delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2020 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City 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 deferred in both the government-wide and 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 1½ percent per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2019.

Special Assessments Receivable

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

Customer Accounts and Unbilled Usage

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is not estimated or recorded to the financial statements per City policy.

Due from and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at cost using the first-in/first-out method. Inventories consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Restricted Assets

Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are defined by the City as assets with initial, individual cost in excess of \$5,000 and estimated useful lives in excess of two years.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated useful lives</u>
Buildings	40-50 years
Improvements other than buildings	20-50 years
Vehicles	5-10 years
Equipment	5-30 years
Infrastructure	20-40 years

Deferred Outflows of Resources

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

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. For governmental fund types, the amount of earned but unused vacation is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirement. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Liabilities

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. 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.

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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances

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

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable 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 or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances (continued)

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year-end. Those 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.

Unassigned – All amounts not included in the preceding classifications. The General Fund is the only fund which would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. For the year ended June 30, 2020, the City's disbursements exceeded the amount budgeted in the business type activities function.

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, deferred inflows of resources at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND POOLED CASH INVESTMENTS

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk

The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 3 ALLOWANCES FOR COLLECTION LOSSES

Allowances have been made for estimated collection losses on the following receivable amounts:

	<u>Gross receivables</u>	<u>Allowance for collection losses</u>	<u>Net receivables</u>
Customer accounts			
Water fund	\$ 657,499	\$ 850	\$ 656,649
Sewer fund	499,948	400	499,548
Gas fund	259,018	1,750	257,268
Nonmajor proprietary funds	<u>279,000</u>	<u>—</u>	<u>279,000</u>
Totals	<u>\$1,695,465</u>	<u>\$ 3,000</u>	<u>\$1,692,465</u>
Other			
General fund	\$ 502,182	\$ 70,000	\$ 432,182
Capital projects fund	179,479	—	179,479
Nonmajor governmental funds	<u>56,470</u>	<u>—</u>	<u>56,470</u>
Totals	<u>\$ 738,131</u>	<u>\$ 70,000</u>	<u>\$ 668,131</u>

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance end of year</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 18,304,637	\$ 1,404,649	\$ —	\$ —	\$ 19,709,286
Construction in progress	<u>27,179,593</u>	<u>11,790,995</u>	<u>—</u>	<u>(15,084,142)</u>	<u>23,886,446</u>
Total capital assets not being depreciated	<u>45,484,230</u>	<u>13,195,644</u>	<u>—</u>	<u>(15,084,142)</u>	<u>43,595,732</u>
Capital assets being depreciated					
Buildings	9,059,466	—	—	211,959	9,271,425
Improvements other than buildings	181,509,694	3,511,344	—	14,872,183	199,893,221
Equipment	<u>7,959,732</u>	<u>1,012,005</u>	<u>201,798</u>	<u>—</u>	<u>8,769,939</u>
Total capital assets being depreciated	<u>198,528,892</u>	<u>4,523,349</u>	<u>201,798</u>	<u>15,084,142</u>	<u>217,934,585</u>
Less accumulated depreciation for					
Buildings	3,622,811	308,168	—	—	3,930,979
Improvements other than buildings	62,663,898	6,029,379	—	—	68,693,277
Equipment	<u>5,117,703</u>	<u>624,862</u>	<u>201,798</u>	<u>—</u>	<u>5,540,767</u>
Total accumulated depreciation	<u>71,404,412</u>	<u>6,962,409</u>	<u>201,798</u>	<u>—</u>	<u>78,165,023</u>
Total capital assets being depreciated, net	<u>127,124,480</u>	<u>(2,439,060)</u>	<u>—</u>	<u>15,084,142</u>	<u>139,769,562</u>
Governmental activities capital assets, net	<u>\$172,608,710</u>	<u>\$10,756,584</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$183,365,294</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (continued)

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance end of year</u>
Business type activities					
Capital assets not being depreciated					
Land	\$ 1,226,032	\$ —	\$ —	\$ —	\$ 1,226,032
Construction in progress	<u>12,223,518</u>	<u>3,094,903</u>	<u>—</u>	<u>(12,513,498)</u>	<u>2,804,923</u>
Total capital assets not being depreciated	<u>13,449,550</u>	<u>3,094,903</u>	<u>—</u>	<u>(12,513,498)</u>	<u>4,030,955</u>
Capital assets being depreciated					
Buildings	557,486	—	—	—	557,486
Equipment	4,770,938	369,464	322,400	—	4,818,002
Infrastructure	<u>76,403,643</u>	<u>2,290,490</u>	<u>—</u>	<u>12,513,498</u>	<u>91,207,631</u>
Total capital assets being depreciated	<u>81,732,067</u>	<u>2,659,954</u>	<u>322,400</u>	<u>12,513,498</u>	<u>96,583,119</u>
Less accumulated depreciation for					
Buildings	250,223	13,192	—	—	263,415
Equipment	3,070,619	305,546	286,130	—	3,090,035
Infrastructure	<u>19,197,623</u>	<u>2,026,144</u>	<u>—</u>	<u>—</u>	<u>21,223,767</u>
Total accumulated depreciation	<u>22,518,465</u>	<u>2,344,882</u>	<u>286,130</u>	<u>—</u>	<u>24,577,217</u>
Total capital assets being depreciated, net	<u>59,213,602</u>	<u>315,072</u>	<u>36,270</u>	<u>12,513,498</u>	<u>72,005,902</u>
Business type activities capital assets, net	<u>\$ 72,663,152</u>	<u>\$ 3,409,975</u>	<u>\$ 36,270</u>	<u>\$ —</u>	<u>\$ 76,036,857</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities

Public safety	\$ 371,796
Public works	5,887,098
Culture and recreation	530,637
Community and economic development	804
General government	<u>172,074</u>
Total depreciation expense--governmental activities	<u>\$6,962,409</u>

Business type activities

Water	\$ 680,277
Sewer	1,074,603
Gas	426,799
Golf	68,804
Nonmajor	<u>94,399</u>
Total depreciation expense--business type activities	<u>\$2,344,882</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>	<u>Due within one year</u>
Governmental activities					
General obligation bonds/notes	\$66,951,928	\$17,991,496	\$7,074,374	\$77,869,050 (1)	\$6,875,000
Urban Renewal Revenue bonds	345,000	-	170,000	175,000	175,000
Compensated absences	325,693	79,333	-	405,026	63,317
Total OPEB liability	324,540	11,399	-	335,939	-
Net pension liability	<u>3,540,665</u>	<u>-</u>	<u>427,380</u>	<u>3,113,285</u>	<u>-</u>
Totals	<u>\$71,487,826</u>	<u>\$18,082,228</u>	<u>\$7,671,754</u>	<u>\$81,898,300</u>	<u>\$7,113,317</u>
Business type activities					
General obligation notes payable	\$ -	\$ 125,000	\$ 10,642	\$ 114,358	\$ 21,846
Revenue bonds/notes	25,093,281	4,081,918	4,114,169	25,061,030 (2)	1,623,031
Compensated absences	60,226	18,647	-	78,873	78,873
Total OPEB liability	118,487	-	5,802	112,685	-
Net pension liability	<u>775,131</u>	<u>-</u>	<u>150,417</u>	<u>624,714</u>	<u>-</u>
Totals	<u>\$26,047,125</u>	<u>\$ 4,225,565</u>	<u>\$4,281,830</u>	<u>\$25,991,660</u>	<u>\$1,723,750</u>

(1) Included in balance are unamortized bond premiums and discounts totaling \$2,175,160 and \$66,110, respectively at June 30, 2020.

(2) Included in balance are unamortized bond premiums totaling \$396,779 at June 30, 2020.

Governmental Activities

Thirteen issues of unmatured general obligation bonds/notes, totaling \$75,760,000, are outstanding at June 30, 2020. General obligation bonds/notes bear interest at rates ranging from 1.2% to 5.0% and mature in varying annual amounts, ranging from \$100,000 to \$2,265,000, with the final maturities due in the year ending June 30, 2038.

One issue of unmatured Urban Renewal revenue notes, totaling \$175,000, is outstanding at June 30, 2020. The note bears interest at 3.9% and matures in the year ending June 30, 2021.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM LIABILITIES (continued)

Governmental Activities (continued)

Details of general obligation and revenue bonds/notes payable at June 30, 2020 are as follows:

<u>Governmental activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2020</u>
General Obligation Bonds and Notes						
General Obligation 2010A	June 2, 2010	3.38-3.50	June 1, 2022	\$135,000 - 140,000	\$ 1,435,000	\$ 275,000
General Obligation 2010B	June 2, 2010	3.60	June 1, 2021	185,000	1,745,000	185,000
General Obligation 2012B	June 14, 2012	3.00	June 1, 2021	340,000	4,220,000	340,000
Urban Renewal 2012D	December 28, 2012	2.00	June 1, 2021	445,000	3,745,000	445,000
General Obligation 2013B	May 28, 2013	2.00-3.00	June 1, 2028	100,000 - 350,000	3,280,000	1,085,000
General Obligation 2013D	December 12, 2013	3.00-5.00	June 1, 2033	110,000 - 930,000	8,740,000	2,630,000
General Obligation 2014A	December 10, 2014	2.00-3.50	June 1, 2034	510,000 - 2,265,000	23,295,000	18,065,000
General Obligation 2015C	November 19, 2015	2.00-4.00	June 1, 2030	370,000 - 485,000	7,340,000	4,245,000
General Obligation Refunding 2016B	September 20, 2016	1.20-1.30	June 1, 2022	200,000 - 315,000	1,720,000	515,000
General Obligation 2017A	May 24, 2017	2.00-4.00	June 1, 2036	120,000 - 1,900,000	13,940,000	12,745,000
General Obligation 2018A	June 19, 2018	3.00-5.00	June 1, 2038	805,000 - 1,310,000	19,775,000	18,320,000
General Obligation 2019A	August 21, 2019	3.00-5.00	June 1, 2031	315,000 - 440,000	4,655,000	4,110,000
General Obligation 2020A	May 7, 2020	2.15	June 1, 2035	300,000 - 1,190,000	12,800,000	12,800,000
Revenue Bonds						
Urban Renewal 2010C	June 2, 2010	3.90	June 1, 2021	175,000	1,590,000	175,000

The City has pledged future tax increment revenues to repay the \$1,590,000 of bonds issued June 2, 2010. The Urban Renewal revenue bonds were issued for the purpose of defraying a portion of the cost of an urban renewal project. The bonds are payable solely from the proceeds of the tax increment revenues received by the City and are payable through 2021. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Annual principal and interest payments on the bonds are expected to require approximately three percent of the tax increment revenues. The total principal and interest remaining to be paid on the notes is \$181,825. For the current year, \$183,285 of principal and interest was paid on the bonds and total tax increment revenues were \$4,337,284.

The covenants providing for the issuance of the Urban Renewal Revenue Bonds include the following provisions.

- a) The City must maintain the urban renewal project area and the ordinance implementing the tax increment mechanism in force and will annually cause the incremental taxes thereof to be levied in an amount not less than the principal and interest coming due within the year.
- b) The City must maintain proper books and prepare special bond reports, which are to be audited within 210 days of the City's fiscal year end and made available to bondholders.
- c) The City must comply with the Constitution and laws of Iowa related to each bond issue.

The Revenue bond also has a stated reserve requirement that is calculated as the lesser of (a) 10 percent of the stated principal amount on the bonds and parity obligations or (b) the maximum annual debt service coming due on the bonds and other parity obligations, or (c) 125 percent of the average annual principal and interest coming due on the bonds. The City has established a reserve amount of \$159,000.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM LIABILITIES (continued)

A summary of the bond/note principal and interest maturities by type of bond/note is as follows:

<u>Year ending June 30</u>	<u>General Obligation</u>			<u>Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,875,000	\$ 2,383,540	\$ 9,258,540	\$ 175,000	\$ 6,825	\$ 181,825
2022	3,960,000	2,160,047	6,120,047	—	—	—
2023	3,940,000	2,034,559	5,974,559	—	—	—
2024	4,090,000	1,898,679	5,988,679	—	—	—
2025	4,305,000	1,760,041	6,065,041	—	—	—
2026-2030	25,120,000	6,526,035	31,646,035	—	—	—
2031-2035	22,790,000	2,776,896	25,566,896	—	—	—
2036-2038	<u>4,680,000</u>	<u>261,000</u>	<u>4,941,000</u>	—	—	—
Subtotal	<u>75,760,000</u>	<u>19,800,797</u>	<u>95,560,797</u>	<u>175,000</u>	<u>6,825</u>	<u>181,825</u>
Plus unamortized premium	<u>2,109,050</u>	—	<u>2,109,050</u>	—	—	—
Totals	<u>\$77,869,050</u>	<u>\$19,800,797</u>	<u>\$97,669,847</u>	<u>\$ 175,000</u>	<u>\$ 6,825</u>	<u>\$ 181,825</u>

Business-Type Activities

Ten issues of unamortized revenue notes, totaling \$24,664,251, are outstanding at June 30, 2020. These notes bear interest at rates ranging from 1.50% to 5.00% and mature in varying annual amounts, ranging from \$65,000 to \$747,000, with the final maturities due in the year ending June 30, 2038.

The City has issued one general obligation note which remains outstanding as of June 30, 2020, totaling \$114,358, payable from the Golf Fund. The note bears interest at a rate of 2.25% and matures in varying amounts, ranging from \$21,846 to \$23,921 with final maturity due in the year ending June 30, 2025.

The resolutions providing for the issuance of the revenue notes and bonds include the following provisions:

- (1) The notes/bonds will only be redeemed from the future earnings of the enterprise activity and the note/bondholders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to the sinking funds for the purpose of making the note/bond principal and interest payments when due.
- (3) Additional monthly transfers shall be made to the reserve funds until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying note/bond principal and interest payments due when insufficient money is available in the sinking funds.

During the year ended June 30, 2020, the City was in compliance with the revenue bond provisions.

The City has pledged future customer revenues, net of specified operating expenses, to repay the \$31,032,339 in revenue notes issued from 2013 to 2020. Proceeds from the notes provided financing for construction of improvements to the facilities and infrastructure and purchase capacity. The notes are payable solely from customer net revenues and are payable through 2038. Annual principal and interest payments on the notes are expected to require less than net revenues. The total principal and interest remaining to be paid on the notes is \$30,501,063. For the current year, principal and interest paid and total customer net revenues were \$5,050,497 and \$6,567,563, respectively.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM LIABILITIES (continued)

Details of revenue notes and bonds payable at June 30, 2020 are as follows:

<u>Business Type activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2020</u>
Revenue Notes and Bonds						
Water						
Series 2015B	July 21, 2015	3.00	June 1, 2027	\$115,000 - 140,000	\$1,450,000	\$ 890,000
Series 2018B	June 19, 2018	3.00 - 4.00	June 1, 2038	100,000 - 265,000	3,410,000	3,210,000
Series 2019B	August 21, 2019	3.00 - 5.00	June 1, 2034	100,000 - 180,000	2,040,000	1,940,000
Sewer						
Series 2013A	March 1, 2013	2.00 - 2.50	June 1, 2024	110,000 - 120,000	1,185,000	465,000
Series 2016C	December 20, 2016	3.00 - 3.125	June 1, 2036	100,000 - 205,000	2,685,000	2,475,000
Series 2017	September 1, 2017	2.00	June 1, 2035	445,000 - 747,000	12,537,000	9,200,375
Series 2018C	June 19, 2018	3.00 - 5.00	June 1, 2038	130,000 - 250,000	3,565,000	3,440,000
Series 2018A	July 6, 2018	2.00	June 1, 2035	135,000 - 174,000	2,948,000	2,320,845
Golf Course						
Refunding bond						
Series 2016	February 19, 2016	3.50	December 1, 2020	323,031	572,339	323,031
Stormwater						
Series 2016A	June 1, 2016	1.50 - 2.00	June 1, 2026	65,000 - 70,000	640,000	400,000
General Obligation						
Golf						
Series 2019C	November 19, 2019	2.25	June 1, 2025	21,846 - 23,921	125,000	114,358
Year ending June 30						
	Revenue Notes/Bonds			General Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,623,031	\$ 666,358	\$ 2,289,389	\$ 21,846	\$ 2,486	\$ 24,332
2022	1,348,000	623,997	1,971,997	22,348	1,984	24,332
2023	1,379,000	585,453	1,964,453	22,860	1,472	24,332
2024	1,412,000	545,718	1,957,718	23,383	949	24,332
2025	1,501,000	504,508	2,005,508	23,921	411	24,332
2026-2030	7,650,000	1,896,690	9,546,690	-	-	-
2031-2035	8,041,220	901,767	8,942,987	-	-	-
2036-2038	1,710,000	112,321	1,822,321	-	-	-
Subtotal	24,664,251	5,836,812	30,501,063	114,358	7,302	121,660
Plus unamortized premium	396,779	-	396,779	-	-	-
Totals	<u>\$25,061,030</u>	<u>\$5,836,812</u>	<u>\$30,897,842</u>	<u>\$ 114,358</u>	<u>\$ 7,302</u>	<u>\$ 121,660</u>

As of June 30, 2020, the general obligation debt issued by the City did not exceed its legal debt limit computed as follows:

Actual valuation	<u>\$2,097,330,572</u>
Debt limit - 5% of total actual valuation	<u>\$104,866,529</u>
Debt applicable to debt limit	
General obligation bonded debt outstanding	\$75,760,000
Urban Renewal revenue bonds outstanding	175,000
Tax increment financing debt outstanding	<u>422,000</u>
Total debt subject to debt limit	<u>\$76,357,000</u>
Percentage of debt limit	72.81%

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN

Plan Description

IPERS is a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System. Membership is mandatory for employees of the City, except for those covered by another retirement system. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

Pension Benefits

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

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

Protection occupation members may retire at normal retirement age which is generally at age 55 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 members' 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 0.50% for each month that the member receives benefits before age 65.

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

Disability and Death Benefits

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (continued)

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

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

The City's total contributions to IPERS for the year ended June 30, 2020 were \$874,936.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a liability of \$3,737,999 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. The following table summarizes the change in the City's proportionate share:

	June 30		Change
	2019	2018	
City's proportionate share	<u>0.064552%</u>	<u>0.068199%</u>	<u>(0.003647)%</u>

For the year ended June 30, 2020, the City recognized pension expense of \$1,246,743. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 30,138	\$ 152,436
Change in assumptions	627,785	7,941
Net difference between projected and actual earnings on IPERS' investments	-	741,169
Change in proportion and difference between City contributions and proportionate share of contributions	294,299	34,592
City contributions subsequent to the measurement date	<u>874,936</u>	<u>-</u>
Totals	<u>\$1,827,158</u>	<u>\$ 936,138</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (continued)

\$874,936 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Total</u>
2021	\$ 233,417
2022	(75,514)
2023	(42,126)
2024	(91,515)
2025	<u>(8,178)</u>
Totals	\$ <u>16,084</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

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

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 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 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (continued)

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	22.0%	5.60%
International Equity	15.0	6.08
Global Smart Beta Equity	3.0	5.82
Core Plus Fixed Income	27.0	1.71
Public Credit	3.5	3.32
Public Real Assets	7.0	2.81
Cash	1.0	(0.21)
Private Equity	11.0	10.13
Private Real Assets	7.5	4.76
Private Credit	<u>3.0</u>	3.01
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, 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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$8,634,445</u>	<u>\$3,737,999</u>	<u>\$ (366,599)</u>

IPERS' Fiduciary Net Position

Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS

At June 30, 2020, the City reported payables to IPERS of \$36,953 for legally required City contributions and \$22,549 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City administers a single-employer benefit plan which provides medical and prescription drug benefits to retired employees and their dependents under certain conditions. 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.

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 the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older with 4 years of service at retirement. Employees covered by the plan make contributions toward the plan premiums. At June 30, 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>110</u>
Total	<u>110</u>

Total OPEB Liability

The City's total OPEB liability of \$448,624 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The OPEB liability as of June 30, 2020 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	3.0% per annum
Rates of salary increase	3.25% per annum
Discount rate	3.5% per annum
Healthcare cost trend rate	6.0% initial rate decreasing by .25% annually to an ultimate rate of 5%

The discount rate used to measure the OPEB liability was 3.5% 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 were based on the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement.

Annual retirement probabilities are based on varying rates by age and turnover probabilities which mirror those used by IPERS.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (continued)

Changes in Total OPEB Liability

	<u>OPEB Liability</u>
Total OPEB liability, July 1, 2019	\$ 443,027
Changes for the year	
Service cost	42,183
Interest cost	15,270
Differences between expected and actual experience	(48,220)
Changes in assumptions	2,242
Benefit payments	<u>(5,878)</u>
Net changes	<u>5,597</u>
Total OPEB liability, June 30, 2020	<u>\$ 448,624</u>

Changes in assumptions reflect a change in the discount rate from 3.58% in fiscal year 2019 to 3.5% in fiscal year 2020.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.5%) or 1% higher (4.5%) than the current discount rate.

	<u>1% Decrease (2.5%)</u>	<u>Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Total OPEB liability	\$ <u>495,319</u>	\$ <u>448,624</u>	\$ <u>405,873</u>

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 (5% to 4%) or 1% higher (7% to 6%) than the current healthcare cost trend rates.

	<u>1% Decrease (5% to 4%)</u>	<u>Healthcare Cost Trend Rate (6% to 5%)</u>	<u>1% Increase (7% to 6%)</u>
Total OPEB liability	\$ <u>385,974</u>	\$ <u>448,624</u>	\$ <u>524,421</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$52,786. At June 30, 2020, the City reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 44,594	\$ 31,355
Changes in assumptions or other inputs	<u>46,717</u>	<u>2,073</u>
Totals	<u>\$ 91,311</u>	<u>\$ 33,428</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (continued)

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

Year ending June 30

2021	\$ (4,667)
2022	(4,667)
2023	(4,667)
2024	(4,667)
2025	(4,667)
Thereafter	<u>(34,548)</u>
	<u>\$ (57,883)</u>

NOTE 8 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$2,325,000
	Urban renewal TIF	<u>230,227</u>
		<u>2,555,227</u>
Debt Service	Governmental funds	
	Urban renewal TIF	4,890,549
	Local option sales tax	523,370
	Enterprise funds	
	Water	230,028
	Sewer	96,690
	Gas	112,104
	Nonmajor enterprise funds	<u>179,181</u>
		<u>6,031,922</u>
Equipment Revolving	General	<u>16,500</u>
Total		<u>\$8,603,649</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 9 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Enterprise-Golf Course	General	\$ 645,397
	Enterprise-Water	<u>100,000</u>
Total		<u>\$ 745,397</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DUE FROM AND DUE TO OTHER FUNDS (continued)

Amounts due from Golf Course result from interfund loans to finance the Golf Course's operations. Repayments will be made from future revenues over the next several years.

NOTE 10 RISK MANAGEMENT

The City of Waukee is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300 percent of the basis rate.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$189,601.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of casualty claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the City's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 10 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation. 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 three fiscal years.

NOTE 11 EMPLOYEE HEALTH INSURANCE PLAN

The Iowa Governmental Health Care Plan was established to account for the partial self-funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Iowa Governmental Health Care Plan. The agreement is subject to automatic renewal provisions. The City assumes liability for claims up to the deductible of \$5,000/\$10,000 per single/family plan with a maximum out of pocket expense of \$7,350/\$14,700 per single/family plan. The deductible and maximum out of pocket expense for the City is reduced by the deductible amount paid by the employee of \$200/\$400 per single/family plan and employee maximum out of pocket expense of \$500/\$1,000 per single/family plan. Claims in excess of deductibles are covered by Iowa Governmental Health Care Plan.

Monthly payments of service fees and plan contributions to the Iowa Governmental Health Care Plan Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Employee Benefit Systems, who administers the plan. The City records the Plan assets and related liabilities of the health plan in the General Fund. The City's contribution to the plan for the year ended June 30, 2020 was \$303,624.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2020 total \$25,240, which is for incurred but not reported (IBNR) and reported but not paid claims, which is included in accounts payable in these financial statements. 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 catastrophic losses. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

A reconciliation of changes in the aggregate liabilities for claims for the year ended June 30, 2020 is as follows:

Unpaid claims as of beginning of year	\$ 32,933
Incurred claims (including claims incurred but not reported as of June 30)	239,345
Payments on claims	<u>(247,038)</u>
Unpaid claims as of year end	<u>\$ 25,240</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 12 COMMITMENTS

The City entered into contract commitments with contractors for the completion of several infrastructure construction projects. The total contract commitments are approximately \$32,000,000 of which approximately \$20,000,000 has been incurred as of June 30, 2020. The unpaid commitment balance is approximately \$12,000,000 which will be funded by current reserves in the capital projects funds and other sources.

The City, in equal partnership with a neighboring city, has entered into an agreement with the Iowa Department of Transportation (IDOT) where the cities have agreed to reimburse in equal shares the IDOT's construction cost for a new interstate interchange which straddles the shared border of the two cities. The construction project was nearly complete but not finalized at June 30, 2020. As a result, final repayment amounts and terms have not yet been formalized. However, the cities and IDOT have agreed that payments will be made in ten annual equal principal-only installments beginning in 2021. It is currently estimated that each city's share of the total project cost will be approximately \$9 million. No liability for this obligation has been recognized.

NOTE 13 URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City has entered into development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$32,116,986. During the year ended June 30, 2020, the City rebated \$10,000 of incremental property tax to developers. The outstanding balance of the agreements at June 30, 2020 was \$32,116,986.

The agreements are not a general obligation of the City and, due to their nature, are not recorded as a liability in the City's financial statements.

The agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause would be subject to the constitutional debt limitation.

In August 2017, the Waukee City Council approved a development agreement with a developer for the construction of data centers. The agreement calls for property tax abatements to the developer equal to approximately 71 percent of the taxable value added by the development over a twenty year period beginning with the year each data center is first assessed for taxation. In consideration of the property tax abatements, the developer has made certain commitments, including maintaining certain employment levels and achieving a minimum assessed value for each data center of \$200,000,000. In addition, the developer has committed to contributing to a public improvements fund \$500,000 annually for each data center constructed for a twenty year period, not to exceed \$100,000,000 in total. In 2020, the developer contributed \$1,500,000 under this agreement.

NOTE 14 CONTINGENCIES

The City is involved in lawsuits arising in the ordinary course of activities. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the financial statements.

NOTE 15 TAX ABATEMENTS

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 15 TAX ABATEMENTS (continued)

City Tax Rebates

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

For the year ended June 30, 2020, \$3,882 of property tax was diverted from the City under the urban renewal and economic development projects.

NOTE 16 JOINT VENTURE

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority joint venture. This joint venture provides primary and secondary treatment of the sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004, with the second amended and restated agreement becoming effective June 11, 2014. 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. The City of Waukee joined the WRA effective July 1, 2007.

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 are 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 of the bonds issued during the time the entity was a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2013B and 2015E include provisions that place the WRA debt service requirements on the same parity as other debts of the participating communities.

The WRA Agreement requires the debt service of the WRA's outstanding bond obligations to be allocated to the participating communities based upon the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2020 the WRA's outstanding bond/loan obligations and the City of Waukee's estimated future allocation are as follows:

<u>Debt Obligation</u>	<u>WRA Outstanding Debt Obligations</u>	<u>City of Waukee's Estimated Future Allocation</u>
Series 2013B and 2015E	\$ 71,775,000	\$ 2,768,602
State Revolving Loans	<u>344,358,376</u>	<u>10,896,149</u>
Total	<u>\$416,133,376</u>	<u>\$13,664,751</u>

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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 16 JOINT VENTURE (continued)

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

NOTE 17 SUBSEQUENT EVENTS

In October 2020, the Waukee City Council approved the issuance of \$9,155,000 in General Obligation Bonds Series 2020B for the purpose of providing funds to pay costs of construction, improvement, and equipping of the Triumph Park project.

REQUIRED SUPPLEMENTARY INFORMATION

City of Waukee, Iowa
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
Required Supplementary Information
For the last three years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 42,183	\$ 36,277	\$ 35,135
Interest cost	15,270	15,487	13,952
Differences between expected and actual experience	(48,220)	-	38,762
Changes in assumptions	2,242	-	(57,754)
Benefit payments	<u>(5,878)</u>	<u>(10,128)</u>	<u>(4,547)</u>
Net change in total OPEB liability	5,597	41,636	25,548
Total OPEB liability, beginning of year	<u>443,027</u>	<u>401,391</u>	<u>375,843</u>
Total OPEB liability, end of year	<u>\$ 448,624</u>	<u>\$ 443,027</u>	<u>\$ 401,391</u>
Covered-employee payroll	<u>\$7,805,648</u>	<u>\$6,878,139</u>	<u>\$6,661,636</u>
Total OPEB liability as a percentage of covered-employee payroll	5.75%	6.44%	6.03%

NOTES TO SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES

Changes in benefit terms

There were no significant changes in benefit terms.

Changes in assumptions or other inputs

Changes in assumptions or 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, 2017	4.5%
Year ended June 30, 2018	3.58%
Year ended June 30, 2019	3.58%
Year ended June 30, 2020	3.5%

City of Waukee, Iowa
BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES AND CHANGES IN BALANCES - BUDGET AND ACTUAL -
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Required Supplementary Information
Year ended June 30, 2020

	<u>Governmental funds actual</u>	<u>Proprietary funds actual</u>	<u>Adjustments</u>	<u>Total actual</u>
REVENUES				
Property taxes	\$15,148,227	\$ -	\$ -	\$ 15,148,227
Tax increment financing	5,198,896	-	-	5,198,896
Other city tax	3,390,034	-	-	3,390,034
Licenses and permits	2,319,665	-	-	2,319,665
Use of money and property	645,933	465,784	-	1,111,717
Intergovernmental	4,085,765	-	-	4,085,765
Charges for services	615,964	24,359,221	-	24,975,185
Miscellaneous	<u>1,642,806</u>	<u>136,171</u>	<u>-</u>	<u>1,778,977</u>
Total revenues	<u>33,047,290</u>	<u>24,961,176</u>	<u>-</u>	<u>58,008,466</u>
EXPENDITURES/EXPENSES				
Public safety	7,097,460	-	-	7,097,460
Public works	2,450,087	-	-	2,450,087
Health and social services	-	-	-	-
Culture and recreation	2,231,556	-	-	2,231,556
Community and economic development	862,639	-	-	862,639
General government	1,119,735	-	-	1,119,735
Debt service	9,592,326	-	(346,113)	9,246,213
Capital projects	13,721,659	-	260,227	13,981,886
Business type activities	-	<u>16,632,900</u>	<u>7,801,697</u>	<u>24,434,597</u>
Total disbursements	<u>37,075,462</u>	<u>16,632,900</u>	<u>7,715,811</u>	<u>61,424,173</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(4,028,172)</u>	<u>8,328,276</u>	<u>(7,715,811)</u>	<u>(3,415,707)</u>
OTHER FINANCING SOURCES (USES), NET				
Excess (deficiency) of revenues and other financing sources over expenditures/expenses and other financing uses	<u>18,942,044</u>	<u>(485,054)</u>	<u>-</u>	<u>18,456,990</u>
	14,913,872	7,843,222	(7,715,811)	15,041,283
BALANCES, beginning of year	<u>32,012,307</u>	<u>70,078,202</u>	<u>-</u>	<u>102,090,509</u>
BALANCES, end of year	<u>\$46,926,179</u>	<u>\$77,921,424</u>	<u>\$ (7,715,811)</u>	<u>\$117,131,792</u>

See accompanying independent auditor's report.

<u>Budgeted amounts</u>		<u>Final to actual variance</u>
<u>Original</u>	<u>Final</u>	
\$15,115,776	\$15,115,776	\$ 32,451
5,263,083	5,263,083	(64,187)
2,456,905	2,462,405	927,629
1,528,130	1,713,280	606,385
525,180	762,680	349,037
3,941,633	3,944,500	141,265
21,574,860	24,417,860	557,325
<u>1,346,750</u>	<u>1,451,800</u>	<u>327,177</u>
<u>51,752,317</u>	<u>55,131,384</u>	<u>2,877,082</u>
7,795,845	7,789,985	692,525
2,967,540	3,098,940	648,853
2,000	2,000	2,000
2,612,454	2,535,919	304,363
831,960	905,470	42,831
1,900,016	2,575,476	1,455,741
8,633,160	9,333,055	86,842
26,670,000	26,670,000	12,688,114
<u>22,154,756</u>	<u>23,588,144</u>	<u>(846,453)</u>
<u>73,567,731</u>	<u>76,498,989</u>	<u>15,074,816</u>
(21,815,414)	(21,367,605)	17,951,898
<u>18,395,000</u>	<u>18,567,800</u>	<u>(110,810)</u>
(3,420,414)	(2,799,805)	17,841,088
<u>65,955,806</u>	<u>65,955,806</u>	<u>36,134,703</u>
<u>\$62,535,392</u>	<u>\$63,156,001</u>	<u>\$53,975,791</u>

City of Waukee, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2020

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

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all 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 disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects 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, one budget amendment increased budgeted disbursements by \$2,931,258. This budget amendment is reflected in the final budgeted amounts.

For the year ended June 30, 2020, the City's disbursements exceeded the amount budgeted in the business type activities function.

City of Waukee, Iowa
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Iowa Public Employees' Retirement System
For the Last Six Years *
(In Thousands)
Required Supplementary Information

	June 30					
	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.064552%	0.068199%	0.064287%	0.060546%	0.053387%	0.045117%
City's proportionate share of the net pension liability	\$3,738	\$4,315	\$4,282	\$3,810	\$2,638	\$1,829
City's covered-employee payroll	\$9,056	\$8,178	\$7,814	\$6,949	\$6,412	\$6,005
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.28%	52.76%	54.80%	54.83%	41.14%	30.49%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	84.61%

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

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

See accompanying notes to required supplementary information – pension liability.

City of Waukee, Iowa
SCHEDULE OF CITY CONTRIBUTIONS
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)
Required Supplementary Information

	Year ended June 30			
	2020	2019	2018	2017
Statutorily required contribution	\$ 875	\$ 827	\$ 723	\$ 641
Contributions in relation to the statutorily required contribution	<u>875</u>	<u>827</u>	<u>723</u>	<u>641</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered-employee payroll	\$9,056	\$8,178	\$7,814	\$6,949
Contributions as a percentage of covered-employee payroll	9.7%	10.1%	9.3%	9.2%

See accompanying notes to required supplementary information – pension liability.

Year ended June 30					
<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 578	\$ 550	\$ 497	\$ 423	\$ 374	\$ 328
<u>578</u>	<u>550</u>	<u>497</u>	<u>423</u>	<u>374</u>	<u>328</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$6,412	\$6,005	\$5,339	\$4,633	\$4,491	\$4,144
9.0%	9.2%	9.3%	9.1%	8.3%	7.9%

See accompanying notes to required supplementary information – pension liability.

City of Waukee, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year ended June 30, 2020

CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms.

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 experience study dated March 24, 2017:

- 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% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption 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.
- 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.

SUPPLEMENTARY INFORMATION

**City of Waukee
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	<u>Special Revenue Funds</u>				<u>Debt service</u>	<u>Total</u>
	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Public Improvement</u>	<u>Forfeitures</u>	<u>Special Assessments</u>	
ASSETS						
Cash and investments	\$1,157,828	\$ 63,046	\$2,018,499	\$ 6,481	\$ 179,432	\$3,425,286
Receivables						
Property tax						
Delinquent	-	17,392	-	-	-	17,392
Succeeding year property tax	-	2,419,415	-	-	-	2,419,415
Special assessments	-	-	-	-	175,579	175,579
Other	56,470	-	-	-	-	56,470
Due from other governments	301,707	-	-	-	-	301,707
Inventory	<u>125,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,752</u>
Total assets	<u>\$1,641,757</u>	<u>\$2,499,853</u>	<u>\$2,018,499</u>	<u>\$ 6,481</u>	<u>\$ 355,011</u>	<u>\$6,521,601</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 321,978	\$ -	\$ -	\$ -	\$ -	\$ 321,978
Accrued compensation	<u>21,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,181</u>
Total liabilities	<u>343,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,159</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues						
Succeeding year property tax	-	2,419,415	-	-	-	2,419,415
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,737</u>	<u>165,737</u>
Total deferred inflows of resources	<u>-</u>	<u>2,419,415</u>	<u>-</u>	<u>-</u>	<u>165,737</u>	<u>2,585,152</u>
FUND BALANCES						
Nonspendable	125,752	-	-	-	-	125,752
Restricted for						
Debt service	-	-	-	-	189,274	189,274
Other	<u>1,172,846</u>	<u>80,438</u>	<u>2,018,499</u>	<u>6,481</u>	<u>-</u>	<u>3,278,264</u>
Total fund balances	<u>1,298,598</u>	<u>80,438</u>	<u>2,018,499</u>	<u>6,481</u>	<u>189,274</u>	<u>3,593,290</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$1,641,757</u>	<u>\$2,499,853</u>	<u>\$2,108,499</u>	<u>\$ 6,481</u>	<u>\$ 355,011</u>	<u>\$6,521,601</u>

See accompanying independent auditor's report.

City of Waukee
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2020

	<u>Special Revenue Funds</u>				<u>Debt service</u>	<u>Total</u>
	<u>Road</u>	<u>Employee</u>	<u>Public</u>	<u>Forfeitures</u>	<u>Special</u>	
	<u>Use Tax</u>	<u>Benefits</u>	<u>Improvement</u>		<u>Assessments</u>	
REVENUES						
Property taxes	\$ -	\$2,245,797	\$ -	\$ -	\$ -	\$2,245,797
Other city taxes	-	-	-	-	13,476	13,476
Licenses and permits	69,969	-	-	-	-	69,969
Use of money and property	-	13,085	12,904	-	2,596	28,585
Intergovernmental	2,423,087	38,546	-	-	-	2,461,633
Charges for services	-	-	-	1,525	-	1,525
Miscellaneous	29,095	-	1,500,000	-	-	1,529,095
Total revenues	<u>2,522,151</u>	<u>2,297,428</u>	<u>1,512,904</u>	<u>1,525</u>	<u>16,072</u>	<u>6,350,080</u>
EXPENDITURES						
Operating						
Public works	1,794,905	-	-	-	-	1,794,905
Capital projects	331,720	-	-	-	-	331,720
Total expenditures	<u>2,126,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,126,625</u>
Excess of revenues over expenditures	<u>395,526</u>	<u>2,297,428</u>	<u>1,512,904</u>	<u>1,525</u>	<u>16,072</u>	<u>4,223,455</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	26,629	-	-	-	-	26,629
Operating transfers out	-	(2,325,000)	-	-	-	(2,325,000)
Total other financing sources (uses)	<u>26,629</u>	<u>(2,325,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,298,371)</u>
NET CHANGE IN FUND BALANCES	422,155	(27,572)	1,512,904	1,525	16,072	1,925,084
FUND BALANCES, beginning	<u>876,443</u>	<u>108,010</u>	<u>505,595</u>	<u>4,956</u>	<u>173,202</u>	<u>1,668,206</u>
FUND BALANCES, ending	<u>\$1,298,598</u>	<u>\$ 80,438</u>	<u>\$2,018,499</u>	<u>\$ 6,481</u>	<u>\$ 189,274</u>	<u>\$3,593,290</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds			
	Solid Waste	Utility Billing	Storm Water	
ASSETS				
Current assets				
Cash and investments	\$ 557,374	\$ 74,655	\$1,183,789	\$1,815,818
Receivables				
Customer accounts	<u>127,211</u>	<u>56,829</u>	<u>94,960</u>	<u>279,000</u>
Total current assets	<u>684,585</u>	<u>131,484</u>	<u>1,278,749</u>	<u>2,094,818</u>
Noncurrent assets				
Restricted assets – cash and investments	–	–	15,310	15,310
Capital assets, net of accumulated depreciation	<u>–</u>	<u>11,576</u>	<u>1,792,519</u>	<u>1,804,095</u>
Total noncurrent assets	<u>–</u>	<u>11,576</u>	<u>1,807,829</u>	<u>1,819,405</u>
Total assets	<u>684,585</u>	<u>143,060</u>	<u>3,086,578</u>	<u>3,914,223</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	–	32,760	49,427	82,187
OPEB related deferred outflows	<u>–</u>	<u>586</u>	<u>825</u>	<u>1,411</u>
Total deferred outflows of resources	<u>–</u>	<u>33,346</u>	<u>50,252</u>	<u>83,598</u>
LIABILITIES				
Current liabilities				
Accounts payable	–	273	340,536	340,809
Accrued compensation	–	8,384	7,562	15,946
Compensated absences	–	13,006	5,126	18,132
Revenue notes payable	–	–	65,000	65,000
Interest payable	<u>–</u>	<u>–</u>	<u>585</u>	<u>585</u>
Total current liabilities	<u>–</u>	<u>21,663</u>	<u>418,809</u>	<u>440,472</u>
Noncurrent liabilities				
Revenue notes payable	–	–	335,000	335,000
Total OPEB liability	–	7,870	11,073	18,943
Net pension liability	<u>–</u>	<u>67,020</u>	<u>101,117</u>	<u>168,137</u>
Total noncurrent liabilities	<u>–</u>	<u>74,890</u>	<u>447,190</u>	<u>522,080</u>
Total liabilities	<u>–</u>	<u>96,553</u>	<u>865,999</u>	<u>962,552</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Pension related deferred inflows	–	16,784	25,324	42,108
OPEB related deferred inflows	<u>–</u>	<u>1,602</u>	<u>2,254</u>	<u>3,856</u>
Total deferred inflows of resources	<u>–</u>	<u>18,386</u>	<u>27,578</u>	<u>45,964</u>
NET POSITION				
Net investment in capital assets	–	11,576	1,604,851	1,616,427
Unrestricted	<u>684,585</u>	<u>49,891</u>	<u>638,402</u>	<u>1,372,878</u>
Total net position	<u>\$ 684,585</u>	<u>\$ 61,467</u>	<u>\$2,243,253</u>	<u>\$2,989,305</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 Year ended June 30, 2020**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Solid Waste</u>	<u>Utility Billing</u>	<u>Storm Water</u>	
OPERATING REVENUES				
Charges for services	\$1,384,718	\$ 378,443	\$1,093,671	\$2,856,832
Miscellaneous	—	3,087	444	3,531
Total operating revenues	<u>1,384,718</u>	<u>381,530</u>	<u>1,094,115</u>	<u>2,860,363</u>
OPERATING EXPENSES				
Business type activities				
Cost of sales and services	1,324,052	377,850	533,520	2,235,422
Depreciation and amortization	—	8,139	86,260	94,399
Total operating expenses	<u>1,324,052</u>	<u>385,989</u>	<u>619,780</u>	<u>2,329,821</u>
Operating income (loss)	<u>60,666</u>	<u>(4,459)</u>	<u>474,335</u>	<u>530,542</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	7,222	785	18,002	26,009
Interest expense and fiscal charges	—	—	(6,368)	(6,368)
Total nonoperating revenues	<u>7,222</u>	<u>785</u>	<u>11,634</u>	<u>19,641</u>
Income (loss) before transfers	67,888	(3,674)	485,969	550,183
Transfers (out)	—	—	(179,181)	(179,181)
	<u>—</u>	<u>—</u>	<u>(179,181)</u>	<u>(179,181)</u>
CHANGE IN NET POSITION	67,888	(3,674)	306,788	371,002
NET POSITION, beginning	<u>616,697</u>	<u>65,141</u>	<u>1,936,465</u>	<u>2,618,303</u>
NET POSITION, ending	<u>\$ 684,585</u>	<u>\$ 61,467</u>	<u>\$2,243,253</u>	<u>\$2,989,305</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2020

	Enterprise Funds			Total
	Solid Waste	Utility Billing	Storm Water	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer and users	\$1,395,078	\$ 374,102	\$1,089,224	\$2,858,404
Cash received from other revenues	-	3,087	444	3,531
Cash paid for personal services	-	(230,502)	(328,379)	(558,881)
Cash paid to supplies	(1,324,052)	(133,900)	(199,498)	(1,657,450)
Net cash flows from operating activities	<u>71,026</u>	<u>12,787</u>	<u>561,791</u>	<u>645,604</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to other funds	-	-	(179,181)	(179,181)
Net cash flows from noncapital financing activities	<u>-</u>	<u>-</u>	<u>(179,181)</u>	<u>(179,181)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(239,595)	(239,595)
Principal paid on revenue notes	-	-	(60,000)	(60,000)
Interest and fiscal charges paid	-	-	(6,438)	(6,438)
Net cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(306,033)</u>	<u>(306,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>7,222</u>	<u>785</u>	<u>18,002</u>	<u>26,009</u>
Net cash flows from investing activities	<u>7,222</u>	<u>785</u>	<u>18,002</u>	<u>26,009</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	78,248	13,572	94,579	186,399
CASH AND CASH EQUIVALENTS, beginning	<u>479,126</u>	<u>61,083</u>	<u>1,104,520</u>	<u>1,644,729</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 557,374</u>	<u>\$ 74,655</u>	<u>\$1,199,099</u>	<u>\$1,831,128</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF CASH FLOWS (continued)
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2020

	Enterprise Funds			Total
	Solid Waste	Utility Billing	Storm Water	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 60,666	\$ (4,459)	\$ 474,335	\$ 530,542
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation expense	-	8,139	86,260	94,399
Change in assets, deferred outflows, liabilities and deferred inflows				
Customer accounts receivable	10,360	(4,341)	(4,447)	1,572
Accounts payable, net of capital assets	-	(6,712)	3,107	(3,605)
Accrued compensation	-	374	303	677
Compensated absences	-	2,579	(201)	2,378
Net pension liability	-	6,062	(22,840)	(16,778)
Deferred outflows of resources	-	(1,751)	14,012	12,261
Deferred inflows of resources	-	12,508	15,603	28,111
OPEB liability	-	388	(4,341)	(3,953)
Net cash flows from operating activities	<u>\$ 71,026</u>	<u>\$ 12,787</u>	<u>\$ 561,791</u>	<u>\$ 645,604</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE COMBINING STATEMENT OF NET POSITION				
Current assets				
Cash and investments	\$ 557,374	\$ 74,655	\$1,183,789	\$1,815,818
Restricted assets – cash and investments				
Revenue note and interest sinking account	<u>-</u>	<u>-</u>	<u>15,310</u>	<u>15,310</u>
Cash and cash equivalents at year end	<u>\$ 557,374</u>	<u>\$ 74,655</u>	<u>\$1,199,099</u>	<u>\$1,831,128</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the last ten years

	Modified Accrual Basis			
	2020	2019	2018	2017
REVENUES				
Property tax	\$15,148,227	\$13,264,907	\$11,935,530	\$ 9,985,457
Tax increment financing	5,198,896	4,130,856	3,549,942	3,414,595
Other city tax	3,390,034	2,598,522	59,400	35,436
Licenses and permits	2,319,665	2,427,879	1,287,456	1,594,670
Use of money and property	645,933	934,034	525,131	325,215
Intergovernmental	4,085,765	5,368,170	5,921,270	4,250,128
Charges for services	615,964	471,715	546,674	540,001
Miscellaneous	<u>1,642,806</u>	<u>785,244</u>	<u>255,233</u>	<u>479,481</u>
Totals	<u>\$33,047,290</u>	<u>\$29,981,327</u>	<u>\$24,080,636</u>	<u>\$20,624,983</u>
EXPENDITURES				
Operating				
Public safety	\$ 7,097,460	\$ 6,206,481	\$ 5,443,568	\$ 4,839,355
Public works	2,450,087	2,158,676	1,935,403	1,997,301
Health and social services	-	800	700	-
Culture and recreation	2,231,556	2,125,735	2,039,626	1,838,317
Community and economic development	862,639	991,664	1,387,462	1,206,432
General government	1,119,735	1,139,586	1,074,305	818,853
Debt service	9,592,326	8,859,158	7,227,132	8,930,321
Capital projects	<u>13,721,659</u>	<u>16,764,881</u>	<u>25,490,622</u>	<u>10,369,279</u>
Totals	<u>\$37,075,462</u>	<u>\$38,246,981</u>	<u>\$44,598,818</u>	<u>\$29,999,858</u>

Modified Accrual Basis					
<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 9,436,301	\$ 8,385,843	\$ 7,666,911	\$ 7,133,514	\$ 6,811,607	\$ 6,397,893
3,229,861	3,204,146	3,017,853	3,427,898	3,186,693	3,051,143
27,921	133,216	60,988	39,355	462,040	62,895
1,288,941	1,391,499	1,057,350	639,233	507,344	531,196
195,336	182,503	222,405	210,762	204,505	215,266
5,241,337	5,602,222	2,539,186	3,713,932	1,762,542	4,495,541
351,341	414,059	597,042	728,310	253,692	239,040
<u>405,168</u>	<u>385,164</u>	<u>281,147</u>	<u>1,058,091</u>	<u>813,998</u>	<u>440,669</u>
<u>\$20,176,206</u>	<u>\$19,698,652</u>	<u>\$15,442,882</u>	<u>\$16,951,095</u>	<u>\$14,002,421</u>	<u>\$15,433,643</u>
\$ 4,281,395	\$ 3,543,201	\$ 3,286,146	\$ 2,912,583	\$ 3,040,673	\$ 2,821,515
2,297,252	2,281,384	2,241,516	1,580,884	1,381,993	1,192,453
5,100	4,800	16,500	12,750	15,175	16,909
1,763,428	1,599,802	1,457,105	2,010,987	1,338,835	1,312,158
1,211,082	760,100	910,021	618,937	885,864	1,023,639
817,880	872,753	757,317	785,443	868,324	787,974
7,507,909	6,421,577	5,996,633	4,642,544	6,111,183	3,919,273
<u>11,339,024</u>	<u>19,067,964</u>	<u>9,226,292</u>	<u>5,976,606</u>	<u>3,501,963</u>	<u>7,768,712</u>
<u>\$29,223,070</u>	<u>\$34,551,581</u>	<u>\$23,891,530</u>	<u>\$18,540,734</u>	<u>\$17,144,010</u>	<u>\$18,842,633</u>

See accompanying independent auditor's report.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the City Council
Waukee, Iowa

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Waukee, Iowa (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in the accompanying schedule of findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 9, 2020

SCHEDULE OF FINDINGS

**City of Waukee, Iowa
SCHEDULE OF FINDINGS
Year ended June 30, 2020**

SECTION I—OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

I-A-20 CERTIFIED BUDGET

Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the business type activities function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation

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

Response

While the business type activities function was not amended prior to exceeding budgeted expenditures, the overage was applicable to a prepayment of debt during the fiscal year. The City will work to amend future budgets prior to exceeding approved expenditures.

Conclusion

Response accepted.

I-B-20 QUESTIONABLE EXPENDITURES

No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

I-C-20 TRAVEL EXPENSE

No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.

I-D-20 RESTRICTED DONOR ACTIVITY

No transactions were noted between the City, City officials, City employees and restricted donors, in compliance with Chapter 68B of the Code of Iowa.

I-E-20 BUSINESS TRANSACTIONS

We noted no business transactions between the City and City officials or employees in excess of \$1,500.

I-F-20 BOND COVERAGE

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

I-G-20 COUNCIL MINUTES

No transactions were found that we believe should have been approved in the Council minutes but were not.

City of Waukee, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2020

SECTION I—OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (continued)

I-H-20 DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

I-I-20 REVENUE BONDS AND NOTES

No instances of noncompliance with the City's revenue bond and note provisions were noted.

I-J-20 ANNUAL URBAN RENEWAL REPORT

The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1, and no exceptions were noted.