

City of Waukee, Iowa

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

June 30, 2024

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City of Waukee, Iowa
OFFICIALS

(Before January 2024)

	<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 2026
Larry Lyon, Council Member	January 2024
Anna Bergman Pierce, Council Member	January 2026
Charlie Bottenberg, Council Member	January 2026
CITY ADMINISTRATOR	
Brad Deets	Indefinite
CITY CLERK	
Rebecca D. Schuett	Indefinite
DIRECTOR OF FINANCE	
Linda Burkhart	Indefinite
CITY ATTORNEY	
Steven P. Brick	January 2024

(After January 2024)

	<u>Term expires</u>
MAYOR AND MEMBERS OF CITY COUNCIL	
Courtney Clarke, Mayor	January 2028
Chris Crone, Council Member	January 2028
Ben Sinclair, Council Member	January 2026
Rob Grove, Council Member	January 2028
Anna Bergman Pierce, Council Member	January 2026
Charlie Bottenberg, Council Member	January 2026
CITY ADMINISTRATOR	
Brad Deets	Indefinite
CITY CLERK	
Rebecca D. Schuett	Indefinite
DIRECTOR OF FINANCE	
Linda Burkhart	Indefinite
CITY ATTORNEY	
Steven P. Brick	January 2025

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
Waukee, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of City of Waukee, Iowa, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Waukee, Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Waukee, Iowa's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Waukee, Iowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Waukee, Iowa's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 7 through 14 and 56 through 61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in pages 63 – 71, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, 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 CPA LLP
Denman CPA LLP

West Des Moines, Iowa
November 6, 2024

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, 2024. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2024 FINANCIAL HIGHLIGHTS

- Revenues of the City's Governmental Funds increased 9.3 %, or \$ 4,533,983, from fiscal 2023 to fiscal 2024. Property and Other City Taxes increased \$ 3,593,309, Tax Increment Financing increased \$ 1,203,035, Licenses and Permits decreased \$ 940,726, Intergovernmental decreased \$ 471,043, Charges for Services increased \$ 228,093, Use of Money/Property increased \$ 2,642,989 and Miscellaneous decreased \$ 1,721,674.
- Program expenditures of the City's Governmental Funds increased 1.7 %, or \$ 1,065,186 in fiscal 2024 from fiscal 2023. Public Safety expenses increased \$ 1,821,945, Health and Social Services decreased \$ 2,000, Community and Economic Development decreased \$ 55,548, Culture and Recreation increased \$ 710,772, Public Works increased \$ 430,082, General Government increased \$ 157,774, Debt Service increased \$ 2,231,540 and Capital Projects decreased \$ 4,229,379.
- The City has a net position of \$ 406,566,892 on June 30, 2024 as compared to \$ 352,870,060 on June 30, 2023. Of this amount, the net position of the Governmental Activities was \$ 240,140,538 and the net position of the Business Type Activities was \$ 166,426,354.

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, Schedule of Revenues by Source and Expenditures by Function, and Schedule of Expenditures of Federal Awards.

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 Options Sale 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 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, and Storm Water. 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

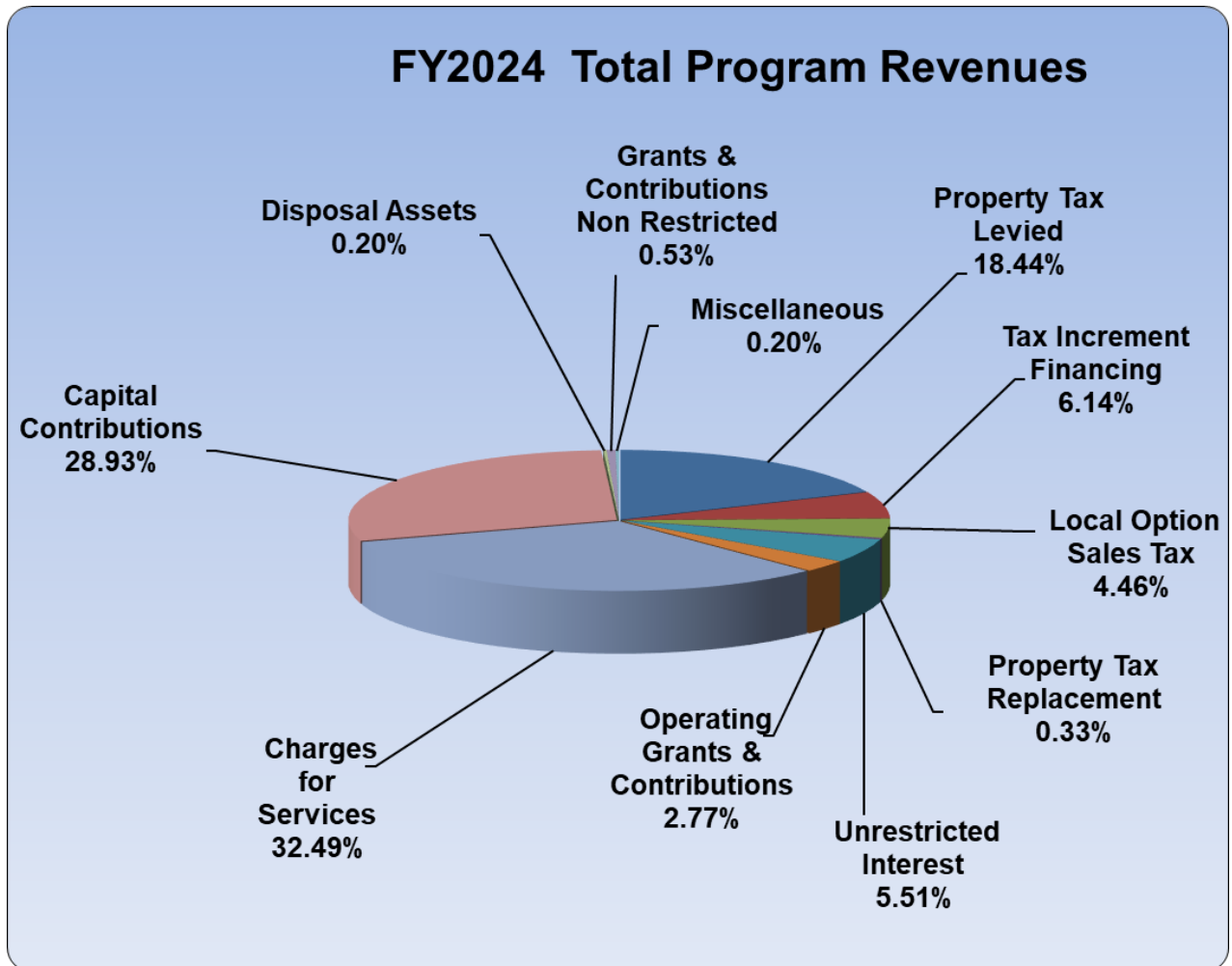
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental and business type activities.

Net Position (in thousands of dollars)						
	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 133,826	\$ 95,637	\$ 37,796	\$ 35,786	\$ 171,622	\$131,423
Non-Current Assets	1,321	1,395	-	-	1,321	1,395
Capital Assets	305,991	280,464	164,187	120,480	470,178	400,944
Total Assets	<u>441,138</u>	<u>377,496</u>	<u>201,983</u>	<u>156,266</u>	<u>643,121</u>	<u>533,762</u>
Deferred Outflows of Resources	<u>3,370</u>	<u>2,069</u>	<u>507</u>	<u>341</u>	<u>3,877</u>	<u>2,410</u>
Current Liabilities	16,473	14,048	5,487	5,977	21,960	20,025
Non-Current Liabilities	149,962	110,212	30,526	19,713	180,488	129,925
Total Liabilities	<u>166,435</u>	<u>124,260</u>	<u>36,013</u>	<u>25,690</u>	<u>202,448</u>	<u>149,950</u>
Deferred Inflows of Resources	<u>37,933</u>	<u>33,197</u>	<u>49</u>	<u>156</u>	<u>37,982</u>	<u>33,353</u>
Net Position:						
Net investment in Capital Assets	177,418	176,657	135,590	99,958	313,008	276,615
Restricted	47,687	34,327	1,355	1,032	49,042	35,359
Unrestricted	<u>15,035</u>	<u>11,125</u>	<u>29,481</u>	<u>29,771</u>	<u>44,516</u>	<u>40,896</u>
Total Net Position	<u>\$ 240,140</u>	<u>\$ 222,109</u>	<u>\$ 166,426</u>	<u>\$ 130,761</u>	<u>\$ 406,566</u>	<u>\$ 352,870</u>

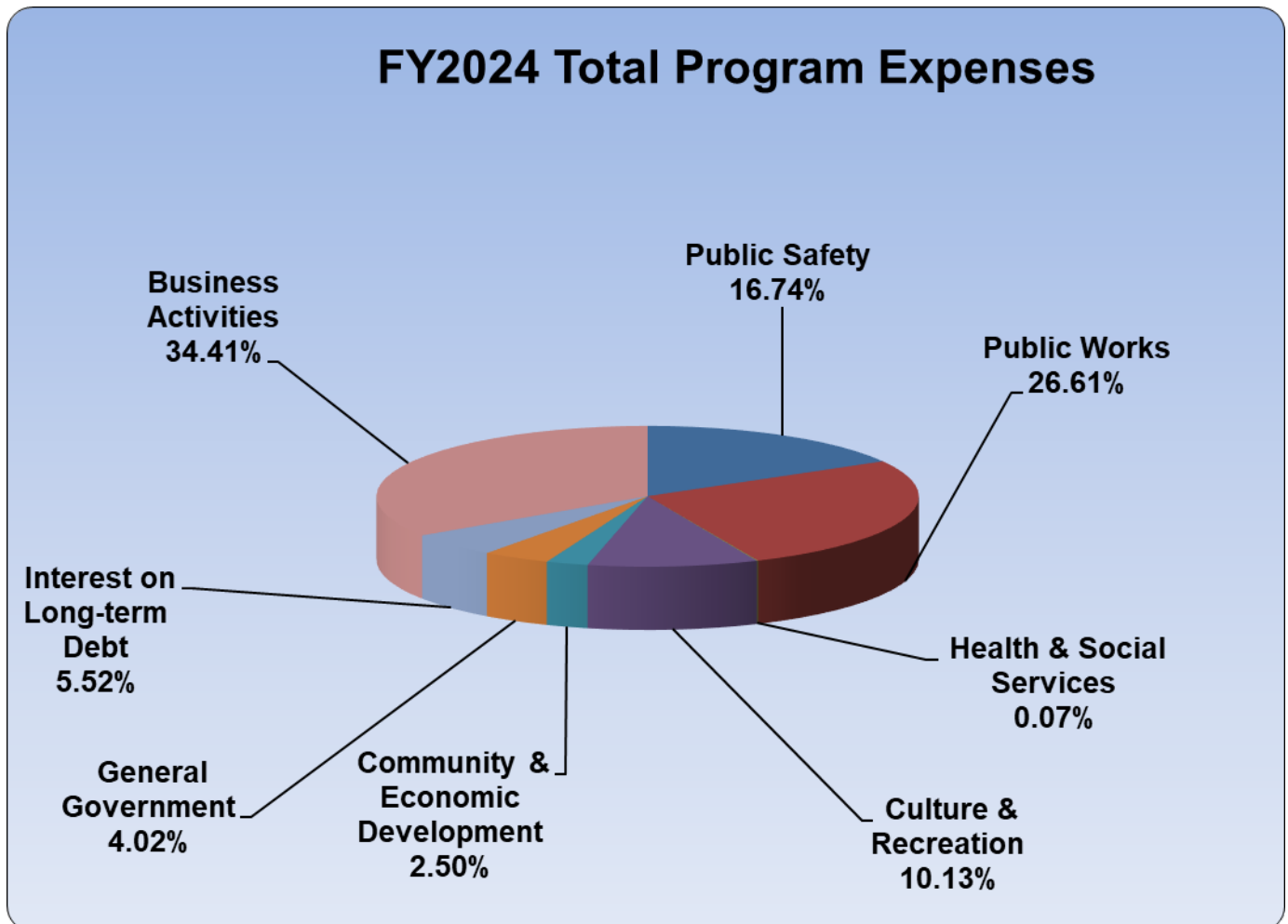
Net position of governmental activities increased \$ 18,031,934, or 8.12%, over fiscal year 2023. Net position of business type activities increased \$ 35,664,898, or 27.27%, over fiscal year 2023. The largest portion of the City's net position is the investment in capital assets (e.g., land, infrastructure, 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 \$ 44,516,276 at the end of this year.

Changes in Net Position for the Year Ended June 30, 2024 (in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Property Tax Levied and Other City Tax	\$ 23,494	\$ 19,918	\$ -	\$ -	\$ 23,494	\$ 19,918
Tax Increment Financing	7,816	6,612	-	-	7,816	6,612
Local Option Sales Tax	5,686	5,654	-	-	5,686	5,654
Property Tax Replacement	415	554	-	-	415	554
Unrestricted Interest	5,096	2,433	1,917	1,451	7,013	3,884
Operating Grants and Contributions	3,528	3,376	-	-	3,528	3,376
Charges for Services	6,025	8,523	35,361	37,173	41,386	45,696
Capital Grants and Contributions	13,107	8,826	23,752	19,094	36,859	27,920
Gain from Disposal of Capital Assets	141	73	113	62	254	135
Grants/Contributions Not Restricted	675	500	-	-	675	500
Miscellaneous	19	19	245	275	264	294
Total Revenues	66,002	56,488	61,388	58,055	127,390	114,543
Transfers	366	5,397	(366)	(5,397)	-	-
Total Revenues and Transfers	\$ 66,368	\$ 61,885	\$ 61,022	\$ 52,658	\$ 127,390	\$ 114,543



	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Expenses						
Public Safety	\$ 12,333	\$ 10,213	\$ -	\$ -	\$ 12,333	\$ 10,213
Public Works	19,606	9,737	-	-	19,606	9,737
Health and Social Services	50	52	-	-	50	52
Culture and Recreation	7,468	6,356	-	-	7,468	6,356
Community and Economic Development	1,845	1,900	-	-	1,845	1,900
General Government	2,965	1,824	-	-	2,965	1,824
Interest on Long-Term Debt	4,069	2,790	-	-	4,069	2,790
Business Type Activities	-	-	25,357	24,897	25,357	24,897
Total Expenses	<u>48,336</u>	<u>32,872</u>	<u>25,357</u>	<u>24,897</u>	<u>73,693</u>	<u>57,769</u>
Increase in Net Position	18,032	29,015	35,665	27,761	53,697	56,776
Net Position Beginning of Year	<u>222,109</u>	<u>193,094</u>	<u>130,761</u>	<u>103,000</u>	<u>352,870</u>	<u>296,094</u>
Net Position End of Year	<u>\$ 240,141</u>	<u>\$ 222,109</u>	<u>\$ 166,426</u>	<u>\$ 130,761</u>	<u>\$ 406,567</u>	<u>\$ 352,870</u>



The City decreased the property tax levy by \$0.05 to \$ 13.05 per \$1,000 for FY24, while recognizing an increase of \$ 4,779,332 in property tax revenue due to increase in residential and commercial property valuation. Revenues for operating and capital grants, contributions restricted and unrestricted interest, increased by \$ 12,220,339, charges for services decreased by \$ 4,310,588, gain from disposal of capital assets increased \$ 119,446 and miscellaneous revenues decreased by \$ 29,725.

Overall revenues for governmental activities increased approximately \$ 4,482,000 from the prior year.

The cost of all governmental activities this year was approximately \$ 48.3 million compared to approximately \$ 32.9 million last year. However, as shown in the Statement of Activities on pages 18 and 19, the amount taxpayers ultimately financed for these activities was (\$ 25.7) million as some of the cost was paid by those directly benefited from the programs (\$ 6,025,265) or by other governments and organizations which subsidized certain programs with grants and contributions (\$ 16,635,605).

Overall revenues for business type activities increased approximately \$ 8,363,992 over the prior year.

The cost of all business activities increased approximately \$.5 million to \$ 25.4 million compared to approximately \$ 24.9 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 \$ 91,053,632 at June 30, 2024, compared to \$ 58,329,362 combined fund balance at June 30, 2023.

The General Fund showed an increase of \$ 3,564,509 from the prior year to \$ 16,201,333.

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 2024 with a \$ 6,191,724 balance compared to the prior year ending balance of \$ 4,108,002.

The Debt Service Fund ended fiscal 2024 with a \$ 10,566,194 balance compared to the prior year ending balance of \$7,745,488. Bond principal and interest payments increased by \$ 2,048,101 in fiscal 2024.

The Local Option Sales Tax Fund ended fiscal 2024 with a \$10,966,391 balance compared to the prior year ending balance of \$ 16,262,174.

The Capital Projects Fund ended fiscal 2024 with a \$ 43,503,798 balance compared to the prior year ending balance of \$13,002,880.

Proprietary Fund Highlights

The Water Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2024 with a net position of \$49,237,949 compared to the prior year ending net position balance of \$ 38,120,018.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2024 with a net position of \$ 64,438,305, compared to the prior year ending net position balance of \$ 53,656,984.

The Gas Fund, which accounts for the operation and maintenance of the City's gas system, ended fiscal year 2024 with a net position of \$ 24,491,690, compared to the prior year ending net position balance of \$ 22,635,361.

The Stormwater Fund, which accounts for the operation and maintenance of the City's stormwater utility, ended fiscal year 2024 with a net position of \$ 25,476,273, compared to the prior year ending net position balance of \$ 13,821,277.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City of Waukee amended its budget once in May of 2024. The amendment was required to cover unplanned disbursements, including program expenditures associated with a decrease to Community & Economic Development, and an increase to Public Safety, Debt Service, Enterprise Activities and Transfers Out; while also increasing revenue sources for Licenses and Permits, Use of Money and Property, Intergovernmental, Charges for Services, Other City Taxes, 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 \$ 305,991,096 (net of accumulated depreciation) at June 30, 2024. Capital assets for business type activities totaled \$ 164,186,903 (net of accumulated depreciation) at June 30, 2024. See Note 3 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 the SE Ashworth Road Corridor, improvements on the intersection of Ashworth with Ute, Phase 2 of the Warrior Lane Roundabout and the completion of some culvert and pond improvements, including the NW Douglas Parkway culvert and pond, the NW Sunrise Drive Culvert and the pond in the Waukee Towne Center. In addition to these projects, improvements to the Heart of the Warrior trail were also completed.

For business type activities, the major additions included annual additions to the water, sewer and gas distribution systems.

Construction in progress on June 30, 2024 for the City consists of several governmental activities projects including the continued construction of a second Public Safety building, as well as continued progress on the Stratford Crossing Park and the T Avenue Corridor project. Utility projects in progress include the 3rd Street Elevated Water Storage Tank Replacement, which is nearing completion, West Area Trunk Sewer phase 2, Northeast Outfall Sewer and Lift Station No 2 rehabilitation.

Long-Term Debt

At June 30, 2024, the City had \$ 149,961,981 in total non-current debt outstanding for governmental activities. Total non-current debt outstanding for business type activities was \$ 30,526,390 at June 30, 2024.

The City's July 25, 2024 general obligation bond rating was upgraded to Aa1, assigned by national rating agency, Moody's Investors Services. 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. Based on \$3,416,185,614 of assessed valuation, the City's outstanding general obligation debt of \$ 143,577,437 or 84.06%, is below its constitutional debt limit of \$ 170,809,281. 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 4 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 2025 budget. The City of Waukee will experience a significant increase in General Fund revenues and expenditures from fiscal 2024 to fiscal 2025. The major factors that will play a role in this change are the increase in property tax revenues from increased valuations for fiscal 2025, and the continued increase generated by the Local Option Sales Tax approved by voters in November 2017.

The General Fund is projected to end fiscal 2025 with a fund balance of approximately \$ 16,141,000, or a planned decrease of \$ 60,000 from fiscal 2024. The tax levy rates per \$1,000 of taxable valuation for fiscal 2025 were reduced by \$0.10, with the current levy as provided below:

General levy	\$8.13
Emergency Levy	0.00
Debt Service levy	3.32
Employee Benefits Levy	<u>1.50</u>
Total	<u>\$12.95</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, 2024

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Current assets, unrestricted			
Cash and investments	\$ 94,797,726	\$ 31,871,558	\$126,669,284
Receivables			
Property tax			
Delinquent	141,765	-	141,765
Succeeding year	36,385,602	-	36,385,602
Special assessments	97,886	-	97,886
Customer accounts	-	2,287,719	2,287,719
Other	1,212,066	-	1,212,066
Due from other governments	817,761	-	817,761
Inventories	<u>373,502</u>	<u>1,324,624</u>	<u>1,698,126</u>
Total current assets, unrestricted	133,826,308	35,483,901	169,310,209
Restricted cash and investments	-	2,311,732	2,311,732
Noncurrent assets			
Lease receivable	1,320,714	-	1,320,714
Capital assets, net	<u>305,991,096</u>	<u>164,186,903</u>	<u>470,177,999</u>
Total assets	<u>441,138,118</u>	<u>201,982,536</u>	<u>643,120,654</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	3,160,011	446,586	3,606,597
OPEB	<u>210,428</u>	<u>59,945</u>	<u>270,373</u>
Total deferred outflows of resources	<u>3,370,439</u>	<u>506,531</u>	<u>3,876,970</u>
LIABILITIES			
Current liabilities			
Accounts payable	6,295,394	2,957,146	9,252,540
Accrued compensation	719,938	105,110	825,048
Accrued interest payable	385,000	57,285	442,285
Customer deposits payable	-	384,171	384,171
Compensated absences	132,575	105,620	238,195
Lease agreements payable	59,713	8,429	68,142
IT subscriptions	165,029	46,472	211,501
General obligation bonds/notes	6,965,000	-	6,965,000
Revenue notes payable	-	515,000	515,000
Direct borrowings	660,000	1,307,725	1,967,725
Installment contracts	<u>1,090,537</u>	<u>-</u>	<u>1,090,537</u>
Total current liabilities	<u>16,473,186</u>	<u>5,486,958</u>	<u>21,960,144</u>
Noncurrent liabilities			
Compensated absences	536,469	-	536,469
Lease agreements payable	223,330	22,178	245,508
IT subscriptions	98,671	63,405	162,076
General obligation bonds/notes, net	127,759,461	-	127,759,461
Revenue notes payable, net	-	7,195,241	7,195,241
Direct borrowings	10,585,000	22,620,418	33,205,418
Installment contracts	7,147,367	-	7,147,367
Net pension liability	2,812,441	397,466	3,209,907
Total OPEB liability	<u>799,242</u>	<u>227,682</u>	<u>1,026,924</u>
Total noncurrent liabilities	<u>149,961,981</u>	<u>30,526,390</u>	<u>180,488,371</u>
Total liabilities	<u>166,435,167</u>	<u>36,013,348</u>	<u>202,448,515</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF NET POSITION (continued)
June 30, 2024

	Primary Government		Total
	Governmental Activities	Business Type Activities	
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues			
Leases	1,247,027	-	1,247,027
Succeeding year property taxes	36,385,602	-	36,385,602
Pension	251,898	35,599	287,497
OPEB	<u>48,325</u>	<u>13,766</u>	<u>62,091</u>
Total deferred inflows of resources	<u>37,932,852</u>	<u>49,365</u>	<u>37,982,217</u>
NET POSITION			
Net investment in capital assets	177,418,526	135,589,789	313,008,316
Restricted for			
Debt service	10,887,108	1,355,276	12,242,384
Other purposes	36,799,917	-	36,799,917
Unrestricted	<u>15,034,987</u>	<u>29,481,289</u>	<u>44,516,276</u>
Total net position	<u>\$240,140,538</u>	<u>\$166,426,354</u>	<u>\$406,566,892</u>

City of Waukee, Iowa
STATEMENT OF ACTIVITIES
Year ended June 30, 2024

	Program Revenues			
Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary government				
Governmental activities				
Public safety	\$12,333,398	\$ 3,548,027	\$ 143,355	\$ -
Public works	19,606,318	908,003	3,384,937	12,814,413
Health and social services	50,000	-	-	-
Culture and recreation	7,467,720	1,340,750	-	292,900
Community and economic development	1,845,341	-	-	-
General government	2,965,429	228,485	-	-
Interest on long-term debt	4,068,727	-	-	-
Total governmental activities	<u>48,336,933</u>	<u>6,025,265</u>	<u>3,528,292</u>	<u>13,107,313</u>
Business-type activities				
Water	7,244,474	10,220,734	-	7,270,718
Sewer	4,374,175	9,556,435	-	4,979,049
Gas	8,964,388	10,549,441	-	-
Stormwater	1,533,772	1,719,293	-	11,502,516
Other	3,240,081	3,314,607	-	-
Total business type activities	<u>25,356,890</u>	<u>35,360,510</u>	<u>-</u>	<u>23,752,283</u>
Total primary government	<u>\$73,693,823</u>	<u>\$41,385,775</u>	<u>\$ 3,528,292</u>	<u>\$36,859,596</u>
GENERAL REVENUES				
Property and other city tax levied for				
General purposes				
Debt service				
Employee benefits				
Tax increment financing				
Local option sales tax				
Other taxes				
Property tax replacement				
Grants and contributions not restricted for specific purposes				
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				

See Notes to Financial Statements.

Net Revenue (Expenses) and Changes in Net Position

Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (8,642,016)	\$ —	\$ (8,642,016)
(2,498,965)	—	(2,498,965)
(50,000)	—	(50,000)
(5,834,070)	—	(5,834,070)
(1,845,341)	—	(1,845,341)
(2,736,944)	—	(2,736,944)
<u>(4,068,727)</u>	<u>—</u>	<u>(4,068,727)</u>
<u>(25,676,063)</u>	<u>—</u>	<u>(25,676,063)</u>
—	10,246,978	10,246,978
—	10,161,309	10,161,309
—	1,585,053	1,585,053
—	11,688,037	11,688,037
<u>—</u>	<u>74,526</u>	<u>74,526</u>
<u>—</u>	<u>33,755,903</u>	<u>33,755,903</u>
<u>(25,676,063)</u>	<u>33,755,903</u>	<u>8,079,840</u>
14,301,085	—	14,301,085
6,691,917	—	6,691,917
2,322,134	—	2,322,134
7,815,523	—	7,815,523
5,686,088	—	5,686,088
179,029	—	179,029
415,148	—	415,148
674,884	—	674,884
5,095,778	1,916,723	7,012,501
141,432	112,990	254,422
19,140	245,121	264,261
<u>365,839</u>	<u>(365,839)</u>	<u>—</u>
<u>43,707,997</u>	<u>1,908,995</u>	<u>45,616,992</u>
18,031,934	35,664,898	53,696,832
<u>222,108,604</u>	<u>130,761,456</u>	<u>352,870,060</u>
<u>\$240,140,538</u>	<u>\$166,426,354</u>	<u>\$406,566,892</u>

See Notes to Financial Statements.

**City of Waukee, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue</u>		<u>Local Option Sales Tax</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
				<u>Urban Renewal TIF</u>				
ASSETS								
Cash and investments	\$16,762,837	\$47,372,070	\$10,539,917	\$ 6,405,678		\$10,455,970	\$ 3,261,254	\$ 94,797,726
Receivables								
Property tax								
Delinquent	49,086	—	27,327	55,518		—	9,834	141,765
Succeeding year	14,729,303	—	7,476,561	11,457,835		—	2,721,903	36,385,602
Special assessments	—	—	—	—		—	97,886	97,886
Other	1,053,977	—	—	—		—	158,089	1,212,066
Due from other governments	34,941	—	—	—		510,421	272,399	817,761
Inventory	161,160	—	—	—		—	212,342	373,502
Total assets	\$32,791,304	\$47,372,070	\$18,043,805	\$17,919,031		\$10,966,391	\$ 6,733,707	\$133,826,308
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 943,360	\$ 3,868,272	\$ 1,050	\$ 269,472		\$ —	\$ 251,028	\$ 5,333,182
Accrued compensation	681,240	—	—	—		—	38,698	719,938
Total liabilities	1,624,600	3,868,272	1,050	269,472		—	289,726	6,053,120
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues								
Succeeding year								
property tax	14,729,303	—	7,476,561	11,457,835		—	2,721,903	36,385,602
Special assessments	—	—	—	—		—	97,886	97,886
Other	236,068	—	—	—		—	—	236,068
Total deferred inflows of resources	14,965,371	—	7,476,561	11,457,835		—	2,819,789	36,719,556
FUND BALANCES								
Nonspendable	161,160	—	—	—		—	212,342	373,502
Restricted for								
Capital projects	—	43,503,798	—	—		—	—	43,503,798
Debt service	—	—	10,566,194	—		—	320,914	10,887,108
Urban renewal	—	—	—	6,191,724		—	—	6,191,724
Other purposes	190,818	—	—	—		10,966,391	3,090,936	14,248,145
Committed	1,622,351	—	—	—		—	—	1,622,351
Unassigned	14,227,004	—	—	—		—	—	14,227,004
Total fund balances	16,201,333	43,503,798	10,566,194	6,191,724		10,966,391	3,624,192	91,053,632
Total liabilities, deferred inflows of resources and fund balances	\$32,791,304	\$47,372,070	\$18,043,805	\$17,919,031		\$10,966,391	\$ 6,733,707	\$133,826,308

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE BALANCE SHEET—
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2024

Total governmental fund balances		\$ 91,053,632
 <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.		305,991,096
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue.		333,954
Long-term liabilities, including bonds payable, notes from direct borrowings and direct placements, installment contracts, 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.		(160,382,047)
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	3,370,439	
Deferred inflows of resources	<u>(300,223)</u>	3,070,216
Lease receivables and the corresponding deferred inflows of resources are not financial resources and are not due and payable in the current year and, therefore, are not reported in the governmental funds.		
Lease receivable	1,320,714	
Deferred inflows of resources	<u>(1,247,027)</u>	<u>73,687</u>
Net position of governmental activities		<u>\$240,140,538</u>

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2024

	General	Capital Projects	Debt Service	Special Revenue		Other Nonmajor Governmental Funds	Total
				Urban Renewal TIF	Local Option Sales Tax		
REVENUES							
Property tax	\$13,842,474	\$ -	\$ 6,691,917	\$ -	\$ -	\$ 2,780,745	\$23,315,136
Tax increment financing	-	-	-	7,815,524	-	-	7,815,524
Other city tax	158,131	-	-	-	5,686,088	21,631	5,865,850
Licenses and permits	2,712,016	-	-	-	-	24,236	2,736,252
Use of money and property	1,030,557	2,068,052	481,335	517,228	1,028,878	304,325	5,430,375
Intergovernmental	1,064,490	188,869	157,307	13,864	-	3,453,447	4,877,977
Charges for service	1,416,259	-	-	-	-	-	1,416,259
Miscellaneous	660,170	50,000	-	-	-	936,287	1,646,457
Total revenues	<u>20,884,097</u>	<u>2,306,921</u>	<u>7,330,559</u>	<u>8,346,616</u>	<u>6,714,966</u>	<u>7,520,671</u>	<u>53,103,830</u>
EXPENDITURES							
Operating							
Public safety	12,044,504	-	-	-	-	-	12,044,504
Public works	818,469	-	-	-	-	3,370,713	4,189,182
Health and social services	50,000	-	-	-	-	-	50,000
Culture and recreation	4,607,063	-	-	-	-	-	4,607,063
Community and economic development	752,887	-	-	1,101,713	-	-	1,854,600
General government	1,670,195	-	-	-	-	-	1,670,195
Debt service							
Principal	-	175,941	6,030,000	-	-	-	6,205,941
Interest	-	-	4,798,412	-	-	-	4,798,412
Bond issuance and other costs	-	292,152	5,483	-	-	-	297,635
Capital projects	900,831	24,399,981	-	-	-	222,299	25,523,111
Total expenditures	<u>20,843,949</u>	<u>24,868,074</u>	<u>10,833,895</u>	<u>1,101,713</u>	<u>-</u>	<u>3,593,012</u>	<u>61,240,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,148</u>	<u>(22,561,153)</u>	<u>(3,503,336)</u>	<u>7,244,903</u>	<u>6,714,966</u>	<u>3,927,659</u>	<u>(8,136,813)</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	38,305,000	-	-	-	-	38,305,000
Bond premium	-	1,945,891	-	-	-	-	1,945,891
Sale of capital assets	211,814	-	-	-	-	32,539	244,353
Transfers in	3,312,547	12,811,180	6,324,042	-	-	-	22,447,769
Transfers out	-	-	-	(5,161,181)	(12,010,749)	(4,910,000)	(22,081,930)
Total other financing sources (uses)	<u>3,524,361</u>	<u>53,062,071</u>	<u>6,324,042</u>	<u>(5,161,181)</u>	<u>(12,010,749)</u>	<u>(4,877,461)</u>	<u>40,861,083</u>
CHANGE IN FUND BALANCES	3,564,509	30,500,918	2,820,706	2,083,722	(5,295,783)	(949,802)	32,724,270
FUND BALANCES, beginning	<u>12,636,824</u>	<u>13,002,880</u>	<u>7,745,488</u>	<u>4,108,002</u>	<u>16,262,174</u>	<u>4,573,994</u>	<u>58,329,362</u>
FUND BALANCES, ending	<u>\$16,201,333</u>	<u>\$43,503,798</u>	<u>\$10,566,194</u>	<u>\$ 6,191,724</u>	<u>\$10,966,391</u>	<u>\$ 3,624,192</u>	<u>\$91,053,632</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, 2024

Change in fund balances—Total governmental funds		\$32,724,270
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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	24,595,067	
Contributed assets	12,868,444	
Subscription-based IT agreements	87,185	
Depreciation and amortization expense	<u>(11,556,847)</u>	25,993,840
 Governmental funds do not report capital assets and therefore do not report gains or losses on the disposal of those assets.		
		(102,921)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue		
Special assessments	(733)	
Other	<u>(137,510)</u>	(138,243)
 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, including IT subscription and lease 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	(46,366,965)	
Repayments		
General obligation bonds	5,520,000	
Direct borrowings and direct placements	510,000	
Installment contracts	175,941	
Lease agreements payable	57,515	
Subscription-based IT arrangements	<u>344,714</u>	(39,758,795)
 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.		
		(998,513)
 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.		
		1,228,822
 Some revenues and expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenue and expenditures in governmental funds, as follows:		
Compensated absences	(61,963)	
Other postemployment benefits	(103,033)	
Pension expense	(681,684)	
Interest on long-term debt	(96,000)	
Lease related revenue	<u>26,145</u>	<u>(916,535)</u>
 Change in net position of governmental activities		 <u>\$18,031,934</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Enterprise Funds					Total
	Water	Sewer	Gas	Stormwater	Nonmajor Funds	
ASSETS						
Current assets						
Cash and investments	\$12,315,710	\$ 9,400,699	\$ 5,506,145	\$ 3,683,880	\$ 965,124	\$ 31,871,558
Receivables, net of allowances						
Customer accounts	1,075,446	706,740	147,920	141,406	216,207	2,287,719
Inventories	<u>558,396</u>	<u>—</u>	<u>742,962</u>	<u>—</u>	<u>23,266</u>	<u>1,324,624</u>
Total current assets	<u>13,949,552</u>	<u>10,107,439</u>	<u>6,397,027</u>	<u>3,825,286</u>	<u>1,204,597</u>	<u>35,483,901</u>
Noncurrent assets						
Restricted cash and investments	1,016,092	812,258	182,158	298,100	3,124	2,311,732
Capital assets, net of accumulated depreciation	<u>40,449,642</u>	<u>77,940,773</u>	<u>19,116,695</u>	<u>24,935,672</u>	<u>1,744,121</u>	<u>164,186,903</u>
Total noncurrent assets	<u>41,465,734</u>	<u>78,753,031</u>	<u>19,298,853</u>	<u>25,233,772</u>	<u>1,747,245</u>	<u>166,498,635</u>
Total assets	<u>55,415,286</u>	<u>88,860,470</u>	<u>25,695,880</u>	<u>29,059,058</u>	<u>2,951,842</u>	<u>201,982,536</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	85,510	85,502	129,847	51,205	94,522	446,586
OPEB related deferred outflows	<u>13,338</u>	<u>13,554</u>	<u>17,032</u>	<u>7,875</u>	<u>8,146</u>	<u>59,945</u>
Total deferred outflows of resources	<u>98,848</u>	<u>99,056</u>	<u>146,879</u>	<u>59,080</u>	<u>102,668</u>	<u>506,531</u>
LIABILITIES						
Current liabilities						
Accounts payable	1,036,732	989,715	848,766	38,181	43,752	2,957,146
Accrued compensation	17,585	17,555	26,782	12,509	30,679	105,110
Compensated absences	20,458	20,458	42,740	10,830	11,134	105,620
Customer deposits payable	241,771	—	142,400	—	—	384,171
Lease agreements payable	—	—	—	—	30,607	30,607
IT subscriptions	2,012	2,012	95,863	2,012	7,978	109,877
Revenue notes payable	355,000	160,000	—	—	—	515,000
Notes from direct borrowings and direct placements	—	1,113,971	—	170,000	23,754	1,307,725
Interest payable	<u>13,152</u>	<u>32,261</u>	<u>—</u>	<u>11,872</u>	<u>—</u>	<u>57,285</u>
Total current liabilities	<u>1,686,710</u>	<u>2,335,972</u>	<u>1,156,551</u>	<u>245,404</u>	<u>147,904</u>	<u>5,572,541</u>
Noncurrent liabilities						
Revenue notes payable, net	4,452,830	2,742,411	—	—	—	7,195,241
Notes from direct borrowings and placements, net	—	19,305,329	—	3,315,089	—	22,620,418
Net pension liability	76,105	76,098	115,565	45,573	84,125	397,466
Total OPEB liability	<u>50,660</u>	<u>51,482</u>	<u>64,691</u>	<u>29,909</u>	<u>30,940</u>	<u>227,682</u>
Total noncurrent liabilities	<u>4,579,595</u>	<u>22,175,320</u>	<u>180,256</u>	<u>3,390,571</u>	<u>115,065</u>	<u>30,440,807</u>
Total liabilities	<u>6,266,305</u>	<u>24,511,292</u>	<u>1,336,807</u>	<u>3,635,975</u>	<u>262,969</u>	<u>36,013,348</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues						
Pension related deferred inflows	6,816	6,816	10,351	4,082	7,534	35,599
OPEB related deferred inflows	<u>3,064</u>	<u>3,113</u>	<u>3,911</u>	<u>1,808</u>	<u>1,870</u>	<u>13,766</u>
Total deferred inflows of resources	<u>9,880</u>	<u>9,929</u>	<u>14,262</u>	<u>5,890</u>	<u>9,404</u>	<u>49,365</u>
NET POSITION						
Net investment in capital assets	35,641,812	54,619,062	19,116,695	24,491,853	1,720,367	135,589,789
Restricted for bond retirement	406,169	619,997	39,758	286,228	3,124	1,355,276
Unrestricted	<u>13,189,968</u>	<u>9,199,246</u>	<u>5,335,237</u>	<u>698,192</u>	<u>1,058,646</u>	<u>29,481,289</u>
Total net position	<u>\$49,237,949</u>	<u>\$64,438,305</u>	<u>\$24,491,690</u>	<u>\$25,476,273</u>	<u>\$2,782,137</u>	<u>\$166,426,354</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2024

	Enterprise Funds					Total
	Water	Sewer	Gas	Stormwater	Nonmajor Funds	
OPERATING REVENUES						
Charges for service	\$10,220,734	\$ 9,556,435	\$10,549,441	\$ 1,719,293	\$ 3,314,607	\$ 35,360,510
Miscellaneous	8,091	8,477	6,174	-	131,243	153,985
Total operating revenues	<u>10,228,825</u>	<u>9,564,912</u>	<u>10,555,615</u>	<u>1,719,293</u>	<u>3,445,850</u>	<u>35,514,495</u>
OPERATING EXPENSES						
Business type activities						
Cost of sales and services	6,135,924	2,274,644	8,340,155	900,824	3,141,668	20,793,215
Depreciation and amortization	961,432	1,708,086	623,675	426,177	97,129	3,816,499
Total operating expenses	<u>7,097,356</u>	<u>3,982,730</u>	<u>8,963,830</u>	<u>1,327,001</u>	<u>3,238,797</u>	<u>24,609,714</u>
Operating income	<u>3,131,469</u>	<u>5,582,182</u>	<u>1,591,785</u>	<u>392,292</u>	<u>207,053</u>	<u>10,904,781</u>
NONOPERATING REVENUES (EXPENSES)						
Interest income	830,542	588,594	265,222	186,960	45,405	1,916,723
Rental income	91,136	-	-	-	-	91,136
Gain (loss) on disposal of capital assets	75,547	22,941	(120)	11,475	3,147	112,990
Capital contributions	7,270,718	4,979,049	-	11,502,516	-	23,752,283
Interest expense and fiscal charges	(147,118)	(391,445)	(558)	(206,771)	(1,284)	(747,176)
Total nonoperating revenues (expenses)	<u>8,120,825</u>	<u>5,199,139</u>	<u>264,544</u>	<u>11,494,180</u>	<u>47,268</u>	<u>25,125,956</u>
Income before transfers	11,252,294	10,781,321	1,856,329	11,886,472	254,321	36,030,737
Transfers (out)	(134,363)	-	-	(231,476)	-	(365,839)
CHANGE IN NET POSITION	11,117,931	10,781,321	1,856,329	11,654,996	254,321	35,664,898
NET POSITION, beginning	<u>38,120,018</u>	<u>53,656,984</u>	<u>22,635,361</u>	<u>13,821,277</u>	<u>2,527,816</u>	<u>130,761,456</u>
NET POSITION, ending	<u>\$49,237,949</u>	<u>\$64,438,305</u>	<u>\$24,491,690</u>	<u>\$25,476,273</u>	<u>\$ 2,782,137</u>	<u>\$166,426,354</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2024

	Enterprise Funds				Nonmajor Funds	Total
	Water	Sewer	Gas	Stormwater		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	\$10,312,119	\$ 9,528,194	\$10,741,845	\$ 1,706,618	\$ 3,301,032	\$35,589,808
Cash received from other revenues	8,091	8,477	6,174	-	131,243	153,985
Cash paid for personal services	(1,042,017)	(1,059,115)	(1,329,973)	(613,480)	(555,553)	(4,600,138)
Cash paid to suppliers	<u>(5,071,664)</u>	<u>(1,328,148)</u>	<u>(6,558,660)</u>	<u>(285,809)</u>	<u>(2,596,626)</u>	<u>(15,840,907)</u>
Net cash flows from operating activities	<u>4,206,529</u>	<u>7,149,408</u>	<u>2,859,386</u>	<u>807,329</u>	<u>280,096</u>	<u>15,302,748</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	<u>(134,363)</u>	<u>-</u>	<u>-</u>	<u>(231,476)</u>	<u>-</u>	<u>(365,839)</u>
Net cash flows from noncapital financing activities	<u>(134,363)</u>	<u>-</u>	<u>-</u>	<u>(231,476)</u>	<u>-</u>	<u>(365,839)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(8,555,596)	(13,664,145)	(2,539,243)	(283,127)	(87,502)	(25,129,613)
Proceeds from sale of capital assets	126,919	33,216	6,630	15,000	-	181,765
Principal paid on revenue notes	(345,000)	(2,330,000)	-	-	-	(2,675,000)
Principal paid on direct borrowings and placements	-	(654,000)	-	(168,600)	(23,419)	(846,019)
Interest and fiscal charges paid	(173,654)	(435,620)	(558)	(202,750)	(1,284)	(813,866)
Proceeds from bond issuance	<u>-</u>	<u>11,261,601</u>	<u>-</u>	<u>3,456,215</u>	<u>-</u>	<u>14,717,816</u>
Net cash flows from capital and related financing activities	<u>(8,947,331)</u>	<u>(5,788,948)</u>	<u>(2,533,171)</u>	<u>2,816,738</u>	<u>(112,205)</u>	<u>(14,564,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	830,542	588,594	265,222	186,960	45,405	1,916,723
Purchase of investments	-	-	-	(255,231)	-	(255,231)
Cash received from property rental	<u>91,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,136</u>
Net cash flows from investing activities	<u>921,678</u>	<u>588,594</u>	<u>265,222</u>	<u>(68,271)</u>	<u>45,405</u>	<u>1,752,628</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,953,487)	1,949,054	591,437	3,324,320	213,296	2,124,620
CASH AND CASH EQUIVALENTS, beginning	<u>16,559,503</u>	<u>8,182,889</u>	<u>5,096,866</u>	<u>400,047</u>	<u>754,952</u>	<u>30,994,257</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$12,606,016</u>	<u>\$10,131,943</u>	<u>\$ 5,688,303</u>	<u>\$ 3,724,367</u>	<u>\$ 968,248</u>	<u>\$33,118,877</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year ended June 30, 2024

	<u>Enterprise Funds</u>				<u>Nonmajor Funds</u>	<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Stormwater</u>		
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income	\$ 3,131,469	\$ 5,582,182	\$ 1,591,785	\$ 392,292	\$ 207,053	\$10,904,781
Adjustments to reconcile operating income to net cash flows from operating activities						
Depreciation and amortization expense	961,432	1,708,086	623,675	426,177	97,129	3,816,499
Change in assets, deferred outflows, liabilities and deferred inflows						
Customer accounts receivable	91,385	(28,241)	192,404	(12,675)	(13,575)	229,298
Inventories	63,826	-	81,514	-	(4,014)	141,326
Accounts payable, net of capital assets	(27,700)	(109,385)	365,497	(42)	7,828	236,198
Accrued compensation	4,270	4,240	3,976	3,822	6,119	22,427
Customer deposits	(7,987)	-	11,450	-	-	3,463
Compensated absences	4,303	4,303	7,650	2,965	(5,565)	13,656
Net pension liability	22,121	30,540	42,423	18,731	37,400	151,215
Deferred outflows of resources	(23,851)	(34,747)	(46,034)	(21,539)	(39,176)	(165,350)
Deferred inflows of resources	(24,414)	(19,624)	(31,743)	(11,313)	(19,425)	(106,519)
Total OPEB liability	<u>11,675</u>	<u>12,054</u>	<u>16,789</u>	<u>8,911</u>	<u>6,325</u>	<u>55,754</u>
Net cash flows from operating activities	<u>\$ 4,206,529</u>	<u>\$ 7,149,408</u>	<u>\$ 2,859,386</u>	<u>\$ 807,329</u>	<u>\$ 280,096</u>	<u>\$15,302,748</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	\$12,315,710	\$ 9,400,699	\$ 5,506,145	\$ 3,683,880	\$ 965,124	\$31,871,558
Restricted assets – cash and investments						
Customer deposits	241,771	-	142,400	-	-	384,171
Revenue note and interest sinking account	48,535	235,631	39,758	40,487	3,124	367,535
Revenue note reserve account	<u>725,786</u>	<u>576,627</u>	<u>-</u>	<u>257,613</u>	<u>-</u>	<u>1,560,026</u>
	<u>13,331,802</u>	<u>10,212,957</u>	<u>5,688,303</u>	<u>3,981,980</u>	<u>968,248</u>	<u>34,183,290</u>
Less items not meeting the definition of cash equivalents						
Certificates of deposit	<u>(725,786)</u>	<u>(81,014)</u>	<u>-</u>	<u>(257,613)</u>	<u>-</u>	<u>(1,064,413)</u>
Cash and cash equivalents at year end	<u>\$12,606,016</u>	<u>\$10,131,943</u>	<u>\$ 5,688,303</u>	<u>\$ 3,724,367</u>	<u>\$ 968,248</u>	<u>\$33,118,877</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Contributed capital assets	<u>\$ 7,270,718</u>	<u>\$ 4,979,049</u>	<u>\$ -</u>	<u>\$11,502,516</u>	<u>\$ -</u>	<u>\$23,752,283</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 (the City) 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, health and social services, 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 Governmental 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, 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. 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 \$27,143,750 in governmental activities and \$3,041,270 in business type activities.

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.

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)

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.

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 Stormwater Fund is used to account for the operation and maintenance of the City's stormwater system.

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 generally allocated to each participating fund based on the percentage of its average balance.

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, 2024 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 in April 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2023.

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, 2024, 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.

Lease Receivable/Deferred Inflow of Resources

The City is the lessor for certain noncancellable leases. The City recognized a lease receivable and a deferred inflow of resources in the accompanying statement of net position.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure and intangibles acquired after July 1, 1980 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 (except for intangible right-of-use lease assets, the measurement of which is discussed under "Leases" following) 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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Capital assets of the City are depreciated/amortized 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
Right-of-use leased assets	2-10 years
Intangibles	2-5 years

Leases

The City is the lessee for various noncancellable leases of buildings, equipment, and vehicles. The City has recognized lease liabilities and intangible right-of-use leased assets (lease assets) in the financial statements. The City recognized lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate of leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and, if applicable, any purchase option price the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported as lease agreements payable on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

The City has entered into contracts that convey control of the right-of-use information technology software. The City has recognized an IT subscription liability and an intangible right-of-use IT subscription asset in the government-wide financial statements. The City's policy is to recognize IT subscription liabilities with an initial, individual value of \$5,000, or more.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subscription-Based Information Technology Arrangements (SBITA) (continued)

At the commencement of the IT subscription term, the City initially measures the subscription liability at the present value of payment expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-of-use IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus capitalized implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-of-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how the City determines the discount rate it uses to discount the expected payments to present value, term and payments.

The City uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.

The subscription term includes the noncancelable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its IT subscription arrangements and will remeasure the right-of-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-of-use IT subscription assets are reported with other capital assets on the statement of net position.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the 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, 2024. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities

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

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

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, the unamortized portion of the net difference between projected and actual earnings on IPERS' investments, and leasing revenues which will not be recognized until the period in which they are due.

Total OPEB Liability

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

Fund 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.

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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. For the year ended June 30, 2024, 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, and 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, 2024 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 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 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	\$ 29,676,039	\$ 242,900	\$ —	\$ 764,504	\$ 30,683,443
Construction in progress	<u>32,923,254</u>	<u>20,416,285</u>	<u>—</u>	<u>(22,810,382)</u>	<u>30,529,157</u>
Total capital assets not being depreciated	<u>62,599,293</u>	<u>20,659,185</u>	<u>—</u>	<u>(22,045,878)</u>	<u>61,212,600</u>
Capital assets being depreciated					
Buildings	11,002,716	79,870	—	6,378,001	17,460,587
Improvements other than buildings	298,115,867	15,025,830	—	15,667,877	328,809,574
Equipment	11,431,289	949,612	363,369	—	12,017,532
Subscription-based information technology arrangements	1,000,159	126,760	—	—	1,126,919
Right-of-use assets	<u>399,683</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>399,683</u>
Total capital assets being depreciated	<u>321,949,714</u>	<u>16,182,072</u>	<u>363,369</u>	<u>22,045,878</u>	<u>359,814,295</u>
Less accumulated depreciation for					
Buildings	5,083,470	516,350	—	—	5,599,820
Improvements other than buildings	91,012,483	9,643,735	—	—	100,656,218
Equipment	7,296,079	964,570	260,448	—	8,000,201
Subscription-based information technology arrangements	282,372	370,137	—	—	652,509
Right-of-use assets	<u>64,996</u>	<u>62,055</u>	<u>—</u>	<u>—</u>	<u>127,051</u>
Total accumulated depreciation	<u>103,739,400</u>	<u>11,556,847</u>	<u>260,448</u>	<u>—</u>	<u>115,035,799</u>
Total capital assets being depreciated, net	<u>218,210,314</u>	<u>4,625,225</u>	<u>102,921</u>	<u>22,045,878</u>	<u>244,778,496</u>
Governmental activities capital assets, net	<u>\$280,809,607</u>	<u>\$25,284,410</u>	<u>\$ 102,921</u>	<u>\$ —</u>	<u>\$305,991,096</u>
Business type activities					
Capital assets not being depreciated					
Land	\$ 3,305,231	\$ —	\$ —	\$ 143,020	\$ 3,448,251
Construction in progress	<u>12,606,108</u>	<u>20,423,340</u>	<u>—</u>	<u>(605,962)</u>	<u>32,423,486</u>
Total capital assets not being depreciated	<u>15,911,339</u>	<u>20,423,340</u>	<u>—</u>	<u>(462,942)</u>	<u>35,871,737</u>
Capital assets being depreciated					
Buildings	576,846	—	—	—	576,846
Equipment	5,418,534	651,162	324,754	—	5,744,942
Infrastructure	131,123,222	26,322,085	—	462,942	157,908,249
Subscription-based information technology arrangements	134,328	128,309	—	—	262,637
Right-of-use assets	<u>56,521</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>56,521</u>
Total capital assets being depreciated	<u>137,309,451</u>	<u>27,101,556</u>	<u>324,754</u>	<u>462,942</u>	<u>164,549,195</u>
Less accumulated depreciation for					
Buildings	303,637	14,239	—	—	317,876
Equipment	3,440,664	413,641	252,832	—	3,601,473
Infrastructure	28,864,727	3,293,073	—	—	32,157,800
Subscription-based information technology arrangements	38,173	84,727	—	—	122,900
Right-of-use assets	<u>23,161</u>	<u>10,819</u>	<u>—</u>	<u>—</u>	<u>33,980</u>
Total accumulated depreciation	<u>32,670,362</u>	<u>3,816,499</u>	<u>252,832</u>	<u>—</u>	<u>36,234,029</u>
Total capital assets being depreciated, net	<u>104,639,089</u>	<u>23,285,057</u>	<u>71,922</u>	<u>462,942</u>	<u>128,315,166</u>
Business type activities capital assets, net	<u>\$120,550,428</u>	<u>\$43,708,397</u>	<u>\$ 71,922</u>	<u>\$ —</u>	<u>\$164,186,903</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (continued)

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

Governmental activities

Public safety	\$ 467,208
Public works	7,462,019
Culture and recreation	2,881,221
Community and economic development	201
General government	<u>746,198</u>

Total depreciation and amortization expense--governmental activities \$11,556,847

Business type activities

Water	\$ 961,432
Sewer	1,708,086
Gas	623,675
Stormwater	426,177
Nonmajor	<u>97,129</u>

Total depreciation and amortization expense--business type activities \$ 3,816,499

NOTE 4 LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental activities					
General obligation bonds/notes	\$100,940,948	\$38,305,000	\$4,521,487	\$134,724,461 (1)	\$6,965,000
Notes from direct borrowings and direct placements	11,755,000	-	510,000	11,245,000	660,000
Installment contract	351,881	8,061,964	175,941	8,237,904	1,090,537
Compensated absences	607,081	61,963	-	669,044	132,575
Lease agreements payable	340,558	-	57,515	283,043	59,713
IT subscriptions	565,957	42,457	344,714	263,700	165,029
Total OPEB liability	569,607	229,635	-	799,242	-
Net pension liability	<u>1,551,213</u>	<u>1,261,228</u>	<u>-</u>	<u>2,812,441</u>	<u>-</u>
Totals	<u>\$116,682,245</u>	<u>\$47,962,247</u>	<u>\$5,609,657</u>	<u>\$159,034,835</u>	<u>\$9,072,854</u>
Business type activities					
Revenue bonds/notes	\$10,457,723	\$ -	\$2,747,482	\$ 7,710,241 (2)	\$ 515,000
Notes from direct borrowings and direct placements	10,063,872	14,714,216	849,945	23,928,143	1,307,725
Compensated absences	91,964	13,656	-	105,620	105,620
Lease agreements payable	38,345	-	7,738	30,607	8,429
IT subscriptions	11,983	97,894	-	109,877	46,472
Total OPEB liability	171,928	55,754	-	227,682	-
Net pension liability	<u>246,251</u>	<u>151,215</u>	<u>-</u>	<u>397,466</u>	<u>-</u>
Totals	<u>\$21,082,066</u>	<u>\$15,032,735</u>	<u>\$3,605,165</u>	<u>\$ 32,509,636</u>	<u>\$1,983,246</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM LIABILITIES (continued)

(1) Included in balance are unamortized bond premiums totaling \$5,574,461 at June 30, 2024.

(2) Included in balance are unamortized bond premiums totaling \$225,330 at June 30, 2024.

Governmental Activities

Ten issues of unmatured general obligation bonds/notes, totaling \$129,150,000, are outstanding at June 30, 2024. General obligation bonds/notes bear interest at rates ranging from 2.0% to 5.0% and mature in varying annual amounts, ranging from \$100,000 to \$2,605,000, with the final maturities due in the year ending June 30, 2043.

The City has one issuance of a note from direct borrowing and direct placements with an outstanding balance totaling \$11,245,000 at June 30, 2024. The note bears an interest rate of 2.15% and matures in varying annual amounts, ranging from \$660,000 to \$1,190,000 with the final maturities due in the year ending June 30, 2035.

The City has entered into an installment contract with a neighboring City related to the Ashworth reconstruction project. The agreement is noninterest bearing and requires annual installments of approximately \$176,000 through June 2025. The balance due as of June 30, 2024 was \$175,940.

The City has entered into an installment contract with the Des Moines Airport Authority related to the Des Moines Airport renovation project. The agreement is noninterest bearing and requires annual installments of roughly \$180,000 for four years. The balance due as of June 30, 2024 was \$722,670.

The City has entered into an installment contract with the Iowa Department of Transportation (IDOT) related to an interstate interchange project. According to the agreement, the City is to reimburse the IDOT \$7,339,294 over the next ten years, in equal installments. The balance due as of June 30, 2024 was \$7,339,294.

Details of general obligation bonds and notes payable at June 30, 2024 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, 2024</u>
General Obligation Bonds and Notes						
General Obligation 2014A	December 10, 2014	2.50-3.50	June 1, 2034	\$510,000 - 1,725,000	\$23,295,000	\$11,670,000
General Obligation 2015C	November 19, 2015	2.50-3.00	June 1, 2030	420,000 - 485,000	7,340,000	2,700,000
General Obligation 2017A	May 24, 2017	3.00-4.00	June 1, 2036	100,000 - 1,900,000	13,940,000	11,840,000
General Obligation 2018A	June 19, 2018	3.00-5.00	June 1, 2038	835,000 - 1,310,000	19,775,000	14,860,000
General Obligation 2019A	August 21, 2019	3.00-5.00	June 1, 2031	355,000 - 440,000	4,655,000	2,790,000
General Obligation 2020B	November 19, 2020	2.00-5.00	June 1, 2036	440,000 - 880,000	9,155,000	8,185,000
General Obligation 2021A	April 6, 2021	2.00-5.00	June 1, 2040	170,000 - 935,000	17,305,000	9,000,000
General Obligation 2021B	November 4, 2021	2.00-5.00	June 1, 2041	595,000 - 1,390,000	19,760,000	19,010,000
General Obligation 2022A	July 6, 2022	3.125-5.00	June 1, 2042	345,000 - 800,000	11,755,000	11,180,000
General Obligation 2023A	September 6, 2023	4.00-5.00	June 1, 2043	1,380,000 - 2,605,000	38,305,000	37,915,000
Direct Borrowings and Placements						
General Obligation 2020A	May 7, 2020	2.15	June 1, 2035	660,000 - 1,190,000	12,800,000	11,245,000
Installment Contract						
City of West Des Moines	July 1, 2021	0.00	July 1, 2024	175,941	879,704	175,940
Iowa Department of Transportation	November 22, 2023	0.00	November 22, 2034	733,929	7,339,294	7,339,294
Des Moines Airport Authority	December 5, 2022	0.00	December 5, 2028	180,668	722,670	722,670

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM LIABILITIES (continued)

Governmental Activities (continued)

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

Year ending June 30	General Obligation			Direct Borrowings and Placements		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 6,965,000	\$ 4,773,340	\$ 11,738,340	\$ 660,000	\$ 241,768	\$ 901,768
2026	7,370,000	4,474,065	11,844,065	745,000	227,578	972,578
2027	7,740,000	4,148,365	11,888,365	1,000,000	211,560	1,211,560
2028	8,305,000	3,805,365	12,110,365	1,025,000	190,060	1,215,060
2029	8,785,000	3,631,938	12,416,938	1,045,000	168,023	1,213,023
2030-2034	45,505,000	12,120,994	57,625,994	5,580,000	492,996	6,072,996
2035-2039	29,530,000	5,362,519	34,892,519	1,190,000	25,585	1,215,585
2040-2043	14,950,000	1,313,294	16,263,294	—	—	—
Subtotal	129,150,000	39,629,880	168,779,880	11,245,000	1,557,570	12,802,570
Plus unamortized premium	5,574,461	—	5,574,461	—	—	—
Totals	\$134,724,461	\$39,629,880	\$174,354,341	\$11,245,000	\$1,557,570	\$12,802,570

Year ending June 30	Installment Contracts		
	Principal	Interest	Total
2025	\$ 1,090,537	\$ —	\$ 1,090,537
2026	914,597	—	914,597
2027	914,597	—	914,597
2028	914,595	—	914,595
2029	733,929	—	733,929
2030-2034	3,669,649	—	3,669,649
Totals	\$ 8,237,904	\$ —	\$ 8,237,904

Business Type Activities

Four issues of unmatured revenue notes, totaling \$7,580,000, are outstanding at June 30, 2024. These notes bear interest at rates ranging from 3.00% to 5.00% and mature in varying annual amounts, ranging from \$100,000 to \$265,000, with the final maturities due in the year ending June 30, 2038.

Six issues of unmatured direct borrowing and direct placement notes, totaling \$23,833,054, are outstanding at June 30, 2024. These notes bear interest at rates ranging from 1.75% to 5.00% and mature in varying annual amounts, ranging from \$22,348 to \$791,000 with the final maturities due in the year ending June 30, 2044.

The resolutions providing for the issuance of the revenue notes and direct borrowing and direct placement notes 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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM LIABILITIES (continued)

Business Type Activities (continued)

During the year ended June 30, 2024, the City was in compliance with the bond provisions.

The City has pledged future customer revenues, net of specified operating expenses, to repay the \$40,670,975 in notes issued from 2015 to 2024. 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 2044. 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 \$39,226,452. For the current year, principal and interest paid and total customer net revenues were \$2,072,334 and \$9,534,258, respectively.

Details of revenue notes and bonds payable at June 30, 2024 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 as of June 30, 2024</u>
Revenue Notes and Bonds						
Water						
Series 2015B	July 21, 2015	3.00	June 1, 2027	\$130,000 - 140,000	\$1,450,000	\$ 405,000
Series 2018B	June 19, 2018	3.00-4.00	June 1, 2038	100,000 - 265,000	3,410,000	2,810,000
Series 2019B	August 21, 2019	3.00-5.00	June 1, 2034	125,000 - 180,000	2,040,000	1,495,000
Sewer						
Series 2018C	June 19, 2018	3.00-5.00	June 1, 2038	160,000 - 250,000	3,565,000	2,870,000
Direct Borrowings and Direct Placements						
Sewer						
Series 2017	September 1, 2017	2.20	June 1, 2038	454,971 - 603,800	9,942,975	7,265,699
Series 2018A	July 6, 2018	1.75	June 1, 2038	116,000 - 146,000	2,948,000	1,826,000
Series 2023A	April 28, 2023	1.75	June 1, 2044	543,000 - 791,000	13,200,000	11,327,601
Golf Course						
Series 2019C	November 19, 2019	2.25	June 1, 2025	22,348 - 23,868	125,000	23,754
Stormwater						
Series 2016A	June 1, 2016	1.90-2.00	June 1, 2026	70,000	640,000	140,000
Series 2023C	September 6, 2023	4.00-5.00	June 1, 2043	100,000 - 245,000	3,350,000	3,250,000

Details of revenue notes and bonds payable at June 30, 2024 are as follows:

<u>Year ending June 30</u>	<u>Revenue Notes/Bonds</u>			<u>Direct Borrowings and Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 515,000	\$ 256,878	\$ 771,878	\$ 1,307,725	\$ 580,613	\$ 1,888,338
2026	535,000	234,728	769,728	1,307,626	571,912	1,879,538
2027	550,000	211,678	761,678	1,285,444	542,117	1,827,561
2028	520,000	192,478	712,478	1,315,429	511,995	1,827,424
2029	535,000	176,878	711,878	1,344,597	481,104	1,825,701
2030-2034	2,955,000	628,873	3,583,873	7,221,906	1,917,392	9,139,298
2035-2039	1,970,000	173,912	2,143,912	7,197,726	1,052,031	8,249,757
2040-2044	—	—	—	2,852,601	280,809	3,133,410
Subtotal	7,580,000	1,875,425	9,455,425	23,833,054	5,937,973	29,771,027
Plus unamortized premium	130,241	—	130,241	95,089	—	95,089
Totals	<u>\$7,710,241</u>	<u>\$1,875,425</u>	<u>\$9,585,666</u>	<u>\$23,928,143</u>	<u>\$5,937,973</u>	<u>\$29,866,116</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM LIABILITIES (continued)

As of June 30, 2024, the general obligation debt issued by the City did not exceed its legal debt limit computed as follows:

Actual valuation	<u>\$3,416,185,614</u>
Debt limit - 5% of total actual valuation	<u>\$170,809,281</u>
Debt applicable to debt limit	
General obligation bonded debt outstanding	\$129,150,000
Notes from direct borrowings and placements	11,245,000
Tax increment financing and other agreements subject to debt limit	<u>3,182,437</u>
Total debt subject to debt limit	<u>\$143,577,437</u>
Percentage of debt limit	84.06%

NOTE 5 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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (continued)

Pension Benefits (continued)

If a member retires before normal retirement age, the member’s monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member’s earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% 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.

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 2024, 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 6.21% of covered payroll, and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City’s total contributions to IPERS for the year ended June 30, 2024 were \$1,393,875.

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

At June 30, 2024, the City reported a liability of \$3,209,907 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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		
	2023	2022	Change
City’s proportionate share	<u>0.071115%</u>	<u>0.047575%</u>	<u>0.023540%</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (continued)

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

For the year ended June 30, 2024, the City recognized pension expense of \$761,548. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,037,836	\$ 16,501
Change in assumptions	–	213,266
Net difference between projected and actual earnings on IPERS' investments	615,062	–
Change in proportion and difference between City contributions and proportionate share of contributions	559,824	57,730
City contributions subsequent to the measurement date	<u>1,393,875</u>	<u>–</u>
Totals	<u>\$3,606,597</u>	<u>\$ 287,497</u>

\$1,393,875 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 ending June 30, 2025. 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>
2025	\$ 74,025
2026	(284,717)
2027	1,688,684
2028	375,244
2029	<u>71,989</u>
Totals	<u>\$1,925,225</u>

There were no non-employer contributing entities to IPERS.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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 geometric 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	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	<u>4.5</u>	4.60
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 to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (continued)

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.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City’s proportionate share of the net pension liability (asset)	<u>\$10,572,894</u>	<u>\$3,209,907</u>	<u>\$(2,961,633)</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, 2024, the City reported payables to IPERS of \$58,366 for legally required City contributions and \$38,584 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

NOTE 6 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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 5 years of service at retirement. Employees covered by the plan make contributions toward the plan premiums. At June 30, 2024, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>147</u>
Total	<u>149</u>

Total OPEB Liability

The City’s total OPEB liability of \$1,026,924 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

**City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial Assumptions

The OPEB liability as of June 30, 2024 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	3.65% per annum
Healthcare cost trend rate	5.50% initial rate decreasing by .25% annually to an ultimate rate of 5%

The discount rate used to measure the OPEB liability was 3.65% 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-2021 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.

Changes in Total OPEB Liability

	<u>OPEB Liability</u>
Total OPEB liability, July 1, 2023	\$ 741,535
Changes for the year	
Service cost	94,567
Interest	36,577
Differences between expected and actual experience	86,620
Changes in assumptions	91,145
Benefit payments	<u>(23,520)</u>
Net changes	<u>285,389</u>
Total OPEB liability, June 30, 2024	<u>\$1,026,924</u>

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 (2.65%) or 1% higher (4.65%) than the current discount rate.

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability	<u>\$1,130,236</u>	<u>\$1,026,924</u>	<u>\$ 932,553</u>

**City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 5.25% decreasing to 5.0%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1% lower (4.25% to 4.0%) or 1% higher (6.25% to 6.0%) than the current rate:

	1% Decrease 4.25% decreasing to 4.0%	Current Healthcare Cost Trend Rate 5.25% decreasing to 5.0%	1% Increase 6.25% decreasing to 6.0%
Total OPEB liability	\$ <u>889,269</u>	\$ <u>1,026,924</u>	\$ <u>1,193,784</u>

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$146,852. At June 30, 2024, the City reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 30,090	\$ 125,820
Changes in assumptions or other inputs	<u>32,001</u>	<u>144,553</u>
Totals	\$ <u>62,091</u>	\$ <u>270,373</u>

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

2025	\$ 15,708
2026	15,708
2027	15,708
2028	15,708
2029	15,708
Thereafter	<u>129,742</u>
Total	\$ <u>208,282</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 7 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into subscription-based information technology arrangements (SBITAs) for various subscription-based services, including public safety, traffic enhancement, and financial management programs under terms ranging from one to four years. The total of the City's subscription assets are recorded at a cost of \$1,389,556, less accumulated amortization of \$775,409.

The future subscription payments under SBITA arrangements are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 211,501	\$ 9,242	\$ 220,743
2026	94,764	4,213	98,977
2027	<u>67,312</u>	<u>1,706</u>	<u>69,018</u>
Total	<u>\$ 373,577</u>	<u>\$ 15,161</u>	<u>\$ 388,738</u>

NOTE 8 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 2,910,000
	Urban renewal TIF	<u>402,547</u>
		<u>3,312,547</u>
Debt service	Governmental funds	
	Urban renewal TIF	4,758,634
	Local option sales tax	1,199,569
	Enterprise funds	
	Water	134,363
	Storm water	<u>231,476</u>
		<u>6,324,042</u>
Capital projects	Local option sales tax	10,811,180
	Nonmajor governmental funds	<u>2,000,000</u>
		<u>12,811,180</u>
Total		<u>\$22,447,769</u>

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 9 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 803 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, employment practices liability, public officials' liability, cyber liability, and law enforcement. 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, 2024 were \$403,060.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, 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 \$500,000 each occurrence, each location. Property risks 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.

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, 2024, no liability has been recorded in the City's financial statements. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. 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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 10 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, 2024 was \$289,308.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2024 total \$53,242, 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, 2024 is as follows:

Unpaid claims as of beginning of year	\$ 33,810
Incurred claims (including claims incurred but not reported as of June 30)	365,240
Payments on claims	<u>(345,808)</u>
Unpaid claims as of year end	\$ <u>53,242</u>

NOTE 11 COMMITMENTS

The City entered into contract commitments with contractors for the completion of several infrastructure construction projects. The total contract commitments are approximately \$82,000,000 of which approximately \$47,000,000 has been incurred as of June 30, 2024. The unpaid commitment balance is approximately \$35,000,000 which will be funded by current reserves in the capital projects funds and other sources.

NOTE 12 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. During the year ended June 30, 2024, the City rebated \$1,019,501 of incremental property tax to developers.

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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 12 URBAN RENEWAL DEVELOPMENT AGREEMENTS (continued)

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 2024, the developer contributed \$500,000 under this agreement.

NOTE 13 CONCENTRATION AND CONTINGENCIES

The City levies property taxes in order to fund many of its essential public services. The authority to levy property taxes is governed by applicable state law. Changes in state law, including potential limits or reductions in the City's tax levy authority, could materially affect the financial condition and operating results of the City.

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 14 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 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, 2024, \$394,845 of property tax was diverted from the City under the urban renewal and economic development projects.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 15 JOINT VENTURES

Des Moines Metropolitan Wastewater Reclamation Authority

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority joint venture. This joint venture provides primary and secondary treatment of the sewer flows 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 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 bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2024, the bonds had a combined balance of \$77,365,000 and the City of Waukee's estimated future allocation based on the WRA flows is currently \$3,129,357.

The WRA Agreement requires the debt service on all State Revolving Loans issued after July 1, 2004 to be allocated to the participating communities based on the WRA flow of the core communities and expansion communities each calendar year. As of June 30, 2024, the outstanding balance of State Revolving Loan issues totaled \$373,386,852 and the City of Waukee's estimated future allocation is currently \$13,697,522.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Since there is no specific and measurable equity interest in the WRA Agreement, no investment in the joint venture has been reported by the City.

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

Central Iowa Water Works

The City is a founding agency of the Central Iowa Water Works (CIWW) joint venture. CIWW was formed during fiscal year 2024 in order to provide for the ownership, operation and maintenance of the region's water supply facilities and to act as the exclusive wholesale supplier of water to member agencies.

The CIWW agreement, effective November 28, 2023 establishes CIWW as a separate legal entity with its own board. The agreement creates an independent governance structure, establishes independent bonding authority for CIWW, provides a framework for additional communities to participate and establishes funding mechanisms for the joint venture's capital and operating expenditures. The agreement also establishes CIWW's operational commencement date as January 1, 2025.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 15 JOINT VENTURES (continued)

Central Iowa Water Works (continued)

The agreement transfers certain water supply facility assets owned by the Founding Agencies to CIWW. Each Founding Agency continues to own and operate the water supply facility infrastructure which solely services its residents. The assets previously owned by the City of Waukee and transferred to CIWW were not material to the City's financial statements.

Westcom Dispatch Center

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

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

The Westcom agreement is tiered to establish an equity interest for the Authority Member cities as well as allowing for Contracted User cities who receive no equity interest. As of June 30, 2024, the Cities of West Des Moines, Urbandale, Clive, Norwalk, and Waukee are classified as Authority Members. The City of Waukee became an Authority Member as of June 30, 2024. The percentages of ownership for each Authority Member City as of June 30, 2024 are as follows:

<u>City</u>	<u>Equity Percentage</u>
West Des Moines	49.71%
Urbandale	29.98%
Clive	14.00%
Norwalk	3.30%
Waukee	<u>3.01%</u>
	<u>100.00%</u>

Each participating city maintains an undivided interest in the assets contributed to the Westcom operations. Additionally, each participating city has an ongoing financial responsibility to fund the operations of Westcom based on annual budgeted operations and capital expenditures as approved by the management committee. Expenditures to Westcom by the City during the year ended June 30, 2024 were \$926,361. The City of Waukee's equity interest in Westcom as of June 30, 2024 was not material to the financial statements.

NOTE 16 SUBSEQUENT EVENTS

In July 2024, the City approved GO Bond Series 2024A and 2024B for \$12,165,000 and \$11,590,000, respectively, for various capital improvement projects.

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 seven years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	
Service cost	\$ 94,567	\$ 67,272	\$ 65,155	
Interest	36,577	15,690	14,218	
Changes of benefit terms	-	-	(1,576)	
Differences between expected and actual experience	86,620	-	30,610	
Changes in assumptions	91,145	-	75,022	
Benefit payments	<u>(23,520)</u>	<u>(14,750)</u>	<u>(10,512)</u>	
Net change in total OPEB liability	285,389	68,212	172,917	
Total OPEB liability, beginning of year	<u>741,535</u>	<u>673,323</u>	<u>500,406</u>	
Total OPEB liability, end of year	<u>\$ 1,026,924</u>	<u>\$ 741,535</u>	<u>\$ 673,323</u>	
Covered-employee payroll	<u>\$12,727,014</u>	<u>\$9,925,018</u>	<u>\$9,612,608</u>	
Total OPEB liability as a percentage of covered-employee payroll	8.07%	7.47%	7.00%	
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 43,554	\$ 42,183	\$ 36,277	\$ 35,135
Interest	17,071	15,270	15,487	13,952
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(48,220)	-	38,762
Changes in assumptions	-	2,242	-	(57,734)
Benefit payments	<u>(8,843)</u>	<u>(5,878)</u>	<u>(10,128)</u>	<u>(4,547)</u>
Net change in total OPEB liability	51,782	5,597	41,636	25,548
Total OPEB liability, beginning of year	<u>448,624</u>	<u>443,027</u>	<u>401,391</u>	<u>375,843</u>
Total OPEB liability, end of year	<u>\$ 500,406</u>	<u>\$ 448,624</u>	<u>\$ 443,027</u>	<u>\$ 401,391</u>
Covered-employee payroll	<u>\$8,059,332</u>	<u>\$7,805,648</u>	<u>\$6,878,139</u>	<u>\$6,651,636</u>
Total OPEB liability as a percentage of covered-employee payroll	6.21%	5.75%	6.44%	6.00%

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

Changes in assumptions 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	4.50%
Year ended June 30, 2018	3.58%
Year ended June 30, 2019	3.58%
Year ended June 30, 2020	3.50%
Year ended June 30, 2021	3.50%
Year ended June 30, 2022	2.14%
Year ended June 30, 2023	2.14%
Year ended June 30, 2024	3.65%

See accompanying independent auditor's report.

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, 2024

	<u>Governmental funds actual</u>	<u>Proprietary funds actual</u>	<u>Budgetary adjustments</u>	<u>Total actual</u>	<u>Budgeted amounts</u>		<u>Final to actual variance</u>
					<u>Original</u>	<u>Final</u>	
REVENUES							
Property taxes	\$23,315,136	\$ -	\$ -	\$ 23,315,136	\$ 23,236,917	\$ 23,236,917	\$ 78,219
Tax increment financing	7,815,524	-	-	7,815,524	7,622,600	7,622,600	192,924
Other city tax	5,865,850	-	-	5,865,850	4,789,554	6,389,554	(523,704)
Licenses and permits	2,736,252	-	-	2,736,252	2,169,450	3,163,700	(427,448)
Use of money and property	5,430,375	2,007,859	-	7,438,234	1,458,800	6,718,700	719,534
Intergovernmental	4,877,977	-	-	4,877,977	4,243,890	4,392,245	485,732
Charges for service	1,416,259	35,360,510	-	36,776,769	32,198,700	33,498,700	3,278,069
Miscellaneous	1,646,457	153,985	-	1,800,442	1,266,350	1,266,350	534,092
Total revenues	<u>53,103,830</u>	<u>37,522,354</u>	<u>-</u>	<u>90,626,184</u>	<u>76,986,261</u>	<u>86,288,766</u>	<u>4,337,418</u>
EXPENDITURES/EXPENSES							
Public safety	12,044,504	-	-	12,044,504	12,816,130	12,917,030	872,526
Public works	4,189,182	-	-	4,189,182	4,856,520	4,856,520	667,338
Health and social services	50,000	-	-	50,000	67,000	67,000	17,000
Culture and recreation	4,607,063	-	-	4,607,063	4,797,550	4,797,550	190,487
Community and economic development	1,854,600	-	-	1,854,600	3,009,300	2,884,300	1,029,700
General government	1,670,195	-	-	1,670,195	2,331,570	2,331,570	661,375
Debt service	11,301,988	-	(561,199)	10,740,789	9,376,625	11,042,770	301,981
Capital projects	25,523,111	-	434,593	25,957,704	46,515,950	46,515,950	20,558,246
Business type activities	-	25,356,890	23,629,575	48,986,465	36,312,524	47,845,482	(1,140,983)
Total disbursements	<u>61,240,643</u>	<u>25,356,890</u>	<u>23,502,969</u>	<u>110,100,502</u>	<u>120,083,169</u>	<u>133,258,172</u>	<u>23,157,670</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(8,136,813)</u>	<u>12,165,464</u>	<u>(23,502,969)</u>	<u>(19,474,318)</u>	<u>(43,096,908)</u>	<u>(46,969,406)</u>	<u>27,495,088</u>
OTHER FINANCING SOURCES (USES), NET	<u>40,861,083</u>	<u>23,499,434</u>	<u>23,752,283</u>	<u>40,608,234</u>	<u>46,565,000</u>	<u>46,565,000</u>	<u>(5,956,766)</u>
Excess (deficiency) of revenues and other financing sources over expenditures/expenses and other financing uses	32,724,270	35,664,898	249,314	21,133,916	3,468,092	(404,406)	21,538,322
BALANCES, beginning of year	<u>58,329,362</u>	<u>130,761,456</u>	<u>-</u>	<u>189,090,818</u>	<u>125,996,138</u>	<u>125,996,138</u>	<u>63,094,680</u>
BALANCES, end of year	<u>\$91,053,632</u>	<u>\$166,426,354</u>	<u>\$ 249,314</u>	<u>\$210,224,734</u>	<u>\$129,464,230</u>	<u>\$125,591,732</u>	<u>\$84,633,002</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2024

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental 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 \$13,175,003. This budget amendment is reflected in the final budgeted amounts.

For the year ended June 30, 2024, the City's disbursements exceeded the amounts 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
(In Thousands)
Required Supplementary Information

	Year ended June 30				
	2024	2023	2022	2021	2020
City's proportion of the net pension liability	0.071115%	0.047575%	0.924832%	0.074768%	0.064552%
City's proportionate share of the net pension liability (asset)	\$3,210	\$1,797	\$(3,193)	\$5,252	\$3,738
City's covered-employee payroll	\$14,654	\$12,585	\$11,232	\$9,852	\$9,056
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	21.91%	14.28%	(28.42)%	53.31%	41.28%
Plan fiduciary net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%

	Year ended June 30				
	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.068199%	0.064287%	0.060546%	0.053387%	0.045117%
City's proportionate share of the net pension liability (asset)	\$4,315	\$4,282	\$3,810	\$2,638	\$1,829
City's covered-employee payroll	\$8,178	\$7,814	\$5,949	\$6,412	\$6,005
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.76%	54.80%	54.83%	41.14%	30.49%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	84.61%

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

See accompanying independent auditor's report.

City of Waukee
SCHEDULE OF CITY CONTRIBUTIONS
Iowa Public Employees' Retirement System for the Last Ten Years
(In Thousands)
Other Information

	Year ended June 30				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 1,394	\$ 1,193	\$ 1,050	\$ 940	\$ 875
Contributions in relation to the statutorily required contribution	<u>1,394</u>	<u>1,193</u>	<u>1,050</u>	<u>940</u>	<u>875</u>
Contribution deficiency	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
City's covered-employee payroll	\$14,654	\$12,585	\$11,232	\$9,852	\$9,056
Contributions as a percentage of covered-employee payroll	9.5%	9.5%	9.3%	9.5%	9.7%

	Year ended June 30				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 827	\$ 723	\$ 641	\$ 578	\$ 550
Contributions in relation to the statutorily required contribution	<u>827</u>	<u>723</u>	<u>641</u>	<u>578</u>	<u>550</u>
Contribution deficiency	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
City's covered-employee payroll	\$8,178	\$7,814	\$6,949	\$6,412	\$6,005
Contributions as a percentage of covered-employee payroll	10.1%	9.3%	9.2%	9.0%	9.2%

See accompanying independent auditor's report.

City of Waukee, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year ended June 30, 2024

CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms.

CHANGES OF ASSUMPTIONS

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for regular members.
- Lowered disability rates for regular members.
- Adjusted termination rates for all membership groups.

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%.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

**City of Waukee
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024**

	<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>Emergency Levy</u>	<u>Special Assessments</u>	
ASSETS							
Cash and investments	\$ 847,685	\$ 226,921	\$1,830,391	\$ 10,748	\$ 24,595	\$ 320,914	\$3,261,254
Receivables							
Property tax							
Delinquent	-	8,205	-	-	1,629	-	9,834
Succeeding year property tax	-	2,721,903	-	-	-	-	2,721,903
Special assessments	-	-	-	-	-	97,886	97,886
Other	158,089	-	-	-	-	-	158,089
Due from other governments	272,399	-	-	-	-	-	272,399
Inventory	<u>212,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,342</u>
Total assets	<u>\$1,490,515</u>	<u>\$2,957,029</u>	<u>\$1,830,391</u>	<u>\$ 10,748</u>	<u>\$ 26,224</u>	<u>\$ 418,800</u>	<u>\$6,733,707</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 249,982	\$ -	\$ -	\$ 1,046	\$ -	\$ -	\$ 251,028
Accrued compensation	<u>38,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,698</u>
Total liabilities	<u>288,680</u>	<u>-</u>	<u>-</u>	<u>1,046</u>	<u>-</u>	<u>-</u>	<u>289,726</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues							
Succeeding year property tax	-	2,721,903	-	-	-	-	2,721,903
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,886</u>	<u>97,886</u>
Total deferred inflows of resources	<u>-</u>	<u>2,721,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,886</u>	<u>2,819,789</u>
FUND BALANCES							
Nonspendable	212,342	-	-	-	-	-	212,342
Restricted for							
Debt service	-	-	-	-	-	320,914	320,914
Other	<u>989,493</u>	<u>235,126</u>	<u>1,830,391</u>	<u>9,702</u>	<u>26,224</u>	<u>-</u>	<u>3,090,936</u>
Total fund balances	<u>1,201,835</u>	<u>235,126</u>	<u>1,830,391</u>	<u>9,702</u>	<u>26,224</u>	<u>320,914</u>	<u>3,624,192</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$1,490,515</u>	<u>\$2,957,029</u>	<u>\$1,830,391</u>	<u>\$ 10,748</u>	<u>\$ 26,224</u>	<u>\$ 418,800</u>	<u>\$6,733,707</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, 2024

	<u>Special Revenue Funds</u>					<u>Debt service</u>	<u>Total</u>
	<u>Road</u>	<u>Employee</u>	<u>Public</u>	<u>Emergency</u>	<u>Special</u>		
	<u>Use Tax</u>	<u>Benefits</u>	<u>Improvement</u>	<u>Forfeitures</u>	<u>Levy</u>	<u>Assessments</u>	
REVENUES							
Property taxes	\$ -	\$2,320,130	\$ -	\$ -	\$ 460,615	\$ -	\$2,780,745
Other city taxes	-	-	-	-	-	21,631	21,631
Licenses and permits	24,236	-	-	-	-	-	24,236
Use of money and property	-	86,264	184,201	-	14,261	19,599	304,325
Intergovernmental	3,384,937	57,162	-	-	11,348	-	3,453,447
Miscellaneous	436,287	-	500,000	-	-	-	936,287
Total revenues	<u>3,845,460</u>	<u>2,463,556</u>	<u>684,201</u>	<u>-</u>	<u>486,224</u>	<u>41,230</u>	<u>7,520,671</u>
EXPENDITURES							
Operating							
Public works	3,370,713	-	-	-	-	-	3,370,713
Capital projects	222,299	-	-	-	-	-	222,299
Total expenditures	<u>3,593,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,593,012</u>
Excess of revenues over expenditures	<u>252,448</u>	<u>2,463,556</u>	<u>684,201</u>	<u>-</u>	<u>486,224</u>	<u>41,230</u>	<u>3,927,659</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	32,539	-	-	-	-	-	32,539
Transfers out	-	(2,450,000)	(2,000,000)	-	(460,000)	-	(4,910,000)
Total other financing sources (uses)	<u>32,539</u>	<u>(2,450,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(460,000)</u>	<u>-</u>	<u>(4,877,461)</u>
NET CHANGE IN FUND BALANCES	284,987	13,556	(1,315,799)	-	26,224	41,230	(949,802)
FUND BALANCES, beginning	<u>916,848</u>	<u>221,570</u>	<u>3,146,190</u>	<u>9,702</u>	<u>-</u>	<u>279,684</u>	<u>4,573,994</u>
FUND BALANCES, ending	<u>\$1,201,835</u>	<u>\$ 235,126</u>	<u>\$1,830,391</u>	<u>\$ 9,702</u>	<u>\$ 26,224</u>	<u>\$ 320,914</u>	<u>\$3,624,192</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2024

	Enterprise Funds			
	Solid Waste	Utility Billing	Golf	Total
ASSETS				
Current assets				
Cash and investments	\$ 97,659	\$ 155,668	\$ 711,797	\$ 965,124
Receivables				
Customer accounts	147,541	68,666	-	216,207
Inventories	<u>-</u>	<u>-</u>	<u>23,266</u>	<u>23,266</u>
Total current assets	<u>245,200</u>	<u>224,334</u>	<u>735,063</u>	<u>1,204,597</u>
Noncurrent assets				
Restricted cash and investments	-	-	3,124	3,124
Capital assets, net of accumulated depreciation	<u>2,089</u>	<u>2,089</u>	<u>1,739,943</u>	<u>1,744,121</u>
Total noncurrent assets	<u>2,089</u>	<u>2,089</u>	<u>1,743,067</u>	<u>1,747,245</u>
Total assets	<u>247,289</u>	<u>226,423</u>	<u>2,478,130</u>	<u>2,951,842</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	-	59,255	35,267	94,522
OPEB related deferred outflows	<u>-</u>	<u>3,350</u>	<u>4,796</u>	<u>8,146</u>
Total deferred outflows of resources	<u>-</u>	<u>62,605</u>	<u>40,063</u>	<u>102,668</u>
LIABILITIES				
Current liabilities				
Accounts payable	38	1,306	42,408	43,752
Accrued compensation	-	9,604	21,075	30,679
Compensated absences	-	8,751	2,383	11,134
Lease agreements payable	-	-	30,607	30,607
IT subscriptions	<u>2,012</u>	<u>2,012</u>	<u>3,954</u>	<u>7,978</u>
Total current liabilities	<u>2,050</u>	<u>21,673</u>	<u>100,427</u>	<u>124,150</u>
Noncurrent liabilities				
Direct borrowings and placements	-	-	23,754	23,754
Net pension liability	-	52,737	31,388	84,125
Total OPEB liability	<u>-</u>	<u>12,724</u>	<u>18,216</u>	<u>30,940</u>
Total noncurrent liabilities	<u>-</u>	<u>65,461</u>	<u>73,358</u>	<u>138,819</u>
Total liabilities	<u>2,050</u>	<u>87,134</u>	<u>173,785</u>	<u>262,969</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Pension related deferred inflows	-	4,723	2,811	7,534
OPEB related deferred inflows	<u>-</u>	<u>769</u>	<u>1,101</u>	<u>1,870</u>
Total deferred inflows of resources	<u>-</u>	<u>5,492</u>	<u>3,912</u>	<u>9,404</u>
NET POSITION				
Net investment in capital assets	2,089	2,089	1,716,189	1,720,367
Unrestricted	<u>243,150</u>	<u>194,313</u>	<u>624,307</u>	<u>1,061,770</u>
Total net position	<u>\$ 245,239</u>	<u>\$ 196,402</u>	<u>\$ 2,340,496</u>	<u>\$ 2,782,137</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, 2024

	Enterprise Funds			
	Solid Waste	Utility Billing	Golf	Total
OPERATING REVENUES				
Charges for service	\$1,713,643	\$ 551,103	\$1,049,861	\$3,314,607
Miscellaneous	—	—	131,243	131,243
Total operating revenues	<u>1,713,643</u>	<u>551,103</u>	<u>1,181,104</u>	<u>3,445,850</u>
OPERATING EXPENSES				
Business type activities				
Cost of sales and services	2,008,956	473,196	659,516	3,141,668
Depreciation and amortization	1,928	1,928	93,273	97,129
Total operating expenses	<u>2,010,884</u>	<u>475,124</u>	<u>752,789</u>	<u>3,238,797</u>
Operating income (loss)	<u>(297,241)</u>	<u>75,979</u>	<u>428,315</u>	<u>207,053</u>
NONOPERATING REVENUES (EXPENSES)				
Gain on disposal of capital assets	—	—	3,147	3,147
Interest income	15,302	6,522	23,581	45,405
Interest expense and fiscal charges	(68)	(123)	(1,093)	(1,284)
Total nonoperating revenues	<u>15,234</u>	<u>6,399</u>	<u>25,635</u>	<u>47,268</u>
CHANGE IN NET POSITION	(282,007)	82,378	453,950	254,321
NET POSITION, beginning	<u>527,246</u>	<u>114,024</u>	<u>1,886,546</u>	<u>2,527,816</u>
NET POSITION, ending	<u>\$ 245,239</u>	<u>\$ 196,402</u>	<u>\$2,340,496</u>	<u>\$2,782,137</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2024

	Enterprise Funds			
	Solid Waste	Utility Billing	Golf	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer and users	\$1,716,548	\$ 534,623	\$1,049,861	\$3,301,032
Cash received from other revenues	-	-	131,243	131,243
Cash paid for personal services	-	(268,156)	(287,397)	(555,553)
Cash paid to supplies	(2,008,918)	(223,549)	(364,159)	(2,596,626)
Net cash flows from operating activities	<u>(292,370)</u>	<u>42,918</u>	<u>529,548</u>	<u>280,096</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,918)	(1,963)	(83,621)	(87,502)
Principal paid on direct borrowings and placements	-	-	(23,419)	(23,419)
Interest and fiscal charges paid	(68)	(123)	(1,093)	(1,284)
Net cash flows from capital and related financing activities	<u>(1,986)</u>	<u>(2,086)</u>	<u>(108,133)</u>	<u>(112,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	15,302	6,522	23,581	45,405
Net cash flows from investing activities	<u>15,302</u>	<u>6,522</u>	<u>23,581</u>	<u>45,405</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(279,054)	47,354	444,996	213,296
CASH AND CASH EQUIVALENTS, beginning	<u>376,713</u>	<u>108,314</u>	<u>269,925</u>	<u>754,952</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 97,659</u>	<u>\$ 155,668</u>	<u>\$ 714,921</u>	<u>\$ 968,248</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (297,241)	\$ 75,979	\$ 428,315	\$ 207,053
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation and amortization expense	1,928	1,928	93,273	97,129
Change in assets, deferred outflows, liabilities and deferred inflows				
Customer accounts receivable	2,905	(16,480)	-	(13,575)
Inventories	-	-	(4,014)	(4,014)
Accounts payable, net of capital assets	38	(3,172)	10,962	7,828
Accrued compensation	-	809	5,310	6,119
Compensated absences	-	(5,085)	(480)	(5,565)
Net pension liability	-	21,540	15,860	37,400
Deferred outflows of resources	-	(21,060)	(18,119)	(39,179)
Deferred inflows of resources	-	(13,249)	(6,176)	(19,425)
OPEB liability	-	1,708	4,617	6,325
Net cash flows from operating activities	<u>\$ (292,370)</u>	<u>\$ 42,918</u>	<u>\$ 529,548</u>	<u>\$ 280,096</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF CASH FLOWS (continued)
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2024

	Enterprise Funds			
	Solid Waste	Utility Billing	Golf	Total
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	\$ 97,659	\$ 155,668	\$ 711,797	\$ 965,124
Restricted assets, cash and investments				
Revenue note and interest sinking account	—	—	3,124	3,124
Cash and cash equivalents at year end	<u>\$ 97,659</u>	<u>\$ 155,668</u>	<u>\$ 714,921</u>	<u>\$ 968,248</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				
	2024	2023	2022	2021	2020
REVENUES					
Property tax	\$23,315,136	\$19,733,997	\$17,561,303	\$16,442,792	\$15,148,227
Tax increment financing	7,815,524	6,612,489	8,290,499	6,715,401	5,198,896
Other city tax	5,865,850	5,853,680	5,186,067	3,654,633	3,390,034
Licenses and permits	2,736,252	3,676,978	3,609,343	2,152,133	2,319,665
Use of money and property	5,430,375	2,787,386	476,242	299,770	645,933
Intergovernmental	4,877,977	5,349,020	6,737,803	4,107,086	4,085,765
Charges for service	1,416,259	1,188,166	916,042	841,730	615,964
Miscellaneous	<u>1,646,457</u>	<u>3,368,131</u>	<u>3,110,959</u>	<u>2,102,418</u>	<u>1,642,806</u>
Totals	<u>\$53,103,830</u>	<u>\$48,569,847</u>	<u>\$45,888,258</u>	<u>\$36,315,963</u>	<u>\$33,047,290</u>
EXPENDITURES					
Operating					
Public safety	\$12,044,504	\$10,222,559	\$ 8,787,632	\$ 7,661,959	\$ 7,097,460
Public works	4,189,182	3,759,100	3,842,050	2,881,426	2,450,087
Health and social services	50,000	52,000	35,000	79,000	-
Culture and recreation	4,607,063	3,896,291	3,076,562	2,354,529	2,231,556
Community and economic development	1,854,600	1,910,148	2,036,364	844,878	862,639
General government	1,670,195	1,512,421	1,589,810	1,379,753	1,119,735
Debt service	11,301,988	9,070,448	15,105,673	12,529,759	9,592,326
Capital projects	<u>25,523,111</u>	<u>29,752,490</u>	<u>34,055,866</u>	<u>33,050,205</u>	<u>13,721,659</u>
Totals	<u>\$61,240,643</u>	<u>\$60,175,457</u>	<u>\$68,528,957</u>	<u>\$60,781,509</u>	<u>\$37,075,462</u>

See accompanying independent auditor's report.

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

	Modified Accrual Basis				
	2019	2018	2017	2016	2015
REVENUES					
Property tax	\$13,264,907	\$11,935,530	\$ 9,985,457	\$ 9,436,301	\$ 8,385,843
Tax increment financing	4,130,856	3,549,942	3,414,595	3,229,861	3,204,146
Other city tax	2,598,522	59,400	35,436	27,921	133,216
Licenses and permits	2,427,879	1,287,456	1,594,670	1,288,941	1,391,499
Use of money and property	934,034	525,131	325,215	195,336	182,503
Intergovernmental	5,368,170	5,921,270	4,250,128	5,241,337	5,602,222
Charges for service	471,715	546,674	540,001	351,341	414,059
Miscellaneous	<u>785,244</u>	<u>255,233</u>	<u>479,481</u>	<u>405,168</u>	<u>385,164</u>
Totals	<u>\$29,981,327</u>	<u>\$24,080,636</u>	<u>\$20,624,983</u>	<u>\$20,176,206</u>	<u>\$19,698,652</u>
EXPENDITURES					
Operating					
Public safety	\$ 6,206,481	\$ 5,443,568	\$ 4,839,355	\$ 4,281,395	\$ 3,543,201
Public works	2,158,676	1,935,403	1,997,301	2,297,252	2,281,384
Health and social services	800	700	-	5,100	4,800
Culture and recreation	2,125,735	2,039,626	1,838,317	1,763,428	1,599,802
Community and economic development	991,664	1,387,462	1,206,432	1,211,082	760,100
General government	1,139,586	1,074,305	818,853	817,880	872,753
Debt service	8,859,158	7,227,132	8,930,321	7,507,909	6,421,577
Capital projects	<u>16,764,881</u>	<u>25,490,622</u>	<u>10,369,279</u>	<u>11,339,024</u>	<u>19,067,964</u>
Totals	<u>\$38,246,981</u>	<u>\$44,598,818</u>	<u>\$29,999,858</u>	<u>\$29,223,070</u>	<u>\$34,551,581</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Grant Description</u>	<u>Assistance listing number</u>	<u>Agency pass-through number</u>	<u>Federal expenditures</u>
U.S. Department of the Treasury Iowa Department of Management Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ <u>1,215,662</u>
U.S. Department of Justice Passed through Iowa Department of Homeland Security Bulletproof Vest Partnership Program	16.607	N/A	<u>98,614</u>
Total federal expenditures			\$ <u>1,314,276</u>

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City it is not intended to and does not present the financial position, change in net position, or cash flows of the City.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C INDIRECT COST RATE

The City has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**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, 2024, 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 6, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 an immaterial instance of noncompliance or other matters which is described in the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024 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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

West Des Moines, Iowa
November 6, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and
Members of the City Council
Waukee, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Waukee's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
November 6, 2024

City of Waukee, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2024

Part 1 – Summary of Independent Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: **Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(ies) identified? _____ Yes ___X___ None Reported

Noncompliance material to financial statements noted? _____ Yes ___X___ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(ies) identified? _____ Yes ___X___ None Reported

Type of auditor’s report issued on compliance for major federal programs: **Unmodified opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes ___X___ No

Identification of major federal programs: **Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Funds**

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee? _____ Yes ___X___ No

City of Waukee, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2024

Part II—Findings Relating to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part III—Findings and Questioned Costs for Federal Awards

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

City of Waukee, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2024

Part IV—Other Findings Related to Required Statutory Reporting

IV-A-24 CERTIFIED BUDGET

Disbursements exceeded the amounts budgeted in the business type activities function at the end of the fiscal year. In addition, disbursements exceeded the amounts budgeted in the debt service and business type activities function prior to the budget amendment in April 2024. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation

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

Response

The City will work to amend future budgets prior to exceeding approved expenditures.

Conclusion

Response accepted.

IV-B-24 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.

IV-C-24 TRAVEL EXPENSE

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

IV-D-24 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.

IV-E-24 BUSINESS TRANSACTIONS

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

IV-F-24 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.

IV-G-24 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 AND QUESTIONED COSTS (continued)
Year ended June 30, 2024

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

IV-H-24 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.

IV-I-24 REVENUE BONDS AND NOTES

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

IV-J-24 TAX INCREMENT FINANCING (TIF)

The Special Revenue, Tax Increment Financing (TIF) Fund properly disbursed payments for TIF loans and rebates. Also, the City properly completed the Tax Increment Debt Certification Forms to request TIF property taxes.

IV-K-24 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.