

City of Waukee, Iowa

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

June 30, 2021

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**City of Waukee, Iowa
OFFICIALS**

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



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
Waukee, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Waukee, Iowa (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Waukee, Iowa, as of June 30, 2021, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in the City's total OPEB liability, related ratios and notes, the schedule of the City's proportionate share of the net position liability, and the schedule of City contributions on pages 6 through 13 and 52 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukeke, 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, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The combining and individual nonmajor fund financial statements and schedule of revenues by source and expenditures by function, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021 on our consideration of the City of Waukeke, 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 Waukeke, Iowa's internal control over financial reporting and compliance.



DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 10, 2021

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, 2021. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- Revenues of the City's Governmental Funds increased 9.9 %, or \$ 3,268,673, from fiscal 2020 to fiscal 2021. Property and other City Taxes increased \$ 1,559,164, Tax Increment Financing increased \$ 1,516,505, Licenses and Permits decreased \$ 167,532, Intergovernmental increased \$ 21,321, Charges for Services increased \$ 225,766, Use of Money/Property decreased \$ 346,163 and Miscellaneous increased \$ 459,612.
- Program expenditures of the City's Governmental Funds increased 63.9 %, or \$ 23,706,047 in fiscal 2021 from fiscal 2020. Public Safety expenses increased \$ 564,499, Health and Social Services increased \$ 79,000, Community and Economic Development decreased \$ 17,761, Culture and Recreation increased \$ 122,973, Public Works increased \$ 431,339, General Government increased \$ 260,018, Debt Service increased \$ 2,937,433 and Capital Projects increased \$ 19,328,546.
- The City has a net position of \$ 257,599,211 on June 30, 2021 as compared to \$ 227,477,939 on June 30, 2020. Of this amount, the net position of the Governmental Activities was \$ 168,700,668 and the net position of the Business Type Activities was \$ 88,898,543.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used

by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as "net position". Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

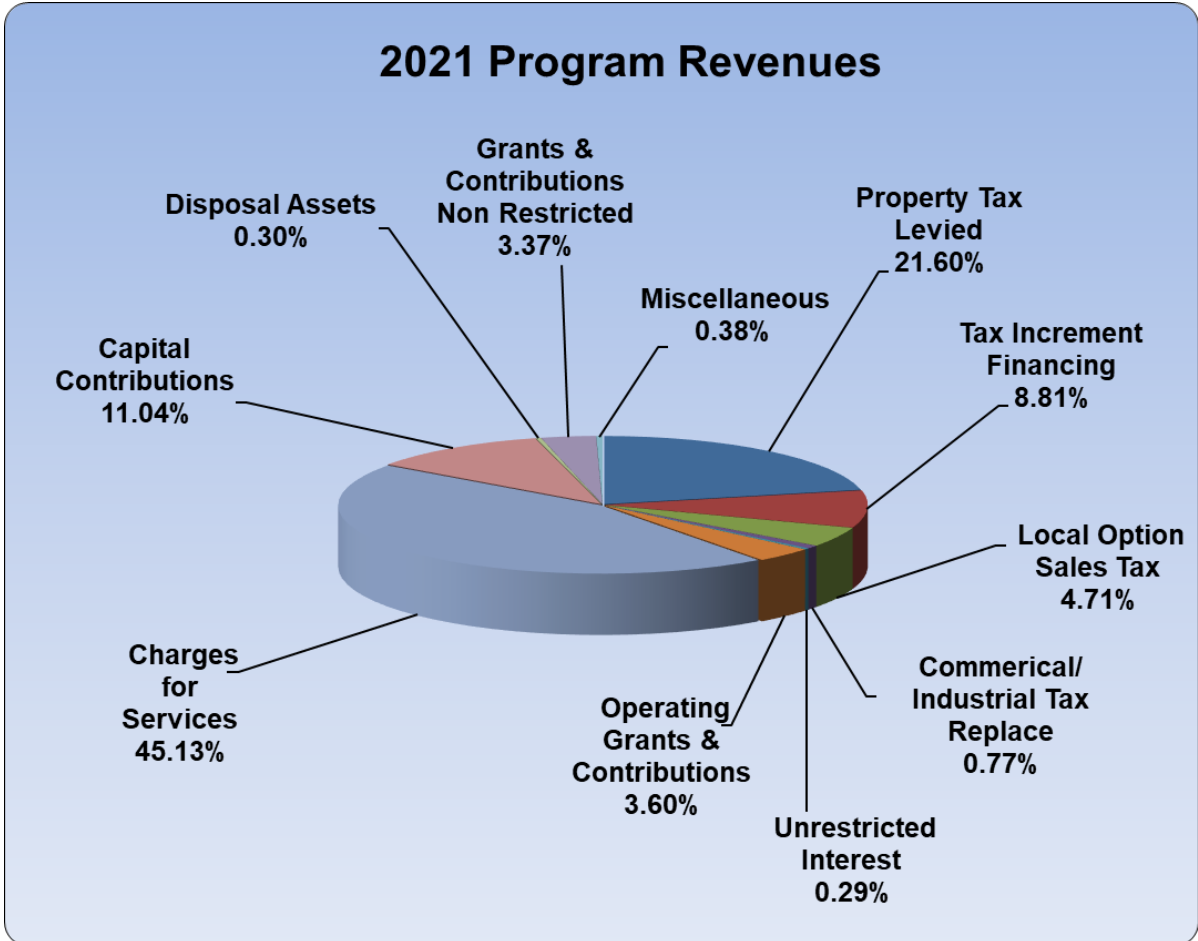
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental and business type activities.

	Net Position at Year End					
	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$86,141,818	\$ 74,287,176	\$32,150,209	\$ 29,514,040	\$118,292,027	\$103,801,216
Capital Assets	<u>218,226,580</u>	<u>183,365,294</u>	<u>82,873,285</u>	<u>76,036,857</u>	<u>301,099,865</u>	<u>259,402,151</u>
Total Assets	<u>304,368,398</u>	<u>257,652,470</u>	<u>115,023,494</u>	<u>105,550,897</u>	<u>419,391,892</u>	<u>363,203,367</u>
Deferred Outflows of Resources	<u>1,872,768</u>	<u>1,546,826</u>	<u>336,157</u>	<u>313,760</u>	<u>2,208,925</u>	<u>1,860,586</u>
Current Liabilities	19,186,059	10,973,329	3,708,364	3,412,250	22,894,423	14,385,579
Non-Current Liabilities	<u>91,864,026</u>	<u>74,784,983</u>	<u>22,706,336</u>	<u>24,267,910</u>	<u>114,570,362</u>	<u>99,052,893</u>
Total Liabilities	<u>111,050,085</u>	<u>85,758,312</u>	<u>26,414,700</u>	<u>27,680,160</u>	<u>137,464,785</u>	<u>113,438,472</u>
Deferred Inflows of Resources	<u>26,490,413</u>	<u>23,968,153</u>	<u>46,408</u>	<u>179,389</u>	<u>26,536,821</u>	<u>24,147,542</u>
Net Position:						
Net investment in Capital Assets	140,345,707	125,342,452	65,578,280	56,721,544	205,923,987	182,063,996
Restricted	24,142,119	18,731,898	1,051,493	482,539	25,193,612	19,214,437
Unrestricted	<u>4,212,842</u>	<u>5,398,481</u>	<u>22,268,770</u>	<u>20,801,025</u>	<u>26,481,612</u>	<u>26,199,506</u>
Total Net Position	<u>\$ 168,700,668</u>	<u>\$ 149,472,831</u>	<u>\$ 88,898,543</u>	<u>\$ 78,005,108</u>	<u>\$ 257,599,211</u>	<u>\$ 227,477,939</u>

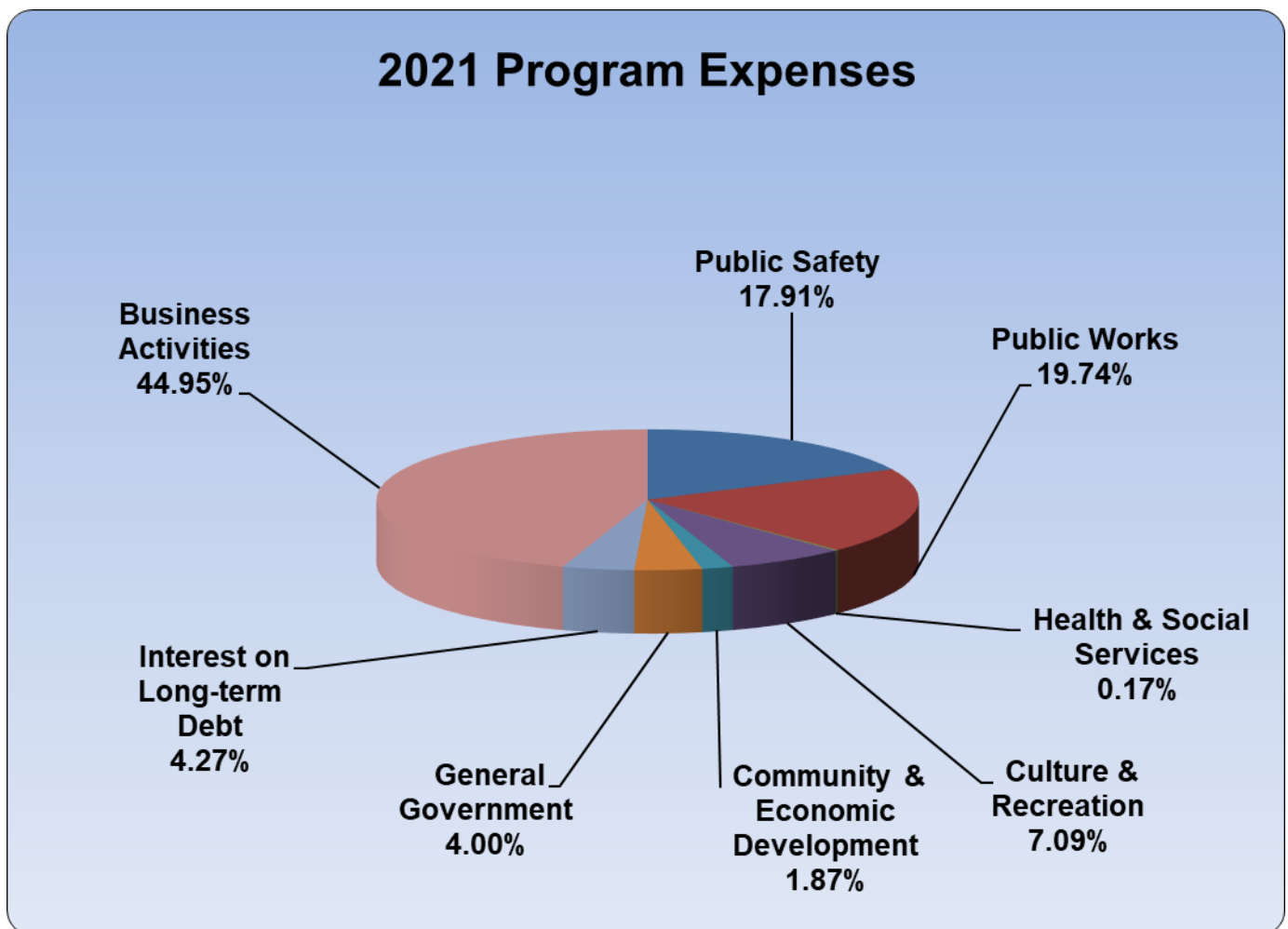
Net position of governmental activities increased \$ 19,227,837, or 12.86%, over fiscal year 2020. Net position of business type activities increased \$ 10,893,435, or 13.97%, over fiscal year 2020. The largest portion of the City's net position is the investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt, excluding unspent debt proceeds. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is \$ 26,481,612 at the end of this year.

Changes in Net Position for the Year Ended June 30, 2021

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Property Tax Levied and Other City Tax	\$ 16,470,531	\$ 15,280,012	\$ -	\$ -	\$ 16,470,531	\$ 15,280,102
Tax Increment Financing	6,715,401	5,198,896	-	-	6,715,401	5,198,896
Local Option Sales Tax	3,588,423	3,191,666	-	-	3,588,423	3,191,666
Commercial/Industrial Tax Replacement	585,000	325,767	-	-	585,000	325,767
Unrestricted Interest	140,858	529,735	82,506	392,745	223,364	922,480
Operating Grants and Contributions	2,743,573	3,376,316	-	-	2,743,573	3,376,316
Charges for Services	3,752,470	3,480,864	30,654,257	24,359,221	34,406,727	27,840,085
Capital Grants and Contributions	7,504,071	2,946,552	910,400	-	8,414,471	2,946,552
Gain from Disposal of Capital Assets	209,266	349,045	21,849	132,949	231,115	481,994
Grants/Contributions Not Restricted	2,572,513	-	-	-	2,572,513	-
Miscellaneous	44,553	1,642,806	245,897	209,210	290,450	1,852,016
Total Revenues	44,326,659	36,321,659	31,914,909	25,094,125	76,241,568	61,415,874
Transfers	290,350	618,003	(290,350)	(618,003)	-	-
Total Revenues and Transfers	\$ 44,617,009	\$ 36,939,662	\$ 31,624,559	\$ 24,476,122	\$ 76,241,568	\$ 61,415,784



	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Expenses						
Public Safety	\$ 8,261,049	\$ 7,702,081	\$ -	\$ -	\$ 8,261,049	\$ 7,702,081
Public Works	9,106,146	8,399,357	-	-	9,106,146	8,399,357
Health and Social Services	79,000	-	-	-	79,000	-
Culture and Recreation	3,267,418	2,828,872	-	-	3,267,418	2,828,872
Community and Economic Development	861,193	893,086	-	-	861,193	893,086
General Government	1,845,872	1,260,145	-	-	1,845,872	1,260,145
Interest on Long-Term Debt	1,968,494	2,372,952	-	-	1,968,494	2,372,952
Business Type Activities	-	-	20,731,124	16,632,900	20,731,124	16,632,900
Total Expenses	<u>25,389,172</u>	<u>23,456,493</u>	<u>20,731,124</u>	<u>16,632,900</u>	<u>46,120,296</u>	<u>40,089,393</u>
Increase in Net Position	19,227,837	13,483,169	10,893,435	7,843,222	30,121,272	21,326,391
Net Position Beginning of Year	<u>149,472,831</u>	<u>135,989,662</u>	<u>78,005,108</u>	<u>70,161,886</u>	<u>227,477,939</u>	<u>206,151,548</u>
Net Position End of Year	<u>\$ 168,700,668</u>	<u>\$ 149,472,831</u>	<u>\$ 88,898,543</u>	<u>\$ 78,005,108</u>	<u>\$ 257,599,211</u>	<u>\$ 227,477,939</u>



The City lowered the property tax levy by \$0.10 to \$ 13.30 per \$1,000 for FY21, while recognizing an increase of \$ 2,707,024 in property tax revenue due to increase in residential and commercial property valuation. Revenues for operating and capital grants and contributions restricted and unrestricted interest, increased by \$6,708,573, charges for services increased by \$ 6,566,642, gain from disposal of capital assets decreased \$ 250,879 and miscellaneous revenues decreased by \$ 1,561,566.

Overall revenues for governmental activities increased \$ 8,005,000 from the prior year.

The cost of all governmental activities this year was approximately \$ 25.4 million compared to approximately \$ 23.5 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 (\$ 11.4) million as some of the cost was paid by those directly benefiting from the programs (\$ 3,752,470) or by other governments and organizations which subsidized certain programs with grants and contributions (\$ 10,247,644).

Overall revenues for business type activities increased \$ 6,820,784 over the prior year.

The cost of all business activities increased to \$ 20.7 million compared to approximately \$ 16.6 million last year.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As the City of Waukee completed the year, its governmental funds reported a combined fund balance of \$ 52,273,414 at June 30, 2021, compared to \$ 46,926,179 combined fund balance at June 30, 2020.

The General Fund showed a decrease of \$ 1,153,727 from the prior year to \$ 7,328,630.

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 2021 with a \$ 4,558,839 balance compared to the prior year ending balance of \$ 2,686,579.

The Debt Service Fund ended fiscal 2021 with a \$ 3,416,205 balance compared to the prior year ending balance of \$ 1,793,090. Bond principal and interest payments increased by \$ 2,723,325 in fiscal 2021.

The Local Option Sales Tax Fund ended fiscal 2021 with a \$7,309,927 balance compared to the prior year ending balance of \$ 4,726,484.

The Capital Projects Fund ended fiscal 2021 with a \$ 25,673,832 balance compared to the prior year ending balance of \$ 25,644,379.

Proprietary Fund Highlights

The Water Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2021 with a net position of \$23,819,760 compared to the prior year ending net position balance of \$ 21,014,786.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2021 with a net position of \$ 40,742,746, compared to the prior year ending net position balance of \$ 36,228,640.

The Gas Fund, which accounts for the operations and maintenance of the City's gas utility, ended fiscal 2021 with a \$ 18,648,296 net position balance, compared to the prior year ending net position balance of \$ 16,998,051.

The Golf Course Fund, which accounts for the operations and maintenance of the City's municipal golf course, ended fiscal 2021 with a net position of \$ 1,289,704, compared to the prior year ending net position balance of \$ 690,642.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City of Waukee amended its budget once in May of 2021. The amendment was required to cover unplanned disbursements, including program expenditures associated with a decrease to Public Safety, Culture and Recreation, and Transfers Out and an increase to Public Works, Health and Social Services, Community and Economic Development, General Government, Debt Service, and Enterprise Activities; while also increasing revenue sources for Licenses and Permits, Intergovernmental, Charges for Services, Miscellaneous, Other Financing Sources, and a decrease to Use of Money and Property, 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 \$ 218,226,580 (net of accumulated depreciation) at June 30, 2021. Capital assets for business type activities totaled \$ 82,873,285 (net of accumulated depreciation) at June 30, 2021. 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 City Hall exterior renovations, library patron services system, land purchase for future civic campus, server refresh and Zoom room projects, warning siren upgrade project; several parks projects including Alice Nizzi Park, Glynn Village Park & trails phase 1; and the extension of SE Kettlestone Blvd.

For business type activities, the major additions included the fees associated with the Wastewater Reclamation Authority (WRA), completion of the transite water main phase 1 and the Kettlestone sanitary trunk sewer project and the annual gas distribution system improvements.

Construction in progress at June 30, 2021 for the City consists primarily of street projects including NW 10th Street, NW 2nd and Sunrise Phase II, and NW Douglas 10th to 2nd for the new Northwest High School, continuation of construction for the Triumph Park sports complex, Warrior Lane roundabout phase 1, Laurel Street, SE Ashworth Corridor and the traffic signal enhancement project; as well as several utility projects including an ASR well, Warrior Lane joint utility trench, transite water main phase 2, Little Walnut Creek sewer phase 2, SW Area trunk sewer phase 2, and the rehabilitation of lift station number 3.

Long-Term Debt

At June 30, 2021, the City had \$ 91,864,026 in total non-current debt outstanding for governmental activities. Total non-current debt outstanding for business type activities was \$ 22,706,336 at June 30, 2021.

The City maintained their general obligation bond rating of Aa2, assigned by national rating agency, Moody's Investors Services, on April 10, 2017. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$93,863,698 or 78.99%, is below its constitutional debt limit of \$ 118,834,828. Other obligations include accrued vacation pay, total 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 2022 budget. The City of Waukee will experience a significant increase in General Fund revenues and expenditures from fiscal 2021 to fiscal 2022. The major factors that will play a role in this change are the increase in property tax revenues from increased valuations for fiscal 2022, 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 2022 with a fund balance of approximately \$ 8,285,000, or a planned increase of \$ 475,000 from fiscal 2021. The tax levy rates per \$1,000 of taxable valuation for fiscal 2022 maintained the current levy as provided below:

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Waukee, Iowa
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Current assets			
Cash and investments	\$ 57,593,241	\$ 27,546,178	\$ 85,139,419
Receivables			
Property tax			
Delinquent	39,839	-	39,839
Succeeding year	26,285,120	-	26,285,120
Special assessments	138,864	-	138,864
Customer accounts	-	2,329,601	2,329,601
Other	618,789	-	618,789
Due from other governments	861,038	93,128	954,166
Internal balances	287,804	(287,804)	-
Inventories	<u>317,123</u>	<u>469,351</u>	<u>786,474</u>
Total unrestricted current assets	86,141,818	30,150,454	116,292,272
Restricted cash and investments	-	1,999,755	1,999,755
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>218,226,580</u>	<u>82,873,285</u>	<u>301,099,865</u>
Total assets	<u>304,368,398</u>	<u>115,023,494</u>	<u>419,391,892</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,849,720	328,415	2,178,135
OPEB related deferred outflows	<u>23,048</u>	<u>7,742</u>	<u>30,790</u>
Total deferred outflows of resources	<u>1,872,768</u>	<u>336,157</u>	<u>2,208,925</u>
LIABILITIES			
Current liabilities			
Accounts payable	7,223,928	1,958,865	9,182,793
Accrued compensation	447,071	89,209	536,280
Accrued interest payable	279,000	53,728	332,728
Customer deposits payable	-	324,534	324,534
Compensated absences	60,119	82,720	142,839
General obligation bonds/notes	10,675,000	-	10,675,000
Revenue notes payable	-	570,000	570,000
Notes from direct borrowings and placements	325,000	651,656	976,656
Installment contract	<u>175,941</u>	<u>-</u>	<u>175,941</u>
Total current liabilities	<u>19,186,059</u>	<u>3,730,712</u>	<u>22,916,771</u>
Noncurrent liabilities			
Compensated absences	396,296	-	396,296
General obligation bonds/notes, net	73,929,982	-	73,929,982
Revenue notes payable, net	-	11,137,424	11,137,424
Notes from direct borrowings and placements	12,175,000	10,628,814	22,803,814
Installment contract	527,822	-	527,822
Total OPEB liability	374,582	125,824	500,406
Net pension liability	<u>4,460,344</u>	<u>791,926</u>	<u>5,252,270</u>
Total noncurrent liabilities	<u>91,864,026</u>	<u>22,683,988</u>	<u>114,548,014</u>
Total liabilities	<u>111,050,085</u>	<u>26,414,700</u>	<u>137,464,785</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF NET POSITION (continued)
June 30, 2021

	Primary Government		Total
	Governmental Activities	Business Type Activities	
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues			
Succeeding year property taxes	26,285,120	-	26,285,120
Pension related deferred inflows	142,410	25,285	167,695
OPEB related deferred inflows	62,883	21,123	84,006
Total deferred inflows of resources	<u>26,490,413</u>	<u>46,408</u>	<u>26,536,821</u>
NET POSITION			
Net investment in capital assets	140,345,707	65,578,280	205,923,987
Restricted for			
Debt service	3,645,595	1,051,493	4,697,088
Other purposes	20,496,524	-	20,496,524
Unrestricted	<u>4,212,842</u>	<u>22,268,770</u>	<u>26,481,612</u>
Total net position	<u>\$168,700,668</u>	<u>\$ 88,898,543</u>	<u>\$257,599,211</u>

City of Waukee, Iowa
STATEMENT OF ACTIVITIES
Year ended June 30, 2021

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Public safety	\$ 8,261,049	\$ 2,664,393	\$ 21,881	\$ -
Public works	9,106,146	430,112	2,721,692	6,621,858
Health and social services	79,000	-	-	-
Culture and recreation	3,267,418	464,147	-	882,213
Community and economic development	861,193	-	-	-
General government	1,845,872	193,818	-	-
Interest on long-term debt	1,968,494	-	-	-
Total governmental activities	<u>25,389,172</u>	<u>3,752,470</u>	<u>2,743,573</u>	<u>7,504,071</u>
Business type activities				
Water	4,914,481	7,823,371	-	-
Sewer	3,517,434	8,068,235	-	-
Gas	9,078,713	10,758,155	-	-
Golf	571,587	747,540	-	-
Other	2,648,909	3,256,956	-	910,400
Total business type activities	<u>20,731,124</u>	<u>30,654,257</u>	<u>-</u>	<u>910,400</u>
Total primary government	<u>\$46,120,296</u>	<u>\$34,406,727</u>	<u>\$2,743,573</u>	<u>\$8,414,471</u>

GENERAL REVENUES

Property and other city tax levied for
 General purposes
 Debt service
 Employee benefits
 Tax increment financing
 Local option sales tax
 Commercial/Industrial tax replacement
 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

Net Revenue (Expense) and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (5,574,775)	\$ —	\$ (5,574,775)
667,516	—	667,516
(79,000)	—	(79,000)
(1,921,058)	—	(1,921,058)
(861,193)	—	(861,193)
(1,652,054)	—	(1,652,054)
(1,968,494)	—	(1,968,494)
<u>(11,389,058)</u>	<u>—</u>	<u>(11,389,058)</u>
—	2,908,890	2,908,890
—	4,550,801	4,550,801
—	1,679,442	1,679,442
—	175,953	175,953
—	<u>1,518,447</u>	<u>1,518,447</u>
—	<u>10,833,533</u>	<u>10,833,533</u>
<u>(11,389,058)</u>	<u>10,833,533</u>	<u>(555,525)</u>
9,286,018	—	9,286,018
4,751,948	—	4,751,948
2,432,565	—	2,432,565
6,715,401	—	6,715,401
3,588,423	—	3,588,423
585,000	—	585,000
2,572,513	—	2,572,513
140,858	82,506	223,364
209,266	21,849	231,115
44,553	245,897	290,450
<u>290,350</u>	<u>(290,350)</u>	<u>—</u>
<u>30,616,895</u>	<u>59,902</u>	<u>30,676,797</u>
19,227,837	10,893,435	30,121,272
<u>149,472,831</u>	<u>78,005,108</u>	<u>227,477,939</u>
<u>\$168,700,668</u>	<u>\$88,898,543</u>	<u>\$257,599,211</u>

**City of Waukee, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue</u>		<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
				<u>Urban Renewal TIF</u>	<u>Local Option Sales Tax</u>		
ASSETS							
Cash and investments	\$ 7,766,266	\$31,028,730	\$3,409,737	\$ 4,556,114	\$7,044,621	\$3,632,545	\$57,438,013
Receivables							
Property tax							
Delinquent	21,862	—	9,518	2,725	—	5,734	39,839
Succeeding year	9,787,809	—	5,178,191	8,747,646	—	2,571,474	26,285,120
Special assessments	—	1,065	—	—	—	137,799	138,864
Other	321,893	296,763	—	—	—	133	618,789
Due from other funds	287,804	—	—	—	—	—	287,804
Due from other governments	315,022	—	—	—	265,306	280,710	861,038
Inventory	129,481	—	—	—	—	187,642	317,123
	<u>129,481</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>187,642</u>	<u>317,123</u>
Total assets	<u>\$18,630,137</u>	<u>\$31,326,558</u>	<u>\$8,597,446</u>	<u>\$13,306,485</u>	<u>\$7,309,927</u>	<u>\$6,816,037</u>	<u>\$85,986,590</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 586,460	\$ 5,354,898	\$ 3,050	\$ —	\$ —	\$ 111,216	\$ 6,055,624
Accrued compensation	426,855	—	—	—	—	20,216	447,071
Total liabilities	<u>1,013,315</u>	<u>5,354,898</u>	<u>3,050</u>	<u>—</u>	<u>—</u>	<u>131,432</u>	<u>6,502,695</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues							
Succeeding year property tax	9,787,809	—	5,178,191	8,747,646	—	2,571,474	26,285,120
Special assessments	—	1,065	—	—	—	127,150	128,215
Other	500,383	296,763	—	—	—	—	797,146
Total deferred inflows of resources	<u>10,288,192</u>	<u>297,828</u>	<u>5,178,191</u>	<u>8,747,646</u>	<u>—</u>	<u>2,698,624</u>	<u>27,210,481</u>
FUND BALANCES							
Nonspendable	417,285	—	—	—	—	187,642	604,927
Restricted for							
Capital projects	—	25,673,832	—	—	—	—	25,673,832
Debt service	—	—	3,416,205	—	—	229,390	3,645,595
Urban renewal and development	—	—	—	4,558,839	—	—	4,558,839
Other purposes	481,153	—	—	—	7,309,927	3,568,949	11,360,029
Committed	777,374	—	—	—	—	—	777,374
Unassigned	5,652,818	—	—	—	—	—	5,652,818
Total fund balances	<u>7,328,630</u>	<u>25,673,832</u>	<u>3,416,205</u>	<u>4,558,839</u>	<u>7,309,927</u>	<u>3,985,981</u>	<u>52,273,414</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$18,630,137</u>	<u>\$31,326,558</u>	<u>\$8,597,446</u>	<u>\$13,306,485</u>	<u>\$7,309,927</u>	<u>\$6,816,037</u>	<u>\$85,986,590</u>

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE BALANCE SHEET—
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021

Total governmental fund balances		\$ 52,273,414
 <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.		218,226,580
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue		925,361
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.		(104,547,390)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	1,872,768	
Deferred inflows of resources	<u>(205,293)</u>	1,667,475
The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The assets of the Internal Service Fund are allocated between governmental and business type activities in the Statement of Net Position.		<u>155,228</u>
Net position of governmental activities		<u>\$168,700,668</u>

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue</u>		<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
				<u>Urban Renewal TIF</u>	<u>Local Option Sales Tax</u>		
REVENUES							
Property tax	\$ 9,258,279	\$ -	\$ 4,751,948	\$ -	\$ -	\$2,432,565	\$16,442,792
Tax increment financing	-	-	-	6,715,401	-	-	6,715,401
Other city tax	32,358	3,911	-	-	3,588,423	29,941	3,654,633
Licenses and permits	2,084,978	62,113	-	-	-	5,042	2,152,133
Use of money and property	180,535	59,716	9,512	15,134	14,965	19,908	299,770
Intergovernmental	778,383	117,000	83,110	412,328	-	2,716,265	4,107,086
Charges for service	841,730	-	-	-	-	-	841,730
Miscellaneous	102,407	-	-	-	-	2,000,011	2,102,418
Total revenues	<u>13,278,670</u>	<u>242,740</u>	<u>4,844,570</u>	<u>7,142,863</u>	<u>3,603,388</u>	<u>7,203,732</u>	<u>36,315,963</u>
EXPENDITURES							
Operating							
Public safety	7,661,959	-	-	-	-	-	7,661,959
Public works	706,615	-	-	-	-	2,174,811	2,881,426
Health and social services	79,000	-	-	-	-	-	79,000
Culture and recreation	2,354,529	-	-	-	-	-	2,354,529
Community and economic development	644,924	-	-	199,954	-	-	844,878
General government	1,379,753	-	-	-	-	-	1,379,753
Debt service							
Principal	-	175,941	9,485,000	-	-	-	9,660,941
Interest	-	-	2,563,297	-	-	-	2,563,297
Bond issuance and other costs	-	293,109	12,412	-	-	-	305,521
Capital projects	<u>4,212,963</u>	<u>28,634,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,000</u>	<u>33,050,205</u>
Total expenditures	<u>17,039,743</u>	<u>29,103,292</u>	<u>12,060,709</u>	<u>199,954</u>	<u>-</u>	<u>2,377,811</u>	<u>60,781,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,761,073)</u>	<u>(28,860,552)</u>	<u>(7,216,139)</u>	<u>6,942,909</u>	<u>3,603,388</u>	<u>4,825,921</u>	<u>(24,465,546)</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	24,325,000	2,135,000	-	-	-	26,460,000
Bond premium	-	2,565,005	323,310	-	-	-	2,888,315
Sale of capital assets	143,791	-	-	-	-	41,770	185,561
Operating transfers in	2,475,000	2,000,000	6,380,944	-	-	-	10,855,944
Operating transfers out	<u>(11,445)</u>	<u>-</u>	<u>-</u>	<u>(5,070,649)</u>	<u>(1,019,945)</u>	<u>(4,475,000)</u>	<u>(10,577,039)</u>
Total other financing sources (uses)	<u>2,607,346</u>	<u>28,890,005</u>	<u>8,839,254</u>	<u>(5,070,649)</u>	<u>(1,019,945)</u>	<u>(4,433,230)</u>	<u>29,812,781</u>
CHANGE IN FUND BALANCES	<u>(1,153,727)</u>	<u>29,453</u>	<u>1,623,115</u>	<u>1,872,260</u>	<u>2,583,443</u>	<u>392,691</u>	<u>5,347,235</u>
FUND BALANCES, beginning	<u>8,482,357</u>	<u>25,644,379</u>	<u>1,793,090</u>	<u>2,686,579</u>	<u>4,726,484</u>	<u>3,593,290</u>	<u>46,926,179</u>
FUND BALANCES, ending	<u>\$ 7,328,630</u>	<u>\$25,673,832</u>	<u>\$ 3,416,205</u>	<u>\$4,558,839</u>	<u>\$7,309,927</u>	<u>\$3,985,981</u>	<u>\$52,273,414</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, 2021

Change in fund balances—Total governmental funds \$ 5,347,235

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

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

Capital outlays	41,330,654	
Depreciation expense	<u>(7,617,945)</u>	33,712,709

Governmental funds do not report capital assets and therefore do not report gains or losses on the disposal of those assets. (19,727)

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

Changes in unavailable revenue		
Special assessments	(38,471)	
Grants	(160,000)	
Other	<u>685,183</u>	486,712

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

Issued	(27,339,704)	
Repaid	<u>9,660,941</u>	(17,678,763)

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. (2,085,932)

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. 800,940

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(51,389)	
Other postemployment benefits	(35,135)	
Pension expense	(1,182,798)	
Interest on long-term debt	<u>(78,000)</u>	(1,347,322)

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The change in net position of the Internal Service Fund is allocated to governmental activities. 11,985

Change in net position of governmental activities **\$19,227,837**

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Enterprise Funds						Internal
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Service Fund Equipment Revolving
ASSETS							
Current assets							
Cash and investments	\$ 9,930,279	\$10,855,313	\$ 5,449,252	\$ -	\$1,227,650	\$ 27,462,494	\$ 238,912
Receivables, net of allowances							
Customer accounts	976,748	620,886	397,011	-	334,956	2,329,601	-
Due from other funds	100,000	-	-	-	-	100,000	-
Due from other governments	-	-	93,128	-	-	93,128	-
Inventories	<u>140,415</u>	<u>-</u>	<u>320,110</u>	<u>8,826</u>	<u>-</u>	<u>469,351</u>	<u>-</u>
Total current assets	<u>11,147,442</u>	<u>11,476,199</u>	<u>6,259,501</u>	<u>8,826</u>	<u>1,562,606</u>	<u>30,454,574</u>	<u>238,912</u>
Noncurrent assets							
Restricted cash and investments	980,931	778,694	167,608	59,660	12,862	1,999,755	-
Capital assets, net of accumulated depreciation	<u>18,809,347</u>	<u>45,768,055</u>	<u>12,859,687</u>	<u>1,794,776</u>	<u>3,641,420</u>	<u>82,873,285</u>	<u>-</u>
Total noncurrent assets	<u>19,790,278</u>	<u>46,546,749</u>	<u>13,027,295</u>	<u>1,854,436</u>	<u>3,654,282</u>	<u>84,873,040</u>	<u>-</u>
Total assets	<u>30,937,720</u>	<u>58,022,948</u>	<u>19,286,796</u>	<u>1,863,262</u>	<u>5,216,888</u>	<u>115,327,614</u>	<u>238,912</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	79,564	61,956	85,285	25,009	76,601	328,415	-
OPEB related deferred outflows	<u>2,069</u>	<u>1,675</u>	<u>2,239</u>	<u>434</u>	<u>1,325</u>	<u>7,742</u>	<u>-</u>
Total deferred outflows of resources	<u>81,633</u>	<u>63,631</u>	<u>87,524</u>	<u>25,443</u>	<u>77,926</u>	<u>336,157</u>	<u>-</u>
LIABILITIES							
Current liabilities							
Accounts payable	797,234	439,789	295,928	31,163	394,751	1,958,865	-
Accrued compensation	20,097	16,445	21,642	12,591	18,434	89,209	-
Compensated absences	21,239	15,050	25,892	4,521	16,018	82,720	-
Due to other funds	-	-	-	387,804	-	387,804	-
Customer deposits payable	196,684	-	127,850	-	-	324,534	-
Revenue notes payable	330,000	240,000	-	-	-	570,000	-
Direct borrowings and placements	-	564,308	-	22,348	65,000	651,656	-
Interest payable	<u>16,516</u>	<u>36,708</u>	<u>-</u>	<u>-</u>	<u>504</u>	<u>53,728</u>	<u>-</u>
Total current liabilities	<u>1,381,770</u>	<u>1,312,300</u>	<u>471,312</u>	<u>458,427</u>	<u>494,707</u>	<u>4,118,516</u>	<u>-</u>
Noncurrent liabilities							
Revenue notes payable, net	5,580,547	5,556,877	-	-	-	11,137,424	-
Direct borrowings and placements	-	10,288,703	-	70,111	270,000	10,628,814	-
Total OPEB liability	33,644	27,217	36,386	7,049	21,528	125,824	-
Net pension liability	<u>191,857</u>	<u>149,397</u>	<u>205,652</u>	<u>60,306</u>	<u>184,714</u>	<u>791,926</u>	<u>-</u>
Total noncurrent liabilities	<u>5,806,048</u>	<u>16,022,194</u>	<u>242,038</u>	<u>137,466</u>	<u>476,242</u>	<u>22,683,988</u>	<u>-</u>
Total liabilities	<u>7,187,818</u>	<u>17,334,494</u>	<u>713,350</u>	<u>595,893</u>	<u>970,949</u>	<u>26,802,504</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues							
Pension related deferred inflows	6,126	4,770	6,566	1,925	5,898	25,285	-
OPEB related deferred inflows	<u>5,649</u>	<u>4,569</u>	<u>6,108</u>	<u>1,183</u>	<u>3,614</u>	<u>21,123</u>	<u>-</u>
Total deferred inflows of resources	<u>11,775</u>	<u>9,339</u>	<u>12,674</u>	<u>3,108</u>	<u>9,512</u>	<u>46,408</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	15,056,651	32,440,873	12,859,687	1,702,317	3,518,752	65,578,280	-
Restricted for bond retirement	437,731	501,986	39,758	59,660	12,358	1,051,493	-
Unrestricted	<u>8,325,378</u>	<u>7,799,887</u>	<u>5,748,851</u>	<u>(472,273)</u>	<u>783,243</u>	<u>22,185,086</u>	<u>238,912</u>
Total net position	<u>\$23,819,760</u>	<u>\$40,742,746</u>	<u>\$18,648,296</u>	<u>\$1,289,704</u>	<u>\$4,314,353</u>	<u>88,814,859</u>	<u>\$ 238,912</u>

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

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

	<u>83,684</u>
Net assets of business type activities	<u>\$ 88,898,543</u>

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2021

	Enterprise Funds						Internal
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Service Fund Equipment Revolving
OPERATING REVENUES							
Charges for service	\$ 7,823,371	\$ 8,068,235	\$10,758,155	\$ 747,540	\$3,256,956	\$30,654,257	\$ -
Miscellaneous	10,009	18,886	42,325	99,717	-	170,937	-
Total operating revenues	<u>7,833,380</u>	<u>8,087,121</u>	<u>10,800,480</u>	<u>847,257</u>	<u>3,256,956</u>	<u>30,825,194</u>	<u>-</u>
OPERATING EXPENSES							
Business type activities							
Cost of sales and services	4,043,764	1,908,810	8,626,281	490,632	2,527,433	17,596,920	-
Depreciation and amortization	724,239	1,304,173	452,432	65,686	115,537	2,662,067	-
Total operating expenses	<u>4,768,003</u>	<u>3,212,983</u>	<u>9,078,713</u>	<u>556,318</u>	<u>2,642,970</u>	<u>20,258,987</u>	<u>-</u>
Operating income	<u>3,065,377</u>	<u>4,874,138</u>	<u>1,721,767</u>	<u>290,939</u>	<u>613,986</u>	<u>10,566,207</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)							
Interest income	31,845	36,787	11,857	-	2,017	82,506	540
Rental income	74,960	-	-	-	-	74,960	-
Gain (loss) on disposal of capital assets	11,738	3,762	27,834	-	(21,485)	21,849	-
Grant revenue	-	-	-	-	910,400	910,400	-
Interest expense and fiscal charges	(146,478)	(304,451)	-	(15,269)	(5,939)	(472,137)	-
Total nonoperating revenues (expenses)	<u>(27,935)</u>	<u>(263,902)</u>	<u>39,691</u>	<u>(15,269)</u>	<u>884,993</u>	<u>617,578</u>	<u>-</u>
Income before transfers	3,037,442	4,610,236	1,761,458	275,670	1,498,979	11,183,785	540
Transfers in	-	-	-	323,392	-	323,392	11,445
Transfers (out)	(232,468)	(96,130)	(111,213)	-	(173,931)	(613,742)	-
CHANGE IN NET POSITION	2,804,974	4,514,106	1,650,245	599,062	1,325,048	10,893,435	11,985
NET POSITION, beginning	<u>21,014,786</u>	<u>36,228,640</u>	<u>16,998,051</u>	<u>690,642</u>	<u>2,989,305</u>	<u>77,921,424</u>	<u>226,927</u>
NET POSITION, ending	<u>\$23,819,760</u>	<u>\$40,742,746</u>	<u>\$18,648,296</u>	<u>\$1,289,704</u>	<u>\$4,314,353</u>	<u>\$88,814,859</u>	<u>\$ 238,912</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2021

	<u>Enterprise Funds</u>					<u>Total</u>	<u>Internal</u>
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf</u>	<u>Nonmajor</u> <u>Funds</u>		<u>Service Fund</u> <u>Equipment</u> <u>Revolving</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers and users	\$ 7,503,272	\$ 7,946,897	\$10,525,284	\$ 747,540	\$3,201,000	\$29,923,993	\$ -
Cash received from other revenues	10,009	18,886	42,325	99,717	-	170,937	-
Cash paid for personal services	(959,027)	(774,306)	(1,032,047)	(203,134)	(614,090)	(3,582,604)	-
Cash paid to suppliers	<u>(2,883,974)</u>	<u>(1,169,159)</u>	<u>(7,533,911)</u>	<u>(290,270)</u>	<u>(1,787,349)</u>	<u>(13,664,663)</u>	<u>-</u>
Net cash flows from operating activities	<u>3,670,280</u>	<u>6,022,318</u>	<u>2,001,651</u>	<u>353,853</u>	<u>799,561</u>	<u>12,847,663</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments made on interfund accounts	-	-	-	(357,593)	-	(357,593)	-
Transfers to other funds	(232,468)	(96,130)	(111,213)	-	(173,931)	(613,742)	-
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,392</u>	<u>-</u>	<u>323,392</u>	<u>11,445</u>
Net cash flows from noncapital financing activities	<u>(232,468)</u>	<u>(96,130)</u>	<u>(111,213)</u>	<u>(34,201)</u>	<u>(173,931)</u>	<u>(647,943)</u>	<u>11,445</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(671,783)	(5,234,595)	(1,371,818)	-	(2,077,443)	(9,355,639)	-
Proceeds from sale of capital assets	42,349	41,450	44,264	-	19,800	147,863	-
Proceeds from capital grants	-	-	-	-	910,400	910,400	-
Principal paid on revenue notes	(315,000)	(695,000)	-	-	-	(1,010,000)	-
Principal paid on direct borrowings and placements	-	(668,209)	-	(344,930)	(65,000)	(1,078,139)	-
Interest and fiscal charges paid	<u>(212,337)</u>	<u>(341,483)</u>	<u>-</u>	<u>(16,209)</u>	<u>(6,020)</u>	<u>(576,049)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(1,156,771)</u>	<u>(6,897,837)</u>	<u>(1,327,554)</u>	<u>(361,139)</u>	<u>(1,218,263)</u>	<u>(10,961,564)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments	31,845	36,787	11,857	-	2,017	82,506	540
Proceed from sale of investments	-	121,247	-	-	-	121,247	-
Purchase of investments	(7,750)	-	-	-	(972)	(8,722)	-
Cash received from property rental	<u>74,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,960</u>	<u>-</u>
Net cash flows from investing activities	<u>99,055</u>	<u>158,034</u>	<u>11,857</u>	<u>-</u>	<u>1,045</u>	<u>269,991</u>	<u>540</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS							
	2,380,096	(813,615)	574,741	(41,487)	(591,588)	1,508,147	11,985
CASH AND CASH EQUIVALENTS, beginning							
	<u>7,807,665</u>	<u>12,367,622</u>	<u>5,042,119</u>	<u>43,805</u>	<u>1,831,128</u>	<u>27,092,339</u>	<u>226,927</u>
CASH AND CASH EQUIVALENTS, ending							
	<u>\$10,187,761</u>	<u>\$11,554,007</u>	<u>\$ 5,616,860</u>	<u>\$ 2,318</u>	<u>\$1,239,540</u>	<u>\$28,600,486</u>	<u>\$ 238,912</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year ended June 30, 2021

	<u>Enterprise Funds</u>					<u>Total</u>	<u>Internal Service Fund Equipment Revolving</u>
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf</u>	<u>Nonmajor Funds</u>		
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income	\$ 3,065,377	\$ 4,874,138	\$ 1,721,767	\$ 290,939	\$ 613,986	\$10,566,207	\$ -
Adjustments to reconcile operating income to net cash flows from operating activities							
Depreciation expense	724,239	1,304,173	452,432	65,686	115,537	2,662,067	-
Change in assets, deferred outflows, liabilities and deferred inflows							
Customer accounts receivable	(320,099)	(121,338)	(139,743)	-	(55,956)	(637,136)	-
Due from other governments	-	-	(93,128)	-	-	(93,128)	-
Inventories	(44,747)	-	(116,136)	8,193	-	(152,690)	-
Accounts payable, net of capital assets	177,918	(35,145)	130,390	(11,476)	137,238	398,925	-
Accrued compensation	1,041	1,305	2,169	(2,170)	2,488	4,833	-
Customer deposits	42,865	-	26,900	-	-	69,765	-
Compensated absences	184	1,218	4,328	231	(2,114)	3,847	-
Net pension liability	63,746	21,973	50,050	14,866	16,577	167,212	-
Deferred outflows of resources	(16,730)	457	(9,089)	(2,707)	5,672	(22,397)	-
Deferred inflows of resources	(26,541)	(27,495)	(32,786)	(9,707)	(36,452)	(132,981)	-
Total OPEB liability	<u>3,027</u>	<u>3,032</u>	<u>4,497</u>	<u>(2)</u>	<u>2,585</u>	<u>13,139</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ 3,670,280</u>	<u>\$ 6,022,318</u>	<u>\$ 2,001,651</u>	<u>\$ 353,853</u>	<u>\$ 799,561</u>	<u>\$12,847,663</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET POSITION							
Cash and investments	\$ 9,930,279	\$10,855,313	\$ 5,449,252	\$ -	\$1,227,650	\$27,462,494	\$ 238,912
Restricted cash and investments	<u>980,931</u>	<u>778,694</u>	<u>167,608</u>	<u>59,660</u>	<u>12,862</u>	<u>1,999,755</u>	<u>-</u>
	<u>10,911,210</u>	<u>11,634,007</u>	<u>5,616,860</u>	<u>59,660</u>	<u>1,240,512</u>	<u>29,462,249</u>	<u>238,912</u>
Less items not meeting the definition of cash equivalent							
Certificates of deposit	<u>(723,449)</u>	<u>(80,000)</u>	<u>-</u>	<u>(57,342)</u>	<u>(972)</u>	<u>(861,763)</u>	<u>-</u>
Cash and cash equivalents at year end	<u>\$10,187,761</u>	<u>\$11,554,007</u>	<u>\$ 5,616,860</u>	<u>\$ 2,318</u>	<u>\$1,239,540</u>	<u>\$28,600,486</u>	<u>\$ 238,912</u>

See Notes to Financial Statements.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waukee is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Clerk/Administrator form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Waukee provides numerous services to citizens, including public safety, public works, 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 Government Accounting Standards Board criteria.

Jointly Governed Organizations

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. 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 \$26,459,286.

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

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Government-wide Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund

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

Special Revenue

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

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

Capital Projects Fund

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

Debt Service Fund

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The City reports the following major proprietary funds:

Enterprise

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

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

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

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

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

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

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Pooled Cash Investments

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

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

Property Tax Receivable, Including Tax Increment Financing

Property tax, including tax increment financing, in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2021 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½ percent per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2020.

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, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Restricted Assets

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

Capital Assets

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

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

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Liabilities

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 and the unamortized portion of the net difference between projected and actual OPEB earnings on IPERS' investments.

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.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances (continued)

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. For the year ended June 30, 2021, the City's disbursements exceeded the amount budgeted in the health and social services and capital projects functions.

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, 2021 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, 2021 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	\$ 19,709,286	\$ 5,687,020	\$ -	\$ -	\$ 25,396,306
Construction in progress	<u>23,886,446</u>	<u>28,352,777</u>	<u>-</u>	<u>(17,829,200)</u>	<u>34,410,023</u>
Total capital assets not being depreciated	<u>43,595,732</u>	<u>34,039,797</u>	<u>-</u>	<u>(17,829,200)</u>	<u>59,806,329</u>
Capital assets being depreciated					
Buildings	9,271,425	22,690	-	804,498	10,098,613
Improvements other than buildings	199,893,221	7,661,562	-	17,024,702	224,579,485
Equipment	<u>8,769,939</u>	<u>774,909</u>	<u>157,421</u>	<u>-</u>	<u>9,387,427</u>
Total capital assets being depreciated	<u>217,934,585</u>	<u>8,459,161</u>	<u>157,421</u>	<u>17,829,200</u>	<u>244,065,525</u>
Less accumulated depreciation for					
Buildings	3,930,979	360,077	-	-	4,291,056
Improvements other than buildings	68,693,277	6,575,192	-	-	75,268,469
Equipment	<u>5,540,767</u>	<u>682,676</u>	<u>137,694</u>	<u>-</u>	<u>6,085,749</u>
Total accumulated depreciation	<u>78,165,023</u>	<u>7,617,945</u>	<u>137,694</u>	<u>-</u>	<u>85,645,274</u>
Total capital assets being depreciated, net	<u>139,769,562</u>	<u>841,216</u>	<u>19,727</u>	<u>17,829,200</u>	<u>158,420,251</u>
Governmental activities capital assets, net	<u>\$183,365,294</u>	<u>\$34,881,013</u>	<u>\$ 19,727</u>	<u>\$ -</u>	<u>\$218,226,580</u>
	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance end of year</u>
Business type activities					
Capital assets not being depreciated					
Land	\$ 1,226,032	\$ -	\$ -	\$1,030,779	\$ 2,256,811
Construction in progress	<u>2,804,923</u>	<u>3,970,369</u>	<u>137,733</u>	<u>(2,141,652)</u>	<u>4,495,907</u>
Total capital assets not being depreciated	<u>4,030,955</u>	<u>3,970,369</u>	<u>137,733</u>	<u>(1,110,873)</u>	<u>6,752,718</u>
Capital assets being depreciated					
Buildings	557,486	-	-	-	557,486
Equipment	4,818,002	800,516	308,052	-	5,310,466
Infrastructure	<u>91,207,631</u>	<u>4,991,357</u>	<u>-</u>	<u>1,110,873</u>	<u>97,309,861</u>
Total capital assets being depreciated	<u>96,583,119</u>	<u>5,791,873</u>	<u>308,052</u>	<u>1,110,873</u>	<u>103,177,813</u>
Less accumulated depreciation for					
Buildings	263,415	13,192	-	-	276,607
Equipment	3,090,035	351,200	182,038	-	3,259,197
Infrastructure	<u>21,223,767</u>	<u>2,297,675</u>	<u>-</u>	<u>-</u>	<u>23,521,442</u>
Total accumulated depreciation	<u>24,577,217</u>	<u>2,662,067</u>	<u>182,038</u>	<u>-</u>	<u>27,057,246</u>
Total capital assets being depreciated, net	<u>72,005,902</u>	<u>3,129,806</u>	<u>126,014</u>	<u>1,110,873</u>	<u>76,120,567</u>
Business type activities capital assets, net	<u>\$ 76,036,857</u>	<u>\$7,100,175</u>	<u>\$ 263,747</u>	<u>\$ -</u>	<u>\$ 82,873,285</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (continued)

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

Governmental activities

Public safety	\$ 366,546
Public works	6,143,620
Culture and recreation	845,057
Community and economic development	804
General government	<u>261,918</u>

Total depreciation expense--governmental activities \$7,617,945

Business type activities

Water	\$ 724,239
Sewer	1,304,173
Gas	452,432
Golf	65,686
Nonmajor	<u>115,537</u>

Total depreciation expense--business type activities \$2,662,067

NOTE 4 LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental activities					
General obligation bonds/notes	\$65,069,050	\$29,348,315	\$ 9,812,383	\$ 84,604,982 (1)	\$10,675,000
Urban Renewal Revenue bonds	175,000	-	175,000	-	-
Notes from direct borrowings and direct placements	12,800,000	-	300,000	12,500,000	325,000
Installment contract	-	879,704	175,941	703,763	175,941
Compensated absences	405,026	51,389	-	456,415	60,119
Total OPEB liability	335,939	38,643	-	374,582	-
Net pension liability	<u>3,113,285</u>	<u>1,347,059</u>	<u>-</u>	<u>4,460,344</u>	<u>-</u>
Totals	<u>\$81,898,300</u>	<u>\$31,665,110</u>	<u>\$10,463,324</u>	<u>\$103,100,086</u>	<u>\$11,236,060</u>
Business type activities					
Revenue bonds/notes	\$12,816,779	\$ -	\$ 1,109,355	\$ 11,707,424 (2)	\$ 570,000
Notes from direct borrowings and direct placements	12,358,609	-	1,078,139	11,280,470	629,308
Compensated absences	78,873	3,847	-	82,720	82,720
Total OPEB liability	112,685	13,139	-	125,824	-
Net pension liability	<u>624,714</u>	<u>167,212</u>	<u>-</u>	<u>791,926</u>	<u>-</u>
Totals	<u>\$25,991,660</u>	<u>\$ 184,198</u>	<u>\$ 2,187,494</u>	<u>\$ 23,988,364</u>	<u>\$ 1,282,028</u>

(1) Included in balance are unamortized bond premiums totaling \$4,194,982 at June 30, 2021.

(2) Included in balance are unamortized bond premiums totaling \$297,424 at June 30, 2021.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM LIABILITIES (continued)

Governmental Activities

Nine issues of unmatured general obligation bonds/notes, totaling \$80,410,000, are outstanding at June 30, 2021. General obligation bonds/notes bear interest at rates ranging from 1.3% to 5.0% and mature in varying annual amounts, ranging from \$100,000 to \$7,000,000, with the final maturities due in the year ending June 30, 2040.

The City has one issuance of a note from direct borrowing and direct placements with an outstanding balance totaling \$12,500,000 at June 30, 2021. The note bears an interest rate of 2.15% and matures in varying annual amounts, ranging from \$325,000 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, 2021 was \$703,763.

Details of general obligation and revenue bonds/notes payable at June 30, 2021 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, 2021</u>
General Obligation Bonds and Notes						
General Obligation 2010A	June 2, 2010	3.50	June 1, 2022	\$140,000	\$ 1,435,000	\$ 140,000
General Obligation 2014A	December 10, 2014	2.00-3.50	June 1, 2034	\$510,000 - 1,335,000	23,295,000	15,800,000
General Obligation 2015C	November 19, 2015	2.50-4.00	June 1, 2030	380,000 - 485,000	7,340,000	3,875,000
General Obligation Refunding 2016B	September 20, 2016	1.30	June 1, 2022	200,000	1,720,000	200,000
General Obligation 2017A	May 24, 2017	3.00-4.00	June 1, 2036	100,000 - 1,900,000	13,940,000	12,625,000
General Obligation 2018A	June 19, 2018	3.00-5.00	June 1, 2038	835,000 - 1,310,000	19,775,000	17,515,000
General Obligation 2019A	August 21, 2019	3.00-5.00	June 1, 2031	325,000 - 440,000	4,655,000	3,795,000
General Obligation 2020B	November 19, 2020	2.125-5.00	June 1, 2036	250,000 - 880,000	9,155,000	9,155,000
General Obligation 2021A	April 6, 2021	2.00-5.00	June 1, 2040	170,000 - 7,000,000	17,305,000	17,305,000
Direct Borrowings and Placements						
General Obligation 2020A	May 7, 2020	2.15	June 1, 2035	325,000 - 1,190,000	12,800,000	12,500,000
Installment Contract						
City of West Des Moines	July 1, 2021	0.00	July 1, 2024	175,941	879,704	703,763

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

<u>Year ending June 30</u>	<u>General Obligation</u>			<u>Direct Borrowings and Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$10,675,000	\$ 2,965,004	\$ 13,640,004	\$ 325,000	\$ 268,750	\$ 593,750
2023	4,190,000	2,380,190	6,570,190	420,000	261,762	681,762
2024	4,500,000	2,215,690	6,715,690	510,000	252,732	762,732
2025	4,645,000	2,036,866	6,681,866	660,000	241,768	901,768
2026	4,865,000	1,853,590	6,718,590	745,000	227,578	972,578
2027-2031	26,985,000	6,294,814	33,279,814	5,230,000	837,748	6,067,748
2032-2036	21,830,000	2,254,301	24,084,301	4,610,000	250,475	4,860,475
2037-2040	2,720,000	142,175	2,862,175	—	—	—
Subtotal	80,410,000	20,142,630	100,552,630	12,500,000	2,340,813	14,840,813
Plus unamortized premium	4,194,982	—	4,194,982	—	—	—
Totals	<u>\$84,604,982</u>	<u>\$20,142,630</u>	<u>\$104,747,612</u>	<u>\$12,500,000</u>	<u>\$2,340,813</u>	<u>\$14,840,813</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM LIABILITIES (continued)

Governmental Activities (continued)

<u>Year ending June 30</u>	<u>Installment Contract</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 175,941	\$ —	\$ 175,941
2023	175,941	—	175,941
2024	175,941	—	175,941
2025	<u>175,940</u>	<u>—</u>	<u>175,940</u>
Totals	<u>\$ 703,763</u>	<u>\$ —</u>	<u>\$ 703,763</u>

Business Type Activities

Five issues of unmatured revenue notes, totaling \$11,410,000, are outstanding at June 30, 2021. 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.

Four issues of unmatured direct borrowing and direct placement notes, totaling \$11,280,470, are outstanding at June 30, 2021. These notes bear interest at rates ranging from 1.6% to 2.25% and mature in varying annual amounts, ranging from \$22,348 to \$603,800 with the final maturities due in the year ending June 30, 2038.

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.

During the year ended June 30, 2021, the City was in compliance with the bond provisions.

The City has pledged future customer revenues, net of specified operating expenses, to repay the \$31,157,339 in revenue notes issued from 2015 to 2021. Proceeds from the notes provided financing for construction of improvements to the facilities and infrastructure and purchase capacity. The notes are payable solely from customer net revenues and are payable through 2038. Annual principal and interest payments on the notes are expected to require less than net revenues. The total principal and interest remaining to be paid on the notes is \$28,285,443. For the current year, principal and interest paid and total customer net revenues were \$2,775,979 and \$8,823,815, respectively.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM LIABILITIES (continued)

Business-Type Activities (continued)

Details of revenue notes and bonds payable at June 30, 2021 are as follows:

<u>Business Type activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2021</u>
Revenue Notes and Bonds						
Water						
Series 2015B	July 21, 2015	3.00	June 1, 2027	\$120,000 - 140,000	\$1,450,000	\$ 775,000
Series 2018B	June 19, 2018	3.00 - 4.00	June 1, 2038	100,000 - 265,000	3,410,000	3,110,000
Series 2019B	August 21, 2019	3.00 - 5.00	June 1, 2034	110,000 - 180,000	2,040,000	1,840,000
Sewer						
Series 2016C	December 20, 2016	3.00 - 3.125	June 1, 2036	100,000 - 205,000	2,685,000	2,375,000
Series 2018C	June 19, 2018	3.00 - 5.00	June 1, 2038	140,000 - 250,000	3,565,000	3,310,000
Direct Borrowings and Direct Placements						
Sewer						
Series 2017	September 1, 2017	2.20	June 1, 2038	426,308 - 603,800	9,942,975	8,667,166
Series 2018A	July 6, 2018	2.00	June 1, 2038	138,000 - 174,000	2,948,000	2,185,845
Golf Course						
Series 2019C	November 19, 2019	2.25	June 1, 2025	22,348 - 23,868	125,000	92,459
Stormwater						
Series 2016A	June 1, 2016	1.60 - 2.00	June 1, 2026	65,000 - 70,000	640,000	335,000

<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>
2022	\$ 570,000	\$ 390,984	\$ 960,984	\$ 629,308	\$ 240,215	\$ 869,523
2023	585,000	367,884	952,884	662,507	229,567	892,074
2024	600,000	344,134	944,134	675,347	215,562	890,909
2025	660,000	319,634	979,634	694,354	201,215	895,569
2026	685,000	293,134	978,134	707,494	186,455	893,949
2027-2031	3,545,000	1,108,018	4,653,018	3,269,879	718,936	3,988,815
2032-2036	3,745,000	534,538	4,279,538	3,446,955	351,328	3,798,283
2037-2038	<u>1,020,000</u>	<u>53,725</u>	<u>1,073,725</u>	<u>1,194,626</u>	<u>39,644</u>	<u>1,234,270</u>
Subtotal	11,410,000	3,412,051	14,822,051	11,280,470	2,182,922	13,463,392
Plus unamortized premium	<u>297,424</u>	<u>—</u>	<u>297,424</u>	<u>—</u>	<u>—</u>	<u>—</u>
Totals	<u>\$11,707,424</u>	<u>\$3,412,051</u>	<u>\$15,119,475</u>	<u>\$11,280,470</u>	<u>\$2,182,922</u>	<u>\$13,463,392</u>

As of June 30, 2021, the general obligation debt issued by the City did not exceed its legal debt limit computed as follows:

Actual valuation	<u>\$2,376,696,557</u>
Debt limit - 5% of total actual valuation	<u>\$118,834,828</u>
Debt applicable to debt limit	
General obligation bonded debt outstanding	\$80,410,000
Notes from direct borrowings and placements	12,500,000
Tax increment financing debt outstanding	<u>953,698</u>
Total debt subject to debt limit	<u>\$93,863,698</u>
Percentage of debt limit	78.99%

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

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.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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

Disability and Death Benefits

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (continued)

Contributions

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

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

The City's total contributions to IPERS for the year ended June 30, 2021 were \$939,887.

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

At June 30, 2021, the City reported a liability of \$5,252,270 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. The following table summarizes the change in the City's proportionate share:

	June 30		Change
	2020	2019	
City's proportionate share	<u>0.074768%</u>	<u>0.064552%</u>	<u>0.010216%</u>

For the year ended June 30, 2021, the City recognized pension expense of \$1,334,737. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 46,882	\$ 122,491
Change in assumptions	381,777	6,186
Net difference between projected and actual earnings on IPERS' investments	492,219	-
Change in proportion and difference between City contributions and proportionate share of contributions	317,370	39,018
City contributions subsequent to the measurement date	<u>939,887</u>	<u>-</u>
Totals	<u>\$2,178,135</u>	<u>\$ 167,695</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (continued)

\$939,887 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Total</u>
2022	\$ 237,251
2023	275,779
2024	226,661
2025	316,532
2026	<u>14,330</u>
Totals	<u>\$1,070,553</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

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

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
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, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN (continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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	22.0%	4.43%
International Equity	17.5	5.15
Global Smart Beta Equity	6.0	4.87
Core Plus Fixed Income	28.0	(0.29)
Public Credit	4.0	2.29
Cash	1.0	(0.78)
Private Equity	11.0	6.54
Private Real Assets	7.5	4.48
Private Credit	<u>3.0</u>	3.11
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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the net pension liability	<u>\$10,678,403</u>	<u>\$5,252,270</u>	<u>\$ 705,033</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, 2021, the City reported payables to IPERS of \$41,365 for legally required City contributions and \$23,783 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 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 4 years of service at retirement. Employees covered by the plan make contributions toward the plan premiums. At June 30, 2021, the following employees were covered by the benefit terms.

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

Total OPEB Liability

The City's total OPEB liability of \$500,406 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

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

Rate of inflation	3.0% per annum
Rates of salary increase	3.25% per annum
Discount rate	3.5% per annum
Healthcare cost trend rate	6.0% initial rate decreasing by .25% annually to an ultimate rate of 5%

The discount rate used to measure the OPEB liability was 3.5% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement.

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

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

Changes in Total OPEB Liability

	<u>OPEB Liability</u>
Total OPEB liability, July 1, 2020	\$ <u>448,624</u>
Changes for the year	
Service cost	43,554
Interest cost	17,071
Benefit payments	<u>(8,843)</u>
Net changes	<u>51,782</u>
Total OPEB liability, June 30, 2021	\$ <u>500,406</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 (2.5%) or 1% higher (4.5%) than the current discount rate.

	<u>1% Decrease (2.5%)</u>	<u>Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Total OPEB liability	\$ <u>552,491</u>	\$ <u>500,406</u>	\$ <u>452,721</u>

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5% to 4%) or 1% higher (7% to 6%) than the current healthcare cost trend rates.

	<u>1% Decrease (5% to 4%)</u>	<u>Healthcare Cost Trend Rate (6% to 5%)</u>	<u>1% Increase (7% to 6%)</u>
Total OPEB liability	\$ <u>430,524</u>	\$ <u>500,406</u>	\$ <u>584,952</u>

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$55,958. At June 30, 2021, the City reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (40,968)	\$ 28,886
Changes in assumptions or other inputs	<u>(43,038)</u>	<u>1,904</u>
Totals	<u>\$ (84,006)</u>	<u>\$ 30,790</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

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

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

Year ending June 30

2022	\$ (4,667)
2023	(4,667)
2024	(4,667)
2025	(4,667)
2026	(4,667)
Thereafter	<u>(29,881)</u>
	<u>\$ (53,216)</u>

NOTE 7 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ <u>2,475,000</u>
Debt Service	Governmental funds	
	Urban renewal TIF	5,070,649
	Local option sales tax	696,553
	Enterprise funds	
	Water	232,468
	Sewer	96,130
	Gas	111,213
	Nonmajor enterprise funds	<u>173,931</u>
		<u>6,380,944</u>
Golf	Local option sales tax	<u>323,392</u>
Capital projects	Nonmajor governmental funds	<u>2,000,000</u>
Equipment Revolving	General	<u>11,445</u>
Total		<u>\$11,190,781</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 8 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2021 is as follows:

Payable Fund	Receivable Fund	Amount
Enterprise-Golf Course	General Enterprise-Water	\$ 287,804 <u>100,000</u>
Total		<u>\$ 387,804</u>

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

NOTE 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 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of the basis rate.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2021 were \$217,318.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 9 RISK MANAGEMENT (continued)

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

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, 2021 was \$315,610.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2021 total \$37,693, 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, 2021 is as follows:

Unpaid claims as of beginning of year	\$ 25,240
Incurred claims (including claims incurred but not reported as of June 30)	261,994
Payments on claims	<u>(249,541)</u>
Unpaid claims as of year end	\$ <u>37,693</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

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 \$55,000,000 of which approximately \$31,000,000 has been incurred as of June 30, 2021. The unpaid commitment balance is approximately \$24,000,000 which will be funded by current reserves in the capital projects funds and other sources.

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

NOTE 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. The total to be paid by the City under the agreements is not to exceed \$46,332,983. During the year ended June 30, 2021, the City rebated \$134,690 of incremental property tax to developers. The outstanding balance of the agreements at June 30, 2021 was \$45,263,070.

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

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

In August 2017, the Waukee City Council approved a development agreement with a developer for the construction of data centers. The agreement calls for property tax abatements to the developer equal to approximately 71 percent of the taxable value added by the development over a twenty year period beginning with the year each data center is first assessed for taxation. In consideration of the property tax abatements, the developer has made certain commitments, including maintaining certain employment levels and achieving a minimum assessed value for each data center of \$200,000,000. In addition, the developer has committed to contributing to a public improvements fund \$500,000 annually for each data center constructed for a twenty year period, not to exceed \$100,000,000 in total. In 2021, the developer contributed \$2,000,000 under this agreement.

NOTE 13 CONTINGENCIES

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

NOTE 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 of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 14 TAX ABATEMENTS (continued)

City Tax Rebates

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

For the year ended June 30, 2021, \$68,526 of property tax was diverted from the City under the urban renewal and economic development projects.

NOTE 15 JOINT VENTURE

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority joint venture. This joint venture provides primary and secondary treatment of the sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004, with the second amended and restated agreement becoming effective June 11, 2014. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board. The WRA Agreement creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate. The City of Waukee joined the WRA effective July 1, 2007.

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

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the entity was a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2015E and 2021 include provisions that place the WRA debt service requirements on the same parity as other debts of the participating communities.

In May of 2015, the WRA issued Sewer Revenue Bonds Series 2015E for the purpose of refunding Series 2006A. During fiscal year 2021, the WRA issued Sewer Revenue Bonds Series 2021 for the purpose of refunding Series 2013B. The WRA Agreement requires the debt service of these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2021, the Series 2015E and 2021 bonds had a combined balance of \$63,310,000 and the City of Waukee's estimated future allocation based on the WRA flows is currently \$2,580,031.

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, 2021, the outstanding balance of State Revolving Loan issues totaled \$346,698,902 and the City of Waukee's estimated future allocation is currently \$11,455,460.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 15 JOINT VENTURE (continued)

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.

NOTE 16 SUBSEQUENT EVENTS

In October 2021, the Waukee City Council approved the issuance of \$19,760,000 in General Obligation Urban Renewal Bonds Series 2021B for the purpose of providing funds for the Urban Renewal Plans for the Waukee Unified Urban Renewal Area, Waukee Consolidated Urban Renewal Area, and the North Waukee Residential Urban Renewal Area.

NOTE 17 PROSPECTIVE ACCOUNTING CHANGE

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

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 four years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 43,554	\$ 42,183	\$ 36,277	\$ 35,135
Interest cost	17,071	15,270	15,487	13,952
Differences between expected and actual experience	-	(48,220)	-	38,762
Changes in assumptions	-	2,242	-	(57,754)
Benefit payments	<u>(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>\$6,661,636</u>
Total OPEB liability as a percentage of covered-employee payroll	6.21%	5.75%	6.44%	6.03%

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

Changes in benefit terms

There were no significant changes in benefit terms.

Changes in assumptions

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	4.5%
Year ended June 30, 2018	3.58%
Year ended June 30, 2019	3.58%
Year ended June 30, 2020	3.5%
Year ended June 30, 2021	3.5%

City of Waukee, Iowa
BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES AND CHANGES IN BALANCES - BUDGET AND ACTUAL -
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Required Supplementary Information
Year ended June 30, 2021

	<u>Governmental funds actual</u>	<u>Proprietary funds actual</u>	<u>Adjustments</u>	<u>Total actual</u>
REVENUES				
Property taxes	\$16,442,792	\$ -	\$ -	\$ 16,442,792
Tax increment financing	6,715,401	-	-	6,715,401
Other city tax	3,654,633	-	-	3,654,633
Licenses and permits	2,152,133	-	-	2,152,133
Use of money and property	299,770	157,466	-	457,236
Intergovernmental	4,107,086	910,400	-	5,017,486
Charges for service	841,730	30,654,257	-	31,495,987
Miscellaneous	<u>2,102,418</u>	<u>170,937</u>	<u>-</u>	<u>2,273,355</u>
Total revenues	<u>36,315,963</u>	<u>31,893,060</u>	<u>-</u>	<u>68,209,023</u>
EXPENDITURES/EXPENSES				
Public safety	7,661,959	-	-	7,661,959
Public works	2,881,426	-	-	2,881,426
Health and social services	79,000	-	-	79,000
Culture and recreation	2,354,529	-	-	2,354,529
Community and economic development	844,878	-	-	844,878
General government	1,379,753	-	-	1,379,753
Debt service	12,529,759	-	(469,050)	12,060,709
Capital projects	33,050,205	-	460,375	33,510,580
Business type activities	<u>-</u>	<u>20,731,124</u>	<u>9,170,857</u>	<u>29,901,981</u>
Total disbursements	<u>60,781,509</u>	<u>20,731,124</u>	<u>9,162,182</u>	<u>90,674,815</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(24,465,546)</u>	<u>11,161,936</u>	<u>(9,162,182)</u>	<u>(22,465,792)</u>
OTHER FINANCING SOURCES (USES), NET	<u>29,812,781</u>	<u>(268,501)</u>	<u>-</u>	<u>29,544,280</u>
Excess (deficiency) of revenues and other financing sources over expenditures/expenses and other financing uses	5,347,235	10,893,435	(9,162,182)	7,078,488
BALANCES, beginning of year	<u>46,926,179</u>	<u>77,921,424</u>	<u>-</u>	<u>124,847,603</u>
BALANCES, end of year	<u>\$52,273,414</u>	<u>\$88,814,859</u>	<u>\$(9,162,182)</u>	<u>\$131,926,091</u>

See accompanying independent auditor's report.

Budgeted amounts		Final to actual variance
Original	Final	
\$16,295,013	\$16,295,102	\$ 147,690
6,765,615	6,765,615	(50,214)
2,964,865	3,419,996	234,637
1,563,680	2,197,280	(45,147)
817,680	391,650	65,586
5,108,340	5,584,944	(567,458)
24,861,446	30,264,996	1,230,991
<u>2,370,300</u>	<u>2,445,568</u>	<u>(172,213)</u>
<u>60,746,939</u>	<u>67,365,151</u>	<u>843,872</u>
8,359,550	8,272,700	610,741
3,727,052	4,058,197	1,176,771
46,000	71,000	(8,000)
2,872,300	2,678,825	324,296
911,560	966,770	121,892
4,372,804	4,643,904	3,264,151
9,518,084	12,082,232	21,523
24,204,500	31,035,000	(2,475,580)
<u>29,142,061</u>	<u>35,410,041</u>	<u>5,508,060</u>
<u>83,153,911</u>	<u>99,218,669</u>	<u>8,543,854</u>
<u>(22,406,972)</u>	<u>(31,853,518)</u>	<u>9,387,726</u>
<u>19,655,000</u>	<u>22,233,700</u>	<u>7,310,580</u>
(2,751,972)	(9,619,818)	16,698,306
<u>80,822,274</u>	<u>80,822,274</u>	<u>44,025,329</u>
<u>\$78,070,302</u>	<u>\$71,202,456</u>	<u>\$60,723,635</u>

City of Waukee, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2021

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

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing 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 \$16,064,758. This budget amendment is reflected in the final budgeted amounts.

For the year ended June 30, 2021, the City's disbursements exceeded the amount budgeted in the health and social services and capital projects functions.

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

	June 30						
	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.074768%	0.064552%	0.068199%	0.064287%	0.060546%	0.053387%	0.045117%
City's proportionate share of the net pension liability	\$5,252	\$3,738	\$4,315	\$4,282	\$3,810	\$2,638	\$1,829
City's covered-employee payroll	\$9,852	\$9,056	\$8,178	\$7,814	\$6,949	\$6,412	\$6,005
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	53.31%	41.28%	52.76%	54.80%	54.83%	41.14%	30.49%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	84.61%

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

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

See accompanying notes to required supplementary information – pension liability.

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

	Year ended June 30			
	2021	2020	2019	2018
Statutorily required contribution	\$ 940	\$ 875	\$ 827	\$ 723
Contributions in relation to the statutorily required contribution	<u>940</u>	<u>875</u>	<u>827</u>	<u>723</u>
Contribution deficiency (excess)	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
City's covered-employee payroll	\$9,852	\$9,056	\$8,178	\$7,814
Contributions as a percentage of covered-employee payroll	9.5%	9.7%	10.1%	9.3%

See accompanying notes to required supplementary information – pension liability.

Year ended June 30					
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 641	\$ 578	\$ 550	\$ 497	\$ 423	\$ 374
<u>641</u>	<u>578</u>	<u>550</u>	<u>497</u>	<u>423</u>	<u>374</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$6,949	\$6,412	\$6,005	\$5,339	\$4,633	\$4,491
9.2%	9.0%	9.2%	9.3%	9.1%	8.3%

See accompanying notes to required supplementary information – pension liability.

City of Waukee, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year ended June 30, 2021

CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms.

CHANGES OF ASSUMPTIONS

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

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

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

SUPPLEMENTARY INFORMATION

**City of Waukee
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	<u>Special Revenue Funds</u>				<u>Debt service</u>	<u>Total</u>
	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Public Improvement</u>	<u>Forfeitures</u>	<u>Special Assessments</u>	
ASSETS						
Cash and investments	\$1,328,193	\$ 53,952	\$2,025,178	\$ 6,481	\$ 218,741	\$3,632,545
Receivables						
Property tax						
Delinquent	-	5,734	-	-	-	5,734
Succeeding year property tax	-	2,571,474	-	-	-	2,571,474
Special assessments	-	-	-	-	137,799	137,799
Other	133	-	-	-	-	133
Due from other governments	280,710	-	-	-	-	280,710
Inventory	<u>187,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,642</u>
Total assets	<u>\$1,796,678</u>	<u>\$2,631,160</u>	<u>\$2,025,178</u>	<u>\$ 6,481</u>	<u>\$ 356,540</u>	<u>\$6,816,037</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 111,216	\$ -	\$ -	\$ -	\$ -	\$ 111,216
Accrued compensation	<u>20,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,216</u>
Total liabilities	<u>131,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,432</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues						
Succeeding year property tax	-	2,571,474	-	-	-	2,571,474
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,150</u>	<u>127,150</u>
Total deferred inflows of resources	<u>-</u>	<u>2,571,474</u>	<u>-</u>	<u>-</u>	<u>127,150</u>	<u>2,698,624</u>
FUND BALANCES						
Nonspendable	187,642	-	-	-	-	187,642
Restricted for						
Debt service	-	-	-	-	229,390	229,390
Other	<u>1,477,604</u>	<u>59,686</u>	<u>2,025,178</u>	<u>6,481</u>	<u>-</u>	<u>3,568,949</u>
Total fund balances	<u>1,665,246</u>	<u>59,686</u>	<u>2,025,178</u>	<u>6,481</u>	<u>229,390</u>	<u>3,985,981</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$1,796,678</u>	<u>\$2,631,160</u>	<u>\$2,025,178</u>	<u>\$ 6,481</u>	<u>\$ 356,540</u>	<u>\$6,816,037</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, 2021

	<u>Special Revenue Funds</u>				<u>Debt service</u>	<u>Total</u>
	<u>Road</u>	<u>Employee</u>	<u>Public</u>	<u>Forfeitures</u>	<u>Special</u>	
	<u>Use Tax</u>	<u>Benefits</u>	<u>Improvement</u>		<u>Assessments</u>	
REVENUES						
Property taxes	\$ -	\$2,432,565	\$ -	\$ -	\$ -	\$2,432,565
Other city taxes	-	-	-	-	29,941	29,941
Licenses and permits	5,042	-	-	-	-	5,042
Use of money and property	-	3,054	6,679	-	10,175	19,908
Intergovernmental	2,697,636	18,629	-	-	-	2,716,265
Miscellaneous	11	-	2,000,000	-	-	2,000,011
Total revenues	<u>2,702,689</u>	<u>2,454,248</u>	<u>2,006,679</u>	<u>-</u>	<u>40,116</u>	<u>7,203,732</u>
EXPENDITURES						
Operating						
Public works	2,174,811	-	-	-	-	2,174,811
Capital projects	203,000	-	-	-	-	203,000
Total expenditures	<u>2,377,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,377,811</u>
Excess of revenues over expenditures	<u>324,878</u>	<u>2,454,248</u>	<u>2,006,679</u>	<u>-</u>	<u>40,116</u>	<u>4,825,921</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	41,770	-	-	-	-	41,770
Operating transfers out	-	(2,475,000)	(2,000,000)	-	-	(4,475,000)
Total other financing sources (uses)	<u>41,770</u>	<u>(2,475,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>(4,433,230)</u>
NET CHANGE IN FUND BALANCES	366,648	(20,752)	6,679	-	40,116	392,691
FUND BALANCES, beginning	1,298,598	80,438	2,018,499	6,481	189,274	3,593,290
FUND BALANCES, ending	<u>\$1,665,246</u>	<u>\$ 59,686</u>	<u>\$2,025,178</u>	<u>\$ 6,481</u>	<u>\$ 229,390</u>	<u>\$3,985,981</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2021

	Enterprise Funds			
	Solid Waste	Utility Billing	Storm Water	
ASSETS				
Current assets				
Cash and investments	\$ 703,857	\$ 57,581	\$ 466,212	\$1,227,650
Receivables				
Customer accounts	<u>148,451</u>	<u>77,993</u>	<u>108,512</u>	<u>334,956</u>
Total current assets	<u>852,308</u>	<u>135,574</u>	<u>574,724</u>	<u>1,562,606</u>
Noncurrent assets				
Restricted cash and investments	-	-	12,862	12,862
Capital assets, net of accumulated depreciation	<u>-</u>	<u>5,449</u>	<u>3,635,971</u>	<u>3,641,420</u>
Total noncurrent assets	<u>-</u>	<u>5,449</u>	<u>3,648,833</u>	<u>3,654,282</u>
Total assets	<u>852,308</u>	<u>141,023</u>	<u>4,223,557</u>	<u>5,216,888</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	-	40,872	35,729	76,601
OPEB related deferred outflows	<u>-</u>	<u>519</u>	<u>806</u>	<u>1,325</u>
Total deferred outflows of resources	<u>-</u>	<u>41,391</u>	<u>36,535</u>	<u>77,926</u>
LIABILITIES				
Current liabilities				
Accounts payable	130,947	3,731	260,073	394,751
Accrued compensation	-	8,748	9,686	18,434
Compensated absences	-	11,618	4,400	16,018
Direct borrowings and placements	-	-	65,000	65,000
Interest payable	<u>-</u>	<u>-</u>	<u>504</u>	<u>504</u>
Total current liabilities	<u>130,947</u>	<u>24,097</u>	<u>339,663</u>	<u>494,707</u>
Noncurrent liabilities				
Direct borrowings and placements	-	-	270,000	270,000
Total OPEB liability	-	8,433	13,095	21,528
Net pension liability	<u>-</u>	<u>98,558</u>	<u>86,156</u>	<u>184,714</u>
Total noncurrent liabilities	<u>-</u>	<u>106,991</u>	<u>369,251</u>	<u>476,242</u>
Total liabilities	<u>130,947</u>	<u>131,088</u>	<u>708,914</u>	<u>970,949</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Pension related deferred inflows	-	3,147	2,751	5,898
OPEB related deferred inflows	<u>-</u>	<u>1,416</u>	<u>2,198</u>	<u>3,614</u>
Total deferred inflows of resources	<u>-</u>	<u>4,563</u>	<u>4,949</u>	<u>9,512</u>
NET POSITION				
Net investment in capital assets	-	5,449	3,513,303	3,518,752
Restricted for bond retirement	-	-	12,358	12,358
Unrestricted	<u>721,361</u>	<u>41,314</u>	<u>20,568</u>	<u>783,243</u>
Total net position	<u>\$ 721,361</u>	<u>\$ 46,763</u>	<u>\$3,546,229</u>	<u>\$4,314,353</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, 2021

	Enterprise Funds			Total
	Solid Waste	Utility Billing	Storm Water	
OPERATING REVENUES				
Charges for service	\$1,499,547	\$ 421,733	\$1,335,676	\$3,256,956
Total operating revenues	<u>1,499,547</u>	<u>421,733</u>	<u>1,335,676</u>	<u>3,256,956</u>
OPERATING EXPENSES				
Business type activities				
Cost of sales and services	1,464,082	430,446	632,905	2,527,433
Depreciation and amortization	—	6,127	109,410	115,537
Total operating expenses	<u>1,464,082</u>	<u>436,573</u>	<u>742,315</u>	<u>2,642,970</u>
Operating income (loss)	<u>35,465</u>	<u>(14,840)</u>	<u>593,361</u>	<u>613,986</u>
NONOPERATING REVENUES (EXPENSES)				
Loss on disposal of capital assets	—	—	(21,485)	(21,485)
Grant revenue	—	—	910,400	910,400
Interest income	1,311	136	570	2,017
Interest expense and fiscal charges	—	—	(5,939)	(5,939)
Total nonoperating revenues	<u>1,311</u>	<u>136</u>	<u>883,546</u>	<u>884,993</u>
Income (loss) before transfers	36,776	(14,704)	1,476,907	1,498,979
Transfers (out)	—	—	(173,931)	(173,931)
CHANGE IN NET POSITION	36,776	(14,704)	1,302,976	1,325,048
NET POSITION, beginning	<u>684,585</u>	<u>61,467</u>	<u>2,243,253</u>	<u>2,989,305</u>
NET POSITION, ending	<u>\$ 721,361</u>	<u>\$ 46,763</u>	<u>\$3,546,229</u>	<u>\$4,314,353</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2021

	Enterprise Funds			Total
	Solid Waste	Utility Billing	Storm Water	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer and users	\$1,478,307	\$ 400,569	\$1,322,124	\$3,201,000
Cash paid for personal services	-	(241,718)	(372,372)	(614,090)
Cash paid to supplies	(1,333,135)	(176,061)	(278,153)	(1,787,349)
Net cash flows from operating activities	<u>145,172</u>	<u>(17,210)</u>	<u>671,599</u>	<u>799,561</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to other funds	-	-	(173,931)	(173,931)
Net cash flows from noncapital financing activities	<u>-</u>	<u>-</u>	<u>(173,931)</u>	<u>(173,931)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(2,077,443)	(2,077,443)
Proceeds from sale of capital assets	-	-	19,800	19,800
Proceeds from capital grant	-	-	910,400	910,400
Principal paid on direct borrowings and placements	-	-	(65,000)	(65,000)
Interest and fiscal charges paid	-	-	(6,020)	(6,020)
Net cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,218,263)</u>	<u>(1,218,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	1,311	136	570	2,017
Purchase of investments	-	-	(972)	(972)
Net cash flows from investing activities	<u>1,311</u>	<u>136</u>	<u>(402)</u>	<u>1,045</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	146,483	(17,074)	(720,997)	(591,588)
CASH AND CASH EQUIVALENTS, beginning	<u>557,374</u>	<u>74,655</u>	<u>1,199,099</u>	<u>1,831,128</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 703,857</u>	<u>\$ 57,581</u>	<u>\$ 478,102</u>	<u>\$1,239,540</u>

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF CASH FLOWS (continued)
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2021

	Enterprise Funds			
	Solid Waste	Utility Billing	Storm Water	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 35,465	\$ (14,840)	\$ 593,361	\$ 613,986
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation expense	-	6,127	109,410	115,537
Change in assets, deferred outflows, liabilities and deferred inflows				
Customer accounts receivable	(21,240)	(21,164)	(13,552)	(55,956)
Accounts payable, net of capital assets	130,947	3,458	2,833	137,238
Accrued compensation	-	364	2,124	2,488
Compensated absences	-	(1,388)	(726)	(2,114)
Net pension liability	-	31,538	(14,961)	16,577
Deferred outflows of resources	-	(8,045)	13,717	5,672
Deferred inflows of resources	-	(13,823)	(22,629)	(36,452)
Total OPEB liability	-	563	2,022	2,585
Net cash flows from operating activities	<u>\$ 145,172</u>	<u>\$ (17,210)</u>	<u>\$ 671,599</u>	<u>\$ 799,561</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE COMBINING STATEMENT OF NET POSITION				
Cash and investments	\$ 703,857	\$ 57,581	\$ 466,212	\$1,227,650
Restricted cash and investments	-	-	12,862	12,862
	703,857	57,581	479,074	1,240,512
Less items not meeting the definition of cash equivalent				
Certificated of deposit	-	-	(972)	(972)
Cash and cash equivalents at year end	<u>\$ 703,857</u>	<u>\$ 57,581</u>	<u>\$ 478,102</u>	<u>\$1,239,540</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			
	2021	2020	2019	2018
REVENUES				
Property tax	\$16,442,792	\$15,148,227	\$13,264,907	\$11,935,530
Tax increment financing	6,715,401	5,198,896	4,130,856	3,549,942
Other city tax	3,654,633	3,390,034	2,598,522	59,400
Licenses and permits	2,152,133	2,319,665	2,427,879	1,287,456
Use of money and property	299,770	645,933	934,034	525,131
Intergovernmental	4,107,086	4,085,765	5,368,170	5,921,270
Charges for service	841,730	615,964	471,715	546,674
Miscellaneous	<u>2,102,418</u>	<u>1,642,806</u>	<u>785,244</u>	<u>255,233</u>
Totals	<u>\$36,315,963</u>	<u>\$33,047,290</u>	<u>\$29,981,327</u>	<u>\$24,080,636</u>
EXPENDITURES				
Operating				
Public safety	\$ 7,661,959	\$ 7,097,460	\$ 6,206,481	\$ 5,443,568
Public works	2,881,426	2,450,087	2,158,676	1,935,403
Health and social services	79,000	-	800	700
Culture and recreation	2,354,529	2,231,556	2,125,735	2,039,626
Community and economic development	844,878	862,639	991,664	1,387,462
General government	1,379,753	1,119,735	1,139,586	1,074,305
Debt service	12,529,759	9,592,326	8,859,158	7,227,132
Capital projects	<u>33,050,205</u>	<u>13,721,659</u>	<u>16,764,881</u>	<u>25,490,622</u>
Totals	<u>\$60,781,509</u>	<u>\$37,075,462</u>	<u>\$38,246,981</u>	<u>\$44,598,818</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 9,985,457	\$ 9,436,301	\$ 8,385,843	\$ 7,666,911	\$ 7,133,514	\$ 6,811,607
3,414,595	3,229,861	3,204,146	3,017,853	3,427,898	3,186,693
35,436	27,921	133,216	60,988	39,355	462,040
1,594,670	1,288,941	1,391,499	1,057,350	639,233	507,344
325,215	195,336	182,503	222,405	210,762	204,505
4,250,128	5,241,337	5,602,222	2,539,186	3,713,932	1,762,542
540,001	351,341	414,059	597,042	728,310	253,692
<u>479,481</u>	<u>405,168</u>	<u>385,164</u>	<u>281,147</u>	<u>1,058,091</u>	<u>813,998</u>
<u>\$20,624,983</u>	<u>\$20,176,206</u>	<u>\$19,698,652</u>	<u>\$15,442,882</u>	<u>\$16,951,095</u>	<u>\$14,002,421</u>
\$ 4,839,355	\$ 4,281,395	\$ 3,543,201	\$ 3,286,146	\$ 2,912,583	\$ 3,040,673
1,997,301	2,297,252	2,281,384	2,241,516	1,580,884	1,381,993
—	5,100	4,800	16,500	12,750	15,175
1,838,317	1,763,428	1,599,802	1,457,105	2,010,987	1,338,835
1,206,432	1,211,082	760,100	910,021	618,937	885,864
818,853	817,880	872,753	757,317	785,443	868,324
8,930,321	7,507,909	6,421,577	5,996,633	4,642,544	6,111,183
<u>10,369,279</u>	<u>11,339,024</u>	<u>19,067,964</u>	<u>9,226,292</u>	<u>5,976,606</u>	<u>3,501,963</u>
<u>\$29,999,858</u>	<u>\$29,223,070</u>	<u>\$34,551,581</u>	<u>\$23,891,530</u>	<u>\$18,540,734</u>	<u>\$17,144,010</u>

See accompanying independent auditor's report.



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

Honorable Mayor and
Members of the City Council
Waukee, Iowa

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Waukee, Iowa (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2021.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Response to the Finding

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

Purpose of this Report

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 10, 2021

SCHEDULE OF FINDINGS

**City of Waukee, Iowa
SCHEDULE OF FINDINGS
Year ended June 30, 2021**

SECTION I—OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

I-A-21 CERTIFIED BUDGET

Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the health and social services and capital projects functions. In addition, disbursements exceeded the amounts budgeted in the health and social services function prior to being amended in May 2021. 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.

I-B-21 QUESTIONABLE EXPENDITURES

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

I-C-21 TRAVEL EXPENSE

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

I-D-21 RESTRICTED DONOR ACTIVITY

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

I-E-21 BUSINESS TRANSACTIONS

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

I-F-21 BOND COVERAGE

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

I-G-21 COUNCIL MINUTES

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

City of Waukee, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2021

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

I-H-21 DEPOSITS AND INVESTMENTS

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

I-I-21 REVENUE BONDS AND NOTES

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

I-J-21 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.