City of Waukee, Iowa

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

June 30, 2014

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City of Waukee, Iowa
OFFICIALS

	Term expires
MAYOR AND MEMBERS OF CITY COUNCIL (Before January 2014)	
William Peard, Mayor	January 2016
Shane Blanchard, Council Member	January 2014
Isaiah McGee, Council Member	January 2014
Michael Watts, Council Member	January 2014
Casey L. Harvey, Council Member	January 2016
Rachelle Hughes, Council Member	January 2016
CITY ADMINISTRATOR	
Tim Moerman	Indefinite
DEPUTY CITY CLERK	
Rebecca D. Schuett	Indefinite
DIRECTOR OF FINANCE	
Linda Burkhart	Indefinite
CITY ATTORNEY	
Steven P. Brick	January 2014

	Term expires
MAYOR AND MEMBERS OF CITY COUNCIL (After January 2014)	
William Peard, Mayor	January 2016
Casey L. Harvey, Council Member	January 2016
Rachelle Hughes, Council Member	January 2016
Shane Blanchard, Council Member	January 2018
Brian Harrison, Council Member	January 2018
Rick Peterson, Council Member	January 2018
CITY ADMINISTRATOR	
Tim Moerman	Indefinite
DEPUTY CITY CLERK	
Rebecca D. Schuett	Indefinite
DIRECTOR OF FINANCE	
Linda Burkhart	Indefinite
CITY ATTORNEY	
Steven P. Brick	January 2015

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT

To the 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, 2014, 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, 2014, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedule of funding progress for the retiree health plan on pages 6 through 13 and 49 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukee, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2014 on our consideration of the City of Waukee, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waukee, Iowa's internal control over financial reporting and compliance.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 17, 2014

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, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Revenues of the City's Governmental Funds decreased 8.90 %, or $ 1,508,213, from fiscal 2013 to fiscal 2014. Property and other City Taxes increased $ 555,030, Tax Increment Financing decreased $ 410,045, Licenses and Permits increased $ 418,117, Intergovernmental decreased approximately $ 1,174,746, Charges for Services decreased $ 131,268 and Miscellaneous decreased $ 776,944.

- Program expenditures of the City's Governmental Funds increased 28.86 %, or $ 5,350,796 in fiscal 2014 from fiscal 2013. Public Safety expenses increased $ 373,563, Community and Economic Development increased $ 291,084, Culture and Recreation decreased $ 553,882, Public Works increased $ 660,632, General Government decreased $ 28,126, Debt Service increased $ 1,308,788 and Capital Projects increased $ 3,294,987.

- The City has a net position of $ 127,368,925 on June 30, 2014 as compared to $ 120,372,927 on June 30, 2013. Of this amount, the net position of the Governmental Activities was $ 82,943,639 and the net position of the Business Type Activities was $ 44,425,286.

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 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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, 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, 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 & 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 Employee Benefits Levy, 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.

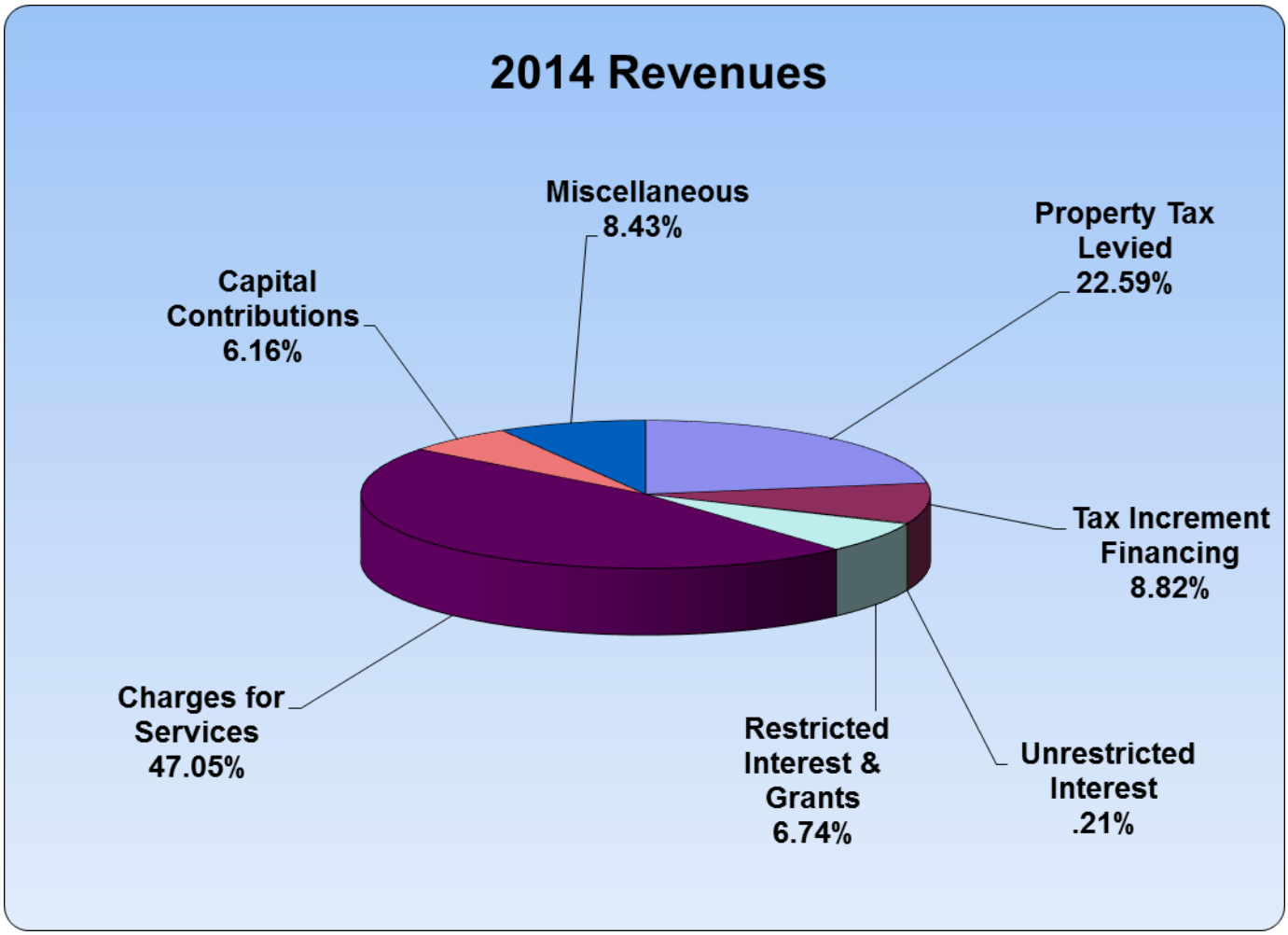
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

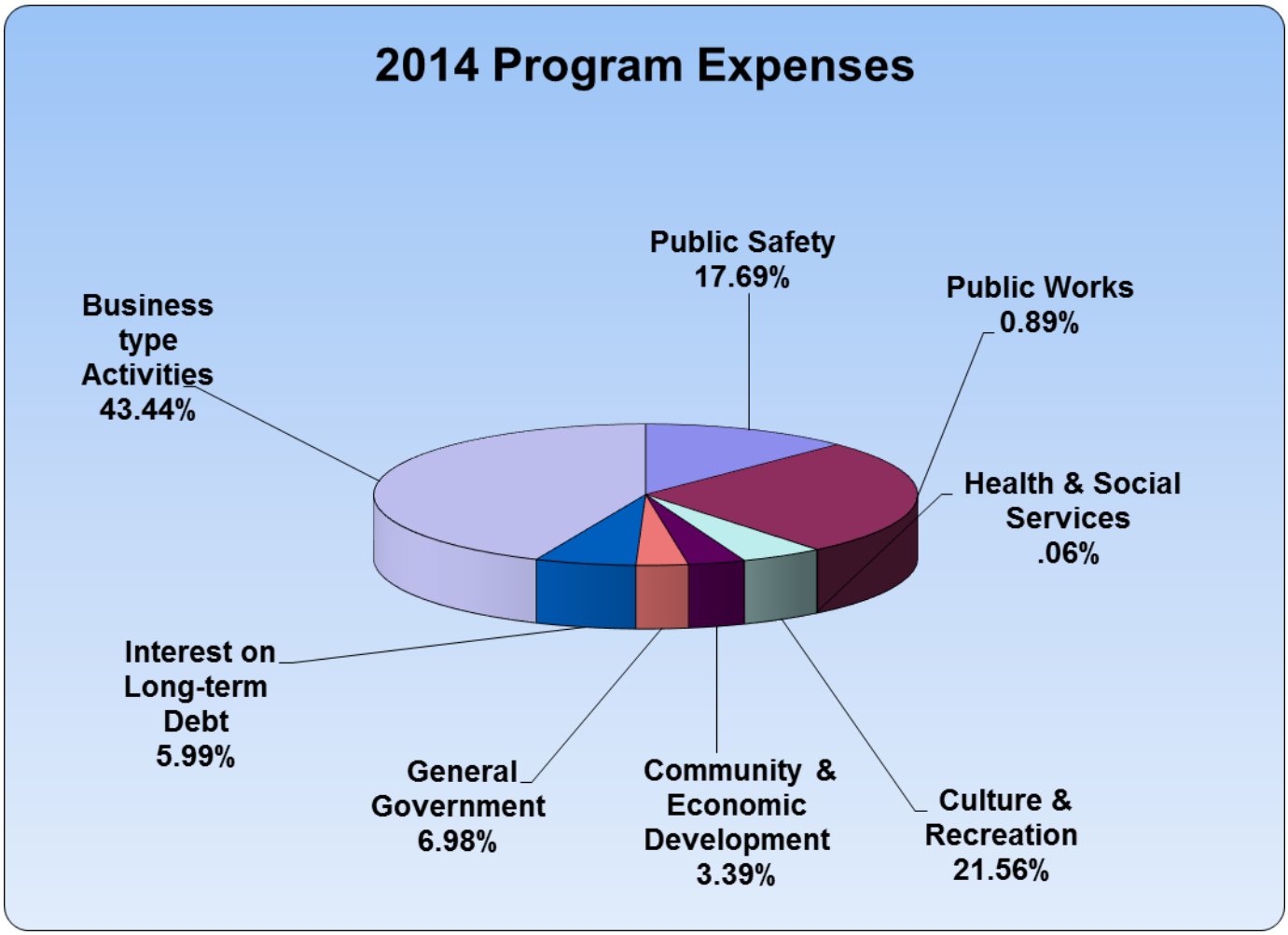
Net Position at June 30,						
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	$ 26,180,251	$ 23,400,931	$ 13,712,883	$ 13,089,190	$ 39,893,134	$ 36,490,121
Capital Assets	99,071,796	92,602,430	40,882,582	40,097,636	139,954,378	132,700,066
Total Assets	125,252,047	116,003,361	54,595,465	53,186,826	179,847,512	169,190,187
Long-term Liabilities	31,390,310	26,934,480	9,406,103	10,616,338	40,796,413	37,550,818
Other Liabilities	2,342,650	1,559,805	764,076	1,614,647	3,106,726	3,174,452
Total Liabilities	33,732,960	28,494,285	10,170,179	12,230,985	43,903,139	40,725,270
Deferred Inflows of Resources	8,575,448	8,091,990	–	–	8,575,448	8,091,990
Net Assets:						
Net investment in Capital Assets	75,160,108	68,052,343	31,615,109	30,154,100	106,775,217	98,206,443
Restricted	12,560,206	10,507,935	151,687	164,080	12,711,893	10,672,015
Unrestricted	(4,776,675)	856,808	12,658,490	10,637,661	7,881,815	11,494,469
Total Net Position	$ 82,943,639	$ 79,417,086	$ 44,425,286	$ 40,955,841	$ 127,368,925	$ 120,372,927

Net position of governmental activities increased approximately $ 3,772,800, or 4.76%, over fiscal year 2013. Net position of business type activities increased approximately $3,562,200, or 8.72%, over fiscal year 2013. The largest portion of the City's net assets is the invested 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 sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately $ 7,881,800 at the end of this year.

Changes in Net Position for the year ended June 30,						
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Property Tax Levied and Other City Tax	$ 7,727,899	$ 7,172,869	$ –	$ –	$ 7,727,899	$ 7,172,869
Tax Increment Financing	3,017,853	3,427,898	–	–	3,017,853	3,427,898
Unrestricted Interest	54,966	40,247	17,153	30,743	72,119	70,990
Restricted Interest and Operating Grants	2,306,332	3,457,788	–	–	2,306,332	3,457,788
Charges for Services	2,054,860	1,794,403	14,041,715	12,124,829	16,096,575	13,919,232
Capital Grants and Contributions	2,105,728	1,808,202	–	–	2,105,728	1,808,202
Miscellaneous	1,030,737	1,302,735	1,854,234	1,255,607	2,884,971	2,558,342
Total Revenues	18,298,375	19,004,142	15,913,102	13,411,179	34,211,477	32,415,321
Transfers	677,151	446,294	(677,151)	(446,294)	–	–
Total Revenues and Transfers	$ 18,975,526	$ 19,450,436	$ 15,235,951	$ 12,964,885	$ 34,211,477	$ 32,415,321



	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Expenses						
Public Safety	$ 3,344,799	$ 2,955,387	$ –	$ –	$ 3,344,799	$ 2,955,387
Public Works	7,172,800	6,435,198	–	–	7,172,800	6,435,198
Health and Social Services	16,500	12,750	–	–	16,500	12,750
Culture and Recreation	1,317,656	2,185,896	–	–	1,317,656	2,185,896
Community and Economic Development	910,021	618,937	–	–	910,021	618,937
General Government	830,464	933,042	–	–	830,464	933,042
Interest on Long-Term Debt	1,610,451	1,017,290	–	–	1,610,451	1,017,290
Business Type Activities	–	–	11,673,723	9,709,045	11,673,723	9,709,045
Total Expenses	15,202,691	14,158,500	11,673,723	9,709,045	26,876,414	23,867,545
Increase in Net Position	3,772,835	5,291,936	3,562,228	3,255,840	7,335,063	8,547,776
Net Position Beginning of Year, as restated	79,170,804	74,125,150	40,863,058	37,700,001	120,033,862	111,825,151
Net Position End of Year	$ 82,943,639	$ 79,417,086	$ 44,425,286	$ 40,955,841	$ 127,368,925	$ 120,372,927



The City maintained the $ 13.50 property tax levy for FY14, while recognizing an increase of $ 144,985 in property tax revenue due to increase in residential property valuation. Revenues for operating and capital grants, contributions restricted and unrestricted interest, decreased by approximately $ 852,800, charges for services increased by $ 2,177,300 and miscellaneous revenues decreased by approximately $ 326,600.

Overall revenues for governmental activities decreased approximately $ 474,900 from the prior year.

The cost of all governmental activities this year was approximately $15.2 million compared to approximately $14.2 million last year. However, as shown in the Statement of Activities on pages 16 and 17, the amount taxpayers ultimately financed for these activities was only $8.7 million as some of the cost was paid by those directly benefited from the programs ($2,054,900) or by other governments and organizations which subsidized certain programs with grants and contributions ($4,412,100).

Overall revenues for business type activities increased approximately $2,271,100 over the prior year.

The cost of all business activities this year was approximately $11.7 million compared to approximately $9.7 million last year.

INDIVIDUAL FUND ANALYSIS

Governmental Fund Highlights

As the City of Waukee completed the year, its governmental funds reported a combined fund balance of $15,264,346 at June 30, 2014, compared to $ 13,494,105 combined fund balance at June 30, 2013.

The General Fund showed a decrease of $ 285,496 from the prior year to $ 3,011,567.

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 2014 with a $ 4,010,016 balance compared to the prior year ending balance of $ 4,604,079.

The Employee Benefits Tax Levy Fund is used to account for the property tax levied to finance the payment of employee benefits. This fund ended fiscal 2014 with a $ 2,067 balance compared to the prior year ending balance of $ (2,929). Transfers out to operating funds totaled $ 1,113,000 in fiscal 2014.

The Debt Service Fund ended fiscal 2014 with a $ 940,213 balance compared to the prior year ending balance of $ 759,426. Bond principal and interest payments increased by $ 1,378,108 in fiscal 2014, due to increased bonding for capital improvement projects.

The Capital Projects Fund ended fiscal 2014 with a $ 6,383,616 balance compared to the prior year ending balance of $ 3,882,203.

Proprietary Fund Highlights

The Water Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2014 with a $ 15,000,518 net position balance, compared to the restated prior year ending net position balance of $ 13,776,654.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2014 with a $ 18,276,877 net position balance, compared to the restated prior year ending net position balance of $ 16,270,708.

The Gas Fund, which accounts for the operations and maintenance of the City's gas utility, ended fiscal 2014 with a $ 9,426,999 net position balance, compared to the restated prior year ending net position balance of $ 9,095,967.

The Golf Course Fund, which accounts for the operations and maintenance of the City's municipal golf course, ended fiscal 2014 with a $ (22,347) net position balance, compared to the prior year ending net position balance of $ (9,984).

The Solid Waste Fund, which accounts for the operation and maintenance of the City's solid waste collection system, ended fiscal 2014 with a $ 105,077 net position balance, compared to the prior year ending net position balance of $ 114,156.

The Storm Water Fund, which accounts for the operation and maintenance of the City's storm sewer collection system, ended fiscal 2014 with a $ 1,459,018 net position balance, compared to the prior year ending net position balance of $ 1,446,484.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City of Waukee amended its budget once. This amendment was done in May 2014, and was needed to cover unplanned disbursements, including program expenditures associated with increases to Public Safety, Public Works, Culture & Recreation, Community & Economic Development, General Government, Debt Service, Transfers Out and Business Type Activities; while also increasing revenues sources for Licenses & Permits, Intergovernmental, Charges for Services, Miscellaneous and Other Financing Sources.

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 $ 99,071,796 (net of accumulated depreciation) at June 30, 2014. Capital assets for business type activities totaled $ 40,882,582 (net of accumulated depreciation) at June 30, 2014. See Note 6 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 R22/Johnson Creek Bridge, City Hall/Council Chambers renovations, 312th Street Culvert replacement, Community Center renovations, Alice's Road Sewer project and the purchase of a Fire Pumper Truck; continuation of Sugar Creek Bike Trail & Bridge project; and began construction of Alice's Road projects including section from Ashworth to University, University Intersection, Trails & Enhancements, continued engineering/bidding of the I80 interchange project, and the LA Grant Street improvement project.

For business type activities, the major additions included the fees associated with the Wastewater Reclamation Authority (WRA) and the completion of the Little Walnut Creek Sewer project.

Construction in progress at June 30, 2014 for the City consists primarily of the Alice's Road Construction projects including the I80 Interchange, Sugar Creek Bike Trail & Bridge, and the LA Grant Street improvement project.

Long-Term Debt

At June 30, 2014, the City had $ 31,390,310 in total long-term debt outstanding for governmental activities. Total long-term debt outstanding for business type activities was $ 9,406,103 at June 30, 2014. During the year ended June 30, 2014, the City issued $8,740,000 in general obligation bonds.

The City maintained their general obligation bond rating of Aa3, assigned by national rating agency, Moody's Investors Services, on October 28, 2013. 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 $ 32,162,076 or 55.35%, is below its constitutional debt limit of $ 58,108,077. Other obligations include accrued vacation pay. Additional information about the City's long-term debt is presented in Note 7 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 2015 budget. The City of Waukee will experience a significant increase in General Fund revenues and expenditures from fiscal 2014 to fiscal 2015. The major factors that will play a role in this change are the increase in property tax revenues from increased valuations for fiscal 2015, and increased revenues from bond proceeds.

The General Fund is projected to end fiscal 2015 with a fund balance of approximately $ 2,958,894, or a planned decrease of $ 52,673 from fiscal 2014. The tax levy rates per $1,000 of taxable valuation for fiscal 2015 are provided below:

General levy	$8.10
Debt Service levy	3.32
Employee Benefits Levy	2.08
Total	$13.50

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/Clerk or the Director of Finance, at Waukee City Hall, 230 W Hickman Road, Waukee, Iowa.

BASIC FINANCIAL STATEMENTS

City of Waukee, Iowa
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash, cash equivalents and pooled investments	$ 16,094,820	$11,490,065	$ 27,584,885
Receivables			
Property tax			
Delinquent	3,855	–	3,855
Succeeding year	8,205,825	–	8,205,825
Special assessments	369,623	86,247	455,870
Customer accounts	–	1,006,195	1,006,195
Other	493,499	–	493,499
Due from other governments	19,612	–	19,612
Internal balances	896,165	(896,165)	–
Inventories	–	485,868	485,868
Prepaid insurance	96,852	–	96,852
Restricted assets - cash, cash equivalents and pooled investments	–	1,540,673	1,540,673
Capital assets (net of accumulated depreciation)	99,071,796	40,882,582	139,954,378
Total assets	125,252,047	54,595,465	179,847,512
LIABILITIES			
Accounts payable	2,266,596	568,898	2,835,494
Accrued interest payable	69,000	28,903	97,903
Customer deposits payable	–	166,275	166,275
Lease deposit payable	7,054	–	7,054
Long-term liabilities			
Portion due or payable within one year			
Compensated absences	37,216	55,321	92,537
Capital lease payable	–	555	555
General obligation bonds/notes	4,593,075	31,093	4,624,168
Tax increment financing (TIF) bonds	135,000	–	135,000
Special assessment notes payable	37,000	–	37,000
Revenue notes payable	–	1,342,991	1,342,991
Des Moines Water Works bonds payable	–	474,098	474,098
Portion due or payable after one year			
Compensated absences	170,894	–	170,894
General obligation bonds/notes (net of unamortized premium/discount)	25,025,861	30,829	25,056,690
Tax increment financing (TIF) bonds	945,000	–	945,000
Special assessment notes payable	170,000	–	170,000
Revenue notes payable	–	6,863,544	6,863,544
Des Moines Water Works bonds payable	–	524,363	524,363
Net OPEB liability	276,264	83,309	359,573
Total liabilities	33,732,960	10,170,179	43,903,139
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues			
Succeeding year property tax	8,205,825	–	8,205,825
Special assessments	369,623	–	369,623
Total deferred inflows of resources	8,575,448	–	8,575,448
NET POSITION			
Net investment in capital assets	75,160,108	31,615,109	106,775,217
Restricted for			
Debt service	1,055,449	151,687	1,207,136
Other purposes	11,504,757	–	11,504,757
Unrestricted	(4,776,675)	12,658,490	7,881,815
Total net position	$ 82,943,639	$44,425,286	$127,368,925

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF ACTIVITIES
Year ended June 30, 2014

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities				
Public safety	$ 3,344,799	$ 703,539	$ –	$ –
Public works	7,172,800	–	2,306,332	2,105,728
Health and social services	16,500	–	–	–
Culture and recreation	1,317,656	126,357	–	–
Community and economic development	910,021	–	–	–
General government	830,464	1,224,964	–	–
Interest on long-term debt	1,610,451	–	–	–
Total governmental activities	15,202,691	2,054,860	2,306,332	2,105,728
Business type activities				
Water	2,424,130	3,435,238	–	–
Sewer	1,683,565	2,688,588	–	–
Gas	5,532,086	5,784,572	–	–
Golf	637,040	545,804	–	–
Other	1,396,902	1,587,513	–	–
Total business type activities	11,673,723	14,041,715	–	–
Total Primary Government	$26,876,414	$16,096,575	$2,306,332	$2,105,728

GENERAL REVENUES
Property and other city tax levied for
General purposes
Debt service
Employee benefits
Tax increment financing
Unrestricted interest on investments
Miscellaneous
Connection fees
Capacity fees
TRANSFERS
Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION BEGINNING OF YEAR
Restatement of beginning net position (Note 2)

NET POSITION END OF YEAR

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position
Primary Government

Governmental Activities	Business-type Activities	Total
$ (2,641,260)	$ –	$ (2,641,260)
(2,760,740)	–	(2,760,740)
(16,500)	–	(16,500)
(1,191,299)	–	(1,191,299)
(910,021)	–	(910,021)
394,500	–	394,500
(1,610,451)	–	(1,610,451)
(8,735,771)	–	(8,735,771)
–	1,011,108	1,011,108
–	1,005,023	1,005,023
–	252,486	252,486
–	(91,236)	(91,236)
–	190,611	190,611
–	2,367,992	2,367,992
(8,735,771)	2,367,992	(6,367,779)
4,425,599	–	4,425,599
2,184,785	–	2,184,785
1,117,515	–	1,117,515
3,017,853	–	3,017,853
54,966	17,153	72,119
1,030,737	263,685	1,294,422
–	570,613	570,613
–	1,019,936	1,019,936
677,151	(677,151)	–
12,508,606	1,194,236	13,702,842
3,772,835	3,562,228	7,335,063
79,417,086	40,955,841	120,372,927
(246,282)	(92,783)	(339,065)
$82,943,639	$44,425,286	$127,368,925

See Notes to Financial Statements.

City of Waukee, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Special Revenue Urban Renewal TIF	Capital Projects	Debt Service	Special Revenue Employee Benefits	Other Nonmajor Governmental Funds	Total
ASSETS							
Cash, cash equivalents and pooled investments	$2,194,550	$2,046,639	$7,741,348	$ 941,973	$ 1,299	$3,139,420	$16,065,229
Receivables							
Property tax							
Delinquent	3,087	–	–	–	768	–	3,855
Succeeding year	4,670,396	–	–	2,339,246	1,196,183	–	8,205,825
Special assessments	–	–	–	–	–	369,623	369,623
Other	374,661	–	118,838	–	–	–	493,499
Due from other funds	914,986	–	–	–	–	–	914,986
Due from other governments	–	–	19,612	–	–	–	19,612
Prepaid insurance	86,332	–	–	–	–	10,520	96,852
Total assets	$8,244,012	$2,046,639	$7,879,798	$3,281,219	$1,198,250	$3,519,563	$26,169,481
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 502,501	$ 64,070	$1,496,182	$ 1,760	$ –	$ 202,083	$ 2,266,596
Lease deposit payable	7,054	–	–	–	–	–	7,054
Compensated absences	33,673	–	–	–	–	3,543	37,216
Due to other funds	18,821	–	–	–	–	–	18,821
Total liabilities	562,049	64,070	1,496,182	1,760	–	205,626	2,329,687
Deferred inflows of resources							
Unavailable revenues							
Succeeding year property tax	4,670,396	–	–	2,339,246	1,196,183	–	8,205,825
Special assessments	–	–	–	–	–	369,623	369,623
Total deferred inflows of resources	4,670,396	–	–	2,339,246	1,196,183	369,623	8,575,448
Fund balances							
Nonspendable							
Prepaid insurance	86,332	–	–	–	–	10,520	96,852
Advances to other funds	85,000	–	–	–	–	–	85,000
Restricted for							
Capital projects	–	–	6,383,616	–	–	–	6,383,616
Debt service	–	–	–	940,213	–	115,236	1,055,449
Lease deposits	7,054	–	–	–	–	–	7,054
Parkland dedication	282,900	–	–	–	–	–	282,900
Police gifts and memorials	35,047	–	–	–	–	–	35,047
Urban Renewal and development	–	1,982,569	–	–	–	–	1,982,569
Other purposes	–	–	–	–	2,067	2,818,558	2,820,625
Unassigned	2,515,234	–	–	–	–	–	2,515,234
Total fund balances	3,011,567	1,982,569	6,383,616	940,213	2,067	2,944,314	15,264,346
Total liabilities, deferred inflows of resources and fund balances	$8,244,012	$2,046,639	$7,879,798	$3,281,219	$1,198,250	$3,519,563	$26,169,481

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE BALANCE SHEET—
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014

Total governmental fund balances	$15,264,346
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $144,697,684 and the accumulated depreciation $45,625,888.	99,071,796
Long-term liabilities, including bonds payable, bond premiums and discounts, other post employment benefits payable, 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.	(31,422,094)
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 proprietary activities in the Statement of Net Position.	29,591
Net position of governmental activities	$82,943,639

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2014

	General	Special Revenue Urban Renewal TIF	Capital Projects	Debt Service	Special Revenue Employee Benefits	Other Nonmajor Governmental Funds	Total
REVENUES							
Property tax	$4,364,611	$ –	$ –	$2,184,785	$1,117,515	$ –	$ 7,666,911
Tax increment financing	–	2,154,883	–	–	–	862,970	3,017,853
Other city tax	3,200	–	39,476	–	–	18,312	60,988
Licenses and permits	1,057,350	–	–	–	–	–	1,057,350
Use of money and property	171,009	3,659	9,223	2,139	481	35,894	222,405
Intergovernmental	232,854	–	818,246	–	–	1,488,086	2,539,186
Charges for services	592,042	–	–	–	–	5,000	597,042
Miscellaneous	251,208	–	5,000	–	–	24,939	281,147
Total revenues	6,672,274	2,158,542	871,945	2,186,924	1,117,996	2,435,201	15,442,882
EXPENDITURES							
Operating							
Public safety	3,275,402	–	–	–	–	10,744	3,286,146
Public works	1,051,788	–	–	–	–	1,189,728	2,241,516
Health and social services	16,500	–	–	–	–	–	16,500
Culture and recreation	1,449,301	–	–	–	–	7,804	1,457,105
Community and economic development	540,558	369,463	–	–	–	–	910,021
General government	757,317	–	–	–	–	–	757,317
Debt service							
Principal	–	–	–	4,954,877	–	35,000	4,989,877
Interest	–	–	–	946,394	–	8,561	954,955
Bond issuance and other costs	–	–	45,301	6,500	–	–	51,801
Capital projects	966,963	115,878	7,724,878	–	–	418,573	9,226,292
Total expenditures	8,057,829	485,341	7,770,179	5,907,771	–	1,670,410	23,891,530
Excess (deficiency) of revenues over (under) expenditures	(1,385,555)	1,673,201	(6,898,234)	(3,720,847)	1,117,996	764,791	(8,448,648)
OTHER FINANCING SOURCES (USES)							
Bond proceeds	–	–	8,740,000	–	–	–	8,740,000
Bond premium	–	–	657,587	–	–	–	657,587
Sale of capital assets	40,167	–	–	–	–	69,000	109,167
Operating transfers in	1,140,122	–	2,060	3,901,634	–	–	5,043,816
Operating transfers out	(80,230)	(2,385,567)	–	–	(1,113,000)	(752,884)	(4,331,681)
Total other financing sources (uses)	1,100,059	(2,385,567)	9,399,647	3,901,634	(1,113,000)	(683,884)	10,218,889
CHANGE IN FUND BALANCES	(285,496)	(712,366)	2,501,413	180,787	4,996	80,907	1,770,241
FUND BALANCES BEGINNING OF YEAR	3,297,063	2,694,935	3,882,203	759,426	(2,929)	2,863,407	13,494,105
FUND BALANCES END OF YEAR	$3,011,567	$1,982,569	$6,383,616	$ 940,213	$ 2,067	$2,944,314	$15,264,346

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, 2014

Change in fund balances—Total governmental funds		$1,770,241
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report 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:		
Expenditures for capital assets, including contributed capital	11,237,995	
Depreciation expense	(4,751,465)	6,486,530
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) to increase (decrease) net position:		
Proceeds from the sale of capital assets		(109,167)
Gain on sale of capital assets		92,003
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases 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	(8,740,000)	
Repaid	4,989,806	(3,750,194)
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.		(603,624)
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	(38,499)	
Other postemployment benefits	(55,508)	
Interest on long-term debt	8,000	(86,007)
The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The change on net position of the Internal Service Fund is allocated to governmental and proprietary activities.		(26,947)
Change in net position of governmental activities		$3,772,835

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Enterprise Funds						Internal Service Fund
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Equipment Revolving
ASSETS							
Current assets							
Cash, cash equivalents and pooled investments	$ 3,773,839	$ 3,829,619	$ 2,533,599	$ 800	$1,251,023	$11,388,880	$ 130,775
Receivables							
Customer accounts and unbilled usage	370,620	325,875	186,498	–	123,202	1,006,195	–
Special assessments	–	86,247	–	–	–	86,247	–
Due from other funds	100,000	–	18,821	–	–	118,821	–
Inventories	272,111	–	189,552	24,205	–	485,868	–
Total current assets	4,516,570	4,241,741	2,928,470	25,005	1,374,225	13,086,011	130,775
Noncurrent assets							
Restricted assets - cash, cash equivalents and pooled investments							
Customer deposits	92,575	–	73,100	600	–	166,275	–
Capacity fees	109,555	–	–	–	–	109,555	–
Revenue note and interest sinking account	14,992	72,762	535,015	43,261	–	666,030	–
Revenue note reserve account	359,652	187,696	–	51,465	–	598,813	–
Capital assets (net of accumulated depreciation)	13,631,631	15,661,482	9,627,979	1,614,050	347,440	40,882,582	–
Total noncurrent assets	14,208,405	15,921,940	10,236,094	1,709,376	347,440	42,423,255	–
Total assets	18,724,975	20,163,681	13,164,564	1,734,381	1,721,665	55,509,266	130,775
LIABILITIES							
Current liabilities							
Accounts payable	195,651	79,988	196,718	40,202	56,339	568,898	–
Capital lease payable	–	–	–	555	–	555	–
Compensated absences	13,622	11,299	14,707	7,320	8,373	55,321	–
Due to other funds	–	–	–	1,014,986	–	1,014,986	–
Current liabilities payable from restricted assets							
Customer deposits payable	92,575	–	73,100	600	–	166,275	–
Revenue notes payable	100,000	262,000	370,000	610,991	–	1,342,991	–
Des Moines Water Works bonds payable	474,098	–	–	–	–	474,098	–
Equipment note	–	–	–	31,093	–	31,093	–
Interest payable	9,264	2,902	13,328	3,409	–	28,903	–
Total current liabilities	885,210	356,189	667,853	1,709,156	64,712	3,683,120	–
Noncurrent liabilities							
Revenue notes payable (net of amortized discount)	2,298,772	1,514,075	3,050,697	–	–	6,863,544	–
Des Moines Water Works bonds payable (net of amortized discount)	524,363	–	–	–	–	524,363	–
Equipment note	–	–	–	30,829	–	30,829	–
Net OPEB liability	16,112	16,540	19,015	16,743	14,899	83,309	–
Total noncurrent liabilities	2,839,247	1,530,615	3,069,712	47,572	14,899	7,502,045	–
Total liabilities	3,724,457	1,886,804	3,737,565	1,756,728	79,611	11,185,165	–
NET POSITION							
Net investment in capital assets	10,234,398	13,885,407	6,207,282	940,582	347,440	31,615,109	–
Restricted for bond retirement	–	–	151,687	–	–	151,687	–
Unrestricted	4,766,120	4,391,470	3,068,030	(962,929)	1,294,614	12,557,305	130,775
Total net position	$15,000,518	$18,276,877	$ 9,426,999	$ (22,347)	$1,642,054	44,324,101	$ 130,775

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 business and governmental type activities in the Statement of Net Position.	101,185
Net assets of business type activities	$44,425,286

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2014

	Enterprise Funds						Internal Service Fund
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Equipment Revolving
OPERATING REVENUES							
Charges for service	$ 3,435,238	$ 2,688,588	$5,784,572	$ 545,804	$1,587,513	$14,041,715	$ –
Miscellaneous	12,990	8,219	33,328	106,080	15,130	175,747	–
Total operating revenues	3,448,228	2,696,807	5,817,900	651,884	1,602,643	14,217,462	–
OPERATING EXPENSES							
Business type activities							
Cost of sales and services	1,790,553	1,072,306	5,011,869	539,601	1,362,839	9,777,168	–
Depreciation and amortization	515,953	564,753	346,908	64,631	34,063	1,526,308	–
Total operating expenses	2,306,506	1,637,059	5,358,777	604,232	1,396,902	11,303,476	–
Operating income	1,141,722	1,059,748	459,123	47,652	205,741	2,913,986	–
NONOPERATING REVENUES (EXPENSES)							
Interest income	8,242	4,129	3,262	–	1,520	17,153	175
Rental income	37,008	–	–	7,800	–	44,808	–
Connection fees	168,524	288,372	113,717	–	–	570,613	–
Capacity fees	172,497	847,439	–	–	–	1,019,936	–
Sale of capital assets	2,125	5,000	36,005	–	–	43,130	–
Interest expense	(117,624)	(46,506)	(173,309)	(32,808)	–	(370,247)	–
Total nonoperating revenues (expenses)	270,772	1,098,434	(20,325)	(25,008)	1,520	1,325,393	175
Income before contributions and transfers	1,412,494	2,158,182	438,798	22,644	207,261	4,239,379	175
Capital contributions	–	7,862	–	–	–	7,862	–
Transfers (out)	(188,630)	(159,875)	(107,766)	(35,007)	(193,735)	(685,013)	(27,122)
CHANGE IN NET POSITION	1,223,864	2,006,169	331,032	(12,363)	13,526	3,562,228	(26,947)
NET POSITION BEGINNING OF YEAR	13,810,363	16,313,067	9,112,682	(9,984)	1,628,528	40,854,656	157,722
Restatement of beginning net position (Note 2)	(33,709)	(42,359)	(16,715)	–	–	(92,783)	–
NET POSITION END OF YEAR	$15,000,518	$18,276,877	$9,426,999	$ (22,347)	$1,642,054	$44,324,101	$ 130,775

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2014

	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers and users	$3,392,717	$2,632,399	$5,725,824	$ 546,645	$1,599,080	$13,896,665	$ –
Cash received from other revenues	12,990	8,219	33,328	106,080	15,130	175,747	–
Cash paid for personal services	(581,990)	(561,253)	(612,789)	(278,445)	(287,091)	(2,321,568)	–
Cash paid to suppliers	(1,218,754)	(576,198)	(4,308,864)	(204,676)	(1,083,782)	(7,392,274)	–
Net cash provided by operating activities	1,604,963	1,503,167	837,499	169,604	243,337	4,358,570	–
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments made on interfund accounts	(188,630)	(159,875)	(107,766)	(35,007)	(193,735)	(685,013)	–
Advances to (from) other funds, net of advance repayments	–	–	53,889	–	(53,889)	–	–
Net cash (used in) noncapital financing activities	(188,630)	(159,875)	(53,877)	(35,007)	(247,624)	(685,013)	–
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets, net of equipment fund transfers	(125,533)	(1,708,932)	(400,024)	–	(17,017)	(2,251,506)	(27,122)
Principal paid on revenue notes matured	(100,000)	(255,000)	(355,000)	(42,384)	–	(752,384)	–
Interest paid on notes	(118,525)	(45,717)	(175,916)	(32,031)	–	(372,189)	–
Principal paid on Des Moines Water Works bonds	(454,310)	–	–	–	–	(454,310)	–
Principal paid on general obligation bonds	–	–	–	(31,093)	–	(31,093)	–
Principal paid on capital lease	–	–	–	(629)	–	(629)	–
Connection fees	168,524	288,372	113,717	–	–	570,613	–
Capacity fees	172,497	847,439	–	–	–	1,019,936	–
Net cash (used in) capital and related financing activities	(457,347)	(873,838)	(817,223)	(106,137)	(17,017)	(2,271,562)	(27,122)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments	8,242	4,129	3,262	–	1,520	17,153	175
Rental income	37,008	–	–	7,800	–	44,808	–
Net cash provided by investing activities	45,250	4,129	3,262	7,800	1,520	61,961	175
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,004,236	473,583	(30,339)	36,260	(19,784)	1,463,956	(26,947)
CASH AND CASH EQUIVALENTS, beginning	2,986,725	3,428,798	3,172,053	8,401	1,270,807	10,866,784	157,722
CASH AND CASH EQUIVALENTS, ending	$3,990,961	$3,902,381	$3,141,714	$ 44,661	$1,251,023	$12,330,740	$ 130,775

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year ended June 30, 2014

	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Governmental Activities Internal Service
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
Operating income	$1,141,722	$1,059,748	$ 459,123	$ 47,652	$ 205,741	$ 2,913,986	$ –
Adjustments to reconcile operating income to net cash provided by operating activities							
Depreciation expense	514,509	564,854	339,495	64,631	34,063	1,517,552	–
Bond amortization costs	1,444	(101)	7,413	–	–	8,756	–
(Increase) decrease in customer accounts receivable and unbilled usage and other accounts receivable	(42,521)	(56,189)	(58,748)	841	11,567	(145,050)	–
(Increase) decrease in inventories, at cost	(35,790)	–	96,216	2,118	–	62,544	–
Increase (decrease) in accounts payable	12,445	(69,231)	(14,562)	53,292	(12,806)	(30,862)	–
Increase in customer deposits	9,070	–	3,150	–	–	12,220	–
Increase (decrease) in compensated absences	992	1,113	2,107	(1,607)	2,186	4,791	–
Increase in OPEB liability	3,092	2,973	3,305	2,677	2,586	14,633	–
Net cash provided by operating activities	$1,604,963	$1,503,167	$ 837,499	$ 169,604	$ 243,337	$ 4,358,570	$ –
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET POSITION							
Current assets							
Cash, cash equivalents and pooled investments	$3,773,839	$3,829,619	$2,533,599	$ 800	$1,251,023	$11,388,880	$ 130,775
Restricted assets--cash, cash equivalents and pooled investments							
Customer deposits	92,575	–	73,100	600	–	166,275	–
Capacity fees	109,555	–	–	–	–	109,555	–
Revenue note and interest sinking account	14,992	72,762	535,015	43,261	–	666,030	–
Revenue note reserve account	359,652	187,696	–	51,465	–	598,813	–
	4,350,613	4,090,077	3,141,714	96,126	1,251,023	12,929,553	130,775
Less items not meeting the definition of cash equivalent							
Certificates of deposit	(359,652)	(187,696)	–	(51,465)	–	(598,813)	–
Cash and cash equivalents at year end	$3,990,961	$3,902,381	$3,141,714	$ 44,661	$1,251,023	$12,330,740	$ 130,775

See 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.

These financial statements present the City of Waukee (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Component Unit

The Waukee Public Library Foundation has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and literary purposes for the enhancement and improvement of the Waukee Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

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: Des Moines Area Metropolitan Planning Board, Central Iowa Regional Drinking Water Commission, Dallas County Housing Trust Fund Board, Dallas County Emergency Management Commission, and Greater Dallas County Development Alliance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the activities of the primary government and its component unit. 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 services.

The Statement of Net Position presents the City's assets, 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 $6,994,248 in the capital projects fund.

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 two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those 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 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 urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

The Employee Benefits Fund is used to account for property tax levied to finance the payment of employee benefits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled 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. Investments consist of non-negotiable certificates of deposit which are stated at cost.

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 Taxes 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, 2014 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes Receivable, Including Tax Increment Financing (continued)

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2013.

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 tax.

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, 2014, 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, various shared revenues, grants and reimbursements from other governments.

Inventories

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

Restricted Assets

Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 government) 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. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Fund Type	Amount
Governmental	$2,500
Proprietary	5,000

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

Asset Class	Estimated useful lives
Buildings	40-50 years
Improvements other than buildings	20-50 years
Vehicles	10-15 years
Equipment	5-30 years
Infrastructure	15-20 years

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. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current year or collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents 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 collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable, and special assessments receivable not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and special assessments receivable that will not be recognized as revenue until the year for which they are levied.

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.

Unassigned - All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2014, the City of Waukee implemented Governmental Accounting Standard Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement reclassifies and recognizes certain items currently reported as assets and liabilities as one of four financial statement elements: deferred outflows of resources, outflows of resources, deferred inflows of resources, and inflow of resources. The financial impact resulting from the implementation of Statement No. 65 is the restatement of fiscal year 2014 beginning net position by $(246,282) for governmental activities and $(92,783) for business type activities for the write-off of unamortized bond issuance costs incurred in prior years.

NOTE 3 CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2014 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 insure 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.

NOTE 3 CASH AND POOLED INVESTMENTS (continued)

The City has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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.

NOTE 4 ALLOWANCES FOR COLLECTION LOSSES

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

	Gross receivables	Allowance for collection losses	Net receivables
Customer accounts and unbilled usage			
Water Fund	$ 371,470	$ 850	$ 370,620
Sewer Fund	326,275	400	325,875
Gas Fund	188,248	1,750	186,498
Nonmajor Proprietary Funds	123,202	–	123,202
Totals	$1,009,195	$ 3,000	$1,006,195
Other			
General Fund	$ 406,661	$ 32,000	$ 374,661
Capital Projects Fund	$ 118,838	$ –	$ 118,838

NOTE 5 LEASING ACTIVITIES

The City, as lessor, has entered into various leases with outside parties.

The City leases office space under an operating lease agreement dated September 12, 2011 expiring August 31, 2021, with termination rights with 24 months written notice and with one ten year renewal option at the same terms and conditions. Lessee is responsible for the payment of all utilities, real estate taxes and special assessments. The lease calls for monthly payments of $2,140 from September 1, 2011 through August 31, 2016 and $2,340 from September 1, 2016 through August 31, 2021.

The City leases space on a water tower under an operating lease agreement dated June 4, 2012 expiring March 31, 2017, with four five-year renewal options at the same terms and conditions. The lease calls for annual payments of $26,400 with annual 3% escalating increases, $28,848 at June 30, 2014.

The City leases farm land under two operating lease agreements dated April 1, 2014 and May 1, 2013, and expiring December 15, 2014 and December 31, 2016, respectively. The leases automatically renew annually at the same terms and conditions unless written notice is given in which case they expire March 1 of the following year. The leases call for annual minimum payments of $72,600 and $5,000, respectively.

NOTE 5 LEASING ACTIVITIES (continued)

The total minimum future lease payments receivable under the operating leases at June 30, 2014 are as follows:

Year ending June 30	Office Space	Water Tower Space	Farm Land	Total
2015	$ 25,675	$ 28,848	$ 41,300	$ 95,823
2016	25,675	29,713	5,000	60,388
2017	27,675	–	–	27,675
2018	28,075	–	–	28,075
2019	28,075	–	–	28,075
Thereafter	60,829	–	–	60,829
	$ 196,004	$ 58,561	$ 46,300	$ 300,865

NOTE 6 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
Primary Government				
Governmental activities				
Capital assets not being depreciated				
Land	$ 8,696,009	$ –	$ –	$ 8,696,009
Construction in progress	5,223,097	7,746,731	4,810,288	8,159,540
Total capital assets not being depreciated	13,919,106	7,746,731	4,810,288	16,855,549
Capital assets being depreciated				
Buildings	6,592,045	1,727,944	–	8,319,989
Improvements other than buildings	27,868,185	3,550,637	–	31,418,822
Equipment	4,869,189	917,243	193,093	5,593,339
Infrastructure, road network	80,404,257	2,105,728	–	82,509,985
Total capital assets being depreciated	119,733,676	8,301,552	193,093	127,842,135
Less accumulated depreciation for				
Buildings	2,055,947	205,065	–	2,261,012
Improvements other than buildings	3,887,993	1,927,311	–	5,815,304
Equipment	3,679,122	361,182	175,929	3,864,375
Infrastructure, road network	31,427,290	2,257,907	–	33,685,197
Total accumulated depreciation	41,050,352	4,751,465	175,929	45,625,888
Total capital assets being depreciated, net	78,683,324	3,550,087	17,164	82,216,247
Governmental activities capital assets, net	$ 92,602,430	$11,296,818	$4,827,452	$ 99,071,796
Business type activities				
Capital assets not being depreciated				
Land	$ 1,226,032	$ –	$ –	$ 1,226,032
Construction in progress	477,175	585,117	1,062,292	–
Total capital assets not being depreciated	1,703,207	585,117	1,062,292	1,226,032
Capital assets being depreciated				
Buildings	557,486	–	–	557,486
Equipment	3,259,389	487,730	85,900	3,661,219
Infrastructure, water and sewer network	48,828,275	2,319,938	–	51,148,213
Total capital assets being depreciated	52,645,150	2,807,668	85,900	55,366,918
Less accumulated depreciation for				
Buildings	170,987	13,203	–	184,190
Equipment	1,987,384	327,793	57,905	2,257,272
Infrastructure, water and sewer network	12,092,350	1,176,556	–	13,268,906
Total accumulated depreciation	14,250,721	1,517,552	57,905	15,710,368
Total capital assets being depreciated, net	38,394,429	1,290,116	27,995	39,656,550
Business type activities capital assets, net	$ 40,097,636	$ 1,875,233	$1,090,287	$ 40,882,582

NOTE 6 CAPITAL ASSETS (continued)

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

Governmental activities	
Public safety	$ 218,397
Public works	4,218,735
Culture and recreation	232,114
General government	82,219
Total depreciation expense--governmental activities	$4,751,465
Business type activities	
Water	$ 514,509
Sewer	564,854
Gas	339,495
Storm water	34,063
Golf	64,631
Total depreciation expense--business type activities	$1,517,552

NOTE 7 CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental activities					
General obligation bonds/notes	$25,095,119	$8,740,000	$4,216,183	$29,618,936 (1)	$4,593,075
Urban Renewal Revenue bonds	1,215,000	–	135,000	1,080,000	135,000
Special assessment notes	242,000	–	35,000	207,000	37,000
Compensated absences	161,605	208,110	161,605	208,110	37,216
Net OPEB liability	220,756	55,508	–	276,264	–
Totals	$26,934,480	$9,003,618	$4,547,788	$31,390,310	$4,802,291
Business type activities					
Capital leases	$ 1,184	$ –	$ 629	$ 555	$ 555
General obligation bonds/notes	93,016	–	31,094	61,922	31,093
Des Moines Water Works bonds	1,452,771	–	454,310	998,461	474,098
Revenue bonds/notes	8,950,161	–	743,626	8,206,535 (2)	1,342,991
Compensated absences	50,530	55,321	50,530	55,321	55,321
Net OPEB liability	68,676	14,633	–	83,309	–
Totals	$10,616,338	$ 69,954	$1,280,189	$ 9,406,103	$1,904,058

(1) Bonds were sold at a premium; unamortized premium at June 30, 2014 totaled $1,130,472. Bonds were sold at a discount; unamortized discount at June 30, 2014 totaled $219,052.

(2) Bonds were sold at a premium; unamortized premium at June 30, 2014 totaled $1,075. Bonds were sold at a discount; unamortized discount at June 30, 2014 totaled $85,531.

NOTE 7 CHANGES IN LONG-TERM LIABILITIES (continued)

Bond/Note Issuance

Sixteen issues of unmatured general obligation bonds/notes, totaling $28,769,438, are outstanding at June 30, 2014. General obligation bonds/notes bear interest at rates ranging from 0.5% to 4.5% and mature in varying annual amounts, ranging from $31,093 to $930,000, with the final maturities due in the year ending June 30, 2033.

One issue of unmatured revenue notes, totaling $1,080,000, is outstanding at June 30, 2014. The notes bear interest at 3.0% to 3.9% and mature in annual amounts of $135,000 to $175,000, with final maturity due in the year ending June 30, 2021.

One issue of unmatured special assessment notes, totaling $207,000, is outstanding at June 30, 2014. The notes bear interest at 3.25% to 4.55% and mature in annual amounts of $37,000 to $46,000, with final maturity due in the year ending June 30, 2019.

Details of general obligation and revenue bonds/notes payable and special assessment notes at June 30, 2014 are as follows:

Governmental activities	Date of issue	Interest rates	Final due date	Annual payments	Amount of original issue	Outstanding June 30, 2014
General Obligation Bonds and Notes						
Golf Course	June 1, 2010	3.75	June 1, 2015	$329,288	$ 516,190	$ 329,288
Corporate Purpose	February 1, 2006	3.70-3.95	June 1, 2019	$115,000 - 140,000	1,200,000	640,000
Sewer Project	April 8, 2008	3.75-4.20	June 1, 2021	95,000 - 120,000	1,275,000	76,000
Urban Renewal 2008C	December 15, 2008	3.60-4.50	June 1, 2022	160,000 - 215,000	2,200,000	1,480,000
Urban Renewal 2009A	April 28, 2009	3.10-3.50	June 1, 2017	125,000 - 130,000	1,055,000	380,000
Urban Renewal 2009B	April 28, 2009	3.10-3.30	June 1, 2016	430,000 - 445,000	5,345,000	675,000
General Obligation 2010A	June 2, 2010	2.50-3.50	June 1, 2022	115,000 - 140,000	1,435,000	1,005,000
General Obligation 2010B	June 2, 2010	2.10-3.60	June 1, 2021	150,000 - 185,000	1,745,000	1,165,000
General Obligation Golf Course Equipment	March 15, 2011	3.40	June 1, 2016	31,093 - 30,829	155,202	61,922
Ambulance	August 30, 2011	2.90	June 1, 2016	33,787 - 34,441	165,000	68,228
General Obligation 2012A	June 14, 2012	1.50-2.00	June 1, 2020	100,000 - 450,000	2,680,000	1,725,000
General Obligation 2012B	June 14, 2012	1.50-3.00	June 1, 2021	340,000 - 695,000	4,220,000	4,220,000
Urban Renewal 2012D	December 28, 2012	2.00	June 1, 2021	405,000 - 445,000	3,745,000	2,950,000
General Obligation 2013B	May 28, 2013	2.00-3.00	June 1, 2028	100,000 - 350,000	3,280,000	3,045,000
General Obligation Refunding 2013C	May 28, 2013	0.50-1.35	June 1, 2020	270,000 - 485,000	2,265,000	2,265,000
General Obligation 2013D	December 12, 2013	2.00-4.125	June 1, 2033	110,000 - 930,000	8,740,000	7,800,000
Revenue Bonds						
Urban Renewal 2010C	June 2, 2010	3.0-3.90	June 1, 2021	135,000 - 175,000	1,590,000	1,080,000
Special Assessment Notes						
Sewer Improvements	May 5, 2009	3.25-4.55	December 1, 2018	37,000 - 46,000	362,000	207,000

The City has pledged future tax increment revenues to repay the $1,080,000 of bonds issued June 2, 2010. The Urban Renewal revenue bonds were issued for the purpose of defraying a portion of the cost of an urban renewal project. The bonds are payable solely from the proceeds of the tax increment revenues received by the City and are payable through 2021. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Annual principal and interest payments on the bonds are expected to require approximately six percent of the tax increment revenues. The total principal and interest remaining to be paid on the notes is $1,242,785. For the current year, $176,255 of principal and interest was paid on the bonds and total tax increment revenues were $3,017,853.

NOTE 7 CHANGES IN LONG-TERM LIABILITIES (continued)

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

a) The City must maintain the urban renewal project area and the ordinance implementing the tax increment mechanism in force and will annually cause the incremental taxes thereof to be levied in an amount not less than the principal and interest coming due within the year.

b) The City must maintain proper books and prepare special bond reports, which are to be audited within 210 days of the City's fiscal year end and made available to bondholders.

c) The City must comply with the Constitution and laws of Iowa related to each bond issue.

The Revenue bonds also have a stated reserve requirement that is calculated as the lesser of (a) 10 percent of the stated principal amount on the bonds and parity obligations or (b) the maximum annual debt service coming due on the bonds and other parity obligations, or (c) 125 percent of the average annual principal and interest coming due on the bonds. The City has established a reserve amount of $121,500.

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

Year ending	General Obligation			Special Assessment		
June 30	Principal	Interest	Total	Principal	Interest	Total
2015	$ 4,624,168	$ 799,482	$ 5,423,650	$ 37,000	$ 7,443	$ 44,443
2016	4,390,270	700,057	5,090,327	39,000	6,160	45,160
2017	3,975,000	599,464	4,574,464	41,000	4,698	45,698
2018	3,455,000	504,256	3,959,256	44,000	3,006	47,006
2019	3,440,000	417,940	3,857,940	46,000	1,046	47,046
2020-2024	7,095,000	741,906	7,836,906	–	–	–
2025-2029	1,115,000	243,707	1,358,707	–	–	–
2030-2033	675,000	70,100	745,100	–	–	–
Subtotal	28,769,438	4,076,912	32,846,350	207,000	22,353	229,353
Plus unamortized premium	911,420	–	911,420	–	–	–
Totals	$29,680,858	$4,076,912	$33,757,770	$ 207,000	$ 22,353	$ 229,353

Year ending	Revenue		
June 30	Principal	Interest	Total
2015	$ 135,000	$ 37,205	$ 172,205
2016	140,000	33,155	173,155
2017	145,000	28,955	173,955
2018	155,000	24,315	179,315
2019	160,000	19,045	179,045
2020-2021	345,000	20,110	365,110
Totals	$1,080,000	$ 162,785	$1,242,785

Seven issues of unmatured revenue notes, totaling $8,290,991, are outstanding at June 30, 2014. These notes bear interest at rates ranging from 1.75% to 4.70% and mature in varying annual amounts, ranging from $29,000 to $610,991, with the final maturities due in the year ending June 30, 2032.

NOTE 7 CHANGES IN LONG-TERM LIABILITIES (continued)

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

(1) The notes/bonds will only be redeemed from the future earnings of the enterprise activity and the note/bondholders hold a lien on the future earnings of the funds.

(2) Sufficient monthly transfers shall be made to water, sewer, gas and golf course note/bond and interest sinking funds for the purpose of making the note/bond principal and interest payments when due.

(3) Additional monthly transfers shall be made to sewer, water, gas and golf course 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, 2014, the City was in compliance with the revenue note/bond provisions.

The City has pledged future sewer, water, golf, and gas customer revenues, net of specified operating expenses, to repay $12,989,000 in revenue notes issued from 1998 to 2013. 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 2032. 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 $10,108,442. For the current year, principal and interest paid and total customer net revenues were $1,078,281 and $4,200,490, respectively.

Details of revenue notes and bonds payable at June 30, 2014 are as follows:

Business Type activities	Date of issue	Interest rates	Final due date	Annual payments	Amount of original issue	Outstanding June 30, 2014
Revenue Notes and Bonds						
Water						
Revenue Capital Loan 2012C	September 5, 2012	2.00 - 4.10	June 1, 2032	$100,000 - 185,000	$2,625,000	$2,425,000
Sewer						
Bonds-Series 1998A	October 8, 1998	1.75	June 1, 2018	29,000 - 33,000	455,748	123,000
Bonds-Series 1998B	October 8, 1998	1.75	June 1, 2018	66,000 - 68,000	945,252	257,000
Bonds Series 1998C	October 8, 1998	1.75	June 1, 2018	73,000 - 82,000	1,178,000	310,000
Revenue Capital Loan 2013A	March 1, 2013	2.00 - 2.50	June 1, 2024	100,000 - 120,000	1,185,000	1,085,000
Golf Course						
Revenue Note	March 4, 2005	4.45	June 1, 2015	610,991	925,000	610,991
Gas						
Revenue Note	July 9, 2007	4.50-4.70	June 1, 2022	370,000 - 505,000	5,675,000	3,480,000

Year ending June 30	Revenue Notes/Bonds Principal	Interest	Total
2015	$1,342,991	$ 294,566	$ 1,637,557
2016	764,000	244,369	1,008,369
2017	786,000	219,762	1,005,762
2018	818,000	194,357	1,012,357
2019	660,000	167,829	827,829
2020-2024	2,640,000	462,708	3,102,708
2025-2029	745,000	189,725	934,725
2030-2032	535,000	44,135	579,135
Subtotal	8,290,991	1,817,451	10,108,442
Less unamortized discount	(84,456)	–	(84,456)
Totals	$8,206,535	$1,817,451	$10,023,986

NOTE 7 CHANGES IN LONG-TERM LIABILITIES (continued)

One issue of unmatured Des Moines Water Works refunding bonds, totaling $998,461, is outstanding at June 30, 2014. This note bears interest at a rate of 3.0% and matures in annual amounts ranging from $134,938 to $474,098, with the final maturity due in the year ending June 30, 2017.

A summary of the City of Waukee's share of the principal and interest on the bonds issued by Des Moines Water Works is as follows:

Year ending June 30	Des Moines Water Works 2006 Water Refunding Bonds Principal	Interest	Total
2015	$ 474,098	$ 29,954	$ 504,052
2016	389,425	15,731	405,156
2017	134,938	4,048	138,986
Totals	$ 998,461	$ 49,733	$1,048,194

As of June 30, 2014, the general obligation debt issued by the City did not exceed its legal debt limit computed as follows:

Actual valuation	$1,162,161,531
Debt limit - 5% of total actual valuation	$58,108,077
Debt applicable to debt limit	
General obligation bonded debt outstanding	$28,769,438
Urban Renewal revenue bonds outstanding	1,080,000
Tax increment financing debt outstanding	3,392,638
Total debt subject to debt limit	$33,242,076
Percentage of debt limit	57.21%

NOTE 8 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
General	Governmental Funds	
	Employee Benefits	$1,113,000
	Internal Service Funds	
	Equipment Revolving Fund	27,122
		1,140,122
Capital Projects	General	2,060
Debt Service	Governmental Funds	
	General	78,170
	Urban Renewal TIF	2,385,567
	Nonmajor Governmental Funds	752,884
	Enterprise	
	Water	188,630
	Sewer	159,875
	Gas	107,766
	Golf	35,007
	Nonmajor Enterprise Funds	193,735
		3,901,634
Total		$5,043,816

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

NOTE 9 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Enterprise—Gas	General	$ 18,821
General	Enterprise - Golf Course	914,986
Enterprise—Water	Enterprise - Golf Course	100,000
Total		$1,033,807

These balances result from interfund loans to finance projects. Repayments will be made from future revenues.

NOTE 10 PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 was $496,773, $423,241 and $373,851, respectively, equal to the required contributions for each year.

NOTE 11 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 700 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 or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual 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 annual contributions to the Pool for the year ended June 30, 2014 were $170,259.

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 $350,000 per claim. Claims exceeding $350,000 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 $150,000 each occurrence, each location. Property risks exceeding $150,000 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.

NOTE 11 RISK MANAGEMENT (continued)

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 reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the City's financial statements. As of June 30, 2014, 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.

Self-insurance

The City has a partially self funded-insured medical expense reimbursement plan which provides medical benefits to its employees and their dependants. The plan is funded by both employee and City contributions and is administered through a service agreement with Wellmark Blue Cross Blue Shield of Iowa. The uninsured risk retention per person is based on coverage selected and whether the claims are in or out of the network. There has been no significant reduction in insurance coverage under the plan from prior years. Amounts payable for incurred but not reported (IBNR) claims were $7,009 at June 30, 2014.

NOTE 12 COMMITMENTS

The City entered into contract commitments with contractors for the completion of several infrastructure construction projects. The total contract commitments are approximately $21,100,000 of which approximately $10,972,000 has been incurred as of June 30, 2014. The unpaid commitment balance is approximately $10,128,000 which will be funded by current reserves in the capital projects funds and other sources.

NOTE 13 TAX INCREMENT FINANCING DEBT

Urban renewal tax increment financing debt was issued for the purpose of defraying a portion of the costs of carrying out urban renewal projects of the City. The debt is payable solely from the income and proceeds of the Urban Renewal TIF and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The debt is not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2014, $3,392,638 is outstanding.

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City operates a single-employer retiree benefit plan which provides healthcare benefits for retirees and their spouses and dependents. There are both active and retired members in the plan. Participants must be age 55 or older at retirement.

The healthcare benefit plans are self-insured and are administered by a third party. The benefits are provided in the form of an implicit rate subsidy where pre 65 retirees receive health insurance coverage by paying a combined retiree/active rate which results in an implicit rate subsidy and an OPEB liability. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for June 30, 2014, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution, ARC	$ 74,000
Interest on net OPEB obligation	5,789
Adjustment to annual required contribution	(9,649)
Annual OPEB cost	70,140
Contributions made	–
Increase in net OPEB obligation	70,140
Net OPEB obligation, beginning of year	289,433
Net OPEB obligation, end of year	$ 359,573

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the City made no contributions to the plan. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2012	$ 72,000	0.0%	$ 218,344
June 30, 2013	$ 71,089	0.0%	$ 289,433
June 30, 2014	$ 70,140	0.0%	$ 359,573

As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2014, the actuarial accrued liability was $360,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of $360,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $5,339,000, and the ratio of the UAAL to the covered payroll was 6.7%. As of June 30, 2014, there were no trust fund assets.

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.0% discount rate based on the City's funding policy. The projected annual medical trend rate is 10.0%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 0.5% each year until reaching the 5.0% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Tables, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Actuary's Pension Handbook.

Projected claim costs of the healthcare plan are approximately $1,208 per month for retirees. The salary increase rate was assumed to be 2.0% per year. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

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. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board. The WRA Agreement creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and 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 2004B and 2006A include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

NOTE 15 JOINT VENTURE (continued)

The WRA Sewer Revenue Bonds Series 2004B were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2014, the Series 2004B bonds had a balance of $55,880,000 and the City of Waukee's estimated future allocation based on the WRA flows was $1,811,139.

The WRA Sewer Revenue Bonds Series 2006A were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2014, the Series 2006A bonds had a balance of $33,275,000 and the City of Waukee's estimated future allocation based on the WRA flows is currently $1,080,418.

The 2008 State Revolving Fund (SRF) Loan was issued for capital expansion. The WRA Agreement requires the debt service on this loan 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, 2014, the 2008 SRF loan had a balance of $249,324,590 and the City of Waukee's estimated future allocation based on the WRA flows was $7,620,406.

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 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The statements which may impact the City are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions–an amendment of GASB Statement No. 27,* will be effective for the City beginning with its year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* will be effective for the City beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

Summary of Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* will be effective for the City beginning with its year ending June 30, 2015. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

NOTE 16 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS (continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB No.* 68, will be effective for the City beginning with its year ending June 30, 2015. This Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

NOTE 17 SUBSEQUENT EVENTS

On October 6, 2014 the City set a public hearing date of October 20, 2014 for the issuance of not to exceed $24,700,000 General Obligation Urban Renewal Bonds.

NOTE 18 DEFICIT BALANCES

At June 30, 2014, funds with deficit balances were as follows:

Golf Fund	$ 22,347

The golf deficit balance is the result of required debt principal and interest payments in excess of operating revenues. The deficit will be eliminated by future revenues.

REQUIRED SUPPLEMENTARY INFORMATION

City of Waukee, Iowa
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
Required Supplementary Information
(In Thousands)

Fiscal year ended	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a)/c)
June 30, 2010	July 1, 2008	$ –	$265	$265	0.0%	$3,866	6.9%
June 30, 2011	July 1, 2008	$ –	$265	$265	0.0%	$4,144	6.4%
June 30, 2012	July 1, 2011	$ –	$360	$360	0.0%	$4,491	8.0%
June 30, 2013	July 1, 2011	$ –	$360	$360	0.0%	$4,633	7.8%
June 30, 2014	July 1, 2011	$ –	$360	$360	0.0%	$5,339	6.7%

See Note 14 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost, Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

City of Waukee, Iowa
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Required Supplementary Information
Year ended June 30, 2014

	Governmental funds actual	Proprietary funds actual	Less funds not required to be budgeted	Total actual
REVENUES				
Property tax	$ 7,666,911	$ –	$ –	$ 7,666,911
Tax increment financing	3,017,853	–	–	3,017,853
Other city tax	60,988	–	–	60,988
Licenses and permits	1,057,350	–	–	1,057,350
Use of money and property	222,405	1,652,510	20,002	1,854,913
Intergovernmental	2,539,186	–	–	2,539,186
Charges for services	597,042	14,041,715	232,295	14,406,462
Miscellaneous	281,147	218,877	31,234	468,790
Total revenues	15,442,882	15,913,102	283,531	31,072,453
EXPENDITURES/EXPENSES				
Public safety	3,286,146	–	–	3,286,146
Public works	2,241,516	–	–	2,241,516
Health and social services	16,500	–	–	16,500
Culture and recreation	1,457,105	–	7,804	1,449,301
Community and economic development	910,021	–	–	910,021
General government	757,317	–	–	757,317
Debt service	5,996,633	–	–	5,996,633
Capital projects	9,226,292	–	–	9,226,292
Business type activities	–	11,437,883	–	11,437,883
Nonprogram	–	235,840	235,840	–
Total disbursements	23,891,530	11,673,723	243,644	35,321,609
Excess (deficiency) of revenues over (under) expenditures/expenses	(8,448,648)	4,239,379	39,887	(4,249,156)
OTHER FINANCING SOURCES (USES), NET	10,218,889	(685,013)	–	9,533,876
Excess of revenues and other financing sources over disbursements and other financing uses	1,770,241	3,554,366	39,887	5,284,720
Capital contributions	–	7,862	–	7,862
BALANCES, beginning of year, as restated (Note 2)	13,494,105	40,761,873	209,528	54,046,450
BALANCES, end of year	$15,264,346	$44,324,101	$ 249,415	$59,339,032

See accompanying independent auditor's report.

Budgeted amounts		Final to actual
Original	Final	variance
$ 7,648,749	$ 7,648,749	$ 18,162
3,063,774	3,063,774	(45,921)
110,106	110,106	(49,118)
635,990	1,041,563	15,787
277,178	283,520	1,571,393
15,890,150	15,942,090	(13,402,904)
13,099,456	15,267,670	(861,208)
354,850	443,215	25,575
41,080,253	43,800,687	(12,728,234)
3,402,110	3,863,048	576,902
2,225,344	2,741,046	499,530
18,500	18,500	2,000
1,537,624	1,553,061	103,760
731,350	1,010,635	100,614
904,688	1,181,505	424,188
4,569,259	5,998,855	2,222
35,785,000	35,785,000	26,558,708
12,699,750	14,602,056	3,164,173
–	–	–
61,873,625	66,753,706	31,432,097
(20,793,372)	(22,953,019)	18,703,863
21,984,000	22,002,220	(12,468,344)
1,190,628	(950,799)	6,235,519
–	–	7,862
26,870,439	26,870,439	27,176,011
$28,061,067	$25,919,640	$33,419,392

City of Waukee, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2014

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 expenditures/expenses 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 expenditures/expenses 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 expenditures/expenses by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted expenditures/expenses by $4,880,081. This budget amendment is reflected in the final budgeted amounts.

The City of Waukee, Iowa prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with generally accepted accounting principles.

SUPPLEMENTARY INFORMATION

City of Waukee
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds					Debt service	
	Road Use Tax	Enterprise Business Park TIF	Library Foundation	Forfeitures	Hickman West Industrial Park TIF	Special Assessments	Total
ASSETS							
Cash, cash equivalents and pooled investments	$ 809,748	$ 439,728	$ 171,456	$ 15,533	$1,587,719	$ 115,236	$3,139,420
Receivables							
Property tax							
Special assessments	–	–	–	–	–	369,623	369,623
Prepaid insurance	10,520	–	–	–	–	–	10,520
Total assets	$ 820,268	$ 439,728	$ 171,456	$ 15,533	$1,587,719	$ 484,859	$3,519,563
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 198,759	$ –	$ –	$ 3,324	$ –	$ –	$ 202,083
Compensated absences	3,543	–	–	–	–	–	3,543
Total liabilities	202,302	–	–	3,324	–	–	205,626
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues							
Special assessments	–	–	–	–	–	369,623	369,623
FUND BALANCES							
Fund balances							
Nonspendable	10,520	–	–	–	–	–	10,520
Restricted for							
Debt service	–	–	–	–	–	115,236	115,236
Other	607,446	439,728	171,456	12,209	1,587,719	–	2,818,558
Total fund balances	617,966	439,728	171,456	12,209	1,587,719	115,236	2,944,314
Total liabilities, deferred inflows of resources and fund balances	$ 820,268	$ 439,728	$ 171,456	$ 15,533	$1,587,719	$ 484,859	$3,519,563

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, 2014

	Special Revenue Funds					Debt service	
	Road Use Tax	Enterprise Business Park TIF	Library Foundation	Forfeitures	Hickman West Industrial Park TIF	Special Assessments	Total
REVENUES							
Tax increment financing collections	$ –	$ 241,207	$ –	$ –	$ 621,763	$ –	$ 862,970
Other city tax	–	–	–	–	–	18,312	18,312
Use of money and property	–	581	19,790	–	1,945	13,578	35,894
Intergovernmental	1,488,086	–	–	–	–	–	1,488,086
Charges for services	–	–	–	5,000	–	–	5,000
Miscellaneous	7,109	–	17,830	–	–	–	24,939
Total revenues	1,495,195	241,788	37,620	5,000	623,708	31,890	2,435,201
EXPENDITURES							
Operating							
Public safety	–	–	–	10,744	–	–	10,744
Public works	1,189,728	–	–	–	–	–	1,189,728
Culture and recreation	–	–	7,804	–	–	–	7,804
Debt service							
Principal	–	–	–	–	–	35,000	35,000
Interest	–	–	–	–	–	8,561	8,561
Capital projects	418,573	–	–	–	–	–	418,573
Total expenditures	1,608,301	–	7,804	10,744	–	43,561	1,670,410
Excess of revenues over Expenditures	(113,106)	241,788	29,816	(5,744)	623,708	(11,671)	764,791
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	69,000	–	–	–	–	–	69,000
Operating transfers in (out)	(23,644)	(234,050)	–	17,953	(513,143)	–	(752,884)
Total other financing sources (uses)	45,356	(234,050)	–	17,953	(513,143)	–	(683,884)
NET CHANGES IN FUND BALANCES	(67,750)	7,738	29,816	12,209	110,565	(11,671)	80,907
FUND BALANCES BEGINNING OF YEAR	685,716	431,990	141,640	–	1,477,154	126,907	2,863,407
FUND BALANCES END OF YEAR	$ 617,966	$ 439,728	$ 171,456	$ 12,209	$1,587,719	$ 115,236	$2,944,314

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2014

	Enterprise Funds			
	Solid Waste	Utility Billing	Storm Water	Total
ASSETS				
Current assets				
Cash and pooled investments	$ 24,724	$ 123,537	$1,102,762	$1,251,023
Receivables				
Customer accounts and unbilled usage	80,576	–	42,626	123,202
Noncurrent assets				
Capital assets (net of accumulated depreciation)	–	–	347,440	347,440
Total assets	105,300	123,537	1,492,828	1,721,665
LIABILITIES				
Current liabilities				
Accounts payable	223	33,297	22,819	56,339
Compensated absences	–	5,797	2,576	8,373
Noncurrent liabilities				
Net OPEB liability	–	6,484	8,415	14,899
Total liabilities	223	45,578	33,810	79,611
NET POSITION				
Net investment in capital assets	–	–	347,440	347,440
Unrestricted	105,077	77,959	1,111,578	1,294,614
Total net position	$ 105,077	$ 77,959	$1,459,018	$1,642,054

See accompanying independent auditor's report.

City of Waukee, Iowa
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2014

	Enterprise Funds			
	Solid Waste	Utility Billing	Storm Water	Total
OPERATING REVENUES				
Charges for service	$ 852,933	$ 232,295	$ 502,285	$1,587,513
Miscellaneous	1,207	13,404	519	15,130
Total operating revenues	854,140	245,699	502,804	1,602,643
OPERATING EXPENSES				
Business type activities				
Cost of sales and services	863,236	235,840	263,763	1,362,839
Depreciation and amortization	–	–	34,063	34,063
Total operating expenses	863,236	235,840	297,826	1,396,902
Operating income (loss)	(9,096)	9,859	204,978	205,741
NONOPERATING REVENUES				
Interest income	17	212	1,291	1,520
INCOME (LOSS) BEFORE TRANSFERS	(9,079)	10,071	206,269	207,261
TRANSFERS (OUT)	–	–	(193,735)	(193,735)
CHANGE IN NET POSITION	(9,079)	10,071	12,534	13,526
NET POSITION BEGINNING OF YEAR	114,156	67,888	1,446,484	1,628,528
NET POSITION END OF YEAR	$ 105,077	$ 77,959	$1,459,018	$1,642,054

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			
	2014	**2013**	**2012**	**2011**
REVENUES				
Property tax	$ 7,666,911	$ 7,133,514	$ 6,811,607	$ 6,397,893
Tax increment financing revenue	3,017,853	3,427,898	3,186,693	3,051,143
Other city tax	60,988	39,355	462,040	62,895
Licenses and permits	1,057,350	639,233	507,344	531,196
Use of money and property	222,405	210,762	204,505	215,266
Intergovernmental	2,539,186	3,713,932	1,762,542	4,495,541
Charges for services	597,042	728,310	253,692	239,040
Miscellaneous	281,147	1,058,091	813,998	440,669
Totals	$15,442,882	$16,951,095	$14,002,421	$15,433,643
EXPENDITURES				
Operating				
Public safety	$ 3,286,146	$ 2,912,583	$ 3,040,673	$ 2,821,515
Public works	2,241,516	1,580,884	1,381,993	1,192,453
Health and social services	16,500	12,750	15,175	16,909
Culture and recreation	1,457,105	2,010,987	1,338,835	1,312,158
Community and economic development	910,021	618,937	885,864	1,023,639
General government	757,317	785,443	868,324	787,974
Debt service	5,996,633	4,642,544	6,111,183	3,919,273
Capital projects	9,226,292	5,976,606	3,501,963	7,768,712
Totals	$23,891,530	$18,540,734	$17,144,010	$18,842,633

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	**2009**	**2008**	**2007**	**2006**	**2005**
$ 5,934,368	$ 5,318,576	$ 4,405,384	$ 3,804,888	$3,468,779	$ 3,057,974
3,032,038	2,824,039	2,447,271	1,651,122	1,279,032	980,076
70,367	1,301,852	599,570	466,312	57,134	160,531
353,777	673,103	627,720	766,811	880,119	659,487
173,419	128,470	330,789	242,139	142,740	111,127
2,898,776	4,641,902	1,054,612	1,727,796	870,087	2,138,494
184,230	209,664	134,996	92,707	75,600	89,475
144,913	1,142,477	170,474	459,154	331,615	430,772
$12,791,888	$16,240,083	$ 9,770,816	$ 9,210,929	$7,105,106	$ 7,627,936
$ 2,528,267	$ 2,391,927	$ 1,806,932	$ 1,510,461	$1,373,641	$ 2,169,067
1,133,462	1,099,806	1,167,008	1,081,599	1,185,751	1,214,158
12,180	11,000	9,800	9,000	13,500	12,050
1,173,584	1,211,373	982,900	1,110,158	806,026	854,233
892,553	848,245	701,524	645,533	508,066	236,485
855,172	982,213	717,792	708,556	706,296	414,964
3,441,710	8,379,401	2,552,259	2,432,070	2,407,072	1,498,394
7,021,544	10,807,450	7,764,263	4,062,917	1,376,921	4,474,304
$17,058,472	$25,731,415	$15,702,478	$11,560,294	$8,377,273	$10,873,655

See accompanying independent auditor's report.

DENMAN
& COMPANY, LLP

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 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, 2014, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items I-A-14 and I-B-14 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 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 of Waukee's Responses to the Findings

The City of Waukee's responses to the findings identified in our audit are described in the accompanying schedule of findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 17, 2014

SCHEDULE OF FINDINGS

City of Waukee
SCHEDULE OF FINDINGS
Year ended June 30, 2014

Part I—Findings Related to the Financial Statements

Instances of Noncompliance

No matters were noted.

Internal Control Deficiencies

I-A-14 **City Employee Pay Rate Approval**

While all employee pay increases are approved at the department level, during testing, we identified one instance in which the employee's rate of pay did not agree with the union contract and four instances in which the employee's rate of pay did not correlate with the council approved rate for the job description. Additionally, the council does not approve employee rate changes and the City does not have a policy regarding the level of approval required for an employee pay rate change.

Recommendation

The City should implement a policy regarding required approvals prior to a pay rate change. In addition, changes to the union contract pay scale should be approved by the City Council prior to implementation.

Response

The City will work to ensure all future wage changes are approved by the City Council, with changes noted in all aspects including compensation pay plan and job descriptions.

Conclusion

Response accepted.

I-B-14 **Compensated Absences**

During testing, we noted the City is not enforcing the policy within the union contract which limits the number of vacation hours an employee can rollover into the following year at 60 hours as of the employee's anniversary date. We noted several instances in which union employees were allowed to rollover hours in excess of the maximum for use in the following year with no documentation supporting who approved the exception.

Recommendation

The City should enforce all provisions of the union contract as currently approved or amend the contract to reflect current practices.

Response

The City will begin enforcing all paid leave policies per the Union contract and employee handbook, particularly in regards to maximum carry over allowances for sick and vacation hours.

Conclusion

Response accepted.

Part II—Other Findings Related to Required Statutory Reporting

II-A-14 CERTIFIED BUDGET

The June 30, 2014 budget was not amended prior to disbursements exceeding budgeted amounts in the general government and community and economic development functions.

Recommendation

The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements are allowed to exceed the budget.

Response

While the City did not amend the 2014 fiscal year budget prior to exceeding the program allocations, the City Council did take official action to exceed the general government program for the city hall remodel, the community and economic development program for the creation of the economic development department and the related expenses.

Conclusion

Response accepted.

II-B-14 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.

II-C-14 TRAVEL EXPENSE

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

II-D-14 BUSINESS TRANSACTIONS

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

II-E-14 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 insure that the coverage is adequate for current operations.

II-F-14 COUNCIL MINUTES

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

II-G-14 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.

Part II—Other Findings Related to Required Statutory Reporting

II-H-14 REVENUE BONDS/NOTES

No instances of noncompliance with the water, sewer, gas and golf course revenue bond and note provisions were noted.

II-I-14 FINANCIAL CONDITION

The Golf Fund had a deficit balance of $22,347 at June 30, 2014.

Recommendation

The City should investigate alternatives to eliminate this deficit in order to return the fund to a sound financial position.

Response

The City has changed the management of the golf course, and is working on a long-term plan to reduce expenses or increase revenues to eliminate the deficit balance over time.

Conclusion

Response accepted.

II-J-14 ANNUAL URBAN RENEWAL REPORT

The following exceptions were noted in the annual urban renewal report:

The City's TIF debt outstanding balance as of June 30, 2013 reported on the Levy Authority Summary does not agree with the City's general ledger. The amount reported by the City as TIF debt outstanding was overstated by $1,834,322.

Recommendation

The City should ensure the debt balance reported on the Levy Authority Summary agrees with the City's records.

Response

City staff has confirmed the transposition error with the State Department of Management and has been instructed to correct the error with the 2014 fiscal year annual report. No further action is required by the Department of Management.

Conclusion

Response accepted.