

# **CITY OF DES MOINES WASHINGTON**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Fiscal Year January 1, 2020 through December 31, 2020



*Prepared by:*

*City of Des Moines Finance Department*

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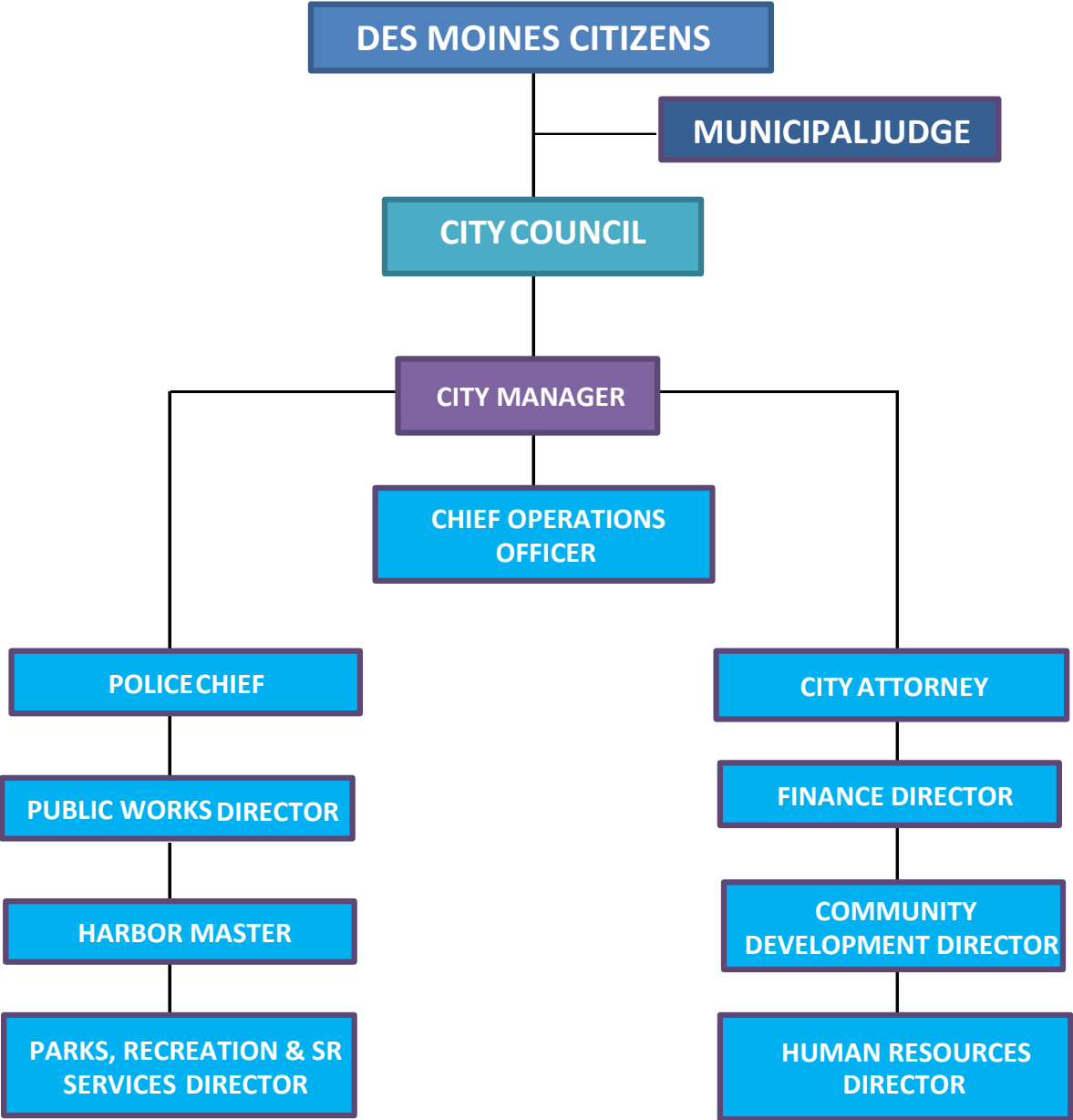
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# ORGANIZATIONAL CHART



## DIRECTORY OF CITY OFFICIALS AND MANAGEMENT TEAM

December 31, 2020

### **Elected Officials**

### **Term Expires**

#### **Mayor**

Matt Pina

12/31/2021

#### **Council Members**

Matt Mahoney

12/31/2021

Luisa Bangs

12/31/2021

Traci Buxton

12/31/2021

JC Harris

12/31/2023

Anthony Martinelli

12/31/2023

Jeremy Nutting

12/31/2023

### **Administrative Officials**

City Manager

Michael Matthias

Chief Operations Officer

Daniel Brewer

Chief Strategic Officer/Interim Parks Director

Susan Cezar

Police Chief

Ken Thomas

City Attorney

Tim George

Finance Director

Beth Anne Wroe

Public Works Director

Brandon Carver

Harbor Master

Scott Wilkins

City Clerk & Communications Director

Bonnie Wilkins

Municipal Court Judge

Lisa Leone



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Des Moines  
Washington**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO



July 30, 2021

To the Mayor, Members of the City Council and Citizens of Des Moines, Washington:

It is my pleasure to submit the Annual Financial Report of the City of Des Moines for the year ended December 31, 2020. City management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and reported in a manner designed to present fairly the financial position and operational results of the various funds of the City of Des Moines. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

State statute requires an audit by the Washington State Auditor, an independently elected official. The State Auditor conducts an examination of the City's financial statements in accordance with generally accepted auditing standards and provides an independent assessment of those statements.

The Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

This report includes all funds of the City and provides a full range of services. Please see note 1.A. for details of the reporting entity.

### ***About the City of Des Moines***

The City of Des Moines is located in King County, Washington in the region of the Pacific Northwest. Des Moines is located on the east shore of Puget Sound, approximately halfway between the major cities of Seattle and Tacoma. The city is bordered by the suburbs of Federal Way to the south, Kent to the east, Sea-Tac to the northeast, Burien to the north, and Normandy Park to the northwest. It is one of the few points along this shoreline where the topography facilitates access to the water, and the city operates a recreational marina which offers wet and dry moorage for 840 recreational vessels, transient docking and fueling facilities, boat launching and a fishing pier. Saltwater State Park, an 87 acre forested, waterfront preserve, is located in the city and is the most visited state park on Puget Sound. The City encompasses approximately 6.50 square miles and the 2020 population was 32,260. It is also the home to Highline College, which includes an extension campus for Central Washington University, with proximity to Seattle-Tacoma International Airport.

The City of Des Moines was incorporated on June 17, 1959 and operates under the State statutes (Revised Code of Washington 35A) as an Optional Municipal Code city (i.e. a “Noncharter Code City”). The City is operated under a Council-Manager form of government. The City Council is comprised of seven members elected to staggered four-year terms, which are all at-large positions. The City Council elects one of its members to serve as Mayor. The City Manager is appointed by the Council to act as chief executive officer of the City and is responsible to the Council for proper administration of all City affairs. The City lies mainly within the thirty-third (33<sup>rd</sup>) State Legislative District, with a portion of the southern part of the city within the thirtieth (30<sup>th</sup>) State Legislative District, and the ninth (9<sup>th</sup>) US Congressional District.

The City provides the following primary services: public safety, road improvements, parks and recreation, judicial administration, health and social services, and general administrative services. In addition, the City owns and operates a large, public marina. In 1983 the City elected by ordinance for fire prevention services to be provided by King County Fire District No 26 which later became South King Fire and Rescue. The City operates a Surface Water Management Utility. Water, sewer, power and garbage services are provided by separate utility districts or private companies.

### ***Local Economy***

While the City of Des Moines has traditionally been a “bedroom” community for other areas and is largely residential, the emphasis in recent years has been to diversify the local economy with substantially increased commercial development. To that end, the City collaborated with the Port of Seattle to develop 87 acres of Port-owned land into the Des Moines Creek Business Park. The Des Moines Creek Business Park is a multi-phased development in the City of Des Moines. This development includes the regional headquarters for the Federal Aviation Agency (FAA) with approximately 1,600 employees and approximately 1.8 million square feet of light industrial and warehouse space. Additional warehouse space is currently under construction on adjacent property. A number of businesses are currently operating in these facilities and the FAA building was opened and occupied in early 2018. The City has several development zones in its waterfront areas to spur commercial development that is compatible with the City’s residential character.

The City of Des Moines is centrally located on the east shore of Puget Sound between Seattle and Tacoma; a central location at the heart of the vibrant Puget Sound region. Served by Highway 509 and Interstate 5, the west coasts’ main freight corridor, access to Des Moines from other Greater Seattle communities is quick and easy. The city is well served by RapidRide and light rail mass transit making commuting simple and convenient for employees. Nearby SeaTac International Airport and two deep water seaports in Seattle and Tacoma provide additional direct national and international transportation connections for goods and services.

Des Moines is just minutes west of the Green River Valley, the fourth largest warehouse and distribution center in the United States and the second largest manufacturing center on the West Coast. Many industries are located in the Valley, including space and aerospace, food products and apparel manufacturers and distributors. For businesses located in Des Moines, customers, vendors and suppliers are all within easy reach.

The City of Des Moines has relatively low land costs and lease rates as compared to other communities in the Greater Seattle area as well as many available commercial properties. An expedited permitting process and low fees help speed development.

The city is home to Highline College, an accredited four year college with an 80 acre campus and a student population of approximately 18,000. The campus also includes an extension branch of Central Washington University and of Heritage University. It also contains the Small Business Development Center which offers free support to local businesses.

The economic outlook for 2020 was looking favorable until the COVID-19 pandemic which became a public health emergency of international concern on January 30, 2020. The City of Des Moines experienced a decrease in forecasted revenue because of this pandemic and took steps to respond to the financial challenges. More detail may be found in the MD&A under Economic Factor's and Next Year's Budget. Footnote 17 also details the steps taken by the City to respond to the COVID-19 pandemic.

### ***Des Moines 2035: Charting Our Course for a Sustainable Future***

Des Moines 2035 is the City's plan for future growth and development. The comprehensive plan serves as a roadmap and provides recommendations for the future based on public input, analysis of existing conditions, and the best practices of planning. The plan addresses the use of land and buildings, the movement of traffic and pedestrians, the provision of parks, schools, and public facilities, and protection of the environment. The plan also provides a guide for public investments and capital improvements, and can help to ensure that local public dollars are spent wisely. Finally, the comprehensive plan serves as a marketing tool to promote Des Moines's unique assets, and help to attract new families, businesses, investment and development to the community.

### ***Long-term Financial Planning***

The City of Des Moines focuses on long-term financial planning, highlighting the importance of recognizing the long-term results of current financial and programmatic decisions. A fundamental challenge to the City is while recurring revenue is forecasted to increase modestly, some recurring expenditures continue to increase at a pace outside the City's control (e.g., State Department of Retirement contributions and medical premiums, etc.). This structural tension in the City's current financial setting is shared across many jurisdictions. Balancing recurring revenues and recurring expenditures remains a primary focus for budget development and financial management in current and future years.

In fiscal year 2020, the City continued to focus on essential services, enhancement of public safety and emergency management, as well as, an investment in capital improvements. The City uses the photo red light running enforcement program revenues as a dedicated source to fund public safety. The paid parking program revenues in the marina area are used to help finance infrastructure in that area.

The City annually prepares an updated six-year capital improvement plan (CIP) identifies potential capital projects for fiscal years 2020 through 2025. Project are planned to provide for and maintain public facilities and infrastructure for its citizens and businesses, balanced against available resources. Several of the most significant projects planned are listed below.

- North Bulkhead project which includes the design, renovation and/or replacement of the Marina north bulkhead
- Completion of Des Moines Play Area Projects – improvements to Steven J. Underwood Memorial Park, Westwood Park and Wooten Park
- Midway Park Acquisition
- Barnes Creek Trail
- Completed S. 216<sup>th</sup>, Segment 3 street and sidewalk improvements

### ***Financial Controls***

City management is responsible for establishing and maintaining an internal control structure designed to ensure assets of the City are protected from loss, theft, or misuse. City management must also ensure adequate accounting data is compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of those costs and benefits requires estimates and judgments by management.

### ***Budgetary Controls***

The City maintains budgetary controls ensuring compliance with provisions embodied in the annual appropriated budget. Every year, the City Manager submits a proposed budget to the City Council with public hearings conducted to obtain citizen input. The annual budget is adopted by the City Council, each year, through passage of an ordinance. The adopted budget is modified by ordinance, as needed. All unspent amounts in the operating budget lapse at year-end. The adopted budget serves as the foundation of the City's financial planning. It provides information both by fund and department. The City continues to take long-term actions to ensure the City's financial sustainability. In compliance with Council directives and adopted budget policies, the City no longer relies upon any one-time revenues to support ongoing operations.

## ***General Fund Reserves***

The City Council has adopted a policy which directs the City Manager to establish expenditure policies that will result in a general fund unrestricted ending fund balance or operating reserve of no less than two months (amounting to 16.67%, in accordance with national standard recommended by the Government Finance Officers Association) of the recurring operating expenditures for each fiscal year. The ending fund balance as a percentage of recurring operating expenditures for the fiscal year 2020 was 27.6%, which exceeded our required ending fund balance.

## ***Awards***

### ***Certificate of Achievement for Excellence in Financial Reporting***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Des Moines for its Annual Comprehensive Financial Report for fiscal year 2019. This was the third year the City received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ***Acknowledgments***

The preparation of the Annual Financial Report was made possible by the dedicated service of the Finance Department, in particular Jeff Friend, CPA, Eric Mandelas, Angelica Martinez-Estrada, Jackson Sweigart, the entire Finance Department have our sincere appreciation for their contributions to the preparation of this report. We would also like to thank the principals of the Washington State Auditor's Office for their work, review, and comments.

Respectfully submitted,

*Beth Anne Wroe*

Beth Anne Wroe  
Finance Director

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# ***FINANCIAL SECTION***

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**Office of the Washington State Auditor  
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

Mayor and City Council  
City of Des Moines  
Des Moines, Washington

**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 Des Moines, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Des Moines, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Development funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As discussed in Note 16 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. 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 and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates

directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated July 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

July 30, 2021

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Des Moines, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Des Moines for the fiscal year ended December 31, 2020. We encourage readers to consider the information furnished in our letter of transmittal which can be found starting on page 1 of this report.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Des Moines exceeded its liabilities and deferred inflows at fiscal year-end by \$237,600,847 (net position), an increase of \$10,327,959 or 4.5% from 2019. Of this amount, a majority of net position (\$194,138,071) is a net investment in capital assets. An additional \$17,459,763 or 7.4% of net position is restricted for purposes of public safety, transportation, recreation & senior services, and debt service. The remaining, \$26,003,013 or 10.9% of net position (\$15,234,215 for governmental activities and \$10,768,798 for business-type activities) represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position decreased \$45,189 due to prior period items. The \$45,189 decrease is due to an error correction related to the balance of accumulated depreciation (\$40,982) and another related to the balance of Construction-In-Progress (\$4,207).
- At December 31, 2020, the City's governmental activities reported combined ending net position of \$200,004,800, an increase of \$7,778,582 from 2019. Approximately 7.6% of this amount (\$15,234,215) is available for spending at the City's discretion (unrestricted net position).
- The City of Des Moines' net investment in capital assets increased by \$6,654,283 during 2020. The increase includes capital asset additions of \$6,269,778 for governmental activities and additions of \$864,828 business-type activities, offset by depreciation of \$4,114,835 for governmental activities and \$938,206 for business-type activities as well as miscellaneous asset disposals. Debt payments on long-term liabilities used for investment in capital asset projects also factor into the increase.
- Overall program revenue from governmental activities and business activities decreased \$1,157,562 and \$952,052; respectively, from 2019 due to the impacts of the COVID-19 pandemic that caused closure of city facilities and programs.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Des Moines's basic financial statements which are presented in three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide financial statements.** The financial statements are presented in conformity with Governmental Accounting Standards Board (GASB), which establishes Generally Accepted Accounting Principles (GAAP) for governmental entities. The government-wide financial statements are designed to provide readers with a broad overview of the City of Des Moines' finances in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Des Moines that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from activities that are supported by fees and charges (Business-Type Activities). The governmental activities of the City of Des Moines include general government, judicial, public safety, transportation, natural and economic environment, social services, culture and recreation and interest on long-term debt. The business-type activities include the Marina and Surface Water Management Utility.

The government-wide financial statements can be found following the Independent Auditor's Report on Financial Statements.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City funds can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Des Moines maintains fourteen individual governmental funds. The City's three major governmental funds – the General Fund, the Development Fund and the Capital & Construction Fund. are presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The remaining governmental funds are combined in this statement into a single column labeled 'Other Governmental'. Individual fund data for each of the other governmental funds can be found in *Combining Statements* later in this report.

The City of Des Moines adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary funds.* The City of Des Moines maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise funds to account for the Marina and Surface Water Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally to the City's various functions. The City uses internal service funds to account for it equipment maintenance and replacement, facility repair and replacement, computer equipment and software replacement, self- insurance programs and unemployment compensation. As these internal activities predominantly benefit governmental rather than business-type functions, they have been included with *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Data from the internal service funds are combined into a single, aggregated presentation in the basic proprietary fund financial statements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the proprietary fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The statement of net position may serve as a useful indicator of the City's financial position. The overall financial position has increased for the City of Des Moines over the prior year. Changes in net position from 2019 to 2020 show an increase in total net position of \$10,327,960 which includes a prior period adjustment of \$45,189. The following schedule is the condensed version of the government-wide statement of net position with a comparison to 2019:

**City of Des Moines**  
**Statement of Net Position (in thousands)**

	Governmental Activities		Business Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 42,490,752	\$ 38,623,995	\$ 12,883,486	\$ 10,929,122	\$ 55,374,238	\$ 49,553,117
Capital assets	170,252,559	168,138,598	29,961,386	30,034,765	200,213,945	198,173,363
Other assets	4,045,351	4,513,466	281,000	281,000	4,326,351	4,794,466
Total assets	216,788,662	211,276,059	43,125,872	41,244,887	259,914,534	252,520,945
Deferred outflows	1,414,595	1,173,735	266,540	271,615	1,681,135	1,445,349
Current liabilities	3,063,861	3,466,480	1,285,337	1,196,877	4,349,198	4,663,357
Noncurrent liabilities	13,378,214	13,741,409	4,325,767	4,968,975	17,703,981	18,710,384
Total liabilities	16,442,075	17,207,889	5,611,104	6,165,852	22,053,179	23,373,741
Deferred inflows	1,756,382	3,015,686	185,261	303,980	1,941,643	3,319,666
Net position:						
Investment in capital assets	167,310,822	161,822,341	26,827,249	25,661,447	194,138,071	187,483,788
Restricted	17,459,763	13,764,400	-	-	17,459,763	13,764,400
Unrestricted	15,234,215	16,639,477	10,768,798	9,385,222	26,003,013	26,024,699
Total net position	\$200,004,800	\$192,226,218	\$ 37,596,047	\$ 35,046,669	\$ 237,600,847	\$227,272,888

The largest portion of the City's net position (81.7%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related outstanding debt to acquire those assets. The City of Des Moines uses these assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position (7.3%) represents resources that are subject to constitutional or external restrictions on how they may be used. The remaining balance of unrestricted net position (10.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

**Changes in Net Position.** At the end of the current fiscal year, the City of Des Moines is able to report positive balances in all three categories of net position, both the government as a whole, as well as for its separate governmental and business-type activities.

Net position from activity throughout the year was \$10,373,149. This increase represents the degree to which ongoing revenues have exceeded increases in ongoing expenses through cost containment measures and increasing revenues. The net position also decreased by \$45,189 in prior period adjustments.

The net position for investment in capital assets increased by \$6,654,282 in 2020. A major part of this increase (\$7,878,339) was due to acquisition of capital assets, offset by depreciation (\$5,053,041) and capital asset disposals (\$1,153,733). The 2019 SCORE debt and the 2012 LTGO bonds were excluded from the calculation of net position for investment in capital assets in 2020 as they are not related to capital asset investment. This change in the calculation contributed \$3,543,646 to the increase of net position for investment in capital assets in 2020.

The majority of the increase of \$3,695,363 in restricted net position comes primarily from an increase of \$3,546,662 in net position restricted for future transportation capital projects

Unrestricted net position and current assets have increased as the overall financial health held steady through the COVID-19 pandemic. Despite a decrease in revenues in 2020, current assets such as cash and investments on hand at December 31 has increased over the prior year.

The changes to deferred inflows/outflows are primarily related to actuarial activity related to pensions. Deferred inflows/outflows are affected by such things as the difference between actuarially expected and actual experience, differences between expected and actual investment earnings and changes in actuarial assumptions.

See the FINANCIAL ANALYSIS OF THE CITY'S FUNDS section for more information relating to specific funds.

Following is a condensed version of the City's changes in net position. The table shows the revenues, expenses and related changes in net position for both governmental-type and business-type activities:

**City of Des Moines**  
**Changes in Net Position (in thousands)**

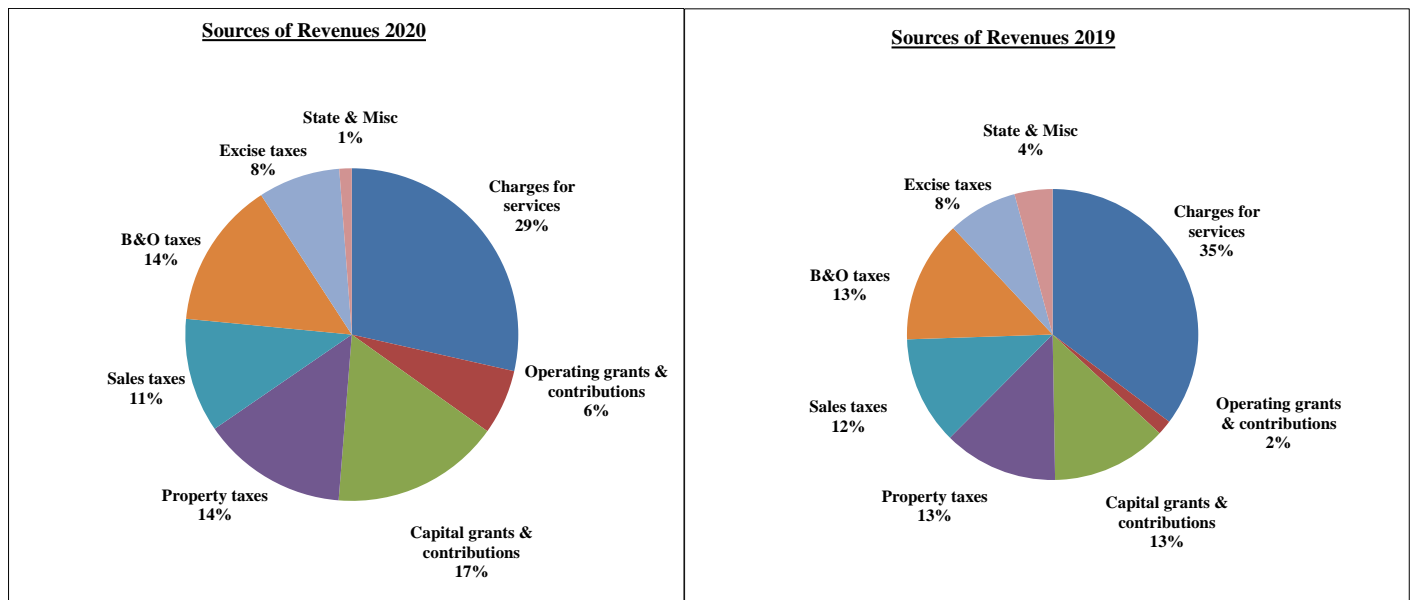
	Governmental Activities		Business Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 10,469,612	\$ 14,144,739	\$ 8,600,513	\$ 8,481,330	\$ 19,070,125	\$ 22,626,069
Operating grants & contributions	2,321,794	659,139	137,670	-	2,459,464	659,139
Capital grants & contributions	6,017,352	5,162,442	195,798	1,404,703	6,213,150	6,567,145
General revenues:						
Property taxes	5,191,679	5,107,176	-	-	5,191,679	5,107,176
Other taxes	12,247,515	13,381,523	-	-	12,247,515	13,381,523
Miscellaneous revenue	445,662	650,207	-	19,650	445,662	669,857
Investment and misc	228,171	778,784	175,476	233,116	403,647	1,011,900
Total revenues	<u>36,921,785</u>	<u>39,884,010</u>	<u>9,109,457</u>	<u>10,138,800</u>	<u>46,031,242</u>	<u>50,022,810</u>
Program expenses:						
General government	7,455,194	4,897,324	-	-	7,455,194	4,897,324
Public safety	10,279,581	11,439,041	-	-	10,279,581	11,439,041
Transportation	5,098,069	5,610,219	-	-	5,098,069	5,610,219
Natural & economic environment	2,250,829	2,519,763	-	-	2,250,829	2,519,763
Social services	653,687	673,949	-	-	653,687	673,949
Culture and recreation	2,844,857	3,839,881	-	-	2,844,857	3,839,881
Interest on long term debt	241,004	243,375	-	-	241,004	243,375
Marina	-	-	3,454,690	3,409,059	3,454,690	3,409,059
Surface water management	-	-	3,380,182	3,151,742	3,380,182	3,151,742
Total expenses	<u>28,823,221</u>	<u>29,223,552</u>	<u>6,834,872</u>	<u>6,560,800</u>	<u>35,658,093</u>	<u>35,784,352</u>
Changes in net position	8,098,564	10,660,458	2,274,585	3,577,999	10,373,149	14,238,457
Transfers	(279,000)	265,637	279,000	(265,637)	-	-
Total changes in net position	7,819,564	10,926,095	2,553,585	3,312,362	10,373,149	14,238,457
Net position - beginning	192,226,218	180,863,721	35,046,669	31,734,307	227,272,887	212,598,028
Prior period adjustments	(40,982)	436,402	(4,207)	-	(45,189)	436,402
Restated net position - beginning	192,185,236	181,300,123	35,042,462	31,734,307	227,227,698	213,034,430
Net position - ending	<u>\$200,004,800</u>	<u>\$192,226,218</u>	<u>\$ 37,596,047</u>	<u>\$ 35,046,669</u>	<u>\$ 237,600,847</u>	<u>\$227,272,887</u>

## Governmental Activities

Governmental activities increased net position by \$7,778,582. The primary reason for the increase is an increase of \$3,226,598 in current assets and an increase of \$2,113,961 in capital assets. The City continues to follow sound fiscal management practices in matching ongoing expenses to ongoing revenues to ensure a sustainable financial plan into the future. In 2020, total revenues were impacted by the COVID-19 pandemic and decreased \$2,962,225 (7.4%) from 2019. Despite the decrease, total revenue still exceeded expenditures by \$8,098,564. Sales tax revenue decreased \$751,170 or 15.6% from 2019 while B&O taxes decreased \$197,720 or 3.6% primarily due to decreased activity related to the State's stay at home orders related to the COVID-19 pandemic quarantine. To help offset some of the loss of revenue, the City received \$1,408,188 from the federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Capital grant revenue also slightly increased in 2020 by \$854,910 or 16.6%. Capital grant activity fluctuates from year to year based on grant awards and construction projects. The City had an increase in state and county funding for the north marina parking lot bulkhead, acquisition of Midway Park, and continued projects related to Van Gasken Park. Overall expenditures decreased by \$400,331 or 1.4%.

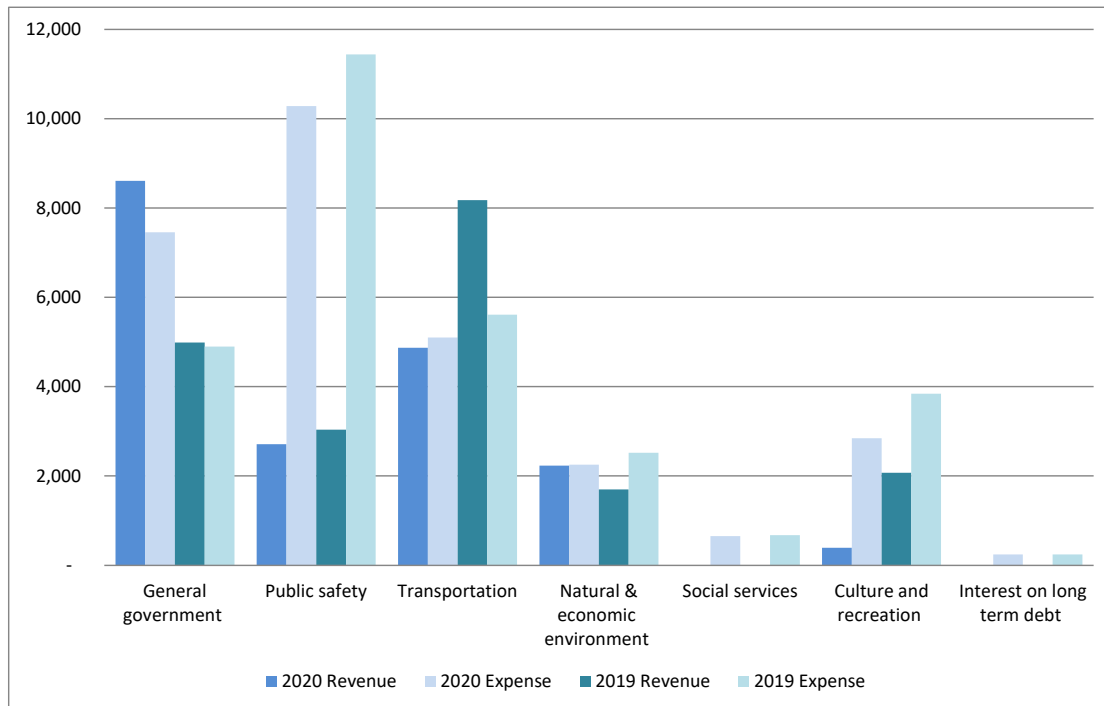
See the FINANCIAL ANALYSIS OF THE CITY'S FUNDS section for more information relating to specific funds.

### GOVERNMENTAL ACTIVITIES – REVENUES BY SOURCE



## GOVERNMENTAL ACTIVITIES – EXPENSES AND PROGRAM REVENUES

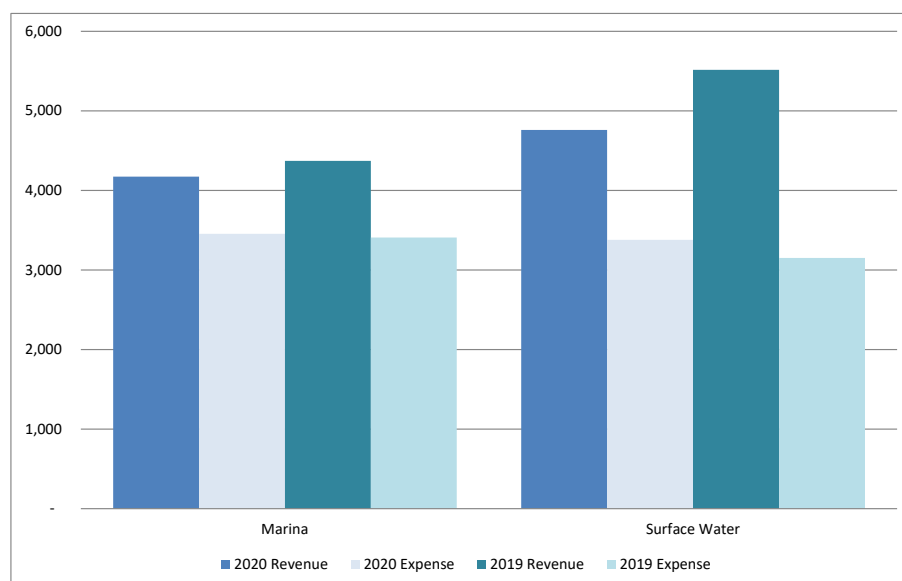
(In thousands)



**Business-type activities.** Business-type activities increased the City of Des Moines's net position by \$2,553,585 as compared to 2019. This increase is due to operating income of \$2,078,787, capital grant contributions of \$195,798 and other non-operating revenue, expenses and transfers of \$279,000.

## ENTERPRISE ACTIVITIES – EXPENSES AND PROGRAM REVENUE COMPARISON

(In thousands)



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Des Moines uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the City of Des Moines' *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$31,943,146. The City had \$6,477,918 in unassigned fund balance. Total governmental fund balances increased \$4,950,217 from the prior year, including a prior period adjustment of \$46,582 to correct the reporting values of investments on governmental fund statements. In 2019, the General Fund's ending fund balance was \$5,837,998. The General Fund's ending fund balance increased by \$729,029 in 2020 from current year revenue exceeding current year expenditures. Ending fund balance increased by \$423,325 for the Development Fund, \$2,337,143 for the Capital and Construction Fund, and \$1,460,721 for Other Governmental Funds.

### General Fund

The General Fund is the primary operating fund of the City of Des Moines. The General Fund ended the year with unassigned fund balance of \$6,477,918, which fully funds the city council's reserve policy for a minimum fund balance level of 16.67%, of recurring operating expenditures, which equals \$3,910,445. Ending unassigned fund balance in the General Fund was 27.6% of operating expenditures. Overall, revenues decreased by 2.6% or \$643,780 compared to 2019, expenditures decreased by 1.9% or \$467,995 compared to 2019, other financing uses from net transfers were \$(239,583) in 2020, for a change in fund balance of \$729,029 for 2020.

General Fund tax revenue decreased by \$938,598 or 6.2%. Property tax increased \$58,503 or 1.1% as the assessed valuation of all the property in the City remained stable. Sales tax revenue was down \$630,310 or 16.8% primarily due to a decrease of one-time sales tax which fluctuates with the size of construction projects in the City. Business & Occupation (B&O) taxes overall decreased \$334,061 or 27.0% as some businesses being forced to close during parts of 2020 due to the COVID-19 pandemic. Utility taxes increased \$48,190 or 1.3% due to an increase in consumption. Gambling taxes increased by \$7,167 or 36.0% due an increase of activity at gambling establishments over the prior year. Leasehold taxes increased by \$12,046 or 5.6% in 2020 due to the utilization of public property for private activities during the year.

License and permit revenues increased by \$90,838 or 6.7% due primarily to the increase of solid waste franchise fee revenue combined with an increase in business license and permit fees.

Charges for services decreased by \$299,832 or 5.5%, which are related to the interfund administrative services provided by the General Fund to other funds determined by the City's indirect cost allocation plan and captures the appropriate payment of cost for services.

Fees and penalties decreased by (\$599,148) or (30.7%). This decrease came primarily from the activity for the City's traffic red light running program. The program's first full year was 2017 and the effectiveness of the program in changing driver's behavior led to a decrease in tickets being issued for violations. This effectiveness continued in 2020 aided by reduced traffic resulting business closures from the COVID-19 pandemic.

**Development Fund.** Fund balance was \$4,662,946 at year-end and increased by \$423,325 (or 9.9%) during the year. The change is normal and expected due to the nature of the work performed. Permit fee rates are reevaluated every few years with fund balance providing a cushion to absorb any yearly deficits that might arise.

**Construction Fund.** Fund balance was \$15,173,504 at year-end and increased by \$2,337,142 or 18.2% during the year. The change is normal and expected based on the nature of the construction fund as resources are set aside during the design phase in anticipation of construction. The City received additional grant funding for the north marina parking lot bulkhead and work along South 216<sup>th</sup> Ave.

**Proprietary Funds.** The City of Des Moines's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

*Marina* – Unrestricted net position was \$2,422,092 at the end of the year; an increase of \$61,395 from the prior year. Operating revenue decreased \$19,612 or .5%. Operating revenue was able to remain close to the same level as the prior year due to funds received from the CARES act. Operating expenses increased by \$73,254 or 2.3% due to additional maintenance of the marina.

*Surface Water Management* – Unrestricted net position totaled \$7,189,295; an increase of \$1,485,431 from the prior year. Operating revenue increased by \$439,714 or 10.7%, which are due to an increase in rates in addition to \$126,223 in additional intergovernmental revenue. Operating expenses increased by \$117,116 or 3.6% due to normal increase in program costs.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Des Moines adopted the 2020 budget with an anticipated decrease of \$58,047, or 1.3%, in budgetary fund balance during the year from \$4,500,950 to \$4,442,903. Even with this planned decrease, the City of Des Moines meets the required ending fund balance policy of 16.67% set by the Des Moines City Council. The 2020 adopted budget anticipated increases in revenue for property, sales, business & occupation and utility taxes. The 2020 adopted budget anticipated an overall 5.8% increase in expenditures. The largest increase is for salaries and personnel benefits. This increase relates to cost-of-living increases for staff, along with adding the position of the Emergency Preparedness Manager. The city also upgraded some existing positions to provide additional resources for the emergency management program, parks and recreation programs and the implementation of a new enterprise resource program by the finance department.

Since the budget year 2017, following a long period of financial instability, the Des Moines City Council has adopted strong, solvent, and sustainable budgets using sound budgetary policies. This work has resulted in healthy reserves in excess of the recommended best practice of the Government Finance Officers Association. These reserves provide the City of Des Moines with the ability to weather ordinary economic upturns and downturns that occur without any interruption in essential services.

One cornerstone of these policies is the principle that ongoing expenditures are funded by ongoing, structural revenue. The City Council has codified this principle in chapter 3.100 Des Moines Municipal Code, forbidding the use of one-time revenue for general fund expenditures. The City Council adopted preliminary budgets for the years 2017 through 2019 using this principle, and the final amended budgets have held to that standard. The 2020 adopted budget was crafted and adopted in accordance with this principle as well.

In early 2020, an outbreak of the virus SARS-Co V-2 and its associated disease COVID-19 struck the United States. The first "hotspot" for the outbreak in the country occurred in the Seattle area. In response, emergency declarations were issued by the State of Washington, King County, the City of Des Moines, and ultimately the Federal government. On March 23, 2020, Governor Jay Inslee issued Proclamation 20-25 "Stay Home – Stay Healthy", requiring every individual in the State to not leave home except for conducting certain essential functions or to provide certain essential business services until no sooner than April 6, 2020. The "Stay Home – Stay Healthy" period was extended through January 4, 2021.

The disruption to lives and employment caused by COVID-19 pandemic has been significant. The impacts to the local, state, national and worldwide economies are difficult to predict, both from the direct effects of the virus on individuals and from the quarantine measures disrupting commerce.

Because of the COVID-19 pandemic, the City of Des Moines planned for a significant drop in recurring General Fund revenues, range from 8% to 15%, due to the closure of city buildings and programs; as well as the economic recession. The City also took steps to reduce expenditures in response to the expected decrease in revenues. In April 2020, City Council approved the retention of one-time revenues in the General Fund to help offset the decrease in revenues and to ensure the General Fund had adequate reserves. City management and staff worked together throughout 2020 to respond to the public health crisis and to provide essential services to its residents.

In the fall of 2020, the General Fund budget was revised to reflect the following changes:

- The City decreased total General Fund revenues by \$2,347,141 or 8.97%. Significant decreases were in charges for services from programs that were closed due to the pandemic and from decreases in sales and B&O taxes due to the decline in business activity and the shutdown in construction.
- The City received CARES Act funding for \$1,432,500 to reimburse eligible expenditures incurred dedicated to responding to the COVID-19 public health emergency. A portion of this funding, \$516,028 or 36% was distributed to Des Moines businesses through a business grant program and \$84,000 or 6% was for the EATS program benefiting seniors and veterans.
- The City decreased total General Fund expenditures by \$1,673,749 or 6.38%. The City took actions to protect the health and safety of staff. Actions impacting staffing included implementation of a temporary hiring freeze, utilization of attrition and early retirement incentives, placement of staff on the Employment Security Department's standby program, aligning employment as a result of programmatic or department reorganizations, and utilization of a "mutual shared risk" concept for addressing future wages within our Teamsters bargaining agreement. The City decreased deferred assessments from the General Fund to the Equipment Rental Replacement and Facility Repair & Replacement Funds for 2020. The City did not program the transfers out from the General Fund to the One-time Sales Tax Fund for capital improvement projects.

As the City of Des Moines navigated through the public health crisis in 2020 and hoped for an end to the pandemic, the pandemic extended beyond 2020 and into 2021. The results for the revised 2020 budget were total actual revenues received of \$24,426,589 that were over the revised budget by \$619,253 (2.60%) and in total actual expenditures of \$23,457,527 that were less than the revised budget by \$724,699 (2.99%). This puts the City of Des Moines in a good position to continue to operate and respond to the COVID-19 pandemic; as a result, the exception to retain the one-time revenue received in 2020 will not need to be exercised and this money will be transferred for capital purposes in 2021.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City of Des Moines's total capital assets for its governmental and business-type activities as of December 31, 2020 was \$200,213,945 (net of accumulated depreciation); an increase of \$2,081,565 from 2019. Investment in capital assets includes such things as land and construction in progress, which are not subject to depreciation. The other capital assets, buildings and structures, machinery and equipment, park facilities, sidewalks, roads, highways, and bridges are subject to depreciation.

Governmental type capital assets (net of depreciation) totaled \$170,252,559, an increase of \$2,154,944 from 2019. Business-type capital assets (net of depreciation) totaled \$29,961,386, a decrease of \$73,379 from 2019.

In addition to the effects of depreciation, these changes in total capital assets are a result of acquisitions for improvements, infrastructure, building & structures, machinery and equipment, and construction in progress. In 2020 the largest components of these changes are related to increases in construction work in progress for ongoing capital projects including the Steven J. Underwood Playground, Midway Park Acquisitions, S. 216<sup>th</sup> Segment 3, and the Barnes Creek Trail. More information on the City's capital assets can be found in Note 6.

City of Des Moines Capital Assets at Year-End  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 95,565,651	\$ 95,565,652	\$ 3,807,526	\$ 3,791,288	\$ 99,373,177	\$ 99,356,939
Construction work in progress	17,038,102	12,402,783	2,217,591	1,821,935	19,255,693	14,224,719
Buildings and structures	6,655,833	6,877,158	1,658,500	1,776,241	8,314,333	8,653,399
Other improvements	6,871,586	7,175,947	7,558,714	7,764,575	14,430,300	14,940,522
Infrastructure	41,173,207	43,243,092	14,621,538	14,758,392	55,794,745	58,001,484
Machinery and equipment	2,948,180	2,832,983	97,517	122,334	3,045,697	2,955,317
Total capital assets	<u>\$170,252,559</u>	<u>\$168,097,615</u>	<u>\$ 29,961,386</u>	<u>\$30,034,765</u>	<u>\$ 200,213,945</u>	<u>\$198,132,380</u>

**Long-term debt.** At the end 2020, the City had total bonded debt and loans outstanding of \$11,697,925. Of this amount, \$11,336,027 is general obligation bonds (North Bulkhead, Transportation, Marina Improvements, and SCORE bonded debt); and \$361,898 are governmental loans (Public Work Trust Fund Loans).

City of Des Moines Bonds and Loans

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 7,329,380	\$ 7,711,473	\$ 4,006,647	\$ 4,654,318	\$ 11,336,027	\$ 12,365,791
Loans & Notes	361,898	429,420	-	-	361,898	429,420
Total	<u>\$ 7,691,278</u>	<u>\$ 8,140,893</u>	<u>\$ 4,006,647</u>	<u>\$ 4,654,318</u>	<u>\$ 11,697,925</u>	<u>\$ 12,795,212</u>

On July 30, 2018, S&P Global Ratings assigned its rating of "AA+" for the Limited Tax General Obligation & Refunding Bonds, Series 2018. On March 6, 2019, Moody's Investors Service upgraded the City's limited tax general obligation bond rating to Aa3 from A1. More information on the City's long-term debt can be found in Note 10.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The first part of 2020 seems so long ago. The United States and countries around the world began initiating shutdowns in response to the deadly COVID-19 virus that we knew almost nothing about. Companies shifted millions of employees to telework, schools, offices and businesses closed and in-person events cancelled. Everyone hoped these actions would be temporary in nature and as we found out, they were not.

The COVID-19 pandemic has forced significant changes in the operation and provision of services by local government, generalized across our country and locally, specific to Des Moines. Process and recommendations for the 2021 budget are greatly impacted by the COVID-19 pandemic. Actions taken in 2020 are indicative of the manner the City will conduct business in 2021. The budget reflects the policy choices of the City Council, guided by principles that safeguard the public trust and public resources; that provides for actions that enhance the safety, quality of life and overall general well-being of the city; and, that maximizes the efficient use of budgetary resources.

The 2021 budget is a sustainable budget, despite the exceptional impacts of COVID-19. The City of Des Moines financial strategy is to honor the commitment to utilize structural revenues to finance structural expenditures. As well as, maintain the legally established (by City Council) contingency reserves. The City is required to maintain 16.67% of recurring expenditures as ending fund balance in the general fund. This is not a surplus but rather an insurance against risk (known and unknown). In this pandemic, risk is difficult to assess with the huge degree of uncertainty that COVID-19 exhibits in its transmission dynamic.

The City of Des Moines will continue to monitor the changing economic environment and the status of the COVID-19 pandemic and adapt processes and policies to address issues as they present themselves.

The Marina and the Surface Water Management Utility will implement their annual rate increases based on moorage and surface water management fees.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Beth Anne Wroe, Finance Director, 21630 11<sup>th</sup> Ave. S., Suite A, Des Moines, Washington, 98198.

## BASIC FINANCIAL STATEMENTS

The basic financial statements and note disclosure comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). The basic financial statements are designed to be "liftable" from the Financial Section of the Annual Financial Report for widespread distribution to users requiring less detailed information than is contained in the full Annual Financial Report. The basic financial statements include:

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Government-wide Statement of Net Position** - presents information on all city assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position.

**Government-wide Statement of Activities** - presents information on all city revenues and expenses, with the difference reported as change in net position.

### FUND FINANCIAL STATEMENTS

**Balance Sheet - Governmental Funds** - presents the balance sheets for major funds and aggregated amounts for all other governmental funds.

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds** - presents information for each major fund and aggregated information for all other governmental funds.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.**

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual** - presents

**Statement of Net Position - Proprietary Funds** - presents aggregated information on all internal service fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as change in net position.

**Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds** - presents aggregated information for all internal service funds.

**Statement of Cash Flows - Proprietary Funds** - presents aggregated information on the sources and uses of cash for the internal service funds.

**Statement of Fiduciary Net Position** - presents information on private-purpose trust fund and agency fund assets and liabilities, with the difference reported as change in net position.

**Statement of Changes in Fiduciary Net Position** - presents inflows and outflows of resources that increased and decreased fiduciary net position

**Notes to Financial Statements** - presents disclosure and further detailed information to assist the reader in a better understanding of the financial statements and the data presented within them.

**Statement of Net Position**  
**December 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 17,533,302	\$ 5,443,062	\$ 22,976,364
Restricted cash & cash equivalents:			
Customer deposits/vendor retainage	711,943	181,146	893,089
Unspent donations	59,545	-	59,545
Restricted for capital funding	450,000	-	450,000
Investments	16,792,824	6,674,708	23,467,532
Receivables (net of allowances):			
Interest	93,834	50,942	144,776
Taxes	1,963,905	-	1,963,905
Customer accounts	1,918,020	390,265	2,308,285
Grants	2,833,320	86,414	2,919,734
Special assessments	7,890	-	7,890
Internal balances	(26,411)	26,411	-
Prepays	137,653	150	137,803
Inventories	14,927	30,388	45,315
<b>Total current assets</b>	<b>42,490,752</b>	<b>12,883,486</b>	<b>55,374,238</b>
Noncurrent assets:			
Restricted investments - debt reserve	-	281,000	281,000
Net pension asset	2,652,644	-	2,652,644
Investment in joint venture	1,392,707	-	1,392,707
Capital assets not being depreciated:			
Land	95,565,651	3,807,526	99,373,177
Construction in progress	17,038,102	2,217,591	19,255,693
Capital assets, net of accumulated depreciation:			
Buildings and structures	6,655,833	1,658,500	8,314,333
Other improvements	6,871,586	7,558,714	14,430,300
Infrastructure	41,173,207	14,621,538	55,794,745
Machinery and equipment	2,948,180	97,517	3,045,697
<b>Total noncurrent assets</b>	<b>174,297,910</b>	<b>30,242,386</b>	<b>204,540,296</b>
<b>Total assets</b>	<b>216,788,662</b>	<b>43,125,872</b>	<b>259,914,534</b>
Deferred outflows of resources:			
Loss on debt refunding	22,531	76,959	99,490
Deferred outflow related to Other Post-employment Benefits	8,161	-	8,161
Deferred outflow related to pensions	1,383,903	189,581	1,573,484
<b>Total deferred outflows of resources</b>	<b>1,414,595</b>	<b>266,540</b>	<b>1,681,135</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,737,786	460,889	2,198,675
Prepaid revenues	-	-	-
Payable from restricted assets	725,448	171,872	897,320
Accrued interest payable	14,520	12,513	27,033
Compensated absences - current	77,578	10,077	87,655
Loans - current	68,004	-	68,004
Bonds - current	355,781	629,986	985,767
Total OPEB liabilities - current	84,744	-	84,744
<b>Total current liabilities</b>	<b>3,063,861</b>	<b>1,285,337</b>	<b>4,349,198</b>
Noncurrent liabilities:			
Compensated absences	1,839,268	221,388	2,060,656
Net pension liabilities	2,313,816	727,718	3,041,534
Total OPEB liabilities - noncurrent	1,957,637	-	1,957,637
Loans	293,894	-	293,894
Bonds	6,973,599	3,376,661	10,350,260
<b>Total noncurrent liabilities</b>	<b>13,378,214</b>	<b>4,325,767</b>	<b>17,703,981</b>
<b>Total liabilities</b>	<b>16,442,075</b>	<b>5,611,104</b>	<b>22,053,179</b>
Deferred Inflows of Resources			
Unavailable revenues	44,506	-	44,506
Debt refunding	482,115	-	482,115
Deferred inflows related to pensions	1,229,761	185,261	1,415,022
<b>Total deferred inflows of resources</b>	<b>1,756,382</b>	<b>185,261</b>	<b>1,941,643</b>
<b>Net Position</b>			
Net investment in capital assets	167,310,822	26,827,249	194,138,071
Restricted for:			
Public safety	313,170	-	313,170
Transportation	16,672,914	-	16,672,914
Culture and recreation	328,184	-	328,184
General obligation debt	145,495	-	145,495
Unrestricted	15,234,215	10,768,798	26,003,013
<b>Total net position</b>	<b>\$ 200,004,800</b>	<b>\$ 37,596,047</b>	<b>\$ 237,600,847</b>

The notes to the financial statements are an integral part of this statement.

**Statement of Activities**  
**For the Year Ended December 31, 2020**

Functions/Programs	Expenses	Program Revenue		Net (Expenses) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Net (Expense) Revenue
Primary government:							
Governmental activities:							
General government	\$ 7,455,194	\$ 3,674,275	\$ 1,600,935	\$ 3,334,599	\$ 1,154,615	\$ -	\$ 1,154,615
Public safety	10,279,581	2,083,185	709,494	-	(7,486,902)	-	(7,486,902)
Utilities	-	-	-	-	-	-	-
Transportation	5,098,069	2,402,248	-	1,859,698	(836,123)	-	(836,123)
Natural & economic environment	2,250,829	2,174,847	-	53,856	(22,126)	-	(22,126)
Social services	653,687	-	-	-	(653,687)	-	(653,687)
Culture and recreation	2,844,857	135,057	92,360	162,202	(2,455,238)	-	(2,455,238)
Interest on long-term debt	241,004	-	-	-	(241,004)	-	(241,004)
Total governmental activities	28,823,221	10,469,612	2,402,789	5,410,355	(10,540,465)	-	(10,540,465)
Business-type activities:							
Marina	3,454,690	4,160,938	11,447	865	-	718,560	718,560
Surface water management	3,380,182	4,439,575	126,223	194,933	-	1,380,549	1,380,549
Total business-type activities	6,834,872	8,600,513	137,670	195,798	-	2,099,109	2,099,109
Total primary government	\$35,658,093	\$19,070,125	\$ 2,540,459	\$ 5,606,153	(10,540,465)	2,099,109	(8,441,356)
General revenues:							
Taxes:							
Property taxes					5,191,679	-	5,191,679
Sales taxes					4,073,814	-	4,073,814
B&O taxes					5,253,187	-	5,253,187
Excise taxes					2,920,514	-	2,920,514
Interest and investment earnings					228,171	175,476	403,647
Loss on sale of capital assets					(40,732)	-	(40,732)
Insurance Recoveries					74,152	-	74,152
Miscellaneous revenue					938,244	-	938,244
Transfers					(279,000)	279,000	-
Total general revenues and transfers					18,360,029	454,476	18,814,505
Change in net position					7,819,564	2,553,585	10,373,149
Net position - beginning					192,226,218	35,046,669	227,272,887
Change in accounting principle					-	-	-
Prior period adjustment - Note 17					(40,982)	(4,207)	(45,189)
Net position - ending					\$ 200,004,800	\$ 37,596,047	\$ 237,600,847

The notes to the financial statements are an integral part of this statement.

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2020**

	General Fund	Development Fund	Capital & Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,486,553	\$1,067,389	\$ 8,325,389	\$ 3,711,222	\$ 14,590,553
Restricted cash:					
Customer deposits & retainage	243,390	140,436	327,314	800	711,940
Unspent donations	59,545	-	-	-	59,545
Restricted for capital funding	-	-	450,000	-	450,000
Investments	4,134,701	3,520,014	4,149,641	1,653,570	13,457,926
Receivables (net of allowance):					
Interest	19,301	18,895	29,704	10,896	78,796
Taxes	1,590,806	-	201,670	171,428	1,963,904
Customers	1,471,868	90,937	42,692	309,500	1,914,997
Grants	131,968	1,912	2,698,874	566	2,833,320
Special assessments & loans	7,890	-	-	-	7,890
Prepaid Expense	137,442	210	-	-	137,652
Total assets	<u>\$ 9,283,464</u>	<u>\$4,839,793</u>	<u>\$16,225,284</u>	<u>\$ 5,857,982</u>	<u>\$ 36,206,523</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,022,552	\$ 23,796	\$ 496,715	\$ 82,990	\$ 1,626,053
Deposits & retainage payable	243,958	146,436	335,053	800	726,247
Total liabilities	<u>1,266,510</u>	<u>170,232</u>	<u>831,768</u>	<u>83,790</u>	<u>2,352,300</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues	1,452,179	6,615	220,012	232,271	1,911,077
<b>FUND BALANCES</b>					
Restricted for:					
Public Safety	-	-	-	313,170	313,170
Transportation	-	-	12,350,417	4,322,497	16,672,914
Culture and recreation	86,857	-	241,327	-	328,184
General obligation debt	-	-	-	145,495	145,495
Committed for:					
General government	-	-	2,581,760	-	2,581,760
Natural & economic development	-	-	-	760,759	760,759
Assigned for:					
Natural & economic development	-	4,662,946	-	-	4,662,946
Unassigned	6,477,918	-	-	-	6,477,918
Total fund balances	<u>6,564,775</u>	<u>4,662,946</u>	<u>15,173,504</u>	<u>5,541,921</u>	<u>31,943,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,283,464</u>	<u>\$4,839,793</u>	<u>\$16,225,284</u>	<u>\$ 5,857,982</u>	<u>\$ 36,206,523</u>

The notes to the financial statements are an integral part of this statement.

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position December 31, 2020

Amounts reported in the statement of net position are different because:

Fund balances of governmental funds:		\$ 31,943,146
Capital assets are not financial resources, and therefore not reported in the fund financial statements.		
Capital assets net of depreciation		170,252,559
Other non-current assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Net pension assets	\$ 2,652,644	
Investment in joint venture	1,392,707	
		4,045,351
Deferred outflows of resources for pensions, OPEB, and loss on refunding are not available to pay for current period expenditures and, therefore, are not reported in governmental funds		1,414,597
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Proceeds from new debt and repayments of existing debts are recorded as resources and expenditures for fund reporting but are additions and reductions of liabilities for government wide reporting		(13,978,841)
Deferred inflows in governmental funds is susceptible to full accrual and therefore not reported in the Statement of Activities. Other expenses are susceptible to full accrual and are reported in the Statement of Activities but not in the governmental funds.		154,695
Internal service funds are used by management to charge the cost of certain activities, such as equipment management and insurance to individual funds. These assets and liabilities of certain internal service funds are included in the statement of net position.		6,173,293
Net position		<u>\$ 200,004,800</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2020**

	General Fund	Development Fund	Capital & Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 14,024,104	\$ -	\$ 1,718,585	\$ 1,676,874	\$ 17,419,563
Licenses and permits	1,441,860	1,079,385	-	564,435	3,085,680
Intergovernmental revenues	2,321,793	53,856	5,335,532	627,965	8,339,146
Charges for services	5,076,241	1,820,980	753,563	145,770	7,796,554
Fees and penalties	1,352,441	6,308	-	108,981	1,467,730
Investment Earnings	-	-	-	683	683
Miscellaneous	210,150	118,193	319,094	321,151	968,588
<b>Total revenues</b>	<b>24,426,589</b>	<b>3,078,722</b>	<b>8,126,774</b>	<b>3,445,859</b>	<b>39,077,944</b>
<b>Expenditures</b>					
Current:					
General government	7,214,040	-	13,938	18,834	7,246,812
Public safety	12,074,818	-	-	75,023	12,149,841
Transportation	296,546	1,081,283	13,481	1,443,452	2,834,762
Natural & economic environment	711,468	1,574,114	-	154,923	2,440,505
Social services	699,546	-	-	-	699,546
Culture and recreation	2,344,030	-	14,643	208,729	2,567,402
Capital outlay:					
Transportation	-	-	2,430,949	10,893	2,441,842
Culture and recreation	117,529	-	2,880,230	-	2,997,759
Debt service:					
Principal	-	-	-	304,798	304,798
Interest and other charges	-	-	-	173,858	173,858
<b>Total expenditures</b>	<b>23,457,977</b>	<b>2,655,397</b>	<b>5,353,241</b>	<b>2,390,510</b>	<b>33,857,125</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>968,612</b>	<b>423,325</b>	<b>2,773,533</b>	<b>1,055,349</b>	<b>5,220,819</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	90,000	489,279	579,279
Insurance recovery	2,465	-	-	6,093	8,558
Transfers out	(242,048)	-	(526,391)	(90,000)	(858,439)
<b>Total other financing sources and uses</b>	<b>(239,583)</b>	<b>-</b>	<b>(436,391)</b>	<b>405,372</b>	<b>(270,602)</b>
<b>Net change in fund balances</b>	<b>729,029</b>	<b>423,325</b>	<b>2,337,142</b>	<b>1,460,721</b>	<b>4,950,217</b>
Fund balances - beginning	5,837,998	4,260,517	12,852,964	4,088,033	27,039,512
Prior period adjustment - Note 17	(2,252)	(20,896)	(16,602)	(6,832)	(46,582)
<b>Fund balances - ending</b>	<b>\$ 6,564,775</b>	<b>\$ 4,662,946</b>	<b>\$ 15,173,504</b>	<b>\$ 5,541,922</b>	<b>\$ 31,943,147</b>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2020**

Amounts reported in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 4,950,217

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	5,813,496	
Depreciation expense	<u>(3,719,297)</u>	
		2,094,200

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

Increase in property tax receivable and other receivables	18,932	
Decrease in joint venture equity interest	(72,731)	
Decrease in deferred court revenue	<u>(582,339)</u>	
		(636,138)

The net effect of various transactions involving the City's pension plans are:

Reduction in pension liability and expense	1,085,504	
Increase in pension contribution revenue	<u>144,431</u>	
		1,229,935

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Decreases in governmental fund bonds payable	110,000	
Decreases in governmental fund loans payable	<u>194,799</u>	
		304,799

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 the governmental funds.

Increases in governmental fund compensated absences payable	(228,631)	
Increases in governmental fund interest payable	(67,146)	
Decrease in internal balances	<u>163,250</u>	
		(132,527)

The net revenue of certain activities of internal service funds is reported on the statement of activities

9,077

Change in net position \$ 7,819,564

The notes to the financial statements are an integral part of this statement.

**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 14,938,189	\$ 13,711,464	\$ 14,024,104	\$ 312,640
Licenses and permits	1,454,500	1,358,750	1,441,860	83,110
Intergovernmental revenues	850,356	2,282,836	2,321,793	38,957
Charges for services	6,329,220	4,961,025	5,076,241	115,216
Fines and penalties	2,022,100	1,351,850	1,352,441	591
Investment earnings	-	-	-	-
Miscellaneous	562,612	141,411	210,150	68,739
Total revenues	<u>26,156,977</u>	<u>23,807,336</u>	<u>24,426,589</u>	<u>619,253</u>
Expenditures				
Current:				
General government	7,178,745	6,985,292	7,214,040	228,748
Public safety	12,701,662	12,153,569	12,074,818	(78,751)
Transportation	295,884	302,017	296,546	(5,471)
Natural & economic environment	794,792	757,436	711,468	(45,968)
Social services	742,203	755,748	699,546	(56,202)
Culture and recreation	3,518,689	3,134,364	2,344,030	(790,334)
Capital outlay:				
Culture and recreation	62,000	93,800	117,529	23,729
Total expenditures	<u>25,293,975</u>	<u>24,182,226</u>	<u>23,457,977</u>	<u>(724,249)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>863,002</u>	<u>(374,890)</u>	<u>968,612</u>	<u>1,343,502</u>
Other Financing Sources (Uses)				
Insurance recoveries	-	2,500	2,465	(35)
Transfers out	(921,049)	(359,049)	(242,048)	117,001
Total other financing sources and uses	<u>(921,049)</u>	<u>(356,549)</u>	<u>(239,583)</u>	<u>116,966</u>
Net change in fund balances	(58,047)	(731,439)	729,029	1,460,468
Fund balances - beginning	3,862,843	4,149,258	5,837,998	1,688,740
Prior period adjustment - Note 17	-	-	(2,252)	(2,252)
Fund balances - ending	<u>\$ 3,804,796</u>	<u>\$ 3,417,819</u>	<u>\$ 6,564,775</u>	<u>\$ 3,146,956</u>

The notes to the financial statements are an integral part of this statement.

**Development Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 1,224,984	\$ 904,984	\$ 1,079,385	\$ 174,401
Intergovernmental revenues	76,330	76,330	53,856	(22,474)
Charges for services	1,558,309	1,990,439	1,820,980	(169,459)
Fines and penalties	1,000	1,000	6,308	5,308
Miscellaneous	32,400	32,400	118,193	85,793
Total revenues	<u>2,893,023</u>	<u>3,005,153</u>	<u>3,078,722</u>	<u>73,569</u>
Expenditures				
Current:				
Transportation	1,292,410	1,192,414	1,081,283	(111,131)
Natural & economic environment	1,682,334	1,766,137	1,574,114	(192,023)
Total expenditures	<u>2,974,744</u>	<u>2,958,551</u>	<u>2,655,397</u>	<u>(303,154)</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(81,721)</u>	<u>46,602</u>	<u>423,325</u>	<u>376,723</u>
Other Financing Sources (Uses)				
Transfers out	-	35,000	-	(35,000)
Total other financing sources and uses	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Net change in fund balances	(81,721)	81,602	423,325	341,723
Fund balances - beginning	1,659,359	1,980,923	4,260,517	2,279,594
Prior period adjustment - Note 17	-	-	(20,896)	(20,896)
Fund balances - ending	<u>\$ 1,577,638</u>	<u>\$ 2,062,525</u>	<u>\$ 4,662,946</u>	<u>\$ 2,600,421</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Net Position  
Proprietary Funds  
December 31, 2020**

	Enterprise Funds			Internal Service Funds
	Marina	Surface Water Management	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,702,871	\$ 3,740,191	\$ 5,443,062	\$ 2,942,750
Restricted cash equivalents:				
Customer deposits and retainage	175,495	5,651	181,146	-
Investments	2,914,719	3,759,989	6,674,708	3,334,897
Receivables (net of allowances):				
Interest	11,799	39,143	50,942	15,038
Customers	127,652	262,613	390,265	3,026
Grants	283	86,131	86,414	-
Prepaid expenses	-	150	150	-
Inventory	30,388	-	30,388	14,927
Total current assets	<u>4,963,207</u>	<u>7,893,868</u>	<u>12,857,075</u>	<u>6,310,638</u>
Noncurrent assets:				
Restricted cash - debt reserve	281,000	-	281,000	-
Capital assets not being depreciated				
Land	3,226,925	580,601	3,807,526	-
Construction work in progress	161,197	2,056,394	2,217,591	144,471
Capital assets net of accumulated depreciation:				
Buildings and structures	1,658,500	-	1,658,500	-
Other improvements	7,245,339	313,375	7,558,714	-
Infrastructure	-	14,621,538	14,621,538	-
Machinery and equipment	67,701	29,816	97,517	2,393,769
Total noncurrent assets	<u>12,640,662</u>	<u>17,601,724</u>	<u>30,242,386</u>	<u>2,538,240</u>
Total assets	<u>17,603,869</u>	<u>25,495,592</u>	<u>43,099,461</u>	<u>8,848,878</u>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding	76,959	-	76,959	-
Deferred pension outflows	82,561	107,020	189,581	-
Total deferred outflows	<u>159,520</u>	<u>107,020</u>	<u>266,540</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	224,912	235,977	460,889	110,934
Deposits & retainage payable	169,376	2,496	171,872	-
Accrued interest payable	12,513	-	12,513	-
Compensated absences - current portion	4,585	5,492	10,077	1,261
Bonds - current portion (net premium)	629,986	-	629,986	-
Total current liabilities	<u>1,041,372</u>	<u>243,965</u>	<u>1,285,337</u>	<u>112,196</u>
Noncurrent liabilities:				
Compensated absences	135,037	86,351	221,388	20,221
Net pension liabilities	343,435	384,283	727,718	-
Bonds payable (net premium)	3,376,661	-	3,376,661	-
Total noncurrent liabilities	<u>3,855,133</u>	<u>470,634</u>	<u>4,325,767</u>	<u>20,221</u>
Total liabilities	<u>4,896,505</u>	<u>714,599</u>	<u>5,611,104</u>	<u>132,417</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	88,267	96,994	185,261	-
Unavailable revenue	-	-	-	-
Total deferred inflows	<u>88,267</u>	<u>96,994</u>	<u>185,261</u>	<u>-</u>
<b>Net Position</b>				
Investment in capital assets	9,225,525	17,601,724	26,827,249	2,538,240
Restricted - Debt reserve	281,000	-	281,000	-
Restricted - Capital improvements	850,000	-	850,000	-
Unrestricted	2,422,092	7,189,295	9,611,387	6,178,221
Total net position	<u>\$ 12,778,617</u>	<u>\$ 24,791,019</u>	<u>\$ 37,569,636</u>	<u>\$ 8,716,461</u>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds	21,384	5,027	26,411	
Net position of business-type activities	<u>\$ 12,800,001</u>	<u>\$ 24,796,046</u>	<u>\$ 37,596,047</u>	

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2020**

	Enterprise Funds			Internal
	Marina	Surface Water Management	Total	Service Funds
Operating Revenues				
Intergovernmental revenues	\$ 11,447	\$ 126,223	\$ 137,670	\$ 17,370
Charges for services	1,119,453	4,439,574	5,559,027	1,521,397
Moorage, rents and misc	3,204,735	-	3,204,735	37,607
Total operating revenues	4,335,635	4,565,797	8,901,432	1,576,374
Operating Expenses				
Depreciation	413,118	525,088	938,206	395,539
Salaries and benefits	822,659	1,105,675	1,928,334	242,490
Supplies	914,621	46,504	961,125	269,071
Services	1,152,702	1,702,915	2,855,617	768,970
Total operating expenses	3,303,100	3,380,182	6,683,282	1,676,070
Operating income (loss)	1,032,535	1,185,615	2,218,150	(99,696)
Nonoperating Revenues (Expenses)				
Interest revenue	63,550	111,926	175,476	83,752
Gain (loss) on disposal of capital assets	-	-	-	(40,732)
Insurance repair recovery	-	-	-	65,594
Interest expense	(151,590)	-	(151,590)	-
Total nonoperating revenues (expenses)	(88,040)	111,926	23,886	108,614
Income (loss) before contributions and transfers	944,495	1,297,541	2,242,036	8,918
Capital contributions	865	194,933	195,798	-
Transfers out	-	279,000	279,000	-
Transfers in	-	-	-	160
Change in net position	945,360	1,771,474	2,716,834	9,077
Total Net position - beginning	11,833,257	23,023,752	34,857,009	8,707,384
Prior period adjustment - Note ____	-	(4,207)	(4,207)	-
Total Net position - ending	\$ 12,778,617	\$ 24,791,019	\$ 37,569,636	\$ 8,716,461
Change in Net Position from this statement	945,360	1,771,474	2,716,834	
Adjustment to reflect the consolidation of internal service funds related to enterprise funds	(56,952)	(106,298)	(163,250)	
Change in Net position of business-type activities	\$ 888,408	\$ 1,665,176	\$ 2,553,584	

The notes to the financial statements are an integral part of this statement.

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2020**

	Enterprise Funds			Internal Service Funds
	Marina	Surface Water Management	Total	
<b>Cash Flows From Operating Activities:</b>				
Cash received from customers and users	\$ 4,342,878	\$ 4,309,321	\$ 8,652,199	\$ 1,557,047
Cash received from grantor	11,164	40,091	51,255	17,370
Cash payments to employees and retirees	(851,998)	(1,196,634)	(2,048,632)	(244,116)
Cash payments to suppliers	(2,027,187)	(1,688,384)	(3,715,571)	(872,444)
Net cash provided (used) by operating activities	1,474,857	1,464,394	2,939,251	457,857
<b>Cash Flows From Noncapital Financing Activities</b>				
Insurance repair recovery	-	-	-	65,594
Interfund loan	-	-	-	125,000
Proceeds from disposal of derelict vessels	865	-	865	-
Transfers In (Out)	-	279,000	279,000	160
Net cash provided (used) by noncapital financing activities	865	279,000	279,865	190,754
<b>Cash Flows From Capital Financing Activities</b>				
Proceeds from disposition of capital assets	-	-	-	(40,732)
Acquisition and construction of capital assets	(57,902)	(611,992)	(669,894)	(456,283)
Principal paid on debt	(647,671)	-	(647,671)	-
Interest paid on debt	(151,592)	-	(151,592)	-
Net cash provided (used) by capital financing activities	(857,165)	(611,992)	(1,469,157)	(497,015)
<b>Cash Flows From Investing Activities</b>				
Purchase of investments	-	-	-	(300,000)
Investment sales and income	(65,752)	439,903	374,151	146,231
Net cash provided (used) by investing activities	(65,752)	439,903	374,151	(153,769)
<b>Net increase (decrease) in cash and cash equivalents</b>	552,805	1,571,305	2,124,110	(2,173)
<b>Cash and cash equivalents, January 1</b>	1,606,561	2,174,537	3,781,098	2,944,923
<b>Cash and cash equivalents, December 31</b>	\$ 2,159,366	\$ 3,745,842	\$ 5,905,208	\$ 2,942,750
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 1,032,535	\$ 1,185,615	\$ 2,218,150	\$ (99,696)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:				
Depreciation	413,118	525,086	938,204	395,539
(Increase) decrease in customer receivables	(1,312)	(130,254)	(131,566)	34,526
(Increase) decrease in grantor receivables	(283)	(86,131)	(86,414)	-
(Increase) decrease in deferred outflows	15,801	(10,727)	5,074	-
(Increase) decrease in inventory	20,003	-	20,003	1,124
(Increase) decrease in prepaid expenses	-	(150)	(150)	75,125
Increase (decrease) in accounts payable and deposits	18,375	61,186	79,561	52,865
Increase (decrease) in compensated absences	17,518	(6,615)	10,903	(1,626)
Increase (decrease) in pension liability	1,501	2,703	4,204	-
Increase (decrease) in pension inflows	(42,400)	(76,319)	(118,719)	-
Total adjustments	442,321	278,779	721,100	557,553
Net cash provided (used) by operating activities	\$ 1,474,856	\$ 1,464,394	\$ 2,939,250	\$ 457,857
<b>Non-cash activities:</b>				
Capital contributions	-	41,362	41,362	-
Total non-cash activities	\$ -	\$ 41,362	\$ 41,362	\$ -

The notes to the financial statements are an integral part of this statement.

**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**December 31, 2020**

	Custodial Funds
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 42,237
Total assets	<u>42,237</u>
<b>Liabilities</b>	
Accounts payable	42,803
Total liabilities	<u>42,803</u>
<b>Net Position</b>	
Restricted for:	
Pensions	
Individuals, organizations, and other governments	(566)
Total net position	<u><u>\$ (566)</u></u>

The notes to the financial statements are an integral part of this statement.

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended December 31, 2020**

	Custodial Funds
<b>Additions:</b>	
Contributions from nonemployer entities:	
Custodial Funds Received	
Municipal Court	\$ 231,227
Fire permitting and misc fees	65,295
Other license and fees	13,974
Total Additions	310,496
<b>Deductions:</b>	
Custodial Funds Disbursed	
City of Normandy Park	36,372
Fire District #26	64,825
King County	154,946
State of Washington	40,386
Other licnesing	14,533
Total Deductions	311,062
Change in net position	(566)
Total Net position - beginning	-
Total Net position - ending	\$ (566)

The notes to the financial statements are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

**Note 1 – Summary of Significant Accounting Policies**

- A. Reporting Entity
- B. Basic Financial Statements
- C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
- D. Budget and Budgetary Accounting
- E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
  - 1. Deposits and Investments
  - 2. Receivables
  - 3. Interfund Receivables and Payables
  - 4. Inventories and Prepaids
  - 5. Restricted Assets
  - 6. Interfund Transactions
  - 7. Capital Assets
  - 8. Compensated Absences
  - 9. Pensions
  - 10. Deferred Outflows/Inflows of Resources
  - 11. Long-term Obligations
  - 12. Fund Balance and Fund Flow Policies

**Note 2 – Accounting and Reporting Changes****Note 3 – Reconciliation of Government-wide and Fund Financial Statements****Note 4 – Deposits and Investments****Note 5 – Receivables****Note 6 – Capital Assets and Depreciation****Note 7 – Construction and Other Contractual Commitments****Note 8 – Joint Venture****Note 9 – Interfund Activity****Note 10 – Long-term Liabilities****Note 11 – Risk Management****Note 12 – Pension Plans****Note 13 – Other Post-Employment Benefits****Note 14 – Health and Welfare****Note 15 – Contingencies and Litigation****Note 16 – COVID-19 Pandemic****Note 17 – Prior Period Adjustments****Note 18 – Subsequent Events**

**NOTE 1 – Summary of Significant Accounting Policies**

The City of Des Moines, King County, Washington was incorporated on June 15, 1959 and operates under the laws of the State of Washington applicable to a Non-Charter Code City (Title 35A RCW) with a council/manager form of government. The City is a general purpose government and provides police, a municipal court, engineering, street construction and maintenance, planning and zoning, parks and recreation services, and general administrative functions. Fire protection for the City of Des Moines is provided by South King Fire and Rescue, an entity established on September 21, 2005 when voters approved the merger of King County Fire Protection District No. 26 and the Federal Way Fire Department. The City also owns and operates a marina and a surface water management utility.

The financial statements of the City of Des Moines have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

**A. Reporting Entity**

As required by the generally accepted accounting principles the financial statements present the City, the primary government, and all funds controlled by the City. The joint venture discussed below is included in the City reporting entity because of the significance of their operational or financial relationships with the joint venture.

*Joint Ventures* – Based on the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14 as modified by GASB Statements No. 34 and No. 61, the South Correctional Entity Facility (SCORE) is included in the accompanying government-wide statement of net position as a joint venture. (Refer to Note 8).

**B. Basic Financial Statements**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Net Activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position reports the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the primary government. The net position section of this statement represents the residual amount of assets and their associated liabilities, and deferred outflow and deferred inflow of resources. The net position section is divided into three categories. The first category is *Net Investment in Capital Assets*, which includes all capital assets, net of accumulated depreciation, less the outstanding balances of any borrowing (bonds and/or loans) used for acquisition, construction, or improvement of those assets. Capital assets cannot readily be sold and converted into cash. The second category is *Restricted Net Position*, which includes those assets, net of their related debt that have a constraint placed on their use. The constraints are either: 1) externally imposed by creditors, such as through debt covenants, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The final section is *Unrestricted Net Position*, and this represents net position that generally can be used for any purpose. However, they are not necessarily in a spendable form, such as cash.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are instances where the interfund activity can be treated as if it were an arm's length transaction. For instance, the Marina fund paying the Development fund for the purchase of a permit needed to complete construction work at the Marina.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

1. The General Fund (or current expense) is the City's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund.
2. The Development Fund is a special revenue fund of the City and is used to account for revenue generated by fee based development related activities, including permitting, plan review, etc., and the associated cost of providing the services.
3. The Capital & Construction Fund is a capital projects fund of the City and is used to account for all costs for capital projects of the City and associated revenue sources to fund the capital projects.

The City reports the following major enterprise funds:

1. The Marina Fund is used to account for operating and capital expenses of operating the City owned marina, along with associated revenue and debt service for the marina.
2. The Surface Water Management fund is used to account for operating and capital expenses of the citywide surface water management system and associated revenues.

Additionally, the City reports the following fund types:

1. Debt service funds account for the accumulation of resources for, and the repayment of general long-term debt principal and interest.
2. Internal service funds account for equipment rental operations, equipment replacement, facility replacement, computer replacement, self-insurance and unemployment insurance provided to other departments of the City, or to other cities, on a cost reimbursement basis.

### **C. Measurement focus, basis of accounting, and financial statement presentation**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/equity, revenue, expenditures or expenses, as appropriate. The City resources are allocated to, and accounted for in, individual funds according to the purpose for which they are spent and how they are controlled.

The *basis of accounting* refers to the timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The *modified accrual basis* of accounting is followed in all governmental funds of the City. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter (60 days) to pay current liabilities. For derived tax revenues, such as sales tax and utility business and occupation taxes, revenues are recognized in the period when the underlying exchange has occurred. For imposed non-exchange taxes, such as property taxes, revenues are recognized when the use of resources is permitted, or when resources are available. Grant revenue is recognized in the period in which the expenditure occurs and the eligibility requirements have been met. Non-exchange transactions, such as contributions, are recognized when the donation eligibility requirements have been satisfied. Those specific major revenue sources accrued are:

*Property taxes* – King County collect property taxes and remit to the City daily or monthly. December collections, remitted in January, are recognized as revenues in the current year even though received in the subsequent year since they are considered to be measurable and available. Property taxes remaining uncollected at year-end are reported as “unavailable revenue”, since they are not considered to be available.

*Sales Tax Revenues* – The State of Washington collects all sales taxes. The City of Des Moines’ portion is remitted to the City by the State monthly. The sales tax received in January and February is recognized as revenue in the current year even though received in subsequent year because of when the underlying transaction occurred and the resources are considered to be measurable and available.

*Grant Revenues* – On cost reimbursement grants, grant revenue is recognized when the eligible expenditure is incurred.

Under the modified accrual basis, expenditures are recorded when the fund liability is incurred, except for the un-matured interest and principal on general long-term debt, which is recognized when due, and for compensated absences which are recorded as expenditures when paid from expendable available fund resources. Purchases of capital assets from governmental funds are reported as expenditures during the year incurred and the asset is capitalized and reported on the government-wide statement of net position. Long-term liabilities, including compensated absences not currently due and payable, are also reported on the government-wide statement of net position.

The *accrual basis* of accounting is followed in all proprietary funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred.

The two broad fund categories and six fund types are presented in this report are described below:

1. Government-Wide and Governmental Funds

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

2. Proprietary Fund Types

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's marina fund, surface water management utility fund and internal service funds are charges to customers for sales and services, vehicle and equipment replacement and operations, computer replacement, facility repair and insurance. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, or as capital contributions.

## **D. Budget and Budgetary Accounting**

### **1. Scope of Budget**

The City of Des Moines budgets in accordance with the Revised Code of Washington (RCW) 35A.33 for the general fund and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and Generally Accepted Accounting Principles (GAAP). Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the annual budgeted governmental funds only. Budgets established for proprietary funds are "management budgets" and are not legally required to be reported and, as such, are not reported in the Annual Financial Report.

The annual budget is proposed by the City Manager and adopted by the City Council with the legal budgetary control at the fund level; i.e., expenditures and other financing sources may not exceed budgeted appropriations at the fund level. The City Manager may authorize transfers within funds; however, the City Council must approve by ordinance any amendments that increase the total for the fund. Any unexpended appropriation balances lapse at the end of the fiscal year.

The City prepares the annual budget on the modified accrual basis, which conforms to GAAP. The Annual Financial Report includes budgetary comparisons for those governmental funds with legally adopted budgets. Budget amounts include the adopted current year budget appropriations and any revisions made during the year.

State law establishes the budget process and the time limits under which a budget must be developed. The City follows the procedures outlined below to establish its annual budget:

1. By late July, notice is submitted to operating departments to prepare for current level service budgets and a preliminary financial forecast.
2. By late August, the finance department prepares preliminary revenue estimates to define resources available to finance coming year expenditure programs and updates salaries, benefits and other centralized cost projections.
3. By the second week of September, operating departments submit their preliminary expenditure estimates. A proposed budget is prepared for the City Manager's review. The City Manager conducts individual budget sessions with operating departments to discuss their proposed expenditures.
4. Prior to November 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1.
5. Work sessions and public hearings are conducted by the City Council from October to December to review the budget and to obtain taxpayer comments.

6. Two public hearings on the proposed budget are also held during November and December. The final hearing must begin on or before the first Monday of December and may continue until the 25<sup>th</sup> day prior to the beginning of the next fiscal year.
7. By December 31, the City Council formulates its adjustments to the proposed budget and adopts a final budget through the passage of an ordinance.
8. The final operating budget, as adopted, is published and distributed within the first three months of the following year. Copies of the adopted budget are made available to the public.

## 2. Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City council.

When the City council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority after holding public hearing(s).

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

### Original and Supplemental Appropriations

	<u>Original Budget</u>	<u>Revisions</u>	<u>Final Budget</u>
<b>General Fund and Major Special Revenue Funds:</b>			
General Fund	\$ 26,215,024	\$ (1,673,749)	\$ 24,541,275
Development Fund	<u>2,974,744</u>	<u>18,807</u>	<u>2,993,551</u>
Total	29,189,768	(1,654,942)	27,534,826
<b>Non-Major Special Revenue Funds:</b>			
City Street	1,830,434	34,781	1,865,215
Pavement Program	925,000	38,000	963,000
Police Drug Seizure	1,000	-	1,000
Hotel/Motel	113,300	(67,900)	45,400
Redondo Zone	82,762	-	82,762
Waterfront Zone	133,339	-	133,339
PBPW Automation Fee	107,300	-	107,300
Urban Forestry	5,000	-	5,000
Affordable Housing Sales Tax	-	22,500	22,500
Abatement	200	27,800	28,000
Automated Speed Enforcement	482,000	(290,000)	192,000
Transportation Benefit District	-	71,400	71,400
Total	<u>3,680,335</u>	<u>(163,419)</u>	<u>3,516,916</u>
<b>Total Budgeted Funds</b>	<u>\$ 32,870,103</u>	<u>\$ (1,818,361)</u>	<u>\$ 31,051,742</u>

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance****1. Deposits and investments**

It is the City's policy to invest all temporary cash surpluses. At December 31, 2020, the Washington State Local Government Investment Pool (LGIP) was holding \$17,890,955 in short-term investments. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds based upon ownership of investments. For purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on deposit with financial institutions in both demand and time deposit accounts, and amounts invested in the Local Government Investment Pool. The State Finance Committee is the administrator of the statute that created the pool and adopts appropriate rules. The State Treasurer's Office is responsible for establishing the investment policy for the pool and reviews it annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

The City, by state law, is authorized to purchase certificates of deposit issued by Washington State depositories that participate in Washington Public Deposit Protection Commission (WPDPC), U.S. Treasury and Agency securities, banker's acceptances, and repurchase agreements.

For purposes of the statement of cash flows, all proprietary fund types and similar trust funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value or amortized cost. Adjustments are made to cost for investments amortized over the period to maturity in accordance with GASB Statement No. 72. The investment in the state investment pool is valued at amortized cost.

**2. Receivables**

Taxes receivable consist of property taxes, sales taxes, interfund taxes, business and occupation taxes, and excise taxes (See Note 5).

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services. It also includes municipal court receivables.

Grants receivable are reported for grants where qualified expenditures have been made prior to the end of the year.

Other receivables include interest receivable. Accrued interest at year end consists of amounts earned by investments, notes and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consist of delinquent assessments and related interest and penalties as the final installment of all special assessments that were billed in 2016. As of December 31, 2020, \$7,890 of governmental special assessments including penalties and interest were delinquent. Assessed property owners are responsible for debt repayment. The City guarantees the debt to the extent of the LID guarantee fund. Governmental-type special assessments are for street improvements.

**3. Interfund Receivables and Payables**

These accounts include all interfund receivables and payables. A separate schedule of interfund activity is furnished in Note 9.

#### 4. *Inventories and Prepaids*

Government fund types recognize the cost of inventory items and prepaid expenses (expenses that benefit future periods) as expenditures in the year of purchase. In both the governmental funds and proprietary funds inventory is for fuel. Fuel inventory is valued at cost using the first in/first out (FIFO) method.

#### 5. *Restricted assets*

In accordance with the utility bond ordinances, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of Bond Reserve Funds, resources set aside for construction in the Enterprise Funds, unspent donations in the General Fund and customer deposits in various funds.

#### 6. *Interfund Transactions*

During the course of normal operations, the City has numerous transactions between City funds. Interfund services provided and used, such as buying goods and services, are recorded as revenues in internal service funds and expenditures in the paying fund. Transfers between funds are included as "other financing sources or uses" in governmental type funds and as other items in proprietary fund types.

#### 7. *Capital assets*

Capital assets, which include property, plant, and equipment and infrastructure assets, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The government reports infrastructure assets on a network and subsystem basis. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs and street preservation activities that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are presented by asset category net of each category's accumulated depreciation.

Land and construction work in progress are not depreciated. Other assets are depreciated using the straight line method over the following estimated useful lives:

Asset Type	Useful Lives
Land	n/a
Building and Structure	10 - 50
Other Improvements	10 - 50
Machinery, Equipment, and Vehicles	5 - 15
Infrastructure	25 - 50

**8. *Compensated absences***

The City accrues accumulated unpaid vacation and sick leave and associated employee related costs when earned (or estimated to be earned) by the employee. All vacation and sick pay is accrued when incurred in the government-wide and proprietary statements. In governmental funds, such amounts are not accrued using the modified accrual basis of accounting but are reported as a liability in the government-wide financial statements.

A non-exempt employee may request compensatory time off in lieu of overtime payment. Compensatory time is accrued at a rate of one and one-half hours for each hour of overtime worked, to a maximum of forty hours. Compensatory time must be used within sixty days of the time it was earned and authorized, excluding the Police Guild. Compensatory time for the Police Guild can be carried over from year to year. Vacation leave may be accumulated up to a maximum of 240 hours (or more with City Manager approval). The employee's annual vacation is payable upon resignation, retirement or death. The City incurs a liability for sick leave up to 25% of the employee's sick leave balance or 200 hours, whichever is less for those employees with ten years of service, or upon death of the employee regardless of service and for some executive staff with less than ten years of service. For employees with at least 20 years of service, the City incurs a liability for sick leave up to 50% of the employee's sick leave balance or 400 hours, whichever is less.

**9. *Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. *Deferred outflows/inflows of resources***

Deferred outflows of resources is the consumption of net position by the government that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflow of resources is the acquisition of net position by the government that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The City has an item which arises under a modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred outflows and deferred inflows of resources related to pensions are reported for differences between expected and actual experience, changes of assumptions, and differences between projected and actual returns on pension plan investments.

## 11. **Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts, when material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as professional service costs.

## 12. **Fund balance and fund flow policies**

The City updated the general fund ending balance policy with the enactment of Ordinance No. 1703 on September 27, 2018. The policy requires the City Manager to establish expenditure policies that will result in an ending fund balance or operating reserve of no less than two months (amounting to sixteen point sixty-seven percent (16.67%)) of the recurring operating expenditures for each fiscal year.

Fund balance is presented in the governmental fund financial statements and represents the difference between assets and liabilities reported within the governmental fund.

Beginning with the most restrictive constraints, fund balance amounts are reported in the following categories:

*Nonspendable fund balance* - includes amounts that are not in spendable form such as inventory or are required to be maintained intact such as the principal of a permanent fund.

*Restricted fund balance* - includes amounts that can be spent only for the specific purpose stipulated by external resource providers such as for grant providers, bondholders, higher levels of government, or through enabling legislation.

*Committed fund balance* – includes amounts that can be used only for the specific purposes determined by a formal action in the form of ordinances and resolutions of Des Moines Councilmembers, the City's highest level of decision-making authority. Commitments may be changed or lifted only by the City Council taking the same type of formal action it employed to previously commit those amounts.

*Assigned fund balance* – includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official designated by the governing body to which the governing body designates authority.

*Unassigned fund balance* - includes amounts that are available for any purpose.

The City has not adopted a specific flow of funds policy relating to the use of restricted and unrestricted resources when both are available and has not taken formal action to delegate the process of assigning fund balance to another official. Therefore the statements are prepared using the default option provided in GASB 54 which provides that when both restricted and unrestricted resources are available, restricted resources are used first.

## **Note 2 – Accounting and Reporting Changes**

During 2020, the City has implemented the following new accounting standards issued by the GASB:

*Statement No. 84, Fiduciary Activities.* GASB Statement No. 84 enhances the consistency and comparability of fiduciary activity reporting by state and local governments. The statement is also intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. As a result of implementing this statement, the City maintains ledgers tracking fiduciary assets, liabilities, and related activities. Additionally, the City prepares a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position for inclusion with the City's Annual Comprehensive Financial Report.

*Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* GASB Statement No. 88 consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As a result of implementing this statement, the City reports a balance of \$349,376 of governmental activities direct placement debt in the long-term debt footnote.

## **Note 3—Reconciliation of Government-Wide and Fund Financial Statements**

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes a reconciliation between total fund balance and total net position as reported in the government-wide statement of net position. The details of the certain differences are presented below.

Long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following shows the detail of these capital asset changes net of accumulated depreciation:

**Beginning balance of capital assets excluded from fund level:**

Land	\$95,565,652
Construction in process	12,402,782
Building	6,877,158
Other improvements	7,175,948
Equipment (Includes Assets from Internal Service Funds)	2,832,983
Infrastructure	43,243,092

Current year spending in construction work in progress	5,314,972
Current year capital purchases	634,704
Current year donated capital	320,102
Current year depreciation	(4,155,816)
Prior period depreciation correction	<u>40,981</u>

Net adjustment to add to government-wide fund balance to arrive at  
*Net position-governmental activities* **\$170,252,558**

Some long-term liabilities, including bonds, loans, pension obligations and compensated absences payable, are not due and payable in the current period and are not reported in the funds:

**Beginning balance of long-term liabilities excluded from fund level:**

Compensated absences	\$ (1,689,840)
Net pension liability	(2,287,990)
OPEB obligation	(2,185,618)
Bonds and loans payable	(8,156,165)

Current year principal payments & other reductions in liabilities	450,367
Current year changes to compensated absences	(227,006)
Current year changes to pension liability	(25,826)
Current year OPEB and other expenses recognized	<u>143,237</u>

Net adjustment to reduce government-wide fund balance to arrive  
at *Net position-governmental activities* **\$ (13,978,841)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The details of certain differences are presented below.

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

Capital outlays	\$5,813,496
Current year depreciation	<u>(3,719,297)</u>
Net adjustment to reduce government-wide fund balance to arrive at <i>Net position-governmental activities</i>	<u><b>\$2,094,199</b></u>

## Note 4 – Deposits and Investments

### Deposits

As of December 31, 2020, the carrying amount of the City's cash demand deposits with Key Bank totaled \$6,806,902 while the bank balance was \$7,039,259 and the in-transit items were \$(232,357). In addition, the City holds \$8,000 in petty cash and \$17,890,955 in LGIP.

*Custodial credit risk* is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The City minimizes custodial credit risk by following the restrictions set forth in state law. The City of Des Moines' deposits are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial collateral pool administered by the Washington State Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$250,000 of the City's deposits. The deposit balances over \$250,000 are insured by the WPDPC. State statute permits additional amounts to be assessed on a pro-rata basis to members of the WPDPC pool in the event the pool's collateral should be insufficient to cover a loss.

As required by State law, all investments of the City's funds are obligations of the U.S. Government, or deposits with Washington State banks that participate in the WPDPC. All temporary investments such as the State Investment Pool are stated at amortized cost. Other investments are shown on the statement of net position at fair value as of December 31, 2020. In accordance with GASB Statement 79, the state investment pool (LGIP) is reported at amortized cost. The LGIP was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

During 2020, the net increase in the fair value of investments being held for more than one year is \$139,578 at year-end.

As of December 31, 2020, the City had the following investments:

Issuer	Fair Value	% of Total
Local Government Investment Pool (LGIP)	\$17,890,955	43.3%
<b>Total LGIP*</b>	<b>17,890,955</b>	<b>43.3%</b>
Federal Home Loan Bank Corp. (FHLB)	3,535,340	8.5%
Federal Home Loan Mortgage Corp. (FHLMC)	8,982,341	21.7%
United States Treasury Note/Bond	1,531,770	3.7%
Federal Farm Credit Banks Funding Corp	7,627,185	18.4%
Federal Agricultural Mortgage Corp	791,295	1.9%
Federal National Mortgage Association	999,600	2.4%
<b>Total Government Securities</b>	<b>23,467,531</b>	<b>56.7%</b>
<b>Grand Total</b>	<b>\$41,358,487</b>	<b>100.0%</b>

\*LGIP included with Cash & Cash Equivalent on the Basic Financial Statements.

The city measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other quoted prices that are not observable.

Level 3: Unobservable inputs for an asset or liability.

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>12/31/2020</b>				
<b>Investments by Fair Value Level</b>				
U.S. Treasury Securities	1,531,770	1,531,770	-	-
Federal Agency Obligations	21,935,761	21,935,761	-	-
<b>Total Investments Measured At Fair Value</b>	<b>23,467,531</b>	<b>23,467,531</b>	<b>-</b>	<b>-</b>
<b>Investments Measured at Amortized Cost</b>				
State Local Investment Pool (LGIP)	17,890,955	17,890,955	-	-
<b>Total Investments Measured at Amortized Cost</b>	<b>17,890,955</b>	<b>17,890,955</b>	<b>-</b>	<b>-</b>
<b>Total Investments</b>	<b>41,358,487</b>			
*LGIP included with Cash & Cash Equivalent on the Basic Financial Statements.	(17,890,955)			
<b>Total Investments in Statement of Net Position</b>	<b>23,467,531</b>			

**Interest rate risk.** Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the maturity of investments. The City's investment policy limits investment maturities to eighteen months or less unless matched to a specific cash flow. The City's investment policy does not specifically address interest rate risk.

In addition to the interest rate risk disclosed above, the City includes investments with fair value highly sensitive to interest rate changes.

*Credit risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City investment policy allows the following types of investments in accordance with state law: demand or investment deposits in qualified public depositories located within the state; United States' government bonds, notes bills; certificates of deposits from financial institutions that participate in Washington State's Public Deposit Protection Commission's list of "Qualified Public Depositories"; bankers acceptances, repurchase agreements and the Washington State Treasurer's Office Local Government Investment Pool (LGIP). The investment policy for "credit risk" does not extend beyond the types of authorized investments and the concentration of credit risk described below. As of December 31, 2020 the City's investments in agency securities were all rated Aaa by Moody's Investor Services. The LGIP is not registered with the SEC and the fair value of the City's position in the pool is the same as the value of the pool shares. The LGIP is regulated by the state of Washington's state finance committee. Credit risk is limited as most investments are either obligations of the U.S. Government, government sponsored enterprises, insured demand deposit accounts or certificates of deposit.

*Concentration of credit risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the policy of the City to diversify its investment portfolio to eliminate the risk of loss resulting from overconcentration of assets in a specific class of securities. With the exception of U.S. Treasury securities and the State Treasurer's Local Government Investment Pool (LGIP) no more than twenty-five percent of the City's total investment portfolio should be invested in a single security type.

*Custodial credit risk.* Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The City minimizes custodial credit risk by following the restrictions set forth in state law. As well as, the City investment policy, with the exception of the United State Treasury securities and the LGIP, no more than 25% of the total investment portfolio shall be invested in a single institution.

*Restricted assets.* Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because they are maintained in a separate account and their use is limited by applicable bond covenants. The "bond debt service" account is used by the Marina fund to report resources set aside to subsidize potential deficiencies from operations that could adversely affect debt service payments.

Cash provided from customers as deposits are also restricted. Restricted assets are composed of the following (there are no permanent restrictions):

	<b>Temporary Restrictions</b>
Customer Deposits & Retainage	893,089
Marina Debr Service Covenants	281,000
Restricted Capital Funding	450,000
Unspent Donations on Hand	59,545
<b>Total</b>	<b><u>1,683,634</u></b>

### Investments in Local Government Investment Pool (LGIP)

The City is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

### Note 5 –Receivables

*Taxes receivable.* Taxes receivable consist of several types of taxes: property taxes, sales taxes and business & occupation taxes, excise taxes, gambling and admission taxes.

*Property taxes.* The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed by the 10<sup>th</sup> day of the following month.

Property taxes are recorded as a receivable when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually. Please refer to Note 1 for the property tax calendar.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services subject to three limitations:

- a. Except as otherwise provided for, the levy for taxing districts in any year shall be set so that the regular property taxes payable in the following year shall not exceed the limit factor of 101% multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction, improvements to property, and any increase in the assessed value of state-assessed property by the regular property tax levy rate of that district for the preceding year.
- b. The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.
- c. Of the \$3.60 maximum allowed, \$1.50 is allocated to the Fire District and \$0.50 to the Library District. To the extent either of these districts does not assess the full limit the difference is available to the City to assess.

In November 2020, the City approved ordinance 1743 establishing the regular property tax levy for 2021 of \$5,296,717 based on an assessed valuation of \$4,916,532,476 using an estimated maximum rate of \$1.0773 per \$1,000 of assessed value.

*Sales and excise taxes.* The State is the collection agent for sales and real estate excise taxes in the State of Washington. The vendor has until approximately the end of the following month to remit sales tax to the State for taxable sales. The State then has approximately another month to remit the City's portion of the tax to the City. The City's basic sales tax rate is one-half of one percent plus an optional one-half of one percent.

*Business & Occupation taxes.* The City implemented this tax effective for 2005 with the adoption of Ordinance No. 1355 on December 2, 2004. A tax rate of two tenths of one cent (\$0.002) of gross revenues was established. Businesses with annual gross receipts of \$50,000 or less are exempt from taxes, but must still file an informational return, businesses earning \$375,000 or more are required to file their returns and remit their taxes within 30 days from the end of each quarter. All other active businesses file annual returns.

*Utility occupation taxes.* The City assessed a gross revenue tax and use on certain utilities within the City. City utility taxes as follows: Sanitation tax of 18%, Cable tax of 10% and Surface Water Management tax of 15%.

*Customer receivables.* As of December 31, 2020, the City's funds contain no allowance for uncollectible accounts as uncollectible amounts are routinely written off and the remaining amounts are expected to be fully collected with the exception of Municipal Court receivables. As of December 31, 2020 municipal court receivables were \$4,532,654 of which \$3,453,362 is estimated to be uncollectible.

*Special assessments and deferred inflows.* Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

**Unavailable revenue (not received in the availability period)**

Taxes	\$ 141,738
Court fines	1,361,155
Customer charges	187,849
Accrued investment interest	27,359
Special assessments	7,663
Due from other government:	185,312
	<u>\$ 1,911,076</u>

**Note 6 - Capital Assets and Depreciation**

Capital asset activity for the year ended December 31, 2020 was as follows:

**Schedule of Capital Asset Activity**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 95,565,651	\$ -	\$ -	\$ 95,565,651
Construction in progress	12,402,784	5,314,972	(679,655)	17,038,101
Total capital assets not being depreciated	107,968,435	5,314,972	(679,655)	112,603,752
Capital assets, being depreciated				
Buildings & structures	11,637,247	-	-	11,637,247
Other improvements	19,873,113	681,038	-	20,554,151
Infrastructure	71,940,873	360,781	-	72,301,654
Machinery & equipment	8,193,892	634,704	(73,451)	8,755,145
Total depreciable capital assets	111,645,125	1,676,523	(73,451)	113,248,197
Less accumulated depreciation:				
Buildings & structures	(4,760,089)	(221,325)	-	(4,981,414)
Other improvements	(12,697,165)	(985,401)	-	(13,682,566)
Infrastructure	(28,697,782)	(2,430,665)	-	(31,128,447)
Machinery & equipment	(5,360,909)	(477,444)	31,389	(5,806,964)
Total accumulated depreciation	(51,515,945)	(4,114,835)	31,389	(55,599,391)
Governmental activities capital assets, net	<u>\$ 168,097,615</u>	<u>\$ 2,876,660</u>	<u>\$ (721,717)</u>	<u>\$ 170,252,558</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,791,288	\$ 16,239	\$ -	\$ 3,807,527
Construction in progress	1,821,935	827,673	(432,016)	2,217,592
Total capital assets not being depreciated	5,613,223	843,912	(432,016)	6,025,119
Other capital assets:				
Buildings & structures	6,192,155	-	-	6,192,155
Other improvements	15,380,452	85,707	-	15,466,159
Infrastructure	25,270,848	367,225	-	25,638,073
Machinery & equipment	911,609	-	-	911,609
Total depreciable capital assets	47,755,064	452,932	-	48,207,996
Less accumulated depreciation:				
Buildings & structures	(4,415,914)	(117,741)	-	(4,533,655)
Other improvements	(7,615,877)	(291,569)	-	(7,907,446)
Infrastructure	(10,512,456)	(504,079)	-	(11,016,535)
Machinery & equipment	(789,275)	(24,817)	-	(814,092)
Total accumulated depreciation	(23,333,522)	(938,206)	-	(24,271,728)
Business activities capital assets, net	<u>\$ 30,034,765</u>	<u>\$ 358,638</u>	<u>\$ (432,016)</u>	<u>\$ 29,961,387</u>

The largest components of the changes in 2020 are related to increases in construction work in progress for ongoing capital projects. For Governmental type activities these projects include Steven J. Underwood Playground (\$765,177), Midway Park Acquisitions (\$586,268), S. 216th Segment 3 (\$1,218,395), and Barnes Creek Trail (\$576,280). For Business Type activities these projects include Barnes Creek/KDM Culvert Replacement (\$243,017) and 216th/11th Ave Pipe Replacement (\$279,627).

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:

General Government	\$	284,299
Public Safety		252,463
Transportation		2,704,607
Natural & Economic		64,943
Social Services		45,165
Culture & Recreation		763,358
Total	\$	<u>4,114,835</u>

Business-Type Activities:

Marina	\$	413,118
Surface Water Utility		525,088
Total	\$	<u>938,206</u>

## Note 7 - Construction & Other Contractual Commitments

The City of Des Moines has active construction projects as of December 31, 2020. The projects include street construction, utility construction and park facility construction contracts. There are also several consulting contracts. At year end, the City's contract commitments are as follows:

<b>Fund Type</b>	<b>Contract Commitment</b>	<b>Spent To Date</b>	<b>Remaining Commitment s</b>
General Fund	\$ -	\$ -	\$ -
Special Revenue Fund	113,915	71,659	42,256
Capital Projects Fund	10,249,307	8,896,650	1,352,657
Proprietary Funds	806,606	462,413	344,194
Internal Service Funds	-	-	-
Total	<u>\$ 11,169,828</u>	<u>\$ 9,430,722</u>	<u>\$ 1,739,107</u>

## Note 8 - Joint Venture

On March 25, 2009, the Cities of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, Washington (Member Cities) entered into a SCORE Facility Interlocal Agreement (as amended and restated on October 1, 2009, the "2009 Interlocal Agreement") pursuant to chapter 39.34 RCW (Interlocal Cooperation Act) to jointly construct, equip, maintain and operate a consolidated regional misdemeanor correctional facility located in Des Moines, Washington (SCORE Facility) to serve the parties to the 2009 Interlocal Agreement and state agencies and other local governments (Subscribing Agencies) to provide correctional services essential to the preservation of the public health, safety and welfare. To carry out the purposes of the 2009 Interlocal Agreement and to operate, manage and maintain the SCORE Facility, the Member Cities formed the South Correctional Entity (SCORE), a separate governmental administrative agency pursuant to the 2009 Interlocal Agreement and RCW 39.34.030(3).

The 2009 Interlocal Agreement named the City of Des Moines as the “Host City” and the remaining Member Cities as the “Owner Cities”. Pursuant to a separate “Host City Agreement” dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Host City Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City’s average daily population at the SCORE Facility for the last three (3) years regardless of its Owner City or Host City status.

SCORE and the SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

SCORE, as a governmental administrative agency formed under the Interlocal Cooperation Act, is not expressly authorized to issue bonds. To finance and refinance the costs of the SCORE Facility, the City of Renton, Washington, chartered the South Correctional Entity Facility Public Development Authority as a public corporation pursuant to RCW 35.21.730 through 35.21.757 (Public Corporation Act) and Ordinance No. 5444, passed on February 2, 2009 (Charter Ordinance).

**2009 Bonds.** The SCORE PDA issued its Bonds, Series 2009A (2009A Bonds) and Bonds, Series 2009B (Taxable Build America Bonds—Direct Payment) (2009B Bonds, and, together the 2009 Bonds) on November 4, 2009 in the aggregate principal amount of \$86,235,000. Proceeds of the 2009 Bonds were used to finance a portion of the costs of acquiring, constructing, developing, equipping and improving the SCORE Facility, to capitalize interest during construction, and to pay costs of issuance for the 2009 Bonds.

Pursuant to the 2009 Interlocal Agreement and the ordinances of each city, each Owner City (which includes the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the 2009 Bonds as the same become due and payable (referred to as each Owner City’s 2009 Capital Contribution). Each Owner City’s obligation to pay its 2009 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor.

Pursuant to the 2009 Interlocal Agreement, on September 5, 2018, the City of Federal Way gave its notice of intent to withdraw from SCORE effective December 31, 2019. The remaining Member Cities (including the cities of Auburn, Burien, Des Moines, Renton, SeaTac and Tukwila) entered into an Amended and Restated SCORE Interlocal Agreement (2019 Interlocal Agreement), which amended and restated the 2009 Interlocal Agreement in its entirety, removed Federal Way as a Member City (effective December 31, 2019) and an Owner City (effective immediately), added the City of Des Moines as an Owner City, terminated the Host City Agreement, and made other revisions to provide for the issuance of bonds to refund the 2009 Bonds.

On December 11, 2019, the Authority issued its Refunding Bonds, Series 2019 in the aggregate principal amount of \$51,055,000 (2019 Bonds). The 2019 Interlocal Agreement became effective on the date of issuance of the 2019 Bonds. Proceeds of the 2019 Bonds were used, together with a contribution from Federal Way to fully pay its 2009 Capital Contribution, to defease and refund all of the outstanding 2009 Bonds.

As a result, Federal Way has satisfied its 2009 Capital Contribution and as of December 31, 2019, will no longer be considered a Member City of SCORE.

Pursuant to the 2019 Interlocal Agreement and the ordinances of each city, each remaining Owner City (including the Cities of Auburn, Burien, Des Moines, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the 2019 Bonds as the same become due and payable (referred to as each Owner City's 2019 Capital Contribution). Each Owner City's obligation to pay its 2019 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor. The City of Federal Way is not obligated, under the 2019 Interlocal Agreement or otherwise, to pay debt service on the 2019 Bonds or other debt of the Authority.

The following is a summary of the debt service requirements for the 2019 Bonds:

Summary of Debt Service Requirements - Refunding Bonds, 2019 (Ref 2009A & 2009B)									
Debt Service Schedule				Debt Service Allocation to Owner Cities					
Year	Principal	Interest	Total	Auburn 34.94%	Burien 4.82%	Des Moines 6.02%	Renton 40.96%	SeaTac 3.62%	Tukwila 9.64%
2021	1,840,000	2,069,700	3,909,700	1,366,049	188,448	235,364	1,601,413	141,531	376,895
2022	1,915,000	1,996,100	3,911,100	1,366,538	188,515	235,448	1,601,987	141,582	377,030
2023	1,990,000	1,919,500	3,909,500	1,365,979	188,438	235,352	1,601,331	141,524	376,876
2024	2,070,000	1,839,900	3,909,900	1,366,119	188,457	235,376	1,601,495	141,538	376,914
2025	2,155,000	1,757,100	3,912,100	1,366,888	188,563	235,508	1,602,396	141,618	377,126
2026-2030	12,490,000	7,058,750	19,548,750	6,830,333	942,250	1,176,835	8,007,168	707,665	1,884,500
2031-2035	15,745,000	3,800,650	19,545,650	6,829,250	942,100	1,176,648	8,005,898	707,553	1,884,201
2036-2038	11,025,000	704,450	11,729,450	4,098,270	565,359	706,113	4,804,384	424,606	1,130,719
Totals	\$ 49,230,000	\$ 21,146,150	\$ 70,376,150	24,589,426	3,392,130	4,236,644	28,826,072	2,547,617	6,784,261

The City of Des Moines reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The following is condensed (unaudited) financial information as of December 31, 2020 related to the old refunded 2009 Bonds:

South Correctional Entity (SCORE)					
Member City	2019 Percent of Equity	2019 Equity Balance	2020 Percent of Equity	2020 Apportionment	2020 Equity Balance
Auburn	42.75%	\$ 13,485,956	43.05%	\$ (518,256)	\$ 12,967,700
Burien	5.21%	1,642,751	5.14%	(94,368)	1,548,383
Des Moines	4.65%	1,465,438	4.62%	(72,731)	1,392,707
Renton	31.93%	10,070,783	31.70%	(524,445)	9,546,337
SeaTac	7.59%	2,395,411	7.66%	(88,853)	2,306,559
Tukwila	7.87%	2,481,579	7.83%	(123,602)	2,357,977
Grand Totals	100.00%	\$ 31,541,918	100.00%	\$ (1,422,255)	\$ 30,119,663

Complete financial statements for SCORE and SCORE PDA can be obtained at the following address:

SCORE  
ATTN: Finance Director  
20817 17<sup>th</sup> Avenue South  
Des Moines, WA 98198

**Note 9 - Interfund Activity**

Transfers between funds during the year ended December 31, 2020 are as follows:

		Transfer From (Out)			Total
		General Fund	Non-Major Special Revenue Fund	Major Capital and Construction Fund	
Transfer To (In)	Non-Major Special Revenue Fund	-	-	10,785	10,785
	Non-Major Debt Service	242,048	-	236,446	478,494
	Major Capital and Construction Fund	-	90,000	-	90,000
	Enterprise Fund	-	-	279,000	279,000
	Internal Service Fund	-	-	160	160
	<b>Total</b>	<b>242,048</b>	<b>90,000</b>	<b>526,391</b>	<b>858,439</b>

Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs; 2) move investment earnings or operating subsidies from one fund to its designated, authorized purpose carried out by another fund; 3) move resources designated for construction to and from construction funds as projects are created and/or completed.

There were one time transfers for the purpose of construction and funding major repairs between the construction funds, the general fund and the internal service (insurance) funds. There was a transfer from the transportation construction fund to the surface water management fund to pay for surface water pipe replacement related to the 216<sup>th</sup> Ave construction.

**Note 10 – Long-term Liabilities**

The City issues general obligation bonds to finance capital improvements such as bridges, streets, municipal buildings and enterprise facilities such as marina facilities. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund general obligation and revenue bonds.

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service for voter-approved issues, of which the City has none, would be funded by special property tax levies. Debt service for City Council authorized bonds, also call councilmanic bonds, is funded from regular property taxes or general revenues, and is generally paid from debt service funds but can be paid from other designated funds. On July 30, 2018, S&P Global Ratings assigned its rating of "AA+" for the Limited Tax General Obligation & Refunding Bonds, Series 2018. On March 6, 2019, Moody's Investors Service upgraded the City's limited tax general obligation bond rating to Aa3 from A1.

General Obligation Bonds outstanding at year-end are as follows:

- 2012 LTGO bonds were issued with interest rates ranging from 2.0% to 4.0% to advance refund \$2,795,000 of outstanding 2002 limited tax general obligation bond and refunding bonds which had interest rates ranging from 4.1% to 4.7%. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called.

- 2018 LTGO “New Money” bonds were issued to pay or reimburse a portion of the costs of the design, construction, improvement, renovation and/or replacement of a bulkhead located near the City marina and other related public amenities and capital improvements.
- 2018 LTGO refunding bonds were issued to refund the City’s outstanding 2008A and 2008B bonds. The net proceeds from the Refunding Bonds were used to purchase United States government securities. Those securities were deposited into a refunding trust account with a trust account to pay the full outstanding principal and interest on the 2008A and 2008B bonds. As a result of this transaction, the 2008A and 2008B bonds are considered to be paid in full and the liability for those bonds have been removed from the City’s financial statements.

Public Works Trust Fund loans outstanding at year-end are as follows:

- 2004 loan to fund construction improvements on Pacific Highway.
- 2009 loan to provide funding for the Des Moines Transportation Gateway Project which called for arterial widening and improvements along various sections of S. 216<sup>th</sup> St.
- 2011 loan is a financing lease with the State of Washington Local Option Capital Asset Lending (LOCAL) program administered by the Washington State Treasurer’s Office for energy efficiency equipment.

The City’s outstanding notes from direct borrowings related to governmental activities of \$361,898 contain provisions in the case of default:

- 2004 PWTFL: Delinquent payments shall be assessed a penalty equal to twelve percent (12%) per year.
- 2009 PWTFL: Delinquent payments shall be assessed a penalty equal to one percent (1%) per month or twelve percent (12%) per year.
- 2011 LOCAL: The outstanding balance due, including interest accrued and unpaid, may immediately become due if the City is unable to make payment.

Marina (proprietary) fund revenues are used to repay general obligation, revenue and refunding bonds related to improvements for the marina.

For the governmental activities, compensated absence balances and net pension obligations are generally liquidated by the General, Streets and Equipment Operations funds while compensated absences and net pension obligation balances for the proprietary funds are normally liquidated in the Marina and Surface Water Management funds. The net OPEB (other post-employment benefits) obligation is generally liquidated by the General Fund.

As described in Note 8 – Joint Venture, through an interlocal agreement the City is an owner City of the SCORE jail. The City’s allocable share of SCORE debt is reflected as intergovernmental bonds in the schedule below.

The following schedule summarizes the long-term liability activity for the year ended December 31, 2020:

## CHANGES IN LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

ITEM	Maturity Date	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>								
<u>General Obligation Bonds</u>								
2018 LTGO - New Money	12/1/2028	3.00% - 4.00%	\$ 3,105,000	\$ 3,000,000	\$ -	\$ 110,000	\$ 2,890,000	\$ 115,000
2018 LTGO - Refunding	12/1/2028	3.00% - 4.00%	1,446,573	1,323,402	-	127,277	1,196,126	130,014
Total LTGO Bonds Payable			4,551,573	4,323,402	-	237,277	4,086,126	245,014
<u>Intergovernmental Bonds - Backed by the Full Faith and Credit of the City</u>								
SCORE PDA 2019 Refunding Bonds - 2019 Revised ILA	12/1/2038	3.00% - 5.00%	3,073,511	3,073,511	-	109,865	2,963,646	110,768
Total General Obligation Bonds Payable			7,625,084	7,396,913	-	347,142	7,049,772	355,782
Issuance premiums			-	314,561	-	34,951	279,609	-
Net Bonds Payable			7,625,084	7,711,474	-	382,093	7,329,381	355,782
<u>Direct Borrowings</u>								
<u>Public Works Trust Fund Loans</u>								
2004 PWTf Loan - Pacific Hwy Construction	7/1/2024	0.50%	2,250,000	118,092	-	23,617	94,475	23,618
2009 PWTf Loan - Gateway Construction	7/1/2028	0.50%	1,000,000	286,764	-	31,863	254,901	31,863
Total Public Works Trust Fund Loans			3,250,000	404,856	-	55,480	349,376	55,481
2011 WA State Local - Energy Equipment	12/1/2021	2.46%	106,138	24,562	-	12,041	12,521	12,522
Total Direct Placement/Borrowings			3,356,138	429,418	-	67,520	361,898	68,003
<u>Employee Leave Benefits</u>								
Compensated Absences:			-	1,689,840	1,916,846	(1,689,840)	1,916,846	77,578
Total Other Post-Employment Benefits Liabilities			-	2,185,619	-	143,238	2,042,381	84,744
Net Pension Liability			-	2,287,990	25,826	-	2,313,816	-
<b>Total Governmental Funds</b>			<b>\$ 10,981,222</b>	<b>\$ 14,304,341</b>	<b>\$ 1,942,672</b>	<b>\$ (1,096,989)</b>	<b>\$ 13,964,322</b>	<b>\$ 586,107</b>

## Debt Service to Maturity

Following are schedules showing the debt service requirements to maturity for the City's long-term debt, excluding compensated absences, OPEB, and pensions.

<b>Governmental Activities</b>								
Year Ended December 31	General Obligation Bonds		Direct Placements/Borrowings		Intergovernmental Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest		
2021	\$ 245,014	\$ 163,446	\$ 68,003	\$ 2,060	\$ 110,768	\$ 124,596	\$ 713,887	
2022	250,488	153,644	55,481	1,469	115,283	120,166	696,532	
2023	259,594	143,626	55,481	1,192	119,798	115,554	695,245	
2024	271,436	133,242	55,481	915	124,614	110,762	696,450	
2025	281,911	122,384	31,863	637	129,731	105,778	672,304	
2026-2030	1,237,683	439,764	95,588	956	751,898	424,936	2,950,826	
2031-2035	905,000	238,600	-	-	947,849	228,798	2,320,247	
2036-2040	635,000	51,400	-	-	663,705	42,408	1,392,513	
Totals	\$ 4,086,126	\$ 1,446,106	\$ 361,897	\$ 7,229	\$ 2,963,646	\$ 1,272,998	\$ 10,138,004	

## CHANGES IN LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

ITEM	Maturity Date	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES:</b>								
<u>General Obligation Bonds</u>								
2012 LTGO - Marina Refunding	12/1/2022	2.00% - 4.00%	\$ 2,810,000	\$ 850,000	\$ -	\$ 270,000	\$ 580,000	\$ 285,000
Total 2012 LTGO - Marina Refunding			2,810,000	850,000	-	270,000	580,000	285,000
2018 LTGO - Refunding	12/1/2028	3.00% - 4.00%	3,838,427	3,511,598	-	337,723	3,173,874	344,986
Total 2018 LTGO - Refunding			3,838,427	3,511,598	-	337,723	3,173,874	344,986
Total General Obligation Bonds Payable			6,648,427	4,361,598	-	607,723	3,753,874	629,986
Issuance premiums			-	292,721	-	39,948	252,773	36,818
Net Bonds Payable			6,648,427	4,654,318	-	647,671	4,006,647	666,805
Compensated Absences			-	220,563	231,465	(220,563)	231,465	10,077
Net Pension Liability			-	723,514	4,205	-	727,719	-
<b>Total Business-Type Activities</b>			<b>\$ 6,648,427</b>	<b>\$ 5,598,395</b>	<b>\$ 235,670</b>	<b>\$ 427,108</b>	<b>\$ 4,965,831</b>	<b>\$ 676,882</b>
<b>TOTAL ALL FUNDS</b>			<b>\$ 17,629,649</b>	<b>\$ 19,902,736</b>	<b>\$ 2,178,342</b>	<b>\$ (669,881)</b>	<b>\$ 18,930,153</b>	<b>\$ 1,262,989</b>

## Debt Service to Maturity

Following are schedules showing the debt service requirements to maturity for the City's long-term debt, excluding compensated absences and net pension liability.

Business-Type Activities			
Year Ended December 31	General Obligation Bonds		Total
	Principal	Interest	
2021	629,986	150,156	780,142
2022	654,512	124,956	779,468
2023	370,406	98,776	469,182
2024	388,564	83,960	472,524
2025	403,089	68,416	471,505
2026-2030	1,307,317	106,340	1,413,657
2031-2035	-	-	-
Totals	\$3,753,874	\$ 632,604	\$4,386,478

## Federal Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer's tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five years. The City has no arbitrage liability as of December 31, 2020.

## Note 11 – Risk Management

The City of Des Moines maintains insurance against most normal hazards except for unemployment, where it has elected to become self-insured.

The City of Des Moines is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The amount of the City's settlements did not exceed insurance coverage in any of the past three years.

	Self-Insurance		Unemployment Insurance	
	2020	2019	2020	2019
Claims liabilities at beginning of year	3,513	22,904	866	(2,551)
Claims expenses:				
Current year changes in estimates	(3,513)	(14,691)	(48,623)	14,981
Claims payments	-	(4,700)	47,757	(11,564)
Claims liabilities at end of year	-	3,513	-	866

## **Note 12 – Pension Plans**

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (3,041,534)
Pension assets	\$ 2,652,644
Deferred outflows of resources	\$ 1,573,484
Deferred inflows of resources	\$ (1,415,022)
Pension expense/expenditures	\$ 267,764

### **State Sponsored Pension Plans**

Substantially all City of Des Moines full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

### **Public Employees' Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

#### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.86%</b>	<b>6.00%</b>
September – December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.97%</b>	<b>6.00%</b>

\* For employees participating in JBM, the contribution rate was 12.26%.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.86%</b>	<b>7.41%</b>
September – December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.97%</b>	<b>7.90%</b>

\* For employees participating in JBM, the contribution rate was 19.75%.

The City's actual PERS plan contributions were \$427,219 to PERS Plan 1 and \$691,646 to PERS Plan 2/3 for the year ended December 31, 2020.

## Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in [RCW 10.93.020](#); or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor and Cannabis Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

### Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2020 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – August 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.14%</b>	<b>7.20%</b>
September – December 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.25%</b>	<b>7.20%</b>

The City's actual plan contributions were \$5,613 to PSERS Plan 2 and \$3,742 to PERS Plan 1 for the year ended December 31, 2020.

### **Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)**

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

**LEOFF Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

### Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2020. Employers paid only the administrative expense of 0.18 percent of covered payroll.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

### Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% in 2020.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – December 2020		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.33%</b>	<b>8.59%</b>
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	
<b>Total</b>	<b>8.77%</b>	<b>8.59%</b>

The City's actual contributions to the plan were \$216,133 for the year ended December 31, 2020.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2020, the state contributed \$76,297,643 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$144,431.

## Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.

## Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

### Sensitivity of the Net Pension Liability/ (Asset)

The table below presents the City's proportionate share\* of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 2,619,226	\$ 2,091,102	\$ 1,630,526
PERS 2/3	\$ 5,913,853	\$ 950,432	\$ (3,136,945)
PSERS 2	\$ 27,807	\$ (2,555)	\$ (26,584)
LEOFF 1	\$ (201,044)	\$ (246,998)	\$ (286,756)
LEOFF 2	\$ (47,574)	\$ (2,403,091)	\$ (4,331,789)

### Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

### Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a total pension liability of \$3,041,538 and total pension asset of \$2,652,643 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 2,091,102
PERS 2/3	\$ 950,432
PSERS 2	\$ (2,555)
LEOFF 1	\$ (246,998)
LEOFF 2	\$ (2,403,091)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$ (246,998)	\$ (2,403,091)
State's proportionate share of the net pension asset associated with the employer	\$ (1,670,689)	\$ (1,556,804)
TOTAL	\$ (1,917,687)	\$ (3,959,895)

At June 30, the City's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.059575%	0.059229%	-0.000346%
PERS 2/3	0.074190%	0.074314%	0.000124%
PSERS 2	0.033623%	0.018563%	-0.015060%
LEOFF 1	0.012798%	0.013079%	0.000281%
LEOFF 2	0.120460%	0.117807%	-0.002653%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2020, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2020, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 85,556
PERS 2/3	\$ 97,133
PSERS 2	\$ 5,774
LEOFF 1	\$ (17,673)
LEOFF 2	\$ 96,975
TOTAL	\$ 267,764

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (11,643)
Contributions subsequent to the measurement date	\$ 213,664	\$ -
TOTAL	\$ 213,664	\$ (11,643)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 340,241	\$ (119,112)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (48,268)
Changes of assumptions	\$ 13,537	\$ (649,228)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 91,532	\$ (45,172)
Contributions subsequent to the measurement date	\$ 347,002	\$ -
TOTAL	\$ 792,312	\$ (861,781)

<b>PSERS 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,509	\$ (191)
Net difference between projected and actual investment earnings on pension plan investments	\$ 137	\$ -
Changes of assumptions	\$ 13	\$ (4,828)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 5,638	\$ (913)
Contributions subsequent to the measurement date	\$ 2,871	\$ -
<b>TOTAL</b>	<b>\$ 12,168</b>	<b>\$ (5,933)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (2,584)
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ (2,584)</b>

<b>LEOFF 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 332,507	\$ (42,621)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (26,784)
Changes of assumptions	\$ 3,481	\$ (372,105)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 110,373	\$ (91,573)
Contributions subsequent to the measurement date	\$ 108,979	\$ -
<b>TOTAL</b>	<b>\$ 555,341</b>	<b>\$ (533,083)</b>

<b>Total Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 676,257	\$ (161,924)
Net difference between projected and actual investment earnings on pension plan investments	\$ 137	\$ (89,279)
Changes of assumptions	\$ 17,031	\$ (1,026,161)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 207,543	\$ (137,658)
Contributions subsequent to the measurement date	\$ 672,516	\$ -
<b>TOTAL</b>	<b>\$ 1,573,484</b>	<b>\$ (1,415,022)</b>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS 1</b>	<b>PERS 2/3</b>	<b>PSERS 2</b>	<b>LEOFF 1</b>	<b>LEOFF 2</b>	<b>Total Plans</b>
2021	\$ (52,834)	\$ (389,061)	\$ (202)	\$ (9,223)	\$ (170,110)	\$ (621,430)
2022	(1,662)	(88,957)	310	(481)	(22,555)	(113,344)
2023	16,121	22,204	705	2,622	36,789	78,441
2024	26,732	100,380	1,092	4,498	81,626	214,328
2025	-	(20,245)	305	-	(14,930)	(34,870)
Thereafter	-	(40,791)	1,154	-	2,460	(38,270)
<b>TOTAL</b>	<b>\$ (11,643)</b>	<b>\$ (416,470)</b>	<b>\$ 3,364</b>	<b>\$ (2,584)</b>	<b>\$ (86,720)</b>	<b>\$ (515,145)</b>

### Note 13 – Other Post-Employment Benefits (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2020:

<b>Aggregate OPEB Amounts – All Plans</b>	
OPEB liabilities	\$ 2,042,381
OPEB assets	\$ -
Deferred outflows of resources	\$ 8,161
Deferred inflows of resources	\$ -
OPEB expenses/expenditures	\$ (44,612)

### Plan Description

The City provides post-retirement health care benefits for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977 under a single-employer defined benefit healthcare plan administered by the City, as required by the Revised Code of Washington (RCW) Chapter 41.26.

The City's employee medical insurance programs provides most of the medical coverage for eligible retirees. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan provisions.

### Employees Covered by Benefit Terms

As of December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	4

This is a closed group with no new members. The plan is funded on a pay-as-you-go basis and there are not assets accumulated in a qualifying trust.

The City has purchased a long-term care insurance policy for its LEOFF 1 retirees. The annual premium for the long-term care insurance policy, for the period of November 1, 2020 through October 31, 2021, was \$6,727.

### Assumptions and Other Inputs

- a. The following presents the total OPEB liability of the City calculated using the current healthcare cost trend of about 6% initially, trending down to about 5% in the 2020's, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (TOL)	\$ 1,850,651	\$ 2,042,381	\$ 2,260,844

- b. The following presents the total OPEB liability of the City calculated using the discount rate of 3.50% at the beginning of the measurement year and 2.21% at the end of the measurement year, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 2,278,688	\$ 2,042,381	\$ 1,840,203

#### Changes in the Total OPEB Liability

<b>Total OPEB Liability at 1/1/2020</b>	\$ 2,185,619
Interest	74,786
Differences between expected and actual experience	(119,398)
Benefit payments	(98,626)
<b>Total OPEB Liability at 12/31/2020</b>	\$ 2,042,381

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Payments subsequent to the measurement date	\$ 8,161	\$ -
<b>TOTAL</b>	<b>\$ 8,161</b>	<b>\$ -</b>

The City used the alternative measurement method permitted under GASB Statement No. 75. GASB 75 requires the use of the Entry Age Normal (EAN) cost method.

#### Note 14 – Health & Welfare

The City of Des Moines is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2020, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

### **Note 15 - Contingencies and Litigation**

The City has recorded in its financial statements all material liabilities, including applicable estimates for situations that are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and self-insurance reserves are adequate to pay all material known or pending claims.

The City participates in a number of Federal and State assisted programs. These grants are subject to audit by the grantor or representative. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. However, City management believes that such disallowances, if any, will be immaterial.

### **Note 16 – COVID-19 Pandemic**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

In responding to the financial challenges from COVID-19, the City took the following actions:

- Froze all vacant staff positions;
- Provided incentives for early separation with future savings;
- Reduced part-time staff for closed programs;
- Reassigned staff to allocate costs across funding sources, where appropriate;
- Temporary standby status for select staff;
- Held discretionary spending;
- Redirected one-time sales tax in the General Fund earmarked for capital improvements to the General Fund to cover 2020 expenditures; and

- Paused capital projects while the City assessed the feasibility of the project based on criticality to infrastructure, funding source, time requirements for funding source, manpower requirements and existing contracts.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the City of Des Moines is unknown at this time.

### Note 17 – Prior Period Adjustments

The financial statements reflect the following prior period adjustments made:

<b>Explanation</b>	<b>Governmental Activities</b>	<b>Business Activities</b>
Prior period adjustment to correct balance of accumulated depreciation.	\$ (40,982)	\$ -
Prior period adjustment to correct Construction In Progress balance and recognize expense in prior period	-	(4,207)
<b>Total Prior Period Adjustments</b>	<b>\$ (40,982)</b>	<b>\$ (4,207)</b>

In addition to the adjustments above, another prior period adjustment resulted from reporting investments in prior years at historical values and not current fair market value. The prior period adjustment was made on various governmental activities funds and, when combined on the Government-wide Statement of Activities, they net to zero dollars. However, the adjustments are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and other related individual fund statements.

<b>Governmental Activities - Prior Period Adjustment (Investment Value)</b>		
General Fund	\$	(2,252)
Development Fund		(20,896)
<i>Capital &amp; Construction Funds</i>		
REET 1 <sup>st</sup> Quarter	(534)	
REET 2 <sup>nd</sup> Quarter	(6,672)	
One-Time Revenues	(9,396)	(16,602)
<i>Other Governmental Funds</i>		
City Street	(2,027)	
Pavement Program	(4,979)	
PBPW Automation Fee	357	
Automated Speed Enforcement	(184)	(6,833)
Government-wide Revenue Adjustment Fund		46,583
	<b>\$</b>	<b>(0)</b>

**Note 18 – Subsequent Events**

The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus package or American Rescue Plan, is a \$1.9 trillion economic stimulus bill passed by the United States Congress and signed into law by President Joe Biden on March 11, 2021. The City of Des Moines has been awarded \$9,029,879 to replace lost revenue due to the COVID-19 pandemic and to spur economic development within the City. Costs covered by the grant can be incurred by December 31, 2024 and expended by December 31, 2026.

**City of Des Moines, Washington**  
Schedule of Changes in Total OPEB Liability and Related Ratios  
LEOFF 1 OPEB Plan  
For the year ended December 31, 2020  
Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability - beginning</b>	2,185,619	2,280,578	2,362,371
Service cost	-	-	-
Interest	74,786	86,906	82,810
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(119,398)	(111,297)	(65,262)
Changes of assumptions	-	-	-
Benefit payments	(98,626)	(70,568)	(99,341)
Other changes	-	-	-
<b>Total OPEB liability - ending</b>	<u>2,042,381</u>	<u>2,185,619</u>	<u>2,280,578</u>
<b>Covered-employee payroll**</b>	-	-	-
<b>Total OPEB liability as a % of covered payroll</b>	N/A	N/A	N/A

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.

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

\*\* *Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)*

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**  
**Last 10 Fiscal Years\***

**PERS 1**

Fiscal year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.059429%	\$ 2,993,764	\$ -	\$ 2,993,764	\$ 6,356,187	47.10%	61.19%
June 30, 2015	0.060047%	3,141,017	-	3,141,017	6,731,306	46.66%	59.10%
June 30, 2016	0.058525%	3,143,068	-	3,143,068	6,920,926	45.41%	57.03%
June 30, 2017	0.055789%	2,647,232	-	2,647,232	7,021,598	37.70%	61.24%
June 30, 2018	0.057841%	2,583,199	-	2,583,199	7,530,347	34.30%	63.22%
June 30, 2019	0.059575%	2,290,870	-	2,290,870	8,279,741	27.67%	67.12%
June 30, 2020	0.059229%	2,091,104	-	2,091,104	8,852,878	23.62%	68.64%

**PERS 2/3**

Fiscal year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.071121%	\$ 1,437,612	\$ -	\$ 1,437,612	\$ 6,146,411	23.39%	93.29%
June 30, 2015	0.074473%	2,660,963	-	2,660,963	6,608,499	40.27%	89.20%
June 30, 2016	0.072818%	3,666,329	-	3,666,329	6,843,135	53.58%	85.82%
June 30, 2017	0.070475%	2,448,669	-	2,448,669	6,964,752	35.16%	90.97%
June 30, 2018	0.071530%	1,221,311	-	1,221,311	7,472,150	16.34%	95.77%
June 30, 2019	0.074190%	720,637	-	720,637	8,065,565	8.93%	97.77%
June 30, 2020	0.074314%	950,434	-	950,434	8,678,648	10.95%	97.22%

**PSERS 2**

Fiscal year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.000000%	\$ -	\$ -	\$ -	\$ -	-	-
June 30, 2015	0.000000%	-	-	-	-	-	-
June 30, 2016	0.000000%	-	-	-	-	-	-
June 30, 2017	0.000000%	-	-	-	-	-	-
June 30, 2018	0.026170%	324	-	324	102,541	0.32%	99.79%
June 30, 2019	0.033623%	(4,372)	-	(4,372)	154,958	-2.82%	101.85%
June 30, 2020	0.018563%	(2,554)	-	(2,554)	106,759	-2.39%	101.68%

**LEOFF 1**

Fiscal year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.012205%	\$ (148,021)	\$ 1,092,391	\$ 944,370	\$ -	0.00%	126.91%
June 30, 2015	0.012137%	(146,278)	989,419	843,141	-	0.00%	127.36%
June 30, 2016	0.012268%	(126,395)	854,936	728,541	-	0.00%	123.74%
June 30, 2017	0.012268%	(188,788)	(1,276,957)	(1,465,745)	-	0.00%	135.96%
June 30, 2018	0.012574%	(228,281)	(1,544,087)	(1,772,368)	-	0.00%	144.42%
June 30, 2019	0.012798%	(252,967)	(1,711,063)	(1,964,030)	-	0.00%	148.78%
June 30, 2020	0.013079%	(246,998)	(1,670,689)	(1,917,687)	-	0.00%	146.88%

**LEOFF 2**

Fiscal year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.012205%	\$ (1,699,040)	\$ (1,092,391)	\$ (2,791,431)	\$ 3,480,180	-48.82%	116.75%
June 30, 2015	0.012137%	(1,249,137)	(825,926)	(2,075,063)	3,527,418	-35.41%	111.67%
June 30, 2016	0.117320%	(682,368)	(444,855)	(1,127,223)	3,659,657	-18.65%	106.04%
June 30, 2017	0.123689%	(1,716,402)	(1,112,208)	(2,828,610)	3,875,240	-44.29%	113.36%
June 30, 2018	0.115583%	(2,346,587)	(1,502,712)	(3,849,299)	3,829,585	-61.28%	118.50%
June 30, 2019	0.120460%	(2,790,688)	(1,757,034)	(4,547,722)	4,230,353	-65.97%	119.43%
June 30, 2020	0.117807%	(2,403,091)	(1,556,804)	(3,959,895)	4,385,948	-54.79%	115.83%

\*Until a full 10-year trend is compiled, only information for those years available is presented.

**Notes to Schedule:**

- 1) Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 13.
- 2) Contribution and covered payroll on this schedule is based on the plan fiscal year ending June 30<sup>th</sup>.
- 3) LEOFF 1 plan is closed and has no further covered payroll.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Employer Contributions**  
**As of December 31, 2020**  
**Last 10 Fiscal Years\***

**PERS 1**

Fiscal year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2014	\$ 189,440	\$ (189,440)	\$ -	\$ 6,356,187	2.98%
December 31, 2015	382,894	(382,894)	-	6,731,306	5.69%
December 31, 2016	333,338	(333,338)	-	6,920,926	4.82%
December 31, 2017	362,284	(362,284)	-	7,021,598	5.16%
December 31, 2018	411,642	(411,642)	-	7,890,571	5.22%
December 31, 2019	434,067	(434,067)	-	8,636,017	5.03%
December 31, 2020	427,219	(427,219)	-	8,847,297	4.83%

**PERS 2/3**

Fiscal year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2014	\$ 189,440	\$ (189,440)	\$ -	\$ 6,146,411	3.08%
December 31, 2015	382,894	(382,894)	-	6,608,499	5.79%
December 31, 2016	427,454	(427,454)	-	6,843,135	6.25%
December 31, 2017	495,582	(495,582)	-	6,964,752	7.12%
December 31, 2018	587,403	(587,403)	-	7,831,815	7.50%
December 31, 2019	647,731	(647,731)	-	8,422,223	7.69%
December 31, 2020	691,646	(691,646)	-	8,733,608	7.92%

**PSERS 2**

Fiscal year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2014	\$ -	\$ -	\$ -	\$ -	-
December 31, 2015	-	-	-	-	-
December 31, 2016	-	-	-	-	-
December 31, 2017	-	-	-	-	-
December 31, 2018	10,357	(10,357)	-	151,163	6.85%
December 31, 2019	10,913	(10,913)	-	153,281	7.12%
December 31, 2020	5,613	(5,613)	-	77,957	7.20%

**LEOFF 2**

Fiscal year Ending	Statutorily or contractually required contributions	Less: Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2014	\$ 91,113	\$ (91,113)	\$ -	\$ 3,519,072	2.59%
December 31, 2015	177,745	(177,745)	-	3,519,706	5.05%
December 31, 2016	184,816	(184,816)	-	3,659,665	5.05%
December 31, 2017	195,699	(195,699)	-	3,960,122	4.94%
December 31, 2018	211,537	(211,537)	-	4,029,279	5.25%
December 31, 2019	231,664	(231,664)	-	4,449,300	5.21%
December 31, 2020	216,133	(216,133)	-	4,196,748	5.15%

\*Until a full 10-year trend is compiled, only information for those years available is presented.

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**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 3,565,727	\$ 145,495	\$ 3,711,222
Deposits with fiscal agents	800	-	800
Investments	1,653,570	-	1,653,570
Receivables (net of allowances):			
Interest	10,896	-	10,896
Taxes	171,428	-	171,428
Customers	309,500	-	309,500
Due from other governments	566	-	566
<b>Total assets</b>	<b>\$ 5,712,487</b>	<b>\$ 145,495</b>	<b>\$ 5,857,982</b>
<b>Liabilities</b>			
Accounts payable	\$ 82,575	\$ -	\$ 82,575
Retainage payable	800	-	800
Due to other governments	415	-	415
<b>Total liabilities</b>	<b>83,790</b>	<b>-</b>	<b>83,790</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	232,271	-	232,271
<b>Total deferred inflows of resources</b>	<b>232,271</b>	<b>-</b>	<b>232,271</b>
<b>Fund Balances</b>			
Restricted			
Public safety	313,170	-	313,170
Transportation	4,322,497	-	4,322,497
General obligation debt	-	145,495	145,495
Committed			
Natural & economic environment	760,759	-	760,759
<b>Total fund balances</b>	<b>5,396,426</b>	<b>145,495</b>	<b>5,541,921</b>
<b>Total liabilities, fund balances, and deferred inflows of resources</b>	<b>\$ 5,712,487</b>	<b>\$ 145,495</b>	<b>\$ 5,857,982</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 1,676,874	\$ -	\$ 1,676,874
Licenses and permits	564,435	-	564,435
Intergovernmental revenues	627,965	-	627,965
Charges for services	145,770	-	145,770
Fines and penalties	108,981	-	108,981
Investment earnings	-	683	683
Miscellaneous	321,151	-	321,151
Total revenues	3,445,176	683	3,445,859
Expenditures			
Current:			
General government	-	18,834	18,834
Public safety	75,023	-	75,023
Transportation	1,443,452	-	1,443,452
Natural and economic environment	154,923	-	154,923
Culture and recreation	208,729	-	208,729
Debt service:			
Principal	-	304,798	304,798
Interest and other charges	-	173,858	173,858
Capital outlay	10,893	-	10,893
Total expenditures	1,893,020	497,490	2,390,510
Excess (deficiency) of revenues over (under) expenditures	1,552,156	(496,807)	1,055,349
Other Financing Sources (Uses)			
Transfers in	10,785	478,494	489,279
Insurance recovery	6,093	-	6,093
Transfers out	(90,000)	-	(90,000)
Total other financing sources and uses	(73,122)	478,494	405,372
Net change in fund balances	1,479,034	(18,313)	1,460,721
Fund balances - beginning	3,924,225	163,808	4,088,033
Prior period adjustment - Note 17	(6,832)	-	(6,832)
Fund balances - ending	\$ 5,396,427	\$ 145,495	\$ 5,541,922

## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditures for particular purposes. Special revenue funds are accounted for on a modified accrual basis. Annual budgets are adopted with appropriations lapsing at year-end. The City has eleven nonmajor special revenue funds.

**City Street Fund:** This fund was created to account for revenues and expenditures used to construct and maintain

**Pavement Program Fund:** This fund was created to account for revenues and expenditures used to reconstruct or preserve (chip seal, micro seal, overlay, etc.) street pavement.

**Police Drug Seizure Fund:** Money seized and forfeited from drug activity is deposited in this fund to be used exclusively for drug investigation and enforcement.

**Hotel/Motel Tax Fund:** This fund was created to account for the hotel/motel taxes levied to support City tourism

**Affordable Housing Sales Tax:** This fund accounts for revenue received from the affordable housing sales tax credit received from the State of Washington. The funds may be used for (a) acquiring, rehabilitating, or constructing affordable housing, (b) operations and maintenance costs of new units of affordable or supportive housing, or to provide rental assistance to tenants that are at or below the 60% of the median income of the City.

**Redondo Zone Fund:** This fund was created to account for parking fees and fines in the Redondo Zone and to be used first to pay operating costs for the parking system. Any excess funds to be used for capital improvement or debt service expenditures benefitting the Redondo Zone

**Waterfront Zone Fund:** This fund was created to account for revenues and expenditures relating to the provision of services and public access to the fishing pier, the waterfront area of the Beach Park and related parking lots and to the space on the upland areas not designated as part of the marina enterprise fund.

**Planning, Building and Public Works (PBPW) Automation Fund:** This fund was created to account for Planning, Building and Public Works automation fees and to be used for technology operations, maintenance and replacement expenditures; as well as, capital expenditures for acquisition of additional technology benefitting the PBPW department

**Abatement Fund:** This fund was created to account for revenue and expenditures to abate nuisances within the city.

**Automated Speed Enforcement Fund:** This fund was created to account for revenue from fines assessed under authority of chapter 10.36 Des Moines Municipal Code and to be used solely for traffic safety purposes

**Transportation Benefit District Fund:** This fund was created to account for revenue and expenditures for improvements to preserve and maintain the City's previous investments in the transportation infrastructure, reduce the risk of transportation facility failure, improve safety, continue cost-effectiveness of the City's infrastructure investments, and continue the optimal performance of the transportation system

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2020**

	City Street	Pavement Program	Police Drug Seizure	Hotel/ Motel	Affordable Housing Sales Tax	Redondo Zone
<b>Assets</b>						
Cash and cash equivalents	\$ 904,418	\$ 1,398,971	\$ 22,643	\$ 90,015	\$ 21,716	\$ 20,944
Deposits with fiscal agents	800	-	-	-	-	-
Investments	294,928	500,220	-	-	-	-
Receivables (net of allowances):						
Interest	241	6,207	-	-	-	-
Taxes	85,782	-	-	1,977	2,292	-
Customers	-	79,610	-	-	-	675
Due from other governments	-	-	-	-	-	283
<b>Total assets</b>	<b>\$1,286,169</b>	<b>\$1,985,008</b>	<b>\$ 22,643</b>	<b>\$ 91,992</b>	<b>\$ 24,008</b>	<b>\$ 21,902</b>
<b>Liabilities</b>						
Accounts payable	\$ 74,027	\$ -	\$ 70	\$ 1,440	\$ -	\$ 2,591
Retainage payable	800	-	-	-	-	-
Due to other governments	-	-	-	-	-	384
Accrued payroll	-	-	-	-	-	-
<b>Total liabilities</b>	<b>74,827</b>	<b>-</b>	<b>70</b>	<b>1,440</b>	<b>-</b>	<b>2,975</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	242	199	-	-	-	1,241
<b>Total deferred inflows of resources</b>	<b>242</b>	<b>199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,241</b>
<b>Fund Balances</b>						
Restricted:						
Public Safety	-	-	22,573	-	-	-
Transportation	1,211,100	1,984,809	-	-	-	-
Committed:						
Natural & economic environment	-	-	-	90,552	24,008	17,686
<b>Total fund balances</b>	<b>1,211,100</b>	<b>1,984,809</b>	<b>22,573</b>	<b>90,552</b>	<b>24,008</b>	<b>17,686</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$1,286,169</b>	<b>\$1,985,008</b>	<b>\$ 22,643</b>	<b>\$ 91,992</b>	<b>\$ 24,008</b>	<b>\$ 21,902</b>

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2020**

	Waterfront Zone	PBPW Automation Fee	Abatement	Automated Speed Enforcement	Transportation Benefit District	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 192,615	\$ 212,603	\$ 25,557	\$ 190,558	\$ 485,687	\$3,565,727
Deposits with fiscal agents	-	-	-	-	-	800
Investments	-	202,214	-	100,037	556,171	1,653,570
Receivables (net of allowances):						
Interest	-	944	-	71	3,433	10,896
Taxes	-	-	-	-	81,377	171,428
Customers	4,050	-	26,710	198,455	-	309,500
Due from other governments	283	-	-	-	-	566
<b>Total assets</b>	<b>\$ 196,948</b>	<b>\$ 415,761</b>	<b>\$ 52,267</b>	<b>\$ 489,121</b>	<b>\$ 1,126,668</b>	<b>\$5,712,487</b>
<b>Liabilities</b>						
Accounts payable	\$ 4,397	\$ 50	\$ -	\$ -	\$ -	\$ 82,575
Retainage payable	-	-	-	-	-	800
Due to other governments	31	-	-	-	-	415
Accrued payroll	-	-	-	-	-	-
<b>Total liabilities</b>	<b>4,428</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,790</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	4,333	943	26,709	198,524	80	232,271
<b>Total deferred inflows of resources</b>	<b>4,333</b>	<b>943</b>	<b>26,709</b>	<b>198,524</b>	<b>80</b>	<b>232,271</b>
<b>Fund Balances</b>						
Restricted:						
Public Safety	-	-	-	290,597	-	313,170
Transportation	-	-	-	-	1,126,588	4,322,497
Committed:						
Natural & economic environment	188,187	414,768	25,558	-	-	760,759
<b>Total fund balances</b>	<b>188,187</b>	<b>414,768</b>	<b>25,558</b>	<b>290,597</b>	<b>1,126,588</b>	<b>5,396,426</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 196,948</b>	<b>\$ 415,761</b>	<b>\$ 52,267</b>	<b>\$ 489,121</b>	<b>\$ 1,126,668</b>	<b>\$5,712,487</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2020**

	City Street	Pavement Program	Police Drug Seizure	Hotel/ Motel	Affordable Housing Sales Tax	Redondo Zone
<b>Revenues</b>						
Taxes	\$ 615,421	\$ -	\$ -	\$ 35,610	\$ 24,008	\$ -
Licenses and permits	-	564,435	-	-	-	-
Intergovernmental revenues	627,965	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	220
Miscellaneous	5,219	21,189	105	371	-	75,876
Total revenues	<u>1,248,605</u>	<u>585,624</u>	<u>105</u>	<u>35,981</u>	<u>24,008</u>	<u>76,096</u>
<b>Expenditures</b>						
Current:						
Public safety	-	-	-	-	-	-
Transportation	1,381,844	61,608	-	-	-	-
Natural and economic environment	-	-	-	19,918	-	-
Culture and recreation	-	-	-	-	-	81,751
Debt service						
Capital Outlay	10,893	-	-	-	-	-
Total expenditures	<u>1,392,737</u>	<u>61,608</u>	<u>-</u>	<u>19,918</u>	<u>-</u>	<u>81,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,132)</u>	<u>524,016</u>	<u>105</u>	<u>16,063</u>	<u>24,008</u>	<u>(5,655)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	509,106	71,400	-	-	-	-
Insurance recovery	760	-	-	-	-	-
Transfers out	-	(475,000)	-	-	-	-
and uses	<u>509,866</u>	<u>(403,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>365,734</u>	<u>120,416</u>	<u>105</u>	<u>16,063</u>	<u>24,008</u>	<u>(5,655)</u>
Fund balances - beginning	847,392	1,869,372	22,468	74,489	-	23,341
Prior period adjustment - Note 17	(2,026)	(4,979)	-	-	-	-
Fund balances - ending	<u>\$ 1,211,100</u>	<u>\$ 1,984,809</u>	<u>\$ 22,573</u>	<u>\$ 90,552</u>	<u>\$ 24,008</u>	<u>\$ 17,686</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2020**

	Waterfront Zone	PBPW Automation Fee	Abatement	Automated Speed Enforcement	Transportation Benefit District	Total
<b>Revenues</b>						
Taxes	\$ 759	\$ -	\$ -	\$ -	\$ 1,001,076	\$ 1,676,874
Licenses and permits	-	-	-	-	-	564,435
Intergovernmental revenues	-	-	-	-	-	627,965
Charges for services	-	145,770	-	-	-	145,770
Fines and penalties	-	-	28	108,733	-	108,981
Miscellaneous	197,644	6,110	4,960	5,382	4,295	321,151
Total revenues	198,403	151,880	4,988	114,115	1,005,371	3,445,176
<b>Expenditures</b>						
Current:						
Public safety	-	-	-	75,023	-	75,023
Transportation	-	-	-	-	-	1,443,452
Natural and economic environmer	-	107,300	27,705	-	-	154,923
Culture and recreation	126,978	-	-	-	-	208,729
Debt service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	10,893
Total expenditures	126,978	107,300	27,705	75,023	-	1,893,020
Excess (deficiency) of revenues over (under) expenditures	71,425	44,580	(22,717)	39,092	1,005,371	1,552,156
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	580,506
Insurance recovery	5,333	-	-	-	-	6,093
Transfers out	-	-	-	(113,322)	(71,400)	(659,722)
and uses	5,333	-	-	(113,322)	(71,400)	(73,123)
Net change in fund balances	76,758	44,580	(22,717)	(74,230)	933,971	1,479,033
Fund balances - beginning	111,429	369,831	48,275	365,011	192,617	3,924,225
Prior period adjustment - Note 17	-	357	-	(184)	-	(6,832)
Fund balances - ending	\$ 188,187	\$ 414,768	\$ 25,558	\$ 290,597	\$ 1,126,588	\$ 5,396,426

**Special Revenue Funds - City Street**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 477,850	\$ 457,671	\$ 615,421	\$ 157,750
Intergovernmental revenues	714,024	650,405	627,965	(22,440)
Investment earnings	-	-	-	-
Miscellaneous	5,000	5,000	5,219	219
Total revenues	<u>1,196,874</u>	<u>1,113,076</u>	<u>1,248,605</u>	<u>135,529</u>
<b>Expenditures</b>				
Current:				
Transportation	1,830,434	1,865,215	1,381,844	(483,371)
Capital outlay	-	-	10,893	10,893
Total expenditures	<u>1,830,434</u>	<u>1,865,215</u>	<u>1,392,737</u>	<u>(472,478)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	520,000	545,000	509,106	(35,894)
Insurance recovery	-	-	760	760
Total financing sources/(uses)	<u>520,000</u>	<u>545,000</u>	<u>509,866</u>	<u>(35,134)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(113,560)</u>	<u>(207,139)</u>	<u>365,734</u>	<u>572,873</u>
Fund balances - beginning	777,081	716,233	847,392	131,159
Prior Period Adjustment -Note 17	-	-	(2,026)	(2,026)
Fund balances - ending	<u>\$ 663,521</u>	<u>\$ 509,094</u>	<u>\$ 1,211,100</u>	<u>\$ 702,006</u>

**Special Revenue Funds - Pavement Program**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Licenses and permits	\$ 611,658	\$ 611,658	\$ 564,435	\$ (47,223)
Investment earnings	-	-	-	-
Miscellaneous	12,500	12,500	21,189	8,689
Total revenues	<u>624,158</u>	<u>624,158</u>	<u>585,624</u>	<u>(38,534)</u>
<b>Expenditures</b>				
Current:				
Transportation	450,000	488,000	61,608	(426,392)
Total expenditures	<u>450,000</u>	<u>488,000</u>	<u>61,608</u>	<u>(426,392)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	71,400	71,400	-
Transfers out	(475,000)	(475,000)	(475,000)	-
Total financing sources/(uses)	<u>(475,000)</u>	<u>(403,600)</u>	<u>(403,600)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(300,842)</u>	<u>(267,442)</u>	<u>120,416</u>	<u>387,858</u>
Fund balances - beginning	1,163,161	1,127,571	1,869,372	741,801
Prior Period Adjustment -Note 17	-	-	(4,979)	(4,979)
Fund balances - ending	<u>\$ 862,319</u>	<u>\$ 860,129</u>	<u>\$ 1,984,809</u>	<u>\$ 1,124,680</u>

**Special Revenue Funds - Police Drug Seizure**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Intergovernmental	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	\$ 1,250	\$ 1,250	\$ 105	\$ (1,145)
Total revenues	1,250	1,250	105	(1,145)
<b>Expenditures</b>				
Current:				
Public safety	1,000	1,000	-	(1,000)
Total expenditures	1,000	1,000	-	(1,000)
Excess (deficiency) of revenues over (under) expenditures	250	250	105	(145)
Fund balances - beginning	7,385	10,446	22,468	12,022
Fund balances - ending	\$ 7,635	\$ 10,696	\$ 22,573	\$ 11,877

## Special Revenue Funds - Hotel/Motel

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues</b>				
Taxes	\$ 113,300	\$ 45,000	\$ 35,610	\$ (9,390)
Investment earnings	-	-	-	-
Miscellaneous	400	400	371	(29)
Total revenues	113,700	45,400	35,981	(9,419)
<b>Expenditures</b>				
Current:				
Natural & economic environmen	113,300	45,400	19,918	(25,482)
Total expenditures	113,300	45,400	19,918	(25,482)
Excess (deficiency) of revenues over (under) expenditures	400	-	16,063	16,063
Fund balances - beginning	6,875	(24,542)	74,489	99,031
Fund balances - ending	\$ 7,275	\$ (24,542)	\$ 90,552	\$ 115,094

**Special Revenue Funds - Affordable Housing Sales Tax**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ -	\$ 22,500	\$ 24,008	\$ 1,508
Total revenues	-	22,500	24,008	1,508
<b>Expenditures</b>				
Current:				
Social Services	-	22,500	-	(22,500)
Capital outlay	-	-	-	-
Total expenditures	-	22,500	-	(22,500)
Excess (deficiency) of revenues over (under) expenditures	-	-	24,008	24,008
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 24,008	\$ 24,008

**Special Revenue Funds - Redondo Zone****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Fines and penalties	\$ 2,500	\$ 300	\$ 220	\$ (80)
Miscellaneous	90,350	75,900	75,876	(24)
Total revenues	92,850	76,200	76,096	(104)
<b>Expenditures</b>				
Current:				
Culture and recreation	82,762	82,762	81,751	(1,011)
Total expenditures	82,762	82,762	81,751	(1,011)
Excess (deficiency) of revenues over (under) expenditures	10,088	(6,562)	(5,655)	907
Fund balances - beginning	61,266	(10,157)	23,341	33,498
Fund balances - ending	\$ 71,354	\$ (16,719)	\$ 17,686	\$ 34,405

**Special Revenue Funds - Waterfront Zone****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 4,000	\$ 1,000	\$ 759	\$ (241)
Miscellaneous	195,600	180,200	197,644	17,444
Total revenues	199,600	181,200	198,403	17,203
<b>Expenditures</b>				
Current:				
Culture and recreation	133,339	133,339	126,978	(6,361)
Total expenditures	133,339	133,339	126,978	(6,361)
<b>Other Financing Sources (Uses)</b>				
Insurance recovery	-	1,600	5,333	3,733
Total financing sources/(uses)	-	1,600	5,333	3,733
Excess (deficiency) of revenues over (under) expenditures	66,261	49,461	76,758	27,297
Fund balances - beginning	104,263	132,149	111,429	(20,720)
Fund balances - ending	\$ 170,524	\$ 181,610	\$ 188,187	\$ 6,577

**Special Revenue Funds - PBPW Automation Fee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Charges for services	\$ 125,000	\$ 125,000	\$ 145,770	\$ 20,770
Miscellaneous	4,000	4,000	6,110	2,110
Total revenues	129,000	129,000	151,880	22,880
<b>Expenditures</b>				
Current:				
Natural & economic environment	107,300	107,300	107,300	-
Total expenditures	107,300	107,300	107,300	-
Excess (deficiency) of revenues over (under) expenditures	21,700	21,700	44,580	22,880
Fund balances - beginning	190,565	233,292	369,831	136,539
Prior Period Adjustment - Note 17	-	-	357	357
Fund balances - ending	\$ 212,265	\$ 254,992	\$ 414,768	\$ 159,776

**Special Revenue Funds - Abatement****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Charges for services	\$ 200	\$ -	\$ -	\$ -
Fines and penalties	500	100	28	(72)
Miscellaneous	4,800	29,000	4,960	(24,040)
Total revenues	5,500	29,100	4,988	(24,112)
<b>Expenditures</b>				
Current:				
Natural & economic environmen	200	28,000	27,705	(295)
Total expenditures	200	28,000	27,705	(295)
Excess (deficiency) of revenues over (under) expenditures	5,300	1,100	(22,717)	(23,817)
Fund balances - beginning	10,308	11,760	48,275	36,515
Fund balances - ending	\$ 15,608	\$ 12,860	\$ 25,558	\$ 12,698

**Special Revenue Funds - Automated Speed Enforcement**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Charges for services	\$ 200	\$ -	\$ -	\$ -
Fines and penalties	260,000	100,000	108,733	8,733
Miscellaneous	7,600	3,000	5,382	2,382
Total revenues	267,800	103,000	114,115	11,115
<b>Expenditures</b>				
Current:				
Public safety	272,000	82,000	75,023	(6,977)
Total expenditures	272,000	82,000	75,023	(6,977)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(210,000)	(110,000)	(113,322)	(3,322)
Total financing sources/(uses)	(210,000)	(110,000)	(113,322)	(3,322)
Excess (deficiency) of revenues over (under) expenditures	(214,200)	(89,000)	(74,230)	14,770
Fund balances - beginning	82,687	230,648	365,011	134,363
Prior Period Adjustment - Note 17	-	-	(184)	(184)
Fund balances - ending	\$ (131,513)	\$ 141,648	\$ 290,597	\$ 148,949

**Special Revenue Funds - Transportation Benefit District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ -	\$ 985,000	\$ 1,001,076	\$ 16,076
Miscellaneous	-	-	4,295	4,295
Total revenues	-	985,000	1,005,371	20,371
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(71,400)	(71,400)	-
Total financing sources/(uses)	-	(71,400)	(71,400)	-
Excess (deficiency) of revenues over (under) expenditures	-	913,600	933,971	20,371
Fund balances - beginning	291,519	171,311	192,617	21,306
Fund balances - ending	\$ 291,519	\$ 1,084,911	\$ 1,126,588	\$ 41,677

## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other government units on a cost reimbursement basis.

**Equipment Rental Operations:** accounts for the funds used to finance the maintenance, and repair of equipment and inventory used in fulfilling the objectives of all departments having equipment purchased and/or maintained by the Equipment Rental and Revolving fund.

**Equipment Rental Replacement:** accounts for the funds used to finance the purchase and replacement of equipment and inventory used in fulfilling the objectives of all departments having equipment purchased and/or maintained by the Equipment Rental and Revolving fund.

**Facility Replacement:** accounts for the accumulation and use of funds for major repairs, maintenance and replacement of City facilities.

**Computer Replacement:** accounts for the funds used to finance the purchase and replacement of computer equipment and inventory used in fulfilling the objectives of all departments.

**Self-Insurance:** A self-insurance fund to finance the uninsured liability claims and deductible portions of insured liability claims against the City.

**Unemployment Insurance:** A self-insurance fund to finance unemployment claim settlements and decisions against the City by former employees.

**Combining Statement of Net Position  
Internal Service Funds  
December 31, 2020**

	<b>Equipment Rental Operations</b>	<b>Equipment Rental Replacement</b>	<b>Facility Repair</b>	<b>Computer Replacement</b>	<b>Self Insurance</b>	<b>Unemployment Insurance</b>	<b>Total</b>
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 405,668	\$ 625,674	\$ 652,952	\$ 719,258	\$ 294,684	\$ 244,514	\$ 2,942,750
Investments	-	1,816,156	-	660,733	573,168	284,840	3,334,897
Receivables - interest	-	5,931	-	3,495	5,054	558	15,038
Receivables - customers	3,026	-	-	-	-	-	3,026
Inventory	14,927	-	-	-	-	-	14,927
Total current assets	423,621	2,447,761	652,952	1,383,485	872,906	529,913	6,310,638
Noncurrent assets:							
Capital assets: (net of accumulated depreciation)							
Construct work in process	-	-	144,471	-	-	-	144,471
Equipment	30,439	2,169,266	-	194,064	-	-	2,393,769
Total noncurrent assets	30,439	2,169,266	144,471	194,064	-	-	2,538,240
Total assets	454,060	4,617,027	797,422	1,577,550	872,906	529,913	8,848,878
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	30,637	59,894	-	0	5,904	14,499	110,934
Compensated absences	1,274	-	-	-	-	-	1,274
Total current liabilities	31,911	59,894	-	0	5,904	14,499	112,208
Noncurrent liabilities:							
Compensated absences	22,811	-	-	-	-	-	22,811
Total noncurrent liabilities	22,811	-	-	-	-	-	22,811
Total liabilities	54,722	59,894	-	0	5,904	14,499	135,019
<b>Net Position</b>							
Investment in capital assets	30,439	2,169,266	144,471	194,064	-	-	2,538,240
Unrestricted	368,899	2,387,867	652,952	1,383,485	867,002	515,415	6,175,619
Total net position	\$ 399,338	\$ 4,557,133	\$ 797,422	\$ 1,577,550	\$ 867,002	\$ 515,415	\$ 8,713,859

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2020**

	<b>Equipment Rental Operations</b>	<b>Equipment Rental Replacement</b>	<b>Facility Repair</b>	<b>Computer Replacement</b>	<b>Self Insurance</b>	<b>Unemployment Insurance</b>	<b>Total</b>
<b>Operating Revenues</b>							
Charges for services	\$ 492,278	\$ -	\$ -	\$ 221,187	\$ 773,846	\$ 34,086	\$ 1,521,397
Intergovernmental	3,844	-	-	13,526	-	-	17,370
Miscellaneous	-	-	-	-	37,607	-	37,607
Total operating revenues	496,121	-	-	234,713	811,453	34,086	1,576,374
<b>Operating Expenses</b>							
Depreciation	2,029	338,401	-	55,109	-	-	395,539
Salaries and benefits	182,837	-	-	-	-	62,256	245,092
Supplies	218,895	11,823	8,254	30,099	-	-	269,071
Other services and charges	66,075	-	0	-	680,031	-	746,107
Interfund payments for services	22,863	-	-	-	-	-	22,863
Total operating expenses	492,699	350,224	8,254	85,208	680,031	62,256	1,678,672
Operating income (loss)	3,423	(350,224)	(8,254)	149,505	131,421	(28,169)	(102,298)
<b>Nonoperating Revenues (Expenses)</b>							
Investment income	1,787	38,401	3,091	21,066	14,737	4,669	83,752
Gain (loss) on disposal of capital asset	-	(40,732)	-	-	-	-	(40,732)
Insurance recovery	5,251	60,343	-	-	-	-	65,594
Total nonoperating revenues (expenses)	7,038	58,012	3,091	21,066	14,737	4,669	108,614
Income (loss) before contributions and transfers	10,461	(292,212)	(5,163)	170,571	146,159	(23,500)	6,315
Transfers in	-	-	160	-	-	-	160
Change in net position	10,461	(292,212)	(5,004)	170,571	146,159	(23,500)	6,475
Total net position - beginning	388,877	4,849,345	802,426	1,406,978	720,843	538,915	8,707,384
Total net position - ending	\$ 399,338	\$ 4,557,133	\$ 797,422	\$ 1,577,550	\$ 867,002	\$ 515,415	\$ 8,713,859

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2020**

	Equipment Rental Operations	Equipment Rental Replacement	Facility Repair	Computer Replacement	Self Insurance	Unemployment Insurance	Total
<b>Cash Flows From Operating Activities:</b>							
Cash received from customers and users	\$ 496,573	\$ 31,355	\$ -	\$ 221,187	\$ 773,846	\$ 34,086	\$ 1,557,047
Cash received from grantor	3,844	-	-	13,526	-	-	17,370
Cash payments to suppliers	(297,118)	107,762	(16,114)	(40,574)	(640,034)	13,634	(872,444)
Cash payments to employees and retirees	(181,860)	-	-	-	-	(62,256)	(244,116)
Net cash provided (used) by operating activities	21,439	139,117	(16,114)	194,139	133,812	(14,536)	457,857
<b>Cash Flows From Noncapital Financing Activities</b>							
Insurance repair recovery	5,251	60,343	-	-	-	-	65,594
Interfund loan	-	125,000	-	-	-	-	125,000
Transfers In (Out)	-	-	160	-	-	-	160
Net cash provided (used) by noncapital financing activities	5,251	185,343	160	-	-	-	190,754
<b>Cash Flows From Capital Financing Activities</b>							
Proceeds from disposition of capital assets	-	(40,732)	-	-	-	-	(40,732)
Acquisition and construction of capital assets	-	(413,346)	(3,794)	(39,143)	-	-	(456,283)
Net cash provided (used) by capital financing activities	-	(454,078)	(3,794)	(39,143)	-	-	(497,015)
<b>Cash Flows From Investing Activities</b>							
Purchase of investments	-	-	-	-	(300,000)	-	(300,000)
Investment sales and income	1,787	21,812	3,091	12,611	(9,884)	116,814	146,231
Net cash provided (used) by investing activities	1,787	21,812	3,091	12,611	(309,884)	116,814	(153,769)
<b>Net increase (decrease) in cash and cash equivalents</b>	28,477	(107,806)	(16,657)	167,607	(176,072)	102,278	(2,173)
<b>Cash and cash equivalents, January 1</b>	377,190	733,481	669,610	551,650	470,755	142,237	2,944,923
<b>Cash and cash equivalents, December 31</b>	\$ 405,668	\$ 625,674	\$ 652,952	\$ 719,258	\$ 294,684	\$ 244,514	\$ 2,942,750
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 3,423	\$ (350,224)	\$ (8,254)	\$ 149,505	\$ 131,421	\$ (28,169)	\$ (102,298)
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:							
Depreciation	2,029	338,401	-	55,109	-	-	395,539
(Increase) decrease in customer receivables	3,171	31,355	-	-	-	-	34,526
(Increase) decrease in grantor receivables	-	-	-	-	-	-	-
(Increase) decrease in inventory	1,124	-	-	-	-	-	1,124
(Increase) decrease in prepaid expenses	-	75,125	-	-	-	-	75,125
Increase (decrease) in accounts payable	10,716	44,460	(7,860)	(10,475)	2,391	13,633	52,865
Increase (decrease) in compensated absences	976	-	-	-	-	-	976
Total adjustments	18,016	489,341	(7,860)	44,634	2,391	13,633	560,155
<b>Net cash provided (used) by operating activities</b>	\$ 21,439	\$ 139,117	\$ (16,114)	\$ 194,139	\$ 133,812	\$ (14,536)	\$ 457,857

The City is not aware of any material noncash transactions.

## STATISTICAL SECTION

The statistical section presents detailed information, typically in ten year trends, which assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplemental information to assess the economic and financial condition of the City of Des Moines.

### Financial Trends Information

*Financial trends schedules are intended to provide users with information to assist them in understanding and assessing how the City's financial position has changed over time.*

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### Revenue Capacity Information

*The objective of providing revenue capacity information is to help users understand and assess the factors affecting the City's ability to generate its most significant local source revenues.*

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Schedule 9	Principal Property Tax Payers.....	125
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Schedule 11	Marina Rates.....	127
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### Debt Capacity Information

*Debt capacity information is intended to assist users to understand and assess the City's current levels of outstanding debt and ability to issue additional debt in the future.*

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Schedule 14	Ratios of General Bonded Debt Outstanding and Bonded Debt Per Capita.....	130
Schedule 15	Legal Debt Margin.....	131
Schedule 16	Direct and Overlapping Governmental Activities Debt.....	132
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### Demographic and Economic Information

*These schedules offer demographic and economic information to assist users in understanding certain aspects of the environment within which the City operates and to provide information that facilitates comparisons of financial statement information over time and across governmental units.*

Schedule 18	Demographic and Economic Statistics.....	134
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**Operating Information**

*These schedules contain service and infrastructure data to help users understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

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## City of Des Moines, Washington

## SCHEDULE 1

## Net Position by Component

## Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year Ended December 31

	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 140,919,691	\$ 141,021,245	\$ 146,815,388	\$ 151,709,766	\$ 156,176,387
Restricted for:					
Public safety - drug related	-	-	-	7,545	74,729
Natural and economic environment	-	-	-	8,162	9,594
Capital & transportation improvement	1,466,722	1,135,212	4,709,515	3,608,825	3,935,966
Other	397,568	432,385	422,043	-	36,145
Unrestricted	3,726,478	3,056,673	4,177,401	3,496,038	(25,577)
Total government activities net position	146,510,459	145,645,515	156,124,347	158,830,336	160,207,244
Business-type activities					
Net investment capital assets	18,864,681	19,581,376	19,598,546	20,331,772	20,796,221
Unrestricted	4,220,417	4,002,558	4,098,044	4,148,860	3,484,989
Total business-type activities net position	23,085,098	23,583,934	23,696,590	24,480,632	24,281,210
Primary government					
Net investment in capital assets	159,784,372	160,602,621	166,413,934	172,041,538	176,972,608
Restricted	1,864,290	1,567,597	5,131,558	3,624,532	4,056,434
Unrestricted	7,946,895	7,059,231	8,275,445	7,644,898	3,459,412
Total primary government net position	<u>\$ 169,595,557</u>	<u>\$ 169,229,449</u>	<u>\$ 179,820,937</u>	<u>\$ 183,310,968</u>	<u>\$ 184,488,454</u>

## City of Des Moines, Washington

## SCHEDULE 1

## Net Position by Component

## Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year Ended December 31

	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 165,480,452	\$ 167,168,607	\$ 151,895,647	\$ 161,822,341	\$ 167,310,822
Restricted for:					
Public safety - drug related	163,362	277,593	392,557	387,479	313,170
Natural and economic environment	1,525,059	-	-	-	-
Capital & transportation improvement	5,409,774	6,956,038	10,837,424	13,126,256	16,672,914
Other	174,468	151,274	2,133,503	250,665	473,679
Unrestricted	2,092,532	11,649,381	15,604,590	16,639,477	15,234,215
Total government activities net position	174,845,647	186,202,893	180,863,721	192,226,218	200,004,800
Business-type activities					
Net investment capital assets	22,844,968	23,632,188	24,393,705	25,661,447	26,827,249
Unrestricted	3,814,399	5,382,852	7,493,135	9,385,222	10,768,798
Total business-type activities net position	26,659,367	29,015,040	31,886,840	35,046,669	37,596,047
Primary government					
Net investment in capital assets	188,325,420	190,800,795	176,289,352	187,483,788	194,138,071
Restricted	7,272,663	7,384,905	13,363,484	13,764,400	17,459,763
Unrestricted	5,906,931	17,032,233	23,097,725	26,024,699	26,003,013
Total primary government net position	<u>\$ 201,505,014</u>	<u>\$ 215,217,933</u>	<u>\$ 212,750,561</u>	<u>\$ 227,272,888</u>	<u>\$ 237,600,847</u>

## City of Des Moines, Washington

## SCHEDULE 2

## Changes in Net Position

## Last Ten Fiscal Years

## (accrual basis of accounting)

## Fiscal Year Ended December 31

	2011	2012	2013	2014	2015
<b>Expenses</b>					
<i>Governmental activities:</i>					
General government	\$ 2,675,804	\$ 2,861,045	\$ 2,891,578	\$ 2,604,462	\$ 3,571,024
Public safety	8,193,798	8,460,564	8,294,573	8,416,068	8,504,433
Transportation	3,028,714	3,383,381	3,691,607	4,023,670	3,858,820
Natural & economic environment	1,852,912	1,858,866	1,566,237	1,611,296	1,737,674
Social services	520,572	507,538	430,516	433,979	431,599
Culture and recreation	2,197,401	2,396,268	2,312,635	2,498,390	2,872,515
Interest on long term debt	136,540	132,417	123,374	109,866	109,497
Total governmental activities expenses	18,605,741	19,600,079	19,310,520	19,697,731	21,085,562
<i>Business-type activities</i>					
Marina	4,236,651	4,259,474	4,248,064	4,261,962	3,572,188
Surface Water Management	2,054,681	2,149,231	2,321,296	2,603,807	2,703,569
Total business-type activities expenses	6,291,332	6,408,705	6,569,360	6,865,769	6,275,757
Total primary government expenses	24,897,073	26,008,784	25,879,880	26,563,500	27,361,319
<b>Program revenues</b>					
<i>Governmental Activities:</i>					
<i>Charges for service</i>					
General government	1,185,049	1,885,535	2,163,656	1,914,058	2,731,416
Public safety	320,017	347,055	287,939	246,402	890,665
Transportation	486,891	681,937	6,829,892	1,056,304	1,663,571
Natural & economic environment	619,343	961,814	1,581,729	1,486,411	709,235
Social services	58,228	60,716	55,743	79,391	28,211
Culture and recreation	798,501	790,647	867,753	1,105,946	897,339
Operating grants and contributions	1,388,759	1,400,674	908,341	908,893	113,031
Capital grants and contributions	2,111,806	1,857,638	6,061,664	4,159,387	5,336,551
Total government activities program revenues	6,968,594	7,986,016	18,756,717	10,956,792	12,370,019
<i>Business-type activities</i>					
Charges for services	6,353,710	6,435,074	6,745,077	6,875,054	6,832,738
Operating grants and contributions	145,646	59,334	-	101,769	89,640
Capital grants and contributions	-	159,997	215,619	301,394	376,086
Total business-type activities program revenues	6,499,356	6,654,405	6,960,696	7,278,217	7,298,464
Total primary government program revenues	13,467,950	14,640,421	25,717,413	18,235,009	19,668,483
<b>Net revenues (expenses)</b>					
Governmental activities	(11,637,147)	(11,614,063)	(553,803)	(8,740,939)	(8,715,543)
Business-type activities	208,024	245,700	391,336	412,448	1,022,707
Total primary government	\$ (11,429,123)	\$ (11,368,363)	\$ (162,467)	\$ (8,328,491)	\$ (7,692,836)
<b>General revenues and other changes in net assets</b>					
<i>Governmental Activities:</i>					
<i>Taxes</i>					
Property taxes	4,292,138	3,923,750	3,625,404	3,572,655	4,434,497
Sales and use taxes	2,255,397	2,201,110	2,426,258	2,576,067	3,206,792
Occupational & utility taxes	3,798,438	3,689,555	3,723,790	3,465,371	4,112,763
Other taxes	526,636	545,053	773,949	1,149,022	1,704,800
State entitlements	404,558	471,378	380,046	433,600	503,659
Unrestricted investment earnings*	44,023	-	-	-	-
Gain on disposal of capital assets	2,408,267	-	-	-	-
Miscellaneous	66,651	150,695	213,432	105,813	41,019
Transfers	-	(232,423)	1,052	144,400	1,052
Total governmental activities	13,796,108	10,749,118	11,143,931	11,446,928	14,004,582
<i>Business-type activities</i>					
Unrestricted investment earnings*	23,309	-	-	-	-
Gain/(loss) on disposal of capital assets	(771,301)	-	(190,760)	-	-
Miscellaneous	12,650	20,710	4,592	21,714	5,690
Special Item: Insurance proceeds	-	-	-	494,276	-
Transfers	-	232,423	(1,052)	(144,400)	(1,052)
Total business-type activities	(735,342)	253,133	(187,220)	371,590	4,638
Total primary government	13,060,766	11,002,251	10,956,711	11,818,518	14,009,220
<b>Changes in net position</b>					
Governmental activities	2,158,961	(864,945)	10,590,128	2,705,989	5,289,039
Business-type activities	(527,318)	498,833	204,116	784,038	1,027,345
Total primary government	\$ 1,631,643	\$ (366,112)	\$ 10,794,244	\$ 3,490,027	\$ 6,316,384

\* Investment interest is so small it is combined with miscellaneous starting in 2012.

## City of Des Moines, Washington

## SCHEDULE 2

## Changes in Net Position

## Last Ten Fiscal Years

## (accrual basis of accounting)

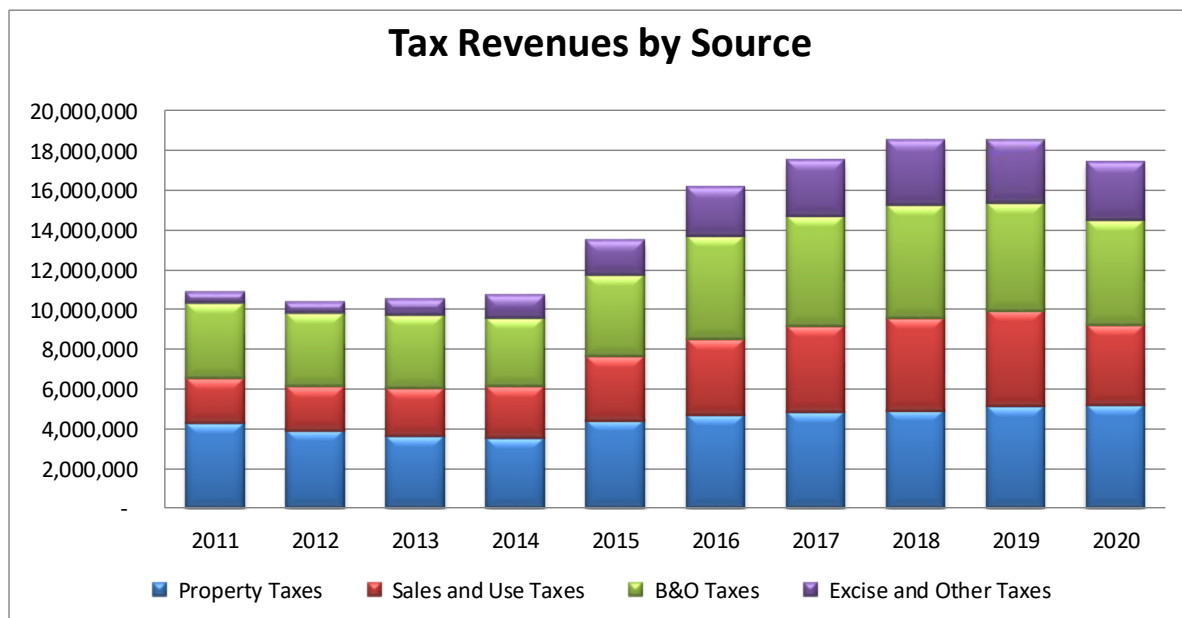
## Fiscal Year Ended December 31

	2016	2017	2018	2019	2020
<b>Expenses</b>					
<i>Governmental activities:</i>					
General government	\$ 3,595,007	\$ 1,506,250	\$ 2,427,618	\$ 4,897,324	\$ 7,455,194
Public safety	9,173,408	10,968,443	11,305,754	11,439,041	10,279,581
Transportation	4,070,236	5,548,986	7,245,952	5,610,219	5,098,069
Natural & economic environment	1,907,869	1,912,880	2,497,651	2,519,763	2,250,829
Social services	390,691	547,167	574,723	673,949	653,687
Culture and recreation	2,944,600	3,827,987	3,661,931	3,839,881	2,844,857
Interest on long term debt	100,276	90,026	179,081	243,375	241,004
Total governmental activities expenses	22,182,087	24,401,739	27,892,710	29,223,552	28,823,221
<i>Business-type activities</i>					
Marina	3,377,089	3,334,849	3,339,531	3,409,059	3,454,690
Surface Water Management	3,137,876	3,110,283	3,080,255	3,151,742	3,380,182
Total business-type activities expenses	6,514,965	6,445,132	6,419,786	6,560,800	6,834,872
Total primary government expenses	28,697,052	30,846,871	34,312,496	35,784,352	35,658,093
<b>Program revenues</b>					
<i>Governmental Activities:</i>					
<i>Charges for service</i>					
General government	3,682,451	5,014,146	5,211,955	4,118,851	3,674,275
Public safety	803,991	3,624,993	3,191,855	2,707,163	2,083,185
Transportation	2,078,030	2,683,589	2,751,130	3,816,031	2,402,248
Natural & economic environment	1,579,787	1,542,737	1,710,282	1,612,991	2,174,847
Social services	259,754	86,681	95,885	-	-
Culture and recreation	1,718,106	1,774,631	1,655,373	1,889,702	135,057
Operating grants and contributions	69,828	196,689	244,250	659,139	2,402,789
Capital grants and contributions	9,569,195	2,615,722	2,938,608	5,162,442	5,410,355
Total government activities program revenues	19,761,142	17,539,188	17,799,338	19,966,319	18,282,756
<i>Business-type activities</i>					
Charges for services	7,215,142	3,984,587	8,007,408	8,481,330	8,600,513
Operating grants and contributions	23,071	3,626,541	50,000	-	137,670
Capital grants and contributions	1,618,627	1,180,771	1,184,380	1,404,703	195,798
Total business-type activities program revenues	8,856,840	8,791,899	9,241,788	9,886,033	8,933,981
Total primary government program revenues	28,617,982	26,331,087	27,041,126	29,852,353	27,216,737
<b>Net revenues (expenses)</b>					
Governmental activities	(2,420,945)	(6,862,551)	(10,093,372)	(9,257,232)	(10,540,465)
Business-type activities	2,341,875	2,346,767	2,822,002	3,325,233	2,099,109
Total primary government	\$ (79,070)	\$ (4,515,784)	\$ (7,271,370)	\$ (5,932,000)	\$ (8,441,356)
<b>General revenues and other changes in net assets</b>					
<i>Governmental Activities:</i>					
<i>Taxes</i>					
Property taxes	4,725,949	4,818,554	4,923,142	5,107,176	5,191,679
Sales and use taxes	3,789,673	4,334,206	4,673,247	4,824,984	4,073,814
Occupational & utility taxes	5,205,172	5,531,836	5,720,290	5,450,907	5,253,187
Other taxes	2,448,932	2,820,630	3,171,696	3,105,633	2,920,514
State entitlements	629,125	567,422	649,556	618,477	-
Unrestricted investment earnings*	-	-	-	-	-
Gain/(loss) on disposal of capital assets	-	-	25,000	31,730	(40,732)
Miscellaneous	60,069	117,149	405,091	778,784	1,240,567
Transfers	30,000	30,000	-	265,637	(279,000)
Total governmental activities	16,888,920	18,219,797	19,568,022	20,183,328	18,360,029
<i>Business-type activities</i>					
Unrestricted investment earnings*	-	-	-	-	-
Gain/(loss) on disposal of capital assets	-	-	-	490	-
Miscellaneous	32,579	38,906	147,617	252,277	175,476
Special Item: Insurance proceeds	-	-	-	-	-
Transfers	(30,000)	(30,000)	-	(265,637)	279,000
Total business-type activities	2,579	8,906	147,617	(12,871)	454,476
Total primary government	16,891,499	18,228,703	19,715,639	20,170,457	18,814,505
<b>Changes in net position</b>					
<i>Governmental activities</i>	14,467,975	11,357,246	9,474,650	10,926,095	7,819,564
<i>Business-type activities</i>	2,344,454	2,355,673	2,969,619	3,312,362	2,553,585
Total primary government	\$ 16,812,429	\$ 13,712,919	\$ 12,444,269	\$ 14,238,457	\$ 10,373,149

\* Investment interest is so small it is combined with miscellaneous starting in 2012.

**City of Des Moines, Washington**  
**SCHEDULE 3**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Fiscal Year Ended December 31	Property Taxes	Sales and Use Taxes	B&O Taxes	Excise and Other Taxes	Total Taxes
2011	4,292,138	2,255,397	3,798,438	526,636	10,872,609
2012	3,923,750	2,201,110	3,689,555	545,053	10,359,468
2013	3,625,404	2,426,258	3,723,790	773,949	10,549,401
2014	3,572,655	2,576,067	3,465,371	1,149,022	10,763,115
2015	4,434,497	3,206,792	4,112,763	1,704,800	13,458,852
2016	4,725,949	3,789,673	5,205,172	2,448,932	16,169,726
2017	4,818,554	4,334,206	5,531,836	2,820,630	17,505,226
2018	4,923,142	4,673,247	5,720,290	3,171,696	18,488,375
2019	5,107,176	4,824,984	5,450,907	3,105,633	18,488,700
2020	5,191,679	4,073,814	5,253,187	2,920,514	17,439,194



**City of Des Moines, Washington**  
**SCHEDULE 4**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**Fiscal Year Ended December 31**

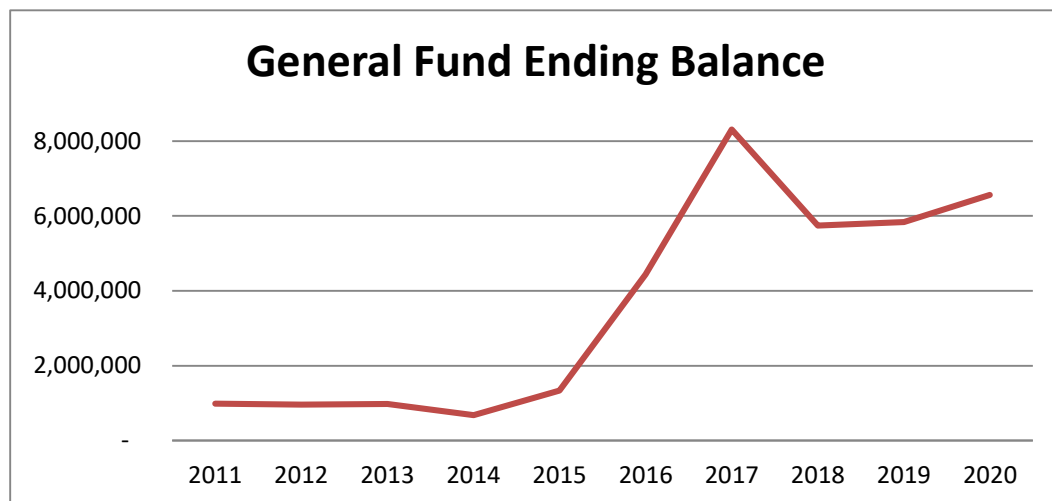
	2011	2012	2013	2014	2015
<b><u>General fund</u></b>					
Assigned	\$ 184,196	\$ 155,401	\$ 174,733	\$ -	\$ -
Restricted	-	-	-	-	-
Unassigned*	805,175	805,175	805,175	677,556	1,339,266
Total general fund	989,371	960,576	979,908	677,556	1,339,266
<b><u>All other governmental funds</u></b>					
Restricted:					
Transportation	619,678	329,235	372,569	3,608,825	3,935,966
Public safety	-	-	-	7,545	74,729
Natural and economic environment	-	-	-	8,162	9,594
Special revenue fund purpose	-	-	-	-	46,399
Culture and recreation	-	-	-	-	-
General obligation debt	-	-	-	36,664	36,145
Committed	377,037	414,755	335,351	-	-
Assigned, reported in:					
Natural and economic environment	-	-	-	-	-
Debt service funds	33,244	229	232	-	-
Capital projects fund	1,466,722	1,135,212	4,709,515	49,356	-
Total all other governmental	2,496,681	1,879,431	5,417,667	3,710,552	4,102,833
<b>Total governmental funds</b>	<b>\$ 3,486,052</b>	<b>\$ 2,840,007</b>	<b>\$ 6,397,575</b>	<b>\$ 4,388,108</b>	<b>\$ 5,442,099</b>

\* Stabilization fund has been reclassified in all years from "Committed" to "Unassigned".

**City of Des Moines, Washington**  
**SCHEDULE 4**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**Fiscal Year Ended December 31**

	2016	2017	2018	2019	2020
<b><u>General fund</u></b>					
Assigned	\$ 1,647,703	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	51,910	86,857	86,857
Unassigned*	2,793,021	8,311,073	5,691,309	5,751,141	6,477,918
Total general fund	4,440,724	8,311,073	5,743,219	5,837,998	6,564,775
<b><u>All other governmental funds</u></b>					
Restricted:					
Transportation	5,409,774	6,956,038	10,837,424	13,126,256	16,672,914
Public safety	163,362	277,593	392,557	387,479	313,170
Natural and economic environment	17,374	-	-	-	-
Special revenue fund purpose	-	-	-	-	-
Culture and recreation	-	91,365	-	-	241,327
General obligation debt	34,450	59,909	2,081,593	163,808	145,495
Committed	134,053	1,393,930	2,543,684	3,263,455	3,342,519
Assigned, reported in:					
Natural and economic environment	-	-	4,699,442	4,260,517	4,662,946
Debt service funds	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Total all other governmental	5,759,013	8,778,835	20,554,700	21,201,515	25,378,371
<b>Total governmental funds</b>	<b>\$ 10,199,737</b>	<b>\$ 17,089,908</b>	<b>\$ 26,297,919</b>	<b>\$ 27,039,513</b>	<b>\$ 31,943,146</b>

\* Stabilization fund has been reclassified in all years from "Committed" to "Unassigned".



## City of Des Moines, Washington

## SCHEDULE 5

## Changes in Fund Balances of Governmental Funds

## Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ended December 31

	2011	2012	2013	2014	2015
<b><u>Revenue</u></b>					
Taxes	\$ 10,939,223	\$ 10,349,018	\$ 10,573,987	\$ 11,238,899	\$ 13,439,327
Licenses and permits	1,188,851	1,672,885	1,942,938	1,839,716	2,048,118
Intergovernmental revenue	4,466,165	4,675,623	6,069,023	5,656,735	6,494,613
Charges for services	2,761,723	3,101,303	9,750,716	4,246,290	3,725,662
Fines and forfeitures	222,124	612,142	750,282	673,856	602,067
Investment and miscellaneous	237,983	328,287	619,882	442,093	719,878
Total revenues	<u>19,816,069</u>	<u>20,739,258</u>	<u>29,706,828</u>	<u>24,097,589</u>	<u>27,029,665</u>
<b><u>Expenditures</u></b>					
<i>Current:</i>					
General government	3,724,795	3,698,621	3,761,510	3,781,096	3,834,410
Public safety	8,186,573	7,861,259	8,010,330	8,468,213	8,481,100
Transportation	1,859,584	1,908,380	2,007,622	2,295,669	2,366,480
Natural & economic environment	1,911,168	1,781,873	1,646,373	1,656,511	1,876,971
Social services	494,950	462,511	394,723	403,662	413,128
Culture and recreation	1,778,371	1,779,013	1,838,761	2,013,767	2,338,020
<i>Capital outlay:</i>					
General government	6,173,940	3,408,026	7,955,952	70,150	34,500
Public safety	-	-	-	-	-
Transportation	-	-	-	6,296,468	5,445,867
Social services	-	-	-	28,730	5,776
Culture and recreation	-	-	-	739,201	702,597
<i>Debt service:</i>					
Principal	496,938	277,291	273,517	301,732	275,474
Interest	143,247	138,536	128,856	120,017	109,497
Total expenditures	<u>24,769,566</u>	<u>21,315,510</u>	<u>26,017,644</u>	<u>26,175,216</u>	<u>25,883,820</u>
Excess of revenues over (under) expenditures	(4,953,497)	(576,252)	3,689,184	(2,077,627)	1,145,845
<b><u>Other financing sources (uses)</u></b>					
Disposition of capital assets	4,109,163	6,424	-	-	-
Proceeds of general debt	434,410	-	-	-	-
Insurance recoveries	11,062	4,014	-	-	-
Operating transfers in	1,605,484	1,298,010	1,184,315	1,671,997	545,182
Operating transfers out	(1,431,973)	(1,378,240)	(1,213,532)	(1,583,596)	(636,929)
Total other financing sources (uses)	<u>4,728,146</u>	<u>(69,792)</u>	<u>(29,217)</u>	<u>88,401</u>	<u>(91,747)</u>
Net change in fund balances	<u>\$ (225,351)</u>	<u>\$ (646,044)</u>	<u>\$ 3,659,967</u>	<u>\$ (1,989,226)</u>	<u>\$ 1,054,098</u>
Debt services as percentage of noncapital expenditures	3.44%	2.32%	2.23%	2.21%	1.95%

## City of Des Moines, Washington

## SCHEDULE 5

## Changes in Fund Balances of Governmental Funds

## Last Ten Fiscal Years

## (modified accrual basis of accounting)

## Fiscal Year Ended December 31

	2016	2017	2018	2019	2020
<b><u>Revenue</u></b>					
Taxes	\$ 16,162,743	\$ 17,459,824	\$ 18,569,125	\$ 18,494,678	\$ 17,419,563
Licenses and permits	3,067,867	3,569,217	3,673,760	2,684,847	3,085,680
Intergovernmental revenue	8,725,492	2,475,567	2,005,505	4,208,699	8,339,146
Charges for services	5,551,023	8,105,256	9,308,004	9,555,155	7,796,554
Fines and forfeitures	636,931	3,250,032	2,517,155	2,213,848	1,467,730
Investment and miscellaneous	842,149	1,200,968	1,366,929	1,341,733	969,271
Total revenues	<u>34,986,205</u>	<u>36,060,864</u>	<u>37,440,478</u>	<u>38,498,959</u>	<u>39,077,944</u>
<b><u>Expenditures</u></b>					
<i>Current:</i>					
General government	4,745,580	5,262,852	5,657,121	6,598,351	7,246,812
Public safety	8,713,276	11,345,787	12,074,811	12,728,571	12,149,841
Transportation	2,630,275	3,491,903	5,046,354	3,400,850	2,834,762
Natural & economic environment	2,087,919	2,027,727	2,494,549	2,527,190	2,440,505
Social services	342,558	525,135	608,597	658,348	699,546
Culture and recreation	2,417,613	3,261,039	3,187,615	3,379,450	2,567,402
<i>Capital outlay:</i>					
General government	41,374	8,705	-	-	-
Public safety	-	-	6,600	27,964	-
Transportation	8,622,139	1,491,622	425,572	6,329,182	2,441,842
Social services	-	-	17,826	17,826	-
Culture and recreation	287,849	1,474,704	1,282,278	2,294,126	2,997,759
<i>Debt service:</i>					
Principal	290,773	301,185	1,729,777	295,229	304,798
Interest	100,276	90,026	179,081	108,255	173,858
Total expenditures	<u>30,279,632</u>	<u>29,280,685</u>	<u>32,710,181</u>	<u>38,365,342</u>	<u>33,857,125</u>
Excess of revenues over (under) expenditures	4,706,573	6,780,179	4,730,297	133,617	5,220,819
<b><u>Other financing sources (uses)</u></b>					
Disposition of capital assets	-	-	4,902,561	-	-
Proceeds of general debt	-	-	-	-	-
Insurance recoveries	-	-	-	10,958	8,558
Operating transfers in	1,458,450	2,237,640	4,104,416	4,394,768	579,279
Operating transfers out	(1,407,385)	(2,127,657)	(4,479,266)	(4,223,157)	(858,439)
Total other financing sources (uses)	<u>51,065</u>	<u>109,983</u>	<u>4,527,711</u>	<u>182,568</u>	<u>(270,602)</u>
Net change in fund balances	<u>\$ 4,757,638</u>	<u>\$ 6,890,162</u>	<u>\$ 9,258,008</u>	<u>\$ 316,185</u>	<u>\$ 4,950,217</u>
Debt services as percentage of noncapital expenditures	1.83%	1.49%	6.16%	1.36%	1.68%

**City of Des Moines, Washington**  
**SCHEDULE 6**  
**Changes in Fund Balances - General Fund**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**Fiscal Year Ended December 31**

	2011	2012	2013	2014	2015
<b><u>Revenue</u></b>					
Taxes	\$ 9,193,489	\$ 8,945,763	\$ 9,886,470	\$ 9,747,013	\$ 11,732,376
Licenses and permits	1,188,851	1,672,885	1,942,938	1,839,716	2,048,118
Intergovernmental revenue	1,492,657	1,160,301	614,664	627,087	680,664
Charges for services	2,297,384	2,475,975	3,003,189	3,264,700	2,938,642
Fines and forfeitures	222,124	612,142	750,282	673,797	237,701
Investment and miscellaneous	216,543	228,074	265,187	394,042	393,508
Total revenues	<u>14,611,048</u>	<u>15,095,140</u>	<u>16,462,730</u>	<u>16,546,355</u>	<u>18,031,009</u>
<b><u>Expenditures</u></b>					
<i>Current:</i>					
General government	3,724,795	3,698,621	3,759,218	3,778,479	3,833,985
Public safety	6,690,759	6,863,142	8,007,940	8,465,685	8,221,024
Transportation	569,303	571,266	511,614	627,191	708,739
Natural & economic environment	1,894,695	1,766,739	1,626,551	1,656,511	1,850,725
Social services	494,950	462,511	394,723	403,662	413,128
Culture and recreation	1,778,371	1,779,013	1,837,890	2,013,132	2,207,355
<i>Capital outlay:</i>	89,307	9,264	73,609	-	57,147
<i>Debt Service:</i>					
Principal	-	-	-	31,549	-
Interest	-	-	-	1,060	-
Total expenditures	<u>15,242,180</u>	<u>15,150,556</u>	<u>16,211,545</u>	<u>16,977,269</u>	<u>17,292,103</u>
Excess of revenues over (under) expenditures	(631,132)	(55,416)	251,185	(430,914)	738,906
<b><u>Other financing sources (uses)</u></b>					
Disposition of assets & insurance	575	10,438	-	-	-
Proceeds of general debt	68,685	-	-	-	-
Operating transfers in	213,733	258,764	14,361	300,000	242
Operating transfers out	(216,048)	(242,581)	(164,720)	(171,436)	(77,439)
Total other financing sources (uses)	<u>66,945</u>	<u>26,621</u>	<u>(150,359)</u>	<u>128,564</u>	<u>(77,197)</u>
Net change in fund balances	<u>\$ (564,187)</u>	<u>\$ (28,795)</u>	<u>\$ 100,826</u>	<u>\$ (302,350)</u>	<u>\$ 661,709</u>

**City of Des Moines, Washington**  
**SCHEDULE 6**  
**Changes in Fund Balances - General Fund**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**Fiscal Year Ended December 31**

	2016	2017	2018	2019	2020
<b><u>Revenue</u></b>					
Taxes	\$ 13,324,912	\$ 14,154,457	\$ 14,937,997	\$ 14,962,702	\$ 14,024,104
Licenses and permits	3,067,867	3,041,820	1,108,670	1,351,022	1,441,860
Intergovernmental revenue	755,611	738,018	797,349	854,609	2,321,793
Charges for services	4,367,150	6,323,195	5,010,330	5,376,073	5,076,241
Fines and forfeitures	208,957	2,861,613	2,148,642	1,951,589	1,352,441
Investment and miscellaneous	636,820	524,531	568,279	574,375	210,150
Total revenues	<u>22,361,317</u>	<u>27,643,634</u>	<u>24,571,267</u>	<u>25,070,369</u>	<u>24,426,589</u>
<b><u>Expenditures</u></b>					
<i>Current:</i>					
General government	4,729,660	5,246,452	5,640,363	6,584,775	7,214,040
Public safety	8,460,406	11,075,296	11,806,502	12,473,154	12,074,818
Transportation	734,225	1,165,391	256,980	324,511	296,546
Natural & economic environment	1,885,630	1,852,381	638,897	684,126	711,468
Social services	342,558	525,135	608,597	658,348	699,546
Culture and recreation	2,343,570	2,848,370	2,933,508	3,117,077	2,344,030
<i>Capital outlay:</i>	41,374	8,705	63,469	83,983	117,529
<i>Debt Service:</i>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>18,537,423</u>	<u>22,721,730</u>	<u>21,948,316</u>	<u>23,925,972</u>	<u>23,457,977</u>
Excess of revenues over (under) expenditures	3,823,894	4,921,904	2,622,951	1,144,397	968,612
<b><u>Other financing sources (uses)</u></b>					
Disposition of assets & insurance	-	-	-	-	2,465
Proceeds of general debt	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(722,436)	(960,191)	(2,412,277)	(1,475,028)	(242,048)
Total other financing sources (uses)	<u>(722,436)</u>	<u>(960,191)</u>	<u>(2,412,277)</u>	<u>(1,475,028)</u>	<u>(239,583)</u>
Net change in fund balances	<u>\$ 3,101,458</u>	<u>\$ 3,961,713</u>	<u>\$ 210,674</u>	<u>\$ (330,631)</u>	<u>\$ 729,029</u>

**City of Des Moines, Washington**  
**SCHEDULE 7**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year Ended December 31	New Construction*	Real Property	State Public Service	Total Real Property	Personal Property	State Public Service	Total Personal Property	Total Taxable Assessed Valuation	Total Direct Tax Rate
2011	14,577	2,642,074	3,340	2,645,414	18,923	32,547	51,470	2,696,885	1.60000
2012	6,309	2,402,366	3,418	2,405,784	19,326	34,745	54,071	2,459,855	1.60000
2013	6,335	2,233,890	2,805	2,236,696	22,071	32,437	54,507	2,291,203	1.60000
2014	8,666	2,190,579	2,826	2,193,404	22,058	34,166	56,224	2,249,628	1.60000
2015	24,871	2,631,663	2,964	2,634,627	22,053	39,605	61,658	2,696,285	1.65253
2016	60,605	2,830,093	3,097	2,833,190	22,769	43,640	66,409	2,899,599	1.65223
2017	19,178	3,105,774	3,919	3,109,693	80,492	38,493	118,985	3,228,677	1.51076
2018	47,134	3,615,748	4,555	3,620,303	160,985	42,021	203,006	3,823,309	1.30542
2019	94,721	4,047,179	5,824	4,053,003	264,349	44,508	309,807	4,356,986	1.18472
2020	77,592	4,374,334	6,041	4,380,375	336,185	36,134	374,069	4,748,403	1.12570

Source: King County Assessor

[www.kingcounty.gov/Assessor/Reports/Statistical Reports](http://www.kingcounty.gov/Assessor/Reports/Statistical%20Reports)

\*Informational only. New construction value is already included in other values listed.

## City of Des Moines, Washington

## SCHEDULE 8

Property Tax Rates  
Last Ten Fiscal Years

Direct rate millage		Overlapping rate millage										Total millage	
Fiscal Year Ended December 31	City of Des Moines	King County	Federal Way School District (210)	Highline School District (401)	Fire District	Library	Emergency Medical Services	Flood Zone	Ferry District	Central PS Regional Transit Authority- South (RST3)	Pool District	Total w/ Federal Way School District	Total w/ Highline School District
2011	1.60000	3.84172	5.35993	4.64323	1.54895	0.56621	0.30000	0.10976	0.00360	-	0.20	13.53017	12.81347
2012	1.60000	4.06836	5.76756	5.14695	1.67935	0.56992	0.30000	0.11616	0.00372	-	0.22	14.32729	13.70668
2013	1.60000	4.34095	7.54977	5.71065	2.01962	0.56743	0.30000	0.13210	0.00378	-	0.24	16.75535	14.91623
2014	1.60000	4.20182	7.28151	5.65534	2.01033	0.56175	0.33500	0.15369	0.00349	-	0.24958	16.44970	14.82353
2015	1.65253	3.81921	6.41551	5.38765	1.93916	0.50276	0.30217	0.13860	-	-	0.21240	14.98204	13.95418
2016	1.65223	3.81880	6.74731	5.15530	1.91030	0.47714	0.28235	0.12980	-	-	0.30422	15.18068	13.58867
2017	1.51076	3.56833	6.31715	5.71235	1.83237	0.45118	0.26305	0.11740	-	0.250	0.28668	14.39158	13.78678
2018	1.30542	4.38073	5.77510	5.38186	1.73401	0.41190	0.23940	0.10708	-	0.227	0.34273	14.40312	14.00988
2019	1.18472	3.97094	3.62917	3.89280	1.77367	0.37441	0.21762	0.09660	-	0.207	0.26540	11.71953	11.98316
2020	1.12570	4.38696	3.65869	4.45096	1.75999	0.36040	0.26500	0.09199	-	0.199	0.22522	12.06919	12.86559

**City of Des Moines, Washington**  
**SCHEDULE 9**  
**Principal Property Taxpayers**  
**Last Ten Fiscal Years**  
**Fiscal Year Ended December 31**

Taxpayer	2020			2011		
	Taxable assessed value	Rank	Percentage of total taxable assessed value	Taxable assessed value	Rank	Percentage of total taxable assessed value
DUKE REALTY CO TAX ADVSRS	\$ 58,315,200	1	1.23%			
WATERVIEW CROSSING LLC	58,041,800	2	1.22%			
DUKE REALTY 24TH AVE DES MO	51,860,700	3	1.09%			
ARTEMIS HOTEL USA LLC	41,078,800	4	0.87%			
FSC SADDLEBROOK ASSOCIATES	37,627,000	5	0.79%	19,926,000	2	0.42%
REDONDO SQUARE GRF2 LLC	28,751,000	6	0.61%			
JLC PAC RIM INC	24,435,000	7	0.51%	12,399,000	5	0.26%
ADRIANA SENIOR APTS LLLP	22,472,000	8	0.47%			
DES MOINES STATION I LLC	16,666,000	9	0.35%			
G3 HOLDINGS LLC	16,224,000	10	0.34%			
JOSHUA GREEN CORP				22,270,300	1	0.47%
WINTERGREEN PLACE APARTMENT				15,776,000	3	0.33%
SEASHORE CLUB				14,456,000	4	0.30%
CRYSTAL BAY APARTMENTS				7,277,000	6	0.15%
EMERALD VILLA LLC				7,043,900	7	0.15%
SAFEWAY INC STORE 3540				7,020,600	8	0.15%
PT CREEKWOOD APARTMENTS LP				6,818,000	9	0.14%
KAI KENNETH Y+TAE K ET AL				6,316,000	10	0.13%
	<u>\$355,471,500</u>		<u>7.49%</u>	<u>119,302,800</u>		<u>2.51%</u>

Source: King County Assessor's Office

**City of Des Moines, Washington**  
**SCHEDULE 10**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended December 31	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Total tax levy for fiscal year	Collections	Percentage of levy	Collections in subsequent years	Collections to date	Percentage of levy
2011*	4,264,299	4,127,841	96.8%	136,113	4,263,955	100%
2012*	3,885,979	3,784,944	97.4%	100,909	3,885,853	100%
2013*	3,619,294	3,547,767	98.0%	71,410	3,619,177	100%
2014	3,558,582	3,547,767	99.7%	9,395	3,557,161	100%
2015	4,410,333	4,287,744	97.2%	122,371	4,410,115	100%
2016	4,745,018	4,637,986	97.7%	105,879	4,743,865	100%
2017	4,825,818	4,704,693	97.5%	118,526	4,823,218	100%
2018	4,942,965	4,822,041	97.6%	117,005	4,939,046	100%
2019	5,117,472	5,044,964	98.6%	44,130	5,089,093	99%
2020	5,268,961	5,094,313	96.7%	-	5,094,313	97%

Source: King County Treasurer's Annual Tax Receivable Summary

\*Remaining balances are less than half of 1% and are considered immaterial. Collections to date are shown as fully collected.

## City of Des Moines, Washington

**SCHEDULE 11**  
**Marina Rates**  
**Last Ten Fiscal Years**

<i>Cost per lineal foot per month</i>			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Moorage Rates												
<u>Size</u>	<u>Type</u>											
20'	Open	# of Slips	13	13	13	13	13	8	8	8	8	8
		Cost/foot	\$ 5.70	\$ 5.85	\$ 6.01	\$ 6.19	\$ 6.19	\$ 6.31	\$ 6.44	\$ 6.56	\$ 6.70	\$ 6.83
24'	Open	# of Slips	48	48	48	48	48	47	47	47	47	47
		Cost/foot	\$ 6.39	\$ 6.56	\$ 6.74	\$ 6.94	\$ 6.94	\$ 7.04	\$ 7.18	\$ 7.32	\$ 7.47	\$ 7.62
28'	Open	# of Slips	105	105	105	105	105	98	98	98	98	98
		Cost/foot	\$ 6.63	\$ 6.81	\$ 6.99	\$ 7.20	\$ 7.20	\$ 7.33	\$ 7.62	\$ 7.93	\$ 8.25	\$ 8.52
32'	Open	# of Slips	18	18	18	18	18	19	19	19	19	19
		Cost/foot	\$ 7.24	\$ 7.44	\$ 7.64	\$ 7.86	\$ 7.86	\$ 8.01	\$ 8.33	\$ 8.66	\$ 9.01	\$ 9.37
36'	Open	# of Slips	30	30	30	30	30	30	30	30	30	30
		Cost/foot	\$ 7.68	\$ 7.89	\$ 8.10	\$ 8.34	\$ 8.34	\$ 8.49	\$ 8.83	\$ 9.18	\$ 9.55	\$ 9.93
40'	Open	# of Slips	38	38	38	38	38	39	39	39	39	39
		Cost/foot	\$ 8.20	\$ 8.42	\$ 8.65	\$ 8.91	\$ 8.91	\$ 9.07	\$ 9.43	\$ 9.81	\$ 10.20	\$ 10.61
50'	Open	# of Slips	19	19	19	19	19	16	16	16	16	16
		Cost/foot	\$ 9.26	\$ 9.51	\$ 9.77	\$ 10.06	\$ 10.06	\$ 10.25	\$ 10.66	\$ 11.09	\$ 11.53	\$ 11.99
54'	Open	# of Slips	2	2	2	2	2	2	2	2	2	2
		Cost/foot	\$ 9.26	\$ 9.51	\$ 9.70	\$ 10.06	\$ 10.06	\$ 10.25	\$ 11.06	\$ 11.09	\$ 11.53	\$ 11.99
62'	Open	# of Slips	3	3	3	3	3	3	3	3	3	3
		Cost/foot	\$ 9.55	\$ 9.81	\$ 10.07	\$ 10.37	\$ 10.37	\$ 10.63	\$ 11.06	\$ 11.50	\$ 11.96	\$ 12.44
20'	Covered	# of Slips	29	29	29	29	29	29	29	29	29	29
		Cost/foot	\$ 7.09	\$ 7.28	\$ 7.48	\$ 7.70	\$ 7.70	\$ 7.84	\$ 8.00	\$ 8.16	\$ 8.32	\$ 8.49
24'	Covered	# of Slips	141	141	141	141	141	141	141	141	141	141
		Cost/foot	\$ 8.13	\$ 8.35	\$ 8.58	\$ 8.83	\$ 8.83	\$ 8.99	\$ 9.17	\$ 9.35	\$ 9.54	\$ 9.73
28'	Covered	# of Slips	166	166	166	166	166	159	159	159	159	159
		Cost/foot	\$ 8.78	\$ 9.02	\$ 9.26	\$ 9.56	\$ 9.56	\$ 9.74	\$ 10.03	\$ 10.33	\$ 10.64	\$ 10.96
30'	Covered	# of Slips	n/a	n/a	n/a	n/a	8	7	7	7	7	7
		Cost/foot	n/a	n/a	n/a	n/a	\$ 10.00	\$ 10.18	\$ 10.59	\$ 11.01	\$ 10.64	\$ 11.91
32'	Covered	# of Slips	50	50	50	50	50	52	52	52	52	52
		Cost/foot	\$ 9.36	\$ 9.63	\$ 9.89	\$ 10.18	\$ 10.18	\$ 10.37	\$ 10.78	\$ 11.22	\$ 11.66	\$ 12.13
36'	Covered	# of Slips	40	40	40	40	40	40	40	40	40	40
		Cost/foot	\$ 10.68	\$ 10.97	\$ 11.27	\$ 11.60	\$ 11.60	\$ 11.81	\$ 12.28	\$ 12.77	\$ 13.28	\$ 13.82
40'	Covered	# of Slips	26	26	26	26	26	26	26	26	26	26
		Cost/foot	\$ 11.33	\$ 11.64	\$ 11.95	\$ 12.30	\$ 12.30	\$ 12.53	\$ 12.91	\$ 13.29	\$ 13.69	\$ 14.10
50'	Covered	# of Slips	11	11	11	11	11	11	11	11	11	11
		Cost/foot	\$ 13.29	\$ 13.65	\$ 14.02	\$ 14.43	\$ 14.43	\$ 14.63	\$ 15.07	\$ 15.67	\$ 16.30	\$ 16.95
Dry Shed per month			106	106	106	106	106	78	78	78	78	78
		Cost/foot	\$ 163	\$ 168	\$ 172	\$ 200	\$ 200	\$ 200	\$ 216	\$ 216	\$ 259.20	\$ 280.80
Annual Seasonal Moorage Rates*												
<u>Size</u>	<u>Type</u>											
20'	Open		\$ 8.40	\$ 8.40	\$ 8.63	\$ 9.05	\$ 9.05	\$ 10.80	\$ 11.01	\$ 11.23	\$ 12.93	\$ 13.19
24'	Open		\$ 9.38	\$ 9.38	\$ 9.63	\$ 10.10	\$ 10.10	\$ 11.79	\$ 12.03	\$ 12.03	\$ 14.12	\$ 14.40
28'	Open		\$ 9.38	\$ 9.38	\$ 9.63	\$ 10.10	\$ 10.10	\$ 11.60	\$ 11.84	\$ 11.84	\$ 13.89	\$ 14.17
20'	Covered		\$ 10.50	\$ 10.50	\$ 10.78	\$ 11.30	\$ 11.30	\$ 13.48	\$ 13.75	\$ 14.02	\$ 16.14	\$ 16.46
24'	Covered		\$ 11.88	\$ 11.88	\$ 12.20	\$ 12.80	\$ 12.80	\$ 14.93	\$ 15.23	\$ 15.53	\$ 17.88	\$ 18.23
28'	Covered		\$ 11.88	\$ 11.88	\$ 12.20	\$ 12.80	\$ 12.80	\$ 14.69	\$ 14.99	\$ 15.28	\$ 17.59	\$ 17.59
Annual Prepaid Seasonal Moorage Rates*												
<u>Size</u>	<u>Type</u>											
20'	Open		\$ 5.70	\$ 4.42	\$ 4.51	\$ 5.27	\$ 4.64	\$ 4.89	\$ 5.28	\$ 5.38	\$ 6.20	\$ 6.32
24'	Open		\$ 6.39	\$ 4.92	\$ 5.06	\$ 5.91	\$ 5.21	\$ 5.47	\$ 5.89	\$ 6.00	\$ 6.92	\$ 7.05
28'	Open		n/a	n/a	n/a	n/a	n/a	\$ 6.60	\$ 6.86	\$ 7.14	\$ 8.38	\$ 8.71
20'	Covered		\$ 7.09	\$ 5.49	\$ 5.61	\$ 6.56	\$ 5.78	\$ 6.07	\$ 6.56	\$ 6.69	\$ 7.70	\$ 7.85
24'	Covered		\$ 8.13	\$ 6.30	\$ 6.43	\$ 7.52	\$ 6.62	\$ 6.96	\$ 7.52	\$ 7.67	\$ 8.82	\$ 9.00
28'	Covered		\$ 8.78	n/a	n/a	n/a	n/a	\$ 8.77	\$ 9.03	\$ 9.30	\$ 10.81	\$ 11.13
Seasonal 5 Month Prepaid Moorage Rates*												
<u>Size</u>	<u>Type</u>											
20'	Open		n/a	n/a	n/a	n/a	\$ 7.69	\$ 9.18	\$ 9.36	\$ 9.55	\$ 10.99	\$ 11.21
24'	Open		n/a	n/a	n/a	n/a	\$ 8.59	\$ 10.02	\$ 10.22	\$ 10.43	\$ 12.00	\$ 12.24
28'	Open		n/a	n/a	n/a	n/a	\$ 8.59	\$ 9.86	\$ 10.65	\$ 10.86	\$ 12.50	\$ 12.75
20'	Covered		n/a	n/a	n/a	n/a	\$ 9.61	\$ 11.46	\$ 11.69	\$ 11.92	\$ 13.72	\$ 13.99
24'	Covered		n/a	n/a	n/a	n/a	\$ 10.88	\$ 12.69	\$ 12.94	\$ 13.20	\$ 15.20	\$ 15.50
28'	Covered		n/a	n/a	n/a	n/a	n/a	\$ 12.49	\$ 13.49	\$ 13.75	\$ 15.83	\$ 15.83

\* Includes 12.84% state leasehold tax.

n/a Not available or not applicable

Source: City marina rate schedules.

## City of Des Moines, Washington

**SCHEDULE 12**  
**Marina Rates & Waiting List Counts**  
**Last Ten Fiscal Years**

			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Marina Guest Moorage Rates (per foot):			Daily	Daily	Daily	Daily	Daily	Daily	Daily	Daily	Daily	Daily
Length in Feet:												
From	To											
0	20	# of Slips	13	13	13							
		Cost/foot	\$ 14.00	\$ 14.00	\$ 6.01							
21	25	# of Slips	48	48	48							
		Cost/foot	\$ 16.00	\$ 16.00	\$ 6.74							
26	30	# of Slips	105	105	105							
		Cost/foot	\$ 20.00	\$ 20.00	\$ 6.99							
0	30	# of Slips				166	166	166	166	166	166	166
		Cost/foot				\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
31	35	# of Slips	18	18	18							
		Cost/foot	\$ 23.00	\$ 23.00	\$ 7.64							
36	40	# of Slips	30	30	30							
		Cost/foot	\$ 27.00	\$ 27.00	\$ 8.10							
41	45	# of Slips	38	38	38							
		Cost/foot	\$ 30.00	\$ 30.00	\$ 8.65							
46	50	# of Slips	19	19	19							
		Cost/foot	\$ 33.00	\$ 33.00	\$ 9.77							
31	50	# of Slips				105	105	105	105	105	105	105
		Cost/foot				\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
51	55	# of Slips	2	2	2							
		Cost/foot	\$ 40.00	\$ 40.00	\$ 9.70							
56	60	# of Slips	3	3	3							
		Cost/foot	\$ 47.00	\$ 47.00	\$ 10.07							
61	over	# of Slips	29	29	29							
		Cost/foot	\$ 60.00	\$ 60.00	\$ 7.48							
51	over	# of Slips				34	34	34	34	34	34	34
		Cost/foot				\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

## Dry Moorage Rates:

## Size (All)

Under 25 feet	\$ 60.00	\$ 62.50	\$ 62.50	\$ 62.50	\$ 62.50	\$ 65.00	\$ 67.60	\$ 67.60	n/a	n/a
Over 25 feet	\$ 100.00	\$ 105.00	\$ 105.00	\$ 105.00	\$ 105.00	\$ 105.00	\$ 109.20	\$ 109.20	n/a	n/a

**Marina Waiting List - Covered**

Estimated wait in months

## Length in Feet:

From	To	# of Slips										
20		-	-	-	-	-	3	4	4	6	n/a	
24		-	-	-	-	-	-	-	-	n/a	-	
28		-	-	-	-	6	-	-	-	n/a	-	
30		-	-	-	-	-	12	24	24	48	48	
32		12	12	24	6	12	18	18	12	12	12	
36		24	18	18	3	24	24	24	24	12	24	
40		24	12	24	24	9	18	24	36	12	12	
50		168	168	156	156	180	180	180	72	24	24	

**Marina Waiting List - Open**

Estimated wait in months

## Length in Feet:

From	To											
20		-	-	-	-	-	3	-	6	n/a		
24		-	-	-	-	-	-	-	n/a	n/a		
28		-	-	-	-	3	3	-	n/a	n/a		
32		60	48	48	48	60	60	36	36	48	48	
36		60	60	60	36	24	24	24	36	48	36	
40		48	48	36	12	24	24	36	36	48	24	
50		48	48	36	9	12	24	36	72	60	60	
45	50	24	48	24	48	24	36	36	48	48	36	
48	54	-	24	48	36	36	48	48	60	108	60	
56	62	24	48	36	48	24	24	36	60	108	108	

n/a Not available or not applicable

Source: City Marina

**City of Des Moines, Washington**  
**SCHEDULE 13**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended December 31	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	G.O. Notes and Loans	Capital Lease	Marina GO Bonds	Capital Lease			
2011	2,929,192	964,216	60,332	8,714,928	10,492	12,679,160	0.73%	427
2012	2,721,255	897,454	46,804	8,470,370	8,140	12,144,023	0.66%	409
2013	2,520,151	830,791	49,853	7,965,401	5,686	11,371,882	0.61%	383
2014	2,305,000	760,524	13,668	7,432,783	-	10,511,975	0.51%	350
2015	2,095,000	695,050	9,848	6,889,073	-	9,688,971	0.48%	322
2016	1,870,000	629,277	6,293	6,334,300	-	8,839,870	0.43%	289
2017	1,635,000	563,092	2,709	5,763,380	-	7,964,181	0.39%	258
2018	4,901,085	4,192,979	-	5,289,780	-	14,383,844	0.50%	462
2019	7,711,474	429,418	-	4,654,319	-	12,795,211	0.45%	405
2020	7,329,381	361,898	-	4,006,647	-	11,697,926	0.41%	363

Note: Details regarding the City's outstanding debt can be found in the notes and schedules to the financial statements.

(1) See schedule of personal income.

(2) See schedule of population.

**City of Des Moines, Washington**  
**SCHEDULE 14**  
**Ratios of General Bonded Debt Outstanding**  
**and Bonded per Capita**  
**Last Ten Fiscal Years**

Fiscal Year Ended December 31	Population	Assessed Value	General Obligations Bonds - Governmental Activities	Less: Amounts Available in Debt Service Fund	General Obligations Bonds - Business Activities <sup>(a)</sup>	Net Bonded Debt	Percentage of estimated taxable value of property	Per capita
2011	29,680	2,696,885	2,929,192	63,326	8,714,928	11,580,794	0.429%	390.19
2012	29,700	2,459,855	2,721,255	65,256	8,470,370	11,126,369	0.452%	374.63
2013	29,730	2,291,203	2,520,151	54,436	7,965,401	10,431,116	0.455%	350.86
2014	30,030	2,249,628	2,305,000	21,451	7,432,783	9,716,332	0.432%	323.55
2015	30,100	2,696,285	2,095,000	21,840	6,889,073	8,962,233	0.332%	297.75
2016	30,570	2,899,599	1,870,000	36,664	6,334,300	8,167,636	0.282%	267.18
2017	30,860	3,228,677	1,635,000	37,893	5,763,380	7,360,487	0.228%	238.51
2018	31,140	3,823,309	4,901,085	92,640	5,289,780	10,098,225	0.264%	324.28
2019	31,580	4,356,986	7,711,474	164,102	4,654,319	12,201,691	0.280%	386.37
2020	32,260	4,748,403	7,329,381	145,495	4,006,647	11,190,533	0.236%	346.89

Note: Details regarding the City's outstanding debt can be found in the notes and schedules to the financial statements.

(a) General Obligation Bonds - Business Activities represents debt that will be repaid with revenues from the Marina.

City of Des Moines, Washington  
**SCHEDULE 15**  
**Legal Debt Margin**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)  
**Fiscal Year Ended December 31**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	67,422	61,496	57,280	56,241	67,407	72,490	80,717	95,583	108,925	118,710
Total net debt applicable to limit	5,425	5,425	5,202	5,034	4,849	9,324	10,022	8,417	20,943	19,704
Legal debt margin	61,997	56,071	52,078	51,207	62,558	63,166	70,695	87,165	87,982	99,006
Total net debt applicable to the limit as a percentage of debt limit	8.0%	8.8%	9.1%	8.9%	7.2%	12.9%	12.4%	8.8%	19.2%	16.6%

**Legal debt margin calculation for fiscal year 2020 (not in thousands)**

Assessed value (1) 4,748,403,000

**GENERAL PURPOSES**

Limit of 2.5% of Assessed Value 118,710,075

**Councilmanic:**

Capacity (1.5% of Assessed Value) 71,226,045

Outstanding debt(2):

GO bonds outstanding 11,336,028

GO notes and loans 361,898

Capital leases -

Compensated Absences 3,068,047

OPEB 2,144,752

Net pension liabilities 2,939,164

Total outstanding debt 19,849,889

Less amounts available in debt service funds (145,495)

Total applicable debt 19,704,394

Remaining capacity without a vote 99,005,681

**Voter Approved:**

Capacity (1.0% of Assessed Value) 47,484,030

Less:

GO Bonds Outstanding -

Remaining capacity with a vote 47,484,030

Sources:

(1) See historical assessed valuations on page 89.

(2) See financial statements debt footnote.

Note: The total indebtedness for general purposes with or without a vote cannot exceed 2.5% of the value of taxable property. The general purposes indebtedness includes debt for capital leases without a vote. The legal limit for capital leases debt (RCW 35.42.200) is included in the 2.5 percent and does not constitute extra allowable debt.

The 1.5 percent is the maximum limit for general purposes without a vote (councilmanic debt). A council may choose to allocate any portion of this debt capacity to the "voted" category. If done so, this 1.5 percent of the indebtedness available without vote is to be proportionately reduced by the excess "voted" debt over 1 percent.

**City of Des Moines, Washington**  
**SCHEDULE 16**  
**Direct and Overlapping Governmental Activities Debt**  
**as of December 31, 2020**

<b>Direct Debt</b>				Amount Outstanding
General Obligation Debt				8,140,892
Less Cash and Investments in Debt Service Funds				(145,495)
Net direct debt				<u>7,995,397</u>
 <b>Overlapping Debt</b>				
	2020 Total Assessed Value (in thousands)	Percent applicable (1)	Net Outstanding G.O. Debt	Overlapping Debt
<i>Jurisdiction</i>				
Fire District No. 39	20,041,191	23.69%	30,153,768	7,144,398
School District No. 401	19,924,824	23.83%	395,098,572	94,158,284
School District No. 210	17,288,636	27.47%	425,036,354	116,738,180
Rural Library District	366,828,459	1.29%	55,215,699	714,738
King County	642,490,492	0.74%	654,637,854	4,838,180
Port of Seattle	642,490,492	0.74%	311,175,000	2,299,776
Total overlapping				<u>225,893,556</u>
Total direct & overlapping debt				<u><u>233,888,953</u></u>
 <b>Governmental activities debt ratios:</b>				
Assessed valuation				4,748,403,000
Population				30,860
Net direct debt to assessed valuation				0.17%
Net direct debt and overlapping debt to assessed valuation				4.93%
Assessed valuation per capita				153,869
Net direct debt per capita				259
Direct debt and overlapping debt per capita				7,579

(1) Applicable percentage is determined by ratio of assessed valuation of property subject to taxation in the overlapping unit to valuation of property subject to taxation in the City of Des Moines.

Source:

King County Assessor's Office [www.kingcounty.gov/depts/assessor/Reports/statistical-reports/2018.aspx](http://www.kingcounty.gov/depts/assessor/Reports/statistical-reports/2018.aspx)

**City of Des Moines, Washington**  
**SCHEDULE 17**  
**MARINA DEBT SERVICE COVERAGE**  
**(Per Bond Official Statement Definitions)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues (1)	3,946,351	4,097,272	4,224,937	4,224,937	4,007,269	3,762,705	7,608,475	4,174,751	4,355,247	4,324,188
Operating & Maintenance Expenses (2)	2,779,339	2,769,115	2,932,925	2,932,925	2,474,281	2,235,601	5,141,540	2,684,769	2,799,458	2,916,855
Net Available for Debt Service	<u>1,167,012</u>	<u>1,328,157</u>	<u>1,292,012</u>	<u>1,292,012</u>	<u>1,532,988</u>	<u>1,527,104</u>	<u>2,466,935</u>	<u>1,489,982</u>	<u>1,555,789</u>	<u>1,407,333</u>
Annual debt service requirements										
Principal	320,000	440,000	455,000	495,000	510,000	525,000	545,000	560,000	591,829	607,724
Interest (3)	402,306	318,736	340,016	321,816	311,216	294,829	275,516	255,416	264,188	135,189
Total annual debt service	<u>722,306</u>	<u>758,736</u>	<u>795,016</u>	<u>816,816</u>	<u>821,216</u>	<u>819,829</u>	<u>820,516</u>	<u>815,416</u>	<u>856,017</u>	<u>742,913</u>
Coverage Ratio	<u>1.62</u>	<u>1.75</u>	<u>1.63</u>	<u>1.58</u>	<u>1.87</u>	<u>1.86</u>	<u>3.01</u>	<u>1.83</u>	<u>1.82</u>	<u>1.89</u>

Notes - Per bond covenants:

Min debt service coverage requirement is: 1.25 times the Annual Debt Service

"Net Revenue" means the Revenue from the Marina less the Operating and Maintenance Expense.

(1) "Revenue from the Marina" is defined as all earning except:

governmental grant proceeds  
proceeds from the sale of property  
city taxes collected by or through the Marina  
principal proceeds of bonds  
interest earnings on arbitrage investments

(2) "Operating and Maintenance Expense" is defined as all current maintenance and repair charges except:

depreciation  
interest expense  
administrative charges paid to the city

(3) Excludes premium/discount amortizations.

**City of Des Moines, Washington**  
**SCHEDULE 18**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year Ended December 31	POPULATION			PERSONAL INCOME				UNEMPLOYMENT RATE	
	Des Moines	King County	City as percent of county	Total Des Moines (in thousands)	Per Capita Income	Total King County (in thousands)	Per Capita Income	Des Moines	King County
2011	29,680	1,942,600	1.5%	1,740,563	58,644	115,758,427	58,644	8.1%	9.0%
2012	29,700	1,957,000	1.5%	1,838,878	61,915	131,263,349	61,915	6.2%	6.4%
2013	29,730	1,981,900	1.5%	1,863,878	62,694	135,176,058	62,694	5.9%	4.9%
2014	30,030	2,017,250	1.4%	2,068,363	68,877	149,434,812	68,877	5.1%	4.6%
2015	30,100	2,052,800	1.4%	2,036,798	67,668	159,665,109	67,668	5.3%	4.3%
2016	30,570	2,105,100	1.4%	2,037,000	66,634	166,006,277	66,634	4.0%	3.9%
2017	30,860	2,153,700	1.4%	2,019,983	65,456	182,495,475	65,456	4.4%	4.3%
2018	31,140	2,190,200	1.4%	2,871,474	92,212	201,962,200	92,212	4.0%	4.0%
2019	31,580	2,226,300	1.4%	2,864,828	90,717	201,962,200	90,717	2.6%	2.1%
2020	32,260	2,260,800	1.4%	2,881,856	89,332	201,962,200	89,332	8.8%	6.8%

SOURCE: Population Information from: [www.ofm.wa.gov/pop/april1/default.asp](http://www.ofm.wa.gov/pop/april1/default.asp)  
Des Moines Unemployment [www.bls.gov/data/](http://www.bls.gov/data/)

King County information per King County CAFR [https://www.kingcounty.gov/depts/finance-business-operations/financial-management/~/\\_/media/depts/finance/financial-management-services/CAFR-2017/2017-comprehensive-annual-financial-report.ashx](https://www.kingcounty.gov/depts/finance-business-operations/financial-management/~/_/media/depts/finance/financial-management-services/CAFR-2017/2017-comprehensive-annual-financial-report.ashx)

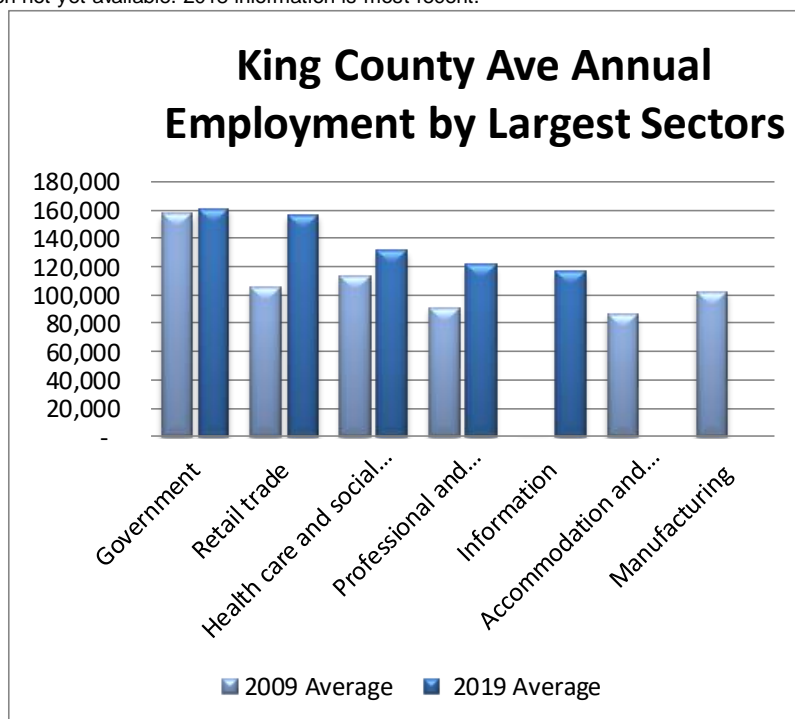
\* Note: 2019-2020 Personal info from King County is not available so prior year's info used until updates are available.  
Prior Years King County Population and Personal Income restated to actuals.  
2017-2019 Personal Income data was updated to reflect King County's 2019 Comprehensive Annual Financial report. (pg285)

**City of Des Moines, Washington**  
**SCHEDULE 19**  
**Employment by Type of Employment Sector**  
**King County**  
**Last year and nine years prior**

<u>Employment Sector</u>	2019 Average Annual <u>Employment*</u>	<u>Rank</u>	<u>Percentage</u>	2009 Average Annual <u>Employment</u>	<u>Rank</u>	<u>Percentage</u>
Government	172,504	1	12%	157,271	1	14%
Retail trade	160,839	2	11%	105,066	3	9%
Health care and social assistance	156,725	3	11%	113,777	2	10%
Professional and technical services	130,944	4	9%	90,998	5	8%
Information	121,092	5	8%	-		0%
Accommodation and food service	116,926	6	8%	85,759	6	8%
Manufacturing	-		0%	102,183	4	9%
	<u>859,030</u>		<u>60%</u>	<u>655,054</u>		<u>49%</u>

Source: Washington State Employment Security Department.

\*2019 information not yet available. 2018 information is most recent.



City of Des Moines, Washington  
**SCHEDULE 20**  
**Full-Time Equivalent City Government Employees by Function**  
**Last 10 Fiscal Years**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>											
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	5.60	5.60	6.00	5.00	5.00	5.00	5.00	5.00	5.50	7.50	8.40
Finance	5.80	5.80	5.80	5.80	5.53	6.50	6.50	6.50	6.50	7.00	7.50
Information Systems	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Legal	4.20	4.20	4.00	4.30	4.50	4.57	4.42	4.86	4.82	4.82	5.02
<b>Municipal Court</b>											
Judge	1.00	1.00	1.00	1.00	1.00	0.80	0.80	0.80	0.80	0.80	1.00
Staff	6.40	6.22	6.40	6.70	6.70	6.80	7.80	9.08	8.58	9.15	10.38
<b>Public Safety</b>											
Officers	38.00	38.00	39.00	33.00	33.00	33.00	34.00	37.00	42.00	43.00	40.00
Civilians	11.00	11.00	9.80	9.80	9.80	9.80	10.00	10.00	8.00	8.00	10.00
<b>Planning, Building, Public Works</b>											
Planning, Bldg Permits	5.45	5.45	5.45	5.15	4.85	5.15	4.15	0.00	0.00	0.00	
<b>Natural and Economic Environment</b>											
Planning, Bldg Permits	10.80	10.80	10.70	8.00	8.00	10.00	10.00	12.15	11.55	13.27	13.65
<b>Transportation</b>											
Engineering	4.85	4.95	5.05	5.05	4.55	5.15	5.15	5.16	6.06	9.06	8.06
Maintenance	8.95	8.85	8.55	7.90	8.55	9.20	9.20	11.69	11.69	15.69	15.69
Extra Hires	2.34	2.34	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
<b>Social Services</b>											
2.50	2.70	2.70	2.70	2.70	2.70	2.44	2.22	2.50	2.90	2.40	1.50
<b>Culture and Recreation</b>											
Regular	5.80	6.76	7.52	5.56	6.76	7.43	7.17	8.00	8.30	7.30	5.40
Extra Hires	8.20	10.74	11.28	11.24	11.09	10.97	11.12	13.99	13.99	16.58	2.34
<b>Marina</b>											
Regular	10.55	10.55	9.00	9.00	9.00	9.00	8.00	8.00	8.00	8.00	11.10
Extra Hires	2.13	2.13	2.13	2.13	2.13	2.13	3.13	3.13	3.13	3.32	1.06
<b>Surface Water Management</b>											
10.55	11.17	11.40	11.55	11.00	12.50	12.50	12.10	12.10	12.10	12.10	12.10
Total	154.11	158.24	156.78	144.88	144.16	150.44	151.16	159.96	163.92	176.99	163.20

Source: Annual Operating Budget

City of Des Moines, Washington											
SCHEDULE 21											
Operating Indicators by Function											
Last Ten fiscal years											
Fiscal Year Ended December 31											
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>											
<b>Municipal Court &amp; Legal*</b>											
Traffic infraction - Cases closed	2,122	2,207	3,369	4,089	3,551	2,478	1,545	1,289	1,664	3,712	2,110
NonTraffic infraction - Cases closed	260	108	209	186	246	172	106	107	255	160	145
Parking infraction - Cases closed	586	544	2,235	2,852	2,659	2,513	2,987	27,813	21,541	23,616	12,574
DUI misdemeanors - Cases Closed	189	81	97	109	98	89	65	79	141	107	35
Other traffic misdemeanors -Closed	1,370	306	572	743	496	523	269	284	562	224	175
NonTraffic misdemeanors - Closed	1,163	337	620	371	520	433	283	315	740	478	313
Civil - Cases closed	4	1	45	-	1	5	1	2	4	-	9
<b>Finance &amp; Info Services</b>											
Info services - # of computers	191	202	192	189	187	183	191	185	204	183	347
Finance - # of checks/wires written	4,456	4,408	3,807	3,766	3,577	3,995	3,782	3,832	3,720	3,625	2,372
Finance - # of A/R billed	308	248	466	269	502	298	306	256	221	171	202
<b>City Clerk</b>											
Public records request	n/a	n/a	n/a	1,223	1,600	1,573	1,728	1,708	1,595	367	429
<b>Public Safety</b>											
<b>Police - Patrol Division</b>											
Number of calls for service	n/a	n/a	19,677	21,025	17,663	18,317	17,932	18,847	18,832	21,262	17,824
Homicide	1	1	-	-	1	1	3	2	2	1	2
Robbery	47	37	34	53	58	53	41	58	55	32	56
Rape	9	7	2	8	8	24	34	14	17	28	20
Aggravated Assaults	26	45	57	39		38	42	54	43	37	42
Violent crime total	83	90	93	100	67	116	120	128	117	98	120
Burglary	192	230	244	207	234	167	159	164	189	142	128
Larceny	615	627	740	748	659	620	809	729	656	697	780
Motor Vehicle Accidents	n/a	n/a	310	249	299	350	388	384	384	359	269
Motor Vehicle Thefts	172	191	222	220	244	183	316	244	240	181	263
Arson	2	8	6	9	7	1	11	8	9	6	7
Property crime total	981	1,056	1,522	1,433	1,443	1,321	1,683	1,529	1,478	1,385	1,447
Citations/Infractions issued	n/a	n/a	6,060	6,258	4,600	3,551	2,549	2,885	2,946	4,699	2,032
Photo enforcement citations	n/a	n/a	2,432	3,465	2,901	2,898	6,050	38,105	26,854	23,021	16,330
Adult arrests	n/a	n/a	389	271	205	261	234	247	256	256	255
Juvenile arrests	n/a	n/a	63	37	29	24	16	25	16	9	21
<b>Police - Detective Division</b>											
Assigned cases	n/a	n/a	443	721	640	581	622	638	678	699	819
Closed cases	n/a	n/a	340	591	618	551	576	522	466	233	272
Cases closed by arrest	n/a	n/a	130	201	227	173	229	172	141	162	195
<b>Police - Records Division</b>											
Case reports	n/a	n/a	n/a	4,214	4,549	3,861	4,400	4,470	4,467	4,576	443
Warrants processed	n/a	n/a	n/a	1,579	1,534	1,562	1,533	1,737	1,410	1,269	787
Pet licenses processed	n/a	n/a	n/a	1,579	1,312	1,504	1,537	1,399	1,380	646	1,051
Concealed weapons licenses processed	n/a	n/a	n/a	417	391	367	532	427	476	473	539
Public records request	n/a	n/a	n/a	1,053	1,231	1,187	1,354	1,338	1,256	1,467	1,394

n/a - information not available

Source: Various government departments and capital assets list

www.fbi.gov

City of Des Moines, Washington											
SCHEDULE 21											
Operating Indicators by Function											
Last Ten fiscal years											
Fiscal Year Ended December 31											
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Transportation</b>											
<b>Street Maintenance Division</b>											
Clean	n/a	n/a	n/a	23	19	15	19	14	11	-	4
Event	n/a	n/a	n/a	4	3	-	-	2	3	3	-
Inspect	n/a	n/a	n/a	5	5	2	-	1	3	3	1
Install	n/a	n/a	n/a	56	35	43	31	45	30	32	17
Inventory	n/a	n/a	n/a	2	3	1	1	7	3	3	-
Relocate	n/a	n/a	n/a	2	9	2	4	3	-	-	-
Remove	n/a	n/a	n/a	64	30	9	16	10	3	3	2
Repair	n/a	n/a	n/a	67	80	37	176	124	64	60	33
Snow/Ice	n/a	n/a	n/a	1	-	1	2	1	1	1	-
Vegetation	n/a	n/a	n/a	11	74	79	71	47	22	22	1
Various Other	n/a	n/a	n/a	2	5	8	16	6	220	223	9
Total Streets work orders				237	263	197	336	260	360	350	67
<b>Natural and Economic</b>											
<b>Planning</b>											
Land use activities	44	28	38	32	26	69	47	51	70	62	59
Preapplication meetings						23	23	28	32	103	25
Comm'l projects reviewed	26	10	2	6	10	21	103	128	146	95	138
Short plats/ subdivisions reviewed	14	8	12	7	1	10	9	9	23	11	3
Residential permits reviewed	21	15	15	22	46	76	128	182	197	215	186
Right of Way Permits	189	171	146	148	230	189	214	211	231	212	262
<b>Building &amp; Inspections</b>											
Plumbing, Mech & Electric permits	893	938	809	948	614	1,148	1,231	1,327	1,410	1,300	1,196
Building permits	339	270	285	556	56	304	289	457	486	498	401
Building inspections	5,169	5,262	4,035	4,201	4,036	4,310	4,954	6,218	8,818	9,125	8,792
<b>Code Enforcement</b>											
New cases opened	504	477	446	495	484	259	146	290	257	307	336
Cases closed	739	531	469	590	450	172	110	245	196	389	332
<b>Social services</b>											
Meal participants	11,933	10,887	10,258	9,752	10,453	10,117	10,196	12,817	11,866	8,867	17,247
Fee based class participants	10,310	11,124	9,292	10,268	8,013	12,087	7,139	6,798	6,768	6,514	1,152
Drop in activities participants	19,377	16,543	14,909	14,753	12,733	8,496	7,628	8,394	9,087	7,208	1,152
Volunteer hours	13,119	12,415	10,770	8,285	8,489	7,358	6,178	6,270	8,881	5,990	2,099

n/a - information not available

Source: Various government departments and capital assets lists.

City of Des Moines, Washington											
SCHEDULE 21											
Operating Indicators by Function											
Last Ten fiscal years											
Fiscal Year Ended December 31											
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Culture and recreation</b>											
Number of recreation participants	5,587	4,717	4,943	5,477	6,362	8,512	7,069	11,011	11,841	12,705	1,258
# of Facility rentals - Activity Ctr	41	36	38	27	27	15	12	31	11	17	3
# of Facility rentals - Field House	28	21	44	33	23	28	16	46	14	38	-
# of Facility rentals - Beach Park	19	20	49	104	184	118	192	181	180	141	20
# of Facility rentals - Wooton	4	8	7	13	6	6	-	11	5	14	-
# of Rentals-North Marina Lot										1	11
# of Rentals- Fields										51	
# of Rentals- Promontory										2	1
Hrs of Facility rentals - Activity Ctr	298	223	229	149	180	91	75	150	72	175	27
Hrs of Facility rentals - Field House	478	391	368	246	326	214	117	159	134	303	-
Hrs of Facility rentals - Beach Park	242	307	178	438	932	872	1,191	1,136	965	2,298	140
Hrs of Facility rentals - Wooton	59	99	78	143	75	44	-	128	42	137	-
Hrs of Parking Lot Rental- North Marina Lot										8	946
Hrs of Field Rentals										1,077	
Hrs of Promontory Rentals										35	28
<b>Marina</b>											
Dec wait list - Covered 32' (mo's)	16	n/a	12	12	24	12	18	16	12	24	12
Dec wait list - Covered 36' (mo's)	10	n/a	24	18	18	24	24	17	24	24	24
Dec wait list - Open 32' (mo's)	42	n/a	60	48	48	60	60	14	48	36	48
Dec wait list - Open 36' (mo's)	38	n/a	60	60	60	24	24	48	36	36	36
<b>Surface Water Management</b>											
Clean	n/a	n/a	n/a	n/a	32	38	47	74	342	307	11
Dig	n/a	n/a	n/a	n/a	15	3	2	-	-	-	4
Flush	n/a	n/a	n/a	n/a	15	10	61	746	626	625	-
IDDE Inspect	n/a	n/a	n/a	n/a	28	46	46	60	51	51	45
Inspect	n/a	n/a	n/a	n/a	2	102	16	72	7	8	3
Install	n/a	n/a	n/a	n/a	31	17	15	15	15	15	8
Line Trim	n/a	n/a	n/a	n/a	12	-	-	2	-	4	1
Repair	n/a	n/a	n/a	n/a	39	64	172	121	48	262	17
Various Other	n/a	n/a	n/a	n/a	67	2	111	500	512	329	3
Total SWM work orders					241	282	470	1,590	1,601	1,601	92
n/a - information not available											

Source: Various government departments and capital assets lists.

\*Restated to include all Municipal Court Activity.

**City of Des Moines, Washington**  
**SCHEDULE 22**  
**Capital Used by Function**  
**Last Ten Fiscal Years**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
City Hall building	1	1	1	1	1	1	1	1	1	1
Engineering building	1	1	1	1	1	1	1	1	1	1
Vehicles assigned to Court				1*	1*	1	1	1	1	1
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	2	2
Patrol Vehicles	37	43	43	34*	34*	34	33	33	34	40
<b>Transportation</b>										
Maintenance & vehicle repair building	1	1	1	1	1	1	1	1	1	1
Street/PW maintenance vehicles, trailers, e	n/a	n/a	n/a	41	41	41	38	34	34	28
Asphalt Road Mix Miles	87	87	87	87	87	87	87	87	87	87
Bitu Surface Treatment Miles	6	6	6	6	6	6	6	6	6	6
Gravel Crush Rock Miles	2	2	2	2	2	2	2	2	2	2
Traffic signals	19	19	20	20	20	20	18	18	18	20
All way flashing stops	3	3	3	3	3	3	4	4	4	4
School zone beacons	4	4	6	7	7	7	8	5	5	5
Warning Beacons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4	4	4
Rectangular Rapig Flashing Beacons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8	8	10
<b>Natural and Economic</b>										
Building (shares City Hall building)	-	-	-	-	-	-	-	-	-	-
Vehicles (Shares with Streets/PW maint)	-	-	-	-	-	-	-	-	-	-
<b>Social services</b>										
Activity Center	1	1	1	1	1	1	1	1	1	1
<b>Culture and recreation</b>										
Number of City Parks	n/a	n/a	n/a	26	26	26	26	27	28	28
Parks acreage	n/a	n/a	n/a	185	186	186	186	191	195	195
Event center buildings	2	2	2	2	2	2	2	2	2	2
Recreation & admin building	1	1	1	1	1	1	1	1	1	1
Parks maintenance vehicles, trailers, etc.				29	29	29	28	29	29	30
<b>Marina</b>										
Administration building	1	1	1	1	1	1	1	1	1	1
Maintenance vehicles, trailers, etc.	n/a	n/a	n/a	9	9	9	9	9	9	16
Moorage slips for wet & dry storage	840	840	840	840	840	840	840	840	806	801
<b>Surface Water Management</b>										
Major creek basins	8	8	8	8	8	8	8	8	8	8
SWM maintenance vehicles, trailers, etc.	n/a	n/a	n/a	10	10	11	11	11		9
Catchments	n/a	n/a	n/a	4,896	4,827	5,021	4,596	4,788	5,119	5,119
Control structures	n/a	n/a	n/a	102	268	277	87	86	89	114
Detention facilities	n/a	n/a	n/a	45	97	104	95	98	83	104
Discharge points	n/a	n/a	n/a	238	232	232	230	237	233	217
Easements	n/a	n/a	n/a	94	91	100	100	101	101	103
Facilities	n/a	n/a	n/a	70	72	72	72	71	218	71
Gravity mains	n/a	n/a	n/a	5,820	5,878	6,061	5,768	6,007	5,942	6,091
Misc structures	n/a	n/a	n/a	116	120	110	106	112	125	127
Open drain lines	n/a	n/a	n/a	1,459	1,401	1,369	1,348	1,334	1,327	1,319

n/a - not available

Source: Various government departments.

\*Restated Prior Year Information