CITY OF DES MOINES
WASHINGTON

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year January 1, 2019 through December 31, 2019

Prepared by:

City of Des Moines Finance Department

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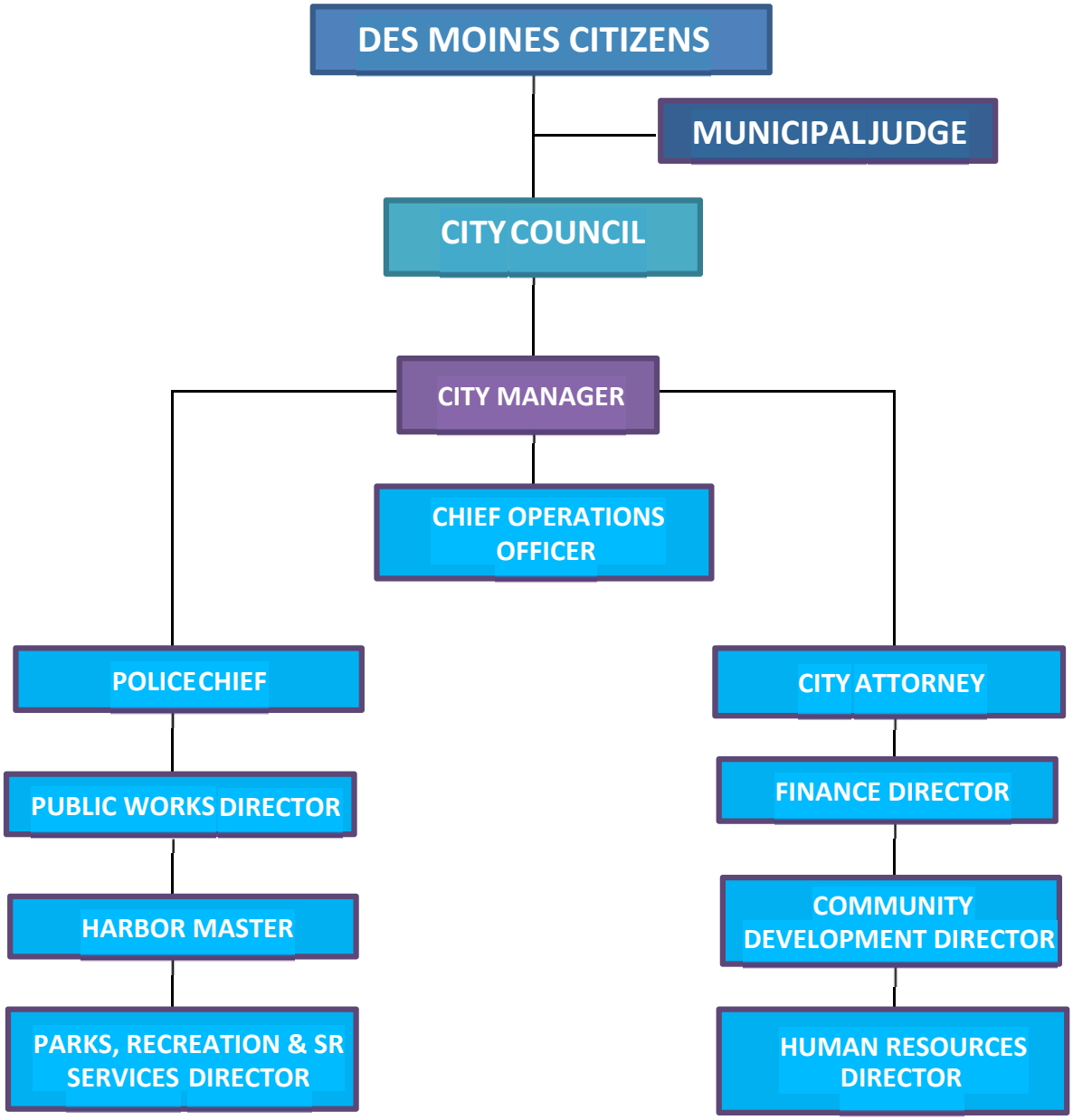
ORGANIZATIONAL CHART



DIRECTORY OF CITY OFFICIALS AND MANAGEMENT TEAM

December 31, 2019

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, 2018

Christopher P. Morrill

Executive Director/CEO

July 30, 2020

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

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Des Moines for the year ended December 31, 2019. 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 CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The Report

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes the table of contents, the City's organizational chart, a directory of City officials and management team, a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, and this transmittal letter. The financial section includes the management's discussion and analysis (MD&A), the basic financial statements for the government, and the combining and individual financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The MD&A contains a narrative introduction, overview, and analysis of the City's financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In contrast to the financial section information, the introductory and statistical sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures in the audit of the basic financial statements and, the auditor has not expresses an opinion or provided any assurance on these sections.

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 2019 population was 31,580. 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$^{rd)}$ State Legislative District, with a portion of the southern part of the city within the thirtieth (30th) State Legislative District, and the ninth (9$^{th)}$ 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 andTacoma 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.

Over the past year economic conditions continued to improve locally and 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, with direct impacts to Washington state by the end of February 2020. The City of Des Moines is anticipating a decrease in forecasted revenue because of this pandemic and has taken 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.

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 2019, 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. 216th, 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 2019 was 26.08%, 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 Comprehensive Annual Financial Report (CAFR) for fiscal year 2018. This was the second 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 CAFR 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 Comprehensive Annual Financial Report was made possible by the dedicated service of the Finance Department, in particular Shawn Hunstock, 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 Officer for their work, review, and comments.

Respectfully submitted,

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 FINANCIAL STATEMENTS

July 30, 2020

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, 2019, 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, 2019, 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 18 to the financial statements, in February 2020, a state of emergency was declared which could have a negative financial effect on the City. 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 is 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, 2020, 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. 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,

Pat McCarthy

State Auditor

Olympia, WA

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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, 2019. 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 $227,272,888 (net position), an increase of $14,674,860 or 6.9% from 2018. Of this amount, a majority of net position ($187,483,788) is a net investment in capital assets. An additional $13,764,400 or 6.1% of net position is restricted for purposes of public safety, transportation, recreation & senior services, and debt service. The remaining, $26,024,699 or 11.5% of net position ($16,639,477 for governmental activities and $9,385,222 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 increased $436,402 due to prior period items. The $436,402 increase was from an additional month of sales tax accrual allocable to the prior year of $425,410, an increase in fair value of investments of $16,652, and a decrease of $5,660 related to correction of deferred pension amounts.

- At December 31, 2019, the City's governmental activities reported combined ending net position of $192,226,218, an increase of $11,362,497 from 2018. Approximately 8.7% of this amount ($16,639,477) is available for spending at the City's discretion (unrestricted net position).

- The City of Des Moines' net investment in capital assets increased by $11,194,435 during 2019. The increase was primarily due to capital asset additions of $9,513,532 for governmental activities and $1,404,703 for business-type activities, capital asset contributions of $1,178,664 for governmental activitities, offset by depreciation of $3,695,841 for governmental activities and $928,134 for business-type activities as well as miscellaneous asset disposals.

- Total non-current liabilities, including bonds, loans and leases, totaled $18,710,384 at December 31, 2019; this decreased by $2,198,777 over 2018. A majority of the decrease is from current year debt service payments as well as retirement of the SCORE loan offset by issuance of SCORE related general obligation bonds. See Note 11 for further information on long-term liability activity during the year.

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 2018 to 2019 show an increase in total net position of $14,674,860 including a prior period adjustment of $436,402. The following schedule is the condensed version of the government-wide statement of net position with a comparison to 2018:

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

	Governmental Activities		Business Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current assets	$ 38,623,995	$ 35,834,987	$ 10,929,122	$ 8,904,296	$ 49,553,117	$ 44,739,283
Capital assets	168,138,598	161,142,244	30,034,765	29,282,005	198,173,363	190,424,249
Other assets	4,513,466	2,916,714	281,000	281,000	4,794,466	3,197,714
Total assets	211,276,059	199,893,945	41,244,887	38,467,301	252,520,945	238,361,246
Deferred outflows	1,173,735	1,002,911	271,615	267,796	1,445,349	1,270,707
Current liabilities	3,466,480	2,683,706	1,196,877	1,072,704	4,663,357	3,756,410
Noncurrent liabilities	13,741,409	15,254,633	4,968,975	5,654,528	18,710,384	20,909,161
Total liabilities	17,207,889	17,938,339	6,165,852	6,727,232	23,373,741	24,665,571
Deferred inflows	3,015,686	2,094,796	303,980	273,558	3,319,666	2,368,354
Net position:						
Investment in capital assets	161,822,341	151,895,647	25,661,447	24,393,706	187,483,788	176,289,353
Restricted	13,764,400	13,363,484	-	-	13,764,400	13,363,484
Unrestricted	16,639,477	15,604,590	9,385,222	7,340,601	26,024,699	22,945,191
Total net position	$ 192,226,218	$ 180,863,721	$ 35,046,669	$ 31,734,307	$ 227,272,888	$ 212,598,028

The largest portion of the City's net position (82.5%) 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 (6.1%) represents resources that are subject to constitutional or external restrictions on how they may be used. The remaining balance of unrestricted net position (11.5%) 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.

During the current fiscal year the government's net position increased by $11,362,497. Net position from activity throughout the year was $10,926,095. 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 increased by $436,402 in prior period adjustments.

The net position for investment in capital assets increased by $11,194,435 in 2019. A major part of this increase ($10,073,801) was due to acquisition of capital assets, offset by depreciation and capital asset disposals.

The majority of the increase of $400,916 in restricted net position comes from an increase of $2,288,832 in net position restricted for future transporation capital projects, offset by a decrease of $1,917,785 in net position restricted for general obligation debt.

Unrestricted net position and current assets have increased as the overall financial health of the city increased. With increased revenues and steady expenses, 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)

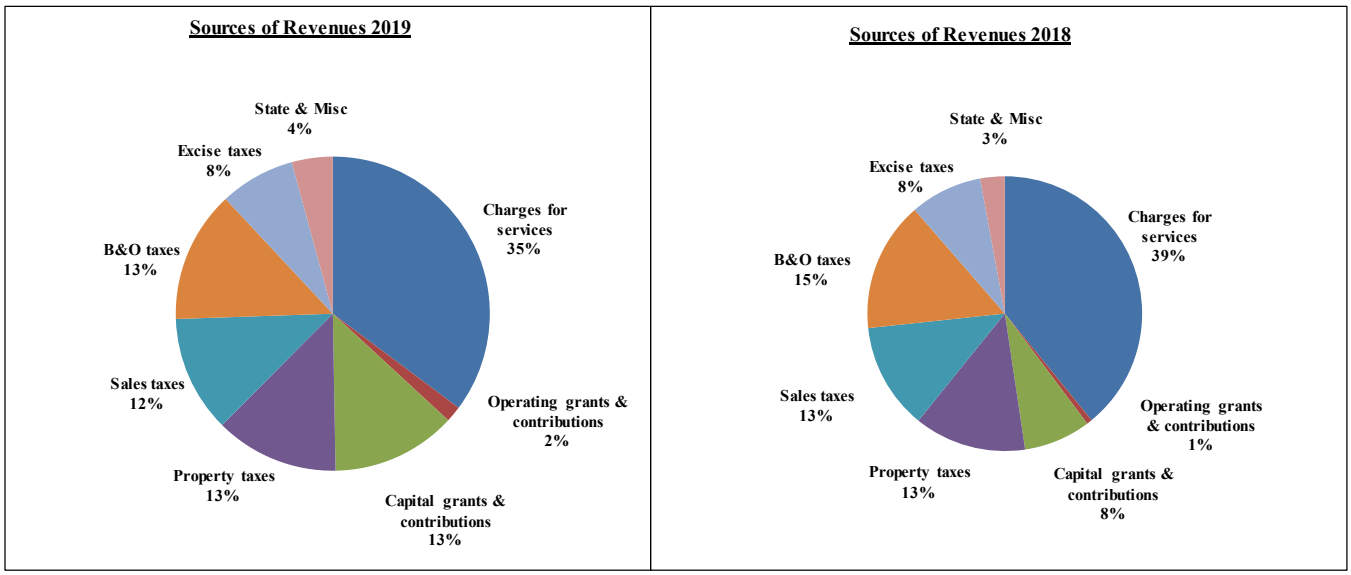
	Governmental Activities		Business Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	$ 14,144,739	$ 14,616,480	$ 8,481,330	$ 8,007,408	$ 22,626,069	$ 22,623,888
Operating grants & contributions	659,139	244,250	-	50,000	659,139	294,250
Capital grants & contributions	5,162,442	2,938,608	1,404,703	1,184,380	6,567,145	4,122,988
General revenues:						
Property taxes	5,107,176	4,923,142	-	-	5,107,176	4,923,142
Other taxes	13,381,523	13,565,233	-	-	13,381,523	13,565,233
Miscellaneous revenue	650,207	-	19,650	-	669,857	-
Investment and misc	778,784	1,079,647	233,116	147,617	1,011,900	1,227,264
Total revenues	39,884,010	37,367,360	10,138,800	9,389,405	50,022,810	46,756,765
Program expenses:						
General government	4,897,324	2,427,618	-	-	4,897,324	2,427,618
Public safety	11,439,041	11,305,754	-	-	11,439,041	11,305,754
Transportation	5,610,219	7,245,952	-	-	5,610,219	7,245,952
Natural & economic environment	2,519,763	2,497,651	-	-	2,519,763	2,497,651
Social services	673,949	574,723	-	-	673,949	574,723
Culture and recreation	3,839,881	3,661,931	-	-	3,839,881	3,661,931
Interest on long term debt	243,375	179,081	-	-	243,375	179,081
Marina	-	-	3,409,059	3,389,391	3,409,059	3,389,391
Surface water management	-	-	3,151,742	3,182,927	3,151,742	3,182,927
Total expenses	29,223,552	27,892,710	6,560,800	6,572,318	35,784,352	34,465,028
Changes in net position	10,660,458	9,474,650	3,577,999	2,817,087	14,238,457	12,291,737
Transfers	265,637	-	(265,637)	-	-	-
Total changes in net position	10,926,095	9,474,650	3,312,362	2,817,087	14,238,457	12,291,737
Net position - beginning	180,863,721	186,202,893	31,734,307	29,015,039	212,598,028	215,217,932
Prior period adjustments	436,402	(13,380,383)	-	(97,819)	436,402	(13,478,202)
Change in accounting principle	-	(1,433,439)	-	-	-	(1,433,439)
Restated net position - beginning	181,300,123	171,389,071	31,734,307	28,917,220	213,034,430	200,306,291
Net position - ending	$ 192,226,218	$ 180,863,721	$ 35,046,669	$ 31,734,307	$ 227,272,887	$ 212,598,028

Governmental activities.

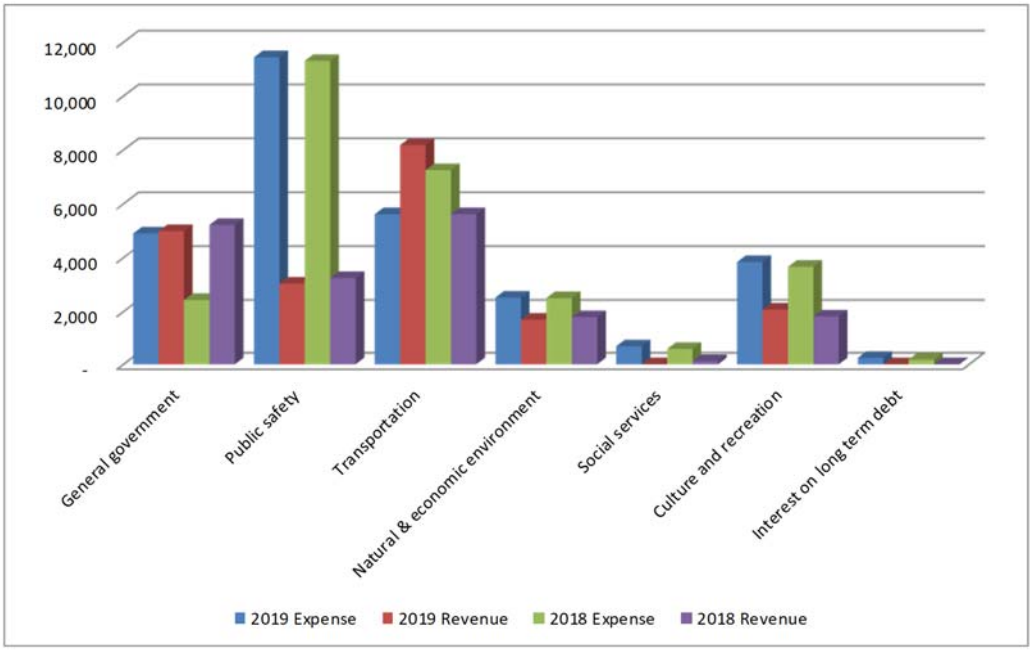
Governmental activities increased net position by $11,362,497. The primary reason for the increase is an increase of $2,789,008 in current assets and an increase of $6,996,354 in capital assets. The City continues to follow sound fiscal management practices in matching ongoing expenses to ongoing revenues to ensure a sustainable financial plan into the future. In 2019, revenues exceeded expenditures by $10,660,458. Overall revenues show an increase of $2,516,650 or 6.7%. There was an increase in property taxes of $184,034 or 3.7% due to continued rise in property values and new construction activity; an increase in sales tax revenues of $151,737 or 3.2%, a decrease in B&O taxes of $269,383 or 4.7% due to two factors: 1) the continued improvement in the local economy over previous years and additional sales tax on construction activity within the City limits, and 2) a decrease in the number of larger B&O tax payers during the year; and a decrease in excise taxes of $66,063 or 2.1% due to a slight decline in leasehold excise taxes received on private use of public facilities within the City. There was a decrease in charges for services of $471,741 or 3.2% due to the success of the traffic infraction red light running program which has changed driver behavior so less infractions are issued, as well as an increase in operating grants & contributions of $414,889 or 169.9% and an increase in capital grants & contributions of $2,223,834 or 75.7%. 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 capital improvements for the purchase of land for Van Gasken park, street improvements and sidewalks on S. 216th Street, and Barnes Creek trail. Overall expenditures increased by $1,330,842 or 4.8%. This increase is due to general inflation and cost of living increases partially offset by miscellaneous cost savings by each department of the City.

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

GOVERNMENTAL ACTIVITIES – REVENUES BY SOURCE

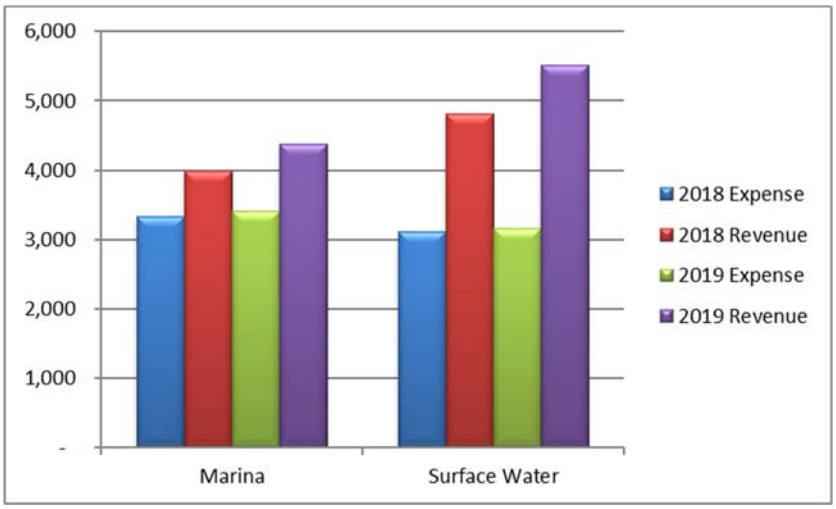


GOVERNMENTAL ACTIVITIES – EXPENSES AND PROGRAM REVENUES
(in thousands)



Business-type activities. Business-type activities increased the City of Des Moines's net position by $3,312,362 as compared to the 2018. This increase is due to operating income of $2,178,079, capital contributions of donated infrastructure of $1,404,703 and other non-operating revenue, expenses and transfers of ($270,420).

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 $27,039,513. The City had $5,751,141 in unassigned fund balance. Total governmental fund balances increased $741,594 from the prior year, including a prior period adjustment of $425,410 for the accrual of an additional month of sales tax back to 2018. In 2018, the General Fund's ending fund balance was $5,743,219. The General Fund's ending fund balance decreased by $330,631 in 2019 from current year revenue exceeding current year expenditures. Ending fund balance decreased by $438,924 for the Development Fund, increased by $2,030,603 for the Capital and Construction Fund, and decreased by $944,862 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 $5,751,141, which fully funded the city council's reserve policy for a minimum fund balance level of 16.67%, of operating expenditures, which equals $3,988,460. Ending unassigned fund balance in the General Fund was 24.0% of operating expenditures. Overall, revenues increased by 2.0% or $499,102 compared to 2018, expenditures increased by 9.0% or $1,977,656 compared to 2018, other financing uses from net transfers were $(1,475,028) in 2019, for a change in fund balance of ($330,631) for 2019. Beginning fund balance also increased by $425,410 for a prior period adjustment for an additional month accrual of sales tax back to 2018.

General Fund tax revenue increased by $24,705 or 0.2%. Property tax increased $121,852 or 2.4% as the assessed valuation of all the property in the City continued to climb and strong construction activity continues. Sales tax revenue was up $156,706 or 3.4% as the City continues its focus on economic development targeting sales tax generating companies resulting in new business growth and sales tax from construction activity. Business growth increases both the one-time sales tax from construction activities and from the on-going business operating sales activities. Business & Occupation (B&O) taxes overall decreased $144,622 or 10.5% due to fewer larger taxpayers in 2019 compared to 2018. Utility taxes decreased $68,751 or 1.8% due to general conservation and consumption declines. Gambling taxes declined by $59,638 or 75.0% due to the closure of the largest establishment conducting gambling activities. Leasehold taxes increased by $19,159 or 9.9% in 2019 due to higher utilization of public property for private activities during the year.

License and permit revenues increased by $242,352 or 21.9% due to the movement of business license revenue from the Development Fund special revenue fund to the General Fund. This addition was $252,796 in 2019. Other license and permit revenue declined by ($10,444) or (0.9%) due to a decline in pet licenses revenue which was partially offset by an increase in franchise fees received from our solid waste and cable providers.

Charges for services increased by $365,533 or 7.3%, 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. There was also an increase of $166,090 in fee revenue received from Sound Transit for development and planning of construction of the Federal Way Link light rail extension through the eastern edge of the City.

Fines and forfeitures decreased by ($197,053) or (9.2%). 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 drivers behavior led to a decrease in tickets being issued for violations.

Development Fund. Fund balance was $4,260,517 at year-end and decreased by ($438,924) or (9.3%) 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 while costs typically increase annually with fund balance providing a cushion to absorb any yearly deficits that might arise.

Construction Fund. Fund balance was $12,852,964 at year-end and increased by $2,030,603 or 18.8% 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 an increase one-time sales taxes, partially offset by a small decline in REET (real estate excise taxes), which are both set aside to be spent on capital improvements.

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 $2,360,697 at the end of the year; an increase of $890,895 from the prior year. Operating revenue increased $180,496 or 4.3% due to an increase in revenues from the resale of fuel and a rate increase on moorage. Operating expenses increased by $23,346 or 0.7% due to additional fuel purchased for resale and additional maintenance of the marina.

Surface Water Management – Unrestricted net position totaled $5,703,864; an increase of $964,066 from the prior year. Operating revenue increased by $243,426 or 6.3%, which are due to an increase in rates partially offset by a decrease of $50,000 in intergovernmental revenue. Operating expenses increased by $80,138 or 2.5% due to normal increase in program costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2019 adopted budget anticipated a decrease of $668,252, or 13.5%, in budgetary fund balance during the year from $4,946,525 to $4,278,273, even with this planned decrease in fund balance the City of Des Moines met its required reserve policy of 16.67% for ending fund balance set by City Council. The adopted budget anticipated increases in revenue for property taxes, sales taxes and business & occupation taxes; as well as, an increase of business license revenue due to the movement of this activity from the Development Fund special revenue fund to the General Fund. The adopted budget anticipated expenditure increases for added personnel, supplies, professional services and debt service for the 2018 LTGO bond.

The revised 2019 budget used updated information and revised the beginning fund balance upward to $5,743,219 based on 2018 actual performance. The 2019 General Fund revenue budget was modified to reflect the following significant changes:

- An increase in tax revenues of $398,530;
- A decrease in fines and forfeits of $156,000;
- An overall increase in charges for services of $211,404; and
- An overall increase in intergovernmental and miscellaneous revenue of $255,893 that consists of an increase of $67,500 in marijuana tax shared revenue, an increase of $122,610 in grant revenues; and an increase of $65,783 in miscellaneous and interest revenue.

The 2019 General Fund expenditure budget was modified to reflect the following significant changes:

- An increase of $742,128 in personnel costs that consists of $83,300 for a limited term Assistant Police Chief, $35,000 for a Limited Term HR Intern, $60,000 for overtime for the Police department, $22,700 for an additional Information Technology (IT) Technician, $54,000 for an added Recreation Specialist for Events & Facility Rentals department and $487,128 for cost-of-living and benefit adjustments for exempt, general and police guild employees;
- An increase of $300,000 to transfers out from the General Fund to the One-Time Tax Fund earmarked for capital improvements;
- An overall increase of $271,121 in supplies and services that consists of $50,308 for the finance department remodel, $37,800 for additional professional services for interim staffing for the vacant Finance Manager position, $35,000 for the DUI Court program, $26,476 for small tools and equipment for new police officers, $77,000 for park maintenance related to downtown beautification project and landscaping, and $44,537 in senior service programs.

Total actual revenues came in over budget by $255,117 (1.03%) and total actual expenditures were $657,521 (2.52%) less than budget.

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, 2019 was $198,173,363 (net of accumulated depreciation); an increase of $7,749,114 from 2018. 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 $168,138,598, an increase of $6,996,354 from 2018. Business-type capital assets (net of depreciation) totaled $30,034,765, an increase of $752,760 from 2018. In addition to the effects of depreciation, these changes are a result of land acquisitions, acquisitions for other improvements, infrastructure, building & structures, machinery and equipment, and construction in progress. 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	
	2019	2018	2019	2018	2019	2018
Land	$ 95,565,652	$ 94,667,729	$ 3,791,288	$ 3,791,287	$ 99,356,939	$ 98,459,016
Construction work in progress	12,402,783	11,738,174	1,821,935	1,508,635	14,224,719	13,246,809
Buildings and structures	6,877,158	7,100,478	1,776,241	1,893,983	8,653,399	8,994,461
Other improvements	7,216,930	6,831,830	7,764,575	8,072,456	14,981,505	14,904,286
Infrastructure	43,243,092	38,342,632	14,758,392	13,883,973	58,001,484	52,226,605
Machinery and equipment	2,832,983	2,461,401	122,334	131,671	2,955,317	2,593,072
Total capital assets	$ 168,138,598	$ 161,142,244	$ 30,034,765	$ 29,282,005	$ 198,173,363	$ 190,424,249

Long-term debt. At the end 2019, the City had total bonded debt and loans outstanding of $12,795,212. Of this amount, $12,365,791 is general obligation bonds (North Bulkhead, Transportation, Marina Improvements, and SCORE bonded debt); and $429,420 is governmental loans (Public Work Trust Fund Loans).

City of Des Moines Bonds and Loans

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	$ 7,711,473	$ 4,901,085	$ 4,654,318	$ 5,289,780	$ 12,365,791	$ 10,190,865
Loans & Notes	429,420	4,192,978	-	-	429,420	4,192,978
Total	$ 8,140,893	$ 9,094,063	$ 4,654,318	$ 5,289,780	$ 12,795,212	$ 14,383,843

The South Correctional Entity (SCORE) at the end of 2019 retired its existing bonded debt with the issuance of new debt at a lower interest rate as well as with the removal of the City of Federal Way as an owner entity. The removal of Federal Way was accompanied by a reduction in the principal amount of SCORE bonds allocable to Federal Way, which the City of Federal Way paid for with the issuance of their own bonds to retire their obligation to SCORE for the old bonded debt. At the same time, the City of Des Moines, under a new interlocal agreement with SCORE and other owner cities, became an owner city of SCORE rather than a host city. The newly issued debt was therefore reflected as a general obligation bond in the City's Statement of Net Position rather than as a loan because the City of Des Moines pledged its full faith and credit for repayment of the City's allocable share of the new bonded debt.

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Over the past year, economic conditions continued to improve locally. However, currently the financial future of the City is subject to impacts from COVID-19. The City of Des Moines developed the 2020 Adopted Budget with the fundamental principal that ongoing (structural) revenues will pay for ongoing (structural) expenditures. As well as, meeting the requirement to have a minimum ending fund balance of 16.67% of ongoing expenditures to ensure there are adequate reserves for the General Fund.

The economic outlook for next year was looking favorable until a pneumonia of unknown cause was detected in China and first reported to the World Health Organization (WHO) on December 31, 2019. The outbreak was declared a public health emergency of international concern on January 30, 2020. On February 11, 2020, WHO announced a name for the new coronavirus: COVID-19. On February 29, 2020, Washington State Governor Inslee gave a statement regarding a death of a Washington state individual from COVID-19 and declared a state of emergency in response to new cases of COVID-19, directing state agencies to use all resources necessary to prepare for and respond to the outbreak. On March 3, 2020, the City of Des Moines declared an emergency due to the novel coronavirus disease 2019. On March 23, 2020, Washington State Governor Inslee announced a statewide order that required everyone in the state to stay home. This order was initially set for two weeks with possible extensions. The order provided precautionary measures to slow the spread of the virus. These measures include closing schools, colleges and universities, non-essential businesses, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The "Stay Home, Stay Healthy" order was similar to orders that other governors, in states such as California and New York, issued the previous week. This order is still in affect at the end of May 2020, with a four-phase plan to reopen Washington.

By late February, it became obvious that COVID-19 would have negative impacts on the United States (U.S.) and Washington economies. National employment fell by 20.5 million net jobs in April, reflecting the impacts of business closures and other measures related to the containment of COVID-19. The City of Des Moines is currently addressing the financial challenges because of these measures.

The City of Des Moines is anticipating an initial decrease in forecasted revenues in the range of 15% to 18%. It is important to note the uncertainties presented by the COVID-19 crisis:

- Unable to predict the length of COVID-19 event;
- Unable to determine the value of federal funding for the COVID-19 emergency response, relief and recovery; and
- Unable to quantify COVID-19 impacts to revenue sources, because of, extensions for property tax, sales tax and business & occupation tax payments.

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

- Freezing all vacant staff positions;
- Providing incentives for early separation with future savings;
- Reducing part-time staff for closed programs;
- Reassigning staff to allocate costs across funding sources, where appropriate;
- Temporary standby status for select staff;
- Holding discretionary spending;
- Redirecting one-time sales tax in the General Fund earmarked for capital improvements to the General Fund to cover 2020 expenditures; and
- Holding on capital projects while the City assesses the feasibility of the project based on criticality to infrastructure, funding source, time requirements for funding source, manpower requirements and existing contracts.

The City continues to use a conservative and sustainable approach in our financial planning. The City of Des Moines will utilize this crisis as an opportunity to review government essential functions going forward and make any organizational changes to support the "new normal" when it is accurately assessed.

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 11th Ave. S., Suite A, Des Moines, Washington, 98198.

BASIC FINANCIAL STATEMENTS

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 budget information, along with actual results, on separate statements for the general fund and each major special revenue fund. Departmental information is included for the general fund, in accordance with the city's legally adopted budget.

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.

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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 15,820,138	$ 3,599,204	$ 19,419,342
Restricted cash & cash equivalents:			
Customer deposits/vendor retainage	618,709	181,894	800,603
Unspent donations	86,857	-	86,857
Restricted for capital funding	425,000	-	425,000
Investments	16,333,141	6,611,793	22,944,935
Receivables (net of allowances):			
Interest	56,513	37,479	93,992
Taxes	1,884,952	-	1,884,952
Customer accounts	2,592,084	258,699	2,850,783
Grants	897,423	-	897,423
Special assessments	7,663	-	7,663
Internal balances	(189,661)	189,661	-
Prepaids	75,125	-	75,125
Inventories	16,051	50,391	66,442
Total current assets	38,623,995	10,929,122	49,553,117
Noncurrent assets:			
Restricted investments - debt reserve	-	281,000	281,000
Net pension asset	3,048,028	-	3,048,028
Investment in joint venture	1,465,438	-	1,465,438
Capital assets not being depreciated:			
Land	95,565,652	3,791,288	99,356,939
Construction in progress	12,402,783	1,821,935	14,224,719
Capital assets, net of accumulated depreciation:			
Buildings	6,877,158	1,776,241	8,653,399
Other improvements	7,216,930	7,764,575	14,981,505
Infrastructure	43,243,092	14,758,392	58,001,484
Equipment	2,832,983	122,334	2,955,317
Total noncurrent assets	172,652,064	30,315,765	202,967,829
Total assets	211,276,059	41,244,887	252,520,945
Deferred outflows of resources:			
Deferred outflows - loss on refunding	25,348	98,720	124,067
Deferred outflows - pensions	1,148,387	172,895	1,321,282
Total deferred outflows of resources	1,173,735	271,615	1,445,349
Liabilities			
Current liabilities:			
Accounts payable	2,089,180	373,921	2,463,101
Prepaid revenues	180,385	-	180,385
Payable from restricted assets	618,709	179,278	797,987
Accrued interest payable	15,272	14,257	29,529
Compensated absences - current	148,270	21,697	169,967
Loans - current	67,522	-	67,522
Bonds - current	347,142	607,723	954,865
Total current liabilities	3,466,480	1,196,877	4,663,357
Noncurrent liabilities:			
Compensated absences	1,541,570	198,866	1,740,436
Net pension liabilities	2,287,990	723,514	3,011,504
Total OPEB liabilities	2,185,619	-	2,185,619
Loans	361,898	-	361,898
Bonds	7,364,331	4,046,595	11,410,926
Total noncurrent liabilities	13,741,409	4,968,975	18,710,384
Total liabilities	17,207,889	6,165,852	23,373,741
Deferred Inflows of Resources			
Deferred revenues	14,206	-	14,206
Deferred inflow from debt refunding	507,489	-	507,489
Deferred pension inflows	2,493,991	303,980	2,797,971
Total deferred inflows of resources	3,015,686	303,980	3,319,666
Net Position			
Net investment in capital assets	161,822,341	25,661,447	187,483,788
Restricted for:			
Public safety	387,479	-	387,479
Transportation	13,126,256	-	13,126,256
Culture and recreation	86,857	-	86,857
General obligation debt	163,808	-	163,808
Unrestricted	16,639,477	9,385,222	26,024,699
Total net position	$ 192,226,218	$ 35,046,669	$ 227,272,888

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

Statement of Activities
For the Year Ended December 31, 2019

		Program Revenue			Net (Expenses) Revenue and Changes in Net Position Primary Government		
Functions/Programs	Expenses	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	$ 4,897,324	$ 4,118,851	$ 214,998	$ 651,412	$ 87,938	$ -	$ 87,938
Public safety	11,439,041	2,707,163	329,827	-	(8,402,050)	-	(8,402,050)
Transportation	5,610,219	3,816,031	-	4,358,114	2,563,927	-	2,563,927
Natural & economic environment	2,519,763	1,612,991	-	86,653	(820,119)	-	(820,119)
Social services	673,949	-	-	-	(673,949)	-	(673,949)
Culture and recreation	3,839,881	1,889,702	114,313	66,262	(1,769,605)	-	(1,769,605)
Interest on long-term debt	243,375	-	-	-	(243,375)	-	(243,375)
Total governmental activities	29,223,552	14,144,739	659,139	5,162,442	(9,257,232)	-	(9,257,232)
Business-type activities:							
Marina	3,409,059	4,355,247	-	16,263	-	962,452	962,452
Surface water management	3,151,742	4,126,083	-	1,388,440	-	2,362,781	2,362,781
Total business-type activities	6,560,800	8,481,330	-	1,404,703	-	3,325,233	3,325,233
Total primary government	$ 35,784,352	$ 22,626,069	$ 659,139	$ 6,567,145	(9,257,232)	3,325,233	(5,932,000)
			General revenues:				
			Taxes:				
			Property taxes		5,107,176	-	5,107,176
			Sales taxes		4,824,984	-	4,824,984
			B&O taxes		5,450,907	-	5,450,907
			Excise taxes		3,105,633	-	3,105,633
			Interest and investment earnings		778,784	233,116	1,011,900
			Gain on sale of capital assets		31,730	490	32,220
			Intergovernmental		618,477	-	618,477
			Miscellaneous revenue		(0)	19,160	19,160
			Transfers		265,637	(265,637)	-
			Total general revenues and transfers		20,183,328	(12,871)	20,170,457
			Change in net position		10,926,095	3,312,362	14,238,457
			Net position - beginning		180,863,721	31,734,307	212,598,028
			Prior period adjustment - Note 17		436,402	-	436,402
			Net position - ending		$ 192,226,218	$ 35,046,669	$ 227,272,888

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

Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Development Fund	Capital & Construction	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,113,378	$ 351,823	$ 8,273,934	$ 2,138,769	$ 12,877,905
Restricted cash:					
Customer deposits & retainage	243,064	136,679	236,276	-	616,019
Unspent donations	86,857	-	-	-	86,857
Restricted for capital funding	-	-	425,000	-	425,000
Investments	3,074,705	3,866,646	4,534,214	1,799,328	13,274,893
Receivables (net of allowance):					
Interest	17,031	11,806	12,769	7,324	48,929
Taxes	1,711,397	-	7,416	166,139	1,884,952
Customers	1,960,290	64,548	176,457	353,237	2,554,532
Grants	100,322	-	797,101	-	897,423
Special assessments & loans	7,663	-	-	-	7,663
Total assets	$ 9,314,707	$ 4,431,501	$ 14,463,167	$ 4,464,797	$ 32,674,173
LIABILITIES, DEFFERED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,298,417	$ 28,506	$ 606,996	$ 99,882	$ 2,033,800
Unearned revenue	180,385	-	-	-	180,385
Deposits & retainage payable	243,064	136,679	236,276	-	616,019
Interfund loan payable	-	-	125,000	-	125,000
Total liabilities	1,721,866	165,185	968,271	99,882	2,955,204
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	1,754,843	5,799	641,931	276,882	2,679,455
FUND BALANCES					
Restricted for:					
Public Safety	-	-	-	387,479	387,479
Transportation	-	-	10,216,875	2,909,382	13,126,256
Culture and recreation	86,857	-	-	-	86,857
General obligation debt	-	-	-	163,808	163,808
Committed for:					
General government	-	-	2,636,090	-	2,636,090
Natural & economic development	-	-	-	627,365	627,365
Assigned for:					
Natural & economic development	-	4,260,517	-	-	4,260,517
Unassigned	5,751,141	-	-	-	5,751,141
Total fund balances	5,837,998	4,260,517	12,852,964	4,088,034	27,039,513
Total liabilities, deferred inflows of resources, and fund balances	$ 9,314,707	$ 4,431,501	$ 14,463,167	$ 4,464,797	$ 32,674,173

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, 2019

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

Fund balances of governmental funds:		$ 27,039,513
Capital assets are not financial resources, and therefore not reported in the fund financial statements.		
Capital assets net of depreciation		168,138,598
Other non-current assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Net pension assets	$ 3,048,028	
Investment in joint venture	1,465,438	
Investments - adjustment for fair value	(46,583)	
		4,466,883
Deferred outflows of resources for pensions and loss on refunding are not available to pay for current period expenditures and, therefore, are not reported in governmental funds		1,173,735
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		(14,319,615)
Deferred inflows in governmental funds is susceptible to full accrual and therefore not reported in the Statement of Activities. Other expenses are suspectible to full accrual and are reported in the Statement of Activities but not in the governmental funds.		(336,231)
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.		6,063,335
Net position		$ 192,226,218

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, 2019

	General Fund	Development Fund	Capital & Construction	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 14,962,702	$ -	$ 1,965,266	$ 1,566,710	$ 18,494,678
Licenses and permits	1,351,022	791,260	-	542,564	2,684,847
Intergovernmental revenues	854,609	86,653	2,565,381	702,055	4,208,699
Charges for services	5,376,073	1,219,136	2,355,001	604,945	9,555,155
Fees and penalties	1,951,589	4,618	-	257,641	2,213,848
Miscellaneous	574,375	85,853	269,186	412,320	1,341,733
Total revenues	25,070,369	2,187,520	7,154,834	4,086,236	38,498,959
Expenditures					
Current:					
General government	6,584,775	-	-	13,576	6,598,351
Public safety	12,473,154	-	-	255,418	12,728,571
Transportation	324,511	952,839	2,460	2,121,041	3,400,850
Natural & economic environment	684,126	1,673,606	-	169,458	2,527,190
Social services	658,348	-	-	-	658,348
Culture and recreation	3,117,077	-	1,785	260,588	3,379,450
Capital outlay:					
Public safety	27,964	-	-	-	27,964
Transportation	-	-	6,329,182	-	6,329,182
Social services	17,826	-	-	-	17,826
Culture and recreation	38,193	-	2,255,933	-	2,294,126
Debt service:					
Principal	-	-	-	295,229	295,229
Interest and other charges	-	-	-	108,255	108,255
Total expenditures	23,925,972	2,626,444	8,589,360	3,223,565	38,365,342
Excess (deficiency) of revenues over (under) expenditures	1,144,397	(438,924)	(1,434,526)	862,670	133,617
Other Financing Sources (Uses)					
Transfers in	-	-	3,730,785	663,982	4,394,768
Insurance recovery	-	-	-	10,958	10,958
Transfers out	(1,475,028)	-	(265,656)	(2,482,472)	(4,223,157)
Total other financing sources and uses	(1,475,028)	-	3,465,129	(1,807,532)	182,568
Net change in fund balances	(330,631)	(438,924)	2,030,603	(944,862)	316,185
Fund balances - beginning	5,743,219	4,699,441	10,822,362	5,032,896	26,297,918
Prior period adjustment - Note 17	425,410	-	-	-	425,410
Fund balances - ending	$ 5,837,998	$ 4,260,517	$ 12,852,964	$ 4,088,034	$ 27,039,513

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, 2019

Amounts reported in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 316,185
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	$ 8,669,098	
Capital contributions	1,178,664	
Depreciation expense	(3,260,992)	
		6,586,770
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Decreases in deferred revenue	559,675	
Increase in intergovernmental revenue-pension special funding situation	145,441	
Increase in fair values of investments	14,812	
Increase in joint venture equity interest	1,123,593	
		1,843,522
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	263,122	
Decreases in governmental fund loans payable	67,059	
SCORE bond payment made by contracting entities	115,500	
Bonds issued	3,073,511	
Loans refunded	(3,581,000)	
Increase in deferred outflow related to debt refunding	507,489	
Decrease in deferred outflow related to amortization of loss on refunding	(2,816)	
		442,864
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	(204,104)	
Increases in governmental fund interest payable	(15,272)	
Increase in internal balances	(37,127)	
Decrease in pension expense	903,725	
		647,222
The net revenue of certain activities of internal service funds is reported on the statement of activities		1,089,533
Change in net position		$ 10,926,095

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, 2019

	Budgeted Amounts		Actual	Variance with
Revenues	Original	Final	Amounts	Final Budget
Taxes	$ 14,451,355	$ 14,849,885	$ 14,962,702	$ 112,817
Licenses and permits	1,447,500	1,440,500	1,351,022	(89,478)
Intergovernmental revenues	594,381	784,491	854,609	70,118
Charges for services	5,031,599	5,230,703	5,376,073	145,370
Fines and penalties	2,130,100	1,974,100	1,951,589	(22,511)
Miscellaneous	457,490	535,573	574,375	38,802
Total revenues	24,112,425	24,815,252	25,070,369	255,117
Expenditures				
Current:				
General government	6,723,310	7,023,203	6,584,775	(438,428)
Public safety	12,278,237	12,549,117	12,473,154	(75,963)
Transportation	268,492	271,515	324,511	52,996
Natural & economic environment	730,246	765,904	684,126	(81,778)
Social services	515,547	534,583	658,348	123,765
Culture and recreation	3,294,406	3,567,225	3,117,077	(450,148)
Capital outlay:				
Public safety	-	-	27,964	27,964
Social services	-	-	17,826	17,826
Culture and recreation	62,000	134,000	38,193	(95,807)
Total expenditures	23,872,238	24,845,547	23,925,972	(919,575)
Excess (deficiency) of revenues over (under) expenditures	240,187	(30,295)	1,144,397	1,174,692
Other Financing Sources (Uses)				
Transfers out	(909,439)	(1,212,974)	(1,475,028)	(262,054)
Total other financing sources and uses	(909,439)	(1,212,974)	(1,475,028)	(262,054)
Net change in fund balances	(669,252)	(1,243,269)	(330,631)	912,638
Fund balances - beginning	4,532,095	5,392,527	5,743,219	350,692
Prior period adjustment - Note 17	-	-	425,410	425,410
Fund balances - ending	$ 3,862,843	$ 4,149,258	$ 5,837,998	$ 1,688,740

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Licenses and permits	$ 1,448,300	$ 695,500	$ 791,260	$ 95,760
Intergovernmental revenues	76,330	72,122	86,653	14,531
Charges for services	1,375,712	1,122,387	1,219,136	96,749
Fines and penalties	1,000	1,000	4,618	3,618
Miscellaneous	5,400	42,400	85,853	43,453
Total revenues	2,906,742	1,933,409	2,187,520	254,111
Expenditures				
Current:				
Transportation	1,372,103	1,146,875	952,839	(194,036)
Natural & economic environment	1,743,849	1,675,504	1,673,606	(1,898)
Total expenditures	3,115,952	2,822,379	2,626,444	(195,935)
Excess (deficiency) of revenues over (under) expenditures	(209,210)	(888,970)	(438,924)	450,046
Net change in fund balances	(209,210)	(888,970)	(438,924)	450,046
Fund balances - beginning	1,868,569	2,869,893	4,699,441	1,829,548
Fund balances - ending	$ 1,659,359	$ 1,980,923	$ 4,260,517	$ 2,279,594

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

Statement of Net Position
Proprietary Funds
December 31, 2019

	Enterprise Funds			
	Marina	Surface Water Management	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 1,436,428	$ 2,162,776	$ 3,599,204	$ 2,942,233
Restricted cash equivalents:				
Customer deposits and retainage	170,133	11,761	181,894	2,690
Investments	2,508,470	4,103,323	6,611,793	3,104,831
Receivables (net of allowances):				
Interest	9,489	27,990	37,479	7,584
Customers	126,340	132,359	258,699	37,552
Interfund loan receivable	-	-	-	125,000
Prepaid expenses	-	-	-	75,125
Inventory	50,391	-	50,391	16,051
Total current assets	4,301,252	6,438,209	10,739,461	6,311,066
Noncurrent assets:				
Restricted investments - debt reserve	281,000	-	281,000	-
Capital assets not being depreciated				
Land	3,226,925	564,362	3,791,288	-
Construction work in progress	103,295	1,718,640	1,821,935	140,676
Capital assets net of accumulated depreciation:				
Buildings and structures	1,776,241	-	1,776,241	-
Other improvements	7,531,635	232,940	7,764,575	-
Infrastructure	-	14,758,392	14,758,392	-
Machinery and equipment	76,781	45,553	122,334	2,336,820
Total noncurrent assets	12,995,878	17,319,887	30,315,765	2,477,497
Total assets	17,297,130	23,758,097	41,055,226	8,788,562
Deferred Outflows of Resources				
Deferred loss on refunding	98,720	-	98,720	-
Deferred pension outflows	76,602	96,293	172,895	-
Total deferred outflows	175,322	96,293	271,615	-
Liabilities				
Current liabilities:				
Accounts payable	208,395	165,526	373,921	55,380
Deposits & retainage payable	167,518	11,761	179,278	2,690
Accrued interest payable	14,257	-	14,257	-
Compensated absences - current portion	12,108	9,589	21,697	996
Bonds - current portion (net premium)	607,723	-	607,723	-
Total current liabilities	1,010,002	186,875	1,196,877	59,066
Noncurrent liabilities:				
Compensated absences	109,997	88,869	198,866	22,112
Net pension liabilities	341,934	381,580	723,514	-
Bonds payable (net premium)	4,046,595	-	4,046,595	-
Total noncurrent liabilities	4,498,526	470,449	4,968,975	22,112
Total liabilities	5,508,527	657,325	6,165,852	81,178
Deferred Inflows of Resources				
Deferred pension inflows	130,667	173,313	303,980	-
Total deferred inflows	130,667	173,313	303,980	-
Net Position				
Investment in capital assets	8,341,559	17,319,887	25,661,447	2,477,497
Restricted - Debt reserve	281,000	-	281,000	-
Restricted - Capital improvements	850,000	-	850,000	-
Unrestricted	2,360,697	5,703,864	8,064,562	6,229,887
Total net position	$ 11,833,257	$ 23,023,752	$ 34,857,009	$ 8,707,384

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, 2019

	Enterprise Funds			
	Marina	Surface Water Management	Total	Internal Service Funds
Operating Revenues				
Charges for services	$ 1,322,952	$ 4,126,083	$ 5,449,034	$ 2,535,073
Moorage, rents and misc	3,032,296	-	3,032,296	-
Total operating revenues	4,355,247	4,126,083	8,481,330	2,535,073
Operating Expenses				
Depreciation	430,387	497,747	928,135	434,849
Salaries and wages	574,893	939,975	1,514,869	106,887
Personnel benefits	173,409	332,370	505,780	76,258
Supplies	1,127,718	87,118	1,214,836	328,909
Services	923,437	1,405,855	2,329,292	776,015
Total operating expenses	3,229,846	3,263,066	6,492,912	1,722,918
Operating income (loss)	1,125,401	863,017	1,988,418	812,155
Nonoperating Revenues (Expenses)				
Interest revenue	99,230	133,886	233,116	141,621
Gain (loss) on disposal of capital assets	-	490	490	31,730
Moorage - late fees	19,160	-	19,160	-
Insurance repair recovery	-	-	-	10,000
Interest expense	(257,549)	-	(257,549)	-
Total nonoperating revenues (expenses)	(139,158)	134,376	(4,783)	183,351
Income (loss) before contributions and transfers	986,243	997,392	1,983,635	995,506
Capital contributions	16,263	1,388,440	1,404,703	-
Transfers out	-	(279,000)	(279,000)	(93,000)
Transfers in	13,363	-	13,363	187,027
Change in net position	1,015,869	2,106,832	3,122,701	1,089,533
Total Net position - beginning	10,817,388	20,916,919	31,734,307	7,617,851
Total Net position - ending	$ 11,833,257	$ 23,023,752	$ 34,857,009	$ 8,707,384
Adjustment to reflect the consolidation of internal service funds related to enterprise funds	78,336	111,324	189,661	
Net position of business-type activities	$ 11,911,593	$ 23,135,076	$ 35,046,669	

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, 2019

	Enterprise Funds			
	Marina	Surface Water Management	Total	Internal Service Funds
Cash Flows From Operating Activities:				
Cash received from customers and users	$ 4,369,946	$ 4,110,564	$ 8,480,510	$ 2,502,679
Cash received from grantor	-	-	-	20,790
Cash payments to employees and retirees	(740,789)	(1,244,181)	(1,984,970)	(173,616)
Cash payments to suppliers	(2,016,511)	(1,496,598)	(3,513,108)	(1,101,600)
Net cash provided (used) by operating activities	1,612,646	1,369,786	2,982,432	1,248,252
Cash Flows From Noncapital Financing Activities				
Insurance repair recovery	-	-	-	10,000
Interfund loan	-	-	-	(125,000)
Proceeds from disposal of derelict vessels	16,263	-	16,263	-
Late fees and penalties received	19,160	-	19,160	-
Transfers In (Out)	13,363	(279,000)	(265,637)	94,027
Net cash provided (used) by noncapital financing activities	48,786	(279,000)	(230,214)	(20,973)
Cash Flows From Capital Financing Activities				
Proceeds from disposition of capital assets	-	2,625	2,625	31,355
Connection fees	-	147,696	147,696	-
Acquisition and construction of capital assets	(40,381)	(351,904)	(392,285)	(844,434)
Principal paid on debt	(591,829)	-	(591,829)	-
Interest paid on debt	(270,959)	-	(270,959)	-
Net cash provided (used) by capital financing activities	(903,169)	(201,583)	(1,104,752)	(813,079)
Cash Flows From Investing Activities				
Purchase of investments	(2,300,000)	(3,700,000)	(6,000,000)	(2,050,000)
Investment sales and income	1,098,714	1,407,426	2,506,140	1,003,962
Net cash provided (used) by investing activities	(1,201,286)	(2,292,574)	(3,493,860)	(1,046,038)
Net increase (decrease) in cash and cash equivalents	(443,023)	(1,403,371)	(1,846,394)	(631,838)
Cash and cash equivalents, January 1	2,049,585	3,577,908	5,627,493	3,576,761
Cash and cash equivalents, December 31	$ 1,606,561	$ 2,174,537	$ 3,781,098	$ 2,944,922
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,125,401	$ 863,017	$ 1,988,418	$ 812,155
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:				
Depreciation	430,387	497,747	928,135	434,849
(Increase) decrease in customer receivables	14,698	(15,518)	(820)	(32,395)
(Increase) decrease in grantor receivables	-	-	-	20,790
(Increase) decrease in deferred pension outflows	(4,043)	(15,741)	(19,784)	-
(Increase) decrease in inventory	(3,763)	-	(3,763)	(2,485)
(Increase) decrease in prepaid expenses	-	-	-	(23,000)
Increase (decrease) in accounts payable and deposits	65,847	30,834	96,681	28,809
Increase (decrease) in compensated absences	11,631	53,468	65,099	9,529
Increase (decrease) in pension obligation	(39,214)	(62,742)	(101,956)	-
Increase (decrease) in pension inflows	11,701	18,721	30,422	-
Total adjustments	487,244	506,769	994,014	436,097
Net cash provided (used) by operating activities	$ 1,612,646	$ 1,369,786	$ 2,982,432	$ 1,248,252
Non-cash activities:				
Capital contributions	-	1,240,744	1,240,744	-
Total non-cash activities	$ -	$ 1,240,744	$ 1,240,744	$ -

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

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December 31, 2019

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NOTES TO THE FINANCIAL STATEMENTS

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 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 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.

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 report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been eliminated from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, while business-type activities are generally supported through user fees and charges, governmental activities 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 direct expenses of given functions and activities of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements for a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

a. General Fund – This fund is used to account for all financial resources and transactions of the City not accounted for in another fund, as required. The General Fund is always considered a major fund.
b. Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. One special revenue fund is considered major: the development fund. This fund receives development revenue to ensure permit revenues paid at the beginning of the project are set aside to pay the costs to service projects over several years.
c. Debt Service Funds – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. No debt service funds are considered major funds and are reported within the "Other Governmental Funds".
d. Capital Projects Fund – This fund is used to account financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The capital and construction fund is considered a major fund. This fund accounts for major capital acquisition, and municipal facility, street and parks construction projects.

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.

a. Enterprise Funds – These funds are used to account for services to the general public where all or most of the costs, including depreciation, are to be financed or recovered from users of such

services. Two enterprise funds are considered major funds; the marina fund and the surface water management utility fund.

b. Internal Service Funds – These funds are used to account for the financing of goods and services provided to other funds, departments, or governments on a cost reimbursement basis. The City uses internal service funds to account for vehicle and equipment replacement and operations, computer replacement, facility repair, self-insurance and unemployment insurance.

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 CAFR.

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 CAFR 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 25th 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

	Original Budget	Revisions	Final Budget
General Fund and Major Special Revenue Funds:			
General Fund	$ 24,781,677	$ 1,276,844	$ 26,058,521
Development Fund	3,115,952	(293,573)	2,822,379
Total General Fund and Major Special Revenue Funds	27,897,629	983,271	28,880,900
Non-Major Special Revenue Funds:			
City Street	1,677,883	45,621	1,723,504
Pavement Program	926,000	(148,000)	778,000
Police Drug Seizure	1,000	-	1,000
Hotel/Motel	112,000	-	112,000
Redondo Zone	54,429	64,532	118,961
Waterfront Zone	110,729	-	110,729
PBPW Automation Fee	90,881	-	90,881
Abatement	200	-	200
Automated Speed Enforcement	482,000	(187,000)	295,000
Transportation Benefit District	931,328	(20,000)	911,328
Total Non-Major Special Revenue Funds	4,386,450	(244,847)	4,141,603
Total Budgeted Funds	$ 32,284,079	$ 738,424	$ 33,022,503

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, 2019, the Washington State Local Government Investment Pool (LGIP) was holding $17,289,914 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 were billed in 2016. As of December 31, 2019, $7,663 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:

Assets	Useful Lives
Land	
Building & Structure	10 - 50
Other improvements	10 - 50
Machinery & Equipment & 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, as well as issuance costs, 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.

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 of the City council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

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–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	$ 94,667,729
Construction in process	11,738,174
Building	7,100,478
Other improvements	6,831,830
Equipment (Includes Assets from Internal Service Funds)	2,461,400
Infrastructure	38,342,632
Current year spending in construction work in progress	8,634,472
Current year capital purchases	879,060
Current Year Donated Capital	1,178,664
Current year depreciation	(3,695,841)
Net adjustment to add to government-wide fund balance to arrive at *Net position-governmental activities*	$168,138,598

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	$ (1,476,207)
Net pension obligation	(2,979,362)
OPEB obligation	(2,280,578)
Bonds and loans payable	(9,094,063)
Current year principal payments & other reductions in liabilities	4,026,681
Current year accrued interest payable	(15,272)
Current year changes to compensated absences	(213,633)
Current year changes to pension obligation	691,372

Current year OPEB and other expenses recognized	94,959
Current year issuance of bond debt	(3,073,511)
Net adjustment to reduce government-wide fund balance to arrive at *Net position-governmental activities*	$ (14,319,614)

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:

Developer/private asset contributions	$1,178,664
Current year depreciation	(3,260,992)
Capital outlays	8,669,098
Net adjustment to increase net change in fund balances – governmental funds to arrive at change in net position governmental activities	**$6,586,770**

NOTE 3 – Stewardship, Compliance and Accountability

Budgetary Compliance

The City incurred expenditures in excess of budget, for the year ended December 31, 2019, for the following funds:

Fund Name	2019 Revised Budget	2019 Actual Expenditures	Variance
Waterfront Zone	$ 110,729	$ 154,254	$ (43,525)

The City has taken steps to monitor the budget to actual results to ensure expenditures are within legal appropriations.

NOTE 4 – Deposits and Investments

Deposits

As of December 31, 2019, the carrying amount of the City's cash demand deposits with Key Bank totaled $3,701,634 while the bank balance was $3,539,166 and the in-transit items were $162,467. In addition, the City holds $8,000 in petty cash and $17,289,914 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, 2019. 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 2019, the net increase in the fair value of investments being held for more than one year is $46,583 at year-end.

As of December 31, 2019, the City had the following investments:

Issuer	Fair Value	% of Total
Local Government Investment Pool (LGIP)	$ 17,289,914	42.7%
Total LGIP*	**17,289,914**	**42.7%**
Federal Home Loan Bank Corp. (FHLB)	4,519,790	11.2%
Federal Home Loan Mortgage Corp. (FHLMC)	3,513,015	8.7%
Residual Funding Corp Principal Strip	4,700,853	11.6%
United States Treasury Note/Bond	2,994,840	7.4%
Federal Farm Credit Banks Funding Corp	5,992,890	14.8%
United States Treasury STRIP Coupon	1,504,547	3.7%
Total Government Securities	**23,225,935**	**57.3%**
Grand Total	**$ 40,515,848**	**100.0%**

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

The city measures and reports investments at fair value using the valuation input hierarch 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.

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, 2019 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):

	Temporary Restrictions
Customer Deposits & Retainage	$ 800,603
Marina Debt Service Covenants	281,000
Restricted Capital Funding	425,000
Unspent Donations on Hand	86,857
Total	**$1,593,460**

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 10th day of the following month.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments is due.

May 31	Assessed value of property established for next year's levy at 100% of market value.
October 31	Second installment is due.

Property taxes are recorded as a receivable when levied, offset by deferred revenue. During the year property tax revenues are recognized when cash is collected and deferred property tax revenue is reduced. Prior year tax levies were recorded using the same principal. The reported balances include tax payments from the county received through December 31, 2019. Tax receipts received by the county in December but remitted to the City in January are not material and are included as part of the tax receivable amount reported. Delinquent taxes totaled $99,779 and since these funds are not available revenue recognition is deferred. Subsequent collections of delinquent amounts will be recorded in revenue in the period actually received.

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 2019, the City approved ordinance 1728 establishing the regular property tax levy for 2020 of $5,266,750 based on an assessed valuation of $4,645,333,100 using an estimated maximum rate of $1.134 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, 2019, 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, 2019 municipal court receivables were $4,609,392 of which $3,019,500 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 within the availability period):

Taxes	$ 108,504
Court fines	1,870,555
Customer charges	59,117
Accrued investment interest	27,146
Special assessments	7,663
Due from other governments	606,471
Total	$ 2,679,455

Note 6 - Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2019 was as follows:

Schedule of Capital Asset Activity

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 94,667,729	$ 897,923	$ -	$ 95,565,652
Construction in progress	11,738,174	8,634,472	(7,969,862)	12,402,784
Total capital assets not being depreciated	106,405,903	9,532,395	(7,969,862)	107,968,436
Capital assets, being depreciated				
Buildings & structures	11,637,247	-	-	11,637,247
Other improvements	18,649,381	1,223,733	-	19,873,114
Infrastructure	64,914,002	7,026,871	-	71,940,873
Machinery & equipment	7,424,201	879,060	(109,368)	8,193,893
Total depreciable capital assets	102,624,831	9,129,664	(109,368)	111,645,127
Less accumulated depreciation:				
Buildings & structures	(4,536,769)	(223,320)	-	(4,760,089)
Other improvements	(11,817,551)	(838,633)	-	(12,656,184)
Infrastructure	(26,571,370)	(2,126,412)	-	(28,697,782)
Machinery & equipment	(4,962,800)	(507,477)	109,368	(5,360,909)
Total accumulated depreciation	(47,888,490)	(3,695,842)	109,368	(51,474,964)
Governmental activities capital assets, net	$ 161,142,244	$ 14,966,217	$ (7,969,862)	$ 168,138,599

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 3,791,288	$ -	$ -	$ 3,791,288
Construction in progress	1,508,635	424,025	(110,726)	1,821,934
Total capital assets not being depreciated	5,299,923	424,025	(110,726)	5,613,222
Other capital assets:				
Buildings & structures	6,192,155	-	-	6,192,155
Other improvements	15,380,452	-	-	15,380,452
Infrastructure	23,919,379	1,351,470	-	25,270,849
Machinery & equipment	907,584	18,260	(14,235)	911,609
Total depreciable capital assets	46,399,570	1,369,730	(14,235)	47,755,065
Less accumulated depreciation:				
Buildings & structures	(4,298,173)	(117,741)	-	(4,415,914)
Other improvements	(7,307,996)	(307,880)	-	(7,615,876)
Infrastructure	(10,035,406)	(477,050)	-	(10,512,456)
Machinery & equipment	(775,912)	(25,463)	12,100	(789,275)
Total accumulated depreciation	(22,417,487)	(928,134)	12,100	(23,333,521)
Business activities capital assets, net	$ 29,282,006	$ 865,621	$ (112,861)	$ 30,034,766

Governmental Activities:				
Land	$ 94,667,729	$ 897,923	$ -	$ 95,565,652
Construction in progress	11,738,174	8,634,472	(7,969,862)	12,402,784
Capital assets, net of depreciation				
Buildings & structures	7,100,478	(223,320)	-	6,877,158
Other improvements	6,831,830	385,100	-	7,216,930
Infrastructure	38,342,632	4,900,459	-	43,243,091
Machinery and equipment	2,461,401	371,583	-	2,832,984
Total capital assets	$ 161,142,244	$ 14,966,217	$ (7,969,862)	$ 168,138,599
Business-Type Activities:				
Land	$ 3,791,288	$ -	$ -	$ 3,791,288
Construction in progress	1,508,635	424,025	(110,726)	1,821,934
Capital assets, net of depreciation				
Buildings & structures	1,893,982	(117,741)	-	1,776,241
Other improvements	8,072,456	(307,880)	-	7,764,576
Infrastructure	13,883,973	874,420	-	14,758,393
Machinery and equipment	131,672	(7,203)	(2,135)	122,334
Total depreciable capital assets	$ 29,282,006	$ 865,621	$ (112,861)	$ 30,034,766

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

DEPRECIATION EXPENSE BY FUNCTION:

Governmental Activities:	
General Government	$ 279,788
Public Safety	344,501
Transportation	2,382,210
Natural & Economic	47,265
Social Services	30,106
Culture & Recreation	611,971
Total	$ 3,695,841
Business-Type Activities:	
Marina	$ 430,387
Surface Water Utility	497,747
Total	$ 928,134

Note 7 - Construction & Other Contractual Commitments

The City of Des Moines has active construction projects as of December 31, 2019. 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:

Fund Type	Contract Commitment	Spent To Date	Remaining Commitments
General Fund	$ 48,642	$ 48,642	$ -
Special Revenue Funds	2,015,733	1,890,985	124,748
Capital Projects Fund	9,612,087	7,449,499	2,162,588
Proprietary Funds	1,444,052	941,734	502,318
Internal Service Funds	34,263	26,022	8,241
Total	$ 13,154,778	$ 10,356,882	$ 2,797,895

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 misdemeanant 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). Completed financial statements for SCORE and SCORE PDA can be obtained at SCORE, Attn: Finance Director, 20817 17th Avenue South, Des Moines, WA 98198.

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.

The following is a summary of the debt service requirements and the old refunded 2009 Capital Contributions for the 2009 Bonds as of December 31, 2018:

Summary of Debt Service Requirements										
Debt Service Schedule					Debt Service Allocation to Owner Cities					
			BABs		Auburn	Burien	Federal Way	Renton	SeaTac	Tukwila
Year	Principal	Interest	Subsidy	Total	31%	4%	18%	36%	3%	8%
2019	2,310,000	4,602,229	(1,478,317)	5,433,912	1,684,513	217,356	978,104	1,956,208	163,017	434,713
2020	2,385,000	4,484,854	(1,440,560)	5,429,294	1,683,081	217,172	977,273	1,954,546	162,879	434,344
2021	2,465,000	4,363,604	(1,401,577)	5,427,027	1,682,378	217,081	976,865	1,953,730	162,811	434,162
2022	2,590,000	4,233,250	(1,500,618)	5,322,632	1,650,016	212,905	958,074	1,916,148	159,679	425,811
2023-2027	14,485,000	18,727,798	(6,710,481)	26,502,317	8,215,718	1,060,093	4,770,417	9,540,834	795,070	2,120,185
2028-2032	17,725,000	13,590,870	(4,959,695)	26,356,175	8,170,414	1,054,247	4,744,112	9,488,223	790,685	2,108,494
2033-2037	21,855,000	7,082,263	(2,731,829)	26,205,434	8,123,685	1,048,217	4,716,978	9,433,956	786,163	2,096,435
2038-2039	10,115,000	676,321	(353,824)	10,437,497	3,235,624	417,500	1,878,749	3,757,499	313,125	835,000
Totals	$ 73,930,000	$ 57,761,189	$ (20,576,901)	$ 111,114,288	$ 34,445,429	$ 4,444,571	$ 20,000,572	$ 40,001,144	$ 3,333,429	$ 8,889,144

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, 2018 related to the old refunded 2009 Bonds:

South Correctional Entity (SCORE)				
Member City	Percent of Equity	2017 Equity Balance	2018 Apportionment	2018 Equity Balance
Auburn	29.00%	$ 3,147,747	$ 949,658	$ 4,097,405
Burien	4.00%	346,865	179,397	$ 526,262
Des Moines	2.00%	163,335	178,510	$ 341,845
Federal Way	24.00%	2,353,747	1,131,823	$ 3,485,570
Renton	29.00%	3,016,168	1,141,371	$ 4,157,539
SeaTac	5.00%	456,976	262,464	$ 719,440
Tukwila	7.00%	719,422	311,686	$ 1,031,108
Grand Totals	100.00%	$ 10,204,260	$ 4,154,909	$ 14,359,169

Subsequent Activities: Refunding of 2009 Bonds and Amendment and Restatement of Interlocal Agreement. 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 and the 2019 Capital Contributions for the 2019 Bonds:

Summary of Debt Service Requirements - Refunding Bonds, 2019 (Ref 2009A & 2009B)									
Debt Service Schedule				Debt Service Allocation to Owner Cities					
				Auburn	Burien	Des Moines	Renton	SeaTac	Tukwila
Year	Principal	Interest	Total	34.94%	4.82%	6.02%	40.96%	3.62%	9.64%
2020	1,825,000	2,083,180	3,908,180	1,365,518	188,374	235,272	1,600,791	141,476	376,749
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
2025-2029	11,895,000	7,653,500	19,548,500	6,830,246	942,238	1,176,820	8,007,066	707,656	1,884,475
2030-2034	15,090,000	4,460,600	19,550,600	6,830,980	942,339	1,176,946	8,007,926	707,732	1,884,678
2035-2038	14,430,000	1,206,850	15,636,850	5,463,515	753,696	941,338	6,404,854	566,054	1,507,392
Totals	$ 51,055,000	$ 23,229,330	$ 74,284,330	$ 25,954,944	$ 3,580,505	$ 4,471,916	$ 30,426,863	$ 2,689,093	$ 7,161,009

South Correctional Entity (SCORE)					
Member City	2018 Percent of Equity	2018 Equity Balance	2019 Percent of Equity	2019 Apportionment	2019 Equity Balance
Auburn	29.00%	$ 4,097,405	42.75%	$ 9,388,551	$ 13,485,956
Burien	4.00%	526,262	5.21%	1,116,489	$ 1,642,751
Des Moines	2.00%	341,845	4.65%	1,123,593	$ 1,465,438
Federal Way	24.00%	3,485,570	0.00%	(3,485,570)	$ -
Renton	29.00%	4,157,539	31.93%	5,913,244	$ 10,070,783
SeaTac	5.00%	719,440	7.59%	1,675,971	$ 2,395,411
Tukwila	7.00%	1,031,108	7.87%	1,450,471	$ 2,481,579
Grand Totals	100.00%	$ 14,359,169	100.00%	$ 17,182,749	$ 31,541,918

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

SCORE
ATTN: Finance Director
20817 17th Avenue South
Des Moines, WA 98198

Note 9 - Interfund Activity

Transfers between funds during the year ended December 31, 2019 are as follows:

		TRANSFERS TO (IN)					
	Fund Type	Non-Major Special Revenue Fund	Non-Major Debt Service	Major Capital & Construction Fund	Enterprise Fund	Internal Service Fund	Total
TRANSFERS FROM (OUT)	General Fund	$ -	$ 240,198	$ 1,063,785	$ -	$ 171,045	$ 1,475,028
	Non-Major Special Revenue Fund	187,472	-	280,000	-	-	467,472
	Non-Major Debt Service	-	-	2,015,000	-	-	2,015,000
	Major Capital & Construction Fund	-	236,312	-	13,363	15,982	265,656
	Enterprise Fund	-	-	279,000	-	-	279,000
	Internal Service Fund	-	-	93,000	-	-	93,000
	Total	$ 187,472	$ 476,510	$ 3,730,785	$ 13,363	$ 187,027	$ 4,595,157

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 of real estate excise taxes from the general construction fund to the marina fund to pay for part of the cost of tenant restroom improvements, to the debt service fund to pay debt service on qualified projects, and to the self-insurance fund to cover repair costs not covered by insurance.

Note 10 - Capital Lease

In 2013 the City entered into a lease agreement for a document management system. The system is included in net capital assets in governmental activities at cost of $17,821 less accumulated depreciation of $17,821.

The capital lease was paid in full in 2019 and there are no future minimum lease obligations.

Note 11 - Long-term Debt

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.

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

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.

The City of Des Moines issued $8,390,000 principal amount of Limited Tax General Obligation and Refunding Bonds on September 6, 2018. The $8,390,000 bond issue consists of the principal amount of New Money Bonds of $3,105,000 and the principal amount of Refunding Bonds of $5,285,000, plus an original bond issue premium of $651,091. The 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. The 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.

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.

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, the City went from a host City for the SCORE jail to an owner City. The impact on long-term debt is reflected in the table below. As a host City, the City's allocable share of SCORE debt was reflected as an intergovernmental loan. With the change to an owner City, the City's allocable

share of SCORE debt is reflected as intergovernmental bonds. Also mentioned in Note 8, there was a refinancing of outstanding SCORE debt at the same time the City changed from a host City to an owner City.

The following schedule summarizes the long-term liability activity for the year ended December 31, 2019:

CHANGES IN LONG-TERM LIABILITIES

Issue Name	Maturity Date	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES								
General Obligation Bonds								
2018 LTGO - New Money	12/1/2028	3.00% - 4.00%	$ 3,105,000	$ 3,105,000	$ -	$ (105,000)	$ 3,000,000	$ 110,000
2018 LTGO - Refunding	12/1/2028	3.00% - 4.00%	1,446,573	1,446,573	-	(123,171)	1,323,402	127,277
Premiums			-	349,512	-	(34,951)	314,561	-
Total 2018 LTGO - Refunding Net of Premium			4,551,573	4,901,085	-	(263,122)	4,637,963	237,277
Intergovernmental Bonds - Backed by the Full Faith and Credit of the City								
SCORE PDA 2019 Refunding Bonds - 2019 Revised ILA	12/1/2038	3.00%-5.00%	3,073,511	-	3,073,511	-	3,073,511	109,865
Total General Obligation Bonds			**7,625,084**	**4,901,085**	**3,073,511**	**(263,122)**	**7,711,474**	**347,142**
Governmental Loans								
Public Works Trust Fund Loans:								
2004 PWTF Loan - Pacific Hwy Construction	7/1/2024	0.50%	2,250,000	141,710	-	(23,618)	118,092	23,618
2009 PWTF Loan - Gateway Construction	7/1/2028	0.50%	1,000,000	318,627	-	(31,863)	286,764	31,863
2011 Wa State LOCAL - Energy Equipment	12/1/2021	2.46%	106,138	36,140	-	(11,578)	24,562	12,041
Total Public Works Trust Fund Loans			3,356,138	496,477	-	(67,059)	429,418	67,522
Other Governmental Loan:								
SCORE - Host City Interlocal Agreement	1/1/2039		4,311,750	3,696,500	-	(3,696,500)	-	-
Total Governmental Loans			**7,667,888**	**4,192,977**	**-**	**(3,763,559)**	**429,418**	**67,522**
Employee Leave Benefits:								
Compensated Absences			-	1,476,207	213,633	-	1,689,840	148,270
Net Pension Liability			-	2,979,362	-	(691,372)	2,287,990	-
Net OPEB Obligation*			-	2,280,578	-	(94,959)	2,185,619	-
Total Governmental Activities			**$ 15,292,972**	**$ 15,830,209**	**$ 3,287,144**	**$ (4,813,012)**	**$ 14,304,341**	**$ 562,934**
BUSINESS ACTIVITIES								
General Obligation Bonds								
2012 LTGO - Marina Refunding	12/1/2022	2.00% - 4.00%	$ 2,810,000	$ 1,115,000	$ -	$ (265,000)	$ 850,000	$ 270,000
Premiums			-	34,775	-	(13,475)	21,300	-
Total 2012 LTGO - Marina Refunding Net of Premium			**2,810,000**	**1,149,775**	**-**	**(278,475)**	**871,300**	**270,000**
2018 LTGO - Refunding	12/1/2028	3.00% - 4.00%	3,838,427	3,838,427	-	(326,829)	3,511,598	337,723
Premiums			-	301,579	-	(30,158)	271,421	-
Total 2018 LTGO - Refunding Net of Premium			**3,838,427**	**4,140,006**	**-**	**(356,987)**	**3,783,019**	**337,723**
Total General Obligation Bonds			**6,648,427**	**5,289,781**	**-**	**(635,462)**	**4,654,319**	**607,723**
Employee Leave Benefits:								
Compensated Absences			-	155,464	65,099	-	220,563	21,697
Net Pension Liability			-	825,470	-	(101,956)	723,514	-
Total Business Activities			**$ 6,648,427**	**$ 6,270,715**	**$ 65,099**	**$ (737,418)**	**$ 5,598,396**	**$ 629,420**
Total All Funds			**$ 21,941,399**	**$ 22,100,924**	**$ 3,352,243**	**$ (5,550,430)**	**$ 19,902,737**	**$ 1,192,354**

The following schedule reflects total annual debt service requirements to maturity:

YEAR ENDING DECEMBER 31	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES		Total Long-Term Debt	
	General Obligation Bonds		General Obligation Loans, Notes & Leases		General Obligation Bonds			
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	$ 347,142	$ 295,971	$ 67,522	$ 2,542	$ 607,723	$ 171,088	$ 1,022,387	$ 469,601
2021	355,782	288,042	68,003	1,901	629,986	150,156	1,053,771	440,099
2022	365,771	273,810	55,481	1,115	654,512	124,956	1,075,764	399,881
2023	379,392	259,180	55,481	956	370,406	98,776	805,279	358,912
2024	396,050	244,004	55,481	797	388,564	83,960	840,095	328,761
2025-2029	2,075,674	954,888	127,452	1,593	1,710,405	174,456	3,913,531	1,130,937
2030-2034	1,778,418	541,928	-	-	-	-	1,778,418	541,928
2035-2039	1,698,686	157,252	-	-	-	-	1,698,686	157,252
2039-2043	-	-	-	-	-	-	-	-
TOTAL	$ 7,396,915	$ 3,015,075	$ 429,420	$ 8,904	$ 4,361,596	$ 803,392	$ 12,187,931	$ 3,827,371

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, 2019.

NOTE 12 - 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 163 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 $16 million in limits above the self-insured layer is provided by reinsurance. Total limits are $20 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 $300 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.

There have been no claims in excess of insurance coverage for the last four years.

Worker's Compensation

Title 51 RCW requires the City to ensure payment of benefits for job-related injuries and diseases through the Workers' Compensation Fund or through self-insurance. The City became self-insured for workers' compensation in 2004. All City departments contribute 0.25% of its annual payroll into the Unemployment Insurance Fund to cover future claims. At December 31, 2019 fund equity was $538,915.

	Self-Insurance		Unemployment Insurance	
	2019	2018	2019	2018
Claims liabilities at beginning of year	$ 22,904	$ 14,807	$ (2,551)	$ -
Claims expenses:				
Current year changes in estimates	(14,691)	-	14,981	10,145
Claims payments	(4,700)	8,097	(11,564)	(12,696)
Claims liabilities at end of year	$ 3,513	$ 22,904	$ 866	$ (2,551)

Note 13 - Pension Plans

The following table represents the aggregate pension amounts for all plans for the year 2019:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ (3,011,507)
Pension assets	$ 3,048,027
Deferred outflows of resources	$ 1,305,421
Deferred inflows of resources	$ (2,797,971)
Pension expense/expenditures	$ 410,807

State Sponsored Pension Plans

Substantially all City 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.

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 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
January – June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	**12.83%**	**6.00%**
June – December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	**12.86%**	**6.00%**

* 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 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.83%**	**7.41%**
July – December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.86%**	**7.90%**

* For employees participating in JBM, the contribution rate was 18.53% to 19.75%.

The City's actual PERS plan contributions were $419,262 to PERS Plan 1 and $605,939 to PERS Plan 2/3 for the year ended December 31, 2019.

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 2019 were as follows:

PSERS Plan 2		
Actual Contribution Rates	**Employer**	**Employee**
January – June 2019		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	**12.38%**	**7.07%**
September – December 2018		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	**12.14%**	**7.20%**

The City's actual plan contributions were $10,838 to PSERS Plan 2 and $7,914 to PERS Plan 1 for the year ended December 31, 2019.

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 2019. 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% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	**Employer**	**Employee**
January – June 2019		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	**5.43%**	**8.75%**
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	**8.93%**	**8.75%**

July – December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	**5.33%**	**8.59%**
Ports and Universities	8.59%	
Administrative Fee	0.18%	
Total	**8.77%**	**8.59%**

The City's actual contributions to the plan were $222,093 for the year ended December 31, 2019.

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, 2019, the state contributed $72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is $145,441.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, 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 based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. 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 modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of $62.50 per month.

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 included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these 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 and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, 2019, 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	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%

	100.00%	

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	$ 2,868,899	$ 2,290,870	$ 1,789,354
PERS 2/3	$ 5,527,001	$ 720,637	$ (3,223,302)
PSERS 2	$ 373,619	$ (36,190)	$ (358,129)
LEOFF 1	$ (206,940)	$ (252,967)	$ (292,706)
LEOFF 2	$ (518,907)	$ (2,790,688)	$ (4,644,982)

* See Note 4.C of the DRS Participating Employer Financial Information report for the year ended June 30. Multiply the total net pension liability amounts for each applicable plan by your proportionate share for that plan.

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, 2019, the City reported a total pension liability of $3,011,507 and total pension asset of ($3,048,027) for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 2,290,870
PERS 2/3	$ 720,637
PSERS 2	$ (4,372)
LEOFF 1	$ (252,967)
LEOFF 2	$ (2,790,688)

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	$ (252,967)	$ (2,790,688)
State's proportionate share of the net pension asset associated with the employer	$ (1,711,060)	$ (1,827,527)
TOTAL	$ (1,964,027)	$ (4,618,215)

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

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.057841%	0.059575%	0.001734%
PERS 2/3	0.071530%	0.074190%	0.002660%
PSERS 2	0.026170%	0.033623%	0.007453%
LEOFF 1	0.012574%	0.012798%	0.000224%
LEOFF 2	0.115583%	0.120460%	0.004877%

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 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, 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 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense as follows:

	Pension Expense
PERS 1	$ 182,917
PERS 2/3	$ 153,182

PSERS 2	$ 7,802
LEOFF 1	$ (16,994)
LEOFF 2	$ 83,899
TOTAL	$ 410,807

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, 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		$ (153,049)
Contributions subsequent to the measurement date	$ 215,621	
TOTAL	$ 215,621	$ (153,049)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 206,464	$ (154,933)
Net difference between projected and actual investment earnings on pension plan investments		$ (1,048,954)
Changes of assumptions	$ 18,453	$ (302,355)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 107,101	$ (62,124)
Contributions subsequent to the measurement date	$ 339,150	
TOTAL	$ 671,168	$ (1,568,367)

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,692	$ (387)
Net difference between projected and actual investment earnings on pension plan investments		$ (7,593)
Changes of assumptions	$ 35	$ (2,350)

Changes in proportion and differences between contributions and proportionate share of contributions	$ 6,235	
Contributions subsequent to the measurement date	$ 5,175	
TOTAL	$ 15,138	$ (10,329)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments		$ (26,225)
TOTAL		$ (26,225)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 200,815	$ (50,184)
Net difference between projected and actual investment earnings on pension plan investments		$ (572,178)
Changes of assumptions	$ 4,597	$ (314,042)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 86,938	$ (103,597)
Contributions subsequent to the measurement date	$ 111,144	
TOTAL	$ 403,495	$ (1,040,001)

All Pension Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 410,972	$ (205,504)
Net difference between projected and actual investment earnings on pension plan investments		$ (1,808,000)
Changes of assumptions	$ 23,086	$ (618,747)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 200,274	$ (165,721)
Contributions subsequent to the measurement date	$ 671,090	
TOTAL	$ 1,305,421	$ (2,797,971)

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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2 and 3	PSERS	LEOFF 1	LEOFF 2	TOTAL PLANS
2020	$ (33,786)	$ (320,275)	$ (665)	$ (6,091)	$ (145,072)	$ (505,890)
2021	$ (80,031)	$ (533,652)	$ (1,859)	$ (13,426)	$ (285,180)	$ (914,147)
2022	$ (28,560)	$ (234,048)	$ (930)	$ (4,872)	$ (134,157)	$ (402,566)
2023	$ (10,673)	$ (123,073)	$ (215)	$ (1,836)	$ (73,477)	$ (209,273)
2024		$ (45,012)	$ 487		$ (27,631)	$ (72,155)
Thereafter		$ 19,712	$ 2,814		$ (82,133)	$ (59,608)
TOTAL	$ (153,049)	$ (1,236,349)	$ (367)	$ (26,225)	$ (747,650)	$ (2,163,640)

Note 14 – Other Post-Employment Benefits

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for fiscal year 2018 financial reporting.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2019:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	$ 2,185,619
OPEB assets	
Deferred outflows of resources	$ 15,862
Deferred inflows of resources	
OPEB expenses/expenditures	$ (24,391)

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, 2019, 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, 2019 through October 31, 2020, 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)	$ 1,944,001	$ 2,185,619	$ 2,467,384

b. The following presents the total OPEB liability of the City calculated using the discount rate of 3.87% at the beginning of the measurement year and 3.50% at the end of the measurement year, as well as what the OPEB liability would be if it were calculated using a discount are 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	$ 2,486,659	$ 2,185,619	$ 1,933,733

Changes in the Total OPEB Liability

Total OPEB Liability at 1/1/2019	$ 2,280,578
Interest	86,906
Differences between expected and actual experience	(111,297)
Benefit payments	(70,568)
Total OPEB Liability at 12/31/2019	$ 2,185,619

At December 31, 2019, 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	$ 15,862	$
TOTAL	$ 15,862	$

The City used the alternative measurement method permitted under GASB Statement No. 75. GASB Statements 74 and 75 are replaced GASB Statements 43 and 45. The changes were similar to the recent changes made with GASB Statements 67 and 68 for pension plan financial reporting and accounting. The new statements required more extensive disclosures and required supplementary information. Most of GASB 74 does not apply to the OPEB offered through PEBB as these benefit are not pre-funded through a qualifying trust. GASB 75 was effective for employer fiscal years beginning June 15, 2017, and required employers to disclose key plan measures relative to their plan members, including the total OPEB liability and OPEB expense. GASB 75 requires the use of the Entry Age Normal (EAN) cost method.

Note 15 – Health and Welfare

The City of Des 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, 2019, 261 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. 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 2019, 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 16 - 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.

The City entered into a memorandum of understanding in August 2017 with Forterra, a Washington non-profit corporation to secure immediate funding for property located at 402 S. 222nd in Des Moines with important open space, viewshed, scenic, recreational and community values that are of great importance to the people of

the City of Des Moines. The purchase price of the property was $1,190,000 which was paid by Forterra. The City had the option of purchasing this property from Forterra on or before December 31, 2020. In May 2019, the City of Des Moines exercised the option to purchase the property from Forterra. The City received a grant from King County Conservation Futures, in the amount of $594,000, for the acquisition. The purchase was completed in August 2019 for a total cost of $1,305,689.

Note 17 – Prior Period Adjustments

The financial statements reflect the following prior period adjustments made:

Explanation	Governmental Activities
Prior period adjustment to accrue February 2019 sales tax activity back to 2018, the period during which the transactions occurred. This adjustment is reflected on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, as well as the government-wide Statement of Activities for Governmental Activities.	$ 425,410
Prior period adjustment to correct for a prior year adjustment to investment fair value that should have been reversed but was not.	16,652
Prior period adjustment for the correction of year-end pension related deferred outflows.	(5,660)
Total Prior Period Adjustments	**$ 436,402**

Note 18 – Subsequent Events

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

As mentioned in the Management Discussion and Analysis, the City of Des Moines is currently addressing the financial challenges because of these measures. The City of Des Moines is anticipating an initial decrease in forecasted revenues in the range of 15% to 18%. In responding to the financial challenges from COVID-19, the City is taking the following actions:

- Freezing all vacant staff positions;
- Providing incentives for early separation with future savings;
- Reducing part-time staff for closed programs;
- Reassigning staff to allocate costs across funding sources, where appropriate;
- Temporary furloughs (standby) for select staff;
- Holding discretionary spending;
- Redirecting one-time sales tax in the General Fund earmarked for capital improvements to the General Fund to cover 2020 expenditures; and

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

The City continues to use a conservative and sustainable approach in our financial planning. The City of Des Moines will utilize this crisis as an opportunity to review government essential functions going forward and make any organizational changes to support the "new normal" when it reveals itself.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF 1 OPEB Plan
For the year ended December 31, 2019
Last 2 Fiscal Years*

	2019	2018
Total OPEB liability - beginning	$ 2,280,578	$ 2,362,371
Service cost	-	-
Interest	86,906	82,810
Changes in benefit terms	-	-
Differences between expected and actual experience	(111,297)	(65,262)
Changes of assumptions	-	-
Benefit payments	(70,568)	(99,341)
Other changes	-	-
Total OPEB liability - ending	$ 2,185,619	$ 2,280,578
Covered payroll**	-	-
Total OPEB liability as a % of covered payroll	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 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, 2019
Last 6 Fiscal Years *

PERS 1 PLAN	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.059575%	0.057841%	0.055789%	0.058525%	0.060047%	0.059429%
Employer's proportionate share of the net pension liability (asset)	$ 2,290,870	$ 2,583,199	$ 2,647,232	$ 3,143,068	$ 3,141,017	$ 2,993,764
Employer's covered payroll	$ 8,279,741	$ 7,530,347	$ 7,021,598	$ 6,920,926	$ 6,731,306	$ 6,356,187
Employer's proportionate share of the net pension liability as a percentage of covered payroll	27.67%	34.30%	37.70%	45.41%	46.66%	47.10%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%

PERS 2/3 PLAN	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.074190%	0.071530%	0.070475%	0.072818%	0.074473%	0.071121%
Employer's proportionate share of the net pension liability (asset)	$ 720,637	$ 1,221,311	$ 2,448,669	$ 3,666,329	$ 2,660,963	$ 1,437,612
Employer's covered payroll	$ 8,065,565	$ 7,472,150	$ 6,964,752	$ 6,843,135	$ 6,608,499	$ 6,146,411
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.93%	16.34%	35.16%	53.58%	40.27%	23.39%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%

PSERS 2 PLAN	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.033623%	0.026170%	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability (asset)	$ (4,372)	$ 324	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 154,958	$ 102,541	$ -	$ -	$ -	$ -
Employer's proportionate share of the net pension liability as a percentage of covered payroll	2.82%	0.32%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	101.85%	99.79%	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2019
Last 6 Fiscal Years *

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

LEOFF 2 PLAN	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.120460%	0.115583%	0.123689%	0.117320%	0.012137%	0.012205%
Employer's proportionate share of the net pension liability (asset)	$ (2,790,688)	$ (2,346,587)	$ (1,716,402)	$ (682,368)	$ (1,249,137)	$ (1,699,040)
State's proportionate share of the net pension liability (asset) associated with the employer	$ (1,757,034)	$ (1,502,712)	$ (1,112,208)	$ (444,855)	$ (825,926)	$ (1,092,391)
TOTAL	$ (4,547,722)	$ (3,849,299)	$ (2,828,610)	$ (1,127,223)	$ (2,075,063)	$ (2,791,431)
Employer's covered payroll	$ 4,230,353	$ 3,829,585	$ 3,875,240	$ 3,659,657	$ 3,527,418	$ 3,480,180
Employer's proportionate share of the net pension liability as a percentage of covered payroll	107.50%	100.51%	72.99%	30.80%	58.83%	80.21%
Plan fiduciary net position as a percentage of the total pension liability (asset)	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

** The City implemented GASB Statement No. 68 in fiscal year 2014. Information is not available for prior years. The schedule will be built prospecitively until it contains ten years of data.*

Notes to Schedule:
Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 13.

Contribution and covered payroll on this schedule is based on the plan fiscal year - July 1st through June 30th.

LEOFF 1 plan is closed and has no further covered payroll.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Employer Contributions
As of December 31, 2019
Last 6 Fiscal Years *

PERS 1 PLAN	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 434,067	$ 411,642	$ 362,284	$ 333,338	$ 382,894	$ 189,440
Contributions made in relation to the statutorily or contractually required contributions	$ (434,067)	$ (411,642)	$ (362,284)	$ (333,338)	$ (382,894)	$ (189,440)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	$ 8,636,017	$ 7,890,571	$ 7,021,598	$ 6,920,926	$ 6,731,306	$ 6,356,187
Contributions as a percentage of covered payroll	5.03%	5.22%	5.16%	4.82%	5.69%	2.98%

PERS 2/3 PLAN	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 647,731	$ 587,403	$ 495,582	$ 427,454	$ 382,894	$ 189,440
Contributions made in relation to the statutorily or contractually required contributions	$ (647,731)	$ (587,403)	$ (495,582)	$ (427,454)	$ (382,894)	$ (189,440)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	$ 8,422,223	$ 7,831,815	$ 6,964,752	$ 6,843,135	$ 6,608,499	$ 6,146,411
Contributions as a percentage of covered payroll	7.69%	7.50%	7.12%	6.25%	5.79%	3.08%

PSERS 2 PLAN	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 10,913	$ 10,357	$ -	$ -	$ -	$ -
Contributions made in relation to the statutorily or contractually required contributions	$ (10,913)	$ (10,357)	$ -	$ -	$ -	$ -
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	$ 153,281	$ 151,163	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	7.12%	6.85%	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Employer Contributions
As of December 31, 2019
Last 6 Fiscal Years *

LEOFF 1 PLAN	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ -	$ -	$ -	$ -	$ -	$ -
Contributions made in relation to the statutorily or contractually required contributions	$ -	$ -	$ -	$ -	$ -	$ -
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

LEOFF 2 PLAN	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 231,664	$ 211,537	$ 195,699	$ 184,816	$ 177,745	$ 91,113
Contributions made in relation to the statutorily or contractually required contributions	$ (231,664)	$ (211,537)	$ (195,699)	$ (184,816)	$ (177,745)	$ (91,113)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	$ 4,449,300	$ 4,029,279	$ 3,960,122	$ 3,659,665	$ 3,519,706	$ 3,519,072
Contributions as a percentage of covered payroll	5.21%	5.25%	4.94%	5.05%	5.05%	2.59%

* The City implemented GASB Statement No. 68 in fiscal year 2014. Information is not available for prior years. The schedule will be build prospectively until it contains ten years of data.

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 1,974,667	$ 164,102	$ 2,138,769
Investments	1,799,328	-	1,799,328
Receivables (net of allowances):			
Interest	7,324	-	7,324
Taxes	166,139	-	166,139
Customers	353,237	-	353,237
Total assets	$ 4,300,695	$ 164,102	$ 4,464,797
Liabilities			
Accounts payable	$ 99,585	$ 294	$ 99,879
Due to other governments	3	-	3
Total liabilities	99,587	294	99,882
Deferred Inflows of Resources			
Unavailable revenue	276,882	-	276,882
Total deferred inflows of resources	276,882	-	276,882
Fund Balances			
Restricted			
Public safety	387,479	-	387,479
Transportation	2,909,382	-	2,909,382
General obligation debt	-	163,808	163,808
Committed			
Natural & economic environment	627,365	-	627,365
Total fund balances	3,924,226	163,808	4,088,034
Total liabilities, fund balances, and deferred inflows of resources	$ 4,300,695	$ 164,102	$ 4,464,797

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 1,566,710	$ -	$ 1,566,710
Licenses and permits	542,564	-	542,564
Intergovernmental revenues	702,055	-	702,055
Charges for services	604,945	-	604,945
Fines and penalties	257,641	-	257,641
Miscellaneous	374,554	37,767	412,320
Total revenues	4,048,469	37,767	4,086,236
Expenditures			
Current:			
General government	-	13,576	13,576
Public safety	255,418	-	255,418
Transportation	2,121,041	-	2,121,041
Natural and economic environment	169,458	-	169,458
Culture and recreation	260,588	-	260,588
Debt service:			
Principal	-	295,229	295,229
Interest and other charges	-	108,255	108,255
Total expenditures	2,806,505	417,060	3,223,565
Excess (deficiency) of revenues over (under) expenditures	1,241,964	(379,294)	862,670
Other Financing Sources (Uses)			
Transfers in	187,472	476,510	663,982
Insurance recovery	10,958	-	10,958
Transfers out	(467,472)	(2,015,000)	(2,482,472)
Total other financing sources and uses	(269,042)	(1,538,490)	(1,807,532)
Net change in fund balances	972,922	(1,917,784)	(944,862)
Fund balances - beginning	2,951,304	2,081,592	5,032,896
Fund balances - ending	$ 3,924,226	$ 163,808	$ 4,088,034

Description of Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are restricted or commited 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 ten nonmajor special revenue funds

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

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 promotion.

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, 2019

	City Street	Pavement Program	Police Drug Seizure	Hotel/ Motel	Redondo Zone
Assets					
Cash and cash equivalents	$ 527,813	$ 586,595	$ 22,538	$ 72,210	$ 24,218
Investments	300,000	1,199,475	-	-	-
Receivables (net of allowances):					
Interest	189	6,009	-	-	-
Taxes	90,089	-	-	6,203	-
Customers	-	77,293	-	-	1,314
Total assets	$ 918,091	$ 1,869,372	$ 22,538	$ 78,412	$ 25,532
Liabilities					
Accounts payable	$ 70,510	$ -	$ 70	$ 3,923	$ 1,254
Due to other governments	-	-	-	-	-
Total liabilities	70,510	-	70	3,923	1,254
Deferred Inflows of Resources					
Unavailable revenue	189	-	-	-	937
Total deferred inflows of resources	189	-	-	-	937
Fund Balances					
Restricted:					
Public Safety	-	-	22,468	-	-
Transportation	847,392	1,869,372	-	-	-
Committed:					
Natural & economic environment	-	-	-	74,489	23,341
Total fund balances	847,392	1,869,372	22,468	74,489	23,341
Total liabilities, deferred inflows of resources, and fund balances	$ 918,091	$ 1,869,372	$ 22,538	$ 78,412	$ 25,532

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	Waterfront Zone	PBPW Automation Fee	Abatement	Automated Speed Enforcement	Transportation Benefit District	Total
Assets						
Cash and cash equivalents	$ 115,718	$ 169,978	$ 48,351	$ 284,476	$ 122,769	$ 1,974,667
Investments	-	199,853	-	100,000	-	1,799,328
Receivables (net of allowances):						
Interest	-	938	-	189	-	7,324
Taxes	-	-	-	-	69,848	166,139
Customers	4,050	-	1,104	269,476	-	353,237
Total assets	$ 119,768	$ 370,769	$ 49,455	$ 654,141	$ 192,617	$ 4,300,695
Liabilities						
Accounts payable	$ 4,287	$ -	$ 77	$ 19,466	$ -	$ 99,585
Due to other governments	3	-	-	-	-	3
Total liabilities	4,289	-	77	19,466	-	99,587
Deferred Inflows of Resources						
Unavailable revenue	4,050	938	1,104	269,665	-	276,882
Total deferred inflows of resources	4,050	938	1,104	269,665	-	276,882
Fund Balances						
Restricted:						
Public Safety	-	-	-	365,011	-	387,479
Transportation	-	-	-	-	192,617	2,909,382
Committed:						
Natural & economic environment	111,429	369,831	48,275	-	-	627,365
Total fund balances	111,429	369,831	48,275	365,011	192,617	3,924,226
Total liabilities, deferred inflows of resources, and fund balances	$ 119,768	$ 370,769	$ 49,455	$ 654,141	$ 192,617	$ 4,300,695

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

	City Street	Pavement Program	Police Drug Seizure	Hotel/ Motel	Redondo Zone
Revenues					
Taxes	$ 534,435	$ -	$ -	$ 104,807	$ -
Licenses and permits	-	542,564	-	-	-
Intergovernmental revenues	702,055	-	-	-	-
Charges for services	438,750	-	-	26,080	-
Fines and penalties	-	-	-	-	1,480
Miscellaneous	22,500	31,952	428	804	89,588
Total revenues	1,697,740	574,516	428	131,691	91,068
Expenditures					
Current:					
Public safety	-	-	-	-	-
Transportation	1,614,538	49,675	-	-	-
Natural and economic environment	-	-	-	78,577	-
Culture and recreation	-	-	-	-	106,334
Total expenditures	1,614,538	49,675	-	78,577	106,334
Excess (deficiency) of revenues over (under) expenditures	83,202	524,841	428	53,114	(15,266)
Other Financing Sources (Uses)					
Transfers in	15,472	172,000	-	-	-
Insurance recovery	589	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	16,062	172,000	-	-	-
Net change in fund balances	99,264	696,841	428	53,114	(15,266)
Fund balances - beginning	748,129	1,172,531	22,040	21,375	38,607
Fund balances - ending	$ 847,392	$ 1,869,372	$ 22,468	$ 74,489	$ 23,341

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

	Waterfront Zone	PBPW Automation Fee	Abatement	Automated Speed Enforcement	Transportation Benefit District	Total
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ 927,468	$ 1,566,710
Licenses and permits	-	-	-	-	-	542,564
Intergovernmental revenues	-	-	-	-	-	702,055
Charges for services	-	139,840	275	-	-	604,945
Fines and penalties	1,396	-	27	254,738	-	257,641
Miscellaneous	203,329	5,897	5,666	10,645	3,745	374,554
Total revenues	204,725	145,737	5,968	265,383	931,212	4,048,469
Expenditures						
Current:						
Public safety	-	-	-	255,418	-	255,418
Transportation	-	-	-	-	456,828	2,121,041
Natural and economic environment	-	90,881	-	-	-	169,458
Culture and recreation	154,254	-	-	-	-	260,588
Total expenditures	154,254	90,881	-	255,418	456,828	2,806,505
Excess (deficiency) of revenues over (under) expenditures	50,471	54,856	5,968	9,966	474,384	1,241,964
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	187,472
Insurance recovery	10,368	-	-	-	-	10,958
Transfers out	-	-	-	(15,472)	(452,000)	(467,472)
Total other financing sources and uses	10,368	-	-	(15,472)	(452,000)	(269,042)
Net change in fund balances	60,840	54,856	5,968	(5,507)	22,384	972,922
Fund balances - beginning	50,589	314,976	42,307	370,517	170,233	2,951,304
Fund balances - ending	$ 111,429	$ 369,831	$ 48,275	$ 365,011	$ 192,617	$ 3,924,226

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

City Street	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 467,735	$ 467,735	$ 534,435	$ 66,700
Intergovernmental revenues	725,873	725,873	702,055	(23,818)
Charges for services	440,000	440,000	438,750	(1,250)
Miscellaneous	5,000	10,000	22,500	12,500
Total revenues	1,638,608	1,643,608	1,697,740	54,132
Expenditures				
Current:				
Transportation	1,677,883	1,723,504	1,614,538	(108,966)
Total expenditures	1,677,883	1,723,504	1,614,538	(108,966)
Other Financing Sources (Uses)				
Transfers in	45,000	48,000	15,472	(32,528)
Insurance recovery	-	-	589	589
Total financing sources/(uses)	45,000	48,000	16,062	(31,938)
Excess (deficiency) of revenues over (under) expenditures	5,725	(31,896)	99,264	131,160
Fund balances - beginning	771,356	748,129	748,129	-
Fund balances - ending	$ 777,081	$ 716,233	$ 847,392	$ 131,160

Pavement Program	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Licenses and permits	$ 605,800	$ 605,800	$ 542,564	$ (63,236)
Miscellaneous	6,000	20,000	31,952	11,952
Total revenues	611,800	625,800	574,516	(51,284)
Expenditures				
Current:				
Transportation	926,000	778,000	49,675	(728,325)
Total expenditures	926,000	778,000	49,675	(728,325)
Other Financing Sources (Uses)				
Transfers in	472,000	172,000	172,000	-
Total financing sources/(uses)	472,000	172,000	172,000	-
Excess (deficiency) of revenues over (under) expenditures	157,800	19,800	696,841	677,041
Fund balances - beginning	1,005,361	1,107,771	1,172,531	64,760
Fund balances - ending	$ 1,163,161	$ 1,127,571	$ 1,869,372	$ 741,801

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

Police Drug Seizure	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Miscellaneous	$ 1,000	$ 1,000	$ 428	$ (572)
Total revenues	1,000	1,000	428	(572)
Expenditures				
Current:				
Public safety	1,000	1,000	-	(1,000)
Total expenditures	1,000	1,000	-	(1,000)
Excess (deficiency) of revenues over (under) expenditures	-	-	428	428
Fund balances - beginning	7,385	10,446	22,040	11,594
Fund balances - ending	$ 7,385	$ 10,446	$ 22,468	$ 12,022

Hotel/Motel	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 112,000	$ 112,000	$ 104,807	$ (7,193)
Charges for services	-	-	26,080	26,080
Miscellaneous	-	-	804	804
Total revenues	112,000	112,000	131,691	19,691
Expenditures				
Current:				
Natural & economic environment	112,000	112,000	78,577	(33,423)
Total expenditures	112,000	112,000	78,577	(33,423)
Excess (deficiency) of revenues over (under) expenditures	-	-	53,114	53,114
Fund balances - beginning	6,875	(24,542)	21,375	45,917
Fund balances - ending	$ 6,875	$ (24,542)	$ 74,489	$ 99,031

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

Redondo Zone	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Fines and penalties	$ 3,000	$ 3,000	$ 1,480	$ (1,520)
Miscellaneous	90,150	90,150	89,588	(562)
Total revenues	93,150	93,150	91,068	(2,082)
Expenditures				
Current:				
Culture and recreation	54,429	118,961	106,334	(12,627)
Total expenditures	54,429	118,961	106,334	(12,627)
Excess (deficiency) of revenues over (under) expenditures	38,721	(25,811)	(15,266)	10,545
Fund balances - beginning	22,545	15,654	38,607	22,953
Fund balances - ending	$ 61,266	$ (10,157)	$ 23,341	$ 33,498

Waterfront Zone	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Fines and penalties	$ 4,000	$ 4,000	$ 1,396	$ (2,604)
Miscellaneous	194,600	210,700	203,329	(7,371)
Total revenues	198,600	214,700	204,725	(9,975)
Expenditures				
Current:				
Culture and recreation	110,729	110,729	154,254	43,525
Total expenditures	110,729	110,729	154,254	43,525
Other Financing Sources (Uses)				
Insurance recovery	-	10,370	10,368	(2)
Total financing sources/(uses)	-	10,370	10,368	(2)
Excess (deficiency) of revenues over (under) expenditures	87,871	114,341	60,840	(53,501)
Fund balances - beginning	16,392	17,808	50,589	32,781
Fund balances - ending	$ 104,263	$ 132,149	$ 111,429	$ (20,721)

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

PBPW Automation Fee	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Charges for services	$ 100,000	$ 125,000	$ 139,840	$ 14,840
Miscellaneous	-	4,500	5,897	1,397
Total revenues	100,000	129,500	145,737	16,237
Expenditures				
Current:				
Natural & economic environment	90,881	90,881	90,881	-
Total expenditures	90,881	90,881	90,881	-
Excess (deficiency) of revenues over (under) expenditures	9,119	38,619	54,856	16,237
Fund balances - beginning	181,446	194,673	314,976	120,303
Fund balances - ending	$ 190,565	$ 233,292	$ 369,831	$ 136,539

Abatement	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Charges for services	$ -	$ -	$ 275	$ 275
Fines and penalties	500	500	27	(473)
Miscellaneous	4,800	4,800	5,666	866
Total revenues	5,300	5,300	5,968	668
Expenditures				
Current:				
Natural & economic environment	200	200	-	(200)
Total expenditures	200	200	-	(200)
Excess (deficiency) of revenues over (under) expenditures	5,100	5,100	5,968	868
Fund balances - beginning	5,208	6,660	42,307	35,647
Fund balances - ending	$ 10,308	$ 11,760	$ 48,275	$ 36,515

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

Automated Speed Enforcement	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Fines and penalties	$ 350,000	$ 250,000	$ 254,738	$ 4,738
Miscellaneous	-	8,500	10,645	2,145
Total revenues	350,000	258,500	265,383	6,883
Expenditures				
Current:				
Public safety	272,000	272,000	255,418	(16,582)
Total expenditures	272,000	272,000	255,418	(16,582)
Other Financing Sources (Uses)				
Transfers out	(210,000)	(23,000)	(15,472)	7,528
Total financing sources/(uses)	(210,000)	(23,000)	(15,472)	7,528
Excess (deficiency) of revenues over (under) expenditures	(132,000)	(36,500)	(5,507)	30,993
Fund balances - beginning	214,687	267,148	370,517	103,370
Fund balances - ending	$ 82,687	$ 230,648	$ 365,011	$ 134,363

Transportation Benefit District	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 944,000	$ 944,000	$ 927,468	$ (16,532)
Miscellaneous	-	-	3,745	3,745
Total revenues	944,000	944,000	931,212	(12,788)
Expenditures				
Current:				
Transportation	459,328	459,328	456,828	(2,500)
Total expenditures	459,328	459,328	456,828	(2,500)
Other Financing Sources (Uses)				
Transfers out	(472,000)	(452,000)	(452,000)	-
Total financing sources/(uses)	(472,000)	(452,000)	(452,000)	-
Excess (deficiency) of revenues over (under) expenditures	12,672	32,672	22,384	(10,288)
Fund balances - beginning	278,847	138,639	170,233	31,594
Fund balances - ending	$ 291,519	$ 171,311	$ 192,617	$ 21,306

Description of Debt Service Funds

NONMAJOR DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest

Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2019

	Debt Service Fund	Total
Assets		
Cash and cash equivalents	$ 164,102	$ 164,102
Total assets	$ 164,102	$ 164,102
Liabilities		
Accounts payable	$ 294	$ 294
Total liabilities	294	294
Fund Balances		
Restricted:		
General obligation debt	163,808	163,808
Total fund balances	163,808	163,808
Total liabilities and fund balances	$ 164,102	$ 164,102

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2019

	Debt Service Fund	Total
Revenues		
Miscellaneous	$ 37,767	$ 37,767
Total revenues	37,767	37,767
Expenditures		
Current:		
General government	13,576	13,576
Debt service		
Principal	295,229	295,229
Interest and other charges	108,255	108,255
Total expenditures	417,060	417,060
Excess (deficiency) of revenues over (under) expenditures	(379,294)	(379,294)
Other Financing Sources (Uses)		
Transfers in	476,510	476,510
Transfers out	(2,015,000)	(2,015,000)
Total other financing sources and uses	(1,538,490)	(1,538,490)
Net change in fund balances	(1,917,784)	(1,917,784)
Fund balances - beginning	2,081,592	2,081,592
Fund balances - ending	$ 163,808	$ 163,808

Description of Internal Service Funds

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, 2019

	Equipment Rental Operations	Equipment Rental Replacement	Facility Repair	Computer Replacement	Self Insurance	Unemployment Insurance	Total
Assets							
Current assets:							
Cash and cash equivalents	$ 377,190	$ 733,481	$ 666,920	$ 551,650	$ 470,755	$ 142,237	$ 2,942,233
Cash restricted for retainage	-	-	2,690	-	-	-	2,690
Investments	-	1,804,083	-	651,983	251,528	397,237	3,104,831
Receivables - interest	-	1,414	-	3,789	2,074	307	7,584
Receivables - customers	6,197	31,355	-	-	-	-	37,552
Receivables - interfund loan	-	125,000	-	-	-	-	125,000
Prepaid expenses	-	75,125	-	-	-	-	75,125
Inventory	16,051	-	-	-	-	-	16,051
Total current assets	399,438	2,770,458	669,610	1,207,423	724,356	539,781	6,311,066
Noncurrent assets:							
Capital assets: (net of accumulated depreciation)							
Construct work in process	-	-	140,676	-	-	-	140,676
Equipment	32,468	2,094,321	-	210,031	-	-	2,336,820
Total noncurrent assets	32,468	2,094,321	140,676	210,031	-	-	2,477,497
Total assets	431,907	4,864,779	810,286	1,417,453	724,356	539,781	8,788,562
Liabilities							
Current liabilities:							
Accounts payable	19,921	15,434	5,170	10,475	3,513	866	55,380
Retainage paid from restricted assets	-	-	2,690	-	-	-	2,690
Compensated absences	996	-	-	-	-	-	996
Total current liabilities	20,918	15,434	7,860	10,475	3,513	866	59,066
Noncurrent liabilities:							
Compensated absences	22,112	-	-	-	-	-	22,112
Total noncurrent liabilities	22,112	-	-	-	-	-	22,112
Total liabilities	43,030	15,434	7,860	10,475	3,513	866	81,178
Net Position							
Investment in capital assets	32,468	2,094,321	140,676	210,031	-	-	2,477,497
Unrestricted	356,409	2,755,024	661,750	1,196,947	720,843	538,915	6,229,887
Total net position	$ 388,877	$ 4,849,345	$ 802,426	$ 1,406,978	$ 720,843	$ 538,915	$ 8,707,384

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2019

	Equipment Rental Operations	Equipment Rental Replacement	Facility Repair	Computer Replacement	Self Insurance	Unemployment Insurance	Total
Operating Revenues							
Charges for services	$ 556,764	$ 695,545	$ 111,641	$ 421,458	$ 714,120	$ 35,545	$ 2,535,073
Total operating revenues	556,764	695,545	111,641	421,458	714,120	35,545	2,535,073
Operating Expenses							
Depreciation	2,029	374,903	-	57,917	-	-	434,849
Salaries	106,887	-	-	-	-	-	106,887
Personnel benefits	64,694	-	-	-	-	11,564	76,258
Supplies	292,085	-	12,861	23,962	-	-	328,909
Other services and charges	40,385	-	579	-	705,592	-	746,556
Interfund payments for services	29,459	-	-	-	-	-	29,459
Total operating expenses	535,541	374,903	13,440	81,879	705,592	11,564	1,722,918
Operating income (loss)	21,224	320,642	98,201	339,579	8,528	23,981	812,155
Nonoperating Revenues (Expenses)							
Investment income	6,842	69,939	11,925	22,719	13,255	16,942	141,621
Gain (loss) on disposal of capital assets	-	31,355	-	375	-	-	31,730
Insurance recovery	-	-	-	-	10,000	-	10,000
Total nonoperating revenues (expenses)	6,842	101,294	11,925	23,094	23,255	16,942	183,351
Income (loss) before contributions and transfers	28,066	421,936	110,126	362,672	31,783	40,923	995,506
Transfers out	-	-	-	(93,000)	-	-	(93,000)
Transfers in	-	170,875	16,152	-	-	-	187,027
Change in net position	28,066	592,811	126,278	269,672	31,783	40,923	1,089,533
Total net position - beginning	360,811	4,256,534	676,148	1,137,306	689,060	497,992	7,617,851
Total net position - ending	$ 388,877	$ 4,849,345	$ 802,426	$ 1,406,978	$ 720,843	$ 538,915	$ 8,707,384

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	Equipment Rental Operations	Equipment Rental Replacement	Facility Repair	Computer Replacement	Self Insurance	Unemployment Insurance	Total
Cash Flows From Operating Activities:							
Cash received from customers and users	$ 555,724	$ 664,190	$ 111,641	$ 421,458	$ 714,120	$ 35,545	$ 2,502,679
Cash received from grantor	-	-	20,790	-	-	-	20,790
Cash payments to suppliers	(358,083)	(9,610)	(9,947)	(13,487)	(708,788)	(1,685)	(1,101,600)
Cash payments to employees and retirees	(162,052)	-	-	-	-	(11,564)	(173,616)
Net cash provided (used) by operating activities	35,589	654,580	122,484	407,971	5,332	22,296	1,248,252
Cash Flows From Noncapital Financing Activities							
Insurance repair recovery	-	-	-	-	10,000	-	10,000
Interfund loan	-	(125,000)	-	-	-	-	(125,000)
Transfers In (Out)	-	170,875	16,152	(93,000)	-	-	94,027
Net cash provided (used) by noncapital financing activities	-	45,875	16,152	(93,000)	10,000	-	(20,973)
Cash Flows From Capital Financing Activities							
Proceeds from disposition of capital assets	-	31,355	-	-	-	-	31,355
Acquisition and construction of capital assets	-	(730,994)	(49,357)	(64,083)	-	-	(844,434)
Net cash provided (used) by capital financing activities	-	(699,639)	(49,357)	(64,083)	-	-	(813,079)
Cash Flows From Investing Activities							
Purchase of investments	-	(750,000)	-	(650,000)	(250,000)	(400,000)	(2,050,000)
Investment sales and income	6,842	537,648	11,925	17,321	9,653	420,572	1,003,962
Net cash provided (used) by investing activities	6,842	(212,352)	11,925	(632,679)	(240,347)	20,572	(1,046,038)
Net increase (decrease) in cash and cash equivalents	42,431	(211,536)	101,204	(381,791)	(225,015)	42,868	(631,838)
Cash and cash equivalents, January 1	334,759	945,017	568,405	933,441	695,770	99,369	3,576,761
Cash and cash equivalents, December 31	$ 377,190	$ 733,481	$ 669,610	$ 551,650	$ 470,755	$ 142,237	$ 2,944,922
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ 21,224	$ 320,642	$ 98,201	$ 339,579	$ 8,528	$ 23,981	$ 812,155
Adjustments to reconcile operating income (loss) to net cash provided (used) operating activities:							
Depreciation	2,029	374,903	-	57,917	-	-	434,849
(Increase) decrease in customer receivables	(1,040)	(31,355)	-	-	-	-	(32,395)
(Increase) decrease in grantor receivables	-	-	20,790	-	-	-	20,790
(Increase) decrease in inventory	(2,485)	-	-	-	-	-	(2,485)
(Increase) decrease in prepaid expenses	-	(23,000)	-	-	-	-	(23,000)
Increase (decrease) in accounts payable	6,332	13,390	3,493	10,475	(3,197)	(1,685)	28,809
Increase (decrease) in compensated absences	9,529	-	-	-	-	-	9,529
Total adjustments	14,365	333,938	24,283	68,392	(3,197)	(1,685)	436,097
Net cash provided (used) by operating activities	$ 35,589	$ 654,580	$ 122,484	$ 407,971	$ 5,332	$ 22,296	$ 1,248,252

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 economical and financial condition of the City of Des Moines.

STATISTICAL SECTION

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Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Fiscal Year Ended December 31

	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	$ 139,822,526	$ 140,919,691	$ 141,021,245	$ 146,815,388	$ 151,709,766
Restricted for:					
Public safety - drug related	-	-	-	-	7,545
Natural and economic environment	-	-	-	-	8,162
Capital & transportation improvement	1,008,134	1,466,722	1,135,212	4,709,515	3,608,825
Other	-	397,568	432,385	422,043	-
Unrestricted	3,520,838	3,726,478	3,056,673	4,177,401	3,496,038
Total government activities net position	144,351,498	146,510,459	145,645,515	156,124,347	158,830,336
Business-type activities					
Net investment capital assets	19,439,667	18,864,681	19,581,376	19,598,546	20,331,772
Unrestricted	4,172,749	4,220,417	4,002,558	4,098,044	4,148,860
Total business-type activities net position	23,612,416	23,085,098	23,583,934	23,696,590	24,480,632
Primary government					
Net investment in capital assets	159,262,193	159,784,372	160,602,621	166,413,934	172,041,538
Restricted	1,008,134	1,864,290	1,567,597	5,131,558	3,624,532
Unrestricted	7,693,587	7,946,895	7,059,231	8,275,445	7,644,898
Total primary government net position	$ 167,963,914	$ 169,595,557	$ 169,229,449	$ 179,820,937	$ 183,310,968

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Fiscal Year Ended December 31

	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	$ 156,176,387	$ 165,480,452	$ 167,168,607	$ 151,895,647	$ 161,822,341
Restricted for:					
Public safety - drug related	74,729	163,362	277,593	392,557	387,479
Natural and economic environment	9,594	1,525,059	-	-	-
Capital & transportation improvement	3,935,966	5,409,774	6,956,038	10,837,424	13,126,256
Other	36,145	174,468	151,274	2,133,503	250,665
Unrestricted	(25,577)	2,092,532	11,649,381	15,604,590 *	16,639,477
Total government activities net position	160,207,244	174,845,647	186,202,893	180,863,721	192,226,218
Business-type activities					
Net investment capital assets	20,796,221	22,844,968	23,632,188	24,393,705	25,661,447
Unrestricted	3,484,989	3,814,399	5,382,852	7,493,135 *	9,385,222
Total business-type activities net position	24,281,210	26,659,367	29,015,040	31,886,840	35,046,669
Primary government					
Net investment in capital assets	176,972,608	188,325,420	190,800,795	176,289,352	187,483,788
Restricted	4,056,434	7,272,663	7,384,905	13,363,484	13,764,400
Unrestricted	3,459,412	5,906,931	17,032,233	23,097,725	26,024,699
Total primary government net position	$ 184,488,454	$ 201,505,014	$ 215,217,933	$ 212,750,561	$ 227,272,888

* Change in 2018 predominately due to implmentation of GASB 68 addition of pension assets, liabilities, deferred inflows and deferred outflows.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Fiscal Year Ended December 31

	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	$ 2,727,331	$ 2,675,804	$ 2,861,045	$ 2,891,578	$ 2,604,462
Public safety	8,707,607	8,193,798	8,460,564	8,294,573	8,416,068
Transportation	3,289,708	3,028,714	3,383,381	3,691,607	4,023,670
Natural & economic environment	1,873,174	1,852,912	1,858,866	1,566,237	1,611,296
Social services	382,020	520,572	507,538	430,516	433,979
Culture and recreation	2,156,454	2,197,401	2,396,268	2,312,635	2,498,390
Interest on long term debt	139,507	136,540	132,417	123,374	109,866
Total governmental activities expenses	19,275,801	18,605,741	19,600,079	19,310,520	19,697,731
Business-type activities					
Marina	3,684,340	4,236,651	4,259,474	4,248,064	4,261,962
Surface Water Management	1,983,984	2,054,681	2,149,231	2,321,296	2,603,807
Total business-type activities expenses	5,668,324	6,291,332	6,408,705	6,569,360	6,865,769
Total primary government expenses	24,944,125	24,897,073	26,008,784	25,879,880	26,563,500
Program revenues					
Governmental Activities:					
Charges for service					
General government	1,124,252	1,185,049	1,885,535	2,163,656	1,914,058
Public safety	359,335	320,017	347,055	287,939	246,402
Transportation	451,892	486,891	681,937	6,829,892	1,056,304
Natural & economic environment	1,035,067	619,343	961,814	1,581,729	1,486,411
Social services	65,900	58,228	60,716	55,743	79,391
Culture and recreation	984,077	798,501	790,647	867,753	1,105,946
Operating grants and contributions	1,373,399	1,388,759	1,400,674	908,341	908,893
Capital grants and contributions	4,214,469	2,111,806	1,857,638	6,061,664	4,159,387
Total government activities program revenues	9,608,391	6,968,594	7,986,016	18,756,717	10,956,792
Business-type activities					
Charges for services	6,038,884	6,353,710	6,435,074	6,745,077	6,875,054
Operating grants and contributions	50,044	145,646	59,334	-	101,769
Capital grants and contributions	195,700	-	159,997	215,619	301,394
Total business-type activities program revenues	6,284,628	6,499,356	6,654,405	6,960,696	7,278,217
Total primary government program revenues	15,893,019	13,467,950	14,640,421	25,717,413	18,235,009
Net revenues (expenses)					
Governmental activities	(9,667,410)	(11,637,147)	(11,614,063)	(553,803)	(8,740,939)
Business-type activities	616,304	208,024	245,700	391,336	412,448
Total primary government	$ (9,051,106)	$ (11,429,123)	$ (11,368,363)	$ (162,467)	$ (8,328,491)
General revenues and other changes in net assets					
Governmental Activities:					
Taxes					
Property taxes	4,622,736	4,292,138	3,923,750	3,625,404	3,572,655
Sales and use taxes	2,470,549	2,255,397	2,201,110	2,426,258	2,576,067
Occupational & utility taxes	3,804,800	3,798,438	3,689,555	3,723,790	3,465,371
Other taxes	543,801	526,636	545,053	773,949	1,149,022
State entitlements	456,603	404,558	471,378	380,046	433,600
Unrestricted investment earnings*	53,311	44,023	-	-	-
Gain on disposal of capital assets	-	2,408,267	-	-	-
Miscellaneous	183,917	66,651	150,695	213,432	105,813
Transfers	-	-	(232,423)	1,052	144,400
Total governmental activities	12,135,717	13,796,108	10,749,118	11,143,931	11,446,928
Business-type activities					
Unrestricted investment earnings*	39,379	23,309	-	-	-
Gain/(loss) on disposal of capital assets	-	(771,301)	-	(190,760)	-
Miscellaneous	12,826	12,650	20,710	4,592	21,714
Special Item: Insurance proceeds	-	-	-	-	494,276
Transfers	-	-	232,423	(1,052)	(144,400)
Total business-type activities	52,205	(735,342)	253,133	(187,220)	371,590
Total primary government	12,187,922	13,060,766	11,002,251	10,956,711	11,818,518
Changes in net position					
Governmental activities	2,468,307	2,158,961	(864,945)	10,590,128	2,705,989
Business-type activities	668,509	(527,318)	498,833	204,116	784,038
Total primary government	$ 3,136,816	$ 1,631,643	$ (366,112)	$ 10,794,244	$ 3,490,027

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

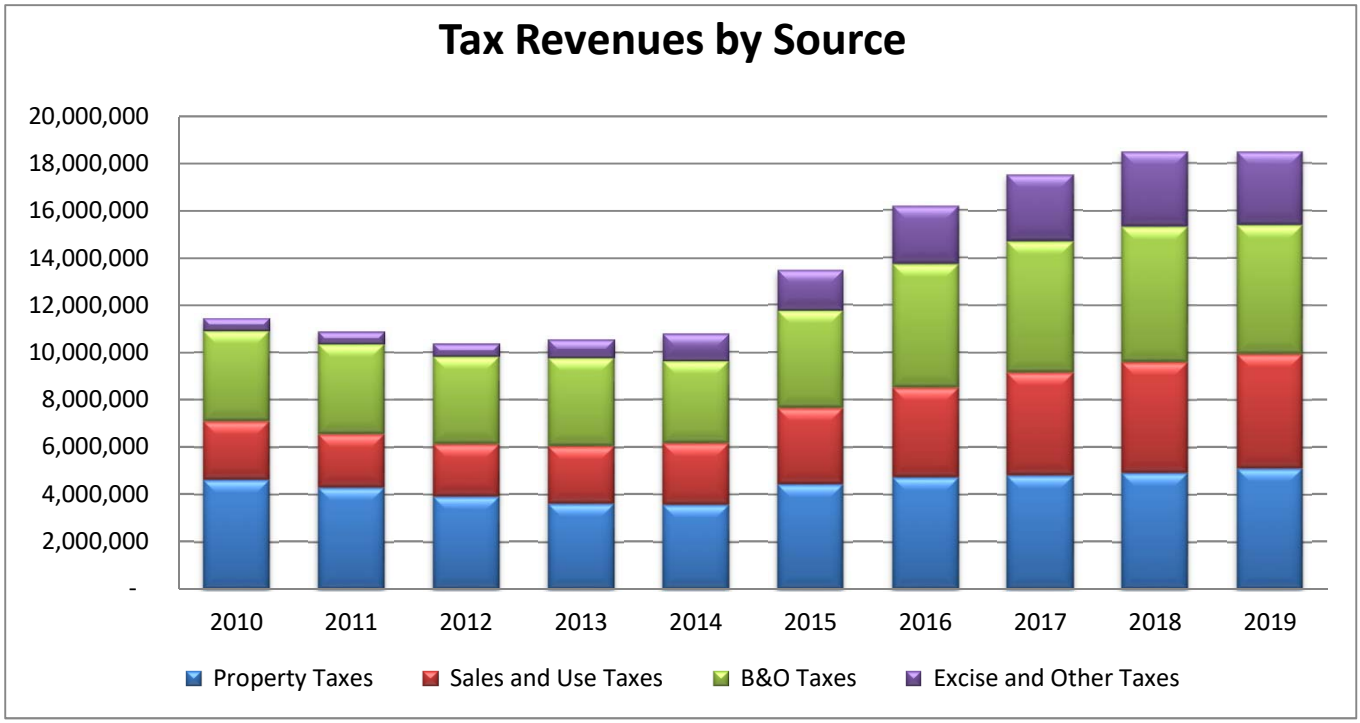
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Fiscal Year Ended December 31

	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	$ 3,571,024	$ 3,595,007	$ 1,506,250	$ 2,427,618	$ 4,897,324
Public safety	8,504,433	9,173,408	10,968,443	11,305,754	11,439,041
Transportation	3,858,820	4,070,236	5,548,986	7,245,952	5,610,219
Natural & economic environment	1,737,674	1,907,869	1,912,880	2,497,651	2,519,763
Social services	431,599	390,691	547,167	574,723	673,949
Culture and recreation	2,872,515	2,944,600	3,827,987	3,661,931	3,839,881
Interest on long term debt	109,497	100,276	90,026	179,081	243,375
Total governmental activities expenses	21,085,562	22,182,087	24,401,739	27,892,710	29,223,552
Business-type activities					
Marina	3,572,188	3,377,089	3,334,849	3,339,531	3,409,059
Surface Water Management	2,703,569	3,137,876	3,110,283	3,080,255	3,151,742
Total business-type activities expenses	6,275,757	6,514,965	6,445,132	6,419,786	6,560,800
Total primary government expenses	27,361,319	28,697,052	30,846,871	34,312,496	35,784,352
Program revenues					
Governmental Activities:					
Charges for service					
General government	2,731,416	3,682,451	5,014,146	5,211,955	4,118,851
Public safety	890,665	803,991	3,624,993	3,191,855	2,707,163
Transportation	1,663,571	2,078,030	2,683,589	2,751,130	3,816,031
Natural & economic environment	709,235	1,579,787	1,542,737	1,710,282	1,612,991
Social services	28,211	259,754	86,681	95,885	-
Culture and recreation	897,339	1,718,106	1,774,631	1,655,373	1,889,702
Operating grants and contributions	113,031	69,828	196,689	244,250	659,139
Capital grants and contributions	5,336,551	9,569,195	2,615,722	2,938,608	5,162,442
Total government activities program revenues	12,370,019	19,761,142	17,539,188	17,799,338	19,966,319
Business-type activities					
Charges for services	6,832,738	7,215,142	3,984,587	8,007,408	8,481,330
Operating grants and contributions	89,640	23,071	3,626,541	50,000	-
Capital grants and contributions	376,086	1,618,627	1,180,771	1,184,380	1,404,703
Total business-type activities program revenues	7,298,464	8,856,840	8,791,899	9,241,788	9,886,033
Total primary government program revenues	19,668,483	28,617,982	26,331,087	27,041,126	29,852,353
Net revenues (expenses)					
Governmental activities	(8,715,543)	(2,420,945)	(6,862,551)	(10,093,372)	(9,257,232)
Business-type activities	1,022,707	2,341,875	2,346,767	2,822,002	3,325,233
Total primary government	$ (7,692,836)	$ (79,070)	$ (4,515,784)	$ (7,271,370)	$ (5,932,000)
General revenues and other changes in net assets					
Governmental Activities:					
Taxes					
Property taxes	4,434,497	4,725,949	4,818,554	4,923,142	5,107,176
Sales and use taxes	3,206,792	3,789,673	4,334,206	4,673,247	4,824,984
Occupational & utility taxes	4,112,763	5,205,172	5,531,836	5,720,290	5,450,907
Other taxes	1,704,800	2,448,932	2,820,630	3,171,696	3,105,633
State entitlements	503,659	629,125	567,422	649,556	618,477
Unrestricted investment earnings*	-	-	-	-	-
Gain on disposal of capital assets	-	-	-	25,000	31,730
Miscellaneous	41,019	60,069	117,149	405,091	778,784
Transfers	1,052	30,000	30,000	-	265,637
Total governmental activities	14,004,582	16,888,920	18,219,797	19,568,022	20,183,328
Business-type activities					
Unrestricted investment earnings*	-	-	-	-	-
Gain/(loss) on disposal of capital assets	-	-	-	-	490
Miscellaneous	5,690	32,579	38,906	147,617	252,277
Special Item: Insurance proceeds	-	-	-	-	-
Transfers	(1,052)	(30,000)	(30,000)	-	(265,637)
Total business-type activities	4,638	2,579	8,906	147,617	(12,871)
Total primary government	14,009,220	16,891,499	18,228,703	19,715,639	20,170,457
Changes in net position					
Governmental activities	5,289,039	14,467,975	11,357,246	9,474,650	10,926,095
Business-type activities	1,027,345	2,344,454	2,355,673	2,969,619	3,312,362
Total primary government	$ 6,316,384	$ 16,812,429	$ 13,712,919	$ 12,444,269	$ 14,238,457

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

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
2010	4,622,736	2,470,549	3,804,800	543,801	11,441,886
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



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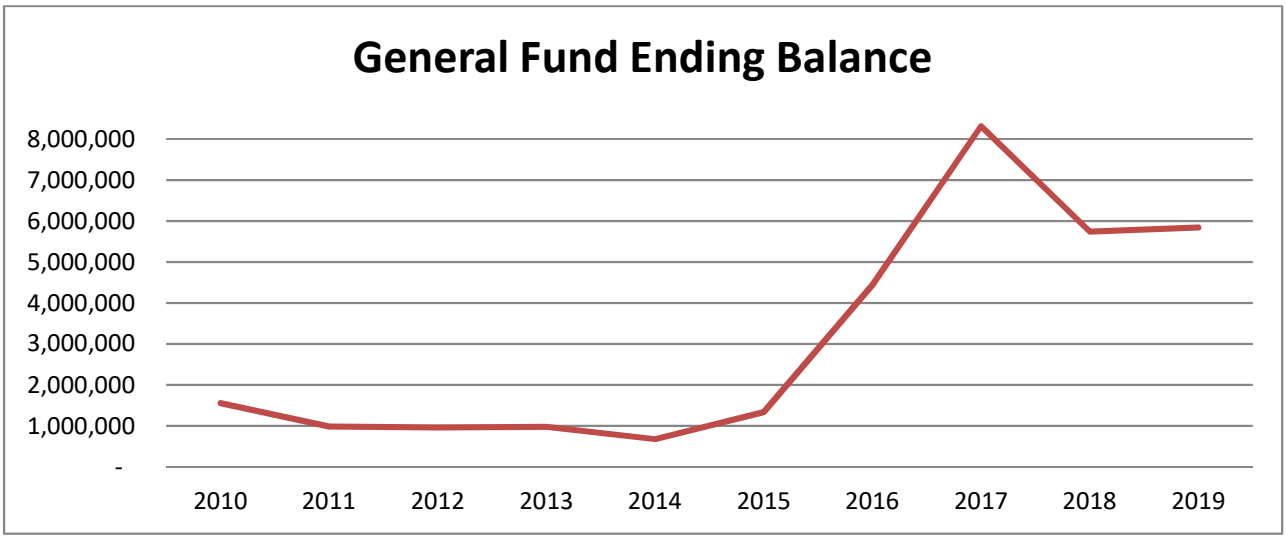
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ended December 31

	2010	2011	2012	2013	2014
General fund					
Assigned	$ 748,383	$ 184,196	$ 155,401	$ 174,733	$ -
Restricted	-	-	-	-	-
Unassigned*	805,175	805,175	805,175	805,175	677,556
Total general fund	1,553,558	989,371	960,576	979,908	677,556
All other governmental funds					
Restricted:					
Transportation	-	619,678	329,235	372,569	3,608,825
Public safety	-	-	-	-	7,545
Natural and economic environment	-	-	-	-	8,162
Special revenue fund purpose	-	-	-	-	-
Recreation & Sr. Services	-	-	-	-	-
General obligation debt	-	-	-	-	36,664
Committed	142,068	377,037	414,755	335,351	-
Assigned, reported in:					
Special revenue funds	1,084,458	-	-	-	-
Natural and economic environment	-	-	-	-	-
Debt service funds	65,256	33,244	229	232	-
Capital projects fund	866,065	1,466,722	1,135,212	4,709,515	49,356
Total all other governmental	2,157,847	2,496,681	1,879,431	5,417,667	3,710,552
Total governmental funds	$ 3,711,405	$ 3,486,052	$ 2,840,007	$ 6,397,575	$ 4,388,108

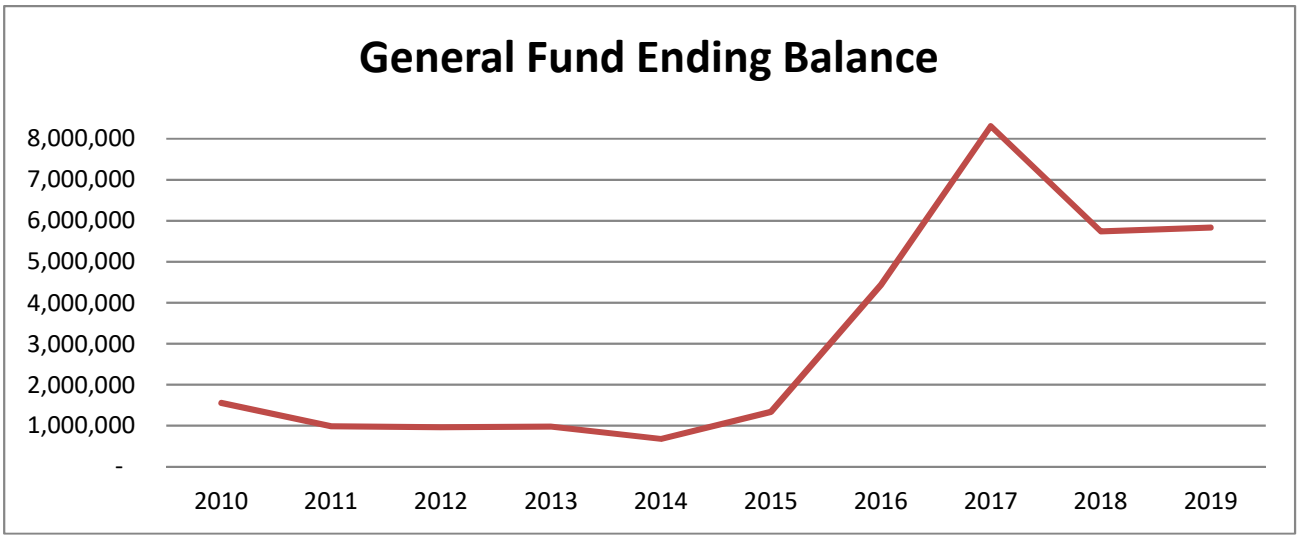
* Stabilization fund has been reclassifed in all years from "Committed" to "Unassigned".



Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ended December 31

	2015	2016	2017	2018	2019
General fund					
Assigned	$ -	$ 1,647,703	$ -	$ -	$ -
Restricted	-	-	-	51,910	86,857
Unassigned*	1,339,266	2,793,021	8,311,073	5,691,309	5,751,141
Total general fund	1,339,266	4,440,724	8,311,073	5,743,219	5,837,998
All other governmental funds					
Restricted:					
Transportation	3,935,966	5,409,774	6,956,038	10,837,424	13,126,256
Public safety	74,729	163,362	277,593	392,557	387,479
Natural and economic environment	9,594	17,374	-	-	-
Special revenue fund purpose	46,399	-	-	-	-
Recreation & Sr. Services	-	-	91,365	-	-
General obligation debt	36,145	34,450	59,909	2,081,593	163,808
Committed	-	134,053	1,393,930	2,543,684	3,263,455
Assigned, reported in:					
Special revenue funds	-	-	-	-	-
Natural and economic environment	-	-	-	4,699,442	4,260,517
Debt service funds	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Total all other governmental	4,102,833	5,759,013	8,778,835	20,554,700	21,201,515
Total governmental funds	$ 5,442,099	$ 10,199,737	$ 17,089,908	$ 26,297,919	$ 27,039,513

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



Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ended December 31

	2010	2011	2012	2013	2014
Revenue					
Taxes	$ 11,394,220	$ 10,939,223	$ 10,349,018	$ 10,573,987	$ 11,238,899
Licenses and permits	1,437,113	1,188,851	1,672,885	1,942,938	1,839,716
Intergovernmental revenue	6,152,056	4,466,165	4,675,623	6,069,023	5,656,735
Charges for services	3,182,412	2,761,723	3,101,303	9,750,716	4,246,290
Fines and forfeitures	425,562	222,124	612,142	750,282	673,856
Investment and miscellaneous	561,663	237,983	328,287	619,882	442,093
Total revenues	23,153,026	19,816,069	20,739,258	29,706,828	24,097,589
Expenditures					
Current:					
General government	3,425,195	3,724,795	3,698,621	3,761,510	3,781,096
Public safety	8,318,135	8,186,573	7,861,259	8,010,330	8,468,213
Transportation	2,013,260	1,859,584	1,908,380	2,007,622	2,295,669
Natural & economic environment	1,958,774	1,911,168	1,781,873	1,646,373	1,656,511
Social services	366,665	494,950	462,511	394,723	403,662
Culture and recreation	1,758,423	1,778,371	1,779,013	1,838,761	2,013,767
Capital outlay:					
General government	6,550,855	6,173,940	3,408,026	7,955,952	70,150
Public safety	-	-	-	-	-
Transportation	-	-	-	-	6,296,468
Social services	-	-	-	-	28,730
Culture and recreation	-	-	-	-	739,201
Debt service:					
Principal	407,924	496,938	277,291	273,517	301,732
Interest	147,876	143,247	138,536	128,856	120,017
Total expenditures	24,947,107	24,769,566	21,315,510	26,017,644	26,175,216
Excess of revenues over (under) expenditures	(1,794,081)	(4,953,497)	(576,252)	3,689,184	(2,077,627)
Other financing sources (uses)					
Disposition of capital assets	-	4,109,163	6,424	-	-
Proceeds of general debt	150,000	434,410	-	-	-
Insurance recoveries	72,748	11,062	4,014	-	-
Operating transfers in	1,637,176	1,605,484	1,298,010	1,184,315	1,671,997
Operating transfers out	(1,892,404)	(1,431,973)	(1,378,240)	(1,213,532)	(1,583,596)
Total other financing sources (uses)	(32,480)	4,728,146	(69,792)	(29,217)	88,401
Net change in fund balances	$ (1,826,561)	$ (225,351)	$ (646,044)	$ 3,659,967	$ (1,989,226)
Debt services as percentage of noncapital expenditures	3.02%	3.44%	2.32%	2.23%	2.21%

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ended December 31

	2015	2016	2017	2018	2019
Revenue					
Taxes	$ 13,439,327	$ 16,162,743	$ 17,459,824	$ 18,569,125	$ 18,494,678
Licenses and permits	2,048,118	3,067,867	3,569,217	3,673,760	2,684,847
Intergovernmental revenue	6,494,613	8,725,492	2,475,567	2,005,505	4,208,699
Charges for services	3,725,662	5,551,023	8,105,256	9,308,004	9,555,155
Fines and forfeitures	602,067	636,931	3,250,032	2,517,155	2,213,848
Investment and miscellaneous	719,878	842,149	1,200,968	1,366,929	1,341,733
Total revenues	27,029,665	34,986,205	36,060,864	37,440,478	38,498,959
Expenditures					
Current:					
General government	3,834,410	4,745,580	5,262,852	5,657,121	6,598,351
Public safety	8,481,100	8,713,276	11,345,787	12,074,811	12,728,571
Transportation	2,366,480	2,630,275	3,491,903	5,046,354	3,400,850
Natural & economic environment	1,876,971	2,087,919	2,027,727	2,494,549	2,527,190
Social services	413,128	342,558	525,135	608,597	658,348
Culture and recreation	2,338,020	2,417,613	3,261,039	3,187,615	3,379,450
Capital outlay:					
General government	34,500	41,374	8,705	-	-
Public safety	-	-	-	6,600	27,964
Transportation	5,445,867	8,622,139	1,491,622	425,572	6,329,182
Social services	5,776	-	-	17,826	17,826
Culture and recreation	702,597	287,849	1,474,704	1,282,278	2,294,126
Debt service:					
Principal	275,474	290,773	301,185	1,729,777	295,229
Interest	109,497	100,276	90,026	179,081	108,255
Total expenditures	25,883,820	30,279,632	29,280,685	32,710,181	38,365,342
Excess of revenues over (under) expenditures	1,145,845	4,706,573	6,780,179	4,730,297	133,617
Other financing sources (uses)					
Disposition of capital assets	-	-	-	4,902,561	-
Proceeds of general debt	-	-	-	-	-
Insurance recoveries	-	-	-	-	10,958
Operating transfers in	545,182	1,458,450	2,237,640	4,104,416	4,394,768
Operating transfers out	(636,929)	(1,407,385)	(2,127,657)	(4,479,266)	(4,223,157)
Total other financing sources (uses)	(91,747)	51,065	109,983	4,527,711	182,568
Net change in fund balances	$ 1,054,098	$ 4,757,638	$ 6,890,162	$ 9,258,008	$ 316,185
Debt services as percentage of noncapital expenditures	1.95%	1.83%	1.49%	6.16%	1.36%

Changes in Fund Balances - General Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ended December 31

	2010	2011	2012	2013	2014
Revenue					
Taxes	$ 9,329,786	$ 9,193,489	$ 8,945,763	$ 9,886,470	$ 9,747,013
Licenses and permits	1,437,113	1,188,851	1,672,885	1,942,938	1,839,716
Intergovernmental revenue	1,135,324	1,492,657	1,160,301	614,664	627,087
Charges for services	2,688,568	2,297,384	2,475,975	3,003,189	3,264,700
Fines and forfeitures	241,656	222,124	612,142	750,282	673,797
Investment and miscellaneous	197,203	216,543	228,074	265,187	394,042
Total revenues	15,029,650	14,611,048	15,095,140	16,462,730	16,546,355
Expenditures					
Current:					
General government	3,425,195	3,724,795	3,698,621	3,759,218	3,778,479
Public safety	6,824,289	6,690,759	6,863,142	8,007,940	8,465,685
Transportation	592,004	569,303	571,266	511,614	627,191
Natural & economic environment	1,941,544	1,894,695	1,766,739	1,626,551	1,656,511
Social services	366,665	494,950	462,511	394,723	403,662
Culture and recreation	1,728,611	1,778,371	1,779,013	1,837,890	2,013,132
Capital outlay:	35,803	89,307	9,264	73,609	-
Debt Service:					
Principal	-	-	-	-	31,549
Interest	-	-	-	-	1,060
Total expenditures	14,914,111	15,242,180	15,150,556	16,211,545	16,944,660
Excess of revenues over (under) expenditures	115,539	(631,132)	(55,416)	251,185	(398,305)
Other financing sources (uses)					
Disposition of assets & insurance	64,017	575	10,438	-	-
Proceeds of general debt	-	68,685	-	-	-
Operating transfers in	843,827	213,733	258,764	14,361	300,000
Operating transfers out	(38,041)	(216,048)	(242,581)	(164,720)	(171,436)
Total other financing sources (uses)	869,803	66,945	26,621	(150,359)	128,564
Net change in fund balances	$ 985,342	$ (564,187)	$ (28,795)	$ 100,826	$ (269,741)

Changes in Fund Balances - General Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)
Fiscal Year Ended December 31

	2015	2016	2017	2018	2019
Revenue					
Taxes	$ 11,732,376	$ 13,324,912	$ 14,154,457	$ 14,937,997	$ 14,962,702
Licenses and permits	2,048,118	3,067,867	3,041,820	1,108,670	1,351,022
Intergovernmental revenue	680,664	755,611	738,018	797,349	854,609
Charges for services	2,938,642	4,367,150	6,323,195	5,010,330	5,376,073
Fines and forfeitures	237,701	208,957	2,861,613	2,148,642	1,951,589
Investment and miscellaneous	393,508	636,820	524,531	568,279	574,375
Total revenues	18,031,009	22,361,317	27,643,634	24,571,267	25,070,369
Expenditures					
Current:					
General government	3,833,985	4,729,660	5,246,452	5,640,363	6,584,775
Public safety	8,221,024	8,460,406	11,075,296	11,806,502	12,473,154
Transportation	708,739	734,225	1,165,391	256,980	324,511
Natural & economic environment	1,850,725	1,885,630	1,852,381	638,897	684,126
Social services	413,128	342,558	525,135	608,597	658,348
Culture and recreation	2,207,355	2,343,570	2,848,370	2,933,508	3,117,077
Capital outlay:	57,147	41,374	8,705	63,469	83,983
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	17,292,103	18,537,423	22,721,730	21,948,316	23,925,972
Excess of revenues over (under) expenditures	738,906	3,823,894	4,921,904	2,622,951	1,144,397
Other financing sources (uses)					
Disposition of assets & insurance	-	-	-	-	-
Proceeds of general debt	-	-	-	-	-
Operating transfers in	242	-	-	-	-
Operating transfers out	(77,439)	(722,436)	(960,191)	(2,412,277)	(1,475,028)
Total other financing sources (uses)	(77,197)	(722,436)	(960,191)	(2,412,277)	(1,475,028)
Net change in fund balances	$ 661,709	$ 3,101,458	$ 3,961,713	$ 210,674	$ (330,631)

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
2010	*13,801*	*2,708,536*	*3,231*	2,711,767	*18,641*	*28,389*	47,030	2,758,797	1.67812
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

N/A Information is not available

Source: King County Assessor
www.kingcounty.gov/Assessor/Reports/Statistical Reports

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

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
2010	1.67812	3.72349	5.10759	4.36502	1.65266	0.48526	0.30000	0.10514	0.00348	-	-	12.97762	12.23505
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

* Information is not available, estimate used.

Source: King County Assessors web site:
www.kingcounty.gov/Assessor/Reports/LevyRateInformation

Principal Property Taxpayers
Last Ten Fiscal Years
Fiscal Year Ended December 31

	2019			2010		
Taxpayer	Taxable assessed value	Rank	Percentage of total taxable assessed value	Taxable assessed value	Rank	Percentage of total taxable assessed value
ARTEMIS HOTEL GROUP CO	$ 40,449,100	1	0.93%			
DUKE REALTY CO TAX ADVSRS	34,989,300	2	0.80%			
FSC SADDLEBROOK ASSOCIATES	29,981,000	3	0.69%			
REDONDO SQUARE GRF2 LLC	28,020,200	4	0.64%			
DUKE REALTY	27,668,700	5	0.64%			
JLC PAC RIM INC	22,660,000	6	0.52%	$ 12,399,000	5	0.28%
G3 HOLDINGS LLC	14,801,400	7	0.34%			
DES MOINES STATION I LLC	14,069,000	8	0.32%			
ALS CRYSTAL LLC	13,204,000	9	0.30%			
SILVERWOOD INCOME PROPERTY	11,948,000	10	0.27%			
JOSHUA GREEN CORP				22,564,300	1	0.52%
FSC SADDLEBROOK ASSOCIATES				19,926,000	2	0.46%
WINTERGREEN PLACE APARTMENT				15,776,000	3	0.36%
SEASHORE CLUB				14,968,000	4	0.34%
CRYSTAL BAY APARTMENTS				7,277,000	6	0.17%
EMERALD VILLA LLC				7,043,900	7	0.16%
SAFEWAY INC STORE 3540				7,000,000	8	0.16%
PT CREEKWOOD APARTMENTS LP				6,818,000	9	0.16%
OLYMPIC MANAGEMENT COMPANY				6,711,000	10	0.15%
	$ 237,790,700		5.46%	120,483,200		2.77%

Source: King County Assessor's Office

Property Tax Levies and Collections

Last Ten Fiscal Years

	Collected within the Fiscal Year of the Levy			Total Collections to Date		
Fiscal Year Ended December 31	Total tax levy for fiscal year	Collections	Percentage of levy	Collections in subsequent years	Collections to date	Percentage of levy
2010*	4,578,836	4,427,734	97.3%	151,102	4,578,836	100%
2011*	4,264,299	4,127,841	96.7%	136,458	4,264,299	100%
2012*	3,885,979	3,784,944	96.8%	101,035	3,885,979	100%
2013*	3,619,294	3,547,767	97.4%	71,527	3,619,294	100%
2014	3,558,582	3,547,767	98.0%	10,428	3,558,195	100%
2015	4,410,333	4,287,744	98.0%	121,152	4,408,896	100%
2016	4,745,018	4,637,986	97.7%	95,841	4,733,826	100%
2017	4,825,818	4,704,693	97.5%	98,805	4,803,498	100%
2018	4,942,965	4,822,041	97.6%	109,431	4,931,472	100%
2019	5,117,472	5,044,964	98.6%	-	5,044,964	99%

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.

Marina Rates
Last Ten Fiscal Years

Cost per lineal foot per month		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Moorage Rates*											
Size Type											
20 ' Open	# of Slips	13	13	13	13	13	13	8	8	8	8
	Cost/foot	$ 5.70	$ 5.70	$ 5.85	$ 6.01	$ 6.19	$ 6.19	$ 6.31	$ 6.44	$ 6.56	$ 6.70
24 ' Open	# of Slips	48	48	48	48	48	48	47	47	47	47
	Cost/foot	$ 6.39	$ 6.39	$ 6.56	$ 6.74	$ 6.94	$ 6.94	$ 7.04	$ 7.18	$ 7.32	$ 7.47
28 ' Open	# of Slips	105	105	105	105	105	105	98	98	98	98
	Cost/foot	$ 6.63	$ 6.63	$ 6.81	$ 6.99	$ 7.20	$ 7.20	$ 7.33	$ 7.62	$ 7.93	$ 8.25
32 ' Open	# of Slips	18	18	18	18	18	18	19	19	19	19
	Cost/foot	$ 7.24	$ 7.24	$ 7.44	$ 7.64	$ 7.86	$ 7.86	$ 8.01	$ 8.33	$ 8.66	$ 9.01
36 ' Open	# of Slips	30	30	30	30	30	30	30	30	30	30
	Cost/foot	$ 7.68	$ 7.68	$ 7.89	$ 8.10	$ 8.34	$ 8.34	$ 8.49	$ 8.83	$ 9.18	$ 9.55
40 ' Open	# of Slips	38	38	38	38	38	38	39	39	39	39
	Cost/foot	$ 8.20	$ 8.20	$ 8.42	$ 8.65	$ 8.91	$ 8.91	$ 9.07	$ 9.43	$ 9.81	$ 10.20
50 ' Open	# of Slips	19	19	19	19	19	19	16	16	16	16
	Cost/foot	$ 9.26	$ 9.26	$ 9.51	$ 9.77	$ 10.06	$ 10.06	$ 10.25	$ 10.66	$ 11.09	$ 11.53
54 ' Open	# of Slips	2	2	2	2	2	2	2	2	2	2
	Cost/foot	$ 9.26	$ 9.26	$ 9.51	$ 9.70	$ 10.06	$ 10.06	$ 10.25	$ 11.06	$ 11.09	$ 11.53
62 ' Open	# of Slips	3	3	3	3	3	3	3	3	3	3
	Cost/foot	$ 9.55	$ 9.55	$ 9.81	$ 10.07	$ 10.37	$ 10.37	$ 10.63	$ 11.06	$ 11.50	$ 11.96
20 ' Covered	# of Slips	29	29	29	29	29	29	29	29	29	29
	Cost/foot	$ 7.09	$ 7.09	$ 7.28	$ 7.48	$ 7.70	$ 7.70	$ 7.84	$ 8.00	$ 8.16	$ 8.32
24 ' Covered	# of Slips	141	141	141	141	141	141	141	141	141	141
	Cost/foot	$ 8.13	$ 8.13	$ 8.35	$ 8.58	$ 8.83	$ 8.83	$ 8.99	$ 9.17	$ 9.35	$ 9.54
28 ' Covered	# of Slips	166	166	166	166	166	166	159	159	159	159
	Cost/foot	$ 8.78	$ 8.78	$ 9.02	$ 9.26	$ 9.56	$ 9.56	$ 9.74	$ 10.03	$ 10.33	$ 10.64
30 ' Covered	# of Slips	n/a	n/a	n/a	n/a	n/a	8	7	7	7	7
	Cost/foot	n/a	n/a	n/a	n/a	n/a	$ 10.00	$ 10.18	$ 10.59	$ 11.01	$ 10.64
32 ' Covered	# of Slips	50	50	50	50	50	50	52	52	52	52
	Cost/foot	$ 9.38	$ 9.36	$ 9.63	$ 9.89	$ 10.18	$ 10.18	$ 10.37	$ 10.78	$ 11.22	$ 11.66
36 ' Covered	# of Slips	40	40	40	40	40	40	40	40	40	40
	Cost/foot	$ 10.68	$ 10.68	$ 10.97	$ 11.27	$ 11.60	$ 11.60	$ 11.81	$ 12.28	$ 12.77	$ 13.28
40 ' Covered	# of Slips	26	26	26	26	26	26	26	26	26	26
	Cost/foot	$ 11.33	$ 11.33	$ 11.64	$ 11.95	$ 12.30	$ 12.30	$ 12.53	$ 12.91	$ 13.29	$ 13.69
50 ' Covered	# of Slips	11	11	11	11	11	11	11	11	11	11
	Cost/foot	$ 13.29	$ 13.29	$ 13.65	$ 14.02	$ 14.43	$ 14.43	$ 14.63	$ 15.07	$ 15.67	$ 16.30
Dry Shed per month		106	106	106	106	106	106	78	78	78	78
	Cost/foot	$ 163	$ 163	$ 168	$ 172	$ 200	$ 200	$ 200	$ 216	$ 216	$ 259.20
Annual Seasonal Moorage Rates*											
Size Type											
20 ' Open		$ 6.84	$ 8.40	$ 8.40	$ 8.63	$ 9.05	$ 9.05	$ 10.80	$ 11.01	$ 11.23	$ 12.93
24 ' Open		$ 7.67	$ 9.38	$ 9.38	$ 9.63	$ 10.10	$ 10.10	$ 11.79	$ 12.03	$ 12.03	$ 14.12
28 ' Open		n/a	$ 9.38	$ 9.38	$ 9.63	$ 10.10	$ 10.10	$ 11.60	$ 11.84	$ 11.84	$ 13.89
20 ' Covered		$ 8.51	$ 10.50	$ 10.50	$ 10.78	$ 11.30	$ 11.30	$ 13.48	$ 13.75	$ 14.02	$ 16.14
24 ' Covered		$ 9.76	$ 11.88	$ 11.88	$ 12.20	$ 12.80	$ 12.80	$ 14.93	$ 15.23	$ 15.53	$ 17.88
28 ' Covered		n/a	$ 11.88	$ 11.88	$ 12.20	$ 12.80	$ 12.80	$ 14.69	$ 14.99	$ 15.28	$ 17.59
Annual Prepaid Seasonal Moorage Rates*											
Size Type											
20 ' Open		$ 5.70	$ 5.70	$ 4.42	$ 4.51	$ 5.27	$ 4.64	$ 4.89	$ 5.28	$ 5.38	$ 6.20
24 ' Open		$ 6.39	$ 6.39	$ 4.92	$ 5.06	$ 5.91	$ 5.21	$ 5.47	$ 5.89	$ 6.00	$ 6.92
28' Open		n/a	n/a	n/a	n/a	n/a	n/a	$ 6.60	$ 6.86	$ 7.14	$ 8.38
20 ' Covered		$ 7.09	$ 7.09	$ 5.49	$ 5.61	$ 6.56	$ 5.78	$ 6.07	$ 6.56	$ 6.69	$ 7.70
24 ' Covered		$ 8.13	$ 8.13	$ 6.30	$ 6.43	$ 7.52	$ 6.62	$ 6.96	$ 7.52	$ 7.67	$ 8.82
28' Covered		n/a	$ 8.78	n/a	n/a	n/a	n/a	$ 8.77	$ 9.03	$ 9.30	$ 10.81
Seasonal 5 Month Prepaid Moorage Rates*											
Size Type											
20 ' Open		n/a	n/a	n/a	n/a	n/a	$ 7.69	$ 9.18	$ 9.36	$ 9.55	$ 10.99
24 ' Open		n/a	n/a	n/a	n/a	n/a	$ 8.59	$ 10.02	$ 10.22	$ 10.43	$ 12.00
28 ' Open		n/a	n/a	n/a	n/a	n/a	$ 8.59	$ 9.86	$ 10.65	$ 10.86	$ 12.50
20 ' Covered		n/a	n/a	n/a	n/a	n/a	$ 9.61	$ 11.46	$ 11.69	$ 11.92	$ 13.72
24 ' Covered		n/a	n/a	n/a	n/a	n/a	$ 10.88	$ 12.69	$ 12.94	$ 13.20	$ 15.20
28' Covered		n/a	n/a	n/a	n/a	n/a	n/a	$ 12.49	$ 13.49	$ 13.75	$ 15.83

** Includes 12.84% state leasehold tax.*

n/a Not available or not applicable
Source: City marina rate schedules.

Marina Rates & Waiting List Counts
Last Ten Fiscal Years

			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marina Guest Moorage Rates (per foot):												
Length in Feet:			Daily	Daily	Daily	Daily	Daily	Daily	Daily	Daily	Daily	Daily
From	To											
0	20	# of Slips	13	13	13	13						
		Cost/foot	$ 14.00	$ 14.00	$ 14.00	$ 6.01						
21	25	# of Slips	48	48	48	48						
		Cost/foot	$ 16.00	$ 16.00	$ 16.00	$ 6.74						
26	30	# of Slips	105	105	105	105						
		Cost/foot	$ 19.00	$ 20.00	$ 20.00	$ 6.99						
0	30	# of Slips					166	166	166	166	166	166
		Cost/foot					$ 20.00	$ 20.00	$ 20.00	$ 20.00	$ 20.00	$ 20.00
31	35	# of Slips	18	18	18	18						
		Cost/foot	$ 22.00	$ 23.00	$ 23.00	$ 7.64						
36	40	# of Slips	30	30	30	30						
		Cost/foot	$ 26.00	$ 27.00	$ 27.00	$ 8.10						
41	45	# of Slips	38	38	38	38						
		Cost/foot	$ 29.00	$ 30.00	$ 30.00	$ 8.65						
46	50	# of Slips	19	19	19	19						
		Cost/foot	$ 32.00	$ 33.00	$ 33.00	$ 9.77	Per/foot	Per/foot	Per/foot	Per/foot	Per/foot	Per/foot
31	50	# of Slips					105	105	105	105	105	105
		Cost/foot					$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 0.75
51	55	# of Slips	2	2	2	2						
		Cost/foot	$ 35.00	$ 40.00	$ 40.00	$ 9.70						
56	60	# of Slips	3	3	3	3						
		Cost/foot	$ 42.00	$ 47.00	$ 47.00	$ 10.07						
61	over	# of Slips	29	29	29	29						
		Cost/foot	$ 50.00	$ 60.00	$ 60.00	$ 7.48						
51	over	# of Slips					34	34	34	34	34	34
		Cost/foot					$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Dry Moorage Rates:												
Size (All)												
Under 25 feet			$ 50.00	$ 60.00	$ 62.50	$ 62.50	$ 62.50	$ 62.50	$ 65.00	$ 67.60	$ 67.60	n/a
Over 25 feet			$ 75.00	$ 100.00	$ 105.00	$ 105.00	$ 105.00	$ 105.00	$ 105.00	$ 109.20	$ 109.20	n/a

Marina Waiting List - Covered

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

Marina Waiting List - Open

Estimated wait in months											
Length in Feet:											
From	To										
20			-	-	-	-	-	-	-	3	-	6
24			-	-	-	-	-	-	-	-	-	n/a
28			-	-	-	-	-	-	3	3	-	n/a
32			n/a	60	48	48	48	60	60	60	36	36
36			n/a	60	60	60	36	24	24	24	36	48
40			n/a	48	48	36	12	24	24	36	36	48
50			n/a	48	48	36	9	12	24	36	72	60
45	50		n/a	24	48	24	48	24	36	36	48	48
48	54		n/a	-	24	48	36	36	48	48	60	108
56	62		n/a	24	48	36	48	24	24	36	60	108

n/a Not available or not applicable

Source: City Marina

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Year Ended December 31	General Obligation Bonds	G.O. Notes and Loans	Capital Lease	Marina GO Bonds	Capital Lease	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
2010	3,129,531	893,157	2,021	9,049,760	247	13,074,716	0.83%	447
2011	2,929,192	964,216	60,332	8,714,928	10,492	12,679,160	0.78%	427
2012	2,721,255	897,454	46,804	8,470,370	8,140	12,144,023	0.70%	409
2013	2,520,151	830,791	49,853	7,965,401	5,686	11,371,882	0.62%	383
2014	2,305,000	760,524	13,668	7,432,783	-	10,511,975	0.56%	354
2015	2,095,000	695,050	9,848	6,889,073	-	9,688,971	0.47%	323
2016	1,870,000	629,277	6,293	6,334,300	-	8,839,870	0.43%	294
2017	1,635,000	563,092	2,709	5,763,380	-	7,964,181	0.39%	261
2018	4,901,085	4,192,979	-	5,289,780	-	14,383,844	0.71%	466
2019	7,711,474	429,418	-	4,654,319	-	12,795,211	0.54%	411

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.

Ratios of General Bonded Debt Outstanding
and Bonded per Capita
Last Ten Fiscal Years

Fiscal Year Ended December 31	General obligations bonds	Less: Amounts available in debt service fund	Total	Percentage of estimated taxable value of property (1)	Per capita (2)
2010	3,129,531	68,596	3,060,935	0.111%	104.58
2011	2,929,192	63,326	2,865,866	0.106%	96.58
2012	2,721,255	65,256	2,655,999	0.108%	89.49
2013	2,520,151	54,436	2,465,715	0.108%	83.02
2014	2,305,000	21,451	2,283,549	0.102%	76.81
2015	2,095,000	21,840	2,073,160	0.077%	69.04
2016	1,870,000	36,664	1,833,336	0.063%	60.91
2017	1,635,000	37,893	1,597,107	0.049%	52.24
2018	4,901,085	92,640	4,808,445	0.126%	155.81
2019	7,711,474	164,102	7,547,372	0.173%	242.37

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

(1) See schedule of assessed value of taxable property.
(2) See schedule of population.

Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	68,970	67,422	61,496	57,280	56,241	67,407	72,490	80,717	95,583	108,925
Total net debt applicable to limit	5,364	5,425	5,202	5,034	4,849	9,324	10,022	8,417	20,943	18,795
Legal debt margin	63,606	61,997	56,294	52,247	51,392	58,083	62,468	72,300	74,640	90,130
Total net debt applicable to the limit as a percentage of debt limit	7.8%	8.0%	8.5%	8.8%	8.6%	13.8%	13.8%	10.4%	21.9%	17.3%

Legal debt margin calculation for fiscal year 2019 (not in thousands)	
Assessed value (1)	4,356,986,000
GENERAL PURPPOSES	
Limit of 2.5% of Assessed Value	108,924,650
Councilmanic:	
Capacity (1.5% of Assessed Value)	65,354,790
Outstanding debt(2):	
GO bonds outstanding	12,365,793
GO notes and loans	429,418
Capital leases	-
Compensated Absences	1,689,840
OPEB	2,287,990
Net pension liabilities	2,185,619
Total outstanding debt	18,958,660
Less amounts available in debt service funds	(164,102)
Total applicable debt	18,794,558
Remaining capacity without a vote	90,130,092
Voter Approved:	
Capacity (1.0% of Assessed Value)	43,569,860
Less:	
GO Bonds Outstanding	-
Remaining capacity with a vote	43,569,860

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 maxium limit for gerneral 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.

Direct and Overlapping Governmental Activities Debt
as of December 31, 2019

Direct Debt	Amount Outstanding
General Obligation Debt	8,140,892
Less Cash and Investments in Debt Service Funds	(164,102)
Net direct debt	7,976,790

Overlapping Debt

Jurisdiction	2019 Total Assessed Value (in thousands)	Percent applicable (1)	Net Outstanding G.O. Debt	Overlapping Debt
Fire District No. 39	18,827,773	23.14%	31,107,997	7,198,786
School District No. 401	21,614,713	14.94%	428,728,341	64,040,884
School District No. 210	16,679,056	19.36%	442,107,998	85,581,817
Rural Library District	358,902,735	0.90%	66,743,220	600,420
King County	606,623,698	0.53%	661,448,694	3,520,476
Port of Seattle	606,623,698	0.53%	335,470,000	1,785,496
Total overlapping				162,727,880
Total direct & overlapping debt				170,704,670

Governmental activities debt ratios:	
Assessed valuation	4,356,986,000
Population	30,860
Net direct debt to assessed valuation	0.18%
Net direct debt and overlapping debt to assessed valuation	3.92%
Assessed valuation per capita	141,186
Net direct debt per capita	258
Direct debt and overlapping debt per capita	5,532

(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

MARINA DEBT SERVICE COVERAGE
(Per Bond Official Statement Defintions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues (1)	4,073,467	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
Operating & Maintenance Expenses (2)	2,731,752	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
Net Available for Debt Service	1,272,743	1,341,715	1,167,012	1,328,157	1,292,012	1,292,012	1,532,988	1,527,104	1,489,982	1,555,789
Annual debt service requirements										
Principal	265,000	320,000	440,000	455,000	495,000	510,000	525,000	545,000	560,000	591,829
Interest (3)	412,906	402,306	318,736	340,016	321,816	311,216	294,829	275,516	255,416	264,188
Total annual debt service	630,844	677,906	722,306	758,736	795,016	816,816	821,216	819,829	815,416	856,017
Coverage Ratio	2.02	1.98	1.62	1.75	1.63	1.58	1.87	1.86	1.83	1.82

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.

Demographic and Economic Statistics
Last Ten Fiscal Years

	POPULATION			PERSONAL INCOME					UNEMPLOYMENT RATE	
Fiscal Year Ended December 31	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
2010	29,673	1,931,249	1.5%	1,634,827	55,095	107,552,067		55,095	10.5%	9.0%
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	166,006,277	*	65,456	4.4%	4.3%
2018	31,140	2,190,200	1.4%	2,360,257	75,795	166,006,277	*	75,795	4.0%	4.0%
2019	31,580	2,226,300	1.4%	2,354,794	74,566	166,006,277	*	74,566	2.6%	2.1%

SOURCE: Population Information from: www.ofm.wa.gov/pop/april1/default.asp
Des Moines Unemployment 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

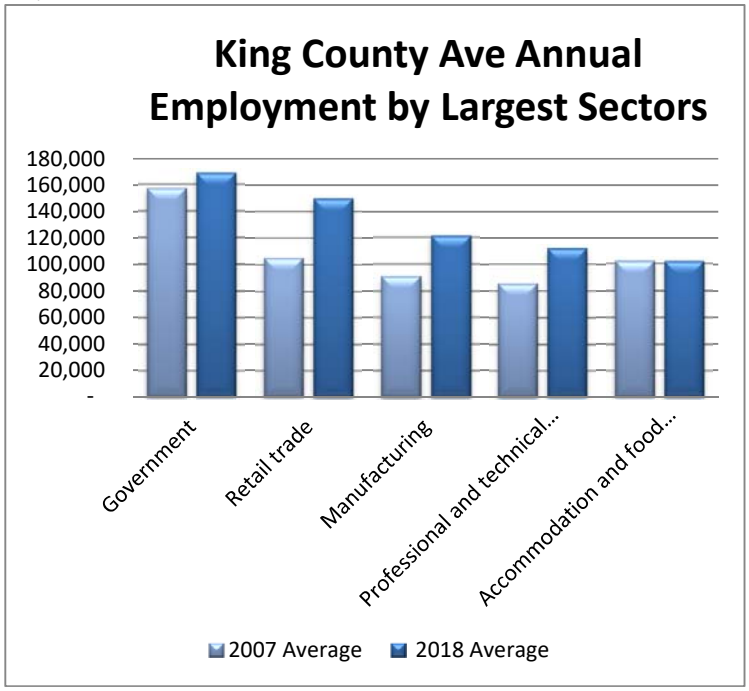
* Note: 2017-2019 Personal info from King County is not available so prior year's info used until updates are available.
Prior Years King County Population and Personal Income restated to actuals.

Employment by Type of Employment Sector
King County
Last year and nine years prior

	Employment Sector	2018 Average Annual Employment*	Rank	Percentage	2007 Average Annual Employment	Rank	Percentage
GOV	Government	168,843	1	12%	157,271	1	14%
44-45	Retail trade	149,834	3	11%	105,066	3	9%
62	Health care and social assistance	148,631	2	11%	113,777	2	10%
54	Professional and technical services	121,420	4	9%	90,998	5	8%
72	Accommodation and food service	112,050	5	8%	85,759	6	8%
31-33	Manufacturing	101,820	6	7%	102,183	4	9%
		802,598		58%	655,054		58%

Source: Washington State Employment Security Department.

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



Full-Time Equivalent City Government Employees by Function
Last 10 Fiscal Years

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

Source: Annual Operating Budget

Operating Indicators by Function

Last Ten fiscal years

Fiscal Year Ended December 31

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

n/a - information not available

Source: Various government departments and capital assets lists. www.fbi.gov

Operating Indicators by Function

Last Ten fiscal years

Fiscal Year Ended December 31

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

n/a - information not available

Source: Various government departments and capital assets lists.

Operating Indicators by Function

Last Ten fiscal years

Fiscal Year Ended December 31

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Culture and recreation										
Number of recreation participants	5,587	4,717	4,943	5,477	6,362	8,512	7,069	11,011	11,841	12,705
# of Facility rentals - Activity Ctr	41	36	38	27	27	15	12	31	11	17
# 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
# of Facility rentals - Wooton	4	8	7	13	6	6	-	11	5	14
# of Rentals-North Marina Lot										1
# of Rentals- Fields										51
# of Rentals- Promontory										2
Hrs of Facility rentals - Activity Ctr	298	223	229	149	180	91	75	150	72	175
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
Hrs of Facility rentals - Wooton	59	99	78	143	75	44	-	128	42	137
Hrs of Parking Lot Rental- North Marina Lot										8
Hrs of Field Rentals										1,077
Hrs of Promontory Rentals										35
Marina										
Dec wait list - Covered 32' (mo's)	16	n/a	12	12	24	12	18	16	12	24
Dec wait list - Covered 36' (mo's)	10	n/a	24	18	18	24	24	17	12	24
Dec wait list - Open 32' (mo's)	42	n/a	60	48	48	60	60	14	36	36
Dec wait list - Open 36' (mo's)	38	n/a	60	60	60	24	24	36	48	36
Surface Water Management										
Clean	n/a	n/a	n/a	n/a	32	38	47	74	342	307
Dig	n/a	n/a	n/a	n/a	15	3	2	-	-	-
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
Inspect	n/a	n/a	n/a	n/a	2	102	16	72	7	8
Install	n/a	n/a	n/a	n/a	31	17	15	15	15	15
Line Trim	n/a	n/a	n/a	n/a	12	-	-	2	-	4
Repair	n/a	n/a	n/a	n/a	39	64	172	121	48	262
Various Other	n/a	n/a	n/a	n/a	67	2	111	500	512	329
Total SWM work orders					241	282	470	1,590	1,601	1,601

n/a - information not available

Source: Various government departments and capital assets lists.

*Restated to include all Municipal Court Activity.

Capital Used by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
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
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	2
Patrol Vehicles	35	37	43	43	34*	34*	34	33	33	34
Transportation										
Maintenance & vehicle repair building	1	1	1	1	1	1	1	1	1	1
Street/PW maintenance vehicles, trailers, etc.	n/a	n/a	n/a	n/a	41	41	41	38	34	34
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	19	20	20	20	20	18	18	18
All way flashing stops	3	3	3	3	3	3	3	4	4	4
School zone beacons	3	4	4	6	7	7	7	8	5	5
Warning Beacons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4	4
Rectangular Rapig Flashing Beacons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8	8
Natural and Economic										
Building (shares City Hall building)	-	-	-	-	-	-	-	-	-	-
Vehicles (Shares with Streets/PW maint)	-	-	-	-	-	-	-	-	-	-
Social services										
Activty Center	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Number of City Parks	n/a	n/a	n/a	n/a	26	26	26	26	27	28
Parks acreage	n/a	n/a	n/a	n/a	185	186	186	186	191	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
Marina										
Administration building	1	1	1	1	1	1	1	1	1	1
Maintenance vehicles, trailers, etc.	n/a	n/a	n/a	n/a	9	9	9	9	9	9
Moorage slips for wet & dry storage	840	840	840	840	840	840	840	840	840	806
Surface Water Management										
Major creek basins	8	8	8	8	8	8	8	8	8	8
SWM maintenance vehicles, trailers, etc.	n/a	n/a	n/a	n/a	10	10	11	11	11	
Catchments	n/a	n/a	n/a	n/a	4,896	4,827	5,021	4,596	4,788	5,119
Control structures	n/a	n/a	n/a	n/a	102	268	277	87	86	89
Detention facilities	n/a	n/a	n/a	n/a	45	97	104	95	98	83
Discharge points	n/a	n/a	n/a	n/a	238	232	232	230	237	233
Easements	n/a	n/a	n/a	n/a	94	91	100	100	101	101
Facilities	n/a	n/a	n/a	n/a	70	72	72	72	71	218
Gravity mains	n/a	n/a	n/a	n/a	5,820	5,878	6,061	5,768	6,007	5,942
Misc structures	n/a	n/a	n/a	n/a	116	120	110	106	112	125
Open drain lines	n/a	n/a	n/a	n/a	1,459	1,401	1,369	1,348	1,334	1,327

n/a - not available
Source: Various government departments.
*Restated Prior Year Information

OUR THANKS TO AN EXCELLENT TEAM

We recognize the contributions of the following City of Des Moines employees for their contributions to this report. Each member of this team of professionals played a key role in producing this CAFR. Their dedication and teamwork are essential to the success of this report and all their efforts greatly appreciated.

Beth Anne Wroe	**Shawn Hunstock**	**Eric Mandelas**
Finance Director	*Deputy Finance Director*	*Staff Accountant*