

FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and City Council
City of West Des Moines, Iowa
West Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2022, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS,LLP

West Des Moines, Iowa
March 16, 2023

As management of the City of West Des Moines, Iowa (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022, with selected comparative information for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is in the Introductory Section at the front of this report.

Financial Highlights

At June 30, 2022, the total assets plus deferred outflows of resources of the City exceeded total liabilities plus deferred inflows of resources by \$790 million. Of this amount, \$65 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. By comparison, for the fiscal year ended June 30, 2021, total assets plus deferred outflows exceeded total liabilities plus deferred inflows by \$740 million, of which \$58 million was unrestricted.

The City's total net position increased by \$50 million during the fiscal year ended June 30, 2022. Governmental activities increased by \$22 million and business-type activities increased by \$28 million. The City continues to be able to report positive balances in all three categories of net position: for the governmentwide statements, as well as its separate governmental and business-type activities. A considerable portion of expenditures each year were for capital assets, which allowed for increases to net position.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$79 million, down from \$87 million in the prior year. The unassigned portion of the City's governmental fund balance, which is available for spending at the City's discretion, totaled \$42 million at June 30, 2022, increasing by \$5 million.

The City continues to hold the highest available bond rating from Moody's Investor Services and S&P Global (Standard & Poor's). Each of the agencies cites the City's financial position and conservative fiscal management as strengths. As discussed in Note 1 to the financial statements, the City adopted *Governmental Accounting Standards Board (GASB) Statement No. 87, Leases* in 2022. Prior year comparative information has not been restated for the adoption of the GASB Statement No. 87.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a similar manner to private-sector business.

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

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

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public works (roads, engineering, and traffic controls), health and social services, culture and recreation, community and economic development, general government, and interest on long-term debt. The business-type activities of the City include sanitary sewer, storm water, solid waste operations, the MidAmerican Energy RecPlex, and the citywide digital fiber conduit utility enterprise.

The government-wide financial statements include only those balances of the City of West Des Moines as the *primary government*. The West Des Moines Community School District, the Waukee Community School District, the Des Moines Independent School District, the Norwalk Community School District, the Van Meter Community School District, the Winterset Community School District, and West Des Moines Water Works provide services to the citizens of West Des Moines but do not meet established criteria to be component units of the City and thus are not included in this report.

The government-wide financial statements can be found on pages 34 through 37 of this report.

Fund financial statements. A *fund* is defined as 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 West Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's collection of funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds, which are described in further detail as follows:

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, government 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 and is typically the basis used in developing the next annual budget.

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 financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City maintains eighteen individual governmental funds. Information is presented separately in the *Balance Sheet - Governmental Funds* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* for the General Fund, Road Use Tax Fund, Tax Increment Financing Fund, Debt Service Fund, Capital Projects Fund, and Local Option Sales Tax Fund, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation under the column heading *Nonmajor Governmental Funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City presents budgetary information as allowed by GASB Statement No. 41. The City adopts an annual appropriated budget for the activity of all funds except agency funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions not by fund or fund type.

The basic governmental fund financial statements can be found on pages 38 through 41 of this report.

Proprietary funds consist of two different types of funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses internal service funds to account for its vehicle replacement, vehicle maintenance, health and dental insurance program, workers' compensation program and technology replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *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. The proprietary fund financial statements provide separate information for the major sanitary sewer operations fund, the major storm water operations fund, the major MidAmerican Energy RecPlex fund, the major Fiber Conduit Utility and the nonmajor solid waste operations fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided as combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 42 through 47 of this report.

Fiduciary funds are used to account for resources held in custodial capacity for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements can be found on page 48 through 49 of this report.

Notes to basic financial statements. The notes included herein 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 basic financial statements can be found on pages 50 through 89 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also provides certain *required supplementary information* concerning the City, including a schedule of changes in the City's total OPEB liability, the City's proportionate share of the net pension liability and related contributions for both of the City's pension plans, a budgetary comparison based on the City's legal level of budgetary control, and infrastructure condition and maintenance records which are required as the City has elected to use the modified approach for reporting much of its infrastructure. This approach to recording infrastructure is explained in detail on page 28, while other required supplementary information can be found on pages 98 through 101 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on infrastructure. Combining statements and schedules can be found on pages 102 through 111 of this report.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government's financial standing. At June 30, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$790 million. The City's Net Position is allocated on the basis of function and categorized as either supporting a governmental or business-type purpose. A summary and discussion of Net Position is discussed on the following page.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022

City of West Des Moines
Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Assets						
Current and other assets	\$ 210,900	\$ 211,869	\$ 48,634	\$ 46,589	\$ 259,534	\$ 258,458
Noncurrent and other assets	14,862	10,504	4,630	1,514	19,492	12,018
Capital assets, net of depreciation	679,032	640,298	269,825	225,066	948,857	865,364
Total assets	904,794	862,671	323,089	273,169	1,227,883	1,135,840
Deferred Outflows						
Pension related	11,246	16,001	163	239	11,409	16,240
Other post-employment benefits related	1,557	1,717	65	70	1,622	1,787
Advance refunding related	181	75	-	-	181	75
Total deferred outflows	12,984	17,793	228	309	13,212	18,102
Liabilities						
Current liabilities	44,946	40,906	32,859	11,604	77,805	52,510
Long-term liabilities outstanding	208,523	231,583	40,533	43,998	249,056	275,581
Total liabilities	253,469	272,489	73,392	55,602	326,861	328,091
Deferred Inflows						
Unavailable revenue, property taxes	89,814	85,139	-	-	89,814	85,139
Lease related	567	-	2,847	-	3,414	-
Pension related	29,359	533	1,459	148	30,818	681
Other post-employment benefits related	15	17	1	1	16	18
Total deferred inflows	119,755	85,689	4,307	149	124,062	85,838
Net position						
Net investment in capital assets	493,766	486,143	206,228	174,201	699,994	660,344
Restricted - expendable	22,970	16,899	1,964	4,684	24,934	21,583
Unrestricted net position	27,818	19,244	37,426	38,842	65,244	58,086
Total net position	\$ 544,554	\$ 522,286	\$ 245,618	\$ 217,727	\$ 790,172	\$ 740,013

*Not restated

The largest portion of the City's net position (89% of the total) represents its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less all outstanding debt used to acquire those assets. The City uses the capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities. Overall, the net investment in capital assets increased \$39.7 million from the previous year. The increases were in support of both governmental activities and business-type activities and are indicative of the City's ongoing commitment to provide quality infrastructure assets in the community, and its effort to aggressively repay debt related to those assets.

An additional portion of the City's net position (3% of the total) represents resources that are subject to external use restrictions. These amounts fluctuate annually based on the timing of restricted revenue and completion of the restricted projects or activities. Total restricted net position increased \$3.4 million during the fiscal year ended June 30, 2022.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022

The remaining balance of net position (8% of the total) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position increased \$7.1 million during the fiscal year ended June 30, 2022.

A summary and discussion of the City's Changes in Net Position during the fiscal years ended June 30, 2022 and 2021, is as follows:

	Changes in Net Position (in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Revenues						
Program revenues:						
Charges for services	\$ 15,036	\$ 16,081	\$ 22,083	\$ 18,597	\$ 37,119	\$ 34,678
Operating grants and contributions	20,221	17,102	200	-	20,421	17,102
Capital grants and contributions	7,350	1,197	5,212	10,161	12,562	11,358
General revenues:						
Property taxes	84,260	80,048	-	-	84,260	80,048
Other taxes	19,476	12,962	-	-	19,476	12,962
Earnings on investments	487	544	114	346	601	890
Other	5,313	6,265	310	36	5,623	6,301
Total revenues	152,143	134,199	27,919	29,140	180,062	163,339
Expenses						
General government	12,640	12,656	-	-	12,640	12,656
Public safety	35,004	39,712	-	-	35,004	39,712
Public works	27,275	24,648	-	-	27,275	24,648
Health and social services	1,145	1,183	-	-	1,145	1,183
Culture and recreation	13,495	12,045	-	-	13,495	12,045
Community & economic development	9,197	9,115	-	-	9,197	9,115
Interest on long term debt	5,876	5,453	-	-	5,876	5,453
Sewer system	-	-	11,483	10,720	11,483	10,720
Storm water system	-	-	3,656	3,888	3,656	3,888
MidAmerican Energy RecPlex	-	-	5,559	1,354	5,559	1,354
Fiber Conduit Utility	-	-	2,176	893	2,176	893
Solid waste system	-	-	2,397	2,315	2,397	2,315
Total expenses	104,632	104,812	25,271	19,170	129,903	123,982
Increase in net position before transfers	47,511	29,387	2,648	9,970	50,159	39,357
Transfers	(25,243)	(15,393)	25,243	15,393	-	-
Increase in net position	22,268	13,994	27,891	25,363	50,159	39,357
Net position, beginning of year	522,286	508,292	217,727	192,364	740,013	700,656
Net position, end of year	\$ 544,554	\$ 522,286	\$ 245,618	\$ 217,727	\$ 790,172	\$ 740,013

*Not restated

Governmental Activities. Governmental revenues in the current year increased by \$17.9 million, or 13.4%. The largest contributors were capital and operating grants and contributions, which increased \$9.3 million. This was powered largely by \$7.7 million in federal grant revenue through the Federal American Rescue Plan Act (ARPA) and \$1.6 million in additional state/local grant revenue. It should be noted that the entire ARPA grant funds were spent during fiscal 2022 on the city's broadband conduit network infrastructure project.

The City's overall property tax revenue increased \$4.2 million (fueled by an overall taxable valuation increase of \$317 million from January 1, 2019, to January 1, 2020). This additional property tax revenue was generated from an additional \$2.3 million of Tax Increment Financing revenue, an additional \$1.7 million of property tax general fund revenue, and an additional \$0.2 million of property tax related to retirement and employee benefits. Other taxes increased by \$6.5 million largely because of a \$4.6 million increase in local option sales tax and a \$1.9 million increase in hotel/motel revenue due to increased consumer

travel following the pandemic. Charges for services decreased by \$1.0 million due a \$2.4 million decrease in building permit and plan check fees after a record breaking previous fiscal year, an additional \$0.6 million in parks and recreation fees attributable to increased programming and pool admission compared to the prior year, a \$0.2 million increase in inspections revenue, \$0.2 million increase in ambulance billings, a \$0.1 million increase in alcohol licenses, and another \$0.3 million in miscellaneous items. Investment and miscellaneous earnings were down \$1.0 million from the previous fiscal year, largely due to one-time donations received in the previous fiscal year relating to the Jamie Hurd Amphitheater opening, the library remodel and decreasing interest rates.

Governmental expenses decreased by \$0.2 million, or 0.2% from the prior fiscal year. This was largely due a \$2.6 million increase in public works and the large fluctuation in capital outlay expenses from the prior year. Public safety expenses decreased by \$4.7 million (due to a \$6.5 million decrease in the pension expense related to the reduction in the City's portion of the IPERS and MFPRSI pension liabilities and public safety's portion of the OPEB liability which was offset by a \$1.8 million increase in police and fire FTE's and a corresponding increase in compensated absences, OPEB, and Pension). General government, health and social services, and community and economic development expenses remained relatively unchanged. Culture and recreation increased by \$1.5 million primarily due to rising personnel costs, and interest on long term debt increased by \$0.4 million due to additional amortization of bond premiums.

Business-Type Activities. Revenue received through charges for services increased by \$3.5 million due to the annual increase in service rates and the full opening of the MidAmerican Energy RecPlex in the fall of 2021. Capital and operating grant and contribution revenues decreased by \$4.7 million, or approximately 46.7%. The decrease relates to contributions collected for the construction of the MidAmerican Energy RecPlex (\$3.6 million), a decrease in sewer fee district collections (\$2.0 million), and an increase in donated subdivision to the stormwater fund of \$0.9 million. Investment and other miscellaneous earnings on business cash and investments remained virtually unchanged. Business-type expenses increased by \$6.1 million, or approximately 31.8%, which was largely due to increased expenses by the construction of the MidAmerican Energy RecPlex and Fiber Conduit Network utility.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position, both for the government, as well as for its separate governmental and business-type activities. This was also the case in the prior fiscal year.

Financial Analysis of the Government's Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The City's governmental funds financial statements provide detail which supports information found in the government-wide financial statements. Unassigned fund balances serve as a useful measure of a government's net resources available at focus of the City's *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 at the end of the fiscal year.

The City's governmental funds reported combined fund balances of \$79.3 million as of June 30, 2022. Of this total \$42.2 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. \$1.9 million of the balance is unspendable as it relates to inventory, prepaids, and loan receivables to be collected. The remainder of the fund balance is not available for new spending because it has already been restricted either (1) by legal requirements for debt service payments (\$2.5 million); (2) for urban renewal and development in Tax Increment Financing Districts (\$10.2 million); (3) for liquidation of contracts for capital improvements (\$14.8 million); (4) for various local option sales tax initiatives as directed by voters (\$0.6 million); (5) various other purposes (\$7.7 million).

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022

The unassigned balance of the General Fund, the chief operating fund of the City, increased \$4.2 million, or 9.2%, to a total of \$50.0 million on June 30, 2022. This was primarily due to \$3.0 million in personnel savings cost due to unfilled staffing vacancies and delayed spending in the areas of project and equipment due to supply chain issues. As a measure of the General Fund's liquidity, it is generally useful to compare unassigned fund balance to total annual fund expenditures. The unassigned portion of the General Fund balance on June 30, 2022, represents approximately 69.0% of annual General Fund expenditures. On July 19, 2021, the City Council adopted a policy to maintain an average fund balance of at least 30.0% of General Fund expenditures. This reserve allows for working capital needs due to fluctuations in revenue as a large share of city revenue, semi-annual property taxes, are received in the months of October and April.

The City's General Fund revenue saw an overall increase of \$7.4 million. Property tax and other City tax increased \$3.7 million (\$2.0 million of the increase related to hotel/motel revenue due to increased travel since the pandemic). The fund saw \$5.0 million increase in intergovernmental revenue and the primary driver of this variance was the increase in grant funding associated with the American Rescue Plan Act and Local Government Relief Fund. Other factors in the overall increase were a \$0.3 million increase in charges for services due to additional recreational facilities and other programming not present in the previous fiscal year due to COVID-19 (primarily the City's two aquatic centers were open for a full season in 2022), a \$1.4 million decrease in license and permits issued due to decreased construction activity, and a \$0.2 million decrease in miscellaneous revenue. Use of money and property (investment earnings) remained relatively unchanged due to continued low interest rates.

General Fund expenditures increased by \$4.8 million, or approximately 7.2%. Hotel/motel spending increased \$1.0 million, and nearly all the remaining increase can be attributed to rising employee costs, including salaries, pensions, and insurance.

The Road Use Tax Revenue collected by the State of Iowa and allocated to the City decreased by \$0.3 million, or approximately 3.5%, from the previous fiscal year. Revenue is tied to vehicle registrations and the sale of fuel. The large transfers out were needed to fund construction of the City's new Public Services facility. The overall ending Road Use Tax Fund balance at June 30, 2022, was a deficit balance of \$7.7 million, which, due to appropriate Council action, was temporarily covered by a loan from the City's General Fund.

The Tax Increment Financing (TIF) Fund had a fund balance of \$10.2 million on June 30, 2022, which represents an increase of \$1.7 million, or 20.8% from the prior year. There were rising levels of collections, but the primary reason for the increase is an ongoing need to collect funding for upcoming City obligations which were offered in exchange for economic development projects and job creation. The City's obligations are typically property tax rebates and/or promises to construct infrastructure related to development such as streets and sewers. The property taxes collected in these special financing districts are generally transferred from the Tax Increment Financing Fund to other funds to cover bonded debt, other loans, advances, and contracts used to finance the infrastructure improvements.

The Debt Service Fund had a fund balance of \$2.5 million on June 30, 2022, which represents an increase of 279.0%, from the prior year. The \$1.5 million transfer out was to cover principal and interest payments related to the construction of the Fiber Conduit Utility. The continued long-term strategy for the fund is to maintain a minimum reserve balance approximately equal to 25% of total interest payable each fiscal year.

The Capital Projects Fund had a fund balance of \$14.8 million on June 30, 2022, which represents a decrease in fund balance of \$15.9 million, or 51.8%. The decrease was largely due to several large infrastructure and building projects undertaken during fiscal 2022, as over \$68.8 million was expended from the fund.

The Local Option Sales Tax Fund had a fund balance of \$0.6 million on June 30, 2022, which represents a decrease of 64.2% from the prior year. This large decrease occurred as funds on-hand were used to pay a large portion of the remaining construction cost of the MidAmerican Energy Rec Plex facility.

Proprietary Funds. The City's proprietary funds financial statements provide detail which supports information found in the government-wide financial statements. The net position of the City's Sanitary Sewer Fund was \$121.3 million on June 30, 2022. This balance is comprised of a \$74.6 million investment in capital assets, a \$0.1 million in restricted for retirement benefits, and \$46.5 million in unrestricted net position. The net position of the Sanitary Sewer Fund increased \$4.1 million, or 3.5%, which was the result of a \$0.8 million in increased revenue, an increase of \$1.0 million in operating and non-operating expenditures, \$2.3 million in capital contributions of infrastructure from developers, and investment earnings of \$0.3 million.

Total net position of the City's Stormwater Fund at the end of the current year was \$95.2 million. This is comprised of \$99.9 million investment in capital assets and a shortfall of \$4.7 million in unrestricted net position. The negative net position is being addressed through a multi-year rate increase, steadily raising rates by each year through 2026 to meet increased responsibility and costs related to the maintenance of stormwater infrastructure. In addition, the City authorized internal loans from the sewer fund to the stormwater fund in the amounts of \$6.2 million and \$7.5 million in fiscal years 2018 and 2019, respectively. Each loan will be repaid over a 15-year term and the outstanding balance was \$10.8 million on June 30, 2022.

Total net position of the MidAmerican Energy RecPlex Fund at the end of the current year was \$21.6 million. This is comprised of: (a) a \$25.2 million investment in capital assets, (b) \$1.5 million restricted by other entities for construction, (c) \$0.2 million restricted for retirement benefits, and (d) a cash shortfall of \$5.3 million. The construction of the multi-sport complex was completed in the fall of 2022. It's worth noting that \$6.4 million was transferred into the fund to cover current year principal and interest debt payments: (\$5.3 million from the Local Option Sales Tax Fund and a one-time \$1.1 million from Hotel/Motel Tax Fund). Future debt payments of the facility will be internally backed by Hotel/Motel and Local Option Sales Tax collections. The net position of the MidAmerican Energy RecPlex Fund increased by \$4.4 million, or 26.0%, which was a result of \$2.2 million in charges for service (a \$2.0 million increase from the prior year), \$6.4 million in transfers in (\$1.1 million from hotel/motel revenue and \$5.3 million from Local Option Sales tax revenue), \$1.1 million in capital contributions from other entities, \$0.3 million in lease and other revenue, and \$5.6 million in operating and non-operating expenditures. Management is in the process of evaluating measures to eliminate the gap between operating revenues and operating costs.

Total net position of the Fiber Conduit Utility Fund at the end of the current year was \$6.6 million. This is comprised of: (a) a \$6.5 million in investment in capital assets, (b) \$0.05 million restricted for construction, and (c) \$0.05 in unrestricted net position. The construction of the fiber conduit utility network is underway with a full completion date in fiscal year 2023, at which time charges for services is expected to increase. Future debt payments of the network will be backed by the debt service levy and future conduit licensing revenues.

Total net position of the Solid Waste Fund at the end of the current year was \$0.6 million, all of which was unrestricted. The Solid Waste Fund does not have any investment in capital assets as all assets are handled by a private contractor. The fund balance did not change significantly from the previous year.

Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type. During the year ended June 30, 2022, no disbursements exceeded the budget.

During the fiscal year ended June 30, 2022, there were three budget amendments, dated October 20, 2021, February 10, 2022, and May 19, 2022. Amendments are a routine occurrence for the City and are primarily due to changes in the timing of capital improvement projects and related grant and other receipts for these projects. Because the City's June 30 fiscal year end occurs during the "construction season" in Iowa, it is difficult to judge in advance, that portion of construction projects which will be in process on June 30. The budget is also routinely amended each year to adjust projected fiscal year beginning balances to equal actual audited fund balances. Other adjustments addressed through amendments during the fiscal year included an increase in revenues and then transfers out to capital projects due to receipt and spending of ARPA funds (as discussed above), increased

permit revenue due to the larger-than-anticipated amount of Microsoft data center construction, unanticipated commercial property tax replacement from the State of Iowa, contributions from private entities to fund a new housing fund, increased spending to complete the MidAmerican Energy Rec Plex project, increased hotel/motel tax revenues and increased ambulance fee revenue and related expenditures due to the increased volume of service calls.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$949 million (net of accumulated depreciation). This investment in capital assets includes land, intangibles, fiber network, construction in progress, buildings, conduit network, improvements other than buildings (e.g. recreation trails, athletic fields, and parking lots), vehicles and equipment, and infrastructure (e.g. roads, bridges, sanitary and storm sewer lines). The total increase in the City of West Des Moines' capital assets for the current fiscal year was 9.6% and the specific capital spending leading to this increase is discussed in more detail later in the MD&A..

The City has elected the option to use the modified approach for reporting infrastructure within the governmental activities, as allowed by GASB Statement No. 34. Under the modified approach eligible infrastructure is not required to be depreciated if the following requirements have been met:

- The government must have an up-to-date inventory of the assets of those networks or subsystems.
- The government must perform or obtain condition assessments of those assets and summarize the results using a measurement scale. It is essential that such condition assessment be replicable (i.e., conducted using methods that would allow different measurers to reach substantially similar results).
- The government must make an annual estimate of the amount needed to maintain and preserve those assets at a condition level established and disclosed by the government.
- The government must document that infrastructure assets are being preserved at or above the condition level established and disclosed by the government.

The City already had an inventory management system in place and was performing condition assessments as part of its on-going efforts to maintain and preserve the quality and useful life of these governmental infrastructure assets. Under the modified approach, the City records the actual maintenance and preservation costs incurred during the period as expense, rather than capitalizing the preservation costs and estimating the amount of depreciation expense to record. Only improvements and additions that increase the capacity or efficiency of the infrastructure network are capitalized under this approach. All other costs are expensed in the period incurred.

	Condition Level for Street Network (prior 3 condition assessments)		
	2019	2020	2021
Street subsystem:			
Goal	70.0	70.0	70.0
Actual	76.3	76.3	72.0
	2019	2020	2021
Levee subsystem:			
Goal	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
	2017	2019	2021
Bridge & Culvert subsystem:			
Goal	81 or greater	81 or greater	81 or greater
Actual	88.5	93.8	92.8

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022

The *required supplementary information* that must be presented by governments electing this approach appears on pages 98 through 101 of this report. From this supplementary information the reader can determine that the City has been able to consistently meet or exceed condition level goals. For a full explanation as to how the following condition levels were determined, please see page 98 through 99 of this report.

The *required supplementary information* also reveals that estimated maintenance costs and actual maintenance costs are fairly consistent considering that the fiscal year falls in the middle of the construction season. This will result in some fluctuation from year to year depending on the exact date that the construction contract is let.

Comparison of street network prevention and maintenance costs
(in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Estimated Costs	\$6,985	\$6,500	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753
Actual Costs	\$6,994	\$6,015	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720

The City has *not* elected to use the modified approach for reporting the infrastructure of business-type activities, as it has not yet completed the necessary condition assessments required for the use of the modified approach. Therefore, depreciation expense has been recognized for the sanitary sewer and storm sewer infrastructure capital assets.

Capital Assets, Net of Applicable Depreciation
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 43,730	\$ 36,970	4,721	4,721	\$ 48,451	\$ 41,691
Buildings	100,122	98,935	50,919	585	151,041	99,520
Improvements other than buildings	59,577	58,655	3,088	-	62,665	58,655
Fiber conduit network	-	-	9,055	-	9,055	-
Fiber network	8,024	8,024	-	-	8,024	8,024
Equipment and vehicles	32,680	29,153	4,350	2,202	37,030	31,355
Construction-in-progress	53,012	38,097	34,394	66,029	87,406	104,126
Sanitary and storm sewer system	-	-	226,322	209,413	226,322	209,413
Infrastructure, nondepreciable	466,725	450,834	-	-	466,725	450,834
Intangibles	16,827	16,799	47	47	16,874	16,846
Accumulated depreciation	(101,665)	(97,169)	(63,071)	(57,931)	(164,736)	(155,100)
Total capital assets	\$ 679,032	\$ 640,298	\$ 269,825	\$ 225,066	\$ 948,857	\$ 865,364

Major capital asset expenditures during the fiscal year ended June 30, 2022, included the following projects with over \$1 million in spending:

Street Improvements (Governmental Activities)

- Spent \$6.3 million on street, sidewalk, and trail pavement rehabilitation and repairs throughout the City.
- Spent \$6.7 million of an overall \$7.1 million project to construct Grand Prairie Parkway from Booneville Road to Grand Avenue.
- Spent \$6.6 million of an overall \$10.6 million project to pave Booneville Road from S 100th Street to S 115th Street.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022

- Spent \$5.5 million of an overall \$10.7 million project to construct Grand Avenue from Grand Prairie Parkway to S 115th Street.
- Spent \$4.7 million to allow construction of a bridge for Veterans Parkway over Interstate 35.
- Spent \$4.0 million of an overall \$16.9 million project to construct Grand Avenue from 88th Street to Grand Prairie Parkway.
- Spent \$4.0 million of an overall \$5.5 million project to reconstruct Grand Avenue between 1st and 4th Streets in the Val-Gate District.
- Spent \$3.5 million of an overall \$6.0 million project to construct Grand Prairie Parkway from Mills Parkway to Stagecoach Drive.
- Spent \$2.8 million of an overall \$8.0 million project to relocate and reconstruct County Line Road from Soteria Ave to Veterans Parkway.
- Spent \$2.0 million of an overall \$3.1 million project to pave Booneville Road and construct a new North-South connector street near the intersection of Raccoon River Drive and Grand Avenue.
- Spent \$1.4 million of a total \$3.2 million project to reconstruct 88th Street between Mills Parkway and Ashworth Road

Enterprise Funds

- Spent \$23.5 million of an overall \$60.0 million project to construct a citywide Fiber Conduit utility network.
- Spent \$8.2 million of an overall \$60.0 million project to construct the MidAmerican Energy RecPlex, a city-owned multi-sport recreational facility.
- Spent \$3.1 million of Sewer Enterprise Funds towards an overall \$8.9 million project to construct a new sewer line to serve a southern section of the City.
- Spent \$2.8 million on a project to improve the conveyance of Johnson Creek near the Raccoon River.
- Spent \$1.8 million of Sewer Enterprise Funds towards an overall \$2.4 million project to construct a new sewer line to serve the far southwestern section of the City.

Additional information concerning the City's capital assets can be found in Note 1 and Note 3 of the *Notes to Basic Financial Statements* on pages 50 through 61 and 63 through 64, respectively.

Long-term debt. At the close of the fiscal year ended June 30, 2022, the City had total bonded debt outstanding of \$255.8 million (including unamortized net premium), all backed by the full faith and credit of the government. During the fiscal year the City's total bonded debt increased as \$43.2 million of new debt was issued during the current fiscal year versus \$27.8 million of retirements.

The Iowa State Constitution limits the amount of general obligation debt which may be issued by a city to 5% of the actual assessed value of all its taxable property. The current debt limitation for the City is approximately \$468.1 million. With outstanding general obligation principal debt of \$266.0 million (general obligation bonds plus other debt subject to the limitation), the City had utilized 57% of the debit limit as of June 30, 2022.

Additional information on the City's long-term debt can be found in Note 4 on pages 65 through 68 of this report.

Economic Factors, Budgets, and Rates for the Upcoming Fiscal Year

As one of the larger and faster-growing cities in the State of Iowa, West Des Moines expects growth both in population and in overall property valuation to continue over the next several years. A distinct advantage of West Des Moines is its unusual position as a desirable suburban city for residential growth while at the same time maintaining a strong retail, office, and commercial presence. The City's overall economic balance is roughly 65% residential valuation (including a significant presence of multi-family dwellings) and 35% commercial and industrial valuation.

Legislative action originally passed in May 2013 continues to affect taxable valuations for commercial and multi-family residential property. This legislation included a 10% cut to commercial tax rates over a period beginning July 1, 2014. The lost commercial revenue is being funded by the State of Iowa but is only guaranteed to match the lost revenues through the end of fiscal 2021. During 2021, new legislation called for a phasing out of this backfill over a five-year period, beginning with the 2023 fiscal year, resulting in approximately \$770,000 less backfill each year for the budget years 2023 to 2028. In addition, the multi-family classification of property was eliminated, and those properties are now considered residential property and thus are taxed at a lower rate. There are also many proposals brought forward by the state legislature each year in their efforts to control property tax revenue for cities and other taxing agencies. Thus, the City continues to engage in very conservative revenue budgeting practices around property taxes.

Historically, the City's tax base has grown between 2% and 9% annually. Recent years have been very strong as data below indicates.

Percentage taxable valuation growth from January 1 to January 1

2016 to 2017	4.2%
2017 to 2018	4.5%
2018 to 2019	8.5%
2019 to 2020	3.9%
2020 to 2021	8.2%
2021 to 2022	10.2%

The city had a total taxable valuation on January 1, 2022, of \$7.4 billion. Total assessed property valuation of the City on the same date was just over \$11.0 billion.

The budget for fiscal year ending June 30, 2023, maintained the City's levy rate of \$10.95 per \$1,000 of taxable valuation. This happened following a decrease in fiscal 2022 from \$10.99 to \$10.95, in 2021 from \$11.79 to \$10.99, and in 2019 from \$12.00 to \$11.79. The two larger decreases were largely made possible by voter-approved local option sales taxes, first for the Dallas County portion of the City and then for the Polk County portion. The most recent decrease was simply the result of a Council-led decision to reduce the Debt Service Levy by reducing the funding for capital projects.

Future year tax growth assumptions remain conservative, reflecting between 1% and 3% annual growth. While West Des Moines continues to experience moderate growth in its tax base, valuations are determined at the county level. Recent valuation rollbacks and appeals have resulted a need to project future revenue and expenditure levels to ensure adequate funding for services will be available in future budget cycles for operations. Because there has been an accumulation of reserve funds, the

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022

City has budgeted for a deficit in the general fund of approximately \$5 million for the fiscal year ending June 30, 2023. Despite the projected deficit, the projected general reserve balance will remain well over the Council-approved minimum 30% of annual expenditures.

As measured by current actual property valuation and recent population data, valuation compares very strongly to comparable cities, at approximately \$160,000 per capita. The City's taxable valuation per capita of over \$108,000 remains the highest of Iowa's top ten most populated cities, which allows West Des Moines to maintain the second lowest consolidated tax rate of those same ten cities. See additional information and measures regarding the City in the Statistical Section of this report.

Requests for Information

This financial report is designed to provide a general overview of the City of West Des Moines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department at 4200 Mills Civic Parkway, Suite 2B, by mail to the City of West Des Moines, Finance Department, Post Office Box 65320, West Des Moines, Iowa.

BASIC FINANCIAL STATEMENTS

City of West Des Moines, Iowa
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 84,430,218	\$ 42,885,501	\$ 127,315,719
Restricted cash and investments	25,892,930	-	25,892,930
Receivables			
Property taxes	89,950,355	-	89,950,355
Accounts and unbilled usage	4,695,277	5,032,316	9,727,593
Special assessments	189,729	-	189,729
Interest	195,457	233,543	429,000
Promises to give	-	251,420	251,420
Loans	119,077	-	119,077
Leases	106,957	46,236	153,193
Internal balances	(157,992)	157,992	-
Due from other governments	3,921,218	25,000	3,946,218
Inventories	515,006	48,502	563,508
Prepays	1,042,045	-	1,042,045
Total current assets	<u>210,900,277</u>	<u>48,680,510</u>	<u>259,580,787</u>
Noncurrent assets:			
Promises to give	-	1,261,300	1,261,300
Loans receivable	961,880	-	961,880
Leases receivable	467,560	2,870,563	3,338,123
Due from other governments	9,601,882	-	9,601,882
Investment in joint venture	1,198,599	-	1,198,599
Net pension asset	2,631,767	451,374	3,083,141
Capital assets:			
Nondepreciable			
Land	43,730,302	4,720,775	48,451,077
Infrastructure	466,724,360	-	466,724,360
Construction-in-progress	53,012,300	34,393,934	87,406,234
Intangibles	15,574,850	-	15,574,850
Depreciable			
Buildings	100,121,138	50,919,630	151,040,768
Equipment and vehicles	32,680,439	4,350,333	37,030,772
Fiber network	8,024,022	-	8,024,022
Intangibles	1,251,545	47,050	1,298,595
Improvements other than buildings	59,577,223	3,088,148	62,665,371
Fiber conduit network	-	9,055,121	9,055,121
Sanitary and storm sewer system	-	226,321,794	226,321,794
Accumulated depreciation	(101,664,673)	(63,071,337)	(164,736,010)
Net capital assets	<u>679,031,506</u>	<u>269,825,448</u>	<u>948,856,954</u>
Total noncurrent assets	<u>693,893,194</u>	<u>274,408,685</u>	<u>968,301,879</u>
Total assets	<u>904,793,471</u>	<u>323,089,195</u>	<u>1,227,882,666</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	11,245,619	162,469	11,408,088
Other post-employment benefits related deferred outflows	1,557,393	65,399	1,622,792
Advance refunding related deferred outflows	180,629	-	180,629
Total deferred outflows of resources	<u>12,983,641</u>	<u>227,868</u>	<u>13,211,509</u>

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	14,284,174	\$ 6,713,725	\$ 20,997,899
Claims payable	1,771,357	-	1,771,357
Accrued wages payable	1,000,094	49,865	1,049,959
Unearned revenue	-	71,847	71,847
Interest payable	602,041	128,599	730,640
Compensated absences	4,054,321	202,936	4,257,257
Line of credit	-	23,838,700	23,838,700
General obligation bonds	22,420,000	1,845,000	24,265,000
Installment contracts	593,492	-	593,492
Notes from direct borrowings and direct placements	34,019	-	34,019
Other post-employment benefits liability	185,719	7,799	193,518
Total current liabilities	44,945,217	32,858,471	77,803,688
Noncurrent liabilities			
Compensated absences	2,039,384	56,260	2,095,644
Line of credit	-	1,261,300	1,261,300
General obligation bonds	192,513,695	39,033,720	231,547,415
Installment contracts	329,278	-	329,278
Notes from direct borrowings and direct placements	474,551	-	474,551
Due to joint venture	158,436	-	158,436
Other post-employment benefits liability	4,331,359	181,884	4,513,243
Net pension liability	8,676,085	-	8,676,085
Total noncurrent liabilities	208,522,788	40,533,164	249,055,952
Total liabilities	253,468,005	73,391,635	326,859,640
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	89,813,834	-	89,813,834
Lease related deferred inflows	567,562	2,846,989	3,414,551
Pension related deferred inflows	29,358,705	1,459,312	30,818,017
Other post-employment benefits related deferred inflows	15,367	644	16,011
Total deferred inflows of resources	119,755,468	4,306,945	124,062,413
NET POSITION			
Net investment in capital assets	493,766,266	206,228,028	699,994,294
Restricted for:			
Debt service	2,457,053	-	2,457,053
Urban renewal and development	11,143,884	-	11,143,884
Retirement benefits	4,315,341	451,374	4,766,715
Other entities - expendable	-	1,512,720	1,512,720
Other purposes	5,053,785	-	5,053,785
Unrestricted	27,817,310	37,426,361	65,243,671
Total net position	\$ 544,553,639	\$ 245,618,483	\$ 790,172,122

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Public safety	\$35,003,796	\$6,391,197	\$1,944,846	\$ -
Public works	27,275,417	500,530	9,103,872	6,853,835
Health and social services	1,144,699	-	279,845	-
Culture and recreation	13,494,567	1,896,346	109,729	-
Community & economic development	9,197,140	4,013,141	542,461	496,667
General government	12,640,143	2,234,446	8,239,783	-
Interest on long-term debt	5,876,515	-	-	-
Total governmental activities	104,632,277	15,035,660	20,220,536	7,350,502
Business-type activities				
Sewer system	11,482,790	13,019,463	-	2,228,913
Storm water system	3,656,011	4,473,436	-	1,887,186
MidAmerican Energy RecPlex	5,559,065	2,233,315	200,000	1,096,264
Fiber conduit utility	2,176,180	-	-	-
Solid waste system	2,396,967	2,356,299	-	-
Total business-type activities	25,271,013	22,082,513	200,000	5,212,363
Total primary government	\$ 129,903,290	\$ 37,118,173	\$ 20,420,536	\$ 12,562,865

General revenues

Taxes

Property taxes

Franchise tax

Other City taxes

Hotel/Motel tax

Miscellaneous

Investment earnings

Unrestricted grants

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-type Activities	Totals
\$ (26,667,753)	\$ -	\$ (26,667,753)
(10,817,180)	-	(10,817,180)
(864,854)	-	(864,854)
(11,488,492)	-	(11,488,492)
(4,144,871)	-	(4,144,871)
(2,165,914)	-	(2,165,914)
(5,876,515)	-	(5,876,515)
(62,025,579)	-	(62,025,579)
-	3,765,586	3,765,586
-	2,704,611	2,704,611
-	(2,029,486)	(2,029,486)
-	(2,176,180)	(2,176,180)
-	(40,668)	(40,668)
-	2,223,863	2,223,863
(62,025,579)	2,223,863	(59,801,716)
84,259,924	-	84,259,924
220,375	-	220,375
14,595,884	-	14,595,884
4,660,364	-	4,660,364
773,466	310,560	1,084,026
486,843	113,990	600,833
4,539,170	-	4,539,170
(25,242,883)	25,242,883	-
84,293,143	25,667,433	109,960,576
22,267,564	27,891,296	50,158,860
522,286,075	217,727,187	740,013,262
\$ 544,553,639	\$ 245,618,483	\$790,172,122

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2022

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 41,557,024	\$ -	\$ 10,177,612	\$ 2,434,913	\$ -	\$ -	\$ 6,070,513	\$ 60,240,062
Restricted cash and investments	158,436	-	-	-	25,026,751	5,995	701,748	25,892,930
Receivables								
Property taxes	50,077,352	-	23,790,056	12,883,733	-	-	3,199,214	89,950,355
Accounts	3,054,485	-	-	-	1,301,980	-	52,077	4,408,542
Special assessments	637	-	-	-	189,092	-	-	189,729
Interest	160,128	-	-	-	-	-	-	160,128
Loans	572,387	-	-	-	-	-	508,570	1,080,957
Due from other funds	9,122,517	-	-	-	-	-	-	9,122,517
Due from other governments	1,865,891	727,203	-	-	9,849,713	858,795	196,876	13,498,478
Lease receivable	574,517	-	-	-	-	-	-	574,517
Inventories	515,006	-	-	-	-	-	-	515,006
Prepays	864,121	-	-	-	24,000	-	2,484	890,605
Investment in joint venture	281,625	-	-	-	-	-	-	281,625
Total assets	\$ 108,804,126	\$ 727,203	\$ 33,967,668	\$ 15,318,646	\$ 36,391,536	\$ 864,790	\$ 10,731,482	\$ 206,805,451
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 3,092,746	\$ 59,913	\$ 26,700	\$ 600	\$ 10,604,204	\$ -	\$ 86,299	\$ 13,870,462
Accrued wages payable	846,515	-	-	-	-	-	153,579	1,000,094
Unearned revenue	-	-	-	-	-	-	-	-
Due to other funds	-	8,368,642	-	-	-	231,877	196,286	8,796,805
Due to joint venture	158,436	-	-	-	-	-	-	158,436
Total liabilities	4,097,697	8,428,555	26,700	600	10,604,204	231,877	436,164	23,825,797
Deferred inflows of resources								
Unavailable revenue:								
Succeeding year property tax	49,978,138	-	23,781,974	12,860,993	-	-	3,192,729	89,813,834
Lease related	567,562	-	-	-	-	-	-	567,562
Grants and other	2,253,150	-	-	-	10,826,682	-	42,000	13,121,832
Special assessments	486	-	-	-	187,470	-	-	187,956
Total deferred inflows of resources	52,799,336	-	23,781,974	12,860,993	11,014,152	-	3,234,729	103,691,184
FUND BALANCES (DEFICITS)								
Nonspendable	1,951,514	-	-	-	-	-	-	1,951,514
Restricted for								
Capital projects	-	-	-	-	14,773,180	-	-	14,773,180
Debt service	-	-	-	2,457,053	-	-	-	2,457,053
Urban renewal and development	-	-	10,158,994	-	-	-	-	10,158,994
Other purposes	-	-	-	-	-	632,913	7,089,336	7,722,249
Unassigned	49,955,579	(7,701,352)	-	-	-	-	(28,747)	42,225,480
Total fund balance (deficits)	51,907,093	(7,701,352)	10,158,994	2,457,053	14,773,180	632,913	7,060,589	79,288,470
Total liabilities, deferred inflows of resources and fund balances	\$ 108,804,126	\$ 727,203	\$ 33,967,668	\$ 15,318,646	\$ 36,391,536	\$ 864,790	\$ 10,731,482	\$ 206,805,451

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental funds balances		\$ 79,288,470
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$757,953,237 and the accumulated depreciation is \$89,056,572		668,896,665
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue.		13,309,788
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Investment in joint venture-capital assets		916,974
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		
Capital assets	22,742,943	
Accumulated depreciation	(12,608,101)	
Other current assets	24,688,282	
Other current liabilities	(2,185,070)	32,638,054
Internal service funds allocated to business-type activities		(483,704)
Pension, other post-employment benefits and advance refunding related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	12,983,641	
Deferred inflows of resources	(29,374,072)	(16,390,431)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	(6,093,705)	
Other post-employment benefits payable	(4,517,078)	
Net pension liability	(6,044,318)	
Accrued interest payable	(602,041)	
Notes from direct borrowings and direct placements	(508,570)	
General obligation bonds payable	(200,070,000)	
Premium on bonds payable	(14,878,138)	
Discount on bonds payable	14,443	
Installment contracts	(922,770)	(233,622,177)
Net position of governmental activities		<u>\$ 544,553,639</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 47,244,238	\$ -	\$ 22,048,876	\$ 11,888,920	\$ -	\$ -	\$ 3,077,890	\$ 84,259,924
Other City taxes	5,373,008	-	-	110,954	-	13,960,193	32,468	19,476,623
Special assessments	-	-	-	-	109,089	-	-	109,089
Licenses and permits	3,122,143	-	-	-	-	-	-	3,122,143
Intergovernmental	12,024,719	9,103,871	1,046,816	490,374	5,595,447	-	990,079	29,251,306
Charges for services	8,583,807	-	-	-	-	-	-	8,583,807
Use of money and property	927,025	-	38,478	109,508	30,367	5,197	26,033	1,136,608
Miscellaneous	449,831	-	7,945	-	433,671	-	1,156,311	2,047,758
Total revenues	77,724,771	9,103,871	23,142,115	12,599,756	6,168,574	13,965,390	5,282,781	147,987,258
EXPENDITURES								
Current								
Public safety	32,160,714	-	-	-	-	-	3,744,710	35,905,424
Public works	10,590,621	706,713	-	-	-	-	-	11,297,334
Health and social services	1,023,893	-	-	-	-	-	93,198	1,117,091
Culture and recreation	11,495,717	-	-	-	-	-	277,343	11,773,060
Community and economic development	5,740,002	-	2,616,798	-	-	-	657,315	9,014,115
General government	10,844,647	-	-	-	-	-	-	10,844,647
Debt service								
Principal	490,945	164,639	-	23,240,000	318,080	-	33,681	24,247,345
Interest and other charges	77,935	-	-	7,163,739	477,109	-	5,339	7,724,122
Capital outlay								
Total expenditures	72,424,474	871,352	2,616,798	30,403,739	69,621,601	-	4,811,586	180,749,550
Excess (deficiency) of revenues over expenditures	5,300,297	8,232,519	20,525,317	(17,803,983)	(63,453,027)	13,965,390	471,195	(32,762,292)
OTHER FINANCING SOURCES (USES)								
Transfers in	8,858,969	-	-	21,101,916	8,792,992	-	688,711	39,442,588
Transfers out	(9,810,427)	(7,651,223)	(18,777,246)	(1,489,216)	(4,405,589)	(15,100,563)	(140,402)	(57,374,666)
Issuance of bonds	-	-	-	-	39,400,000	-	-	39,400,000
Premium on issuance of bonds	-	-	-	-	3,794,236	-	-	3,794,236
Proceeds from sale of capital assets	89,483	-	-	-	-	-	-	89,483
Total other financing sources (uses)	(861,975)	(7,651,223)	(18,777,246)	19,612,700	47,581,639	(15,100,563)	548,309	25,351,641
NET CHANGE IN FUND BALANCES	4,438,322	581,296	1,748,071	1,808,717	(15,871,388)	(1,135,173)	1,019,504	(7,410,651)
FUND BALANCES, beginning of year	47,468,771	(8,282,648)	8,410,923	648,336	30,644,568	1,768,086	6,041,085	86,699,121
FUND BALANCES, end of year	\$ 51,907,093	\$ (7,701,352)	\$ 10,158,994	\$ 2,457,053	\$ 14,773,180	\$ 632,913	\$ 7,060,589	\$ 79,288,470

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in fund balances—governmental funds	\$ (7,410,651)
Amounts reported for governmental activities in the statement of activities are different because:	
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. The following is the amount by which capital outlays exceeded depreciation in the current year:	
Capital outlay	50,003,744
Depreciation	(6,675,453)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase (decrease) net position:	
Capital assets transferred to business-type activities	(7,718,737)
Book value of capital assets disposed	(527,952)
Contributions of capital assets	2,087,791
Other expenses reported in the statement of activities that do not require the use of current fund resources and are not reported in the funds:	
Investment in joint venture-depreciation	(376,237)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue:	
Special assessments	(120,284)
Grants	3,420,114
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, change in:	
Total other post-employment benefit liability	(160,579)
Deferred inflow and outflow of resources – other post-employment benefits liability and pensions	(33,738,560)
Net pension liability	39,651,233
Compensated absences	(61,945)
The issuance of long-term debt (e.g. bonds, loan, 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 positions. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following detail of the net effect of these differences in the treatment of long-term debt and related items:	
Repayment of long-term debt:	
General obligation bonds	23,240,000
Installment contracts	911,572
Direct borrowings and direct placements	33,682
Note payable	62,093
Change in accrued interest	(40,903)
Issuance of long-term debt including premium	(43,194,236)
Amortization of bond premium	1,892,119
Amortization of bond discount	(3,610)
Advance refunding	105,965
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.	
Change in net position of governmental activities	888,398
	\$ 22,267,564

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
June 30, 2022

Business-type Activities
Enterprise Funds

	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 28,370,671	\$ 5,442,582	\$ -	\$ 8,707,872	\$ 364,376	\$ 42,885,501	\$ 24,190,156
Receivables							
Accounts and unbilled usage	2,928,440	1,170,966	238,917	114,055	579,938	5,032,316	286,735
Interest	76,667	13,359	35,899	107,618	-	233,543	35,329
Promises to give	-	-	251,420	-	-	251,420	-
Leases	-	-	46,236	-	-	46,236	-
Advance due from other funds	865,000	-	-	-	-	865,000	-
Due from other governments	-	-	25,000	-	-	25,000	24,622
Inventories	-	-	48,502	-	-	48,502	-
Prepays	-	-	-	-	-	-	151,440
Total current assets	<u>32,240,778</u>	<u>6,626,907</u>	<u>645,974</u>	<u>8,929,545</u>	<u>944,314</u>	<u>49,387,518</u>	<u>24,688,282</u>
Noncurrent assets:							
Promises to give	-	-	1,261,300	-	-	1,261,300	-
Advance due from other funds	15,075,835	-	-	-	-	15,075,835	-
Net pension asset	127,760	117,084	175,503	31,027	-	451,374	-
Lease receivable	-	-	794,411	2,076,152	-	2,870,563	-
Capital assets:							
Nondepreciable							
Land	1,682,024	542,750	2,496,001	-	-	4,720,775	-
Construction-in-progress	2,045,565	5,105,200	1,396,506	25,846,663	-	34,393,934	-
Depreciable							
Buildings	-	585,110	50,334,520	-	-	50,919,630	-
Equipment and vehicles	1,037,875	686,909	2,625,549	-	-	4,350,333	22,742,943
Intangibles	23,525	23,525	-	-	-	47,050	-
Improvements other than buildings	-	-	3,088,148	-	-	3,088,148	-
Fiber conduit network	-	-	72,205	8,982,916	-	9,055,121	-
Sanitary and storm sewer system	118,080,023	108,241,771	-	-	-	226,321,794	-
Accumulated depreciation	(48,138,199)	(13,378,053)	(1,105,939)	(449,146)	-	(63,071,337)	(12,608,101)
Net capital assets	<u>74,730,813</u>	<u>101,807,212</u>	<u>58,906,990</u>	<u>34,380,433</u>	<u>-</u>	<u>269,825,448</u>	<u>10,134,842</u>
Total noncurrent assets	<u>89,934,408</u>	<u>101,924,296</u>	<u>61,138,204</u>	<u>36,487,612</u>	<u>-</u>	<u>289,484,520</u>	<u>10,134,842</u>
Total assets	<u>122,175,186</u>	<u>108,551,203</u>	<u>61,784,178</u>	<u>45,417,157</u>	<u>944,314</u>	<u>338,872,038</u>	<u>34,823,124</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	86,839	75,630	-	-	-	162,469	-
Other post-employment benefits related deferred outflows	28,723	26,289	8,277	2,110	-	65,399	-
Total deferred outflows of resources	<u>115,562</u>	<u>101,919</u>	<u>8,277</u>	<u>2,110</u>	<u>-</u>	<u>227,868</u>	<u>-</u>

See Notes to Basic Financial Statements.

**Business-type Activities
Enterprise Funds**

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND NET POSITION**

LIABILITIES

Current

	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
Accounts payable	\$ 145,123	\$ 1,861,187	\$ 1,741,495	\$ 2,578,767	\$ 387,153	\$ 6,713,725	\$ 413,713
Claims payable	-	-	-	-	-	-	1,771,357
Accrued wages payable	15,774	1,593	29,261	3,237	-	49,865	-
Unearned revenue	-	-	71,847	-	-	71,847	-
Interest payable	-	-	65,183	63,416	-	128,599	-
Compensated absences	96,844	85,225	10,277	10,590	-	202,936	-
Line of credit	-	-	938,700	22,900,000	-	23,838,700	-
General obligation bonds	-	-	1,310,000	535,000	-	1,845,000	-
Advance due to other funds	-	865,000	-	-	-	865,000	-
Other post-employment benefit liability	3,425	3,135	987	252	-	7,799	-
Total current liabilities	261,166	2,816,140	4,167,750	26,091,262	387,153	33,723,471	2,185,070

Noncurrent

Advance due to other funds	-	9,945,000	5,456,547	-	-	15,401,547	-
Compensated absences	22,696	-	19,405	14,159	-	56,260	-
Line of credit	-	-	1,261,300	-	-	1,261,300	-
General obligation bonds	-	-	28,406,678	10,627,042	-	39,033,720	-
Other post-employment benefits liability	79,885	73,115	23,017	5,867	-	181,884	-
Total noncurrent liabilities	102,581	10,018,115	35,166,947	10,647,068	-	55,934,711	-
Total liabilities	363,747	12,834,255	39,334,697	36,738,330	387,153	89,658,182	2,185,070

DEFERRED INFLOWS OF RESOURCES

Lease related deferred inflows	-	-	752,278	2,094,711	-	2,846,989	\$ -
Pension related deferred inflows	676,308	608,213	149,580	25,211	-	1,459,312	-
Other post-employment benefits related deferred inflows	283	259	81	21	-	644	-
Total deferred inflows of resources	676,591	608,472	901,939	2,119,943	-	4,306,945	-

NET POSITION

Net investment in capital assets	74,585,690	99,946,025	25,248,817	6,447,496	-	206,228,028	10,134,842
Restricted by other entities - expendable	-	-	1,512,720	-	-	1,512,720	-
Restricted for retirement benefits	127,760	117,084	175,503	31,027	-	451,374	-
Unrestricted	46,536,960	(4,852,714)	(5,381,221)	82,471	557,161	36,942,657	22,503,212
Total net position (deficit)	121,250,410	95,210,395	21,555,819	6,560,994	557,161	245,134,779	32,638,054

Total liabilities, deferred inflows of resources, and net position

\$ 122,290,748	\$ 108,653,122	\$ 61,792,455	\$ 45,419,267	\$ 944,314	\$ 339,099,906	\$ 34,823,124
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Total enterprise funds net position

\$ 245,134,779

Amounts reported for business-type activities in the statement of net position are different because: Internal service funds are used by management to charge the cost of certain services to individual funds. These assets of the internal service funds are included in business-type activities in the statement of net position.

Net position of business-type activities

483,704
\$ 245,618,483

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities					Total Enterprise Funds	Internal Service Funds
	Enterprise Funds						
	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste		
OPERATING REVENUES							
Charges for services	\$ 13,019,463	\$ 4,473,436	\$ 2,233,315	\$ -	\$ 2,356,299	22,082,513	\$11,773,421
Lease revenue	-	-	88,368	95,496	-	183,864	-
Other	-	13,190	202,538	1,796	-	217,524	76,175
Total operating revenues	13,019,463	4,486,626	2,524,221	97,292	2,356,299	22,483,901	11,849,596
OPERATING EXPENSES							
Cost of sales and services	4,433,469	1,322,890	3,696,540	1,255,414	2,396,967	13,105,280	10,271,552
Depreciation	2,437,760	2,328,026	1,098,523	449,146	-	6,313,455	1,882,057
Total operating expenses	6,871,229	3,650,916	4,795,063	1,704,560	2,396,967	19,418,735	12,153,609
Operating income (loss)	6,148,234	835,710	(2,270,842)	(1,607,268)	(40,668)	3,065,166	(304,013)
NONOPERATING REVENUES (EXPENSES)							
Investment earnings	74,719	10,149	7,469	20,594	1,061	113,992	79,497
Interest revenue (expense)	251,939	(174,976)	(796,594)	(358,828)	-	(1,078,459)	-
Payments to WRA	(4,604,496)	-	-	-	-	(4,604,496)	-
Gain (loss) on sale of capital assets	(21,156)	(8,667)	-	-	-	(29,823)	687,838
Total nonoperating revenues (expenses)	(4,298,994)	(173,494)	(789,125)	(338,234)	1,061	(5,598,786)	767,335
Income (loss) before contributions and transfers	1,849,240	662,216	(3,059,967)	(1,945,502)	(39,607)	(2,533,620)	463,322
OTHER FINANCING SOURCES (USES)							
Capital contributions	2,321,404	9,250,492	1,096,264	249,751	-	12,917,911	-
Transfers in	15,444	2,054,181	6,408,433	9,160,088	-	17,638,146	416,744
Transfers out	(114,000)	-	-	-	-	(114,000)	(8,812)
Total other financing sources and uses	2,222,848	11,304,673	7,504,697	9,409,839	-	30,442,057	407,932
Change in net position	4,072,088	11,966,889	4,444,730	7,464,337	(39,607)	27,908,437	871,254
Total net position, beginning of year	117,178,322	83,243,506	17,111,089	(903,343)	596,768	217,226,342	31,766,800
Total net position, end of year	\$121,250,410	\$95,210,395	\$ 21,555,819	\$ 6,560,994	\$ 557,161	\$ 245,134,779	\$32,638,054
Change in net position						\$ 27,908,437	

Amounts reported for proprietary activities in the statement of activities are different because internal service funds are used by management to charge the costs of various activities internally to individual funds.

The net income of certain activities of internal service funds is reported with business-type activities.

Change in net position of business-type activities (17,141)

\$ 27,891,296

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City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-Type Activities						Internal Service Funds
	Enterprise Funds					Total Enterprise Funds	
	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 13,305,800	\$ 4,413,543	\$ 2,259,458	\$ 12,134	\$ 2,333,509	\$22,324,444	\$ 2,230,762
Receipts from interfund charges	-	-	-	-	-	-	7,404,088
Payments to suppliers	(3,598,739)	(524,493)	(2,414,117)	(1,063,992)	(2,200,708)	(9,802,049)	(445,038)
Payments to WRA	(4,604,496)	-	-	-	-	(4,604,496)	-
Payments to claimants	-	-	-	-	-	-	(9,023,743)
Payments to employees	(835,202)	(781,876)	(1,208,490)	(186,339)	-	(3,011,907)	-
Payments to interfund	(180,887)	(161,000)	(40,967)	(825)	-	(383,679)	-
Net cash provided (used) by operating activities	4,086,476	2,946,174	(1,404,116)	(1,239,022)	132,801	4,522,313	166,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interfund loan repayments	1,106,939	(1,029,976)	(76,963)	-	-	-	-
Transfers in	15,444	2,054,181	6,408,433	9,160,088	-	17,638,146	416,744
Transfers out	(114,000)	-	-	-	-	(114,000)	(8,812)
Net cash provided (used) by noncapital financing activities	1,008,383	1,024,205	6,331,470	9,160,088	-	17,524,146	407,932
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(6,037,173)	(3,356,302)	(8,852,705)	(23,176,625)	-	(41,422,805)	(2,878,070)
Capital contributions	872,281	35,491	1,518,759	-	-	2,426,531	-
Proceeds from interfund loan	-	-	402,675	-	-	402,675	-
Proceeds from issuance of line of credit	-	-	-	22,900,000	-	22,900,000	-
Principal, interest, and bond fees	-	-	(2,484,356)	(1,706,412)	-	(4,190,768)	-
Proceeds from disposal of capital assets	-	-	-	-	-	-	38,861
Net cash provided (used) by capital and related financing activities	(5,164,892)	(3,320,811)	(9,415,627)	(1,983,037)	-	(19,884,367)	(2,839,209)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income	231,093	40,870	7,469	20,594	1,061	301,087	146,216
Purchase of investment securities	(47,819,952)	(8,332,613)	-	-	-	(56,152,565)	(21,826,047)
Proceeds from maturity of investment securities	47,592,117	8,292,913	-	-	-	55,885,030	21,801,941
Net cash provided (used) by investing activities	3,258	1,170	7,469	20,594	1,061	33,552	122,110
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(66,775)	650,738	(4,480,804)	5,958,623	133,862	2,195,644	(2,143,098)
CASH AND CASH EQUIVALENTS, beginning of year	937,582	-	4,480,804	2,749,249	230,514	8,398,149	11,616,049
CASH AND CASH EQUIVALENTS, end of year	\$ 870,807	\$ 650,738	\$ -	\$ 8,707,872	\$ 364,376	\$10,593,793	\$ 9,472,951

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (continued)
Year Ended June 30, 2022

	Business-Type Activities						Internal Service Funds
	Enterprise Funds						
	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS)							
TO NET CASH PROVIDED (USED) BY							
OPERATING ACTIVITIES							
Operating income (loss)	\$ 6,148,234	\$ 835,710	\$ (2,270,842)	\$ (1,607,268)	\$ (40,668)	\$ 3,065,166	\$ (304,013)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	2,437,760	2,328,026	1,098,523	449,146	-	6,313,455	1,882,057
Noncash revenue	-	-	(88,369)	(95,496)	-	(183,865)	-
Payments to WRA	(4,604,496)	-	-	-	-	(4,604,496)	-
Change in assets and liabilities						-	
Receivables	286,337	(73,083)	(176,395)	10,338	(22,789)	24,408	(169,819)
Inventories	-	-	(48,502)	-	-	-	-
Prepaid expenses and other assets	-	-	-	(31,025)	-	(31,025)	842,810
Unearned revenue	-	-	71,848	-	-	71,848	-
Accounts payable & other liabilities	(32,487)	(4,984)	-	-	196,258	158,787	112,936
Claims payable	-	-	-	-	-	-	(152,975)
Compensated absences and accrued wages payable	(6,014)	(5,282)	34,243	37,069	-	60,016	-
Net pension liability and related deferred outflows of resources and deferred inflows of resources	(146,582)	(133,011)	(34,901)	(5,816)	-	-	-
Other post-employment benefits liability and related deferred outflows of resources	3,724	(1,202)	10,279	4,030	-	-	-
Net cash provided (used) by operating activities	<u>\$ 4,086,476</u>	<u>\$ 2,946,174</u>	<u>\$ (1,404,116)</u>	<u>\$ (1,239,022)</u>	<u>\$ 132,801</u>	<u>\$ 4,522,313</u>	<u>\$ 2,210,996</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION							
Cash and investments	\$ 28,370,671	\$ 5,442,582	\$ -	\$ 8,707,872	\$ 364,376	\$ 42,885,501	\$ 24,190,156
Less items not meeting the definition of cash equivalents	(27,499,864)	(4,791,844)	-	-	-	(32,291,708)	(12,672,278)
Cash and cash equivalents at end of year	<u>\$ 870,807</u>	<u>\$ 650,738</u>	<u>\$ -</u>	<u>\$ 8,707,872</u>	<u>\$ 364,376</u>	<u>\$ 10,593,793</u>	<u>\$ 11,517,878</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Capital and related financing activities							
Donated construction	\$ 1,356,632	\$ 1,838,506	\$ -	\$ -	\$ -	\$ 3,195,138	\$ -
Donated construction from other funds	\$ 92,491	\$ 7,376,496	\$ -	\$ 249,751	\$ -	\$ 7,718,738	\$ -
Acquisition of capital assets through payables	\$ 130,576	\$ 1,759,301	\$ 1,741,494	\$ 2,578,766	\$ -	\$ 6,210,137	\$ -
Amortization of bond premium	\$ -	\$ -	\$ 81,569	\$ 5,947	\$ -	\$ 87,516	\$ -
Amortization of deferred lease inflows	\$ -	\$ -	\$ 88,369	\$ 95,496	\$ -	\$ 183,865	\$ -
Assets leased to others	\$ -	\$ -	\$ 840,647	\$ 2,076,152	\$ -	\$ 2,916,799	\$ -
Investing activities							
Change in fair market value of investments	\$ (110,723)	\$ (19,293)	\$ -	\$ -	\$ -	\$ (130,016)	\$ (51,022)

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 86,865
LIABILITIES	
Funds held for the benefit of others	\$ -
NET POSITION	
Restricted for individuals, organizations, and other governments	\$ 86,865

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2022

	Custodial Fund
Additions	
Seized funds	\$ 30,533
Total additions	\$ 30,533
Deductions	
Due to individuals and organizations	\$ -
Total deductions	\$ -
Change in net position	\$ 30,533
Net position beginning of year	\$ 56,332
Net position end of year	\$ 86,865

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of West Des Moines (the City) is a political subdivision of the State of Iowa located in Polk, Dallas, Madison and Warren counties. It was first incorporated in 1893 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government, with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, health and social services, public improvements and general government administrative services. It also provides sewer, storm water, and solid waste utilities. The City finished construction of a City-owned multi-sport recreational facility (MidAmerican Energy RecPlex) and continues construction of the Fiber Conduit Utility network (Fiber Conduit Utility).

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, there are no component units, organizations or agencies which should be included in these basic financial statements. As discussed in Note 12, the City also reports its participation in two joint ventures.

Basis of Presentation

Government-wide and fund 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 City. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent for support on fees and charges for services.

The Statement of Net Position presents the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Three categories of net position are reported:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, and deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets, liabilities, and deferred inflows of resources, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial positions, rather than upon net income determination. The following are the City's major governmental funds:

General Fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road Use Tax Fund (Special Revenue): To account for the proceeds from road use tax monies.

Tax Increment Financing Fund (Special Revenue): To account for the accumulation of resources generated by TIF districts to be used for urban renewal and development. Property tax revenue generated on increased assessed valuations within TIF districts are the resources accounted for in this fund.

Debt Service Fund: To account for the servicing of the general long-term debt not financed by a specific source.

Capital Projects Fund: To account for the acquisition and construction of major capital facilities and other capital assets, with the exception of those that are financed through proprietary fund types.

Local Option Sales Tax Fund: To account for the voter-approved local option sales tax in Dallas and Polk County with 50% of the revenue pledged for property tax reduction and 50% to be used for certain initiatives including quality of life amenities and increased public safety spending.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: Are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted or committed to expenditures for specific projects).

Police and Fire Retirement Fund: To account for the remaining balances of the self-administered pension plans after a transfer to a state administered plan which may be used by the City to meet future pension funding requirements as prescribed by law.

Employee Benefit Fund: To account for the property tax revenues collected to be used for City employees' health insurance and pension costs.

Economic Development Fund: To account for grants, contributions, and loan repayments to be used for general economic development and redevelopment purposes of the City including low interest loans the City makes to private companies for economic development purposes, as well as the acquisition and sale of land.

Housing Programs Fund: To account for the U.S. Department of Housing and Urban Development Block Grant programs as well as miscellaneous other grants and contributions to provide housing assistance and housing rehabilitation programs.

Human Services Child Care & Medical Clinic: To account for the human services child care and medical clinic donations and related expenditures.

Parks Fund: To account for the donations identified to specifically assist the park programs and annual tree planting.

Library Fund: To account for reimbursements from the State of Iowa for library materials lent to non-City residents and other libraries in Iowa, and used for improvements to the Library. This Fund also accounts for money received through donations and fund raising activities for the Library.

Public Safety Fund: To account for grants and contributions specifically identified for use in public safety activities such as contributions for the purchase of public access defibrillators. This fund is also used to account for funds received by the City as a result of drug seizures.

Dallas County Local Housing Trust Fund: To account for grants from the Iowa Finance Authority and other Dallas County Local Housing Trust Fund revenues and related expenditures.

Community Development Block Grant Fund: To account for the community development block grant revenues and related expenditures.

Historic WDM Housing Fund: To account for the revenue and expenditures associated with the rehabilitation of homes in the Valley Junction area.

Youth Justice Initiative Fund: To account for contributions from the West Des Moines Community School District, the United Way, private donors, and the City and related expenditures for the community based restorative justice program.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector (business-type activities). The measurement focus is upon income determination, financial positions and cash flows.

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The following are the City's major enterprise funds:

Sewer System Fund: To account for the operations of the City's sanitary sewer systems including the revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

Storm Water System Fund: To account for the operations of the City's storm water sewer systems including revenue from usage fees, operating costs, capital projects, and all bond issues.

MidAmerican Energy RecPlex: to account for the operations of the City-owned multi-sport recreational facility.

Fiber Conduit Network: to account for the operations of the City-owned fiber conduit network to provide increased access to high speed Internet.

The other enterprise fund of the City is considered nonmajor and is as follows:

Solid Waste Fund: To account for the operations of the City's solid waste collection system.

Internal Service Funds: Are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City. The following are the City's internal service funds:

Vehicle Replacement Fund: To account for replacement costs related to vehicles and equipment of the City.

Vehicle Maintenance Fund: To account for the maintenance costs related to the vehicles and equipment of the City.

Health and Dental Insurance Fund: To account for the health and dental insurance premiums and claims for all City employees.

Worker's Compensation Insurance Fund: To account for the worker's compensation premiums and claims.

Technology Replacement Fund: To account for replacement costs related to technology used by the City, such as hardware and software.

Fiduciary Fund – Custodial Funds: Fiduciary funds – Custodial Funds are used to account for assets held by the City as a custodian for individuals, private organizations, certain jointly governed organizations, and other governmental units and/or funds. The City has the following fiduciary fund type:

Police Agency Monies: a custodial fund utilized to hold evidentiary cash.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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 tax is recognized as revenue in the year in which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified in February 2022, the date at which a lien attaches, based on the 2021 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 1½% per month penalty for delinquent payment. Since the 2021 tax levy is budgeted and levied for fiscal year 2023, the revenue from this tax levy has been deferred.

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 revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City maintains its financial records on the cash basis during the fiscal year. The financial statements of the City are prepared by making adjusting entries to the cash basis financial records at the end of the fiscal year.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies:

The significant accounting policies followed by the City include the following:

Cash, Pooled Investments and Cash Equivalents: The City maintains a cash and investment pool to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value except for non-negotiable certificates of deposit which are stated at cost. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates. Interest income is generally allocated to each participating fund based upon the percentage of its average balance.

For purposes of the Statement of Cash Flows for proprietary fund type funds, the City considers pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Certificates of deposit with a maturity greater than three months are considered investments. Cash equivalents also include restricted cash and investments.

Property Taxes Receivable, Including Tax Increment Financing: Property tax, including tax increment financing in governmental funds, is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2022 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and the fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2020, assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022, and reflects tax asking contained in the budget certified to the County Board of Supervisors in February 2021.

Accounts Receivable: results primarily from services provided to citizens and are accounted for in the governmental funds. Sanitary sewer, Storm water, the MidAmerican Energy RecPlex, Fiber Conduit Utility, and solid waste are accounted for in the enterprise funds. All are net of an allowance for uncollectible. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Special Assessments Receivable: represents the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax.

Interest Receivable: represents the amounts due from earnings on investments.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

Promises to Give: represents promises made directly to the City from individuals and businesses to be used in the construction on the MidAmerican Energy RecPlex. Approximately \$251,000 of the \$1,512,720 receivable at June 30, 2022 is expected to be received with one year. The entire balance is expected to be received in seven years.

Loans Receivable: represents amounts due from businesses related to the City's economic incentive programs and the amounts due relating to notes from direct borrowings and direct placements made by the City.

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

Inventories: consists of materials, supplies, and MidAmerican Energy RecPlex pro shop accessories and concessions are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental and proprietary fund type inventories are recorded as expenditures using the purchase method.

Prepays: consists of software maintenance, support, and warranty extending beyond the current fiscal year end. The associated expenditure is recognized in the period benefited by the prepayment.

Investment in joint venture: represents the City's proportionate share of a centralized emergency dispatch center (Westcom). Refer to Note 12 for additional details on the joint venture.

Restricted Assets: Funds invested from contributions which carry specific restrictions for their use are classified as restricted assets.

Bond Issuance Costs: in the government-wide financial statements and the fund financial statements, bond issuance costs are recognized during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses in the government-wide financial statement and proprietary fund types in the fund financial statement. Governmental funds recognize the costs as debt service expenditures.

Capital Assets: including land, buildings, improvements other than buildings, intangibles, equipment and vehicles, infrastructure, construction-in-progress, fiber conduit network, sanitary and storm water sewer system are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The City has chosen the modified approach, as defined by GASB Statement No. 34, for reporting the governmental activities infrastructure assets. The modified approach for reporting infrastructure assets takes into consideration the fact that many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained. Therefore, these particular assets would not be depreciated over a useful life. The City has established an asset management system and has committed to maintain the following networks of infrastructure asset at an established condition level as determined by the City's Public Services department (1) roadways and pavements (2) bridges (3) flood control levees and (4) street

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

culverts. The Required Supplementary Information Section of this report provides additional information regarding the condition assessment and the estimated and actual costs to maintain the assets

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction period are expensed as incurred.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

<u>Asset class</u>	<u>Estimated useful lives (in years)</u>
Buildings	30
Improvements other than buildings	15
Equipment and vehicles	3 - 15
Fiber network	20
Fiber conduit network	20
Sanitary and storm water sewer system	50
Intangibles	5

The City's collection of works of art and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Adoption of new GASB Pronouncement

During the fiscal year ended June 30, 2022, the City implemented the following GASB Pronouncement: GASB Statement No. 87, *Leases* (GASB 87). In governmental funds, the City now recognizes an expenditure for the current year lease and interest due for leases with payments made during the lease term of over \$5,000. Payments on contracts under that threshold are recorded as expenditures. In the government-wide statements, the City recognizes a lease liability and right to use lease asset for the present value of all future lease payments at the commencement of the lease for leases with total future minimum payments over \$5,000. As a lessor, the City recognizes a lease receivable and deferred inflow of resources that will be recognized over the term of the lease in both the governmental funds and the government-wide statements. Adoption of GASB 87 had no effect on net position or fund balances as of July 1, 2021 or on the previously reported change in net position or fund balances.

Leases: City as Lessee: The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. There were no lessee arrangements reported during the fiscal year ended June 30, 2022.

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

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

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

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

City as Lessor: The City is a lessor for noncancellable leases for space for cellular antennas on City water towers, conduit infrastructure, buildings, land, and concession spaces. The City recognizes a lease receivable and a deferred inflow of resources in the governmental and business-type activities and governmental and business-type fund financial statements.

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

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

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

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

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

Deferred Outflows of Resources: Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, deferred losses on advance refunding of bonds, and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

Deferred Inflows of Resources: Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available. Deferred inflows of resources at the governmental fund level consist of the succeeding year property tax receivable, and other receivables not collected within 60 days of the current fiscal period.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied, other unrecognized items not yet charged to pension and OPEB expense, and deferred amounts related to leases.

Interfund Transactions: Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds, that are representative of lending/borrowing arrangements at the end of the fiscal year, are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Compensated Absences: City employees accumulate vacation benefits for subsequent use or payment upon termination, death or retirement. City employees also accumulate sick leave benefits for subsequent use or payment at one-half the accumulated value upon death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured. Examples of these are employee retirements and resignations. There is no amount considered due as of year-end or reported in the fund financial statements. However, the entire compensated absence liability, computed based on rates of pay in effect at June 30, 2022, is reported on the government-wide financial statements. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's two pension systems, and additions to/deductions from the pensions' fiduciary net position have been determined on the same basis as they are reported by each respective pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the general fund.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

Total other post-employment benefits (OPEB) liability: For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the general fund.

Fund Balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the highest level of decision-making authority. The City Council is the highest level of decision-making authority and can, through ordinance or resolution approved prior to fiscal year end, commit fund balance.

For the purpose of financial commitments, ordinances and resolutions are equally binding. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts. At this time no amounts have been committed by the City Council.

Assigned - Amounts the City intends to use for a specific purpose. The intent is expressed by the governing body itself, or a body or official to which the City has delegated the authority to assign amounts to be used for specific purposes. It does not require formal action of the City. At this time no amounts have been assigned nor has any specific authority to assign fund equity been delegated by the City, governing bodies or officials.

Unassigned - All amounts not included in other spendable classifications. The General fund is the only fund that would report a positive amount in unassigned fund balance.

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

Net Position: Net position represents the difference between assets, deferred inflows of resources, liabilities, and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2022, the City had \$24,944,669 in unspent debt proceeds available for projects in governmental funds and \$8,707,872 in enterprise funds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$11,143,884 for tax increment projects and \$4,766,715 for retirement benefits. All other restrictions are imposed by outside parties through grants, debt agreements or donors.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

The City Council adopted a policy centered around general fund cash reserves. The policy states that the cash balance will meet or exceed 30% of annual total general fund expenditures. This reserve is necessary to meet cash flow needs during the initial months of the new fiscal year as property tax revenue, the primary source of funding for general operations, is collected semi-annually with the respective county treasurers remitting most of those taxes to the City in the months of October and April.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

As of June 30, 2022, the City's cash and investments were as follows:

Cash and investments, statement of net position	\$127,315,719
Restricted cash and investments	25,892,930
Cash and investments, fiduciary funds	<u>86,865</u>
	<u>\$153,295,514</u>

As of June 30, 2022, the City had investments in U.S. Agency coupon securities with a fair value of \$56,124,607. The City categorized its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. All of the City's investments in U.S. Agency coupon securities are valued using significant other observable inputs (level 2 inputs). There have been no changes in valuation methodologies at June 30, 2022 compared to June 30, 2021.

Authorized Investments: The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. However, the City's investment policy additionally limits investments in commercial paper to obligations at the time of purchase rated within the two highest ratings issued by nationally recognized statistical rating organizations with a maturity less than 270 days.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the City's investment policy, the City minimizes the fair value risk of investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

The City employs a laddered maturity approach to its investments in U.S. Agency coupon securities. Within 12 months, \$56,124,607 of the fair value will mature.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 CASH AND INVESTMENTS (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year. All \$56,124,607 of the fair value invested in U.S. Agency coupon securities are rated Aaa by Fitch, Standard and Poor's, and Moody's. The City adheres to investment policies established in the State of Iowa code.

Concentration of Credit Risk: The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. The policy limits the City to holding a minimum of 5% of the total portfolio in highly marketable short-term treasuries, short-term federal government agencies, checking with interest, government pooled account or a combination of all four. The policy limits investments in order to avoid over-concentration in securities of a specific issuer and limits certificates of deposit to the amount approved by City Council for each financial institution in accordance with the Code of Iowa.

Custodial Credit Risk-Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the City's policy to require that time deposits in excess of FDIC insurance limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2022, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. The City's investments were covered by investments purchased and held by an independent third party.

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no custodial risk with regards to investments since all investments were held by the City or its agent in the City's name.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS

The City has reported all capital assets including infrastructure in the government-wide statement of net position. The City elected to use the modified approach as defined by GASB Statement No. 34 for governmental activities infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 36,970,629	\$ 6,759,673	\$ -	\$ -	\$ 43,730,302
Infrastructure	450,834,369	16,146,900	256,909	-	466,724,360
Construction-in-progress	38,096,838	48,393,290	25,759,091	(7,718,737)	53,012,300
Intangibles	15,574,850	-	-	-	15,574,850
Total capital assets, not being depreciated	<u>541,476,686</u>	<u>71,299,863</u>	<u>26,016,000</u>	<u>(7,718,737)</u>	<u>579,041,812</u>
Capital assets, being depreciated					
Buildings	98,934,556	2,063,038	876,456	-	100,121,138
Equipment and vehicles	29,152,672	4,835,775	1,308,008	-	32,680,439
Fiber network	8,024,022	-	-	-	8,024,022
Intangibles	1,224,336	27,209	-	-	1,251,545
Improvements other than buildings	58,654,978	3,070,908	2,148,663	-	59,577,223
Total capital assets, being depreciated	<u>195,990,564</u>	<u>9,996,930</u>	<u>4,333,127</u>	<u>-</u>	<u>201,654,367</u>
Less accumulated depreciation for					
Buildings	35,547,980	3,288,385	658,222	-	38,178,143
Equipment and vehicles	15,735,525	2,959,038	1,295,245	-	17,399,318
Fiber network	3,597,033	403,601	-	-	4,000,634
Intangibles	847,017	120,519	-	-	967,536
Improvements other than buildings	41,441,693	1,785,966	2,108,617	-	41,119,042
Total accumulated depreciation	<u>97,169,248</u>	<u>8,557,509</u>	<u>4,062,084</u>	<u>-</u>	<u>101,664,673</u>
Total capital assets, being depreciated, net	<u>98,821,316</u>	<u>1,439,421</u>	<u>271,043</u>	<u>-</u>	<u>99,989,694</u>
Governmental activities, capital assets net	<u>\$ 640,298,002</u>	<u>\$ 72,739,284</u>	<u>\$ 26,287,043</u>	<u>\$ (7,718,737)</u>	<u>\$ 679,031,506</u>

Depreciation expense was charged to the governmental activities functions as follows:

Governmental Activities	
Public safety	\$ 2,279,824
Health and social services	109,236
Culture and recreation	2,091,693
Public works	2,766,199
General government	1,125,686
Community and economic development	184,871
Total	<u>\$ 8,557,509</u>

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 4,720,775	\$ -	\$ -	\$ -	\$ 4,720,775
Construction-in-progress	66,029,047	42,682,227	82,036,077	7,718,737	34,393,934
Total capital assets, not being depreciated	<u>70,749,822</u>	<u>42,682,227</u>	<u>82,036,077</u>	<u>7,718,737</u>	<u>39,114,709</u>
Capital assets, being depreciated					
Buildings	585,110	50,334,520	-	-	50,919,630
Equipment and vehicles	2,201,859	2,447,562	299,088	-	4,350,333
Intangibles	47,050	-	-	-	47,050
Improvements other than buildings	-	3,088,148	-	-	3,088,148
Fiber conduit network	-	9,055,121	-	-	9,055,121
Sanitary and storm sewer system	209,412,885	17,812,614	903,705	-	226,321,794
Total capital assets, being depreciated	<u>212,246,904</u>	<u>82,737,965</u>	<u>1,202,793</u>	<u>-</u>	<u>293,782,076</u>
Less accumulated depreciation for					
Buildings	-	858,409	-	-	858,409
Equipment and vehicles	830,076	417,784	269,264	-	978,596
Fiber conduit network	-	450,951	-	-	450,951
Intangibles	47,050	-	-	-	47,050
Improvements other than buildings	-	102,938	-	-	102,938
Sanitary and storm sewer system	57,053,725	4,483,373	903,705	-	60,633,393
Total accumulated depreciation	<u>57,930,851</u>	<u>6,313,455</u>	<u>1,172,969</u>	<u>-</u>	<u>63,071,337</u>
Total capital assets, being depreciated, net	<u>154,316,053</u>	<u>76,424,510</u>	<u>29,824</u>	<u>-</u>	<u>230,710,739</u>
Business-type activities, capital assets, net	<u>\$ 225,065,875</u>	<u>\$ 119,106,737</u>	<u>\$ 82,065,901</u>	<u>\$ 7,718,737</u>	<u>\$ 269,825,448</u>

Depreciation expense was charged to the business-type activities functions as follows:

Business-Type Activities	
Sewer system	\$ 2,437,760
Storm water system	2,328,026
MidAmerican Energy RecPlex	1,098,523
Fiber conduit utility	449,146
Total	<u><u>\$ 6,313,455</u></u>

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Balance July 1, 2021	Increases & Issues	Decreases & Retirements	Balance June 30, 2022	Due within one year
Governmental activities					
General obligation bonds, including unamortized net premiums	\$ 196,867,967	\$ 43,194,236	\$ 25,128,508	\$ 214,933,695	\$ 22,420,000
Installment contracts	1,834,342	-	911,572	922,770	593,492
Notes from direct borrowings and direct placements	542,252	-	33,682	508,570	34,019
Equipment note payable	62,093	-	62,093	-	-
Compensated absences	6,031,760	6,093,705	6,031,760	6,093,705	4,054,321
Other post-employment benefits liability	4,356,499	160,579	-	4,517,078	185,719
Net pension liability	45,695,551	-	37,019,466	8,676,085	-
Total governmental activities	255,390,464	49,448,520	69,187,081	235,651,903	27,287,551
Business-type activities					
General obligation bonds, including unamortized net premiums	43,516,236	-	2,637,516	40,878,720	1,845,000
Line of credit	2,500,000	22,900,000	300,000	25,100,000	23,838,700
Compensated absences	246,720	259,196	246,720	259,196	202,936
Other post-employment benefits liability	177,270	12,413	-	189,683	7,799
Net pension liability	1,257,197	-	1,257,197	-	-
Total business-type activities	47,697,423	23,171,609	4,441,433	66,427,599	25,894,435
Total primary government long term liabilities	\$ 303,087,887	\$ 72,620,129	\$ 73,628,514	\$ 302,079,502	\$ 53,181,986

Bonds were sold at a net premium; unamortized net premium at June 30, 2022 totaled \$16,357,415.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 LONG TERM LIABILITIES (continued)

General Obligation Bonds/Notes: General obligation bonds outstanding as of June 30, 2022, consist of the following individual issuances:

<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Principal Payments</u>	<u>Amount Originally issued</u>	<u>Amount Outstanding June 30, 2022</u>
09/11/2014	2.000-5.000	June 2026	820,000 - 1,055,000	12,250,000	950,000
04/07/2015	2.000-3.100	June 2029	240,000 - 2,195,000	21,755,000	14,105,000 *
04/07/2015	2.000-2.800	June 2025	875,000 - 1,660,000	12,715,000	4,850,000 *
06/15/2016	2.000-5.000	June 2026	690,000 - 3,260,000	9,225,000	2,675,000
06/15/2016	2.000-5.000	June 2031	555,000 - 1,495,000	13,855,000	7,130,000 *
11/16/2016	2.000-4.000	June 2026	100,000 - 840,000	7,200,000	3,270,000
11/16/2016	2.000-4.000	June 2030	100,000 - 1,025,000	10,700,000	7,435,000 *
08/22/2017	2.000-3.000	June 2029	435,000 - 2,320,000	7,650,000	3,545,000
08/22/2017	2.000-4.000	June 2024	615,000 - 735,000	4,665,000	1,440,000 *
08/22/2017	2.125-5.000	June 2032	535,000 - 850,000	9,130,000	7,440,000 *
08/22/2017	3.000-5.000	June 2036	100,000 - 2,125,000	25,555,000	24,055,000 *
08/22/2017	2.000-5.000	June 2029	240,000 - 385,000	3,470,000	2,420,000 *
06/13/2018	3.000-5.000	June 2030	430,000 - 2,100,000	8,110,000	4,665,000
06/13/2018	3.000-5.000	June 2031	315,000 - 1,675,000	12,540,000	11,475,000 *
06/13/2018	3.000-5.000	June 2037	100,000 - 485,000	6,155,000	5,805,000 *
06/13/2018	2.700-5.000	June 2036	250,000 - 1,455,000	15,925,000	15,425,000 *
12/27/2018	3.000-3.125	June 2026	1,000,000 - 2,475,000	10,480,000	9,480,000 *
06/20/2019	4.000-5.000	June 2026	850,000 - 1,375,000	7,225,000	6,375,000 *
06/20/2019	5.000	June 2026	895,000 - 1,090,000	4,945,000	4,050,000 *
06/20/2019	3.000-5.000	June 2031	370,000 - 490,000	5,105,000	3,970,000 *
06/20/2019	5.000	June 2025	970,000 - 1,170,000	5,320,000	3,340,000 *
08/01/2019	2.000-5.000	June 2031	480,000 - 5,135,000	12,625,000	5,895,000
08/01/2019	3.000-5.000	June 2039	520,000 - 1,035,000	15,400,000	13,750,000 **
09/03/2020	5.000	June 2026	480,000 - 5,450,000	13,805,000	6,375,000
09/03/2020	1.250-5.000	June 2032	255,000 - 515,000	5,100,000	4,500,000 *
09/03/2020	1.100-2.000	June 2040	535,000 - 1,230,000	13,565,000	11,055,000 **
01/05/2021	1.150-2.000	June 2039	725,000 - 1,040,000	16,240,000	14,580,000 **
09/23/2021	2.000-5.000	June 2040	850,000 - 3,150,000	20,395,000	20,395,000 *
09/23/2021	2.000-5.000	June 2039	150,000 - 235,000	2,990,000	2,990,000 *
06/22/2022	5.000	June 2028	1,070,000 - 1,300,000	5,915,000	5,915,000 *
06/22/2022	4.000-5.000	June 2033	905,000 - 1,195,000	8,365,000	8,365,000 *
06/22/2022	3.500	June 2029	415,000 - 455,000	1,735,000	1,735,000 *
				\$ 330,110,000	\$ 239,455,000

*Urban Renewal General Obligation Bond

**Enterprise Fund General Obligation Bond

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 LONG TERM LIABILITIES (continued)

Other than Bonded Debt

Installment contracts:

The City has entered into an installment contract with the Iowa Department of Transportation (DOT) related to the Highway 5 relocation construction project. The agreement is non-interest bearing and originally called for annual installments of approximately \$1,077,000 through June 2015. Prior to the final payment due date, IDOT agreed to delay the payment pending modification of terms of the agreement. An amendment, effective January 11, 2016, included settlement of additional construction cost reimbursement of \$569,571, and provided for the remaining balance of \$1,646,390 to be refinanced into a non-interest-bearing installment contract allowing for equal principal installments over ten years beginning April 2016. The balance due as of June 30, 2022 was \$493,918.

The City has entered into a non-interest-bearing installment contract with a neighboring City to acquire a previously shared fire station totaling approximately \$1,429,508. The payments are due in prorated annual installments ranging from \$71,476 to \$428,852 through May 2023. The balance due as of June 30, 2022 was \$428,852.

Direct borrowings and direct placements:

On August 24, 2018 and October 9, 2018, the City borrowed \$625,000 from Iowa Finance Authority with the intention to pass on the funds to a sub-recipient in the continuation of the rehabilitation of a school building. The loan bears interest at 1% per annum with semi-annual payments of \$19,510 and matures in June 2036. The balance due as of June 30, 2021 was \$508,570.

Compensated Absences: Compensated absences are typically liquidated in the fund that accounts for the employee's salary and benefits.

Line of Credit: On April 15, 2020, the City entered into a three year \$6,000,000 revolving line of credit agreement with a bank for the purpose of providing funding for the construction of the MidAmerican Energy Rec Plex and specifically to fund timing differences of construction payables to the receipt of various pledges. The line of credit includes monthly interest payments on the outstanding amount, with the variable interest rate at 1.75 percent above the 1.75 index, or a 3.5% interest rate. The balance due as of June 30, 2022 was \$2,200,000.

On June 21, 2021, the City entered into a three year \$29,000,000 revolving line of credit agreement with a bank for the purpose of providing construction of the Fiber Conduit Utility. The line of credit includes monthly interest payments on the outstanding amount, with the variable interest rate at 0.5% below the Lender's Prime Rate index or a 5.75% interest rate. The balance due as of June 30, 2022 was \$22,900,000.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 LONG TERM LIABILITIES (continued)

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2022, are as follows:

Year Ending June 30	Governmental Activities						Business-Type Activities			
	General Obligation Bonds		Borrowings and Direct Placements		Installment Contracts		General Obligation Bonds		Line of Credit	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	22,420,000	7,282,583	34,019	5,001	593,492	-	1,845,000	927,589	23,838,700	1,370,725
2024	26,025,000	6,320,076	34,360	4,660	164,639	-	1,885,000	873,439	1,261,300	72,525
2025	23,825,000	5,215,821	34,705	4,315	164,639	-	1,940,000	817,739	-	-
2026	21,500,000	4,240,441	35,053	3,967	-	-	1,990,000	759,889	-	-
2027	16,420,000	3,401,822	180,605	14,495	-	-	2,055,000	700,139	-	-
2028 - 2032	61,840,000	8,930,209	189,828	5,260	-	-	11,050,000	2,739,598	-	-
2033 - 2037	23,890,000	2,183,101	-	-	-	-	12,460,000	1,557,110	-	-
2038 - 2040	4,150,000	165,300	-	-	-	-	6,160,000	237,450	-	-
	<u>\$ 200,070,000</u>	<u>\$ 37,739,353</u>	<u>\$ 508,570</u>	<u>\$ 37,698</u>	<u>\$ 922,770</u>	<u>\$ -</u>	<u>\$ 39,385,000</u>	<u>\$ 8,612,953</u>	<u>\$ 25,100,000</u>	<u>\$ 1,443,250</u>

Legal debt margin: As of June 30, 2022, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Actual valuation, net of military exemption *	\$ 9,362,315,140
Debt limit, 5% of total actual valuation	468,115,757
Debt applicable to debt limit	
General obligation bonds	239,455,000
Notes from direct borrowings & direct placement	508,570
Line of credit	25,100,000
Installment contracts	922,770
	<u>202,129,417</u>
Legal debt margin	<u>\$ 202,129,417</u>

* 100% of assessed valuation including TIF increment

NOTE 5 FUND BALANCES

The following funds had a deficit fund balance as of June 30, 2022:

Dallas County Local Housing Trust Fund	\$ (28,747)
Road Use Tax Fund	(7,701,352)
Vehicle Replacement Fund	(80,683)

The City intends to fund these deficits through future grant and tax revenues.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 FUND BALANCES (continued)

As of June 30, 2022, fund balances were composed of the following:

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Local Option Sales Tax	Nonmajor Special Revenue	Total
Nonspendable:								
Inventories, loan receivable, and prepaids	\$ 1,951,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,951,514
Restricted for:								
Tax rebates and urban renewal projects	-	-	10,158,994	-	-	-	-	10,158,994
Debt service	-	-	-	2,457,053	-	-	-	2,457,053
General obligation bond projects	-	-	-	-	14,773,180	-	-	14,773,180
Public safety pension	-	-	-	-	-	-	1,683,535	1,683,535
Employee insurance benefits	-	-	-	-	-	-	39	39
Economic development	-	-	-	-	-	-	428,910	428,910
General housing assistance	-	-	-	-	-	-	779,829	779,829
Elderly housing assistance	-	-	-	-	-	-	127,343	127,343
Child care and medical clinic	-	-	-	-	-	-	38,909	38,909
Parks operations and projects	-	-	-	-	-	-	42,493	42,493
Raccoon River quarry conservation	-	-	-	-	-	-	895,167	895,167
Public art	-	-	-	-	-	-	264,643	264,643
Adult softball field maintenance and improvements	-	-	-	-	-	-	152,183	152,183
Jordan Cemetery maintenance	-	-	-	-	-	-	608,767	608,767
Library operations and programs	-	-	-	-	-	-	345,112	345,112
Suburban Emergency Response Team	-	-	-	-	-	-	9,190	9,190
Police Operations	-	-	-	-	-	-	434,810	434,810
Community Development Block Grant	-	-	-	-	-	-	555,980	555,980
Historic WDM Housing	-	-	-	-	-	-	497,561	497,561
Youth Justice Initiative	-	-	-	-	-	-	224,865	224,865
LOST-Property Tax Reduction & Other City Uses	-	-	-	-	-	632,913	-	632,913
Total restricted fund balance	-	-	10,158,994	2,457,053	14,773,180	632,913	7,089,336	35,111,476
Unassigned	49,955,579	(7,701,352)	-	-	-	-	(28,747)	42,225,480
Total fund balance	\$ 51,907,093	\$ (7,701,352)	\$ 10,158,994	\$ 2,457,053	\$ 14,773,180	\$ 632,913	\$ 7,060,589	\$ 79,288,470

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances as of June 30, 2022 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Major Governmental Fund, General	Major Governmental Fund, Road Use Tax	\$ 8,368,642
Major Governmental Fund, General	Major Governmental Fund, Local Option Sales Tax	231,877
Major Governmental Fund, General	Nonmajor Governmental Fund, DCLHTF	12,721
Major Governmental Fund, General	Nonmajor Governmental Fund, CDBG	183,565
Major Governmental Fund, General	Major Proprietary Fund, MidAmerican Energy Rec Plex	<u>325,712</u>
Total		\$ 9,122,517
<u>Advance From Fund</u>	<u>Advance To Fund</u>	
Major Proprietary Fund, Sewer	Major Proprietary Fund, Storm Water	\$ 10,810,000
Major Proprietary Fund, Sewer	Major Proprietary Fund, MidAmerican Energy Rec Plex	<u>5,130,835</u>
Total		\$15,940,835

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

On January 8, 2018 the City entered into an interfund loan agreement. The terms of the loan state that \$6,200,000 was paid from the Sewer Fund to the Storm Water fund. Repayments including 1.5% interest will occur over a 15 year term ending on June 1, 2033. This interfund loan has been eliminated in the government wide financial statements.

On June 17, 2019 the City entered into a second interfund loan agreement. The terms of the loan state that \$7,500,000 was paid from the Sewer Fund to the Storm Water fund. Repayments including 1.5% interest will occur over a 15 year term ending on June 1, 2034. This interfund loan has been eliminated in the government wide financial statements.

On October 19, 2020 the City entered into a third interfund loan agreement. The terms of the loan state that \$5,130,835 was paid from the Sewer Fund to the MidAmerican Energy RecPlex fund. Repayments including 1.5% interest will occur over a 15 year term ending on June 1, 2035. This interfund loan has been eliminated in the government wide financial statements.

NOTE 7 LEASE RECEIVABLES

The City leases a portion of its property to various third parties, the terms of which expire 2024 through 2043. Payments increase annually based upon the Consumer Price Index (Index). The leases were measured based upon the Index at lease commencement. The City leases certain equipment to third parties where lease payments are based on usage. The usage-based payments are not included in the measurement of the lease receivable because they are not fixed in substance.

Revenue recognized under lease contracts during the year ended June 30, 2022, was \$456,154, which includes both lease revenue and interest. The City recognized lease revenue of \$155,608 for the year ended June 30, 2022, for variable payments not previously included in the measurement of the lease receivable.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 LEASE RECEIVABLES (continued)

The following is a schedule by year of payments to be received for leases as of June 30, 2022:

	Total Payments to be Received	Receivable	Interest
2023	\$ 250,593	\$ 153,193	\$ 97,400
2024	358,033	165,513	192,520
2025	370,837	138,488	232,349
2026	362,978	136,835	226,143
2027	357,604	186,968	170,636
2028-2032	1,688,041	1,138,010	550,031
2033-2037	926,306	588,295	338,011
2038-2042	926,305	761,103	165,202
2043	231,576	222,911	8,665
Total	\$ 5,472,273	3,491,316	\$ 1,980,957
Accrued interest		150,312	
		\$ 3,641,628	

NOTE 8 INTERFUND TRANSFERS

The following is a schedule of transfers as included in the basic financial statements of the City:

	Transfers in	Transfers out
Major Governmental Funds		
General	\$ 8,858,969	\$ 9,810,427
Road Use Tax	-	7,651,223
Tax Increment Financing	-	18,777,246
Debt Services	21,101,916	1,489,216
Capital Projects	8,792,992	4,405,589
Local Option Sales Tax	-	15,100,563
Major Enterprise Funds		
Sewer System	15,444	114,000
Storm Water System	2,054,181	-
MidAmerican Energy RecPlex	6,408,433	-
Fiber Conduit Utility	9,160,088	-
Non-major Governmental Funds	688,711	140,402
Internal Service Funds		
Vehicle Replacement	114,000	-
Vehicle Maintenance	2,744	8,812
Technology Replacement	300,000	-
Total	\$ 57,497,478	\$ 57,497,478

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by a nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System’s funding mechanism. All full-time employees must participate in either IPERS or MFPRSI. The City allocates to governmental and business-type activities according to the proportionate share of contributions in the prior year. As of June 30, 2022, the City had the following balances related to its pension accounts:

	IPERS	MFPRSI	Total
Net Pension Asset	\$3,083,141	\$0	\$3,083,141
Net Pension Liability	0	8,676,085	8,676,085
Deferred Inflows	16,201,099	14,616,918	30,818,017
Deferred Outflows	4,332,324	7,075,764	11,408,088
Pension Expense (Decrease)	(3,557,557)	(2,513,029)	(6,070,586)

Iowa Public Employees’ Retirement System - IPERS

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member’s first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member’s highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member’s monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member’s highest three-year average salary.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS

Iowa Public Employees' Retirement System – IPERS (continued)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.5% for each month that the member received benefits before age 65.

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

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

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

In fiscal year 2022, pursuant to the required rate, regular members contributed 6.29% of pay and the City contributed 9.44% for a total rate of 15.73%. Protection occupation members contributed 6.21% of pay and the City contributed 9.31% for a total rate of 15.52%.

The City's total contributions to IPERS for the year ended June 30, 2022 were \$2,570,906.

Net Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2022 the City reported an asset of \$3,083,141 for its proportionate share of the net pension asset, related to IPERS. The net pension asset was measured as of June 30, 2021 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participation employers. At June 30, 2021, the City's collective proportion was 0.8930769% which was an increase of 0.6425090% from its proportion measured as of June 30, 2020.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS (continued)

Iowa Public Employees' Retirement System – IPERS (continued)

For the year ended June 30, 2022, the City recognized a reduction to total pension expense of \$3,557,557. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 538,070	\$ 276,601
Changes of assumptions	266,934	3,838
Net difference between projected and actual earnings on IPERS' investments	-	15,914,677
Changes in proportion and differences between City contributions and proportionate share of contributions	956,414	5,983
City contributions subsequent to the measurement date	2,570,906	-
	\$ 4,332,324	\$ 16,201,099

The \$2,570,906 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Net Deferred Outflows (Inflows) of Resources	
Year Ended June 30	
2023	(3,501,436)
2024	(3,531,173)
2025	(3,332,917)
2026	(4,151,455)
2027	77,300
Total	\$ (14,439,681)

There were no non-employer contributing entities at IPERS.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS (continued)

Iowa Public Employees' Retirement System – IPERS (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00% per annum, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and .65% real wage inflation

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized on the following page:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	26.0%	0.29%
Domestic Equity	22.0%	4.43%
International Equity	17.5%	6.01%
Global smart beta equity	6.0%	5.10%
Private Equity	13.0%	9.51%
Private Real Assets	7.5%	4.63%
Public Credit	4.0%	2.08%
Private Credit	3.0%	2.87%
Cash	1.0%	-0.25%
	100.0%	

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS (continued)

Iowa Public Employees' Retirement System – IPERS (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1%-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 11,727,646	\$ (3,083,141)	\$ (15,492,087)

IPERS' Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS' – At June 30, 2022, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Municipal Fire & Police Retirement System - MFPRSI

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS (continued)

Municipal Fire & Police Retirement System – MFPRSI (continued)

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability benefits may be either accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2022.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 26.18% for the year ended June 30, 2022.

The City's contributions to MFPRSI for the year ended June 30, 2022 were \$3,480,043.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS (continued)

Municipal Fire & Police Retirement System – MFPRSI (continued)

If approved by the state legislature, state appropriation may further reduce the employer’s contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a non-employer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2022.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability of \$8,676,085 for its proportionate share of the net pension liability related to MFPRSI. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2021, the City’s proportion was 3.863350% which was an increase of 0.183437% from its proportions measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized a reduction to pension expense of \$2,513,029. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,006,405	\$ 97,641
Changes of assumptions	326,761	-
Net difference between projected and actual earnings on pension plan investments	-	14,496,678
Changes in proportion and differences between City contributions and proportionate share of contributions	2,262,555	22,599
City contributions subsequent to the measurement date	3,480,043	-
Total	<u>\$ 7,075,764</u>	<u>\$ 14,616,918</u>

\$3,480,043 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Net Deferred Outflows (Inflows) of Resources	
Year Ended June 30	
2023	(1,924,337)
2024	(2,160,693)
2025	(2,861,476)
2026	(4,174,084)
2027	99,393
Total	<u>\$ (11,021,197)</u>

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 PENSION AND RETIREMENT SYSTEMS (continued)

Municipal Fire & Police Retirement System – MFPRSI (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00% per annum
Salary Increases	3.75% to 15.11%, including inflation
Investment rate of return	7.50% per annum, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 10-year period ended June 30, 2020.

Mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and individuals with disabilities set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	7.5%
Small cap	8.1%
International large cap	7.2%
Emerging makets	7.9%
Global infrastructure	7.5%
Private non-core real estate	11.5%
Private credit	6.4%
Private equity	10.8%
Core plus fixed income	4.0%
Private core real estate	7.2%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan’s 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9 PENSION AND RETIREMENT SYSTEMS (continued)

Municipal Fire & Police Retirement System – MFPRSI (continued)

Sensitivity of City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the city’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 25,674,354	\$ 8,676,085	\$ (5,431,496)

MFPRSI’s Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at www.mfprsi.org.

Payables to MFPRSI - At June 30, 2022, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

NOTE 10 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, is available to all full & ¾ time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, this plan is not reflected in the financial statements. Total 457 contributions for the current fiscal year were \$1,141,599. The City deposits the employer portion of contributions in accordance with Internal Revenue Code Section 401a. Total 401a contributions for the current fiscal year were \$177,772.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS - OPEB

Plan Description - The City operates a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses and dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report. The healthcare benefit plans are self-insured and are administered by a third party.

OPEB Benefits – Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay 102% of the full active employee premium rates. This results in an implicit subsidy and an OPEB liability. The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	26
Inactive employees or beneficiaries entitled to but not yet receiving benefit payment	0
Active employees	454
Total	480

Total OPEB Liability – The City’s total OPEB liability of \$4,706,761 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022. The City allocates to governmental and business-type activities according to the proportionate share of expenses in the prior year.

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum
Rates of salary increases (effective June 30, 2020)	4.00% per annum, including inflation
Discount rate (effective June 30, 2021)	2.16% compounded annually, including inflation
Health cost trend rate (effective June 30, 2020)	5.00% per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16% which reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP-2020 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability beginning of year	\$ 4,533,769
Changes for the year:	
Service cost	264,948
Interest	101,562
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(193,518)
Net changes	172,992
Total OPEB Liability end of year	\$ 4,706,761

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current discount rate.

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 5,098,154	\$ 4,706,761	\$ 4,347,826

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Current Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	\$ 4,206,590	\$ 4,706,761	\$ 5,297,030

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2022, the City recognized OPEB expense of \$205,216. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 603,819	\$ -
Changes of assumptions	1,018,973	16,011
	\$ 1,622,792	\$ 16,011

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS - OPEB (continued)

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

Year ending June 30,	Amount
2023	162,324
2024	162,324
2025	162,324
2026	162,324
2027	162,324
Thereafter	795,161
	\$ 1,606,781

NOTE 12 JOINT VENTURES

Des Moines Wastewater Reclamation Authority

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

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

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any bonds issued during the time the entity was a participating community are still outstanding. The City does not anticipate the need to contribute additional financial resources beyond the existing agreement.

In May of 2015, the WRA issued Sewer Revenue Bonds Series 2015E for the purpose of refunding Series 2006A. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2022, the Series 2015E bonds had a balance of \$24,555,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$4,419,900.

In April of 2021, the WRA issued Sewer Revenue Bonds Series 2021A for the purpose of refunding Series 2013B which included the previous refunding Series 2004B. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2022, the Series 2021A bonds had a balance of \$35,355,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$6,538,028.

**City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 12 JOINT VENTURES (continued)

Des Moines Wastewater Reclamation Authority (continued)

The WRA Agreement requires the debt service on all State Revolving Loans issued after July 1, 2004 to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2021, the WRA had \$305,680,943 of such State Revolving Loans of which \$47,373,543 future principal debt service is a commitment to the City of West Des Moines. The State Revolving Loans assumed by the WRA in 2004 are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2022, the WRA had \$3,385,628 in these State Revolving Loans of which \$81,491 future principal debt service is a commitment to the City of West Des Moines.

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

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

Westcom Dispatch Center

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

WestCom began on August 7, 2000, with the execution of an intergovernmental agreement between West Des Moines, Clive, and Urbandale to provide continued operation, improvements to, and expansion of a consolidated dispatch center. West Des Moines has been the contracting and hiring authority for the joint venture since inception. The Westcom Agreement also establishes a management committee structure as well as providing a framework for additional communities to participate. Since its creation, the Agreement has been amended to include the cities of Norwalk and Waukee in 2012 and 2015, respectively, and on June 7, 2021, the agreement was amended to add the City of Windsor Heights as a participant in Westcom effective July 1, 2021.

The Westcom agreement is tiered to establish an equity interest for the Authority Member cities as well as allowing for Contracted User cities who receive no equity interest. West Des Moines, Urbandale, and Clive have been classified as Authority Member cities beginning with the original agreement, and on June 3, 2021, a Memorandum of Understanding was executed to establish Norwalk as an Authority Member. As of June 30, 2022, the percentages of ownership for each Authority Member city, based on historical contributions, are as follows:

<u>City</u>	<u>Equity Percentage</u>
West Des Moines	52.14%
Urbandale	30.74%
Clive	14.64%
Norwalk	2.48%
Total	<u>100.00%</u>

Each participating city maintains an undivided interest in the assets contributed to the Westcom operations. Additionally, each participating city has an ongoing financial responsibility to fund the operations of Westcom based on annual budgeted operations and capital expenditures as approved by the management committee.

The City of West Des Moines reports its equity interest as an Investment in Joint Venture within these financial statements. As of the current fiscal year, Westcom issues separate financial statements that may be obtained at 4200 Mills Civic Parkway, West Des Moines, Iowa 50265.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Related organization: The West Des Moines Water Works Utility is governed by a five-member board which is appointed by the Mayor and approved by the City Council. The West Des Moines Water Works Utility is legally a separate entity and is not financially accountable to the City. The City provides various services to the Water Works, including reimbursable expenses and the availability to participate in the City's health insurance plan. The Water Works provides billing and collection services to the City in connection with the City's Sewer, Solid Waste, and Storm Water Enterprise Funds. The following is a summary of the related party transactions for the year ended June 30, 2022:

Received from West Des Moines Water Works	
Health insurance reimbursements	588,732
Gasoline reimbursements	46,179
Capital project reimbursements	1,164,139
Share of general insurance	101,908
Delinquent reimbursements	651
Donation reimbursements	11,005
Miscellaneous reimbursements	53,250
Payments to West Des Moines Water Works	
Collection fees for sewer, solid waste, and storm water	192,102
Miscellaneous fees	152,527

Amounts receivable from West Des Moines Water Works as of June 30, 2022 for sewer, storm water, solid waste charges, and capital projects totaled \$2,928,440, \$1,162,516, \$579,938, and \$9,321,891 respectively.

Jointly governed organizations: The City participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Polk, Dallas and Warren County Assessor's Conference Boards; Metropolitan Planning Organization; Greater Des Moines Convention and Visitors Bureau.

In July 2008, the City entered into a jointly governed organization with Central Iowa Health System for the provision of emergency medical services. The agreement between the participating organizations is commonly referred to as the "Iowa EMS Alliance". The Iowa EMS Alliance was established as an undivided interest ownership arrangement, whereby the title to Alliance assets is held individually by the City and Iowa Health. The City's portion of current year costs of operation for the Iowa EMS Alliance was \$4,399,870 and there were no capital costs.

NOTE 14 COMMITMENTS

The City has entered into contracts totaling approximately \$254 million for various projects that were not complete at year-end. As of June 30, 2022, approximately \$140 million has been incurred on these contracts.

In order to encourage development within designated Urban Renewal Areas, the City Council has approved development rebate agreements related to several different projects. Rebates are to be paid only after certain conditions have been met by each project developer, and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. It is estimated that outstanding commitments of approximately \$25.16 million exist, of which \$1.56 million is likely to be eligible to be paid in the next fiscal year. The payments will be expensed in the period in which they are paid. No liability for these obligations is recognized due to the fact that the agreements are conditional and the payments are to be funded by future property taxes received on the project.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 COMMITMENTS (continued)

On December 20, 2021, the City pledged \$2,000,000 of support to the Des Moines International Airport in to be used to assist in construction of a new terminal. This pledge will be paid in equal installments over a four-year period beginning July 1, 2023.

The City, in equal partnership with a neighboring city, has entered into an agreement with the Iowa Department of Transportation (IDOT) where the cities have agreed to reimburse in equal shares the IDOT's construction cost for a new interstate interchange which straddles the shared border of the two cities. The construction project was nearly complete but not finalized at June 30, 2022. As a result, final repayment amounts and terms have not yet been formalized. However, the cities and IDOT have agreed that payments will be made in ten annual equal principal-only installments most likely beginning in the fiscal year ending June 30, 2025. It is currently estimated that each city's share of the total project cost will be approximately \$7 million contingent on project completion and final negotiation. No liability for this obligation has been recognized.

NOTE 15 RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool (the Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 800 members include various governmental entities throughout the state of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2022 were approximately \$727,933.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured in an amount not to exceed \$2,500,000 per claim, with no aggregate. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. The City of West Des Moines has elected \$12,000,000 in coverage. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured through reinsurance and risk-sharing agreements with various providers.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 15 RISK MANAGEMENT (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, as of June 30, 2022, no liability has been recorded in the City's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions; however, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with employee blanket bonds. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Self-insurance: The City has a self-insured medical expense reimbursement plan which provides medical benefits to its employees and to the employees of affiliates. The plan provides each covered person with unlimited lifetime maximum coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Wellmark. The uninsured risk retention per person is \$125,000 (not to exceed 125% of the aggregate expected claims of \$8,133,863 for the year ended June 30, 2022). The City purchased commercial stop-loss insurance to provide for claims in excess of the \$125,000 to reduce its exposure to large losses. There has been no significant reduction in insurance coverage under the plan from prior years.

The City has established the Health and Dental Insurance Fund (an internal service fund) to account for and finance the uninsured risk of loss. The City's contribution to the fund for the year ended June 30, 2022 was \$6,280,231.

Effective July 1, 2005, the City established a self-insured plan for its worker's compensation plan. An internal service fund was created to account for premiums and claims paid. The uninsured risk retention is \$500,000 per occurrence for non 411 and \$750,000 for 411. The aggregate retention is 107.2% of the annual premium amount or approximately \$3,908,378.

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2022, totaled \$1,771,357 and include incurred but not reported (IBNR) and reported but not paid. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for other loss. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Settlements exceeded stop-loss coverage in the year ended June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, and June 30, 2015 by \$48,408, \$106,621, \$178,890, \$548,902, \$328,387, \$61,672, \$162,624, and \$404,139 respectively. Settlements did not exceed the stop-loss coverage in the year ended June 30, 2014.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 15 RISK MANAGEMENT (continued)

Information on changes in the aggregate liabilities for claims is as follows:

	2022	2021
Claims payable, beginning of year	\$ 1,924,331	\$ 1,130,610
Claims recognized	7,931,929	8,128,540
Claim payments	(8,084,903)	(7,334,819)
Claims payable, end of year	\$ 1,771,357	\$ 1,924,331

NOTE 16 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial info assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon prepayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, there was one series of industrial development revenue bonds outstanding, with an aggregated principal amount payable of \$4,080,000.

NOTE 17 LITIGATION

Claims have been asserted against the City in the ordinary course of business with a maximum exposure of \$1,163,000. Management is unable to estimate the cost of these claims or determine a range of loss and, accordingly, no accrual has been made for them.

NOTE 18 TAX REBATES

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

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

For the year ended June 30, 2022, the City rebated \$1,967,815 of property tax under the urban renewal and economic development projects. Property tax revenues of the City were reduced by \$0 for the year ended June 30, 2022 under agreements entered into by other entities.

City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 19 RELATED PARTY TRANSACTIONS

The City has a written related party transaction disclosure process that applies to all transactions. Related persons include council members, full-time employees, Library board members, as well as their immediate family members. If a related person has a direct or indirect material interest in any Company transaction, the related person cannot approve the transaction. For the year ended June 30, 2022, the City engaged with a related party in a land acquisition in the amount of \$1,121,925. The related person did not approve the transaction. For additional details, refer to the Compliance section of the report on page 137.

NOTE 20 CONTINGENCY

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact of the City's operation and finances.

NOTE 21 SUBSEQUENT EVENTS

On July 15, 2022, the City issued General Obligation Capital Loan notes totaling \$10,200,000 to fund infrastructure and other capital projects.

On November 22, 2022, the City issued Taxable General Obligation Urban Renewal bonds totaling \$29,235,000 to retire the revolving line of credit in the amount of \$22,900,000 and pay for additional funding of the city-wide conduit network within the Economic Development Digital Enterprise Urban Renewal area. On that same date, the City also issued General Obligation Urban Renewal bonds totaling \$13,730,000 to fund infrastructure in the Grand Prairie Parkway Urban Renewal area.

On December 19, 2022, the City executed an agreement with West Bank, in which the City agreed to incentivize the construction of a corporate office building and an economic incentive grant totaling approximately \$3,340,000. The building will carry a minimum assessed value of \$26,500,000 upon completion.

NOTE 22 PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The requirements of this statement will require reporting of certain potentially significant arrangements that are not currently reported.

City of West Des Moines, Iowa
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES

FOR THE LAST FIVE YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018
Service cost	\$ 264,948	\$ 208,696	\$ 200,669	\$ 162,490	\$ 157,757
Interest cost	101,562	129,781	123,174	118,303	111,053
Difference between expected and actual experience	-	487,135	-	285,494	-
Changes of assumptions	-	992,469	-	(23,635)	306,308
Changes of benefit terms	-	(706,017)	-	-	-
Benefit payments	(193,518)	(155,292)	(130,828)	(106,217)	(66,168)
Net change in total OPEB liability	172,992	956,772	193,015	436,435	508,950
Total OPEB liability beginning of year	4,533,769	3,576,997	3,383,982	2,947,547	2,438,597
Total OPEB liability end of year	\$ 4,706,761	\$ 4,533,769	\$ 3,576,997	\$ 3,383,982	\$ 2,947,547
Covered-employee payroll	37,582,424	36,136,946	32,494,586	31,244,794	26,989,124
Total OPEB Liability as a percentage of covered-employee payroll	12.52%	12.55%	11.01%	10.83%	10.92%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

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

Changes in benefit terms:

Changes in benefit terms reflect the effects of the retiree participation rate. The following are the retiree participation rates used in each period.

Year ended June 30, 2022	40%
Year ended June 30, 2021	40%
Year ended June 30, 2020	30%
Year ended June 30, 2019	30%
Year ended June 30, 2018	30%
Year ended June 30, 2017	30%

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2022	2.16%
Year ended June 30, 2021	2.16%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	5.00%

Note: GASB Statement No. 75 required ten years to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information was available.

City of West Des Moines, Iowa
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – IPERS
LAST EIGHT FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	0.208525300%	0.216906600%	0.229468000%	0.228240700%	0.230244200%	0.240490007%	0.250568170%	0.893076900%
City's proportionate share of the net pension liability (asset)	\$ 8,269,916	\$ 10,716,237	\$ 14,441,145	\$ 15,203,717	\$ 14,570,418	\$ 13,925,954	\$ 17,601,751	\$ (3,083,141)
City's covered payroll	\$ 16,337,805	\$ 18,379,445	\$ 19,793,111	\$ 20,057,940	\$ 20,769,182	\$ 22,220,838	\$ 22,924,282	\$ 24,762,948
City's proportionate share of the net pension liability as a percentage of its covered payroll	50.62%	58.31%	72.96%	75.80%	70.15%	62.67%	76.78%	-12.45%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	85.19%	81.82%	82.21%	83.62%	85.45%	82.90%	100.81%

See accompanying notes to required supplementary information

Note: GASB Statement No. 68 required ten years to be presented in this table.
However, until a full 10-year trend is compiled, the City will present
information for those years for which information was available.

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

City of West Des Moines, Iowa
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - IPERS
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 1,529,529	\$ 1,617,030	\$ 1,675,318	\$ 1,754,825	\$ 1,820,285	\$ 1,886,023	\$ 2,124,433	\$ 2,182,514	\$ 2,341,477	\$ 2,570,906
Contribution in the relation to the statutorily required contribution	1,529,529	1,617,030	1,675,318	1,754,825	1,820,285	1,886,023	2,124,433	2,182,514	2,341,477	2,570,906
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	15,827,188	16,337,805	18,379,445	19,793,111	20,057,940	20,769,182	22,220,838	22,924,282	24,762,948	27,375,556
Contributions as a percentage of covered payroll	9.66%	9.90%	9.12%	8.87%	9.08%	9.08%	9.56%	9.52%	9.46%	9.39%

City of West Des Moines, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM - IPERS
June 30, 2022

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average Salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member’s first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2021, 2020, and 2019 valuations did not include any changes of assumptions.

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

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

The 2017 valuation implemented the following refinements as a result of an accelerated experience study:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50%.
- Lowered the estimated investment rate of return from 7.50% to 7.00%.
- Lowered the assumed wage growth rate from 4.00% to 3.25%.
- Decreased the estimated rate of payroll growth from 4.00% to 3.25%.

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

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

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

City of West Des Moines, Iowa
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA - MFPRSI
LAST EIGHT FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	3.126078%	3.156744%	3.194504%	3.157150%	3.289014%	3.489693%	3.679913%	3.863350%
City's proportionate share of the net pension liability	\$ 11,331,979	\$ 14,830,836	\$ 19,973,986	\$ 18,515,897	\$ 19,582,904	\$ 22,889,825	\$ 29,350,997	\$ 8,676,085
City's covered payroll	\$ 7,983,068	\$ 8,278,428	\$ 8,766,120	\$ 8,941,753	\$ 9,534,802	\$ 10,575,871	\$ 11,661,137	\$ 12,524,311
City's proportionate share of the net pension liability as a percentage of its covered payroll	141.95%	179.15%	227.85%	207.07%	205.38%	216.43%	251.70%	69.27%
Plan fiduciary net position as a percentage of the total pension liability	86.27%	78.20%	80.60%	81.07%	81.07%	79.94%	76.47%	93.62%

Note: GASB Statement No. 68 required ten years to be presented in this table.
However, until a full 10-year trend is compiled, the City will present
information for those years for which information was available.

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

See accompanying notes to required supplementary information.

City of West Des Moines, Iowa
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA-MFPRS!
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$2,023,600	\$2,404,500	\$2,517,470	\$2,404,016	\$2,317,700	\$2,448,537	\$2,751,800	\$2,846,475	\$3,169,901	\$3,480,043
Contribution in the relation to the statutorily required contribution	2,023,600	2,404,500	2,517,470	2,404,016	2,317,700	2,448,537	2,751,800	2,846,475	3,169,901	3,480,043
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	7,747,320	7,983,068	8,278,428	8,766,120	8,941,753	9,534,802	10,575,871	11,661,137	12,524,311	13,292,750
Contributions as a percentage of covered payroll	24.76%	26.12%	30.12%	30.41%	27.42%	25.92%	25.68%	24.41%	25.31%	26.18%

Notes to Required Supplementary Information - Pension Liability:

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: Postretirement mortality rates changed to the RP-2014 Blue Collar Combined Healthy Mortality Table with males set-forward two years, females set-forward two years and individuals with disabilities set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB in 2017.

City of West Des Moines, Iowa
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
REVENUES						
Property tax	\$ 62,211,048	\$ -	\$ 62,211,048	\$ 62,376,085	\$ 62,376,085	\$ (165,037)
Tax increment financing taxes	22,048,876	-	22,048,876	22,135,419	22,104,851	(55,975)
Other City taxes	19,476,623	-	19,476,623	15,396,489	16,196,489	3,280,134
Special assessments	109,089	-	109,089	20,000	110,000	(911)
Licenses and permits	3,122,143	-	3,122,143	3,027,000	3,064,650	57,493
Intergovernmental	29,251,306	-	29,251,306	29,680,918	30,181,883	(930,577)
Charges for services	8,583,807	22,082,513	30,666,320	25,597,672	26,084,014	4,582,306
Use of money and property	1,136,608	113,992	1,250,600	3,806,253	3,838,863	(2,588,263)
Miscellaneous	2,047,758	401,388	2,449,146	13,717,252	14,973,166	(12,524,020)
Total revenues	147,987,258	22,597,893	170,585,151	175,757,088	178,930,001	(8,344,850)
EXPENDITURES/EXPENSES						
Public safety	35,905,424	-	35,905,424	39,324,327	39,168,459	3,263,035
Public works	11,297,334	-	11,297,334	12,464,472	12,598,002	1,300,668
Health and social services	1,117,091	-	1,117,091	1,425,215	1,484,362	367,271
Culture and recreation	11,773,060	-	11,773,060	12,423,871	12,416,971	643,911
Community and economic development	9,014,115	-	9,014,115	8,801,327	10,422,969	1,408,854
General government	10,844,647	-	10,844,647	11,829,213	11,944,613	1,099,966
Debt service	31,971,467	-	31,971,467	33,685,136	34,107,236	2,135,769
Capital outlay	68,826,412	-	68,826,412	103,848,660	104,155,437	35,329,025
Business-type	-	25,131,513	25,131,513	97,488,276	102,234,389	77,102,876
Total expenditures/expenses	180,749,550	25,131,513	205,881,063	321,290,497	328,532,438	122,651,375
Excess (deficiency) of revenues over (under) expenditures/expenses	(32,762,292)	(2,533,620)	(35,295,912)	(145,533,409)	(149,602,437)	114,306,525
OTHER FINANCING SOURCES, NET						
	25,351,641	30,442,057	55,793,698	100,331,000	100,369,861	(44,576,163)
Excess (deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing sources (uses)	(7,410,651)	27,908,437	20,497,786	(45,202,409)	(49,232,576)	(28,734,790)
BALANCES, beginning of year	86,699,121	217,226,342	303,925,463	249,775,457	340,557,664	
BALANCES, end of year	\$ 79,288,470	\$ 245,134,779	\$ 324,423,249	\$ 204,573,048	\$ 291,325,088	

City of West Des Moines, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2022

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

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing which include all funds, except internal service and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, budget amendments increased budgeted expenditures by \$7,241,941. The budget amendments are reflected in the final budgeted amounts.

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

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH
Year ended June 30, 2022

The City has elected to use the modified approach as defined by the GASB Statement No. 34 for reporting the infrastructure of its street network. The street network is defined as the travel portion existing within the right of way limits for the City’s roadways and includes the streets, flood control levees, and bridges and street culverts (For additional information regarding the use of the modified approach and the City's capitalization policies, see Management's Discussion and Analysis and the Notes to Basic Financial Statements).

City Street Network

The City of West Des Moines maintains a computerized Street Management System (SMS) to keep an up-to-date inventory of the street network and to record condition assessments. As of 2017, the City utilized the Iowa Pavement Management Program (IPMP) sponsored by the Iowa DOT and Iowa State University to assess to the pavement condition [prior to 2017, each City street was evaluated to an Overall Condition Index (OCI)]. The IPMP uses automated equipment to rate the condition of Iowa roads, including for the City of West Des Moines, every two years. The PCI index represents a composite rating including the evaluation of pavement defects/deterioration, ride quality and other characteristics condition. The PCI of each street is calculated and rated on a scale from 100 to 0, with a PCI rating of 100 being the best and 0 the worst. This condition assessment will be performed at least once every three years.

The following tables defines the Pavement Condition Index (PCI) rating scale for streets and the Overall Condition Index (OCI) rating scale for streets:

<u>Pavement Condition</u>	<u>PCI Range (2017)</u>	<u>Pavement Condition</u>	<u>OCI Range (prior to 2017)</u>
Excellent	100 – 80	Very Good	100-90
Good	80 – 60	Good	90-80
Fair	60 – 40	Average	80-60
Poor	40 – 20	Below Average	60-50
Very Poor	20 – 0	Poor	50-25
		Failed	25-0

The City's goal is to maintain a PCI rating of 70 for the street network. The following are descriptions for Portland cement concrete and asphalt surfaced streets in the City in the 70 PCI rating range.

Portland cement concrete streets and trails (PCI - 70): Low and moderate severity settlement, bumps, cracking or joint deterioration may exist up to 15% of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. Patches may exist up to 20% of the street area and are typically moderate in quality. Joint spalling may exist up to 15 to 25 isolated locations. The pavement smoothness international roughness index typically ranges between 250 to 550 in. /mi. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. Surface pop-outs may exist throughout the pavement.

Asphalt Surfaced Streets and trails (PCI - 70): Reflective cracking may exist throughout the pavement. Reflective cracking is typically between 3/8 inch and 2 inches wide. Reflective cracks typically may need to be sealed. Low and moderate severity bumps, alligator cracking, rutting, or raveling may exist up to 10% of the street area. Patches may exist up to 10% of the street area and are typically moderate in quality. Up to a total of 10 SF of potholes may exist at small isolated locations. The pavement smoothness international roughness index typically ranges between 100 to 400 in. /mi. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated areas. The surface color is typically medium gray.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2022

City Flood Control Levee System

The City's federal levees and associated flood control elements are inspected and maintained per the U.S. Army Corp of Engineers criteria. The Army Corp inspects the flood control levee system in the City every two years. The Army Corps rating criteria for the flood control levee system is Acceptable, Minimally Acceptable and Unacceptable. The City's goal is to maintain as least a minimally acceptable rating for the levee system. The following is the description for minimally acceptable rating.

Levees and Associated Flood Control Elements (Army Corp. Rating – Minimally Acceptable): One or more items are rated as Minimally Acceptable or one or more items are rated as unacceptable and an engineering determination concludes that unacceptable items would not prevent the segment / system from performing as intended during the next flood event.

City Bridges and Large Street Culverts

The City's vehicle bridges, large drainage and box culverts and pedestrian underpasses under streets greater than 20 ft. in span are inspected every two years using the Iowa DOT / FHWA National Bridge Inspection System (NBIS). The NBIS evaluates each structure for drainage, scour/erosion, debris, surface and structural deficiencies. The NBIS gives each structure a Sufficiency Rating (SR). The SR is composite score of the evaluation items. The SR of each structure is calculated and rated on a scale from 100 to 0, with a SR of 100 being the best and 0 the worst. The City's goal is to maintain a SR of 80 or better for each bridge or culvert structure. The following are descriptions for an 80 Sufficiency Rating.

Bridge and Large Street Culverts (FHWA & Iowa DOT Sufficiency Rating – 81 or Greater): The item is structurally sound and there appears to be no immediate safety hazards. Minor cracking, scaling, leaching, channel silting and vegetation, or other minor problems may exist in isolated locations. Minor problems, if any exist, do not appear to have an immediate impact on structural integrity or safety.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2022

One factor that significantly affects the trend of levee condition assessments is the 2014 assessment is a Periodic Inspection using different criteria and standards than the previous years' Continuing Eligibility Inspections.

Condition rating of the City's street subsystem

Category	PCI Range	2019		2020		2021	
		Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Excellent	100 - 80	428	50.9%	440	51.2%	336	38.6%
Good	80 - 60	197	23.4%	204	23.7%	233	26.8%
Fair	60 - 40	149	17.7%	154	17.9%	228	26.2%
Poor	40 - 20	16	1.9%	17	2.0%	29	3.3%
Very Poor	20 - 0	1	0.1%	1	0.1%	3	0.3%
Unpaved*	N/R	50	5.9%	44	5.1%	42	4.8%
		841	100%	860	100%	871	100%
Overall Condition Index (OCI)		2019		2020		2021	
		70		70		70	
		76.3		76.3		72.0	

*The IPMP does not rate the condition of gravel roads. Unpaved roads are listed on the table to show they are part of the City street network. For more information on the IPMP, please see the following website <http://www.ctre.iastate.edu/ipmp>.

Bridge & Street Culvert Condition by Category as of the Last Assessment

Condition Categories Based on FHWA Criteria:

Category	OCI Range	2017		2019		2021	
		Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected
Excellent	100 - 90	21	63.6%	26	76.5%	26	72.2%
Very Good	90 - 80	5	15.2%	4	11.8%	6	16.7%
Good	80 - 70	2	6.1%	2	5.9%	3	8.3%
Satisfactory	70 - 60	2	6.1%	1	2.9%	1	2.8%
Fair	60 - 50	3*	9.1%	1*	2.9%	0	0.0%
Poor	50 - 40	0	0.0%	0	0.0%	0	0.0%
Serious	40 - 30	0	0.0%	0	0.0%	0	0.0%
Critical	30 - 20	0	0.0%	0	0.0%	0	0.0%
Imminent Failure	20 - 10	0	0.0%	0	0.0%	0	0.0%
Failed	10 - 0	0	0.0%	0	0.0%	0	0.0%
Total		33	100%	34	100%	36	100%

*Structures closed to traffic or scheduled for replacement

Overall condition index (OCI)

	2017	2019	2021
Goal	81 or greater	81 or greater	81 or greater
Actual	88.5	93.8	92.8

See accompanying independent auditor's report.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2022

Levee Condition by Category as of the Last Assessment

Condition Categories Based on the Army Corp. Criteria

OCI Range	2019		2020		2021	
	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected
	Acceptable	57	90.3%	33	71.7%	40
Minimally Acceptable	6	9.7%	13	28.3%	4	8.7%
Unacceptable	0	0.0%	0	0.0%	2	4.3%
	<u>63</u>	<u>100%</u>	<u>46</u>	<u>100%</u>	<u>46</u>	<u>100%</u>

Overall condition index (OCI)

	2019	2020	2021
Goal	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable

Comparison of estimated prevention/maintenance costs to actual for the street network (in thousands):

Comparison of street network prevention and maintenance costs										
(in thousands)										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Estimated Costs	\$6,985	\$6,500	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567	\$6,753
Actual Costs	\$6,994	\$6,015	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130	\$3,720

**City of West Des Moines, Iowa
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2022**

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
ASSETS					
Cash and investments	\$ 1,829,222	\$ -	\$ 435,560	\$ 766,720	\$ -
Restricted cash and investments	-	-	-	127,343	38,909
Receivables					
Property taxes	3,099,163	100,051	-	-	-
Accounts	-	-	-	10,077	-
Loans	-	-	-	-	-
Due from other governments	-	-	2,000	3,874	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 4,928,385</u>	<u>\$ 100,051</u>	<u>\$ 437,560</u>	<u>\$ 908,014</u>	<u>\$ 38,909</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 8,650	\$ 842	\$ -
Accrued wages payable	152,133	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>152,133</u>	<u>-</u>	<u>8,650</u>	<u>842</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Succeeding year property tax	3,092,717	100,012	-	-	-
Grants and other	-	-	-	-	-
Total deferred inflows of resources	<u>3,092,717</u>	<u>100,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted for					
Other purposes	1,683,535	39	428,910	907,172	38,909
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>1,683,535</u>	<u>39</u>	<u>428,910</u>	<u>907,172</u>	<u>38,909</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,928,385</u>	<u>\$ 100,051</u>	<u>\$ 437,560</u>	<u>\$ 908,014</u>	<u>\$ 38,909</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Historic WDM Housing	Youth Justice Initiative	Totals
\$ 1,980,148	\$ 351,308	\$ 445,645	\$ -	\$ -	\$ -	\$ 261,910	\$ 6,070,513
-	-	-	-	37,935	497,561	-	701,748
-	-	-	-	-	-	-	3,199,214
-	-	-	22,000	-	20,000	-	52,077
-	-	-	-	508,570	-	-	508,570
-	-	-	-	191,002	-	-	196,876
-	-	-	-	2,484	-	-	2,484
\$ 1,980,148	\$ 351,308	\$ 445,645	\$ 22,000	\$ 739,991	\$ 517,561	\$ 261,910	\$ 10,731,482
\$ 16,895	\$ 6,196	\$ 1,645	\$ 15,004	\$ 22	\$ -	\$ 37,045	\$ 86,299
-	-	-	1,022	424	-	-	153,579
-	-	-	12,721	183,565	-	-	196,286
16,895	6,196	1,645	28,747	184,011	-	37,045	436,164
-	-	-	-	-	-	-	3,192,729
-	-	-	22,000	-	20,000	-	42,000
-	-	-	22,000	-	20,000	-	3,234,729
1,963,253	345,112	444,000	-	555,980	497,561	224,865	7,089,336
-	-	-	(28,747)	-	-	-	(28,747)
1,963,253	345,112	444,000	(28,747)	555,980	497,561	224,865	7,060,589
\$ 1,980,148	\$ 351,308	\$ 445,645	\$ 22,000	\$ 739,991	\$ 517,561	\$ 261,910	\$ 10,731,482

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2022

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
REVENUES					
Property taxes	\$ 3,058,605	\$ 19,285	\$ -	\$ -	\$ -
Other City taxes	31,423	1,045	-	-	-
Intergovernmental	121,806	583	53,250	135,500	-
Use of money and property	6,668	-	-	3,004	140
Miscellaneous	-	-	-	157,804	-
Total revenues	<u>3,218,502</u>	<u>20,913</u>	<u>53,250</u>	<u>296,308</u>	<u>140</u>
EXPENDITURES					
Current					
Public safety	3,481,377	-	-	-	-
Health and social services	-	-	-	93,198	-
Culture and recreation	-	-	-	-	-
Community & economic development	-	-	40,090	130,380	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>3,481,377</u>	<u>-</u>	<u>40,090</u>	<u>223,578</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(262,875)</u>	<u>20,913</u>	<u>13,160</u>	<u>72,730</u>	<u>140</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	213,038	-	50,000	-	-
Transfers out	-	(21,350)	-	(2,175)	-
Total other financing sources (uses)	<u>213,038</u>	<u>(21,350)</u>	<u>50,000</u>	<u>(2,175)</u>	<u>-</u>
Net change in fund balances	(49,837)	(437)	63,160	70,555	140
Fund balances (deficit), beginning of year	1,733,372	476	365,750	836,617	38,769
Fund balances (deficit), end of year	<u>\$ 1,683,535</u>	<u>\$ 39</u>	<u>\$ 428,910</u>	<u>\$ 907,172</u>	<u>\$ 38,909</u>

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust	Community Development Block Grant	Historic WDM Housing	Youth Justice Initiative	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 3,077,890
-	-	-	-	-	-		32,468
-	76,836	17,071	167,245	330,247	-	87,541	990,079
6,823	1,272	1,423	-	5,339	894	470	26,033
230,966	24,317	87,610	5,401	-	496,667	153,546	1,156,311
237,789	102,425	106,104	172,646	335,586	497,561	241,557	5,282,781
-	-	3,893	-	-	-	259,440	3,744,710
-	-	-	-	-	-	-	93,198
172,019	105,324	-	-	-	-	-	277,343
-	-	-	174,635	312,210	-	-	657,315
-	-	-	-	33,681	-	-	33,681
-	-	-	-	5,339	-	-	5,339
172,019	105,324	3,893	174,635	351,230	-	259,440	4,811,586
65,770	(2,899)	102,211	(1,989)	(15,644)	497,561	(17,883)	471,195
120,000	-	-	4,950	-	-	300,723	688,711
-	-	(57,975)	(927)	-	-	(57,975)	(140,402)
120,000	-	(57,975)	4,023	-	-	242,748	548,309
185,770	(2,899)	44,236	2,034	(15,644)	497,561	224,865	1,019,504
1,777,483	348,011	399,764	(30,781)	571,624	-	-	6,041,085
\$ 1,963,253	\$ 345,112	\$ 444,000	\$ (28,747)	\$ 555,980	\$ 497,561	\$ 224,865	\$ 7,060,589

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF NET POSITION-INTERNAL SERVICE FUNDS
June 30, 2022

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
ASSETS						
Current assets:						
Cash and investments	\$ 10,823,748	\$ -	\$ 9,116,698	\$ 3,765,148	\$ 484,562	\$ 24,190,156
Accounts	-	17,637	269,098	-	-	286,735
Interest	13,609	-	21,720	-	-	35,329
Due from other governments	-	24,622	-	-	-	24,622
Prepays	-	-	-	-	151,440	151,440
Total current assets	<u>10,837,357</u>	<u>42,259</u>	<u>9,407,516</u>	<u>3,765,148</u>	<u>636,002</u>	<u>24,688,282</u>
Noncurrent assets, capital assets						
Equipment and vehicles	21,855,366	-	-	-	887,577	22,742,943
Accumulated depreciation	(12,205,725)	-	-	-	(402,376)	(12,608,101)
Total noncurrent assets	<u>9,649,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,201</u>	<u>10,134,842</u>
Total assets	<u>\$ 20,486,998</u>	<u>\$ 42,259</u>	<u>\$ 9,407,516</u>	<u>\$ 3,765,148</u>	<u>\$ 1,121,203</u>	<u>\$ 34,823,124</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities:						
Accounts payable	\$ 290,771	\$ 122,942	\$ -	\$ -	\$ -	\$ 413,713
Claims payable	-	-	1,012,192	759,165	-	1,771,357
Total current liabilities	<u>290,771</u>	<u>122,942</u>	<u>1,012,192</u>	<u>759,165</u>	<u>-</u>	<u>2,185,070</u>
NET POSITION						
Investment in capital assets	9,649,641	-	-	-	485,201	10,134,842
Unrestricted	10,546,586	(80,683)	8,395,324	3,005,983	636,002	22,503,212
Total net position	<u>\$ 20,196,227</u>	<u>\$ (80,683)</u>	<u>\$ 8,395,324</u>	<u>\$ 3,005,983</u>	<u>\$ 1,121,203</u>	<u>\$ 32,638,054</u>
Total liabilities and net position	<u>\$ 20,486,998</u>	<u>\$ 42,259</u>	<u>\$ 9,407,516</u>	<u>\$ 3,765,148</u>	<u>\$ 1,121,203</u>	<u>\$ 34,823,124</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
OPERATING REVENUES						
Charges for services	\$ 2,044,927	\$ 1,241,555	\$ 8,288,304	\$ 198,635	\$ -	\$ 11,773,421
Other	-	-	48,410	27,765	-	76,175
Total operating revenues	<u>2,044,927</u>	<u>1,241,555</u>	<u>8,336,714</u>	<u>226,400</u>	<u>-</u>	<u>11,849,596</u>
OPERATING EXPENSES						
Cost of sales and services	6,224	1,336,398	8,630,354	240,414	58,162	10,271,552
Depreciation	1,704,542	-	-	-	177,515	1,882,057
Total operating expenses	<u>1,710,766</u>	<u>1,336,398</u>	<u>8,630,354</u>	<u>240,414</u>	<u>235,677</u>	<u>12,153,609</u>
Operating income (loss)	<u>334,161</u>	<u>(94,843)</u>	<u>(293,640)</u>	<u>(14,014)</u>	<u>(235,677)</u>	<u>(304,013)</u>
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	35,683	-	28,864	13,749	1,201	79,497
Gain (loss) on sale of capital assets	687,838	-	-	-	-	687,838
Total nonoperating revenues (expenses)	<u>723,521</u>	<u>-</u>	<u>28,864</u>	<u>13,749</u>	<u>1,201</u>	<u>767,335</u>
Income (Loss) before transfers	<u>1,057,682</u>	<u>(94,843)</u>	<u>(264,776)</u>	<u>(265)</u>	<u>(234,476)</u>	<u>463,322</u>
Transfers in	114,000	2,744	-	-	300,000	416,744
Transfers out	-	(8,812)	-	-	-	(8,812)
Change in net position	<u>1,171,682</u>	<u>(100,911)</u>	<u>(264,776)</u>	<u>(265)</u>	<u>65,524</u>	<u>871,254</u>
Total net position, beginning of year	<u>19,024,545</u>	<u>20,228</u>	<u>8,660,100</u>	<u>3,006,248</u>	<u>1,055,679</u>	<u>31,766,800</u>
Total net position, ending of year	<u>\$ 20,196,227</u>	<u>\$ (80,683)</u>	<u>\$ 8,395,324</u>	<u>\$ 3,005,983</u>	<u>\$ 1,121,203</u>	<u>\$ 32,638,054</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2022

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Technology Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ -	\$ 73,877	\$ 1,930,485	\$ 226,400	\$ -	\$ 2,230,762
Receipts from interfund charges	-	1,190,534	6,213,554	-	-	7,404,088
Payments from (to) suppliers	813,305	(1,258,343)	-	-	-	(445,038)
Payments to claimants	-	-	(8,466,520)	(557,223)	-	(9,023,743)
Net cash provided (used) by operating activities	813,305	6,068	(322,481)	(330,823)	-	166,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	114,000	2,744	-	-	300,000	416,744
Transfers out	-	(8,812)	-	-	-	(8,812)
Net cash provided (used) by noncapital financing activities	114,000	(6,068)	-	-	300,000	407,932
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(2,878,070)	-	-	-	-	(2,878,070)
Proceeds from disposal of capital assets	38,861	-	-	-	-	38,861
Net cash provided (used) by capital and related financing activities	(2,839,209)	-	-	-	-	(2,839,209)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	61,382	-	69,884	13,749	1,201	146,216
Purchase of investment securities	(8,407,289)	-	(13,418,758)	-	-	(21,826,047)
Proceeds from maturity of investment securities	8,447,731	-	13,354,210	-	-	21,801,941
Net cash provided (used) by investing activities	101,824	-	5,336	13,749	1,201	122,110
Net increase (decrease) in cash and cash equivalents	(1,810,080)	-	(317,145)	(317,074)	301,201	(2,143,098)
Cash and cash equivalents Beginning of year	5,707,600	-	1,642,866	4,082,222	183,361	11,616,049
End of year	\$ 3,897,520	\$ -	\$ 1,325,721	\$ 3,765,148	\$ 484,562	\$ 9,472,951

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (continued)
Year ended June 30, 2022

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Technology Replacement	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 334,161	\$ (94,843)	\$ (293,640)	\$ (14,014)	\$ (235,677)	\$ (304,013)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	1,704,542	-	-	-	177,515	1,882,057
Change in assets and liabilities						
Receivables	-	22,856	(192,675)	-	-	(169,819)
Prepaid expenses	784,648	-	-	-	58,162	842,810
Accounts payable & other liabilities	34,881	78,055	-	-	-	112,936
Claims payable	-	-	163,834	(316,809)	-	(152,975)
Net cash provided (used) by operating activities	\$ 2,858,232	\$ 6,068	\$ (322,481)	\$ (330,823)	-	\$ 2,210,996
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION						
Cash and investments	\$ 10,823,748	\$ -	\$ 9,116,698	\$ 3,765,148	\$ 484,562	\$24,190,156
Less items not meeting the definition of cash equivalents	(4,881,301)	-	(7,790,977)	-	-	(12,672,278)
Cash and cash equivalents at end of year	\$ 5,942,447	\$ -	\$ 1,325,721	\$ 3,765,148	\$ 484,562	\$11,517,878
SCHEDULE OF NONCASH ITEMS						
Investing activities						
Change in fair market value of investments	\$ (19,653)	\$ -	\$ (31,369)	\$ -	\$ -	\$ (51,022)

See accompanying independent auditor's report.

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