

**INTERNAL CONTROLS  
AND  
COMPLIANCE SECTION**



## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining funds information of the City of West Des Moines (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, and have issued our report thereon dated March 16, 2023 which contained an emphasis of matter paragraph regarding a change in accounting principle.

#### ***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

### ***Report on Compliance and Other Matters***

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

### ***Purpose of this Report***

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

**FORVIS, LLP**

West Des Moines, Iowa  
March 16, 2023

## Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

### Independent Auditor's Report

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

#### Report on Compliance for the Major Federal Program

##### ***Opinion on the Major Federal Program***

We have audited the City of West Des Moines's (the City's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

##### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of its major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**FORVIS,LLP**

West Des Moines, Iowa  
March 16, 2023

**City of West Des Moines, Iowa**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through or Other Entity Identifying Number	Total Federal Expenditures
U.S. Department of Treasury			
Direct Payments			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	7,670,872
Pass through from the State of Iowa			
Institute of Museum and Library Services			
Library Services and Technology Act (LSTA)- ARPA State Grants			
State of Iowa Library Administration Services	45.310	59-0300-0-1-503	4,893
Federal Communications Commission			
Emergency Connectivity Fund Program (ECF)	32.009	27-1913-0-1-376	18,099
Total U.S. Department of Treasury			<u>7,693,864</u>
U.S. Department of Homeland Security			
Pass through from the State of Iowa			
Disaster Grants - Public Assistance	97.036	PA ID# 153-83910-00, Disaster DR-4557-IA	47,081
Total U.S. Department of Homeland Security			<u>47,081</u>
U.S. Department of Health and Human Services			
Pass through from the State of Iowa Department of Human Rights			
Division of Community Action Agencies			
Red Rock Area Community Action Program			
Low Income Home Energy Assistance Program	93.568	LIHEAP 21-12	6,000
Low Income Home Energy Assistance Program	93.568	LIHEAP 22-12	5,000
Total US Department of Health and Human Services and CFDA 93.568			<u>11,000</u>
US Department of Justice			
Direct Payments			
Office of Justice Programs			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	N/A	1,200
Criminal Division			
Asset Forfeiture Program	16.922	N/A	22,392
Pass through from the State of Iowa			
Governor's Office of Drug Control Policy			
Public Safety Partnership and Community Policing Grants	16.710	19-HEROIN-01	738
Public Safety Partnership and Community Policing Grants	16.710	19-CAMP-12 Meth	670
Total Public Safety Partnership and Community Policing Grants			<u>1,408</u>
CFDA 16.710			
Total U.S. Department of Justice			<u>25,000</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants Cluster			
Pass through from the Iowa Economic Development Authority			
Federal Communications Commission	14.218	CDBG CV Rnd 2 ID - CDBG CV-Round 2 IDEA FCC EBB	95,000
Direct Payments			
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	(COVID) CDBG CV-Round 3 CDBG FY21/Homelessness Prevention	64,794
Community Development Block Grants/Entitlement Grants	14.218	FY21 WiFi Pilot (CDBG FY20)/Transit Pass Program /CDBG FY22	20,944
Community Development Block Grants/Entitlement Grants	14.218		149,510
Total Community Development Block Grants/Entitlement Grants Cluster and CFDA 14.218			<u>330,248</u>



**City of West Des Moines, Iowa**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass through from the State of Iowa Finance Authority (Homelessness)			
Emergency Assistance and Rapid Transition to Housing (HEARTH) Act			
Emergency Solutions Grant Program	14.231	77029-21	77,058
Emergency Solutions Grant Program	14.231	77029-22	<u>58,442</u>
Total Emergency Solutions Grant Program CFDA 14.231			<u>135,500</u>
Total U.S. Department of Housing and Urban Development			<u>465,748</u>
US Department of Transportation			
Pass through from the State of Iowa Department of Public Safety			
Governor's Traffic Safety Bureau			
Highway Safety Cluster			
State and Community Highway Safety	20.600	22-405d-F24, Task 9	852
State and Community Highway Safety	20.600	21-405d-F24, Task 12	1,104
State and Community Highway Safety	20.600	21-402-MOPT, Task 50	13,478
State and Community Highway Safety	20.600	22-402-M0PT, Task 74	<u>33,334</u>
Total Highway Safety Cluster and CFDA 20.600			<u>48,768</u>
Pass through from the Iowa Department of Transportation			
Highway Planning and Construction	20.205	22MPO-DMAMPO (23190)	24,040
Highway Planning and Construction	20.205	HDP-8260 (629)--71-25	<u>2,187</u>
Total Highway Planning and Construction Cluster and CFDA 20.205			<u>26,227</u>
Total US Department of Transportation			<u>74,995</u>
US Department of Agriculture			
Pass through from the Iowa Department of Natural Resources			
Community Forestry Grant -Emerald Ash Borer Reforestation Funds	10.664	21-DG-11094200-153	<u>\$ 9,900</u>
Total US Department of Agriculture			<u>9,900</u>
Total Federal Awards			<u>\$ 8,327,588</u>

**City of West Des Moines, Iowa**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of West Des Moines, Iowa (the City) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3: Indirect Cost Rate**

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: Subrecipients**

The City did not pass through any federal awards to subrecipients during the year ended June 30, 2022.

**City of West Des Moines, Iowa**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

**Section I - Summary of Auditor's Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified       Qualified       Adverse       Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?       Yes       None reported

Material weakness(es) identified?       Yes       No

3. Noncompliance material to the financial statements noted?       Yes       No

*Federal Awards*

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified?       Yes       None reported

Material weakness(es) identified?       Yes       No

5. Type of auditor's report issued on compliance for major federal program:

Unmodified       Qualified       Adverse       Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?       Yes       No

**City of West Des Moines, Iowa**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2022**

7. Identification of major federal programs:

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
21.027	Coronavirus State and Local Fiscal Recovery Funds

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee?  Yes  No

**City of West Des Moines, Iowa**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2022**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**City of West Des Moines, Iowa**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2022**

Reference Number	Finding	Status
2021-01	<p><b>Finding:</b> The City was incorrectly reporting a net investment in joint venture by the general fund as an enterprise fund of the City.</p> <p><b>Prior Year Recommendation:</b> The City should review investment activities and work through a detailed analysis in accordance with the guidance to verify proper treatment and inclusion in the City's financials.</p>	<b>Implemented</b>

**City of West Des Moines, Iowa**  
**Other Findings Related to Required Statutory Reporting**  
**Year Ended June 30, 2022**

Reference Number	Finding
2022-IA-A	<b>Certified Budget</b> - Disbursements during the year ended June 30, 2022 did not exceed the amount budgeted as per Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under and annual or continuing appropriation."
2022-IA-B	<b>Questionable Expenditures</b> - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
2022-IA-C	<b>Travel Expenses</b> - No expenditures of City money for travel expenses of spouses or City officials or employees were noted.
2022-IA-D	<b>Business Transactions</b> - Business transactions between the City and City Officials or employees are detailed as follows:  According to Chapter 362.5 of the Code of Iowa, an officer or employee of the City shall not have an interest, direct or indirect, in a contract with that City. The provision does not apply to transactions that do not exceed a cumulative total purchase price of \$1,500 in a fiscal year or to contracts made by a City upon competitive bid. All the transactions with Wayne McKinney and W&G McKinney Farms LC were not entered into through competitive bidding due to the nature of these land acquisition transactions. All the transactions with Studio Melee and Philip Ascheman were not entered into through competitive bidding since they were for professional services.
2022-IA-E	<b>Restricted Donor Activity</b> - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
2022-IA-F	<b>Bond Coverage</b> - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
2022-IA-G	<b>City Council Minutes</b> - No transactions were found that we believe should have been approved in the City Council minutes but were not.
2022-IA-H	<b>Deposits and Investments</b> - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
2022-IA-I	<b>Revenue Notes</b> - No instances of non-compliance with revenue note provisions were noted.
2022-IA-J	<b>Annual Urban Renewal Report</b> - The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

**City of West Des Moines, Iowa**  
**Other Findings Related to Required Statutory Reporting (Continued)**  
**Year Ended June 30, 2022**

Reference Number	Finding
<b>2022-IA-K</b>	<b>Separately Maintained Records</b> - Chapter 384.20 of the Code of Iowa states, in part, "A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property." No such transactions were noted.

**2021-IA-L**    **Financial Condition** - At June 30, 2022, the City had deficit balances in the following funds:

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

See Note 5 of the financial statements for additional information about deficit balances.