

FINANCIAL SECTION



1401 50th Street, Suite 350 / West Des Moines, IA 50266

P 515.223.0159 / F 515.223.5429

forvis.com

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, 2023, 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, 2023, 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.

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 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 financial statements and the schedule of expenditures of federal awards are 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 January 12, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the 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
January 16, 2024

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 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, 2023, with selected comparative information for the fiscal year ended June 30, 2022. 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, 2023, the total assets plus deferred outflows of resources of the City exceeded total liabilities plus deferred inflows of resources by \$831 million. Of this amount, \$88 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, 2022, total assets plus deferred outflows exceeded total liabilities plus deferred inflows by \$790 million, of which \$65 million was unrestricted.

The City's total net position increased by \$41 million during the fiscal year ended June 30, 2023. Governmental activities increased by \$25.5 million and business-type activities increased by \$15.5 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 \$94 million, up from \$79 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 \$49 million at June 30, 2023, increasing by \$7 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. 96, Subscription-Based Information Technology Arrangements* in 2023. Prior year comparative information has not been restated for the adoption of the GASB Statement No. 96.

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
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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 90 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 99 through 102 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 104 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, 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$831 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, 2023

City of West Des Moines						
Net Position						
(in thousands of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Assets						
Current and other assets	\$ 249,339	\$ 210,900	\$ 50,233	\$ 48,634	\$ 299,572	\$ 259,534
Noncurrent and other assets	17,678	14,862	7,557	4,630	25,235	19,492
Capital & leased assets, net of depreciation & amortization	724,831	679,032	304,990	269,825	1,029,821	948,857
Total assets	991,848	904,794	362,780	323,089	1,354,628	1,227,883
Deferred Outflows						
Pension related	11,787	11,246	221	163	12,008	11,409
Other post-employment benefits related	1,391	1,557	70	65	1,461	1,622
Advance refunding related	133	181	-	-	133	181
Total deferred outflows	13,311	12,984	291	228	13,602	13,212
Liabilities						
Current liabilities	62,986	44,946	10,930	32,859	73,916	77,805
Long-term liabilities outstanding	267,870	208,523	84,266	40,533	352,136	249,056
Total liabilities	330,856	253,469	95,196	73,392	426,052	326,861
Deferred Inflows						
Unavailable revenue, property taxes	101,603	89,814	-	-	101,603	89,814
Lease related	449	567	6,370	2,847	6,819	3,414
Pension related	1,765	29,359	394	1,459	2,159	30,818
Other post-employment benefits related	552	15	28	1	580	16
Total deferred inflows	104,369	119,755	6,792	4,307	111,161	124,062
Net position						
Net investment in capital assets	494,172	493,766	219,488	206,228	713,660	699,994
Restricted - expendable	27,876	22,970	1,346	1,964	29,222	24,934
Unrestricted net position	47,886	27,818	40,249	37,426	88,135	65,244
Total net position	\$ 569,934	\$ 544,554	\$ 261,083	\$ 245,618	\$ 831,017	\$ 790,172

*Not restated

The largest portion of the City's net position (86% 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 assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in 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 assets themselves cannot be liquidated to cover the liabilities. Overall, the net investment in capital assets increased \$13.7 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 \$4.3 million during the fiscal year ended June 30, 2023.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

The remaining balance of net position (11% of the total) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position increased \$22.9 million during the fiscal year ended June 30, 2023.

A summary and discussion of the City's Changes in Net Position during the fiscal years ended June 30, 2023 and 2022, is as follows:

	Changes in Net Position (in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Revenues						
Program revenues:						
Charges for services	\$ 17,383	\$ 15,036	\$ 23,264	\$ 22,083	\$ 40,647	\$ 37,119
Operating grants and contributions	13,491	20,221	-	200	13,491	20,421
Capital grants and contributions	2,602	7,350	8,601	5,212	11,203	12,562
General revenues:						
Property taxes	88,557	84,260	-	-	88,557	84,260
Other taxes	21,197	19,476	-	-	21,197	19,476
Earnings on investments	4,070	487	1,519	114	5,589	601
Other	6,432	5,313	468	310	6,900	5,623
Total revenues	153,732	152,143	33,852	27,919	187,584	180,062
Expenses						
General government	14,082	12,640	-	-	14,082	12,640
Public safety	39,319	35,004	-	-	39,319	35,004
Public works	30,285	27,275	-	-	30,285	27,275
Health and social services	1,799	1,145	-	-	1,799	1,145
Culture and recreation	14,520	13,495	-	-	14,520	13,495
Community & economic development	11,668	9,197	-	-	11,668	9,197
Interest on long term debt	6,350	5,876	-	-	6,350	5,876
Sewer system	-	-	11,462	11,483	11,462	11,483
Storm water system	-	-	3,967	3,656	3,967	3,656
MidAmerican Energy RecPlex	-	-	7,297	5,559	7,297	5,559
Fiber Conduit Utility	-	-	3,241	2,176	3,241	2,176
Solid waste system	-	-	2,749	2,397	2,749	2,397
Total expenses	118,023	104,632	28,716	25,271	146,739	129,903
Increase in net position before transfers	35,709	47,511	5,136	2,648	40,845	50,159
Transfers	(10,329)	(25,243)	10,329	25,243	-	-
Increase in net position	25,380	22,268	15,465	27,891	40,845	50,159
Net position, beginning of year	544,554	522,286	245,618	217,727	790,172	740,013
Net position, end of year	\$ 569,934	\$ 544,554	\$ 261,083	\$ 245,618	\$ 831,017	\$ 790,172

*Not restated

Governmental Activities. Governmental revenues in the current fiscal year increased by \$1.6 million, or 1.0%. Property and other tax revenues increased \$6.0 million, earnings on investments increased \$3.6 million, charges for services increased \$2.3 million, and other revenues increased \$1.1 million. These increases were offset by a significant decrease in capital and operating grants of \$11.5 million which related to one-time receipts in the prior fiscal year (\$7.7 million in federal grant revenue through the Coronavirus State and Local Fiscal Recovery Funds and \$3.8 million in state grant revenue related to a road reconstruction project).

The property tax revenue increase was fueled by an overall increase in taxable valuation of all properties across the city totaling \$319 million from January 1, 2021, to January 1, 2022. The other tax revenue increased by \$1.7 million, largely due to a \$1.6 million increase in local option sales tax collections, with a modest \$0.1 increase in hotel/motel taxes also contributing to the total.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

The charges for services revenue increase of \$2.3 million consisted of a \$2.7 million increase in building permit and plan check fees, a \$0.1 million increase in recreation fee revenue, a \$0.1 million increase in inspection fee revenue, and a \$0.6 million decrease in ambulance billing revenue. The ambulance billing revenue declined as the city began winding down its cooperative relationship with Unity Point Hospital, a long-standing partnership that ended officially on June 30, 2023. Investment earnings and other earnings were up \$4.7 million from the previous fiscal year nearly all attributable to rising interest rates.

Governmental expenses increased by \$13.4 million, or 12.8% from the prior fiscal year. This was largely due a \$3.0 million increase in public works and the large fluctuation in capital outlay expenses from the prior year. Public safety expenses increased by \$4.3 million (due to a \$2.5 million increase in the pension expense related to the increase in the City's portion of the IPERS and MFPRSI pension liabilities and public safety's portion of the OPEB liability and a \$1.8 million increase in police and fire FTE's and a corresponding increase in compensated absences, OPEB, and Pension). General government expenses increased by \$1.4 million primarily due to rising personnel costs. Health and social services increased \$0.7 million due to a \$0.3 million increase in program outreach spending and \$0.4 million increase in personnel costs. Culture and recreation increased by \$1.0 million primarily due to rising personnel costs. Community and economic development expenses increased \$2.5 million due to an increase in hotel/motel spending in the amount of \$0.7 million and rising personnel costs. Interest on long term debt increased by \$0.5 million due to additional amortization of bond premiums and additional interest expense incurred in the current year.

Business-Type Activities. Revenue received through charges for services increased by \$1.2 million due to the annual increase in service rates and the first full year of operational revenue at the MidAmerican Energy RecPlex. Capital and operating grant and contribution revenues increased by \$3.2 million, or approximately 58.9%. The increase relates to an additional sewer fee district collections (\$0.6 million) and an increase in donated subdivision in the sewer fund (\$2.1 million) and stormwater fund (\$1.1 million), offset by a decrease in contributions collected for the construction of the MidAmerican Energy RecPlex (\$0.6 million). Investment and other miscellaneous earnings on business cash and investments increased by \$1.5 million due to rising interest rates. Business-type expenses increased by \$3.4 million, or approximately 13.6%, which was largely due to increased operating expenses and construction enhancements 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 \$94.0 million as of June 30, 2023. Of this total \$49.1 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. \$3.3 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 (\$2.7 million); (2) for urban renewal and development in Tax Increment Financing Districts (\$10.4 million); (3) for liquidation of contracts for capital improvements (\$19.0 million); (4) for various local option sales tax initiatives as directed by voters (\$2.5 million); (5) various other purposes (\$7.0 million).

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

The unassigned balance of the General Fund, the chief operating fund of the City, increased \$4.4 million, or 8.9%, to a total of \$54.4 million on June 30, 2023. This was because, when compared to the previous fiscal year, revenues and transfers increased \$1.0 million while expenses decreased \$0.1 million. Primary revenue increases included property taxes (\$2.0 million), building permits and inspections (\$2.8 million), interest earnings (\$1.0 million). 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, 2023, represents approximately 68.4% 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 \$0.1 million. Property tax and other City tax increased \$2.2 million. The fund saw a \$7.6 million decrease in intergovernmental revenue due to the one-time federal grant funding earned in the prior year associated with the American Rescue Plan Act and Coronavirus State and Local Fiscal Recovery Fund. Other factors in the overall increase were a \$0.9 million increase in charges for services due to additional recreational facilities and other programming, a \$1.6 million increase in license and permits issued due to increased construction activity, and a \$1.0 million increase in miscellaneous revenue related to human services contribution revenue, insurance claim reimbursements, and other private contributions. Use of money and property (investment earnings) increased dramatically (\$2.1 million) due to continued rising interest rates.

General Fund expenditures increased by \$7.2 million, or approximately 9.9%. This relates to an increase in hotel/motel spending of \$0.7 million, the first year of a \$0.5 million contribution toward a new metropolitan area airport and other miscellaneous contractual expenditures of \$2.1 million. Rising employee costs, including salaries, pensions, and insurance resulted in an additional \$4.0 million in spending.

The Road Use Tax Revenue collected by the State of Iowa and allocated to the City increased by \$0.4 million, or approximately 4.4%, 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, 2023, was a deficit balance of \$5.3 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 \$10.5 million on June 30, 2023, which represents an increase of \$0.3 million, or 3.2% 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 \$2.7 million on June 30, 2023, which represents an increase of 8.3%, 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 \$19.0 million on June 30, 2023, which represents an increase in fund balance of \$4.2 million, or 28.4%. The increase was largely due to several large infrastructure and building projects undertaken during fiscal 2023, as over \$70.5 million was expended from the fund.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

The Local Option Sales Tax Fund had a fund balance of \$2.5 million on June 30, 2023, which represents a increase of 293.9% from the prior year. This large increase occurred as funds on-hand are being assembled to pay for the Athene Pedestrian Bridge project, a unique structure that will span the Raccoon River and serve as a vital trail connection between those leading to Raccoon River Park and Walnut Woods State Park and eventually to the popular Great Western Trail beyond.

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 \$128.9 million on June 30, 2023. This balance is comprised of a \$80.7 million investment in capital assets and \$48.2 million in unrestricted net position. The net position of the Sanitary Sewer Fund increased \$7.7 million, or 6.4%, which was caused operating revenues of \$12.7 million, offset by operating expenses of \$6.9 million, investment and interest earnings of \$1.3 million (an increase from the prior year by \$1.0 million), and capital contributions of infrastructure of \$5.1 million (an increase of \$2.7 from the prior year), and other non-operating expenses of \$4.5 million.

Total net position of the City's Stormwater Fund at the end of the current year was \$104.1 million. This is comprised of \$107.8 million investment in capital assets and a shortfall of \$3.7 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 \$9.9 million on June 30, 2023.

Total net position of the MidAmerican Energy RecPlex Fund at the end of the current year was \$22.5 million. This is comprised of: (a) a \$26.4 million investment in capital assets, (b) \$1.3 million restricted by other entities for construction, and (c) a cash shortfall of \$5.2 million. The construction of the multi-sport complex was completed in the fall of 2022. It's worth noting that \$4.1 million was transferred into the fund to cover current year principal and interest debt payments: (\$3.0 million from the Local Option Sales Tax Fund and \$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 \$1.0 million, or 4.6%, which was a result of \$3.4 million in charges for service (a \$1.2 million increase from the prior year), \$4.1 million in transfers in, \$0.7 million in capital contributions, \$0.2 million in lease and other revenue, and \$7.4 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 \$4.7 million. This is comprised of: (a) a \$4.6 million in investment in capital assets and (b) \$0.1 million in unrestricted net position. The construction of the fiber conduit utility network is underway with a full completion date in fiscal year 2024, 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 \$0.2 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, 2023, disbursements exceeded the budget in Health and social services due to unforeseen program expenses made possible by program donations.

During the fiscal year ended June 30, 2023, there were three budget amendments, dated September 6, 2022, December 19, 2022, and May 15, 2023. 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. A very significant number of projects were carried over from the previous year's budget through amendment due to this timing factor. Another contributing factor in carrying projects forward was simply continuing supply-chain issues with certain types of construction materials. Other adjustments addressed through the three amendments included an increase to building permit revenue due to the larger-than-anticipated amount of Microsoft data center construction, the inclusion of General Obligation Bond debt issuances Series 2023 E and 2023 F, and a decrease in both revenue and expenses due to the discontinuance of WestPet, a regional animal control organization of which West Des Moines acted as the coordinating agency, which was offset by other public safety anticipated increases. Health and social services expenses came in higher than budgeted due to the unplanned donations and corresponding disbursements of program outreach expenses.

Capital and Lease Assets and Debt Administration

Capital and lease assets. The City's investment in capital and lease assets for its governmental and business-type activities as of June 30, 2023, amounts to \$1.03 billion (net of accumulated depreciation and amortization). 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), and other lease assets. The total increase in the City of West Des Moines' capital and lease assets for the current fiscal year was 8.5% 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 ongoing 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.

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

	Condition Level for Street Network (prior 3 condition assessments)		
	2020	2021	2022
Street subsystem:			
Goal	70.0	70.0	70.0
Actual	76.3	72.0	72.0
Levee subsystem:			
Goal	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Minimally Acceptable	Minimally Acceptable	Minimally Acceptable
Bridge & Culvert subsystem:			
Goal	81 or greater	81 or greater	81 or greater
Actual	88.5	93.8	92.8

The *required supplementary information* that must be presented by governments electing this approach appears on pages 99 through 102 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 99 through 100 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Estimated Costs	\$7,435	\$6,985	\$6,500	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567
Actual Costs	\$7,054	\$6,994	\$6,015	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130

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 and Lease Assets, Net of Applicable Depreciation and Amortization
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Land	\$ 46,368	\$ 43,730	4,721	4,721	\$ 51,089	\$ 48,451
Buildings	100,119	100,122	52,043	50,919	152,162	151,041
Improvements other than buildings	65,315	59,577	3,313	3,088	68,628	62,665
Fiber conduit network	-	-	14,389	9,055	14,389	9,055
Fiber network	8,024	8,024	-	-	8,024	8,024
Equipment and vehicles	34,327	32,680	4,542	4,350	38,869	37,030
Construction-in-progress	86,247	53,012	55,161	34,394	141,408	87,406
Leased equipment	197	-	-	-	197	-
Leased intangibles	89	-	-	-	89	-
Sanitary and storm sewer system	-	-	241,698	226,322	241,698	226,322
Infrastructure, nondepreciable	475,738	466,725	-	-	475,738	466,725
Intangibles	16,797	16,827	47	47	16,844	16,874
Accumulated depreciation and amortization	(108,390)	(101,665)	(70,924)	(63,071)	(179,314)	(164,736)
Total capital and lease assets	\$ 724,831	\$ 679,032	\$ 304,990	\$ 269,825	\$ 1,029,821	\$ 948,857

*Not restated

Major capital asset expenditures during the fiscal year ended June 30, 2023, included the following projects with over \$1 million in spending:

Street Improvements (Governmental Activities)

- Spent \$9.3 million of an overall \$10.5 million project to construct twin bridges allowing Ashworth Road to cross over Interstate 80.
- Spent \$6.2 million of an overall \$11.7 million project to construct Grand Avenue from Grand Prairie Parkway to S 115th Street.
- Spent \$5.9 million of an overall \$13.8 million project to construct Grand Prairie Parkway from Grand Avenue to an area just south of Raccoon River Drive, which includes a bridge span Raccoon River Drive.
- Spent \$5.6 million of an overall \$16.9 million project to construct Grand Avenue from 88th Street to Grand Prairie Parkway.
- Spent \$3.3 million of an overall \$4.9 million project to construct Stagecoach Drive from Jordan Creek Parkway to S 78th Street.
- Spent \$2.2 million of an overall \$8.0 million project to relocate and reconstruct County Line Road from Soteria Ave to Veterans Parkway.
- Spent \$2.1 million of an overall \$10.6 million project to pave Booneville Road from S 100th Street to S 115th Street.
- Spent \$1.5 million of an overall \$5.9 million project to reconstruct 8th Str between Clegg Road and Interstate 235.
- Spent \$1.4 million of an overall \$12.1 million project to construct Grand Prairie Parkway from Stagecoach Drive to Grand Avenue.
- Spent \$1.2 million of an overall \$2.4 million project to construct County Line Road from Orilla Road to Veterans Parkway.
- Spent \$1.0 million to complete updates to the City's Adaptive Traffic Signal System.

Park Improvements (Governmental Activities)

- Spent \$1.1 million of an overall \$2.0 million project to install an interactive, adaptive outdoor playground complex at Raccoon River Park.
- Spent \$1.0 million of an overall \$9.2 million project to install a pedestrian trail bridge over the Raccoon River to connect Raccoon River Regional Park and Walnut Woods State Park

Enterprise Funds

- Spent \$23.8 million of Digital Enterprise Funds towards an overall \$60.0 million project to construct a citywide Fiber Conduit utility network.

City of West Des Moines, Iowa
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For Fiscal Year Ended June 30, 2023

- Spent \$1.4 million of Rec Plex Enterprise Funds to provide additional bleachers, equipment, amenities, and improvements to the interior of the RecPlex, a city-owned multi-sport recreational facility.
- Spent \$4.4 million of Sewer Enterprise Funds towards an overall \$8.9 million project to construct two new sewer segments to serve southern sections 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, 2023, the City had total bonded debt outstanding of \$338.2 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 \$113.6 million of new debt was issued during the current fiscal year versus \$31.2 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 \$506.3 million. With outstanding general obligation principal debt of \$319.2 million (general obligation bonds) plus other debt of \$10.6 million subject to the limitation, the City had utilized 65% of the debit limit as of June 30, 2023.

Additional information on the City's long-term debt can be found in Note 4 on pages 65 through 69 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 being a desirable suburban city for residential growth, while at the same time maintaining a strong retail, office, and commercial presence. The City has been establishing itself also as a destination for recreation and tourism, with over two dozen hotels and a variety of entertainment-based businesses. The city is also a preferred destination for youth sports tournaments and activities, which has become a larger economic engine in recent years.

The City's overall economic balance continues to be roughly 65% residential valuation (including a significant presence of multi-family dwellings) and 35% commercial and industrial valuation.

State of Iowa 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 with this 2021 legislation, so those properties are now considered residential property and thus are taxed at a lower rate.

During 2022, additional State legislative action will effectively create a mechanism whereby cities that have property valuation growth over 3% from one year to the next will be forced to reduce their General Fund tax levy rate. This will have an effect in planning as historically, the City's tax base has grown between 2% and 9% annually. Recent years have been very strong as data on the next page indicates.

Percentage taxable valuation growth from January 1 to January 1 (excluding Debt Service)

2016 to 2017	3.6%
2017 to 2018	8.1%
2018 to 2019	3.9%
2019 to 2020	4.4%
2020 to 2021	4.7%
2021 to 2022	2.9%
2022 to 2023	8.4%

The city had a total taxable valuation on January 1, 2023, of \$7.8 billion. Total assessed property valuation of the City on the same date was just over \$13.0 billion.

The budget for fiscal year ending June 30, 2024, reduced the City's overall levy rate from \$10.95 per \$1,000 of taxable valuation to \$10.90. This followed several other decreases, during 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 (2021 and 2019) 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 decreases were simply the result of Council-led decisions to reduce the tax burden. As a result of all these factors, the City continues to engage in very conservative revenue budgeting practices around property tax revenues.

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 has budgeted for a deficit in the general fund of approximately \$5 million for the fiscal year ending June 30, 2024. 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 93,998,761	\$ 43,511,746	\$ 137,510,507
Restricted cash and investments	40,801,153	-	40,801,153
Receivables			
Property taxes	101,640,941	-	101,640,941
Accounts and unbilled usage	5,484,258	5,136,703	10,620,961
Special assessments	274,533	-	274,533
Interest	637,365	587,609	1,224,974
Promises to give	75,900	237,900	313,800
Loans	119,417	-	119,417
Leases	88,409	134,580	222,989
Internal balances	(479,680)	479,680	-
Due from other governments	4,790,651	103,997	4,894,648
Inventories	1,078,906	40,999	1,119,905
Prepays	828,376	-	828,376
Total current assets	<u>249,338,990</u>	<u>50,233,214</u>	<u>299,572,204</u>
Noncurrent assets:			
Promises to give	741,899	1,107,800	1,849,699
Loans receivable	871,594	-	871,594
Leases receivable	379,152	6,449,295	6,828,447
Due from other governments	14,018,545	-	14,018,545
Due from joint venture	1,012,985	-	1,012,985
Investment in joint venture	653,598	-	653,598
Capital and lease assets:			
Nondepreciable			
Land	46,367,611	4,720,775	51,088,386
Infrastructure	475,737,920	-	475,737,920
Construction-in-progress	86,246,667	55,161,437	141,408,104
Intangibles	15,574,850	-	15,574,850
Depreciable			
Leased equipment	196,969	-	196,969
Leased intangibles	89,034	-	89,034
Buildings	100,118,859	52,042,581	152,161,440
Equipment and vehicles	34,326,765	4,541,967	38,868,732
Fiber network	8,024,022	-	8,024,022
Intangibles	1,222,862	47,050	1,269,912
Improvements other than buildings	65,315,358	3,312,927	68,628,285
Fiber conduit network	-	14,389,220	14,389,220
Sanitary and storm sewer system	-	241,697,707	241,697,707
Accumulated depreciation and amortization	(108,390,026)	(70,923,657)	(179,313,683)
Net capital assets	<u>724,830,891</u>	<u>304,990,007</u>	<u>1,029,820,898</u>
Total noncurrent assets	<u>742,508,664</u>	<u>312,547,102</u>	<u>1,055,055,766</u>
Total assets	<u>991,847,654</u>	<u>362,780,316</u>	<u>1,354,627,970</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	11,786,871	220,500	12,007,371
Other post-employment benefits related deferred outflows	1,391,451	70,312	1,461,763
Advance refunding related deferred outflows	132,732	-	132,732
Total deferred outflows of resources	<u>13,311,054</u>	<u>290,812</u>	<u>13,601,866</u>

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	24,705,428	\$ 5,918,560	\$ 30,623,988
Claims payable	1,731,175	-	1,731,175
Accrued wages payable	768,109	47,441	815,550
Unearned revenue	317,536	31,464	349,000
Interest payable	817,675	202,178	1,019,853
Note payable	-	140,000	140,000
Lease liability	36,000	-	36,000
Compensated absences	4,344,258	208,121	4,552,379
Line of credit	-	237,900	237,900
General obligation bonds	29,875,000	4,135,000	34,010,000
Installment contracts	164,640	-	164,640
Notes from direct borrowings and direct placements	34,360	-	34,360
Other post-employment benefits liability	191,504	9,676	201,180
Total current liabilities	62,985,685	10,930,340	73,916,025
Noncurrent liabilities			
Compensated absences	2,017,900	26,106	2,044,006
Line of credit	-	1,762,100	1,762,100
General obligation bonds	222,742,732	81,465,704	304,208,436
Installment contracts	7,503,932	-	7,503,932
Notes from direct borrowings and direct placements	440,191	-	440,191
Note payable	-	345,000	345,000
Lease liability	178,840	-	178,840
Other post-employment benefits liability	4,004,571	202,353	4,206,924
Net pension liability	30,981,541	464,522	31,446,063
Total noncurrent liabilities	267,869,707	84,265,785	352,135,492
Total liabilities	330,855,392	95,196,125	426,051,517
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	101,603,265	-	101,603,265
Lease related deferred inflows	449,065	6,370,592	6,819,657
Pension related deferred inflows	1,765,513	393,751	2,159,264
Other post-employment benefits related deferred inflows	551,654	27,874	579,528
Total deferred inflows of resources	104,369,497	6,792,217	111,161,714
NET POSITION			
Net investment in capital assets	494,172,166	219,487,810	713,659,976
Restricted for:			
Debt service	2,660,811	-	2,660,811
Urban renewal and development	16,143,051	-	16,143,051
Retirement benefits	1,771,809	-	1,771,809
Other entities - expendable	-	1,345,700	1,345,700
Other purposes	7,299,336	-	7,299,336
Unrestricted	47,886,646	40,249,276	88,135,922
Total net position	\$ 569,933,819	\$ 261,082,786	\$ 831,016,605

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Public safety	\$39,318,615	\$5,705,544	\$2,367,290	\$ -
Public works	30,285,492	626,165	9,502,198	1,255,450
Health and social services	1,798,964	-	114,179	23,445
Culture and recreation	14,520,034	1,960,331	73,703	-
Community & economic development	11,668,281	6,734,281	514,678	1,323,461
General government	14,081,730	2,356,671	918,629	-
Interest on long-term debt	6,350,112	-	-	-
Total governmental activities	118,023,228	17,382,992	13,490,677	2,602,356
Business-type activities				
Sewer system	11,462,092	12,727,288	-	4,879,386
Storm water system	3,967,385	4,743,046	-	3,008,544
MidAmerican Energy RecPlex	7,296,814	3,355,661	-	713,422
Fiber conduit utility	3,240,885	-	-	-
Solid waste system	2,748,696	2,437,745	-	-
Total business-type activities	28,715,872	23,263,740	-	8,601,352
Total primary government	\$ 146,739,100	\$ 40,646,732	\$ 13,490,677	\$ 11,203,708

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
\$ (31,245,781)	\$ -	\$ (31,245,781)
(18,901,679)	-	(18,901,679)
(1,661,340)	-	(1,661,340)
(12,486,000)	-	(12,486,000)
(3,095,861)	-	(3,095,861)
(10,806,430)	-	(10,806,430)
(6,350,112)	-	(6,350,112)
(84,547,203)	-	(84,547,203)
-	6,144,582	6,144,582
-	3,784,205	3,784,205
-	(3,227,731)	(3,227,731)
-	(3,240,885)	(3,240,885)
-	(310,951)	(310,951)
-	3,149,220	3,149,220
(84,547,203)	3,149,220	(81,397,983)
88,556,979	-	88,556,979
195,716	-	195,716
16,230,511	-	16,230,511
4,770,885	-	4,770,885
721,950	467,245	1,189,195
4,069,877	1,518,972	5,588,849
5,710,331	-	5,710,331
(10,328,866)	10,328,866	-
109,927,383	12,315,083	122,242,466
25,380,180	15,464,303	40,844,483
544,553,639	245,618,483	790,172,122
\$ 569,933,819	\$ 261,082,786	\$831,016,605

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2023

	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	\$ 48,895,407	\$ -	\$ 10,482,171	\$ 2,657,768	\$ -	\$ -	\$ 6,265,728	\$ 68,301,074
Restricted cash and investments	-	-	-	-	38,881,202	1,390,390	529,561	40,801,153
Receivables								
Property taxes	51,867,286	-	33,289,936	13,936,074	-	-	2,547,645	101,640,941
Accounts	4,383,958	-	2,520	-	1,005,912	-	24,382	5,416,772
Special assessments	40,150	-	-	-	234,383	-	-	274,533
Interest	498,107	-	-	-	-	-	-	498,107
Promises to give	-	-	-	-	817,799	-	-	817,799
Loans	516,460	-	-	-	-	-	474,551	991,011
Due from other funds	6,163,578	-	-	-	-	-	-	6,163,578
Due from other governments	1,761,219	772,342	-	-	14,336,378	1,102,754	813,212	18,785,905
Due from joint venture	1,012,985	-	-	-	-	-	-	1,012,985
Lease receivable	467,561	-	-	-	-	-	-	467,561
Inventories	649,351	-	-	-	-	-	429,555	1,078,906
Prepays	735,097	-	-	-	-	-	-	735,097
Investment in joint venture	121,132	-	-	-	-	-	-	121,132
Total assets	\$ 117,112,291	\$ 772,342	\$ 43,774,627	\$ 16,593,842	\$ 55,275,674	\$ 2,493,144	\$ 11,084,634	\$ 247,106,554
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 3,239,998	\$ 61,567	\$ -	\$ 3,000	\$ 21,143,411	\$ -	\$ 151,451	\$ 24,599,427
Accrued wages payable	715,504	-	-	-	-	-	52,605	768,109
Unearned revenue	317,536	-	-	-	-	-	-	317,536
Due to other funds	-	6,041,023	-	-	-	-	122,555	6,163,578
Total liabilities	4,273,038	6,102,590	-	3,000	21,143,411	-	326,611	31,848,650
Deferred inflows of resources								
Unavailable revenue:								
Succeeding year property tax	51,842,670	-	33,284,478	13,930,031	-	-	2,546,086	101,603,265
Lease related	449,065	-	-	-	-	-	-	449,065
Grants and other	3,170,176	-	2,520	-	14,927,206	-	822,737	18,922,639
Special assessments	38,521	-	-	-	233,830	-	-	272,351
Total deferred inflows of resources	55,500,432	-	33,286,998	13,930,031	15,161,036	-	3,368,823	121,247,320
FUND BALANCES (DEFICITS)								
Nonspendable	2,913,893	-	-	-	-	-	429,555	3,343,448
Restricted for								
Capital projects	-	-	-	-	18,971,227	-	-	18,971,227
Debt service	-	-	-	2,660,811	-	-	-	2,660,811
Urban renewal and development	-	-	10,487,629	-	-	-	-	10,487,629
Other purposes	-	-	-	-	-	2,493,144	6,976,388	9,469,532
Unassigned	54,424,928	(5,330,248)	-	-	-	-	(16,743)	49,077,937
Total fund balance (deficits)	57,338,821	(5,330,248)	10,487,629	2,660,811	18,971,227	2,493,144	7,389,200	94,010,584
Total liabilities, deferred inflows of resources and fund balances	\$ 117,112,291	\$ 772,342	\$ 43,774,627	\$ 16,593,842	\$ 55,275,674	\$ 2,493,144	\$ 11,084,634	\$ 247,106,554

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, 2023

Total governmental funds balances		\$ 94,010,584
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$809,249,302 and the accumulated depreciation and amortization is \$94,256,080		714,993,222
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, as unavailable revenue.		19,194,990
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		532,466
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 and leased assets	23,971,615	
Accumulated depreciation	(14,133,946)	
Other current assets	26,021,001	
Other current liabilities	(1,837,176)	34,021,494
Internal service funds allocated to business-type activities		(479,680)
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	13,311,054	
Deferred inflows of resources	(2,317,167)	10,993,887
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	(6,362,158)	
Other post-employment benefits payable	(4,196,075)	
Net pension liability	(30,981,541)	
Accrued interest payable	(817,675)	
Notes from direct borrowings and direct placements	(474,551)	
General obligation bonds payable	(235,200,000)	
Premium on bonds payable	(17,428,564)	
Discount on bonds payable	10,832	
Lease liability	(214,840)	
Installment contracts	(7,668,572)	(303,333,144)
Net position of governmental activities		\$ 569,933,819

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, 2023

	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	\$ 49,285,860	\$ -	\$ 23,420,721	\$ 12,702,679	\$ -	\$ -	\$ 3,147,719	\$ 88,556,979
Other City taxes	5,543,150	-	-	126,698	-	15,504,151	23,113	21,197,112
Special assessments	-	-	-	-	10,028	-	-	10,028
Licenses and permits	4,683,916	-	-	-	-	-	-	4,683,916
Intergovernmental	4,463,964	9,502,197	159,239	521,582	1,123,832	-	1,127,221	16,898,035
Charges for services	9,445,157	-	-	-	-	-	-	9,445,157
Use of money and property	3,062,166	-	265,077	901,113	25,303	15,596	141,865	4,411,120
Miscellaneous	1,375,019	-	250	-	27,842	-	768,490	2,171,601
Total revenues	77,859,232	9,502,197	23,845,287	14,252,072	1,187,005	15,519,747	5,208,408	147,373,948
EXPENDITURES								
Current								
Public safety	33,919,019	-	-	-	-	-	3,716,656	37,635,675
Public works	11,567,585	737,847	-	-	-	-	-	12,305,432
Health and social services	1,382,247	-	-	-	-	-	351,507	1,733,754
Culture and recreation	12,672,844	-	-	-	-	-	239,355	12,912,199
Community and economic development	7,494,397	-	2,449,908	-	-	-	1,561,951	11,506,256
General government	12,135,723	-	-	-	-	-	-	12,135,723
Debt service								
Principal	428,852	164,639	-	26,925,000	-	-	34,019	27,552,510
Interest and other charges	-	-	-	7,790,268	471,267	-	5,001	8,266,536
Capital outlay	-	-	-	-	70,500,323	-	-	70,500,323
Total expenditures	79,600,667	902,486	2,449,908	34,715,268	70,971,590	-	5,908,489	194,548,408
Excess (deficiency) of revenues over expenditures	(1,741,435)	8,599,711	21,395,379	(20,463,196)	(69,784,585)	15,519,747	(700,081)	(47,174,460)
OTHER FINANCING SOURCES (USES)								
Transfers in	9,581,497	-	-	22,163,989	7,437,602	-	1,155,111	40,338,199
Transfers out	(2,500,015)	(6,228,607)	(21,066,744)	(1,497,035)	(410,905)	(13,659,516)	(126,419)	(45,489,241)
Issuance of bonds	-	-	-	-	62,055,000	-	-	62,055,000
Premium on issuance of bonds	-	-	-	-	4,900,935	-	-	4,900,935
Proceeds from sale of capital assets	91,681	-	-	-	-	-	-	91,681
Total other financing sources (uses)	7,173,163	(6,228,607)	(21,066,744)	20,666,954	73,982,632	(13,659,516)	1,028,692	61,896,574
NET CHANGE IN FUND BALANCES	5,431,728	2,371,104	328,635	203,758	4,198,047	1,860,231	328,611	14,722,114
FUND BALANCES, beginning 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
FUND BALANCES, end of year	\$ 57,338,821	\$ (5,330,248)	\$ 10,487,629	\$ 2,660,811	\$ 18,971,227	\$ 2,493,144	\$ 7,389,200	\$ 94,010,584

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, 2023

Net change in fund balances—governmental funds	\$ 14,722,114
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	55,612,880
Depreciation	(6,889,093)
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	(5,462,301)
Book value of capital assets disposed	(34,707)
Contributions of capital assets	2,869,780
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	(384,508)
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	84,395
Grants	5,800,807
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	321,003
Deferred inflow and outflow of resources – other post-employment benefits liability and pensions	27,432,213
Net pension liability	(24,937,223)
Compensated absences	(268,453)
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	26,925,000
Installment contracts	593,492
Direct borrowings and direct placements	34,019
Change in accrued interest	(215,634)
Issuance of long-term debt including premium	(66,955,935)
Amortization of bond premium	2,350,509
Amortization of bond discount	(3,611)
Advance refunding	(47,897)
Acquisition of installment loan	(7,339,294)
Lease obligations	(214,840)
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	1,387,464
	\$ 25,380,180

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
June 30, 2023

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	\$ 30,392,000	\$ 5,320,744	\$ -	\$ 7,677,841	\$ 121,161	\$ 43,511,746	\$ 25,697,687
Receivables							
Accounts and unbilled usage	3,042,577	1,220,520	289,507	-	584,099	5,136,703	67,486
Interest	302,201	52,658	3,191	229,559	-	587,609	139,258
Promises to give	-	-	237,900	-	-	237,900	-
Leases	-	-	91,952	42,628	-	134,580	-
Advance due from other funds	875,000	-	-	-	-	875,000	-
Due from other governments	-	103,997	-	-	-	103,997	23,291
Inventories	-	-	40,999	-	-	40,999	-
Prepays	-	-	-	-	-	-	93,279
Total current assets	<u>34,611,778</u>	<u>6,697,919</u>	<u>663,549</u>	<u>7,950,028</u>	<u>705,260</u>	<u>50,628,534</u>	<u>26,021,001</u>
Noncurrent assets:							
Promises to give	-	-	1,107,800	-	-	1,107,800	-
Advance due from other funds	14,200,835	-	-	-	-	14,200,835	-
Lease receivable	-	-	735,779	5,713,516	-	6,449,295	-
Capital assets:							
Nondepreciable							
Land	1,682,024	542,750	2,496,001	-	-	4,720,775	-
Construction-in-progress	5,972,048	3,766,170	-	45,423,219	-	55,161,437	-
Depreciable							
Buildings	-	585,110	51,457,471	-	-	52,042,581	-
Equipment and vehicles	1,024,168	686,909	2,796,579	34,311	-	4,541,967	23,971,615
Intangibles	23,525	23,525	-	-	-	47,050	-
Improvements other than buildings	-	-	3,312,927	-	-	3,312,927	-
Fiber conduit network	-	-	72,205	14,317,015	-	14,389,220	-
Sanitary and storm sewer system	123,037,558	118,660,149	-	-	-	241,697,707	-
Accumulated depreciation	(50,599,484)	(15,758,438)	(3,397,307)	(1,168,428)	-	(70,923,657)	(14,133,946)
Net capital assets	<u>81,139,839</u>	<u>108,506,175</u>	<u>56,737,876</u>	<u>58,606,117</u>	<u>-</u>	<u>304,990,007</u>	<u>9,837,669</u>
Total noncurrent assets	<u>95,340,674</u>	<u>108,506,175</u>	<u>58,581,455</u>	<u>64,319,633</u>	<u>-</u>	<u>326,747,937</u>	<u>9,837,669</u>
Total assets	<u>129,952,452</u>	<u>115,204,094</u>	<u>59,245,004</u>	<u>72,269,661</u>	<u>705,260</u>	<u>377,376,471</u>	<u>35,858,670</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	106,840	94,536	16,218	2,906	-	220,500	-
Other post-employment benefits related deferred outflows	25,288	20,465	18,127	6,432	-	70,312	-
Total deferred outflows of resources	<u>132,128</u>	<u>115,001</u>	<u>34,345</u>	<u>9,338</u>	<u>-</u>	<u>290,812</u>	<u>-</u>

See Notes to Basic Financial Statements.

**Business-type Activities
Enterprise Funds**

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

	Sewer System	Storm Water System	MidAmerican Energy RecPlex	Fiber Conduit Utility	Nonmajor Solid Waste	Total Enterprise Funds	Internal Service Funds
Current							
Accounts payable	\$ 582,105	\$ 300,602	\$ 159,989	\$ 4,422,084	\$ 453,780	5,918,560	\$ 106,001
Claims payable	-	-	-	-	-	-	1,731,175
Accrued wages payable	12,081	8,647	23,896	2,817	-	47,441	-
Unearned revenue	-	950	30,504	10	-	31,464	-
Interest payable	-	-	64,210	137,968	-	202,178	-
Note payable	-	140,000	-	-	-	140,000	-
Compensated absences	112,744	56,111	19,338	19,928	-	208,121	-
Line of credit	-	-	237,900	-	-	237,900	-
General obligation bonds	-	-	1,340,000	2,795,000	-	4,135,000	-
Advance due to other funds	-	875,000	-	-	-	875,000	-
Other post-employment benefit liability	3,480	2,816	2,495	885	-	9,676	-
Total current liabilities	710,410	1,384,126	1,878,332	7,378,692	453,780	11,805,340	1,837,176
Noncurrent							
Advance due to other funds	-	9,070,000	5,130,835	-	-	14,200,835	-
Note payable	-	345,000	-	-	-	345,000	-
Compensated absences	-	-	25,018	1,088	-	26,106	-
Line of credit	-	-	1,762,100	-	-	1,762,100	-
General obligation bonds	-	-	26,985,109	54,480,595	-	81,465,704	-
Other post-employment benefits liability	72,780	58,896	52,166	18,511	-	202,353	-
Net pension liability	144,399	140,162	150,094	29,867	-	464,522	-
Total noncurrent liabilities	217,179	9,614,058	34,105,322	54,530,061	-	98,466,620	-
Total liabilities	927,589	10,998,184	35,983,654	61,908,753	453,780	110,271,960	1,837,176

DEFERRED INFLOWS OF RESOURCES

Lease related deferred inflows	-	-	695,477	5,675,115	-	6,370,592	\$ -
Pension related deferred inflows	185,282	165,158	36,891	6,420	-	393,751	-
Other post-employment benefits related deferred inflows	10,026	8,113	7,185	2,550	-	27,874	-
Total deferred inflows of resources	195,308	173,271	739,553	5,684,085	-	6,792,217	-

NET POSITION

Net investment in capital assets	80,712,157	107,776,607	26,412,767	4,586,279	-	219,487,810	9,837,669
Restricted by other entities - expendable	-	-	1,345,700	-	-	1,345,700	-
Restricted for retirement benefits	-	-	-	-	-	-	-
Unrestricted	48,249,526	(3,628,967)	(5,202,325)	99,882	251,480	39,769,596	24,183,825
Total net position (deficit)	128,961,683	104,147,640	22,556,142	4,686,161	251,480	260,603,106	34,021,494
Total liabilities, deferred inflows of resources, and net position	\$ 130,084,580	\$ 115,319,095	\$ 59,279,349	\$ 72,278,999	\$ 705,260	\$ 377,667,283	\$ 35,858,670

Total enterprise funds net position \$ 260,603,106

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

479,680
\$ 261,082,786

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, 2023

	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	
OPERATING REVENUES							
Charges for services	\$ 12,727,288	\$ 4,743,046	\$ 3,355,661	\$ -	\$ 2,437,745	23,263,740	\$12,609,958
Lease revenue	-	-	99,447	115,163	-	214,610	-
Other	9,725	12,236	103,042	1,489	-	126,492	408,408
Total operating revenues	<u>12,737,013</u>	<u>4,755,282</u>	<u>3,558,150</u>	<u>116,652</u>	<u>2,437,745</u>	<u>23,604,842</u>	<u>13,018,366</u>
OPERATING EXPENSES							
Cost of sales and services	4,422,875	1,386,478	4,328,291	603,473	2,748,696	13,489,813	10,849,249
Depreciation	2,502,428	2,539,578	2,179,708	719,282	-	7,940,996	2,074,388
Total operating expenses	<u>6,925,303</u>	<u>3,926,056</u>	<u>6,507,999</u>	<u>1,322,755</u>	<u>2,748,696</u>	<u>21,430,809</u>	<u>12,923,637</u>
Operating income (loss)	<u>5,811,710</u>	<u>829,226</u>	<u>(2,949,849)</u>	<u>(1,206,103)</u>	<u>(310,951)</u>	<u>2,174,033</u>	<u>94,729</u>
NONOPERATING REVENUES (EXPENSES)							
Investment earnings	1,132,053	203,807	-	177,842	5,270	1,518,972	747,063
Interest revenue (expense)	239,113	(211,097)	(846,441)	(1,790,577)	-	(2,609,002)	-
Payments to WRA	(4,538,918)	-	-	-	-	(4,538,918)	-
Gain (loss) on sale of capital assets	(6,976)	-	-	-	-	(6,976)	218,203
Total nonoperating revenues (expenses)	<u>(3,174,728)</u>	<u>(7,290)</u>	<u>(846,441)</u>	<u>(1,612,735)</u>	<u>5,270</u>	<u>(5,635,924)</u>	<u>965,266</u>
Income (loss) before contributions and transfers	<u>2,636,982</u>	<u>821,936</u>	<u>(3,796,290)</u>	<u>(2,818,838)</u>	<u>(305,681)</u>	<u>(3,461,891)</u>	<u>1,059,995</u>
OTHER FINANCING SOURCES (USES)							
Capital contributions	4,879,386	3,008,544	713,422	-	-	8,601,352	23,445
Capital contribution from other funds	200,010	5,036,902	15,523	225,389	-	5,477,824	-
Transfers in	7,667	69,863	4,067,668	1,497,035	-	5,642,233	300,000
Transfers out	(12,772)	-	-	(778,419)	-	(791,191)	-
Total other financing sources and uses	<u>5,074,291</u>	<u>8,115,309</u>	<u>4,796,613</u>	<u>944,005</u>	<u>-</u>	<u>18,930,218</u>	<u>323,445</u>
Change in net position	<u>7,711,273</u>	<u>8,937,245</u>	<u>1,000,323</u>	<u>(1,874,833)</u>	<u>(305,681)</u>	<u>15,468,327</u>	<u>1,383,440</u>
Total net position, beginning of year	<u>121,250,410</u>	<u>95,210,395</u>	<u>21,555,819</u>	<u>6,560,994</u>	<u>557,161</u>	<u>245,134,779</u>	<u>32,638,054</u>
Total net position, end of year	<u>\$128,961,683</u>	<u>\$104,147,640</u>	<u>\$ 22,556,142</u>	<u>\$ 4,686,161</u>	<u>\$ 251,480</u>	<u>\$ 260,603,106</u>	<u>\$34,021,494</u>

Change in net position \$ 15,468,327

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

(4,024)
\$ 15,464,303

See Notes to Basic Financial Statements.

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City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
Year Ended June 30, 2023

	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	\$ 12,622,876	\$ 4,601,732	\$ 3,433,113	\$ 115,544	\$ 2,433,584	\$23,206,849	\$ 1,711,838
Receipts from interfund charges	-	-	-	-	-	-	11,527,108
Payments to suppliers	(3,333,165)	(822,917)	(2,071,840)	(310,740)	(2,682,069)	(9,220,731)	(1,421,400)
Payments to WRA	(4,538,918)	-	-	-	-	(4,538,918)	-
Payments to claimants	-	-	-	-	-	-	(9,426,811)
Payments to employees	(1,050,491)	(700,384)	(1,842,666)	(242,904)	-	(3,836,445)	-
Payments to interfund	(156,121)	(135,715)	(53,727)	(3,300)	-	(348,863)	-
Net cash provided (used) by operating activities	3,544,181	2,942,716	(535,120)	(441,400)	(248,485)	5,261,892	2,390,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interfund loan repayments	1,104,113	(1,027,150)	(325,712)	-	-	(248,749)	-
Transfers in	7,667	69,863	4,067,668	1,497,035	-	5,642,233	300,000
Transfers out	(12,772)	-	-	(778,419)	-	(791,191)	-
Net cash provided (used) by noncapital financing activities	1,099,008	(957,287)	3,741,956	718,616	-	4,602,293	300,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(4,866,687)	(2,812,897)	(1,736,565)	(22,876,250)	-	(32,292,399)	(1,849,783)
Capital contributions	1,338,308	105,069	880,442	-	-	2,323,819	23,445
Proceeds from issuance of note payable	-	485,000	-	-	-	485,000	-
Proceeds from general obligation debt	-	-	-	46,658,418	-	46,658,418	-
Principal and interest payments on leases receivable	-	-	126,801	15,575	-	142,376	-
Principal, interest, and bond fees	-	(48,947)	(2,477,514)	(25,282,832)	-	(27,809,293)	-
Net cash provided (used) by capital and related financing activities	(3,528,379)	(2,271,775)	(3,206,836)	(1,485,089)	-	(10,492,079)	(1,826,338)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income	535,988	99,943	-	177,842	5,270	819,043	472,389
Purchase of investment securities	(31,833,142)	(7,200,273)	-	-	-	(39,033,415)	(14,901,020)
Proceeds from maturity of investment securities	31,329,869	7,112,578	-	-	-	38,442,447	14,669,106
Net cash provided (used) by investing activities	32,715	12,248	-	177,842	5,270	228,075	240,475
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,147,525	(274,098)	-	(1,030,031)	(243,215)	(399,819)	1,104,872
CASH AND CASH EQUIVALENTS, beginning of year	870,807	650,738	-	8,707,872	364,376	10,593,793	11,517,878
CASH AND CASH EQUIVALENTS, end of year	\$ 2,018,332	\$ 376,640	\$ -	\$ 7,677,841	\$ 121,161	\$10,193,974	\$12,622,750

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (continued)
Year Ended June 30, 2023

	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)	\$ 5,811,710	\$ 829,226	\$ (2,949,849)	\$ (1,206,103)	\$ (310,951)	\$ 2,174,033	\$ 94,729
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	2,502,428	2,539,578	2,179,708	719,282	-	7,940,996	2,074,388
Noncash revenue	-	-	(99,447)	(115,163)	-	(214,610)	-
Payments to WRA	(4,538,918)	-	-	-	-	(4,538,918)	-
Change in assets and liabilities							
Receivables	(114,137)	(153,551)	(25,590)	114,055	(4,161)	(183,384)	220,580
Inventories	-	-	7,503	-	-	-	-
Prepaid expenses and other assets	-	-	-	31,028	-	31,028	58,161
Accounts payable & other liabilities	126,327	(44,902)	118,645	-	66,627	266,697	(16,941)
Claims payable	-	-	-	-	-	-	(40,182)
Compensated absences and accrued wages payable	(10,489)	(22,060)	9,309	(4,153)	-	(27,393)	-
Net pension liability and related deferred	(238,868)	(204,715)	196,690	39,197	-	-	-
outflows of resources and deferred inflows of resources							
Other post-employment benefits liability and related deferred outflows of resources	6,128	(860)	27,911	(19,543)	-	-	-
Net cash provided (used) by operating activities	<u>\$ 3,544,181</u>	<u>\$ 2,942,716</u>	<u>\$ (535,120)</u>	<u>\$ (441,400)</u>	<u>\$ (248,485)</u>	<u>\$ 5,261,892</u>	<u>\$ 2,390,735</u>
RECONCILIATION OF CASH AND CASH							
EQUIVALENTS TO SPECIFIC ASSETS ON THE							
STATEMENT OF NET POSITION							
Cash and investments	\$ 30,392,000	\$ 5,320,744	\$ -	\$ 7,677,841	\$ 121,161	\$43,511,746	\$25,697,687
Less items not meeting the definition of cash equivalents	(28,373,668)	(4,944,104)	-	-	-	(33,317,772)	(13,074,937)
Cash and cash equivalents at end of year	<u>\$ 2,018,332</u>	<u>\$ 376,640</u>	<u>\$ -</u>	<u>\$ 7,677,841</u>	<u>\$ 121,161</u>	<u>\$10,193,974</u>	<u>\$12,622,750</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Capital and related financing activities							
Donated construction	\$ 3,541,078	\$ 2,903,475	\$ -	\$ -	\$ -	\$ 6,444,553	\$ -
Donated construction from other funds	\$ 200,010	\$ 5,036,902	\$ 15,523	\$ 225,389	\$ -	\$ 5,477,824	\$ -
Acquisition of capital assets through payables	\$ 427,682	\$ 244,568	\$ -	\$ 4,422,092	\$ -	\$ 5,094,342	\$ -
Amortization of bond premium	\$ -	\$ -	\$ 81,569	\$ 9,865	\$ -	\$ 91,434	\$ -
Amortization of deferred lease inflows	\$ -	\$ -	\$ 99,447	\$ 115,163	\$ -	\$ 214,610	\$ -
Assets leased to others	\$ -	\$ -	\$ 33,321	\$ 4,169,568	\$ -	\$ 4,202,889	\$ -
Investing activities							
Change in fair value of investments	\$ 370,531	\$ 64,565	\$ -	\$ -	\$ -	\$ 435,096	\$ 170,744

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 90,387
	<u> </u>
LIABILITIES	
Funds held for the benefit of others	\$ -
	<u> </u>
NET POSITION	
Restricted for individuals, organizations, and other governments	\$ 90,387
	<u> </u>

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, 2023

	Custodial Fund
Additions	
Seized funds	\$ 4,429
Total additions	\$ 4,429
Deductions	
Due to individuals and organizations	\$ 907
Total deductions	\$ 907
Change in net position	\$ 3,522
Net position beginning of year	\$ 86,865
Net position end of year	\$ 90,387

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 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 and lease assets, net of accumulated depreciation/amortization 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 (Special Revenue): 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/fund balance 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 2023, the date at which a lien attaches, based on the 2022 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 2022 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, 2023 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, 2021, assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023, and reflects tax asking contained in the budget certified to the County Board of Supervisors in February 2022.

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 and the Raccoon River Pedestrian Bridge. Approximately \$314,000 of the \$2,163,499 receivable at June 30, 2023 is expected to be received with one year. The entire balance is expected to be received in eleven 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, houses purchased in the Historic West Des Moines Master Plan neighborhood area within the intention to convert single family rental units to owner-occupied properties for low-moderate income households, 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, 2023, the City implemented the following GASB Pronouncement: GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset. Adoption of GASB 96 had no effect on net position or fund balances as of July 1, 2022 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. The City is a lessee for the use of copiers and server/data storage space. These leases are reported in the governmental activities.

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.

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 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.

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

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)

governmental fund level consist of the succeeding year property tax receivable, and other receivables not collected within 60 days of the current fiscal period.

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, 2023, 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 and lease assets, net of accumulated depreciation/amortization, 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, 2023, the City had \$34,015,991 in unspent debt proceeds available for projects in governmental funds and \$7,677,841 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 \$16,143,051 for tax increment projects and \$1,771,809 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, 2023, the City's cash and investments were as follows:

Cash and investments, statement of net position	\$137,510,507
Restricted cash and investments	40,801,153
Cash and investments, fiduciary funds	<u>90,387</u>
	<u>\$178,402,047</u>

As of June 30, 2023, the City had investments in U.S. Agency coupon securities with a fair value of \$5,458,343. 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, 2023 compared to June 30, 2022.

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, \$5,458,343 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 \$5,458,343 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, 2023, 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 AND LEASE ASSETS

The City has reported all capital and lease 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 and lease assets for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 43,730,302	\$ 2,637,309	\$ -	\$ -	\$ 46,367,611
Infrastructure	466,724,360	9,087,697	74,137	-	475,737,920
Construction-in-progress	53,012,300	57,344,189	18,647,521	(5,462,301)	86,246,667
Intangibles	15,574,850	-	-	-	15,574,850
Total capital assets, not being depreciated	579,041,812	69,069,195	18,721,658	(5,462,301)	623,927,048
Capital and leased assets, being depreciated					
Leased equipment	-	196,969	-	-	196,969
Leased intangibles	-	89,034	-	-	89,034
Buildings	100,121,138	-	83,592	81,313	100,118,859
Equipment and vehicles	32,680,439	3,069,654	1,214,833	(208,495)	34,326,765
Fiber network	8,024,022	-	-	-	8,024,022
Intangibles	1,251,545	-	28,683	-	1,222,862
Improvements other than buildings	59,577,223	6,707,536	969,401	-	65,315,358
Total capital assets, being depreciated	201,654,367	10,063,193	2,296,509	(127,182)	209,293,869
Less accumulated depreciation/amortization for					
Leased equipment	-	18,541	-	-	18,541
Leased intangibles	-	50,517	-	-	50,517
Buildings	38,178,143	3,296,091	64,861	81,313	41,490,686
Equipment and vehicles	17,399,318	3,211,675	1,080,750	(192,972)	19,337,271
Fiber network	4,000,634	403,601	-	-	4,404,235
Intangibles	967,536	1,873,451	969,400	-	1,871,587
Improvements other than buildings	41,119,042	109,605	11,458	-	41,217,189
Total accumulated depreciation/amortization	101,664,673	8,963,481	2,126,469	(111,659)	108,390,026
Total capital assets, being depreciated, net	99,989,694	1,099,712	170,040	(15,523)	100,903,843
Governmental activities, capital assets net	<u>\$ 679,031,506</u>	<u>\$ 70,168,907</u>	<u>\$ 18,891,698</u>	<u>\$ (5,477,824)</u>	<u>\$ 724,830,891</u>

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

Governmental Activities	
Public safety	\$ 2,296,504
Health and social services	99,776
Culture and recreation	2,029,910
Public works	2,917,909
General government	1,481,583
Community and economic development	137,799
Total	<u><u>\$ 8,963,481</u></u>

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

NOTE 3 CAPITAL AND LEASE 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	34,393,934	33,650,655	18,345,453	5,462,301	55,161,437
Total capital assets, not being depreciated	39,114,709	33,650,655	18,345,453	5,462,301	59,882,212
Capital assets, being depreciated					
Buildings	50,919,630	1,122,951	-	-	52,042,581
Equipment and vehicles	4,350,333	101,535	37,083	127,182	4,541,967
Intangibles	47,050	-	-	-	47,050
Improvements other than buildings	3,088,148	224,779	-	-	3,312,927
Fiber conduit network	9,055,121	5,334,099	-	-	14,389,220
Sanitary and storm sewer system	226,321,794	15,546,140	170,227	-	241,697,707
Total capital assets, being depreciated	293,782,076	22,329,504	207,310	127,182	316,031,452
Less accumulated depreciation for					
Buildings	858,409	1,697,321	-	-	2,555,730
Equipment and vehicles	978,596	537,183	30,107	111,659	1,597,331
Fiber conduit network	450,951	719,461	-	-	1,170,412
Intangibles	47,050	-	-	-	47,050
Improvements other than buildings	102,938	205,877	-	-	308,815
Sanitary and storm sewer system	60,633,393	4,781,154	170,228	-	65,244,319
Total accumulated depreciation	63,071,337	7,940,996	200,335	111,659	70,923,657
Total capital assets, being depreciated, net	230,710,739	14,388,508	6,975	15,523	245,107,795
Business-type activities, capital assets, net	\$ 269,825,448	\$ 48,039,163	\$ 18,352,428	\$ 5,477,824	\$ 304,990,007

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

Business-Type Activities	
Sewer system	\$ 2,502,428
Storm water system	2,539,578
MidAmerican Energy RecPlex	2,179,708
Fiber conduit utility	719,282
Total	\$ 7,940,996

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, 2023:

	Balance July 1, 2022	Increases & Issues	Decreases & Retirements	Balance June 30, 2023	Due within one year
Governmental activities					
General obligation bonds, including unamortized net premiums	\$ 214,933,695	\$ 66,955,935	\$ 29,271,898	\$ 252,617,732	\$ 29,875,000
Installment contracts	922,770	7,339,294	593,492	7,668,572	164,640
Notes from direct borrowings and direct placements	508,570	-	34,019	474,551	34,360
Compensated absences	6,093,705	6,362,158	6,093,705	6,362,158	4,344,258
Lease liability	-	286,003	71,163	214,840	36,000
Other post-employment benefits liability	4,517,078	-	321,003	4,196,075	191,504
Net pension liability	8,676,085	22,305,456	-	30,981,541	-
Total governmental activities	<u>235,651,903</u>	<u>103,248,846</u>	<u>36,385,280</u>	<u>302,515,469</u>	<u>34,645,762</u>
Business-type activities					
General obligation bonds, including unamortized net premiums	40,878,720	46,658,418	1,936,434	85,600,704	4,135,000
Line of credit	25,100,000	-	23,100,000	2,000,000	237,900
Note payable	-	485,000	-	485,000	140,000
Compensated absences	259,196	234,227	259,196	234,227	208,121
Other post-employment benefits liability	189,683	22,346	-	212,029	9,676
Net pension liability	-	464,522	-	464,522	-
Total business-type activities	<u>66,427,599</u>	<u>47,864,513</u>	<u>25,295,630</u>	<u>88,996,482</u>	<u>4,730,697</u>
Total primary government long term liabilities	<u>\$ 302,079,502</u>	<u>\$ 151,113,359</u>	<u>\$ 61,680,910</u>	<u>\$ 391,511,951</u>	<u>\$ 39,376,459</u>

Bonds were sold at a net premium; unamortized net premium at June 30, 2023 totaled \$19,043,436.

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, 2023, consist of the following individual issuances:

Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally issued	Amount Outstanding June 30, 2023	Purpose
04/07/2015	2.000-3.100	June 2029	240,000 - 2,195,000	21,755,000	12,250,000 *	Capital
04/07/2015	2.000-2.800	June 2025	875,000 - 1,660,000	12,715,000	3,275,000 *	Economic Incentives
06/15/2016	2.000-5.000	June 2026	690,000 - 3,260,000	9,225,000	2,025,000	Capital
06/15/2016	2.000-5.000	June 2031	555,000 - 1,495,000	13,855,000	5,705,000 *	Capital
11/16/2016	2.000-4.000	June 2026	100,000 - 840,000	7,200,000	2,475,000	Capital
11/16/2016	2.000-4.000	June 2030	100,000 - 1,025,000	10,700,000	6,600,000 *	Capital
08/22/2017	2.000-3.000	June 2029	435,000 - 2,320,000	7,650,000	3,075,000	Capital
08/22/2017	2.000-4.000	June 2024	615,000 - 735,000	4,665,000	735,000 *	Capital
08/22/2017	2.125-5.000	June 2032	535,000 - 850,000	9,130,000	6,820,000 *	Capital
08/22/2017	3.000-5.000	June 2036	100,000 - 2,125,000	25,555,000	22,635,000 *	Capital
08/22/2017	2.000-5.000	June 2029	240,000 - 385,000	3,470,000	2,120,000 *	Capital
06/13/2018	3.000-5.000	June 2030	430,000 - 2,100,000	8,110,000	4,175,000	Capital
06/13/2018	3.000-5.000	June 2031	315,000 - 1,675,000	12,540,000	11,040,000 *	Capital
06/13/2018	3.000-5.000	June 2037	100,000 - 485,000	6,155,000	5,555,000 *	Capital
06/13/2018	2.700-5.000	June 2036	250,000 - 1,455,000	15,925,000	14,925,000 *	Capital
12/27/2018	3.000-3.125	June 2026	1,000,000 - 2,475,000	10,480,000	7,215,000 *	Economic Incentives
06/20/2019	4.000-5.000	June 2026	850,000 - 1,375,000	7,225,000	5,000,000 *	Capital
06/20/2019	5.000	June 2026	895,000 - 1,090,000	4,945,000	3,110,000 *	Capital
06/20/2019	3.000-5.000	June 2031	370,000 - 490,000	5,105,000	3,575,000 *	Capital
06/20/2019	5.000	June 2025	970,000 - 1,170,000	5,320,000	2,280,000 *	Capital
08/01/2019	2.000-5.000	June 2031	480,000 - 5,135,000	12,625,000	5,050,000	Capital
08/01/2019	3.000-5.000	June 2039	520,000 - 1,035,000	15,400,000	13,175,000 **	Capital
09/03/2020	5.000	June 2026	480,000 - 5,450,000	13,805,000	4,545,000	Capital
09/03/2020	1.250-5.000	June 2032	255,000 - 515,000	5,100,000	4,135,000 *	Capital
09/03/2020	1.100-2.000	June 2040	535,000 - 1,230,000	13,565,000	10,520,000 **	Capital
01/05/2021	1.150-2.000	June 2039	725,000 - 1,040,000	16,240,000	13,845,000 **	Capital
09/23/2021	2.000-5.000	June 2040	850,000 - 3,150,000	20,395,000	20,395,000 *	Capital
09/23/2021	2.000-5.000	June 2039	150,000 - 235,000	2,990,000	2,990,000 *	Capital
06/22/2022	5.000	June 2028	1,070,000 - 1,300,000	5,915,000	5,915,000 *	Capital
06/22/2022	4.000-5.000	June 2033	905,000 - 1,195,000	8,365,000	8,365,000 *	Capital
06/22/2022	3.500	June 2029	415,000 - 455,000	1,735,000	1,735,000 *	Economic Incentives
07/15/2022	2.790	June 2031	640,000 - 4,575,000	10,200,000	5,625,000	Capital
11/22/2022	4.750-5.350	June 2042	960,000 - 2,320,000	29,235,000	29,235,000 **	Capital
11/22/2022	3.000-3.790	June 2035	1,000,000 - 1,365,000	13,730,000	13,730,000 *	Capital
05/31/2023	5.000	June 2032	1,160,000 - 2,120,000	13,170,000	13,170,000	Capital
05/31/2023	4.350-5.000	June 2043	495,000 - 1,300,000	17,200,000	17,200,000 **	Capital
05/31/2023	4.000-5.000	June 2037	1,145,000 - 2,060,000	20,330,000	20,330,000 *	Capital
05/31/2023	5.000	June 2031	570,000 - 760,000	4,625,000	4,625,000 *	Economic Incentives
				\$ 426,350,000	\$ 319,175,000	

*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

Note payable:

The City has entered into a storm water revenue capital note payable with the Iowa Finance Authority (IFA) through the State Revolving Fund (SRF) related to the Blue Creek Stormwater Detention Facilities Project. The loan bears interest at 1.75% per annum from the date of each advancement made under the Agreement beginning in June 2024 through June 2043. The balance due as of June 30, 2023 was \$485,000.

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, 2023 was \$329,279.

The City has entered into an installment contract with the Iowa Department of Transportation (DOT) related to the interchange of Interstate 80 with Grand Prairie Parkway (formerly known as 105th St & Alice's Road) construction project. The agreement is non-interest-bearing and calls for annual installments of approximately \$733,929 through July 2034. The first payment will occur in July 2024. The balance due as of June 30, 2023 was \$7,339,293.

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, 2023 was \$474,551.

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 7.0% interest rate. The balance due as of June 30, 2022 was \$2,000,000.

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, 2023, 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		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	29,875,000	8,964,444	34,360	4,660	164,640	-	4,135,000	3,182,300	237,900	17,248	485,000	8,488
2025	28,355,000	7,676,702	34,705	4,315	898,569	-	3,440,000	3,011,811	1,762,100	127,752	-	-
2026	26,190,000	6,489,297	35,053	3,967	733,929	-	3,570,000	2,878,961	-	-	-	-
2027	21,305,000	5,431,096	35,404	3,616	733,929	-	3,715,000	2,739,671	-	-	-	-
2028	22,100,000	4,590,039	35,759	3,261	733,929	-	3,855,000	2,600,331	-	-	-	-
2029 - 2033	75,065,000	12,251,953	184,244	10,856	3,669,647	-	21,500,000	10,831,990	-	-	-	-
2034 - 2038	29,545,000	2,470,087	115,026	2,021	733,929	-	25,840,000	6,986,685	-	-	-	-
2039 - 2043	2,765,000	817,645	-	-	-	-	17,920,000	1,418,815	-	-	-	-
	<u>\$ 235,200,000</u>	<u>\$ 48,691,262</u>	<u>\$ 474,551</u>	<u>\$ 32,696</u>	<u>\$ 7,668,572</u>	<u>\$ -</u>	<u>\$ 83,975,000</u>	<u>\$ 33,650,565</u>	<u>\$ 2,000,000</u>	<u>\$ 145,000</u>	<u>\$ 485,000</u>	<u>\$ 8,488</u>

Legal debt margin: As of June 30, 2023, the outstanding general obligation debt of the City did not exceed its legal debt margin. The total debt margin utilized was 65% and is computed as follows:

Actual valuation, net of military exemption *	\$ 10,126,797,007
Debt limit, 5% of total actual valuation	506,339,850
Debt applicable to debt limit	
General obligation bonds	319,175,000
Notes from direct borrowings & direct placement	474,551
Note payable	485,000
Line of credit	2,000,000
Installment contracts	7,668,572
Legal debt margin	<u>\$ 176,536,727</u>

* 100% of assessed valuation including TIF increment

Leases payable: The City has entered into lease agreements for intangibles and equipment as a lessee. The following is a recap of leases as of June 30, 2023 in which the City is a lessee:

Purpose	Date of Issue	Maturity Dates	Discount Rate	Initial Liability	Amount	
					Outstanding End of Year	Current Portion
<i>Governmental Activities</i>						
Equipment Leases	1/1/2023	11/7/2024	5.17%	\$ 53,034	\$ 35,980	\$ 17,054
Intangible Leases	7/1/2022	12/31/2027	3.40%	\$ 196,990	\$ 178,860	\$ 18,946
					<u>\$ 214,840</u>	<u>\$ 36,000</u>

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

NOTE 4 LONG TERM LIABILITIES (continued)

Annual debt service requirements to maturity for leases payable are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 36,000	\$ 8,396
2025	47,389	6,478
2026	49,172	4,458
2027	51,299	2,331
2028	30,980	333
	214,840	21,996

NOTE 5 FUND BALANCES

The following funds had a deficit fund balance/net position as of June 30, 2023:

Dallas County Local Housing Trust Fund	\$ (16,743)
Road Use Tax Fund	(5,330,248)
Vehicle Maintenance Fund	(35,743)

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, 2023, 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	\$ 2,913,893	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 429,555	\$ 3,343,448
Restricted for:								
Tax rebates and urban renewal projects	-	-	10,487,629	-	-	-	-	10,487,629
Debt service	-	-	-	2,660,811	-	-	-	2,660,811
General obligation bond projects	-	-	-	-	18,971,227	-	-	18,971,227
Public safety pension	-	-	-	-	-	-	1,771,760	1,771,760
Employee insurance benefits	-	-	-	-	-	-	49	49
Economic development	-	-	-	-	-	-	476,672	476,672
General housing assistance	-	-	-	-	-	-	674,806	674,806
Elderly housing assistance	-	-	-	-	-	-	89,220	89,220
Child care and medical clinic	-	-	-	-	-	-	31,987	31,987
Parks operations and projects	-	-	-	-	-	-	45,841	45,841
Raccoon River quarry conservation	-	-	-	-	-	-	971,764	971,764
Public art	-	-	-	-	-	-	323,964	323,964
Adult softball field maintenance and improvements	-	-	-	-	-	-	170,951	170,951
Jordan Cemetery maintenance	-	-	-	-	-	-	666,001	666,001
Library operations and programs	-	-	-	-	-	-	363,570	363,570
Suburban Emergency Response Team	-	-	-	-	-	-	9,392	9,392
Police Operations	-	-	-	-	-	-	479,577	479,577
Community Development Block Grant	-	-	-	-	-	-	351,270	351,270
Historic WDM Housing	-	-	-	-	-	-	314,651	314,651
Youth Justice Initiative	-	-	-	-	-	-	234,913	234,913
LOST-Property Tax Reduction & Other City Uses	-	-	-	-	-	2,493,144	-	2,493,144
Total restricted fund balance	-	-	10,487,629	2,660,811	18,971,227	2,493,144	6,976,388	41,589,199
Unassigned	54,424,928	(5,330,248)	-	-	-	-	(16,743)	49,077,937
Total fund balance	\$ 57,338,821	\$ (5,330,248)	\$ 10,487,629	\$ 2,660,811	\$ 18,971,227	\$ 2,493,144	\$ 7,389,200	\$ 94,010,584

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, 2023 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Major Governmental Fund, General	Major Governmental Fund, Road Use Tax	\$ 6,041,023
Major Governmental Fund, General	Nonmajor Governmental Fund, CDBG	<u>122,555</u>
Total		\$ 6,163,578
<u>Advance From Fund</u>	<u>Advance To Fund</u>	
Major Proprietary Fund, Sewer	Major Proprietary Fund, Storm Water	\$ 9,945,000
Major Proprietary Fund, Sewer	Major Proprietary Fund, MidAmerican Energy Rec Plex	<u>5,130,835</u>
Total		\$15,075,835

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. Principal payments begin on June 1, 2026. 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 2048. 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, 2023, was \$261,941, which includes both lease revenue and interest. The City recognized lease revenue of \$76,622 for the year ended June 30, 2023, 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, 2023:

	<u>Total Payments to be Received</u>	<u>Receivable</u>	<u>Interest</u>
2024	\$ 630,624	\$ 222,989	\$ 407,635
2025	719,386	293,259	426,127
2026	692,902	279,479	413,423
2027	687,529	336,294	351,235
2028	675,255	369,599	305,656
2029-2033	3,177,593	1,931,634	1,245,959
2034-2038	2,575,926	1,761,065	814,861
2039-2043	2,119,667	1,797,917	321,750
2044-2048	59,899	59,200	699
Total	<u>\$ 11,338,781</u>	7,051,436	<u>\$ 4,287,345</u>
Accrued interest		<u>237,572</u>	
		<u>\$ 7,289,008</u>	

NOTE 8 INTERFUND TRANSFERS

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

	<u>Transfers in</u>	<u>Transfers out</u>
Major Governmental Funds		
General	\$ 9,581,497	\$ 2,500,015
Road Use Tax	-	6,228,607
Tax Increment Financing	-	21,066,744
Debt Services	22,163,989	1,497,035
Capital Projects	7,437,602	410,905
Local Option Sales Tax	-	13,659,516
Major Enterprise Funds		
Sewer System	7,667	12,772
Storm Water System	69,863	-
MidAmerican Energy RecPlex	4,067,668	-
Fiber Conduit Utility	1,497,035	778,419
Non-major Governmental Funds	1,155,111	126,419
Internal Service Funds		
Technology Replacement	300,000	-
Total	<u>\$ 46,280,432</u>	<u>\$ 46,280,432</u>

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, 2023, the City had the following balances related to its pension accounts:

	IPERS	MFPRSI	Total
Net Pension Liability	\$9,344,193	\$22,101,870	\$31,446,063
Deferred Inflows	1,868,975	290,289	2,159,264
Deferred Outflows	5,245,638	6,761,733	12,007,371
Pension Expense (Decrease)	(2,818,105)	(586,811)	(3,404,916)

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 2023, 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, 2023 were \$3,014,092.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023 the City reported a liability of \$9,344,193 for its proportionate share of the net pension liability, related to IPERS. The net pension liability was measured as of June 30, 2022 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 IPERS participation employers. At June 30, 2022, the City's collective proportion was 1.309913% which was an increase of 0.4168361% from its proportion measured as of June 30, 2021.

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, 2023, the City recognized a reduction to total pension expense of \$2,818,105. At June 30, 2023, 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	\$ 915,882	\$ 148,214
Changes of assumptions	9,142	274,847
Net difference between projected and actual earnings on IPERS' investments	-	1,431,608
Changes in proportion and differences between City contributions and proportionate share of contributions	1,306,522	14,306
City contributions subsequent to the measurement date	3,014,092	-
	<u>\$ 5,245,638</u>	<u>\$ 1,868,975</u>

The \$3,014,092 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as an reduction to 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	
2024	(779,076)
2025	(564,387)
2026	(1,424,703)
2027	3,052,689
2028	78,048
Total	<u>\$ 362,571</u>

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, 2022 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, 2022 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 2022 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 below:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	20.0%	1.66%
Domestic Equity	22.0%	3.57%
International Equity	17.5%	4.79%
Global smart beta equity	6.0%	4.16%
Private Equity	13.0%	7.57%
Private Real Assets	8.5%	3.55%
Public Credit	4.0%	3.77%
Private Credit	8.0%	3.63%
Cash	1.0%	0.77%
	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%	Discount	1%
	Decrease	Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
City's proportionate share of the net pension liability (asset)	\$ 20,477,088	\$ 9,344,193	\$ (457,916)

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, 2023, 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, 2023.

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 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023 were \$3,484,511.

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, 2023.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$22,101,870 for its proportionate share of the net pension liability related to MFPRSI. The net pension liability was measured as of June 30, 2022, 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, 2022, the City’s proportion was 3.935725% which was an increase of 0.072375% from its proportions measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized a reduction to pension expense of \$586,811. At June 30, 2023, 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	\$ 1,372,475	\$ 28,420
Changes of assumptions	61,998	-
Net difference between projected and actual earnings on pension plan investments	-	261,869
Changes in proportion and differences between City contributions and proportionate share of contributions	1,842,749	-
City contributions subsequent to the measurement date	3,484,511	-
Total	<u>\$ 6,761,733</u>	<u>\$ 290,289</u>

\$3,484,511 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	
2024	839,080
2025	128,621
2026	(1,204,789)
2027	3,152,829
2028	71,192
Total	<u>\$ 2,986,933</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, 2022 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, 2022 valuation were based on the results of an actuarial experience study for the 10-year period ended June 30, 2022.

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
Broad fixed income	3.5%
Broad U.S. equity	6.7%
Global equity	6.8%
Emerging makets	7.2%
Global infrastructure	6.8%
Broad Non-US equity	7.0%
Private credit	8.6%
Private equity	12.0%
Managed futures	5.1%
Real estate-core	6.4%
Opportunistic real estate	11.0%

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	\$ 40,000,264	\$ 22,101,870	\$ 7,272,806

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, 2023, 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 \$1,302,080. 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 \$192,546.

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Inactive employees or beneficiaries entitled to but not yet receiving benefit payment	0
Active employees	475
Total	502

Total OPEB Liability – The City’s total OPEB liability of \$4,408,104 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023. 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, 2023 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)	3.65% 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 3.65% 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, 2023 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	\$ 4,706,761
Changes for the year:	
Service cost	275,546
Interest	105,445
Changes in benefit terms	131,002
Difference between expected and actual experience	3,469
Changes of assumptions	(612,937)
Benefit payments	(201,182)
Net changes	(298,657)
Total OPEB Liability end of year	\$ 4,408,104

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 (2.65%) or 1% higher (4.65%) than the current discount rate.

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 4,726,698	\$ 4,408,104	\$ 4,111,807

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	\$ 3,978,250	\$ 4,408,104	\$ 4,914,103

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2023, the City recognized a reduction in OPEB expense of \$425,488. At June 30, 2023, 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	\$ 545,636	\$ -
Changes of assumptions	916,127	579,528
	\$ 1,461,763	\$ 579,528

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
2024	115,079
2025	115,079
2026	115,079
2027	115,079
2028	115,079
Thereafter	306,840
	\$ 882,235

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, 2023, the Series 2015E bonds had a balance of \$23,115,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$4,160,700.

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, 2023, the Series 2021A bonds had a balance of \$33,020,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$6,112,767.

**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, 2023, the WRA had \$323,107,300 of such State Revolving Loans of which \$50,352,003 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, 2023, the WRA had \$3,435,921 in these State Revolving Loans of which \$85,534 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, 2023, the percentages of ownership for each Authority Member city, based on historical contributions, are as follows:

City	Equity Percentage
West Des Moines	51.84%
Urbandale	30.75%
Clive	14.52%
Norwalk	2.89%
Total	100.00%

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, 2023:

Received from West Des Moines Water Works	
Health insurance reimbursements	618,234
Gasoline reimbursements	51,602
Capital project reimbursements	29,745
Share of general insurance	203,113
Donation reimbursements	8,381
Miscellaneous reimbursements	54,626
Payments to West Des Moines Water Works	
Collection fees for sewer, solid waste, and storm water	195,144
Miscellaneous fees	40,809

Amounts receivable from West Des Moines Water Works as of June 30, 2023 for sewer, storm water, solid waste charges, and capital projects totaled \$3,042,577, \$1,220,520, \$584,099, and \$11,929,777 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 \$4,192,547 and there were no capital costs. The arrangement ended June 30, 2023.

NOTE 14 COMMITMENTS

The City has entered into contracts totaling approximately \$206 million for various projects that were not complete at year-end. As of June 30, 2023, approximately \$127 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 \$31.2 million exist, of which \$1.7 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 2023.

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, 2023 were approximately \$907,469.

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 \$3,000,000 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, 2023, no liability has been recorded in the City's financial statements. As of June 30, 2023, 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 (medical) and MedOne (pharmacy). The uninsured risk retention per person is \$175,000 (not to exceed 125% of the aggregate expected claims of \$8,666,864 for the year ended June 30, 2023). 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, 2023 was \$6,706,364.

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 109.27% of the annual premium amount or approximately \$4,098,982.

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2023, totaled \$1,731,175 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, 2023, 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 \$246,183 \$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:

	2023	2022
Claims payable, beginning of year	\$ 1,771,357	\$ 1,924,331
Claims recognized	8,089,066	7,931,929
Claim payments	(8,129,248)	(8,084,903)
Claims payable, end of year	\$ 1,731,175	\$ 1,771,357

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, 2023, 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 \$875,000. 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, 2023, the City rebated \$1,765,121 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, 2023 under agreements entered into by other entities.

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

NOTE 19 CONTINGENCY

The City is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed as applicable.

NOTE 20 SUBSEQUENT EVENTS

On July 1, 2023, the Iowa EMS Alliance, a jointly governed organization in which the City participated in disbanded. Assets held by the City and Iowa Health were distributed accordingly on the same date.

On July 5, 2023, the City executed an agreement with POMP of West Des Moines LLC, in which the City agreed to incentivize the construction of affordable senior housing units. The City is providing future property tax rebates totaling up to \$19.5 million over twenty years and the developer agreed that the units will be constructed for an approximate cost of \$35.2 million.

On July 17, 2023, the City executed an agreement with High Point Group LLC, in which the City agreed to incentivize the construction of residential housing units. The City is providing future property tax rebates totaling up to \$2.4 million to reimburse the developer only for actual costs incurred during their construction of a segment of Stagecoach Drive.

On September 5, 2023, the City executed an agreement with CenturyLink Communications LLC (dba Lumen) in which Lumen agreed to lease a portion of the City's conduit network. Then on November 6, 2023, the agreement was amended to specify that Lumen would lease 200,000 lineal feet of conduit for 20 years, while retaining an option to lease additional conduit. This City will receive approximately \$1.4 million of revenue into the digital enterprise fund over the term of the lease.

On November 20, 2023 the City issued General Obligation Capital Loan notes totaling \$7,500,000 to fund the infrastructure on Interstate 80 with Grand Prairie Parkway (formerly known as 105th St. & Alice's Road).

On December 4, 2023, the City executed an agreement with Dallas County Partners II (dba R&R Realty), in which the City agreed to incentivize the renovation of a vacant corporate office building. The City is providing future property tax rebates of approximately \$1.5 million over seven years and the developer agrees that the building, following renovation, will carry a minimum assessed value of \$25 million.

NOTE 21 PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 100, Accounting Changes and Error Corrections. This statement will be implemented for the fiscal year ending June 30, 2024.

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

**FOR THE LAST SIX YEARS
REQUIRED SUPPLEMENTARY INFORMATION**

	2023	2022	2021	2020	2019	2018
Service cost	\$ 275,546	\$ 264,948	\$ 208,696	\$ 200,669	\$ 162,490	\$ 157,757
Interest cost	105,445	101,562	129,781	123,174	118,303	111,053
Difference between expected and actual experience	3,469	-	487,135	-	285,494	-
Changes of assumptions	(612,937)	-	992,469	-	(23,635)	306,308
Changes of benefit terms	131,002	-	(706,017)	-	-	-
Benefit payments	(201,182)	(193,518)	(155,292)	(130,828)	(106,217)	(66,168)
Net change in total OPEB liability	(298,657)	172,992	956,772	193,015	436,435	508,950
Total OPEB liability beginning of year	4,706,761	4,533,769	3,576,997	3,383,982	2,947,547	2,438,597
Total OPEB liability end of year	\$ 4,408,104	\$ 4,706,761	\$ 4,533,769	\$ 3,576,997	\$ 3,383,982	\$ 2,947,547
Covered-employee payroll	42,057,384	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	10.48%	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, 2023	40%
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%

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, 2023	3.65%
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%

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 NINE FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.2085253%	0.2169066%	0.2294680%	0.2282407%	0.2302442%	0.2404900%	0.2505682%	0.8930769%	1.3099130%
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)	\$ 9,344,193
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	\$ 27,375,556
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%	34.13%
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%	91.41%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 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	\$ 3,014,092
Contribution in the relation to the statutorily required contribution	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	3,014,092
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	27,375,556	32,124,748
Contributions as a percentage of covered payroll	9.90%	9.12%	8.87%	9.08%	9.08%	9.56%	9.52%	9.46%	9.39%	9.38%

City of West Des Moines, Iowa
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM - IPERS
June 30, 2023

Changes of assumptions:

The 2022 valuation implemented the following refinements as a result of an accelerated experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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.

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 - MFPRS
LAST NINE FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	3.126078%	3.156744%	3.194504%	3.157150%	3.289014%	3.489693%	3.679913%	3.863350%	3.935725%
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	\$ 22,101,870
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	\$ 13,292,750
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%	166.27%
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%	84.62%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 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	\$ 3,484,511
Contribution in the relation to the statutorily required contribution	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	3,484,511
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	13,292,750	14,579,552
Contributions as a percentage of covered payroll	26.12%	30.12%	30.41%	27.42%	25.92%	25.68%	24.41%	25.31%	26.18%	23.90%

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, 2023

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
REVENUES						
Property tax	\$ 65,136,258	\$ -	\$ 65,136,258	\$ 65,288,243	\$ 65,288,243	\$ (151,985)
Tax increment financing taxes	23,420,721	-	23,420,721	23,781,974	23,781,974	(361,253)
Other City taxes	21,197,112	-	21,197,112	17,542,365	18,042,365	3,154,747
Special assessments	10,028	-	10,028	10,000	10,000	28
Licenses and permits	4,683,916	-	4,683,916	3,027,100	3,142,100	1,541,816
Intergovernmental	16,898,035	-	16,898,035	24,926,391	25,835,901	(8,937,866)
Charges for services	9,445,157	23,263,740	32,708,897	26,265,847	28,516,954	4,191,943
Use of money and property	4,411,120	1,518,972	5,930,092	3,015,566	3,161,906	2,768,186
Miscellaneous	2,171,601	341,102	2,512,703	14,933,196	16,538,796	(14,026,093)
Total revenues	147,373,948	25,123,814	172,497,762	178,790,682	184,318,239	(11,820,477)
EXPENDITURES/EXPENSES						
Public safety	37,635,675	-	37,635,675	40,182,875	41,905,674	4,269,999
Public works	12,305,432	-	12,305,432	13,036,695	13,256,523	951,091
Health and social services	1,733,754	-	1,733,754	1,497,388	1,717,528	(16,226)
Culture and recreation	12,912,199	-	12,912,199	13,096,324	13,627,492	715,293
Community and economic development	11,506,256	-	11,506,256	9,083,080	12,807,366	1,301,110
General government	12,135,723	-	12,135,723	12,281,124	12,994,704	858,981
Debt service	35,819,046	-	35,819,046	37,383,084	38,815,021	2,995,975
Capital outlay	70,500,323	-	70,500,323	54,500,500	86,247,563	15,747,240
Business-type	-	28,585,705	28,585,705	77,919,711	111,091,253	82,505,548
Total expenditures/expenses	194,548,408	28,585,705	223,134,113	258,980,781	332,463,124	109,329,011
Excess (deficiency) of revenues over (under) expenditures/expenses	(47,174,460)	(3,461,891)	(50,636,351)	(80,190,099)	(148,144,885)	97,508,534
OTHER FINANCING SOURCES, NET						
	61,896,574	18,930,218	80,826,792	60,047,796	60,433,296	20,393,496
Excess (deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing sources (uses)	14,722,114	15,468,327	30,190,441	(20,142,303)	(87,711,589)	(57,521,148)
BALANCES, beginning of year	79,288,470	245,134,779	324,423,249	294,926,942	357,584,826	
BALANCES, end of year	\$ 94,010,584	\$ 260,603,106	\$ 354,613,690	\$ 274,784,639	\$ 269,873,237	

City of West Des Moines, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2023

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 \$73,482,343. 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, 2023

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, 2023

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, 2023

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	2020		2021		2022	
		Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Excellent	100 - 80	440	51.2%	336	38.6%	338	38.6%
Good	80 - 60	204	23.7%	233	26.8%	234	26.7%
Fair	60 - 40	154	17.9%	228	26.2%	229	26.2%
Poor	40 - 20	17	2.0%	29	3.3%	29	3.3%
Very Poor	20 - 0	1	0.1%	3	0.3%	3	0.3%
Unpaved*	N/R	44	5.1%	42	4.8%	42	4.8%
		860	100%	871	100%	875	100%
		2020		2021		2022	
		70		70		70	
		76.3		72.0		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, 2023

Levee Condition by Category as of the Last Assessment

Condition Categories Based on the Army Corp. Criteria

OCI Range	2020		2021		2022	
	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	33	71.7%	40	87.0%	39
Minimally Acceptable	13	28.3%	4	8.7%	6	13.3%
Unacceptable	0	0.0%	2	4.3%	0	0.0%
	46	100%	46	100%	45	100%

Overall condition index (OCI)

	2020	2021	2022
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)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Estimated Costs	\$7,435	\$6,985	\$6,500	\$5,640	\$5,430	\$4,820	\$4,760	\$5,060	\$4,041	\$4,567
Actual Costs	\$7,054	\$6,994	\$6,015	\$5,162	\$5,246	\$4,840	\$3,472	\$3,784	\$4,119	\$4,130

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**City of West Des Moines, Iowa
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2023**

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
ASSETS					
Cash and investments	\$ 1,820,104	\$ -	\$ 483,719	\$ 651,376	\$ -
Restricted cash and investments	-	-	-	102,319	31,987
Receivables					
Property taxes	2,547,596	49	-	-	-
Accounts	-	-	-	12,782	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	475	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 4,367,700</u>	<u>\$ 49</u>	<u>\$ 483,719</u>	<u>\$ 766,952</u>	<u>\$ 31,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 7,047	\$ 2,926	\$ -
Accrued wages payable	49,854	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>49,854</u>	<u>-</u>	<u>7,047</u>	<u>2,926</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Succeeding year property tax	2,546,086	-	-	-	-
Grants and other	-	-	-	-	-
Total deferred inflows of resources	<u>2,546,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted for					
Other purposes	1,771,760	49	476,672	764,026	31,987
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>1,771,760</u>	<u>49</u>	<u>476,672</u>	<u>764,026</u>	<u>31,987</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,367,700</u>	<u>\$ 49</u>	<u>\$ 483,719</u>	<u>\$ 766,952</u>	<u>\$ 31,987</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
\$ 2,187,150	\$ 364,638	\$ 489,880	\$ 1,937	\$ -	\$ -	\$ 266,924	\$ 6,265,728
-	-	-	-	-	395,255	-	529,561
-	-	-	-	-	-	-	2,547,645
-	-	-	1,600	-	10,000	-	24,382
-	-	-	-	474,551	-	-	474,551
-	-	-	-	146,070	666,667	-	813,212
-	-	-	-	-	429,555	-	429,555
\$ 2,187,150	\$ 364,638	\$ 489,880	\$ 3,537	\$ 620,621	\$ 1,501,477	\$ 266,924	\$ 11,084,634
\$ 8,629	\$ 1,068	\$ 911	\$ 20,040	\$ 19	\$ 78,800	\$ 32,011	\$ 151,451
-	-	-	240	707	1,804	-	52,605
-	-	-	-	122,555	-	-	122,555
8,629	1,068	911	20,280	123,281	80,604	32,011	326,611
-	-	-	-	-	-	-	2,546,086
-	-	-	-	146,070	676,667	-	822,737
-	-	-	-	146,070	676,667	-	3,368,823
-	-	-	-	-	429,555	-	429,555
2,178,521	363,570	488,969	-	351,270	314,651	234,913	6,976,388
-	-	-	(16,743)	-	-	-	(16,743)
2,178,521	363,570	488,969	(16,743)	351,270	744,206	234,913	7,389,200
\$ 2,187,150	\$ 364,638	\$ 489,880	\$ 3,537	\$ 620,621	\$ 1,501,477	\$ 266,924	\$ 11,084,634

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, 2023

	Police & Fire Retirement	Employee Benefits	Economic Development	Housing Programs	Human Services Child Care & Medical Clinic
REVENUES					
Property taxes	\$ 3,049,117	\$ 98,602	\$ -	\$ -	\$ -
Other City taxes	21,985	1,128	-	-	-
Intergovernmental	125,410	4,055	54,531	8,805	-
Use of money and property	39,602	-	-	19,046	769
Miscellaneous	-	-	-	184,981	-
Total revenues	<u>3,236,114</u>	<u>103,785</u>	<u>54,531</u>	<u>212,832</u>	<u>769</u>
EXPENDITURES					
Current					
Public safety	3,382,231	-	-	-	-
Health and social services	-	-	-	343,816	7,691
Culture and recreation	-	-	-	-	-
Community & economic development	-	-	56,769	10,024	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>3,382,231</u>	<u>-</u>	<u>56,769</u>	<u>353,840</u>	<u>7,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(146,117)</u>	<u>103,785</u>	<u>(2,238)</u>	<u>(141,008)</u>	<u>(6,922)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	234,342	-	50,000	-	-
Transfers out	-	(103,775)	-	(2,138)	-
Total other financing sources (uses)	<u>234,342</u>	<u>(103,775)</u>	<u>50,000</u>	<u>(2,138)</u>	<u>-</u>
Net change in fund balances	88,225	10	47,762	(143,146)	(6,922)
Fund balances (deficit), beginning of year	1,683,535	39	428,910	907,172	38,909
Fund balances (deficit), end of year	<u>\$ 1,771,760</u>	<u>\$ 49</u>	<u>\$ 476,672</u>	<u>\$ 764,026</u>	<u>\$ 31,987</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,147,719
-	-	-	-	-	-	-	23,113
-	53,703	21,100	235,961	138,057	395,432	90,167	1,127,221
45,223	7,769	9,349	-	5,001	9,367	5,739	141,865
134,365	112,021	77,097	45,618	-	122,772	91,636	768,490
179,588	173,493	107,546	281,579	143,058	527,571	187,542	5,208,408
-	-	62,577	-	-	-	271,848	3,716,656
-	-	-	-	-	-	-	351,507
84,320	155,035	-	-	-	-	-	239,355
-	-	-	275,990	288,242	930,926	-	1,561,951
-	-	-	-	34,019	-	-	34,019
-	-	-	-	5,001	-	-	5,001
84,320	155,035	62,577	275,990	327,262	930,926	271,848	5,908,489
95,268	18,458	44,969	5,589	(184,204)	(403,355)	(84,306)	(700,081)
120,000	-	-	6,415	-	650,000	94,354	1,155,111
-	-	-	-	(20,506)	-	-	(126,419)
120,000	-	-	6,415	(20,506)	650,000	94,354	1,028,692
215,268	18,458	44,969	12,004	(204,710)	246,645	10,048	328,611
1,963,253	345,112	444,000	(28,747)	555,980	497,561	224,865	7,060,589
\$ 2,178,521	\$ 363,570	\$ 488,969	\$ (16,743)	\$ 351,270	\$ 744,206	\$ 234,913	\$ 7,389,200

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF NET POSITION-INTERNAL SERVICE FUNDS
June 30, 2023

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
ASSETS						
Current assets:						
Cash and investments	\$ 11,675,446	\$ 29,330	\$ 9,709,159	\$ 3,636,444	\$ 647,308	\$ 25,697,687
Accounts	23,445	17,637	26,404	-	-	67,486
Interest	53,642	-	85,616	-	-	139,258
Due from other governments	-	23,291	-	-	-	23,291
Prepays	-	-	-	-	93,279	93,279
Total current assets	11,752,533	70,258	9,821,179	3,636,444	740,587	26,021,001
Noncurrent assets, capital assets						
Equipment and vehicles	22,950,459	-	-	-	1,021,156	23,971,615
Accumulated depreciation	(13,547,376)	-	-	-	(586,570)	(14,133,946)
Total noncurrent assets	9,403,083	-	-	-	434,586	9,837,669
Total assets	\$ 21,155,616	\$ 70,258	\$ 9,821,179	\$ 3,636,444	\$ 1,175,173	\$ 35,858,670
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities:						
Accounts payable	\$ -	\$ 106,001	\$ -	\$ -	\$ -	\$ 106,001
Claims payable	-	-	863,185	867,990	-	1,731,175
Total current liabilities	-	106,001	863,185	867,990	-	1,837,176
NET POSITION						
Investment in capital assets	9,403,083	-	-	-	434,586	9,837,669
Unrestricted	11,752,533	(35,743)	8,957,994	2,768,454	740,587	24,183,825
Total net position	\$ 21,155,616	\$ (35,743)	\$ 8,957,994	\$ 2,768,454	\$ 1,175,173	\$ 34,021,494
Total liabilities and net position	\$ 21,155,616	\$ 70,258	\$ 9,821,179	\$ 3,636,444	\$ 1,175,173	\$ 35,858,670

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, 2023

	Vehicle Replacement	Vehicle Maintenance	Health & Dental Insurance	Workers' Compensation Insurance	Technology Replacement	Total
OPERATING REVENUES						
Charges for services	\$ 2,315,198	\$ 1,276,783	\$ 8,832,174	\$ 185,803	\$ -	\$ 12,609,958
Other	-	136,891	248,126	23,391	-	408,408
Total operating revenues	2,315,198	1,413,674	9,080,300	209,194	-	13,018,366
OPERATING EXPENSES						
Cost of sales and services	19,767	1,368,734	8,861,600	525,029	74,119	10,849,249
Depreciation	1,890,194	-	-	-	184,194	2,074,388
Total operating expenses	1,909,961	1,368,734	8,861,600	525,029	258,313	12,923,637
Operating income (loss)	405,237	44,940	218,700	(315,835)	(258,313)	94,729
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	312,504	-	343,970	78,306	12,283	747,063
Gain (loss) on sale of capital assets	218,203	-	-	-	-	218,203
Total nonoperating revenues (expenses)	530,707	-	343,970	78,306	12,283	965,266
Income (Loss) before transfers	935,944	44,940	562,670	(237,529)	(246,030)	1,059,995
OTHER FINANCING SOURCES (USES)						
Capital contributions	23,445	-	-	-	-	23,445
Transfers in	-	-	-	-	300,000	300,000
Transfers out	-	-	-	-	-	-
Change in net position	959,389	44,940	562,670	(237,529)	53,970	1,383,440
Total net position, beginning of year	20,196,227	(80,683)	8,395,324	3,005,983	1,121,203	32,638,054
Total net position, ending of year	\$ 21,155,616	\$ (35,743)	\$ 8,957,994	\$ 2,768,454	\$ 1,175,173	\$ 34,021,494

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2023

	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	\$ -	\$ 24,622	\$ 1,478,022	\$ 209,194	\$ -	\$ 1,711,838
Receipts from interfund charges	2,291,753	1,390,383	7,844,972	-	-	11,527,108
Payments from (to) suppliers	(19,767)	(1,385,675)	-	-	(15,958)	(1,421,400)
Payments to claimants	-	-	(9,010,607)	(416,204)	-	(9,426,811)
Net cash provided (used) by operating activities	2,271,986	29,330	312,387	(207,010)	(15,958)	2,390,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	300,000	300,000
Transfers out	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-	300,000	300,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	23,445	-	-	-	-	23,445
Purchase of capital assets	(1,716,204)	-	-	-	(133,579)	(1,849,783)
Proceeds from disposal of capital assets	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(1,692,759)	-	-	-	(133,579)	(1,826,338)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	206,701	-	175,099	78,306	12,283	472,389
Purchase of investment securities	(5,739,802)	-	(9,161,218)	-	-	(14,901,020)
Proceeds from maturity of investment securities	5,650,470	-	9,018,636	-	-	14,669,106
Net cash provided (used) by investing activities	117,369	-	32,517	78,306	12,283	240,475
Net increase (decrease) in cash and cash equivalents	696,596	29,330	344,904	(128,704)	162,746	1,104,872
Cash and cash equivalents Beginning of year	5,942,447	-	1,325,721	3,765,148	484,562	11,517,878
End of year	\$ 6,639,043	\$ 29,330	\$ 1,670,625	\$ 3,636,444	\$ 647,308	\$12,622,750

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, 2023

	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)	\$ 405,237	\$ 44,940	\$ 218,700	\$ (315,835)	\$ (258,313)	\$ 94,729
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	1,890,194	-	-	-	184,194	2,074,388
Change in assets and liabilities						
Receivables	(23,445)	1,331	242,694	-	-	220,580
Prepaid expenses	-	-	-	-	58,161	58,161
Accounts payable & other liabilities	-	(16,941)	-	-	-	(16,941)
Claims payable	-	-	(149,007)	108,825	-	(40,182)
Net cash provided (used) by operating activities	\$ 2,271,986	\$ 29,330	\$ 312,387	\$ (207,010)	\$ (15,958)	\$ 2,390,735
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION						
Cash and investments	\$ 11,675,446	\$ 29,330	\$ 9,709,159	\$ 3,636,444	\$ 647,308	\$25,697,687
Less items not meeting the definition of cash equivalents	(5,036,403)	-	(8,038,534)	-	-	(13,074,937)
Cash and cash equivalents at end of year	\$ 6,639,043	\$ 29,330	\$ 1,670,625	\$ 3,636,444	\$ 647,308	\$12,622,750
SCHEDULE OF NONCASH ITEMS						
Investing activities						
Change in fair value of investments	\$ 65,770	\$ -	\$ 104,974	\$ -	\$ -	\$ 170,744

See accompanying independent auditor's report.

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