

**INTERNAL CONTROLS
AND
COMPLIANCE SECTION**



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

P 515.223.0159 / F 515.223.5429

forvis.com

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Des Moines (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, and have issued our report thereon dated January 12, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORVIS,LLP

West Des Moines, Iowa
January 16, 2024

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

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of West Des Moines's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

FORVIS,LLP

West Des Moines, Iowa
January 16, 2024

City of West Des Moines, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through or Other Entity Identifying Number	Total Federal Expenditures
U.S. Department of Treasury			
Pass through from:			
Iowa Finance Authority			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4374	210,880
Total U.S. Department of Treasury			<u>210,880</u>
U.S. Department of Health and Human Services			
Pass through from the State of Iowa Department of Human Rights			
Division of Community Action Agencies			
Red Rock Area Community Action Program			
Low Income Home Energy Assistance Program	93.568	LIHEAP 22-12	6,000
Low Income Home Energy Assistance Program	93.568	LIHEAP 23-12	6,000
Total US Department of Health and Human Services and CFDA 93.568			<u>12,000</u>
US Department of Justice			
Direct Payments			
Office of Justice Programs			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	N/A	5,550
Criminal Division			
Asset Forfeiture Program	16.922	N/A	2,875
Total U.S. Department of Justice			<u>8,425</u>
Federal Communications Commission			
Pass through from the State of Iowa			
COVID-19 Emergency Connectivity Fund Program (ECF)	32.009	27-1913-0-1-376	18,911
Pass through from the Iowa Economic Development Authority			
Affordable Connectivity Grant Outreach	32.011	20-CVE-006-003	139,000
Total Federal Communications Commission			<u>157,911</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants Cluster			
Direct Payments			
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	N/A	32,207
Community Development Block Grants/Entitlement Grants	14.218	N/A	20,506
Community Development Block Grants/Entitlement Grants	14.218	N/A	31,045
Community Development Block Grants/Entitlement Grants	14.218	N/A	61,369
Total Community Development Block Grants/Entitlement Grants Cluster and CFDA 14.218			<u>145,127</u>
Pass through from the State of Iowa Finance Authority (Homelessness Emergency Assistance and Rapid Transition to Housing (HEARTH) Act Emergency Solutions Grant Program	14.231	77029-22	8,805
Total U.S. Department of Housing and Urban Development			<u>153,932</u>

City of West Des Moines, Iowa
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Department of Transportation			
Pass through from the State of Iowa Department of Public Safety			
Governor's Traffic Safety Bureau			
Highway Safety Cluster			
National Priority Safety Programs - Pedestrian Safety Grant	20.616	22-405d-F24, Task 9	516
State and Community Highway Safety	20.600	22-402-MOPT, Task 10	318
State and Community Highway Safety	20.600	23-402-MOPT, Task 87	43,271
State and Community Highway Safety	20.600	22-402-MOPT, Task 74-00-00	19,388
Total CFDA 20.600			<u>62,977</u>
Total Highway Safety Cluster			<u>63,493</u>
Pass through from the Iowa Department of Transportation			
Highway Planning and Construction	20.205	22MPO-DMAMPO (23190)	142
Highway Planning and Construction	20.205	EDP-8260(653)-7Y-77	597,233
Highway Planning and Construction	20.205	RRP-RR00(206)--8A-00	234,348
Total Highway Planning and Construction CFDA 20.205			<u>831,723</u>
Total US Department of Transportation			<u>895,216</u>
US Department of Agriculture			
Pass through from the Iowa Department of Natural Resources			
Community Forestry Grant -Emerald Ash Borer Reforestation Funds	10.664	21-DG-11094200-153	10,000
Total US Department of Agriculture			<u>10,000</u>
Total Federal Awards			<u>\$ 1,448,364</u>

City of West Des Moines, Iowa
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of West Des Moines, Iowa (the City) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Subrecipients

The City did not pass through any federal awards to subrecipients during the year ended June 30, 2023.

City of West Des Moines, Iowa
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

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

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

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

Unmodified Qualified Adverse Disclaimer

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

City of West Des Moines, Iowa
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

7. Identification of major federal programs:

Assistance	
Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

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

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

City of West Des Moines, Iowa
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Section II – Financial Statement Findings

Reference Number	Finding
---------------------	---------

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
---------------------	---------

No matters are reportable.

City of West Des Moines, Iowa
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Reference Number	Finding	Status
-----------------------------	----------------	---------------

No matters are reportable.

City of West Des Moines, Iowa
Other Findings Related to Required Statutory Reporting
Year Ended June 30, 2023

Reference Number	Finding
2023-IA-A	Certified Budget - Disbursements during the year ended June 30, 2023 exceed the amount budgeted in the Health and social services expenditures/expenses category. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."
2023-IA-B	Questionable Expenditures - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
2023-IA-C	Travel Expenses - No expenditures of City money for travel expenses of spouses or City officials or employees were noted.
2023-IA-D	Business Transactions - Business transactions between the City and City Officials or employees are detailed as follows: According to Chapter 362.5 of the Code of Iowa, an officer or employee of the City shall not have an interest, direct or indirect, in a contract with that City. The provision does not apply to transactions that do not exceed a cumulative total purchase price of \$1,500 in a fiscal year or to contracts made by a City upon competitive bid. All the transactions with Philip Ascheman and Plugugly Customs were not entered into through competitive bidding since they were for professional services.
2023-IA-E	Restricted Donor Activity - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
2023-IA-F	Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
2023-IA-G	City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.
2023-IA-H	Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
2023-IA-I	Revenue Notes - No instances of non-compliance with revenue note provisions were noted.
2023-IA-J	Annual Urban Renewal Report - The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

City of West Des Moines, Iowa
Other Findings Related to Required Statutory Reporting (Continued)
Year Ended June 30, 2023

Reference Number	Finding
---------------------	---------

2023-IA-K **Separately Maintained Records** - Chapter 384.20 of the Code of Iowa states, in part, “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property.” No such transactions were noted.

2021-IA-L Financial Condition - At June 30, 2023, the City had deficit balances in the following funds:

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

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