

FINANCIAL SECTION





RSM US LLP

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Des Moines, Iowa

Opinions

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

In our opinion, based on our audit and the report of the other auditors, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely present component units, the Des Moines Airport Authority and the Des Moines Public Library Foundation, which collectively represent 100% of the assets, *net position*, and revenues of the aggregate discretely presented component units as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Des Moines Airport Authority and the Des Moines Public Library Foundation is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 19, the financial statements, the City adopted GASB Statement No. 87, *Leases*, which restated beginning net position, right-of-use assets, and lease liabilities of the business type activities, and parking fund. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 the management's discussion and analysis, other postemployment benefit liability and related ratios, the budgetary comparison schedules, the Iowa Public Employees Retirement System pension plan schedules and the Municipal Fire and Police Retirement System of Iowa pension plan schedules, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and other schedules 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules 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 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.

RSM US LLP

Des Moines, Iowa
March 22, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

This section of the annual financial report presents an overview and analysis of the financial activities of the City of Des Moines for the fiscal year ended June 30, 2022. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal and the financial statements which follow.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Des Moines exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,242,957,670 (*net position*). Last year's June 30, 2021 total net position was \$1,143,165,139. The total unrestricted net position of the City was negative (\$16,531,105). This was comprised of unrestricted negative governmental net position (\$53,132,908) and business type activities net position of \$36,601,803.
- At the close of this current fiscal year, the City of Des Moines' governmental funds reported combined ending fund balances of \$274,361,369 an increase of \$46,561,894 in comparison with the prior year. This increase was attributable primarily to an increase in Local Option Sales and Service Tax revenue and decreases in expenditures within the capital outlay and debt service categories.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$55,592,142 or 28.0 percent of total General Fund expenditures. This represents a \$2,221,049 increase in the unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The **Statement of Net Position** presents information on all of the City of Des Moines' assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the assets/deferred outflows of resources and liabilities/deferred

inflows of resources 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 of Des Moines is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Des Moines that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from 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 of Des Moines include public safety, public works, health and social services, culture and recreation, community and economic development, and general government. The business-type activities of the City of Des Moines include the municipal housing agency, parking facilities system, sanitary sewer system, golf courses, solid waste system, and storm water utility.

The government-wide financial statements include the City of Des Moines itself (known as the *primary government*), as well as the Public Library of Des Moines Foundation, a discretely presented component unit, which raises funds for the benefit of the City's libraries and the Des Moines Airport Authority, a discretely presented component unit, which runs the airport that serves central Iowa. The Des Moines Independent Community School District, the Des Moines Waterworks, Des Moines Area Regional Transit, the Wastewater Reclamation Authority, and Metro Waste Authority provide services to the citizens of Des Moines but do not meet established criteria as component units of the City, and thus, are not included in this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Des Moines can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements,

governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Des Moines maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Tax Increment Fund, Benefit Tax Accounts Fund, Local Option Sales Tax Fund, American Rescue Plan Fund and Capital Projects Fund, all of which are considered major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

- **Proprietary Funds.** The City of Des Moines maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Des Moines' various functions. The City of Des Moines uses internal service funds to account for the equipment service center, forestry, central services, radio communications, equipment and radio replacement, and group health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The City of Des Moines maintained six enterprise funds in fiscal year 2022. 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 Parking Facilities System Fund, Sewer System Fund, Storm Water Utility Fund, and Municipal Housing Agency Fund as these are considered to be major funds of the City of Des Moines. Data from the other two

enterprise funds (Golf Courses Fund and Solid Waste System Fund) are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Des Moines' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has only one type of fiduciary funds: custodial funds. The total assets held in the fiduciary funds at June 30, 2022 were \$720,212,156 all of which belonged to the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), a custodial fund.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. The City's budgetary comparison schedule is presented as required supplementary information immediately following the notes to the financial statements. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Des Moines, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,242,957,670, at the close of the fiscal year ended June 30, 2022.

By far the largest portion of the City of Des Moines' net position, \$1,153,657,778 or 92.8 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Des Moines uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Des Moines' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Des Moines' Net Position

	Governmental Activities 2022	Business-type Activities 2022	Total 2022	Governmental Activities 2021	Business-type Activities 2021	Total 2021
Current and other assets	\$ 641,703,822	\$ 95,012,831	\$ 736,716,653	\$ 549,466,261	\$ 77,764,809	\$ 627,231,070
Capital assets	1,258,219,332	530,826,524	1,789,045,856	1,207,542,919	495,403,525	1,702,946,444
Total assets	<u>1,899,923,154</u>	<u>625,839,355</u>	<u>2,525,762,509</u>	<u>1,757,009,180</u>	<u>573,168,334</u>	<u>2,330,177,514</u>
Total deferred outflow of resources	<u>42,039,873</u>	<u>3,427,456</u>	<u>45,467,329</u>	<u>46,802,055</u>	<u>3,309,520</u>	<u>50,111,575</u>
Noncurrent liabilities	570,751,218	194,356,491	765,107,709	699,230,704	178,898,032	878,128,736
Other liabilities	206,209,739	22,523,245	228,732,984	156,167,451	20,665,676	176,833,127
Total liabilities	<u>776,960,957</u>	<u>216,879,736</u>	<u>993,840,693</u>	<u>855,398,155</u>	<u>199,563,708</u>	<u>1,054,961,863</u>
Total deferred inflow of resources	<u>323,052,276</u>	<u>11,379,199</u>	<u>334,431,475</u>	<u>196,629,630</u>	<u>1,044,724</u>	<u>197,674,354</u>
Net position:						
Net investment in capital assets	802,111,537	351,546,241	1,153,657,778	763,997,971	342,096,930	1,106,094,901
Restricted	92,971,165	12,859,832	105,830,997	92,091,530	10,962,102	103,053,632
Unrestricted	<u>(53,132,908)</u>	<u>36,601,803</u>	<u>(16,531,105)</u>	<u>(90,009,943)</u>	<u>23,115,386</u>	<u>(66,894,557)</u>
Total net position	<u>\$ 841,949,794</u>	<u>\$ 401,007,876</u>	<u>\$ 1,242,957,670</u>	<u>\$ 766,079,558</u>	<u>\$ 376,174,418</u>	<u>\$ 1,142,253,976</u>

An additional portion of the City of Des Moines' net position, \$105,830,997 (8.5 percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* is a negative net position balance of (\$16,531,105). There is negative unrestricted net position as a result of the GASB 68 pension liability for both IPERS and MFPRSI booked in fiscal 2022. These liabilities represent the City's allocated share of the unfunded portion of these two pension funds. The net pension liability was measured at \$42,649,067 in fiscal 2022, down from \$213,409,053 in fiscal 2021, a difference of (\$170,759,986). This abnormal swing was caused by unexpectedly good returns on investments held by these pensions; management anticipates this to reverse in subsequent fiscal years. The business-type activities funds have a positive unrestricted net position. The governmental activities funds have a negative unrestricted net position balance that requires additional future resources to fulfill ongoing obligations to the citizens and creditors of the governmental activities.

At the end of the current fiscal year, the City of Des Moines is able to report positive net position balances in the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's total net position increased by \$99,792,531 during the current fiscal year. The net position in governmental activities increased by \$75,870,238, while the net position in business-type activities increased by \$23,922,295.

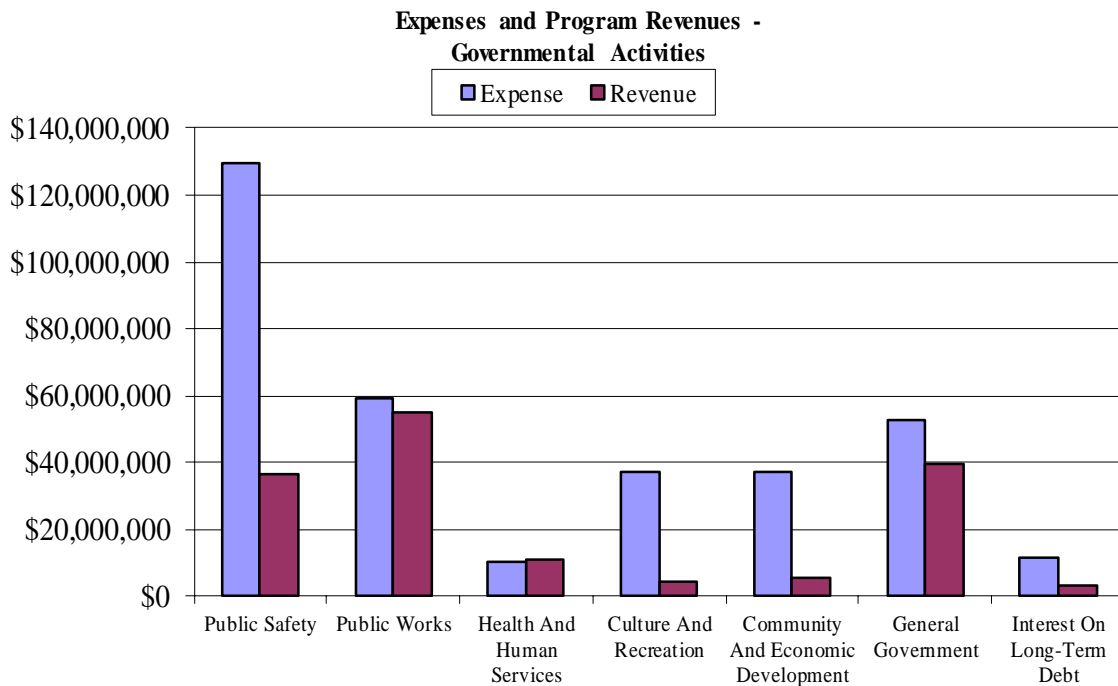
Business-type Activities opening net position was restated as a result of the adoption of GASB 87, *Leases*. See footnote 19 for additional information on the restatement. A summary of the City's changes in net position follows:

	City of Des Moines' Changes in Net Position					
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities 2022	Activities 2022	2022	Activities 2021	Activities 2021	2021
Revenues:						
Program revenues:						
Charges for services	\$ 63,299,709	\$ 106,974,355	\$ 170,274,064	\$ 69,578,522	\$ 106,677,387	\$ 176,255,909
Operating grants and contributions	55,912,989	19,227,454	75,140,443	62,925,569	21,173,380	84,098,949
Capital grants and contributions	32,941,467	3,582,011	36,523,478	19,248,477	3,371,016	22,619,493
General revenues:						
Property taxes	182,827,334	---	182,827,334	184,735,294	---	184,735,294
Other taxes	78,477,446	---	78,477,446	69,882,304	---	69,882,304
Other	3,618,013	397,092	4,015,105	385,150	191,629	576,779
Total revenues	<u>417,076,958</u>	<u>130,180,912</u>	<u>547,257,870</u>	<u>406,755,316</u>	<u>131,413,412</u>	<u>538,168,728</u>
Expenses:						
Public safety	129,826,976	---	129,826,976	147,553,966	---	147,553,966
Public works	59,167,661	---	59,167,661	65,268,316	---	65,268,316
Health and social services	10,589,681	---	10,589,681	11,094,869	---	11,094,869
Culture and recreation	37,077,618	---	37,077,618	33,865,746	---	33,865,746
Community and economic development	36,945,357	---	36,945,357	35,885,238	---	35,885,238
General government	52,492,330	---	52,492,330	49,931,107	---	49,931,107
Interest on long-term debt	11,488,702	---	11,488,702	11,539,387	---	11,539,387
Parking facilities system	---	11,467,622	11,467,622	---	10,716,509	10,716,509
Sewer system	---	38,873,120	38,873,120	---	40,043,204	40,043,204
Stormwater utility	---	21,903,403	21,903,403	---	22,158,196	22,158,196
Golf	---	632,321	632,321	---	676,692	676,692
Solid waste	---	14,833,586	14,833,586	---	13,770,043	13,770,043
Municipal Housing Agency	---	22,166,962	22,166,962	---	23,939,252	23,939,252
Total expenses	<u>337,588,325</u>	<u>109,877,014</u>	<u>447,465,339</u>	<u>355,138,629</u>	<u>111,303,896</u>	<u>466,442,525</u>
Increase/(decrease) in net position before transfers	79,488,633	20,303,898	99,792,531	51,616,687	20,109,516	71,726,203
Transfers	(3,618,397)	3,618,397	---	15,214,133	(15,214,133)	---
Increase/(decrease) in net position	75,870,236	23,922,295	99,792,531	66,830,820	4,895,383	71,726,203
Net position - beginning as restated	766,079,558	377,085,581	1,143,165,139	699,248,738	371,279,035	1,070,527,773
Net position - ending	<u>\$ 841,949,794</u>	<u>\$ 401,007,876</u>	<u>\$ 1,242,957,670</u>	<u>\$ 766,079,558</u>	<u>\$ 376,174,418</u>	<u>\$ 1,142,253,976</u>

Governmental Activities. Total governmental activities revenue for the fiscal year was \$417,076,958 compared to \$406,755,316 in 2021. The largest single revenue source for the City was property taxes of \$182,827,334. Property taxes decreased by \$1,907,960 (1.0 percent) from fiscal 2021. This decrease is primarily the result of a change in the amount of delinquent taxes remitted to the City of Des Moines. Other taxes for fiscal year 2022 were \$78,477,446 compared to \$69,882,304 for fiscal 2021. The increase of \$8,595,142 was primarily due to increases in LOSST and Hotel/Motel Tax revenue and are a combination of changes to how LOSST was calculated by the State of Iowa and a reversal of the decline in patrons at hotels/motels from the height of the COVID-19 pandemic.

Intergovernmental Revenue was relatively flat year-over-year but remain higher than historical averages primarily due to grants related to the COVID-19 pandemic. Governmental activities increased the City’s net position by \$75,870,236.

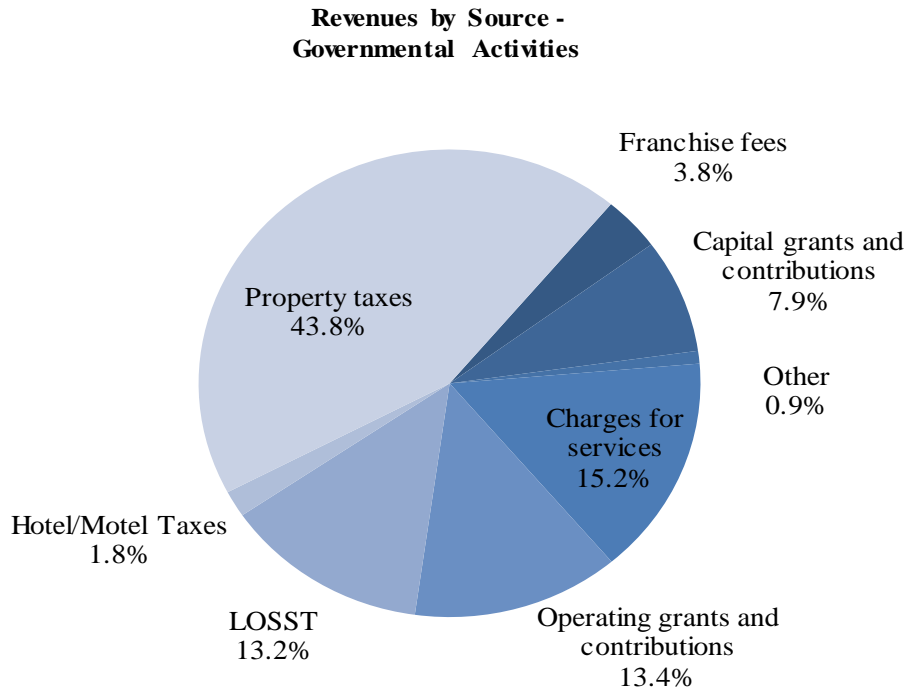
Certain revenues are generated that are specific to governmental program activities. These totaled \$152,154,165 in fiscal 2022 compared to \$151,752,568 in fiscal 2021. The graph below shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities:



The program expenses shown in the table above were \$337,588,325 in fiscal year 2022 as compared to \$355,138,629 in fiscal year 2021. The decrease is largely due to the effective

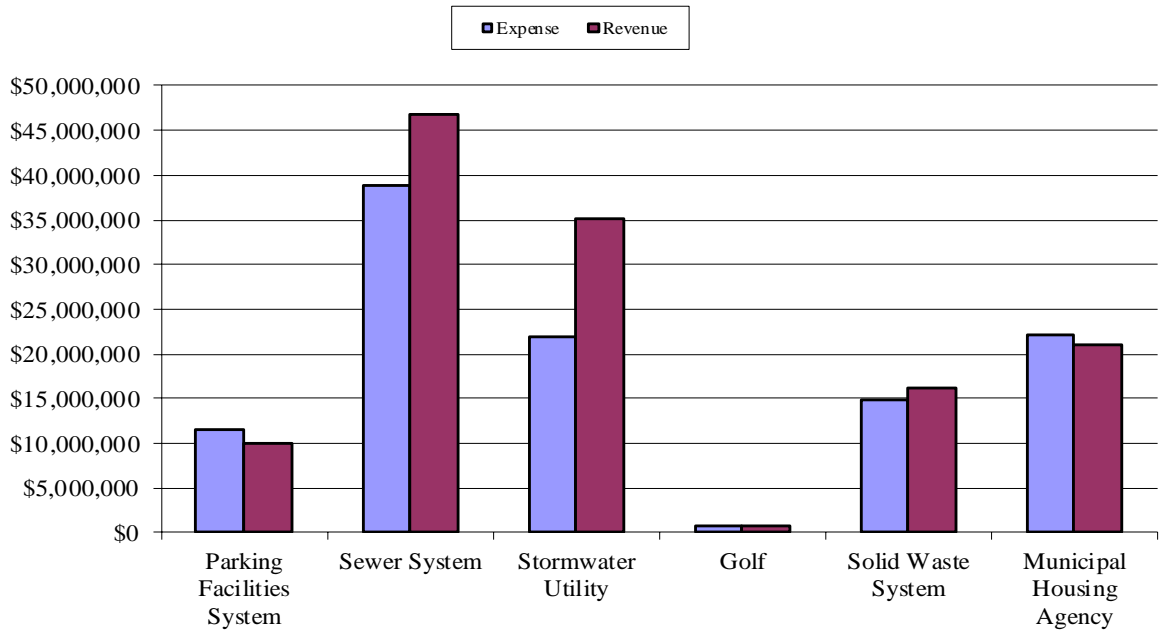
pension expense being eliminated at the government-wide level because of unexpectedly positive returns in the market during the pension assessment year recorded.

The graph below shows the percentage of the total governmental revenues allocated by each revenue type:



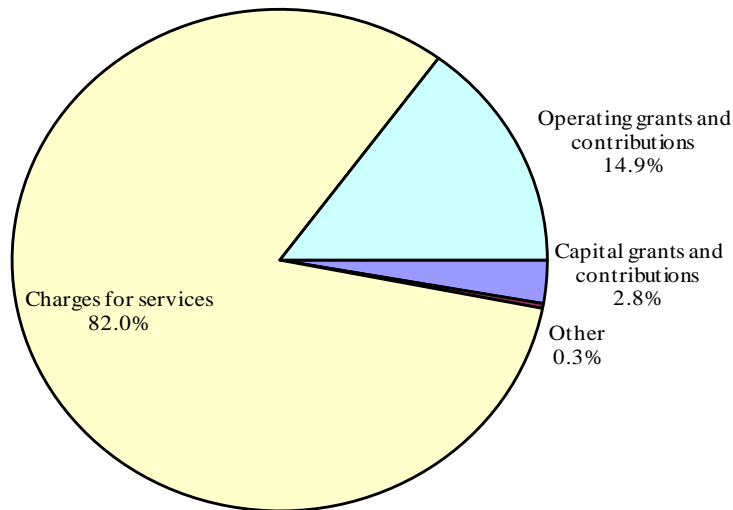
Business-Type Activities. Total business-type activities revenue for the fiscal year was \$130,180,912 compared to \$131,413,412 in 2021. All but \$397,092 and \$191,629 of this revenue was generated for specific business-type activity expenses in fiscal years 2022 and 2021, respectively. The decrease in non-specific business-type revenue was due primarily to overall economic trends resulting in decreased interest rates on the City of Des Moines' investments. The graph on the following page shows a comparison between the business-type activity expenditures and program revenues.

**Expenses and Program Revenue -
Business-type Activities**



The graph below shows the breakdown of revenues by source for the business-type activities:

**Revenues By Source -
Business-type Activities**



Business-type activities increased the City of Des Moines' net position by \$23,922,295 accounting for the increase, in total, in the government's net position. Key elements of this increase are as follows:

- The Sanitary Sewer Utility increased by \$11,497,618. This increase was primarily due to an operating income of \$8,574,711 combined with a decrease in transfers out.
- The Storm Water Utility increased by \$10,096,802. This increase was largely due to decreases in expenses for personal and contractual services and a decrease in transfers out.
- The Solid Waste System increased by \$1,675,531. This largely represents a return to normal operations compared to the prior year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the City of Des Moines' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Des Moines' financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Des Moines' governmental funds reported combined ending fund balances of \$274,361,369 an increase of \$46,561,894 in comparison with the prior year. The increase was primarily driven by increases in the Local Option Sales Tax Fund of \$18,865,058, and the Capital Projects Fund of \$40,587,688. The offsetting decreases for fiscal 2022 were in the Debt Service and Tax Increment Funds with (\$7,834,785) and (\$8,362,089), respectively. Fund balance identified as nonspendable totaled \$8,237,281. There were restrictions of \$84,733,884 on the governmental fund balance. Committed fund balance totaled \$130,583,029 and unassigned fund balance totaled \$50,807,175. See footnote 20 for a further breakdown of the classifications of the governmental fund balance.

The General Fund is the chief operating fund of the City of Des Moines. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$55,592,142 while total fund balance was \$61,818,235. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.0 percent of total General Fund expenditures, while total fund balance represents 31.1 percent of that same amount.

The fund balance of the City of Des Moines' General Fund increased by \$1,472,718 during the current fiscal year compared to a \$13,811,779 increase in 2021. This lower increase was primarily the result of increases in expenditures for Public Safety of \$9,352,270. This increase in expenditures was primarily due to increases in personnel costs.

The Debt Service Fund has a total fund balance of \$6,940,325. The net decrease in fund balance during the current year in the Debt Service Fund was (\$7,834,785). This decrease was largely the result of a significant decrease in debt issuances compared to the prior year.

The Tax Increment Fund (TIF) has a total fund balance of \$8,761,286. The net decrease in fund balance during the current year in the Tax Increment Fund was (\$8,362,089). The net decrease was largely due to a planned decrease to TIF cash-on-hand by lowering requests for funds and expending existing balance.

The Benefit Tax Accounts Special Revenue Fund had a total fund balance of \$760,786 at the end of fiscal 2022. The small net increase is due primarily to offsetting expenses not keeping pace with slightly increased collections.

The Local Option Sales Tax Fund was set up in fiscal 2020 to account for revenue received under the Local Option Sales and Service Tax passed in March 2019 and effective beginning July 1, 2019. Under the law, 50.0 percent of revenue is to be used for property tax relief while the remaining 50.0 percent may be used for any lawful purpose of the City. During the year, the fund balance increased by \$18,865,058. This increase is higher than prior years primarily due to a change in the State of Iowa's allocation of funds.

The American Rescue Plan Fund was established in fiscal year 2021 in order to track the receipt and expenditure of federal funds under the American Rescue Plan Act of 2021. The City of Des Moines had received its total anticipated allocation of roughly \$94,800,000 as of the end of fiscal 2022. The City considered the vast majority of the revenue unearned as the requirements to utilize the funding had not yet been met at year end.

The Capital Projects Fund has a total fund balance of \$126,034,025. The net increase in fund balance during the current year in the Capital Projects Fund was \$40,587,688. This increase was due to an increase of transfers in; primarily of bonds sold to pay for future capital improvements.

Proprietary Funds. The City of Des Moines' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position (deficit) of the Parking Facility System was \$4,281,419; those for the Sewer System were \$26,334,176; the Storm Water Utility were \$28,598,148; and those for the Municipal Housing Agency were \$2,983,706. Other factors concerning the finances of these funds have been addressed in the discussion of the City of Des Moines' business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Des Moines' investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$1,789,045,856 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Des Moines' investment in capital assets for the current fiscal year was 5.1 percent (a 4.2 percent increase for governmental activities and a 7.2 percent increase for business-type activities).

Major capital asset events during fiscal year 2022 included the following:

- \$25.4 million towards the completion of phase 2 of the Municipal Services Center.
- \$5.9 million toward Closes Creek watershed improvements.
- \$2.2 million toward the rehabilitation of the E 30th Street Bridge over the railroad lines.
- \$4.6 million toward Hamilton Storm Sewer improvements.
- \$1.4 million toward the construction or reconstruction of recreational trails across the City.
- \$5.3 million for repair and replacement of the City's sidewalk system.
- \$10.3 million on various sewer separation projects throughout the City.
- \$6.7 million toward various storm water improvements throughout the City.
- \$5.0 million for Des Moines River flood mitigation improvements.
- \$4.2 million for the City's various on-going street maintenance and reconstruction projects.
- \$0.5 million for maintenance of the City's parking ramps.
- \$5.2 million towards arterial pavement rehabilitation.

City of Des Moines' Capital Assets
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 152,486	\$ 151,429	\$ 26,592	\$ 23,889	\$ 179,078	\$ 175,318
Buildings	302,398	250,961	103,149	99,262	405,547	350,223
Improvements other than buildings	1,407,984	1,363,465	526,284	492,946	1,934,268	1,856,411
Machinery and equipment	121,868	102,066	27,728	28,406	149,596	130,472
Right of use assets	2,162	2,162	29,996	29,996	32,158	32,158
Construction in progress	180,934	193,580	75,185	71,399	256,119	264,979
Accumulated depreciation	(909,613)	(853,958)	(258,108)	(242,941)	(1,167,721)	(1,096,899)
Total	\$ 1,258,219	\$ 1,209,705	\$ 530,826	\$ 502,957	\$ 1,789,045	\$ 1,712,662

Additional information on the City of Des Moines' capital assets can be found in note 6 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Des Moines had total bonded debt outstanding of \$602,365,000. Of this amount, \$507,290,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Des Moines' debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Des Moines' Outstanding Debt
General Obligation and Revenue Bonds
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 489,370	\$ 468,535	\$ 17,920	\$ 18,925	\$ 507,290	\$ 487,460
Revenue bonds	-	-	95,075	76,260	95,075	76,260
Total	\$ 489,370	\$ 468,535	\$ 112,995	\$ 95,185	\$ 602,365	\$ 563,720

The City of Des Moines' total bonded debt increased by \$48,645,000 which is a 8.6 percent decrease from the prior fiscal year. This increase was due to the City of Des Moines issuing \$94,175,000 in bonded debt for governmental activities and \$26,505,000 in bonded debt for business-type activities.

The City of Des Moines and the City of Des Moines Storm Water/Sewer system each maintained its debt rating of an AA+ rating from Standard & Poor's during the fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the City of Des Moines is \$792,697,654, which is significantly in excess of the City of Des Moines' outstanding general obligation debt of \$517,290,000.

Additional information on the City of Des Moines' long-term debt can be found in Note 9 of this report.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing which includes all funds except fiduciary funds and internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type/enterprises and transfers out. The legal level of control is at the aggregated function level, not at the fund or fund type level. These budget amendments are reflected in the final budgeted amounts.

Differences between the original budget and the final amended budget for the City of Des Moines can be summarized as follows:

The total original fiscal 2022 revenue budget of \$488,023,994 was increased through an amendment to \$1,114,669,375 an increase of \$626,645,381. The total other financing sources and net transfers per the original budget of \$150,035,000 was increased to \$307,925,536 an increase of \$157,890,536. The major factor in the difference between original estimates and final estimates was due to errors in completing the amendment document wherein the desired final numbers were used as the amount of the increase.

Actual revenues for fiscal 2022 were \$544,144,284 compared to the revised budget projection of \$1,114,669,375, a difference of \$570,525,091, or 104.8 percent.

The total original fiscal 2022 expenditure budget of \$681,063,082 was increased through an amendment to \$1,479,820,249 an increase of \$862,464,650. The majority of this increase was due to errors in completing the amendment document wherein the desired final numbers were used as the amount of the increase.

Expenditures were under the revised budget in total by \$862,464,650. This underage was primarily due to the aforementioned error.

See page 109 for the *Budgetary Comparison Schedule – All Governmental Funds and Enterprise Funds*.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The outlook on the economy in Des Moines and the surrounding metropolitan area has been positive with continued growth in residential, commercial and industrial activity. Surrounding cities are also seeing strong growth. The City, in conjunction with the regional Corporation for Economic Development, the Des Moines Partnership and the Convention and Visitors Bureau, continues to work diligently to spur economic development activity within the City of Des Moines and metro area. The City of Des Moines, along with our economic development partners, is working with area businesses to assist with program funds that have been allocated to the City from the U.S. Department of Housing and Urban Development and other sources available. The full effect of the pandemic is still unknown, but the City of Des Moines is continually analyzing the financial impact in response to the COVID-19 pandemic.

Despite the pandemic, during calendar year 2022, Des Moines received the following accolades:

- #14 Best Places to Live in the U.S. – [U.S. News & World Report, 2022](#)
- #5 Best Places to Live in the U.S. for Families – [U.S. News & World Report, 2022](#)
- Top 10 Most Neighborly City in America – [Neighbor Blog, 2022](#)
- Top 10 Best State Capital to Live In – [SmartAsset, 2022](#)
- #7 Most Affordable Housing Market – [GoodHire, 2022](#)
- Top 10 Place Where It's Easiest to Save for Your First Home – [Money, 2022](#)
- Best Mid-Size Town in the Midwest – [Midwest Living, 2022](#)
- Top 25 Up-and-Coming Tech Market – [CBRE, 2022](#)

Assessed valuations for calendar year 2021 in Des Moines increased 8.4 percent over calendar year 2020. Indicators for continued growth are positive. Corporate renovations and new construction, along with residential, mixed use, commercial, and hotel projects are underway and planned over the next few years.

As the result of state legislation, beginning in fiscal year 2015, commercial, industrial and railroad classes of property will now be subject to a rollback. The assessed valuation for commercial and industrial property is now adjusted by 90 percent to determine the taxable valuation. The state legislature created a standing appropriation, beginning in fiscal year 2015, to reimburse local governments for the property tax reductions resulting from the new rollback for commercial and industrial property. Multi-residential property was previously taxed the same as commercial property but will now be phased down to the same rates as residential property over an 8-year period. All of this has been taken into account for the future budget.

Approximately 50.7 percent of all General Fund revenues were derived from property taxes during fiscal 2022. Continuous efforts are being made to both diversify revenues and implement strategic expense reductions.

As part of the budget discussions in fiscal year 2019, the City Council approved multi-year rate increases for the Sanitary Sewer Enterprise. A 3.0 percent Sanitary Sewer fee increase is scheduled for July 1, 2020 and July 1, 2021 to address ongoing sewer separation requirements mandated by the federal government and fund lining projects to extend the life of the sewer system. Also during fiscal year 2019, the City Council approved multi-year rate increases for the Storm Water Enterprise. A 6.0 percent Storm Water fee increase is scheduled for January 1, 2020 and January 1, 2021, a 5.0 percent Storm Water fee increase is scheduled for January 1, 2022, and a 3.0 percent Storm Water fee increase is scheduled for January 1, 2023 to address flood protection improvements and separation of sewer systems. No additional rate changes were approved by City Council for the Parking fund. As part of the budget discussions in fiscal year 2020, the City Council approved a 5.0 percent rate increase for the monthly collection fees charged for Solid Waste services scheduled for July 1, 2020 and a 3.0 percent rate increase for July 1, 2021. City Council also approved an increase in the fee reduction for those residential owners who qualify for one under municipal code to ensure their Solid Waste service rates remain unchanged.

On July 1, 2011 the City converted to a self-funded health care program with a third-party administrator for processing claims. The self-funded program has allowed the City to pay claims and build a reserve fund sufficient to meet State self-funded health insurance reserve requirements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Des Moines' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial

information should be addressed to: Nickolas Schaul, Finance Director, City of Des Moines, 400 Robert D Ray Drive, Des Moines, IA 50309-1891.

CITY OF DES MOINES, IOWA
STATEMENT OF NET POSITION
June 30, 2022

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	LIBRARY FOUNDATION	AIRPORT AUTHORITY
ASSETS					
Current assets:					
Unrestricted current assets:					
Cash and investments	\$ 373,348,632	\$ 75,610,137	\$ 448,958,769	\$ 560,338	\$ 63,777,833
Taxes receivable	213,382,768	---	213,382,768	---	---
Accounts receivable, net of allowance for doubtful accounts	8,525,884	215,712	8,741,596	---	4,397,877
Loans receivable, current	100,000	---	100,000	---	---
Special assessment receivables, current	---	---	---	---	---
Accrued interest receivable	530,398	---	530,398	---	---
Lease receivable	110,816	---	110,816	---	---
Internal balances	21,622,695	(21,622,695)	---	---	---
Due from other governmental units	13,066,215	9,122,631	22,188,846	---	---
Inventory	707,892	67,149	775,041	---	161,279
Prepaid items	1,854,801	89,582	1,944,383	877	16,938
Total unrestricted current assets	<u>633,250,101</u>	<u>63,482,516</u>	<u>696,732,617</u>	<u>561,215</u>	<u>68,353,927</u>
Restricted assets:					
Cash and investments	---	1,239,611	1,239,611	3,732,988	23,686,822
Total restricted current assets	<u>---</u>	<u>1,239,611</u>	<u>1,239,611</u>	<u>3,732,988</u>	<u>23,686,822</u>
Total current assets	<u>633,250,101</u>	<u>64,722,127</u>	<u>697,972,228</u>	<u>4,294,203</u>	<u>92,040,749</u>
Noncurrent assets:					
Restricted cash and investments	---	29,898,627	29,898,627	---	9,301,974
Restricted accounts receivable	---	---	---	---	714,931
Restricted interest receivable	---	392,077	392,077	---	---
Lease receivable, net	4,427,638	---	4,427,638	---	---
Loans receivable, net of allowance for Doubtful accounts	1,388,698	---	1,388,698	---	---
Notes receivables	---	---	---	---	261,258
Special assessment receivables	2,637,385	---	2,637,385	---	---
Other restricted assets	---	---	---	14,811	---
Capital assets:					
Land	152,485,725	26,592,377	179,078,102	---	---
Construction in progress	180,933,770	75,185,207	256,118,977	---	42,218,827
Buildings	302,397,602	103,149,266	405,546,868	---	249,333,815
Improvements other than buildings	1,407,984,577	526,284,153	1,934,268,730	---	244,608,731
Machinery and equipment	121,868,596	27,728,152	149,596,748	13,236	26,747,197
Right of use assets	2,162,483	29,996,021	32,158,504	---	---
Accumulated depreciation and amortization	(909,613,421)	(258,108,652)	(1,167,722,073)	(6,533)	(293,236,672)
Total capital assets	<u>1,258,219,332</u>	<u>530,826,524</u>	<u>1,789,045,856</u>	<u>6,703</u>	<u>269,671,898</u>
Total noncurrent assets	<u>1,266,673,053</u>	<u>561,117,228</u>	<u>1,827,790,281</u>	<u>21,514</u>	<u>279,950,061</u>
Total assets	<u>1,899,923,154</u>	<u>625,839,355</u>	<u>2,525,762,509</u>	<u>4,315,717</u>	<u>371,990,810</u>
Deferred Outflows of Resources					
Other postemployment deferred outflows	7,109,794	1,022,002	8,131,796	---	202,942
Pension related deferred outflows	34,930,079	2,405,454	37,335,533	---	335,446
Loss on refunding debt	---	---	---	---	37,942
Total deferred outflows of resources	<u>42,039,873</u>	<u>3,427,456</u>	<u>45,467,329</u>	<u>---</u>	<u>576,330</u>

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

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	LIBRARY FOUNDATION	AIRPORT AUTHORITY
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 7,663,411	\$ 1,563,978	\$ 9,227,389	\$ ---	\$ 2,340,305
Contracts payable	11,053,827	6,841,686	17,895,513	---	529,932
Accrued wages payable	11,177,456	1,298,527	12,475,983	27,538	106,298
Accrued employee benefits	32,658,528	1,259,530	33,918,058	---	84,967
Good faith, tenant, security, airport deposits	1,123,116	140,022	1,263,138	---	299,842
Accrued interest payable	1,439,654	156,234	1,595,888	---	---
Other liabilities, claims and judgments	5,475,500	---	5,475,500	---	---
Notes, loans, leases and bonds payable	44,283,204	2,134,216	46,417,420	---	---
Unearned revenue	91,335,043	18,712	91,353,755	---	---
Total current liabilities - from unrestricted	206,209,739	13,412,905	219,622,644	27,538	3,361,344
Current liabilities payable from restricted assets:					
Notes, loans, and bonds payable	---	8,791,000	8,791,000	---	23,615,000
Accrued interest payable	---	319,340	319,340	---	71,822
Total current liabilities - from restricted	---	9,110,340	9,110,340	---	23,686,822
Total current liabilities	206,209,739	22,523,245	228,732,984	27,538	27,048,166
Noncurrent liabilities:					
Accrued employee benefits	13,678,079	1,844,051	15,522,130	---	1,102,560
Other post retirement benefits	24,202,849	3,479,054	27,681,903	---	577,766
Net pension liability	42,368,929	280,138	42,649,067	---	75,631
Other liabilities	---	350,883	350,883	---	---
Notes, loans, leases and bonds payable, net	490,501,361	188,402,365	678,903,726	---	8,066,484
Total noncurrent liabilities	570,751,218	194,356,491	765,107,709	---	9,822,441
Total liabilities	776,960,957	216,879,736	993,840,693	27,538	36,870,607
DEFERRED INFLOWS OF RESOURCES					
Property taxes	199,635,301	---	199,635,301	---	---
Lease deferred inflows	4,488,532	---	4,488,532	---	---
Other postretirement deferred inflows	5,488,119	788,893	6,277,012	---	122,932
Pension related deferred inflows	113,440,324	10,590,306	124,030,630	---	2,955,413
Total deferred inflows of resources	323,052,276	11,379,199	334,431,475	---	3,078,345
NET POSITION					
Net investment in capital assets	802,111,537	351,539,366	1,153,650,903	---	238,028,357
Restricted:					
Public housing program	---	1,606,069	1,606,069	---	---
Debt retirement	6,940,325	11,253,763	18,194,088	---	17,435,229
Corpus non-expendable permanent	3,335,565	---	3,335,565	1,141,991	---
Donor restricted temporary	---	---	---	1,853,912	---
Capital projects	3,476,330	---	3,476,330	---	---
Public works	19,420,218	---	19,420,218	---	---
Police and fire	927,346	---	927,346	---	---
Culture and recreation	2,567,399	---	2,567,399	---	---
Community and economic development	30,239,551	---	30,239,551	---	---
Other restricted assets	26,064,431	---	26,064,431	---	20,039,867
Unrestricted	(53,132,908)	36,608,678	(16,524,230)	1,292,276	57,114,735
Total net position	\$ 841,949,794	\$ 401,007,876	\$ 1,242,957,670	\$ 4,288,179	\$ 332,618,188

CITY OF DES MOINES
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
Public safety	\$ 129,826,976	\$ 30,394,845	\$ 3,658,142	\$ 2,309,560
Public works	59,167,661	3,674,650	28,716,983	22,478,626
Health and social services	10,589,681	398,248	10,435,602	---
Culture and recreation	37,077,618	3,098,039	656,730	912,338
Community and economic development	36,945,357	559,565	5,152,013	---
General government	52,492,330	25,174,362	7,293,519	7,240,943
Interest on long-term debt	11,488,702	---	---	---
Total governmental activities	<u>337,588,325</u>	<u>63,299,709</u>	<u>55,912,989</u>	<u>32,941,467</u>
Business-type activities:				
Parking facilities system	11,467,622	9,910,115	---	60,000
Sewer system	38,873,120	46,672,995	---	79,542
Stormwater utility	21,903,403	31,945,724	---	3,147,412
Golf	632,321	708,287	---	2,100
Solid waste system	14,833,586	16,159,158	---	---
Municipal Housing Agency	22,166,962	1,578,076	19,227,454	292,957
Total business-type activities	<u>109,877,014</u>	<u>106,974,355</u>	<u>19,227,454</u>	<u>3,582,011</u>
Total primary government	<u>\$ 447,465,339</u>	<u>\$ 170,274,064</u>	<u>\$ 75,140,443</u>	<u>\$ 36,523,478</u>
Component unit, Des Moines Public Library Foundation	<u>\$ 691,860</u>	<u>\$ ---</u>	<u>\$ 486,070</u>	<u>\$ ---</u>
Component unit, Des Moines Airport Authority	<u>\$ 40,217,359</u>	<u>\$ 46,759,133</u>	<u>\$ 6,434,669</u>	<u>\$ 3,432,866</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Local Option Sales Taxes				
Hotel/motel taxes				
Franchise taxes				
Investment earnings				
Miscellaneous				
Gain on disposal of capital assets				
Transfers - internal activities				
Total general revenues and transfers				
Change in net position				
Net position, beginning, as restated				
Net position, ending				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNIT	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	LIBRARY FOUNDATION	AIRPORT AUTHORITY
\$ (93,464,429)	\$ ---	\$ (93,464,429)	\$ ---	\$ ---
(4,297,402)	---	(4,297,402)	---	---
244,169	---	244,169	---	---
(32,410,511)	---	(32,410,511)	---	---
(31,233,779)	---	(31,233,779)	---	---
(12,783,506)	---	(12,783,506)	---	---
(11,488,702)	---	(11,488,702)	---	---
<u>(185,434,160)</u>	<u>---</u>	<u>(185,434,160)</u>	<u>---</u>	<u>---</u>
---	(1,497,507)	(1,497,507)	---	---
---	7,879,417	7,879,417	---	---
---	13,189,733	13,189,733	---	---
---	78,066	78,066	---	---
---	1,325,572	1,325,572	---	---
---	(1,068,475)	(1,068,475)	---	---
<u>---</u>	<u>19,906,806</u>	<u>19,906,806</u>	<u>---</u>	<u>---</u>
\$ (185,434,160)	\$ 19,906,806	\$ (165,527,354)	\$ ---	\$ ---
			<u>\$ (205,790)</u>	
				<u>\$ 16,409,309</u>
154,713,417	---	154,713,417	---	---
28,113,917	---	28,113,917	---	---
55,240,296	---	55,240,296	---	---
7,610,216	---	7,610,216	---	---
15,626,934	---	15,626,934	---	---
3,331,694	315,328	3,647,022	378,843	209,925
118,638	---	118,638	241,782	---
167,681	81,764	249,445	---	68,155
<u>(3,618,397)</u>	<u>3,618,397</u>	<u>---</u>	<u>---</u>	<u>---</u>
<u>261,304,396</u>	<u>4,015,489</u>	<u>265,319,885</u>	<u>620,625</u>	<u>278,080</u>
75,870,236	23,922,295	99,792,531	414,835	16,687,389
<u>766,079,558</u>	<u>377,085,581</u>	<u>1,143,165,139</u>	<u>3,873,344</u>	<u>315,930,799</u>
<u>\$ 841,949,794</u>	<u>\$ 401,007,876</u>	<u>\$ 1,242,957,670</u>	<u>\$ 4,288,179</u>	<u>\$ 332,618,188</u>

CITY OF DES MOINES, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL	DEBT SERVICE	TAX INCREMENT	BENEFIT TAX ACCOUNTS
ASSETS				
Cash and investments	\$ 57,012,736	\$ 6,796,406	\$ 9,056,405	\$ 595,221
Taxes receivable	78,145,224	29,598,385	44,826,152	25,429,646
Accounts receivable, net of allowance for doubtful accounts	6,126,826	---	---	---
Loans receivable, net of allowance for doubtful accounts	---	---	---	---
Accrued interest receivable	501,383	---	---	---
Lease receivable	4,316,672	---	---	---
Due from other funds	3,979,381	---	---	---
Due from other governmental units	532,581	---	---	---
Advance to other funds	2,608,557	---	---	---
Special assessment receivables	---	---	---	---
Inventory	---	---	---	---
Prepaid items	1,187,187	---	---	---
Total assets	\$ 154,410,547	\$ 36,394,791	\$ 53,882,557	\$ 26,024,867
LIABILITIES				
Accounts payable	\$ 3,206,207	\$ ---	\$ ---	\$ ---
Contracts payable	---	---	---	---
Accrued wages payable	9,027,046	---	---	---
Accrued employee benefits	---	---	---	---
Due to other funds	---	---	---	---
Unearned revenue	---	---	---	---
Good faith, security deposits	1,002,181	---	---	---
Total liabilities	13,235,434	---	---	---
DEFERRED INFLOWS OF RESOURCES				
Lease deferred inflows	4,260,747	---	---	---
Unavailable revenue - property taxes	75,096,131	29,454,466	45,121,271	25,264,081
Unavailable revenue - intergovernmental	---	---	---	---
Unavailable revenue - special assessments	---	---	---	---
Total deferred inflows of resources	79,356,878	29,454,466	45,121,271	25,264,081
FUND BALANCES (DEFICITS)				
Nonspendable	3,795,744	---	---	---
Restricted	1,430,349	6,940,325	8,761,286	760,786
Committed	1,000,000	---	---	---
Unassigned	55,592,142	---	---	---
Total fund balances	61,818,235	6,940,325	8,761,286	760,786
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 154,410,547	\$ 36,394,791	\$ 53,882,557	\$ 26,024,867

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

LOCAL OPTION SALES TAX	AMERICAN RESCUE PLAN	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 30,155,156	\$ 87,724,614	\$ 135,315,825	\$ 28,396,094	\$ 355,052,457
9,861,718	---	---	25,494,408	213,355,533
---	---	5,505	106,644	6,238,975
---	---	---	1,488,698	1,488,698
---	---	---	29,015	530,398
---	---	221,782	---	4,538,454
---	---	---	---	3,979,381
---	---	3,585,644	8,848,477	12,966,702
---	---	---	---	2,608,557
---	---	2,637,385	---	2,637,385
---	---	---	501,917	501,917
301,093	---	214,389	88,573	1,791,242
<u>\$ 40,317,967</u>	<u>\$ 87,724,614</u>	<u>\$ 141,980,530</u>	<u>\$ 64,953,826</u>	<u>\$ 605,689,699</u>
\$ 83,547	\$ 100,000	\$ 850,884	\$ 1,695,378	\$ 5,936,016
---	---	11,041,325	12,502	11,053,827
79,317	---	257,043	1,531,557	10,894,963
---	---	---	549,617	549,617
---	---	357,268	2,003,461	2,360,729
---	91,224,614	73,935	---	91,298,549
---	---	---	120,935	1,123,116
<u>162,864</u>	<u>91,324,614</u>	<u>12,580,455</u>	<u>5,913,450</u>	<u>123,216,817</u>
---	---	227,785	---	4,488,532
---	---	---	24,699,352	199,635,301
---	---	500,880	849,415	1,350,295
---	---	2,637,385	---	2,637,385
---	---	3,366,050	25,548,767	208,111,513
301,093	---	214,389	3,926,055	8,237,281
39,854,010	---	894,601	26,092,527	84,733,884
---	---	125,317,608	4,265,421	130,583,029
---	(3,600,000)	(392,573)	(792,394)	50,807,175
<u>40,155,103</u>	<u>(3,600,000)</u>	<u>126,034,025</u>	<u>33,491,609</u>	<u>274,361,369</u>
<u>\$ 40,317,967</u>	<u>\$ 87,724,614</u>	<u>\$ 141,980,530</u>	<u>\$ 64,953,826</u>	<u>\$ 605,689,699</u>

CITY OF DES MOINES, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental fund balances \$ 274,361,369

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,241,448,554

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds balance sheet. 3,987,680

Internal service funds are used by management to charge the costs of certain services to individual funds. The assets, deferred outflow of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

Capital assets, net of accumulated depreciation	16,770,778
Other current assets	20,979,366
Deferred outflow of resources, pension related items	609,687
Deferred outflow of resources, OPEB related items	261,672
Other current liabilities	(5,075,563)
Net pension liability - IPERS	(71,005)
Other accrued post retirement benefits	(890,772)
Other noncurrent liabilities	(310,101)
Deferred inflow of resources, pension related items	(2,684,222)
Deferred inflow of resources, OPEB related items	(201,986)
	<u>29,387,854</u>

Internal service funds allocated to business-type activities 18,236,496

Pension 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 - IPERS	8,878,945
Deferred outflows of resources - MFPRSI	25,441,447
Deferred outflows of resources - OPEB	6,848,122
Deferred inflows of resources - IPERS	(39,090,649)
Deferred inflows of resources - MFPRSI	(71,665,453)
Deferred inflows of resources - OPEB	(5,286,133)
	<u>(74,873,721)</u>

Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Unamortized premium cost	(33,282,993)
Accrued employee benefits	(43,288,718)
Other accrued post retirement benefits	(23,312,077)
Accrued interest payable	(1,439,654)
Notes payable	(4,001,633)
Section 108 loans payable	(6,048,000)
General obligation bonds payable	(489,370,000)
Lease liabilities	(2,081,939)
Other liabilities, claims and judgments	(5,475,500)
Net pension liability - IPERS	(1,034,036)
Net pension liability - MFPRSI	(41,263,888)
	<u>(650,598,438)</u>

Net position of governmental activities	<u>\$ 841,949,794</u>
---	-----------------------

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

CITY OF DES MOINES, IOWA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	GENERAL	DEBT SERVICE	TAX INCREMENT
Revenues:			
Taxes	\$ 79,396,282	\$ 28,113,917	\$ 36,300,236
Franchise fees	15,626,934	---	---
Licenses and permits	4,170,497	---	---
Fines and forfeitures	6,932,514	---	---
Charges for sales and services	21,724,183	---	---
Use of money and property	2,415,126	---	671,708
Miscellaneous	15,979,370	---	---
Intergovernmental	10,465,672	943,020	51,026
Total revenue	<u>156,710,578</u>	<u>29,056,937</u>	<u>37,022,970</u>
Expenditures:			
Current:			
Public safety	127,311,690	---	---
Public works	5,263,412	---	---
Health and social services	485,825	---	---
Culture and recreation	22,742,617	---	---
Community and economic development	13,434,625	---	19,127,891
General government	28,757,433	345,259	---
Capital outlay	407,899	---	---
Debt service:			
Principal retirement	81,875	73,621,894	804,000
Lease Payments	33,600	---	46,945
Interest and fiscal charges	---	18,637,389	191,228
Total expenditures	<u>198,518,976</u>	<u>92,604,542</u>	<u>20,170,064</u>
Excess (deficiency) of revenues over expenditures	<u>(41,808,398)</u>	<u>(63,547,605)</u>	<u>16,852,906</u>
Other financing sources (uses):			
Transfers in	55,125,133	55,401,231	---
Transfers out	(12,582,692)	(102,675,165)	(25,214,995)
Premium on bond issue	---	8,811,754	---
General obligation bonds issued	---	94,175,000	---
Loan proceeds	648,425	---	---
Proceeds from damage claims	58,875	---	---
Proceeds from capital asset sale	31,375	---	---
Total other financing sources (uses)	<u>43,281,116</u>	<u>55,712,820</u>	<u>(25,214,995)</u>
Net change in fund balances	1,472,718	(7,834,785)	(8,362,089)
Fund balances, beginning of year	60,345,517	14,775,110	17,123,375
Fund balances, end of year	<u>\$ 61,818,235</u>	<u>\$ 6,940,325</u>	<u>\$ 8,761,286</u>

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

BENEFIT TAX ACCOUNTS	LOCAL OPTION SALES TAX	AMERICAN RESCUE PLAN	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 25,186,900	\$ 72,486,977	\$ ---	\$ ---	\$ 21,440,214	\$ 262,924,526
---	---	---	---	---	15,626,934
---	---	---	---	108,584	4,279,081
---	---	---	---	13,672	6,946,186
---	27,401	---	31,270	1,500,365	23,283,219
---	---	---	18,256	576,010	3,681,100
---	15,000	---	2,389,385	1,607,648	19,991,403
934,409	---	3,600,000	13,067,891	51,090,366	80,152,384
<u>26,121,309</u>	<u>72,529,378</u>	<u>3,600,000</u>	<u>15,506,802</u>	<u>76,336,859</u>	<u>416,884,833</u>
---	---	---	64,213	4,381,624	131,757,527
---	---	---	3,742,638	21,059,667	30,065,717
---	---	---	---	10,192,788	10,678,613
---	---	---	3,469,731	407,623	26,619,971
---	---	---	2,413,713	544,391	35,520,620
---	7,455,528	100,000	2,804,969	4,596,411	44,059,600
---	2,381,525	---	92,465,847	3,410,820	98,666,091
---	352,849	---	---	774,000	75,634,618
---	---	---	---	---	80,545
---	6,502	---	---	108,120	18,943,239
---	<u>10,196,404</u>	<u>100,000</u>	<u>104,961,111</u>	<u>45,475,444</u>	<u>472,026,541</u>
<u>26,121,309</u>	<u>62,332,974</u>	<u>3,500,000</u>	<u>(89,454,309)</u>	<u>30,861,415</u>	<u>(55,141,708)</u>
---	3,016,174	---	133,364,036	3,792,630	250,699,204
(26,117,901)	(48,058,490)	(7,100,000)	(3,322,039)	(29,246,319)	(254,317,601)
---	---	---	---	---	8,811,754
---	---	---	---	---	94,175,000
---	1,574,400	---	---	---	2,222,825
---	---	---	---	22,170	81,045
---	---	---	---	---	31,375
<u>(26,117,901)</u>	<u>(43,467,916)</u>	<u>(7,100,000)</u>	<u>130,041,997</u>	<u>(25,431,519)</u>	<u>101,703,602</u>
3,408	18,865,058	(3,600,000)	40,587,688	5,429,896	46,561,894
757,378	21,290,045	---	85,446,337	28,061,713	227,799,475
<u>\$ 760,786</u>	<u>\$ 40,155,103</u>	<u>\$ (3,600,000)</u>	<u>\$ 126,034,025</u>	<u>\$ 33,491,609</u>	<u>\$ 274,361,369</u>

CITY OF DES MOINES, IOWA
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances: Total governmental funds	\$ 46,561,894
---	---------------

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 detail of the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	98,666,091
Depreciation	<u>(52,132,329)</u>
	<u>46,533,762</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net position:

Proceeds from the sale of capital assets	(31,375)
Gain (Loss) from sale of capital assets	31,375
Capital assets contributed by private sources	<u>2,227,064</u>
	<u>2,227,064</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(19,353,506)
--	--------------

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 position. 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 is the detail of the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium	7,430,078
Long-term debt issued, including premiums of \$8,811,754	(105,209,579)
Repayment of long-term debt principal	75,634,618
Payments on leases	80,545
Interest	(6,826)
	<u>(22,071,164)</u>

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:

Accrued employee benefits	(4,582,834)
Other accrued post retirement benefits	(980,329)
Claims and judgments	(743,600)
Pension benefit - IPERS	9,101,725
Pension benefit - MFPRSI	15,116,412
	<u>17,911,374</u>

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 governmental activities.

	2,360,781
Change in internal service fund allocations to business-type activities	1,700,031
	<u>\$ 75,870,236</u>

Change in net position of governmental activities

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

CITY OF DES MOINES, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	PARKING FACILITIES SYSTEM	SEWER SYSTEM	STORMWATER UTILITY
ASSETS			
Current assets:			
Unrestricted current assets:			
Cash and investments	\$ 6,394,567	\$ 27,969,267	\$ 23,758,028
Taxes receivable	---	---	---
Accounts receivable	3,670	27,044	---
Due from other funds	---	---	---
Due from other governmental units	5,520	5,718,831	1,856,170
Inventory	---	---	---
Prepaid items	13,359	20,453	20,570
Total unrestricted current assets	<u>6,417,116</u>	<u>33,735,595</u>	<u>25,634,768</u>
Restricted current assets:			
Cash and investments	---	309,236	930,375
Total restricted current assets	<u>---</u>	<u>309,236</u>	<u>930,375</u>
Total current assets	<u>6,417,116</u>	<u>34,044,831</u>	<u>26,565,143</u>
Noncurrent assets:			
Restricted cash and investments	---	---	28,292,558
Restricted interest receivable	---	---	392,077
Capital assets:			
Land	14,145,778	2,161,508	8,773,183
Construction in progress	1,038,667	22,769,418	51,377,122
Buildings	61,336,769	573,492	---
Improvements other than buildings	34,861,107	257,516,364	224,582,041
Machinery and equipment	1,225,195	5,682,565	5,516,847
Right of Use Assets	29,996,021	---	---
Accumulated depreciation and amortization	<u>(74,264,989)</u>	<u>(86,363,632)</u>	<u>(43,001,721)</u>
Total capital assets, net of accumulated depreciation	<u>68,338,548</u>	<u>202,339,715</u>	<u>247,247,472</u>
Total noncurrent assets	<u>68,338,548</u>	<u>202,339,715</u>	<u>275,932,107</u>
Total assets	<u>74,755,664</u>	<u>236,384,546</u>	<u>302,497,250</u>
DEFERRED OUTFLOW OF RESOURCES			
Other postemployment benefits related deferred outflows	64,184	390,039	177,740
Pension related deferred outflows	118,842	892,559	485,690
Total deferred outflow of resources	<u>183,026</u>	<u>1,282,598</u>	<u>663,430</u>

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
\$ 4,194,943	\$ 13,293,332	\$ 75,610,137	\$ 18,296,175
---	---	---	27,235
128,831	56,167	215,712	2,286,909
14,496	---	14,496	---
1,471,883	70,227	9,122,631	99,513
67,149	---	67,149	205,975
34,123	1,077	89,582	63,559
<u>5,911,425</u>	<u>13,420,803</u>	<u>85,119,707</u>	<u>20,979,366</u>
---	---	1,239,611	---
---	---	1,239,611	---
<u>5,911,425</u>	<u>13,420,803</u>	<u>86,359,318</u>	<u>20,979,366</u>
1,606,069	---	29,898,627	---
---	---	392,077	---
1,388,411	123,497	26,592,377	---
---	---	75,185,207	---
39,023,411	2,215,594	103,149,266	---
5,858,605	3,466,036	526,284,153	---
1,627,079	13,676,466	27,728,152	56,031,658
---	---	29,996,021	---
<u>(40,259,751)</u>	<u>(14,218,559)</u>	<u>(258,108,652)</u>	<u>(39,260,880)</u>
<u>7,637,755</u>	<u>5,263,034</u>	<u>530,826,524</u>	<u>16,770,778</u>
<u>9,243,824</u>	<u>5,263,034</u>	<u>561,117,228</u>	<u>16,770,778</u>
<u>15,155,249</u>	<u>18,683,837</u>	<u>647,476,546</u>	<u>37,750,144</u>
148,116	241,923	1,022,002	261,672
339,110	569,253	2,405,454	609,687
<u>487,226</u>	<u>811,176</u>	<u>3,427,456</u>	<u>871,359</u>

(continued)

CITY OF DES MOINES, IOWA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
June 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	PARKING FACILITIES SYSTEM	SEWER SYSTEM	STORMWATER UTILITY
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 266,056	\$ 88,821	\$ 142,112
Contracts payable	361,970	1,882,184	4,590,657
Accrued wages payable	66,263	341,017	416,704
Accrued employee benefits	102,807	276,220	452,486
Due to other funds	792,138	---	---
Tenant security deposits	---	---	---
Accrued interest payable	108,028	---	17,716
General obligation bonds payable	---	---	445,000
Lease payable	1,099,216	---	---
Unearned revenue	---	---	---
Total current liabilities - from unrestricted	<u>2,796,478</u>	<u>2,588,242</u>	<u>6,064,675</u>
Current liabilities payable from restricted assets:			
Revenue bonds payable	---	1,977,000	6,814,000
Accrued interest payable	---	27,672	291,668
Total current liabilities - from restricted	<u>---</u>	<u>2,004,672</u>	<u>7,105,668</u>
Total current liabilities	<u>2,796,478</u>	<u>4,592,914</u>	<u>13,170,343</u>
Noncurrent liabilities:			
Accrued employee benefits	178,341	479,162	663,331
Other postemployment benefits	218,491	1,327,755	605,053
Net pension liability	13,840	103,947	56,563
Advance from other funds	---	---	---
Revenue bonds payable, net	---	27,583,459	116,434,761
General obligation bonds payable, net	---	---	5,753,194
Lease payable, net	25,596,977	---	---
Other liabilities	---	---	---
Total noncurrent liabilities	<u>26,007,649</u>	<u>29,494,323</u>	<u>123,512,902</u>
Total liabilities	<u>28,804,127</u>	<u>34,087,237</u>	<u>136,683,245</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits related deferred inflows	49,544	301,075	137,199
Pension related deferred inflows	523,215	3,929,602	2,138,312
Total deferred inflow of resources	<u>572,759</u>	<u>4,230,677</u>	<u>2,275,511</u>
NET POSITION			
Net investment in capital assets	41,280,385	170,897,072	126,467,995
Restricted:			
Public housing program	---	---	---
Debt retirement	---	2,117,982	9,135,781
Unrestricted	4,281,419	26,334,176	28,598,148
Total net position (deficit)	<u>\$ 45,561,804</u>	<u>\$ 199,349,230</u>	<u>\$ 164,201,924</u>

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
MUNICIPAL	OTHER	TOTAL	ACTIVITIES
HOUSING	ENTERPRISE	ENTERPRISE	INTERNAL
AGENCY	FUNDS	FUNDS	SERVICE
			FUNDS
\$ 258,211	\$ 808,778	\$ 1,563,978	\$ 1,727,395
---	6,875	6,841,686	---
142,226	332,317	1,298,527	282,493
209,229	218,788	1,259,530	2,188,171
---	---	792,138	841,010
140,022	---	140,022	---
---	30,490	156,234	---
---	590,000	1,035,000	---
---	---	1,099,216	---
18,712	---	18,712	36,494
<u>768,400</u>	<u>1,987,248</u>	<u>14,205,043</u>	<u>5,075,563</u>
---	---	8,791,000	---
---	---	319,340	---
---	---	9,110,340	---
<u>768,400</u>	<u>1,987,248</u>	<u>23,315,383</u>	<u>5,075,563</u>
144,653	378,564	1,844,051	310,101
504,211	823,544	3,479,054	890,772
39,493	66,295	280,138	71,005
---	2,608,557	2,608,557	---
---	1,223,974	145,242,194	---
---	11,810,000	17,563,194	---
---	---	25,596,977	---
350,883	---	350,883	---
<u>1,039,240</u>	<u>16,910,934</u>	<u>196,965,048</u>	<u>1,271,878</u>
<u>1,807,640</u>	<u>18,898,182</u>	<u>220,280,431</u>	<u>6,347,441</u>
114,332	186,743	788,893	201,986
<u>1,492,973</u>	<u>2,506,204</u>	<u>10,590,306</u>	<u>2,684,222</u>
<u>1,607,305</u>	<u>2,692,947</u>	<u>11,379,199</u>	<u>2,886,208</u>
7,637,755	5,256,159	351,539,366	16,770,778
1,606,069	---	1,606,069	---
---	---	11,253,763	---
2,983,706	(7,352,275)	54,845,174	12,617,076
<u>\$ 12,227,530</u>	<u>\$ (2,096,116)</u>	<u>\$ 419,244,372</u>	<u>\$ 29,387,854</u>



**CITY OF DES MOINES, IOWA
RECONCILIATION OF THE ENTERPRISE FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2022**

Net position of enterprise funds \$ 419,244,372

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 expense of certain activities of internal service funds is reported with business-type activities.

(18,236,496)

Net position of business-type activities

\$ 401,007,876

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

**CITY OF DES MOINES, IOWA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	PARKING FACILITIES SYSTEM	SEWER SYSTEM	STORMWATER UTILITY
Operating revenues:			
Charges for sales and services	\$ 9,910,115	\$ 46,672,995	\$ 31,931,388
Intergovernmental	---	---	---
Miscellaneous	---	---	14,336
Total operating revenues	<u>9,910,115</u>	<u>46,672,995</u>	<u>31,945,724</u>
Operating expenses:			
Personal services	1,106,792	4,612,576	6,182,874
Contractual services	3,454,853	22,554,114	3,582,179
Commodities	211,881	474,968	828,226
Depreciation	4,042,535	5,098,995	4,908,544
Other charges	1,526,570	5,357,631	2,929,925
Total operating expenses	<u>10,342,631</u>	<u>38,098,284</u>	<u>18,431,748</u>
Operating income (loss)	<u>(432,516)</u>	<u>8,574,711</u>	<u>13,513,976</u>
Non-operating revenues (expenses):			
Investment earnings	4,504	32,928	245,075
Proceeds from damage claims	---	---	---
Interest expense and fiscal charges	(1,008,128)	(341,769)	(2,972,118)
Gain (loss) on disposal of capital assets	---	76,595	2,363
Total nonoperating revenues (expenses)	<u>(1,003,624)</u>	<u>(232,246)</u>	<u>(2,724,680)</u>
Income (loss) before transfers, capital grants and contributions	(1,436,140)	8,342,465	10,789,296
Capital grants and contributions	60,000	79,542	3,147,412
Transfers in	4,300,000	4,204,178	2,441,153
Transfers out	---	(1,128,567)	(6,281,059)
Change in net position	2,923,860	11,497,618	10,096,802
Total net position - beginning, as restated	<u>42,637,944</u>	<u>187,851,612</u>	<u>154,105,122</u>
Total net position - ending	<u>\$ 45,561,804</u>	<u>\$ 199,349,230</u>	<u>\$ 164,201,924</u>

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
MUNICIPAL	OTHER	TOTAL	ACTIVITIES
HOUSING	ENTERPRISE	ENTERPRISE	INTERNAL
AGENCY	FUNDS	FUNDS	SERVICE
			FUNDS
\$ 1,436,547	\$ 16,721,118	\$ 106,672,163	\$ 51,402,505
19,227,454	---	19,227,454	---
141,529	146,327	302,192	50,315
<u>20,805,530</u>	<u>16,867,445</u>	<u>126,201,809</u>	<u>51,452,820</u>
3,128,739	4,991,665	20,022,646	4,769,423
17,619,452	7,590,884	54,801,482	34,185,669
---	896,599	2,411,674	5,299,033
1,099,209	774,454	15,923,737	4,823,340
---	659,712	10,473,838	218,698
<u>21,847,400</u>	<u>14,913,314</u>	<u>103,633,377</u>	<u>49,296,163</u>
<u>(1,041,870)</u>	<u>1,954,131</u>	<u>22,568,432</u>	<u>2,156,657</u>
10,266	22,555	315,328	---
---	---	---	36,443
---	(221,591)	(4,543,606)	---
---	2,806	81,764	167,681
<u>10,266</u>	<u>(196,230)</u>	<u>(4,146,514)</u>	<u>204,124</u>
(1,031,604)	1,757,901	18,421,918	2,360,781
292,957	2,100	3,582,011	---
82,692	---	11,028,023	---
---	---	(7,409,626)	---
<u>(655,955)</u>	<u>1,760,001</u>	<u>25,622,326</u>	<u>2,360,781</u>
<u>12,883,485</u>	<u>(3,856,117)</u>	<u>393,622,046</u>	<u>27,027,073</u>
<u>\$ 12,227,530</u>	<u>\$ (2,096,116)</u>	<u>\$ 419,244,372</u>	<u>\$ 29,387,854</u>



CITY OF DES MOINES, IOWA
RECONCILIATION OF THE CHANGE IN NET POSITION OF
ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Net changes in net position in enterprise funds \$ 25,622,326

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 expense of certain activities of internal service funds is reported with business-type activities.

(1,700,031)

Change in net position of business-type activities \$ 23,922,295

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

CITY OF DES MOINES, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	BUSINESS-TYPE ACTIVITIES -		
	PARKING	SEWER SYSTEM	STORMWATER UTILITY
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 9,929,796	\$ 45,110,785	\$ 33,770,541
Receipts from interfund services provided	---	---	---
Payments to suppliers	(4,887,812)	(28,388,525)	(7,358,811)
Payments to employees	(1,277,076)	(5,410,356)	(6,716,095)
Receipts from miscellaneous revenue	---	---	14,336
Payments for interfund services used	---	---	---
Net cash provided by (used in) operating activities	<u>3,764,908</u>	<u>11,311,904</u>	<u>19,709,971</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to interfund accounts	(933,578)	---	---
Proceeds from interfund accounts	---	---	---
Transfers In	4,300,000	4,204,178	2,441,153
Transfers Out	---	(1,128,567)	(6,281,059)
Intergovernmental receipts	---	---	---
Net cash provided by (used in) Noncapital financing activities	<u>3,366,422</u>	<u>3,075,611</u>	<u>(3,839,906)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from intergovernmental and capital grants	60,000	---	---
Interest paid on capital debt	(974,074)	(409,531)	(3,782,032)
Principal paid on long-term debt and leases borrowings	(1,192,515)	(2,532,000)	(7,244,000)
Proceeds from premium on revenue bonds	---	---	1,840,403
Proceeds from sale of capital assets	---	76,595	2,363
Acquisition and construction of capital assets	(1,006,575)	(14,095,268)	(24,485,260)
Net cash provided by (used) by capital and related financing activities	<u>(3,113,164)</u>	<u>(11,855,773)</u>	<u>(5,949,709)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	---	1,967,796	65,678,921
Purchase of investments	---	---	(78,365,267)
Interest and dividends received	4,504	(43,347)	(59,433)
Net cash provided by investing activities	<u>4,504</u>	<u>1,924,449</u>	<u>(12,745,779)</u>
Net increase (decrease) in cash and cash equivalents	4,022,670	4,456,191	(2,825,423)
Cash and cash equivalents, beginning of year	<u>2,371,897</u>	<u>23,822,312</u>	<u>27,513,826</u>
Cash and cash equivalents, end of year	<u>\$ 6,394,567</u>	<u>\$ 28,278,503</u>	<u>\$ 24,688,403</u>

			GOVERNMENTAL ACTIVITIES	
MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS	
\$ 21,031,158	\$ 16,929,812	\$ 126,772,092	\$	42,873,486
---	---	---		8,394,148
(17,650,487)	(8,473,153)	(66,758,788)		(39,148,081)
(3,569,801)	(5,479,656)	(22,452,984)		(5,584,357)
---	---	14,336		36,443
---	---	---		(291,506)
<u>(189,130)</u>	<u>2,977,003</u>	<u>37,574,656</u>	<u>\$</u>	<u>6,280,133</u>
---	---	(933,578)		(1,018,906)
---	(192,066)	(192,066)		---
82,692	---	11,028,023		---
---	---	(7,409,626)		---
---	---	---		493,065
<u>82,692</u>	<u>(192,066)</u>	<u>2,492,753</u>	<u>\$</u>	<u>(525,841)</u>
292,957	2,100	355,057		---
---	(224,029)	(5,389,666)		---
---	(756,102)	(11,724,617)		---
---	-	32,823,248		---
---	---	1,840,403		---
---	2,806	81,764		167,681
<u>(289,555)</u>	<u>---</u>	<u>(39,876,658)</u>	<u>\$</u>	<u>(4,576,445)</u>
<u>3,402</u>	<u>(975,225)</u>	<u>(21,890,469)</u>	<u>\$</u>	<u>(4,408,764)</u>
---	---	67,646,717		---
---	---	(78,365,267)		---
10,266	22,555	(65,455)		---
<u>10,266</u>	<u>22,555</u>	<u>(10,784,005)</u>	<u>\$</u>	<u>---</u>
(92,770)	1,832,267	7,392,935		1,345,528
5,893,782	11,461,065	71,062,882		16,950,647
<u>\$ 5,801,012</u>	<u>\$ 13,293,332</u>	<u>\$ 78,455,817</u>	<u>\$</u>	<u>18,296,175</u>

(continued)

CITY OF DES MOINES, IOWA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	BUSINESS-TYPE ACTIVITIES -		
	PARKING	SEWER SYSTEM	STORMWATER UTILITY
Reconciliation of cash and cash equivalents to specific assets on the combined statement of net position:			
Unrestricted cash and investments	\$ 6,394,567	\$ 27,969,267	\$ 23,758,028
Restricted cash and investments - current	-	309,236	930,375
Restricted cash and investments - noncurrent	-	-	28,292,558
Less items not meeting the definition of cash equivalents	-	-	(28,292,558)
Cash and cash equivalents, end of year	<u>6,394,567</u>	<u>28,278,503</u>	<u>24,688,403</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (432,516)	\$ 8,574,711	\$ 13,513,976
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	4,042,535	5,098,995	4,908,544
(Increase) decrease in accounts and taxes receivable	18,841	(27,044)	1,468
(Increase) decrease in due from other governmental units	840	(1,535,166)	1,837,685
Increase in inventories	---	---	---
(Increase) decrease in prepaid items	(13,359)	(7,657)	(3,380)
Increase (decrease) in accounts and contracts payable	305,492	5,845	(15,101)
Increase in accrued wages payable	1,600	72,347	(26,058)
Increase (decrease) in accrued employee benefits and other postemployment benefits	19,183	205,766	54,004
Decrease in due to other governmental units	---	---	---
Decrease in other liabilities, self-sufficiency participation and tenant security deposits	---	---	---
Increase in deferred outflows	5,797	51,088	49,240
Decrease in deferred inflows	515,048	3,837,627	2,081,208
Increase in net pension liability	(698,553)	(4,964,608)	(2,691,615)
Total adjustments	<u>4,197,424</u>	<u>2,737,193</u>	<u>6,195,995</u>
Net cash provided by (used in) operating activities	<u>\$ 3,764,908</u>	<u>\$ 11,311,904</u>	<u>\$ 19,709,971</u>
Schedule of noncash investing and financing activities:			
Increase (decrease) in fair value of investments	\$ -	\$ (90,724)	\$ (132,695)
Schedule of noncash capital and related financing activities:			
Gain (loss) on disposal of capital assets	\$ -	\$ 76,595	\$ 2,363
Payments on accounts or contracts payable for acquisition of capital assets	---	(230,191)	(1,063,431)
Capital assets contributed	---	79,542	3,147,412

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

			GOVERNMENTAL ACTIVITIES
MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
\$ 4,194,943	\$ 13,293,332	\$ 75,610,137	\$ 18,296,175
-	-	1,239,611	-
1,606,069	-	29,898,627	-
-	-	(28,292,558)	-
<u>5,801,012</u>	<u>13,293,332</u>	<u>78,455,817</u>	<u>18,296,175</u>
<u>\$ (1,041,870)</u>	<u>\$ 1,954,131</u>	<u>\$ 22,568,432</u>	<u>\$ 2,156,657</u>
1,099,209	774,454	15,923,737	4,823,340
32,751	43,909	69,925	(236,218)
238,441	18,458	560,258	79,712
---	---	-	(112,887)
(34,123)	(289)	(58,808)	151,679
(2,043)	674,331	968,524	397,366
1,736	28,268	77,893	(22,346)
6,234	206,736	491,923	(156,878)
(134,326)	---	(134,326)	---
93,893	---	93,893	---
35,071	45,864	187,060	59,689
1,448,161	2,452,431	10,334,475	2,614,729
(1,932,264)	(3,221,290)	(13,508,330)	(3,474,710)
<u>852,740</u>	<u>1,022,872</u>	<u>15,006,224</u>	<u>4,123,476</u>
<u>\$ (189,130)</u>	<u>\$ 2,977,003</u>	<u>\$ 37,574,656</u>	<u>\$ 6,280,133</u>
\$ -	\$ -	\$ (223,419)	\$ -
\$ -	\$ 2,806	\$ 81,764	\$ 167,681
---	---	(1,293,622)	---
---	---	3,226,954	---

CITY OF DES MOINES, IOWA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL
June 30, 2022

	<u>WATER RECLAMATION AUTHORITY</u>
ASSETS	
Cash	\$ 42,590,597
Investments	19,673,412
Receivables	5,742,761
Prepays	224,816
Capital assets, net of depreciation	651,980,570
Total assets	<u>720,212,156</u>
LIABILITIES	
Accounts payable	7,414,394
Accrued employee expenses	2,816,900
Accrued interest payable	742,700
Bonds payable	405,917,979
Total liabilities	<u>416,891,973</u>
Deferred Inflows of Resources , deferred charge on refunding	877,814
NET POSITION (DEFICIT)	
Restricted for other governments	<u>302,442,369</u>
Total net position (deficit)	<u><u>\$ 302,442,369</u></u>

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

CITY OF DES MOINES, IOWA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL
For the Fiscal Year Ended June 30, 2022

	<u>WATER RECLAMATION AUTHORITY</u>
Additions:	
Charges for sales and services	\$ 62,686,911
Sales tax	1,941,334
Gain on disposal of capital assets	31,025
Total additions	<u>64,659,270</u>
Deductions:	
Payments to suppliers & employees	25,563,876
Interest expense and fiscal charges	9,552,836
Depreciation	25,703,230
Total operating expenses	<u>60,819,942</u>
Operating income (loss)	<u>3,839,328</u>
Change in net position	3,839,328
Total net position (deficit) - beginning	<u>298,603,041</u>
Total net position (deficit) - ending	<u><u>\$ 302,442,369</u></u>

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



CITY OF DES MOINES, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

1. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

A. Reporting Entity

The City of Des Moines is located in Polk County and was first incorporated as a town in 1851 and as a city in 1857 under the laws of the State of Iowa. The City operates under the council-manager-ward form of government.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the City has considered all potential organizations for which the nature and significance of their relationships with the City are such that exclusion 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 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 that organization to provide specific benefits to or impose specific financial burdens on the City.

The discretely presented component units discussed below are included in the City's reporting entity because of the nature and significance of their relationship with the City and the ongoing financial support. The component units are discretely presented and reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

The Des Moines Public Library Foundation (Foundation) has a December 31st year-end. The Foundation is a non-profit community foundation founded to provide financial support to the Public Library of Des Moines by fund raising from the private sector, by indirectly supporting library advocacy groups, and by fostering innovative public and private collaboration. Money raised by the Foundation serves to enhance the operating budget of the public library by enhancing its collections, facilities and services, both traditional and technological, beyond what tax dollars provide. The Foundation is presented as a discretely presented component unit as it meets the requirements of GASB Statement No. 39, misleading to exclude. The Foundation publishes its own annual financial report, which is available at their office 1000 Grand Avenue, Des Moines, IA 50309.

The Des Moines Airport Authority (the Authority) has a December 31st year-end. The Authority is responsible for the operation of the Des Moines International Airport and was established on November 1, 2011 pursuant to Section 330A of Iowa Code. A five-

member board governs the Authority and is appointed by the Des Moines City Council. Upon dissolution of the Authority, all assets, deferred outflows of resources, liabilities and deferred inflows of resources would revert back to the City. The Authority publishes its own annual financial report, which is available at their office at 5800 Fleur Drive, Des Moines, Iowa 50321.

B. 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. For the most part, the effect of inter-fund activity has been removed from these statements. However, inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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, liabilities, deferred outflows/inflows of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

(1) 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 and deferred outflows of resources and 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 position, rather than upon net income determination. The following comprise the City's major governmental funds:

(a) General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments; street and highway maintenance; public safety, parks, cemetery, library, and recreation programs, are accounted for in this fund.

The following accounts are included in this fund:

General - To account for those resources funding traditional government functions not related to minor other activity detailed below.

Other General - To account for several minor general fund activities not material enough to disclose separately (i.e. Benchmarking and City-wide Training, City match of Federal Police grant, and Employee Wellness Program).

(b) Tax Increment Fund

The Tax Increment Fund, a special revenue fund, accounts for receipt of property taxes allocated to various tax increment financing districts and used to pay the principal and interest on tax increment debt.

(c) Debt Service Fund

The Debt Service Fund is used to account for the funding and payment of interest and principal of general obligation and tax increment debt of the City.

(d) Capital Projects Fund

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

The following accounts are included in this fund:

Bridge Projects - To account for funding and construction of bridge projects.

Fire Protection Projects - To account for funding and construction for improvements to the City's fire stations and the acquisition of major firefighting apparatus.

Library Projects - To account for funding and construction of major projects in the City's Library System.

Municipal Buildings Projects - To account for funding, construction, and improvements to municipal buildings not financed by enterprise operations.

Park Improvement Projects - To account for funding and construction for major projects related to improvements to the City's Parks System.

Other Capital Projects - To account for projects that don't fit into one of the other categories but require significant capital investment to complete, such as technology and environmental projects.

Special Assessment Projects - To account for the collection of special assessment revenue utilized in major construction projects including streets, sidewalks, and sewers that provide benefit to particular property owners.

Street Projects - To account for funding and construction of street, traffic control, and sidewalk projects.

Urban Renewal Projects - To account for funding and construction of urban renewal projects.

(e) Benefit Tax Accounts Fund

Benefit Tax Accounts Fund, a special revenue fund, is used to account for the receipt and disbursement of property taxes generated by the trust and agency levy. The purpose of this portion of the levy is to fund employers' share of costs for pensions and retirement systems.

(g) Local Option Sales Tax

Local Option Sales Tax Fund, a special revenue fund, is used to account for the receipt and disbursement of local option sales tax revenue generated by a one-cent tax on taxable purchases within City limits. The tax was approved by voters on March 5, 2019 and is designated by City Council action to be used for property tax relief (50%) and other lawful purposes of the City (50%).

(h) American Rescue Plan

American Rescue Plan, a special revenue fund, is used to account for the receipt and disbursement of funds awarded through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan Act of 2021. The City received \$94.80 million in total, and must have those funds obligated by December 31, 2024 and fully spent by December 31, 2026.

The other governmental funds of the City are considered non-major and are as follows:

Special revenue funds are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

The following non-major funds are included in this fund type:

Community Development Block Grant (CDBG) - To account for the Community Development Block Grant Program administered by the U.S. Department of Housing and Urban Development.

Community Services - To account for the administration of federal programs designed to provide various services to the City's elderly and low to moderate income residents.

Other Employee Benefits - To account for the receipt and disbursement of property taxes generated by the trust and agency levy. The purpose of this portion of the levy is to fund employers' share of costs of employee benefits that are not related to pensions or retirement.

Road Use Tax - To account for state revenues allocated to the City for maintenance and improvement of City streets.

Other Special Revenue - To account for several minor special revenue activities not material enough to disclose separately.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The following non-major funds are included in this fund type:

Permanent Cemetery Maintenance - Accounts for the fees collected for cemetery maintenance and related disbursements.

Swartzell Endowment - Accounts for the principal and interest earnings of the trust, established to fund the cost of perennial plantings and public beautification projects.

Weise Bird Habitats - Accounts for the funds bequeathed to the City under the will of Ruth E. Weise, to be used for the planting, cultivation, and preservation of trees and shrubs, and nesting, feeding habitats, and stations for birds in City parks.

(2) 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. The measurement focus is upon income determination, financial position and cash flows.

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- (a) **Stormwater Utility Fund** - To account for the operation and maintenance of the City's Stormwater Utility.
- (b) **Parking Facilities System Fund** - To account for the operation and maintenance of the City's on and off street public parking facilities, except for those facilities operated by the Des Moines Airport Authority.

- (c) **Sewer System Fund** - To account for the operation and maintenance of the City's Sanitary Sewer System.
- (d) **Municipal Housing Agency Fund** - To account for operations of the Federal Section 8 Rent Payment Assistance Program and low-income housing projects. This fund is major for public purpose.

The other enterprise funds of the City are considered non-major and are as follows:

Golf Courses - To account for the operation and maintenance of the City's three golf courses: Waveland, Grandview, and A.H. Blank.

Solid Waste System - To account for the operation and maintenance 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 funds are included in this fund type:

Central Services - To provide telephone services and miscellaneous field supplies to City departments.

Equipment Replacement - To finance the replacement of automotive equipment, as necessary. The automotive equipment is initially acquired by the various user departments.

Equipment Service Center - To provide maintenance and repair services for City automotive equipment.

Forestry - To provide ground maintenance to other departments.

Group Health Insurance - Accounts for City contributions, employee contributions, and self-insurance and health care cost of various health benefit plans.

Radio Communications - To provide maintenance and repair services for radio equipment.

Radio Replacement - To finance the replacement of radio equipment, as necessary. The radio equipment is initially acquired by the various user departments.

(3) Fiduciary Fund Types

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

Custodial Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The City currently only reports custodial funds in its fiduciary fund types.

The following fund is included in this fund type:

Wastewater Reclamation Authority (WRA) - The City acts as the operating agency for the WRA, a joint venture of the City and surrounding municipalities. In this capacity, based on the operating agreement, the City holds the WRA's assets and liabilities and provides its general accounting and treasury operations.

D. 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 financial statements. Similarly, the custodial funds have an *economic resources measurement focus* and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and budgeted for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, with the exception of property taxes which is 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities, other postemployment benefits and claims and judgments, leases, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to the purpose of expenditure, and are usually revocable only for failure to comply with prescribed

requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual and availability criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility and ambulance), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The tax receivable represents unpaid taxes from the current year and the 2022 levy as based on the 2020 assessed valuations. The tax lien date is January 1, 2021. As the levy is intended for use in the 2023 fiscal year, the revenue has been recorded as a deferred inflow of resources. Taxes are levied on July 1 and are payable in two installments on September 30 and March 31. Tax payments become delinquent on October 1 and April 1. The County Treasurer bills and collects property taxes for the City. Property taxes are considered available if received within 60 days of year-end.

The City is permitted by the *Code of Iowa* to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$0.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, costs associated with pension and related employee benefits, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2022 was \$16.61 per \$1,000 of assessed valuation.

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 and internal service funds are charges to customers for sales and services and housing operating grants. Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

E. Budgetary and Legal Appropriation and Amendment Policies

As allowed by GASB Statement No. 41, Budgetary Comparison Schedules - Perspective Differences, the City presents budgetary comparison schedules as required supplementary information based on the program structure of ten functional areas as required by state statute for its legally adopted budget.

F. Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made. At year-end, the encumbrances roll forward but the related budget for them does not.

G. Cash and Pooled Cash Investments

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. These deposits are invested on a short-term basis with interest income being recorded in the General Fund, except for interest income allocated to enterprise funds and where specifically required by law to be recorded in other funds.

The balance reported in each fund represents an equity interest in the commingled pool of cash, which is under the management of the City Treasurer.

H. Investments

Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants.

I. Statement of Cash Flows

For purposes of the statement of cash flows for proprietary fund types, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

J. Loans Receivable

Loans receivable consist primarily of low and non-interest bearing loans. The City receives federal funds from the U.S. Department of Housing and Urban Development as part of the Community Development Block Grant, which allows the City to provide loans at below-market-rates to eligible corporations and individuals to finance urban and community development. Loans are carried at the amount of unpaid principal. Management records allowances for estimated uncollectible amounts based on historic information and review of outstanding amounts. As of June 30, 2022, the allowance for uncollectible amounts was \$5,941,523. As of June 30, 2022, the City also had approximately \$5,650,009 of loans outstanding which, due to the terms and nature of the agreements, are expected to be forgiven in the future and are, therefore, not recorded in the statement of net position but are expensed at the time of disbursement.

K. Inventories and Prepaid Items

Inventories are reported at cost and consist of consumable supplies. The cost of these supplies is recorded as an expense at the time they are consumed using the consumption method. Inventories are determined by actual count and priced on the first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are expensed as the underlying service is consumed.

L. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the City of Des Moines as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to fiscal year 2018, interest costs associated with constructed assets were capitalized as part of the cost of the asset. As a result of the adoption of GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of the Construction Period, no interest costs were capitalized in the current year and none will be capitalized going forward.

Capital assets are depreciated using the half-year convention depreciation method (straight-line depreciation with a half-year taken the first year and the last year) over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements Other than Buildings:	
Bridges	60
Infrastructure Systems	50
Skywalks	40
Bridge Improvements	30
Flood Control	30
Infrastructure Improvements	20
Machinery and Equipment:	
Equipment	3-15
Vehicles	3-5

The City's collection of works of art, botanical center exhibits, library books, 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.

M. Deferred Inflows/Outflows of Resources

Deferred inflows of resources: In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from four sources: leases, property taxes, special assessments, and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, the property tax revenues remain under the modified accrual basis of accounting and will become an inflow in the year for which the taxes are levied and budgeted for. In addition, the unamortized portions of deferred inflows related to the net pension liability and other postemployment benefits are also included in the City's and Authority's government-wide statements.

Deferred outflows of resources: In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority, a discretely presented component unit, has three items that qualified for reporting in this category, in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In the City's and Authority's government-wide statements, pension related deferred outflows consists of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. Additionally, the City and Authority both recognize deferred inflows due to other postemployment benefit related items not yet charged to expense.

N. Inter-fund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to the 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 funds' 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" or "advances to/from other funds." Any residual balances outstanding between the governmental

activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and enterprise funds. In the General fund the advance is offset equally by a fund balance nonspendable amount which indicates that they do not constitute expendable financial resources, and therefore, are not available for appropriation.

O. Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Sick leave is payable when used, or upon death or retirement. If paid upon death or retirement, the total accumulated hours are paid at one-half of the then effective hourly rate for that employee, with a maximum of 750 hours per employee.

For the government-wide financial statements, and the 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 and sick leave is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

P. 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 nonspendable form or because they are legally or contractually required to be maintained.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, state or federal laws, or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for the specific purpose pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end. Those 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 funds.

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. It is the City's policy that the authority to assign fund balance has been delegated by City Council to the City Manager and the Finance Director, through the adoption of the budget.

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. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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 balances.

Q. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. The portion of the debt related to unspent proceeds is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$6,940,325 for debt service and \$19,420,218 for road use. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

As of June 30, 2022, the governmental activities had unspent bond proceeds of \$89,730,597. The City also had unspent bond proceeds of \$13,258,135 in the Stormwater Utility fund.

R. Use of Estimates

The preparation of the 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.

S. Accounts Receivable

Accounts receivable result primarily from miscellaneous services provided to citizens in the General Fund, Capital Projects Fund, and other non-major governmental funds. Accounts receivable in the proprietary funds result from providing services specific to the operations of the fund. As of June 30, 2022, the allowance for doubtful accounts was \$1,780,212. The City had no significant write offs during the year then ended.

T. Long-Term Obligations

In the government-wide and proprietary fund type financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed at the time of debt issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs are an expenditure at the time of debt issuance.

U. Pensions

The net pension liability, deferred outflows and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems') and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems'. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The pension liability related to governmental activities are generally liquidated by the General Fund, whereas amounts related to proprietary activities are liquidated through the fund recognizing the liability.

V. Total OPEB Liability

For purposes of measuring the total other postemployment benefit (OPEB) liability, deferred inflows of resources related to OPEB and OPEB expense, information has been based on the actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The OPEB liability related to governmental activities are generally liquidated by the General Fund, whereas amounts related to proprietary activities are liquidated through the fund recognizing the liability.

W. Leases

As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term. The corresponding deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

As lessee, the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying leased asset. The threshold for determining long-term leases is a net present value of future payments in excess of \$100,000. The net present value of future lease payments is determined by using an estimated borrowing rate based on the City's bond rating and the duration of the lease. Payments are applied first

to accrued interest and then to the lease liability. 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.

For lease contracts that are short-term, the City recognizes short-term lease payments as inflows of resources (revenues). Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

2. Individual Fund Disclosures

The following is a summary of deficit fund balances/net position of individual funds at June 30, 2022:

FUND TYPE	INDIVIDUAL FUND	DEFICIT FUND BALANCES	DEFICIT NET POSITION
Governmental	Special Revenue, CDBG	\$ 27,249	\$ -
Governmental	Special Revenue, Other Employee Benefits	363,043	-
Governmental	Special Revenue, American Rescue Plan	3,600,000	-
Proprietary	Enterprise, Golf	-	430,719
Proprietary	Enterprise, Solid Waste System	-	1,665,397
Proprietary	Internal Service, Equipment Service Center	-	1,928,495
Proprietary	Internal Service, Forestry	-	1,820,371
Proprietary	Internal Service, Radio Communications	-	29,310

The individual fund balance deficits will be eliminated by future taxes, intergovernmental revenue and fees for services.

3. Cash and Pooled Cash Investments and Investments

The City maintains a cash and investment pool that is available for use by all funds, where the resources have been pooled in order to maximize investment opportunities. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and investments." Investment income is allocated to the various funds based on their respective participation and in accordance with accounting principles generally accepted in the United States of America. In addition, investments are separately held by several of the City's funds.

The Library Foundation has an endowment fund. As of December 31, 2021, the balance of \$3,313,258 is in money market funds, U.S. government agencies, and mutual funds.

A. 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 pursuant to Chapter 12C, Code of Iowa; 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, provided that at the time of purchase no more than 10% of the investment portfolio be invested in commercial paper and no more than 5% of the investment portfolio shall be invested in securities of a single issuer. It also limits investments in prime bankers' acceptances to those that mature within 270 days and that are eligible for purchase by a federal reserve bank, provided that at the time of purchase no more than 5% of the investment portfolio shall be invested in the securities of a single issuer.

B. 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 market 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.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2022:

Security Description	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
Commercial Paper	\$ 29,653,942	\$ 29,653,942	\$ —	\$ —
Federal Farm Credit	4,422,765	—	4,422,765	—
FHLB	34,746,830	29,736,760	5,010,070	—
FHLMC	5,977,810	—	5,977,810	—
FNMA	4,997,050	4,997,050	—	—
Treasury Bill	57,754,490	57,754,490	—	—
Treasury Note	94,619,598	69,926,000	24,693,598	—
Treasury Strip	7,967,920	7,967,920	—	—
Total	\$ 240,140,405	\$ 200,036,162	\$ 40,104,243	\$ —

The above table includes the investments of the WRA, a custodial fund, of \$19,673,412.

C. Credit Risk

Generally, credit risk is the risk that the 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 policy requires money market funds to have a rating of AAAm-g1, AAA-m or AA-m by Standard & Poor's and Aaa, Aa1 or Aa2 if rated by Moody's. Commercial paper must

be rated “Prime-1” by Moody’s and “A-1” or better by Standard & Poor’s at time of purchase.

As of June 30, 2022, the City’s investments were rated as follows:

<u>Security Description</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
Commercial Paper	Prime-1	A-1
Federal Farm Credit	Aaa	AA+
FHLB	Aaa	AA+
FHLMC	Aaa	AA+
FNMA	Aaa	AA+

D. Concentration of Credit Risk

The City’s investment policy seeks diversification to reduce overall portfolio risk while attaining benchmark average rates of return to meet all anticipated cash requirements. The policy requires that, with the exception of U.S. Treasury securities, no more than 50% of the City’s total investment portfolio will be invested in a single security type, and no more than 25% with a single financial institution. The Finance Director/Treasurer will invest in securities with varying maturities. Certificates of deposit will be limited to the amount approved by City Council for each financial institution in accordance with Chapter 12C of the Code of Iowa. Prime bankers’ acceptances and commercial paper are limited as explained under authorized investments, above. More than 5% of the City’s investments are in FHLB (14%) and Treasuries (67%) respectively. The City’s investments are in accordance with these policies regarding diversification.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City 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. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. At June 30, 2022, the City’s deposits were held in banks within the state of Iowa and covered by the state sinking fund per Section 12C.25 of the Code of Iowa. At June 30, 2022, \$240,140,405 of City investments were uninsured and unregistered securities held in trust at the City’s primary bank.

F. Fair Value Measurements

The City categorizes its fair value measurements 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 inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly examples as follows:

- Quoted prices for similar assets or liabilities in active market
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability, such as the following:
 - Interest rates and yield curves observable at commonly quoted intervals
 - Implied volatilities
 - Credit spreads

Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Investments by fair value level	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
US Treasury Securities	\$ 160,342,008	\$ —	\$ 160,342,008	\$ —
US Agency Securities	50,144,455	—	50,144,455	—
Commercial Paper	29,653,942	—	29,653,942	—
Total	\$ 240,140,405	\$ —	\$ 240,140,405	\$ —

The City utilized the following level 2 inputs to determine fair value:

U.S. Treasury and Agency Securities: U.S. Government securities are reported at fair value based on a bullet (non-call) spread scale for each issuer for maturities going out to forty years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes. An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A special cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

Commercial Paper: Investments in commercial paper are valued based on pricing for similar or identical assets traded in relatively inactive markets.

A reconciliation of cash and investments as shown on the financial statements of the City follows:

Cash and equivalents	\$	302,220,611
Investments		240,140,405
	\$	<u>542,361,016</u>

Current assets:		
Unrestricted Cash and investments	\$	448,958,769
Restricted cash and investments		1,239,611
Noncurrent assets:		
Restricted cash and investments		29,898,627
Fiduciary funds:		
Cash and investments		62,264,009
	\$	<u>542,361,016</u>

4. Joint Venture

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 with the second amended and restated agreement becoming effective on June 11, 2014. This agreement amended and restated the previous Integrated Community Area (I.C.A.) these agreements provide continued operation, improvements, and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board. The WRA Agreement also creates an independent governance structure, establishes an independent bonding authority for the WRA, and provides a framework for additional communities to participate.

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture. 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 of bonds issued during the time the entity was a participating community are still outstanding.

The WRA Sewer Revenue Bonds Series 2015E and 2021A include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2022, the Series 2015E bonds had a balance of \$24,555,000 and the City of Des Moines' estimated future allocation based on the WRA flows is currently \$6,593,511. As of June 30, 2022, the

Series 2021A bonds had a balance of \$35,355,000 and the City of Des Moines' estimated future allocation based on the WRA flows is currently \$10,137,875.

The State Revolving Loans are allocated based on the WRA flows of the participating communities. As of June 30, 2022, the WRA had \$342,162,943 in State Revolving Loans with allocation governed by the WRA Agreement, of which \$125,800,905 future principal debt service is a commitment of the City of 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 would be paid.

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

Condensed financial information of the joint venture as of June 30, 2022 is as follows:

Statement of Net Position

Current assets	\$ 55,406,586
Noncurrent assets	664,805,570
Total assets	<u>\$ 720,212,156</u>
Current liabilities	\$ 27,540,117
Noncurrent liabilities	389,351,856
Total liabilities	<u>\$ 416,891,973</u>
Deferred inflow of resources	<u>\$ 877,814</u>
Net position:	
Net investment in capital assets	\$ 238,591,496
Restricted	28,898,025
Unrestricted	34,952,848
	<u>\$ 302,442,369</u>

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 62,686,911
Operating expenses	51,267,106
Operating income	11,419,805
Nonoperating, net	(7,580,477)
Change in net position	<u>\$ 3,839,328</u>

Statement of Cash Flows

Cash provided by operating activities	\$ 35,649,342
Cash (used in) investing activities	8,814,783
Cash (used in) capital and related financing activities	(42,661,668)
Increase in cash and pooled cash	<u>\$ 1,802,457</u>

5. Leases

City as lessor: the City leases buildings and land to various third parties. These leases have terms between 20 and 50 years with payment terms ranging from monthly to annual. Total inflows by fund for the year ending June 30, 2022 were:

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Lease revenue	111,417	11,395	122,812
Interest income	70,626	3,301	73,927

City as lessee: the City leases buildings and land improvements from various third parties. These leases have terms between 20 and 50 years with payment terms ranging from monthly to annual.

As of June 30, 2022, the amount of right-to-use (leased) assets, and the related amortization expense, can be found in Note 6, Changes in Capital Assets. Additionally, a table summarizing future lease payments can be found in Note 9, Long-term Debt.

6. Changes in Capital Assets

The following summary of changes in Governmental Activity capital assets for the year ended June 30, 2022 includes a restatement of July 1, 2021 balances related to the adoption of GASB 87, *Leases* for the inclusion of right-of-use assets:

	BEGINNING BALANCE 7/1/2021	ADDITIONS	DELETIONS	ENDING BALANCE 6/30/2022
GOVERNMENTAL ACTIVITIES				
Capital Assets, not being depreciated:				
Land	\$ 151,429,275	\$ 1,056,450	\$ -	\$ 152,485,725
Construction in Progress	193,579,504	75,363,040	(88,008,774)	180,933,770
Total capital assets not being depreciated	<u>345,008,779</u>	<u>76,419,490</u>	<u>(88,008,774)</u>	<u>333,419,495</u>
Capital Assets, being depreciated or: amortized				
Buildings	250,960,778	51,436,824	-	302,397,602
Improvements Other than Buildings	1,363,464,846	44,519,731	-	1,407,984,577
Machinery and Equipment	102,066,483	21,102,328	(1,300,215)	121,868,596
Right-of-Use Buildings	1,874,083	-	-	1,874,083
Right-of-Use Improvements Other than Buildings	288,400	-	-	288,400
Total capital assets being depreciated or amortized	<u>1,718,654,590</u>	<u>117,058,883</u>	<u>(1,300,215)</u>	<u>1,834,413,258</u>
Less accumulated depreciation and amortization for:				
Buildings	127,602,127	7,694,299	-	135,296,426
Improvements Other than Buildings	652,755,987	38,742,431	-	691,498,418
Machinery and Equipment	73,599,853	10,440,024	(1,300,215)	82,739,662
Right-of-Use Assets	-	78,915	-	78,915
Total accumulated depreciation and amortization	<u>853,957,967</u>	<u>56,955,669</u>	<u>(1,300,215)</u>	<u>909,613,421</u>
Total capital assets, being depreciated or amortized, net	<u>864,696,623</u>	<u>60,103,214</u>	<u>-</u>	<u>924,799,837</u>
Governmental activities capital assets, net	<u>\$ 1,209,705,402</u>	<u>\$ 136,522,704</u>	<u>\$ (88,008,774)</u>	<u>\$ 1,258,219,332</u>

The following summary of changes in Business-type Activity capital assets for the year ended June 30, 2022 includes a restatement of July 1, 2021 balances related to the adoption of GASB 87, *Leases* for the inclusion of right-of-use assets not previously accounted for as capital lease assets. Additionally, the previous capital lease asset's net book value was restated as of July 1, 2021; further discussion can be found in Note 19, Beginning Net Position Restated:

	BEGINNING BALANCE 7/1/2021	ADDITIONS	DELETIONS	ENDING BALANCE 6/30/2022
BUSINESS-TYPE ACTIVITIES				
Capital Assets, not being depreciated:				
Land	\$ 23,888,914	\$ 2,703,463	\$ -	\$ 26,592,377
Construction in Progress	71,399,598	32,954,355	(29,168,746)	75,185,207
Total capital assets not being depreciated	<u>95,288,512</u>	<u>35,657,818</u>	<u>(29,168,746)</u>	<u>101,777,584</u>
Capital Assets, being depreciated or amortized:				
Buildings	99,262,018	3,887,248	-	103,149,266
Improvements Other than Buildings	492,945,993	33,338,160	-	526,284,153
Machinery and Equipment	28,405,670	100,882	(778,400)	27,728,152
Right-of-Use Buildings	29,996,021	-	-	29,996,021
Total capital assets being depreciated or amortized	<u>650,609,702</u>	<u>37,326,290</u>	<u>(778,400)</u>	<u>687,157,592</u>
Less accumulated depreciation and amortization for:				
Buildings	75,403,465	4,155,996	-	79,559,461
Improvements Other than Buildings	144,963,395	10,244,934	-	155,208,329
Machinery and Equipment	22,574,355	1,352,127	(756,300)	23,170,182
Right-of-Use Assets	-	170,680	-	170,680
Total accumulated depreciation and amortization	<u>242,941,215</u>	<u>15,923,737</u>	<u>(756,300)</u>	<u>258,108,652</u>
Total capital assets, being depreciated or amortized, net	<u>407,668,487</u>	<u>21,402,553</u>	<u>(22,100)</u>	<u>429,048,940</u>
Business-Type activities capital assets, net	<u><u>\$ 502,956,999</u></u>	<u><u>\$ 57,060,371</u></u>	<u><u>\$ (29,190,846)</u></u>	<u><u>\$ 530,826,524</u></u>

Depreciation and Amortization Expense was charged to the functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES

Public Safety	\$ 5,934,193
General Government	3,434,370
Public Works	30,619,626
Health and Social Services	-
Culture and Recreation	10,773,672
Community and Economic Development	1,370,468
Internal service assets are charged to the various functions based on their useage of the assets	4,823,340
Total Depreciation Expense - Governmental Activities	<u><u>\$ 56,955,669</u></u>

BUSINESS-TYPE ACTIVITIES

Parking Facilities System	\$ 4,042,535
Sewer System	5,098,995
Stormwater Utility	4,908,544
Municipal Housing Agency	1,099,209
Solid Waste System	662,844
Golf	111,610
Total Depreciation Expense - Business-type Activities	<u><u>\$ 15,923,737</u></u>

7. Employee 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. As of June 30, 2022, the City had the following balances related to its pension accounts:

	IPERS	MFPRSI	Total
Net Pension Liability	\$ 1,385,179	\$ 41,263,888	\$ 42,649,067
Deferred Inflows	52,365,177	71,665,453	124,030,630
Deferred Outflows	11,894,086	25,441,447	37,335,533
Pension Benefit	4,671,699	15,116,412	19,788,111

A. Defined Benefit Pension Plan - Iowa Public Employees Retirement System

Plan Description: IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City of Des Moines 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 members first month of entitlement to the 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.)

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 0.50% for each month that the member receives 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: Effective July 1, 2012, as a result of a 2010 law change, the 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% for regular members. 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. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of pay and the City contributed 9.44% for a total rate of 15.73%.

The City's total contributions to IPERS for the year ended June 30, 2022 were \$7,985,163.

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions: At June 30, 2022, the City reported a liability of \$1,385,179 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2021, the City's collective proportion was .988061% which was an increase of .012363% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension benefit of \$4,671,699. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,053,924	\$ (1,058,202)
Changes of assumptions	906,023	—
Net difference between projected and actual earnings on pension plan investments	—	(50,187,118)
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>1,948,976</u>	<u>(1,119,857)</u>
Total deferred amounts to be recognized in pension expense in future periods	3,908,923	(52,365,177)
City contributions subsequent to the measurement date	7,985,163	—
Total deferred amounts related to pension	<u>\$ 11,894,086</u>	<u>\$ (52,365,177)</u>

\$7,985,163 reported as the deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during 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 over the average remaining service life of all system members or 5 years as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Pension Expense</u>
2023	\$ (11,760,601)
2024	(12,029,113)
2025	(11,213,163)
2026	(13,598,117)
2027	144,740
Total	<u>\$ (48,456,254)</u>

There were no non-employer contributing entities at IPERS.

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

Rate of inflation	2.60 percent per annum
Rates of salary increase	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return	7.00 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the result of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2014 Generational Mortality Tables, with age setbacks and age set forwards based on different membership groups. Future mortality improvements were anticipated using Projection Scale MP-2017.

The long-term expected rate of return on pension plan 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 in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	26.0%	0.29%
Domestic Equity	22.0%	4.43%
International Equity	17.5%	6.01%
Private Equity	13.0%	9.51%
Private Real Assets	7.5%	4.63%
Global Smart Beta Equity	6.0%	5.10%
Public Credit	4.0%	2.08%
Private Credit	3.0%	2.87%
Cash	1.0%	-0.25%
Total	100%	

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. 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 pension plan’s 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 pension plan 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 Liability to Changes in the Discount Rate: The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability (asset)	\$ 49,025,851	\$ 1,385,179	\$ (38,540,741)

Pension 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 the Pension Plan: At June 30, 2022, the City reported payables to the defined benefit pension plan of \$456,680 for legally required employer contributions and \$303,936 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

B. Defined Benefit Pension Plan - Municipal Fire and Police Retirement System of Iowa

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 of Des Moines 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.

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. Additional benefits are available to members who perform more than 22 years of service (2% 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 the 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 form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits: Disability coverage is broken down into two types, accidental and 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 states 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 as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2022.

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

The City's contributions to MFPRSI for the year ended June 30, 2022 were \$16,451,910.

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

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

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions: At June 30, 2022, the City reported a liability of \$41,263,888 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2021, the City's proportion was 18.3743% which was an increase of 0.1513% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension benefit of \$15,116,412. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,786,512	\$ (464,386)
Changes of assumptions	1,554,081	—
Net difference between projected and actual earnings on pension plan investments	—	(68,946,895)
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>2,648,944</u>	<u>(2,254,172)</u>
Total deferred amounts to be recognized in pension expense in future periods	8,989,537	(71,665,453)
City contributions subsequent to the measurement date	16,451,910	—
Total deferred amounts related to pension	<u><u>\$ 25,441,447</u></u>	<u><u>\$ (71,665,453)</u></u>

\$16,451,910 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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the average remaining service life of all system members or 5 years as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Pension Expense</u>
2022	\$ (12,387,012)
2023	(13,409,877)
2024	(15,997,621)
2025	(21,091,304)
2026	209,898
Total	<u><u>\$ (62,675,916)</u></u>

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

Rate of inflation	3.00 percent
Salary increases	3.75 to 15.11 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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

Mortality rates used by the Plan were based on the RP 2014 Blue Collar Healthy Annuitant table with males set-forward zero years, females set-forward two years and disabled 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 pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation along with the best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018, (see the discussion of the pension plan's investment policy) are summarized in the following tables:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	7.5%
Small Cap	8.1%
International Large Cap	7.2%
Emerging Markets	7.9%
Global Infrastructure	7.5%
Private Non-Core Real Estate	11.5%
Private Credit	6.4%
Private Equity	10.8%
Core Plus Fixed Income	4.0%
Private Core Real Estate	7.2%

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be

made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 122,108,491	\$ 41,263,888	\$ (25,832,463)

Pension Plan 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 the Pension Plan: At June 30, 2022, the City of Des Moines reported payables to the defined benefit pension plan of \$848,400 for legally required employer contributions and \$335,479 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

8. Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code*, Section 457, and also Section 401(a). The Section 457 plan, available to all City employees, and the Section 401(a) plan, available only to the SPM employment group, permits them to defer a portion of their salary until future years. The deferred compensation is available to employees at termination, retirement, death, unforeseeable emergency, loan or via in-service contributions at age 70 ½. The City matches 100% of employee contributions up to 2.0% or 2.5% of the employee's salary, depending upon the governing employment agreement. For the fiscal year ended June 30, 2022, the City made \$3,636,051 in matching contributions. The City's 401(a) plan does not meet the definition of a component unit under GASB Statement No. 84 and the City does not control the assets of the plan, so the plan is not included as a fiduciary activity in the financial statements.

In accordance with federal legislation (the Small Business and Wage Protection Act of 1996), the City has confirmed or established trust arrangements for all of the assets in the plan, to ensure those assets are protected and used exclusively for plan participants and beneficiaries. As a result of these arrangements, the deferred compensation plans are not reported in the City's financial statements.

9. Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022 includes restatements of balances at June 30, 2021 related to lease liabilities:

	BALANCE JUNE 30, 2021			BALANCE JUNE 30, 2022			DUE WITHIN ONE YEAR	RANGE OF INTEREST RATES
		ADDITIONS	RETIREMENTS					
Governmental Activities:								
General Obligation Bonds	\$ 468,535,000	\$ 94,175,000	\$ (73,340,000)	\$ 489,370,000	\$ 41,770,000		0.50% to 5.00%	
Add premiums	31,901,317	8,811,754	(7,430,078)	33,282,993	—			
Net General Obligation Bonds	<u>500,436,317</u>	<u>102,986,754</u>	<u>(80,770,078)</u>	<u>522,652,993</u>	<u>41,770,000</u>			
Section 108 Loans payable	6,852,000	—	(804,000)	6,048,000	852,000		2.55% to 2.87%	
Notes Payable	566,426	2,222,825	(716,618)	2,072,633	626,091		2.80% to 10.55%	
Notes from Direct Borrowings and Private Placement	2,703,000	—	(774,000)	1,929,000	840,000		4.00%	
Lease Liabilities	2,162,484	—	(80,545)	2,081,939	65,236		0.85% to 1.70%	
Accrued Employee Benefits	42,346,448	52,149,118	(47,252,650)	47,242,916	32,658,528		N/A	
Liability for Claims/Judgments	4,731,900	1,012,099	(268,499)	5,475,500	5,475,500		N/A	
	<u>\$ 559,798,575</u>	<u>\$ 158,370,796</u>	<u>\$ (130,666,390)</u>	<u>\$ 587,502,981</u>	<u>\$ 82,287,355</u>			
Business-type Activities								
General Obligation Bonds	\$ 18,925,000	\$ —	\$ (1,005,000)	\$ 17,920,000	\$ 1,035,000		1.25% to 5.00%	
Add Premiums	2,222,778	—	(320,610)	1,902,168	—			
Net General Obligation Bonds	<u>21,147,778</u>	<u>—</u>	<u>(1,325,610)</u>	<u>19,822,168</u>	<u>1,035,000</u>			
Revenue Bonds	76,260,000	26,505,000	(7,690,000)	95,075,000	5,500,000		2.00% to 5.00%	
Add Premiums	4,667,176	1,933,991	(866,397)	5,734,770	—			
Net Revenue Bonds	<u>80,927,176</u>	<u>28,438,991</u>	<u>(8,556,397)</u>	<u>100,809,770</u>	<u>5,500,000</u>			
Revenue Bonds from Direct Borrowings & Private Placement	47,347,204	7,287,247	(2,635,000)	51,999,451	3,291,000		1.02% to 2.00%	
Lease Liabilities	28,032,298	—	(1,336,106)	26,696,192	1,099,216		1.07% to 7.50%	
Accrued Employee Benefits	3,178,673	2,515,563	(2,590,655)	3,103,581	1,259,509		N/A	
	<u>\$ 180,633,129</u>	<u>\$ 38,241,801</u>	<u>\$ (16,443,768)</u>	<u>\$ 202,431,162</u>	<u>\$ 12,184,725</u>			

The payments on the bonds payable that pertain to the City's governmental activities are made by the debt service fund and the franchise fee fund. The payments on the tax increment notes, the Section 108 CDBG loans, and the notes payable that pertain to the City's governmental activities are made by the Tax Increment and the Economic Development Special Revenue Fund within the Other Special Revenue Funds. The accrued employee benefits and claims and judgments attributable to the governmental activities are generally liquidated by the General Fund.

General Obligation Bonds:

Governmental Activities: The City has issued the following general obligation bonds that are indebtedness secured by the full faith and credit of the City:

YEAR	<u>General Obligation Debt Service</u>		<u>Tax Increment Debt Service</u>		<u>Governmental</u>	
	<u>GENERAL OBLIGATION BONDS</u>		<u>GENERAL OBLIGATION BONDS</u>		<u>Activities Total</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2022	\$ 30,675,000	\$ 12,833,078	\$ 11,095,000	\$ 3,230,042	\$ 41,770,000	\$ 16,063,120
2023	30,420,000	11,384,338	10,540,000	2,776,242	40,960,000	14,160,580
2024	29,630,000	10,000,763	9,035,000	2,353,942	38,665,000	12,354,705
2025	28,100,000	8,795,063	8,285,000	2,014,492	36,385,000	10,809,555
2026	26,020,000	7,586,001	7,310,000	1,711,042	33,330,000	9,297,043
2027-2031	122,250,000	23,669,215	38,125,000	5,225,915	160,375,000	28,895,130
2032-2036	83,270,000	8,955,257	21,235,000	1,792,561	104,505,000	10,747,818
2037-2040	27,660,000	1,254,906	5,720,000	260,962	33,380,000	1,515,868
Totals	<u>\$ 378,025,000</u>	<u>\$ 84,478,621</u>	<u>\$ 111,345,000</u>	<u>\$ 19,365,198</u>	<u>\$ 489,370,000</u>	<u>\$ 103,843,819</u>

Proceeds from the Series 2021F General Obligation Bonds totaling \$89,125,000 were allocated to certain capital improvement projects. Proceeds from the Series 2021G Taxable General Obligation Bonds totaled \$5,050,000 and were allocated to the costs of certain projects, such as the demolition of abandoned, dilapidated or dangerous buildings, structures, or properties; the abatement of nuisance properties; and the funding of the acquisition or demolition of housing as part of a municipal housing project.

Solid Waste Enterprise Fund: The City has issued the following general obligation bonds that are obligations of the Solid Waste Enterprise Fund:

Series	June 30, 2022 Balance	Maturity Fiscal Year	Purpose
General Obligation 2020D	\$ 12,400,000	2040	Refunding

The bonds are intended to be paid by solid waste customers net revenues, however the bonds are secured by the City's property owners. Total principal and interest remaining to be paid on the bonds is \$15,226,563. Principal and interest paid for the current year was \$980,131.

Stormwater Management Utility Enterprise Fund: The City has issued the following general obligation bonds that are obligations of the Stormwater Management Utility Enterprise Fund:

Series	June 30, 2022 Balance	Maturity Fiscal Year	Purpose
General Obligation 2020A	\$ 5,520,000	2032	Refunding

Proceeds from the 2021H Stormwater Management Utility Revenue Bonds totaled \$26,505,000 and were allocated to pay costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Stormwater Management Utility, including Closes Creek watershed improvements, flood mitigation and protection system improvements, storm water pump station rehabilitation, Hamilton drainage area improvements, and city-wide stormwater projects.

The bonds are intended to be paid by sewer customers net revenues, however the bonds are secured by the City's property owners. Total principal and interest remaining to be paid on the bonds is \$6,579,650. Principal and interest paid for the current year was \$653,600.

Business-Type Activities		
General Obligation Bonds		
YEAR	PRINCIPAL	INTEREST
2023	\$ 1,035,000	\$ 578,481
2024	1,065,000	526,731
2025	1,090,000	473,481
2026	1,130,000	418,981
2027	1,160,000	362,481
2028-2032	6,330,000	1,025,705
2033-2037	3,650,000	408,156
2038-2040	2,460,000	92,194
Totals	<u>\$ 17,920,000</u>	<u>\$ 3,886,210</u>

Revenue Bonds:

Revenue bonds are the obligations of specific funds and are generally payable solely from the revenues of the respective funds.

Stormwater Management Utility Enterprise Fund: The City has issued the following revenue bonds in the Storm Water Utility Enterprise Fund:

Series	June 30, 2022 Balance	Maturity Fiscal Year	Purpose
Series 2016C	\$ 4,565,000	2031	Refund & Capital Improvements
Series 2016D	5,940,000	2030	Refund
Series 2018C	38,150,000	2038	Capital Improvements
Series 2020F	20,410,000	2040	Capital Improvements
Series 2021H	26,010,000	2041	Capital Improvements

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the revenue bonds in the table above. The bonds are payable solely from the stormwater utility customer net revenues. Annual principal and interest payments on the bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the bonds is \$120,558,506. Principal and interest paid for the current year and total customer net revenues were \$8,558,116 and \$12,096,067, respectively.

Future principal and interest payments on the Enterprise Funds Revenue Bonds as of June 30, 2022 is summarized as follows:

Business-Type Activities		
Revenue Bonds		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2023	\$ 5,500,000	\$ 3,165,106
2024	4,895,000	2,890,106
2025	5,055,000	2,645,356
2026	5,215,000	2,413,806
2027	5,385,000	2,174,756
2028-2032	27,560,000	7,630,281
2033-2037	27,590,000	3,924,963
2038-2041	13,875,000	639,131
Totals	<u>\$ 95,075,000</u>	<u>\$ 25,483,505</u>

Net position of certain enterprise funds of \$8,205,407 are restricted for debt service and the payment of certain liabilities pursuant to the requirements of the revenue bond ordinances.

Section 108 Loans Payable: On November 15, 2007, the City closed a \$17,500,000 Section 108 loan to make a loan for the benefit of River Point West LLC, for the purpose of financing the acquisition and clearance of properties in the River Point West area for sale and subsequent redevelopment, and the construction of supporting public infrastructure improvements to serve the developed properties. On March 28, 2019, the loan was refinanced at the then outstanding principal balance of \$8,326,000. The loan was refinanced to reduce the average interest rate from 5.220% to 2.696%. The balance of the loan as of June 30, 2022, is \$6,048,000 and is payable through fiscal year 2028. The loan is not a general obligation of the City. The principal and interest is payable solely from the tax increment revenues of the Metro Center Urban Renewal Area of the City. Tax increment revenues are projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest paid in the current year and TIF revenues were \$979,519 and \$28,750,393, respectively.

Notes Payable, Governmental Activities: Three new notes payable were created in fiscal year 2022, one covering the purchase of 40 tasers and related equipment in the amount of \$115,200; another covering the purchase of 170 tasers and related equipment in the amount of \$533,225; and another covering the purchase of 415 body-worn cameras in the amount of \$1,574,400. The balances of the leases at June 30, 2022 were \$86,400, \$480,150 and \$ 1,259,520, respectively. The lease covering the 40 tasers and related equipment is scheduled to mature in FY25 and the others in FY26. Also included in notes payable is \$222,903 Supplement WF4 and is payable through fiscal year 2024. Also included in notes payable is \$23,660 for a lease of two Nissan Leafs. The principal and interest on the Wells Fargo lease is payable from the debt service levy, the principal and interest on the Nissan Leaf lease and body-worn cameras lease are paid from the Local Option Sales Tax fund and the two taser leases are paid from the annual police budget in the General Fund. Total principal and interest

remaining to be paid on the notes payable is \$2,072,633. Principal and interest paid in the current year and the debt service levy were \$293,453 and \$29,821,844 respectively.

Future principal and interest payments on the Section 108 Loans Payable and Notes Payable accounted for in the Governmental Activities are summarized as follows:

FISCAL YEAR	CDBG SECTION 108 LOANS		NOTES PAYABLE GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2023	\$ 852,000	\$ 154,337	\$ 626,091	\$ 15,888
2024	903,000	131,667	547,907	9,411
2025	953,000	107,134	463,717	—
2026	1,008,000	80,621	434,918	—
2027	1,069,000	51,535	—	—
2028	1,263,000	18,124	—	—
Totals	<u>\$ 6,048,000</u>	<u>\$ 543,418</u>	<u>\$ 2,072,633</u>	<u>\$ 25,299</u>

Direct placement debt, Governmental Activities: The City's outstanding notes from direct borrowing and placements related to governmental activities of \$4,000,000 IFA bonds. The bonds are for the construction of a full-service convention center hotel and meeting space. The balance of the note payable is \$1,929,000 and is payable through 2024. The principal and interest are payable from sales tax receipts collected within the district. Annual principal and interest on the bonds are expected to require 100% of the revenue. Total principal and interest remaining to be paid on the notes payable is \$2,049,720. Principal and interest paid for the current year was \$882,120.

Future principal and interest payments on the Governmental Direct borrowings as of June 30, 2022 is summarized as follows:

Governmental Activities		
Notes from Direct Borrowings and Direct Payments		
YEAR	PRINCIPAL	INTEREST
2023	840,000	77,160
2024	1,089,000	43,560
Totals	<u>\$ 1,929,000</u>	<u>\$ 120,720</u>

Direct Placement Debt, Business-type Activities: The City borrowed money through the State Revolving Loan fund to partially fund the Lower Oak Park Sewer Separation, the Near West Side Sewer Separation and Yeader Creek Sewer Separation, and the Riverbend Sewer Separation projects. The City has issued \$19,250,000 of SRF loans to help complete the Near West Side Sewer Separation and Yeader Creek Sewer Separation projects, has issued \$13,360,000 of SRF loans to complete the Lower Oak Park Sewer Separation project, has issued \$20,000,000 of SRF loans to complete the Riverbend Sewer Separation project, has issued \$6,247,000 of SRF loans to complete the Near West Side Sewer Separation Supplemental project, and \$15,000,000 of SRF loans to complete the West Ingersoll Sewer Separation project. At June 30, 2022, the City has drawn all \$19,250,000 of the Near West

Side Sewer Separation loan funds, all \$13,360,000 of the Lower Oak Park Sewer Separation loan funds, \$11,000,000 of the Riverbend Sewer Separation project, \$6,535,994 of the Near West Side Sewer Separation Supplemental project, and \$6,479,463 of the West Ingersoll Sewer Separation project. The City has the ability to draw up to an additional \$11,000,000 as work is completed on the Riverbend Sewer Separation project, up to an additional \$1,164,870 as work is completed on the Near West Side Sewer Separation Supplemental project, and up to an additional \$9,694,291 as work is completed on the West Ingersoll Sewer Separation project.

All of these projects also have a Stormwater component to the work, and as such, the City Council has directed that the Sanitary Sewer fund and Stormwater fund will each be responsible for 50% of the debt accumulated, except in the cases of the Yeader Creek Sewer Separation project and the West Ingersoll Sewer Separation project which will be the sole responsibility of the Sanitary Sewer fund. The principal balance outstanding at June 30, 2022, is \$9,107,000 in the Sanitary Sewer fund for the Near West Side Sewer Separation project and Yeader Creek Sewer Separation projects, \$5,786,000 in the Sanitary Sewer fund for the Lower Oak Park Sewer Separation project, \$5,069,000 in the Sanitary Sewer fund for the Riverbend Sewer Separation project, \$3,267,997 in the Sanitary Sewer fund for the Near West Side Sewer Separation Supplemental project, and \$6,165,457 in the Sanitary Sewer fund for the West Ingersoll Sewer Separation project, \$8,481,000 in the Stormwater fund for the Near West Side Sewer Separation project, \$5,786,000 in the Stormwater fund for the Lower Oak Park Sewer Separation project, \$5,069,000 for the Riverbend Sewer Separation project, and \$3,267,997 in the Stormwater fund for the Near West Side Sewer Separation Supplemental project.

Business-Type Activities		
Notes from Direct Borrowings and Direct Payments		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2023	\$ 3,291,000	\$ 803,845
2024	3,345,000	752,194
2025	3,392,000	605,660
2026	3,444,000	646,345
2027	3,498,000	592,169
2028-2032	18,027,463	2,116,767
2033-2037	11,328,000	916,165
2038-2040	5,673,988	159,011
Totals	<u>\$ 51,999,451</u>	<u>\$ 6,592,156</u>

Leases, Governmental and Business-type Activities: The City has entered into a variety of leases for buildings and land improvements. The only individually significant lease relates to the building and purchase of a 543-vehicle capacity parking garage located at 402 E 2nd Street. The revenues generated by the parking system have been pledged to pay the debt service.

Future principal and interest payments on the lease liabilities for both the governmental and business-type leases as of June 30, 2022 are summarized below:

YEAR	GOVERNMENTAL LEASES		BUSINESS-TYPE LEASES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2023	\$ 65,236	31,018	\$ 1,099,216	1,141,879
2024	65,777	30,477	1,154,389	1,088,024
2025	66,328	29,926	1,212,522	1,031,227
2026	66,889	29,365	1,273,775	971,327
2027	67,459	28,795	1,338,319	908,154
2028-2032	264,991	135,080	7,088,747	4,164,825
2033-2037	193,978	119,293	9,186,612	2,104,043
2038-2042	211,163	102,107	827,128	102,107
2043-2047	229,871	83,399	888,074	83,399
2048-2052	250,237	63,033	953,512	63,033
2053-2057	272,407	40,863	1,023,772	40,863
2058-2062	296,541	16,729	650,127	16,729
2063	31,062	266	-	-
Totals	<u>\$ 2,081,939</u>	<u>\$ 710,351</u>	<u>\$ 26,696,193</u>	<u>\$ 11,715,610</u>

Discretely presented component units

Long-Term Debt

A summary of the Authority's long-term debt for the year ended December 31, 2021, is as follows:

	Authority	Direct Bank
	Revenue Bonds	Debt
Balance December 31, 2020	\$ 9,950,000	\$ 22,520,000
Issuances	-	-
Retirements	(1,045,000)	-
Balance December 31, 2020	8,905,000	22,520,000
Less: Current portion	1,095,000	22,520,000
Non-current portion	<u>\$ 7,810,000</u>	<u>\$ -</u>

- A. On February 22, 2012, the Authority issued \$10,945,000 of Revenue Refunding Capital Loan Notes (Series 2012) to retire the remaining Series 1998 bonds. The bonds are special obligations payable solely from and secured by a pledge of the net revenues of the Authority, subject to the prior lien on the net revenues of the Airport Revenue Capital Loan Notes. Principal is payable annually with interest paid semiannually on June 1 and December 1 at an interest rate of 5%. Total principal and interest remaining to be paid on the bonds is \$10,555,125.
- B. On July 10, 2020, a private placement was completed with West Bank in West Des Moines, Iowa, to issue \$22,520,000 direct bank debt. The funds were used to call remaining Series 2010 bonds which were callable as of June 1, 2020. This direct bank debt is an interest only two-year note with a variable interest rate of Fed Funds rate plus 1.60%. Interest payments are due on the same schedule as Series 2012 bonds, with the

total principal due on June 1, 2022. Total interest and principal payable through June 1, 2022 is \$22,728,310.

- C. As of December 31, 2021, the Authority reported \$17,435,229 as restricted net position for debt service, consisting of \$3,464,318 in revenue bond reserve cash for all revenue bonds and \$13,970,911 for current debt service. \$3,771,370 is restricted for the operations and maintenance fund reserve requirement.

As of December 31, 2021, the Authority's long-term debt matures as follows:

	Airport Revenue Bonds		Airport Direct Bank Debt	
	Principal	Interest	Principal	Interest
2022	\$ 1,095,000	\$ 417,875	\$ 22,520,000	\$ 208,310
2023	1,145,000	361,875	—	—
2024	1,205,000	303,125	—	—
2025	1,270,000	241,250	—	—
2026	1,330,000	176,250	—	—
2027-2028	2,860,000	144,750	—	—
Total	<u>\$ 8,905,000</u>	<u>\$ 1,645,125</u>	<u>\$ 22,520,000</u>	<u>\$ 208,310</u>

Accrued Employee Benefits

Future benefits payable are recorded for the Authority's accrued employee benefits and accrued post-retirement benefits obligations. Below is a calculation of the accrued employee benefits for all Authority employees as of December 31, 2021:

Balance December 31, 2020	\$ 909,772
Additions	636,701
Payments	(358,946)
Balance December 31, 2021	<u>1,187,527</u>
Less: current portion	84,967
Non-current portion	<u>\$ 1,102,560</u>

10. Revenue Bond Resolution Requirements

The revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest, and require minimum revenue bond coverage. In the Sewer System Fund, \$2,117,982 of net position is restricted for bond reserves. In the Stormwater Utility Fund, \$9,135,781 of net position is restricted for bond reserves.

11. Conduit Debt

From time to time, the City has issued industrial revenue bonds on behalf of private sector and nonprofit entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property and revenues of those entities, and are payable solely from the resources of those entities. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2022, there were three series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$7,785,000.

12. Inter-fund Receivables and Payables

The individual fund inter-fund receivable and payable balances include both Due to/from Other Funds and Advances to/from Other Funds. These balances at June 30, 2022 were:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE
General	\$ 3,979,381	\$ —
Capital Projects	—	357,268
Other Governmental Funds	—	2,003,461
Parking, Enterprise	—	792,138
Municipal Housing Agency, Enterprise	14,496	—
Internal Service Funds	—	841,010
Total	<u>\$ 3,993,877</u>	<u>\$ 3,993,877</u>
	ADVANCES RECEIVABLE	ADVANCES PAYABLE
General	\$ 2,608,557	\$ —
Other Enterprise Funds	—	2,608,557
Total	<u>\$ 2,608,557</u>	<u>\$ 2,608,557</u>

Inter-fund balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advances were to finance the construction of enterprise assets. The inter-fund receivables and payables are scheduled to be collected in the subsequent year whereas the inter-fund advances are not.

13. Fund Transfer Reconciliation

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

	TRANSFERS IN	TRANSFERS OUT
	<u> </u>	<u> </u>
General Fund	\$ 55,125,133	\$ 12,582,692
Debt Service	55,401,231	102,675,165
Tax Increment	—	25,214,995
Benefit Tax Accounts	—	26,117,901
Local Option Sales Tax	3,016,174	48,058,490
Capital Projects	133,364,036	3,322,039
ARPA	—	7,100,000
Other Governmental Funds	3,792,630	29,246,319
Parking Facilities System	4,300,000	—
Sewer System	4,204,178	1,128,567
Stormwater Utility	2,441,153	6,281,059
Municipal Housing Agency	82,692	—
Total	<u>\$ 261,727,227</u>	<u>\$ 261,727,227</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, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

14. Other Postemployment Benefits

The City provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although retirees are required to pay 102% of the premium rate, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

The Implicit Rate Subsidy refers to the concept that retirees under age 65 (and not eligible for Medicare) generate higher claims on average than active participants. When a medical plan is self-insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in the plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower; therefore, the

retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

Plan description: The City sponsors an agent multi-employer health care plan, consisting of two employers, that provides medical, prescription drugs and dental benefits to all active and retired employees and their eligible dependents. Employees who have attained age 55 and retire from active employment are eligible for retiree benefits. Eligible retirees and their dependents receive medical and prescription coverage through a fully-insured plan with Wellmark BCBS and dental benefits through a self-insured plan. These are the same plans that are available for active employees.

Funding policy: The City of Des Moines establishes and amends contribution requirements.

The current funding policy of the City is to pay health insurance premiums as they occur. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 75 for current GASB reporting.

Contributions of the full premium are required for both retiree and dependent coverage. The contribution for each insured group is assumed to be the expected, composite per capita cost for the group. This composite is then disaggregated into an age-specific starting cost curve based on the average age of the group and for assumptions for age-based morbidity. The average age of the pre-65 retiree group is 61. Retiree expenses are then offset by monthly contributions. The City does not issue a publicly available financial report for the Plan.

As of June 30, 2022, the following employees were utilizing benefits described herein:

Employees utilizing City's health insurance:	
Active	1,690
Retired (inactive currently receiving benefits)	187
Total	<u>1,877</u>

The City's total OPEB liability as of June 30, 2022 was \$27,681,903. This balance was determined by an actuarial valuation as of that date utilizing the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Rate of inflation	2.60 percent
Salary increases	3.25 percent, including inflation
Discount rate	4.09 percent
Health Care Trend Rates	7.50 percent in fiscal 2022, decreasing to 4.50 percent by fiscal 2029

The discount rate was based on the yield rate for a 20-year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher as reported by the S&P Municipal Bond 20-year High Grade Rate Index.

Mortality rates were based on the following tables depending on the covered individual's classification:

- IPERS Employees and Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019.
- MFPRSI Employees and Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019.
- Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2021	\$ 22,792,325
Service cost	1,594,405
Interest	520,941
Changes in assumptions	(2,831,913)
Difference between expected and actual experience	6,811,675
Benefit payments	(1,205,530)
Balance as of June 30, 2022	<u>\$ 27,681,903</u>

Sensitivity of the 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 approximate total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Discount Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	\$ 29,554,172	\$ 27,681,903	\$ 25,900,275

Sensitivity of the total OPEB liability to changes in the health care cost trend rate: The following presents the total OPEB liability of the City, as well as what the City's approximate total OPEB liability would be if it were calculated using a health care cost trend rate that is 1% lower (6.50% decreasing to 3.50%) or 1% higher (8.50% decreasing to 5.50%) than the current health care cost trend rate:

	1% Decrease (6.50% Decreasing to 3.50%)	Health Care Cost Trend Rate (7.50% Decreasing to 4.50%)	1% Increase (8.50% Decreasing to 5.50%)
Total OPEB Liability	\$ 24,949,297	\$ 27,681,903	\$ 30,861,569

OPEB Expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2022, the City recognized OPEB expense of \$2,269,736. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,074,074	\$ (2,682,424)
Changes in assumptions	1,057,722	(3,594,588)
Balance as of June 30, 2022	<u>\$ 8,131,796</u>	<u>\$ (6,277,012)</u>

Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

<u>Fiscal Year Ended June 30,</u>	<u>OPEB Expense</u>
2023	\$ 154,390
2024	154,390
2025	154,390
2026	154,390
2027	145,974
Thereafter	1,091,250
Total	<u>\$ 1,854,784</u>

15. Commitments and Contingent Liabilities

A. Grants

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2022.

B. Litigation

The City Attorney reported that as of June 30, 2022, various claims and lawsuits were on file against the City, and estimated that the potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

C. Self-insurance

The City's property, casualty, and workers compensation liabilities for all funds are covered by a combination of self-insurance, or self-insured retention, and commercial

insurance. Property insurance for the City is provided by Alliant Insurance Services, Inc. with a loss limit of \$500,000,000 and loss of business income and extra expense coverage of up to \$100,000,000, with various levels of deductibles. Excess liability coverage is maintained through Allied World in the amount of \$10,000,000 per occurrence, with a \$2,000,000 self-insured retention. Workers compensation insurance is maintained for all employees through Safety National Casualty Corporation at statutory limits, with a \$1,250,000 self-insured retention. Additionally, the Municipal Housing Agency purchases first dollar workers compensation coverage.

For certain enterprise fund operations (Stormwater, Solid Waste, Sanitary, and Municipal Housing), automobile liability insurance is maintained through Travelers Insurance Company with a per occurrence limit of \$2,000,000 and a \$5,000 deductible. This policy is designed to cover the excess liability policy's \$2,000,000 self-insured retention.

The City purchases a blanket property insurance policy with a \$100,000 per occurrence deductible. The Municipal Housing Agency also purchases its own blanket property insurance policy with a \$5,000 deductible per occurrence.

Chapter 384, Revision I, Subsection 4 of the *Code of Iowa* provides that a city may establish a Debt Service Fund, and shall certify taxes to be levied for the Debt Service Fund in the amount necessary to pay judgments against the city, except those authorized by state law to be paid from other funds. As a result, the City self-insures the first \$2,000,000 per occurrence of liability on its General Fund operations, and is able to provide this coverage through its taxing process.

The City's tort liability claims and related administration expenses are accounted for in the appropriate fund related to the claim. Claims and related administration expenses are accounted for in the General Fund. Health benefit insurance and related administration expenses are accounted for in an internal service fund. The current portion of workers compensation claims is recorded in the same fund as the recipient's payroll was recorded.

Within the past ten years, there has only been one worker's compensation claim which exceeded the City's \$1,250,000 self-insured coverage. Within that same period, there have been no claims which exceeded the City's \$2,000,000 self-insured liability policy.

Liabilities are reported when it is probable that a loss will occur, and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering recent claim settlement trends, including frequency and amount of payouts and other economic and social factors.

The following is a summary of estimated claims liability for the year ended June 30, 2022 (with comparative amounts for 2021):

	<u>WORKERS COMPENSATION</u>	
	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 13,300,094	\$ 10,189,496
Current year claims and changes in estimate	7,353,207	7,712,273
Claim payments	<u>(3,609,534)</u>	<u>(4,601,675)</u>
Balance at end of year	<u>\$ 17,043,767</u>	<u>\$ 13,300,094</u>

	<u>LEGAL SETTLEMENTS</u>	
	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 4,731,900	\$ 896,500
Current year claims and changes in estimate	960,123	3,970,479
Claim payments	<u>(216,523)</u>	<u>(135,079)</u>
Balance at end of year	<u>\$ 5,475,500</u>	<u>\$ 4,731,900</u>

The City became self-insured for medical claims and prescription coverage in fiscal year 2012. All claim handling procedures are performed by an independent claims administrator. Dental insurance is self-funded and administered by Delta Dental of Iowa. Liabilities are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The aggregate liability for claims for the year ended June 30, 2022 (with comparative amounts for 2021) is as follows:

	<u>2022</u>	<u>2021</u>
Claims payable, beginning of the year	\$ 2,189,000	\$ 2,052,000
Current year claims and changes in estimate	27,757,508	27,058,318
Claim payments	<u>(27,940,508)</u>	<u>(26,921,318)</u>
Claims payable, end of the year	<u>\$ 2,006,000</u>	<u>\$ 2,189,000</u>

Workers compensation and health insurance claims attributed to governmental and internal service funds are recorded in the Governmental Activities in the Accrued Employee Benefits line item. Legal settlements are also included in the Governmental Activities, in the line item entitled "Other liabilities for claims and judgments."

D. Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed, but not yet paid for, through June 30, 2022. The City has additional commitments for signed construction contracts of approximately \$123.64 million as of June 30, 2022.

E. Arbitrage

Arbitrage rules apply to tax-exempt debt issued after August 31, 1986. The rules require that earnings from the investment of tax-exempt bond proceeds which exceed the yield on the bonds must be remitted to the federal government every five years.

The City entered into an agreement with an outside consulting firm to assist City personnel in reviewing arbitrage rebate calculations for the above bond issues. Those bond issues that have been reviewed show that no arbitrage rebate is owed.

For the bond issues that have not yet been reviewed, management believes that the rebate amounts, if any, will not be material to the financial statements.

F. Developer Commitments

In order to encourage development within designated TIF districts, the City Council has approved developer grants to 122 different projects. The grants 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. Currently, it is estimated that outstanding commitments totaling about \$379.33 million exist, of which \$23.40 million may be eligible to be paid in the next fiscal year. These items are expensed in the period in which they are paid. No liability is recognized due to the fact that the agreements are conditional, and the payments are to be funded by future property taxes receivable on the project and are subject to the City Council's right of non-appropriation each fiscal year. See further discussion of the related tax abatements of these agreements in Note 17.

G. Significant Encumbrances

The City had outstanding purchase orders (excluding construction contracts disclosed in Section D above) at June 30, 2022 that represented agreements to purchase goods and services. The balances by fund were as follows:

General Fund	\$ 1,525,506
Capital Projects	2,821,164
Other Governmental Funds	2,060,919
Internal Service Funds	3,400,767
Sewer System	68,766
Stormwater Utility	55,271
Other Enterprise Funds	11,109
	<u>\$ 9,943,502</u>

16. Tax Abatements

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 property tax abatements for urban renewal and economic development projects with tax increment financing (TIF) as provided for in Chapters 15A and 403 of the Code of Iowa. To be eligible for an abatement under one of these types of projects, the developer has to enter into an agreement. After the developer meets the terms of the agreement, the City is required to rebate a portion of the property tax paid by the developer, to pay the developer an economic development grant or to pay the developer a predetermined dollar amount. These payments are funded by the incremental property tax generated from the increased property value (the tax increment) created by the improvements made to the property.

Generally, the agreements require the developer to improve a given property's value up to an agreed upon dollar amount. The improvements may be through new construction or renovations, depending upon the specifics of the agreement and purpose of the project. Additional requirements the City commonly imposes upon the developer include creating and sustaining a specified number of jobs in the community, building a specified number of residential units within a given affordability threshold, or developing a certain square footage of retail space. As these agreements are intended to achieve a desired goal of the City, additional metrics may be worked into them on a case-by-case basis.

Under TIF, for the year ended June 30, 2022, the City abated 7,719,540 of property tax which would have otherwise flowed to its General Fund and a further \$13,403,154 which would have flowed to other local taxing authorities.

17. New Pronouncements

As of June 30, 2022, the GASB has issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers, and eliminate diversity in practice associated with (1) commitments extended by users, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligation; and improving required noted disclosures.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3)

provides the capitalization criteria for outlays other than subscription payments, including implantation costs of a SBITA; and (4) requires note disclosure regarding a SBITA.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, issued June 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022 except for the requirements in paragraphs 4 and 5 that are effective upon issuance. The primary objective of Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, issued in June 2022, will be effective for the City beginning with its fiscal year ended June 30, 2023. The objective of Statement No. 100 is to improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in great consistency in application in practice.

GASB Statement No. 101, *Compensated Absences*, issued in June 2022, will be effective for the City beginning with its fiscal year ended June 30, 2024. The object of Statement No 101 is to better meet the information needs to financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The City's management has determined the implementation of GASB Statement No. 96 may have a significant impact on the City's Financial Statements but has not yet determined the effect of Statement Nos. 91, 97, 100 or 101.

18. Subsequent Events

On July 15, 2022, the City issued \$7,035,000 of Sewer Revenue Bonds, Series 2022C, through the State Revolving Fund, which will be used to help fund the Western Ingersoll Run sewer separation phase 3 project. Principal payments on the Sewer Revenue Bonds, begin on June 1, 2024 and continue annually until June 1, 2043. The interest rate on this issue is 2.0%.

On August 24, 2022, the City issued \$69,725,000 of General Obligation Bonds, Series 2022A, which will be used for various new money purposes. Principal payments on the General Obligation Bonds begin on June 1, 2023 and continue annually until maturity on June 1, 2042. Interest rates on this issue range from 4.0% to 5.0%.

On August 24, 2022, the City issued \$18,660,000 of Stormwater Management Utility Revenue Bonds, Series 2022B, which will be used to provide funds to pay costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Stormwater Management Utility, including city-wide stormwater utility projects, Closes Creek watershed improvements, flood mitigation and protection system improvements and Hamilton Drainage area improvements. Principal payments on the Revenue Bonds begin on June 1, 2024 and continue annually until maturity on June 1, 2042. Interest rates on this issue range from 3.5% to 5.0%.

19. Beginning Net Position Restated

With the adoption of GASB Statement No. 87, *Leases*, the City reassessed its capital leases. This resulted in the recalculation of the beginning book value for a parking ramp in the Parking Fund in order for it to match the outstanding debt balance on July 1, 2021. This resulted in an increase to the beginning fund balance of the Parking Facilities System Fund by \$911,160.

See below table for original balance and ending balance:

	Ending Balance	Beginning Balance	
	June 30, 2021	July 1, 2021	
	As Restated	Restatement	
Parking Enterprise Fund	\$ 41,726,784	\$ 42,637,944	\$ 911,160
Business-Type Activities	376,174,421	377,085,581	911,160



20. Fund Balances

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*

establishes criteria for reclassifying fund balances into specifically defined classifications and clarified definitions for governmental fund types.

The details for the City of Des Moines' fund balances are the following:

Fund Balances:	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TAX INCREMENT</u>	<u>BENEFIT TAX ACCOUNTS</u>
Nonspendable:				
Advances	\$ 2,608,557	\$ ---	\$ ---	\$ ---
Inventories	---	---	---	---
Prepays	1,187,187	---	---	---
Corpus for permanent funds	---	---	---	---
Total nonspendable	<u>3,795,744</u>	<u>---</u>	<u>---</u>	<u>---</u>
Restricted:				
Federal, state, and local grants	---	---	---	---
Road Use	---	---	---	---
Maintenance on public land, cemetery	---	---	---	---
Debt Service	---	6,940,325	---	---
Capital improvements and maintenance	---	---	---	---
Employee benefits	864,003	---	---	760,786
Police department	---	---	---	---
Fire department	---	---	---	---
SSMID districts	---	---	---	---
Community projects	---	---	---	---
Library gift fund	---	---	---	---
Sales Tax	---	---	---	---
Tort	566,346	---	---	---
Economic development	---	---	8,761,286	---
Human Rights	---	---	---	---
Scholarship	---	---	---	---
Total restricted	<u>1,430,349</u>	<u>6,940,325</u>	<u>8,761,286</u>	<u>760,786</u>
Committed				
Capital improvements and maintenance	---	---	---	---
Maintenance on public land, cemetery	---	---	---	---
Litigation	1,000,000	---	---	---
Economic development	---	---	---	---
Community projects	---	---	---	---
Total committed	<u>1,000,000</u>	<u>---</u>	<u>---</u>	<u>---</u>
Unassigned	<u>55,592,142</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total fund balances	<u>\$ 61,818,235</u>	<u>\$ 6,940,325</u>	<u>\$ 8,761,286</u>	<u>\$ 760,786</u>

LOCAL OPTION SALES TAX	AMERICAN RESCUE PLAN	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,608,557
---	---	---	501,917	501,917
301,093	---	214,389	88,573	1,791,242
---	---	---	3,335,565	3,335,565
<u>301,093</u>	<u>---</u>	<u>214,389</u>	<u>3,926,055</u>	<u>8,237,281</u>
---	---	---	26,716	26,716
---	---	---	18,908,854	18,908,854
---	---	---	2,023,581	2,023,581
---	---	---	---	6,940,325
---	---	894,601	2,367,340	3,261,941
---	---	---	---	1,624,789
---	---	---	852,524	852,524
---	---	---	25,076	25,076
---	---	---	582,300	582,300
---	---	---	119,851	119,851
---	---	---	503,439	503,439
39,854,010	---	---	---	39,854,010
---	---	---	---	566,346
---	---	---	678,417	9,439,703
---	---	---	3,479	3,479
---	---	---	950	950
<u>39,854,010</u>	<u>---</u>	<u>894,601</u>	<u>26,092,527</u>	<u>84,733,884</u>
---	---	125,317,608	---	125,317,608
---	---	---	182,460	182,460
---	---	---	---	1,000,000
---	---	---	4,067,086	4,067,086
---	---	---	15,875	15,875
---	---	125,317,608	4,265,421	130,583,029
---	(3,600,000)	(392,573)	(792,394)	50,807,175
<u>\$ 40,155,103</u>	<u>\$ (3,600,000)</u>	<u>\$ 126,034,025</u>	<u>\$ 33,491,609</u>	<u>\$ 274,361,369</u>