

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST DES MOINES, IOWA

Year ended June 30, 2007

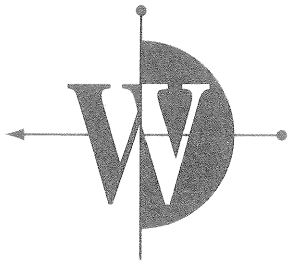


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February 29, 2008

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of West Des Moines, Iowa:

Chapter 11 of the *Code of Iowa* requires that the City of West Des Moines publish within nine months of the close of each fiscal year, unless granted an extension, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of West Des Moines. Management assumes full responsibility for the completeness and reliability of all of the information presented in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Denman and Company, LLP, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the City of West Des Moines' financial statements for the fiscal year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

City of West Des Moines Profile

West Des Moines, incorporated as Valley Junction in 1893, is a suburb of the state's capital. Centrally located in the state, West Des Moines currently is comprised of approximately 38 square miles and is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. As one of the top growth areas in the state, the City has experienced significant increases in population with a 63 percent increase since 1990. The U.S. Census Bureau reported 31,702 residents in 1990 with a special census, taken in 2005, reflecting a population of 51,744 residents.

Policy-making and legislative authority in the City of West Des Moines are vested in a governing council (i.e. City Council) consisting of a Mayor and five Councilmembers, all elected on a non-partisan basis with three Council members being elected by ward with two Councilmembers and the Mayor being elected at large. For continuity purposes the Mayor and Councilmembers serve four-year staggered terms with elections held every two years. The City Council makes policy decisions for the City through the enactment of ordinances, resolutions and motions.

The Council is also responsible for adopting the budget, appointing committees, and hiring the City Manager, City Attorney and appointing the City Clerk.

As the chief administrative officer for the City, the City Manager is responsible for implementing policy decisions of the City Council, overseeing the day-to-day operations of the City, and hiring department directors. City departments include: Administrative Services, Community & Economic Development, Development Services, Emergency Medical Services, Fire, Human Services, Library, Parks & Recreation, Police, and Public Works. By state statute, a separate Board of Trustees administers the operations of the Public Library; however, the library receives its budget appropriation from the City Council and routinely follows the general operating policies and procedures implemented by the City.

The West Des Moines, Waukee, and Des Moines Independent Community School Districts provide public elementary and secondary education services within the City. Public water services are provided by the West Des Moines Water Works. These entities have the ability to issue debt, which is not an obligation of the City of West Des Moines. Therefore, the financial statements of these entities have not been included in this report.

The annual budget serves as the foundation for the City's financial planning and control. In the fall of each year, all departments are required to submit requests for appropriation in the upcoming year. Using these requests and revenue projections provided by the Administrative Services Department, the City Manager prepares a proposed budget. This proposed budget is presented to the Mayor and Council for discussion during budget workshops held in January. The Council is then required to hold a public hearing on the proposed budget and adopt a final budget by March 15th. The state mandates legal spending control at the function level. These functions consist of Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Capital Projects, and Debt Service.

Local Economy

West Des Moines is the 9th largest city in the state but ranks 4th in terms of retail sales, 4th in terms of property valuations, and 4th in the collection of Hotel/Motel taxes. The median household income in West Des Moines exceeds both the national and state average. In 2000, the most recent year for which the data is available, the U.S. Census Bureau reported the median household income in the City of West Des Moines as \$54,139, in comparison to state and national figures of \$39,469 and \$41,994 respectively.

The City of West Des Moines is one of the fastest growing cities in the State of Iowa. Infrastructure development and well-planned growth have increased the community's tax base by more than 60 percent in the last 10 years with pending development plans and issued building permits indicating this growth will continue for at least the next several years. Recent construction includes the Jordan Creek Town Center, an upscale entertainment complex, which opened in August of 2004. This 200-acre development was the largest commercial development in Iowa's history and has spurred additional commercial and residential growth in the area. To the south of that site, in a previously undeveloped area of the City, construction was completed on a corporate campus for Wells Fargo Home Mortgage. Analysts for the State of Iowa have projected that the more than 3,500 projected employees located at this facility will have a \$627 million economic impact in the surrounding area. Finally, significant commercial and multi-use growth has occurred in the West Glen development to be complemented by future residential construction in the Michaels Landing and Ponderosa developments.

The City expects this growth trend to continue as a result of a desirable central Iowa location, attractive high-end residential and commercial developments, and the City of West Des Moines' commitment to providing the infrastructure necessary to promote development. In addition, the City offers many quality of life amenities including a comprehensive parks system with over 1,200 acres of park land and open space, approximately 34.8 miles of recreational trails, and two aquatic facilities.

Relevant Financial Policies and Long-term Financial Planning

For budgetary and planning purposes, management strives to maintain an unreserved, undesignated general fund balance equal to or slightly exceeding 25 percent of total general fund expenditures. These funds are needed to meet cash flow needs during the initial months of the new fiscal year as property tax revenue, the primary source of funding for general operations, is collected semi-annually with the respective county treasurers remitting the vast majority of those taxes to the City in the months of October and April.

Annually, during the budget process, the City evaluates the property tax rate for comparison to other cities of similar size and to determine that there will be sufficient revenue to provide the services deemed necessary by the City Council. Fees and charges for services are also evaluated annually to ensure they keep pace with the cost of providing these specific services. The City strives to maintain or increase its diversified revenue sources, a measure outlined in the City's Balanced Scorecard (i.e. strategic plan), to provide for greater financial stability.

The City's Balanced Scorecard is used to focus on the organization's key objectives. The scorecard is broken down into individual measures that provide timely indicators as to whether the City is headed in the right direction. Based on these objectives and measures the City's operating budget, which consists of a three-year plan, is re-evaluated annually. Included in the operating budget are costs associated with the City's capital equipment replacement schedule. This money is set-aside annually to ensure funding is available for the timely replacement of vehicles and heavy equipment that are no longer cost effective to maintain.

An appointed Citizens Advisory Committee on Capital Planning meets with staff each fall to update the City's multi-year plan for capital improvements within the community. Projects are prioritized by the committee based on community input and data provided by staff. Among the data available is information from the Street Management System (SMS), which the Public Works department uses to assess and prioritize the maintenance needs of the City's street network. Financing sources for the projects are also discussed, ranging from fee revenue, to the use of general fund operating dollars, the issuance of general obligation bonds, available grant dollars, road use tax receipts to be collected, and tax increment financing options. The committee then makes their recommendations to the City Council.

West Des Moines has established three measures in regard to the issuance of debt. First, the City prefers to limit the amount of general obligation debt issued to one-half of the constitutionally allowed debt limit. Second, the City would like bonded debt per capita not to exceed \$1,000. Finally, a debt issuance that is not voted on by the taxpayers should not necessitate an increase in the property tax rate.

Major Initiatives and Accomplishments

The City of West Des Moines is the fifth city in the United States to have all three public safety departments accredited. In February 2006 the City of West Des Moines Fire Department received Accredited Agency status with the Commission on Fire Accreditation International, Inc. (CFAI) for meeting the criteria established through the CFAI's voluntary self-assessment and rigorous on-site inspection, which took place the previous October. West Des Moines is one of 114 agencies to achieve Internally Accredited Agency status from CFAI and the first in the State of Iowa. The police department continues to maintain accreditation through the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA) and the emergency medical services department is accredited through the Commission on Accreditation of Ambulance Services (CAAS).

A new public safety facility was opened in the western portion of the City to accommodate the rapid growth in that area and to maintain emergency response time goals. The facility is designed to house fire fighters, paramedics, and law enforcement personnel serving that portion of the community.

Twelve additional fire fighters were hired and completed an intense two month Recruit Fire Academy.

In cooperation with the West Des Moines Community School District and Dowling Catholic High School, the City's police department applied for and received a federal grant for the purpose of enhancing security in our schools. The grant for \$465,000 is then being matched by the schools for a total project budget of \$930,000.

Several upgrades were made to the City's Emergency Operations Center (EOC). Among the new features, a large television screen was installed to allow personnel in the EOC to access and monitor the City's traffic camera system. The camera system includes both stationary cameras and cameras that can be controlled so that personnel in the EOC can view, in real time, events happening in the community.

NetMotion Mobile Access was implemented to allow remote connectivity to the City's network from each public safety vehicle. The cities of Clive and Urbandale also participated in this joint project.

West Des Moines' information services department and WestCom, the joint dispatch center serving the cities of Clive, Urbandale and West Des Moines, coordinated the effort to merge GIS data from the participating communities with data from the capitol city of Des Moines and Polk County. A seamless regional street and address map now helps responders use the GPS and GIS equipment in their public safety vehicle to locate and route to emergency calls.

An on-line donation feature was added to the City's website, enabling donors to make contributions to the human services department and / or library board through the City's website.

The Polk County Youth and Family Services Department committed \$49,000 to the City's Transitional Housing Program to fund two additional housing units for a period of two years. This brings the total number of Transitional Housing units being administered by the City's human services department to eight units.

The WestHelp Program, which is a collaborative effort to preserve affordable homes in member communities, was expanded to include nine communities and is now called the Metro Home Improvement Program. The program provides five-year forgivable loans to eligible single family homeowners for housing repair and correction of safety code violations.

The public works department constructed and implemented a computerized deicer blending system for winter maintenance. This system allows us to blend alternative deicers with salt brine to more economically prevent hazardous driving conditions on our city streets. The department also implemented an automated vehicle location system which is tied in with the automated digital spreader controls in each truck to record and monitor deicer usage by each unit. This tool has been utilized to more effectively train our operators in the area of proper deicer distribution. During the past winter we experienced a significant reduction in the amount of salt used for each storm event.

The City of West Des Moines and the West Des Moines Community School District entered into an agreement to provide an after school teen center in a former elementary school building. The center provides a safe and supervised environment for 7th through 9th grade youth to gather weekdays after school and, offers them a variety of programs and activities to enjoy.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Des Moines for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the fourteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 24, 2007. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

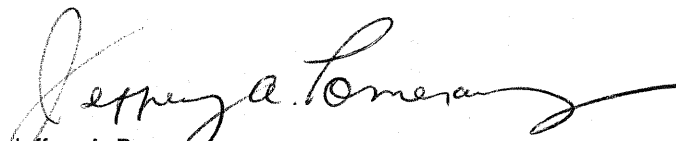
In May 2002, the City of West Des Moines revised its investment policy and submitted it to the Association of Public Treasurers of the United States and Canada (APT US & C) for consideration in their Investment Policy Certification Program. Upon review of that submission, the City was presented with the Association's Written Investment Policy Certification.

Acknowledgements


The preparation of this report could not have been accomplished without the dedicated services of the staff of the Administrative Services Department. We would like to express our appreciation to all members of the department who assisted with the audit and preparation of this report.

We would like to extend our sincere appreciation to the Mayor and Members of the City Council for their interest and support of our efforts conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Jeffrey A. Pomeranz
City Manager



Jody E. Smith
Director of Administrative Service

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of West Des Moines
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

City of West Des Moines, Iowa

Elected and Appointed Officials
June 30, 2007

Elected Officials:

Term Expires

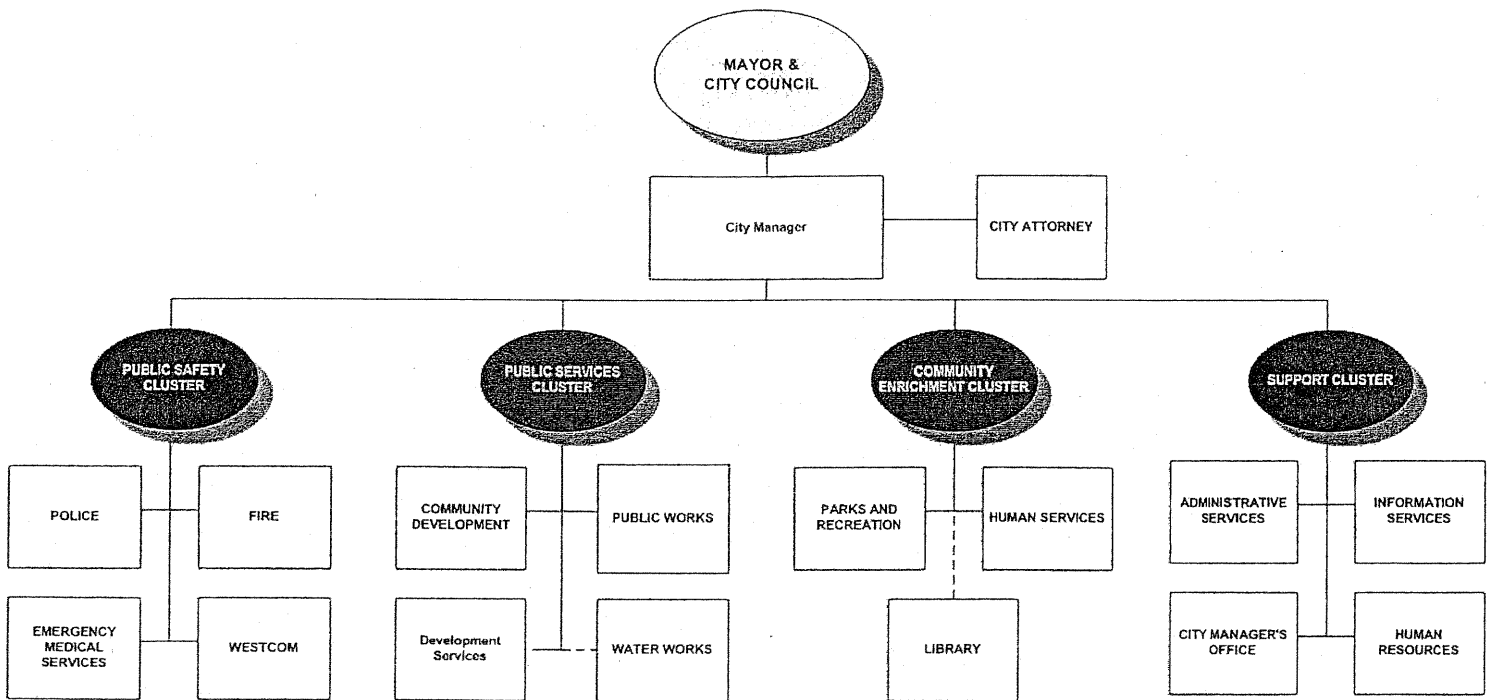
Steven Gaer	Mayor	January, 2010
Ted Ohmart	Council Member	January, 2010
Brad Olson	Council Member	January, 2008
Robert Parks	Council Member	January, 2010
Jim Sandager	Council Member	January, 2008
Loretta J. Sieman	Council Member	January, 2010

Appointed Officials:

Jeffrey A. Pomeranz	City Manager
Jody E. Smith	Director of Administrative Services / City Clerk
Richard J. Scieszinski	City Attorney

City of West Des Moines, Iowa

Organizational Chart
June 30, 2007



----- Indicates Reports to Board

Last Revised: 3/1/03