

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF WEST DES MOINES, IOWA**

**Year ended June 30, 2008**

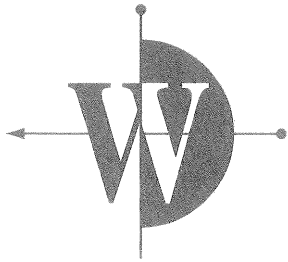


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THE CITY OF  
**West Des Moines®**  
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'AAA'  
Credit Rating from  
Standard & Poor's

December 15, 2008

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, 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, 2008.

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 the information presented in the report, based upon a comprehensive framework of internal control that it has established for this purpose. The cost of internal controls should not exceed anticipated benefits; therefore, 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, 2008. 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. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

### **Profile of the City of West Des Moines**

West Des Moines, incorporated as Valley Junction in 1893, is a suburb of the state's capital. Centrally located in Iowa, West Des Moines is currently comprised of approximately 38 square miles and is empowered by state statute to extend its corporate limits via 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, an increase of approximately 70 percent since 1990. The U.S. Census Bureau reported 46,403 residents in 2000 and estimated the population to be 53,945 in 2006.

Policy-making and legislative authority in the City of West Des Moines are vested in a governing council. The City Council consists of a mayor and five councilmembers, all are elected on a non-partisan basis with three councilmembers being elected by ward, 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 City's chief administrative officer, 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.

Public elementary and secondary education services within the City are provided by the West Des Moines, Waukee, and Des Moines Independent Community School Districts. 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 City 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 15<sup>th</sup>. 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**

The City of West Des Moines is one of the fastest growing cities in the state of Iowa. West Des Moines is the 9<sup>th</sup> largest city in the state but ranks 4<sup>th</sup> in terms of retail sales, 4<sup>th</sup> in terms of property valuations, and 4<sup>th</sup> in the collection of Hotel/Motel taxes. The median household income in West Des Moines continues to exceed both the national and state averages. In 2000, 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.

West Des Moines has sustained commercial growth that spans across many industry lines, providing additional economic stability to the area. Jordan Creek Town Center, a 200-acre upscale entertainment complex located in West Des Moines, has continued to stimulate area growth since opening in 2004. In 2006, Wells Fargo Home Mortgage completed construction of its 1 million square foot home office. Over 3,000 employees work at this location alone and contribute to the economic impact on the surrounding area, projected by the State of Iowa to be \$627 million. In late 2007, Aviva U.S.A. broke ground on their 1.3 million square foot North American headquarters. Scheduled to open in 2010, the insurance group plans to employ over 1,000 at the West Des Moines location.

Two hospitals are currently under construction in West Des Moines with Mercy West Lakes to open in late 2009 and Iowa Health West to open in early 2010. Quality of life will be enhanced by the scope of medical services that will be offered by the over 175 beds at their facilities.

Residential and mixed-use development is also exhibiting continued growth in West Des Moines. The Village of Ponderosa, a 96.7 acre mixed-use development, began to take shape this year joining other West Des Moines developments that boast an appealing mix of housing, entertainment, shopping, and recreation options.

Continued growth is anticipated citywide as a result of the desirable central Iowa location, attractive high-end residential and commercial developments and the City of West Des Moines' commitment to provide crucial infrastructure to support quality development. The numbers of pending development plans and issued building permits assist in confirming the growth trends. 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, over 40 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 necessary to meet cash flow needs during the initial months of the new fiscal year as property tax revenue, the primary source of funding for general operations, is collected semi-annually with the respective county treasurers remitting 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 2006, the City of West Des Moines' Fire department was the first in Iowa awarded Internationally Accredited Agency status with the Commission on Fire Accreditation International, Inc. (CFAI). The Police department, accredited through the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA), was selected as a Flagship Agency in 2008 for providing an "...extraordinary example of excellence in an accredited law enforcement agency". The Emergency Medical Services department is accredited through the Commission on Accreditation of Ambulance Services (CAAS) and is one of only three Iowa agencies with this honor.

The West Des Moines Fire department is fortunate to have two deputy chiefs with state and national disaster response training provided by FEMA. In 2008, both officers were deployed to Parkersburg, Iowa after a devastating tornado swept through the northeast region of the state. Their expertise and experience is not only an asset to West Des Moines, but to other communities in need of specialized assistance in the event of a disaster. The West Des Moines Police department coordinated and held the first Teen Academy, a modified version of the Citizen Academy, designed to give local youth a working knowledge of the practices, policies, and procedures governing the West Des Moines Police department. The department also worked closely with the West Des Moines Community School District and local parents to develop and implement Code 411, an initiative to instruct local 6<sup>th</sup> grade students on drug awareness, peer pressure, as well as other current issues affecting their safety and well being.

The Environmental Systems Research Institute (ESRI) presented the City of West Des Moines with the Special Achievement in GIS (SAG) award at their 2008 annual conference. The West Des Moines GIS Steering Committee, credited with the project's success, was comprised of City employees from many different departments. Their efforts began in 2005 when a need was identified to streamline and complete data-sets available across multiple counties and jurisdictions. The outcome was an enterprise system with one seamless, regional street and address map. The system is now available to all departments and can be accessed by the public via the City's website. It is used in City vehicles to locate properties and record data, by dispatchers and responders to pinpoint emergencies, and by office staff and citizens to access a wide variety of information.

Similarly, the Public Works department is improving efficiency, enhancing safety, and increasing dispatching capabilities using data gathered by a department-wide automated vehicle location system. During the winter months, the public now has the capability to monitor snow removal efforts online—an enhancement in communication and customer service. Public Works employees also worked with a snow equipment manufacturer to design a more cost-effective and environmentally-friendly salt spreader. The spreader has gained national attention and is now being manufactured and marketed internationally with the potential to revolutionize the winter maintenance industry.

A grant from the Iowa Chapter of The American Institute of Architects (AIA) and West Bank made it possible to offer another complimentary resource to West Des Moines' residents. This guide is titled "A Pattern Book for West Des Moines Neighborhoods", and provides homeowners with renovation ideas to update older homes while preserving neighborhoods. Collaboration between the City's Planners, local architects and building professionals, as well as the AIA made the Pattern Book possible. The guide has attracted a great deal of interest from residents, businesses, and organizations alike, especially those with historic connections.

The Historic Valley Junction area has been enriched by several projects coordinated by West Des Moines Parks and Recreation. The improvements include directory signage, way finding, and the addition of an arch entrance to Fifth Street. The teen center, a safe and supervised environment for 7<sup>th</sup> through 9<sup>th</sup> grade youth to gather weekdays after school, has experienced continued success. Previously averaging 86 visitors per day, new programs and activities have drawn increased interest and will reveal even greater success in the coming year.

Successful collaboration is also exemplified by the West Des Moines' Human Services department. Their administration of the Transitional Housing Program provided housing units and case management to nine families in 2007-08. They also combined forces with local churches, civic groups, and individual volunteers to aid 15 households that sustained water damage during the 2008 flood season, to aid 348 households with emergency rent or utility assistance, and to provide opportunities for children of low income families to attend school and social events. Human Services staff was presented with a medal and nomination for the Heroes in the Fight award, a recognition program established by Eli Lilly and Company to recognize "heroes" who make a difference by providing ongoing care and support to individuals and families facing severe and persistent mental illness.

To improve internal efficiency and communication the City undertook a major project to implement a comprehensive human resources and payroll software system (HRIS); replacing two separate existing systems. The new HRIS system enhances the City's ability to efficiently process mass payroll and benefit plan changes. In Phase 1 all personnel, payroll and benefit records were converted and merged into a single database, significantly reducing duplicate data entry and recordkeeping. Phase 2, scheduled to begin in the spring of 2009, will include manager and employee self-service features, automated workflows, electronic timekeeping, and online employment applications.

The City of West Des Moines was recently honored by FORTUNE Small Business (FSB), who named West Des Moines in their *Top 100 Places to Live and Launch a Small Business*. The list was compiled by FSB to recognize towns that "...combine a great business environment with alluring leisure offerings." For ten consecutive years, the Des Moines Business Record has similarly named West Des Moines "The Best City Government Conducive to Business." West Des Moines has also been designated as a destination for international sporting events in the past year as the City hosted the 2008 Hy-Vee World Cup Triathlon in June. A remarkable display of effort and organization brought the Olympic qualifying event to life, hosting 2220 amateur racers and 100 of the world's best men and women professional triathletes.



## Awards

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.

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 (CAFR) for the fiscal year ended June 30, 2007. This was the fifteenth 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 (GAAP) and applicable legal requirements.

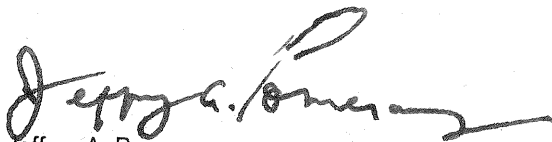
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, for the tenth consecutive year, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 24, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged and deemed proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

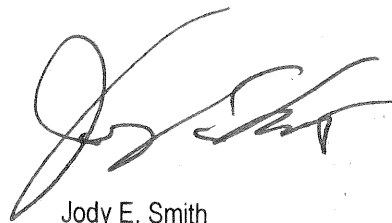
## Acknowledgements

Preparation of this report was accomplished through the dedicated services provided by the Administrative Services department staff. We would like to express our appreciation to all members of the department who assisted with the audit and contributed to the preparation of this report. Likewise, we wish to extend our sincere appreciation to the Mayor and members of the City Council for their interest in and support of our efforts to conduct the City's financial operations in the most responsible and progressive manner.

Respectfully submitted,



Jeffrey A. Pomeranz  
City Manager



Jody E. Smith  
Director of Administrative Services

# 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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director

City of West Des Moines, Iowa

List of Principal Officials  
June 30, 2008

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**Elected Officials**

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Steven K. Gaer	Mayor	Term Expires January, 2012
Ted Ohmart	Councilmember, At Large	Term Expires January, 2010
Robert Parks	Councilmember, Ward 1	Term Expires January, 2010
Jim Sandager	Councilmember, At Large	Term Expires January, 2012
Charles Schneider	Councilmember, Ward 2	Term Expires January, 2012
Loretta Sieman	Councilmember, Ward 3	Term Expires January, 2010

**Appointed Officials**

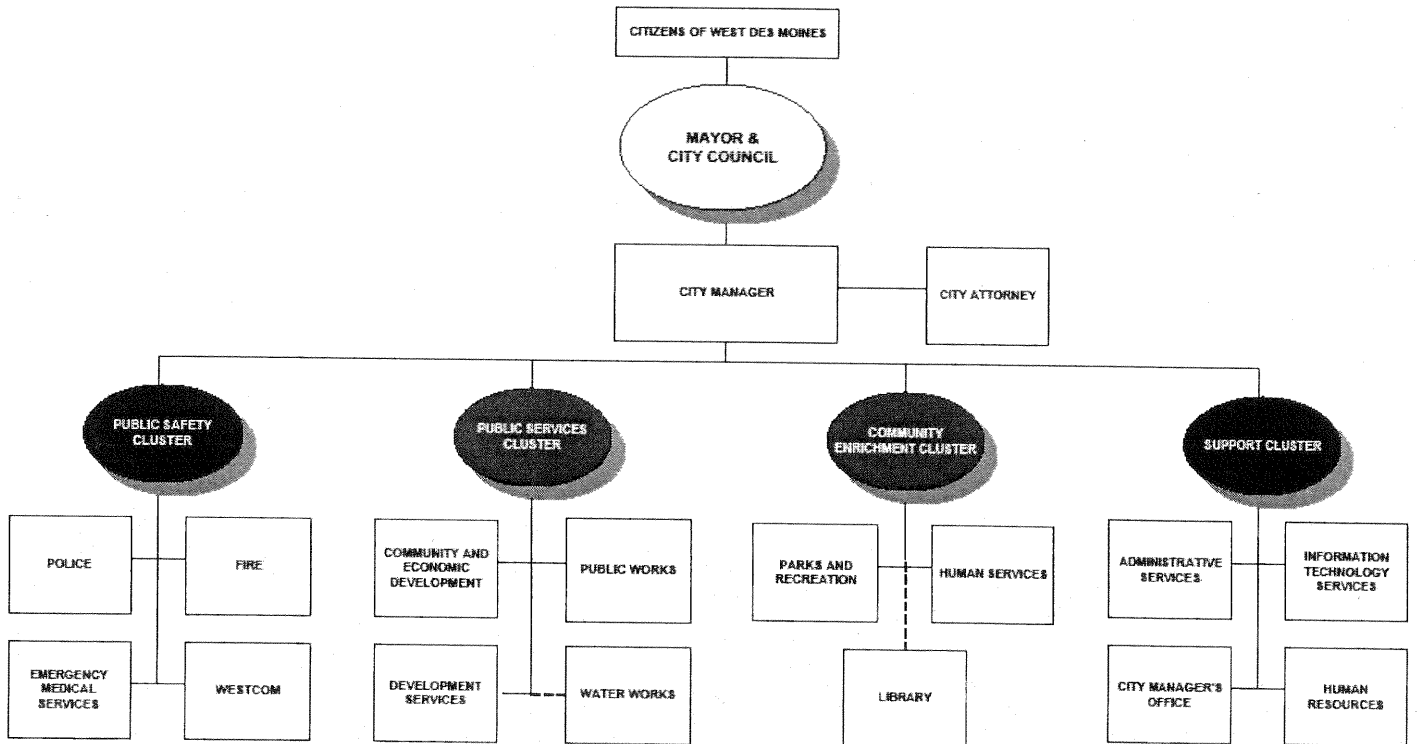
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Jeffrey A. Pomeranz, City Manager  
Jody E. Smith, City Clerk  
Richard J. Scieszinski, City Attorney

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City of West Des Moines, Iowa

Organizational Chart  
June 30, 2008



---- Indicates Reports to Board

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa as of June 30, 2008, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 and budgetary comparison information and modified approach information on pages 53 through 57 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Des Moines, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the basic financial statements for the year ended June 30, 2007 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. The basic financial statements for the two years ended June 30, 2006 (none of which are presented herein) were audited by other auditors whose report dated October 6, 2006 stated that they expressed unqualified opinions on those financial statements. The combining nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
December 5, 2008

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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As management of the City of West Des Moines, Iowa, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of West Des Moines for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is located in the Introductory Section at the front of this report.

#### Financial Highlights

- The assets of the City of West Des Moines exceeded liabilities at the close of the fiscal year ending June 30, 2008 by \$402,981,081 (net assets). Of this amount, \$45,351,029 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2007, assets exceeded liabilities by \$372,672,248. Of this amount, \$40,376,159 was unrestricted.
- The City's total net assets increased by \$30,308,833 during the fiscal year ended June 30, 2008. Governmental activities increased \$20,966,155 and business-type activities increased \$9,342,678. For fiscal year ended June 30, 2007, total net assets increased \$34,478,599. Governmental activities increased \$21,468,340 and business-type activities increased \$13,010,259.
- As of the close of the current fiscal year, the City of West Des Moines' governmental funds reported combined ending fund balances of \$51,569,580, an increase of \$5,919,746 in comparison with the prior year. Approximately 59.1 percent of this total amount, \$30,476,228 is unreserved fund balance which is available for spending at the City's discretion. As of the close of the fiscal year June 30, 2007, governmental funds reported combined ending fund balances of \$45,649,834, of which \$29,123,378 or 63.8 percent was unreserved.
- At the end of the current fiscal year, the City's unreserved fund balance for the General Fund was \$12,303,137 or 30 percent of total General Fund expenditures. These funds will be needed to meet expenditures during the next four months, at which time the City will receive the next semi-annual property tax revenue. The unreserved fund balance for the General Fund as of June 30, 2007 was \$10,234,813 or 27 percent of total General Fund expenditures.
- The City of West Des Moines' total debt decreased by \$5,027,342 (3.6 percent) during the current fiscal year. Total debt for the fiscal year June 30, 2007, decreased by \$12,871,229 (8.4 percent).

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of West Des Moines' basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information 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's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the City of West Des Moines' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public works (roads, engineering, and traffic controls), health and social services, culture and recreation, community and economic development, general government, and interest on long-term debt. The business-type activities of the City include sanitary sewer, storm water, and solid waste operations.

The government-wide financial statements include only the City of West Des Moines (known as the *primary government*). The West Des Moines Community School District, the Waukee Community School District, the Norwalk Community School District and West Des Moines Waterworks provide services to the citizens of West Des Moines but do not meet established criteria to be component units of the City, and thus, are not included in this report.

The government-wide financial statements can be found on pages 16 through 19 of 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 West Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements, and is typically the basis used in developing the next annual budget.

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

The City of West Des Moines maintains thirteen 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 Financing Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation under the column heading *Nonmajor Governmental Funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.



## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

The City presents budgetary information as allowed by GASB Statement No. 41. The City adopts an annual appropriated budget for the activity of all funds except agency funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions, not by fund or fund type.

**Proprietary funds.** The City 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. The City uses enterprise funds to account for sanitary sewer system, storm water, and solid waste activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of West Des Moines utilizes four internal service funds to account for its vehicle replacement, vehicle maintenance, health and dental insurance program, and workers' compensation program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer and storm water systems major funds and the nonmajor fund –solid waste operations. 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.

The basic proprietary fund financial statements can be found on pages 24 through 29 of this report.

**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 statements because the resources of those funds are *not* available to support the City of West Des Moines' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 30 of this report.

**Notes to basic 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. The notes to basic financial statements can be found on pages 31 through 52 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also provides certain *required supplementary information* concerning the City of West Des Moines' infrastructure condition and maintenance records as the City has used the modified approach for reporting much of its infrastructure. This approach to recording infrastructure is explained on page 10 of this Management's Discussion and Analysis (MD&A). Required supplementary information can be found on pages 55 through 57 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on infrastructure. Combining and individual fund statements and schedules can be found on pages 58 through 67 of this report.

**City of West Des Moines, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2008**

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the City of West Des Moines, assets exceeded liabilities by \$402,981,081 at the close of the most recent fiscal year.

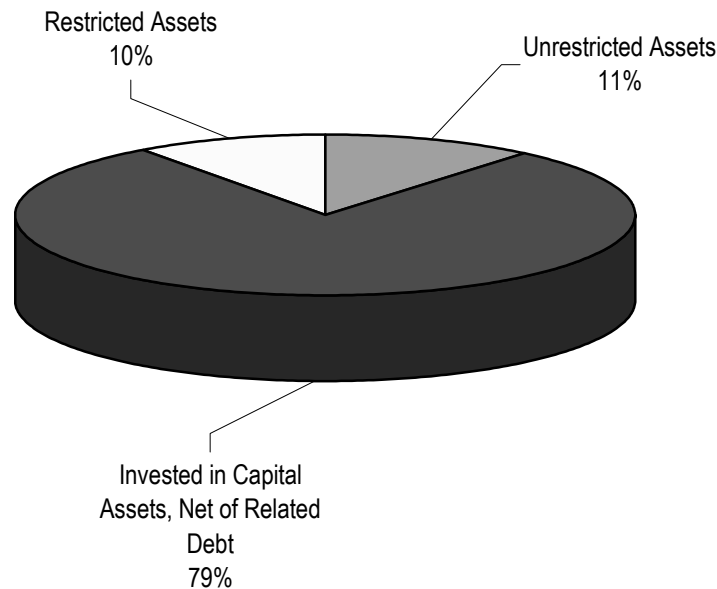
By far the largest portion of the City's net assets (79 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements other than buildings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

<b>City of West Des Moines' Net Assets</b>						
(in thousands of dollars)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current and other assets	\$ 123,133	\$ 112,448	\$ 28,937	\$ 25,528	\$ 152,070	\$ 137,976
Capital assets net of depreciation	388,442	379,330	61,658	56,324	450,100	435,654
<b>Total assets</b>	<b>511,575</b>	<b>491,778</b>	<b>90,595</b>	<b>81,852</b>	<b>602,170</b>	<b>573,630</b>
<b>Liabilities</b>						
Current liabilities	76,880	75,599	623	870	77,503	76,469
Long-term liabilities outstanding	119,124	121,574	2,562	2,915	121,686	124,489
<b>Total liabilities</b>	<b>196,004</b>	<b>197,173</b>	<b>3,185</b>	<b>3,785</b>	<b>199,189</b>	<b>200,958</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	258,999	244,929	58,746	52,757	317,745	297,686
Restricted assets	38,812	33,537	1,073	1,073	39,885	34,610
Unrestricted assets	17,760	16,139	27,591	24,237	45,351	40,376
<b>Total net assets</b>	<b>\$ 315,571</b>	<b>\$ 294,605</b>	<b>\$ 87,410</b>	<b>\$ 78,067</b>	<b>\$ 402,981</b>	<b>\$ 372,672</b>

An additional portion of the City's net assets (10 percent or \$39,884,770) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (11 percent or \$45,351,029) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of West Des Moines is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also the case in the prior fiscal year.

## Net Assets as of June 30, 2008



**Governmental activities:** Governmental activities increased the City's net assets by \$20,966,155. This was comprised of an increase in restricted assets of \$5,274,272, an increase in the investment in capital assets, net of related debt, of \$14,070,370, and an increase in unrestricted assets of \$13,034,151. An increase in the amount of invested capital at the same time that unrestricted assets decreased illustrates the point made on the previous page that, "although the City's investment in capital assets is reported net of related debt, this debt must be paid from other sources as the capital assets themselves cannot be liquidated to cover the debt incurred to construct them". The investment in capital assets, net of related debt, increased as the related debt was paid down using unrestricted dollars.

**Business-type activities:** As shown on the chart that follows, business-type activities increased the City's net assets by \$9,342,678. The majority of these net assets are being accumulated to fund future large dollar expenditures for the expansion of the City's sanitary sewer system and to meet new, more stringent, regulatory requirements for storm water runoff management and monitoring.

City of West Des Moines, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2008

City of West Des Moines' Changes in Net Assets  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 6,654	\$ 6,029	\$ 9,463	\$ 8,850	\$ 16,117	\$ 14,879
Operating grants and contributions	8,077	7,452	3,621	4,540	11,698	11,992
Capital grants and contributions	274	8,220	7,039	7,009	7,313	15,229
General revenues:						
Property taxes	54,220	49,765			54,220	49,765
Other taxes	2,777	2,703			2,777	2,703
Earnings on investments	2,571	2,575	1,046	905	3,617	3,480
Other	603	1,020			603	1,020
<b>Total revenues</b>	<b>75,176</b>	<b>77,764</b>	<b>21,169</b>	<b>21,304</b>	<b>96,345</b>	<b>99,068</b>
Expenses:						
General government	4,795	5,017			4,795	5,017
Public safety	20,342	19,750			20,342	19,750
Public works	11,837	8,964			11,837	8,964
Health and social services	1,038	985			1,038	985
Culture and recreation	9,022	8,562			9,022	8,562
Community and economic development	5,808	3,886			5,808	3,886
Interest on long-term debt	5,622	5,884			5,622	5,884
Sanitary sewer			5,304	9,346	5,304	9,346
Solid waste			1,522	1,453	1,522	1,453
Storm water			746	743	746	743
<b>Total expenses</b>	<b>58,464</b>	<b>53,048</b>	<b>7,572</b>	<b>11,542</b>	<b>66,036</b>	<b>64,590</b>
<b>Excess before transfers and special item</b>	<b>16,712</b>	<b>24,716</b>	<b>13,597</b>	<b>9,762</b>	<b>30,309</b>	<b>34,478</b>
Transfers	4,254	(3,248)	(4,254)	3,248	-	-
Change in net assets	20,966	21,468	9,343	13,010	30,309	34,478
Net assets, beginning of year	294,605	273,137	78,067	65,057	372,672	338,194
Net assets, end of year	\$ 315,571	\$ 294,605	\$ 87,410	\$ 78,067	\$ 402,981	\$ 372,672

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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#### Financial Analysis of the Government's Fund Financial Statements

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

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

The City's governmental funds reported combined fund balances of \$51,569,580 as of June 30, 2008. This was an increase of \$5,919,746, or 13 percent, over the prior year. Of this total amount, \$30,476,228 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate prior period contracts and purchase orders of \$14,838,305, and 2) to fund various debt service payments totaling \$6,255,047.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,303,137, while total fund balance was \$12,303,137. As a measure of the General Fund's liquidity, it is generally useful to compare both unreserved fund balance and total fund balance to total fund expenditures. In this instance, unreserved fund balance and total fund balance both represent approximately 30 percent of total General Fund expenditures. These funds will be needed as working capital during the initial months of the new fiscal year as property tax revenue is only collected semi-annually, in September and March, with the majority of the revenue remitted to the City by the respective county treasurers in the months of October and April. Thus, the City strives to maintain an average fund balance of approximately 25% of General Fund expenditures, with that fund balance percentage having been 27% in fiscal year 2007 and 30% in fiscal year 2008.

During the current fiscal year the unreserved General Fund balance increased primarily as a result of increased revenue collections for property taxes, licenses and permit fees, and charges for services. More specifically, from growth in the City's property tax valuations, an increase in the amount of building related permits issued, and the increased collection of charges for services in regard to construction inspection and other building and development department services.

The Tax Increment Financing (TIF) Fund had a fund balance of \$10,327,388 at June 30, 2008. The property taxes collected in these special financing districts will continue to be transferred from the Tax Increment Financing Fund to cover bonded debt, other loans, advances and contracts used to finance infrastructure improvements in these TIF districts.

The Debt Service Fund increased from \$5,493,105 to a fund balance of \$6,255,047 at June 30, 2008. This fund balance is reserved for the payment of debt (i.e. payment of general obligation principal and interest). During the fiscal year \$22,785,000 in outstanding debt was retired by the fund. This included the refinancing of \$10,000,000 in bonds to take advantage of lower market interest rates. Funds to retire this debt were transferred in from the Tax Increment Financing Fund and proceeds from refunding bonds issued by the Capital Projects fund.

The Capital Projects Fund had a total fund balance of \$13,167,749, all of which is reserved for the liquidation of construction contracts that were entered into during the prior period. Currently, the City has construction contract obligations of \$14,838,305 which will be paid out over approximately the next one to two years.

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

## City of West Des Moines, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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Total net assets of the Sanitary Sewer Fund at the end of the year amounted to \$74,083,217. This is comprised of: \$46,961,556 invested in capital assets, net of related debt; \$1,072,785 restricted for debt service; and \$26,048,876 in unrestricted net assets. Total net assets of the Storm Water Fund at the end of the current year were \$12,856,858, with \$11,784,663 invested in capital assets net of related debt and \$1,072,195 in unrestricted net assets. Total net assets of the Solid Waste Fund at the end of the current year were \$400,871 all of which was unrestricted. The Solid Waste Fund does not have any investment in capital assets as this service was out-sourced to a private contractor in November of 2000.

As explained above, under Business-type Activities, net assets accumulated in the Sanitary Sewer and Storm Water funds will be used to fund future large dollar expenditures for the expansion of the City's sanitary sewer system and to meet new, more stringent, regulatory requirements for storm water runoff management and monitoring. The City began collecting storm water utility fees on July 1, 2006 to fund the new requirements.

#### Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type.

During the year, amendments to budgeted expenditures were primarily due to changes in the timing of capital improvement projects both in governmental and business-type activities, as is frequently the case with a June 30 fiscal year end. This budget also reflects the fact that the City took advantage of an opportunity to refund bonded debt at a favorable interest rate. The revenue budget was amended to reflect increased collections of hotel / motel tax as a result of an increase in the number of hotels in the community and an increase in revenue from intergovernmental sharing agreements. The budgetary comparison schedules on pages 53 through 54 provide more information.

#### Capital Assets and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$450,100,571 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings (e.g. recreation trails, athletic fields, parking lots), vehicles and equipment, and infrastructure (e.g. roads, bridges, sanitary and storm sewer lines). The total increase in the City of West Des Moines' capital assets for the current fiscal year was 3.3 percent, much like the previous year.

The City of West Des Moines has elected the option to use the modified approach for reporting infrastructure within the governmental activities, as allowed by GASB Statement No. 34. Under the modified approach eligible infrastructure is not required to be depreciated if the following requirements have been met:

- The government must have an up-to-date inventory of the assets of those networks or subsystems.
- The government must perform or obtain condition assessments of those assets and summarize the results using a measurement scale. It is essential that such condition assessment be replicable (i.e., conducted using methods that would allow different measurers to reach substantially similar results).
- The government must make an annual estimate of the amount needed to maintain and preserve those assets at a condition level established and disclosed by the government.
- The government must document that infrastructure assets are being preserved at or above the condition level established and disclosed by the government.

The City already had an inventory management system in place and was performing condition assessments as part of its ongoing efforts to maintain and preserve the quality and useful life of these governmental infrastructure assets. Under the modified approach, the City records the actual maintenance and preservation costs incurred during the period as expense,

**City of West Des Moines, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2008**

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rather than capitalizing the preservation costs and estimating the amount of depreciation expense to record. Only improvements and additions that increase the capacity or efficiency of the infrastructure network are capitalized under this approach. All other costs are expensed in the period incurred.

The *required supplementary information* that must be presented by governments electing this approach appears on pages 55 through 57 of this report. From this supplementary information you can see that the City has been able to consistently meet or exceed its condition level goals. For a full explanation as to how the following condition levels were determined, please see page 55 of this report.

**Condition Level for Street Network**  
(prior 3 years)

Street subsystem:	2005	2006	2007
Goal	78-80	78-80	78-80
Actual	80.21	80.91	80.90
Bridge and culvert:			
Goal	81 or greater	81 or greater	81 or greater
Actual	90.6	91	93.8
Levee subsystem:			
Goal	Acceptable	Acceptable	Acceptable
Actual	Acceptable	Acceptable	Acceptable

The *required supplementary information* also reveals that estimated maintenance costs and actual maintenance costs are fairly consistent considering that the fiscal year falls in the middle of the construction season which will result in some fluctuation from year to year depending on the exact date that the construction contract is let.

**Comparison of estimated prevention/maintenance costs to actual for the street network (in thousands)**

	2003	2004	2005	2006	2007	2008
Estimated costs	\$3,167	\$2,996	\$3,323	\$4,077	\$4,480	\$4,915
Actual costs	\$3,349	\$3,052	\$3,517	\$3,516	\$4,751	\$4,661

West Des Moines has *not* elected to use the modified approach for reporting the infrastructure of business-type activities, as the City has not yet completed the necessary condition assessments required for the use of the modified approach. Therefore, depreciation expense has been recognized for the sanitary sewer and storm sewer infrastructure capital assets.

City of West Des Moines, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2008

**Capital Assets, Net of Applicable Depreciation**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 24,077	\$ 23,970	\$ 328	\$ 328	\$ 24,405	\$ 24,298
Buildings	39,086	38,532	-	-	39,086	38,532
Improvements other than buildings	33,479	31,798	-	-	33,479	31,798
Fiber Network	3,444	-	-	-	3,444	-
Equipment and vehicles	19,398	18,313	7	7	19,405	18,320
Construction-in-progress	10,101	18,221	72	459	10,173	18,680
Share of undivided equity interest assets	1,189	1,111	-	-	1,189	1,111
Infrastructure, depreciable	-	-	85,565	78,143	85,565	78,143
Infrastructure, nondepreciable	298,487	284,010	-	-	298,487	284,010
Accumulated depreciation	(40,819)	(36,625)	(24,314)	(22,613)	(65,133)	(59,238)
<b>Total capital assets</b>	<b>\$ 388,442</b>	<b>\$ 379,330</b>	<b>\$ 61,658</b>	<b>\$ 56,324</b>	<b>\$ 450,100</b>	<b>\$ 435,654</b>

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

- Construction began or continued on the following street projects with construction-in-progress totals as shown:
  - 60<sup>th</sup> Street between EP True Parkway and Mills Civic Parkway \$2,462,973
  - Grand Avenue and Fuller Road intersection improvements \$119,487
  - Grand Avenue and Vine Street intersection improvements \$941,641
  - SW Connector relocation of Hwy 5 and Army Post Road \$313,447
  - Lincoln Street between South 13<sup>th</sup> Street and Fuller Road \$699,921
  - Mills Civic Parkway between South Jordan Creek Parkway and South 105<sup>th</sup> Street \$935,169
  - Cascade Avenue between South Jordan Creek Parkway and South 81<sup>st</sup> Street \$381,777
  - South 81<sup>st</sup> Street between Mills Civic Parkway and Cascade Avenue \$127,926
  - 105<sup>th</sup> Street and Interstate 80 interchange \$130,804
  - University Avenue bridge widening over Interstates 80 and 35 \$351,775
  
- Construction began on the following storm water project with construction-in-progress as shown:
  - Hoak Drive Levee modification, Phase I \$40,670

Additional information concerning the City's capital assets can be found in Note 1 and Note 3 of the *Notes to Basic Financial Statements* on pages 31 through 38 and 40 and 41, respectively.



**City of West Des Moines, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2008**

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**Long-term debt.** At the close of the fiscal year ended June 30, 2008, the City had total bonded debt outstanding of \$126,037,000. Of this amount, \$123,125,000 comprises debt backed by the full faith and credit of the government and the remaining \$2,912,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Table of Outstanding Debt  
General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 123,125,000	\$ 125,840,000	\$ -	\$ -	\$ 123,125,000	\$ 125,840,000
Revenue bonds	-	-	2,912,000	3,567,000	2,912,000	3,567,000
<b>Total</b>	<b>\$ 123,125,000</b>	<b>\$ 125,840,000</b>	<b>\$ 2,912,000</b>	<b>\$ 3,567,000</b>	<b>\$ 126,037,000</b>	<b>\$ 129,407,000</b>

The City's total bonded debt decreased by \$3,370,000, or 2.6 percent, during the current fiscal year. This includes the issuance of two new general obligation bonds during the year; \$9,860,000 to refund an existing bond at a lower rate of interest, and a \$7,000,000 general obligation bond for improvements in the Jordan Creek TIF District.

State constitution limits the amount of general obligation debt an Iowa city may issue to 5 percent of the actual assessed value of all taxable property in the City of West Des Moines. The current debt limitation for the City is \$263,464,811. With outstanding general obligation debt of \$123,125,000 and other debt subject to the limitation of \$6,329,756, the City had utilized 49 percent of the debit limit as of June 30, 2008.

During this period, the City of West Des Moines' debt rating by Standard & Poor's was reconfirmed at "AAA", the highest rating given by that rating agency. The City also maintained its "Aa1" rating by Moody's Investors Service, that agency's second highest rating.

Additional information on the City's long-term debt can be found in Note 4 on pages 41 through 45 of this report.

## **City of West Des Moines, Iowa**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008**

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#### **Economic Factors and Next Year's Budgets and Rates**

The City of West Des Moines expects growth in taxable property valuations to continue over the next several years as West Des Moines is one of the fastest growing cities in the state of Iowa. However, through approximately 2014, a significant portion of the incremental property value gained in the rapidly developing western and southern portions of the City is committed to the repayment of general obligation bonds. This debt was issued to provide municipal services, including construction of infrastructure, in the area. As a result, the City of West Des Moines has continued to budget conservatively for the fiscal year ending June 30, 2009 and increased property tax rates from \$11.95 / \$1,000 of taxable valuation to \$12.05 in order to provide additional public safety services to the expanding community.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of West Des Moines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Department of Administrative Services at 4200 Mills Civic Parkway, Suite 2B or by mail to the City of West Des Moines, Department of Administrative Services, PO Box 65320, West Des Moines, Iowa 50265-0320.

## **BASIC FINANCIAL STATEMENTS**

**City of West Des Moines, Iowa**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

<b>ASSETS</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current assets			
Cash and investments	\$ 63,197,576	\$ 19,253,319	\$ 82,450,895
Receivables			
Property taxes	56,394,947	-	56,394,947
Accounts and unbilled usage	743,346	2,249,305	2,992,651
Loans	207,668	-	207,668
Interest	241,653	995,892	1,237,545
Special assessments	431,250	28,524	459,774
Internal balances	(536,863)	536,863	-
Due from other governments	1,526,392	4,800,245	6,326,637
Inventories	12,464	-	12,464
Total current assets	<u>122,218,433</u>	<u>27,864,148</u>	<u>150,082,581</u>
Noncurrent assets			
Restricted cash and investments	-	1,072,785	1,072,785
Bond issuance costs	689,922	-	689,922
Bond discounts	225,061	-	225,061
	<u>914,983</u>	<u>1,072,785</u>	<u>1,987,768</u>
Capital assets			
Nondepreciable			
Land	24,077,362	327,809	24,405,171
Infrastructure	298,487,497	-	298,487,497
Construction-in-progress	10,101,240	72,358	10,173,598
Depreciable			
Buildings	39,085,528	-	39,085,528
Equipment and vehicles	19,397,660	6,977	19,404,637
Fiber Network	3,443,787	-	3,443,787
Improvements other than buildings	33,479,521	-	33,479,521
Share of undivided equity interest assets	1,188,559	-	1,188,559
Infrastructure	-	85,564,770	85,564,770
Accumulated depreciation	(40,818,802)	(24,313,695)	(65,132,497)
Net capital assets	<u>388,442,352</u>	<u>61,658,219</u>	<u>450,100,571</u>
Total noncurrent assets	<u>389,357,335</u>	<u>62,731,004</u>	<u>452,088,339</u>
Total assets	<u>\$511,575,768</u>	<u>\$ 90,595,152</u>	<u>\$602,170,920</u>

See Notes to Basic Financial Statements.

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 3,060,881	\$ 153,137	\$ 3,214,018
Claims payable	448,650	-	448,650
Accrued wages payable	1,033,150	26,365	1,059,515
Interest payable	382,021	7,280	389,301
Unearned revenue	57,363,028	-	57,363,028
Compensated absences	653,759	69,453	723,212
General obligation bonds	11,905,000	-	11,905,000
Tax increment financing bonds	1,895,000	-	1,895,000
Capital lease payable	132,039	-	132,039
Loan payable	6,934	-	6,934
Revenue bonds payable	-	367,000	367,000
Total current liabilities	<u>76,880,462</u>	<u>623,235</u>	<u>77,503,697</u>
Noncurrent liabilities			
Compensated absences	3,132,729	17,145	3,149,874
General obligation bonds	111,220,000	-	111,220,000
Tax increment financing bonds	3,995,000	-	3,995,000
Capital lease payable	50,980	-	50,980
Installment contracts	249,803	-	249,803
Revenue bonds payable	-	2,545,000	2,545,000
Bond premiums	475,485	-	475,485
Total noncurrent liabilities	<u>119,123,997</u>	<u>2,562,145</u>	<u>121,686,142</u>
Total liabilities	196,004,459	3,185,380	199,189,839
Net Assets			
Invested in capital assets, net of related debt	258,999,063	58,746,219	317,745,282
Restricted for			
Debt service	6,255,047	1,072,785	7,327,832
Purpose restricted by legislation	32,556,938	-	32,556,938
Unrestricted	17,760,261	27,590,768	45,351,029
Total net assets	<u>315,571,309</u>	<u>87,409,772</u>	<u>402,981,081</u>
Total liabilities and net assets	<u>\$511,575,768</u>	<u>\$ 90,595,152</u>	<u>\$602,170,920</u>

**City of West Des Moines, Iowa**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2008

<u>Programs/Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
Public safety	\$20,342,187	\$ 3,636,497	\$ 1,963,806	\$ 57,452
Public works	11,837,435	305,923	4,431,681	134,538
Health and social services	1,037,464	-	267,588	-
Culture and recreation	9,022,443	1,396,476	175,825	1,926
Community and economic development	5,807,890	832,464	1,035,866	27,500
General government	4,794,526	482,764	202,436	52,568
Interest on long-term debt	<u>5,621,912</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>58,463,857</u>	<u>6,654,124</u>	<u>8,077,202</u>	<u>273,984</u>
Business-type activities				
Sewer system	5,303,776	6,300,448	3,620,736	1,729,595
Solid waste system	1,522,130	1,647,104	-	-
Storm water system	<u>746,187</u>	<u>1,515,326</u>	<u>-</u>	<u>5,309,506</u>
Total business-type activities	<u>7,572,093</u>	<u>9,462,878</u>	<u>3,620,736</u>	<u>7,039,101</u>
Total primary government	<u>\$66,035,950</u>	<u>\$16,117,002</u>	<u>\$11,697,938</u>	<u>\$7,313,085</u>
		<b>General revenues</b>		
		Taxes		
		Property taxes		
		Franchise tax		
		Other City taxes		
		Hotel/Motel tax		
		Grants not restricted to specific programs		
		Investment earnings		
		Miscellaneous		
		Transfers		
		Total general revenues, special item and transfers		
		Changes in net assets		
		Net assets, beginning of year		
		Net assets, end of year		

See Notes to Basic Financial Statements.

**Net (Expense) Revenue and  
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (14,684,432)	\$ —	\$ (14,684,432)
(6,965,293)	—	(6,965,293)
(769,876)	—	(769,876)
(7,448,216)	—	(7,448,216)
(3,912,060)	—	(3,912,060)
(4,056,758)	—	(4,056,758)
<u>(5,621,912)</u>	<u>—</u>	<u>(5,621,912)</u>
<u>(43,458,547)</u>	<u>—</u>	<u>(43,458,547)</u>
—	6,347,003	6,347,003
—	124,974	124,974
—	<u>6,078,645</u>	<u>6,078,645</u>
—	<u>12,550,622</u>	<u>12,550,622</u>
<u>(43,458,547)</u>	<u>12,550,622</u>	<u>(30,907,925)</u>
54,219,517	—	54,219,517
297,356	—	297,356
110,370	—	110,370
2,369,596	—	2,369,596
596,981	—	596,981
2,570,563	1,046,340	3,616,903
6,035	—	6,035
<u>4,254,284</u>	<u>(4,254,284)</u>	<u>—</u>
<u>64,424,702</u>	<u>(3,207,944)</u>	<u>61,216,758</u>
20,966,155	9,342,678	30,308,833
<u>294,605,154</u>	<u>78,067,094</u>	<u>372,672,248</u>
<u>\$315,571,309</u>	<u>\$87,409,772</u>	<u>\$402,981,081</u>

**City of West Des Moines, Iowa**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2008**

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments	\$13,253,416	\$10,228,740	\$ 6,172,834	\$16,759,160	\$ 7,441,582	\$ 53,855,732
Receivables						
Property taxes	28,339,129	14,786,941	7,683,705	-	5,585,172	56,394,947
Accounts	432,862	-	-	1,475	266,222	700,559
Special assessments	10,716	-	-	420,534	-	431,250
Loans	-	-	-	-	207,668	207,668
Interest	107,528	-	35,371	-	-	142,899
Due from other funds	308,443	-	-	-	-	308,443
Due from other governments	<u>748,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>717,233</u>	<u>1,465,911</u>
Total assets	<u>\$43,200,772</u>	<u>\$25,015,681</u>	<u>\$13,891,910</u>	<u>\$17,181,169</u>	<u>\$14,217,877</u>	<u>\$113,507,409</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Accounts payable	\$ 999,752	\$ -	\$ -	\$ 1,470,519	\$ 319,420	\$ 2,789,691
Accrued wages payable	1,029,444	-	-	-	3,706	1,033,150
Due to other funds	-	-	-	528,031	223,929	751,960
Deferred revenue	<u>28,868,439</u>	<u>14,688,293</u>	<u>7,636,863</u>	<u>414,265</u>	<u>5,755,168</u>	<u>57,363,028</u>
Total liabilities	<u>30,897,635</u>	<u>14,688,293</u>	<u>7,636,863</u>	<u>2,412,815</u>	<u>6,302,223</u>	<u>61,937,829</u>
Fund Equity						
Fund balances						
Reserved from debt service	-	-	6,255,047	-	-	6,255,047
Reserved for encumbrances	-	-	-	14,838,305	-	14,838,305
Unreserved, undesignated, reported in						
General Fund	12,303,137	-	-	-	-	12,303,137
Special revenue funds	-	10,327,388	-	-	7,915,654	18,243,042
Capital Projects Fund	-	-	-	(69,951)	-	(69,951)
Total fund equity	<u>12,303,137</u>	<u>10,327,388</u>	<u>6,255,047</u>	<u>14,768,354</u>	<u>7,915,654</u>	<u>51,569,580</u>
Total liabilities and fund equity	<u>\$43,200,772</u>	<u>\$25,015,681</u>	<u>\$13,891,910</u>	<u>\$17,181,169</u>	<u>\$14,217,877</u>	<u>\$113,507,409</u>



**City of West Des Moines, Iowa**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2008**

Total governmental funds balances		\$ 51,569,580
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Land	\$ 24,077,362	
Construction-in-progress	10,101,240	
Buildings	39,085,528	
Equipment and vehicles	8,067,511	
Fiber Network	3,443,787	
Improvements other than buildings	33,479,521	
Share of undivided equity interest assets	1,188,559	
Infrastructure	298,487,497	
Accumulated depreciation	<u>(34,842,479)</u>	383,088,526
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		
Capital assets	11,330,149	
Accumulated depreciation	(5,976,323)	
Other current assets	9,616,324	
Other current liabilities	<u>(804,354)</u>	14,165,796
Internal service funds allocated to business-type activities		(68,826)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	(3,786,488)	
Accrued interest payable	(382,021)	
General obligation bonds payable	(123,125,000)	
Tax increment financing (TIF) bonds	(5,890,000)	
Capital lease obligations	(183,019)	
Loan payable	(6,934)	
Installment contracts	(249,803)	
Bond issuance costs	689,922	
Bond discounts	225,061	
Bond premiums	<u>(475,485)</u>	<u>(133,183,767)</u>
Net assets of governmental activities		<u>\$315,571,309</u>

**City of West Des Moines, Iowa**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES—GOVERNMENTAL FUNDS**  
**Year ended June 30, 2008**

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property taxes	\$24,770,668	\$16,258,279	\$ 7,056,896	\$ —	\$ 5,585,007	\$53,670,850
Other City taxes	3,040,364	—	91,011	—	84,244	3,215,619
Special assessments	—	—	—	109,807	—	109,807
Licenses and permits	1,239,900	—	—	—	—	1,239,900
Intergovernmental	3,187,521	—	—	27,747	5,411,568	8,626,836
Charges for services	3,137,752	—	—	—	—	3,137,752
Use of money and property	1,642,687	67,585	686,453	—	12,633	2,409,358
Miscellaneous	1,173,750	—	—	171,169	1,320,010	2,664,929
Total revenues	<u>38,192,642</u>	<u>16,325,864</u>	<u>7,834,360</u>	<u>308,723</u>	<u>12,413,462</u>	<u>75,075,051</u>
<b>EXPENDITURES</b>						
Current operating						
Public safety	17,281,045	—	—	86,486	2,004,455	19,371,986
Public works	6,532,859	—	—	3,183,679	689,444	10,405,982
Health and social services	831,468	—	—	—	182,063	1,013,531
Culture and recreation	6,278,445	—	—	160,179	91,127	6,529,751
Community and economic development	3,908,972	—	—	—	1,812,869	5,721,841
General government	4,834,942	—	—	—	—	4,834,942
Debt service						
Principal	82,590	1,815,000	22,785,000	—	173,531	24,856,121
Interest and other charges	3,894	317,130	5,237,009	—	9,181	5,567,214
Bond issuance costs	—	—	—	214,830	—	214,830
Capital outlay	666,707	—	—	13,384,079	534,655	14,585,441
Total expenditures	<u>40,420,922</u>	<u>2,132,130</u>	<u>28,022,009</u>	<u>17,029,253</u>	<u>5,497,325</u>	<u>93,101,639</u>
Excess (deficiency) of revenues over expenditures	(2,228,280)	14,193,734	(20,187,649)	(16,720,530)	6,916,137	(18,026,588)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of long-term debt	—	—	—	20,070,000	—	20,070,000
Transfers in	9,186,846	—	20,970,514	17,899,173	1,189,946	49,246,479
Transfers out	(4,910,753)	(13,447,796)	(20,923)	(19,648,038)	(7,359,790)	(45,387,300)
Proceeds from sale of capital assets	12,811	—	—	—	4,344	17,155
Total other financing sources (uses)	<u>4,288,904</u>	<u>(13,447,796)</u>	<u>20,949,591</u>	<u>18,321,135</u>	<u>(6,165,500)</u>	<u>23,946,334</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,060,624	745,938	761,942	1,600,605	750,637	5,919,746
<b>FUND BALANCES, beginning of year</b>	<u>10,242,513</u>	<u>9,581,450</u>	<u>5,493,105</u>	<u>13,167,749</u>	<u>7,165,017</u>	<u>45,649,834</u>
<b>FUND BALANCES, end of year</b>	<u>\$12,303,137</u>	<u>\$10,327,388</u>	<u>\$ 6,255,047</u>	<u>\$14,768,354</u>	<u>\$ 7,915,654</u>	<u>\$51,569,580</u>

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2008**

Net change in fund balances—governmental funds \$ 5,919,746

Amounts reported for governmental activities in the statement of activities are different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:

Capital outlay	12,053,568
Depreciation	(5,152,869)

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

Capital contributions	2,531,873
Proceeds from sale of capital assets	(17,155)
Loss on the sale of capital assets	(786,311)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, change in compensated absences (411,269)

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 assets. Also, governmental funds report the effect of issuance costs, 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:

Repayment of long-term debt	24,856,122
Write down of installment contract	12,205
Interest	(66,904)
Issuance of long-term debt	(20,070,000)
Amortization of bond issuance costs, discounts and premiums, including new issue amounts	38,371

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities. 2,058,778

Change in net assets of governmental activities \$20,966,155

**City of West Des Moines, Iowa**  
**STATEMENT OF NET ASSETS—PROPRIETARY FUNDS**  
**June 30, 2008**

	<u>Sewer System</u>	<u>Storm Water System</u>	<u>Nonmajor Enterprise Fund Solid Waste</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities</u>  <u>Internal Service Funds</u>
<b>ASSETS</b>					
Current assets					
Cash and investments	\$18,308,446	\$ 746,796	\$ 138,083	\$19,193,325	\$ 9,401,838
Receivables					
Accounts and unbilled usage	1,460,919	386,329	402,057	2,249,305	42,787
Special assessments	28,524	—	—	28,524	—
Interest	995,892	—	—	995,892	98,754
Due from other funds	528,031	—	—	528,031	—
Due from other governments	4,800,245	—	—	4,800,245	60,481
Inventories	—	—	—	—	12,464
Total current assets	<u>26,122,057</u>	<u>1,133,125</u>	<u>540,140</u>	<u>27,795,322</u>	<u>9,616,324</u>
Noncurrent assets					
Restricted cash and investments	<u>1,072,785</u>	—	—	<u>1,072,785</u>	—
Capital assets					
Nondepreciable					
Land	327,809	—	—	327,809	—
Construction-in-progress	31,019	41,339	—	72,358	—
Depreciable					
Equipment and vehicles	6,977	—	—	6,977	11,330,149
Infrastructure	73,441,894	12,122,876	—	85,564,770	—
Accumulated depreciation	<u>(23,934,143)</u>	<u>(379,552)</u>	—	<u>(24,313,695)</u>	<u>(5,976,323)</u>
Net capital assets	<u>49,873,556</u>	<u>11,784,663</u>	—	<u>61,658,219</u>	<u>5,353,826</u>
Total noncurrent assets	<u>50,946,341</u>	<u>11,784,663</u>	—	<u>62,731,004</u>	<u>5,353,826</u>
Total assets	<u>\$77,068,398</u>	<u>\$12,917,788</u>	<u>\$ 540,140</u>	<u>\$90,526,326</u>	<u>\$14,970,150</u>

See Notes to Basic Financial Statements.

	<u>Sewer System</u>	<u>Storm Water System</u>	<u>Nonmajor Enterprise Fund Solid Waste</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities</u>  <u>Internal Service Funds</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities					
Current					
Accounts payable	\$ 11,748	\$ 2,120	\$ 139,269	\$ 153,137	\$ 271,190
Claims payable	-	-	-	-	448,650
Compensated absences	39,665	29,788	-	69,453	-
Accrued wages payable	14,488	11,877	-	26,365	-
Due to other funds	-	-	-	-	84,514
Interest payable	7,280	-	-	7,280	-
Revenue bonds payable	<u>367,000</u>	<u>-</u>	<u>-</u>	<u>367,000</u>	<u>-</u>
Total current liabilities	<u>440,181</u>	<u>43,785</u>	<u>139,269</u>	<u>623,235</u>	<u>804,354</u>
Noncurrent					
Compensated absences	-	17,145	-	17,145	-
Revenue Bonds, net of current maturities	<u>2,545,000</u>	<u>-</u>	<u>-</u>	<u>2,545,000</u>	<u>-</u>
Total noncurrent liabilities	<u>2,545,000</u>	<u>17,145</u>	<u>-</u>	<u>2,562,145</u>	<u>-</u>
Total liabilities	<u>2,985,181</u>	<u>60,930</u>	<u>139,269</u>	<u>3,185,380</u>	<u>804,354</u>
Net assets					
Invested in capital assets, net of related debt	46,961,556	11,784,663	-	58,746,219	5,353,826
Restricted for debt service	1,072,785	-	-	1,072,785	-
Unrestricted	<u>26,048,876</u>	<u>1,072,195</u>	<u>400,871</u>	<u>27,521,942</u>	<u>8,811,970</u>
Total net assets	<u>74,083,217</u>	<u>12,856,858</u>	<u>400,871</u>	<u>87,340,946</u>	<u>14,165,796</u>
Total liabilities and net assets	<u>\$77,068,398</u>	<u>\$12,917,788</u>	<u>\$ 540,140</u>	<u>\$90,526,326</u>	<u>\$14,970,150</u>
Total enterprise funds net assets				\$87,340,946	
Amounts reported for business-type activities in the statement of net assets are different because:					
Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in business-type activities in the statement of net assets.					
				<u>68,826</u>	
Net assets of business-type activities				<u>\$87,409,772</u>	

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS—PROPRIETARY FUNDS**  
**Year ended June 30, 2008**

	<b>Business-Type Activities Enterprise Funds</b>			<b>Total Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Sewer System</b>	<b>Storm Water System</b>	<b>Nonmajor Enterprise Fund Solid Waste</b>		<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,303,809	\$ 1,515,326	\$1,647,104	\$ 9,466,239	\$ 6,460,359
Lease revenue	—	—	—	—	1,215,183
Total operating revenue	<u>6,303,809</u>	<u>1,515,326</u>	<u>1,647,104</u>	<u>9,466,239</u>	<u>7,675,542</u>
Operating expenses					
Cost of sales and services	2,402,775	542,358	1,522,130	4,467,263	5,715,952
Administration	44,462	—	—	44,462	—
Depreciation	1,458,961	242,458	—	1,701,419	1,035,456
Amortization	1,634	—	—	1,634	—
Total operating expenses	<u>3,907,832</u>	<u>784,816</u>	<u>1,522,130</u>	<u>6,214,778</u>	<u>6,751,408</u>
Operating income	<u>2,395,977</u>	<u>730,510</u>	<u>124,974</u>	<u>3,251,461</u>	<u>924,134</u>
Nonoperating revenues (expenses)					
Investment earnings	1,032,900	13,440	—	1,046,340	345,495
Interest expense and fiscal charges	(107,435)	—	—	(107,435)	—
Payments to WRA	(1,315,000)	—	—	(1,315,000)	—
Loss on disposal of capital assets	—	—	—	—	(13,988)
Miscellaneous	<u>3,620,735</u>	—	—	<u>3,620,735</u>	<u>60,276</u>
Total nonoperating revenues (expenses)	<u>3,231,200</u>	<u>13,440</u>	<u>—</u>	<u>3,244,640</u>	<u>391,783</u>
Income before capital contributions and transfers	5,627,177	743,950	124,974	6,496,101	1,315,917
Capital contributions	1,726,235	5,309,506	—	7,035,741	412,876
Transfers in	4,553,497	—	—	4,553,497	686,851
Transfers out	<u>(8,541,750)</u>	<u>(266,031)</u>	—	<u>(8,807,781)</u>	<u>(291,746)</u>
Change in net assets	3,365,159	5,787,425	124,974	9,277,558	2,123,898
Total net assets, beginning of year	<u>70,718,058</u>	<u>7,069,433</u>	<u>275,897</u>	<u>78,063,388</u>	<u>12,041,898</u>
Total net assets, end of year	<u>\$74,083,217</u>	<u>\$12,856,858</u>	<u>\$ 400,871</u>	<u>\$87,340,946</u>	<u>\$14,165,796</u>

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**RECONCILIATION OF THE CHANGE IN NET ASSETS –**  
**PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2008**

Change in net assets	\$9,277,558
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.	<u>65,120</u>
Change in net assets of business-type activities	<u>\$9,342,678</u>

**City of West Des Moines, Iowa**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS**  
Year ended June 30, 2008

	Business-Type Activities Enterprise Funds			Total	Governmental
	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste	Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$2,536,340	\$1,453,202	\$1,620,152	\$5,609,694	\$7,601,691
Payments to suppliers	(2,020,746)	(259,587)	(1,498,777)	(3,779,110)	(2,057,250)
Payments to claimants	—	—	—	—	(3,419,216)
Payments to employees	(409,586)	(267,396)	—	(676,982)	—
Net cash provided by operating activities	<u>106,008</u>	<u>926,219</u>	<u>121,375</u>	<u>1,153,602</u>	<u>2,125,325</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Proceeds from other funds	—	—	—	—	49,467
Proceeds from WRA	3,620,735	—	—	3,620,735	—
Transfers in	4,553,497	—	—	4,553,497	686,851
Transfers out	(8,541,750)	(266,031)	—	(8,807,781)	(291,746)
Net cash (used in) noncapital financing activities	<u>(367,518)</u>	<u>(266,031)</u>	<u>—</u>	<u>(633,549)</u>	<u>444,572</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	—	—	—	—	(1,221,772)
Payment on debt	(655,000)	—	—	(655,000)	—
Payments to WRA	(1,315,000)	—	—	(1,315,000)	—
Interest paid on debt	(109,260)	—	—	(109,260)	—
Proceeds from disposal of capital assets	—	—	—	—	28,000
Net cash (used in) capital and related financing activities	<u>(2,079,260)</u>	<u>—</u>	<u>—</u>	<u>(2,079,260)</u>	<u>(1,193,772)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	764,216	13,440	—	777,656	327,220
Purchase of investment securities	(8,000,000)	—	—	(8,000,000)	(4,500,000)
Proceeds from maturity of investment securities	6,000,000	—	—	6,000,000	5,000,000
Net cash provided by (used in) investing activities	<u>(1,235,784)</u>	<u>13,440</u>	<u>—</u>	<u>(1,222,344)</u>	<u>827,220</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(3,576,554)	673,628	121,375	(2,781,551)	2,203,345
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>7,957,785</u>	<u>73,168</u>	<u>16,708</u>	<u>8,047,661</u>	<u>2,698,493</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$4,381,231</u>	<u>\$ 746,796</u>	<u>\$ 138,083</u>	<u>\$5,266,110</u>	<u>\$5,171,838</u>

See Notes to Basic Financial Statements.



**City of West Des Moines, Iowa**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS (continued)**  
**Year ended June 30, 2008**

	<b>Business-Type Activities Enterprise Funds</b>			<b>Total Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Sewer System</b>	<b>Storm Water System</b>	<b>Nonmajor Enterprise Fund Solid Waste</b>		<b>Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 2,395,977	\$ 730,510	\$ 124,974	\$ 3,251,461	\$ 924,134
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,460,595	242,458	—	1,703,053	1,035,456
Change in assets and liabilities					
Receivables	(3,767,469)	(62,124)	(26,952)	(3,856,545)	(73,851)
Inventories	—	—	—	—	56,891
Accounts payable	11,531	494	23,353	35,378	191,355
Claims payable	—	—	—	—	(8,660)
Compensated absences and accrued wages payable	7,199	14,881	—	22,080	—
Interest payable	(1,825)	—	—	(1,825)	—
Net cash provided by (used in) operating activities	<u>\$ 106,008</u>	<u>\$ 926,219</u>	<u>\$ 121,375</u>	<u>\$ 1,153,602</u>	<u>\$ 2,125,325</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET ASSETS</b>					
Cash and investments	\$19,381,231	\$ 746,796	\$ 138,083	\$20,266,110	\$9,401,838
Less items not meeting the definition of cash equivalents	(15,000,000)	—	—	(15,000,000)	(4,500,000)
Cash and cash equivalents at end of year	<u>\$ 4,381,231</u>	<u>\$ 746,796</u>	<u>\$ 138,083</u>	<u>\$ 5,266,110</u>	<u>\$ 4,901,838</u>
<b>SCHEDULE OF NONCASH ITEMS</b>					
Capital and related financing activities					
Donated construction by developers	\$ 1,726,235	\$5,309,506	\$ —	\$ 7,035,741	\$ 412,876

See Notes to Basic Financial Statements.

**City of West Des Moines, Iowa**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2008**

**ASSETS**

Cash and investments	\$ 208,210
Restricted assets, contractors' bonds	<u>7,559</u>
Total assets	<u>\$ 215,769</u>

**LIABILITIES**

Accounts payable	\$ 100
Deposits and remittances due	<u>215,669</u>
Total liabilities	<u>\$ 215,769</u>

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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS  
OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of West Des Moines (the City) is a political subdivision of the state of Iowa located in Polk, Dallas and Warren counties. It was first incorporated in 1893 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government, with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens, including public safety, public works, culture, recreation, public improvements and general administrative services.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) 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 the organization to provide specific benefits to, or impose specific financial burdens on the City. In addition, the GASB issued Statement No. 39, in May 2002, which sets forth additional criteria to determine whether certain organizations for which the City is not financially accountable should be reported as component units based on the nature and significance of their relationship with the City. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the City, its component units, or its constituents, 2) the City being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and 3) the economic resources received or held by an individual organization that the City is entitled to, or has the ability to otherwise access, are significant to the City. Based on these criteria, there are no organizations or agencies which should be included in these basic financial statements.

**Basis of Presentation**

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent for support on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**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, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following funds:

**Governmental Fund Types:** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, 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 are the City's major governmental funds:

**General Fund:** The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Tax Increment Financing Fund (Special Revenue):** To account for the accumulation of resources generated by TIF districts to be used for urban renewal and development. Property tax revenue generated on increased assessed valuations within TIF districts are the resources accounted for in this fund.

**Debt Service Fund:** To account for the servicing of the general long-term debt not financed by a specific source.

**Capital Projects Fund:** To account for the acquisition and construction of major capital facilities and other capital assets, with the exception of those that are financed through proprietary fund types.

The other governmental funds of the City are considered nonmajor and are as follows:

**Special Revenue Funds:** Are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

Road Use Tax Fund: To account for the proceeds from road use tax monies.

Police and Fire Retirement Fund: To account for the remaining balances of the self-administered pension plans after a transfer to a state administered plan which may be used by the City to meet future pension funding requirements as prescribed by law.

Employee Benefit Fund: To account for the property tax revenues collected to be used for the City's employees' health insurance and pension costs.

Economic Development Fund: To account for the proceeds to be used for general economic development and redevelopment purposes of the City including low interest loans the City makes to private companies for economic development purposes, as well as the acquisition and sale of land.

Housing Programs Fund: To account for the U.S. Department of Housing and Urban Development Block Grant programs as well as miscellaneous other grants and contributions to provide housing assistance and housing rehabilitation programs.

Parks Fund: To account for the donations identified to specifically assist the park programs and annual tree planting.

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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**Fund Accounting (continued):**

***Governmental Fund Types (continued):***

***Special Revenue Funds (continued):***

Library Fund: To account for reimbursements from the state of Iowa for library materials lent to nonCity residents and other libraries in Iowa, and used for improvements to the Library. This Fund also accounts for money received through donations and fund raising activities for the Library.

Public Safety Fund: To account for grants and contributions specifically identified for use in public safety activities such as contributions for the purchase of public access defibrillators. This fund is also used to account for funds received by the City as a result of drug seizures.

Community Development Block Grant Fund: To account for the community development block grant revenues and related expenditures.

***Proprietary Fund Types***: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector (business-type activities). The measurement focus is upon income determination, financial position and cash flows.

***Enterprise Funds***: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements. The following are the City's major enterprise funds:

***Sewer System Fund***: To account for the operations of the City's sanitary sewer systems including the revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

***Storm Water System Fund***: To account for the operations of the City's storm water sewer systems including revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

The other enterprise fund of the City is considered nonmajor and is as follows:

Solid Waste Fund: To account for the operations of The City's solid waste collection system.

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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**Fund Accounting (continued):**

***Proprietary Fund Types (continued):***

***Internal Service Funds:*** Are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City. The following are the City's internal service funds:

Vehicle Replacement Fund: To account for replacement costs related to vehicles and equipment of the City.

Vehicle Maintenance Fund: To account for the maintenance costs related to the vehicles and equipment of the City.

Health and Dental Insurance Fund: To account for the health and dental insurance premiums and claims for all City employees.

Worker's Compensation Insurance Fund: To account for the worker's compensation premiums and claims.

***Fiduciary Fund Types:*** Fiduciary fund types are used to account for net assets and changes in net assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

***Agency Funds:*** Are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The City has the following agency funds:

Collections and Deposits Fund: To account for collections and deposits received by the City from external parties for purposes such as escrow accounts for transitional housing program participants, deposits by transient vendors to ensure compliance with temporary use permits and deposits from developers pending completion of remaining site plan requirements.

Section 125 Plan Fund: To account for current payroll deductions of City employees for future use as group insurance premiums.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenues in the year for which they are levied. 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 60 days of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due.

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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus and Basis of Accounting (continued)**

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 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 criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified in March 2008, the date at which a lien attaches, based on the 2007 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 1½ percent per month penalty for delinquent payment. Since the 2008 tax levy is budgeted and levied for the fiscal year 2009, the revenue from this tax levy has been deferred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Summary of Significant Accounting Policies:**

The significant accounting policies followed by the City include the following:

**Cash and Investments**: The City maintains a cash and investment pool to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

The City invests in the Iowa Public Agency Investment Trust which is a 2a7-like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

**Statement of Cash Flows**: for purposes of the statement of cash flows for proprietary fund type funds, the City considers the pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Certificates of deposit with a maturity greater than three months are considered investments. Cash equivalents also include restricted cash and investments.

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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued):**

**Accounts Receivable:** results primarily from services provided to citizens and are accounted for in the governmental funds. Sanitary sewer, storm water sewer and solid waste services are accounted for in the enterprise funds. All are net of an allowance for uncollectibles.

**Inventories:** consists of materials and supplies and are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures.

**Bond Discount, Premium and Issuance Costs:** in the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Capital Assets:** including land, buildings, improvements other than buildings, equipment and vehicles, infrastructure, construction-in-progress, sanitary and storm water sewer systems and the City's share of assets in their undivided equity interest are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The City has chosen the modified approach, as defined by GASB Statement No. 34, for reporting the governmental activities infrastructure assets of the City.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

Buildings	30 years
Improvements other than buildings	15 years
Equipment and vehicles	5 - 18 years
Sanitary and storm water sewer systems	50 years
Share of undivided equity interest assets	5 - 15 years

The City's collection of works of art, 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.



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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued):**

**Deferred and Unearned Revenues:** In the governmental funds, deferred revenues represent amounts due, which are measurable, but not available, or grants and similar items received, but for which the City has not met all eligibility requirements imposed by the provider. In the statement of net assets, unearned revenues represent the deferral of property tax receivables which are levied for a future period and unearned grants.

**Interfund Transactions:** transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds, that are representative of lending/borrowing arrangements at the end of the fiscal year, are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**Compensated Absences:** City employees accumulate vacation benefits for subsequent use or payment upon termination, death or retirement. City employees also accumulate sick leave benefits for subsequent use or payable at one-half the accumulated value upon death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. There is no amount considered due as of year end or reported in the fund financial statements. However, the entire compensated absence liability is reported on the government wide financial statements.

**Fund Equity:** Reservations of fund balance represent amounts that are appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

**Net Assets:** represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets invested in capital assets, net of related debt, excludes unspent debt proceeds. As of June 30, 2008, the City had \$6,127,822 in unspent debt proceeds in the Capital Projects Fund. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$6,714,202 for road construction projects, \$90,660 for parks, \$458,956 for retirement benefits, \$14,768,354 for capital projects, \$197,378 for library projects, \$10,327,388 for tax increment projects and \$7,327,832 for debt service.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

**NOTE 1 REPORTING ENTITY, BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies (continued):**

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Budgetary and Appropriation Data:** 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 nine functional areas as required by state statute for its legally adopted budget.

**NOTE 2 CASH AND INVESTMENTS**

As of June 30, 2008, the City's cash and investments were as follows:

Cash investments, statement of net assets	\$83,523,680
Cash and cash equivalents, fiduciary funds	<u>208,210</u>
	<b><u>\$83,731,890</u></b>
Deposits including certificates of deposit	\$52,337,603
Investments	<u>31,394,287</u>
	<b><u>\$83,731,890</u></b>

**Authorized Investments:** The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State 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.

**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 risk fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Iowa Public Agency Investment Trust	32.86 days average	<u>\$31,394,287</u>

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

**NOTE 2 CASH AND INVESTMENTS (continued)**

**Credit Risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The City has no investments meeting the disclosure requirement of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**Concentration of Credit Risk:** The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. The policy limits the City to holding a minimum of 5 percent of the total portfolio in highly marketable short-term treasuries, short-term federal government agencies, checking with interest, government pooled account or a combination of all four. The policy limits investments in order to avoid over-concentration in securities of a specific issuer and limits certificates of deposit to the amount approved by City Council for each financial institution in accordance with the Code of Iowa.

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the City's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12c of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2008, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. The City's investments were covered by investments purchased and held by an independent third party.

**NOTE 3 CAPITAL ASSETS**

The City has reported all capital assets including infrastructure in the government-wide statement of net assets. The City elected to use the modified approach as defined by GASB Statement No. 34 for governmental activities infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

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

**NOTE 3 CAPITAL ASSETS (continued)**

The following is a summary of changes in capital assets for the year ended June 30, 2008:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance end of year</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 23,969,942	\$ 107,420	\$ —	\$ 24,077,362
Infrastructure	284,010,071	15,200,742	723,316	298,487,497
Construction-in-progress	<u>18,220,869</u>	<u>6,639,678</u>	<u>14,759,307</u>	<u>10,101,240</u>
Total capital assets, not being depreciated	<u>326,200,882</u>	<u>21,947,840</u>	<u>15,482,623</u>	<u>332,666,099</u>
Capital assets, being depreciated				
Buildings	38,532,494	553,034	—	39,085,528
Equipment and vehicles	18,313,026	2,124,372	1,039,738	19,397,660
Fiber network	—	3,443,787	—	3,443,787
Improvements other than buildings	31,797,726	1,681,795	—	33,479,521
Share of undivided equity interest assets	<u>1,110,967</u>	<u>77,592</u>	<u>—</u>	<u>1,188,559</u>
Total capital assets, being depreciated	<u>89,754,213</u>	<u>7,880,580</u>	<u>1,039,738</u>	<u>96,595,055</u>
Less accumulated depreciation for				
Buildings	13,516,268	1,280,933	—	14,797,201
Equipment and vehicles	9,255,282	1,424,169	959,588	9,719,863
Fiber network	—	172,189	—	172,189
Improvements other than buildings	13,094,843	2,187,185	—	15,282,028
Share of undivided equity interest assets	<u>759,128</u>	<u>88,393</u>	<u>—</u>	<u>847,521</u>
Total accumulated depreciation	<u>36,625,521</u>	<u>5,152,869</u>	<u>959,588</u>	<u>40,818,802</u>
Total capital assets, being depreciated, net	<u>53,128,692</u>	<u>2,727,711</u>	<u>80,150</u>	<u>55,776,253</u>
Governmental activities, capital assets, net	<u>\$379,329,574</u>	<u>\$24,675,551</u>	<u>\$15,562,773</u>	<u>\$388,442,352</u>
	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance end of year</u>
<b>Business-Type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 327,809	\$ —	\$ —	\$ 327,809
Construction-in-progress	<u>458,625</u>	<u>47,565</u>	<u>433,832</u>	<u>72,358</u>
Total capital assets, not being depreciated	<u>786,434</u>	<u>47,565</u>	<u>433,832</u>	<u>400,167</u>
Capital assets, being depreciated				
Equipment	6,977	—	—	6,977
Sanitary and storm sewer system	<u>78,142,762</u>	<u>7,422,008</u>	<u>—</u>	<u>85,564,770</u>
Total capital assets, being depreciated	<u>78,149,739</u>	<u>7,422,008</u>	<u>—</u>	<u>85,571,747</u>
Less accumulated depreciation for				
Equipment	4,186	1,395	—	5,581
Sanitary and storm sewer system	<u>22,608,089</u>	<u>1,700,025</u>	<u>—</u>	<u>24,308,114</u>
Total accumulated depreciation	<u>22,612,275</u>	<u>1,701,420</u>	<u>—</u>	<u>24,313,695</u>
Total capital assets, being depreciated, net	<u>55,537,464</u>	<u>5,720,588</u>	<u>—</u>	<u>61,258,052</u>
Business-type activities, capital assets, net	<u>\$56,323,898</u>	<u>\$5,768,153</u>	<u>\$ 433,832</u>	<u>\$61,658,219</u>

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

**NOTE 3 CAPITAL ASSETS (continued)**

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

Governmental Activities	
Public safety	\$1,214,111
Health and social services	37,533
Culture and recreation	2,497,336
Public works	826,006
General government	442,418
Community and economic development	47,072
Westcom	<u>88,393</u>
	<u>\$5,152,869</u>

**NOTE 4 BONDED AND OTHER DEBT**

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Increases and Issues</u>	<u>Decreases and Retirements</u>	<u>Balance June 30, 2008</u>	<u>Due within one year</u>
Governmental activities					
General obligation bonds	\$125,840,000	\$20,070,000	\$22,785,000	\$123,125,000	\$11,905,000
Tax increment financing (TIF) bonds	7,705,000	-	1,815,000	5,890,000	1,895,000
Capital lease obligations	432,344	-	249,325	183,019	132,039
Loan payable	13,731	-	6,797	6,934	6,934
Installment contracts	262,008	-	12,205	249,803	-
Compensated absences	<u>3,375,219</u>	<u>411,269</u>	<u>-</u>	<u>3,786,488</u>	<u>653,759</u>
	<u>137,628,302</u>	<u>20,481,269</u>	<u>24,868,327</u>	<u>133,241,244</u>	<u>14,592,732</u>
Business-type activities					
Revenue bonds	3,567,000	-	655,000	2,912,000	367,000
Compensated absences	<u>71,882</u>	<u>14,716</u>	<u>-</u>	<u>86,598</u>	<u>24,310</u>
	<u>3,638,882</u>	<u>14,716</u>	<u>655,000</u>	<u>2,998,598</u>	<u>391,310</u>
 Total long-term debt	 <u>\$141,267,184</u>	 <u>\$20,495,985</u>	 <u>\$25,523,327</u>	 <u>\$136,239,842</u>	 <u>\$14,984,042</u>

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

**NOTE 4 BONDED AND OTHER DEBT (continued)**

**Compensated Absences:** Compensated absences are typically liquidated in the fund that accounts for the employee's salary and benefits.

**Summary of Bond Issues:** General obligation bonds outstanding as of June 30, 2008 consist of the following individual issues:

<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Principal Payments</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding June 30, 2008</u>
06/01/1999	4.200 - 4.350	June 2011	\$ 275,000 - \$ 300,000	\$ 3,000,000	\$ 875,000
12/01/2000	4.750 - 5.000	June 2012	450,000 - 550,000	5,000,000	2,000,000
11/15/2001	4.000 - 5.000	June 2020	410,000 - 1,170,000	13,000,000	9,575,000
11/15/2001	3.900 - 4.400	June 2014	225,000 - 265,000	3,575,000	1,445,000
06/30/2002	3.600 - 5.000	June 2020	500,000 - 830,000	9,750,000	7,780,000
05/01/2003	4.000 - 4.400	June 2019	2,560,000 - 3,765,000	40,000,000	34,075,000
05/01/2003	3.000 - 3.130	June 2010	1,820,000 - 1,885,000	10,500,000	3,705,000
05/01/2003	3.000 - 3.750	June 2014	340,000 - 410,000	6,000,000	2,240,000
09/01/2003	3.750 - 4.700	June 2019	600,000 - 2,200,000	12,000,000	12,000,000
09/01/2003	3.250	June 2009	660,000	5,445,000	660,000
12/15/2003	2.750 - 4.350	June 2023	800,000 - 1,600,000	19,250,000	17,150,000
06/15/2004	3.250 - 5.000	June 2021	165,000 - 1,250,000	6,000,000	5,700,000
04/01/2005	3.500 - 3.700	June 2015	185,000 - 560,000	3,055,000	1,925,000
06/01/2006	4.000 - 4.250	June 2020	310,000 - 700,000	6,000,000	4,755,000
12/17/2007	3.625 - 3.800	June 2019	175,000 - 265,000	3,210,000	2,380,000
03/11/2008	3.000 - 3.125	June 2014	1,465,000 - 1,785,000	9,860,000	9,860,000
06/30/2008	3.625 - 4.000	June 2022	100,000 - 1,090,000	<u>7,000,000</u>	<u>7,000,000</u>
				<u>\$162,645,000</u>	<u>\$123,125,000</u>

The TIF bonds were issued for the purpose of defraying a portion of the costs of carrying out urban renewal projects of the City. The bonds are payable solely from the income and proceeds of the TIF Bonds Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the TIF bonds were to be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City; however, the debt is subject to the constitutional debt limitation of the City.

The covenants providing for the issuance of the TIF Bonds include the following provisions:

- a) The City must maintain the urban renewal project areas, enforce and maintain the City ordinance related to the project areas, and levy/collect the related tax increment revenues.
- b) The City must maintain proper books and prepare special TIF bond reports, which are to be audited within 210 days of the City's fiscal year-end and made available to bondholders.
- c) The City must comply with the Constitution and laws of Iowa related to each bond issue.

The TIF bonds also have a stated reserve requirement that is calculated as the lesser of (a) the maximum annual amount of the principal and interest coming due on the bonds and parity obligations or (b) 10 percent of the stated principal amount on the bonds and parity obligations. The City has established a reserve amount of \$1,520,000.

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

**NOTE 4 BONDED AND OTHER DEBT (continued)**

**Other than Bonded Debt**

Loan payable: The City, along with two other area cities, entered into a Local Government Innovation Fund Loan (LGIF) loan agreement during the year ended June 30, 2005 to fund the development and implementation of an emergency services training program. The agreement requires annual payments of \$7,072 of the City, including interest at 2.00 percent through June 1, 2009. As of June 30, 2008, \$6,934 was outstanding under the agreement.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of six cardiac monitors at a cost of \$106,869. The agreement requires annual payments of \$7,969, including interest at 4.5 percent through February 1, 2011. The balance due as of June 30, 2008 was \$59,964, and had a net book value of \$39,532.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of 35 mobile data computers and related equipment at a cost of \$200,000. The agreement requires monthly payments of \$8,730 including interest at 4.50 percent through October 1, 2008. The balance as of June 30, 2008 was \$34,593, and had a net book value of \$119,986.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of an E911 Telephone System at a cost of \$220,000. The agreement requires monthly payments of \$6,496 including interest at 4.00 percent through August 1, 2009. The balance as of June 30, 2008 was \$88,462, and had a net book value of \$120,693.

Installment contracts: The City has entered into two installment contracts for the construction of pedestrian bridges. The \$12,205 shown as a decrease/retirement was due to a change in estimate of the amount due to the state due to imputed interest at 3.64%. The agreements are noninterest bearing and are payable in annual installments totaling \$71,329 through January 2013. The balance due as of June 30, 2008 was \$249,803.

Revenue capital loan notes: During the year ended June 30, 1995, the City authorized the issuance of \$2,600,000 Sewer Revenue Capital Loan Notes, Series 1994 and \$2,158,000 Sewer Revenue Capital Loan Notes, Series 1995. The notes were issued to evidence the City's obligations under a separate loan and disbursement agreement with the Iowa Department of Natural Resources and the Iowa Finance Authority under the state's SRF loan program. The projects were completed during the year ended June 30, 1996.

During the year ended June 30, 1997, the City authorized the issuance of \$1,800,000 Sewer Revenue Capital Loan Notes, Series 1996. The notes were also issued to evidence the City's obligations under an agreement with the Iowa Department of Natural Resources and the Iowa Finance Authority. As of June 30, 1999, the City had drawn all of the funds available under the Series 1996 note.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the Municipal Sewer Utility, and the note holders hold a lien on the future earnings of the fund.
- b) Sufficient monthly transfers shall be made to an operation and maintenance account to meet the current expenses of the month plus an amount equal to 1/12 of expenses payable on an annual basis.
- c) Sufficient monthly transfers shall be made to a separate sewer revenue sinking account for the purpose of making the notes' principal and interest payments when due.
- d) A reserve fund must be maintained in an amount equal to the lesser of the maximum principal and interest due in any succeeding year or 10 percent of the proceeds of the sale of the notes. Monies deposited in the reserve fund shall be used solely to pay principal and interest on notes, or parity bonds or notes should funds not be adequate in the sinking fund.

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

**NOTE 4 BONDED AND OTHER DEBT (continued)**

e) All funds remaining in the sewer revenue account may be deposited in any of the funds created by the resolution to pay for extraordinary repairs or replacements to the system or to pay or redeem the notes.

The total of the restricted cash and investments under these agreements are \$1,072,785.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$6,558,000 in sewer revenue notes issued in 1995 and 1997. Proceeds from the notes provided financing for the construction of improvements to the sewer facilities and infrastructure. The notes are payable solely from sewer customer net revenues and are payable through 2017. Annual principal and interest payments on the notes are expected to require less than net revenues. The total principal and interest remaining to be paid on the notes is \$3,272,239. For the current year, principal and interest paid and total customer net revenues were \$764,260 and \$2,395,977, respectively.

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2008 are as follows:

<u>Year ending June 30</u>	<u>General Obligation Bonds</u>		<u>Tax Increment Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 11,905,000	\$ 4,947,125	\$1,895,000	\$ 246,348
2010	12,130,000	4,486,199	970,000	169,958
2011	10,410,000	4,051,356	710,000	128,720
2012	10,570,000	3,660,109	740,000	99,610
2013	10,030,000	3,258,503	770,000	68,530
2014 - 2018	46,975,000	10,607,469	805,000	35,420
2019 - 2023	<u>21,105,000</u>	<u>1,964,211</u>	<u>—</u>	<u>—</u>
	<u>\$123,125,000</u>	<u>\$32,974,972</u>	<u>\$5,890,000</u>	<u>\$ 748,586</u>

<u>Year ending June 30</u>	<u>Capital Lease Obligations</u>		<u>Loan Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 132,039	\$ 4,745	\$ 6,934	\$ 138
2010	35,314	1,326	—	—
2011	<u>15,666</u>	<u>268</u>	<u>—</u>	<u>—</u>
	<u>\$ 183,019</u>	<u>\$ 6,339</u>	<u>\$ 6,934</u>	<u>\$ 138</u>

<u>Year ending June 30</u>	<u>Installment Contracts</u>		<u>Enterprise Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ —	\$ 71,330	\$ 367,000	\$ 87,360
2010	50,731	20,598	381,000	76,350
2011	63,961	7,368	393,000	64,920
2012	66,328	5,001	407,000	48,249
2013	68,783	2,545	422,000	36,892
2014 - 2017	<u>—</u>	<u>—</u>	<u>942,000</u>	<u>46,468</u>
	<u>\$ 249,803</u>	<u>\$ 106,842</u>	<u>\$2,912,000</u>	<u>\$ 360,239</u>



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

**NOTE 4 BONDED AND OTHER DEBT (continued)**

Legal debt margin: As of June 30, 2008, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2006 100% assessed valuation *	\$4,745,691,161
Plus captured tax increment value	527,883,468
Less military exemption	<u>(4,278,416)</u>
 Total assessed valuation of the property of the City of West Des Moines	 <u>\$5,269,296,213</u>
 Debt limit, 5% of total actual valuation	 \$263,464,811
Debt applicable to debt limit	
General obligation bonds	123,125,000
TIF revenue bonds	5,890,000
Loan payable	6,934
Capital lease obligations	183,019
Installment contracts	<u>249,803</u>
 Legal debt margin	 <u>\$134,010,055</u>

\* 100% of assessed valuation including TIF increment.

**NOTE 5 INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables balances as of June 30, 2008 were:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major governmental funds		
General	\$ 308,443	\$ -
Capital projects	-	528,031
Nonmajor governmental funds	-	223,929
Proprietary funds, sewer system	528,031	-
Internal service funds, vehicle maintenance	<u>-</u>	<u>84,514</u>
 Total	 <u>\$ 836,474</u>	 <u>\$ 836,474</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

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

**NOTE 6 INTERFUND TRANSFERS**

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

	<u>Transfers in</u>	<u>Transfers out</u>
Major governmental funds		
General	\$ 9,186,846	\$ 4,910,753
Special revenue fund, Tax Increment Financing	-	13,447,796
Debt Service	20,970,514	20,923
Capital Projects	17,899,173	19,648,038
Major enterprise fund		
Sewer System	4,553,497	8,541,750
Storm Water System	-	266,031
Nonmajor governmental funds	1,189,946	7,359,790
Internal Service Funds		
Vehicle Replacement	-	291,746
Workers compensation insurance	<u>686,851</u>	<u>-</u>
 Total	 <u>\$54,486,827</u>	 <u>\$54,486,827</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 7 PENSION AND RETIREMENT SYSTEMS**

Iowa Public Employees Retirement System: The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90 percent of their annual covered salary and the City is required to contribute 6.05 percent of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$908,811, \$819,773 and \$744,909, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa: The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, West Des Moines, Iowa 50263.

Plan members are required to contribute 9.35 percent of earnable compensation and the City's contribution rate, based upon actuarially determined normal contribution rate, can not be less than 17 percent of earnable compensation. Contribution rates are established by state statute. The City's contributions to the Plan for the years ended June 30, 2008, 2007 and 2006 were \$1,631,104, \$1,608,837 and \$1,535,497, respectively, which met the required minimum contribution for each year.

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

**NOTE 8 DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

**NOTE 9 INDIVIDUAL FUND DEFICIT BALANCES**

The following funds had deficit fund balances as of June 30, 2008:

Special Revenue Fund, Community Development Block Grant	\$ <u>64,162</u>
Internal Service Fund, Vehicle Maintenance	\$ <u>45,972</u>

The City intends to fund these deficits through transfers from the General Fund.

**NOTE 10 POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The City provides post-employment health insurance benefits. These benefits are provided to police officers and firefighters on medical disability and are financed and accounted for on a pay-as-you-go basis. The City pays 50 percent of the premium for single coverage for medically disabled police officers and firefighters to comply with Code of Iowa Section 411.15. The amount of post-employment health insurance benefits provided by the City and the number of eligible participants for the year ended June 30, 2008 were \$5,953 and two, respectively.

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

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and adjusted prospectively for differences in budgeted flows and actual flows.

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any bonds issued during the time the entity was a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2004B and 2006 include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

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

**NOTE 11 JOINT VENTURE (continued)**

The WRA Sewer Revenue Bonds Series 2004A bonds were issued for the advance refunding of the City's sewer revenue bonds. The WRA Agreement requires the debt service on these bonds to be allocated through the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$13,220,000 as of June 30, 2008. The City of West Des Moines has a commitment for approximately \$207,172 for future principal payment requirements. The WRA Sewer Revenue Bonds Series 2004B bonds were issued for capital expansion. 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, 2008, the Series 2004B bonds had a balance of \$64,695,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$13,102,934. The WRA Sewer Revenue Bonds Series 2006A bonds were issued for capital expansion. 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, 2008, the Series 2006A bonds had a balance of \$38,050,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$8,115,911. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2008, the WRA had \$25,194,583 in State Revolving Loans of which \$4,433,305 future principal debt service is a commitment to the City of West Des Moines.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Since there is no specific and measurable equity interest in the WRA Agreement, no investment in the joint venture has been reported by the City.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

**NOTE 12 RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS**

Related organization: The City of West Des Moines Water Works Utility is governed by a five-member board which is appointed by the Mayor and approved by the City Council. The West Des Moines Water Works Utility is legally a separate entity and is not financially accountable to the City. The City provides various services to the Water Works, including office facilities, reimbursable expenses, and the availability to participate in the City's health insurance plan. The Water Works provides billing and collection services to the City in connection with the City's Sewer and Solid Waste Enterprise Funds. The following is a summary of the related party transactions for the year ended June 30, 2008:

Received from West Des Moines Water Works	
Occupancy reimbursements	\$ 21,708
Health insurance premiums	482,779
Gasoline reimbursements	50,575
Telephone reimbursements	12,122
Share of general insurance	125,072
Delinquent reimbursements	3,106
Miscellaneous reimbursements	115,909
Payments to West Des Moines Water Works	
Collection fees for sewer and solid waste	\$ 161,659
Miscellaneous fees	49,499

Amounts receivable from West Des Moines Water Works as of June 30, 2008 for sewer and solid waste charges totaled \$1,299,689 and \$268,500, respectively.

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

**NOTE 12 RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (continued)**

Jointly governed organizations: The City participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Polk, Dallas and Warren County Assessor's Conference Boards; Metropolitan Transportation Planning Committee; DART; Metropolitan Waste Authority; Convention and Visitors Bureau; Joint County/Municipal Disaster Services; Emergency Planning Administrations.

In August 2000, the City entered into a jointly governed organization with two other Des Moines suburbs for the creation of WestCom. WestCom was established as an undivided interest ownership arrangement, whereby title to assets in WestCom are held individually by the City and two other Des Moines suburbs. The City's portion of current year costs of operations and capital for the dispatch center were \$842,837 and \$341,037, respectively.

**NOTE 13 COMMITMENTS**

The City has entered into contracts totaling approximately \$14,838,305 for various projects that were not complete at year-end. As of June 30, 2008, \$13,609,541 has been encumbered for completion of these contracts.

**NOTE 14 RISK MANAGEMENT**

The City is a member in the Iowa Communities Assurance Pool (the Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 563 members include various governmental entities throughout the state of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2008 were approximately \$436,000.

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

**NOTE 14 RISK MANAGEMENT (continued)**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. The City of West Des Moines has elected \$8,000,000 in coverage. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, as of June 30, 2008, no liability has been recorded in the City's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions; however, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with the WestCom Dispatch Center's workers compensation and employee blanket bonds. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Self-insurance: The City has a self-insured medical expense reimbursement plan which provides medical benefits to its employees and to the employees of affiliates. The plan provides each covered person with a lifetime maximum of \$1,000,000 coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Principal Life Insurance Company. The uninsured risk retention per person is \$85,000 (not to exceed 125 percent of the aggregate expected claims of \$4,077,576 for the year ended June 30, 2008). The City purchased commercial stop-loss insurance to provide for claims in excess of the \$85,000 to reduce its exposure to large losses. There has been no significant reduction in insurance coverage under the plan from prior years.

The City has established the Health and Dental Insurance Fund (an internal service fund) to account for and finance the uninsured risk of loss. The City's contribution to the fund for the year ended June 30, 2008 was \$3,714,633.

Effective July 1, 2005, the City established a self-insured plan for its worker's compensation plan. An internal service fund was created to account for premiums and claims paid. The uninsured risk retention is \$350,000 per occurrence. The aggregate retention is 90 percent of the manual premium amount or approximately \$883,000.

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

**NOTE 14 RISK MANAGEMENT (continued)**

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2008 totaled \$518,116 and include incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for other loss. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Settlements have exceeded the stop-loss coverage in the years ended June 30, 2008, 2007 and 2006 of \$160,347, \$181,895 and \$101,711, respectively. Information on changes in the aggregate liabilities for claims is as follows:

	<b>2008</b>	<b>2007</b>
Claims payable, beginning of year	\$ 457,310	\$ 521,653
Claims recognized	3,446,447	3,129,110
Claim payments	(3,385,641)	(3,193,453)
Claims payable, end of year	<u>\$ 518,116</u>	<u>\$ 457,310</u>

**NOTE 15 CONDUIT DEBT OBLIGATIONS**

From time-to-time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2008, there were two series of industrial development revenue bonds outstanding, with an aggregate principal amount payable of \$2,971,594.

**NOTE 16 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS**

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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the City beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

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

**NOTE 16 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS (continued)**

GASB Statement No. 50, *Pension Disclosures* - an amendment of GASB Statements No. 25 and No. 27, will be effective for the City beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB).

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the City beginning with its year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, will be effective for the City beginning with its year ending June 30, 2009. This Statement requires endowments to report their land and other real estate investments at fair value.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, will be effective for the City beginning with its year ending June 30, 2010. This Statement requires that derivative instruments be reported at fair value.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

**NOTE 17 LITIGATION**

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material adverse effect on the future financial statements of the City.

**NOTE 18 SUBSEQUENT EVENTS**

The City entered into funding agreements with Iowa Department of Economic Development on behalf of businesses to provide loans totaling \$2,002,000 for projects for business expansion.

The City entered into various developer agreements which will require the City to expand funds to develop properties and to provide economic development grant payments payable through tax increment revenues.



**City of West Des Moines, Iowa**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL—ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Year ended June 30, 2008**

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive - (Negative)
				Original	Final	
<b>REVENUES</b>						
Property tax	\$37,412,571	\$ -	\$ 37,412,571	\$ 37,530,923	\$ 37,530,923	\$ (118,352)
Tax increment financing taxes	16,258,279	-	16,258,279	16,168,384	16,168,384	89,895
Other City taxes	3,215,619	-	3,215,619	2,636,682	3,286,682	(71,063)
Special assessments	109,807	-	109,807	100,000	100,000	9,807
Licenses and permits	1,239,900	-	1,239,900	944,000	944,000	295,900
Intergovernmental	8,626,836	-	8,626,836	16,988,911	17,793,696	(9,166,860)
Charges for services	3,137,752	9,466,239	12,603,991	11,476,200	11,476,200	1,127,791
Use of money and property	2,409,358	1,046,340	3,455,698	1,943,000	1,943,000	1,512,698
Miscellaneous	<u>2,664,929</u>	<u>3,620,735</u>	<u>6,285,664</u>	<u>7,147,975</u>	<u>7,695,930</u>	<u>(1,410,266)</u>
Total revenues	<u>75,075,051</u>	<u>14,133,314</u>	<u>89,208,365</u>	<u>94,936,075</u>	<u>96,938,815</u>	<u>(7,730,450)</u>
<b>EXPENDITURES/EXPENSES</b>						
Public safety	19,285,895	-	19,285,895	20,732,987	21,581,845	2,295,950
Public works	7,222,303	-	7,222,303	7,972,030	8,175,130	952,827
Health and social services	1,013,531	-	1,013,531	960,867	1,045,352	31,821
Culture and recreation	6,369,572	-	6,369,572	6,136,769	6,441,069	71,497
Community and economic development	5,721,841	-	5,721,841	3,591,601	6,206,010	484,169
General government	4,834,942	-	4,834,942	5,866,527	6,360,687	1,525,745
Debt service	30,638,165	-	30,638,165	20,588,173	31,724,989	1,086,824
Capital outlay	18,015,390	-	18,015,390	26,365,300	37,121,800	19,106,410
Business-type	-	<u>7,637,213</u>	<u>7,637,213</u>	<u>16,793,412</u>	<u>21,984,771</u>	<u>14,347,558</u>
Total expenditures/expenses	<u>93,101,639</u>	<u>7,637,213</u>	<u>100,738,852</u>	<u>109,007,666</u>	<u>140,641,653</u>	<u>39,902,801</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(18,026,588)	6,496,101	(11,530,487)	(14,071,591)	(43,702,838)	32,172,351
<b>OTHER FINANCING SOURCES, NET</b>						
	<u>23,946,334</u>	<u>2,781,457</u>	<u>26,727,791</u>	<u>6,005,000</u>	<u>19,077,000</u>	<u>7,650,791</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	5,919,746	9,277,558	15,197,304	(8,066,591)	(24,625,838)	<u>\$39,823,142</u>
<b>BALANCES</b> , beginning of year	<u>45,649,834</u>	<u>78,063,388</u>	<u>123,713,222</u>	<u>60,750,000</u>	<u>75,304,251</u>	
<b>BALANCES</b> , end of year	<u>\$51,569,580</u>	<u>\$87,340,946</u>	<u>\$138,910,526</u>	<u>\$ 52,683,409</u>	<u>\$ 50,678,413</u>	

See Note to Required Supplementary Information.

**City of West Des Moines, Iowa**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING**  
**Year ended June 30, 2008**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing which include all funds, except agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendments increased budgeted expenditures by \$31,633,987. The budget amendments were primarily due to changes in breadth and timing of capital improvement projects.

The City of West Des Moines, Iowa prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with generally accepted accounting principles.

**City of West Des Moines, Iowa**  
**REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH**  
**Year ended June 30, 2008**

The City has elected to use the modified approach as defined by the GASB Statement No. 34 for reporting the infrastructure of its street network. The street network is defined as all physical features existing within the right of way limits for the City's roadways and includes the streets, bridges and levees subsystems. (For additional information regarding the use of the modified approach and the City's capitalization policies, see Management's Discussion and Analysis and the Notes to Basic Financial Statements.)

The City of West Des Moines maintains a computerized Street Management System (SMS) to keep an up-to-date inventory of the street network and to record condition assessments. In performing these condition assessments, each City street is evaluated and rated according to an Overall Condition Index (OCI). This index represents a composite rating including the evaluation of pavement defects/deterioration, ride quality, drainage, weathering and surface condition. The OCI of each street is calculated and rated on a scale from 100 to 0, with an OCI rating of 100 being the best and 0 the worst. This condition assessment will be performed at least once every three years. The following table defines the Overall Condition Index (OCI) rating scale for streets:

<u>Pavement Condition</u>	<u>OCI Range</u>
Very good	100 - 90
Good	90 - 80
Average	80 - 60
Below Average	60 - 50
Poor	50 - 25
Failed	25 - 0

The City's goal is to maintain an OCI rating of 78 - 80 for the street network. The following are descriptions for Portland cement concrete and asphalt surfaced streets in the City with an OCI rating of 78 - 80.

Portland Cement Concrete Streets (OCI 78 - 80): Low and moderate severity settlement, bumps, cracking or joint deterioration may exist up to 15 percent of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. More than 50 percent of the joints have sealant damage. Patches may exist up to 20 percent of the street area and are typically moderate in quality. Discernible bumps may be noticeable during vehicle travel. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. Surface pop-outs may exist throughout the pavement.

Asphalt Surfaced Streets (OCI 78 - 80): Reflective cracking may exist up to 100 percent of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. Low and moderate severity bumps, alligator cracking, rutting, or raveling may exist up to 5 percent of the street area. Patches may exist up to 10 percent of the street area and are typically moderate in quality. Potholes may exist at small isolated locations. Discernible bumps may be noticeable during vehicle travel. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. The surface color is typically medium gray.

Levees and Associated Flood Control Elements (Army Corp. Rating - Acceptable): No immediate work required other than routine maintenance. The flood control elements will function as designed and intended, with a high degree of reliability, and necessary cyclic maintenance is being adequately performed.

Bridge and Large Street Culverts (FHWA & Iowa DOT Sufficiency Rating - 81 or Greater): The item is structurally sound and there appears to be no immediate safety hazards. Minor cracking, scaling, leaching, channel silting and vegetation, or other minor problems may exist in isolated locations. Minor problems, if any exist, do not appear to have an immediate impact on structural integrity or safety.

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)**  
**Year ended June 30, 2008**

Condition rating of the City's street subsystem:

Category	OCI Range	2001		2005		2006		2007	
		Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Very good	100-90	200	40.7%	191	32.9%	192	31.3%	243	35.3%
Good	90-80	111	22.5	184	31.6	200	32.6	208	30.2
Average	80-60	123	25.0	132	22.8	149	24.3	156	22.7
Below average	60-50	47	9.6	59	10.1	55	8.9	64	9.3
Poor	50-25	11	2.2	15	2.6	18	2.9	17	2.5
Failed	25-0	—	—	—	—	—	—	—	—
		<u>492</u>	<u>100.0%</u>	<u>581</u>	<u>100.0%</u>	<u>614</u>	<u>100.0%</u>	<u>688</u>	<u>100.0%</u>
Overall condition index (OCI)									
		2001		2005		2006		2007	
Goal		78-80		78-80		78-80		78-80	
Actual		81.20		80.21		80.91		80.90	

Bridge & Street Culvert Condition by Category as of the Last Assessment

Condition Categories Based on FHWA Criteria

Category	OCI Range	2003		2005		2007	
		Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected
Excellent condition	100-90	10	62.4%	10	62.4%	18	75.0%
Very good condition	90-80	3	18.8	4	25.0	4	16.6
Good condition	80-70	3	18.8	1	6.3	1	4.2
Satisfactory condition	70-60	—	—	1	6.3	1	4.2
Fair condition	60-50	—	—	—	—	—	—
Poor condition	50-40	—	—	—	—	—	—
Serious condition	40-30	—	—	—	—	—	—
Critical condition	30-20	—	—	—	—	—	—
Imminent failure condition	20-10	—	—	—	—	—	—
Failed condition	25-0	—	—	—	—	—	—
Total		<u>16</u>	<u>100.0%</u>	<u>16</u>	<u>100.0%</u>	<u>24</u>	<u>100.0%</u>
Overall condition index (OCI):							
Goal		81 or greater		81 or greater		81 or greater	
Actual		90.6		91.0		93.8	

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)**  
**Year ended June 30, 2008**

Levee Condition by Category as of the Last Assessment

Condition Categories Based on Army Corp. Criteria

<u>OCI Range</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected
Acceptable	29	96.7%	28	93.3%	23	100.0%
Minimally acceptable	1	3.3	2	6.7	—	—
Unacceptable	—	—	—	—	—	—
Total	<u>30</u>	<u>100.0%</u>	<u>30</u>	<u>100.0%</u>	<u>23</u>	<u>100.0%</u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Overall condition index (OCI):			
Goal	Acceptable	Acceptable	Acceptable
Actual	Acceptable	Acceptable	Acceptable

Comparison of estimated prevention/maintenance costs to actual for the street network (in thousands):

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Estimated costs	\$3,167	\$2,996	\$3,323	\$4,077	\$4,480	\$4,915
Actual cost	3,349	3,052	3,517	3,516	4,751	4,661

**City of West Des Moines, Iowa  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

	<u>Special Revenue</u>			
	<u>Road Use Tax</u>	<u>Police and Fire Retirement</u>	<u>Employee Benefit</u>	<u>Economic Development</u>
<b>ASSETS</b>				
Cash and investments	\$6,003,883	\$ 446,110	\$ -	\$ 256,321
Receivables				
Property taxes	-	1,396,346	4,188,826	-
Accounts	-	-	-	3,568
Loans	-	-	-	207,668
Due from other governments	<u>710,319</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$6,714,202</u>	<u>\$1,842,456</u>	<u>\$4,188,826</u>	<u>\$ 467,557</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 94,319
Accrued wages payable	-	-	-	-
Due to other funds	-	-	24,826	-
Deferred revenue	<u>-</u>	<u>1,383,500</u>	<u>4,164,000</u>	<u>207,668</u>
Total liabilities	<u>-</u>	<u>1,383,500</u>	<u>4,188,826</u>	<u>301,987</u>
Fund balances (deficit), unreserved, undesignated	<u>6,714,202</u>	<u>458,956</u>	<u>-</u>	<u>165,570</u>
Total liabilities and fund balances	<u>\$6,714,202</u>	<u>\$1,842,456</u>	<u>\$4,188,826</u>	<u>\$ 467,557</u>

See accompanying independent auditor's report.

<u>Housing Programs</u>	<u>Parks</u>	<u>Library</u>	<u>Public Safety</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ 170,121	\$ 127,734	\$ 197,697	\$ 239,716	\$ -	\$ 7,441,582
-	-	-	-	-	5,585,172
7,192	-	35	54,763	200,664	266,222
-	-	-	-	-	207,668
<u>6,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>717,233</u>
<u>\$ 184,227</u>	<u>\$ 127,734</u>	<u>\$ 197,732</u>	<u>\$ 294,479</u>	<u>\$ 200,664</u>	<u>\$14,217,877</u>
\$ 6,713	\$ 37,074	\$ 354	\$ 116,798	\$ 64,162	\$ 319,420
2,145	-	-	-	1,561	3,706
-	-	-	-	199,103	223,929
-	-	-	-	-	5,755,168
<u>8,858</u>	<u>37,074</u>	<u>354</u>	<u>116,798</u>	<u>264,826</u>	<u>6,302,223</u>
<u>175,369</u>	<u>90,660</u>	<u>197,378</u>	<u>177,681</u>	<u>(64,162)</u>	<u>7,915,654</u>
<u>\$ 184,227</u>	<u>\$ 127,734</u>	<u>\$ 197,732</u>	<u>\$ 294,479</u>	<u>\$ 200,664</u>	<u>\$14,217,877</u>

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year ended June 30, 2008**

	<b>Special Revenue</b>			
	<b>Road Use Tax</b>	<b>Police and Fire Retirement</b>	<b>Employee Benefit</b>	<b>Economic Development</b>
<b>REVENUES</b>				
Property taxes	\$ —	\$1,904,584	\$3,680,423	\$ —
Other City taxes	—	28,727	55,517	—
Intergovernmental	4,414,447	—	—	600,000
Use of money and property	—	—	—	—
Miscellaneous	—	—	—	96,391
Total revenues	<u>4,414,447</u>	<u>1,933,311</u>	<u>3,735,940</u>	<u>696,391</u>
<b>EXPENDITURES</b>				
Current operating				
Public safety	—	1,631,105	—	—
Public works	689,444	—	—	—
Health and social services	—	—	—	—
Culture and recreation	—	—	—	—
Community and economic development	—	—	—	1,508,530
Debt service, principal	—	—	—	—
Interest	—	—	—	—
Capital outlay	—	—	—	60,970
Total expenditures	<u>689,444</u>	<u>1,631,105</u>	<u>—</u>	<u>1,569,500</u>
Excess (deficiency) of revenues over expenditures	<u>3,725,003</u>	<u>302,206</u>	<u>3,735,940</u>	<u>(873,109)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	—	—	—	—
Transfers in	—	—	—	1,173,320
Transfers out	(3,161,196)	—	(3,735,940)	(260,000)
Proceeds from the sale of capital assets	—	—	—	—
Total other financing sources (uses)	<u>(3,161,196)</u>	<u>—</u>	<u>(3,735,940)</u>	<u>913,320</u>
Net change in fund balances	563,807	302,206	—	40,211
Fund balances, beginning of year	<u>6,150,395</u>	<u>156,750</u>	<u>—</u>	<u>125,359</u>
Fund balances (deficit), end of year	<u>\$6,714,202</u>	<u>\$ 458,956</u>	<u>\$ —</u>	<u>\$ 165,570</u>

See accompanying independent auditor's report.



<u>Housing Programs</u>	<u>Parks</u>	<u>Library</u>	<u>Public Safety</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,585,007
-	-	-	-	-	84,244
160,670	-	-	-	236,451	5,411,568
2,034	826	6,647	3,126	-	12,633
45,990	73,418	98,601	1,005,610	-	1,320,010
<u>208,694</u>	<u>74,244</u>	<u>105,248</u>	<u>1,008,736</u>	<u>236,451</u>	<u>12,413,462</u>
-	-	-	373,350	-	2,004,455
-	-	-	-	-	689,444
182,063	-	-	-	-	182,063
-	5,666	85,461	-	-	91,127
-	-	-	-	304,339	1,812,869
-	-	-	173,531	-	173,531
-	-	-	9,181	-	9,181
-	90,827	-	382,858	-	534,655
<u>182,063</u>	<u>96,493</u>	<u>85,461</u>	<u>938,920</u>	<u>304,339</u>	<u>5,497,325</u>
<u>26,631</u>	<u>(22,249)</u>	<u>19,787</u>	<u>69,816</u>	<u>(67,888)</u>	<u>6,916,137</u>
-	-	-	-	-	-
16,626	-	-	-	-	1,189,946
(18,444)	(19,260)	-	(164,950)	-	(7,359,790)
-	-	-	4,344	-	4,344
<u>(1,818)</u>	<u>(19,260)</u>	<u>-</u>	<u>(160,606)</u>	<u>-</u>	<u>(6,165,500)</u>
24,813	(41,509)	19,787	(90,790)	(67,888)	750,637
<u>150,556</u>	<u>132,169</u>	<u>177,591</u>	<u>268,471</u>	<u>3,726</u>	<u>7,165,017</u>
\$ <u>175,369</u>	\$ <u>90,660</u>	\$ <u>197,378</u>	\$ <u>177,681</u>	\$ <u>(64,162)</u>	\$ <u>7,915,654</u>

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF NET ASSETS (DEFICIT)**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2008**

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 6,459,371	\$ -	\$1,922,801	\$1,019,666	\$ 9,401,838
Accounts receivable	-	20,044	22,743	-	42,787
Interest	98,754	-	-	-	98,754
Due from other governments	-	60,481	-	-	60,481
Inventories	-	12,464	-	-	12,464
Total current assets	<u>6,558,125</u>	<u>92,989</u>	<u>1,945,544</u>	<u>1,019,666</u>	<u>9,616,324</u>
Noncurrent assets, capital assets					
Equipment and vehicles	11,330,149	-	-	-	11,330,149
Accumulated depreciation	<u>(5,976,323)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,976,323)</u>
Total noncurrent assets	<u>5,353,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,353,826</u>
Total assets	<u>\$11,911,951</u>	<u>\$ 92,989</u>	<u>\$1,945,544</u>	<u>\$1,019,666</u>	<u>\$14,970,150</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>					
Liabilities					
Current					
Accounts payable	\$ 212,215	\$ 54,447	\$ 2,082	\$ 2,446	\$ 271,190
Claims payable	-	-	383,943	64,707	448,650
Due to other funds	-	84,514	-	-	84,514
Total current liabilities	<u>212,215</u>	<u>138,961</u>	<u>386,025</u>	<u>67,153</u>	<u>804,354</u>
Net assets (deficit)					
Invested in capital assets, net of related debt	5,353,826	-	-	-	5,353,826
Unrestricted (deficit)	<u>6,345,910</u>	<u>(45,972)</u>	<u>1,559,519</u>	<u>952,513</u>	<u>8,811,970</u>
Total net assets (deficit)	<u>11,699,736</u>	<u>(45,972)</u>	<u>1,559,519</u>	<u>952,513</u>	<u>14,165,796</u>
Total liabilities and net assets (deficit)	<u>\$11,911,951</u>	<u>\$ 92,989</u>	<u>\$1,945,544</u>	<u>\$1,019,666</u>	<u>\$14,970,150</u>

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)**  
**INTERNAL SERVICE FUNDS**  
**Year ended June 30, 2008**

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ —	\$1,478,729	\$4,890,498	\$ 91,132	\$ 6,460,359
Lease revenue	<u>1,215,183</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,215,183</u>
Total operating revenues	<u>1,215,183</u>	<u>1,478,729</u>	<u>4,890,498</u>	<u>91,132</u>	<u>7,675,542</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	—	1,511,277	3,993,633	211,042	5,715,952
Depreciation	<u>1,035,456</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,035,456</u>
Total operating expenses	<u>1,035,456</u>	<u>1,511,277</u>	<u>3,993,633</u>	<u>211,042</u>	<u>6,751,408</u>
Operating income	<u>179,727</u>	<u>(32,548)</u>	<u>896,865</u>	<u>(119,910)</u>	<u>924,134</u>
Nonoperating revenues (expenses)					
Investment earnings	291,746	—	53,749	—	345,495
Loss on disposal of capital assets	(13,988)	—	—	—	(13,988)
Miscellaneous	<u>60,276</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>60,276</u>
Total nonoperating revenues (expenses)	<u>338,034</u>	<u>—</u>	<u>53,749</u>	<u>—</u>	<u>391,783</u>
Income before transfers	517,761	(32,548)	950,614	(119,910)	1,315,917
Capital contributions	412,876	—	—	—	412,876
Transfers in	—	—	—	686,851	686,851
Transfers out	<u>(291,746)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(291,746)</u>
Change in net assets	638,891	(32,548)	950,614	566,941	2,123,898
Total net assets (deficit), beginning of year	<u>11,060,845</u>	<u>(13,424)</u>	<u>608,905</u>	<u>385,572</u>	<u>12,041,898</u>
Total net assets (deficit), end of year	<u>\$11,699,736</u>	<u>\$ (45,972)</u>	<u>\$1,559,519</u>	<u>\$ 952,513</u>	<u>\$14,165,796</u>

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year ended June 30, 2008**

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$1,215,183	\$1,422,530	\$4,872,846	\$ 91,132	\$7,601,691
Payments to suppliers	212,215	(1,469,997)	(632,699)	(164,669)	(2,057,150)
Payments to claimants	<u>—</u>	<u>—</u>	<u>(3,409,112)</u>	<u>(10,104)</u>	<u>(3,419,216)</u>
Net cash provided by (used in) operating activities	<u>1,427,398</u>	<u>(49,467)</u>	<u>831,035</u>	<u>(83,641)</u>	<u>2,125,325</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Proceeds from other funds	—	49,467	—	—	49,467
Transfers in	—	—	—	686,851	686,851
Transfers out	<u>(291,746)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(291,746)</u>
Net cash provided by (used in) noncapital financing activities	<u>(291,746)</u>	<u>49,467</u>	<u>—</u>	<u>686,851</u>	<u>444,572</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(1,221,772)	—	—	—	(1,221,772)
Proceeds from disposal of capital assets	<u>28,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>28,000</u>
Net cash (used in) capital and related financing activities	<u>(1,193,772)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,193,772)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	271,815	—	55,405	—	327,220
Purchase of investment securities	(4,500,000)	—	—	—	(4,500,000)
Proceeds from maturity of investment securities	<u>4,500,000</u>	<u>—</u>	<u>500,000</u>	<u>—</u>	<u>5,000,000</u>
Net cash provided by investing activities	<u>271,815</u>	<u>—</u>	<u>555,405</u>	<u>—</u>	<u>827,220</u>
Net increase in cash and cash equivalents	213,695	—	1,386,440	603,210	2,203,345
Cash and cash equivalents Beginning of year	<u>1,745,676</u>	<u>—</u>	<u>536,361</u>	<u>416,456</u>	<u>2,698,493</u>
End of year	<u>\$1,959,371</u>	<u>\$—</u>	<u>\$1,922,801</u>	<u>\$1,019,666</u>	<u>\$4,901,838</u>

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF CASH FLOWS (continued)**  
**INTERNAL SERVICE FUNDS**  
**Year ended June 30, 2008**

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income	\$ 179,727	\$ (32,548)	\$ 896,865	\$ (119,910)	\$ 924,134
Adjustments to reconcile operating income to net cash provided by (used in) operating activities					
Depreciation	1,035,456	-	-	-	1,035,456
Change in assets and liabilities					
Receivables	-	(56,199)	(17,652)	-	(73,851)
Inventories	-	56,891	-	-	56,891
Accounts payable	212,215	(17,611)	41	(3,290)	191,355
Claims payable	-	-	(48,219)	39,559	(8,660)
Net cash provided by (used in) operating activities	<u>\$1,427,398</u>	<u>\$ (49,467)</u>	<u>\$ 831,035</u>	<u>\$ (83,641)</u>	<u>\$2,125,325</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE COMBINING BALANCE SHEET</b>					
Cash and investments	\$6,459,371	\$ -	\$1,922,801	\$1,019,666	\$9,401,838
Less items not meeting the definition of cash equivalents	<u>(4,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,500,000)</u>
Cash and cash equivalents at end of year	<u>\$1,959,371</u>	<u>\$ -</u>	<u>\$1,922,801</u>	<u>\$1,019,666</u>	<u>\$4,901,838</u>

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2008**

	<b>Collections and Deposits</b>	<b>Section 125 Plan</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 185,859	\$ 22,351	\$ 208,210
Restricted assets, contractors' bonds	<u>7,559</u>	<u>—</u>	<u>7,559</u>
Total assets	<u>\$ 193,418</u>	<u>\$ 22,351</u>	<u>\$ 215,769</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 100	\$ —	\$ 100
Deposits and remittances due	<u>193,318</u>	<u>22,351</u>	<u>215,669</u>
Total liabilities	<u>\$ 193,418</u>	<u>\$ 22,351</u>	<u>\$ 215,769</u>

See accompanying independent auditor's report.

**City of West Des Moines, Iowa**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**Year ended June 30, 2008**

<u>Collections and Deposits</u>	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
<b>ASSETS</b>				
Cash and investments	\$ 217,297	\$ -	\$ 31,438	\$ 185,859
Restricted assets, contractors' bonds	<u>7,759</u>	<u>29,199</u>	<u>29,399</u>	<u>7,559</u>
Total assets	<u>\$ 225,056</u>	<u>\$ 29,199</u>	<u>\$ 60,837</u>	<u>\$ 193,418</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 100	\$ -	\$ 100
Deposits and remittances due	<u>225,056</u>	<u>29,099</u>	<u>60,837</u>	<u>193,318</u>
Total liabilities	<u>\$ 225,056</u>	<u>\$ 29,199</u>	<u>\$ 60,837</u>	<u>\$ 193,418</u>
 <b>Section 125 Plan</b>				
<b>ASSETS</b> , cash and investments	<u>\$ 13,217</u>	<u>\$ 246,969</u>	<u>\$ 237,835</u>	<u>\$ 22,351</u>
<b>LIABILITIES</b> , deposits and remittances due	<u>\$ 13,217</u>	<u>\$ 246,969</u>	<u>\$ 237,835</u>	<u>\$ 22,351</u>
 <b>Combined Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 230,514	\$ 246,969	\$ 269,273	\$ 208,210
Restricted assets, contractors' bonds	<u>7,759</u>	<u>29,199</u>	<u>29,399</u>	<u>7,559</u>
Total assets	<u>\$ 238,273</u>	<u>\$ 276,168</u>	<u>\$ 298,672</u>	<u>\$ 215,769</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 100	\$ -	\$ 100
Deposits and remittances due	<u>238,273</u>	<u>276,068</u>	<u>298,672</u>	<u>215,669</u>
Total liabilities	<u>\$ 238,273</u>	<u>\$ 276,168</u>	<u>\$ 298,672</u>	<u>\$ 215,769</u>

See accompanying independent auditor's report.

**City of West Des Moines**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2008**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
US Department of Health and Human Services		
Low Income Energy Assistance	93.568	\$ 5,500
Community Services Block Grant	93.569	<u>5,500</u>
		11,000
US Department of Justice		
Public Safety Partnership and Community Policing Grants	16.710	710
Bulletproof Vest Partnership Program	16.607	2,152
DEA Overtime Reimbursement	16.005	<u>7,162</u>
		10,024
US Department of Housing and Urban Development		
CDBG Entitlement and (HUD Administered) Small Cities Cluster		
Community Development Block Grants/Entitlement Grants	14.218	236,451
US Department of Housing and Urban Development		
Supportive Housing Program	14.235	71,904
US Department of Transportation		
Highway Safety Cluster		
State and Community Highway Safety	20.600	31,318
US Department of Revenue		
Temporary State Fiscal Relief (Jobs and Growth		
Tax Reconciliation Act of 2003)	21.000	<u>500,000</u>
Total federal expenditures		<u>\$ 860,697</u>

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of West Des Moines and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**City of West Des Moines, Iowa**  
**SUMMARY OF KEY DATA FOR EACH TIF DISTRICT**  
**(UNAUDITED)**  
**Year ended June 30, 2008**

	<u>Valley Junction/RR</u>	<u>Westtown III</u>	<u>Westtown IV</u>	<u>Mills Parkway</u>	<u>Jordan Creek</u>	<u>Total</u>
<b>Beginning balance</b>	\$5,992,595	\$ (443,757)	\$ 155,563	\$2,278,836	\$1,598,214	\$ 9,581,451
<b>Deposits:</b>						
Property tax	3,103,950	1,842,712	-	6,593,268	4,718,349	16,258,279
Interest in investments	-	28,368	-	39,217	-	67,585
<b>Withdrawals:</b>						
Debt service	1,931,456	1,293,750	-	5,604,816	4,082,137	12,912,159
Legal services	-	-	-	20,304	-	20,304
Transfer to capital projects						
Cash	-	-	-	-	-	-
WestNet	-	-	-	-	-	-
GMMCP Interchange	-	-	-	-	-	-
Fire/EMS station #4	-	-	-	-	-	-
MCP IMP - Addl lane/left turn	-	-	-	58,349	-	58,349
S 51 <sup>st</sup> and MCP signals	-	-	-	86,058	-	86,058
MCP /S JCP to S 105 <sup>th</sup> St	-	-	-	-	-	-
Railroad Ave. Improvements	276,691	-	-	-	-	276,691
Grand Ave / RR to Fuller	42,724	-	-	-	-	42,724
Grand Ave./ Fuller to west of RRP	37,892	-	-	-	-	37,892
Fuller / Grand Intersection	173,587	-	-	-	-	173,587
Grand / Vine Intersection	834,001	-	-	-	-	834,001
Lincoln St./S. 13 <sup>th</sup> to Fuller	528,507	-	-	-	-	528,507
Valley Junction Streetscape Impr	-	-	-	-	-	-
Valley Junction Trash Enclosures	89,589	-	-	-	-	89,589
University Ave. Improvements	-	38,633	-	-	-	38,633
50 <sup>th</sup> St & I-235 Improvements	-	-	-	-	-	-
Westtown/35 <sup>th</sup> to West Lakes	-	-	-	-	-	-
Westtown/West Lakes to 74 <sup>th</sup>	-	-	-	-	-	-
JC Pkwy & University Rt. Turn	-	4,920	-	-	-	4,920
74 <sup>th</sup> Street Improvements	-	-	-	-	-	-
60 <sup>th</sup> Street Interchange	-	-	-	-	-	-
74 <sup>th</sup> /Ashworth - I-80	-	-	-	-	-	-
JCP Trail/Office Plz-Westtown	-	-	-	-	-	-
Westtown Parkway Trail	-	-	-	-	-	-
Valley Junction Buy Out Program	-	-	-	-	-	-
Westtown Signal Improvements	-	-	153,878	-	-	153,878
Fuller Road Storm Sewer	83,469	-	-	-	-	83,469
Valley Junction Direction Signs	198,540	-	-	-	-	198,540
Lincoln St./S. 4 <sup>th</sup> to 11 <sup>th</sup>	15,636	-	-	-	-	15,636
MCP-IMP-EB/NB Left Turn	-	-	-	24,990	-	24,990
<b>Ending balance</b>	<u>\$4,884,453</u>	<u>\$ 90,020</u>	<u>\$ 1,685</u>	<u>\$3,116,804</u>	<u>\$2,234,426</u>	<u>\$10,327,388</u>
<b>Tax Rates (per \$1,000 of taxable valuation):</b>						
Within Polk County	36.85114	36.85114	-	36.85114	N/A	
Within Dallas County	N/A	-	N/A	-	-	
<b>January 1, 2006 Taxable Valuations:</b>						
Polk County	95,589,010	4,535,000	-	87,370,000	N/A	
Dallas County	N/A	54,400,000	N/A	117,898,108	155,400,000	

**City of West Des Moines, Iowa**  
**SUMMARY OF KEY DATA FOR SEWER REVENUE BONDS**  
**(UNAUDITED)**  
**Year ended June 30, 2008**

Sales History and Total Sewer Charges

<u>Calendar Year</u>	<u>Gallons Sold</u>	<u>Sewer Charges</u>
1997	1,722,193,000	\$4,110,540
1998	1,702,262,650	4,231,943
1999	1,865,276,498	4,501,445
2000	1,982,156,844	4,779,893
2001	2,051,493,848	4,979,354
2002	2,119,054,696	4,930,065
2003	2,175,453,971	4,984,834
2004	2,068,454,938	5,023,024
2005	2,231,378,093	5,121,465
2006	2,237,565,759	5,214,740

Number of Sewer Customers

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
1997	10,393	756	\$ 11,149
1998	11,074	784	11,858
1999	11,958	829	12,787
2000	12,836	885	13,721
2001	14,023	924	14,947
2002	14,644	964	15,608
2003	15,011	933	15,944
2004	15,412	984	16,396
2005	15,863	1,015	16,878
2006	16,270	1,131	17,401

Larger Sewer Customers (Calendar year 2006)

<u>Customer</u>	<u>Water Gallons</u>	<u>Sewer Charges</u>
General Growth Properties	43,982,000	\$ 138,543
Professional Property Mgmt.	35,018,000	110,307
WDM Community Schools	33,473,000	105,440
Belcher & Long Corporation	26,277,000	82,773
R&R Investors, Ltd	23,373,000	73,625
Knapp Properties, Inc	19,961,000	62,877
Executive Laser Wash	18,940,000	59,661
W.H., LLC	16,637,000	52,407
John Q. Hammons Industries	13,940,000	43,911
Valley West Mall	12,760,000	40,194

Rates and Charges

Sanitary Sewer Service - Effective July 1, 1997  
\$3.15 per thousand gallons

Sewer Availability Charge - Effective July 1, 2007  
\$1.50 per month

Revenue Debt Supported by Sewer Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding as of 6/30/07</u>
09/1994	\$2,600,000	Sewer Improvements	06/2014	\$1,133,000
06/1995	2,158,000	Sewer Improvements	06/2015	1,057,000
10/1996	1,800,000	Sewer Improvements	06/2017	1,077,000
03/2002	1,655,000	Refunding	06/2008	<u>300,000</u>
				<u>\$3,567,000</u>

**City of West Des Moines, Iowa  
STATISTICAL SECTION  
(UNAUDITED)  
Contents**

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

**C O N T E N T S**

	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	72-79
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	80-86
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	87-93
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	94-97
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	98-101

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

City of West Des Moines, Iowa  
Schedule 1  
**Net Assets By Component**  
**Last Six Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 125,624,407	\$ 197,872,579	\$ 198,074,527	\$ 242,935,803	\$ 244,928,693	\$ 258,999,063
Restricted	63,168,911	23,551,773	20,413,236	17,839,043	33,537,713	38,811,985
Unrestricted	16,632,915	12,998,239	30,988,222	11,671,162	16,138,748	17,760,261
<b>Total governmental activities net assets</b>	<b>\$ 205,426,233</b>	<b>\$ 234,422,591</b>	<b>\$ 249,475,985</b>	<b>\$ 272,446,008</b>	<b>\$ 294,605,154</b>	<b>\$ 315,571,309</b>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 36,351,010	\$ 41,712,779	\$ 45,374,573	\$ 45,431,826	\$ 52,756,898	\$ 58,746,219
Restricted	1,700,000	1,088,720	1,089,769	1,072,785	1,072,785	1,072,785
Unrestricted	40,124,842	38,320,873	15,982,655	19,743,030	24,237,411	27,590,768
<b>Total business-type activities net assets</b>	<b>\$ 78,175,852</b>	<b>\$ 81,122,372</b>	<b>\$ 62,446,997</b>	<b>\$ 66,247,641</b>	<b>\$ 78,067,094</b>	<b>\$ 87,409,772</b>
Primary government:						
Invested in capital assets, net of related debt	\$ 161,975,417	\$ 239,585,358	\$ 243,449,100	\$ 288,367,629	\$ 297,685,591	\$ 317,745,282
Restricted	64,868,911	24,640,493	21,503,005	18,911,828	34,610,498	39,884,770
Unrestricted	56,757,757	51,319,112	46,970,877	31,414,192	40,376,159	45,351,029
<b>Total primary government net assets</b>	<b>\$ 283,602,085</b>	<b>\$ 315,544,963</b>	<b>\$ 311,922,982</b>	<b>\$ 338,693,649</b>	<b>\$ 372,672,248</b>	<b>\$ 402,981,081</b>

GASB Statement No. 34 implemented in fiscal year 2003.

City of West Des Moines, Iowa  
Schedule 2  
**Changes In Net Assets**  
**Last Six Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses:</b>						
Governmental activities:						
Public safety	\$ 12,686,404	\$ 14,587,854	\$ 15,647,658	\$ 17,814,329	\$ 19,749,856	\$ 20,342,187
Public works	20,843,841	13,856,235	10,007,655	6,901,977	8,963,727	11,837,435
Health and social services	755,012	829,841	849,972	929,656	985,322	1,037,464
Culture and recreation	6,925,750	7,140,816	7,450,641	8,486,772	8,562,340	9,022,443
Community and economic development	3,401,126	2,959,958	4,945,081	3,617,735	3,885,459	5,807,890
General government	3,780,754	4,682,828	5,482,144	5,900,259	5,016,718	4,794,526
Interest on long-term debt	3,962,321	6,284,431	6,390,890	6,042,440	5,884,073	5,621,912
<b>Total governmental activities expenses</b>	<b>52,355,208</b>	<b>50,341,963</b>	<b>50,774,041</b>	<b>49,693,168</b>	<b>53,047,495</b>	<b>58,463,857</b>
Business-type activities:						
Sanitary sewer	3,305,046	4,030,245	3,989,864	3,939,689	9,346,307	5,303,776
Solid waste	1,182,799	1,318,339	1,354,786	1,422,689	1,452,719	1,522,130
Storm Water	-	-	-	-	743,399	746,187
<b>Total business-type activities expenses</b>	<b>4,487,845</b>	<b>5,348,584</b>	<b>5,344,650</b>	<b>5,362,378</b>	<b>11,542,425</b>	<b>7,572,093</b>
<b>Total primary government expenses</b>	<b>56,843,053</b>	<b>55,690,547</b>	<b>56,118,691</b>	<b>55,055,546</b>	<b>64,589,920</b>	<b>66,035,950</b>
<b>Program revenue:</b>						
Governmental activities:						
Charges for services:						
Public safety	1,602,755	2,284,751	2,462,880	2,420,064	3,444,099	3,636,497
Public works	44,066	190,300	433,941	257,722	495,334	305,923
Health and social services	858	890	140	-	-	-
Culture and recreation	911,470	1,091,036	1,190,800	1,333,080	1,321,027	1,396,476
Community and economic development	223,876	722,701	653,643	516,500	599,482	832,464
General government	26,093	501,177	152,768	191,788	169,240	482,764
Operating grants and contributions:						
Public safety	1,484,726	1,641,945	2,116,613	2,321,333	1,912,045	1,963,806
Public works	3,778,175	4,293,880	3,917,038	4,135,015	4,359,424	4,431,681
Health and social services	290,971	211,233	223,188	237,283	269,484	267,588
Culture and recreation	114,648	89,727	67,871	182,467	177,696	175,825
Community and economic development	426,079	73,944	143,258	117,411	533,662	1,035,866
General government	121,515	145,996	91,101	167,438	199,834	202,436
Capital grants and contributions	13,285,988	20,801,673	9,277,782	12,221,700	8,219,897	273,984
<b>Total governmental activities program revenue</b>	<b>22,311,220</b>	<b>32,049,253</b>	<b>20,731,023</b>	<b>24,101,801</b>	<b>21,701,224</b>	<b>15,005,310</b>
Business-type activities:						
Charges for services:						
Sanitary sewer	5,088,908	5,575,443	6,013,830	5,077,364	6,182,572	6,300,448
Solid waste	1,193,623	1,324,048	1,345,474	1,344,707	1,419,761	1,647,104
Storm water	-	-	-	-	1,247,882	1,515,326
Operating grants and contributions:						
Sanitary sewer	-	-	-	650,111	4,540,127	3,620,736
Capital grants and contributions:						
Sanitary sewer	1,035,050.00	893,084	541,716	2,003,877	3,653,009	1,729,595
Solid waste	-	-	-	-	-	-
Storm Water	-	-	-	-	3,356,295	5,309,506
<b>Total business-type activities program revenues</b>	<b>7,317,581</b>	<b>7,792,575</b>	<b>7,901,020</b>	<b>9,076,059</b>	<b>20,399,646</b>	<b>20,122,715</b>
<b>Total primary government program revenues</b>	<b>29,628,801</b>	<b>39,841,828</b>	<b>28,632,043</b>	<b>33,177,860</b>	<b>42,100,870</b>	<b>35,128,025</b>
<b>Net (expense) revenue:</b>						
Governmental activities	(30,043,988)	(18,292,710)	(30,043,018)	(25,591,367)	(31,346,271)	(43,458,547)
Business-type activities	2,829,736	2,443,991	2,556,370	3,713,681	8,857,221	12,550,622
<b>Total primary government net expense</b>	<b>(27,214,252)</b>	<b>(15,848,719)</b>	<b>(27,486,648)</b>	<b>(21,877,686)</b>	<b>(22,489,050)</b>	<b>(30,907,925)</b>

**City of West Des Moines, Iowa**  
**Schedule 2 (continued)**  
**Changes In Net Assets (Continued)**  
**Last Six Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Property taxes	\$ 37,729,528	\$ 38,401,617	\$ 39,496,558	\$ 40,724,880	\$ 49,764,858	\$ 54,219,517
Hotel motel taxes	1,441,514	1,427,883	1,651,764	1,966,628	2,131,977	2,369,596
Other taxes	578,864	941,028	895,905	824,369	571,545	407,726
Unrestricted grants and contributions	633,606	230,831	354,017	447,479	611,282	596,981
Investment earnings	820,112	1,082,954	1,755,418	2,484,652	2,574,840	2,570,563
Miscellaneous	124,726	757,744	769,117	1,517,500	408,449	6,035
Transfers	-	(284,663)	173,633	595,882	(3,248,340)	4,254,284
<b>Total governmental activities</b>	<b>41,328,350</b>	<b>42,557,394</b>	<b>45,096,412</b>	<b>48,561,390</b>	<b>52,814,611</b>	<b>64,424,702</b>
Business-type activities:						
Investment earnings	702,950	217,866	292,683	657,153	904,698	1,046,340
Miscellaneous	-	-	-	25,692	-	-
Loss from joint venture	(521,578)	-	-	-	-	-
Transfers	-	284,663	(173,633)	(595,882)	3,248,340	(4,254,284)
Special Item:Contribution to Wastewater Reclamation Authority	-	-	(21,350,795)	-	-	-
<b>Total business-type activities</b>	<b>181,372</b>	<b>502,529</b>	<b>(21,231,745)</b>	<b>86,963</b>	<b>4,153,038</b>	<b>(3,207,944)</b>
<b>Total primary government</b>	<b>41,509,722</b>	<b>43,059,923</b>	<b>23,864,667</b>	<b>48,648,353</b>	<b>56,967,649</b>	<b>61,216,758</b>
Changes in net assets:						
Governmental activities	11,284,362	24,264,684	15,053,394	22,970,023	21,468,340	20,966,155
Business-type activities	3,011,108	2,946,520	(18,675,375)	3,800,644	13,010,259	9,342,678
<b>Total primary government</b>	<b>\$ 14,295,470</b>	<b>\$ 27,211,204</b>	<b>\$ (3,621,981)</b>	<b>\$ 26,770,667</b>	<b>\$ 34,478,599</b>	<b>\$ 30,308,833</b>

GASB Statement No. 34 implemented in fiscal year 2003.

**City of West Des Moines, Iowa**  
 Schedule 3  
**Program Revenues by Function/Program**  
**Last Six Fiscal Years\***  
*(accrual basis of accounting)*

Function / Program	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Governmental activities:</b>						
Public safety	\$ 3,473,558	\$ 5,086,400	\$ 4,706,088	\$ 4,915,785	\$ 5,548,013	\$ 5,657,755
Public works	16,335,309	23,786,198	13,237,080	16,251,231	12,688,071	4,872,142
Health and social services	291,879	212,123	223,328	237,283	269,484	267,588
Culture and recreation	1,100,864	1,385,528	1,469,189	1,554,883	1,635,870	1,574,227
Community and economic development	649,955	796,645	796,901	730,825	1,133,144	1,895,830
General government	459,655	782,359	298,437	411,794	426,642	737,768
<b>Total governmental activities</b>	<b>22,311,220</b>	<b>32,049,253</b>	<b>20,731,023</b>	<b>24,101,801</b>	<b>21,701,224</b>	<b>15,005,310</b>
<b>Business-type activities:</b>						
Sanitary sewer	6,123,958	6,468,527	6,555,546	7,731,352	14,375,708	11,650,779
Solid waste	1,193,623	1,324,048	1,345,474	1,344,707	1,419,761	1,647,104
Storm water	-	-	-	-	4,604,177	6,824,832
<b>Total business-type activities</b>	<b>7,317,581</b>	<b>7,792,575</b>	<b>7,901,020</b>	<b>9,076,059</b>	<b>20,399,646</b>	<b>20,122,715</b>
<b>Total government</b>	<b>\$ 29,628,801</b>	<b>\$ 39,841,828</b>	<b>\$ 28,632,043</b>	<b>\$ 33,177,860</b>	<b>\$ 42,100,870</b>	<b>\$ 35,128,025</b>

GASB Statement No. 34 implemented in fiscal year 2003.

**City of West Des Moines, IA**  
 Schedule 4  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	1999	2000	2001	2002
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ 123,501
Unreserved	9,443,380	9,364,002	8,917,707	8,822,286
<b>Total General Fund</b>	<b>\$ 9,443,380</b>	<b>\$ 9,364,002</b>	<b>\$ 8,917,707</b>	<b>\$ 8,945,787</b>
All Other Governmental Funds:				
Reserved	\$ 8,551,488	\$ 18,483,516	\$ 12,545,332	\$ 34,809,908
Unreserved, reported in:				
Special revenue funds	5,727,532	6,588,787	5,673,248	7,608,662
Capital projects funds	(7,283,758)	(18,974,136)	(14,923,843)	(430,602)
<b>Total all other government funds</b>	<b>\$ 6,995,262</b>	<b>\$ 6,098,167</b>	<b>\$ 3,294,737</b>	<b>\$ 41,987,968</b>



Fiscal Year						
2003	2004	2005	2006	2007	2008	
\$ 91,264	\$ 75,359	\$ 7,813	\$ 47,233	\$ 7,700	\$ -	
8,497,469	8,090,498	8,745,770	8,429,180	10,234,813	12,303,137	
<u>\$ 8,588,733</u>	<u>\$ 8,165,857</u>	<u>\$ 8,753,583</u>	<u>\$ 8,476,413</u>	<u>\$ 10,242,513</u>	<u>\$ 12,303,137</u>	
\$ 30,550,349	\$ 35,964,609	\$ 19,737,587	\$ 17,167,193	\$ 16,518,756	\$ 21,093,352	
11,168,110	16,726,822	11,136,953	13,175,078	16,746,467	18,243,042	
22,344,402	16,967,983	11,347,844	5,951,173	2,142,098	(69,951)	
<u>\$ 64,062,861</u>	<u>\$ 69,659,414</u>	<u>\$ 42,222,384</u>	<u>\$ 36,293,444</u>	<u>\$ 35,407,321</u>	<u>\$ 39,266,443</u>	

City of West Des Moines, Iowa  
Schedule 5  
**Changes In Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal				
	1999	2000	2001	2002	2003
<b>Revenues:</b>					
Taxes	\$ 25,549,612	\$ 25,209,467	\$ 30,475,298	\$ 33,631,941	\$ 38,782,554
Special assessments	1,274,009	427,546	441,309	568,077	231,943
Licenses and permits	1,061,223	765,755	685,869	1,003,125	700,261
Intergovernmental	5,990,218	7,089,365	8,106,850	9,608,244	10,133,859
Charges for services	1,041,493	1,224,748	1,320,276	1,419,335	1,817,837
Use of money and property	1,097,358	1,192,179	1,229,898	649,164	696,474
Miscellaneous	634,600	616,956	551,886	1,465,597	1,342,002
<b>Total revenues</b>	<b>36,648,513</b>	<b>36,526,016</b>	<b>42,811,386</b>	<b>48,345,483</b>	<b>53,704,930</b>
<b>Expenditures:</b>					
Public safety	-	-	-	-	11,412,329
Public works	-	-	-	-	5,676,476
Health and social services	-	-	-	-	726,762
Culture and recreation	-	-	-	-	4,215,107
Community and economic development	-	-	-	-	3,372,440
General government	-	-	-	-	3,168,044
Community protection	8,763,324	9,444,318	11,033,289	11,065,825	-
Human development	3,845,969	4,155,191	4,543,466	5,021,556	-
Home and community environment	9,469,879	6,234,734	6,964,862	8,408,187	-
Policy and administration	3,119,758	3,345,943	3,819,716	3,746,235	-
Capital outlay	12,637,809	17,207,172	27,661,173	28,136,362	45,875,946
<b>Debt service:</b>					
Principal	3,520,000	3,397,746	6,010,862	7,047,246	11,211,720
Interest	1,500,415	1,655,173	2,215,674	2,700,596	3,760,575
Bond issuance costs	-	-	-	-	484,357
<b>Total expenditures</b>	<b>42,857,154</b>	<b>45,440,277</b>	<b>62,249,042</b>	<b>66,126,007</b>	<b>89,903,756</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,208,641)</b>	<b>(8,914,261)</b>	<b>(19,437,656)</b>	<b>(17,780,524)</b>	<b>(36,198,826)</b>
<b>Other financing sources (uses):</b>					
Issuance of long-term debt	3,000,000	7,000,000	15,000,000	56,525,000	57,334,590
Payments to escrow agent	-	-	-	(3,575,000)	-
Issuance of capital lease	-	-	83,400	-	250,200
Premium (discount) on long-term debt	-	-	-	-	-
Proceeds from sale of capital assets	17,777	28,562	128,378	828,267	20,000
Transfers In	17,473,801	17,585,087	28,502,278	34,811,099	18,605,963
Transfers Out	(16,735,926)	(16,675,861)	(27,526,125)	(33,704,259)	(18,468,395)
<b>Total other financing sources (uses)</b>	<b>3,755,652</b>	<b>7,937,788</b>	<b>16,187,931</b>	<b>54,885,107</b>	<b>57,742,358</b>
<b>Net changes in fund balance</b>	<b>\$ (2,452,989)</b>	<b>\$ (976,473)</b>	<b>\$ (3,249,725)</b>	<b>\$ 37,104,583</b>	<b>\$ 21,543,532</b>
Debt service as a percentage of noncapital expenditures	16.6%	17.9%	23.8%	25.7%	35.1%

Note: Prior to the implementation of GASB 34 in fiscal year 2003, the State of Iowa required reporting by four program areas rather than the functions currently used.

Year	2004	2005	2006	2007	2008
\$	40,815,026	\$ 42,023,906	\$ 43,413,473	\$ 52,178,661	\$ 56,886,469
	225,112	485,872	136,656	289,719	109,807
	1,072,584	1,320,158	973,262	975,003	1,239,900
	8,362,211	14,055,362	8,737,982	9,406,490	8,626,836
	2,292,260	2,561,137	2,877,346	3,870,691	3,137,752
	987,885	1,582,970	2,250,645	2,574,840	2,409,358
	1,154,478	869,879	1,843,179	1,439,447	2,664,929
	54,909,556	62,899,284	60,232,543	70,734,851	75,075,051
	12,720,663	14,487,675	16,220,743	18,065,698	19,285,895
	6,062,234	6,407,950	6,573,996	6,735,605	7,222,303
	769,984	806,975	881,172	947,488	1,013,531
	4,642,852	5,010,004	5,527,149	5,924,537	6,369,572
	2,892,764	4,634,094	3,562,412	3,827,557	5,721,841
	3,715,580	3,843,167	4,485,179	4,544,709	4,834,942
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	42,083,369	38,086,083	15,107,714	16,086,159	18,015,390
	11,729,299	13,434,257	14,921,109	12,785,548	24,856,121
	6,139,566	6,403,714	6,084,607	5,814,531	5,567,214
	400,441	60,348	43,060	-	214,830
	91,156,752	93,174,267	73,407,141	74,731,832	93,101,639
	(36,247,196)	(30,274,983)	(13,174,598)	(3,996,981)	(18,026,588)
	41,559,249	3,055,000	6,106,869	-	20,070,000
	-	-	-	-	-
	-	-	-	420,000	-
	(50,403)	34,812	(52,123)	-	-
	121,101	26,693	33,674	15,115	17,155
	64,351,651	61,973,160	29,599,379	35,371,885	49,246,479
	(64,560,725)	(61,663,986)	(28,719,311)	(30,430,042)	(45,387,300)
	41,420,873	3,425,679	6,968,488	5,376,958	23,946,334
\$	5,173,677	\$ (26,849,304)	\$ (6,206,110)	\$ 1,379,977	\$ 5,919,746
	37.2%	36.1%	36.1%	31.7%	40.8%



**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Fiscal Year	Property Taxes (1)	Tax Increment Finance Revenue(TIF)	Cable Franchise	Hotel/ Motel Tax	Total
1999	19,390,106	4,241,815	215,715	1,701,976 \$	25,549,612
2000	22,111,729	1,887,180	207,115	1,003,443 \$	25,209,467
2001	23,312,495	5,481,505	181,386	1,499,912 \$	30,475,298
2002	23,366,334	8,568,465	197,957	1,499,185 \$	33,631,941
2003	25,037,082	11,868,449	435,509	1,441,514 \$	38,782,554
2004	27,398,782	11,674,926	313,435	1,427,883 \$	40,815,026
2005	30,164,155	9,945,370	262,617	1,651,764 \$	42,023,906
2006	31,014,272	10,089,944	342,629	1,966,628 \$	43,413,473
2007	34,907,611	14,857,246	281,827	2,131,977 \$	52,178,661
2008	37,961,238	16,258,279	297,356	2,369,596 \$	56,886,469
Change 1999-2008	95.78%	283.29%	37.85%	39.23%	122.65%

**Source:** City records.

(1) For the purposes of this schedule, Property Taxes includes miscellaneous Other City Taxes that are received in conjunction with the county's tax collections on behalf of the City. These misc. taxes include Utility Tax Replacement / Excise Tax.

**City of West Des Moines, Iowa**

Schedule 7

**Assessed Value and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

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Valuation Date Jan. 1,	Fiscal Year Collected	Residential Property	Commercial Property	Industrial Property	Personal Property	Utilities	Tax Increment
1997	1999	1,392,905,576	830,288,113	19,527,482	16,394,292	71,032,636	147,700,131
1998	2000	1,601,134,020	1,001,073,791	31,648,360	15,109,440	71,601,965	67,351,529
1999	2001	1,726,334,550	1,077,114,757	20,566,690	11,654,582	60,156,148	182,675,824
2000	2002	1,767,314,030	1,080,090,851	17,439,860	9,113,855	63,747,063	299,630,526
2001	2003	1,934,796,130	1,165,307,170	18,477,730	-	65,290,186	457,180,614
2002	2004	2,086,202,897	1,306,469,276	18,911,478	-	60,638,834	311,949,260
2003	2005	2,315,440,320	1,400,238,201	19,387,724	-	60,627,791	365,388,173
2004	2006	2,436,275,657	1,445,862,496	19,344,180	-	63,271,857	375,112,722
2005	2007	2,806,348,158	1,574,956,035	20,295,460	-	67,559,399	491,421,990
2006	2008	2,936,360,174	1,713,854,952	21,505,125	-	69,692,494	527,883,468

Source: Polk, Dallas, and Warren County Auditor's Offices

Note: The tax rate collected by the City for properties in the Tax Increment Districts varies by district, ranging from a rate > the City's direct rate to a rate

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Total Assessed Value	Actual Taxable Value	Total Direct Tax Rate
2,477,848,230	1,956,538,970	10.90000
2,787,919,105	2,071,736,731	10.89994
3,078,502,551	2,254,017,087	10.90000
3,237,336,185	2,407,746,576	10.90002
3,641,051,830	2,562,287,676	11.60003
3,784,171,745	2,677,302,154	11.60206
4,161,082,209	2,838,397,892	11.72770
4,339,866,912	2,949,101,530	11.72540
4,960,581,042	3,340,592,057	11.95000
5,269,296,213	3,594,665,835	12.05000

< the total rate for all overlapping government

City of West Des Moines, Iowa

Schedule 8

Direct and Overlapping Property Tax Rates - Per \$1,000 of Assessed Valuation

Last Ten Fiscal Years

Fiscal Year	City Direct Rates				Overlapping Rates					Total Direct & Overlapping Rates
	General Fund	Debt Service	Other Levies	Total Direct	School District	County	Community College	Regional Transit	State	
<b>Polk County / West Des Moines Community School District:</b>										
1999	7.38456	2.31128	1.20416	10.90000	13.66525	9.28690	0.50551		0.00500	34.36266
2000	7.67834	2.09413	1.12747	10.89994	13.50526	9.27874	0.52451		0.00500	34.21345
2001	7.73061	2.07053	1.09886	10.90000	13.49887	9.25371	0.54506		0.00500	34.20264
2002	7.57718	2.03732	1.28552	10.90002	13.48681	9.63888	0.54454		0.00500	34.57525
2003	7.99295	2.15299	1.45409	11.60003	13.50200	9.72217	0.54584		0.00400	35.37404
2004	7.94848	2.19945	1.45413	11.60206	13.50422	9.76226	0.58184		0.00400	35.45438
2005	8.01297	2.14435	1.57045	11.72777	13.50200	9.96460	0.59856		0.00400	35.79693
2006	7.75465	2.15008	1.82067	11.72540	13.50341	9.94318	0.68408		0.00400	35.86007
2007	7.98419	2.06729	1.89852	11.95000	13.70060	10.17511	0.68688	0.27070	0.00400	36.78729
2008	7.94081	1.99881	2.11037	12.04999	13.70031	10.16218	0.60276	0.33240	0.00350	36.85114
<b>Dallas County / Waukee Community School District:</b>										
1999	7.38456	2.31128	1.20416	10.90000	16.97163	6.69435	0.50551		0.00500	35.07649
2000	7.67834	2.09413	1.12747	10.89994	17.34163	6.65965	0.52451		0.00500	35.43073
2001	7.73061	2.07053	1.09886	10.90000	17.48175	7.20946	0.54506		0.00500	36.14127
2002	7.57718	2.03732	1.28552	10.90002	17.46339	7.59039	0.54454		0.00500	36.50334
2003	7.99295	2.15299	1.45409	11.60003	17.64948	7.51400	0.54584		0.00400	37.31335
2004	7.94848	2.19945	1.45413	11.60206	17.66440	7.47940	0.58184		0.00400	37.33170
2005	8.01297	2.14435	1.57038	11.72770	17.89346	7.33479	0.59856		0.00400	37.55851
2006	7.75465	2.15008	1.82067	11.72540	17.84693	6.83794	0.68408		0.00400	37.09835
2007	7.98419	2.06729	1.89852	11.95000	17.80905	6.83669	0.68688	0.27070	0.00400	37.55732
2008	7.94081	1.99881	2.11037	12.04999	17.80148	6.93669	0.60276	0.33240	0.00350	37.72682
<b>Warren County / Norwalk Community School District :</b>										
*										
2007	7.98419	2.06729	1.89852	11.95000	21.27253	6.88094	0.68688	0.27070	0.00400	41.06505
2008	7.94081	1.99881	2.11037	12.04999	21.03490	7.23323	0.60276	0.33240	0.00350	41.25678

Source: Polk, Dallas, and Warren County Auditor's Offices

\* City's corporate boundaries did not extend into Warren County prior to 2007

Note: State law limits the maximum tax rate for the General Fund to \$8.10 per thousand dollars of assessed valuation. The limit does not include debt service or other special levies.



**City of West Des Moines, Iowa**  
**Schedule 9**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2008			1999		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Wells Fargo Home Mortgage	184,167,340	1	3.50%			
GPG Jordan Creek LLC	154,186,230	2	2.93%			
Valley West DM	81,900,000	3	1.55%	73,231,210	1	2.96%
Mid-America Investment Company	56,580,000	4	1.07%	35,194,987	3	1.42%
CCOP I LLC	48,196,430	5	0.91%			
IFBF Property Management	44,061,100	6	0.84%			
1776 Westlakes Parkway LC	31,000,000	7	0.59%			
Dallas County Partners II	27,284,360	8	0.52%	21,620,820	7	0.87%
Hy-Vee Food Stores, Inc.	22,971,900	9	0.44%	16,502,714	10	0.67%
Three Fountains I LLC	19,872,500	10	0.38%			
MidAmerican Energy				60,489,136	2	2.44%
Farm Bureau Insurance Companies				33,277,598	4	1.34%
R & R Investors				28,671,130	5	1.16%
Iowa Realty Co. Inc., I.R.F.B. Joint Venture				27,502,270	6	1.11%
Preferred Risk Mutual Life Insurance Co.				21,185,227	8	0.85%
Dallas County Partners				18,108,373	9	0.73%
<b>Total</b>	<u>\$ 670,219,860</u>		<u>12.72%</u>	<u>\$ 335,783,465</u>		<u>13.55%</u>

Source: Polk, Dallas, and Warren County Assessor's Offices

**City of West Des Moines, Iowa**  
 Schedule 10  
**Property Tax Levies And Collections**  
**Last Ten Fiscal Years**  
**(Cash basis of accounting)**

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Fiscal Year Ended June 30:	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
1999	24,386,437	24,242,117	99.41%
2000	23,875,542	24,129,161	101.06%
2001	27,591,430	28,044,286	101.64%
2002	31,474,669	31,587,309	100.36%
2003	36,818,095	37,117,890	100.81%
2004	38,012,501	38,383,372	100.98%
2005	38,820,140	39,491,148	101.73%
2006	40,943,977	40,724,880	99.46%
2007	48,771,504	49,195,228	100.87%
2008	53,699,307	53,373,210	99.39%

Source: City's certified budget for amt. levied; monthly tax statements from Polk, Dallas, Warren County Treasurer's Offices.

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Delinquent Tax Collections	Total Collections	
	Amount	Percentage of Levy
1,621	24,243,738	99.41%
76,863	24,206,024	101.38%
2,032	28,046,318	101.65%
217	31,587,526	100.36%
4,862	37,122,752	100.83%
18,245	38,401,617	101.02%
5,410	39,496,558	101.74%
-	40,724,880	99.46%
5,107	49,200,335	100.88%
297,640	53,670,850	99.95%

**City of West Des Moines, Iowa**  
 Schedule 11  
**Outstanding Debt By Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-type Activities		
	General	Tax Increment	Capital Leases	Loans Payable	Financing Agreements	General	Revenue Bonds
	Obligation Bonds	Financing Bonds		& Installment Contracts		Obligation Bonds	
1999	28,782,308	-	672,923	500,146	4,709,383	2,347,692	7,937,000
2000	25,730,186	6,870,000	519,190	1,541,808	4,265,586	2,209,814	7,474,000
2001	27,420,480	14,825,000	439,571	1,183,965	3,800,738	2,074,520	6,991,000
2002	65,033,814	24,075,000	244,621	825,873	3,315,238	1,941,186	6,487,000
2003	117,419,257	17,990,000	269,142	849,434	2,790,827	1,783,686	5,955,000
2004	148,863,512	16,295,000	204,978	516,348	2,302,506	611,486	5,384,000
2005	144,280,000	10,600,000	157,466	412,729	-	-	4,802,000
2006	136,625,000	9,450,000	207,993	332,381	-	-	4,199,000
2007	125,840,000	7,705,000	432,344	275,739	-	-	3,567,000
2008	123,125,000	5,890,000	183,019	256,737	-	-	2,912,000

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

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Total Primary Government	Total Debt Per Capita
44,949,452	1,136
48,610,584	1,048
56,735,274	1,223
101,922,732	2,196
147,057,346	3,169
174,177,830	3,754
160,252,195	3,097
150,814,374	2,915
137,820,083	2,663
132,366,756	2,558

**City of West Des Moines, Iowa**  
 Schedule 12  
**Ratios of General Obligation Bonded Debt**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Tax Increment Financing Bonds	Gross Bonded Debt	Less: Amount Available in Debt Service	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1999	31,130,000	-	31,130,000	259,958	30,870,042	0.01246 to 1	780.30
2000	27,940,000	6,870,000	34,810,000	1,447,938	33,362,062	0.01197 to 1	718.96
2001	29,495,000	14,825,000	44,320,000	2,613,846	41,706,154	0.01355 to 1	898.78
2002	66,975,000	24,075,000	91,050,000	3,913,946	87,136,054	0.02692 to 1	1,877.81
2003	119,202,943	17,990,000	137,192,943	4,719,389	132,473,554	0.03638 to 1	2,854.85
2004	149,474,998	16,295,000	165,769,998	6,803,146	158,966,852	0.04201 to 1	3,425.79
2005	144,280,000	10,600,000	154,880,000	9,276,283	145,603,717	0.03499 to 1	2,813.92
2006	136,625,000	9,450,000	146,075,000	4,713,432	141,361,568	0.03257 to 1	2,731.94
2007	125,840,000	7,705,000	133,545,000	5,493,105	128,051,895	0.02581 to 1	2,474.72
2008	123,125,000	5,890,000	129,015,000	6,255,047	122,759,953	0.02330 to 1	2,372.45

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements

**City of West Des Moines, Iowa**  
 Schedule 13  
**Direct and Overlapping Governmental Activities Debt**  
**For the Year Ended June 30, 2008**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Polk County	\$ 111,563,074	15.72%	\$ 17,537,715
Des Moines Area Community College	82,815,000	14.44%	11,958,486
West Des Moines Community School District	12,805,000	71.23%	9,121,002
			38,617,203
<b>Subtotal, overlapping debt</b>			38,617,203
City Direct Debt			129,454,756
			\$ 168,071,959
<b>Total direct and overlapping debt</b>			\$ 168,071,959

Sources: Finance officer for each government entity listed

**City of West Des Moines, Iowa**  
 Schedule 14  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

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	1999	2000	2001	2002	2003
Debt limit	\$ 139,395,955	\$ 153,925,128	\$ 161,866,809	\$ 182,052,592	\$ 189,208,587
Total net debt applicable to limit	36,870,998	45,943,536	92,120,494	138,311,519	166,491,324
Legal debt margin	\$ 102,524,957	\$ 107,981,592	\$ 69,746,315	\$ 43,741,073	\$ 22,717,263
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	26.45%	29.85%	56.91%	75.97%	87.99%



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	2004		2005		2006		2007		2008
\$	207,747,136	\$	207,991,349	\$	216,929,744	\$	248,177,690	\$	263,464,811
	155,450,195		146,615,374		146,615,374		134,253,083		129,454,756
\$	52,296,941	\$	61,375,975	\$	70,314,370	\$	113,924,607	\$	134,010,055
	74.83%		70.49%		67.59%		54.10%		49.14%

**Legal Debt Margin Calculation for Fiscal Year 2008:**

Total Assessed Value	1/1/2006	\$	5,269,296,213
Debt limit (5% of total assessed value)		\$	263,464,811
Less: Debt applicable to limit			
General obligation bonds			123,125,000
TIF revenue bonds			5,890,000
Capital lease obligations			183,019
Loans payable and installment contracts			256,737
Legal debt margin		\$	<u>134,010,055</u>

City of West Des Moines, Iowa  
 Schedule 15  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Sewer Revenue Bonds						Ratio of Coverage
	Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Total	
1998	4,955,054	1,560,582	3,394,472	370,000	318,078	688,078	4.93
1999	6,109,276	1,390,121	4,719,155	443,000	374,944	817,944	5.77
2000	5,677,784	1,165,942	4,511,842	463,000	355,446	818,446	5.51
2001	5,595,665	1,358,646	4,237,019	483,000	334,750	817,750	5.18
2002	5,837,911	1,939,441	3,898,470	504,000	312,596	816,596	4.77
2003	5,872,071	1,582,809	4,289,262	529,000	289,022	818,022	5.24
2004	5,793,309	1,693,768	4,099,541	571,000	222,481	793,481	5.17
2005	6,306,513	2,140,953	4,165,560	582,000	203,458	785,458	5.30
2006	6,939,000	1,544,192	5,394,808	603,000	183,332	786,332	6.86
2007	8,297,929	2,253,982	6,043,947	632,000	136,910	768,910	7.86
2008	7,336,709	2,447,237	4,889,472	655,000	109,260	764,260	6.40

Notes:

Revenue = Operating Revenue + investment earnings

Operating expenses excluding depreciation and amortization expenses

**City of West Des Moines, Iowa**  
 Schedule 16  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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Calendar Year	Population	Personal Income	Per Capita Income	Unemployment Rate	Taxable Retail Sales (1)
1999	39,562	14,365,888	31,399	2.0%	815,650,848
2000	46,403	15,218,999	32,728	2.5%	858,590,928
2001	46,403	15,800,827	33,487	2.8%	853,491,553
2002	46,403	16,646,109	34,858	3.5%	871,552,123
2003	46,403	17,302,853	35,852	1.7%	965,124,639
2004	46,403	18,640,861	37,862	1.9%	914,997,369
2005	51,744	NA	39,215	2.6%	1,115,625,249
2006	51,744	NA	NA	2.3%	1,256,339,527
2007	51,744	NA	NA	2.2%	1,354,682,059
2008	51,744	NA	NA	NA	1,397,818,852

Sources: U.S. Census Bureau  
 West Des Moines Fact Book compiled by the City's Community & Economic Development Department  
 Bond Offering Statements prepared by independent financial advisor

NA - Information not available

(1) Year ending March 31st



City of West Des Moines, Iowa  
Schedule 17  
Principal Employers  
Current Year and Ten Years Ago

Employer	Type of Business	2008			1999		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo Home Mortgage	Financial Services	3,177	1	4.84%	-	-	*
Hy-Vee Inc.	Grocery Stores	1,802	2	2.74%	690	6	*
West Des Moines Community School District	Education	1,400	3	2.13%	950	3	*
Wells Fargo Card Services / Norwest Card Services	Financial Services	1,278	1	1.95%	900	4	*
FBL Financial Group / Iowa Farm Bureau Insurance	Insurance / Financial Services	1,175	2	1.79%	658	7	*
Marsh Insurance / Kirke Van Orsdel	Insurance	1,031	3	1.57%	600	8	*
City of West Des Moines	Municipal Government	723	7	1.10%	-	-	*
Iowa Foundation for Medical Care	Healthcare Management	645	8	0.98%	-	-	*
Preferred Risk / Guide One Insurance Company	Insurance	523	9	0.80%	700	5	*
ADP National Service Center	Financial Services	520	10	0.79%	-	-	*
Associates Credit Card Center	Financial Services	-	-	-	1,650	1	*
Sears Credit Services	Financial Services	-	-	-	1,100	2	*
John Deere Credit	Financial Services	-	-	-	550	9	*
Delevan Corp	Manufacturing	-	-	-	457	10	*
All other employers		53,417	-	81.32%	*	*	*

\* Information not available

Source: Bond Offering Statements prepared by independent financial advisor

**City of West Des Moines, Iowa**

Schedule 18

**Full-Time Equivalent City Government Employees By Function / Program  
Last Ten Fiscal Years**

Functions/Program	1999	2000	2001	2002	2003	2004	2005
Community Enrichment:							
Human Services	11.00	11.50	11.50	11.50	11.50	12.00	12.00
Library	21.50	23.10	23.10	23.10	23.10	23.60	23.60
Parks & Recreation	19.75	21.50	22.00	22.75	22.75	22.75	23.75
Public Safety:							
Emergency Medical Services	9.00	10.00	10.00	10.00	13.00	13.00	16.00
Fire	22.00	31.00	31.00	31.00	36.00	36.00	39.00
Police	76.00	79.00	85.00	72.75	76.75	81.75	81.75
WestCom Dispatch Center	-	-	-	15.25	17.25	18.25	18.25
Public Services:							
Community Development	19.00	19.00	20.00	20.00	22.00	22.00	22.00
Public Works	63.50	65.50	63.00	63.00	63.00	67.00	68.00
Support Services:							
Administrative Services	9.75	9.75	9.75	9.75	10.25	9.25	9.25
City Manager's Office	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Human Resources	3.50	3.50	4.00	4.00	4.00	4.00	4.00
Information Services	2.00	3.00	4.00	4.00	5.00	6.00	7.00
Legal	1.00	1.50	2.00	3.00	3.00	3.00	3.00
<b>Total</b>	<b>261.50</b>	<b>281.85</b>	<b>288.85</b>	<b>293.60</b>	<b>311.10</b>	<b>322.10</b>	<b>331.10</b>

Source: City Payroll records

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2006	2007	2008
12.00	12.00	12.00
23.60	23.60	23.60
23.75	23.75	25.50
16.00	19.00	19.00
39.00	51.00	51.00
82.75	82.75	82.75
18.25	20.25	20.25
22.00	23.00	23.00
71.00	72.00	74.00
9.25	9.50	9.50
4.00	4.00	4.00
4.50	4.50	4.50
7.00	7.00	9.00
3.00	3.00	3.00
<u>336.10</u>	<u>355.35</u>	<u>361.10</u>

**City of West Des Moines**  
**Schedule 19**  
**Operating Indicators By Department**  
**Last Ten Fiscal Years**

Function/Program	1999	2000	2001	2002	2003	2004
<b>Emergency Medical Services</b>						
Total ambulance calls	NA	NA	2,349	2,405	2,622	2,894
<b>Fire Department</b>						
Total incidents	1,544	1,601	1,670	1,975	2,309	2,614
Total estimated loss	\$ 2,695,040	\$ 2,810,040	\$ 979,985	\$ 473,165	\$ 459,020	\$ 1,676,790
<b>Police Department</b>						
Number of parking tickets issues	NA	NA	NA	1,217	1,204	1,351
Percent of parking tickets paid	NA	NA	NA	70.17%	81.24%	83.35%
Calls for service	NA	44,724	43,062	38,336	39,115	44,051
Case Reports	NA	6,607	6,858	6,694	6,832	7,199
Fed UCR Part 1 Crimes	NA	1,864	1,885	1,861	1,993	1,872
<b>Development Services</b>						
Total building permits issued	1,526	1,451	1,171	1,372	1,185	1,567
Total value of permits issued	\$ 214,413,990	\$ 139,621,124	\$ 124,039,871	\$ 220,108,303	\$ 135,901,444	\$ 363,813,418
<b>Public Works</b>						
Lane miles of streets per operator	20.95	20.77	20.57	21.39	21.33	21.43
<b>Library</b>						
Volumes in collection	125,483	136,908	142,238	143,130	145,782	149,579
Annual circulation	615,945	645,284	615,492	626,694	631,784	612,398
<b>Parks &amp; Recreation</b>						
Aquatic Centers	1	1	1	1	2	2
Aquatic Center attendance	34,574	30,497	32,283	36,287	89,051	96,957
Rec program participation	NA	NA	NA	46,989	47,006	54,683
Total acres of parks maintained	1,099	1,206	1,207	1,217	1,221	1,222
Total miles of trails maintained	13	16	19	20	22	28

NA - Historical data not available

CY - Data maintained on calendar year basis, not yet available

\* Based on independent survey of City residents, completed every two to three years.



	2005	2006	2007	2008
	3,245	3,251	3,395	4,137
	2,265	2,310	2,466	2,476
\$	2,795,050	\$ 1,178,372	\$ 1,403,750	\$ 1,211,950
	937	1,163	1,090	1,115
	73.12%	77.30%	75.29%	73.95%
	51,439	51,273	48,450	CY
	7,385	7,094	6,279	CY
	1,970	2,033	1,698	CY
	1,159	1,197	1,213	1,135
\$	176,762,250	\$181,231,329	\$173,263,974	\$252,906,667
	22.78	23.43	24.57	25.00
	154,740	157,740	160,801	164,456
	620,089	651,583	713,913	784,906
	2	2	2	2
	136,198	133,671	137,499	135,038
	59,410	63,402	72,073	69,873
	1,222	1,222	1,230	1,278
	33	36	38	44

City of West Des Moines, Iowa  
Schedule 20  
**Capital Asset Statistics By Department**  
**Last Ten Fiscal Years**

Department	1999	2000	2001	2002	2003
Police: Stations	1	1	1	1	1
Fire: Stations	3	3	3	4	4
Public Works:					
Streets (Miles):					
Paved	164	164	164	487	516
Unpaved	16	16	16	26	39
Wastewater (Miles):					
Storm Sewer	84	84	84	82	85
Sanitary Sewer	169	169	169	176	191
Parks & Recreation:					
Park Acreage	1,214	1,200	1,217	1,221	1,222
Parks	23	22	33	33	33
Parks with Playground Equipment	12	13	15	15	18
Miles of Trails	13	18	20	21	28
Baseball/Softball Diamonds	24	24	24	24	24
Horseshoe Courts	18	18	18	18	18
Sand Volleyball Courts	5	5	5	5	5
Soccer/Football Fields	21	21	21	21	21
Basketball Courts	8	8	8	9	9
Tennis Courts	10	10	10	10	10
Swimming pools	1	1	1	1	-
Aquatic Centers	-	-	-	-	2
Wading Pools	-	1	1	1	2
Dog Parks	-	-	-	-	-
Parks and Recreation / Other:					
Cemetery acres	9	9	9	9	9
Library:					
Facilities	1	1	1	1	1
Volumes in collection	125,483	136,908	142,238	143,130	145,782

Source: Department capital asset records

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2004	2005	2006	2007	2008
1	1	1	1	1
4	4	4	5	5
545	622	620	642	658
36	37	43	42	42
110	153	160	170	184
197	211	220	223	230
1,222	1,222	1,222	1,238	1,278
33	33	33	37	40
18	18	19	20	21
35	35	50	38	44
24	24	24	24	24
18	18	18	18	18
5	5	5	5	5
21	21	21	21	21
9	9	13	13	14
10	10	11	11	11
-	-	-	-	-
2	2	2	2	2
2	2	1	1	1
-	1	1	1	1
9	9	9	9	9
1	1	1	1	1
149,579	154,740	157,681	160,801	164,456



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa as of and for the year ended June 30, 2008, which collectively comprise the City of West Des Moines, Iowa's basic financial statements and have issued our report thereon dated December 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters in Part IV of the Schedule of Findings are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of West Des Moines and other parties to whom the City of West Des Moines may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
DENMAN & COMPANY, LLP

West Des Moines, Iowa  
December 5, 2008

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the City of West Des Moines (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of West Des Moines complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the City and other parties to whom the City may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
December 5, 2008



**City of West Des Moines, Iowa**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended June 30, 2008**

**Summary**

**Status**

Other Findings Related to Required Statutory Reporting:

07-IV-F	Minutes of Council meetings were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.	Not corrected; see finding 08-IV-F
07-IV-M	The Vehicle Maintenance Internal Service Fund had a deficit fund balance as of June 30, 2007.	Not corrected; see finding 08-IV-M

**City of West Des Moines  
SCHEDULE OF FINDINGS  
Year ended June 30, 2008**

**Part I. Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal controls over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to major programs.
- (f) The audit did not disclose audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - \*CFDA Number 21.000 - Temporary State Fiscal Relief (Jobs and Growth Tax Reconciliation Act of 2003)
  - \*CFDA Number 16.710 - Public Safety Partnership and Community Policing Grants
- (h) The dollar threshold used to distinguish between type A and B programs was \$300,000.
- (i) The City of West Des Moines did not qualify as a low-risk auditee.

**Part II—Findings Relating to the Financial Statements Reported in  
Accordance with *Government Auditing Standards***

NONE

**Part III—Findings and Questioned Costs for Federal Awards**

NONE

**City of West Des Moines, Iowa  
SCHEDULE OF FINDINGS  
Year ended June 30, 2008**

**Part IV—Other Findings Related to Required Statutory Reporting**

**08-IV-A CERTIFIED BUDGET**

City disbursements during the year ended June 30, 2008, did not exceed the amounts budgeted in any functional area.

**08-IV-B QUESTIONABLE EXPENDITURES**

No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

**08-IV-C TRAVEL EXPENSE**

No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**08-IV-D BUSINESS TRANSACTIONS**

In accordance with Chapter 362.5(10) of the Code of Iowa, transactions with City employees and City officials do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during fiscal year.

**08-IV-E BOND COVERAGE**

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

**08-IV-F COUNCIL MINUTES** - We noted no transactions requiring Council approval which had not been approved in the Council minutes.

**Finding**

Although minutes of Council meetings were published, they were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

**Recommendation**

The City should comply with Chapter 21 of the Code of Iowa and should publish minutes as required.

**Response and Corrective Action Plan**

The City publishes the minutes as soon as possible after the Council meetings. The 15-day requirement is not met due to the timing of meeting dates and publication dates.

**Conclusion**

Response Accepted.

**City of West Des Moines, Iowa**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2008**

**08-IV-G DEPOSITS AND INVESTMENTS**

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**08-IV-H REVENUE BONDS**

The City has complied with the revenue bond provisions.

**08-IV-I PAYMENT OF GENERAL OBLIGATION BONDS**

The City appears to be in compliance with Chapter 384.4 of the Code of Iowa.

**08-IV-J ECONOMIC DEVELOPMENT**

We noted no instance of noncompliance with Chapter 15A of the Code of Iowa.

**08-IV-K NOTICE OF PUBLIC HEARING FOR PUBLIC IMPROVEMENTS**

We noted no instance of noncompliance with Chapters 384.102 and 362.3 of the Code of Iowa.

**08-IV-L SALES TAX**

We noted no instance of noncompliance with Sections 701-26.71 and 701-26.72 of the Iowa Department of Revenue and Finance Administrative Rules and Regulations.

**08-IV-M FINANCIAL CONDITION**

**Finding**

Vehicle Maintenance Internal Service Fund had a deficit fund balance of \$45,972 as of June 30, 2008. Community Development Block Grant Special Revenue Fund had a deficit fund balance of \$64,162 as of June 30, 2008.

**Recommendation**

The City should investigate alternatives to eliminate the deficits in order to return these accounts to a sound financial position.

**Response and Corrective Action Plan**

Staff from the Administrative Services Department is working with the Public Works Department to establish procedures to ensure timely reconciliations are completed which will ensure all costs are allocated back to the appropriate department in a timely manner. Transfers will be made from the General Fund to fund the Special Revenue Fund deficit.

**Conclusion**

Response Accepted.

**City of West Des Moines, Iowa**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2008**

**08-IV-N POLICE DEPARTMENT ACTIVITIES**

**Finding**

The City's Police Department maintains a separate checking account for fines and various fees and charges. Cash for these items are maintained in a safe on-site, and are deposited on a monthly basis.

**Recommendation**

The City and the Police Department should require these deposits be made on a timely basis.

**Response**

We will make deposits on a weekly basis.

**Conclusion**

Response Accepted.

**City of West Des Moines, Iowa  
CORRECTIVE ACTION PLAN  
Year ended June 30, 2008**

Other Findings Related to Required Statutory Reporting

<u>Current Number</u>	<u>Comment</u>	<u>Corrective Action Plan</u>	<u>Anticipated Date of Completion</u>	<u>Contact Person</u>
08-IV-F	Minutes of Council meetings were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.	See response and corrective action plan at 08-IV-F	June 30, 2009	Jody Smith
08-IV-M	Vehicle Maintenance Internal Service Fund and Community Development Block Grant Special Revenue Fund balances as of June 30, 2008.	See response and corrective action plan at 08-IV-M	June 30, 2009	Jody Smith
08-IV-N	The Police Department is not making deposits on a timely basis.	See response and corrective action plan at 08-IV-N	June 30, 2009	Jody Smith