

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF WEST DES MOINES, IOWA**

**Year ended June 30, 2008**

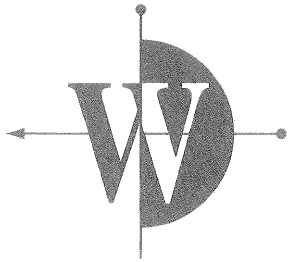


## C O N T E N T S

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Table of contents	i-ii
Transmittal letter	iii-vii
GFOA Certificate	viii
Elected and appointed officials	ix
Organizational chart	x
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-2
Management's discussion and analysis	3-14
<b>Basic Financial Statements</b>	
<b>Government-wide financial statements</b>	
Statement of net assets	16-17
Statement of activities	18-19
<b>Fund financial statements</b>	
Balance sheet – governmental funds	20
Reconciliation of the governmental funds balance sheet to the statement of net assets	21
Statement of revenues, expenditures and changes in fund balances – governmental funds	22
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	23
Statement of net assets – proprietary funds	24-25
Statement of revenues, expenses and changes in fund net assets – proprietary funds	26
Reconciliation of the change in net assets – proprietary funds to the statement of activities	27
Statement of cash flows – proprietary funds	28-29
Statement of assets and liabilities – agency funds	30
Notes to basic financial statements	31-52
 <b>Required Supplementary Information</b>	
Budgetary comparison schedule – budget to actual – all governmental funds and proprietary funds – budgetary basis	53
Note to required supplementary information – budgetary reporting	54
Required supplementary information – modified approach	55-57
 <b>Supplementary Information</b>	
<b>Nonmajor governmental funds</b>	
Combining balance sheet	58-59
Combining statement of revenues, expenditures and changes in fund balances (deficit)	60-61
<b>Internal service funds</b>	
Combining statement of net assets (deficit)	62
Combining statement of revenues, expenses and changes in net assets (deficit)	63
Combining statement of cash flows	64-65
<b>Agency funds</b>	
Combining statement of assets and liabilities	66
Combining statement of changes in assets and liabilities	67
Schedule of expenditures of federal awards	68
Summary of key data for each TIF District (unaudited)	69
Summary of key data for sewer revenue bonds (unaudited)	70

## C O N T E N T S (continued)

	<u>Page</u>
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Statistical section contents	71
Net assets by component	72
Changes in net assets	73-74
Program revenues by function/program	75
Fund balances, governmental funds	76-77
Changes in fund balances, governmental funds	78-79
General government tax revenues by source	80
Assessed value and estimated actual value of taxable property	81-82
Direct and overlapping property tax rates - per \$1,000 of assessed valuation	83
Principal property taxpayers	84
Property tax levies and collections	85-86
Outstanding debt, by type	87-88
Ratios of general obligation bonded debt	89
Direct and overlapping governmental activities debt	90
Legal debt margin information	91-92
Pledged-revenue coverage	93
Demographic and economic statistics	94
Principal employers	95
Full-time equivalent city government employees, by function/program	96-97
Operating indicators by department	98-99
Capital asset statistics by department	100-101
<b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i>	102-103
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	104-105
Summary schedule of prior audit findings	106
Schedule of findings	107
Schedule of required statutory reporting	108-110
Corrective action plan	111



THE CITY OF  
**West Des Moines®**  
www.wdm-ia.com

**Administrative Services**

4200 Mills Civic Parkway  
P.O. Box 65320  
West Des Moines, IA 50265-0320

515.222.3600  
FAX 515.222.3640  
TDD/TTY 515.222.3334

E-mail [cityinfo@wdm-ia.com](mailto:cityinfo@wdm-ia.com)

'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.

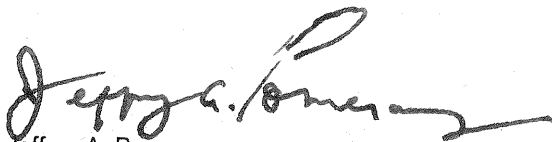
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

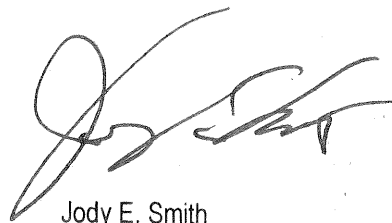
## Acknowledgements

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

---

**Elected Officials**

---

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**

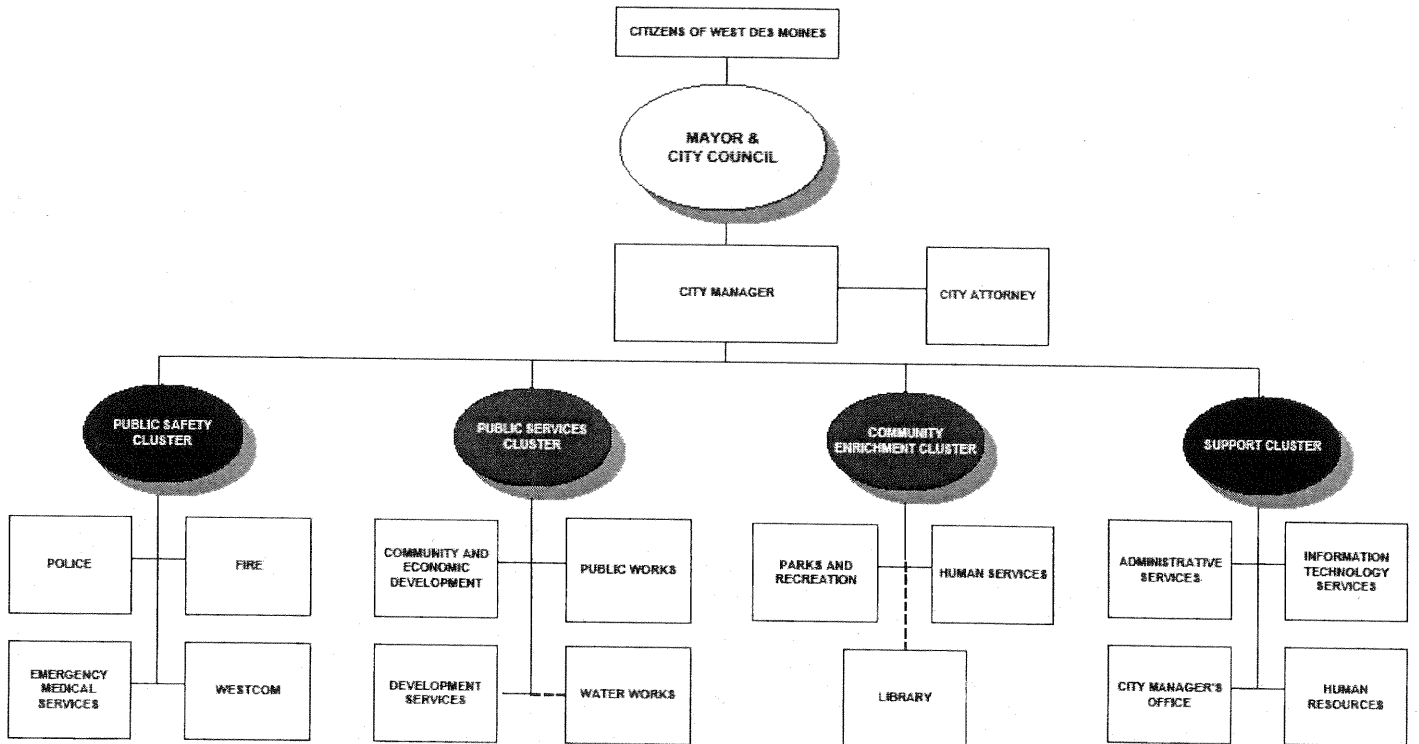
---

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

---

City of West Des Moines, Iowa

Organizational Chart  
June 30, 2008



---- Indicates Reports to Board