

**CITY OF  
WEST DES MOINES,  
IOWA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Year Ended June 30, 2004**

Prepared by:  
Department of Administrative Services

## **MISSION**

Our mission is to serve the people of West Des Moines honestly and effectively. Through a variety of services, we strive to provide the quality of life desired by the community.

## **COMMITMENT**

The members of our City organization insist that services are provided with the highest level of respect, responsiveness and honesty to the people of West Des Moines.

## **VALUE**

We, the employees of the City of West Des Moines, through TEAMWORK and COOPERATION, are COMMITTED to provide the highest QUALITY OF SERVICE with HONESTY and INTEGRITY to the community we serve.

We take pride in providing EFFECTIVE, DEPENDABLE services while striving to achieve EXCELLENCE through VISION and INNOVATION.

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December 9, 2004

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

The Comprehensive Annual Financial Report (CAFR) of the City of West Des Moines, Iowa (the "City") for the fiscal year ended June 30, 2004 is submitted herewith in accordance with the provisions of Chapter 11 of the Code of Iowa. We believe this information is accurate in all material respects and presented in a manner designed to fairly present the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of West Des Moines. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of West Des Moines' financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of West Des Moines' financial statements have been audited by McGladrey & Pullen, LLP a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of West Des Moines for the fiscal year ended June 30, 2004, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of West Des Moines' financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report, which includes the standards and criteria used in performing the audit, is presented as the first component of the financial section of this report. In addition, the auditor's report on internal accounting controls and compliance with applicable laws and regulations is included in the internal control and compliance section of this report.

In 1999, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34, which the City implemented in the fiscal year ended June 30, 2003, as required. The new requirements significantly changed governmental financial reporting in order to provide financial statements similar to those presented by private-sector businesses, while also retaining traditional fund accounting statements. These changes included the addition of a new document called Management's Discussion and Analysis (MD&A), which immediately follows the Independent Auditor's Report in the financial section of this CAFR. The MD&A provides a narrative overview and analysis of the financial activities of the City, including a description of the financial statements presented in this report and an explanation of government-wide versus fund financial statements.

The CAFR is presented in four basic sections: Introduction, Financial, Statistical, and Internal Control and Compliance. The Introduction includes this transmittal letter, a listing of City officials, and an organizational chart. The Financial Section includes the report of the independent auditor, management's discussion and analysis, basic financial statements and notes thereto, combining statements for non-major funds, and other supplementary financial information. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The final section of the report contains the independent auditor's report on the City's internal controls and compliance with applicable laws and regulations.

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

West Des Moines is a suburb of the state's capital, incorporated in 1893. It is centrally located in the State of Iowa and currently occupies approximately 37 square miles. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. As one of the top growth areas in the state, the City has experienced significant increases in population, with the 1980 census reporting 21,894 residents, the 1990 census reporting 31,702 residents, and the 2000 census reporting 46,403 residents. The City of West Des Moines currently serves a population of approximately 52,786 and is expected to serve an estimated 53,000 residents by the spring of 2005 at which time a special census is planned.

Policy-making and legislative authority in the City of West Des Moines are vested in a governing council (i.e. City Council) consisting of the Mayor and five Council Members. The Mayor and Council Members serve four-year staggered terms, with elections held every two years, to provide for continuity. Three Council Members are elected by ward, with the Mayor and the two remaining Council Members elected at large. The City Council makes policy decisions for the City through the enactment of ordinances and resolutions. The Council is also responsible for adopting the budget, appointing committees, and hiring the City Manager, City Attorney and appointing the City Clerk, among other things.

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

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

The annual budget serves as the foundation for the City's financial planning and control. In the fall of each year, all departments are required to submit requests for appropriation in the upcoming year. Using these requests and revenue projections provided by the Administrative Services Department, the City Manager prepares a proposed budget. This proposed budget is presented to the Mayor and Council for discussion during budget workshops held in January. The Council is then required to hold a public hearing on the proposed budget and adopt a final budget by March 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**

West Des Moines is the 10<sup>th</sup> largest city in the state but ranks 6<sup>th</sup> in terms of retail sales, and 4<sup>th</sup> in terms of property valuations. The City of West Des Moines continues to lead the state in building permit valuations and has already issued over \$353,000,000 in building permits for the 2004 calendar year, a new record.

Portions of the Jordan Creek Town Center, an upscale entertainment complex, opened in West Des Moines in August of 2004. This 200-acre development is the largest commercial development in Iowa's history. To the south of that site, in a largely undeveloped area of the City, construction began this spring on a corporate campus which has guaranteed a minimum assessed valuation of \$118,000,000. These developments have spurred additional growth in the western portion of the City and will continue to do so for at least the next several years.

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

## **Major Initiatives and Accomplishments**

The City continues to be proactive in collaborating with other local jurisdictions, one of the strategic goals of the City. During this past year the City entered into a number of information technology projects including: a cooperative agreement with the West Des Moines Community School District connecting City and District facilities with high speed communications fiber; and, offering computer support services to the West Des Moines Water Works and the City of Waukee, whereby the positions funded through those agreements result in more timely Help Desk support for all three entities.

We completed the first year of an agreement with the City of Clive to provide animal control services to that community enabling both entities to enhance animal control coverage and services. Other collaborative ventures continued, including our joint dispatch center with two other suburban cities and the agreement with Dallas County for West Des Moines' Emergency Medical Services Department to provide administrative and billing functions for that county's ambulance service.

To keep our citizens better informed, the first issue of the West Des Moines Magazine was mailed in August of 2003. This publication combined all of the City's external newsletters and program guides into one high quality document. The City also began providing public information programming on the local cable television channel.

Renovations were completed on that portion of the library building vacated in December of 2002 when City Hall offices moved to their new facility. This resulted in an approximate 30% increase in available library space. The library is now able to offer increased patron computer access, a teen area, small rooms for study groups, and a coffee shop.

The City of West Des Moines was selected as the 2003 co-recipient of the Iowa Chapter of the American Planning Association Outstanding Planning Award. The award was given for the Jordan Creek Town Center Overlay District Guidelines which were recognized as a unique and progressive approach to development in this fast growing area of the community. The guidelines provide for an integrated mixed use of this high-profile area and will help create a regional destination.

In anticipation of service related issues at the Jordan Creek Town Center and rapidly expanding development in the area, the Police Department added a fifth patrol territory.

To better enforce civil codes and infractions, the City's code enforcement officer was moved to the Police Department thereby improving several quality of life issues for residents of the community.

The Youth Justice Initiative (YJI) program received the "Above and Beyond" Recognition Program Award from the Governor of Iowa. This program provides services for those juveniles who are entering the criminal justice system for the first time or who have committed more novice offenses and show promise of leaving the pathway into delinquency with appropriate intervention.

Both Moody's Investor Services and Standard & Poor's reviewed the City's credit worthiness and financial capacity. Their ratings of AA+ and AA1, respectively, place West Des Moines in a class with the strongest and highest quality communities in the United States.

An innovative new customer service feature was added to the City's website. In addition to registering for Park and Recreation classes on-line and accessing the on-line library catalog, a new On-line Service Desk was added which allows citizens to submit issues or requests for service via the website at any time of day or night. Police accident reports are also now available on-line. All of these on-line options were implemented as part of the City's strategy to enhance service delivery and simplify customer processes.

In April 2004, West Des Moines opened its first "off-leash" dog park to rave reviews. In the first week alone, nearly 270 permits to use the facility were sold.

## **Financial Information**

**Cash Management and Investments:** The intention of cash management is to limit the amount of funds placed in accounts where low or no interest is paid; therefore, cash balances and cash transactions are monitored on a daily basis. Idle cash is invested in the Iowa Public Agency Investment Trust (IPAIT), or for longer terms, the City generally invests in certificates of deposit, government obligations, or occasionally in certain highly rated commercial paper. With the current low market interest rates, the City of West Des Moines has no investments with a maturity greater than one year. More information on the City's investments and related policies can be found in Note 2 of the Notes to Financial Statements which follows the basic financial statements in the financial section of this report.

**Debt Administration:** The City of West Des Moines continues to maintain an "AA1" rating from Standard & Poor's and an "AA+" rating from Moody's Investors Services for general obligation debt. This is the second highest rating given by both rating agencies. The City's sewer revenue bonds were last rated in March of 2002 and received an "Aa3" rating from Moody's.

The ratio of net bonded debt to assessed valuation and the amount of net bonded debt per capita represent indicators of the City's financial position, as used by financial analysts, citizens and investors. At June 30, 2004, the City of West Des Moines had net governmental activities G. O. Debt of \$142,060,366 or approximately a 0.0374 to 1 ratio to assessed value. The net bonded debt per capita on June 30, 2004 was \$3,061.45. Much more information regarding the specifics of the City's indebtedness is provided in Note 4 of the Notes to Financial Statements and in the MD&A portion of this report.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Des Moines for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This is the eleventh 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 accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated February 17, 2004. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

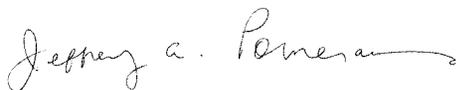
In May 2002, the City of West Des Moines revised its investment policy and submitted it to the Municipal Treasurers' Association of the United States and Canada (MTA US & C) for consideration in their Investment Policy Certification Program. Upon review of that submission, the City was presented with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

## **Acknowledgements**

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

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

Respectfully submitted,



Jeffrey A. Pomeranz  
City Manager



Jody E. Smith  
Director of Administrative Service

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Des Moines,  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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.



*Nancy L. Zjelke*

President

*Jeffrey R. Emer*

Executive Director

**City of West Des Moines, Iowa**

**Elected and Appointed Officials  
June 30, 2004**

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**Elected Officials**

		<u>Term Expires</u>
Eugene T. Meyer	Mayor	January 2006
Robert Parks	Council Member	January 2006
Brad Olson	Council Member	January 2008
Loretta J. Sieman	Council Member	January 2006
Jim Sandager	Council Member	January 2008
Ted Ohmart	Council Member	January 2006

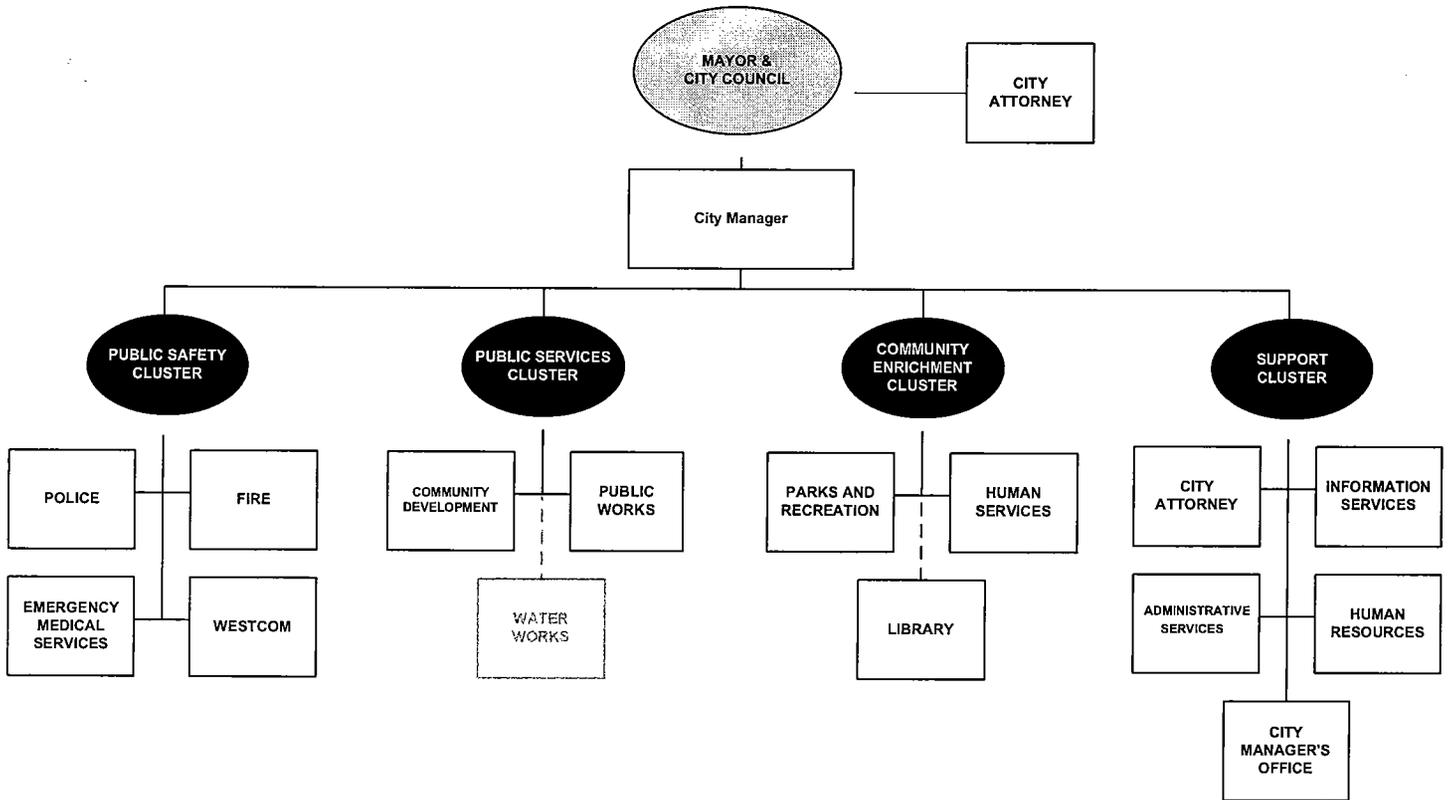
**Appointed Officials**

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

City of West Des Moines, Iowa

Organizational Chart

June 30, 2004



Last Revised:  
12/14/04