

City of West Des Moines, Iowa

Statement of Net Assets  
June 30, 2006

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 54,077,885	\$ 15,911,319	\$ 69,989,204
Receivables:			
Property taxes	50,437,889	-	50,437,889
Accounts and unbilled usage	379,884	1,905,179	2,285,063
Loans	129,919	-	129,919
Interest	168,083	450,879	618,962
Special assessments	738,320	25,000	763,320
Internal balances	(528,880)	528,880	-
Due from other governments	1,817,165	1,192,121	3,009,286
Inventories	33,590	-	33,590
<b>Total current assets</b>	<b>107,253,855</b>	<b>20,013,378</b>	<b>127,267,233</b>
Noncurrent assets:			
Restricted cash and investments	-	1,072,785	1,072,785
Bond issuance costs	724,367	-	724,367
Bond discounts	111,576	-	111,576
	<b>835,943</b>	<b>1,072,785</b>	<b>1,908,728</b>
Capital assets:			
Nondepreciable:			
Land	23,160,944	327,809	23,488,753
Infrastructure	260,276,758	-	260,276,758
Construction-in-progress	38,890,836	357,281	39,248,117
Depreciable:			
Buildings	33,754,952	-	33,754,952
Equipment and vehicles	17,508,328	6,977	17,515,305
Improvements other than buildings	30,487,923	-	30,487,923
Share of undivided equity interest assets	983,460	-	983,460
Sanitary sewer system	-	68,806,398	68,806,398
Accumulated depreciation	(32,647,827)	(21,058,445)	(53,706,272)
<b>Net capital assets</b>	<b>372,415,374</b>	<b>48,440,020</b>	<b>420,855,394</b>
<b>Total noncurrent assets</b>	<b>373,251,317</b>	<b>49,512,805</b>	<b>422,764,122</b>
<b>Total assets</b>	<b>\$ 480,505,172</b>	<b>\$ 69,526,183</b>	<b>\$ 550,031,355</b>

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current:			
Accounts payable	\$ 4,258,773	\$ 166,158	\$ 4,424,931
Claims payable	521,653	-	521,653
Accrued wages payable	768,666	9,825	778,491
Interest payable	518,467	25,653	544,120
Unearned revenue	50,994,219	25,000	51,019,219
Compensated absences	2,206,296	33,430	2,239,726
General obligation bonds	10,785,000	-	10,785,000
Tax increment financing bonds	1,745,000	-	1,745,000
Capital lease payable	72,236	-	72,236
Loans payable	59,899	-	59,899
Installment contracts	1,073	-	1,073
Revenue bonds payable	-	627,000	627,000
<b>Total current liabilities</b>	<b>71,931,282</b>	<b>887,066</b>	<b>72,818,348</b>
Noncurrent:			
Compensated absences	1,074,031	10,282	1,084,313
General obligation bonds	125,840,000	-	125,840,000
Tax increment financing bonds	7,705,000	-	7,705,000
Capital lease payable	135,757	-	135,757
Loans payable	13,730	-	13,730
Installment contracts	257,679	-	257,679
Revenue bonds payable	-	3,572,000	3,572,000
Bond premiums	410,879	-	410,879
<b>Total noncurrent liabilities</b>	<b>135,437,076</b>	<b>3,582,282</b>	<b>139,019,358</b>
<b>Total liabilities</b>	<b>207,368,358</b>	<b>4,469,348</b>	<b>211,837,706</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	244,126,609	44,241,020	288,367,629
Restricted for:			
Debt service	4,713,432	1,072,785	5,786,217
Purpose restricted by legislation	13,125,611	-	13,125,611
Unrestricted	11,171,162	19,743,030	30,914,192
<b>Total net assets</b>	<b>273,136,814</b>	<b>65,056,835</b>	<b>338,193,649</b>
<b>Total liabilities and net assets</b>	<b>\$ 480,505,172</b>	<b>\$ 69,526,183</b>	<b>\$ 550,031,355</b>

City of West Des Moines, Iowa

Statement of Activities  
For the Year Ended June 30, 2006

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	\$ 17,814,329	\$ 2,420,064	\$ 2,321,333	\$ 174,388
Public works	6,901,977	257,722	4,135,015	11,858,494
Health and social services	929,656	-	237,283	-
Culture and recreation	8,486,772	1,333,080	182,467	39,336
Community and economic development	3,617,735	516,500	117,411	96,914
General government	6,400,259	191,788	167,438	52,568
Interest on long-term debt	6,042,440	-	-	-
<b>Total governmental activities</b>	<b>50,193,168</b>	<b>4,719,154</b>	<b>7,160,947</b>	<b>12,221,700</b>
Business-type activities:				
Sewer system	3,939,689	6,281,847	-	1,475,197
Solid waste system	1,422,689	1,344,707	-	-
<b>Total business-type activities</b>	<b>5,362,378</b>	<b>7,626,554</b>	<b>-</b>	<b>1,475,197</b>
<b>Total primary government</b>	<b>\$ 55,555,546</b>	<b>\$ 12,345,708</b>	<b>\$ 7,160,947</b>	<b>\$ 13,696,897</b>

General Revenues:  
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**  
  
**Change 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		
Governmental Activities	Business-Type Activities	Total
\$ (12,898,544)	\$ -	\$ (12,898,544)
9,349,254	-	9,349,254
(692,373)	-	(692,373)
(6,931,889)	-	(6,931,889)
(2,886,910)	-	(2,886,910)
(5,988,465)	-	(5,988,465)
(6,042,440)	-	(6,042,440)
(26,091,367)	-	(26,091,367)
-	3,817,355	3,817,355
-	(77,982)	(77,982)
-	3,739,373	3,739,373
(26,091,367)	3,739,373	(22,351,994)
40,724,880	-	40,724,880
342,629	-	342,629
481,740	-	481,740
1,966,628	-	1,966,628
447,479	-	447,479
2,484,652	657,153	3,141,805
1,517,500	-	1,517,500
1,786,688	(1,786,688)	-
49,752,196	(1,129,535)	48,622,661
23,660,829	2,609,838	26,270,667
249,475,985	62,446,997	311,922,982
\$ 273,136,814	\$ 65,056,835	\$ 338,193,649

City of West Des Moines, Iowa

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

Assets	General	Tax Increment	
		Financing	Debt Service
Cash and investments	\$ 8,899,906	\$ 7,530,089	\$ 4,604,722
Receivables:			
Property taxes	24,353,602	14,421,053	6,957,771
Accounts	258,825	-	-
Special assessments	-	-	-
Loans	-	-	-
Interest	43,937	480	57,015
Due from other funds	379,370	-	-
Due from other governments	792,551	-	-
<b>Total assets</b>	<b>\$ 34,728,191</b>	<b>\$ 21,951,622</b>	<b>\$ 11,619,508</b>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,276,796	\$ -	\$ 100
Accrued wages payable	760,471	-	-
Due to other funds	-	-	-
Deferred revenue	24,714,511	14,379,008	6,905,976
<b>Total liabilities</b>	<b>26,751,778</b>	<b>14,379,008</b>	<b>6,906,076</b>
<b>Fund Equity:</b>			
Fund balances:			
Reserved for debt service	-	-	4,713,432
Reserved for encumbrances	47,233	-	-
Unreserved, undesignated, reported in:			
General Fund	7,929,180	-	-
Special revenue funds	-	7,572,614	-
Capital Projects Fund	-	-	-
<b>Total fund equity</b>	<b>7,976,413</b>	<b>7,572,614</b>	<b>4,713,432</b>
<b>Total liabilities and fund equity</b>	<b>\$ 34,728,191</b>	<b>\$ 21,951,622</b>	<b>\$ 11,619,508</b>

See Notes to Basic Financial Statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 21,826,018	\$ 5,100,017	\$ 47,960,752
-	4,705,463	50,437,889
98,178	10,299	367,302
738,320	-	738,320
-	129,919	129,919
-	3,686	105,118
-	-	379,370
304,845	707,960	1,805,356
<u>\$ 22,967,361</u>	<u>\$ 10,657,344</u>	<u>\$ 101,924,026</u>

\$ 2,719,966	\$ 129,616	\$ 4,126,478
4,959	3,236	768,666
794,542	112,859	907,401
1,042,960	4,809,169	51,851,624
<u>4,562,427</u>	<u>5,054,880</u>	<u>57,654,169</u>

-	-	4,713,432
12,453,761	-	12,500,994
-	-	7,929,180
-	5,602,464	13,175,078
5,951,173	-	5,951,173
<u>18,404,934</u>	<u>5,602,464</u>	<u>44,269,857</u>
<u>\$ 22,967,361</u>	<u>\$ 10,657,344</u>	<u>\$ 101,924,026</u>

City of West Des Moines, Iowa

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2006

Total governmental fund balances \$ 44,269,857

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	\$	23,160,944	
Construction-in-progress		38,890,836	
Buildings		33,754,952	
Equipment and vehicles		7,171,271	
Improvements other than buildings		30,487,923	
Share of undivided equity interest assets		983,460	
Infrastructure		260,276,758	
Accumulated depreciation		<u>(27,190,703)</u>	367,535,441

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds 857,405

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		10,337,057	
Accumulated depreciation		(5,457,124)	
Other current assets		6,238,079	
Internal balances		-	
Other current liabilities		<u>(653,948)</u>	10,464,064

Internal service funds allocated to business-type activities (849)

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

Compensated absences		(3,280,327)	
Accrued interest payable		(518,467)	
General obligation bonds payable		(136,625,000)	
Tax increment financing (TIF) bonds		(9,450,000)	
Capital lease obligations		(207,993)	
Loan payable		(73,629)	
Installment contracts		(258,752)	
Bond issuance costs		724,367	
Bond discounts		111,576	
Bond premiums		<u>(410,879)</u>	(149,989,104)

**Net assets of governmental activities** \$ 273,136,814

See Notes to Basic Financial Statements.





City of West Des Moines, Iowa

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2006**

	Tax Increment		
	General	Financing	Debt Service
<b>Revenues:</b>			
Property taxes	\$ 21,502,197	\$ 10,089,944	\$ 6,191,269
Other City taxes	2,533,899	-	100,699
Special assessments	-	-	-
Licenses and permits	973,262	-	-
Intergovernmental	2,994,202	-	-
Charges for services	2,738,930	-	-
Use of money and property	1,232,134	63,821	930,373
Miscellaneous	596,526	-	-
<b>Total revenues</b>	<b>32,571,150</b>	<b>10,153,765</b>	<b>7,222,341</b>
<b>Expenditures:</b>			
Current operating:			
Public safety	14,291,663	-	-
Public works	5,992,291	-	-
Health and social services	711,757	-	-
Culture and recreation	5,460,742	-	-
Community and economic development	3,464,102	-	-
General government	4,657,003	25,000	-
Debt service:			
Principal	56,342	1,150,000	13,655,000
Interest and other charges	8,218	422,440	5,652,449
Bond issuance costs	-	-	-
Capital outlay	811,235	-	-
<b>Total expenditures</b>	<b>35,453,353</b>	<b>1,597,440</b>	<b>19,307,449</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,882,203)</b>	<b>8,556,325</b>	<b>(12,085,108)</b>
<b>Other financing sources (uses):</b>			
Issuance of long term debt	106,869	-	-
Discount on long term debt	-	-	-
Transfers in	5,337,067	-	8,317,345
Transfers out	(3,370,713)	(8,786,300)	(795,088)
Proceeds from sale of capital assets	31,810	-	-
<b>Total other financing sources (uses)</b>	<b>2,105,033</b>	<b>(8,786,300)</b>	<b>7,522,257</b>
<b>Net change in fund balances</b>	<b>(777,170)</b>	<b>(229,975)</b>	<b>(4,562,851)</b>
Fund balances, beginning of year	8,753,583	7,802,589	9,276,283
Fund balances, end of year	<b>\$ 7,976,413</b>	<b>\$ 7,572,614</b>	<b>\$ 4,713,432</b>

See Notes to Basic Financial Statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,941,470	\$ 40,724,880
-	53,995	2,688,593
136,656	-	136,656
-	-	973,262
1,423,009	4,320,771	8,737,982
97,055	41,361	2,877,346
-	24,317	2,250,645
787,369	459,284	1,843,179
2,444,089	7,841,198	60,232,543
-	1,929,080	16,220,743
-	581,705	6,573,996
-	169,415	881,172
-	66,407	5,527,149
-	98,310	3,562,412
303,176	-	4,985,179
-	-	-
-	59,767	14,921,109
1,500	-	6,084,607
43,060	-	43,060
14,054,622	241,857	15,107,714
14,402,358	3,146,541	73,907,141
(11,958,269)	4,694,657	(13,674,598)
6,000,000	-	6,106,869
(52,123)	-	(52,123)
15,491,406	453,561	29,599,379
(12,885,228)	(2,881,982)	(28,719,311)
-	1,864	33,674
8,554,055	(2,426,557)	6,968,488
(3,404,214)	2,268,100	(6,706,110)
21,809,148	3,334,364	50,975,967
\$ 18,404,934	\$ 5,602,464	\$ 44,269,857

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  
For the Year Ended June 30, 2006**

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Net change in fund balances - governmental funds \$ (6,706,110)

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	13,985,843
Depreciation	(3,500,205)

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	10,157,149
Proceeds from sale of capital assets	(33,674)
Loss on the sale of capital assets	(237,104)

Capital assets transferred from business-type activities 1,190,806

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Intergovernmental, change in deferred	304,845
Other City taxes, change in deferred	102,404

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 (434,668)

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	14,921,109
Write down of installment contract	20,581
Interest	46,776
Bond issuance costs	43,060
Issuance of long-term debt	(6,106,869)
Amortization of bond issuance costs, discounts and premiums	(4,609)
Discount on long term debt	52,123

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. (140,628)

<b>Change in net assets of governmental activities</b>	<b>\$ 23,660,829</b>
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See Notes to Basic Financial Statements.



City of West Des Moines, Iowa

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2006**

	Sewer System	Nonmajor Enterprise Fund - Solid Waste	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 15,803,394	\$ 107,925	\$ 15,911,319	\$ 6,117,133
Receivables:				
Accounts and unbilled usage	1,574,042	331,137	1,905,179	12,582
Special assessments	25,000	-	25,000	-
Interest	450,879	-	450,879	62,965
Due from other funds	528,031	-	528,031	-
Due from other governments	1,192,121	-	1,192,121	11,809
Inventories	-	-	-	33,590
<b>Total current assets</b>	<b>19,573,467</b>	<b>439,062</b>	<b>20,012,529</b>	<b>6,238,079</b>
Noncurrent assets:				
Restricted cash and investments	1,072,785	-	1,072,785	-
Capital assets:				
Nondepreciable:				
Land	327,809	-	327,809	-
Construction-in-progress	357,281	-	357,281	-
Depreciable:				
Equipment and vehicles	6,977	-	6,977	10,337,057
Sanitary sewer system	68,806,398	-	68,806,398	-
Accumulated depreciation	(21,058,445)	-	(21,058,445)	(5,457,124)
<b>Net capital assets</b>	<b>48,440,020</b>	<b>-</b>	<b>48,440,020</b>	<b>4,879,933</b>
<b>Total noncurrent assets</b>	<b>49,512,805</b>	<b>-</b>	<b>49,512,805</b>	<b>4,879,933</b>
<b>Total assets</b>	<b>\$ 69,086,272</b>	<b>\$ 439,062</b>	<b>\$ 69,525,334</b>	<b>\$ 11,118,012</b>

See Notes to Basic Financial Statements.

	Sewer System	Nonmajor Enterprise Fund - Solid Waste	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>Liabilities and Net Assets</b>				
Liabilities:				
Current:				
Accounts payable	\$ 53,306	\$ 112,852	\$ 166,158	\$ 132,295
Claims payable	-	-	-	521,653
Compensated absences	28,025	5,405	33,430	-
Accrued wages payable	8,157	1,668	9,825	-
Unearned revenue	25,000	-	25,000	-
Interest payable	25,653	-	25,653	-
Revenue bonds payable	627,000	-	627,000	-
<b>Total current liabilities</b>	<b>767,141</b>	<b>119,925</b>	<b>887,066</b>	<b>653,948</b>
Noncurrent:				
Compensated absences	-	10,282	10,282	-
Revenue bonds, net of current maturities	3,572,000	-	3,572,000	-
<b>Total noncurrent liabilities</b>	<b>3,572,000</b>	<b>10,282</b>	<b>3,582,282</b>	<b>-</b>
<b>Total liabilities</b>	<b>4,339,141</b>	<b>130,207</b>	<b>4,469,348</b>	<b>653,948</b>
Net assets:				
Invested in capital assets, net of related debt	44,241,020	-	44,241,020	4,879,933
Restricted for debt service	1,072,785	-	1,072,785	-
Unrestricted	19,433,326	308,855	19,742,181	5,584,131
<b>Total net assets</b>	<b>64,747,131</b>	<b>308,855</b>	<b>65,055,986</b>	<b>10,464,064</b>
<b>Total liabilities and net assets</b>	<b>\$ 69,086,272</b>	<b>\$ 439,062</b>	<b>\$ 69,525,334</b>	<b>\$ 11,118,012</b>
Total enterprise funds net assets			\$ 65,055,986	
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.				
			849	
Net assets of business-type activities			<u>\$ 65,056,835</u>	

City of West Des Moines, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer System	Nonmajor Enterprise Fund - Solid Waste	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Charges for services	\$ 6,281,847	\$ 1,344,707	\$ 7,626,554	\$ 4,716,406
Lease revenue	-	-	-	1,107,102
<b>Total operating revenues</b>	<b>6,281,847</b>	<b>1,344,707</b>	<b>7,626,554</b>	<b>5,823,508</b>
Operating expenses:				
Cost of sales and services	1,504,318	1,390,139	2,894,457	4,786,201
Administration	39,874	30,578	70,452	577,528
Depreciation	1,367,434	-	1,367,434	996,906
Amortization	4,954	-	4,954	-
<b>Total operating expenses</b>	<b>2,916,580</b>	<b>1,420,717</b>	<b>4,337,297</b>	<b>6,360,635</b>
<b>Operating income (loss)</b>	<b>3,365,267</b>	<b>(76,010)</b>	<b>3,289,257</b>	<b>(537,127)</b>
Nonoperating revenues (expenses):				
Investment earnings	657,153	-	657,153	234,006
Interest expense and fiscal charges	(191,286)	-	(191,286)	-
Payments to WRA	(836,652)	-	(836,652)	-
Gain on disposal of capital assets	25,692	-	25,692	40,044
<b>Total nonoperating revenues (expenses)</b>	<b>(345,093)</b>	<b>-</b>	<b>(345,093)</b>	<b>274,050</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>3,020,174</b>	<b>(76,010)</b>	<b>2,944,164</b>	<b>(263,077)</b>
Capital contributions	1,449,505	-	1,449,505	409,492
Transfers in	3,697,902	53,376	3,751,278	-
Transfers out	(5,537,966)	-	(5,537,966)	(284,186)
<b>Change in net assets</b>	<b>2,629,615</b>	<b>(22,634)</b>	<b>2,606,981</b>	<b>(137,771)</b>
Total net assets, beginning of year	62,117,516	331,489	62,449,005	10,601,835
Total net assets, end of year	\$ 64,747,131	\$ 308,855	\$ 65,055,986	\$ 10,464,064

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa

Reconciliation of the Change in Net Assets of Enterprise Funds to the Statement of Activities  
For the Year Ended June 30, 2006

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Net change in net assets in enterprise funds	\$	2,606,981
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>2,857</u>
Change in net assets of business-type activities	\$	<u><u>2,609,838</u></u>
See Notes to Basic Financial Statements.		



City of West Des Moines, Iowa

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2006**

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer	Nonmajor Enterprise	Total	Internal
	System	Funds	Enterprise Funds	Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 6,236,037	\$ 1,339,900	\$ 7,575,937	\$ 5,824,824
Payments to suppliers	(1,462,313)	(1,384,287)	(2,846,600)	(1,569,639)
Payments to claimants	-	-	-	(3,514,165)
Payments to employees	(22,434)	(32,413)	(54,847)	-
<b>Net cash provided by (used in) operating activities</b>	<b>4,751,290</b>	<b>(76,800)</b>	<b>4,674,490</b>	<b>741,020</b>
Cash flows from noncapital financing activities:				
Payments for other funds	(252,920)	-	(252,920)	(19,778)
Transfers in	3,697,902	53,376	3,751,278	-
Transfers out	(4,347,160)	-	(4,347,160)	(284,186)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(902,178)</b>	<b>53,376</b>	<b>(848,802)</b>	<b>(303,964)</b>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(543,565)	-	(543,565)	(1,315,675)
Payment on debt	(603,000)	-	(603,000)	-
Payments to WRA	(836,652)	-	(836,652)	-
Interest paid on debt	(191,286)	-	(191,286)	-
Proceeds from disposal of capital assets	-	-	-	24,050
<b>Net cash (used in) capital and related financing activities</b>	<b>(2,174,503)</b>	<b>-</b>	<b>(2,174,503)</b>	<b>(1,291,625)</b>
Cash flows from investing activities:				
Interest received	345,618	-	345,618	238,225
Purchase of investment securities	(14,500,000)	-	(14,500,000)	(8,454,903)
Proceeds from maturity of investment securities	9,470,392	-	9,470,392	6,449,522
<b>Net cash (used in) investing activities</b>	<b>(4,683,990)</b>	<b>-</b>	<b>(4,683,990)</b>	<b>(1,767,156)</b>
<b>(Decrease) in cash and cash equivalents</b>	<b>(3,009,381)</b>	<b>(23,424)</b>	<b>(3,032,805)</b>	<b>(2,621,725)</b>
Cash and cash equivalents, beginning of year	5,635,560	131,349	5,766,909	3,283,955
Cash and cash equivalents, end of year	\$ 2,626,179	\$ 107,925	\$ 2,734,104	\$ 662,230

(Continued)

City of West Des Moines, Iowa

Statement of Cash Flows (Continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer System	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 3,365,267	\$ (76,010)	\$ 3,289,257	\$ (537,127)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,372,388	-	1,372,388	996,906
Change in assets and liabilities:				
Receivables	(45,810)	(4,807)	(50,617)	1,316
Accounts payable	42,005	5,852	47,857	15,573
Claims payable	-	-	-	264,352
Compensated absences and accrued wages payable	17,440	(1,835)	15,605	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 4,751,290</b>	<b>\$ (76,800)</b>	<b>\$ 4,674,490</b>	<b>\$ 741,020</b>
Reconciliation of cash and cash equivalents to specific assets on the statement of net assets:				
Cash and investments	\$ 16,876,179	\$ 107,925	\$ 16,984,104	\$ 6,117,133
Less items not meeting the definition of cash equivalents	(14,250,000)	-	(14,250,000)	(5,454,903)
Cash and cash equivalents at end of year	<b>\$ 2,626,179</b>	<b>\$ 107,925</b>	<b>\$ 2,734,104</b>	<b>\$ 662,230</b>
Schedule of noncash items:				
Capital and related financing activities:				
Purchase of capital assets through like-kind exchange	\$ -	\$ -	\$ -	\$ 15,994
Donated construction by developers	1,449,505	-	1,449,505	-
Reclassification of capital asset to receivable	1,192,121	-	1,192,121	-
Capital assets acquired through transfers from other funds	-	-	-	409,492
Capital assets transferred to governmental activities	1,190,806	-	1,190,806	-

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa

Statement of Assets and Liabilities  
Agency Funds  
June 30, 2006

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**Assets**

Cash and investments	\$	216,521
Restricted assets, contractors' bonds		7,859
<b>Total assets</b>	<b>\$</b>	<b>224,380</b>

**Liabilities**

Accounts payable	\$	16,991
Deposits and remittances due		207,389
	<b>\$</b>	<b>224,380</b>

See 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 that 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 City 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 on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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.

**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

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.

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.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

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.

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 is the City's major enterprise fund:

**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.

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.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (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 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 taxes are 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 end 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.

**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (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 2006, the date at which a lien attaches, based on the 2005 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 2006 tax levy is budgeted and levied for the fiscal year 2007, 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.



**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

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.

Accounts receivable: results primarily from services provided to citizens and are accounted for in the governmental funds. Sewer services are accounted for in the Sewer System Fund. 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 sewer system 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.

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

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:

	<u>Years</u>
Buildings	30
Improvements other than buildings	15
Equipment and vehicles	5 - 18
Sanitary sewer system	50
Share of undivided equity interest assets	5 - 15

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.

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".

**Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

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.

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, 2006, the City had \$17,901,545 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 \$5,161,731 for road construction projects, \$247,087 for parks, \$144,179 for library projects, \$7,572,614 for tax increment financing projects and \$4,713,432 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.

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.

**City of West Des Moines, Iowa**

**Notes to Basic Financial Statements**

**Note 2. Cash and Investments**

As of June 30, 2006, the City's cash and investments were as follows:

Cash investments, statement of net assets	\$ 71,061,989
Cash and cash equivalents, fiduciary funds	216,521
	<u>\$ 71,278,510</u>
Deposits including certificates of deposit	\$ 44,762,093
Investments	26,516,417
	<u>\$ 71,278,510</u>

The City maintains cash and investment pool for certain funds where the resources have been pooled in order to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law.

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

Investment Type	Maturities	Fair Value
FNMA Discount Note	07/19/2006	\$ 1,995,400
FNMA Discount Note	08/15/2006	1,987,600
FNMA Discount Note	08/29/2006	6,198,750
FNMA Discount Note	09/12/2006	1,979,400
FHLB Discount Note	08/14/2006	1,988,000
FHLMC Discount Note	09/12/2006	1,979,400
FNMA Discount Note	09/26/2006	1,975,400
FNMA Discount Note	07/25/2006	1,395,660
FHLB Discount Note	07/26/2006	1,395,380
FNMA Discount Note	03/27/2007	961,100
Iowa Public Agency Investment Trust	32.86 days average	4,660,327
		<u>\$ 26,516,417</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.

As of June 30, 2006, the City's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's
FNMA Discount Notes	P-1	A-1+
FHLB Discount Note	P-1	A-1+
FHLMC Discount Note	P-1	A-1+
Iowa Public Agency Investment Trust	not rated	not rated

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. Investments in any one issuer that represent 5 percent or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
FNMA	U.S. government agency obligations	\$ 16,493,310
FHLB	U.S. government agency obligations	3,383,380
FHLMC	U.S. government agency obligations	1,979,400

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, 2006, 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.

City of West Des Moines, Iowa

Notes to Basic Financial Statements

**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 has been recorded.

The following is a summary of changes in capital assets for the year ended June 30, 2006:

	Beginning Balance June 30, 2005	Additions	Deletions	Ending Balance June 30, 2006
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 21,216,992	\$ 1,943,952	\$ -	\$ 23,160,944
Infrastructure	233,589,791	26,829,620	142,653	260,276,758
Construction-in-progress	43,855,837	10,873,391	15,838,392	38,890,836
<b>Total capital assets, not being depreciated</b>	<b>298,662,620</b>	<b>39,646,963</b>	<b>15,981,045</b>	<b>322,328,538</b>
Capital assets, being depreciated:				
Buildings	33,817,943	79,509	142,500	33,754,952
Equipment and vehicles	16,579,277	2,396,707	1,467,656	17,508,328
Improvements other than buildings	29,694,147	793,776	-	30,487,923
Share of undivided equity interest assets	999,429	-	15,969	983,460
<b>Total capital assets, being depreciated</b>	<b>81,090,796</b>	<b>3,269,992</b>	<b>1,626,125</b>	<b>82,734,663</b>
Less accumulated depreciation for:				
Buildings	11,294,148	1,102,684	142,500	12,254,332
Equipment and vehicles	8,677,780	1,363,729	1,351,896	8,689,613
Improvements other than buildings	9,032,033	1,987,745	-	11,019,778
Share of undivided equity interest assets	641,151	42,953	-	684,104
<b>Total accumulated depreciation</b>	<b>29,645,112</b>	<b>4,497,111</b>	<b>1,494,396</b>	<b>32,647,827</b>
<b>Total capital assets, being depreciated, net</b>	<b>51,445,684</b>	<b>(1,227,119)</b>	<b>131,729</b>	<b>50,086,836</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 350,108,304</b>	<b>\$ 38,419,844</b>	<b>\$ 16,112,774</b>	<b>\$ 372,415,374</b>

City of West Des Moines, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Ending Balance June 30, 2005	Additions	Deletions	Ending Balance June 30, 2006
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 258,234	\$ 69,575	\$ -	\$ 327,809
Construction-in-progress	2,794,245	473,990	2,910,954	357,281
<b>Total capital assets, not being depreciated</b>	<b>3,052,479</b>	<b>543,565</b>	<b>2,910,954</b>	<b>685,090</b>
Capital assets, being depreciated:				
Equipment	6,977	-	-	6,977
Sanitary sewer system	66,828,866	3,169,653	1,192,121	68,806,398
<b>Total capital assets, being depreciated</b>	<b>66,835,843</b>	<b>3,169,653</b>	<b>1,192,121</b>	<b>68,813,375</b>
Less accumulated depreciation for:				
Equipment	1,395	1,396	-	2,791
Sanitary sewer system	19,715,308	1,366,038	25,692	21,055,654
<b>Total accumulated depreciation</b>	<b>19,716,703</b>	<b>1,367,434</b>	<b>25,692</b>	<b>21,058,445</b>
<b>Total capital assets, being depreciated, net</b>	<b>47,119,140</b>	<b>1,802,219</b>	<b>1,166,429</b>	<b>47,754,930</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 50,171,619</b>	<b>\$ 2,345,784</b>	<b>\$ 4,077,383</b>	<b>\$ 48,440,020</b>

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

<b>Governmental Activities</b>	
Public safety	\$ 1,113,664
Health and social services	27,841
Culture and recreation	2,340,672
Public works	588,851
General government	426,083
	<u>\$ 4,497,111</u>

City of West Des Moines, Iowa

Notes to Basic Financial Statements

**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, 2006:

	June 30, 2005	Increases and Issues	Decreases and Retirements	June 30, 2006	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 144,280,000	\$ 6,000,000	\$ 13,655,000	\$ 136,625,000	\$ 10,785,000
Tax increment financing (TIF) bonds	10,600,000	-	1,150,000	9,450,000	1,745,000
Capital lease obligations	157,466	106,869	56,342	207,993	72,236
Loans payable	133,396	-	59,767	73,629	59,899
Installment contracts	279,333	-	20,581	258,752	1,073
Compensated absences	2,845,659	2,117,298	1,682,630	3,280,327	2,206,296
	<u>158,295,854</u>	<u>8,224,167</u>	<u>16,624,320</u>	<u>149,895,701</u>	<u>14,869,504</u>
<b>Business-type activities:</b>					
Revenue bonds	4,802,000	-	603,000	4,199,000	627,000
Compensated absences	32,840	41,553	30,681	43,712	33,430
	<u>4,834,840</u>	<u>41,553</u>	<u>633,681</u>	<u>4,242,712</u>	<u>660,430</u>
<b>Total long-term debt</b>	<u>\$ 163,130,694</u>	<u>\$ 8,265,720</u>	<u>\$ 17,258,001</u>	<u>\$ 154,138,413</u>	<u>\$ 15,529,934</u>

Compensated absences: Compensated absences are typically liquidating the fund that accounts for the employee's salary and benefits.

General obligation bonds: On June 1, 2006, the City issued \$6,000,000 in general obligation bonds with interest rates ranging from 4.0 percent to 4.25 percent and annual principal payments ranging from \$310,000 to \$700,000. The bonds were issued to fund various capital projects and will be repaid through 2020.



City of West Des Moines, Iowa

Notes to Basic Financial Statements

**Note 4. Bonded and Other Debt (Continued)**

Summary of bond issues: General obligation bonds outstanding as of June 30, 2006 consist of the following individual issues:

Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally Issued	Amount Outstanding June 30, 2006
06/01/99	3.75 - 4.35	June 2011	\$225,000 - \$300,000	\$ 3,000,000	\$ 1,425,000
12/01/00	4.50 - 5.00	June 2012	185,000 - 550,000	5,000,000	2,875,000
11/01/01	3.25 - 5.00	June 2020	100,000 - 1,005,000	13,000,000	11,305,000
11/12/01	3.00 - 4.40	June 2014	40,000 - 595,000	3,575,000	2,250,000
05/29/02	3.00 - 4.40	June 2014	1,245,000 - 1,850,000	18,000,000	12,830,000
06/24/02	3.00 - 5.00	June 2020	135,000 - 830,000	9,750,000	8,730,000
05/01/03	2.50 - 4.40	June 2019	1,000,000 - 3,765,000	40,000,000	39,000,000
05/01/03	2.00 - 3.12	June 2010	1,640,000 - 1,885,000	10,500,000	7,185,000
05/01/03	2.00 - 3.75	June 2014	310,000 - 410,000	3,845,000	2,900,000
05/01/03	2.00 - 2.38	June 2006	710,000 - 730,000	2,155,000	-
09/01/03	3.75 - 4.70	June 2019	252,000 - 1,276,000	12,000,000	12,000,000
09/01/03	2.00 - 3.25	June 2009	525,735 - 1,250,000	4,309,249	1,920,000
12/01/03	2.00 - 4.35	June 2023	400,000 - 1,700,000	19,250,000	19,250,000
06/01/04	3.00 - 5.00	June 2021	100,000 - 1,250,000	6,000,000	5,900,000
04/01/05	3.50 - 3.70	June 2015	185,000 - 575,000	3,055,000	3,055,000
06/01/06	4.00 - 4.25	June 2020	310,000 - 700,000	6,000,000	6,000,000
				<u>\$ 159,439,249</u>	<u>\$ 136,625,000</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 \$1,692,619.

## City of West Des Moines, Iowa

### Notes to Basic Financial Statements

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#### Note 4. Bonded and Other Debt (Continued)

##### Other than bonded debt:

Loan payable: The City entered into a RISE loan agreement during the year ended June 30, 1998 to fund a portion of the Westtown Parkway Bridge project. As of June 30, 2006, \$53,234 was outstanding under the agreement. The loan is noninterest bearing and is payable in annual installments of \$53,234.

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, 2006, \$20,395 was outstanding under the agreement.

Capital lease obligation: The City has entered into a lease purchase agreement for the acquisition and installation of a new telephone system. The agreement requires annual payments of \$56,590, including interest at 4.95 percent through June 1, 2008. The balance due as of June 30, 2006 was \$107,548.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of six cardiac monitors. 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, 2006 was \$100,445.

Installment contracts: The City has entered into two installment contracts for the construction of pedestrian bridges. The \$20,581 shown as a decrease/retirement was due to a change in estimate of the amount due to the state. The agreements are noninterest bearing and are payable in annual installments totaling \$71,329 through January 2009. The balance due as of June 30, 2006 was \$258,752.

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.

City of West Des Moines, Iowa

Notes to Basic Financial Statements

**Note 4. Bonded and Other Debt (Continued)**

- 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.
- 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.

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2006 are as follows:

	General Obligation Bonds		Tax Increment Notes Payable	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2007	\$ 10,785,000	\$ 5,405,508	\$ 1,745,000	\$ 381,406
2008	11,955,000	5,069,981	1,815,000	317,130
2009	11,765,000	4,674,601	1,895,000	246,348
2010	11,925,000	4,248,737	970,000	169,958
2011	10,220,000	3,804,040	710,000	64,360
2012 - 2016	46,220,000	12,989,788	2,315,000	203,560
2017 - 2021	31,295,000	4,029,885	-	-
2022 - 2023	2,460,000	160,620	-	-
	<u>\$ 136,625,000</u>	<u>\$ 40,383,160</u>	<u>\$ 9,450,000</u>	<u>\$ 1,382,762</u>

	Capital Lease Obligations		Loans Payable	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2007	\$ 72,236	\$ 8,262	\$ 59,899	\$ 408
2008	75,793	4,705	6,797	275
2009	21,650	2,258	6,933	139
2010	22,644	1,263	-	-
2011	15,670	268	-	-
	<u>\$ 207,993</u>	<u>\$ 16,756</u>	<u>\$ 73,629</u>	<u>\$ 822</u>

	Installment Contracts		Enterprise Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2007	\$ 1,073	\$ 70,256	\$ 627,000	\$ 143,860
2008	60,497	10,833	651,000	122,286
2009	63,040	8,289	363,000	99,436
2010	65,690	5,639	378,000	87,438
2011	68,452	2,878	391,000	74,944
2012 - 2016	-	-	1,660,000	175,868
2017	-	-	129,000	-
	<u>\$ 258,752</u>	<u>\$ 97,895</u>	<u>\$ 4,199,000</u>	<u>\$ 703,832</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, 2006, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2005 100% assessed valuation *	\$ 4,476,454,682
Plus: Captured tax increment value	491,421,990
Less: Military exemption	<u>(4,322,864)</u>
<b>Total assessed valuation of the property of the City of West Des Moines</b>	<b><u><u>\$ 4,963,553,808</u></u></b>
Debt limit, 5% of total actual valuation	\$ 248,177,690
Debt applicable to debt limit:	
General obligation bonds	136,625,000
TIF revenue bonds	9,450,000
Loans payable	73,629
Capital lease obligations	207,993
Installment contracts	<u>258,752</u>
<b>Legal debt margin</b>	<b><u><u>\$ 101,562,316</u></u></b>

\* 100% of assessed valuation including TIF increment.

**Note 5. Interfund Receivables and Payables**

Individual interfund receivables and payables balances as of June 30, 2006 were:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General	\$ 379,370	\$ -
Capital projects	-	794,542
Nonmajor governmental funds	-	112,859
Proprietary funds, sewer system	<u>528,031</u>	-
<b>Total</b>	<b><u><u>\$ 907,401</u></u></b>	<b><u><u>\$ 907,401</u></u></b>

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

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**Note 6. Interfund Transfers**

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

	Transfers In	Transfers Out
Major governmental funds:		
General	\$ 5,337,067	\$ 3,370,713
Special revenue fund, Tax Increment Financing	-	8,786,300
Debt Service	8,317,345	795,088
Capital Projects	15,491,406	12,885,228
Nonmajor governmental funds	453,561	2,881,982
Major enterprise fund, Sewer System	3,697,902	5,537,966
Nonmajor enterprise fund, Solid Waste	53,376	-
Internal Service Funds, Vehicle Maintenance	-	284,186
<b>Total</b>	<b>\$ 33,350,657</b>	<b>\$ 34,541,463</b>

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. During fiscal year 2006, the Sewer System Fund transferred \$1,190,806 in capital assets to governmental activities.

**Note 7. Pension and Retirement Systems**

Iowa Public 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 3.70 percent of their annual covered salary and the City is required to contribute 5.75 percent of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$744,909, \$729,919 and \$646,910, 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, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35 percent of earnable compensation and the City's contribution rate may not be less than 28.21 percent of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2006, 2005 and 2004 were \$1,535,497, \$1,321,629 and \$967,268, respectively, which met the required contribution for each year.

Notes to Basic Financial Statements

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**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 Equity Deficit**

The following funds have deficit fund balances as of June 30, 2006:

Nonmajor Special Revenue Fund, Public Safety	\$ 26,681
Nonmajor Special Revenue Fund, Community Development Block Grant	88,786
Internal Service Fund, Vehicle Maintenance	30,025
Internal Service Fund, Health & Dental Insurance	318,828

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, 2006 were \$2,203 and one, 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.

Notes to Basic Financial Statements

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**Note 11. Joint Venture (Continued)**

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

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 \$20,030,000 as of June 30, 2006. The City of West Des Moines has a commitment for approximately \$15,976,516 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, 2006, the Series 2004B bonds had a balance of \$66,830,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$24,360,252. 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, 2006, the WRA had \$12,824,000 in State Revolving Loans of which \$8,258,649 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, the investment in the joint venture previously reported by the City has been removed.

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

Condensed financial information of the joint venture is as follows:

Statement of net assets:

Current assets	\$ 55,308,177
Noncurrent assets	300,796,032
<b>Total assets</b>	<u><u>\$ 356,104,209</u></u>
Current liabilities	\$ 12,057,680
Noncurrent liabilities	99,595,460
<b>Total liabilities</b>	<u><u>\$ 111,653,140</u></u>

City of West Des Moines, Iowa

Notes to Basic Financial Statements

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**Note 11. Joint Venture (Continued)**

Net assets:	
Invested in capital assets, net of related debt	\$ 209,419,431
Restricted	25,896,450
Unrestricted	9,135,188

Statement of revenues, expenses and changes in net assets:

Operating revenues	\$ 28,075,966
Operating expenses	20,331,639
Operating income	7,744,327
Nonoperating, net	(116,353)
Capital contributions	1,739,760
Change in net assets	9,367,734

Statement of cash flows:

Cash provided by operating activities	\$ 14,512,063
Cash used in investing activities	20,546,286
Cash provided by capital and related financing activities	(37,283,404)
Increase in cash and pooled cash investments	(2,225,055)

**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, 2006:

	<u>Amount</u>
Received from West Des Moines Water Works:	
Occupancy reimbursements	\$ 13,046
Health insurance premiums	263,409
Gasoline reimbursements	23,695
Telephone reimbursements	9,866
Share of general insurance	112,966
Delinquent reimbursements	652
Miscellaneous reimbursements	48,997
Payments to West Des Moines Water Works:	
Collection fees for sewer and solid waste	77,202
Miscellaneous fees	4,803

Amounts receivable from West Des Moines Water Works as of June 30, 2006 for sewer and solid waste charges totaled \$1,574,042 and \$331,137 respectively.



**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; Metropolitan Transit Authority; 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 \$768,698 and \$299,356, respectively.

**Note 13. Commitments**

The City has entered into contracts totaling approximately \$13,242,459 for various projects that were not complete at year-end. As of June 30, 2006, \$12,500,994 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 331.301 of the Code of Iowa. The Pool is a local government risk-sharing pool whose over 500 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 and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributes to the Pool Fund's 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 300 percent of the total current members' base 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 annual contributions to the Pool for the year ended June 30, 2006 were approximately \$423,056.

**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 \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim for a total of \$2,000,000 in coverage and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. The City of West Des Moines has elected \$8,000,000 in coverage. Automobile physical damage risks are retained by the Pool up to \$50,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also 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 exceed 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 that such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, as of June 30, 2006, no liability has been recorded in the City's financial statements. As of June 30, 2006, 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 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 capital contributions. After the sixth year, the member is refunded 100 percent of its capital contributions; however, the refund is reduced by an amount equal to the annual 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. 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 \$75,000 (not to exceed 125 percent of the aggregate expected claims of \$2,708,463 for the year ended June 30, 2006). The City purchased commercial stop-loss insurance to provide for claims in excess of the \$75,000 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, 2006 was \$2,595,858.

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 \$716,000.

Notes to Basic Financial Statements

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**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, 2006 totaled \$521,653 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 year ending June 30, 2006, 2005, and 2004 of \$101,711, \$273,511 and \$2,685, respectively. Information on changes in the aggregate liabilities for claims is as follows:

	2006	2005
Claims payable, beginning of year	\$ 257,301	\$ 294,283
Claims recognized	4,116,797	2,785,646
Claim payments	(3,852,445)	(2,822,628)
Claims payable, end of year	<u>\$ 521,653</u>	<u>\$ 257,301</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, 2006, there were three series of industrial development revenue bonds outstanding, with an aggregate principal amount payable of \$4,184,559.

**Note 16. Governmental Accounting Standards Board (GASB) Statements**

The City adopted the following statements during the year ended June 30, 2006:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner. This Statement had no effect on the City in the current year.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This Statement improved the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements. This Statement modified the statistical section previously reported by the City.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34. The purpose of Statement No. 46 is to help the governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in the financial statements when there are changes in the circumstances surrounding such legislation. This Statement had no effect on the City in the current year.

**Note 16. Governmental Accounting Standards Board (GASB) Statements (Continued)**

GASB Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources. This Statement had no effect on the City in the current year.

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. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, was issued April 2004. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2008.

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. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for the City's year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

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.

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.

City of West Des Moines, Iowa

**Budgetary Comparison Schedule**

**Budget and Actual - All Governmental Funds and Proprietary Funds - Budgetary Basis**

**Required Supplementary Information**

**For the Year Ended June 30, 2006**

	Governmental Fund Types Actual Budgetary Basis	Proprietary Fund Types Actual Budgetary Basis	Total Actual Budgetary Basis
<b>Revenues:</b>			
Property tax	\$ 30,634,935	\$ -	\$ 30,634,935
Tax increment financing taxes	10,089,944	-	10,089,944
Other City taxes	2,756,013	-	2,756,013
Special assessments	389,576	-	389,576
Licenses and permits	973,262	-	973,262
Intergovernmental	8,645,653	-	8,645,653
Charges for services	2,780,291	11,567,309	14,347,600
Use of money and property	2,142,899	1,991,220	4,134,119
Miscellaneous	1,603,178	-	1,603,178
<b>Total revenues</b>	<b>60,015,751</b>	<b>13,558,529</b>	<b>73,574,280</b>
<b>Expenditures/Expenses:</b>			
Public safety	15,932,694	-	15,932,694
Public works	6,445,600	-	6,445,600
Health and social services	860,893	-	860,893
Culture and recreation	5,378,442	-	5,378,442
Community and economic development	3,525,121	-	3,525,121
General government	4,323,082	-	4,323,082
Debt service	17,938,910	2,128,277	20,067,187
Capital outlay	16,894,137	-	16,894,137
Business-type	-	9,934,088	9,934,088
<b>Total expenditures/expenses</b>	<b>71,298,879</b>	<b>12,062,365</b>	<b>83,361,244</b>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<b>(11,283,128)</b>	<b>1,496,164</b>	<b>(9,786,964)</b>
Other financing sources, net	6,699,336	(586,864)	6,112,472
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses</b>	<b>(4,583,792)</b>	<b>909,300</b>	<b>(3,674,492)</b>
Balances, beginning of year	49,729,356	87,855,462	137,584,818
Balances, end of year	<u>\$ 45,145,564</u>	<u>\$ 88,764,762</u>	<u>\$ 133,910,326</u>

See Note to Required Supplementary Information.

Budgeted Amounts			Final to Actual
Original	Final		Variance - Positive (Negative)
\$ 30,883,977	\$ 30,883,977	\$	(249,042)
10,060,000	10,060,000		29,944
2,397,502	2,577,502		178,511
100,000	100,000		289,576
881,500	967,500		5,762
7,208,804	7,583,522		1,062,131
9,360,750	9,553,900		4,793,700
1,945,550	2,888,550		1,245,569
4,019,800	4,480,700		(2,877,522)
66,857,883	69,095,651		4,478,629
14,683,317	16,269,511		336,817
6,716,770	7,191,020		745,420
904,246	896,996		36,103
5,264,731	5,604,831		226,389
3,526,292	3,937,943		412,822
4,457,696	4,677,301		354,219
18,497,421	18,078,975		(1,988,212)
14,715,500	18,658,000		1,763,863
10,060,817	10,891,567		957,479
78,826,790	86,206,144		2,844,900
(11,968,907)	(17,110,493)		7,323,529
5,935,000	6,091,920		20,552
(6,033,907)	(11,018,573)	\$	<u>7,344,081</u>
63,402,067	72,115,109		
\$ 57,368,160	\$ 61,096,536		

City of West Des Moines, Iowa

Budgetary Comparison Schedule  
 Budget to GAAP Reconciliation  
 Required Supplementary Information  
 For the Year Ended June 30, 2006

	Governmental Fund Types		
	Budget Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 60,015,751	\$ 216,792	\$ 60,232,543
Expenditures	71,298,879	2,608,262	73,907,141
Net	(11,283,128)	(2,391,470)	(13,674,598)
Other financing sources (uses)	6,699,336	269,152	6,968,488
Beginning fund balances	49,729,356	1,246,611	50,975,967
Ending fund balances	\$ 45,145,564	\$ (875,707)	\$ 44,269,857

  

	Proprietary Fund Types		
	Budget Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 13,558,529	\$ 2,707,425	\$ 16,265,954
Expenditures	12,062,365	(336,495)	11,725,870
Net	1,496,164	3,043,920	4,540,084
Other financing sources (uses)	(586,864)	(293,204)	(880,068)
Beginning fund balances	87,855,462	(14,804,622)	73,050,840
Ending fund balances	\$ 88,764,762	\$ (12,053,906)	\$ 76,710,856

See Note to Required Supplementary Information.

**City of West Des Moines, Iowa**

**Note to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2006**

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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 budget basis of accounting is cash basis plus 30 days of payable and receivable accruals. 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 \$7,379,354. The budget amendments were primarily due to changes in breadth and timing of capital improvement projects.



**City of West Des Moines, Iowa**

**Required Supplementary Information – Modified Approach  
For the Year Ended June 30, 2006**

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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 rates 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:

Pavement Condition	OCI Range
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.

(Continued)

City of West Des Moines, Iowa

Required Supplementary Information – Modified Approach (Continued)  
 For the Year Ended June 30, 2006

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.

Condition rating of the City's street subsystem:

Category	OCI Range	2001		2004		2005		2006	
		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%	232	41.9%	191	32.9%	192	31.3%
Good	90-80	111	22.5	122	21.9	184	31.6	200	32.6
Average	80-60	123	25.0	124	22.3	132	22.8	149	24.3
Below average	60-50	47	9.6	56	10.2	59	10.1	55	8.9
Poor	50-25	11	2.2	21	3.7	15	2.6	18	2.9
Failed	25-0	-	-	-	-	-	-	-	-
<b>Total</b>		<b>492</b>	<b>100.0%</b>	<b>555</b>	<b>100.0%</b>	<b>581</b>	<b>100.0%</b>	<b>614</b>	<b>100.0%</b>

Overall condition index (OCI):

	2001	2004	2005	2006
Goal	78-80	78-80	78-80	78-80
Actual	81.20	80.35	80.21	80.91

(Continued)

City of West Des Moines, Iowa

Required Supplementary Information – Modified Approach (Continued)  
For the Year Ended June 30, 2006

Bridge & Street Culvet Condition by Category as of the Last Assessment							
Condition Categories Based on FHWA Criteria		2001		2003		2005	
Category	OCI Range	Bridges	Percent of	Bridges	Percent of	Bridges	Percent of
		Inspected	Bridges Inspected	Inspected	Bridges Inspected	Inspected	Bridges Inspected
Excellent condition	100-90	10	62.4%	10	62.4%	10	62.4%
Very good condition	90-80	3	18.8	3	18.8	4	25.0
Good condition	80-70	3	18.8	3	18.8	1	6.3
Satisfactory condition	70-60	-	-	-	-	1	6.3
Fair condition	60-50	-	-	-	-	-	-
Poor condition	50-40	-	-	-	-	-	-
Serious condition	40-30	-	-	-	-	-	-
Critical condition	30-20	-	-	-	-	-	-
Imminent failure condition	20-10	-	-	-	-	-	-
Failed condition	10-0	-	-	-	-	-	-
<b>Total</b>		<b>16</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>

	2001	2003	2005
Overall condition index (OCI):			
Goal	81 or greater	81 or greater	81 or greater
Actual	90.6	90.6	91.0

Levee Condition by Category as of the Last Assessment							
Condition Categories Based on Army Corp. Criteria		2004		2005		2006	
OCI Range	Levee	Percent of	Levee	Percent of	Levee	Percent of	
	Items Inspected	Levee Items Inspected	Items Inspected	Levee Items Inspected	Items Inspected	Levee Items Inspected	
Acceptable	29	90.6%	29	96.7%	28	93.3%	
Minimally acceptable	3	9.4	1	3.3	2	6.7	
Unacceptable	-	-	-	-	-	-	
<b>Total</b>	<b>32</b>	<b>100.0%</b>	<b>30</b>	<b>100.0%</b>	<b>30</b>	<b>100.0%</b>	

	2004	2005	2006
Overall condition index (OCI):			
Goal	Acceptable	Acceptable	Acceptable
Actual	Acceptable	Acceptable	Acceptable

(Continued)

City of West Des Moines, Iowa

Required Supplementary Information – Modified Approach (Continued)  
For the Year Ended June 30, 2006

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

	2003	2004	2005	2006	2007	2008
Estimated cost	\$ 3,167	\$ 2,996	\$ 3,323	\$ 4,077	\$ 4,480	\$ 4,915
Actual cost	3,349	3,052	3,517	3,516	N/A	N/A

Note: Fiscal year 2003 was the City of West Des Moines' first year of implementation for GASB Statement No. 34; therefore, this year, there are four years of historical data available. In future years, as data becomes available, we will show five years of history for the prevention and maintenance costs.