

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST DES MOINES, IOWA

Year ended June 30, 2007

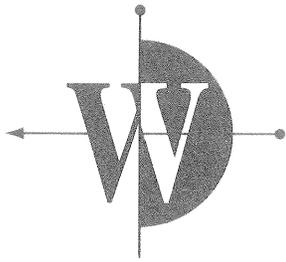


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THE CITY OF
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'AAA'
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Standard & Poor's

February 29, 2008

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

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

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

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

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

City of West Des Moines Profile

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

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

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

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

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

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

Local Economy

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

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

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

Relevant Financial Policies and Long-term Financial Planning

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

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

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

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

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

Major Initiatives and Accomplishments

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

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

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

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

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

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

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

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

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

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

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

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

Awards

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

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

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

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

Acknowledgements

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

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

Respectfully submitted,



Jeffrey A. Pomeranz
City Manager



Jody E. Smith
Director of Administrative Service

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of West Des Moines
Iowa

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

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



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

City of West Des Moines, Iowa

Elected and Appointed Officials
June 30, 2007

Elected Officials:

Term Expires

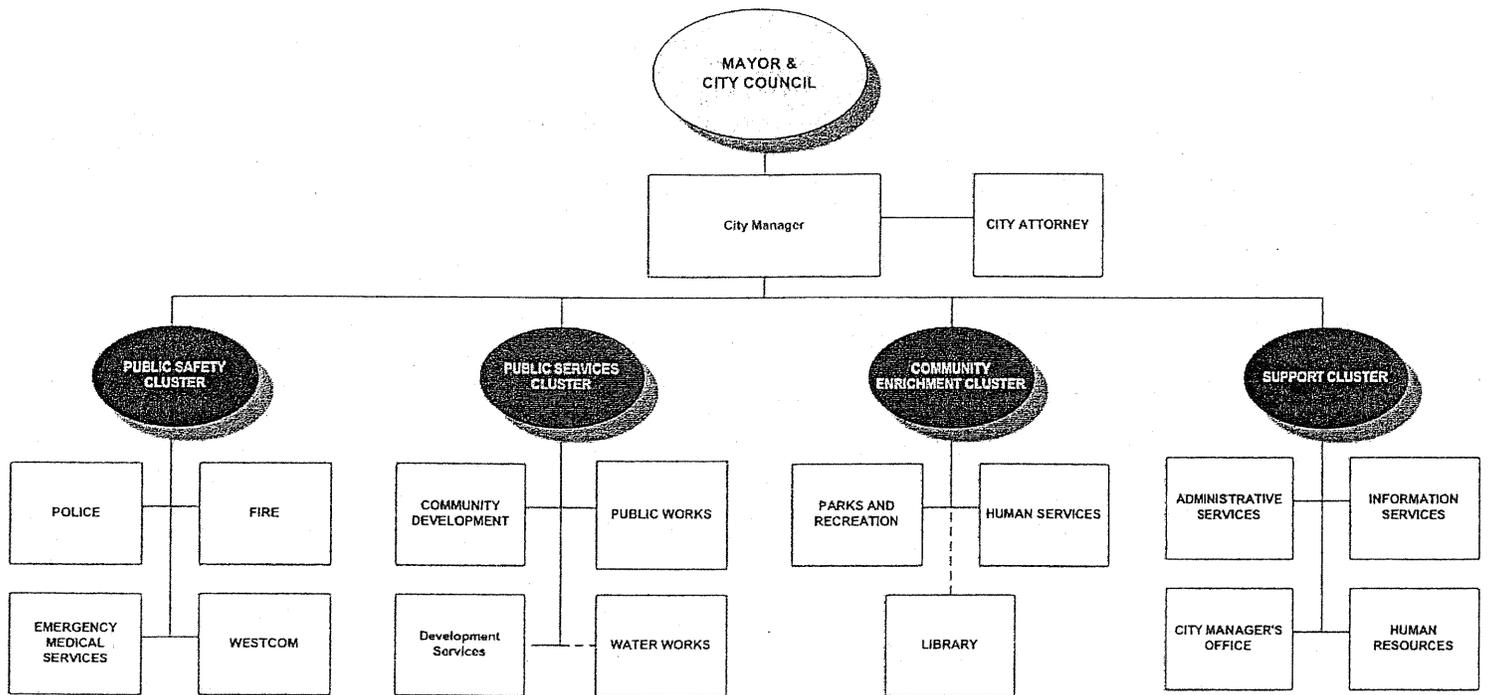
Steven Gaer	Mayor	January, 2010
Ted Ohmart	Council Member	January, 2010
Brad Olson	Council Member	January, 2008
Robert Parks	Council Member	January, 2010
Jim Sandager	Council Member	January, 2008
Loretta J. Sieman	Council Member	January, 2010

Appointed Officials:

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

City of West Des Moines, Iowa

Organizational Chart
June 30, 2007



----- Indicates
Reports to Board

Last Revised: 3/1/03

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa as of June 30, 2007, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 and budgetary comparison information and modified approach information on pages 53 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

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

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 18, 2008

City of West Des Moines, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

As management of the City of West Des Moines, Iowa, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of West Des Moines for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is located in the Introductory Section at the front of this report.

Financial Highlights

- The assets of the City of West Des Moines exceeded liabilities at the close of the fiscal year ending June 30, 2007 by \$372,672,248 (net assets). Of this amount, \$40,376,159 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2006, assets exceeded liabilities by \$338,193,649. Of this amount, \$30,914,192 was unrestricted.
- The City's total net assets increased by \$34,478,599 during the fiscal year ended June 30, 2007. Governmental activities increased \$21,468,340 and business-type activities increased \$13,010,259. For fiscal year ended June 30, 2006, total net assets increased \$26,270,667. Governmental activities increased \$23,660,829 and business-type activities increased \$2,609,838.
- As of the close of the current fiscal year, the City of West Des Moines' governmental funds reported combined ending fund balances of \$45,649,834, an increase of \$1,379,977 in comparison with the prior year. Approximately 63.8 percent of this total amount, \$29,123,378 is unreserved fund balance which is available for spending at the City's discretion. As of the close of the fiscal year June 30, 2006, governmental funds reported combined ending fund balances of \$44,269,857, of which \$27,055,431 or 61.1 percent was unreserved.
- At the end of the current fiscal year, the City's unreserved fund balance for the General Fund was \$10,234,813 or 27 percent of total General Fund expenditures. These funds will be needed to meet expenditures during the next four months, at which time the City will receive the next semi-annual property tax revenue. The unreserved fund balance for the General Fund as of June 30, 2006 was \$7,929,180 or 22 percent of total General Fund expenditures.
- The City of West Des Moines' total debt decreased by \$12,871,229 (8.4 percent) during the current fiscal year. Total debt for the fiscal year June 30, 2006, decreased by \$8,992,282 (5.5 percent).

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

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

City of West Des Moines, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, public works (roads, engineering, and traffic controls), health and social services, culture and recreation, community and economic development, general government, and interest on long-term debt. The business-type activities of the City include the sanitary sewer, storm water, and solid waste operations.

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

The government-wide financial statements can be found on pages 16 through 19 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of West Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements, and is typically the basis used in developing the next annual budget.

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

The City of West Des Moines maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Tax Increment Financing Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation under the column heading *Nonmajor Governmental Funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

City of West Des Moines, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer and storm water system major funds and the nonmajor fund – solid waste operations. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of West Des Moines' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 31 through 52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also provides certain *required supplementary information* concerning the City of West Des Moines' infrastructure condition and maintenance records as the City has used the modified approach for reporting much of its infrastructure. This approach to recording infrastructure is explained on page 10 of this Management's Discussion and Analysis (MD&A). Required supplementary information can be found on pages 53 through 57 of this report.

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

City of West Des Moines, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the City of West Des Moines, assets exceeded liabilities by \$372,672,248 at the close of the most recent fiscal year.

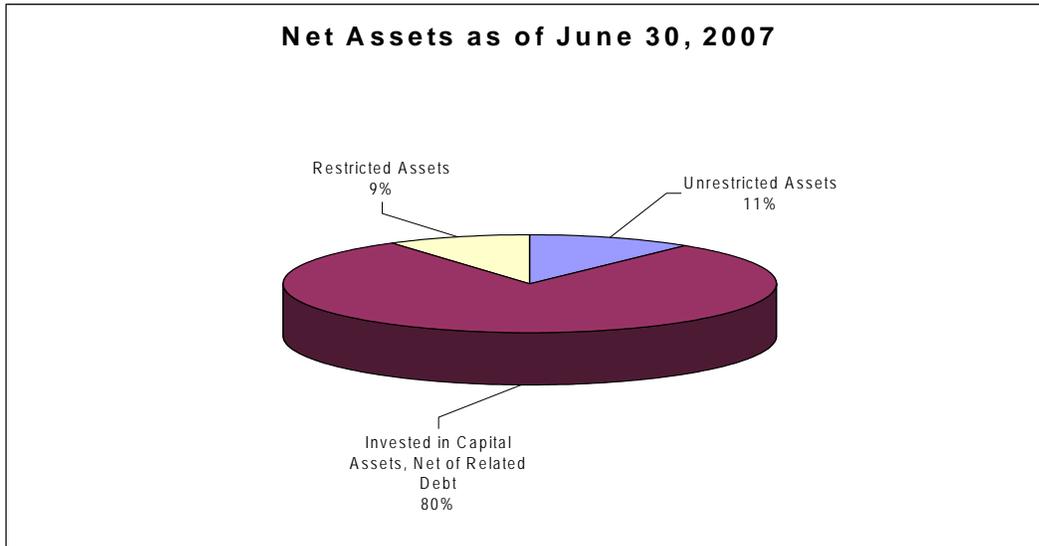
By far the largest portion of the City's net assets (80 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements other than buildings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$ 112,448	\$ 108,090	\$ 25,528	\$ 21,086	\$ 137,976	\$ 129,176
Capital assets net of depreciation	379,330	372,415	56,324	48,440	435,654	420,855
Total assets	491,778	480,505	81,852	69,526	573,630	550,031
Liabilities						
Current liabilities	75,599	71,931	870	887	76,469	72,818
Long-term liabilities outstanding	121,574	135,437	2,915	3,582	124,489	139,019
Total liabilities	197,173	207,368	3,785	4,469	200,958	211,837
Net Assets						
Invested in capital assets, net of related debt	244,929	244,127	52,757	44,241	297,686	288,368
Restricted assets	33,537	17,839	1,073	1,073	34,610	18,912
Unrestricted assets	16,139	11,171	24,237	19,743	40,376	30,914
Total net assets	\$ 294,605	\$ 273,137	\$ 78,067	\$ 65,057	\$ 372,672	\$ 338,194

An additional portion of the City's net assets (9.3 percent or \$34,610,498) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (10.8 percent or \$40,376,159) may be used to meet the City's ongoing obligations to citizens and creditors.

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



Governmental activities: Governmental activities increased the City's net assets by \$21,468,340. This can largely be attributed to the City's commitment, in the previous two years, to construct infrastructure within the rapidly expanding community. The new infrastructure has resulted in significant development in the area which has increased the City's charges for services revenue, specifically development and building construction inspection fees. The new development has also increased the City's tax base and property tax collections, including revenue from tax increment financing districts. It should, however, be noted that the City will primarily be using the additional property tax revenue generated by the tax increment districts to repay the general obligation bonds that were issued to finance the infrastructure.

Business-type activities: As shown on the chart that follows, business-type activities increased the City's net assets by \$13,010,259. A large portion of this increase came from capital contributions by developers who constructed infrastructure within their developments and then turned the infrastructure assets over to the City, for future maintenance. The City also created a new storm water enterprise that began collecting fees as of July 1, 2006. These fees will be used to meet new, more stringent, regulatory requirements for storm water runoff, which municipal governments must now implement and monitor.

City of West Des Moines, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 6,029	\$ 4,719	\$ 8,850	\$ 7,627	\$ 14,879	\$ 12,346
Operating grants and contributions	7,452	7,161	4,540	-	11,992	7,161
Capital grants and contributions	8,220	12,222	7,009	1,475	15,229	13,697
General revenues:						
Property taxes	49,765	40,725	-	-	49,765	40,725
Other taxes	2,703	2,790	-	-	2,703	2,790
Earnings on investments	2,575	2,485	905	657	3,480	3,142
Other	1,020	1,965	-	1	1,020	1,966
Total revenues	77,764	72,067	21,304	9,760	99,068	81,827
Expenses:						
General government	5,017	6,400	-	-	5,017	6,400
Public safety	19,750	17,814	-	-	19,750	17,814
Public works	8,964	6,902	-	-	8,964	6,902
Health and social services	985	930	-	-	985	930
Culture and recreation	8,562	8,487	-	-	8,562	8,487
Community and economic development	3,886	3,618	-	-	3,886	3,618
Interest on long-term debt	5,884	6,042	-	-	5,884	6,042
Sanitary sewer	-	-	9,346	3,940	9,346	3,940
Solid waste	-	-	1,453	1,423	1,453	1,423
Storm water	-	-	743	-	743	-
Total expenses	53,048	50,193	11,542	5,363	64,590	55,556
Excess before transfers and special item	24,716	21,874	9,762	4,397	34,478	26,271
Transfers	(3,248)	1,787	3,248	(1,787)	-	-
Change in net assets	21,468	23,661	13,010	2,610	34,478	26,271
Net assets, beginning of year	273,137	249,476	65,057	62,447	338,194	311,923
Net assets, end of year	\$ 294,605	\$ 273,137	\$ 78,067	\$ 65,057	\$ 372,672	\$ 338,194

Financial Analysis of the Government's Fund Financial Statements

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

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

The City's governmental funds reported combined fund balances of \$45,649,834 as of June 30, 2007. This was an increase of \$1,379,977, or 3 percent, over the prior year. Of this total amount, \$29,123,378 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate prior period contracts and purchase orders of \$11,033,351, and 2) to fund various debt service payments totaling \$5,493,105.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,234,813, while total fund balance was \$10,242,513. As a measure of the General Fund's liquidity, it is generally useful to compare both unreserved fund balance and total fund balance to total fund expenditures. In this instance, unreserved fund balance and total fund balance both represent approximately 27 percent of total General Fund expenditures. These funds will be needed as working capital during the initial months of the new fiscal year as property tax revenue is only collected semi-annually, in September and March, with the majority of the revenue remitted to the City by the respective county treasurers in the months of October and April. Thus, the City has been on target for achieving its goal of an average fund balance of approximately 25% of General Fund expenditures, with that fund balance percentage having been 22% in fiscal year 2006 and 27% in fiscal year 2007.

The Tax Increment Financing (TIF) Fund had a total fund balance of \$9,581,450, all of which is unreserved. These funds will be transferred from the Tax Increment Financing Fund to cover bonded debt, other loans, advances and contracts to finance infrastructure improvements in the TIF districts.

The Debt Service Fund had a fund balance of \$5,493,105, all of which is reserved for the payment of debt (i.e. payment of general obligation principal and interest).

City of West Des Moines, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

The Capital Projects Fund had a total fund balance of \$13,167,749, of which \$11,025,651 is reserved for the liquidation of construction contracts that were entered into during the prior period. The decrease in fund balance during the current fiscal year of \$5,237,185, or 28 percent, reflects the completion of construction contracts for which the bond proceeds (i.e. proceeds from long-term debt) were received in a prior fiscal year.

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

Total net assets of the Sanitary Sewer Fund at the end of the year amounted to \$70,718,058. This is comprised of: \$46,039,283 invested in capital assets, net of related debt; \$1,072,785 restricted for debt service; and \$23,605,990 in unrestricted net assets. Total net assets of the Storm Water Fund at the end of the current year were \$7,069,433, with \$6,717,615 invested in capital assets net of related debt and \$351,818 in unrestricted net assets. The Storm Water enterprise fund did not begin collecting fees until July 1, 2006. Total net assets of the Solid Waste Fund at the end of the current year were \$275,897 all of which was unrestricted. The Solid Waste Fund does not have any investment in capital assets as this service was out-sourced to a private contractor in November of 2000.

Budgetary Highlights

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

During the year, amendments to budgeted expenditures were primarily due to changes in the timing of capital improvement projects both in governmental and business-type activities. The revenue budget was also amended to reflect increased interest income as a result of improved market rates, an increase in hotel / motel tax collections as the number of hotel rooms in the City increased, and a significant increase in E911 surcharge collections from telephone service providers. The budgetary comparison schedules on pages 52 and 53 provide more information.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$435,653,473 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings (e.g. recreation trails, athletic fields, parking lots), vehicles and equipment, and infrastructure (e.g. roads, bridges, sanitary and storm sewer lines). The total increase in the City of West Des Moines' capital assets for the current fiscal year was 3.5 percent.

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

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

City of West Des Moines, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

The City already had an inventory management system in place and was performing condition assessments as part of its on-going efforts to maintain and preserve the quality and useful life of these governmental infrastructure assets. Under the modified approach, the City records the actual maintenance and preservation costs incurred during the period as expense, rather than capitalizing the preservation costs and estimating the amount of depreciation expense to record. Only improvements and additions that increase the capacity or efficiency of the infrastructure network are capitalized under this approach. All other costs are expensed in the period incurred.

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

Condition Level for Street Network
(prior 3 years)

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

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

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

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

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

City of West Des Moines, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 23,970	\$ 23,161	\$ 328	\$ 328	\$ 24,298	\$ 23,489
Buildings	38,532	33,755	-	-	38,532	33,755
Improvements other than buildings	31,798	30,488	-	-	31,798	30,488
Equipment and vehicles	18,313	17,508	7	7	18,320	17,515
Construction-in-progress	18,221	38,891	459	357	18,680	39,248
Share of undivided equity interest assets	1,111	984	-	-	1,111	984
Infrastructure, depreciable	-	-	78,143	68,806	78,143	68,806
Infrastructure, nondepreciable	284,010	260,276	-	-	284,010	260,276
Accumulated depreciation	(36,625)	(32,648)	(22,613)	(21,058)	(59,238)	(53,706)
Total capital assets	\$ 379,330	\$ 372,415	\$ 56,324	\$ 48,440	\$ 435,654	\$ 420,855

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

- Construction began or continued on the following street projects with construction-in-progress totals as shown:
 - Railroad Avenue widening and reconstruction \$9,771,001
 - 60th Street between EP True Parkway and Mills Civic Parkway \$807,137
 - Grand Avenue and Vine Avenue intersection improvements \$107,640
 - Mills Civic Parkway between South Jordan Creek Parkway and South 105th Street \$216,096
 - Additional lane and left turn on Mills Civic Parkway \$712,064
 - University Avenue bridge widening over Interstates 80 and 35 \$351,775
- Construction continued on the following sanitary sewer project with construction-in-progress as shown:
 - Western Outfall, including service to Michael's Landing \$433,832
- Construction continued on the fiber communications project. Construction-in-progress now totals \$2,973,270.

Additional information concerning the City's capital assets can be found in Note 1 and Note 3 of the *Notes to Basic Financial Statements* on pages 31 through 37 and 40 and 41, respectively.

City of West Des Moines, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

Long-term debt. At the close of the fiscal year ended June 30, 2007, the City had total bonded debt outstanding of \$129,407,000. Of this amount, \$125,840,000 comprises debt backed by the full faith and credit of the government and the remaining \$3,567,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 125,840,000	\$ 136,625,000	\$ -	\$ -	\$ 125,840,000	\$ 136,625,000
Revenue bonds	-	-	3,567,000	4,199,000	3,567,000	4,199,000
Total	\$ 125,840,000	\$ 136,625,000	\$ 3,567,000	\$ 4,199,000	\$ 129,407,000	\$ 140,824,000

The City's total bonded debt decreased by \$11,417,000, or 8.1 percent, during the current fiscal year. There was not any new debt issued during the year. The decrease in outstanding debt results from regularly scheduled payments to retire existing debt and a return to a generally lower level of debt issuance, following a significant increase in prior years to expand infrastructure to accommodate rapid growth and development taking place in underdeveloped and newly annexed areas of the City.

State constitution limits the amount of general obligation debt an Iowa city may issue to 5 percent of the actual assessed value of all taxable property in the City of West Des Moines. The current debt limitation for the City is \$248,177,690. With outstanding general obligation debt of \$125,840,000 and other debt subject to the limitation of \$8,413,083, the City had utilized 54 percent of the debit limit as of June 30, 2007.

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

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

Economic Factors and Next Year's Budgets and Rates

The City of West Des Moines expects growth in taxable property valuations to continue over the next several years as West Des Moines is one of the fastest growing cities in the state of Iowa. However, through approximately 2014, a significant portion of the incremental property value gained in the rapidly developing western and southern portions of the City is committed to the repayment of general obligation bonds. This debt was issued to provide municipal services, including construction of infrastructure, in the area. As a result, the City of West Des Moines has continued to budget conservatively for the fiscal year ending June 30, 2007 and increased property tax rates from \$11.72 / \$1,000 of taxable valuation to \$11.95 in order to provide additional public safety services to the expanding community.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of West Des Moines, Iowa
STATEMENT OF NET ASSETS
June 30, 2007

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current assets			
Cash and investments	\$ 53,430,461	\$19,974,876	\$ 73,405,337
Receivables			
Property taxes	55,010,220	-	55,010,220
Accounts and unbilled usage	660,149	2,039,471	2,699,620
Loans	331,805	-	331,805
Interest	319,805	727,016	1,046,821
Special assessments	654,020	27,549	681,569
Internal balances	(531,737)	531,737	-
Due from other governments	1,749,642	1,154,509	2,904,151
Inventories	69,355	-	69,355
Total current assets	<u>111,693,720</u>	<u>24,455,158</u>	<u>136,148,878</u>
Noncurrent assets			
Restricted cash and investments	-	1,072,785	1,072,785
Bond issuance costs	650,750	-	650,750
Bond discounts	103,709	-	103,709
	<u>754,459</u>	<u>1,072,785</u>	<u>1,827,244</u>
Capital assets			
Nondepreciable			
Land	23,969,942	327,809	24,297,751
Infrastructure	284,010,071	-	284,010,071
Construction-in-progress	18,220,869	458,625	18,679,494
Depreciable			
Buildings	38,532,494	-	38,532,494
Equipment and vehicles	18,313,026	6,977	18,320,003
Improvements other than buildings	31,797,726	-	31,797,726
Share of undivided equity interest assets	1,110,967	-	1,110,967
Infrastructure	-	78,142,762	78,142,762
Accumulated depreciation	(36,625,521)	(22,612,275)	(59,237,796)
Net capital assets	<u>379,329,574</u>	<u>56,323,898</u>	<u>435,653,472</u>
Total noncurrent assets	<u>380,084,033</u>	<u>57,396,683</u>	<u>437,480,716</u>
Total assets	<u>\$491,777,753</u>	<u>\$81,851,841</u>	<u>\$573,629,594</u>

See Notes to Basic Financial Statements.

LIABILITIES	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current liabilities			
Accounts payable	\$ 1,220,517	\$ 117,759	\$ 1,338,276
Claims payable	457,310	–	457,310
Accrued wages payable	867,024	19,001	886,025
Interest payable	448,925	9,105	458,030
Unearned revenue	56,197,189	–	56,197,189
Compensated absences	2,346,877	69,112	2,415,989
General obligation bonds	11,955,000	–	11,955,000
Tax increment financing bonds	1,815,000	–	1,815,000
Capital lease payable	283,860	–	283,860
Loans payable	6,797	–	6,797
Installment contracts	426	–	426
Revenue bonds payable	–	655,000	655,000
Total current liabilities	<u>75,598,925</u>	<u>869,977</u>	<u>76,468,902</u>
Noncurrent liabilities			
Compensated absences	1,028,342	2,770	1,031,112
General obligation bonds	113,885,000	–	113,885,000
Tax increment financing bonds	5,890,000	–	5,890,000
Capital lease payable	148,484	–	148,484
Loans payable	6,934	–	6,934
Installment contracts	261,582	–	261,582
Revenue bonds payable	–	2,912,000	2,912,000
Bond premiums	353,332	–	353,332
Total noncurrent liabilities	<u>121,573,674</u>	<u>2,914,770</u>	<u>124,488,444</u>
Total liabilities	<u>197,172,599</u>	<u>3,784,747</u>	<u>200,957,346</u>
Net Assets			
Invested in capital assets, net of related debt	244,928,693	52,756,898	297,685,591
Restricted for			
Debt service	5,493,105	1,072,785	6,565,890
Purpose restricted by legislation	28,044,608	–	28,044,608
Unrestricted	16,138,748	24,237,411	40,376,159
Total net assets	<u>294,605,154</u>	<u>78,067,094</u>	<u>372,672,248</u>
Total liabilities and net assets	<u>\$491,777,753</u>	<u>\$81,851,841</u>	<u>\$573,629,594</u>

City of West Des Moines, Iowa
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

<u>Programs/Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
Public safety	\$19,749,856	\$ 3,444,099	\$ 1,912,045	\$ 191,869
Public works	8,963,727	495,334	4,359,424	7,833,313
Health and social services	985,322	-	269,484	-
Culture and recreation	8,562,340	1,321,027	177,696	137,147
Community and economic development	3,885,459	599,482	533,662	-
General government	5,016,718	169,240	199,834	57,568
Interest on long-term debt	<u>5,884,073</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>53,047,495</u>	<u>6,029,182</u>	<u>7,452,145</u>	<u>8,219,897</u>
Business-type activities				
Sewer system	9,346,307	6,182,572	4,540,127	3,653,009
Solid waste system	1,452,719	1,419,761	-	-
Storm water system	<u>743,399</u>	<u>1,247,882</u>	<u>-</u>	<u>3,356,295</u>
Total business-type activities	<u>11,542,425</u>	<u>8,850,215</u>	<u>4,540,127</u>	<u>7,009,304</u>
 Total primary government	 <u>\$64,589,920</u>	 <u>\$14,879,397</u>	 <u>\$11,992,272</u>	 <u>\$15,229,201</u>
		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		
		Changes in net assets		
		Net assets, beginning of year		
		Net assets, end of year		

See Notes to Basic Financial Statements.

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (14,201,843)	\$ —	\$ (14,201,843)
3,724,344	—	3,724,344
(715,838)	—	(715,838)
(6,926,470)	—	(6,926,470)
(2,752,315)	—	(2,752,315)
(4,590,076)	—	(4,590,076)
<u>(5,884,073)</u>	<u>—</u>	<u>(5,884,073)</u>
<u>(31,346,271)</u>	<u>—</u>	<u>(31,346,271)</u>
—	5,029,401	5,029,401
—	(32,958)	(32,958)
<u>—</u>	<u>3,860,778</u>	<u>3,860,778</u>
<u>—</u>	<u>8,857,221</u>	<u>8,857,221</u>
<u>(31,346,271)</u>	<u>8,857,221</u>	<u>(22,489,050)</u>
49,764,858	—	49,764,858
281,826	—	281,826
289,719	—	289,719
2,131,977	—	2,131,977
611,282	—	611,282
2,574,840	904,698	3,479,538
408,449	—	408,449
<u>(3,248,340)</u>	<u>3,248,340</u>	<u>—</u>
<u>52,814,611</u>	<u>4,153,038</u>	<u>56,967,649</u>
21,468,340	13,010,259	34,478,599
<u>273,136,814</u>	<u>65,056,835</u>	<u>338,193,649</u>
<u>\$294,605,154</u>	<u>\$78,067,094</u>	<u>\$372,672,248</u>

City of West Des Moines, Iowa
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2007

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$10,602,166	\$ 9,507,383	\$ 5,419,406	\$13,860,493	\$ 6,342,520	\$ 45,731,968
Receivables						
Property taxes	25,860,908	16,242,451	7,203,147	-	5,703,714	55,010,220
Accounts	261,869	-	-	-	393,089	654,958
Special assessments	10,392	-	-	643,628	-	654,020
Loans	-	-	-	-	331,805	331,805
Interest	189,183	-	50,143	-	-	239,326
Due from other funds	136,325	-	-	-	-	136,325
Due from other governments	<u>960,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>764,860</u>	<u>1,725,416</u>
Total assets	<u>\$38,021,399</u>	<u>\$25,749,834</u>	<u>\$12,672,696</u>	<u>\$14,504,121</u>	<u>\$13,535,988</u>	<u>\$104,484,038</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	\$ 508,183	\$ -	\$ -	\$ 386,914	\$ 245,585	\$ 1,140,682
Accrued wages payable	863,571	-	-	-	3,453	867,024
Due to other funds	-	-	-	528,031	101,278	629,309
Deferred revenue	<u>26,407,132</u>	<u>16,168,384</u>	<u>7,179,591</u>	<u>421,427</u>	<u>6,020,655</u>	<u>56,197,189</u>
Total liabilities	<u>27,778,886</u>	<u>16,168,384</u>	<u>7,179,591</u>	<u>1,336,372</u>	<u>6,370,971</u>	<u>58,834,204</u>
Fund Equity						
Fund balances						
Reserved from debt service	-	-	5,493,105	-	-	5,493,105
Reserved for encumbrances	7,700	-	-	11,025,651	-	11,033,351
Unreserved, undesignated, reported in						
General Fund	10,234,813	-	-	-	-	10,234,813
Special revenue funds	-	9,581,450	-	-	7,165,017	16,746,467
Capital Projects Fund	-	-	-	<u>2,142,098</u>	-	<u>2,142,098</u>
Total fund equity	<u>10,242,513</u>	<u>9,581,450</u>	<u>5,493,105</u>	<u>13,167,749</u>	<u>7,165,017</u>	<u>45,649,834</u>
Total liabilities and fund equity	<u>\$38,021,399</u>	<u>\$25,749,834</u>	<u>\$12,672,696</u>	<u>\$14,504,121</u>	<u>\$13,535,988</u>	<u>\$104,484,038</u>

City of West Des Moines, Iowa
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total governmental funds balances		\$ 45,649,834
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Land	\$ 23,969,942	
Construction-in-progress	18,220,869	
Buildings	38,532,494	
Equipment and vehicles	7,793,926	
Improvements other than buildings	31,797,726	
Share of undivided equity interest assets	1,110,967	
Infrastructure	284,010,071	
Accumulated depreciation	<u>(30,842,767)</u>	374,593,228
<p>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</p>		
Capital assets	10,519,100	
Accumulated depreciation	(5,782,754)	
Other current assets	7,877,744	
Other current liabilities	<u>(572,192)</u>	12,041,898
Internal service funds allocated to business-type activities		(3,706)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds</p>		
Compensated absences	(3,375,219)	
Accrued interest payable	(448,925)	
General obligation bonds payable	(125,840,000)	
Tax increment financing (TIF) bonds	(7,705,000)	
Capital lease obligations	(432,344)	
Loan payable	(13,731)	
Installment contracts	(262,008)	
Bond issuance costs	650,750	
Bond discounts	103,709	
Bond premiums	<u>(353,332)</u>	(137,676,100)
Net assets of governmental activities		<u>\$294,605,154</u>

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES—GOVERNMENTAL FUNDS
Year ended June 30, 2007

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$23,031,190	\$14,857,246	\$ 6,745,357	\$ —	\$ 4,566,542	\$49,200,335
Other City taxes	2,803,369	—	97,659	—	77,298	2,978,326
Special assessments	—	—	—	289,719	—	289,719
Licenses and permits	975,003	—	—	—	—	975,003
Intergovernmental	3,020,371	—	—	1,447,924	4,938,195	9,406,490
Charges for services	2,785,782	—	—	—	1,084,909	3,870,691
Use of money and property	1,689,717	82,393	780,993	—	21,737	2,574,840
Miscellaneous	844,787	—	—	128,714	465,946	1,439,447
Total revenues	<u>35,150,219</u>	<u>14,939,639</u>	<u>7,624,009</u>	<u>1,866,357</u>	<u>11,154,627</u>	<u>70,734,851</u>
EXPENDITURES						
Current operating						
Public safety	15,824,908	—	—	334,584	1,906,206	18,065,698
Public works	6,111,058	—	—	—	624,547	6,735,605
Health and social services	780,628	—	—	—	166,860	947,488
Culture and recreation	5,852,907	—	—	—	71,630	5,924,537
Community and economic development	3,339,418	—	—	—	488,139	3,827,557
General government	4,469,709	75,000	—	—	—	4,544,709
Debt service						
Principal	78,900	1,745,000	10,785,000	—	176,648	12,785,548
Interest and other charges	8,634	381,405	5,413,106	—	11,386	5,814,531
Bond issuance costs	—	—	—	—	—	—
Capital outlay	708,147	—	—	14,479,886	898,126	16,086,159
Total expenditures	<u>37,174,309</u>	<u>2,201,405</u>	<u>16,198,106</u>	<u>14,814,470</u>	<u>4,343,542</u>	<u>74,731,832</u>
Excess (deficiency) of revenues over expenditures	(2,024,090)	12,738,234	(8,574,097)	(12,948,113)	6,811,085	(3,996,981)
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	—	—	—	—	420,000	420,000
Transfers in	8,441,310	4,872	9,354,140	17,400,748	170,815	35,371,885
Transfers out	(4,161,750)	(10,734,270)	(370)	(9,689,820)	(5,843,832)	(30,430,042)
Proceeds from sale of capital assets	10,630	—	—	—	4,485	15,115
Total other financing sources (uses)	<u>4,290,190</u>	<u>(10,729,398)</u>	<u>9,353,770</u>	<u>7,710,928</u>	<u>(5,248,532)</u>	<u>5,376,958</u>
NET CHANGE IN FUND BALANCES	2,266,100	2,008,836	779,673	(5,237,185)	1,562,553	1,379,977
FUND BALANCES, beginning of year	<u>7,976,413</u>	<u>7,572,614</u>	<u>4,713,432</u>	<u>18,404,934</u>	<u>5,602,464</u>	<u>44,269,857</u>
FUND BALANCES, end of year	<u>\$10,242,513</u>	<u>\$ 9,581,450</u>	<u>\$ 5,493,105</u>	<u>\$13,167,749</u>	<u>\$ 7,165,017</u>	<u>\$45,649,834</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2007

Net change in fund balances—governmental funds \$1,379,977

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	5,909,874
Depreciation	(4,815,006)

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	6,590,690
Proceeds from sale of capital assets	(15,115)
Loss on the sale of capital assets	(489,876)

Prior long-term assets available to pay for current period expenditures and, therefore no longer deferred in the funds (857,405)

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 (94,892)

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	12,785,548
Write up of installment contract	(3,256)
Interest	(69,542)
Issuance of long-term debt	(420,000)
Amortization of bond issuance costs, discounts and premiums	(7,634)

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. 1,574,977

Change in net assets of governmental activities \$21,468,340

City of West Des Moines, Iowa
STATEMENT OF NET ASSETS—PROPRIETARY FUND
June 30, 2007

	<u>Sewer System</u>	<u>Storm Water System</u>	<u>Nonmajor Enterprise Fund Solid Waste</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities</u> <u>Internal Service Funds</u>
ASSETS					
Current assets					
Cash and investments	\$19,885,000	\$ 73,168	\$ 16,708	\$19,974,876	\$ 7,698,493
Receivables					
Accounts and unbilled usage	1,340,161	324,205	375,105	2,039,471	5,191
Special assessments	27,549	—	—	27,549	—
Interest	727,016	—	—	727,016	80,479
Due from other funds	528,031	—	—	528,031	—
Due from other governments	1,154,509	—	—	1,154,509	24,226
Inventories	—	—	—	—	69,355
Total current assets	<u>23,662,266</u>	<u>397,373</u>	<u>391,813</u>	<u>24,451,452</u>	<u>7,877,744</u>
Noncurrent assets					
Restricted cash and investments	<u>1,072,785</u>	—	—	<u>1,072,785</u>	—
Capital assets					
Nondepreciable					
Land	327,809	—	—	327,809	—
Construction-in-progress	458,625	—	—	458,625	—
Depreciable					
Equipment and vehicles	6,977	—	—	6,977	10,519,100
Infrastructure	71,288,053	6,854,709	—	78,142,762	—
Accumulated depreciation	<u>(22,475,181)</u>	<u>(137,094)</u>	—	<u>(22,612,275)</u>	<u>(5,782,754)</u>
Net capital assets	<u>49,606,283</u>	<u>6,717,615</u>	—	<u>56,323,898</u>	<u>4,736,846</u>
Total noncurrent assets	<u>50,679,068</u>	<u>6,717,615</u>	—	<u>57,396,683</u>	<u>4,736,346</u>
 Total assets	 <u>\$74,341,334</u>	 <u>\$7,114,988</u>	 <u>\$ 391,813</u>	 <u>\$81,848,135</u>	 <u>\$12,614,090</u>

See Notes to Basic Financial Statements.

	<u>Sewer System</u>	<u>Storm Water System</u>	<u>Nonmajor Enterprise Fund Solid Waste</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities</u> <u>Internal Service Funds</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Current					
Accounts payable	\$ 217	\$ 1,626	\$ 115,916	\$ 117,759	\$ 79,835
Claims payable	-	-	-	-	457,310
Compensated absences	35,390	33,722	-	69,112	-
Accrued wages payable	11,564	7,437	-	19,001	-
Due to other funds	-	-	-	-	35,047
Interest payable	9,105	-	-	9,105	-
Revenue bonds payable	<u>655,000</u>	<u>-</u>	<u>-</u>	<u>655,000</u>	<u>-</u>
Total current liabilities	<u>711,276</u>	<u>42,785</u>	<u>115,916</u>	<u>869,977</u>	<u>572,192</u>
Noncurrent					
Compensated absences	-	2,770	-	2,770	-
Revenue Bonds, net of current maturities	<u>2,912,000</u>	<u>-</u>	<u>-</u>	<u>2,912,000</u>	<u>-</u>
Total noncurrent liabilities	<u>2,912,000</u>	<u>2,770</u>	<u>-</u>	<u>2,914,770</u>	<u>-</u>
Total liabilities	<u>3,623,276</u>	<u>45,555</u>	<u>115,916</u>	<u>3,784,747</u>	<u>572,192</u>
Net assets					
Invested in capital assets, net of related debt	46,039,283	6,717,615	-	52,756,898	4,736,346
Restricted for debt service	1,072,785	-	-	1,072,785	-
Unrestricted	<u>23,605,990</u>	<u>351,818</u>	<u>275,897</u>	<u>24,233,705</u>	<u>7,305,552</u>
Total net assets	<u>70,718,058</u>	<u>7,069,433</u>	<u>275,897</u>	<u>78,063,388</u>	<u>12,041,858</u>
Total liabilities and net assets	<u>\$74,341,334</u>	<u>\$7,114,988</u>	<u>\$ 391,813</u>	<u>\$81,848,135</u>	<u>\$12,614,090</u>
Total enterprise funds net assets				\$78,063,388	
Amounts reported for business-type activities in the statement of net assets are different because:					
Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in business-type activities in the statement of net assets.				<u>3,706</u>	
Net assets of business-type activities				<u>\$78,067,094</u>	

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS—PROPRIETARY FUND
Year ended June 30, 2007

	Business-Type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste		Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 7,397,154	\$1,247,882	\$1,419,761	\$10,064,797	\$ 5,620,027
Lease revenue	—	—	—	—	1,194,366
Total operating revenue	<u>7,397,154</u>	<u>1,247,882</u>	<u>1,419,761</u>	<u>10,064,797</u>	<u>6,814,393</u>
Operating expenses					
Cost of sales and services	2,206,394	606,305	1,452,719	4,265,418	4,180,124
Administration	47,588	—	—	47,588	514,790
Depreciation	1,416,736	137,094	—	1,553,830	980,400
Amortization	1,805	—	—	1,805	—
Total operating expenses	<u>3,672,523</u>	<u>743,399</u>	<u>1,452,719</u>	<u>5,868,641</u>	<u>5,675,314</u>
Operating income (loss)	<u>3,724,631</u>	<u>504,483</u>	<u>(32,958)</u>	<u>4,196,156</u>	<u>1,139,079</u>
Nonoperating revenues (expenses)					
Investment earnings	900,775	3,923	—	904,698	339,093
Interest expense and fiscal charges	(120,362)	—	—	(120,362)	—
Payments to WRA	(989,641)	—	—	(989,641)	—
Miscellaneous	4,540,127	—	—	4,540,127	80,221
Total nonoperating revenues (expenses)	<u>4,330,899</u>	<u>3,923</u>	<u>—</u>	<u>4,334,822</u>	<u>419,314</u>
Income (loss) before capital contributions and transfers	8,055,530	508,406	(32,958)	8,530,978	1,558,393
Capital contributions	2,582,999	6,854,709	—	9,437,708	—
Transfers in	3,985,488	—	—	3,985,488	327,867
Transfers out	(8,653,090)	(293,682)	—	(8,946,772)	(308,416)
Change in net assets	<u>5,970,927</u>	<u>7,069,433</u>	<u>(32,958)</u>	<u>13,007,402</u>	<u>1,577,834</u>
Total net assets, beginning of year	<u>64,747,131</u>	<u>—</u>	<u>308,855</u>	<u>65,055,986</u>	<u>10,464,064</u>
Total net assets, end of year	<u>\$70,718,058</u>	<u>\$7,069,433</u>	<u>\$ 275,897</u>	<u>\$78,063,388</u>	<u>\$12,041,898</u>

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
Year ended June 30, 2007

Net change in net assets in enterprise funds	\$13,007,402
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>\$13,010,259</u>

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS—PROPRIETARY FUND
Year ended June 30, 2007

	Business-Type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$12,181,225	\$ 923,677	\$1,375,793	\$14,480,695	\$6,809,367
Payments to suppliers	(2,134,607)	(464,198)	(1,452,843)	(4,051,648)	(1,588,112)
Payments to claimants	—	—	—	—	(3,259,370)
Payments to employees	(178,240)	(96,552)	(14,167)	(288,959)	—
Net cash provided by (used in) operating activities	<u>9,868,378</u>	<u>362,927</u>	<u>(91,217)</u>	<u>10,140,088</u>	<u>1,961,885</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from other funds	—	—	—	—	35,047
Transfers in	3,985,488	—	—	3,985,488	327,867
Transfers out	(8,653,090)	(34,185)	—	(8,687,275)	(308,426)
Net cash provided by (used in) noncapital financing activities	<u>(4,667,602)</u>	<u>(34,185)</u>	<u>—</u>	<u>(4,701,787)</u>	<u>54,488</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	—	(259,497)	—	(259,497)	(848,364)
Payment on debt	(632,000)	—	—	(632,000)	—
Payments to WRA	(989,641)	—	—	(989,641)	—
Interest paid on debt	(120,362)	—	—	(120,362)	—
Proceeds from disposal of capital assets	—	—	—	—	91,682
Net cash (used in) capital and related financing activities	<u>(1,742,003)</u>	<u>(259,497)</u>	<u>—</u>	<u>(2,001,500)</u>	<u>(756,682)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	622,833	3,923	—	626,756	321,669
Purchase of investment securities	(5,500,000)	—	—	(5,500,000)	(5,000,000)
Proceeds from maturity of investment securities	6,750,000	—	—	6,750,000	5,454,903
Net cash provided by investing activities	<u>1,872,833</u>	<u>3,923</u>	<u>—</u>	<u>1,876,756</u>	<u>776,572</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,331,606	73,168	(91,217)	5,313,557	2,036,263
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,626,179</u>	<u>—</u>	<u>107,925</u>	<u>2,734,104</u>	<u>662,230</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 7,957,785</u>	<u>\$ 73,168</u>	<u>\$ 16,708</u>	<u>\$ 8,047,661</u>	<u>\$2,698,493</u>

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS—PROPRIETARY FUND (continued)
Year ended June 30, 2007

	Business-Type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste		Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Operating income (loss)	\$ 8,264,758	\$ 504,483	\$ (32,958)	\$ 8,736,283	\$1,139,079
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,418,541	137,094	—	1,555,635	980,400
Change in assets and liabilities					
Receivables	243,944	(324,205)	(43,968)	(124,229)	(5,026)
Inventories	—	—	—	—	(35,765)
Accounts payable	(53,089)	1,626	3,064	(48,399)	(52,460)
Claims payable	—	—	—	—	(64,343)
Compensated absences and accrued wages payable	10,772	43,929	(17,355)	37,346	—
Interest payable	(16,548)	—	—	(16,548)	—
Net cash provided by (used in) operating activities	<u>\$ 9,868,378</u>	<u>\$ 362,927</u>	<u>\$ (91,217)</u>	<u>\$10,140,088</u>	<u>\$1,961,885</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET ASSETS					
Cash and investments	\$20,957,785	\$ 73,168	\$ 16,708	\$21,047,661	\$7,698,493
Less items not meeting the definition of cash equivalents	(13,000,000)	—	—	(13,000,000)	(5,000,000)
Cash and cash equivalents at end of year	<u>\$ 7,957,785</u>	<u>\$ 73,168</u>	<u>\$ 16,708</u>	<u>\$ 8,047,661</u>	<u>\$2,698,493</u>
SCHEDULE OF NONCASH ITEMS					
Capital and related financing activities					
Donated construction by developers	\$ 2,582,999	\$6,854,709	\$ —	\$ 9,437,708	\$ —
Capital assets acquired through transfers from other funds	—	259,497	—	259,497	—

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2007

ASSETS

Cash and investments	\$ 230,514
Restricted assets, contractors' bonds	<u>7,759</u>
Total assets	<u>\$ 238,273</u>

LIABILITIES

Deposits and remittances due	<u>\$ 238,273</u>
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City of West Des Moines, Iowa
NOTES TO BASIC FINANCIAL STATEMENTS

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

Reporting Entity

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

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

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

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

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

Basis of Presentation (continued)

Fund Accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Basis of Presentation (continued)

Fund Accounting (continued):

Governmental Fund Types (continued):

Special Revenue Funds (continued):

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

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

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

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

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

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

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

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

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

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.

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

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

Basis of Presentation (continued)

Fund Accounting (continued):

Proprietary Fund Types (continued):

Internal Service Funds (continued):

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 tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

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

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

Measurement Focus and Basis of Accounting (continued)

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 2007, the date at which a lien attaches, based on the 2006 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 2007 tax levy is budgeted and levied for the fiscal year 2008, the revenue from this tax levy has been deferred.

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

Summary of Significant Accounting Policies:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

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.

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

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

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

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

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

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

Compensated Absences: City employees accumulate vacation benefits for subsequent use or payment upon termination, death or retirement. City employees also accumulate sick leave benefits for subsequent use or payable at one-half the accumulated value upon death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

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, 2007, the City had \$3,087,075 in unspent debt proceeds in the Capital Projects Fund. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$6,150,395 for road construction projects, \$132,169 for parks, \$156,750 for retirement benefits, \$11,846,253 for capital projects, \$177,591 for library projects, \$9,581,450 for tax increment projects and \$6,565,890 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, 2007, the City's cash and investments were as follows:

Cash investments, statement of net assets	\$73,405,337
Cash and cash equivalents, fiduciary funds	<u>230,514</u>
	<u>\$73,635,851</u>
Deposits including certificates of deposit	\$36,189,462
Investments	<u>37,446,389</u>
	<u>\$73,635,851</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 risk fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
FNMA Discount Note	09/25/2007	\$ 1,975,799
FNMA Discount Note	10/09/2007	1,971,945
FDMC Discount Note	12/03/2007	1,956,046
FNMA Discount Note	09/25/2007	987,820
FNMA Discount Note	09/25/2007	987,675
G.E. Commercial paper	11/06/2007	1,963,257
Citigroup Commercial paper	11/20/2007	1,959,011
Iowa Public Agency Investment Trust	32.86 days average	<u>25,644,836</u>
		<u>\$37,446,389</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, 2007, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investors Services</u>	<u>Standard & Poor's</u>
FNMA Discount Notes	P-1	A-1+
FDMC 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FNMA	U.S. government agency obligations	\$5,923,239
FDMC	U.S. government agency obligations	1,956,046
G.E. Commercial Paper	U.S. corporation obligations	1,963,257
Citigroup Commercial Paper	U.S. corporation obligations	1,959,011

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, 2007, 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, 2007:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance end of year</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 23,160,944	\$ 808,998	\$ —	\$ 23,969,942
Infrastructure	260,276,758	24,544,663	811,350	284,010,071
Construction-in-progress	<u>38,890,836</u>	<u>2,104,631</u>	<u>22,774,598</u>	<u>18,220,869</u>
Total capital assets, not being depreciated	<u>322,328,538</u>	<u>27,458,292</u>	<u>23,585,948</u>	<u>326,200,882</u>
Capital assets, being depreciated				
Buildings	33,754,952	4,777,542	—	38,532,494
Equipment and vehicles	17,508,328	1,602,018	797,320	18,313,026
Improvements other than buildings	30,487,923	1,309,803	—	31,797,726
Share of undivided equity interest assets	<u>983,460</u>	<u>127,507</u>	<u>—</u>	<u>1,110,967</u>
Total capital assets, being depreciated	<u>82,734,663</u>	<u>7,816,870</u>	<u>797,320</u>	<u>89,754,213</u>
Less accumulated depreciation for				
Buildings	12,254,332	1,261,936	—	13,516,268
Equipment and vehicles	8,689,613	1,402,981	837,312	9,255,282
Improvements other than buildings	11,019,778	2,075,065	—	13,094,843
Share of undivided equity interest assets	<u>684,104</u>	<u>75,024</u>	<u>—</u>	<u>759,128</u>
Total accumulated depreciation	<u>32,647,827</u>	<u>4,815,006</u>	<u>837,312</u>	<u>36,625,521</u>
Total capital assets, being depreciated, net	<u>50,086,836</u>	<u>3,001,864</u>	<u>(39,992)</u>	<u>53,128,692</u>
Governmental activities, capital assets, net	<u>\$372,415,374</u>	<u>\$30,460,156</u>	<u>\$23,545,956</u>	<u>\$379,329,574</u>

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

NOTE 3 CAPITAL ASSETS (continued)

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance end of year</u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 327,809	\$ —	\$ —	\$ 327,809
Construction-in-progress	<u>357,282</u>	<u>410,760</u>	<u>309,417</u>	<u>458,625</u>
Total capital assets, not being depreciated	<u>685,091</u>	<u>410,760</u>	<u>309,417</u>	<u>786,434</u>
Capital assets, being depreciated				
Equipment	6,977	—	—	6,977
Sanitary and storm sewer system	<u>68,806,398</u>	<u>9,336,364</u>	<u>—</u>	<u>78,142,762</u>
Total capital assets, being depreciated	<u>68,813,375</u>	<u>9,336,364</u>	<u>—</u>	<u>78,149,739</u>
Less accumulated depreciation for				
Equipment	2,791	1,395	—	4,186
Sanitary and storm sewer system	<u>21,055,654</u>	<u>1,552,435</u>	<u>—</u>	<u>22,608,089</u>
Total accumulated depreciation	<u>21,058,445</u>	<u>1,553,830</u>	<u>—</u>	<u>22,612,275</u>
Total capital assets, being depreciated, net	<u>47,754,930</u>	<u>7,782,534</u>	<u>—</u>	<u>55,537,464</u>
Business-type activities, capital assets, net	<u>\$48,440,021</u>	<u>\$8,193,294</u>	<u>\$ 309,417</u>	<u>\$56,323,898</u>

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

Governmental Activities		
Public safety		\$1,266,343
Health and social services		31,264
Culture and recreation		2,419,262
Public works		651,520
General government		<u>446,617</u>
		<u>\$4,815,006</u>

NOTE 4 BONDED AND OTHER DEBT

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2007:

	<u>Balance July 1, 2006</u>	<u>Increases and Issues</u>	<u>Decreases and Retirements</u>	<u>Balance June 30, 2007</u>	<u>Due within one year</u>
Governmental activities					
General obligation bonds	\$136,625,000	\$ —	\$10,785,000	\$125,840,000	\$11,955,000
Tax increment financing (TIF) bonds	9,450,000		1,745,000	7,705,000	1,815,000
Capital lease obligations	207,993	420,000	195,649	432,344	283,860
Loans payable	73,629	—	59,898	13,731	6,797
Installment contracts	258,752	3,256	—	262,008	426
Compensated absences	<u>3,280,327</u>	<u>94,892</u>	<u>—</u>	<u>3,375,219</u>	<u>2,346,877</u>
	<u>149,895,701</u>	<u>518,148</u>	<u>12,785,547</u>	<u>137,628,302</u>	<u>16,407,960</u>
Business-type activities					
Revenue bonds	4,199,000	—	632,000	3,567,000	655,000
Compensated absences	<u>43,712</u>	<u>28,170</u>	<u>—</u>	<u>71,882</u>	<u>69,112</u>
	<u>4,242,712</u>	<u>28,170</u>	<u>632,000</u>	<u>3,638,882</u>	<u>724,112</u>
Total long-term debt	<u>\$154,138,413</u>	<u>\$ 546,318</u>	<u>\$13,417,547</u>	<u>\$141,267,184</u>	<u>\$17,132,072</u>

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

NOTE 4 BONDED AND OTHER DEBT (continued)

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

Summary of Bond Issues: General obligation bonds outstanding as of June 30, 2007 consist of the following individual issues:

<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Principal Payments</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding June 30, 2007</u>
06/01/1999	4.15 - 4.35	June 2011	\$ 275,000 - \$ 300,000	\$ 3,000,000	\$ 1,150,000
12/01/2000	4.70 - 5.00	June 2012	450,000 - 550,000	5,000,000	2,450,000
11/01/2001	3.75 - 5.00	June 2020	410,000 - 1,170,000	13,000,000	10,460,000
11/12/2001	3.80 - 4.40	June 2014	210,000 - 265,000	3,575,000	1,655,000
05/29/2002	4.00 - 4.40	June 2014	1,440,000 - 1,850,000	18,000,000	11,440,000
06/24/2002	3.50 - 5.00	June 2020	485,000 - 830,000	9,750,000	8,265,000
05/01/2003	3.00 - 4.40	June 2019	2,490,000 - 3,765,000	40,000,000	36,565,000
05/01/2003	3.00 - 3.13	June 2010	1,765,000 - 1,885,000	10,500,000	5,470,000
05/01/2003	3.00 - 3.75	June 2014	335,000 - 410,000	3,845,000	2,575,000
09/01/2003	3.75 - 4.70	June 2019	600,000 - 2,200,000	12,000,000	12,000,000
09/01/2003	3.00 - 3.25	June 2009	630,000 - 660,000	5,445,000	1,290,000
12/01/2003	2.50 - 4.35	June 2023	800,000 - 1,700,000	19,250,000	18,850,000
06/01/2004	3.00 - 5.00	June 2021	100,000 - 1,250,000	6,000,000	5,800,000
04/01/2005	3.50 - 3.70	June 2015	185,000 - 575,000	3,055,000	2,500,000
06/01/2006	4.00 - 4.25	June 2020	310,000 - 700,000	<u>6,000,000</u>	<u>5,370,000</u>
				<u>\$158,420,000</u>	<u>\$125,840,000</u>

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

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

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

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

Other than Bonded Debt

Loan payable: The City, along with two other area cities, entered into a Local Government Innovation Fund Loan (LGIF) loan agreement during the year ended June 30, 2005 to fund the development and implementation of an emergency services training program. The agreement requires annual payments of \$7,072 of the City, including interest at 2.00 percent through June 1, 2009. As of June 30, 2007, \$13,731 was outstanding under the agreement.

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

NOTE 4 BONDED AND OTHER DEBT (continued)

Other than Bonded Debt

Capital lease obligation: The City has entered into a lease purchase agreement for the acquisition and installation of a new telephone system at a cost of \$250,000. 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, 2007 was \$55,102, and had a net book value of \$-0-.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of six cardiac monitors at a cost of \$106,869. The agreement requires annual payments of \$7,969, including interest at 4.5 percent through February 1, 2011. The balance due as of June 30, 2007 was \$80,656, and had a net book value of \$59,303.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of 35 mobile data computers and related equipment at a cost of \$200,000. The agreement requires monthly payments of \$8,730 including interest at 4.50 percent through October 1, 2008. The balance as of June 30, 2007 was \$135,311, and had a net book value of \$159,982.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of an E911 Telephone System at a cost of \$220,000. The agreement requires monthly payments of \$6,496 including interest at 4.00 percent through August 1, 2009. The balance as of June 30, 2007 was \$161,275, and had a net book value of \$160,924.

Installment contracts: The City has entered into two installment contracts for the construction of pedestrian bridges. The \$3,256 shown as an increase/issue was due to a change in estimate of the amount due to the state due to imputed interest at 3.51%. The agreements are noninterest bearing and are payable in annual installments totaling \$71,329 through January 2012. The balance due as of June 30, 2007 was \$262,008.

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

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

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

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

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

NOTE 4 BONDED AND OTHER DEBT (continued)

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

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

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2007 are as follows:

<u>Year ending June 30</u>	<u>General Obligation Bonds</u>		<u>Tax Increment Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	128,720
2012	10,395,000	3,400,180	740,000	99,610
2013 - 2017	44,175,000	11,093,950	1,575,000	103,950
2018 - 2022	24,145,000	2,630,835	—	—
2023	<u>1,260,000</u>	<u>54,810</u>	<u>—</u>	<u>—</u>
	<u>\$125,840,000</u>	<u>\$34,977,134</u>	<u>\$7,705,000</u>	<u>\$1,065,716</u>

<u>Year ending June 30</u>	<u>Capital Lease Obligations</u>		<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 283,860	\$ 14,213	\$ 6,797	\$ 275
2009	97,442	4,419	6,934	138
2010	35,314	1,326	—	—
2011	<u>15,728</u>	<u>268</u>	<u>—</u>	<u>—</u>
	<u>\$ 432,344</u>	<u>\$ 20,226</u>	<u>\$ 13,731</u>	<u>\$ 413</u>

<u>Year ending June 30</u>	<u>Installment Contracts</u>		<u>Enterprise Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 426	\$ 70,903	\$ 655,000	\$ 109,260
2009	61,999	9,330	367,000	87,360
2010	64,210	7,119	381,000	76,350
2011	66,500	4,829	393,000	64,920
2012	68,873	2,456	407,000	48,249
2013 - 2017	<u>—</u>	<u>—</u>	<u>1,364,000</u>	<u>83,361</u>
	<u>\$ 262,008</u>	<u>\$ 94,637</u>	<u>\$3,567,000</u>	<u>\$ 469,500</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, 2007, 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>
 Total assessed valuation of the property of the City of West Des Moines	 <u>\$4,963,553,808</u>
 Debt limit, 5% of total actual valuation	 \$248,177,690
Debt applicable to debt limit	
General obligation bonds	125,840,000
TIF revenue bonds	7,705,000
Loans payable	13,731
Capital lease obligations	432,344
Installment contracts	<u>262,008</u>
 Legal debt margin	 <u>\$113,924,607</u>

* 100% of assessed valuation including TIF increment.

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances as of June 30, 2007 were:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major governmental funds		
General	\$ 136,325	\$ -
Capital projects	-	528,031
Nonmajor governmental funds	-	101,278
Proprietary funds, sewer system	528,031	-
Internal service funds, vehicle maintenance	<u>-</u>	<u>35,047</u>
 Total	 <u>\$ 664,356</u>	 <u>\$ 664,356</u>

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

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

NOTE 6 INTERFUND TRANSFERS

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

	<u>Transfers in</u>	<u>Transfers out</u>
Major governmental funds		
General	\$ 8,441,310	\$ 4,161,750
Special revenue fund, Tax Increment Financing	4,872	10,734,270
Debt Service	9,354,140	370
Capital Projects	17,400,748	9,689,820
Major enterprise fund		
Sewer System	3,985,488	8,653,090
Storm Water System	-	293,682
Nonmajor governmental funds	170,815	5,843,832
Internal Service Funds		
Vehicle Maintenance	-	308,426
Workers compensation insurance	<u>327,867</u>	<u>-</u>
 Total	 <u>\$39,685,240</u>	 <u>\$39,685,240</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2007, the Capital Projects transferred \$259,497 in capital assets to the Storm Sewer System.

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, 2007, 2006 and 2005 were \$819,773, \$744,909 and \$729,919, respectively, equal to the required contributions for each year.

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

Plan members are required to contribute 9.35 percent of earnable compensation and the City's contribution rate, based upon actuarially determined normal contribution rate, can not be less than 17 percent of earnable compensation. Contribution rates are established by state statute. The City's contributions to the Plan for the years ended June 30, 2007, 2006 and 2005 were \$1,608,837, \$1,535,497 and \$1,321,629, respectively, which met the required minimum contribution for each year.

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

NOTE 8 DEFERRED COMPENSATION PLAN

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

NOTE 9 INDIVIDUAL FUND EQUITY DEFICIT

The following fund has a deficit fund balances as of June 30, 2007:

Internal Service Fund, Vehicle Maintenance	\$ <u>13,424</u>
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The City intends to fund this deficit 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, 2007 were \$5,616 and two, respectively.

NOTE 11 JOINT VENTURE

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority joint venture. This joint venture provides primary and secondary treatment of the sewer flows of the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board. The WRA Agreement creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

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

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

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

NOTE 11 JOINT VENTURE (continued)

The WRA Sewer Revenue Bonds Series 2004A bonds were issued for the advance refunding of the City's sewer revenue bonds. The WRA Agreement requires the debt service on these bonds to be allocated through the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$16,685,000 as of June 30, 2007. The City of West Des Moines has a commitment for approximately \$13,308,000 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, 2007, the Series 2004B bonds had a balance of \$65,780,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently \$23,977,515. 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, 2007, the WRA had \$11,824,000 in State Revolving Loans of which \$7,614,650 future principal debt service is a commitment to the City of West Des Moines.

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

The WRA issues separate financial statements that may be obtained at 401 Robert D. Ray Drive, Des Moines, Iowa 50309.

Condensed financial information of the joint venture as of June 30, 2007 is as follows:

Statement of net assets	
Current assets	\$ 76,541,800
Noncurrent assets	<u>319,609,135</u>
Total assets	<u>\$396,150,935</u>
Current liabilities	\$ 11,001,404
Noncurrent liabilities	<u>134,948,770</u>
Total liabilities	<u>\$145,950,174</u>
Net assets	
Invested in capital assets, net of related debt	\$210,065,510
Restricted	28,943,267
Unrestricted	11,191,984
Statement of revenues, expenses and changes in net assets	
Operating revenues	\$ 26,460,421
Operating expenses	21,989,695
Operating income	4,470,726
Nonoperating, net	1,278,966
Change in net assets	5,749,692
Statement of cash flows	
Cash provided by operating activities	\$ 11,627,469
Cash used in investing activities	(9,558,188)
Cash provided by capital and related financing activities	4,343,618
Increase in cash and pooled cash investments	6,412,899

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

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, 2007:

Received from West Des Moines Water Works	
Occupancy reimbursements	\$ 17,358
Health insurance premiums	399,511
Gasoline reimbursements	34,002
Telephone reimbursements	11,637
Share of general insurance	117,313
Delinquent reimbursements	1,466
Miscellaneous reimbursements	110,535
Payments to West Des Moines Water Works	
Collection fees for sewer and solid waste	\$ 148,481
Miscellaneous fees	26,369

Amounts receivable from West Des Moines Water Works as of June 30, 2007 for sewer and solid waste charges totaled \$1,182,503 and \$256,844, respectively.

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

In August 2000, the City entered into a jointly governed organization with two other Des Moines suburbs for the creation of WestCom. WestCom was established as an undivided interest ownership arrangement, whereby title to assets in WestCom are held individually by the City and two other Des Moines suburbs. The City's portion of current year costs of operations and capital for the dispatch center were \$845,018 and \$351,838, respectively.

NOTE 13 COMMITMENTS

The City has entered into contracts totaling approximately \$11,033,351 for various projects that were not complete at year-end. As of June 30, 2007, \$10,648,754 has been encumbered for completion of these contracts.

NOTE 14 RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool (the Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose over 550 members include various governmental entities throughout the state of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

NOTE 14 RISK MANAGEMENT (continued)

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 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 contributions to the Pool for the year ended June 30, 2007 were approximately \$435,000.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. The City of West Des Moines has elected \$8,000,000 in coverage. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, as of June 30, 2007, no liability has been recorded in the City's financial statements. As of June 30, 2007, 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. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

NOTE 14 RISK MANAGEMENT (continued)

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 \$2,656,746 for the year ended June 30, 2007). 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, 2007 was \$3,441,108.

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 \$771,000.

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2007 totaled \$457,310 and include incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for other loss. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Settlements have exceeded the stop-loss coverage in the years ended June 30, 2007, 2006 and 2005 of \$181,895, \$101,711 and \$273,511, respectively. Information on changes in the aggregate liabilities for claims is as follows:

	2007	2006
Claims payable, beginning of year	\$ 521,653	\$ 257,301
Claims recognized	3,129,110	4,116,797
Claim payments	<u>(3,193,453)</u>	<u>(3,852,445)</u>
Claims payable, end of year	<u>\$ 457,310</u>	<u>\$ 521,653</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, 2007, there were two series of industrial development revenue bonds outstanding, with an aggregate principal amount payable of \$3,385,532.

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

NOTE 16 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The GASB has issued several statements not yet implemented by the City. The Statements which might impact the City are as follows:

GASB Statement No. 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.

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

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

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

NOTE 17 LITIGATION

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

NOTE 18 SUBSEQUENT EVENTS

The City issued general obligation bonds totaling \$3,210,000 on December 17, 2007.

City of West Des Moines, Iowa
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL—ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2007

	Governmental Fund Types <u>Actual</u>	Proprietary Fund Types <u>Actual</u>	Total <u>Actual</u>	<u>Budgeted Amounts</u>		Final to Actual Variance - Positive - (Negative)
				<u>Original</u>	<u>Final</u>	
REVENUES						
Property tax	\$34,343,089	\$ -	\$ 34,343,089	\$34,606,504	\$ 34,606,504	\$ (263,415)
Tax increment financing taxes	14,857,246	-	14,857,246	14,165,000	14,165,000	692,246
Other City taxes	2,978,326	-	2,978,326	2,530,336	2,930,336	47,990
Special assessments	289,719	-	289,719	100,000	100,000	189,719
Licenses and permits	975,003	-	975,003	981,700	981,700	(6,697)
Intergovernmental	9,406,490	-	9,406,490	12,238,410	12,643,625	(3,237,135)
Charges for services	3,870,691	10,064,797	13,935,488	10,709,000	10,021,300	3,914,188
Use of money and property	2,574,840	904,698	3,479,538	2,348,500	3,350,900	128,638
Miscellaneous	1,439,447	4,540,127	5,979,574	4,941,800	6,744,050	(764,476)
Total revenues	<u>70,734,851</u>	<u>15,509,622</u>	<u>86,244,473</u>	<u>82,621,250</u>	<u>85,543,415</u>	<u>701,058</u>
EXPENDITURES/EXPENSES						
Public safety	18,065,698	-	18,065,698	18,724,523	19,908,473	1,842,775
Public works	6,735,605	-	6,735,605	7,407,864	7,682,969	947,364
Health and social services	947,488	-	947,488	902,846	1,065,630	118,142
Culture and recreation	5,924,537	-	5,924,537	5,724,888	5,979,548	55,011
Community and economic development	3,827,557	-	3,827,557	3,257,632	4,243,073	415,516
General government	4,544,709	-	4,544,709	4,977,415	6,064,980	1,520,271
Debt service	18,600,079	-	18,600,079	20,138,009	20,236,984	1,636,905
Capital outlay	16,086,159	-	16,086,159	13,261,000	26,842,030	10,755,871
Business-type	-	6,978,644	6,978,644	13,698,749	19,985,427	13,006,783
Total expenditures/expenses	<u>74,731,832</u>	<u>6,978,644</u>	<u>81,710,476</u>	<u>88,092,926</u>	<u>112,009,114</u>	<u>30,298,638</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(3,996,981)	8,530,978	4,533,997	(5,471,676)	(26,465,699)	30,999,696
OTHER FINANCING SOURCES, NET						
	<u>5,376,958</u>	<u>4,476,424</u>	<u>9,853,382</u>	<u>6,005,000</u>	<u>6,425,000</u>	<u>3,428,382</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	1,379,977	13,007,402	14,387,379	533,324	(20,040,699)	<u>\$34,428,078</u>
BALANCES, beginning of year	<u>44,269,857</u>	<u>65,055,986</u>	<u>109,325,843</u>	<u>66,000,999</u>	<u>68,905,524</u>	
BALANCES, end of year	<u>\$45,649,834</u>	<u>\$78,063,388</u>	<u>\$123,713,222</u>	<u>\$66,534,323</u>	<u>\$ 48,864,825</u>	

See Note to Required Supplementary Information.

City of West Des Moines, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2007

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendments increased budgeted expenditures by \$23,916,188. 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
Year ended June 30, 2007

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:

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

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

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

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

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

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

See accompanying independent auditor's report.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2007

Condition rating of the City's street subsystem:

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

Overall condition index (OCI)

	2001	2005	2006	2007
Goal	78-80	78-80	78-80	78-80
Actual	81.20	80.21	80.91	80.90

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

Condition Categories Based on FHWA Criteria

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

Overall condition index (OCI):	2005	2006	2007
Goal	81 or greater	81 or greater	81 or greater
Actual	90.6	91.0	93.8

See accompanying independent auditor's report.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2007

Levee Condition by Category as of the Last Assessment

Condition Categories Based on Army Corp. Criteria

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

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

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

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

**City of West Des Moines, Iowa
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007**

	Special Revenue			
	<u>Road Use Tax</u>	<u>Police and Fire Retirement</u>	<u>Employee Benefit</u>	<u>Economic Development</u>
ASSETS				
Cash and investments	\$5,470,181	\$ 151,099	\$ -	\$ 124,761
Receivables				
Property taxes	-	1,741,850	3,961,864	-
Accounts	-	-	-	598
Loans	-	-	-	331,805
Due from other governments	<u>733,973</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$6,204,154</u>	<u>\$1,892,949</u>	<u>\$3,961,864</u>	<u>\$ 457,164</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 53,759	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-
Due to other funds	-	-	9,213	-
Deferred revenue	<u>-</u>	<u>1,736,199</u>	<u>3,952,651</u>	<u>331,805</u>
Total liabilities	<u>53,759</u>	<u>1,736,199</u>	<u>3,961,864</u>	<u>331,805</u>
Fund balances, unreserved, undesignated	<u>6,150,395</u>	<u>156,750</u>	<u>-</u>	<u>125,359</u>
Total liabilities and fund balances	<u>\$6,204,154</u>	<u>\$1,892,949</u>	<u>\$3,961,864</u>	<u>\$ 457,164</u>

See accompanying independent auditor's report.

<u>Housing Programs</u>	<u>Parks</u>	<u>Library</u>	<u>Public Safety</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ 145,058	\$ 135,739	\$ 174,422	\$ 141,260	\$ -	\$ 6,324,520
-	-	-	-	-	5,703,714
464	30	8,210	286,390	97,397	393,089
-	-	-	-	-	331,805
<u>8,288</u>	<u>-</u>	<u>-</u>	<u>22,599</u>	<u>-</u>	<u>764,860</u>
<u>\$ 153,810</u>	<u>\$ 135,769</u>	<u>\$ 182,632</u>	<u>\$ 450,249</u>	<u>\$ 97,397</u>	<u>\$13,535,988</u>
\$ 1,278	\$ 3,600	\$ 5,041	\$ 181,778	\$ 129	\$ 245,585
1,977	-	-	-	1,476	3,453
-	-	-	-	92,065	101,278
-	-	-	-	-	6,020,655
<u>3,255</u>	<u>3,600</u>	<u>5,041</u>	<u>181,778</u>	<u>93,670</u>	<u>6,370,971</u>
<u>150,555</u>	<u>132,169</u>	<u>177,591</u>	<u>268,471</u>	<u>3,727</u>	<u>7,165,017</u>
<u>\$ 153,810</u>	<u>\$ 135,769</u>	<u>\$ 182,632</u>	<u>\$ 450,249</u>	<u>\$ 97,397</u>	<u>\$13,535,988</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2007

	Special Revenue			
	Road Use Tax	Police and Fire Retirement	Employee Benefit	Economic Development
REVENUES				
Property taxes	\$ -	\$1,736,199	\$2,830,343	\$ -
Other City taxes	-	29,389	47,909	-
Intergovernmental	4,339,405	-	-	180,000
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	82,168
Total revenues	4,339,405	1,765,588	2,878,252	262,168
EXPENDITURES				
Current operating				
Public safety	-	1,608,838	-	-
Public works	624,547	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	216,689
Debt service, principal	53,234	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	1,039
Total expenditures	677,781	1,608,838	-	217,728
Excess (deficiency) of revenues over expenditures	3,661,624	156,750	2,878,252	44,440
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	-	-
Transfers in	-	-	-	50,500
Transfers out	(2,672,960)	-	(2,878,252)	(500)
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	(2,672,960)	-	(2,878,252)	50,000
Net change in fund balances	988,664	156,750	-	94,440
Fund balances (deficits), beginning of year	5,161,731	-	-	30,919
Fund balances, end of year	\$6,150,395	\$ 156,750	\$ -	\$ 125,359

See accompanying independent auditor's report.

Housing Programs	Parks	Library	Public Safety	Community Development Block Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,566,542
-	-	-	-	-	77,298
149,340	-	-	-	269,450	4,938,195
-	-	-	1,084,909	-	1,084,909
2,618	7,606	8,154	3,359	-	21,737
<u>57,766</u>	<u>44,809</u>	<u>131,485</u>	<u>147,718</u>	<u>2,000</u>	<u>465,946</u>
<u>209,724</u>	<u>52,415</u>	<u>139,639</u>	<u>1,235,986</u>	<u>271,450</u>	<u>11,154,627</u>
-	-	-	297,368	-	1,906,206
-	-	-	-	-	624,547
166,860	-	-	-	-	166,860
-	6,000	65,630	-	-	71,630
-	-	-	-	271,450	488,139
-	-	-	123,414	-	176,648
-	-	-	11,386	-	11,386
<u>20,000</u>	<u>-</u>	<u>40,597</u>	<u>836,490</u>	<u>-</u>	<u>898,126</u>
<u>186,860</u>	<u>6,000</u>	<u>106,227</u>	<u>1,268,658</u>	<u>271,450</u>	<u>4,343,542</u>
<u>22,864</u>	<u>46,415</u>	<u>33,412</u>	<u>(32,672)</u>	<u>-</u>	<u>6,811,085</u>
-	-	-	420,000	-	420,000
6,802	-	-	21,000	92,513	170,815
(13,126)	(161,333)	-	(117,661)	-	(5,843,832)
-	-	-	4,485	-	4,485
<u>(6,324)</u>	<u>(161,333)</u>	<u>-</u>	<u>327,824</u>	<u>92,513</u>	<u>(5,248,532)</u>
16,540	(114,918)	33,412	295,152	92,513	1,562,553
<u>134,015</u>	<u>247,087</u>	<u>144,179</u>	<u>(26,681)</u>	<u>(88,786)</u>	<u>5,602,464</u>
<u>\$ 150,555</u>	<u>\$ 132,169</u>	<u>\$ 177,591</u>	<u>\$ 268,471</u>	<u>\$ 3,727</u>	<u>\$ 7,165,017</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
INTERNAL SERVICE FUNDS
June 30, 2007

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
ASSETS					
Current assets					
Cash and investments	\$6,245,676	\$ -	\$1,036,361	\$ 416,456	\$ 7,698,493
Accounts receivable	-	100	5,091	-	5,191
Interest	78,823	-	1,656	-	80,479
Due from other governments	-	24,226	-	-	24,226
Inventories	-	69,355	-	-	69,355
Total current assets	<u>6,324,499</u>	<u>93,681</u>	<u>1,043,108</u>	<u>416,456</u>	<u>7,877,744</u>
Noncurrent assets, capital assets					
Equipment and vehicles	10,519,100	-	-	-	10,519,100
Accumulated depreciation	<u>(5,782,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,782,754)</u>
Total noncurrent assets	<u>4,736,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,736,346</u>
Total assets	<u>\$11,060,845</u>	<u>\$ 93,681</u>	<u>\$1,043,108</u>	<u>\$ 416,456</u>	<u>\$12,614,090</u>
LIABILITIES AND NET ASSETS (DEFICIT)					
Liabilities					
Current					
Accounts payable	\$ -	\$ 72,058	\$ 2,041	\$ 5,736	\$ 79,835
Claims payable	-	-	432,162	25,148	457,310
Due to other funds	<u>-</u>	<u>35,047</u>	<u>-</u>	<u>-</u>	<u>35,047</u>
Total current liabilities	<u>-</u>	<u>107,105</u>	<u>434,203</u>	<u>30,884</u>	<u>572,192</u>
Net assets (deficit)					
Invested in capital assets, net of related debt	4,736,346	-	-	-	4,736,346
Unrestricted (deficit)	<u>6,324,499</u>	<u>(13,424)</u>	<u>608,905</u>	<u>385,572</u>	<u>7,305,552</u>
Total net assets (deficit)	<u>11,060,845</u>	<u>(13,424)</u>	<u>608,905</u>	<u>385,572</u>	<u>12,041,898</u>
Total liabilities and net assets (deficit)	<u>\$11,060,845</u>	<u>\$ 93,681</u>	<u>\$1,043,108</u>	<u>\$ 416,456</u>	<u>\$12,614,090</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year ended June 30, 2007

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ —	\$1,001,698	\$4,536,731	\$ 81,598	\$ 5,620,027
Lease revenue	<u>1,194,366</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,194,366</u>
Total operating revenues	<u>1,194,366</u>	<u>1,001,698</u>	<u>4,536,731</u>	<u>81,598</u>	<u>6,814,393</u>
OPERATING EXPENSES					
Cost of sales and services	—	985,097	3,170,699	24,328	4,180,124
Administration	—	—	468,966	45,824	514,790
Depreciation	<u>980,400</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>980,400</u>
Total operating expenses	<u>980,400</u>	<u>985,097</u>	<u>3,639,665</u>	<u>70,152</u>	<u>5,675,314</u>
Operating income	<u>213,966</u>	<u>16,601</u>	<u>897,066</u>	<u>11,446</u>	<u>1,139,079</u>
Nonoperating revenues					
Investment earnings	308,426	—	30,667	—	339,093
Gain on disposal of capital assets	<u>80,221</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,221</u>
Total nonoperating revenues	<u>388,647</u>	<u>—</u>	<u>30,667</u>	<u>—</u>	<u>419,314</u>
Income before transfers	602,613	16,601	927,733	11,446	1,558,393
Transfers in	—	—	—	327,867	327,867
Transfers out	<u>(308,426)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(308,426)</u>
Change in net assets	294,187	16,601	927,733	339,313	1,577,834
Total net assets (deficit), beginning of year	<u>10,766,658</u>	<u>(30,025)</u>	<u>(318,828)</u>	<u>46,259</u>	<u>10,464,064</u>
Total net assets (deficit), end of year	<u>\$11,060,845</u>	<u>\$ (13,424)</u>	<u>\$ 608,905</u>	<u>\$ 385,572</u>	<u>\$12,041,898</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2007

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$1,194,366	\$ 989,181	\$4,544,222	\$ 81,598	\$6,809,367
Payments to suppliers	—	(1,030,869)	(505,307)	(51,936)	(1,588,112)
Payments to claimants	—	—	(3,169,351)	(90,019)	(3,259,370)
Net cash provided by (used in) operating activities	<u>1,194,366</u>	<u>(41,688)</u>	<u>869,564</u>	<u>(60,357)</u>	<u>1,961,885</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from other funds	—	35,047	—	—	35,047
Transfers in	—	—	—	327,867	327,867
Transfers out	<u>(308,426)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(308,426)</u>
Net cash (used in) noncapital financing activities	<u>(308,426)</u>	<u>35,047</u>	<u>—</u>	<u>327,867</u>	<u>54,488</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(848,364)	—	—	—	(848,364)
Proceeds from disposal of capital assets	<u>91,682</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>91,682</u>
Net cash (used in) capital and related financing activities	<u>(756,682)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(756,682)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	292,658	—	29,011	—	321,669
Purchase of investment securities	(4,500,000)	—	(500,000)	—	(5,000,000)
Proceeds from maturity of investment securities	<u>5,454,903</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,454,903</u>
Net cash provided by (used in) investing activities	<u>1,247,561</u>	<u>—</u>	<u>(470,989)</u>	<u>—</u>	<u>776,572</u>
Net increase (decrease) in cash and cash equivalents	1,376,819	(6,641)	398,575	267,510	2,036,263
Cash and cash equivalents Beginning of year	<u>368,857</u>	<u>6,641</u>	<u>137,786</u>	<u>148,946</u>	<u>662,230</u>
End of year	<u>\$1,745,676</u>	<u>\$ —</u>	<u>\$ 536,361</u>	<u>\$ 416,456</u>	<u>\$2,698,493</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS (continued)
INTERNAL SERVICE FUNDS
Year ended June 30, 2007

	<u>Vehicle Replacement</u>	<u>Vehicle Maintenance</u>	<u>Health and Dental Insurance</u>	<u>Worker's Compensation Insurance</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ 213,966	\$ 16,601	\$ 897,066	\$ 11,446	\$1,139,079
Adjustments to reconcile operating income to net cash provided by (used in) operating activities					
Depreciation	980,400	-	-	-	980,400
Change in assets and liabilities					
Receivables	-	(12,517)	7,491	-	(5,026)
Inventories	-	(35,765)	-	-	(35,765)
Accounts payable	-	(10,007)	(36,341)	(6,112)	(52,460)
Claims payable	-	-	1,348	(65,691)	(64,343)
Net cash provided by (used in) operating activities	<u>\$1,194,366</u>	<u>\$ (41,688)</u>	<u>\$ 869,564</u>	<u>\$ (60,357)</u>	<u>\$1,961,885</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE COMBINING BALANCE SHEET					
Cash and investments	\$6,245,676	\$ -	\$1,036,361	\$ 416,456	\$7,698,493
Less items not meeting the definition of cash equivalents	<u>4,500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>5,000,000</u>
Cash and cash equivalents at end of year	<u>\$1,745,676</u>	<u>\$ -</u>	<u>\$ 536,361</u>	<u>\$ 416,456</u>	<u>\$2,698,493</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2007

	<u>Collections and Deposits</u>	<u>Section 125 Plan</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and investments	\$ 217,297	\$ 13,217	\$ 230,514
Restricted assets, contractors' bonds	<u>7,759</u>	<u>—</u>	<u>7,759</u>
Total assets	<u>\$ 225,056</u>	<u>\$ 13,217</u>	<u>\$ 238,273</u>
LIABILITIES			
Deposits and remittances due	<u>\$ 225,056</u>	<u>\$ 13,217</u>	<u>\$ 238,273</u>

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended June 30, 2007

<u>Collections and Deposits</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
ASSETS				
Cash and investments	\$ 211,006	\$ 6,291	\$ -	\$ 217,297
Restricted assets, contractors' bonds	<u>7,859</u>	<u>205,617</u>	<u>205,717</u>	<u>7,759</u>
Total assets	<u>\$ 218,865</u>	<u>\$ 211,908</u>	<u>\$ 205,717</u>	<u>\$ 225,056</u>
LIABILITIES				
Accounts payable	\$ 16,991	\$ -	\$ 16,991	\$ -
Deposits and remittances due	<u>201,874</u>	<u>211,908</u>	<u>188,726</u>	<u>225,056</u>
Total liabilities	<u>\$ 218,865</u>	<u>\$ 211,908</u>	<u>\$ 205,717</u>	<u>\$ 225,056</u>
 Section 125 Plan				
ASSETS , cash and investments	<u>\$ 5,515</u>	<u>\$ 206,765</u>	<u>\$ 199,063</u>	<u>\$ 13,217</u>
LIABILITIES , deposits and remittances due	<u>\$ 5,515</u>	<u>\$ 206,765</u>	<u>\$ 199,063</u>	<u>\$ 13,217</u>
 Combined Funds				
ASSETS				
Cash and investments	\$ 216,521	\$ 213,056	\$ 199,063	\$ 230,514
Restricted assets, contractors' bonds	<u>7,859</u>	<u>205,617</u>	<u>205,717</u>	<u>7,759</u>
Total assets	<u>\$ 224,380</u>	<u>\$ 418,673</u>	<u>\$ 404,780</u>	<u>\$ 238,273</u>
LIABILITIES				
Accounts payable	\$ 16,991	\$ -	\$ 16,991	\$ -
Deposits and remittances due	<u>207,389</u>	<u>418,673</u>	<u>387,789</u>	<u>238,273</u>
Total liabilities	<u>\$ 224,380</u>	<u>\$ 418,673</u>	<u>\$ 404,780</u>	<u>\$ 238,273</u>

See accompanying independent auditor's report.

City of West Des Moines
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
US Department of Health and Human Services		
Low Income Energy Assistance	93.568	\$ 6,000
Community Services Block Grant	93.569	<u>6,000</u>
		12,000
US Department of Justice		
Public Safety Partnership and Community Policing Grants	16.710	879
Edward Byrne Memorial State and Local Law Enforcement Assistance	16.580	5,436
Bulletproof Vest Partnership Program	16.607	5,942
DEA Overtime Reimbursement	16.005	<u>2,785</u>
		15,042
US Department of Housing and Urban Development		
CDBG Entitlement and (HUD Administered) Small Cities Cluster		
Community Development Block Grants/Entitlement Grants	14.218	269,450
US Department of Housing and Urban Development		
Supportive Housing Program	14.235	86,397
US Department of Transportation		
Highway Safety Cluster		
State and Community Highway Safety	20.600	43,836
US Department of Homeland Security		
Public Assistance Grants	97.036	<u>120,885</u>
Total federal expenditures		<u>\$ 547,610</u>

BASIS OF PRESENTATION

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

City of West Des Moines, Iowa
SUMMARY OF KEY DATA FOR EACH TIF DISTRICT
(UNAUDITED)
Year ended June 30, 2007

	<u>Valley Junction/RR</u>	<u>Westtown III</u>	<u>Westtown IV</u>	<u>Mills Parkway</u>	<u>Jordan Creek</u>	<u>Total</u>
Beginning balance	\$5,433,336	\$ (64,751)	\$ 172,097	\$1,814,269	\$ 217,662	\$7,572,613
Deposits:						
Property tax	3,034,910	1,002,941	-	5,397,739	5,421,656	14,857,246
Interest in investments	-	34,584	-	47,809	-	82,393
Withdrawals:						
Debt service	1,924,331	1,289,175	-	4,300,935	3,966,104	11,480,545
Appraisal services	-	-	-	-	75,000	75,000
Transfer to capital projects						
Cash	-	-	-	3,740	-	3,740
WestNet	-	-	-	-	-	-
GMMCP Interchange	-	-	-	122	-	122
Fire/EMS station #4	-	-	-	406	-	406
MCP IMP - Addl lane/left turn	-	-	-	661,859	-	661,859
S 51 st and MCP signals	-	-	-	18,791	-	18,791
MCP /S JCP to S 105 th St	-	-	-	(4,872)	-	(4,872)
Railroad Ave. Improvements	130,442	-	-	-	-	130,442
Grand Ave / RR to Fuller	13,445	-	-	-	-	13,445
Grand Ave./ Fuller to west of RRP	18,941	-	-	-	-	18,941
Fuller / Grand Intersection	18,277	-	-	-	-	18,277
Grand / Vine Intersection	128,736	-	-	-	-	128,736
Lincoln St./S. 13 th to Fuller	38,474	-	-	-	-	38,474
Valley Junction Streetscape Impr	202,758	-	-	-	-	202,758
Valley Junction Trash Enclosures	247	-	-	-	-	247
University Bridge 180/35	-	-	-	-	-	-
50 th St & I-235 Improvements	-	-	16,534	-	-	16,534
Westtown/35 th to West Lakes	-	-	-	-	-	-
Westtown/West Lakes to 74 th	-	-	-	-	-	-
JC Pkwy & University Rt. Turn	-	127,356	-	-	-	127,356
74 th Street Improvements	-	-	-	-	-	-
60 th Street Interchange	-	-	-	-	-	-
74 th /Ashworth - I-80	-	-	-	-	-	-
JCP Trail/Office Plz-Westtown	-	-	-	-	-	-
Westtown Parkway Trail	-	-	-	-	-	-
Valley Junction Buy Out Program	-	-	-	-	-	-
Ending balance	<u>\$5,992,595</u>	<u>\$ (443,757)</u>	<u>\$ 155,563</u>	<u>\$2,278,836</u>	<u>\$1,598,214</u>	<u>\$9,581,451</u>
Tax Rates (per \$1,000 of taxable valuation):						
Within Polk County	36.78729	36.78729	-	36.78729	N/A	
Within Dallas County	N/A	37.55732	N/A	37.55732	37.55732	
January 1, 2005 Taxable Valuations:						
Polk County	95,589,010	4,535,000	-	89,370,000	N/A	
Dallas County	N/A	54,400,000	N/A	117,893,108	155,400,000	

City of West Des Moines, Iowa
SUMMARY OF KEY DATA FOR SEWER REVENUE BONDS
(UNAUDITED)
Year ended June 30, 2007

Sales History and Total Sewer Charges

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

Number of Sewer Customers

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

Larger Sewer Customers (Calendar year 2006)

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

Rates and Charges

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

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

Revenue Debt Supported by Sewer Revenues

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

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

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

C O N T E N T S

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

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

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

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

GASB Statement No. 34 implemented in fiscal year 2003.

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

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

(Continued)

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

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

GASB Statement No. 34 implemented in fiscal year 2003.

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

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

GASB Statement No. 34 implemented in fiscal year 2003.

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

	1998	1999	2000	2001
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	8,564,332	9,443,380	9,364,002	8,917,707
Total General Fund	\$ 8,564,332	\$ 9,443,380	\$ 9,364,002	\$ 8,917,707
All Other Governmental Funds:				
Reserved	\$ 7,324,196	\$ 8,551,488	\$ 18,483,516	\$ 12,545,332
Unreserved, reported in:				
Special revenue funds	7,580,928	5,727,532	6,588,787	5,673,248
Capital projects funds	(4,577,825)	(7,283,758)	(18,974,136)	(14,923,843)
Total all other government funds	\$ 10,327,299	\$ 6,995,262	\$ 6,098,167	\$ 3,294,737

Fiscal Year											
2002		2003		2004		2005		2006		2007	
\$	123,501	\$	91,264	\$	75,359	\$	7,813	\$	47,233	\$	7,700
	8,822,286		8,497,469		8,090,498		8,745,770		8,429,180		10,234,813
\$	8,945,787	\$	8,588,733	\$	8,165,857	\$	8,753,583	\$	8,476,413	\$	10,242,513
<hr/>											
\$	34,809,908	\$	30,550,349	\$	35,964,609	\$	19,737,587	\$	17,167,193	\$	16,518,756
	7,608,662		11,168,110		16,726,822		11,136,953		13,175,078		16,746,467
	(430,602)		22,344,402		16,967,983		11,347,844		5,951,173		2,142,098
\$	41,987,968	\$	64,062,861	\$	69,659,414	\$	42,222,384	\$	36,293,444	\$	35,407,321

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

	1998	1999	2000	2001
Revenues:				
Taxes	\$ 23,619,680	\$ 25,549,612	\$ 25,209,467	\$ 30,475,298
Special assessments	704,135	1,274,009	427,546	441,309
Licenses and permits	662,917	1,061,223	765,755	685,869
Intergovernmental	7,789,792	5,990,218	7,089,365	8,106,850
Charges for services	834,910	1,041,493	1,224,748	1,320,276
Use of money and property	1,245,239	1,097,358	1,192,179	1,229,898
Miscellaneous	289,200	634,600	616,956	551,886
Total revenues	35,145,873	36,648,513	36,526,016	42,811,386
Expenditures:				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Community protection	9,175,860	8,763,324	9,444,318	11,033,289
Human development	3,481,879	3,845,969	4,155,191	4,543,466
Home and community environment	8,613,708	9,469,879	6,234,734	6,964,862
Policy and administration	2,786,290	3,119,758	3,345,943	3,819,716
Capital outlay	11,302,433	12,637,809	17,207,172	27,661,173
Debt service:				
Principal	3,270,810	3,520,000	3,397,746	6,010,862
Interest	1,460,040	1,500,415	1,655,173	2,215,674
Bond issuance costs	-	-	-	-
Total expenditures	40,091,020	42,857,154	45,440,277	62,249,042
Excess (deficiency) of revenues over (under) expenditures	(4,945,147)	(6,208,641)	(8,914,261)	(19,437,656)
Other financing sources (uses):				
Issuance of long-term debt	3,142,592	3,000,000	7,000,000	15,000,000
Payments to escrow agent	-	-	-	-
Issuance of capital lease	1,148,997	-	-	83,400
Premium (discount) on long-term debt	-	-	-	-
Proceeds from sale of capital assets	37,304	17,777	28,562	128,378
Transfers In	15,767,510	17,473,801	17,585,087	28,502,278
Transfers Out	(14,722,425)	(16,735,926)	(16,675,861)	(27,526,125)
Total other financing sources (uses)	5,373,978	3,755,652	7,937,788	16,187,931
Net changes in fund balance	\$ 428,831	\$ (2,452,989)	\$ (976,473)	\$ (3,249,725)
Debt service as a percentage of noncapital expenditures	16.4%	16.6%	17.9%	23.8%

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

		Fiscal Year									
		2002	2003	2004	2005	2006	2007				
\$	33,631,941	\$	38,782,554	\$	40,815,026	\$	42,023,906	\$	43,413,473	\$	52,178,661
	568,077		231,943		225,112		485,872		136,656		289,719
	1,003,125		700,261		1,072,584		1,320,158		973,262		975,003
	9,608,244		10,133,859		8,362,211		14,055,362		8,737,982		9,406,490
	1,419,335		1,817,837		2,292,260		2,561,137		2,877,346		3,870,691
	649,164		696,474		987,885		1,582,970		2,250,645		2,574,840
	1,465,597		1,342,002		1,154,478		869,879		1,843,179		1,439,447
	48,345,483		53,704,930		54,909,556		62,899,284		60,232,543		70,734,851
	-		11,412,329		12,720,663		14,487,675		16,220,743		18,065,698
	-		5,676,476		6,062,234		6,407,950		6,573,996		6,735,605
	-		726,762		769,984		806,975		881,172		947,488
	-		4,215,107		4,642,852		5,010,004		5,527,149		5,924,537
	-		3,372,440		2,892,764		4,634,094		3,562,412		3,827,557
	-		3,168,044		3,715,580		3,843,167		4,485,179		4,544,709
	11,065,825		-		-		-		-		-
	5,021,556		-		-		-		-		-
	8,408,187		-		-		-		-		-
	3,746,235		-		-		-		-		-
	28,136,362		45,875,946		42,083,369		38,086,083		15,107,714		16,086,159
	7,047,246		11,211,720		11,729,299		13,434,257		14,921,109		12,785,548
	2,700,596		3,760,575		6,139,566		6,403,714		6,084,607		5,814,531
	-		484,357		400,441		60,348		43,060		-
	66,126,007		89,903,756		91,156,752		93,174,267		73,407,141		74,731,832
	(17,780,524)		(36,198,826)		(36,247,196)		(30,274,983)		(13,174,598)		(3,996,981)
	56,525,000		57,334,590		41,559,249		3,055,000		6,106,869		-
	(3,575,000)		-		-		-		-		-
	-		250,200		-		-		-		420,000
	-		-		(50,403)		34,812		(52,123)		-
	828,267		20,000		121,101		26,693		33,674		15,115
	34,811,099		18,605,963		64,351,651		61,973,160		29,599,379		35,371,885
	(33,704,259)		(18,468,395)		(64,560,725)		(61,663,986)		(28,719,311)		(30,430,042)
	54,885,107		57,742,358		41,420,873		3,425,679		6,968,488		5,376,958
\$	37,104,583	\$	21,543,532	\$	5,173,677	\$	(26,849,304)	\$	(6,206,110)	\$	1,379,977
	25.7%		35.1%		37.2%		36.1%		36.1%		31.7%

City of West Des Moines, Iowa
 Schedule 6
 General Government Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Taxes (1)	Tax Increment Finance Revenue(TIF)	Cable Franchise	Hotel/ Motel Tax	Total
1998	19,609,433	\$ 3,029,079	\$ 124,844	\$ 856,324	\$ 23,619,680.00
1999	19,390,106	4,241,815	215,715	1,701,976	\$ 25,549,612.00
2000	22,111,729	1,887,180	207,115	1,003,443	\$ 25,209,467.00
2001	23,312,495	5,481,505	181,386	1,499,912	\$ 30,475,298.00
2002	23,366,334	8,568,465	197,957	1,499,185	\$ 33,631,941.00
2003	25,037,082	11,868,449	435,509	1,441,514	\$ 38,782,554.00
2004	27,398,782	11,674,926	313,435	1,427,883	\$ 40,815,026.00
2005	30,164,155	9,945,370	262,617	1,651,764	\$ 42,023,906.00
2006	31,014,272	10,089,944	342,629	1,966,628	\$ 43,413,473.00
2007	34,907,611	14,857,246	281,827	2,131,977	\$ 52,178,661.00
Change 1998-2007	78.01%	390.49%	125.74%	148.97%	120.91%

Source: City records.

(1) For the purposes of this schedule, Property Taxes includes miscellaneous Other City Taxes that are received in conjunction with the county's tax collections on behalf of the City. These misc. taxes include: Utility Tax Replacement / Excise Tax and Machinery & Equipment Tax Replacement which is being phased out.



City of West Des Moines, Iowa
 Schedule 7
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Valuation Date Jan. 1,	Fiscal Year Collected	Residential Property	Commercial Property	Industrial Property	Personal Property	Utilities	Tax Increment
1996	1998	\$ 1,323,114,430	\$ 869,243,997	\$17,069,290	\$ 25,776,226	\$ 69,933,436	\$128,320,732
1997	1999	1,392,905,576	830,288,113	19,527,482	16,394,292	71,032,636	147,700,131
1998	2000	1,601,134,020	1,001,073,791	31,648,360	15,109,440	71,601,965	67,351,529
1999	2001	1,726,334,550	1,077,114,757	20,566,690	11,654,582	60,156,148	182,675,824
2000	2002	1,767,314,030	1,080,090,851	17,439,860	9,113,855	63,747,063	299,630,526
2001	2003	1,934,796,130	1,165,307,170	18,477,730	-	65,290,186	457,180,614
2002	2004	2,086,202,897	1,306,469,276	18,911,478	-	60,638,834	311,949,260
2003	2005	2,315,440,320	1,400,238,201	19,387,724	-	60,627,791	365,388,173
2004	2006	2,436,275,657	1,445,862,496	19,344,180	-	63,271,857	375,112,722
2005	2007	2,806,348,158	1,574,956,035	20,295,460	-	67,559,399	491,421,990

Source: Polk and Dallas County Auditor's Offices

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

Total Assessed Value	Actual Taxable Value	Total Direct Tax Rate
\$ 2,433,458,111	\$ 1,864,646,853	10.89988
2,477,848,230	1,956,538,970	10.90000
2,787,919,105	2,071,736,731	10.89994
3,078,502,551	2,254,017,087	10.90000
3,237,336,185	2,407,746,576	10.90002
3,641,051,830	2,562,287,676	11.60003
3,784,171,745	2,677,302,154	11.60206
4,161,082,209	2,838,397,892	11.72770
4,339,866,912	2,949,101,530	11.72540
4,960,581,042	3,340,592,057	11.95000

City of West Des Moines, Iowa
 Schedule 8
 Direct and Overlapping Property Tax Rates - Per \$1,000 of Assessed Valuation
 Last Ten Fiscal Years

Fiscal Year	City Direct Rates				Overlapping Rates					Total Direct & Overlapping Rates
	General Fund	Debt Service	Other Levies	Total Direct	School District	County	Community College	Regional Transit	State	
Polk County / West Des Moines Community School District:										
1998	7.35645	2.34559	1.19784	10.89988	13.58058	9.11536	0.47230		0.00500	34.07312
1999	7.38456	2.31128	1.20416	10.90000	13.66525	9.28690	0.50551		0.00500	34.36266
2000	7.67834	2.09413	1.12747	10.89994	13.50526	9.27874	0.52451		0.00500	34.21345
2001	7.73061	2.07053	1.09886	10.90000	13.49887	9.25371	0.54506		0.00500	34.20264
2002	7.57718	2.03732	1.28552	10.90002	13.48681	9.63888	0.54454		0.00500	34.57525
2003	7.99295	2.15299	1.45409	11.60003	13.50200	9.72217	0.54584		0.00400	35.37404
2004	7.94848	2.19945	1.45413	11.60206	13.50422	9.76226	0.58184		0.00400	35.45438
2005	8.01297	2.14435	1.57045	11.72777	13.50200	9.96460	0.59856		0.00400	35.79693
2006	7.75465	2.15008	1.82067	11.72540	13.50341	9.94318	0.68408		0.00400	35.86007
2007	7.98419	2.06729	1.89852	11.95000	13.70060	10.17511	0.68688	0.27070	0.00400	36.78729
Dallas County / Waukee Community School District:										
1998	7.35645	2.34559	1.19784	10.89988	16.86966	6.26157	0.47230		0.00500	34.50841
1999	7.38456	2.31128	1.20416	10.90000	16.97163	6.69435	0.50551		0.00500	35.07649
2000	7.67834	2.09413	1.12747	10.89994	17.34163	6.65965	0.52451		0.00500	35.43073
2001	7.73061	2.07053	1.09886	10.90000	17.48175	7.20946	0.54506		0.00500	36.14127
2002	7.57718	2.03732	1.28552	10.90002	17.46339	7.59039	0.54454		0.00500	36.50334
2003	7.99295	2.15299	1.45409	11.60003	17.64948	7.51400	0.54584		0.00400	37.31335
2004	7.94848	2.19945	1.45413	11.60206	17.66440	7.47940	0.58184		0.00400	37.33170
2005	8.01297	2.14435	1.57038	11.72770	17.89346	7.33479	0.59856		0.00400	37.55851
2006	7.75465	2.15008	1.82067	11.72540	17.84693	6.83794	0.68408		0.00400	37.09835
2007	7.98419	2.06729	1.89852	11.95000	17.80905	6.83669	0.68688	0.27070	0.00400	37.55732

Source: Polk and Dallas County Auditor's Offices

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

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

Taxpayer	2008*			1998		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Wells Fargo Home Mortgage	184,167,340	1	3.50%			
GPG Jordan Creek LLC	154,186,230	2	2.93%			
Valley West DM	81,900,000	3	1.56%	73,231,210	1	3.01%
Mid-America Investment Company	56,580,000	4	1.07%	35,194,987	3	1.45%
CCOP I LLC	48,196,430	5	0.92%			
IFBF Property Management	44,061,100	6	0.84%			
1776 Westlakes Parkway LC	31,000,000	7	0.59%			
Dallas County Partners II	27,284,360	8	0.52%	21,620,820	7	0.89%
Hy-Vee Food Stores, Inc.	22,971,900	9	0.44%	16,502,714	10	0.68%
Three Fountains I LLC	19,872,500	10	0.38%			
MidAmerican Energy				60,489,136	2	2.49%
Farm Bureau Insurance Companies				33,277,598	4	1.37%
R & R Investors				28,671,130	5	1.18%
Iowa Realty Co. Inc., I.R.F.B. Joint Venture				27,502,270	6	1.13%
Preferred Risk Mutual Life Insurance Co.				21,185,227	8	0.87%
Dallas County Partners				18,108,373	9	0.74%
Total	<u>\$ 670,219,860</u>		<u>12.73%</u>	<u>\$ 335,783,465</u>		<u>13.80%</u>

Source: Polk and Dallas County Assessor's Offices

* 2007 valuations not available

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

Fiscal Year Ended June 30:	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
1998	\$ 22,213,855	\$ 22,512,975	101.35%
1999	24,386,437	24,242,117	99.41%
2000	23,875,542	24,129,161	101.06%
2001	27,591,430	28,044,286	101.64%
2002	31,474,669	31,587,309	100.36%
2003	36,818,095	37,117,890	100.81%
2004	38,012,501	38,383,372	100.98%
2005	38,820,140	39,491,148	101.73%
2006	40,943,977	40,724,880	99.46%
2007	48,771,504	49,195,228	100.87%

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

Delinquent Tax Collections	Total Collections	
	Amount	Percentage of Levy
\$ 6,999	\$ 22,519,974	101.38%
1,621	24,243,738	99.41%
76,863	24,206,024	101.38%
2,032	28,046,318	101.65%
217	31,587,526	100.36%
4,862	37,122,752	100.83%
18,245	38,401,617	101.02%
5,410	39,496,558	101.74%
-	40,724,880	99.46%
5,107	49,200,335	100.88%

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

Fiscal Year	Governmental Activities			
	General	Tax Increment	Capital	Loans Payable
	Obligation Bonds	Financing Bonds	Leases	& Installment Contracts
1998	\$ 29,191,720	\$ 3,111,436	\$ 817,900	\$ 524,429
1999	28,782,308	-	672,923	500,146
2000	25,730,186	6,870,000	519,190	1,541,808
2001	27,420,480	14,825,000	439,571	1,183,965
2002	65,033,814	24,075,000	244,621	825,873
2003	117,419,257	17,990,000	269,142	849,434
2004	148,863,512	16,295,000	204,978	516,348
2005	144,280,000	10,600,000	157,466	412,729
2006	136,625,000	9,450,000	207,993	332,381
2007	125,840,000	7,705,000	432,344	275,739

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

Business-type Activities			Total Primary Government	Total Debt Per Capita
Financing Agreements	General Obligation Bonds	Revenue Bonds		
\$ 5,397,710	\$ 2,458,280	\$ 8,380,000	\$ 49,881,475	\$ 1,261
4,709,383	2,347,692	7,937,000	44,949,452	1,136
4,265,586	2,209,814	7,474,000	48,610,584	1,048
3,800,738	2,074,520	6,991,000	56,735,274	1,223
3,315,238	1,941,186	6,487,000	101,922,732	2,196
2,790,827	1,783,686	5,955,000	147,057,346	3,169
2,302,506	611,486	5,384,000	174,177,830	3,754
-	-	4,802,000	160,252,195	3,097
-	-	4,199,000	150,814,374	2,915
-	-	3,567,000	137,820,083	2,663

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

Fiscal Year	General Obligation Bonds	Tax Increment Financing Bonds	Gross Bonded Debt	Less: Amount Available in Debt Service	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1998	\$ 31,650,000	\$ 3,111,436	\$ 34,761,436	\$ 637,547	\$ 34,123,889	0.01402 to 1	\$ 863
1999	31,130,000	-	31,130,000	259,958	30,870,042	0.01246 to 1	780.30
2000	27,940,000	6,870,000	34,810,000	1,447,938	33,362,062	0.01197 to 1	718.96
2001	29,495,000	14,825,000	44,320,000	2,613,846	41,706,154	0.01355 to 1	898.78
2002	66,975,000	24,075,000	91,050,000	3,913,946	87,136,054	0.02692 to 1	1,877.81
2003	119,202,943	17,990,000	137,192,943	4,719,389	132,473,554	0.03638 to 1	2,854.85
2004	149,474,998	16,295,000	165,769,998	6,803,146	158,966,852	0.04201 to 1	3,425.79
2005	144,280,000	10,600,000	154,880,000	9,276,283	145,603,717	0.03499 to 1	2,813.92
2006	136,625,000	9,450,000	146,075,000	4,713,432	141,361,568	0.03257 to 1	2,731.94
2007	125,840,000	7,705,000	133,545,000	5,493,105	128,051,895	0.02581 to 1	2,474.72

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

City of West Des Moines, Iowa
 Schedule 13
 Direct and Overlapping Governmental Activities Debt
 For the Year Ended June 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Polk County	\$ 251,860,000	15.72%	\$ 39,592,392
Des Moines Area Community College	68,075,000	9.03%	6,147,173
West Des Moines Community School District	18,815,000	65.74%	12,368,981
Subtotal, overlapping debt			58,108,546
City Direct Debt			134,253,083
Total direct and overlapping debt			\$ 192,361,629

Sources: Finance officer for each government entity listed

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

	1998	1999	2000	2001
Debt limit	\$ 123,892,412	\$ 139,395,955	\$ 153,925,128	\$ 161,866,809
Total net debt applicable to limit	32,303,069	36,870,998	45,943,536	92,120,494
Legal debt margin	\$ 91,589,343	\$ 102,524,957	\$ 107,981,592	\$ 69,746,315
Total net debt applicable to the limit as a percentage of debt limit	26.07%	26.45%	29.85%	56.91%

	2002		2003		2004		2005		2006		2007
\$	182,052,592	\$	189,208,587	\$	207,747,136	\$	207,991,349	\$	216,929,744	\$	248,177,690
	138,311,519		166,491,324		155,450,195		146,615,374		146,615,374		134,253,083
\$	43,741,073	\$	22,717,263	\$	52,296,941	\$	61,375,975	\$	70,314,370	\$	113,924,607
	75.97%		87.99%		74.83%		70.49%		67.59%		54.10%

Legal Debt Margin Calculation for Fiscal Year 2007:

Total Assessed Value	1/1/2005	\$	4,963,553,808
Debt limit (5% of total assessed value)		\$	248,177,690
Less: Debt applicable to limit			
General obligation bonds			125,840,000
General obligation bonds payable by enterprise funds			-
TIF revenue bonds			7,705,000
Capital lease obligations			432,344
Loans payable and installment contracts			275,739
Legal debt margin		\$	<u>113,924,607</u>

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

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

Notes:

Revenue = Operating Revenue + investment earnings

Operating expenses excluding depreciation and amortization expenses:

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

Calendar Year	Population	Personal Income	Per Capita Income	Unemployment Rate	Taxable Retail Sales (1)
1998	39,562	\$ 13,614,781	\$ 30,217	2.2%	\$ 704,030,575
1999	39,562	14,365,888	31,399	2.0%	815,650,848
2000	46,403	15,218,999	32,728	2.5%	858,590,928
2001	46,403	15,800,827	33,487	2.8%	853,491,553
2002	46,403	16,646,109	34,858	3.5%	871,552,123
2003	46,403	17,302,853	35,852	4.0%	965,124,639
2004	46,403	18,640,861	37,862	4.5%	914,997,369
2005	51,744	NA	39,215	4.2%	1,115,625,249
2006	51,744	NA	NA	3.4%	1,256,339,527
2007	51,744	NA	NA	NA	1,354,682,059

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

NA - Information not available

(1) Year ending March 31st

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

Employer	Type of Business	1998			2007		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo Home Mortgage	Financial Services	-	-	*	3,177	1	5.94%
West Des Moines Community School District	Education	950	3	*	1,350	2	2.53%
FBL Financial Group	Insurance / Financial Services	800	5	*	1,160	3	2.17%
Wells Fargo Card Services	Financial Services	1,300	2	*	1,069	4	2.00%
Marsh Insurance	Insurance	700	7	*	1,031	5	1.93%
Hy-Vee Inc.	Grocery Stores	795	6	*	759	6	1.42%
Iowa Foundation for Medical Care	Healthcare Management	-	-	*	645	7	1.21%
Preferred Risk / Guide One Insurance Company	Insurance	850	4	*	523	8	0.98%
ADP National Service Center	Financial Services	-	-	*	520	9	0.97%
ITA Group	Consulting	-	-	*	450	10	0.84%
Sears Credit Services	Financial Services	1,400	1	*	-	-	-
John Deere Credit	Financial Services	687	8	*	-	-	-
Fawn Engineering Corporation	Manufacturing	625	9	*	-	-	-
Iowa Realty	Real Estate	375	10	*	-	-	-
All other employers		*	*	*	53,417	-	100.00%

* Information not available

Source: Bond Offering Statements prepared by independent financial advisor



City of West Des Moines, Iowa

Schedule 18

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

Functions/Program	Full-Time Equivalent Employees				
	1998	1999	2000	2001	2002
Community Enrichment:					
Human Services	10.00	11.00	11.50	11.50	11.50
Library	22.00	21.50	23.10	23.10	23.10
Parks & Recreation	17.75	19.75	21.50	22.00	22.75
Public Safety:					
Emergency Medical Services	6.00	9.00	10.00	10.00	10.00
Fire	22.00	22.00	31.00	31.00	31.00
Police	72.00	76.00	79.00	85.00	72.75
WestCom Dispatch Center	-	-	-	-	15.25
Public Services:					
Community Development	18.00	19.00	19.00	20.00	20.00
Public Works	60.50	63.50	65.50	63.00	63.00
Support Services:					
Administrative Services	9.75	9.75	9.75	9.75	9.75
City Manager's Office	3.50	3.50	3.50	3.50	3.50
Human Resources	3.50	3.50	3.50	4.00	4.00
Information Services	2.00	2.00	3.00	4.00	4.00
Legal	-	1.00	1.50	2.00	3.00
Total	247.00	261.50	281.85	288.85	293.60

Source: City Payroll records

as of June 30

2003	2004	2005	2006	2007
11.50	12.00	12.00	12.00	12.00
23.10	23.60	23.60	23.60	23.60
22.75	22.75	23.75	23.75	23.75
13.00	13.00	16.00	16.00	19.00
36.00	36.00	39.00	39.00	51.00
76.75	81.75	81.75	82.75	82.75
17.25	18.25	18.25	18.25	20.25
22.00	22.00	22.00	22.00	23.00
63.00	67.00	68.00	71.00	72.00
10.25	9.25	9.25	9.25	9.50
3.50	3.50	3.50	4.00	4.00
4.00	4.00	4.00	4.50	4.50
5.00	6.00	7.00	7.00	7.00
3.00	3.00	3.00	3.00	3.00
311.10	322.10	331.10	336.10	355.35

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

Function/Program	1998	1999	2000	2001	2002	2003
Emergency Medical Services						
Total ambulance calls	NA	NA	NA	2,349	2,405	2,622
Fire Department						
Total incidents	1,290	1,544	1,601	1,670	1,975	2,569
Total estimated loss	\$ 957,349	\$ 2,695,040	\$ 2,810,040	\$ 979,985	\$ 473,165	\$ 344,715
Police Department						
Number of parking tickets issues	NA	NA	NA	NA	1,217	1,204
Percent of parking tickets paid	NA	NA	NA	NA	70.17%	81.24%
Calls for service	NA	NA	44,724	43,062	38,336	39,115
Case Reports	NA	NA	6,607	6,858	6,694	6,832
Fed UCR Part 1 Crimes	NA	NA	1,864	1,885	1,861	1,993
Development Services						
Total building permits issued	1,317	1,526	1,451	1,171	1,372	1,185
Total value of permits issued	\$ 129,855,162	\$ 214,413,990	\$ 139,621,124	\$ 124,039,871	\$ 220,108,303	\$ 135,901,444
Public Works						
% Citizens satisfied with city maintenance*	-	90%	-	-	91%	-
Lane miles of streets per operator	20.14	20.95	20.77	20.57	21.39	21.33
Library						
Volumes in collection	113,327	125,483	136,908	142,238	143,130	145,782
Annual circulation	591,775	615,945	645,284	615,492	626,694	631,784
Parks & Recreation						
Aquatic Centers	1	1	1	1	1	2
Aquatic Center attendance	33,226	34,574	30,497	32,283	36,287	89,051
Rec program participation	NA	NA	NA	NA	46,989	49,910
Total acres of parks maintained	1,070.9	1,098.6	1,205.9	1,206.8	1,216.7	1,220.6
Total miles of trails maintained	8.6	13.2	15.8	18.8	19.8	22.0

NA - Historical date not available

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

	2004	2005	2006	2007
	2,894	3,245	3,245	3,245
	2,375	2,341	2,341	2,341
\$	3,987,860	\$ 856,572	\$ 856,572	\$ 856,572
	1,195	1,178	1,178	1,178
	81.21%	74.88%	74.88%	74.88%
	44,051	51,439	51,439	51,439
	7,199	7,385	7,385	7,385
	1,872	1,970	1,970	1,970
	1,567	1,159	1,159	1,159
\$	363,813,418	\$ 176,762,250	\$ 176,762,250	\$ 176,762,250
	93%	-	-	-
	21.43	22.78	22.78	22.78
	149,579	154,740	154,740	154,740
	612,398	620,089	620,089	620,089
	2	2	2	2
	96,957	136,198	136,198	136,198
	54,372	57,810	57,810	57,810
	1,222.2	1,222.2	1,222.2	1,222.2
	28.1	37.3	37.3	37.3

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

Department	1998	1999	2000	2001
Police: Stations	1	1	1	1
Fire: Stations	3	3	3	3
Public Works:				
Streets (Miles):				
Paved	164	164	164	164
Unpaved	16	16	16	16
Traffic Signals				
Wastewater (Miles):				
Storm Sewer	84	84	84	84
Sanitary Sewer	169	169	169	169
Parks & Recreation:				
Park Acreage	1,106	1,214	1,200	1,217
Parks	18	23	22	33
Parks with Playground Equipment	11	12	13	15
Miles of Trails	12	13	18	20
Baseball/Softball Diamonds	24	24	24	24
Horseshoe Courts	18	18	18	18
Sand Volleyball Courts	5	5	5	5
Soccer/Football Fields	21	21	21	21
Basketball Courts	7	8	8	8
Tennis Courts	10	10	10	10
Swimming pools	1	1	1	1
Aquatic Centers	-	-	-	-
Wading Pools	1		1	1
Dog Parks	-	-	-	-
Parks and Recreation / Other:				
Cemetery acres	9	9	9	9
Library:				
Facilities	1	1	1	1
Volumes in collection	113,327	125,483	136,908	142,238

Source: Department capital asset records

2002	2003	2004	2005	2006	2007
1	1	1	1	1	1
4	4	4	4	4	5
487	516	545	622	620	642
26	39	36	37	43	42
82	85	110	153	180	150
176	191	197	211	220	223
1,221	1,222	1,222	1,222	1,222	1,274
33	33	33	33	33	37
15	18	18	18	19	20
21	28	28	33	36	38
24	24	24	24	24	24
18	18	18	18	18	18
5	5	5	5	5	5
21	21	21	21	21	21
9	9	9	9	13	13
10	10	10	10	11	11
1	-	-	-	-	-
-	2	2	2	2	2
1	2	2	2	1	1
-	-	-	1	1	1
9	9	9	9	9	9
1	1	1	1	1	1
143,130	145,782	149,579	154,740	157,681	160,801



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

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

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa as of and for the year ended June 30, 2007, which collectively comprise the City of West Des Moines, Iowa's basic financial statements and have issued our report thereon dated January 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters in Part IV of the Schedule of Findings are not intended to constitute legal interpretations of those statutes.

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

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 18, 2008

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

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

Compliance

We have audited the compliance of the City of West Des Moines (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of West Des Moines complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

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

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

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

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 18, 2008

City of West Des Moines, Iowa
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2007

Summary

Status

Other Findings Related to Required Statutory Reporting:

06-IV-A	Disbursements during the year exceeded the amount budgeted in the debt service and public works functions.	Corrected
06-IV-F	Minutes of Council meetings were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.	Not corrected; see finding 07-IV-F
06-IV-M	The Public Safety Special Revenue Fund, the Community Development Block Grant Special Revenue Fund, the Health and Dental Internal Service Fund and the Vehicle Maintenance Internal Service Fund had deficit fund balances as of June 30, 2006.	Partially corrected; see finding 07-IV-M

**City of West Des Moines
SCHEDULE OF FINDINGS
Year ended June 30, 2007**

Part I. Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal controls over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to major programs.
- (f) The audit did not disclose audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - *CFDA Number 14.218 - Community Development Block Grants/Entitlement Grants
 - *CFDA Number 93.569 - Community Services Block Grant
- (h) The dollar threshold used to distinguish between type A and B programs was \$300,000.
- (i) The City of West Des Moines did not qualify as a low-risk auditee.

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

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

**City of West Des Moines, Iowa
SCHEDULE OF FINDINGS
Year ended June 30, 2007**

Part IV—Other Findings Related to Required Statutory Reporting

07-IV-A CERTIFIED BUDGET

City disbursements during the year ended June 30, 2007, did not exceed the amounts budgeted in any functional area.

07-IV-B QUESTIONABLE EXPENDITURES

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

07-IV-C TRAVEL EXPENSE

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

07-IV-D BUSINESS TRANSACTIONS

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

07-IV-E BOND COVERAGE

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

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

Finding

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

Recommendation

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

Response and Corrective Action Plan

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

Conclusion

Response Accepted.

City of West Des Moines, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2007

07-IV-G DEPOSITS AND INVESTMENTS

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

07-IV-H REVENUE NOTES

The City has complied with the revenue bond provisions.

07-IV-I PAYMENT OF GENERAL OBLIGATION BONDS

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

07-IV-J ECONOMIC DEVELOPMENT

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

07-IV-K NOTICE OF PUBLIC HEARING FOR PUBLIC IMPROVEMENTS

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

07-IV-L SALES TAX

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

07-IV-M FINANCIAL CONDITION

Finding

Vehicle Maintenance Internal Service Fund had a deficit fund balance of \$13,424 as of June 30, 2007.

Recommendation

The City should investigate alternatives to eliminate the deficit in order to return this account to a sound financial position.

Response and Corrective Action Plan

Staff from the Administrative Services Department is working with the Public Works Department to establish procedures to ensure timely reconciliations are completed which will ensure all costs are allocated back to the appropriate department in a timely manner.

Conclusion

Response Accepted.

**City of West Des Moines, Iowa
CORRECTIVE ACTION PLAN
Year ended June 30, 2007**

Other Findings Related to Required Statutory Reporting

<u>Current Number</u>	<u>Comment</u>	<u>Corrective Action Plan</u>	<u>Anticipated Date of Completion</u>	<u>Contact Person</u>
07-IV-F	Minutes of Council meetings were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.	See response and corrective action plan at 07-IV-F	June 30, 2008	Jody Smith
07-IV-M	Vehicle Maintenance Internal Service Fund had a deficit fund balance as of June 30, 2007.	See response and corrective action plan at 07-IV-M	June 30, 2008	Jody Smith