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

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

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

Internal Control Over Financial Reporting

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

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

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

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

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Compliance and Other Matters

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

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

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

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

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 5, 2008

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

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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

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 5, 2008

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

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

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

Part I. Summary of the Independent Auditor's Results

(a) An unqualified opinion was issued on the financial statements.

(b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any noncompliance which is material to the financial statements.

(d) No significant deficiencies in internal controls over major programs were noted.

(e) An unqualified opinion was issued on compliance with requirements applicable to major programs.

(f) The audit did not disclose audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

*CFDA Number 21.000 - Temporary State Fiscal Relief (Jobs and Growth Tax Reconciliation Act of 2003)
*CFDA Number 16.710 - Public Safety Partnership and Community Policing Grants

(h) The dollar threshold used to distinguish between type A and B programs was $300,000.

(i) The City of West Des Moines did not qualify as a low-risk auditee.

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

NONE

Part III–Findings and Questioned Costs for Federal Awards

NONE

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

Part IV–Other Findings Related to Required Statutory Reporting

08-IV-A CERTIFIED BUDGET

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

08-IV-B QUESTIONABLE EXPENDITURES

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

08-IV-C TRAVEL EXPENSE

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

08-IV-D BUSINESS TRANSACTIONS

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

08-IV-E BOND COVERAGE

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

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

Finding

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

Recommendation

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

Response and Corrective Action Plan

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

Conclusion

Response Accepted.

08-IV-G DEPOSITS AND INVESTMENTS

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

08-IV-H REVENUE BONDS

The City has complied with the revenue bond provisions.

08-IV-I PAYMENT OF GENERAL OBLIGATION BONDS

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

08-IV-J ECONOMIC DEVELOPMENT

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

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

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

08-IV-L SALES TAX

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

08-IV-M FINANCIAL CONDITION

Finding

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

Recommendation

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

Response and Corrective Action Plan

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

Conclusion

Response Accepted.

08-IV-N POLICE DEPARTMENT ACTIVITIES

Finding

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

Recommendation

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

Response

We will make deposits on a weekly basis.

Conclusion

Response Accepted.

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

Other Findings Related to Required Statutory Reporting

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