

**City of Waukee, Iowa**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**June 30, 2008**



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**City of Waukee, Iowa  
OFFICIALS**

	<u><b>Term expires</b></u>
<b>MAYOR AND MEMBERS OF CITY COUNCIL (Before January 2008)</b>	
William Peard, Mayor	January 2008
Donald Bailey, Jr., Council Member	January 2010
Isaiah McGee, Council Member	January 2010
Michael Watts, Council Member	January 2010
Jeff Mertz, Council Member	January 2008
Darlene Stanton, Council Member	January 2008
<b>CITY ADMINISTRATOR</b>	
Jeff Kooistra	Indefinite
<b>DEPUTY CITY CLERK</b>	
Rebecca D. Schuett	Indefinite
<b>CITY TREASURER</b>	
Linda Burkhart	Indefinite
<b>CITY ATTORNEY</b>	
Steven P. Brick	January, 2008
	<u><b>Term expires</b></u>
<b>MAYOR AND MEMBERS OF CITY COUNCIL (After January 2008)</b>	
William Peard, Mayor	January 2010
Donald Bailey, Jr., Council Member	January 2010
Isaiah McGee, Council Member	January 2010
Michael Watts, Council Member	January 2010
Casey L. Harvey, Council Member	January 2012
Darlene Stanton, Council Member	January 2012
<b>CITY ADMINISTRATOR</b>	
Jeff Kooistra	Indefinite
<b>DEPUTY CITY CLERK</b>	
Rebecca D. Schuett	Indefinite
<b>CITY TREASURER</b>	
Linda Burkhart	Indefinite
<b>CITY ATTORNEY</b>	
Steven P. Brick	January, 2009

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
Waukee, 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 Waukee, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the contents page of this report. These financial statements are the responsibility of the City of Waukee'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 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 Waukee as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, 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 October 29, 2008 on our consideration of the City of Waukee's internal control over financial reporting and on 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.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 45 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukee's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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.

*Denman & Company, LLP*  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
October 29, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Waukee provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities increased 6.08 %, or approximately \$559,887, from fiscal 2007 to fiscal 2008. Property tax increased approximately \$600,496, tax increment financing increased \$796,149, licenses and permits decreased \$139,091 and intergovernmental decreased approximately \$673,184.
- Program expenses increased 35.83 %, or approximately \$4,142,184 in fiscal 2008 from fiscal 2007. Public Safety expenses increased \$296,471, Community and Economic Development increased \$55,991, Culture and Recreation decreased \$127,258, and Capital Projects increased \$3,701,346.
- The City has net assets of \$72,762,119 on June 30, 2008 as compared to \$64,053,816 on June 30, 2007. Of this amount, the net assets of the governmental activities was \$51,018,757 and the net assets of the business type activities was \$21,743,362.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the City of Waukee as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major Governmental and Proprietary Funds, and Schedules of Revenues by Source and Expenditures by Function. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the City's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Assets and the Statement of Activities report two kinds of activities:

- Governmental activities include public safety, public works, health & social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax, state and federal grants, and license and permit fees finance most of these activities.
- Business type activities include the water, sewer, gas and storm water utilities, the municipal golf course and the City's sanitation department. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

(1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Tax Increment Financing Revenues, and Employee Benefits Levy, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the City's Enterprise Funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. The Enterprise Funds include the Water, Sewer, Gas, Storm Water, Golf Course and Sanitation Funds. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental and business type activities.

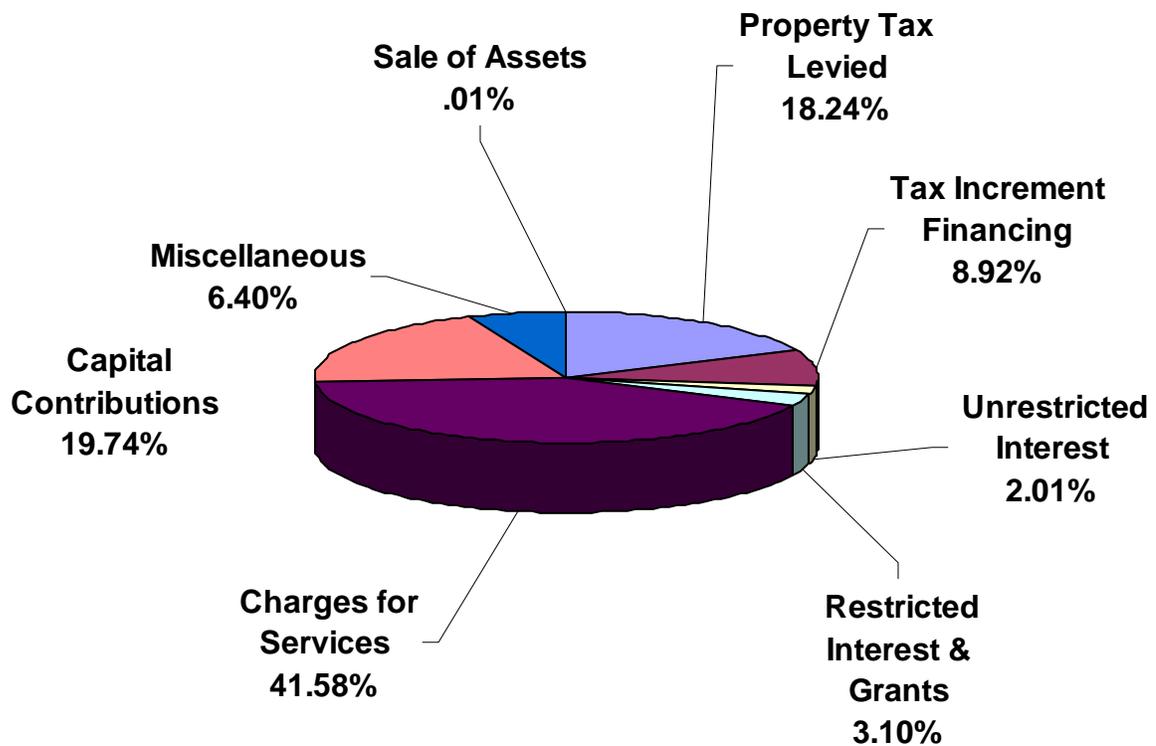
	Net Assets					
	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$14,120,606	\$ 9,986,630	\$ 10,517,144	\$ 5,269,205	\$ 24,637,750	\$15,255,835
Capital assets	<u>67,396,505</u>	<u>57,305,795</u>	<u>23,998,207</u>	<u>22,374,813</u>	<u>91,394,712</u>	<u>79,680,608</u>
Total assets	<u>81,517,111</u>	<u>67,292,425</u>	<u>34,515,351</u>	<u>27,644,018</u>	<u>116,032,462</u>	<u>94,936,443</u>
Long-term liabilities	23,868,410	17,317,352	12,020,518	7,644,500	35,888,928	24,961,852
Other liabilities	<u>6,629,944</u>	<u>5,290,756</u>	<u>751,471</u>	<u>630,019</u>	<u>7,381,415</u>	<u>5,920,775</u>
Total liabilities	<u>30,498,354</u>	<u>22,608,108</u>	<u>12,771,989</u>	<u>8,274,519</u>	<u>43,270,343</u>	<u>30,882,627</u>
Net assets:						
Net of related debt	43,638,008	40,083,054	15,979,746	14,692,603	59,617,754	54,775,657
Restricted	5,196,577	3,997,838	554,544	269,487	5,751,121	4,267,325
Unrestricted	<u>2,184,172</u>	<u>603,425</u>	<u>5,209,072</u>	<u>4,407,409</u>	<u>7,393,244</u>	<u>5,010,834</u>
Total net assets	<u>\$51,018,757</u>	<u>\$ 44,684,317</u>	<u>\$ 21,743,362</u>	<u>\$ 19,369,499</u>	<u>\$ 72,762,119</u>	<u>\$ 64,053,816</u>

The largest portion of the City's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately \$7,393,000 at the end of this year.

Changes in Net Assets

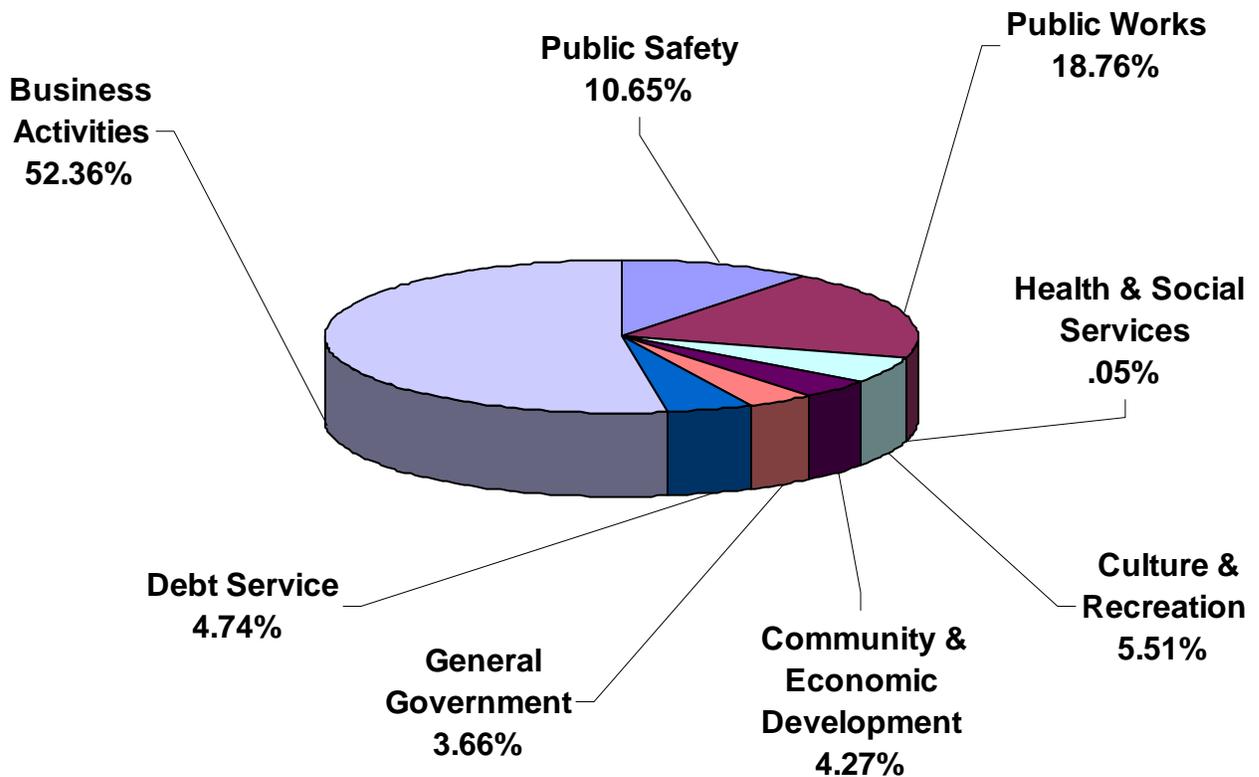
	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
<b>Program revenues:</b>						
Property tax levied	\$ 5,004,954	\$ 4,271,200	\$ -	\$ -	\$ 5,004,954	\$ 4,271,200
Tax increment financing	2,447,271	1,651,122	-	-	2,447,271	1,651,122
Unrestricted interest	257,203	175,798	299,041	122,702	556,244	298,500
Restricted interest and grants	851,344	1,573,531	-	-	851,344	1,573,531
Charges for services	1,040,581	1,082,280	10,369,401	8,244,200	11,409,982	9,326,480
Capital contributions	5,023,980	2,927,060	392,670	38,875	5,416,650	2,965,935
Miscellaneous	170,474	464,366	1,585,467	1,282,642	1,755,941	1,747,008
Sale of assets	1,251	-	-	-	1,251	-
Total general revenues	14,797,058	12,145,357	12,646,579	9,688,419	27,443,637	21,833,776
Transfers	462,471	203,829	(462,471)	(203,829)	-	-
Total general revenues and transfers	\$15,259,529	\$12,349,186	\$ 12,184,108	\$ 9,484,590	\$ 27,443,637	\$ 21,833,776

### 2008 Program Revenues



	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program expenses						
Public safety	\$ 1,995,017	\$ 1,724,056	\$ -	\$ -	\$ 1,995,017	\$ 1,724,056
Public works	3,514,823	2,905,991	-	-	3,514,823	2,905,991
Health and social services	9,800	9,000	-	-	9,800	9,000
Culture and recreation	1,032,315	893,262	-	-	1,032,315	893,262
Community and economic development	799,471	646,337	-	-	799,471	646,337
General government	685,448	640,591	-	-	685,448	640,591
Debt service	888,215	1,061,483	-	-	888,215	1,061,483
Capital projects	-	731,111	-	-	-	731,111
Business activities	-	-	9,810,245	8,452,460	9,810,245	8,452,460
Total expenses	8,925,089	8,611,831	9,810,245	8,452,460	18,735,334	17,064,291
Increase in net assets	6,334,440	3,737,355	2,373,863	1,032,130	8,708,303	4,769,485
Net assets beginning of year	44,684,317	40,946,962	19,369,499	18,337,369	64,053,816	59,284,331
Net assets end of year	\$ 51,018,757	\$ 44,684,317	\$ 21,743,362	\$ 19,369,499	\$ 72,762,119	\$ 64,053,816

## 2008 Program Expenses



The City maintained the \$13.50 property tax levy for FY08, while recognizing a \$733,754 increase in property tax revenue due to actual valuations being increased. The City also recognized an increase of \$796,149 from increased commercial property tax valuations. Governmental revenues for operating grants, contributions and restricted interest, increased by approximately \$1,374,733, due to a change in capital contributions.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

### **Governmental Fund Highlights**

As the City of Waukee completed the year, its governmental funds reported a combined fund balance of \$7,433,107 at June 30, 2008, compared to \$4,687,298 combined fund balance at June 30, 2007.

The General Fund showed an increase of \$4,662 from the prior year to \$1,157,202.

The Tax Increment Financing Revenues Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which are used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects. This fund ended fiscal 2008 with a \$3,386,791 balance compared to the prior year ending balance of \$2,388,328.

The Employee Benefits Tax Levy Fund is used to account for the property tax levied to finance the payment of employee benefits. This fund ended fiscal 2008 with a \$22,103 balance compared to the prior year ending balance of \$13,324. Transfers out to operating funds totaled \$636,000 in fiscal 2008.

The Debt Service Fund ended fiscal 2008 with a \$304,472 balance compared to the prior year ending balance of \$247,126. Bond principal and interest payments increased by \$120,189 in fiscal 2008.

The Capital Projects Fund ended fiscal 2008 with a \$2,285,863 balance compared to the prior year ending balance of \$724,350.

### **Proprietary Fund Highlights**

The Water Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2008 with a \$8,028,474 net asset balance, compared to the prior year ending net asset balance of \$7,186,968.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2008 with a \$9,197,380 net asset balance, compared to the prior year ending net asset balance of \$8,502,901.

The Gas Fund, which accounts for the operations and maintenance of the City's gas utility, ended fiscal 2008 with a \$3,678,480 net asset balance, compared to the prior year ending net asset balance of \$2,842,629.

The Golf Course Fund, which accounts for the operations and maintenance of the City's municipal golf course, ended fiscal 2008 with a \$454,983 net asset balance, compared to the prior year ending net asset balance of \$591,363.

The Sanitation Fund, which accounts for the operation and maintenance of the City's solid waste collection system, ended fiscal 2008 with a \$42,488 net asset balance, compared to the prior year ending net asset balance of \$39,225.

The Storm Sewer Fund, which accounts for the operation and maintenance of the City's storm sewer collection system, ended fiscal 2008 with a \$248,127 net asset balance, compared to the prior year ending net asset balance of \$141,261.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City of Waukee amended its budget once. This amendment was done in May 2008. This amendment was needed to cover unplanned disbursements, including disbursements associated with projects carried over from the prior fiscal year.

Even with this amendment, the City exceeded the budgeted amount in the Debt Service function for the year ended June 30, 2008.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's capital assets include land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure. Capital assets for governmental activities totaled \$67,396,505 (net of accumulated depreciation) at June 30, 2008. Capital assets for business type activities totaled \$23,998,207 (net of accumulated depreciation) at June 30, 2008. See Note 1 & 4 to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year included purchase of land, parkland, the second and third phase of the University Avenue Street Widening project, V Avenue paving project, Alice's Road/180 bridge, upgrades to the City's broadcasting system, and the Southfork/Walnut Ridge Sanitary Sewer project.

For business type activities, major additions included the fees associated with the Wastewater Reclamation Authority (WRA) and the Granger Gas Line project.

Construction in progress at June 30, 2008 for the City consists primarily of streets, sewer and gas infrastructure projects.

### **Long-Term Debt**

At June 30, 2008, the City had \$23,868,410 in total long-term debt outstanding for governmental activities. Total long-term debt outstanding for business type activities was \$11,992,023 at June 30, 2008. During the year ended June 30, 2008, the City issued a total of \$8,215,000 in general obligation bonds to finance the City's construction projects, and \$5,675,000 in revenue bonds to finance the City's gas line project.

The City has not received a general obligation bond rating assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$27,407,869 is below its constitutional debt limit of \$35,099,311. Other obligations include accrued vacation pay and sick leave. Additional information about the City's long-term debt is presented in Note 5 to the financial statements.

## **ECONOMIC FACTORS BEARING ON THE CITY'S FUTURE**

Several economic factors affected decisions made by the City in setting its fiscal 2008 budget. The City of Waukee will experience a significant increase in General Fund revenues and expenditures from fiscal 2008 to fiscal 2009. The major factors that will play a role in this change are the increase in property tax revenues from increased valuations for fiscal 2009, and increased revenues from licenses and permit fees.

The General Fund is projected to end fiscal 2009 with a fund balance of approximately \$1,157,202, or to remain constant from fiscal 2008. The tax levy rates per \$1,000 of taxable valuation for fiscal 2009 are provided below:

General levy	\$8.10000
Debt Service levy	3.32004
Employee Benefits Levy	2.08000
Total	\$13.50004

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to present our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information, please contact the City Administrator/Clerk or the Director of Finance, at Waukee City Hall, 230 W Hickman Road, Waukee, Iowa.

## **BASIC FINANCIAL STATEMENTS**

**City of Waukee, Iowa**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	
<b>ASSETS</b>			
Cash and pooled investments	\$ 7,635,066	\$ 7,721,650	\$ 15,356,716
Receivables			
Property tax			
Delinquent	149,117	-	149,117
Succeeding year	5,299,467	-	5,299,467
Special assessments	197,581	88,630	286,211
Customer accounts	-	772,473	772,473
Other	634,930	-	634,930
Due from other governments	1,975	-	1,975
Due (to) from other funds	66,179	(66,179)	-
Inventories	-	205,450	205,450
Prepaid insurance	69,246	-	69,246
Restricted assets - cash and pooled investments	-	1,748,403	1,748,403
Capital assets (net of accumulated depreciation)	67,396,505	23,998,207	91,394,712
Bond/note issuance costs	<u>67,045</u>	<u>46,717</u>	<u>113,762</u>
Total assets	<u>81,517,111</u>	<u>34,515,351</u>	<u>116,032,462</u>
<b>LIABILITIES</b>			
Accounts payable	1,055,543	606,320	1,661,863
Accrued interest payable	74,000	45,146	119,146
Customer deposits payable	-	100,005	100,005
Lease deposit payable	3,353	-	3,353
Deferred revenue	5,497,048	-	5,497,048
Long-term liabilities			
Portion due or payable within one year			
Compensated absences	13,781	28,495	42,276
Capital lease payable	-	629	629
General obligation bonds/notes	1,945,627	52,597	1,998,224
Revenue notes payable	-	445,727	445,727
Special assessment notes payable	-	30,000	30,000
Des Moines Water Works bonds payable	-	493,426	493,426
Portion due or payable after one year			
Capital lease payable	-	3,698	3,698
Compensated absences	96,132	-	96,132
General obligation bonds/notes	21,812,870	69,247	21,882,117
Revenue notes payable	-	7,229,913	7,229,913
Des Moines Water Works bonds payable	-	<u>3,666,786</u>	<u>3,666,786</u>
Total liabilities	<u>30,498,354</u>	<u>12,771,989</u>	<u>43,270,343</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	43,638,008	15,979,746	59,617,754
Restricted for			
Parkland dedication	293,844	-	293,844
Prepaid insurance	69,246	-	69,246
Advances to other funds	85,000	-	85,000
Debt service	358,172	554,544	912,716
Police gifts and memorials	2,143	-	2,143
Warning siren	22,661	-	22,661
Lease deposits	3,353	-	3,353
Road purposes	96,523	-	96,523
Library	118,931	-	118,931
Other	4,146,704	-	4,146,704
Unrestricted	<u>2,184,172</u>	<u>5,209,072</u>	<u>7,393,244</u>
Total net assets	<u>\$51,018,757</u>	<u>\$21,743,362</u>	<u>\$ 72,762,119</u>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2008

<b>FUNDIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants, Contributions</b>	<b>Capital and Grants Contributions</b>
Primary Government				
Governmental activities				
Public safety	\$ 1,995,017	\$ 134,996	\$ -	\$ -
Public works	3,514,823	-	851,344	5,023,980
Health and social services	9,800	-	-	-
Culture and recreation	1,032,315	203,268	-	-
Community and economic development	799,471	-	-	-
General government	685,448	702,317	-	-
Interest on long-term debt	888,215	-	-	-
Total governmental activities	8,925,089	1,040,581	851,344	5,023,980
Business type activities				
Water	1,846,045	1,911,292	-	130,890
Sewer	1,267,117	1,339,287	-	130,890
Gas	5,088,736	5,556,181	-	130,890
Other	1,608,347	1,562,641	-	-
Total business type activities	9,810,245	10,369,401	-	392,670
Total Primary Government	\$18,735,334	\$11,409,982	\$ 851,344	\$5,416,650

**GENERAL REVENUES**

Property and other city tax levied for  
General purposes  
Debt service  
Employee benefits  
Tax increment financing  
Unrestricted interest on investments  
Miscellaneous  
Connection fees  
Capacity fees  
Gain on disposal of equipment

**TRANSFERS**

Total general revenues and transfers

**CHANGE IN NET ASSETS**

**NET ASSETS BEGINNING OF YEAR**

**NET ASSETS END OF YEAR**

<b>Net (Expense) and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,860,021)	\$ —	\$ (1,860,021)
2,360,501	—	2,360,501
(9,800)	—	(9,800)
(829,047)	—	(829,047)
(799,471)	—	(799,471)
16,869	—	16,869
<u>(888,215)</u>	<u>—</u>	<u>(888,215)</u>
<u>(2,009,184)</u>	<u>—</u>	<u>(2,009,184)</u>
—	196,137	196,137
—	203,060	203,060
—	598,335	598,335
—	<u>(45,706)</u>	<u>(45,706)</u>
—	<u>951,826</u>	<u>951,826</u>
<u>(2,009,184)</u>	<u>951,826</u>	<u>(1,057,358)</u>
3,089,009	—	3,089,009
1,278,410	—	1,278,410
637,535	—	637,535
2,447,271	—	2,447,271
257,203	299,041	556,244
170,474	568,292	738,766
—	491,863	491,863
—	525,312	525,312
1,251	—	1,251
<u>462,471</u>	<u>(462,471)</u>	<u>—</u>
<u>8,343,624</u>	<u>1,422,037</u>	<u>9,765,661</u>
6,334,440	2,373,863	8,708,303
<u>44,684,317</u>	<u>19,369,499</u>	<u>64,053,816</u>
<u>\$51,018,757</u>	<u>\$21,743,362</u>	<u>\$72,762,119</u>

See Notes to Financial Statements.

**City of Waukee, Iowa  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008**

	<u>General</u>	<u>Urban Renewal Area TIF</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and pooled investments	\$1,154,511	\$1,535,160	\$2,536,799	\$ 285,728	\$2,072,139	\$ 7,584,337
Receivables						
Property tax						
Delinquent	17,763	39,569	-	18,744	73,041	149,117
Succeeding year	2,991,501	-	-	1,541,994	765,972	5,299,467
Special assessments	-	-	-	-	197,581	197,581
Other	199,464	-	435,466	-	-	634,930
Due from other governments	-	-	-	-	1,975	1,975
Prepaid insurance	61,724	-	-	-	7,522	69,246
Advances to other funds	85,000	-	-	-	-	85,000
	<u>4,509,963</u>	<u>1,574,729</u>	<u>2,972,265</u>	<u>1,846,466</u>	<u>3,118,230</u>	<u>14,021,653</u>
Total assets						
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 325,305	\$ 26,676	\$ 686,402	\$ -	\$ 17,160	\$ 1,055,543
Lease deposit payable	3,353	-	-	-	-	3,353
Compensated absences	13,781	-	-	-	-	13,781
Deferred revenue						
Succeeding year property tax	2,991,501	-	-	1,541,994	765,972	5,299,467
Other	-	-	-	-	197,581	197,581
Interfund payable	18,821	-	-	-	-	18,821
Total liabilities	<u>3,352,761</u>	<u>26,676</u>	<u>686,402</u>	<u>1,541,994</u>	<u>980,713</u>	<u>6,588,546</u>
Fund Balances						
Reserved for debt service	-	-	-	304,472	53,700	358,172
Designated for						
Parkland dedication	293,844	-	-	-	-	293,844
Prepaid insurance	61,724	-	-	-	7,522	69,246
Advances to other funds	85,000	-	-	-	-	85,000
Police gifts and memorials	2,143	-	-	-	-	2,143
Warning siren	22,661	-	-	-	-	22,661
Lease deposits	3,353	-	-	-	-	3,353
Undesignated						
Reported in						
General fund	688,477	-	-	-	-	688,477
Special revenue funds	-	1,548,053	-	-	2,076,295	3,624,348
Capital projects funds	-	-	2,285,863	-	-	2,285,863
Total fund balances	<u>1,157,202</u>	<u>1,548,053</u>	<u>2,285,863</u>	<u>304,472</u>	<u>2,137,517</u>	<u>7,433,107</u>
Total liabilities and fund balances	<u>4,509,963</u>	<u>1,574,729</u>	<u>2,972,265</u>	<u>1,846,466</u>	<u>3,118,230</u>	<u>14,021,653</u>

See Notes to Financial Statements.

**City of Waukee**  
**RECONCILIATION OF THE BALANCE SHEET—**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
**June 30, 2008**

**Total governmental fund balances** \$ 7,433,107

***Amounts reported for governmental activities in the  
Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$91,969,909 and the accumulated depreciation \$24,573,404. 67,396,505

Long-term liabilities, including bonds payable, bond issuance costs, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (23,861,584)

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The assets of the Internal Service Fund are allocated between governmental and proprietary activities in the Statement of Net Assets. 50,729

**Net assets of governmental activities** **\$51,018,757**

**City of Waukee, Iowa**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year ended June 30, 2008**

	<u>General</u>	<u>Urban Renewal Area TIF</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>						
Property tax	\$2,489,439	\$ -	\$ -	\$1,278,410	\$ 637,535	\$ 4,405,384
Tax increment financing collections	-	1,659,867	-	-	787,404	2,447,271
Other city tax	-	-	542,217	-	57,353	599,570
Licenses and permits	627,720	-	-	-	-	627,720
Use of money and property	93,128	35,957	122,911	18,295	60,498	330,789
Intergovernmental	203,268	-	154,654	-	696,690	1,054,612
Charges for service	134,996	-	-	-	-	134,996
Miscellaneous	141,172	-	-	-	29,302	170,474
Total revenues	<u>3,689,723</u>	<u>1,695,824</u>	<u>819,782</u>	<u>1,296,705</u>	<u>2,268,782</u>	<u>9,770,816</u>
<b>EXPENDITURES</b>						
Operating						
Public safety	1,806,932	-	-	-	-	1,806,932
Public works	512,668	-	-	-	654,340	1,167,008
Health and social services	9,800	-	-	-	-	9,800
Culture and recreation	953,948	-	-	-	28,952	982,900
Community and economic development	297,921	382,683	-	-	20,920	701,524
General government	717,792	-	-	-	-	717,792
Debt service	-	-	-	2,552,259	-	2,552,259
Capital projects	-	2,919,981	4,844,282	-	-	7,764,263
Total expenditures	<u>4,299,061</u>	<u>3,302,664</u>	<u>4,844,282</u>	<u>2,552,259</u>	<u>704,212</u>	<u>15,702,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(609,338)</u>	<u>(1,606,840)</u>	<u>(4,024,500)</u>	<u>(1,255,554)</u>	<u>1,564,570</u>	<u>(5,931,662)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	-	8,215,000	-	-	8,215,000
Operating transfers in	614,000	2,849,262	220,275	1,312,900	22,000	5,018,437
Operating transfers out	-	(499,291)	(2,849,262)	-	(1,207,413)	(4,555,966)
Total other financing sources (uses)	<u>614,000</u>	<u>2,349,971</u>	<u>5,586,013</u>	<u>1,312,900</u>	<u>(1,185,413)</u>	<u>8,677,471</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,662	743,131	1,561,513	57,346	379,157	2,745,809
<b>FUND BALANCES</b>						
<b>BEGINNING OF YEAR</b>	<u>1,152,540</u>	<u>804,922</u>	<u>724,350</u>	<u>247,126</u>	<u>1,758,360</u>	<u>4,687,298</u>
<b>FUND BALANCES END OF YEAR</b>	<u>\$1,157,202</u>	<u>\$1,548,053</u>	<u>\$2,285,863</u>	<u>\$ 304,472</u>	<u>\$2,137,517</u>	<u>\$ 7,433,107</u>

See Notes to Financial Statements.

**City of Waukee**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES—**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2008**

**Net change in fund balances—Total governmental funds** \$ 2,745,809

***Amounts reported for governmental activities in the  
Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets, including contributed capital	\$12,536,631	
Depreciation expense	<u>(2,445,921)</u>	10,090,710

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(8,215,000)	
Repaid	<u>1,679,244</u>	(6,535,756)

Governmental funds report the effect of issuance costs, premiums, discount and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

67,045

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, as follows:

Compensated absences	(19,179)	
Interest on long-term debt	<u>(15,200)</u>	(34,379)

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The change on net assets of the Internal Service Fund is allocated to governmental and proprietary activities.

1,011

**Change in net assets of governmental activities** **\$6,334,440**

**City of Waukee, Iowa  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2008**

	<u>Enterprise Funds</u>					<u>Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Equipment Revolving</u>
<b>ASSETS</b>						
Current Assets						
Cash and pooled investments	\$ 1,425,796	\$ 944,146	\$4,965,577	\$ 295,361	\$ 7,630,880	\$ 141,499
Receivables						
Customer accounts and unbilled usage	254,077	181,562	214,237	122,597	772,473	-
Special assessments	-	88,630	-	-	88,630	-
Interfund receivable	-	-	72,710	-	72,710	-
Inventories	56,450	-	126,993	22,007	205,450	-
Restricted assets - cash and pooled investments						
Customer deposits	51,705	-	47,700	600	100,005	-
Capacity fees	109,555	-	-	-	109,555	-
Revenue note and interest sinking account	381,676	83,684	535,015	5,970	1,006,345	-
Revenue note reserve account Des Moines Water Works	146,072	166,389	-	37,180	349,641	-
reserve account	182,857	-	-	-	182,857	-
Advances to other funds	100,000	-	-	-	100,000	-
Capital assets (net of accumulated depreciation)	9,645,271	9,405,977	3,231,134	1,715,825	23,998,207	-
Bond/note issuance costs	7,106	13,610	26,001	-	46,717	-
Total assets	<u>12,360,565</u>	<u>10,883,998</u>	<u>9,219,367</u>	<u>2,199,540</u>	<u>34,663,470</u>	<u>141,499</u>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	98,842	22,946	167,508	317,024	606,320	-
Capital lease payable	-	-	-	629	629	-
Compensated absences	7,737	6,566	8,931	5,261	28,495	-
Special assessment notes payable	-	30,000	-	-	30,000	-
General obligation bonds payable	-	40,000	-	12,597	52,597	-
Interfund payable	-	-	-	53,889	53,889	-
Current Liabilities Payable from Restricted Assets						
Customer deposits payable	51,705	-	47,700	600	100,005	-
Revenue notes payable Des Moines Water Works	-	128,000	285,000	32,727	445,727	-
bonds payable	493,426	-	-	-	493,426	-
Interest payable	13,595	6,106	20,528	4,917	45,146	-
Noncurrent Liabilities						
Advances from other funds	-	-	-	185,000	185,000	-
Capital lease payable	-	-	-	3,698	3,698	-
General obligation bonds payable	-	45,000	-	24,247	69,247	-
Revenue notes payable (net of amortized discount)	-	1,408,000	5,011,220	810,693	7,229,913	-
Des Moines Water Works bonds payable (net of amortized discount)	3,666,786	-	-	-	3,666,786	-
Total liabilities	<u>4,332,091</u>	<u>1,686,618</u>	<u>5,540,887</u>	<u>1,451,282</u>	<u>13,010,878</u>	<u>-</u>
Net Assets (Deficit)						
Invested in capital assets, net of related debt	5,485,059	7,754,977	1,908,476	831,234	15,979,746	-
Restricted for bond retirement	203,584	115,967	229,487	5,506	554,544	-
Unrestricted	<u>2,339,831</u>	<u>1,326,436</u>	<u>1,540,517</u>	<u>(88,482)</u>	<u>5,118,302</u>	<u>141,499</u>
Total net assets	<u>\$ 8,028,474</u>	<u>\$ 9,197,380</u>	<u>\$3,678,480</u>	<u>\$ 748,258</u>	<u>\$21,652,592</u>	<u>\$ 141,499</u>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2008**

	<b>Enterprise Funds</b>					<b>Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Gas</b>	<b>Nonmajor Funds</b>	<b>Total</b>	<b>Equipment Revolving</b>
<b>OPERATING REVENUES</b>						
Charges for service	\$1,911,292	\$1,339,287	\$5,556,181	\$1,562,641	\$10,369,401	\$ -
Miscellaneous	<u>24,662</u>	<u>5,792</u>	<u>13,491</u>	<u>107,938</u>	<u>151,883</u>	<u>-</u>
Total operating revenues	<u>1,935,954</u>	<u>1,345,079</u>	<u>5,569,672</u>	<u>1,670,579</u>	<u>10,521,284</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Business type activities						
Cost of sales and services	1,262,118	809,180	4,728,881	1,498,819	8,298,998	-
Depreciation and amortization	<u>397,512</u>	<u>380,797</u>	<u>107,920</u>	<u>70,752</u>	<u>956,981</u>	<u>-</u>
Total operating expenses	<u>1,659,630</u>	<u>1,189,977</u>	<u>4,836,801</u>	<u>1,569,571</u>	<u>9,255,979</u>	<u>-</u>
Operating income	<u>276,324</u>	<u>155,102</u>	<u>732,871</u>	<u>101,008</u>	<u>1,265,305</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	72,619	41,174	175,455	7,075	296,323	3,729
Rental income	20,611	-	-	7,277	27,888	-
Connection fees	208,034	161,834	121,995	-	491,863	-
Capacity fees	100,840	424,472	-	-	525,312	-
Refund of purchased capacity	388,521	-	-	-	388,521	-
Interest expense	<u>(186,415)</u>	<u>(77,140)</u>	<u>(251,935)</u>	<u>(38,776)</u>	<u>(554,266)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>604,210</u>	<u>550,340</u>	<u>45,515</u>	<u>(24,424)</u>	<u>1,175,641</u>	<u>3,729</u>
Income before contributions and transfers	880,534	705,442	778,386	76,584	2,440,946	3,729
Capital contributions	130,890	130,890	130,890	-	392,670	-
Transfers (out)	<u>(169,918)</u>	<u>(141,853)</u>	<u>(73,425)</u>	<u>(77,275)</u>	<u>(462,471)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	841,506	694,479	835,851	(691)	2,371,145	3,729
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>7,186,968</u>	<u>8,502,901</u>	<u>2,842,629</u>	<u>748,949</u>	<u>19,281,447</u>	<u>137,770</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$8,028,474</u>	<u>\$9,197,380</u>	<u>\$3,678,480</u>	<u>\$ 748,258</u>	<u>\$21,652,592</u>	<u>\$ 141,499</u>

**City of Waukee**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS—PROPRIETARY FUNDS TO**  
**THE STATEMENT OF NET ASSETS**  
**Year ended June 30, 2008**

**Total enterprise funds net assets** \$21,652,592

***Amounts reported for business type activities in the  
Statement of Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The assets of the Internal Service Fund are allocated between business and governmental type activities in the Statement of Net Assets.

90,770

**Net assets of business type activities** **\$21,743,362**

**Change in net assets** **\$ 2,371,145**

***Amounts reported for business type activities in the  
Statement of Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The change in net assets of the Internal Service Fund is allocated between business type and governmental activities.

2,718

**Change in net assets of business type activities** **\$ 2,373,863**

**City of Waukee, Iowa**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2008**

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$1,919,397	\$1,295,948	\$5,448,244	\$1,528,529	\$10,192,118
Cash received from other revenues	24,662	5,792	13,491	107,938	151,883
Cash paid for personal services	(387,645)	(383,526)	(433,830)	(1,002,635)	(2,207,636)
Cash paid to suppliers	<u>(820,362)</u>	<u>(496,095)</u>	<u>(4,349,807)</u>	<u>(320,711)</u>	<u>(5,986,975)</u>
Net cash provided by operating activities	<u>736,052</u>	<u>422,119</u>	<u>678,098</u>	<u>313,121</u>	<u>2,149,390</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets, net of contributed capital and equipment fund transfers	(20,940)	(624,730)	(1,514,822)	(15,149)	(2,175,641)
Principal paid on revenue notes matured	-	(358,000)	(275,000)	(33,209)	(666,209)
Interest paid on notes	(188,498)	(77,758)	(231,407)	(39,130)	(536,793)
Principal paid on Des Moines Water Works bonds	(461,400)	-	-	-	(461,400)
Principal paid on general obligation bonds	-	(40,000)	-	(12,368)	(52,368)
Principal paid on special assessment notes	-	(30,000)	-	-	(30,000)
Principal paid on capital lease	-	-	-	(629)	(629)
Amounts transferred to debt service fund	(169,918)	(141,853)	(73,425)	(77,275)	(462,471)
Proceeds from revenue bond	-	-	5,488,469	-	5,488,469
Special assessments	-	2,382	-	-	2,382
Connection fees	208,034	161,834	121,995	-	491,863
Capacity fees and refund of purchased capacity	<u>489,361</u>	<u>424,472</u>	<u>-</u>	<u>-</u>	<u>913,833</u>
Net cash provided by (used in) capital and related financing activities	<u>(143,361)</u>	<u>(683,653)</u>	<u>3,515,810</u>	<u>(177,760)</u>	<u>2,511,036</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	72,619	41,174	175,455	7,075	296,323
Purchase of certificates of deposits	(6,951)	(7,917)	-	(12,628)	(27,496)
Rental income	<u>20,611</u>	<u>-</u>	<u>-</u>	<u>7,277</u>	<u>27,888</u>
Net cash provided by investing activities	<u>86,279</u>	<u>33,257</u>	<u>175,455</u>	<u>1,724</u>	<u>296,715</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	678,970	(228,277)	4,369,363	137,085	4,957,141
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>1,289,762</u>	<u>1,256,107</u>	<u>1,178,929</u>	<u>164,846</u>	<u>3,889,644</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u>\$1,968,732</u>	<u>\$1,027,830</u>	<u>\$5,548,292</u>	<u>\$ 301,931</u>	<u>\$ 8,846,785</u>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
**Year ended June 30, 2008**

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income	\$ 276,324	\$ 155,102	\$ 732,871	\$ 101,008	\$1,265,305
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation expense	394,809	371,978	107,920	70,752	945,459
Bond amortization costs	2,703	8,819	-	-	11,522
(Increase) decrease in customer accounts receivable and unbilled usage and other accounts receivable	8,105	(43,339)	(107,937)	(34,112)	(177,283)
(Increase) decrease in inventories, at cost	12,071	-	(66,154)	(11,714)	(65,797)
Increase (decrease) in accounts payable	16,779	(71,564)	(11,019)	184,978	119,174
Increase in customer deposits	22,255	-	19,300	-	41,555
Increase in compensated absences	<u>3,006</u>	<u>1,123</u>	<u>3,117</u>	<u>2,209</u>	<u>9,455</u>
Net cash provided by operating activities	<u>\$ 736,052</u>	<u>\$ 422,119</u>	<u>\$ 678,098</u>	<u>\$ 313,121</u>	<u>\$2,149,390</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET ASSETS</b>					
Current assets					
Cash and pooled investments	\$1,425,796	\$ 944,146	\$4,965,577	\$ 295,361	\$7,630,880
Restricted assets--cash and pooled investments					
Customer deposits	51,705	-	47,700	600	100,005
Capacity fees	109,555	-	-	-	109,555
Revenue note and interest sinking account	381,676	83,684	535,015	5,970	1,006,345
Revenue note reserve account	146,072	166,389	-	37,180	349,641
Des Moines Water Works reserve account	<u>182,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,857</u>
	2,297,661	1,194,219	5,548,292	339,111	9,379,283
Less items not meeting the definition of cash equivalent					
Certificates of deposit	(146,072)	(166,389)	-	(37,180)	(349,641)
Des Moines Water Works reserve account	<u>(182,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(182,857)</u>
Cash and cash equivalents at year end	<u>\$1,968,732</u>	<u>\$1,027,830</u>	<u>\$5,548,292</u>	<u>\$ 301,931</u>	<u>\$8,846,785</u>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Waukee is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Clerk/Administrator form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Waukee provides numerous services to citizens, including general government, public safety, public works, health and social services, culture and recreation, community and economic development and general government services. It also operates the water, sewer, gas, storm sewer and solid waste utilities and the public golf course.

The financial statements of the City of Waukee, Iowa, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

**Reporting Entity**

For financial reporting purposes, the City of Waukee (the primary government) has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other 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 has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting 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.

These financial statements present the City of Waukee (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

**Component Unit**

The Waukee Public Library Foundation has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and literary purposes for the enhancement and improvement of the Waukee Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Des Moines Area Metropolitan Planning Board, Central Iowa Regional Drinking Water Commission, Dallas County Housing Trust Fund Board, and Greater Dallas County Development Board.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**Government-wide Financial Statements (continued)**

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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 clearly identifiable with a specific function. 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, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds and proprietary funds are aggregated and reported as nonmajor governmental and nonmajor proprietary funds.

The City reports the following major governmental funds:

**General Fund**

The General Fund is the general operating fund of the City. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

**Tax Increment Financing Urban Renewal Funds (Special Revenue)**

Tax Increment Financing Urban Renewal Fund is used for the accumulation of resources generated by TIF districts to be used for urban renewal and development.

**Capital Projects Fund**

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities included in the renewal project.

**Debt Service Fund**

The Debt Service Fund is used to account for the payment of interest and principal on the City's general long-term debt.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

The City reports the following major proprietary funds:

**Enterprise**

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Gas Fund is used to account for the operation and maintenance of the City's gas system.

**Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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 after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 is 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.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

**Cash, Pooled Investments and Cash Equivalents**

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

**Property Taxes Receivable, Including Tax Increment Financing**

Property tax, including tax increment financing, in Governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents taxes collected by the County but not remitted to the City at June 30, 2008 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2007.

**Special Assessments Receivable**

Special assessments receivable represents the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax.

**Customer Accounts and Unbilled Usage**

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

**Due from and Due to Other Funds**

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Due from Other Governments**

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

**Inventories**

Inventories are valued at cost using the first-in/first-out method. Inventories in the Enterprise Funds consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

**Restricted Assets**

There are bond covenants that require the City to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt and for improvements to the enterprise funds. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

**Capital Assets**

Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Fund Type</u>	<u>Amount</u>
Governmental	\$2,500
Proprietary	5,000

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated useful lives</u>
Buildings	40-50 years
Improvements other than buildings	20-50 years
Vehicles	10-15 years
Equipment	5-30 years
Infrastructure	15-20 years

**Bond/Note Issuance Costs**

Bond/note issuance costs are amortized using the straight-line method over the life of the bonds/notes.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation for subsequent use. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**Deferred Revenue**

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of primarily succeeding year property tax receivable and special assessments receivable not collected within sixty days after year end.

**Long-Term Liabilities**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the debt service function.

**NOTE 2 CASH AND POOLED INVESTMENTS**

The City's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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; 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.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 CASH AND POOLED INVESTMENTS (continued)**

The City has no investments meeting the disclosure requirement of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**Interest rate risk**

The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

**NOTE 3 ALLOWANCES FOR COLLECTION LOSSES**

Allowances have been made for estimated collection losses on the following receivable amounts:

	<u>Gross receivables</u>	<u>Allowance for collection losses</u>	<u>Net receivables</u>
Customer accounts and unbilled usage			
Water Fund	\$ 254,927	\$ (850)	\$ 254,077
Sewer Fund	270,592	(400)	270,192
Gas Fund	215,987	(1,750)	214,237
Nonmajor proprietary funds	<u>122,597</u>	<u>—</u>	<u>122,597</u>
Totals	<u>\$ 864,103</u>	<u>\$ (3,000)</u>	<u>\$ 861,103</u>
Other			
General	<u>\$ 231,464</u>	<u>\$ 32,000</u>	<u>\$ 199,464</u>
Capital projects	<u>\$ 435,466</u>	<u>\$ —</u>	<u>\$ 435,466</u>

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>
Primary Government				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,113,148	\$ 3,100,809	\$ —	\$ 4,213,957
Construction in progress	<u>6,404,127</u>	<u>4,089,641</u>	<u>200,951</u>	<u>10,292,817</u>
Total capital assets not being depreciated	<u>7,517,275</u>	<u>7,190,450</u>	<u>200,951</u>	<u>14,506,774</u>
Capital assets being depreciated				
Buildings	6,134,626	7,465	—	6,142,091
Improvements other than buildings	2,184,451	320,570	—	2,505,021
Equipment	3,448,196	193,866	26,149	3,615,913
Infrastructure, road network	<u>60,176,130</u>	<u>5,023,980</u>	<u>—</u>	<u>65,200,110</u>
Total capital assets being depreciated	<u>71,943,403</u>	<u>5,545,881</u>	<u>26,149</u>	<u>77,463,135</u>
Less accumulated depreciation for				
Buildings	1,043,587	162,179	—	1,205,766
Improvements other than buildings	516,479	172,222	—	688,701
Equipment	2,535,025	287,255	27,400	2,794,880
Infrastructure, road network	<u>18,059,792</u>	<u>1,824,265</u>	<u>—</u>	<u>19,884,057</u>
Total accumulated depreciation	<u>22,154,883</u>	<u>2,445,921</u>	<u>27,400</u>	<u>24,573,404</u>
Total capital assets being depreciated, net	<u>49,788,520</u>	<u>3,099,960</u>	<u>(1,251)</u>	<u>52,889,731</u>
Governmental activities capital assets, net	<u>\$57,305,795</u>	<u>\$10,290,410</u>	<u>\$ 199,700</u>	<u>\$67,396,505</u>
Business type activities				
Capital assets not being depreciated				
Land	\$ 1,226,032	\$ —	\$ —	\$ 1,226,032
Construction in progress	<u>—</u>	<u>1,837,255</u>	<u>—</u>	<u>1,837,255</u>
Total capital assets not being depreciated	<u>1,226,032</u>	<u>1,837,255</u>	<u>—</u>	<u>3,063,287</u>
Capital assets being depreciated				
Buildings	532,611	—	—	532,611
Equipment	1,804,461	131,930	—	1,936,391
Infrastructure, water and sewer network	<u>27,027,900</u>	<u>599,668</u>	<u>—</u>	<u>27,627,568</u>
Total capital assets being depreciated	<u>29,364,972</u>	<u>731,598</u>	<u>—</u>	<u>30,096,570</u>
Less accumulated depreciation for				
Buildings	98,506	11,856	—	110,362
Equipment	1,020,388	187,579	—	1,207,967
Infrastructure, water and sewer network	<u>7,097,297</u>	<u>746,024</u>	<u>—</u>	<u>7,843,321</u>
Total accumulated depreciation	<u>8,216,191</u>	<u>945,459</u>	<u>—</u>	<u>9,161,650</u>
Total capital assets being depreciated, net	<u>21,148,781</u>	<u>(213,861)</u>	<u>—</u>	<u>20,934,920</u>
Business type activities capital assets, net	<u>\$22,374,813</u>	<u>\$ 1,623,394</u>	<u>\$ —</u>	<u>\$23,998,207</u>

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities		
Public safety	\$	234,573
Public works		2,067,198
Culture and recreation		99,610
Community and economic development		351
General government		<u>44,189</u>
Total depreciation expense--governmental activities		<u>\$2,445,921</u>
Business type activities		
Water	\$	394,809
Sewer		371,978
Gas		107,920
Storm sewer		4,267
Golf		<u>66,485</u>
Total depreciation expense--business type activities		<u>\$ 945,459</u>

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>	<u>Due within one year</u>
<b>Governmental activities</b>					
General obligation bonds/notes	\$17,222,741	\$8,215,000	\$1,679,244	\$23,758,497	\$1,945,627
Compensated absences	<u>94,611</u>	<u>15,302</u>	<u>—</u>	<u>109,913</u>	<u>13,781</u>
Totals	<u>\$17,317,352</u>	<u>\$8,230,302</u>	<u>\$1,679,244</u>	<u>\$23,868,410</u>	<u>\$1,959,408</u>
<b>Business type activities</b>					
Capital leases	\$ 4,415	\$ 541	\$ 629	\$ 4,327	\$ 629
General obligation bonds/notes	174,212	—	52,368	121,844	52,597
Special assessment notes	60,000	—	30,000	30,000	30,000
Des Moines Water Works bonds	4,620,610	—	460,398	4,160,212	493,426
Revenue bonds/notes	<u>2,766,223</u>	<u>5,571,220</u>	<u>661,803</u>	<u>7,675,640</u>	<u>445,727</u>
Totals	<u>\$ 7,625,460</u>	<u>\$5,571,761</u>	<u>\$1,205,198</u>	<u>\$11,992,023</u>	<u>\$1,022,379</u>

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)**

Twenty issues of unmatured general obligation bonds/notes, totaling \$23,880,341, are outstanding at June 30, 2008. General obligation bonds/notes bear interest at rates ranging from 2.55% to 5.25% and mature in varying annual amounts, ranging from \$2,700 to \$715,000, with the final maturities due in the year ending June 30, 2021.

One issue of unmatured special assessment notes, totaling \$30,000, is outstanding at June 30, 2008. These notes bear interest at 5.05% and mature in annual amounts of \$30,000, with final maturity due in the year ending June 30, 2009.

Details of general obligation bonds/notes payable and special assessment notes at June 30, 2008 are as follows:

<u>Governmental activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2008</u>
General Obligation Bonds and Notes						
Public Safety Building	August 1, 1998	4.50%	June 1, 2014	\$235,000 - 270,000	\$2,990,000	\$1,500,000
Corporate Purpose	March 1, 1999	4.45-4.80	June 1, 2014	190,000 - 245,000	2,370,000	1,290,000
Corporate Purpose	April 15, 2001	4.50-5.05	June 1, 2016	65,000 - 90,000	950,000	615,000
Library Building	August 1, 2001	4.30-4.90	June 1, 2016	135,000 - 190,000	2,000,000	1,295,000
Urban Renewal	August 1, 2001	4.10-4.80	June 1, 2016	145,000 - 200,000	2,000,000	1,365,000
Refunding Notes	May 1, 2002	4.40-4.50	June 1, 2010	40,000 - 45,000	480,000	85,000
Corporate Purpose	July 1, 2003	2.55-3.60	June 1, 2017	100,000 - 135,000	1,240,000	1,025,000
Refunding Notes	March 1, 2004	4.00-4.25	June 1, 2010	85,000	465,000	170,000
Water Tower	February 1, 2004	2.60-4.25	June 1, 2018	70,000 - 100,000	1,090,000	830,000
Corporate Purpose	November 15, 2004	2.80-4.00	June 1, 2017	155,000 - 180,000	1,750,000	1,395,000
Golf Course	March 4, 2005	3.75	June 1, 2010	39,000 - 557,000	700,000	596,333
Golf Course Equipment	April 12, 2005	4.25	April 20, 2009	6,427	24,150	6,427
Street Sweeper	April 8, 2005	4.25	July 15, 2009	19,000 - 20,000	98,889	40,737
Corporate Purpose	February 1, 2006	3.40-3.95	June 1, 2019	50,000 - 140,000	1,200,000	1,200,000
Golf Course Equipment	March 21, 2006	4.75	July 6, 2010	9,000 - 10,000	51,196	31,294
Urban Renewal Projects	July 12, 2006	4.00	June 1, 2020	310,000 - 480,000	4,950,000	4,415,000
Golf Course Equipment	April 16, 2007	5.25	July 1, 2009	2,700 - 2,900	8,457	5,550
Urban Renewal Projects	October 10, 2007	4.00-4.25	June 1, 2021	200,000 - 715,000	6,650,000	6,450,000
Capital Loan	March 19, 2008	3.75-4.63	June 1, 2013	50,000 - 65,000	290,000	290,000
Sewer Project	April 8, 2008	3.75-4.20	June 1, 2021	80,000 - 120,000	1,275,000	1,275,000
Special Assessment Notes						
Sewer Improvements	March 1, 1999	5.05	December 1, 2008	30,000	289,000	30,000

A summary of the bond/note principal and interest requirements maturities by type of bond/note is as follows:

<u>Year ending June 30</u>	<u>General Obligation</u>			<u>Special Assessment</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,998,224	\$ 978,203	\$ 2,976,427	\$ 30,000	\$ 1,515	\$ 31,515
2010	2,611,290	890,259	3,501,549	-	-	-
2011	2,185,827	788,133	2,973,960	-	-	-
2012	2,295,000	699,722	2,994,722	-	-	-
2013	2,410,000	605,856	3,015,856	-	-	-
2014-2018	9,560,000	1,626,715	11,186,715	-	-	-
2019-2021	<u>2,820,000</u>	<u>201,188</u>	<u>3,021,188</u>	-	-	-
Totals	<u>\$23,880,341</u>	<u>\$5,790,076</u>	<u>\$29,670,417</u>	<u>\$ 30,000</u>	<u>\$ 1,515</u>	<u>\$ 31,515</u>

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)**

Five issues of unmatured revenue notes, totaling \$7,779,420, are outstanding at June 30, 2008. These notes bear interest at rates ranging from 3.92% to 4.70% and mature in varying annual amounts, ranging from \$23,000 to \$811,000, with the final maturities due in the year ending June 30, 2022.

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

- (1) The notes/bonds will only be redeemed from the future earnings of the enterprise activity and the note/bond holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to water, sewer, natural gas and golf course note/bond and interest sinking funds for the purpose of making the note/bond principal and interest payments when due.
- (3) Additional monthly transfers shall be made to water, sewer, natural gas and golf course reserve funds until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying note/bond principal and interest payments due when insufficient money is available in the sinking funds.

During the year ended June 30, 2008, the City was in compliance with the revenue note/bond provisions.

Details of revenue notes and refunding bonds payable at June 30, 2008 are as follows:

<u>Business Type activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2008</u>
Revenue Notes and Bonds						
Sewer						
Bonds-Series 1998A	October 8, 1998	4.23	June 1, 2018	\$23,000 - 33,000	\$ 455,748	\$ 274,000
Bonds-Series 1998B	October 8, 1998	4.23	June 1, 2018	47,000 - 68,000	945,252	570,000
Bonds Series 1998C	October 8, 1998	3.92	June 1, 2018	58,000 - 82,000	1,178,000	692,000
Golf Course						
Revenue Note	March 4, 2005	4.45	June 1, 2010	33,000 - 811,000	925,000	843,420
Natural Gas Utility						
Revenue Note	July 9, 2007	4.50-4.70	June 1, 2022	275,000 - 505,000	5,675,000	5,400,000

<u>Year ending June 30</u>	<u>Revenue Notes/Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 445,727	\$ 346,767	\$ 792,494
2010	1,242,693	327,220	1,569,913
2011	453,000	272,210	725,210
2012	469,000	252,390	721,390
2013	489,000	231,875	720,875
2014-2018	2,790,000	818,967	3,608,967
2019-2022	<u>1,890,000</u>	<u>226,805</u>	<u>2,116,805</u>
Subtotal	7,779,420	2,476,234	10,255,654
Less unamortized discount	<u>(103,780)</u>	—	<u>(103,780)</u>
Totals	<u>\$ 7,675,640</u>	<u>\$2,476,234</u>	<u>\$10,151,874</u>

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)**

Two issues of unmatured Des Moines Water Works refunding bonds, totaling \$4,165,225, are outstanding at June 30, 2008. These notes bear interest at rates ranging from 3.75% to 4.00% and mature in annual amounts ranging from \$148,426 to \$440,000, with the final maturity due in the year ending June 30, 2017.

A summary of the City of Waukee's share of the principal and interest on the bonds issued by the Des Moines Water Works is as follows:

Year ending June 30	Des Moines Water Works 2001 Water Refunding Bonds			Des Moines Water Works 2006 Water Refunding Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
2009	\$ 148,426	\$ 28,593	\$ 177,019	\$ 345,000	\$ 135,700	\$ 480,700	\$ 657,719
2010	154,360	22,839	177,199	360,000	121,600	481,600	658,799
2011	160,295	16,702	176,997	365,000	107,100	472,100	649,097
2012	166,230	10,211	176,441	380,000	92,200	472,200	648,641
2013	172,164	3,443	175,607	390,000	76,800	466,800	642,407
2014-2017	—	—	—	<u>1,523,750</u>	<u>141,700</u>	<u>1,665,450</u>	<u>1,665,450</u>
Subtotals	801,475	81,788	883,263	3,363,750	675,100	4,038,850	4,922,113
Less unamortized discount	<u>(5,013)</u>	<u>—</u>	<u>(5,013)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,013)</u>
Totals	<u>\$ 796,462</u>	<u>\$ 81,788</u>	<u>\$ 878,250</u>	<u>\$3,363,750</u>	<u>\$ 675,100</u>	<u>\$4,038,850</u>	<u>\$4,917,100</u>

As of June 30, 2008, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$701,986,216</u>
Debt limit - 5% of total actual valuation	<u>\$35,099,311</u>
Debt applicable to debt limit	
General obligation bonded debt outstanding	\$23,880,341
Tax increment financing debt outstanding	<u>3,527,528</u>
Legal debt margin	<u>\$27,407,869</u>
Percentage of debt limit	<u>78.09%</u>

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 614,000
Debt Service	Governmental Funds	
	Urban Renewal TIF	499,291
	Nonmajor Governmental Funds	571,413
	Enterprise	
	Water	96,493
	Sewer	68,428
	Nonmajor Enterprise Funds	<u>77,275</u>
		1,312,900
Urban Renewal TIF	Capital Projects	2,849,262
Capital Projects	Enterprise	
	Water	73,425
	Sewer	73,425
	Gas	<u>73,425</u>
		220,275
Nonmajor Governmental	Nonmajor Governmental	<u>22,000</u>
Total		<u>\$5,018,437</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**NOTE 7 DUE FROM AND DUE TO OTHER FUNDS**

The detail of interfund receivables and payables at June 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise—Gas Fund	General Fund	\$ 18,821
Enterprise—Gas Fund	Nonmajor Proprietary Funds	53,889
General	Enterprise Golf Course	85,000
Enterprise—Water Fund	Enterprise Golf Course	<u>100,000</u>
Total		<u>\$ 257,710</u>

These balances result from interfund loans to finance projects. Repayments will be made from future revenues.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 PENSION AND RETIREMENT BENEFITS**

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 3.90% of their annual covered salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$139,906, \$119,736 and \$99,567, respectively, equal to the required contributions for each year.

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% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, can not be less than 17% of earnable compensation. Contribution rates are established by state statute. The City's contribution to the Plan for the years ended June 30, 2008, 2007 and 2006 were \$68,639, \$59,359 and \$49,122, respectively, which met the required minimum contribution for each year.

**NOTE 9 RISK MANAGEMENT**

The City of Waukee is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 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.

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 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2008 were \$131,807.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 RISK MANAGEMENT (continued)**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. 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 exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the City's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance 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. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty 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 workers' compensation. 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.

**NOTE 10 COMMITMENTS**

The City entered into contract commitments with contractors for the completion of several infrastructure construction projects. The total contract commitments are \$4,354,451, of which \$3,872,623 has been incurred as of June 30, 2008. The unpaid commitment balance is \$481,828, which will be funded by current reserves in the capital projects funds and enterprise funds.

The City entered into a land option contract to buy four parcels of land, over the next four years at a total cost of \$1,120,000. The option is automatically terminated upon failure to purchase one of the pieces of land by the dates specified in the contract.

**NOTE 11 TAX INCREMENT FINANCING DEBT**

Urban renewal tax increment financing debt was issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The debt is payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The debt is not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2008, \$3,527,528 is outstanding.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 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 for 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 are 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 through the annual allocation. 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 of the bonds issued during the time the entity was a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A and 2004B include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Sewer Revenue Bonds Series 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, 2008, the Series 2004B bonds had a balance of \$64,695,000 and the City of Waukee's estimated future allocation based on the WRA flows was \$1,982,560.

The WRA Sewer Revenue Bonds Series 2006A 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, 2008, the Series 2006A bonds had a balance of \$38,050,000 and the City of Waukee's estimated future allocation based on the WRA flows is currently \$1,228,235.

The 2008 State Revolving Fund (SRF) Loan was issued for capital expansion. The WRA Agreement requires the debt service on this loan 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, 2008, the 2008 SRF loan had a balance of \$14,414,583 and the City of Waukee's estimated future allocation based on the WRA flows was \$479,143.

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 3000 Vandalia Road, Des Moines, Iowa 50317-01346.

**City of Waukee, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS**

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The statements which will impact the City are as follows:

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, 2010. This Statement establishes standards for the measurement, recognition and display of other postemployment benefit 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 beginning with its 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.

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 establishes 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.

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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

City of Waukee, Iowa  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES,  
EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
Required Supplementary Information  
Year ended June 30, 2008

	<u>Governmental funds actual</u>	<u>Proprietary funds actual</u>	<u>Less funds not required to be budgeted</u>	<u>Total actual</u>
<b>RECEIPTS</b>				
Property tax	\$ 4,405,384	\$ -	\$ -	\$ 4,405,384
Tax increment financing collections	2,447,271	-	-	2,447,271
Other city tax	599,570	-	-	599,570
Licenses and permits	627,720	-	-	627,720
Use of money and property	330,789	1,729,907	2,053	2,058,643
Intergovernmental	1,054,612	-	-	1,054,612
Charges for services	134,996	10,369,401	239,049	10,265,348
Miscellaneous	170,474	151,883	19,944	302,413
Total receipts	<u>9,770,816</u>	<u>12,251,191</u>	<u>261,046</u>	<u>21,760,961</u>
<b>DISBURSEMENTS</b>				
Public safety	1,806,932	-	-	1,806,932
Public works	1,167,008	-	-	1,167,008
Health and social services	9,800	-	-	9,800
Culture and recreation	982,900	-	28,952	953,948
Community and economic development	701,524	-	-	701,524
General government	717,792	-	-	717,792
Debt service	2,552,259	-	-	2,552,259
Capital projects	7,764,263	-	-	7,764,263
Business type activities	-	9,594,703	-	9,594,703
Nonprogram	-	215,542	215,542	-
Total disbursements	<u>15,702,478</u>	<u>9,810,245</u>	<u>244,494</u>	<u>25,268,229</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(5,931,662)</u>	<u>2,440,946</u>	<u>16,552</u>	<u>(3,507,268)</u>
<b>OTHER FINANCING SOURCES, NET</b>				
Excess of receipts and other financing sources over disbursements and other financing uses	<u>8,677,471</u>	<u>(462,471)</u>	<u>-</u>	<u>8,215,000</u>
Capital contributions	-	392,670	-	392,670
<b>BALANCES, beginning of year</b>	<u>4,687,298</u>	<u>19,281,447</u>	<u>105,039</u>	<u>23,863,706</u>
<b>BALANCES, end of year</b>	<u>\$ 7,433,107</u>	<u>\$21,652,592</u>	<u>\$ 121,591</u>	<u>\$28,964,108</u>

See accompanying independent auditor's report.

<u>Budgeted amounts</u>		<u>Final to actual variance</u>
<u>Original</u>	<u>Final</u>	
\$ 4,324,179	\$ 4,324,179	\$ 81,205
2,418,676	2,418,676	28,595
74,468	74,468	525,102
886,825	732,041	(104,321)
246,300	274,850	1,783,793
855,744	862,144	192,468
10,191,858	11,461,183	(1,195,835)
129,450	159,120	143,293
<u>19,127,500</u>	<u>20,306,661</u>	<u>1,454,300</u>
1,826,141	1,872,607	65,675
1,280,713	1,222,915	55,907
13,500	9,800	-
1,274,922	1,257,917	303,969
727,195	806,491	104,967
1,048,220	991,228	273,436
2,191,910	2,191,910	(360,349)
14,270,000	14,270,000	6,505,737
14,086,308	14,086,308	4,491,605
-	-	-
<u>36,718,909</u>	<u>36,709,176</u>	<u>11,440,947</u>
(17,591,409)	(16,402,515)	12,895,247
<u>17,370,000</u>	<u>17,300,000</u>	<u>(9,085,000)</u>
(221,409)	897,485	3,810,247
-	-	392,670
<u>9,952,572</u>	<u>10,679,052</u>	<u>13,184,654</u>
<u>\$ 9,731,163</u>	<u>\$11,576,537</u>	<u>\$17,387,571</u>

**City of Waukee, Iowa**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**  
**Year ended June 30, 2008**

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements 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 projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted disbursements by \$9,733. This budget amendment is reflected in the final budgeted amounts.

The City of Waukee, Iowa prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with generally accepted accounting principles. During the year ended June 30, 2008, disbursements in the debt service function exceeded the amounts budgeted.

**OTHER SUPPLEMENTARY INFORMATION**

**City of Waukee  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

	<u>Special Revenue Funds</u>					<u>Debt service</u>	
	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Enterprise Business Park TIF</u>	<u>Library Foundation</u>	<u>Hickman West Industrial Park TIF</u>	<u>Special Assessments</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and pooled investments	\$ 111,708	\$ 17,575	\$ 50,638	\$ 118,931	\$1,719,587	\$ 53,700	\$2,072,139
Receivables							
Property tax							
Delinquent	-	4,528	68,513	-	-	-	73,041
Succeeding year	-	765,972	-	-	-	-	765,972
Special assessments	-	-	-	-	-	197,581	197,581
Due from other governments	1,975	-	-	-	-	-	1,975
Prepaid insurance	<u>7,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,522</u>
Total assets	<u>\$ 121,205</u>	<u>\$ 788,075</u>	<u>\$ 119,151</u>	<u>\$ 118,931</u>	<u>\$1,719,587</u>	<u>\$ 251,281</u>	<u>\$3,118,230</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 17,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,160
Deferred revenue							
Succeeding year property tax	-	765,972	-	-	-	-	765,972
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,581</u>	<u>197,581</u>
Total liabilities	<u>17,160</u>	<u>765,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,581</u>	<u>980,713</u>
<b>FUND EQUITY</b>							
Fund balances							
Restricted for							
Debt service	-	-	-	-	-	53,700	53,700
Prepaid insurance	7,522	-	-	-	-	-	7,522
Unreserved, undesignated	<u>96,523</u>	<u>22,103</u>	<u>119,151</u>	<u>118,931</u>	<u>1,719,587</u>	<u>-</u>	<u>2,076,295</u>
Total fund balances	<u>104,045</u>	<u>22,103</u>	<u>119,151</u>	<u>118,931</u>	<u>1,719,587</u>	<u>53,700</u>	<u>2,137,517</u>
Total liabilities and fund equity	<u>\$ 121,205</u>	<u>\$ 788,075</u>	<u>\$ 119,151</u>	<u>\$ 118,931</u>	<u>\$1,719,587</u>	<u>\$ 251,281</u>	<u>\$3,118,230</u>

See accompanying independent auditor's report.

**City of Waukee**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended June 30, 2008

	<u>Special Revenue Funds</u>					<u>Debt service</u>	
	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Enterprise Business Park TIF</u>	<u>Library Foundation</u>	<u>Hickman West Industrial Park TIF</u>	<u>Special Assessments</u>	<u>Total</u>
<b>REVENUES</b>							
Property tax	\$ -	\$ 637,535	\$ -	\$ -	\$ -	\$ -	\$ 637,535
Tax increment financing collections	-	-	279,540	-	507,864	-	787,404
Other city tax	-	-	-	-	-	57,353	57,353
Use of money and property	-	7,244	3,616	-	47,945	1,693	60,498
Intergovernmental	696,690	-	-	-	-	-	696,690
Miscellaneous	9,358	-	-	19,944	-	-	29,302
Total revenues	<u>706,048</u>	<u>644,779</u>	<u>283,156</u>	<u>19,944</u>	<u>555,809</u>	<u>59,046</u>	<u>2,268,782</u>
<b>EXPENDITURES</b>							
Operating							
Public works	654,340	-	-	-	-	-	654,340
Culture and recreation	-	-	-	28,952	-	-	28,952
Community and economic development	-	-	-	-	20,920	-	20,920
Total expenditures	<u>654,340</u>	<u>-</u>	<u>-</u>	<u>28,952</u>	<u>20,920</u>	<u>-</u>	<u>704,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,708</u>	<u>644,779</u>	<u>283,156</u>	<u>(9,008)</u>	<u>534,889</u>	<u>59,046</u>	<u>1,564,570</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	22,000	-	-	-	-	-	22,000
Operating transfers (out)	-	(636,000)	(230,000)	-	(332,713)	(8,700)	(1,207,413)
Total other financing sources (uses)	<u>22,000</u>	<u>(636,000)</u>	<u>(230,000)</u>	<u>-</u>	<u>(332,713)</u>	<u>(8,700)</u>	<u>(1,185,413)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	73,708	8,779	53,156	(9,008)	202,176	50,346	379,157
<b>FUND BALANCES, beginning of year</b>	<u>30,337</u>	<u>13,324</u>	<u>65,995</u>	<u>127,939</u>	<u>1,517,411</u>	<u>3,354</u>	<u>1,758,360</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 104,045</u>	<u>\$ 22,103</u>	<u>\$ 119,151</u>	<u>\$ 118,931</u>	<u>\$ 1,719,587</u>	<u>\$ 53,700</u>	<u>\$ 2,137,517</u>

**City of Waukee, Iowa**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2008**

	<u>Solid Waste</u>	<u>Utility Billing</u>	<u>Storm Sewer</u>	<u>Golf Course</u>	<u>Total</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and pooled investments	\$ -	\$ 101,531	\$ 193,030	\$ 800	\$ 295,361
Receivables					
Customer accounts and unbilled usage	86,505	-	35,621	471	122,597
Inventories	-	-	-	22,007	22,007
Restricted assets - cash and pooled investments					
Customer deposits	-	-	-	600	600
Revenue note and interest sinking account	-	-	-	5,970	5,970
Revenue note reserve account	-	-	-	37,180	37,180
Capital assets (net of accumulated depreciation)	-	-	<u>35,875</u>	<u>1,679,950</u>	<u>1,715,825</u>
Total assets	<u>86,505</u>	<u>101,531</u>	<u>264,526</u>	<u>1,746,978</u>	<u>2,199,540</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	44,017	42,182	14,550	216,275	317,024
Compensated absences	-	2,800	1,849	612	5,261
Capital lease payable	-	-	-	629	629
General obligation bonds payable	-	-	-	12,597	12,597
Interfund payable	-	53,889	-	-	53,889
Current liabilities payable from Restricted assets					
Customer deposits payable	-	-	-	600	600
Revenue notes payable	-	-	-	32,727	32,727
Interest payable	-	-	-	4,917	4,917
Noncurrent liabilities					
Advances from other funds	-	-	-	185,000	185,000
Capital lease obligation bonds payable	-	-	-	3,698	3,698
General obligation bonds payable	-	-	-	24,247	24,247
Revenue notes payable	-	-	-	<u>810,693</u>	<u>810,693</u>
Total liabilities	<u>44,017</u>	<u>98,871</u>	<u>16,399</u>	<u>1,291,995</u>	<u>1,451,282</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	-	831,234	831,234
Restricted for bond retirement	-	-	-	5,506	5,506
Unreserved, undesignated	<u>42,488</u>	<u>2,660</u>	<u>248,127</u>	<u>(381,757)</u>	<u>(88,482)</u>
Total net assets	<u>\$ 42,488</u>	<u>\$ 2,660</u>	<u>\$ 248,127</u>	<u>\$ 454,983</u>	<u>\$ 748,258</u>

See accompanying independent auditor's report.

**City of Waukee, Iowa**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**Year ended June 30, 2008**

	<u>Solid Waste</u>	<u>Utility Billing</u>	<u>Storm Sewer</u>	<u>Golf Course</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for service	\$ 584,415	\$ 239,049	\$ 299,837	\$ 439,340	\$1,562,641
Miscellaneous	<u>2,370</u>	<u>—</u>	<u>20</u>	<u>105,548</u>	<u>107,938</u>
Total operating revenues	<u>586,785</u>	<u>239,049</u>	<u>299,857</u>	<u>544,888</u>	<u>1,670,579</u>
<b>OPERATING EXPENSES</b>					
Business type activities					
Cost of sales and services	583,522	215,542	171,145	528,610	1,498,819
Depreciation and amortization	<u>—</u>	<u>—</u>	<u>4,267</u>	<u>66,485</u>	<u>70,752</u>
Total operating expenses	<u>583,522</u>	<u>215,542</u>	<u>175,412</u>	<u>595,095</u>	<u>1,569,571</u>
Operating income	<u>3,263</u>	<u>23,507</u>	<u>124,445</u>	<u>(50,207)</u>	<u>101,008</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	—	2,053	4,151	871	7,075
Rental income	—	—	—	7,277	7,277
Interest expense	<u>—</u>	<u>—</u>	<u>—</u>	<u>(38,776)</u>	<u>(38,776)</u>
Total nonoperating revenues (expenses)	<u>—</u>	<u>2,053</u>	<u>4,151</u>	<u>(30,628)</u>	<u>(24,424)</u>
Transfers (out)	<u>—</u>	<u>—</u>	<u>(21,730)</u>	<u>(55,545)</u>	<u>(77,275)</u>
<b>CHANGE IN NET ASSETS</b>	3,263	25,560	106,866	(136,380)	(691)
<b>NET ASSETS (DEFICIT), beginning of year</b>	<u>39,225</u>	<u>(22,900)</u>	<u>141,261</u>	<u>591,363</u>	<u>748,949</u>
<b>NET ASSETS, end of year</b>	<u>\$ 42,488</u>	<u>\$ 2,660</u>	<u>\$ 248,127</u>	<u>\$ 454,983</u>	<u>\$ 748,258</u>

See accompanying independent auditor's report.

**City of Waukee, Iowa**  
**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -**  
**ALL GOVERNMENTAL FUNDS**  
**For the last five years**

	<b>Modified Accrual Basis</b>				
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>REVENUES</b>					
Property tax	\$ 4,405,384	\$ 3,804,888	\$3,468,779	\$ 3,057,974	\$2,824,173
Tax increment financing revenue	2,447,271	1,651,122	1,279,032	980,076	750,461
Other city tax	599,570	466,312	57,134	160,531	(6,441)
Licenses and permits	627,720	766,811	880,119	659,487	436,377
Use of money and property	330,789	242,139	142,740	111,127	117,062
Intergovernmental	1,054,612	1,727,796	870,087	2,138,494	669,192
Charges for service	134,996	92,707	75,600	89,475	63,974
Miscellaneous	170,474	459,154	331,615	430,772	269,925
Totals	<u>\$ 9,770,816</u>	<u>\$ 9,210,929</u>	<u>\$7,105,106</u>	<u>\$ 7,627,936</u>	<u>\$5,124,723</u>
<b>EXPENDITURES</b>					
Operating					
Public safety	\$ 1,806,932	\$ 1,510,461	\$1,373,641	\$ 2,169,067	\$1,420,802
Public works	1,167,008	1,081,599	1,185,751	1,214,158	838,524
Health and social services	9,800	9,000	13,500	12,050	13,966
Culture and recreation	982,900	1,110,158	806,026	854,233	666,425
Community and economic development	701,524	645,533	508,066	236,485	226,664
General government	717,792	708,556	706,296	414,964	404,939
Debt service	2,552,259	2,432,070	2,407,072	1,498,394	1,832,624
Capital projects	7,764,263	4,062,917	1,376,921	4,474,304	2,623,847
Totals	<u>\$15,702,478</u>	<u>\$11,560,294</u>	<u>\$8,377,273</u>	<u>\$10,873,655</u>	<u>\$8,027,791</u>

See accompanying independent auditor's report.

**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  
Waukee, 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 City of Waukee, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 29, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiency described in Part II of the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

### **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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City of Waukee, Iowa'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 are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved, except IV-07-A.

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 Waukee and other parties to whom the City of Waukee 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  
October 29, 2008

## **SCHEDULE OF FINDINGS**

**City of Waukee  
SCHEDULE OF FINDINGS  
Year ended June 30, 2008**

**Part I—Findings Related to the Financial Statements**

No matters regarding noncompliance relative to the financial statements were reported.

**SIGNIFICANT DEFICIENCY**

**I-08-A CAPITAL ASSETS**

Capital assets are not tagged and adequate documentation of comparison to the capital asset listing is not maintained.

**Recommendation**

Capital assets should be tagged for proper identification and a periodical comparison to the capital asset listing by a person independent of the custody of those fixed assets should be properly documented.

**Response**

The City will tag all capital assets with an original cost exceeding their current capitalization policy. Documentation of the procedures performed to update the capital asset listing on an annual basis will be maintained.

**Conclusion**

Response accepted.

**City of Waukee**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2008**

**Part II—Findings Related to Required Statutory Reporting**

**II-08-A CERTIFIED BUDGET**

Expenditures during the year ended June 30, 2008 exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, that public monies may not be expended or encumbered except under an annual or continuing appropriation.

**Recommendation**

The amendment to the budget should have been in an amount adequate so that expenditures do not exceed the budget.

**Response**

We will have the department heads review the budget activity more closely in the future to be sure that the amendments are adequate.

**Conclusion**

Response accepted.

**II-08-B QUESTIONABLE EXPENDITURES**

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

**II-08-C TRAVEL EXPENSE**

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

**II-08-D BUSINESS TRANSACTIONS**

We noted no business transactions between the City and City officials or employees in excess of \$1,500.

**II-08-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 insure that the coverage is adequate for current operations.

**II-08-F COUNCIL MINUTES**

No transactions were found that we believe should have been approved in the Council minutes but were not.

**II-08-G DEPOSITS AND INVESTMENTS**

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

**II-08-H REVENUE BONDS/NOTES**

The City was in compliance with all requirements of their water, sewer, gas and golf course revenue bond and note provisions.