



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008**

Comprehensive  
Annual Financial Report  
of the  
City of Des Moines, Iowa

For the Fiscal Year Ended June 30, 2008

Prepared by the  
Department of Finance



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# INTRODUCTORY SECTION

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November 14, 2008



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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen LLP, Certified Public Accountants, has issued an unqualified ("clean") opinion on the City of Des Moines's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

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

### **Profile of the Government**

The City of Des Moines, Iowa was incorporated as a town in 1851 and as a city in 1857 under the laws of the State of Iowa, later amended in 1975 under the Home Rule Act. Extending over 80 square miles, it is home to approximately 200,000 people and the central city of a metropolitan area of 456,000. It is a river city, intersected by the Des Moines and Raccoon Rivers.

Des Moines is the capital of Iowa, and operates under the council-manager-ward form of government. The Mayor and two Council Members are elected at-large, while another four Council Members each represent one of the four wards into which the City is divided.

The City of Des Moines provides a full range of services, including police and fire protection, sanitation services, park and recreational programs and facilities; construction and maintenance of infrastructure, including streets, roads, bridges, and a storm water utility; enforcement of building code regulations; traffic control and parking; operation and maintenance of an international airport; housing and other community improvements and social services; economic development and six public libraries. The Des Moines Independent Community School District, the Des Moines Water Works, Des Moines Area Regional Transit, the Wastewater Reclamation Authority and Metro Waste Authority – while providing other services to the citizens of Des Moines—do not meet the established criteria for component entities of the City, and thus, are excluded from this report. The City benefits from strong and diverse neighborhoods and a citizenry deeply involved in its government. The development of 50 recognized neighborhood associations and the participation of more than 300 residents who voluntarily serve on boards and commissions strengthen the basic framework of the City’s governmental structure.

The City Council is required by Chapter 384 of the Code of Iowa to adopt an annual budget on or before March 15 of each year. This annual budget serves as the foundation for the City of Des Moines’s financial planning and control. The adopted budget provides appropriations (authority to spend) for program operations for the fiscal year that begins on July 1 and ends on June 30 of the following year. Budget amendments (revisions to the adopted budget) must be prepared and adopted in the same manner as the original budget. State law requires that expenditures be controlled at the program level. The budget is also prepared by department, fund and sub activity levels.

### **Local Economy**

Des Moines is the industrial, commercial, financial, trade, transportation, and governmental center of Iowa. The City’s insurance industry is the third largest in the world – after London and Hartford – and growing. There are over 200 insurance offices and headquarters located in Des Moines employing more than 20,000 people. Insurance activities are part of a strong local economy that is also based in agriculture, manufacturing, technology, education, health care, and other services. Forbes Magazine ranked Des Moines as the 4<sup>th</sup> “Best Place for Business”, Kiplinger’s Personal Finance News ranked Des Moines as one of the “Best Cities for Every Stage of Your Life”, and an annual poll by Penton’s Expansion Management named Des Moines as one of “America’s 50 Hottest Cities” in 2007.

While Iowa is an agricultural state, the City's economic diversification insulates it from the farm economy. Further, as many of the state's rural communities experience population decreases, the Des Moines metropolitan area continues to grow, with much of the expansion resulting from the relocation of residents to Des Moines from rural areas. The variety of components contributing to the City's economy creates a stability that is apparent from unemployment figures. The City has historically enjoyed a very low unemployment rate for each of the last five calendar years: 3.7 percent through June 30, 2008, 3.4 percent in 2007, 3.6 percent in 2006, 4.1 percent in 2005, and 3.6 percent in 2004. Additional background data are included in the statistical section of this report. The outlook for the local economy is a continuing low unemployment rate and steady increases in total assessed property valuation, both inside the City and in adjacent communities.

### **Long-term Financial Planning**

The City Council and administration routinely consider the long-term view regarding financial matters. Operating budget decisions are based on the long-term impact of appropriations and funding. The city has a sophisticated and detailed Capital Improvement Plan that considers the impact of the investment in infrastructure, the associated debt burden, and any changes in operating costs.

### **Relevant Financial Policies**

The city regards General Fund unreserved, undesignated fund balance as a critical component of fiscal health and criteria for an above average bond rating. General Fund unreserved, undesignated fund balance is targeted at 10% of expenditures. The June 30, 2008 balance is 8.3% of expenditures, down from 8.9% as of June 30, 2007. Enterprise funds are monitored regularly and user fees adjusted to maintain required revenue bond coverage and sufficient working capital balances.

### **Major Initiatives**

Several major projects designed to enhance the city's quality of life and add to its tax base have been completed. Those projects include the renovation of the North Branch library, the South Branch library, renovation and expansion of the Forest Avenue library and the renovation of Principal Park Stadium. Downtown Riverwalk improvements continue to be unveiled in phases and will continue forward for the next few years. Additional improvements in the early stages of development include the Riverpoint West area, the \$20+ million Pappajohn Sculpture Garden, and Wellmark's construction of a new office building and parking garage. The extension of the Martin Luther King East/West Parkway eastward across the Des Moines River is underway and should open up additional economic development opportunities. The downtown housing stock has softened some from all of the new construction of condominiums and

apartments coupled with the economic downturn. Nonetheless, downtown residential living continues to increase which is beginning to turn the downtown into a "24/7" location. This work as well as the East Village revitalization and the Gateway West development have contributed to Des Moines being one of the "Top Ten Downtown Turnarounds" as named by the Urban Land Institute Magazine.

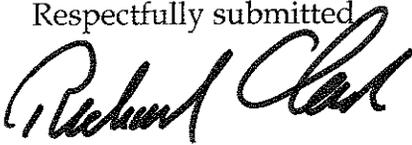
### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Des Moines for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the 31<sup>st</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Preparation and publication of the *Comprehensive Annual Financial Report* were the responsibility of a team led by Deputy Finance Director/Controller Sherri M. Saul and Deputy Controller Tim McCarthy. This team consisted of all of their colleagues in the Finance Department, the audit team from McGladrey and Pullen, LLP, and many others in the City's operating departments, particularly the Housing, Aviation, and Community Development Departments. All members of the team have our deep appreciation and respect for their outstanding contributions to this report—both individually and collectively.

Respectfully submitted



Richard Clark  
City Manager



Allen McKinley  
Finance Director/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Des Moines  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



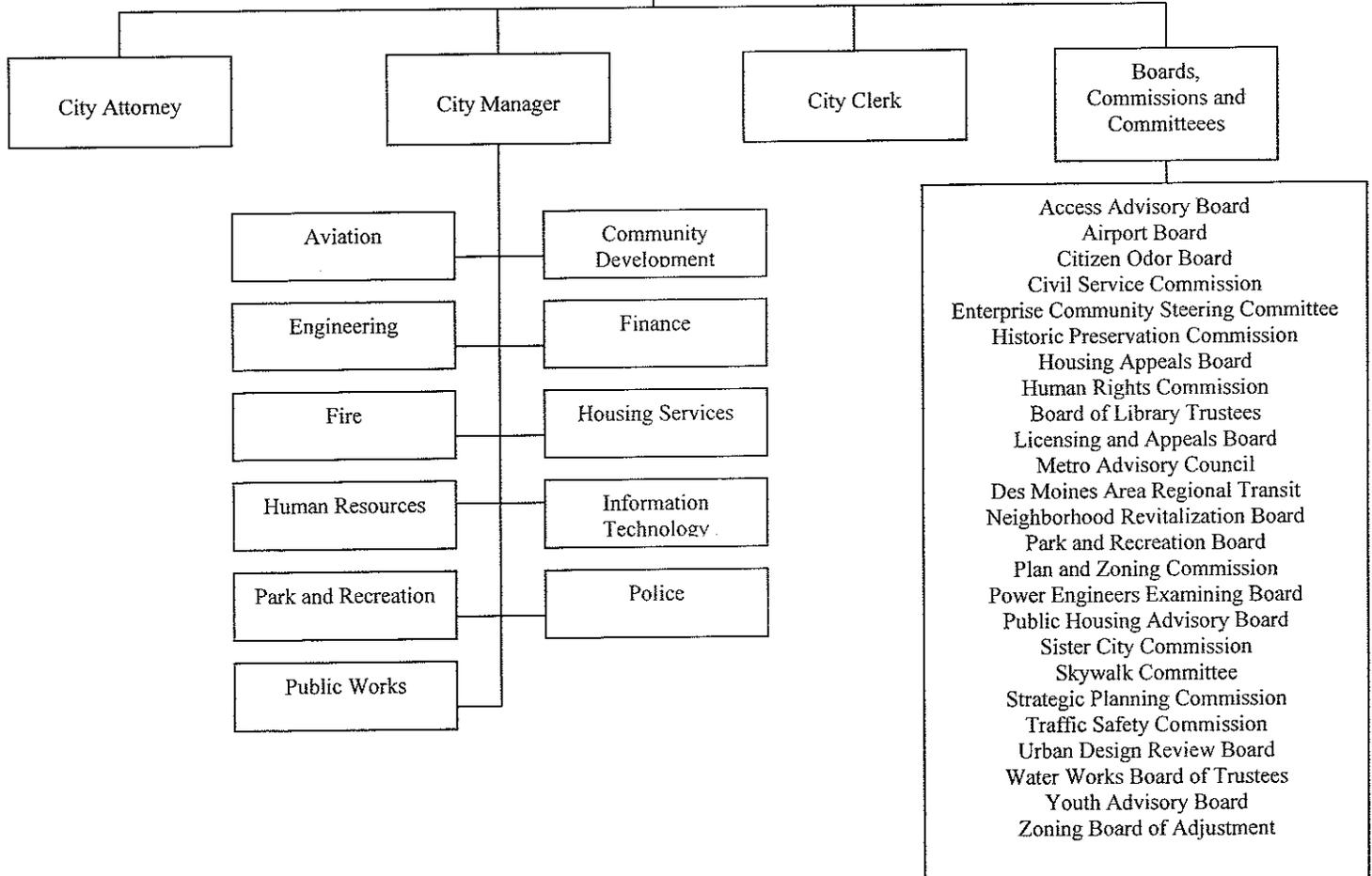
# City of Des Moines, Iowa Table of Organization

**Citizens of Des Moines**

ELECT

**Des Moines City Council**  
 Frank Cownie, Mayor  
 Chris Coleman, At-Large  
 Michael Kiernan, At-Large  
 Thomas Vlassis, Ward I  
 Bob Mahaffey, Ward II  
 Christine Hensley, Ward III  
 Brian Meyer, Ward IV

APPOINTS





**CITY OF DES MOINES, IOWA  
ELECTED AND APPOINTED OFFICIALS  
For the Fiscal Year Ended June 30, 2008**

Elected Officials:

Term Expires

Frank Cownie	Mayor	1/1/2012
Chris Coleman	Council Member, At-Large	1/1/2012
Michael Kiernan	Council Member, At-Large	1/1/2010
Thomas Vlassis	Council Member, Ward I	1/1/2010
Bob Mahaffey	Council Member, Ward II	1/1/2012
Christine Hensley	Council Member, Ward III	1/1/2010
Brian Meyer	Council Member, Ward IV	1/1/2012

Council-Appointed Officials:

Richard Clark	City Manager
Bruce Bergman	City Attorney
Diane Rauh	City Clerk



# FINANCIAL SECTION

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Des Moines, 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. These financial statements are the responsibility of the City of Des Moines, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Des Moines Public Library Foundation which represents all of the assets and revenues of the discretely presented component unit of the City of Des Moines, Iowa. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Des Moines Public Library Foundation, is based on the report of the other auditors.

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. The financial statements of the Des Moines Public Library Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Des Moines, Iowa, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 14 to the basic financial statements, the City changed its method of accounting for other postemployment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008 on our consideration of the City of Des Moines, Iowa'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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 18 and 89 through 91 and the schedule of funding progress on page 92 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Des Moines, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 14, 2008

## Management's Discussion and Analysis

As management of the City of Des Moines, we offer readers of the City of Des Moines' financial statements this narrative overview and analysis of the financial activities of the City of Des Moines for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page VII through X of this report.

### Financial Highlights

- The assets of the City of Des Moines exceeded its liabilities at the close of the most recent fiscal year by \$963,643,145 (*net assets*). Of this amount, \$71,882,275 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$41,680,258.
- At the close of this current fiscal year, the City of Des Moines' governmental funds reported combined ending fund balances of \$108,733,857, a decrease of \$23,343,550 in comparison with the prior year. Approximately 82 percent of this total amount, \$88,844,086, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,942,635, or 8.3 percent of total General Fund expenditures.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Des Moines that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Des Moines include public safety, public works, health and social services, culture and recreation, community and economic development, and general government. The business-type activities of the City of Des Moines include the airport, municipal housing agency, parking facilities system, sanitary sewer system, golf courses, solid waste system, and stormwater utility.

The government-wide financial statements include the City of Des Moines itself (known as the *primary government*), as well as the Public Library of Des Moines Foundation, a discretely presented component unit, which raises funds for the benefit of the City's libraries. The Des Moines Independent Community School District, the Des Moines Waterworks, Des Moines Area Regional Transit, the Wastewater Reclamation Authority, and Metro Waste Authority provide services to the citizens of Des Moines but do not meet established criteria as component units of the City, and thus, are not included in this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental

fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

The City of Des Moines maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Tax Increment Fund, Capital Projects Fund, and Benefit Tax Accounts special Revenue Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

***Proprietary funds.*** The City of Des Moines maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Des Moines' various functions. The City of Des Moines uses internal service funds to account for the equipment service center, forestry, central services, radio communications, equipment and radio replacement, and group health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The City of Des Moines maintains seven enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport Fund, Parking Fund, Sewer System Fund, Storm Water Utility Fund, and Municipal Housing Fund as these are considered to be major funds of the City of Des Moines. Data from the other two enterprise funds (Golf Fund and Solid Waste Fund) are combined into a single, aggregated presentation. Individual fund data for each of

these non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Des Moines' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has only one type of fiduciary funds: agency funds. The total assets held in the fiduciary funds at June 30, 2008 were \$91,100,766 of which \$90,082,983 belonged to the Wastewater Reclamation Authority (WRA), an agency fund.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The City's budgetary comparison schedule is presented as required supplementary information immediately following the notes to the financial statements. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Des Moines, assets exceeded liabilities by \$963,643,145, at the close of the fiscal year ended June 30, 2008.

By far the largest portion of the City of Des Moines' net assets (88 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Des Moines uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Des Moines' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Des Moines' Net Assets**

	Governmental Activities 2008	Business-type Activities 2008	Total 2008	Governmental Activities 2007	Business-type Activities 2007	Total 2007
Current and other assets	\$ 274,327,855	\$ 100,097,927	\$ 374,425,782	\$ 286,626,098	\$ 97,672,255	\$ 384,298,353
Capital assets	742,578,733	563,245,961	\$ 1,305,824,694	728,229,670	512,276,912	\$ 1,240,506,582
Total assets	<u>1,016,906,588</u>	<u>663,343,888</u>	<u>1,680,250,476</u>	<u>1,014,855,768</u>	<u>609,949,167</u>	<u>1,624,804,935</u>
Noncurrent liabilities	365,342,431	127,565,121	492,907,552	355,015,947	127,874,982	482,890,929
Other liabilities	186,531,549	37,168,230	223,699,779	192,546,834	27,404,285	219,951,119
Total liabilities	<u>551,873,980</u>	<u>164,733,351</u>	<u>716,607,331</u>	<u>547,562,781</u>	<u>155,279,267</u>	<u>702,842,048</u>
Net assets:						
Invested in capital assets, net of related	426,382,213	426,139,390	852,521,603	392,270,393	389,752,986	782,023,379
Restricted	13,089,083	26,149,744	39,238,827	45,163,678	27,038,877	72,202,555
Unrestricted	25,561,312	46,321,403	71,882,715	29,858,916	37,878,037	67,736,953
Total net assets	<u>\$ 465,032,608</u>	<u>\$ 498,610,537</u>	<u>\$ 963,643,145</u>	<u>\$ 467,292,987</u>	<u>\$ 454,669,900</u>	<u>\$ 921,962,887</u>

An additional portion of the City of Des Moines' net assets (4.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$71,882,715) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's total net assets increased by \$41,680,258 during the current fiscal year. The governmental-type activities decreased by \$2,260,379. This decrease was attributable primarily to the operating activities in the debt service fund. The total business-type activities' net assets increased by \$43,940,637. This increase was attributable primarily to the operating activities of the airport, the sewer system and the storm water utility funds.

**Governmental activities.** A summary of the City's changes in net assets follows:

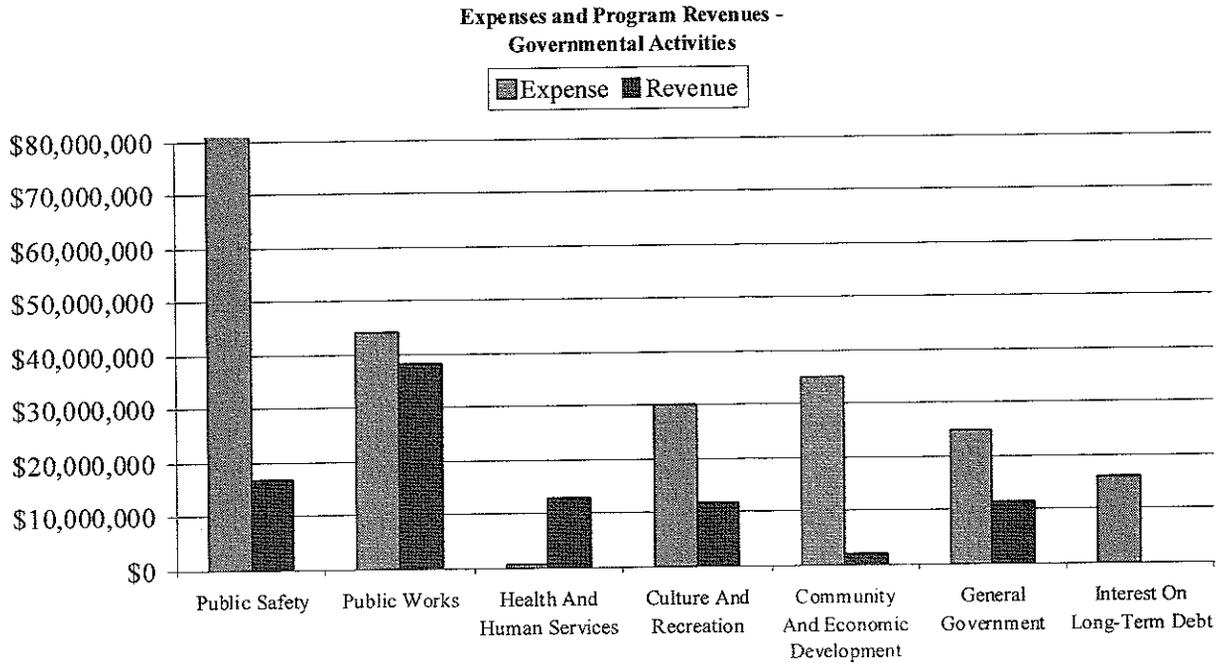
City of Des Moines' Changes in Net Assets

	Governmental Activities 2008	Business-type Activities 2008	Total 2008	Governmental Activities 2007	Business-type Activities 2007	Total 2007
Revenues:						
Program revenues:						
Charges for services	\$ 37,215,184	\$ 97,954,701	\$ 135,169,885	\$ 33,312,628	\$ 91,644,350	\$ 124,956,978
Operating grants and contributions	40,943,723	18,040,420	58,984,143	35,348,086	16,951,906	52,299,992
Capital grants and contributions	14,358,692	34,327,526	48,686,218	17,390,101	15,815,419	33,205,520
General revenues						
Property taxes	124,299,047	—	124,299,047	122,507,095	—	122,507,095
Other taxes	15,032,935	—	15,032,935	14,070,843	—	14,070,843
Grants and contributions not restricted to specific programs	—	—	—	—	—	—
Other	12,044,980	5,070,692	17,115,672	15,438,606	5,509,849	20,948,455
<b>Total</b>	<b>243,894,561</b>	<b>155,393,339</b>	<b>399,287,900</b>	<b>238,067,359</b>	<b>129,921,524</b>	<b>367,988,883</b>
Expenses						
Public safety	91,316,811	—	91,316,811	86,971,119	—	86,971,119
Public works	43,983,358	—	43,983,358	40,778,570	—	40,778,570
Health and social services	612,374	—	612,374	1,082,618	—	1,082,618
Culture and recreation	29,941,632	—	29,941,632	27,443,217	—	27,443,217
Community and economic development	34,806,759	—	34,806,759	24,176,152	—	24,176,152
General government	24,651,764	—	24,651,764	22,278,473	—	22,278,473
Interest on long-term debt	16,109,167	—	16,109,167	15,162,124	—	15,162,124
Airport	—	31,729,902	31,729,902	—	30,093,735	30,093,735
Parking facilities system	—	12,574,941	12,574,941	—	11,531,196	11,531,196
Sewer system	—	26,295,060	26,295,060	—	25,574,852	25,574,852
Stormwater utility	—	10,177,919	10,177,919	—	9,137,184	9,137,184
Golf	—	2,147,095	2,147,095	—	2,117,251	2,117,251
Solid waste	—	10,642,771	10,642,771	—	9,915,661	9,915,661
Municipal Housing Agency	—	22,618,089	22,618,089	—	21,918,453	21,918,453
<b>Total expenses</b>	<b>241,421,865</b>	<b>116,185,777</b>	<b>357,607,642</b>	<b>217,892,273</b>	<b>110,288,332</b>	<b>328,180,605</b>
Increase/ (decrease) in net assets before transfers	2,472,696	39,207,562	41,680,258	20,175,086	19,633,192	39,808,278
Transfers	(4,733,075)	4,733,075	—	(900,000)	900,000	—
Increase/ (decrease) in net assets	(2,260,379)	43,940,637	41,680,258	19,275,086	20,533,192	39,808,278
Net assets - beginning	467,292,987	454,669,900	921,962,887	448,017,901	408,894,262	856,912,163
<b>Net assets - ending</b>	<b>\$ 465,032,608</b>	<b>\$ 498,610,537</b>	<b>\$ 963,643,145</b>	<b>\$ 467,292,987</b>	<b>\$ 434,136,708</b>	<b>\$ 896,720,441</b>

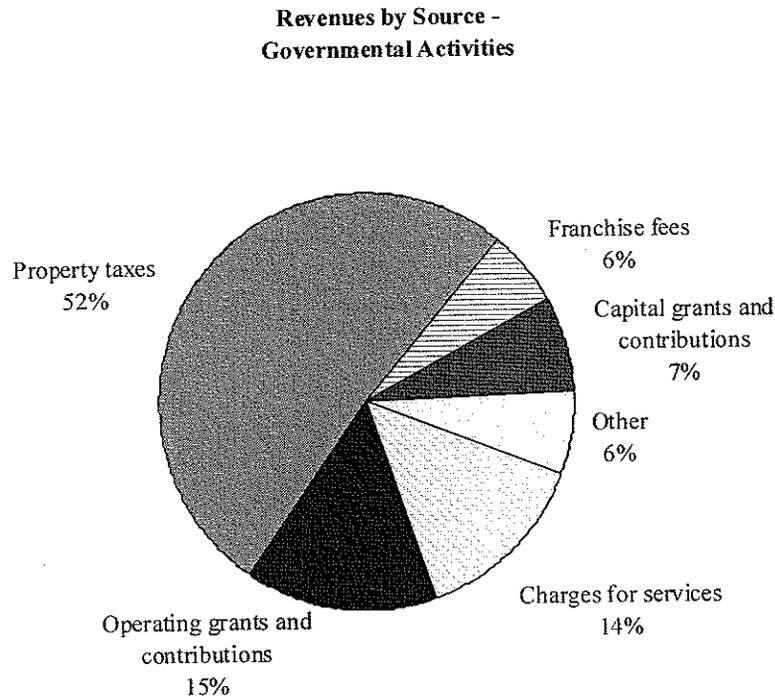
Total governmental activities' revenue for the fiscal year was \$243,894,561 compared to \$238,068,359 in 2007. The largest single revenue source for the City was property taxes of \$124,299,047. Property taxes increased by \$1,791,952 (1.5 percent) from 2007. This

increase is the result primarily of an increase in tax increment financing commitments funded from increased related property values.

Certain revenues are generated that are specific to governmental program activities. These totaled \$92,517,599 in 2008 and \$86,050,815 in 2007. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities.

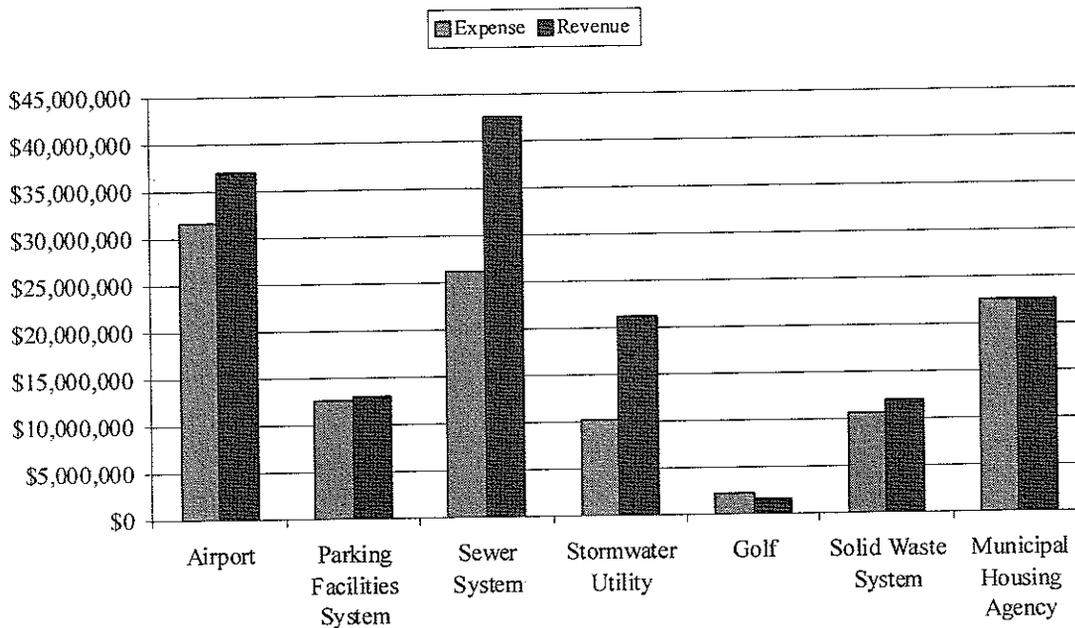


The graph below shows the percentage of the total governmental revenues allocated by each revenue type.



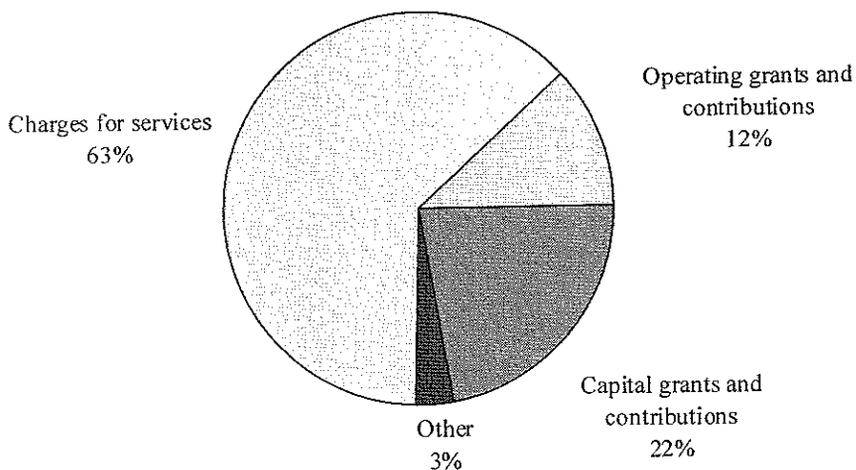
Total business-type activities' revenue for the fiscal year was \$155,393,339 compared to \$129,921,524 in 2007. All but \$5,070,692s and \$5,509,849 of this revenue was generated for specific business-type activity expenses in 2008 and 2007, respectively. The graph on the following page shows a comparison between the business-type activity expenditures and program revenues.

**Expenses and Program Revenue -  
Business-type Activities**



The graph below shows the breakdown of revenues by source for the business-type activities.

**Revenues By Source -  
Business-type Activities**



**Business-type activities.** Business-type activities increased the City of Des Moines' net assets by \$43,940,637, accounting for the increase, in total, in the government's net assets. Key elements of this increase are as follows:

- The sewer system recorded an increase of \$20,174,647 in net assets for the year. This increase was the result of an increase in capital assets and operating income.
- The airport recorded an increase of \$6,488,265 in net assets for the year. This increase was the result of an increase in capital assets, primarily funded by capital grants.
- The storm water utility recorded an increase of \$13,432,489 in net assets for the year. This increase was the result of an increase in capital assets and operating income.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of Des Moines' governmental funds reported combined ending fund balances of \$108,733,857, a decrease of \$23,343,550 in comparison with the prior year. The decrease was related to a decrease of fund balance in the debt service fund resulting from the refunding of General Obligation Bonds Series 2000D (\$16,695,000), with funds which were held in escrow at year end FY07. Approximately 82 percent of this total amount (\$88,844,086) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$204,394); 2) for a variety of other purposes (\$19,685,377).

The General Fund is the chief operating fund of the City of Des Moines. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,942,635, while total fund balance was \$15,164,488. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.3 percent of total

General Fund expenditures, while total fund balance represents 11.5 percent of that same amount.

The fund balance of the City of Des Moines' General Fund decreased by \$66,114 during the current fiscal year.

The Debt Service Fund has a total fund balance of (\$452,555). The net decrease in fund balance during the current year in the Debt Service Fund was \$17,690,114. This decrease is primarily a result of funds that were held in escrow at June 30, 2007 and used to refund general obligation bonds in FY08.

The Tax Increment Fund (TIF) has a total fund balance of \$6,208,887. The net increase in fund balance during the current year in the Tax Increment Fund was \$5,307,507, due to the timing of planned developer payments that will carry forward to the following fiscal year.

The Capital Projects Fund has a total fund balance of \$71,006,222. The net decrease in fund balance during the current year in the Capital Projects Fund was \$5,946,553. This decrease was due to the timing and rate of expenditures for capital projects during the construction season that spans primarily from May through October.

The Benefit Tax Accounts Special Revenue Fund has a total fund balance of \$449,791. The net increase in fund balance during the current year in the Benefit Tax Accounts Special Revenue Fund was \$24,883.

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

Unrestricted net assets of the Airport at the end of the year were \$7,826,200; those for the Storm water Utility were \$11,685,499; those for the Parking Facility System were \$5,842,156; those for the Municipal Housing Agency were \$6,081,903; and those for the Sewer System were \$18,557,964. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Des Moines' business-type activities.

### **Budgetary Highlights**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing which includes all

funds except fiduciary funds and internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. The legal level of control is at the aggregated function level, not at the fund or fund type level. These budget amendments are reflected in the final budgeted amounts.

Differences between the original budget and the final amended budget for the City of Des Moines can be summarized as follows:

- The total original revenue budget of \$376,244,712 was increased to \$397,586,901 (an increase of \$21,342,189).
- The total original expenditure budget of \$455,292,652 was increased to \$488,943,869 (an increase of \$33,651,217).
- The total original budget for net transfers in of \$35,882,646 was increased to \$51,210,610 (an increase of \$15,327,964).
- The above changes to budgets were primarily related to appropriation carryover funds for capital improvements and debt refinancing.

Revenues fell short of revised budget projections by \$27,771,756. This was attributable to shortfalls in charges for sales and services (\$3,677,918), in miscellaneous revenue (\$13,819,944), intergovernmental revenue (\$3,026,614), and use of money and property revenue (\$7,793,761), which was partially offset by charges for franchise fees revenue in excess of budget by \$892,935.

Expenditures were over budget in total by \$16,311,077. This overage was primarily due to expenditures that were more than budget in public safety \$2,168,840, public works \$1,481,676, culture and recreation \$380,261, community and economic development \$570,220, general government \$1,514,507, and debt service \$108,616,906. Business-type expenditures, under budget (\$78,048,945), and capital outlay under budget (\$20,190,570), partially offset the overages.

See page 89 for the *Budgetary Comparison Schedule – All Governmental Funds and Enterprise Funds*.

## Capital Asset and Debt Administration

**Capital assets.** The City of Des Moines' investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$1,305,824,694 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Des Moines' investment in capital assets for the current fiscal year was 5.3 percent (a 2.0 percent increase for governmental activities, and a 9.9 percent increase for business-type activities).

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

- Essentially completed the \$1,000,000 Downtown Way finding signage project.
- Made over \$1,000,000 in improvements at the Blank Park Zoo, essential to the Zoo to maintain its accreditation.
- Spent over \$2,500,000 towards the construction of the \$9,500,000 Center Street Pedestrian bridge that will be the focal point of the Principal Riverwalk project.
- Completed \$3,500,000 asphalted overlay projects using gaming monies.
- Spent almost \$1,300,000 towards completion of the Ingersoll Streetscape Project
- Spent over \$3,500,000 toward the completion of the Deans Lake Pump Station improvements project, and \$2,400,000 towards storm sewer improvements in the Crawford Creek watershed.
- Spent over \$3,700,000 lining sanitary sewers.
- Spent nearly \$3,900,000 towards the completion of the \$9,450,000 Mesaba Airlines Maintenance Facility.

**City of Des Moines' Capital Assets**

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 56,749	\$ 56,690	\$ 65,524	\$ 66,055	\$ 122,273	\$ 122,745
Buildings	134,611	119,513	175,062	176,326	309,673	295,839
Improvements other than buildings	762,892	698,424	415,192	399,646	1,178,084	1,098,070
Machinery and equipment	62,690	60,077	36,903	35,581	99,593	95,658
Construction in progress	111,252	153,382	110,467	56,540	221,719	209,922
Accumulated depreciation	(385,615)	(359,856)	(239,902)	(221,871)	(625,517)	(581,727)
<b>Total</b>	<b>\$ 742,579</b>	<b>\$ 728,230</b>	<b>\$ 563,246</b>	<b>\$ 512,277</b>	<b>\$ 1,305,825</b>	<b>\$ 1,240,507</b>

Additional information on the City of Des Moines' capital assets can be found in note 6 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Des Moines had total bonded debt outstanding of \$475,983,000. Of this amount, \$361,750,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Des Moines' debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 361,203,000	\$ 371,821,000	\$ 547,000	\$ 814,000	\$ 361,750,000	\$ 372,635,000
Revenue bonds	-	-	114,233,000	118,768,885	114,233,000	118,768,885
<b>Total</b>	<b>\$ 361,203,000</b>	<b>\$ 371,821,000</b>	<b>\$ 114,780,000</b>	<b>\$ 119,582,885</b>	<b>\$ 475,983,000</b>	<b>\$ 491,403,885</b>

The City of Des Moines' total bonded debt decreased by \$15,420,885 (3.1%) during the current fiscal year. The key factors in this decrease was the completion of the crossover refunding of general obligation bonds and current year debt service requirements.

During the current fiscal year, proceeds from the 2005E crossover refunding general obligation bonds, were used to pay the entire outstanding balance of the 2000D General Obligation Bonds.

The City of Des Moines improved its rating to AAA from Standard & Poor's, and maintained anAa2 rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Des Moines is \$524,284,217, which is significantly in excess of the City of Des Moines' outstanding general obligation debt (\$361,750,000) and other debt subject to the debt limitation (\$10,270,000).

Additional information on the City of Des Moines' long-term debt can be found in Note 9 of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

- Property taxes provide 51 percent of General Fund revenues. Over the past five years citywide assessed values have risen an average of 6.2 percent, while property tax limitations imposed by the State of Iowa have held taxable values to an average annual growth of 3.9 percent. The fiscal year 2009 budget reflects property tax revenue growth of 7.8 percent.
- Valuation growth in the downtown area continues to be strong. Over the past five years downtown taxable values haven risen 3.5 percent with the 2009 budget reflecting 5.1 percent growth.
- Personnel costs make up a significant portion of City operating costs. Wage increases identified in contractual bargaining agreements are 3.25 percent for fiscal year 2009.
- The City continues to face the challenge of funding the increasing costs of employee health care. Health care costs will increase 12 percent from fiscal year 2008 to fiscal year 2009.
- Stormwater Utility fees will increase 5.0 percent and Sanitary Sewer fees will increase 8.0 percent in fiscal year 2009.

All of these factors were considered in preparing the City of Des Moines' budget for fiscal year 2009.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Des Moines' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Allen McKinley, Finance Director, City of Des Moines, 400 Robert D Ray Dr, Des Moines, IA 50309-1891.



CITY OF **DES MOINES**

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

ASSETS	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>Current assets:</b>				
Unrestricted current assets:				
Cash and pooled cash investments	\$ 91,793,660	\$ 60,006,971	\$ 151,800,631	\$ 2,328,896
Investments	3,660,667	—	3,660,667	40,698
Taxes receivable	133,592,243	—	133,592,243	—
Special assessments receivable	300	—	300	—
Accounts receivable	5,059,381	3,199,975	8,259,356	—
Contract sale receivable	286,639	—	286,639	—
Loans receivable, net of allowance for doubtful accounts of \$874,479	10,277,088	—	10,277,088	—
Property held for sale	2,000,000	—	2,000,000	—
Accrued interest receivable	1,002,105	—	1,002,105	—
Other receivables	—	—	—	242,389
Due from signatory airlines	—	151,077	151,077	—
Internal balances	5,631,745	(5,631,745)	—	—
Due from other governmental units	8,945,858	282,426	9,228,284	—
Inventory	611,468	203,308	814,776	—
Prepaid items	2,123,203	236,754	2,359,957	—
Deferred charges	—	369,314	369,314	—
Unamortized bond discount	—	44,740	44,740	—
<b>Total unrestricted current assets</b>	<b>264,984,357</b>	<b>58,862,820</b>	<b>323,847,177</b>	<b>2,611,983</b>
Restricted assets:				
Cash and pooled cash investments	—	14,886,304	14,886,304	—
Investments	—	12,389,789	12,389,789	—
Accounts receivable	—	542,947	542,947	—
Interest receivable	—	448,485	448,485	—
<b>Total restricted current assets</b>	<b>—</b>	<b>28,267,525</b>	<b>28,267,525</b>	<b>—</b>
<b>Total current assets</b>	<b>264,984,357</b>	<b>87,130,345</b>	<b>352,114,702</b>	<b>2,611,983</b>
Noncurrent assets:				
Unamortized discount	289,167	527,841	817,008	—
Deferred charges	—	821,593	821,593	—
Long-term receivables	6,609,424	—	6,609,424	263,812
Unamortized issuance costs	2,444,907	—	2,444,907	—
Other noncurrent assets	—	16,017	16,017	—
Restricted cash and pooled cash investments	—	11,602,131	11,602,131	—
Capital assets:				
Land	56,748,674	65,523,859	122,272,533	—
Construction in progress	111,252,067	110,466,484	221,718,551	—
Buildings	134,611,201	175,062,272	309,673,473	—
Improvements other than buildings	762,892,425	415,191,745	1,178,084,170	—
Machinery and equipment	62,690,160	36,903,364	99,593,524	21,707
Accumulated depreciation	(385,615,794)	(239,901,763)	(625,517,557)	(12,060)
<b>Total capital assets</b>	<b>742,578,733</b>	<b>563,245,961</b>	<b>1,305,824,694</b>	<b>9,647</b>
<b>Total noncurrent assets</b>	<b>751,922,231</b>	<b>576,213,543</b>	<b>1,328,135,774</b>	<b>273,459</b>
<b>Total assets</b>	<b>\$ 1,016,906,588</b>	<b>\$ 663,343,888</b>	<b>\$ 1,680,250,476</b>	<b>\$ 2,885,442</b>

LIABILITIES	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES		
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 7,050,555	\$ 1,549,053	\$ 8,599,608	\$ —
Contracts payable	3,671,563	1,818,799	5,490,362	—
Accrued wages payable	4,889,253	1,113,619	6,002,872	—
Accrued employee benefits	10,122,902	1,025,892	11,148,794	—
Due to signatory airlines	—	434,987	434,987	—
Due to other governmental units	2,872	—	2,872	—
Good faith, tenant, security deposits	1,700,430	57,864	1,758,294	—
Accrued interest payable	1,344,591	1,118,223	2,462,814	—
Notes payable	2,414,073	16,318,331	18,732,404	—
Revenue bonds payable	—	1,005,000	1,005,000	—
General obligation bonds payable	26,991,000	269,000	27,260,000	—
Section 108 loan payable	115,000	—	115,000	—
Deferred revenue	128,056,881	10,381	128,067,262	—
Capital leases payable	—	1,442,084	1,442,084	955
Other liabilities	172,429	258,441	430,870	30,420
Unamortized premium	—	8,049	8,049	—
<b>Total</b>	<b>186,531,549</b>	<b>26,429,723</b>	<b>212,961,272</b>	<b>31,375</b>
<b>Current liabilities payable from restricted assets:</b>				
Construction contracts	—	3,846,763	3,846,763	—
Revenue bonds payable	—	3,878,000	3,878,000	—
Accrued interest payable	—	305,213	305,213	—
Unamortized premium	—	885,384	885,384	—
Restricted deferred revenue	—	1,823,147	1,823,147	—
<b>Total current liabilities payable from restricted assets</b>	<b>—</b>	<b>10,738,507</b>	<b>10,738,507</b>	<b>—</b>
<b>Total current liabilities</b>	<b>186,531,549</b>	<b>37,168,230</b>	<b>223,699,779</b>	<b>31,375</b>
<b>Noncurrent liabilities:</b>				
Accrued employee benefits	9,891,128	2,413,396	12,304,524	—
Other accrued post retirement benefits	638,736	145,590	784,326	—
Other liabilities, claims and judgments	430,000	60,410	490,410	—
Unamortized premium	4,360,152	16,411	4,376,563	—
Notes payable	5,655,415	7,240,499	12,895,914	—
General obligation bonds payable	334,212,000	278,000	334,490,000	—
Revenue bonds payable	—	109,350,000	109,350,000	—
Section 108 loan payable	10,155,000	—	10,155,000	—
Capital leases payable	—	8,060,815	8,060,815	—
<b>Total noncurrent liabilities</b>	<b>365,342,431</b>	<b>127,565,121</b>	<b>492,907,552</b>	<b>—</b>
<b>Total liabilities</b>	<b>551,873,980</b>	<b>164,733,351</b>	<b>716,607,331</b>	<b>31,375</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	426,382,213	426,139,390	852,521,603	9,647
<b>Restricted:</b>				
Capital projects	3,589,269	426,932	4,016,201	—
Public housing program	—	11,602,131	11,602,131	—
Debt retirement	—	14,120,681	14,120,681	—
Corpus/Permanently restricted	3,290,927	—	3,290,927	1,095,820
Donor restricted purposes - corpus/Temporarily restricted	—	—	—	575,488
Tax Increment	6,208,887	—	6,208,887	—
<b>Unrestricted</b>	<b>25,561,312</b>	<b>46,321,403</b>	<b>71,882,715</b>	<b>1,168,009</b>
<b>Total net assets</b>	<b>\$ 465,032,608</b>	<b>\$ 498,610,537</b>	<b>\$ 963,643,145</b>	<b>\$ 2,848,964</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF DES MOINES**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2008**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>Primary government:</b>				
Governmental activities:				
Public safety	\$ 91,316,811	\$ 11,621,311	\$ 4,866,238	\$ 50,115
Public works	43,983,358	7,856,632	20,713,297	9,591,981
Health and social services	612,374	341,329	12,369,341	—
Culture and recreation	29,941,632	5,161,409	1,793,974	4,706,964
Community and economic development	34,806,759	1,214,545	780,682	—
General government	24,651,764	11,019,958	420,191	9,632
Interest on long-term debt	16,109,167	—	—	—
<b>Total governmental activities</b>	<b>241,421,865</b>	<b>37,215,184</b>	<b>40,943,723</b>	<b>14,358,692</b>
Business-type activities:				
Airport	31,729,902	28,215,193	—	8,811,037
Parking facilities system	12,574,941	12,510,227	—	493,293
Sewer system	26,295,060	29,075,690	—	13,530,334
Stormwater utility	10,177,919	13,020,598	—	8,299,287
Golf	2,147,095	1,591,191	181	—
Solid waste system	10,642,771	11,302,442	1,371	767,818
Municipal Housing Agency	22,618,089	2,239,360	18,038,868	2,425,757
<b>Total business-type activities</b>	<b>116,185,777</b>	<b>97,954,701</b>	<b>18,040,420</b>	<b>34,327,526</b>
<b>Total primary government</b>	<b>\$ 357,607,642</b>	<b>\$ 135,169,885</b>	<b>\$ 58,984,143</b>	<b>\$ 48,686,218</b>
<b>Component unit, Des Moines Public Library Foundation</b>				
	<b>\$ 2,377,919</b>	<b>\$ —</b>	<b>\$ 1,005,197</b>	<b>\$ —</b>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Franchise taxes				
Investment earnings				
Miscellaneous				
Transfers - internal activities				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Net assets, ending				

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
(74,779,147)	\$ ---	\$ (74,779,147)	\$ ---
(5,821,448)	---	(5,821,448)	---
12,098,296	---	12,098,296	---
(18,279,285)	---	(18,279,285)	---
(32,811,532)	---	(32,811,532)	---
(13,201,983)	---	(13,201,983)	---
(16,109,167)	---	(16,109,167)	---
<u>(148,904,266)</u>	<u>---</u>	<u>(148,904,266)</u>	<u>---</u>
---	5,296,328	5,296,328	---
---	428,579	428,579	---
---	16,310,964	16,310,964	---
---	11,141,966	11,141,966	---
---	(555,723)	(555,723)	---
---	1,428,860	1,428,860	---
---	85,896	85,896	---
---	<u>34,136,870</u>	<u>34,136,870</u>	<u>---</u>
\$ (148,904,266)	\$ 34,136,870	\$ (114,767,396)	\$ ---
\$ ---	\$ ---	\$ ---	\$ (1,372,722)
99,304,723	---	99,304,723	---
24,994,324	---	24,994,324	---
15,032,935	---	15,032,935	---
5,260,767	5,070,692	10,331,459	90,627
6,784,213	---	6,784,213	---
<u>(4,733,075)</u>	<u>4,733,075</u>	<u>---</u>	<u>---</u>
<u>146,643,887</u>	<u>9,803,767</u>	<u>156,447,654</u>	<u>90,627</u>
<u>(2,260,379)</u>	<u>43,940,637</u>	<u>41,680,258</u>	<u>(1,282,095)</u>
<u>467,292,987</u>	<u>454,669,900</u>	<u>921,962,887</u>	<u>4,131,059</u>
<u>\$ 465,032,608</u>	<u>\$ 498,610,537</u>	<u>\$ 963,643,145</u>	<u>\$ 2,848,964</u>

**CITY OF DES MOINES, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008**

<u>ASSETS</u>	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TAX INCREMENT</u>
Cash and pooled cash investments	\$ 10,936,777	\$ ---	\$ 6,566,762
Investments	---	---	---
Taxes receivable	51,405,831	28,098,504	26,682,564
Special assessments receivable	---	---	---
Accounts receivable	4,139,583	---	---
Contracts sale receivable	---	---	---
Loans receivable, net of allowance for doubtful accounts	---	---	---
Property held for sale	---	---	---
Accrued interest receivable	933,162	---	---
Due from other funds	259,756	267,000	---
Due from other governmental units	622,833	---	---
Advance to other funds	3,718,955	---	---
Long-term receivables	---	---	---
Inventory	13,123	---	---
Prepaid items	285,381	---	---
<b>Total assets</b>	<b>\$ 72,315,401</b>	<b>\$ 28,365,504</b>	<b>\$ 33,249,326</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,629,656	\$ 87,823	\$ 497,957
Contracts payable	---	---	---
Accrued wages payable	4,063,686	---	---
Accrued employee benefits	18,941	---	---
Due to other funds	276,175	1,029,004	---
Good faith, security deposits	1,695,072	---	---
Deferred revenue	49,467,383	27,701,232	26,542,482
<b>Total liabilities</b>	<b>57,150,913</b>	<b>28,818,059</b>	<b>27,040,439</b>
Fund balances:			
Reserved for inventory	13,123	---	---
Reserved for loans receivable	---	---	---
Reserved for property held for sale	---	---	---
Reserved for advances	3,718,955	---	---
Reserved for debt service	---	---	---
Reserved for encumbrances	204,394	---	---
Reserved for prepaid items	285,381	---	---
Reserved for corpus	---	---	---
Unreserved, reported in:			
General Fund	10,942,635	---	---
Debt Service Fund	---	(452,555)	---
Special Revenue funds	---	---	6,208,887
Capital Projects Fund	---	---	---
Permanent Funds	---	---	---
<b>Total fund balances</b>	<b>15,164,488</b>	<b>(452,555)</b>	<b>6,208,887</b>
<b>Total liabilities and fund balances</b>	<b>\$ 72,315,401</b>	<b>\$ 28,365,504</b>	<b>\$ 33,249,326</b>

The notes to the financial statements are an integral part of this statement.

BENEFIT TAX ACCOUNTS	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 190,232	\$ 66,256,525	\$ 4,639,411	\$ 88,589,707
---	---	3,660,667	3,660,667
13,098,277	---	14,286,401	133,571,577
---	300	---	300
---	148,415	743,919	5,031,917
---	---	286,639	286,639
---	---	10,277,088	10,277,088
---	---	2,000,000	2,000,000
---	85	68,858	1,002,105
---	7,600,179	151,943	8,278,878
---	4,540,924	3,781,832	8,945,589
---	---	---	3,718,955
---	6,609,424	---	6,609,424
---	---	---	13,123
---	---	99,903	385,284
<u>\$ 13,288,509</u>	<u>\$ 85,155,852</u>	<u>\$ 39,996,661</u>	<u>\$ 272,371,253</u>
\$ ---	\$ 246,987	\$ 3,771,961	\$ 6,234,384
---	3,671,563	---	3,671,563
---	101,349	569,133	4,734,168
---	---	330,824	349,765
---	1,974	5,653,357	6,960,510
---	---	5,358	1,700,430
12,838,835	10,127,757	13,308,887	139,986,576
<u>12,838,835</u>	<u>14,149,630</u>	<u>23,639,520</u>	<u>163,637,396</u>
---	---	---	13,123
---	---	10,277,088	10,277,088
---	---	2,000,000	2,000,000
---	---	---	3,718,955
---	---	---	---
---	---	---	204,394
---	---	99,903	385,284
---	---	3,290,927	3,290,927
---	---	---	10,942,635
---	---	---	(452,555)
449,674	---	148,039	6,806,600
---	71,006,222	---	71,006,222
---	---	541,184	541,184
<u>449,674</u>	<u>71,006,222</u>	<u>16,357,141</u>	<u>108,733,857</u>
<u>\$ 13,288,509</u>	<u>\$ 85,155,852</u>	<u>\$ 39,996,661</u>	<u>\$ 272,371,253</u>



**CITY OF DES MOINES, IOWA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2008**

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Total governmental fund balances \$ 108,733,857

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 737,376,040

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 11,945,795

Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Capital assets, net of accumulated depreciation	5,202,693
Other current assets	5,591,111
Other current liabilities	(2,664,143)
Noncurrent liabilities	(415,873)
	7,713,788

Internal service funds allocated to business-type activities 2,093,820

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

Deferred charges, issuance costs	2,444,907
Unamortized premium cost	(4,360,152)
Unamortized discount	289,167
Accrued employee benefits	(19,096,891)
Other accrued post retirement benefits	(618,215)
Accrued interest payable	(1,344,591)
Notes payable	(8,069,488)
Section 108 loans payable	(10,270,000)
General obligation bonds payable	(361,203,000)
Other liabilities, claims and judgments	(602,429)
	(402,830,692)

Net assets of governmental activities \$ 465,032,608

The notes to the financial statements are an integral part of this statement.

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

	GENERAL	DEBT SERVICE	TAX INCREMENT
Revenues:			
Taxes	\$ 51,367,772	\$ 24,994,324	\$ 23,672,405
Franchise fees	15,032,935	---	---
Licenses and permits	3,286,567	---	---
Fines and forfeitures	2,632,592	---	---
Charges for sales and services	14,255,216	---	---
Use of money and property	4,971,932	(4,214)	---
Miscellaneous	15,414,475	92,224	---
Intergovernmental	1,816,319	---	---
<b>Total revenue</b>	<b>108,777,808</b>	<b>25,082,334</b>	<b>23,672,405</b>
Expenditures:			
Current:			
Public safety	81,683,385	---	---
Public works	9,017,295	---	---
Health and social services	580,151	---	---
Culture and recreation	21,835,071	---	---
Community and economic development	2,722,481	---	5,889,358
General government	15,660,988	292,758	---
Capital outlay	578,038	---	---
Debt service:			
Principal retirement	---	41,637,978	1,859,328
Interest and fiscal charges	---	16,167,031	386,907
<b>Total expenditures</b>	<b>132,077,409</b>	<b>58,097,767</b>	<b>8,135,593</b>
Excess (deficiency) of revenues over expenditures	(23,299,601)	(33,015,433)	15,536,812
Other financing sources (uses):			
Transfers in	25,403,997	15,297,471	5,468,647
General obligation bonds issued	---	410,000	---
Other debt issued	---	---	---
Advance refunded debt issuance	---	---	---
Advance refunded debt retirement	---	---	---
Transfers out	(2,259,680)	(321,984)	(15,697,952)
Premium on bond issue	---	34,048	---
Discount on bond issue	---	(94,216)	---
Proceeds from capital asset sale	89,170	---	---
<b>Total other financing sources (uses)</b>	<b>23,233,487</b>	<b>15,325,319</b>	<b>(10,229,305)</b>
<b>Net change in fund balances</b>	<b>(66,114)</b>	<b>(17,690,114)</b>	<b>5,307,507</b>
Fund balances, beginning of year	15,230,602	17,237,559	901,380
<b>Fund balances, end of year</b>	<b>\$ 15,164,488</b>	<b>\$ (452,555)</b>	<b>\$ 6,208,887</b>

The notes to the financial statements are an integral part of this statement.

BENEFIT TAX ACCOUNTS	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 15,324,818	\$ ---	\$ 8,939,728	\$ 124,299,047
---	---	---	15,032,935
---	---	65,827	3,352,394
---	---	43,283	2,675,875
---	20,513	1,799,067	16,074,796
---	271,833	787,703	6,027,254
---	7,565,515	3,291,836	26,364,050
---	7,368,498	31,869,879	41,054,696
<u>15,324,818</u>	<u>15,226,359</u>	<u>46,797,323</u>	<u>234,881,047</u>
---	37,835	4,735,327	86,456,547
---	---	19,934,706	28,952,001
---	---	22,021	602,172
---	827,139	1,009,902	23,672,112
---	3,152,205	22,875,230	34,639,274
---	3,084,406	2,394,798	21,432,950
---	36,030,286	737,624	37,345,948
---	---	115,000	43,612,306
---	---	290,200	16,844,138
---	<u>43,131,871</u>	<u>52,114,808</u>	<u>293,557,448</u>
<u>15,324,818</u>	<u>(27,905,512)</u>	<u>(5,317,485)</u>	<u>(58,676,401)</u>
---	3,826,935	2,211,519	52,208,569
---	29,970,000	---	30,380,000
---	437,500	8,500,000	8,937,500
---	---	---	---
---	---	---	---
(15,299,935)	(12,343,157)	(11,018,936)	(56,941,644)
---	---	---	34,048
---	---	---	(94,216)
---	67,681	651,743	808,594
<u>(15,299,935)</u>	<u>21,958,959</u>	<u>344,326</u>	<u>35,332,851</u>
24,883	(5,946,553)	(4,973,159)	(23,343,550)
<u>424,791</u>	<u>76,952,775</u>	<u>21,330,300</u>	<u>132,077,407</u>
<u>\$ 449,674</u>	<u>\$ 71,006,222</u>	<u>\$ 16,357,141</u>	<u>\$ 108,733,857</u>



**CITY OF DES MOINES, IOWA**  
**RECONCILIATION OF THE CHANGE IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2008**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances: Total governmental funds \$ (23,343,550)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	37,346,000
Depreciation	(25,817,205)
	<u>11,528,795</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net assets:

Proceeds from the sale of capital assets, net \$9,000 auction	(799,594)
Gain from sale of capital assets	724,590
Capital assets contributed by private sources	<u>2,061,862</u>
	<u>1,986,858</u>

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

4,249,858

The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium	768,798
Premium on bond issue	(34,048)
Long-term debt issued	(30,380,000)
Other long-term debt issued	(8,937,500)
Repayment of long-term debt principal	43,612,306
Interest	140,853
Issuance costs	316,021
Amortization of issuance costs	(311,367)
Arbitrage	(159,553)
Bond discount	94,216
Amortization of discount	(19,780)
	<u>5,089,946</u>

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:

Accrued employee benefits	(1,359,626)
Other accrued post retirement benefits	(618,215)
Claims and judgments	(145,000)
	<u>(2,122,841)</u>

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net loss of certain activities of internal service funds is reported with governmental activities.

(122,692)

Change in internal service fund allocations to business-type activities	<u>473,247</u>
---	----------------

Change in net assets of governmental activities	<u>\$ (2,260,379)</u>
---	-----------------------

The notes to the financial statements are an integral part of this statement.

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	AIRPORT	PARKING	SEWER SYSTEM
<b>Current assets:</b>			
Unrestricted current assets:			
Cash and pooled cash investments	\$ 17,430,762	\$ 5,986,057	\$ 19,322,600
Taxes receivable	---	---	---
Accounts receivable	1,689,639	6,721	238,405
Due from signatory airlines	151,077	---	---
Due from other funds	300	44,491	265,968
Due from other governmental units	130,518	54,666	---
Inventory	164,521	---	---
Prepaid items	191,915	---	1,765
Unamortized bond discount	44,740	---	---
Deferred charges	41,197	---	---
Total unrestricted current assets	<u>19,844,669</u>	<u>6,091,935</u>	<u>19,828,738</u>
Restricted current assets:			
Cash and pooled cash investments	8,785,300	250,646	250,691
Investments	2,916,327	2,917,000	1,920,000
Accounts receivable	542,947	---	---
Interest receivable	4,849	214,644	41,316
Total restricted current assets	<u>12,249,423</u>	<u>3,382,290</u>	<u>2,212,007</u>
Total current assets	<u>32,094,092</u>	<u>9,474,225</u>	<u>22,040,745</u>
<b>Noncurrent assets:</b>			
Unamortized discount	527,841	---	---
Deferred charges	465,324	86,634	269,635
Advance to other funds	---	188,093	---
Other noncurrent assets	---	---	---
Restricted cash and pooled cash investments	---	---	---
<b>Capital assets</b>			
Land	47,522,781	14,195,537	1,311,076
Construction in progress	32,339,820	3,143,608	38,847,656
Buildings	80,036,851	61,580,583	573,492
Improvements other than buildings	217,958,542	34,740,555	109,029,587
Machinery and equipment	16,679,628	1,154,244	4,694,650
Accumulated depreciation	<u>(124,892,982)</u>	<u>(41,612,419)</u>	<u>(36,466,539)</u>
Total capital assets, net of accumulated depreciation	<u>269,644,640</u>	<u>73,202,108</u>	<u>117,989,922</u>
Total noncurrent assets	<u>270,637,805</u>	<u>73,476,835</u>	<u>118,259,557</u>
<b>Total assets</b>	<u>\$ 302,731,897</u>	<u>\$ 82,951,060</u>	<u>\$ 140,300,302</u>

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STORMWATER UTILITY	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
\$ 8,135,128	\$ 6,550,316	\$ 2,582,108	\$ 60,006,971	\$ 3,203,953
---	---	---	---	20,666
103,075	8,424	1,153,711	3,199,975	27,464
---	---	---	151,077	---
244,686	---	1,225	556,670	2,495
9,520	87,722	---	282,426	269
---	38,787	---	203,308	598,345
2,418	40,572	84	236,754	1,737,919
---	---	---	44,740	---
327,143	---	974	369,314	---
<u>8,821,970</u>	<u>6,725,821</u>	<u>3,738,102</u>	<u>65,051,235</u>	<u>5,591,111</u>
5,599,667	---	---	14,886,304	---
4,636,462	---	---	12,389,789	---
---	---	---	542,947	---
187,676	---	---	448,485	---
<u>10,423,805</u>	<u>---</u>	<u>---</u>	<u>28,267,525</u>	<u>---</u>
<u>19,245,775</u>	<u>6,725,821</u>	<u>3,738,102</u>	<u>93,318,760</u>	<u>5,591,111</u>
---	---	---	527,841	---
---	---	---	821,593	---
---	---	---	188,093	---
---	16,017	---	16,017	---
---	11,602,131	---	11,602,131	---
903,408	1,467,560	123,497	65,523,859	---
36,135,400	---	---	110,466,484	---
---	31,903,506	967,840	175,062,272	---
44,445,011	5,534,407	3,483,643	415,191,745	---
1,375,591	1,241,615	11,757,636	36,903,364	33,906,612
(4,439,463)	(23,646,465)	(8,843,895)	(239,901,763)	(28,703,919)
<u>78,419,947</u>	<u>16,500,623</u>	<u>7,488,721</u>	<u>563,245,961</u>	<u>5,202,693</u>
<u>78,419,947</u>	<u>28,118,771</u>	<u>7,488,721</u>	<u>576,401,636</u>	<u>5,202,693</u>
\$ 97,665,722	\$ 34,844,592	\$ 11,226,823	\$ 669,720,396	\$ 10,793,804

(continued)

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF NET ASSETS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	BUSINESS-TYPE ACTIVITIES -		
	AIRPORT	PARKING	SEWER SYSTEM
<b>LIABILITIES</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 505,728	\$ 422,041	\$ 65,601
Contracts payable	---	90,813	971,175
Accrued wages payable	410,140	29,090	137,714
Accrued employee benefits	263,644	38,155	160,149
Due to signatory airlines	434,987	---	---
Due to other funds	234,582	---	---
Due to other governmental units	---	---	---
Tenant security deposits	---	---	---
Notes payable	8,700,000	---	4,179,538
Accrued interest payable	1,077,338	37,093	---
Revenue bonds payable	1,005,000	---	---
General obligation bonds payable	236,000	---	---
Unearned revenue	---	---	---
Capital leases payable	291,264	1,150,820	---
Other liabilities	134,700	---	---
Unamortized premium	6,072	---	---
<b>Total</b>	<b>13,299,455</b>	<b>1,768,012</b>	<b>5,514,177</b>
Current liabilities payable from restricted assets:			
Construction contracts	3,846,763	---	---
Revenue bonds payable	---	1,645,000	363,000
Accrued interest payable	---	117,112	87,780
Unamortized premium	---	---	885,384
Restricted deferred revenue	1,823,147	---	---
<b>Total current liabilities payable from restricted assets</b>	<b>5,669,910</b>	<b>1,762,112</b>	<b>1,336,164</b>
<b>Total current liabilities</b>	<b>18,969,365</b>	<b>3,530,124</b>	<b>6,850,341</b>
Noncurrent liabilities:			
Unamortized premium	16,411	---	---
Accrued employee benefits	628,630	91,191	382,754
Other postemployment benefits	49,304	7,910	27,243
Advance from other funds	---	---	---
Notes payable	---	---	4,179,538
General obligation bonds payable	150,000	---	---
Revenue bonds payable	37,030,000	20,530,000	23,670,000
Other liabilities	---	---	---
Capital leases payable	755,897	7,304,918	---
<b>Total noncurrent liabilities</b>	<b>38,630,242</b>	<b>27,934,019</b>	<b>28,259,535</b>
<b>Total liabilities</b>	<b>57,599,607</b>	<b>31,464,143</b>	<b>35,109,876</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	230,726,577	42,727,761	84,712,462
Restricted:			
Capital projects	426,932	---	---
Public housing program	---	---	---
Debt retirement	6,152,581	2,917,000	1,920,000
Unrestricted	7,826,200	5,842,156	18,557,964
<b>Total net assets</b>	<b>\$ 245,132,290</b>	<b>\$ 51,486,917</b>	<b>\$ 105,190,426</b>

The notes to the financial statements are an integral part of this statement.

STORMWATER UTILITY	ENTERPRISE FUNDS		TOTAL ENTERPRISE FUNDS	GOVERNMENTAL
	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS		INTERNAL SERVICE FUNDS
\$ 65,966	\$ 94,575	\$ 395,142	\$ 1,549,053	\$ 816,171
756,811	---	---	1,818,799	---
213,768	110,040	212,867	1,113,619	155,085
277,227	81,180	205,537	1,025,892	172,022
---	---	---	434,987	---
---	63,652	77,406	375,640	1,501,893
---	---	---	---	2,872
---	57,864	---	57,864	---
2,649,661	---	789,132	16,318,331	---
---	---	3,792	1,118,223	---
---	---	---	1,005,000	---
---	---	33,000	269,000	---
---	10,381	---	10,381	16,100
---	---	---	1,442,084	---
123,741	---	---	258,441	---
---	---	1,977	8,049	---
<u>4,087,174</u>	<u>417,692</u>	<u>1,718,853</u>	<u>26,805,363</u>	<u>2,664,143</u>
---	---	---	3,846,763	---
1,870,000	---	---	3,878,000	---
100,321	---	---	305,213	---
---	---	---	885,384	---
---	---	---	1,823,147	---
<u>1,970,321</u>	<u>---</u>	<u>---</u>	<u>10,738,507</u>	<u>---</u>
<u>6,057,495</u>	<u>417,692</u>	<u>1,718,853</u>	<u>37,543,870</u>	<u>2,664,143</u>
---	---	---	16,411	---
662,571	157,012	491,238	2,413,396	395,352
12,591	24,971	23,571	145,590	20,521
---	---	3,907,048	3,907,048	---
2,649,660	---	411,301	7,240,499	---
---	---	128,000	278,000	---
28,120,000	---	---	109,350,000	---
150	60,260	---	60,410	---
---	---	---	8,060,815	---
<u>31,444,972</u>	<u>242,243</u>	<u>4,961,158</u>	<u>131,472,169</u>	<u>415,873</u>
<u>37,502,467</u>	<u>659,935</u>	<u>6,680,011</u>	<u>169,016,039</u>	<u>3,080,016</u>
45,346,656	16,500,623	6,125,311	426,139,390	5,202,693
---	---	---	426,932	---
---	11,602,131	---	11,602,131	---
3,131,100	---	---	14,120,681	---
11,685,499	6,081,903	(1,578,499)	48,415,223	2,511,095
<u>\$ 60,163,255</u>	<u>\$ 34,184,657</u>	<u>\$ 4,546,812</u>	<u>\$ 500,704,357</u>	<u>\$ 7,713,788</u>



**CITY OF DES MOINES, IOWA**  
**RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2008**

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Total enterprise funds net assets	\$ 500,704,357
Amounts reported for enterprise activities in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>(2,093,820)</u>
Net assets of business-type activities	<u><u>\$ 498,610,537</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**

**For the Fiscal Year Ended June 30, 2008**

	BUSINESS-TYPE ACTIVITIES -		
	AIRPORT	PARKING	SEWER SYSTEM
Operating revenues:			
Charges for sales and services	\$ 24,377,012	\$ 12,510,227	\$ 29,075,690
Operating grants	---	---	---
Miscellaneous	---	---	---
Total operating revenues	<u>24,377,012</u>	<u>12,510,227</u>	<u>29,075,690</u>
Operating expenses:			
Personal services	9,354,383	960,604	3,448,505
Contractual services	7,269,818	3,785,102	14,786,546
Commodities	2,028,132	128,216	400,986
Depreciation	10,451,871	3,488,473	2,316,074
Other charges	88,561	2,191,361	4,201,646
Total operating expenses	<u>29,192,765</u>	<u>10,553,756</u>	<u>25,153,757</u>
Operating income (loss)	<u>(4,815,753)</u>	<u>1,956,471</u>	<u>3,921,933</u>
Non-operating revenues (expenses):			
Donations and contributions	---	---	---
Gain/(loss) on disposal of capital assets	(11,875)	91,662	8,740
Investment earnings	1,110,982	400,537	1,088,808
Proceeds from damage claims	---	5,118	---
Passenger facility charge revenue	3,838,183	---	---
Interest expense and fiscal charges	<u>(2,456,184)</u>	<u>(2,007,087)</u>	<u>(1,073,916)</u>
Total nonoperating revenues (expenses)	<u>2,481,106</u>	<u>(1,509,770)</u>	<u>23,632</u>
Income (loss) before capital grants and contributions and transfers	(2,334,647)	446,701	3,945,565
Capital grants and contributions	8,822,912	396,513	13,521,594
Transfers in	---	1,400,000	4,441,668
Transfers out	---	---	<u>(1,734,180)</u>
Change in net assets	6,488,265	2,243,214	20,174,647
Total nets assets - beginning	<u>238,644,025</u>	<u>49,243,703</u>	<u>85,015,779</u>
Total net assets - ending	<u>\$245,132,290</u>	<u>\$ 51,486,917</u>	<u>\$ 105,190,426</u>

The notes to the financial statements are an integral part of this statement.

STORMWATER UTILITY	ENTERPRISE FUNDS			GOVERNMENTAL
	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
\$ 13,020,598	\$ 2,239,360	\$ 12,920,917	\$ 94,143,804	\$ 32,932,586
---	18,038,868	---	18,038,868	---
---	---	---	---	112,425
<u>13,020,598</u>	<u>20,278,228</u>	<u>12,920,917</u>	<u>112,182,672</u>	<u>33,045,011</u>
4,278,490	4,316,863	4,799,429	27,158,274	4,307,083
1,315,007	15,468,507	5,210,114	47,835,094	21,705,977
268,831	---	549,928	3,376,093	6,053,347
972,336	2,797,163	976,535	21,002,452	1,159,045
2,003,322	---	766,583	9,251,473	63,451
<u>8,837,986</u>	<u>22,582,533</u>	<u>12,302,589</u>	<u>108,623,386</u>	<u>33,288,903</u>
<u>4,182,612</u>	<u>(2,304,305)</u>	<u>618,328</u>	<u>3,559,286</u>	<u>(243,892)</u>
---	---	1,552	1,552	---
36,060	1,605,485	(511,956)	1,218,116	121,200
1,543,085	673,378	253,902	5,070,692	---
---	---	1,252,490	1,257,608	---
---	---	---	3,838,183	---
(1,259,895)	---	(292,064)	(7,089,146)	---
<u>319,250</u>	<u>2,278,863</u>	<u>703,924</u>	<u>4,297,005</u>	<u>121,200</u>
4,501,862	(25,442)	1,322,252	7,856,291	(122,692)
8,263,227	820,272	---	31,824,518	---
3,141,234	---	---	8,982,902	---
(2,473,834)	---	(41,813)	(4,249,827)	---
<u>13,432,489</u>	<u>794,830</u>	<u>1,280,439</u>	<u>44,413,884</u>	<u>(122,692)</u>
<u>46,730,766</u>	<u>33,389,827</u>	<u>3,266,373</u>	<u>456,290,473</u>	<u>7,836,480</u>
<u>\$ 60,163,255</u>	<u>\$ 34,184,657</u>	<u>\$ 4,546,812</u>	<u>\$ 500,704,357</u>	<u>\$ 7,713,788</u>



**CITY OF DES MOINES, IOWA**  
**RECONCILIATION OF THE CHANGE IN NET ASSETS OF**  
**ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2008**

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Net changes in net assets in enterprise funds \$ 44,413,884

Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type

(473,247)

Change in net assets of business-type activities

\$ 43,940,637

The notes to the financial statements are an integral part of this statement.

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<u>AIRPORT</u>	<u>PARKING</u>	<u>SEWER SYSTEM</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 28,071,244	\$ 12,448,761	\$28,910,625
Receipts from interfund services provided	-	-	-
Payments to suppliers	(9,544,607)	(6,224,397)	(19,190,615)
Payments to employees	(9,328,796)	(950,165)	(3,368,490)
Payments for interfund services used	-	-	-
Net cash provided (used) by operating activities	<u>9,197,841</u>	<u>5,274,199</u>	<u>6,351,520</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Proceeds from interfund accounts	-	43,406	-
Payments to interfund accounts	-	(2,787)	(265,968)
Proceeds from damage claims	-	5,118	-
Transfers In	-	1,400,000	4,441,668
Transfers Out	-	-	(1,734,180)
Donations and contributions	-	-	646
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>1,445,737</u>	<u>2,442,166</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Intergovernmental	-	396,513	567,162
Proceeds from intergovernmental and capital grants	8,822,912	-	-
Proceeds from passenger facility charges	3,894,685	-	-
Interest paid on capital debt	(2,497,501)	(2,020,833)	(1,074,439)
Principal paid on short-term debt	(88,100,000)	-	-
Principal paid on long-term debt and leases	(1,466,375)	(2,958,374)	(4,512,668)
Proceeds from issuance of long-term debt	-	-	128,416
Proceeds from issuance of short-term notes payable	88,100,000	-	-
Proceeds from sale of capital assets	5,500	161,500	10,500
Acquisition and construction of capital assets	<u>(10,959,991)</u>	<u>(1,312,309)</u>	<u>(5,519,895)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,200,770)</u>	<u>(5,733,503)</u>	<u>(10,400,924)</u>

				GOVERNMENTAL ACTIVITIES
STORMWATER UTILITY	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
\$ 12,762,746	\$ 19,175,821	\$ 11,960,051	\$ 113,329,248	\$ 2,119,627
-	-	-	-	32,475,187
(3,277,037)	(15,478,380)	(6,322,198)	(60,037,234)	(29,285,076)
(4,094,787)	(4,282,830)	(4,699,710)	(26,724,778)	(4,155,001)
-	-	-	-	(295,769)
<u>5,390,922</u>	<u>(585,389)</u>	<u>938,143</u>	<u>26,567,236</u>	<u>858,968</u>
-	-	210,871	254,277	18,380
(244,686)	(29,839)	-	(543,280)	(2,495)
-	-	1,252,490	1,257,608	-
3,141,234	-	-	8,982,902	-
(2,473,834)	-	(41,813)	(4,249,827)	-
529	-	1,552	2,727	-
<u>423,243</u>	<u>(29,839)</u>	<u>1,423,100</u>	<u>5,704,407</u>	<u>15,885</u>
-	-	-	963,675	-
-	820,272	-	9,643,184	-
-	-	-	3,894,685	-
(1,141,249)	-	(294,507)	(7,028,529)	-
-	-	-	(88,100,000)	-
(4,438,332)	-	(1,119,090)	(14,494,839)	-
-	-	-	128,416	-
-	-	-	88,100,000	-
37,500	3,576,416	172,030	3,963,446	130,200
<u>(10,305,083)</u>	<u>(630,490)</u>	<u>(1,714,904)</u>	<u>(30,442,672)</u>	<u>(2,001,455)</u>
<u>(15,847,164)</u>	<u>3,766,198</u>	<u>(2,956,471)</u>	<u>(33,372,634)</u>	<u>(1,871,255)</u>

(continued)

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<u>AIRPORT</u>	<u>PARKING</u>	<u>SEWER SYSTEM</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	\$ 1,964,517	\$ -	\$ 1,205,070
Purchase of investments	(3,875,850)	-	(1,741,728)
Interest received	1,098,934	248,587	1,142,164
Net cash provided by investing activities	<u>(812,399)</u>	<u>248,587</u>	<u>605,506</u>
Net increase (decrease) in cash and cash equivalents	6,184,672	1,235,020	(1,001,732)
Cash and cash equivalents, beginning of year	20,031,390	5,001,683	20,575,023
Cash and cash equivalents, end of year	<u>\$ 26,216,062</u>	<u>\$ 6,236,703</u>	<u>\$ 19,573,291</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ (4,815,753)</u>	<u>\$ 1,956,471</u>	<u>\$ 3,921,933</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>			
Depreciation expense	10,451,871	3,488,473	2,316,074
Amortization/ Accretion	82,007	12,534	(82,263)
(Increase) decrease in accounts and taxes	1,478,741	(4,013)	(15,485)
(Increase) decrease in due from other governmental u	-	(54,666)	116,388
(Increase) decrease in inventories	(101,139)	-	-
(Increase) decrease in prepaid items	-	-	(1,183)
(Decrease) increase in accounts and contracts payable	(246,657)	(134,949)	16,041
Increase (decrease) in accrued wages payable	-	(6,351)	39,135
Increase (decrease) in accrued employee benefits	169,885	16,790	40,880
Increase (decrease) in due to other governmental units	234,582	-	-
(Decrease) in amounts owed to signatory airlines	110,159	-	-
(Decrease) in other liabilities, self-sufficiency participation and tenant security deposits	37,800	-	-
Increase (Decrease) in unearned revenue	1,796,345	(90)	-
Total adjustments	<u>14,013,594</u>	<u>3,317,728</u>	<u>2,429,587</u>
Net cash provided (used) by operating activities	<u>\$ 9,197,841</u>	<u>\$ 5,274,199</u>	<u>\$ 6,351,520</u>
<b>Schedule of noncash investing activities:</b>			
Increase (decrease) in fair value of investments	9,994	-	-
<b>Schedule of noncash capital and related financing activities:</b>			
Gain (loss) on disposal of capital assets	(11,875)	91,662	8,740
Acquisition of capital assets through contracts	3,263,339	(82,187)	5,027
Capital assets contributed	-	-	12,953,786
Acquisition of capital assets through notes payable	-	-	12,520,744

				GOVERNMENTAL ACTIVITIES
STORMWATER UTILITY	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
\$ 11,279,113	\$ -	\$ -	\$ 14,448,700	\$ -
(1,820,745)	-	-	(7,438,323)	-
1,726,029	673,378	253,902	5,142,994	-
<u>11,184,397</u>	<u>673,378</u>	<u>253,902</u>	<u>12,153,371</u>	<u>-</u>
1,151,398	3,824,348	(341,326)	11,052,380	(996,402)
12,583,397	14,328,099	2,923,434	75,443,026	4,200,355
<u>\$ 13,734,795</u>	<u>\$ 18,152,447</u>	<u>\$ 2,582,108</u>	<u>\$ 86,495,406</u>	<u>\$ 3,203,953</u>
\$ 4,182,612	\$ (2,304,305)	\$ 618,328	\$ 3,559,286	\$ (243,892)
972,336	2,797,163	976,535	21,002,452	1,159,045
47,095	-	(451)	58,922	-
(4,175)	17,108	(959,641)	512,535	66,936
(9,520)	280,176	-	332,378	1,486,716
-	10,168	-	(90,971)	(241,444)
(1,941)	(1,828)	1,039	(3,913)	(1,735,588)
20,811	(18,213)	202,614	(160,353)	223,537
33,362	9,094	-	75,240	23,601
150,342	24,971	63,055	465,923	128,479
-	(1,416,049)	36,664	(1,144,803)	-
-	-	-	110,159	-
-	16,759	-	54,559	-
-	(433)	-	1,795,822	(8,422)
<u>1,208,310</u>	<u>1,718,916</u>	<u>319,815</u>	<u>23,007,950</u>	<u>1,102,860</u>
<u>\$ 5,390,922</u>	<u>\$ (585,389)</u>	<u>\$ 938,143</u>	<u>\$ 26,567,236</u>	<u>\$ 858,968</u>
(4,684)	-	-	5,310	-
36,060	1,605,485	(511,956)	1,218,116	121,200
(586,902)	-	-	2,599,277	-
8,262,698	-	-	21,216,484	-
7,937,653	-	-	20,458,397	-

**CITY OF DES MOINES, IOWA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2008**

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	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash and pooled cash investments	\$ 89,423,062
Accounts receivable	<u>1,677,704</u>
Total assets	<u>\$ 91,100,766</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 91,097,829
Good faith/earnest deposits	<u>2,937</u>
Total liabilities	<u>\$ 91,100,766</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DES MOINES, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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**1. Summary of Significant Accounting Policies**

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

**A. Reporting Entity**

The City of Des Moines is located in Polk County and was first incorporated as a town in 1851 and as a city in 1857 under the laws of the State of Iowa. The City operates under the council-manager-ward form of government.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships 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 majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City.

The discretely presented component unit discussed below is included in the City's reporting entity because of the nature and significance of their relationship with the City and the ongoing financial support. The component unit is discretely presented and reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Des Moines Public Library Foundation (Foundation) has a December 31 year-end. The Foundation is a non-profit community foundation founded to provide financial support to the Public Library of Des Moines by fund raising from the private sector, by indirectly supporting library advocacy groups, and by fostering innovative public and private collaboration. Money raised by the Foundation serves to enhance the operating budget of the public library by enhancing its collections, facilities and services, both traditional and technological, beyond what tax dollars provide. The Foundation publishes its own annual financial report, which is available at their office 400 Locust Street, P.O. Box 93243, Suite 350 Des Moines, IA 50393.

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## **C. Fund Accounting**

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

### **(1) Governmental Fund Types**

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

#### **(a) General Fund**

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service

departments; street and highway maintenance; public safety, parks, cemetery, library, and recreation programs, are accounted for in this fund.

The following accounts are included in this fund:

**General** - To account for those resources funding traditional government functions not related to special tax levies detailed below.

**Tort Liability** - To account for the taxes generated for the payment of premium costs on tort liability insurance, property insurance, and any other insurance that may be necessary in the operation of the City. This includes costs of self-insurance programs as well.

**(b) Tax Increment Fund**

The Tax Increment Fund, a special revenue fund, accounts for receipt of property taxes allocated to various tax increment financing districts and used to pay the principal and interest on tax increment debt.

**(c) Debt Service Fund**

The Debt Service Fund is used to account for the funding and payment of interest and principal of general obligation and tax increment debt of the City.

**(d) Capital Projects Fund**

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

The following accounts are included in this fund:

**Bridge Projects** - To account for funding and construction of bridge projects.

**Fire Protection Projects** - To account for funding and construction for improvements to the City's fire stations and the acquisition of major firefighting apparatus.

**Library Projects** - To account for funding and construction of major projects in the City's Library System.

**Municipal Buildings Projects** - To account for funding, construction, and improvements to municipal buildings not financed by enterprise operations.

**Park Improvement Projects** - To account for funding and construction for major projects related to improvements to the City's Parks System.

**Special Assessment Projects** - To account for the collection of special assessment revenue utilized in major construction projects including streets, sidewalks, and sewers that provide benefit to particular property owners.

**Street Projects** - To account for funding and construction of street, traffic control, and sidewalk projects.

**Urban Renewal Projects** - To account for funding and construction of urban renewal projects.

**(e) Benefit Tax Accounts Fund**

Benefit Tax Accounts Fund, a special revenue fund, is used to account for the receipt and disbursement of property taxes generated by the trust and agency levy. The purpose of this portion of the levy is to fund employers' share of costs for pensions and retirement systems. This fund is major for public interest purposes.

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

**Special revenue funds** are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

The following non-major funds are included in this fund type:

Community Development Block Grant (CDBG) - To account for the Community Development Block Grant Program administered by the U.S. Department of Housing and Urban Development.

Community Services - To account for the administration of federal programs designed to provide various services to the City's elderly and low- to moderate-income residents.

Other Employee Benefits - To account for the receipt and disbursement of property taxes generated by the trust and agency levy. The purpose of this portion of the levy is to fund employers' share of costs of employee benefits that are not related to pensions or retirement.

Road Use Tax - To account for state revenues allocated to the City for maintenance and improvement of City streets.

Urban Development Action Grant - To account for the Urban Development Action Grants Program administered by the U.S. Department of Housing and Urban Development.

Other Special Revenue - To account for several minor special revenue activities not material enough to disclose separately.

**Permanent funds** are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The following nonmajor funds are included in this fund type:

Permanent Cemetery Maintenance - Accounts for the fees collected for cemetery maintenance and related disbursements.

Swartzell Endowment - Accounts for the principal and interest earnings of the trust, established to fund the cost of perennial plantings and public beautification projects.

Weise Bird Habitats - Accounts for the funds bequeathed to the City under the will of Ruth E. Weise, to be used for the planting, cultivation, and preservation of trees and shrubs, and nesting, feeding habitats, and stations for birds in City parks.

## (2) Proprietary Fund Types

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

**Enterprise funds** are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements. The following comprise the City's major enterprise funds:

- (a) **Airport Fund** - To account for the operation and maintenance of the City's airport facility, including airport parking.
- (b) **Stormwater Utility Fund** - To account for the operation and maintenance of the City's Stormwater Utility.
- (c) **Parking Facilities System Fund** - To account for the operation and maintenance of the City's on- and off-street public parking facilities, except for those facilities operated by the Des Moines International Airport.
- (d) **Sewer System Fund** - To account for the operation and maintenance of the City's Sanitary Sewer System.

- (e) **Municipal Housing Agency Fund** - To account for operations of the Federal Section 8 Rent Payment Assistance Program and low-income housing projects.

The other enterprise funds of the City are considered non-major and are as follows:

Golf Courses - To account for the operation and maintenance of the City's three golf courses: Waveland, Grandview, and A.H. Blank.

Solid Waste System - To account for the operation and maintenance of the City's Solid Waste Collection System.

**Internal service funds** are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City.

The following funds are included in this fund type:

Central Services - To provide printing, messenger, mail, and telephone services to City departments.

Equipment Replacement - To finance the replacement of automotive equipment, as necessary. The automotive equipment is initially acquired by the various user departments.

Equipment Service Center - To provide maintenance and repair services for City automotive equipment.

Forestry - To provide ground maintenance to other departments.

Group Health Insurance - Accounts for City contributions, employee contributions, and commercial insurance cost of various health benefit plans.

Radio Communications - To provide maintenance and repair services for radio equipment.

Radio Replacement - To finance the replacement of radio equipment, as necessary. The radio equipment is initially acquired by the various user departments.

### (3) **Fiduciary Fund Types (Trust and Agency Funds)**

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

#### **Agency Funds**

Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations. The agency funds function primarily as a clearing mechanism for cash resources which are collected, held as such for a brief period, and then disbursed to authorized recipients.

The following funds are included in this fund type:

Employees' Payroll Withholdings - Accounts for the receipt and disbursement of funds withheld from the pay of City employees that are remitted to third parties.

Other Agency - Accounts for activity incurred in conjunction with several small agency agreements.

Wastewater Reclamation Authority (WRA) - Accounts for the City's agent responsibilities of the WRA, a joint venture of the City and surrounding municipalities.

CEBA Grants - Accounts for the City's agent responsibilities of the CEBA programs Business Revitalization Loans.

#### **D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. The agency funds do not have a measurement focus but are reported using 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 taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed

requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2008 levy certified on March 15, 2008, based on the 2007 assessed valuations. The tax lien date is January 1, 2007. As the levy is intended for use in the 2009 fiscal year, the revenue has been recorded as deferred revenue. Taxes are levied on July 1 and are payable in two installments on September 30 and March 31. Tax payments become delinquent on October 1 and April 1. The County Treasurer bills and collects property taxes for the City. Property taxes are considered available if received within 60 days of year-end.

The City is permitted by the *Code of Iowa* to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, trust and agency accounts for pension and related employee benefit funds, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2008 was \$16.59 per \$1,000 of assessed valuation.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

#### **E. Budgetary and Legal Appropriation and Amendment Policies**

As allowed by GASB Statement No. 41, Budgetary Comparison Schedules - Perspective Differences, the City presents budgetary comparison schedules as required

supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

#### **F. Encumbrances**

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, which serve as authorizations for expenditures in the subsequent year.

#### **G. Cash and Pooled Cash Investments**

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. These deposits are invested on a short-term basis with interest income being recorded in the General Fund, except for interest income allocated to enterprise funds and where specifically required by law to be recorded in other funds.

The balance reported in each fund represents an equity interest in the commingled pool of cash, which is under the management of the City Treasurer.

#### **H. Investments**

Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

#### **I. Statement of Cash Flows**

For purposes of the statement of cash flows for proprietary fund types, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

#### **J. Inventories and Prepaid Items**

Inventories are stated at the lower of cost or market and consist of consumable supplies. The cost of these supplies is recorded as an expense at the time they are relieved from inventory for use. Inventories are determined by actual count and priced on the first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **K. Capital Assets**

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Des Moines as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, improvements, infrastructure and equipment assets are depreciated using the half-year convention depreciation method (straight-line depreciation with a half-year taken the first year and the last year) over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Infrastructure Systems	50
Infrastructure Improvements	20
Skywalks	40
Bridges	60
Bridge Improvements	30
Flood Control	30
Equipment	3-15
Vehicles	3-5

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

#### **L. Deferred and Unearned Revenues**

Deferred revenues in the governmental funds represent amounts due, which are measurable, but not available. In the statement of net assets, unearned revenues represent the deferral of property tax receivables which are levied for a future period as well as unearned revenue.

#### **M. Inter-fund Transactions**

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

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

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

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

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds, and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources, and therefore, are not available for appropriation.

**N. Compensated Absences**

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Sick leave is payable when used, or upon death or retirement. If paid upon death or retirement, the total accumulated hours are paid at one-half of the then effective hourly rate for that employee, with a maximum of 750 hours per employee.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

**O. Fund Equity**

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions.

**P. Net assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. The portion of the debt related to unspent proceeds is included in the same net asset component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$6,208,887 for tax increment.

As of June 30, 2008 the following major enterprise funds had unspent bond proceeds:

Parking Fund	\$156,391
Stormwater Utility Fund	\$2,216,030

As of June 30, 2008, the governmental activities had unspent bond proceeds of \$67,416,953. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Q. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**R. Accounts Receivable**

Accounts receivable result primarily from miscellaneous services provided to citizens in the General Fund, Capital Projects Fund, and other nonmajor governmental funds. Accounts receivable in the proprietary funds result from providing services specific to the operations of the fund.

**S. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**2. Individual Fund Disclosures**

The following is a summary of deficit fund balances/net assets of individual funds at June 30, 2008:

<u>FUND TYPE</u>	<u>INDIVIDUAL FUND</u>	<u>DEFICIT FUND BALANCES</u>	<u>DEFICIT NET ASSETS</u>
Governmental	General, Tort Account	\$ 204,817	\$ —
Governmental	Special revenue, Community Services	458,391	—
Governmental	Special revenue, Other Employee Benefits	1,993,042	—
Governmental	Debt Service	452,555	—
Proprietary	Enterprise, Golf	—	1,161,991

The individual fund balance deficits will be eliminated by future intergovernmental revenue.

### **3. Cash and Pooled Cash Investments and Investments**

The City maintains a cash and investment pool that is available for use by all funds, where the resources have been pooled in order to maximize investment opportunities. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and pooled cash investments." Investment income is allocated to the various funds based on their respective participation and in accordance with accounting principles generally accepted in the United States of America. In addition, investments are separately held by several of the City's funds. The City has deposits in irrevocable trusts that are to be used solely for the defeasance of debt. Since these irrevocable trusts are sufficient to refund this debt, the deposits and corresponding liabilities are not reflected in the City's financial statements, as explained in the debt extinguishment note.

#### **A. Authorized Investments**

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved pursuant to Chapter 12C, Code of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. However, the City's investment policy additionally limits investments in commercial paper to obligations at the time of purchase rated within the two highest ratings, issued by nationally recognized statistical rating organizations with a maturity less than 270 days, provided that at the time of purchase no more than 10% of the investment portfolio be invested in commercial paper and no more than 5% of the investment portfolio shall be invested in securities of a single issuer. It also limits investments in prime bankers' acceptances to those that mature within 270 days and that are eligible for purchase by a federal reserve bank, provided that at the time of purchase no more than 5% of the investment portfolio shall be invested in the securities of a single issuer.

#### **B. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the City's investment policy, the City minimizes the market value risk of investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Security Description	Current Market Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
Farmer Mac Discount Total	3,972,800	3,972,800	0	0
Federal Farm Credit Total	1,619,008	0	1,619,008	0
FHLB Total	33,053,044	15,060,316	17,992,728	0
FHLB Discount Total	24,380,835	24,380,835	0	0
FHLMC Total	36,225,843	8,637,631	27,588,212	0
FHLMC Discount Total	20,019,640	20,019,640	0	0
FNMA Total	5,474,715	1,007,810	4,466,905	0
FNMA Discount Total	16,827,200	16,827,200	0	0
<b>Grand Total</b>	<b>141,573,085</b>	<b>89,906,232</b>	<b>51,666,853</b>	<b>0</b>

The above table includes the investments of the WRA.

### C. Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's policy requires money market funds to have a rating of AAAm-g1, AAA-m or AA-m by Standard & Poor's and Aaa, Aa1 or Aa2 if rated by Moody's. Commercial paper must be rated "Prime-1" by Moody's and "A-1" or better by Standard & Poor's at time of purchase.

As of June 30, 2008, the City's investments were rated as follows:

Security Description	Moody's	Standard & Poor's
Farmer Mac Discount	P1	A-1+
Federal Farm Credit	Aaa	AAA
FHLB	Aaa	AAA
FHLB Discount	Aaa	A-1+
FHLMC	Aaa	AAA
FHLMC Discount	Aaa	A-1+
FNMA	Aaa	AAA
FNMA Discount	Aaa	A-1+

#### **D. Concentration of Credit Risk**

The City's investment policy seeks diversification to reduce overall portfolio risk while attaining benchmark average rates of return to meet all anticipated cash requirements. The policy requires that with the exception of U.S. Treasury securities, no more than 50% of the City's total investment portfolio will be invested in a single security type, and no more than 25% with a single financial institution. The Finance Director/Treasurer will invest in securities with varying maturities. Certificates of deposit will be limited to the amount approved by City Council for each financial institution in accordance with Chapter 12C of the Code of Iowa. Prime bankers' acceptances and commercial paper are limited as explained under authorized investments, above. More than 5% of the City's investments are in the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Bank Discount, Federal Home Loan Mortgage Corporation and Federal Home Loan Mortgage Corporation Discount, respectively. The City's investments are in accordance with these policies regarding diversification.

#### **E. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. At June 30, 2008, the City's deposits were held in banks within the state of Iowa and covered by the state sinking fund per Section 12C.25 of the Code of Iowa. At June 30, 2008, \$141,573,085 of City investments was uninsured and unregistered securities held by the counterparty's trust department in the City's name.

#### **4. Joint Venture**

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

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

The WRA Sewer Revenue Bonds Series 2004A bonds were issued for the advance refunding of the City's sewer revenue bonds. The WRA Agreement requires the debt service on these bonds to be allocated through the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$13,220,000 as of June 30, 2008. Therefore, the City of Des Moines has a commitment for approximately \$10,607,812 for future principal payment requirements. The WRA Sewer Revenue Bonds Series 2004B bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2008, the Series 2004B bonds had a balance of \$64,695,000 and the City of Des Moines' estimated future allocation based on the WRA flows is currently \$20,324,831. 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 Des Moines' estimated future allocation based on the WRA flows is currently \$10,808,008. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2008, the WRA had \$25,194,583 in State Revolving Loans of which \$6,972,458 future principal debt service is a commitment to the City of Des Moines. Included in the State Revolving Loans totals is new debt in June, 2008. The WRA authorized \$44,000,000 of Sewer Revenue Bonds, of which \$14,414,583 had been issued, of which \$3,840,392 future principal debt service is a commitment to the City of Des Moines.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation would be paid.

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

Condensed financial information of the joint venture as of June 30, 2008 is as follows:

Statement of Net Assets

Current assets	\$77,486,131
Noncurrent assets	\$338,763,559
Total assets	\$416,249,690

Current liabilities	\$15,980,871
Noncurrent liabilities	\$144,240,153
Total liabilities	\$160,221,024

Net assets:

Invested in capital assets, Net of related debt	\$213,462,208
Restricted	\$29,307,819
Unrestricted	\$13,258,639

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues	\$29,333,785
Operating expenses	\$23,671,427
Operating income	\$5,662,358
Nonoperating, net	\$165,547
Capital Contributions	\$0
Change in net assets	\$5,827,905

Statement of Cash Flows

Cash provided by operating activities	\$14,985,091
Cash provided by investing activities	\$1,445,015
Cash used in capital and related Financing activities	\$(23,130,274)
Decrease in cash and pooled cash investments	\$(6,700,168)

## 5. Operating Lease Rentals

The City, as lessor, has various operating lease agreements for the use of land and facilities. The following is a schedule by year of minimum future rentals required under operating leases having initial or remaining noncancelable lease terms in excess of one year as of June 30, 2008:

	GENERAL FUND	SPECIAL REVENUE FUNDS	ENTERPRISE FUNDS		TOTAL
			PARKING FACILITIES SYSTEM	AIRPORT	
Year ending June 30,					
2009	37,185	69,600	31,916	2,714,624	2,853,325
2010	22,755	69,600	21,406	2,182,301	2,296,062
2011	22,755	69,600	3,600	1,976,772	2,072,727
2012	22,005	69,600	3,600	1,836,276	1,931,481
2013	21,005	67,200	---	1,624,943	1,713,148
2014-2018	78,125	336,000	---	5,709,641	6,123,766
2019-2023	68,100	134,400	---	3,092,364	3,294,864
2024-2028	58,500	---	---	2,657,204	2,715,704
2029-2033	58,500	---	---	380,471	438,971
2034-2038	58,500	---	---	127,501	186,001
2039-2043	58,500	---	---	---	58,500
2044-2048	46,800	---	---	---	46,800
Total minimum future rentals	<u>\$ 552,730</u>	<u>\$ 816,000</u>	<u>\$ 60,522</u>	<u>\$ 22,302,097</u>	<u>\$ 23,731,349</u>

The significant leases are for buildings and improvements that are reported in the Airport major enterprise fund.

At June 30, 2008, the net book value of leased property is as follows:

Cost of Leased Land	\$	14,199,111
Cost of Leased Buildings		27,274,686
Accumulated Depreciation of Leased Buildings		(4,200,790)
Net book value of Leased Fixed Assets	\$	<u>37,273,007</u>

## 6. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2008:

	ENDING BALANCE			ENDING BALANCE		
	6/30/2007	ADDITIONS	DELETIONS	6/30/2008		
<b>GOVERNMENTAL ACTIVITIES</b>						
Capital Assets, not being depreciated:						
Land	\$ 56,690,174	\$ 58,500	\$ -	\$ 56,748,674		
Construction in Progress	153,381,773	23,004,771	(65,134,477)	111,252,067		
Total capital Assets not being depreciated	210,071,947	23,063,271	(65,134,477)	168,000,741		
Capital Assets, being depreciated:						
Buildings	119,513,429	15,097,772	-	134,611,201		
Improvements Other than Buildings	698,423,708	64,468,717	-	762,892,425		
Machinery and Equipment	60,076,802	3,914,084	(1,300,676)	62,690,160		
Total capital assets being depreciated	878,013,939	83,480,523	(1,300,676)	960,193,786		
Less accumulated depreciation for:						
Buildings	55,606,114	4,435,792	-	60,041,906		
Improvements Other than Buildings	260,130,792	18,982,112	-	279,112,904		
Machinery and Equipment	44,119,310	3,558,346	(1,216,672)	46,460,984		
Total accumulated depreciation	359,856,216	26,976,250	(1,216,672)	385,615,794		
Total capital assets, being depreciated, net	518,157,723	56,504,273	(84,004)	574,577,992		
Governmental activities capital assets, net	\$ 728,229,670	\$ 79,567,544	\$ (65,218,481)	\$ 742,578,733		
<b>BUSINESS-TYPE ACTIVITIES</b>						
Capital Assets, not being depreciated:						
Land	\$ 66,055,250	\$ 15,410	\$ (546,801)	\$ 65,523,859		
Construction in Progress	56,540,206	67,949,815	(14,023,537)	110,466,484		
Total capital Assets not being depreciated	122,595,456	67,965,225	(14,570,338)	175,990,343		
Capital Assets, being depreciated:						
Buildings	176,326,233	1,899,067	(3,163,028)	175,062,272		
Improvements Other than Buildings	399,645,652	15,549,438	(3,345)	415,191,745		
Machinery and Equipment	35,580,876	3,326,638	(2,004,150)	36,903,364		
Total capital assets being depreciated	611,552,761	20,775,143	(5,170,523)	627,157,381		
Less accumulated depreciation for:						
Buildings	59,642,332	7,020,751	(1,677,988)	64,985,095		
Improvements Other than Buildings	137,581,294	11,850,550	-	149,431,844		
Machinery and Equipment	24,647,679	2,131,151	(1,294,006)	25,484,824		
Total accumulated depreciation	221,871,305	21,002,452	(2,971,994)	239,901,763		
Total capital assets, being depreciated, net	389,681,456	(27,309)	(2,198,529)	387,255,618		
Business-Type activities capital assets, net	\$ 512,276,912	\$ 67,737,916	\$ (16,768,867)	\$ 563,245,961		

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

**GOVERNMENTAL ACTIVITIES**

Public Safety	3,548,686
General Government	2,279,540
Public Works	14,080,647
Culture and Recreation	5,768,132
Community and Economic Development	140,200
Internal service assets are charged to the various functions based on their usage of the assets	1,159,045
Total Depreciation Expense - Governmental Activities	<u>\$ 26,976,250</u>

**7. Employee Retirement Systems**

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by a nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI.

**A. Defined Benefit Pension Plan - Iowa Public Employees Retirement System**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute, to plan members and beneficiaries. IPERS issues a publicly available financial report, which includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA 50306-9117.

Plan members are required to contribute 3.90 percent of their annual covered salary, and the City is required to contribute 6.05 percent of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008; 2007; and 2006 were \$4,087,154; \$3,714,966; and \$3,594,986, respectively, equal to the required contributions for each year.

**B. Defined Benefit Pension Plan - Municipal Fire and Police Retirement System of Iowa**

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer, defined benefit pension plan. MFPRSI provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statute, and vest after four years of credited service. MFPRSI issues publicly available financial reports, which include financial statements and required supplementary information for the plan. The reports may be obtained by contacting the MFPRSI, 2836 104th Street, Urbandale, IA 50322.

MFPRSI plan members are required to contribute a percentage of their annual covered salary, and the City is required to contribute at an actuarially determined rate of annual covered payroll. The contribution requirements of plan members and the City are established, and may be amended by state statute.

The contribution rates for plan members and the City in fiscal years 2008, 2007, and 2006 were as follows:

<u>MFPRSI</u>	<u>PLAN MEMBER CONTRIBUTION</u>	<u>CITY CONTRIBUTION</u>
Fiscal Year 2008	9.35 %	25.48 %
Fiscal Year 2007	9.35 %	27.75 %
Fiscal Year 2006	9.35 %	28.21 %

The City's contributions to MFPRSI for the years ending June 30, 2008; 2007; and 2006, were equal to the required contributions for each year as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
MFPRSI	\$10,556,295	\$11,202,963	\$10,797,457

## 8. Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code*, Section 457, and also Section 401(a). The Section 457 plan, available to all City employees, and the Section 401(a) plan, available only to the SPM employment group, permits them to defer a portion of their salary until future years. The deferred compensation is available to employees at termination, retirement, death, unforeseeable emergency, loan or via in-services contributions at age 70 ½.

In accordance with federal legislation (the Small Business and Wage Protection Act of 1996), the City has confirmed or established trust arrangements for all of the assets in the plan, to ensure those assets are protected and used exclusively for plan participants and beneficiaries. As a result of these arrangements, the deferred compensation plan is no longer reported in the City's financial statements.

## 9. Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

	BALANCE JULY 1, 2007	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2008	DUE WITHIN ONE YEAR	RANGE OF INTEREST RATES
<b>Governmental Activities:</b>						
General Obligation Bonds	\$ 371,821,000	\$ 30,380,000	\$ 40,998,000	\$ 361,203,000	\$ 26,991,000	2.00% to 7.60%
Section 108 Loans payable	1,885,000	8,500,000	115,000	10,270,000	115,000	5.20%
Notes Payable	10,131,294	437,500	2,499,306	8,069,488	2,414,073	0.0% to 9.69%
Accrued Employee Benefits	18,526,163	15,873,006	14,385,139	20,014,030	10,122,902	NA
Liability for Claims/Judgments	285,000	2,739,941	2,594,941	430,000	—	NA
Liability for arbitrage	12,876	159,553	—	172,429	172,429	NA
	<u>\$ 402,661,333</u>	<u>\$ 58,090,000</u>	<u>\$ 60,592,386</u>	<u>\$ 400,158,947</u>	<u>\$ 39,815,404</u>	
<b>Business-type Activities</b>						
General Obligation Bonds	\$ 814,000	\$ —	\$ 267,000	\$ 547,000	\$ 269,000	3.00% to 5.00%
Revenue Bonds	118,768,885	128,416	4,664,301	114,233,000	4,883,000	0.00% to 8.15%
Notes Payable	2,262,225	20,458,397	7,861,792	14,858,830	7,618,331	2.09% to 5.18%
Capital Leases	11,204,648	—	1,701,749	9,502,899	1,442,084	2.58% to 5.22%
Liability for arbitrage	—	125,709	—	125,709	125,709	
Accrued Employee Benefits	3,240,373	3,861,716	3,623,473	3,478,616	1,215,174	NA
	<u>\$ 136,290,131</u>	<u>\$ 24,574,238</u>	<u>\$ 18,118,315</u>	<u>\$ 142,746,054</u>	<u>\$ 15,553,298</u>	

General obligation bonds represent indebtedness secured by the full faith and credit of the City. Revenue bonds are the obligations of specific enterprise funds and are generally payable solely from the revenues of the respective funds.

Net assets of certain enterprise funds of \$14,120,681 are restricted for debt service and the payment of certain liabilities pursuant to the requirements of the revenue bond ordinances.

Series 2004I Sewer Revenue Capital Loan Note which closed during the fiscal year-ended 2005 has an authorized amount of \$5,965,000. Proceeds are drawn down to reimburse the City after providing proof of qualifying expenditures related to sewer capital projects. At June 30, 2008, the outstanding balance was \$5,278,000, and \$128,416 was drawn down during the fiscal year. The Note has now been completely disbursed.

Proceeds from the Series 2007B General Obligation Bonds totaled \$24,055,000, and were allocated to certain capital improvement projects. Proceeds of the Series 2008E General Obligation Bonds totaled \$6,325,000, and were allocated to certain urban renewal projects.

Outstanding bonds at June 30, 2008 mature as follows:

General Obligation Debt Service		
YEAR	GENERAL OBLIGATION BONDS	
	PRINCIPAL	INTEREST
2009	\$ 17,508,176	\$ 10,374,621
2010	18,649,216	9,691,297
2011	18,323,662	8,899,877
2012	18,173,549	8,119,473
2013	16,856,290	7,358,012
2014-2018	69,572,393	26,822,182
2019-2023	54,045,970	12,360,683
2024-2028	23,515,000	2,528,516
Totals	\$ 236,644,256	\$ 86,154,661

Tax Increment Debt Service		
YEAR	GENERAL OBLIGATION BONDS	
	PRINCIPAL	INTEREST
2009	\$ 9,482,824	\$ 5,594,599
2010	9,320,784	5,180,476
2011	9,635,338	4,759,988
2012	9,699,451	4,319,548
2013	9,513,710	3,870,603
2014-2018	40,337,607	13,440,487
2019-2023	32,789,030	5,030,789
2024-2028	3,780,000	291,553
Totals	\$ 124,558,744	\$ 42,488,043

Revenue Bonds, Sewer Enterprise Fund: The City has issued the following revenue bonds in the Sewer Fund:

Series	June 30, 2008 Balance	Maturity Fiscal Year	Purpose
Sewer Revenue 2004I	\$ 5,273,000	2025	Capital Improvements
Sewer Revenue 2004G	4,720,000	2019	Capital Improvements
Sewer Revenue Refunding, 2004H	14,040,000	2020	Refunding

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the revenue bonds. The bonds are payable solely from the sewer customer net revenues. Annual principal and interest payments on the bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the bonds is \$32,589,792. Principal and interest paid for the current year and total customer net revenues were \$1,424,916 and \$17,977,293, respectively.

Revenue Bonds, Stormwater Management Utility Enterprise Fund: The City has issued the following revenue bonds in the Storm Water Utility Enterprise Fund:

Series	June 30, 2008 Balance	Maturity Fiscal Year	Purpose
Series 2003B	\$ 6,910,000	2018	Capital Improvements
Series 2004F	7,100,000	2019	Capital Improvements
Series 2006D	15,980,000	2023	Capital Improvements

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the revenue bonds. The bonds are payable solely from the stormwater utility customer net revenues. Annual principal and interest payments on the bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the bonds is \$39,296,663. Principal and interest paid for the current year and total customer net revenues were \$3,059,895 and \$8,417,111, respectively.

Revenue Bonds, Parking Enterprise Fund: The City has issued the following revenue bonds in the Parking Enterprise Fund:

Series	June 30, 2008 Balance	Maturity Fiscal Year	Purpose
Series 2000A	\$ 17,695,000	2020	Capital Improvements & Refunding
Series 2000B	4,480,000	2012	Capital Improvements & Refunding

The City has pledged future parking customer revenues, net of specified operating expenses to repay the revenue bonds. The bonds are payable solely from the parking customer net revenues. Annual principal and interest payments on the bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the bonds is \$31,315,537. Principal and interest paid for the current year and total customer net revenues were \$3,045,625 and \$9,413,373, respectively.

Revenue Bonds, Airport Enterprise Fund: On April 1, 1998, the City issued \$42,670,000 of Aviation System Revenue Bonds (Series 1998 A, B, C). The current balance of the bonds is \$38,035,000 which mature in Fiscal Year 2029. The bonds are special obligations payable solely from and secured by a pledge of the net revenues of the Airport, subject to the prior lien on the net revenues of the Airport Revenue Capital Loan Notes. Payment of the principal and interest on the bonds is guaranteed by a municipal bond insurance policy. Annual principal and interest payments on the bonds are expected to require 13% of the Airport net revenues. Total principal and interest remaining to be paid on the bonds is \$64,922,956. Principal and interest paid for the current year and total Airport net revenues were \$3,116,530 and \$24,377,012, respectively.

**Enterprise Funds**

YEAR	GENERAL OBLIGATION BONDS		REVENUE BONDS/COMMERCIAL PAPER	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	\$ 269,000	\$ 22,955	\$ 4,883,000	\$ 5,777,914
2010	185,000	11,320	5,130,000	5,528,621
2011	36,000	3,920	6,512,000	5,261,048
2012	17,000	2,480	7,210,000	4,918,878
2013	20,000	1,800	6,913,000	4,540,841
2014-2018	20,000	1,000	40,062,000	17,342,339
2019-2023	—	—	27,166,000	7,677,123
2024-2028	—	—	13,392,000	2,760,363
2029-2033	—	—	2,965,000	84,821
Totals	\$ 547,000	\$ 43,475	\$ 114,233,000	\$ 53,891,948

In addition, the City has the following short-term debt:

In November 2000, the City established the Airport Commercial Paper Series C-Non-PFC backed. A bank has provided a direct pay Letter of Credit (LOC) supporting the Facility.

**Commercial Paper Notes**

	Non-PFC-backed Series C
Balance June 30, 2007	\$ 8,700,000
Issuances	88,100,000
Retirements	(88,100,000)
Balance June 30, 2008	\$ 8,700,000

The LOC has been authorized in an amount not to exceed \$12,000,000. The LOC has certain covenants with which the City must comply. Amounts borrowed are to be used for Airport capital projects. At June 30, 2008, \$8,700,000 had been issued and was outstanding on this Facility. The amount is reported in the Airport Fund, an enterprise fund of the City, as notes payable. Of the amount outstanding at June 30, 2008, \$5,200,000 is due October 8, 2008, and bears interest at a rate that was 1.85 percent at June 30, 2008; \$3,500,000 is due October 20, 2008, and bears interest at a rate that was 1.90 percent at June 30, 2008. Due to the nature of the Commercial Paper Program and the anticipated duration of construction on projects being funded under the program, all commercial paper issuances are anticipated to be refinanced until the construction period concludes. The Letter of Credit agreement with the lending institution extends through June 30, 2009.

Section 108 Loans Payable: The CDBG Section 108 Loan for \$2,000,000 was used to lend SNAG, L.L.C. an Iowa limited liability company, funds to construct a grocery store in the vicinity of the Seventh and University Avenues. The balance of the loan as of June 30, 2008 is \$1,770,000. The loan is payable through fiscal year 2027. The principal and interest on the loan is payable from an annual CDBG grant award specific to the Section 108 loan. Annual principal and interest on the bonds are expected to require 100% of the grant award. Total

principal and interest remaining to be paid on the loan payable is \$2,547,723. Principal and interest paid in the current year and CDBG grant revenues were \$212,822 and \$4,686,150, respectively.

On November 15, 2007, the City closed a \$17,500,000 Section 108 loan to make a loan for the benefit of River Point West LLC, for the purpose of financing the acquisition and clearance of properties in the River Point West area for sale and subsequent redevelopment, and the construction of supporting public infrastructure improvements to serve the developed properties. The balance of the loan as of June 30, 2008 is \$8,500,000 and is payable through fiscal year 2028. The loan is not a general obligation of the City. The principal and interest is initially payable from a federal grant during the development phase. Thereafter, principal and interest is payable solely from the tax increment revenues of the Metro Center Urban Renewal Area of the City. Tax increment revenues are projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest paid in the current year and grant revenues were \$192,378 and \$192,378, respectively.

Notes Payable, Governmental Activities: Notes payable include \$177,221 Supplement #B-4, \$98,791 Supplement #B-6; \$126,126 Supplement #B-7 and \$526,420 Supplement #B-8. These notes are payable through fiscal year 2011. The principal and interest is payable from the debt service levy. Annual principal and interest on the bonds are expected to require 80% of the revenue. Total principal and interest remaining to be paid on the notes payable is \$997,266. Principal and interest paid in the current year and the debt service levy were \$568,453 and \$24,994,324, respectively.

Notes payable also include a \$1,875,000 loan from Polk County. This loan is for an economic development grant to be paid to Nelson Development 14, LLC. The balance of the note payable is \$1,437,500 and is payable through fiscal year 2019. Additional loan disbursement from Polk County of \$437,500 will occur in FY09 to be paid to Nelson Development 14, LLC. The principal and interest is payable from tax increment finance levy. Annual principal and interest on the bonds are expected to require 100% of the revenue. Total principal and interest remaining to be paid on the notes payable is \$1,437,500. Principal and interest paid in the current year and TIF levy were \$0 and \$0, respectively. In addition, notes payable as of June 30, 2008 includes a RISE loan of \$2,695,805 and an Allied loan of \$3,007,625.

Future principal and interest payments on the Section 108 Loans Payable and Notes Payable accounted for in the Governmental Activities are summarized as follows:

FISCAL YEAR	CDBG SECTION 108 LOANS		NOTES PAYABLE GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	\$ 115,000	372,974	\$ 2,414,073	\$ 293,845
2010	115,000	528,055	2,592,435	137,971
2011	115,000	522,822	972,579	9,802
2012	115,000	517,348	743,468	—
2013	115,000	511,690	659,433	—
2014-2018	715,000	2,451,762	687,500	—
2019-2023	3,784,000	1,959,166	—	—
2024-2028	5,196,000	737,610	—	—
Totals	<u>\$10,270,000</u>	<u>\$ 7,601,427</u>	<u>\$ 8,069,488</u>	<u>\$ 441,618</u>

Notes Payable, Business-type Activities: The City has a Governmental-Lease Purchase Master Agreement with a lending institution which requires the City enterprise funds that purchase equipment through the lease to collect net revenues of at least 110 percent of the maximum amount of debt service that will become due in any fiscal year.

The notes payable has financed the purchase of nine recycling trucks, twenty-two refuse trucks, five pickup trucks, and 55,000 refuse carts in the Solid Waste Enterprise Fund. The balance of the notes payable is \$1,200,433 and is payable through fiscal year 2012. The principal and interest is payable from the operating revenues of the Solid Waste Enterprise. Annual principal and interest on the notes payable are expected to require 63% of the revenue. Total principal and interest remaining to be paid on the notes payable is \$1,261,636. Principal and interest paid in the current year and the operating revenues of the Solid Waste Enterprise were \$1,166,701 and \$2,001,707, respectively.

Future principal and interest requirements on these notes payable are summarized as follows:

YEAR	NOTES PAYABLE ENTERPRISE	
	PRINCIPAL	INTEREST
2009	\$ 789,131	\$ 38,937
2010	166,496	15,216
2011	169,529	9,150
2012	70,205	2,972
Totals	<u>\$ 1,195,361</u>	<u>\$ 66,275</u>

Capital Leases, Airport Enterprise Fund: Under the City's Governmental-Lease Purchase Master Agreement, the Airport enterprise fund entered into five capital lease agreements used to finance airport runway and maintenance equipment.

The balance of the capital leases payable for the Airport fund is \$1,047,151 and is payable through fiscal year 2013. The principal and interest is payable from the net revenues of the Airport. Annual principal and interest on the capital leases are expected to require 1.5% of the operating revenue. Total principal and interest remaining to be paid on the capital

leases is \$1,161,156. Principal and interest paid in the current year and Airport operating revenue were \$343,228 and \$24,377,012, respectively.

Future principal and interest requirements are summarized as follows:

Airport Capital Leases		
YEAR	PRINCIPAL	INTEREST
2009	\$ 291,264	\$ 46,817
2010	299,405	33,414
2011	201,700	19,630
2012	167,084	10,715
2013	87,708	3,419
Totals	<u>\$ 1,047,161</u>	<u>\$ 113,995</u>

Capital Leases, Parking Enterprise Fund: The City has entered into a lease purchase agreement for a new parking garage and is reported in the Parking Fund, an enterprise fund of the City. The balance of the lease purchase is \$8,455,738 and is payable through fiscal year 2014. The principal and interest is payable from net operating revenues of the Parking Enterprise. Annual principal and interest on the capital lease are expected to require 25% of the revenue. Total principal and interest remaining to be paid on the capital lease is \$10,063,590. Principal and interest paid in the current year and net operating revenues of the Parking Enterprise were \$1,652,919 and \$9,413,373, respectively.

On June 30, 2008, the net book value of the equipment purchased with capital leases is \$1,084,099.

Future principal and interest requirements are summarized as follows:

Parking Capital Lease		
YEAR	PRINCIPAL	INTEREST
2009	1,150,820	445,119
2010	1,460,984	387,578
2011	1,460,984	310,062
2012	1,460,984	232,547
2013	1,460,984	155,031
2014	1,460,982	77,515
Totals	<u>\$ 8,455,738</u>	<u>\$ 1,607,852</u>

The payments on the bonds payable that pertain to the City's governmental activities are made by the debt service fund. The payments on the tax increment notes, the RISE loan, the Section 108 CDBG loans, and the notes payable that pertain to the City's governmental activities are made by the Tax Increment and CDBG special revenue funds and the Urban

Renewal Projects account of the Capital Projects Fund. The accrued employee benefits, claims and judgments, and arbitrage liabilities attributable to the governmental activities are generally liquidated by the General Fund.

The discretely presented component unit entered into a new capital lease in 2007 for copier equipment. The obligation under the capital lease, which includes the buyout of the former copier lease, has been recorded in the accompanying financial statements at the present value of future minimum lease payments discounted at 14.5%. The capitalized cost of this equipment at December 31, 2007 was \$6,276.

Future minimum payments under the capital lease are as follows:

<u>Year Ending December 31, 2007</u>	
2008	1,772
2009	1,772
2010	1,772
2011	1,772
2012	1,329
Total Future payments	<u>8,417</u>
Less amount representing interest	<u>2,359</u>
Present value of future payments	6,058
Less current portion	<u>955</u>
Long term portion	<u><u>5,103</u></u>

## 10. Revenue Bond Resolution Requirements

The revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest, and require minimum revenue bond coverage. In the Sewer System Fund, \$1,920,000 of net assets is restricted for bond reserves. In the Parking Facilities System Fund, \$2,917,000 of net assets is restricted for bond reserves. In the Stormwater Utility Fund, \$3,131,100 of net assets is restricted for bond reserves. In the Airport Fund, \$6,152,581 of net assets is restricted for debt retirement.

## 11. Conduit Debt

From time to time, the City has issued industrial revenue bonds on behalf of private sector and nonprofit entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property and revenues of those entities, and are payable solely from the resources of those entities. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2008 there were nine series of industrial revenue bonds outstanding. The aggregate principal amount payable for the four series issued after July 1, 1995 was \$14.82

million. The aggregate principal amount payable for the series issued prior to July 1, 1995 could not be determined; however, their original issue amounts totaled \$53.9 million.

## 12. Interfund Receivables and Payables

The individual fund interfund receivable and payable balances include both Due to/from Other Funds and Advances to/from Other Funds. These balances at June 30, 2008 were:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE
General	\$ 259,756	\$ 276,175
Capital Projects	7,600,179	1,974
Debt Service	267,000	1,029,004
Other Nonmajor Governmental Funds	151,943	5,653,357
Internal Service	2,495	1,501,893
Airport, enterprise	300	234,582
Parking, enterprise	44,491	-
Sanitary Sewer, enterprise	265,968	-
Stormwater, enterprise	244,686	-
Municipal Housing Agency, enterprise	-	63,652
Other Nonmajor Enterprise Funds	1,225	77,406
Total	<u>\$ 8,838,043</u>	<u>\$ 8,838,043</u>
	ADVANCES RECEIVABLE	ADVANCES PAYABLE
General	\$ 3,718,955	\$ -
Parking, enterprise	188,093	-
Other Nonmajor Enterprise Funds	-	3,907,048
Total	<u>\$ 3,907,048</u>	<u>\$ 3,907,048</u>

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

## 13. Fund Transfer Reconciliation

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

	TRANSFERS IN	TRANSFERS OUT
General	\$ 25,403,997	\$ 2,259,680
Tax Increment, special revenue	5,468,647	15,697,952
Benefit tax accounts, special revenue	-	15,299,935
Debt Service	15,297,471	321,984
Capital Projects	3,826,935	12,343,157
Other Nonmajor Governmental Funds	2,211,519	11,018,936
Stormwater	3,141,234	2,473,834
Sanitary Sewer	4,441,668	1,734,180
Parking	1,400,000	-
Other Nonmajor Enterprise Funds	-	41,813
	<u>\$ 61,191,471</u>	<u>\$ 61,191,471</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### 14. Post Employment Benefits

Plan description: The City sponsors a single-employer health care plan that provides medical, prescription drugs and dental benefits to all active and retired employees and their eligible dependents. Employees who have attained age 55 and retire from active employment are eligible for retiree benefits. Eligible retirees and their dependents receive medical and prescription coverage through a fully-insured plan with Wellmark BCBS and dental benefits through a self-insured plan. These are the same plans that are available for active employees.

Contributions of the full premium are required for both retiree and dependent coverage. The contributions for each insured group is assumed to be the expected, composite per capita cost for the group. This composite is then disaggregated into an age-specific starting cost curve based on the average age of the group and for assumptions for age-based morbidity. The average age of the pre-65 retiree group is 59. Retiree expenses are then offset by monthly contributions.

Funding policy: The City of Des Moines establishes and amends contribution requirements.

The current funding policy of the City is to pay health insurance premiums as they occur. This arrangement does not qualify as other post employment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2008, the City contributed \$225,683.

Annual OPEB Cost and Net OPEB Obligation: The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The

ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year to the City, the amount actuarially contributed to the plan, and changes in the City's annual OPEB obligation.

Annual required contribution	\$ 1,010,009
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,010,009</u>
Contributions and payments made	<u>225,683</u>
Increase in net OPEB obligation	784,326
 Net OPEB obligation - July 1, 2007	
Net OPEB obligation - June 30, 2008	<u><u>\$ 784,326</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 follows. This is the transition year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 1,010,009	22.3%	\$ 784,326

Funded status and funding progress: As of July 1, 2007, the most recent actuarial valuation date, the plan was 0 percent funded. The City's actuarial accrued liability for benefits was \$8,495,106 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$(8,495,106). The results of the July 1, 2007 valuation were rolled forward to July 1, 2008. The actuarial accrued liability for benefits was \$8,495,106 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$(8,495,106) as of July 1, 2008. The covered payroll (annual payroll of active employees covered by the plan) was \$153,869,524 and the ratio of the UAAL to the covered payroll was 5.5%.

Actuarial estimates of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, morality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear information about whether the

actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, project unit credit method was used. The actuarial assumptions included a 4.5 percent discount rate, an annual health care cost trend rate of 10 percent reduced by decrements of .55 percent annually to an ultimate rate of 5 percent for medical and prescription costs, and annual health care cost trend rate of 6.5 percent for dental and related administrative costs. The UAAL is being amortized as a closed level dollar. The amortization of UAAL is done over a period of 30 years.

**15. Related Party**

The discretely presented component unit, the Des Moines Public Library Foundation, contributed the following to the City for capital projects as of June 30, 2008:

Central	\$	50,261
East		11,650
North		61,767
South		98,913
Forest Avenue		270,301
	\$	<u>492,892</u>

**16. Commitments and Contingent Liabilities**

**A. Grants**

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2008.

**B. Litigation**

The City Attorney reported that as of June 30, 2008, various claims and lawsuits were on file against the City, and estimated that the potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The

City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

The City of Des Moines, Iowa along with the Des Moines Metropolitan Wastewater Reclamation Authority has been referred to the Iowa Attorney General for enforcement action by the Iowa Environmental Protection Commission and the Iowa Department of Natural Resources. The referral seeks penalties and injunctive relief and indicates that Iowa Code Section 455B.191 authorizes the assessment of civil penalties of up to \$5,000 per day of violation for water quality violations. This referral is in the early stages and the likelihood of an outcome or any potential liability is not estimatable.

The City of Des Moines, Iowa is currently in a class action lawsuit regarding franchise fees charged for gas and electric utilities. The Supreme Court has ruled that the fee is not an illegal tax and may be charged. However, the ruling defined that only an amount reasonably related to the City's administrative expenses in exercising its policing power to regulate the franchises, including incidental costs may be collected. The plaintiffs are seeking reimbursement of any fees collected that exceed the expenses allowed to be charged. The City collects approximately \$13 million of franchise fees for gas and electric utilities each year. Insufficient information exists at this time to predict the financial outcome of this lawsuit.

### C. Self-insurance

The City's property, casualty, and workers compensation liabilities are covered by a combination of self-insurance and insurance. Liability coverage for General Fund operations is self-insured for the first \$2 million per occurrence. Certain enterprise fund operations are covered by a \$2,000,000 per occurrence automobile liability policy. The Municipal Housing Agency enterprise fund and the Des Moines International Airport enterprise fund each purchase first dollar liability insurance coverage. Except for the Airport, all General Fund, enterprise fund operations, and the Municipal Housing Agency are also covered by an excess liability policy with limits of \$10 million per occurrence.

Except for the Municipal Housing Agency, the City is self-insured for the first \$450,000 per occurrence for workers compensation coverage, with an excess workers compensation policy that covers claims above the self-insured retention up to Iowa statutory limits. The Municipal Housing Agency purchases first dollar workers compensation coverage.

The City purchases a blanket property insurance policy with a \$100,000 per occurrence deductible. The Municipal Housing Agency also purchases its own blanket property insurance policy with a \$5,000 deductible per occurrence.

Chapter 384, Revision I, Subsection 4 of the *Code of Iowa* provides that a city may establish a Debt Service Fund, and shall certify taxes to be levied for the Debt Service Fund in the amount necessary to pay judgments against the city, except those authorized by state law to be paid from other funds. As a result, the City self-insures the first \$2 million per occurrence of liability on its General Fund operations, and is able to provide this coverage through its taxing process.

The City's tort liability claims and related administration expenses are accounted for in the appropriate fund related to the claim. Claims and related administration expenses related to the General Fund are accounted for in the Tort Liability Fund Account in the General Fund. Health benefit insurance and related administration expenses are accounted for in an internal service fund. The current portion of workers compensation claims is recorded in the same fund as the recipient's payroll was recorded. The City has excess or stop-loss coverage as follows:

	LOSSES IN EXCESS OF	
	PER INCIDENT	PER YEAR
Workers Compensation	\$ 450,000	up to statutory limits
Dental Benefits	—	\$ 1,925,801
Tort Liability	2,000,000	Variable

Other than one worker's compensation claim, there have been no instances where the amount of settlement has exceeded available coverage in the past three years.

Liabilities are reported when it is probable that a loss will occur, and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering recent claim settlement trends, including frequency and amount of payouts and other economic and social factors. The following is a summary of estimated claims liability for the year ended June 30, 2008 (with comparative amounts for 2007):

	WORKERS COMPENSATION	
	2008	2007
Balance at beginning of year	\$ 2,019,286	\$ 1,104,097
Current year claims and changes in estimate	1,779,848	2,341,838
Claim payments	(1,699,020)	(1,426,649)
Balance at end of year	\$ 2,100,114	\$ 2,019,286

	LEGAL SETTLEMENTS	
	2008	2007
Balance at beginning of year	\$ 285,000	\$ 244,000
Current year claims and changes in estimate	2,739,941	385,722
Claim payments	(2,594,941)	(344,722)
Balance at end of year	\$ 430,000	\$ 285,000

Workers compensation and health insurance claims attributed to governmental funds are recorded in the Governmental Activities in the Accrued Employee Benefits line item. Legal settlements are also included in the Governmental Activities, in the line item entitled "Liability for claims and judgments."

The City has a fully insured medical and prescription program for both retirees and employees with Wellmark. Premium payments totaled \$17,369,593 during fiscal year 2008. The City also contracts with one health maintenance organization (HMO) to provide employee health insurance coverage to police officers and firefighters.

Premium payments made to the HMO during fiscal year 2008 were \$1,182,509. Settled claims have not exceeded coverage in any of the last three fiscal years. Dental insurance remains self-funded and administered by Wellmark.

**D. Construction Contracts**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2008. The City has additional commitments for signed construction contracts of approximately \$46.23 million as of June 30, 2008. Of these commitments, approximately \$8.02 million will be funded by general obligation and revenue bonds, \$22.71 million by federal and state grants, \$5.9 million from operating revenues, \$2.14 million from Airport passenger facility charges, and \$7.46 million from private contributions.

**E. Arbitrage**

Arbitrage rules apply to tax-exempt debt issued after August 31, 1986. The rules require that earnings from the investment of tax-exempt bond proceeds which exceed the yield on the bonds must be remitted to the federal government every five years.

The City entered into an agreement with an outside consulting firm to assist City personnel in reviewing arbitrage rebate calculations for the above bond issues. Those bond issues that have been reviewed show that no arbitrage rebate is owed, with the exception of the following:

	<u>Rebate Liability</u>	<u>Liability as of</u>
General Obligation Bonds issued 2006	\$ 67,852	December 31, 2007
General Obligation Bonds issued 2007	104,577	December 31, 2007
Stormwater Revenue Bonds issued 2006	123,741	September 30, 2007
Airport PFC Commercial Paper issued 2000	1,968	October 31, 2007

Liabilities have been accrued for these rebates from the general obligation bonds in the governmental activities of the government wide statements. For the bond issues that have not yet been reviewed, management believes that the rebate amounts, if any, will not be material to the financial statements.

**F. Developer Commitments**

In order to encourage development within designated TIF districts, the City Council has approved developer grants to 25 different projects. The grants are to be paid only after certain conditions have been met by each project developer, and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. Currently, it is estimated that outstanding commitments totaling about \$118.7 million exist, of which \$11 million may be eligible to be paid in the next fiscal year. These items are expensed in the period in which they are paid. No liability is recognized due to the fact that the agreements are conditional and

the payments are to be funded by future property taxes receivable on the project and are subject to the City Council's right of non-appropriation each fiscal year.

## 17. New Pronouncements

The City has implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*: This Statement established standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities of assets, note disclosures and, if applicable required supplementary information in the financial reports. As a result, the City has recorded a liability of \$638,736 in the governmental activities and \$145,590 in the business-type activities and added footnote disclosures and required supplementary information pertaining to the plan.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*: This Statement establishes accounting and financial reporting standards for transactions in which an entity receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for an entity that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues. This Statement modified the disclosures for long-term obligations.

GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statements No. 25 and No. 27: This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This Statement had no effect to the City.

As of June 30, 2008, the GASB has issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the City beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the City to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the City beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

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

## 18. Subsequent Events

The outstanding balance of the Airport's Commercial Paper Series C was remarketed and reissued on October 8, October 20, October 21 and October 22, 2008 as follows (\* denotes new borrowing):

Issue Date	Amount Issued	Maturity Date	Interest Rate
October 8, 2008	\$ 5,200,000	December 4, 2008	4.00%
October 8, 2008	3,500,000	October 21, 2008	4.00%
October 20, 2008 *	3,300,000	October 21, 2008	4.00%
October 21, 2008	6,800,000	October 22, 2008	4.00%
October 22, 2008	6,800,000	December 1, 2008	4.00%

On July 11, 2008, the Airport received approval to amend and close PFC application No. 98-03-C-00-DSM, which originally consisted of five different projects totaling \$12,882,783. The collection authority was amended by a reduction of \$5,708,334, which was largely due to a decision to only construct one of the four holdrooms originally planned under an Airport Terminal Capacity Enhancement project. The Airport submitted a plan to utilize any excess PFC funds collected during the authorized period, which was approved by the FAA at the time of the application closeout.

On July 14, 2008, the City Council approved a \$5.6 million TIF-funded economic development grant. The grant is to be paid semi-annually in May and November, over 15 years to Merle Hay Mall Limited Partnership. The payments should provide up to \$400,000 annually to aid in the redevelopment of commercial property. After construction has been completed, an additional \$10,000,000 minimum increase in assessed value is anticipated.

The City Council approved Supplemental C-2 to the Master Lease-Purchase Agreement. Supplement C-2 is for \$2,632,129, which will be used to purchase five recycling trucks and 32,000 recycling containers. On November 14, the City drew down \$1,920,611 to pay for equipment which was ready for delivery to the City. It is anticipated that the remaining funds will be drawn down within 90 days. Repayment of this debt will be the responsibility of the Solid Waste Enterprise.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF DES MOINES, IOWA  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGETARY BASIS – ALL GOVERNMENTAL FUNDS  
 AND ENTERPRISE FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended June 30, 2008

	GOVERNMENTAL		ENTERPRISE		BUDGETED		AMOUNTS	FINAL TO
	BASIS ACTUAL	FUND TYPES	BASIS ACTUAL	FUND TYPES	ORIGINAL	FINAL	POSITIVE	ACTUAL
	AMOUNTS		AMOUNTS		NET			(NEGATIVE)
Revenue:								
Taxes	\$ 124,299,047	\$ ---	\$ ---	\$ 124,299,047	\$ 124,492,302	\$ 124,379,220	\$ (80,173)	
Franchise fees	15,032,935	---	---	15,032,935	14,136,000	14,140,000	892,935	
Licenses and permits	3,352,394	---	---	3,352,394	3,561,300	3,602,450	(250,056)	
Fines and forfeitures	2,675,875	---	---	2,675,875	2,636,500	2,692,100	(16,225)	
Charges for sales and services	16,074,796	98,001,981	---	114,076,777	103,268,786	117,754,695	(3,677,918)	
Use of money and property	7,624,359	5,401,440	---	13,025,799	18,231,825	20,819,560	(7,793,761)	
Miscellaneous	26,391,560	1,259,160	---	27,650,720	51,607,118	41,470,664	(13,819,944)	
Intergovernmental	41,054,696	28,646,902	---	69,701,598	58,310,881	72,728,212	(3,026,614)	
Total revenue	236,505,662	133,309,483	---	369,815,145	376,244,712	397,586,901	(27,771,756)	
Expenditure:								
Current:								
Public safety	86,418,712	---	---	86,418,712	81,645,708	84,249,872	(2,168,840)	
Public works	28,952,001	---	---	28,952,001	27,409,294	27,470,325	(1,481,676)	
Health and social services	602,172	---	---	602,172	1,020,140	783,990	181,818	
Culture and recreation	22,844,973	---	---	22,844,973	22,211,558	22,464,712	(380,261)	
Community and economic development	31,800,070	---	---	31,800,070	16,015,217	31,229,850	(570,220)	
General government	18,351,178	---	---	18,351,178	16,850,557	16,836,671	(1,514,507)	
Business-type	---	87,256,822	---	87,256,822	170,255,800	165,305,767	78,048,945	
Capital outlay	44,447,533	32,303,251	---	76,750,784	77,779,067	96,941,354	20,190,570	
Debt service	49,887,098	102,391,136	---	152,278,234	42,105,311	43,661,328	(108,616,906)	
Total expenditure	283,303,737	221,951,209	---	505,254,946	455,292,652	488,943,869	(16,311,077)	
Excess (deficiency) of revenue over expenditure	(46,798,075)	(88,641,726)	---	(135,439,801)	(79,047,940)	(91,356,968)	(44,082,833)	
Other financing sources (uses):								
Transfers in	52,208,569	8,982,902	---	61,191,471	35,882,646	51,210,610	9,980,861	
Other financing sources	39,774,055	90,400,482	---	130,174,537	66,368,000	16,600,001	113,574,536	
Transfers out	(56,941,644)	(4,249,827)	---	(61,191,471)	(35,882,646)	(51,210,610)	(9,980,861)	
Total other financing sources (uses)	35,040,980	95,133,557	---	130,174,537	66,368,000	16,600,001	113,574,536	
Net change in fund balances	(11,757,095)	6,491,831	---	(5,265,264)	\$ (12,679,940)	\$ (74,756,967)	\$ 69,491,703	
Fund balances, beginning of year	118,259,380	55,401,820	---	173,661,200				
Fund balances, end of year	\$ 106,502,285	\$ 61,893,651	---	\$ 168,395,936				

The notes to the required supplementary are an integral part of this statement.

**CITY OF DES MOINES, IOWA**  
**BUDGETARY COMPARISON SCHEDULE --**  
**BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2008**

	GOVERNMENTAL FUND TYPES		
	BUDGET MODIFIED ACCRUAL BASIS	ACCRUAL ADJUSTMENTS	MODIFIED ACCRUAL BASIS
Revenues	\$ 236,505,662	\$ (1,624,615)	\$ 234,881,047
Expenditures	283,303,737	10,253,711	293,557,448
Net	(46,798,075)	(11,878,326)	(58,676,401)
Other financing sources (uses):	35,040,980	(27,915)	35,332,851
Beginning fund balances	118,259,380	13,818,027	132,077,407
Ending fund balances	\$ 106,502,285	\$ 2,231,572	\$ 108,733,857

	ENTERPRISE FUND TYPES		
	BUDGET MODIFIED ACCRUAL BASIS	ACCRUAL ADJUSTMENTS	ACCRUAL BASIS
Revenues	\$ 223,709,965	\$ (7,141,092)	\$ 155,393,341
Expenditures	221,951,209	(41,419,137)	\$ 115,712,532
Net	1,758,756	37,922,053	39,680,809
Transfers	4,733,075	---	4,733,075
Beginning fund balances	55,401,820	400,888,653	456,290,473
Ending fund balances	\$ 61,893,651	\$ 438,810,706	\$ 500,704,357

See notes to required supplementary information.

**CITY OF DES MOINES, IOWA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION --**  
**BUDGETARY REPORTING**  
**June 30, 2008**

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In accordance with the Code of Iowa, the City Council annually adopts a budget on a modified accrual basis following required public notice and hearing by function which includes all funds except fiduciary funds and internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendments increased budgeted disbursements by \$33,651,217. These budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the public safety function, the public works function, the culture and recreation function, the community and economic development function, the general government function, and the debt service function.

**CITY OF DES MOINES, IOWA  
 OTHER POSTEMPLOYMENT BENEFIT PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended June 30, 2008**

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	7/1/2007	\$ ---	\$ 8,495,106	\$ 8,495,106	---	\$153,869,524	5.5%

Note: Fiscal year 2008 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2007. Additional information follows:

1. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: health care cost trend rates of 5.0-10.0 percent; discount rate of 4.5 percent.
4. The amortization method is closed, level dollar.

**COMBINING STATEMENTS, INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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**CITY OF DES MOINES, IOWA**  
**COMBINING BALANCE SHEET SCHEDULE**  
**ALL GENERAL FUND ACCOUNTS**  
**June 30, 2008**

	GENERAL	TORT LIABILITY	TOTALS
<b>ASSETS</b>			
Cash and pooled cash investments	\$10,936,777	\$ ---	\$ 10,936,777
Taxes receivable	49,564,325	1,841,506	51,405,831
Accounts receivable	4,139,472	111	4,139,583
Accrued interest receivable	933,162	---	933,162
Due from other funds	259,619	137	259,756
Due from other governmental units	622,833	---	622,833
Advance to other funds	3,718,955	---	3,718,955
Inventory	13,123	---	13,123
Prepaid items	283,981	1,400	285,381
<b>Total assets</b>	<b>\$70,472,247</b>	<b>\$ 1,843,154</b>	<b>\$ 72,315,401</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 1,617,198	\$ 12,458	\$ 1,629,656
Accrued wages payable	4,025,674	38,012	4,063,686
Accrued employee benefits	18,941	---	18,941
Due to other funds	90,378	185,797	276,175
Good faith, security deposits	1,695,072	---	1,695,072
Deferred revenue	47,655,679	1,811,704	49,467,383
<b>Total liabilities</b>	<b>55,102,942</b>	<b>2,047,971</b>	<b>57,150,913</b>
Fund balance:			
Reserved for inventory	13,123	---	13,123
Reserved for advances	3,718,955	---	3,718,955
Reserved for encumbrances	204,394	---	204,394
Reserved for prepaid items	283,981	1,400	285,381
Unreserved	11,148,852	(206,217)	10,942,635
<b>Total fund balance (deficit)</b>	<b>15,369,305</b>	<b>(204,817)</b>	<b>15,164,488</b>
<b>Total liabilities and fund balance</b>	<b>\$70,472,247</b>	<b>\$ 1,843,154</b>	<b>\$ 72,315,401</b>

**CITY OF DES MOINES, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE (DEFICIT)**  
**ALL GENERAL FUND ACCOUNTS**  
**For the Fiscal Year Ended June 30, 2008**

	GENERAL	TORT LIABILITY	TOTALS
Revenues:			
Taxes	\$ 49,608,123	\$ 1,759,649	\$51,367,772
Franchise fees	15,032,935	---	15,032,935
Licenses and permits	3,286,567	---	3,286,567
Fines and forfeitures	2,632,592	---	2,632,592
Charges for sales and services	14,255,216	---	14,255,216
Use of money and property	4,971,932	---	4,971,932
Miscellaneous revenue	15,414,145	330	15,414,475
Intergovernmental	1,816,319	---	1,816,319
Total revenues	<u>107,017,829</u>	<u>1,759,979</u>	<u>108,777,808</u>
Expenditures:			
Current:			
Public safety	81,524,997	158,388	81,683,385
Public works	9,017,295	---	9,017,295
Health and social services	580,151	---	580,151
Culture and recreation	21,835,071	---	21,835,071
Community and economic development	2,722,481	---	2,722,481
General governmental	14,316,005	1,344,983	15,660,988
Capital outlay	578,038	---	578,038
Debt service:			
Principal retirement	---	---	---
Interest and fiscal charges	---	---	---
Total expenditures	<u>130,574,038</u>	<u>1,503,371</u>	<u>132,077,409</u>
Excess (deficiency) of revenues over expenditures	<u>(23,556,209)</u>	<u>256,608</u>	<u>(23,299,601)</u>
Other financing sources (uses):			
Transfers in	25,403,997	---	25,403,997
Transfers out	(1,712,176)	(547,504)	(2,259,680)
Proceeds from capital asset sale	89,170	---	89,170
Total other financing sources (uses)	<u>23,780,991</u>	<u>(547,504)</u>	<u>23,233,487</u>
Net changes in fund balance	224,782	(290,896)	(66,114)
Fund balance, beginning of year	<u>15,144,523</u>	<u>86,079</u>	<u>15,230,602</u>
Fund balance (deficit), end of year	<u>\$ 15,369,305</u>	<u>\$ (204,817)</u>	<u>\$15,164,488</u>

**CITY OF DES MOINES, IOWA  
 COMBINING BALANCE SHEET SCHEDULE  
 ALL CAPITAL PROJECTS ACCOUNTS  
 June 30, 2008**

		MUNICIPAL		PARK
	BRIDGE	BUILDINGS	STREET	IMPROVEMENT
	PROJECTS	PROJECTS	PROJECTS	PROJECTS
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 3,178,045	\$ 9,024,396	\$20,157,221	\$ 12,374,870
Accounts receivable	---	1,768	58,784	83,036
Special assessments receivable	---	---	---	---
Accrued interest receivable	---	---	---	---
Due from other funds	---	---	7,600,179	---
Due from other governmental units	200,973	3,225	3,278,790	1,057,936
Long-term receivables	---	---	---	---
<b>Total assets</b>	<b>\$ 3,379,018</b>	<b>\$ 9,029,389</b>	<b>\$31,094,974</b>	<b>\$ 13,515,842</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 14	\$ 29,705	\$ 71,212	\$ 84,427
Contracts payable	519,325	76,692	2,351,462	697,494
Accrued wages payable	17,256	1,486	69,397	11,462
Due to other funds	---	---	---	---
Deferred revenue	200,973	---	3,192,003	125,357
<b>Total liabilities</b>	<b>737,568</b>	<b>107,883</b>	<b>5,684,074</b>	<b>918,740</b>
Fund balance:				
Unreserved	2,641,450	8,921,506	25,410,900	12,597,102
<b>Total fund balance</b>	<b>2,641,450</b>	<b>8,921,506</b>	<b>25,410,900</b>	<b>12,597,102</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,379,018</b>	<b>\$ 9,029,389</b>	<b>\$31,094,974</b>	<b>\$ 13,515,842</b>

<u>FIRE</u> <u>PROTECTION</u> <u>PROJECTS</u>	<u>LIBRARY</u> <u>PROJECTS</u>	<u>SPECIAL</u> <u>ASSESSMENT</u> <u>PROJECTS</u>	<u>URBAN</u> <u>RENEWAL</u> <u>PROJECTS</u>	<u>TOTALS</u>
\$ 9,474,203	\$1,430,482	\$ 2,046,845	\$ 8,570,463	\$ 66,256,525
---	---	---	4,827	148,415
---	---	300	---	300
---	---	85	---	85
---	---	---	---	7,600,179
---	---	---	---	4,540,924
---	---	6,609,424	---	6,609,424
<u>\$ 9,474,203</u>	<u>\$1,430,482</u>	<u>\$ 8,656,654</u>	<u>\$ 8,575,290</u>	<u>\$ 85,155,852</u>
\$ ---	\$ 52,820	\$ ---	\$ 8,809	\$ 246,987
2,500	24,090	---	---	3,671,563
541	425	---	782	101,349
---	---	---	1,974	1,974
---	---	6,609,424	---	10,127,757
<u>3,041</u>	<u>77,335</u>	<u>6,609,424</u>	<u>11,565</u>	<u>14,149,630</u>
<u>9,471,162</u>	<u>1,353,147</u>	<u>2,047,230</u>	<u>8,563,725</u>	<u>71,006,222</u>
<u>9,471,162</u>	<u>1,353,147</u>	<u>2,047,230</u>	<u>8,563,725</u>	<u>71,006,222</u>
<u>\$ 9,474,203</u>	<u>\$1,430,482</u>	<u>\$ 8,656,654</u>	<u>\$ 8,575,290</u>	<u>\$ 85,155,852</u>

**CITY OF DES MOINES, IOWA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
ALL CAPITAL PROJECTS ACCOUNTS  
For the Fiscal Year Ended June 30, 2008**

	MUNICIPAL		PARK	
	BRIDGE	BUILDINGS	STREET	IMPROVEMENT
	PROJECTS	PROJECTS	PROJECTS	PROJECTS
<b>Revenues:</b>				
Charges for sales and services	\$ ---	\$ 20,400	\$ 113	\$ ---
Use of money and property	(5,073)	(19,133)	94,099	36,297
Miscellaneous	2,000,000	(17,000)	4,043,514	920,239
Intergovernmental	---	26,632	3,548,466	3,293,834
<b>Total revenue</b>	<b>1,994,927</b>	<b>10,899</b>	<b>7,686,192</b>	<b>4,250,370</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	---	---	---	---
Culture and recreation	---	---	---	310,045
Community and economic development	---	---	---	---
General government	1,600,000	1,474,861	---	---
Capital outlay	1,128,624	1,111,570	22,836,334	9,135,566
Principal retirement	---	---	---	---
<b>Total expenditures</b>	<b>2,728,624</b>	<b>2,586,431</b>	<b>22,836,334</b>	<b>9,445,611</b>
Excess (deficiency) of revenues over expenditures	(733,697)	(2,575,532)	(15,150,142)	(5,195,241)
<b>Other financing sources (uses):</b>				
General obligation bonds issued	1,000,000	2,095,000	11,345,000	7,440,000
Other debt issued	---	---	---	---
Transfers in	---	321,984	3,494,260	5,362
Transfers out	---	---	(6,869,148)	---
Proceeds from capital asset sale	---	---	68,585	---
<b>Total other financing sources (uses)</b>	<b>1,000,000</b>	<b>2,416,984</b>	<b>8,038,697</b>	<b>7,445,362</b>
<b>Net changes in fund balance</b>	<b>266,303</b>	<b>(158,548)</b>	<b>(7,111,445)</b>	<b>2,250,121</b>
Fund balance, beginning of year	2,375,147	9,080,054	32,522,345	10,346,981
<b>Fund balance, end of year</b>	<b>\$2,641,450</b>	<b>\$ 8,921,506</b>	<b>\$25,410,900</b>	<b>\$ 12,597,102</b>

<u>FIRE</u> <u>PROTECTION</u> <u>PROJECTS</u>	<u>LIBRARY</u> <u>PROJECTS</u>	<u>SPECIAL</u> <u>ASSESSMENT</u> <u>PROJECTS</u>	<u>URBAN</u> <u>RENEWAL</u> <u>PROJECTS</u>	<u>TOTALS</u>
\$ ---	\$ ---	\$ ---	\$ ---	\$ 20,513
(2,846)	(7,881)	(7,845)	184,215	271,833
49,815	492,891	76,056	---	7,565,515
---	---	---	499,566	7,368,498
<u>46,969</u>	<u>485,010</u>	<u>68,211</u>	<u>683,781</u>	<u>15,226,359</u>
37,835	---	---	---	37,835
---	517,094	---	---	827,139
---	---	---	3,152,205	3,152,205
---	---	9,545	---	3,084,406
951,680	512,298	---	354,214	36,030,286
---	---	---	---	---
<u>989,515</u>	<u>1,029,392</u>	<u>9,545</u>	<u>3,506,419</u>	<u>43,131,871</u>
<u>(942,546)</u>	<u>(544,382)</u>	<u>58,666</u>	<u>(2,822,638)</u>	<u>(27,905,512)</u>
5,490,000	600,000	---	2,000,000	29,970,000
---	---	---	437,500	437,500
5,329	---	---	---	3,826,935
---	---	---	(5,474,009)	(12,343,157)
---	---	---	(904)	67,681
<u>5,495,329</u>	<u>600,000</u>	<u>---</u>	<u>(3,037,413)</u>	<u>21,958,959</u>
4,552,783	55,618	58,666	(5,860,051)	(5,946,553)
4,918,379	1,297,529	1,988,564	14,423,776	76,952,775
<u>\$ 9,471,162</u>	<u>\$ 1,353,147</u>	<u>\$ 2,047,230</u>	<u>\$ 8,563,725</u>	<u>\$ 71,006,222</u>

**CITY OF DES MOINES, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

	SPECIAL REVENUE			
	CDBG	COMMUNITY SERVICES	OTHER	
			EMPLOYEE BENEFITS	ROAD USE TAX
<b>ASSETS</b>				
Cash and pooled cash investments	\$ —	\$ —	\$ 142,000	\$ —
Investments	—	—	—	—
Taxes receivable	—	—	10,419,594	2,724,312
Accounts receivable	2,701	—	290,317	99,800
Contract sales receivable	—	—	—	—
Loans receivable, net of allowance for doubtful accounts	966,676	—	—	—
Property held for sale	2,000,000	—	—	—
Prepaid items	250	—	80,482	—
Due from other funds	—	—	—	1,980
Due from other governmental units	750,519	1,154,128	—	—
Accrued interest receivable	5,407	—	—	—
<b>Total assets</b>	<b>\$ 3,725,553</b>	<b>\$ 1,154,128</b>	<b>\$ 10,932,393</b>	<b>\$ 2,826,092</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities:				
Accounts payable	\$ 240,645	\$ 995,084	\$ —	\$ 496,102
Accrued wages payable	98,432	16,482	80,109	320,608
Accrued employee benefits	—	—	330,824	—
Good faith, security deposits	—	—	—	—
Due to other funds	242,119	360,640	2,228,032	2,009,382
Deferred revenue	107,225	240,313	10,286,470	—
<b>Total liabilities</b>	<b>688,421</b>	<b>1,612,519</b>	<b>12,925,435</b>	<b>2,826,092</b>
Fund balances (deficits):				
Reserved for prepaid items	250	—	80,482	—
Reserved for corpus	—	—	—	—
Reserved for loans receivable	966,676	—	—	—
Reserved for property held for sale	2,000,000	—	—	—
Unreserved:				
Undesignated balances (deficits)	70,206	(458,391)	(2,073,524)	—
<b>Total fund balances (deficits)</b>	<b>3,037,132</b>	<b>(458,391)</b>	<b>(1,993,042)</b>	<b>—</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 3,725,553</b>	<b>\$ 1,154,128</b>	<b>\$ 10,932,393</b>	<b>\$ 2,826,092</b>

SPECIAL REVENUE		PERMANENT				TOTALS
URBAN DEVELOPMENT ACTION GRANT	OTHER SPECIAL REVENUE	PERMANENT CEMETERY MAINTENANCE	SWARTZELL ENDOWMENT	WEISE BIRD HABITATS		
\$ --	\$ 4,343,784	\$ 97,499	\$ 53,478	\$ 2,650	\$ 4,639,411	
--	--	3,303,550	357,117	--	3,660,667	
--	1,142,495	--	--	--	14,286,401	
--	333,284	17,817	--	--	743,919	
--	286,639	--	--	--	286,639	
2,748,933	6,561,479	--	--	--	10,277,088	
--	--	--	--	--	2,000,000	
--	19,171	--	--	--	99,903	
--	149,963	--	--	--	151,943	
--	1,877,185	--	--	--	3,781,832	
4,243	59,208	--	--	--	68,858	
<u>\$ 2,753,176</u>	<u>\$ 14,773,208</u>	<u>\$ 3,418,866</u>	<u>\$ 410,595</u>	<u>\$ 2,650</u>	<u>\$ 39,996,661</u>	
\$ --	\$ 2,040,130	\$ --	\$ --	\$ --	\$ 3,771,961	
--	53,502	--	--	--	569,133	
--	--	--	--	--	330,824	
--	5,358	--	--	--	5,358	
7,500	805,684	--	--	--	5,653,357	
--	2,674,879	--	--	--	13,308,887	
<u>7,500</u>	<u>5,579,553</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>23,639,520</u>	
--	19,171	--	--	--	99,903	
--	--	2,940,518	347,759	2,650	3,290,927	
2,748,933	6,561,479	--	--	--	10,277,088	
--	--	--	--	--	2,000,000	
(3,257)	2,613,005	478,348	62,836	--	689,223	
<u>2,745,676</u>	<u>9,193,655</u>	<u>3,418,866</u>	<u>410,595</u>	<u>2,650</u>	<u>16,357,141</u>	
<u>\$ 2,753,176</u>	<u>\$ 14,773,208</u>	<u>\$ 3,418,866</u>	<u>\$ 410,595</u>	<u>\$ 2,650</u>	<u>\$ 39,996,661</u>	

**CITY OF DES MOINES, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

	SPECIAL REVENUE				
	CDBG	COMMUNITY SERVICES	OTHER		URBAN
			EMPLOYEE BENEFITS	ROAD USE TAX	DEVELOPMENT ACTION GRANT
Revenues:					
Taxes	\$ --	\$ --	\$ 7,853,728	\$ --	\$ --
Licenses and permits	--	--	--	\$ 65,827	--
Fines and forfeitures	41,331	--	--	1,952	--
Charges for sales and services	6	--	--	1,615,468	--
Use of money and property	19,405	--	--	40	88,379
Miscellaneous	330,778	714,539	366,944	358,109	--
Intergovernmental	4,686,150	7,608,009	--	17,314,127	--
<b>Total revenues</b>	<b>5,077,670</b>	<b>8,322,548</b>	<b>8,220,672</b>	<b>19,355,523</b>	<b>88,379</b>
Expenditures:					
Current:					
Public safety	--	--	--	--	--
Public works	--	--	--	19,015,171	--
Health and social services	--	--	--	--	--
Culture and recreation	--	--	--	--	--
Community and economic development	4,880,180	8,174,507	--	--	--
General government	--	--	2,045,192	--	--
Capital outlay	266,039	24,808	--	1,604	--
Debt service:					
Principal retirement	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
<b>Total expenditures</b>	<b>5,146,219</b>	<b>8,199,315</b>	<b>2,045,192</b>	<b>19,016,775</b>	<b>--</b>
Excess (deficiency) of revenues over expenditures	(68,549)	123,233	6,175,480	338,748	88,379
Other financing sources (uses):					
Transfers in	217,455	366,968	460,000	--	--
Transfers out	(159,109)	(337,881)	(8,622,104)	(338,748)	(345,461)
Other debt issued	--	--	--	--	--
Proceeds from capital asset sale	--	--	--	--	--
<b>Total other financing sources (uses)</b>	<b>58,346</b>	<b>29,087</b>	<b>(8,162,104)</b>	<b>(338,748)</b>	<b>(345,461)</b>
Net changes in fund balances	(10,203)	152,320	(1,986,624)	--	(257,082)
Fund balances (deficits), beginning of year	3,047,335	(610,711)	(6,418)	--	3,002,758
<b>Fund balances (deficits), end of year</b>	<b>\$ 3,037,132</b>	<b>\$ (458,391)</b>	<b>\$ (1,993,042)</b>	<b>\$ --</b>	<b>\$ 2,745,676</b>

PERMANENT

PERMANENT				
OTHER SPECIAL	CEMETERY	SWARTZELL	WEISE BIRD	
REVENUE	MAINTENANCE	ENDOWMENT	HABITATS	TOTALS
\$ 1,086,000	\$ —	\$ —	\$ —	\$ 8,939,728
—	—	—	—	65,827
—	—	—	—	43,283
48,089	135,504	—	—	1,799,067
620,332	47,292	12,255	—	787,703
1,521,466	—	—	—	3,291,836
2,261,593	—	—	—	31,869,879
<u>5,537,480</u>	<u>182,796</u>	<u>12,255</u>	<u>—</u>	<u>46,797,323</u>
4,735,327	—	—	—	4,735,327
919,535	—	—	—	19,934,706
—	—	22,021	—	22,021
1,009,902	—	—	—	1,009,902
9,820,543	—	—	—	22,875,230
349,606	—	—	—	2,394,798
445,173	—	—	—	737,624
115,000	—	—	—	115,000
290,200	—	—	—	290,200
<u>17,685,286</u>	<u>—</u>	<u>22,021</u>	<u>—</u>	<u>52,114,808</u>
(12,147,806)	182,796	(9,766)	—	(5,317,485)
1,167,096	—	—	—	2,211,519
(1,215,633)	—	—	—	(11,018,936)
8,500,000	—	—	—	8,500,000
651,743	—	—	—	651,743
<u>9,103,206</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>344,326</u>
(3,044,600)	182,796	(9,766)	—	(4,973,159)
<u>12,238,255</u>	<u>3,236,070</u>	<u>420,361</u>	<u>2,650</u>	<u>21,330,300</u>
<u>\$ 9,193,655</u>	<u>\$ 3,418,866</u>	<u>\$ 410,595</u>	<u>\$ 2,650</u>	<u>\$ 16,357,141</u>

**CITY OF DES MOINES, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2008**

<b>ASSETS</b>	<b>GOLF COURSES</b>	<b>SOLID WASTE SYSTEM</b>	<b>TOTALS</b>
<b>Current assets:</b>			
Unrestricted current assets:			
Cash and pooled cash investments	\$ 4,500	\$ 2,577,608	\$ 2,582,108
Accounts receivable	49,026	1,104,685	1,153,711
Due from other funds	1,225	---	1,225
Prepaid items	---	84	84
Deferred charges	---	974	974
<b>Total current assets</b>	<b>54,751</b>	<b>3,683,351</b>	<b>3,738,102</b>
<b>Noncurrent assets, capital assets:</b>			
Land	123,497	---	123,497
Buildings	330,339	637,501	967,840
Improvements other than buildings	3,222,054	261,589	3,483,643
Machinery and equipment	1,433,772	10,323,864	11,757,636
Accumulated depreciation	(2,058,470)	(6,785,425)	(8,843,895)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>3,051,192</b>	<b>4,437,529</b>	<b>7,488,721</b>
<b>Total assets</b>	<b>\$ 3,105,943</b>	<b>\$ 8,120,880</b>	<b>\$ 11,226,823</b>
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 176,999	\$ 218,143	\$ 395,142
Accrued wages payable	14,707	198,160	212,867
Accrued employee benefits	36,482	169,055	205,537
Due to other funds	43,406	34,000	77,406
Notes payable	---	789,132	789,132
Accrued interest payable	---	3,792	3,792
Revenue bonds payable	---	---	---
General obligation bonds payable	---	33,000	33,000
Unamortized premium	---	1,977	1,977
<b>Total current liabilities</b>	<b>271,594</b>	<b>1,447,259</b>	<b>1,718,853</b>
<b>Noncurrent liabilities:</b>			
Accrued employee benefits	87,197	404,041	491,238
Other postemployment benefits	2,095	21,476	23,571
Advance from other funds	3,907,048	---	3,907,048
Notes payable	---	411,301	411,301
General obligation bonds payable	---	128,000	128,000
<b>Total noncurrent liabilities</b>	<b>3,996,340</b>	<b>964,818</b>	<b>4,961,158</b>
<b>Total liabilities</b>	<b>4,267,934</b>	<b>2,412,077</b>	<b>6,680,011</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,051,192	3,074,119	6,125,311
Unrestricted	(4,213,183)	2,634,684	(1,578,499)
<b>Total net assets</b>	<b>\$ (1,161,991)</b>	<b>\$ 5,708,803</b>	<b>\$ 4,546,812</b>

**CITY OF DES MOINES, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

	GOLF COURSES	SOLID WASTE SYSTEM	TOTALS
Operating revenues:			
Charges for sales and services	\$ 1,618,475	\$ 11,302,442	\$ 12,920,917
Total operating revenues	<u>1,618,475</u>	<u>11,302,442</u>	<u>12,920,917</u>
Operating expenses:			
Personal services	392,702	4,406,727	4,799,429
Contractual services	886,175	4,323,939	5,210,114
Commodities	327,287	222,641	549,928
Depreciation	154,144	822,391	976,535
Other charges	192,463	574,120	766,583
Total operating expenses	<u>1,952,771</u>	<u>10,349,818</u>	<u>12,302,589</u>
Operating income (loss)	<u>(334,296)</u>	<u>952,624</u>	<u>618,328</u>
Non-operating revenues (expenses):			
Donations and contributions	181	1,371	1,552
Damage claim proceeds	---	1,252,490	1,252,490
Loss on disposal of capital assets	(27,284)	(484,672)	(511,956)
Investment earnings	117,961	135,941	253,902
Interest expense and fiscal charges	(183,363)	(108,701)	(292,064)
Total nonoperating revenues (expenses)	<u>(92,505)</u>	<u>796,429</u>	<u>703,924</u>
Income (loss) before transfers	(426,801)	1,749,053	1,322,252
Transfers out	<u>---</u>	<u>(41,813)</u>	<u>(41,813)</u>
Change in net assets	(426,801)	1,707,240	1,280,439
Total net assets - beginning	<u>(735,190)</u>	<u>4,001,563</u>	<u>3,266,373</u>
Total net assets - ending	<u>\$ (1,161,991)</u>	<u>\$ 5,708,803</u>	<u>\$ 4,546,812</u>

**CITY OF DES MOINES, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

	<u>GOLF COURSES</u>	<u>SOLID WASTE SYSTEM</u>	<u>TOTALS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,588,375	\$ 10,371,676	\$ 11,960,051
Payments to suppliers	(1,318,902)	(5,003,296)	\$ (6,322,198)
Payments to employees	<u>(380,844)</u>	<u>(4,318,866)</u>	<u>(4,699,710)</u>
Net cash provided (used) by operating activities	<u>(111,371)</u>	<u>1,049,514</u>	<u>938,143</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Proceeds from interfund accounts	176,871	34,000	210,871
Damage claim proceeds	-	1,252,490	1,252,490
Transfers out	-	(41,813)	(41,813)
Donations and contributions	<u>181</u>	<u>1,371</u>	<u>1,552</u>
Net cash provided by noncapital and related financing activities	<u>177,052</u>	<u>1,246,048</u>	<u>1,423,100</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on capital debt	(183,363)	(111,144)	(294,507)
Principal paid on long-term debt	-	(1,119,090)	(1,119,090)
Proceeds from sale of capital assets	42,030	130,000	172,030
Acquisition and construction of capital assets	<u>(42,309)</u>	<u>(1,672,595)</u>	<u>(1,714,904)</u>
Net cash (used) by capital and related financing activities	<u>(183,642)</u>	<u>(2,772,829)</u>	<u>(2,956,471)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	<u>117,961</u>	<u>135,941</u>	<u>253,902</u>
Net cash provided by investing activities	<u>117,961</u>	<u>135,941</u>	<u>253,902</u>
Net increase in cash and cash equivalents	--	(341,326)	(341,326)

	<u>GOLF COURSES</u>	<u>SOLID WASTE SYSTEM</u>	<u>TOTALS</u>
Cash and cash equivalents, beginning of year	\$ 4,500	\$ 2,918,934	\$ 2,923,434
Cash and cash equivalents, end of year	<u>\$ 4,500</u>	<u>\$ 2,577,608</u>	<u>\$ 2,582,108</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ (334,296)</u>	<u>\$ 952,624</u>	<u>\$ 618,328</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	154,144	822,391	976,535
Accretion and amortization	-	(451)	(451)
(Increase) decrease in accounts receivable	(28,875)	(930,766)	(959,641)
(Increase) decrease in prepaid items	1,124	(85)	1,039
Increase (decrease) in accounts payable	84,674	117,940	202,614
Increase (decrease) in accrued wages payable	282	62,773	63,055
Increase (decrease) in accrued employee benefits	11,576	25,088	36,664
Total adjustments	<u>222,925</u>	<u>96,890</u>	<u>319,815</u>
Net cash provided (used) by operating activities	<u>\$ (111,371)</u>	<u>\$ 1,049,514</u>	<u>\$ 938,143</u>
 Schedule of noncash capital and related financing activities:			
Loss on disposal of capital assets	\$ (27,284)	\$ (484,672)	\$ (511,956)

**CITY OF DES MOINES, IOWA  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2008**

	EQUIPMENT		CENTRAL	RADIO
	SERVICE	FORESTRY	SERVICES	COMMUNI-
	CENTER			CATIONS
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and pooled cash investments	\$ 682,604	\$ 176,992	\$ 207,758	\$ 93,395
Taxes receivable	20,666	---	---	---
Accounts receivable	1,666	---	22	---
Due from other funds	---	---	---	2,495
Due from other governmental units	---	---	---	---
Prepaid items	---	---	---	---
Inventory	470,901	---	127,444	---
<b>Total current assets</b>	<b>1,175,837</b>	<b>176,992</b>	<b>335,224</b>	<b>95,890</b>
<b>Noncurrent assets, capital assets:</b>				
Machinery and equipment	55,681	16,312	1,114,041	30,770
Accumulated depreciation	(35,525)	(16,312)	(830,223)	(27,182)
<b>Total capital assets, net of accumulated depreciation</b>	<b>20,156</b>	<b>---</b>	<b>283,818</b>	<b>3,588</b>
<b>Total assets</b>	<b>\$ 1,195,993</b>	<b>\$ 176,992</b>	<b>\$ 619,042</b>	<b>\$ 99,478</b>
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 566,914	\$ 4,396	\$ 31,068	\$ 7,436
Accrued wages payable	92,269	32,428	12,193	18,195
Accrued employee benefits	87,576	40,823	25,944	17,679
Due to other funds	---	---	---	---
Due to other governmental units	2,872	---	---	---
Unearned revenue	---	---	---	---
<b>Total current liabilities</b>	<b>749,631</b>	<b>77,647</b>	<b>69,205</b>	<b>43,310</b>
<b>Noncurrent liabilities:</b>				
Accrued employee benefits	201,272	93,822	59,627	40,631
Other postemployment benefits	12,655	4,788	1,026	2,052
<b>Total noncurrent liabilities</b>	<b>213,927</b>	<b>98,610</b>	<b>60,653</b>	<b>42,683</b>
<b>Total liabilities</b>	<b>963,558</b>	<b>176,257</b>	<b>129,858</b>	<b>85,993</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	20,156	---	283,818	3,588
Unrestricted	212,279	735	205,366	9,897
<b>Total net assets</b>	<b>\$ 232,435</b>	<b>\$ 735</b>	<b>\$ 489,184</b>	<b>\$ 13,485</b>

<u>EQUIPMENT</u> <u>REPLACEMENT</u>	<u>RADIO</u> <u>REPLACEMENT</u>	<u>GROUP HEALTH</u> <u>INSURANCE</u>	<u>TOTALS</u>
\$ 1,708,827	\$ 334,377	\$ ---	\$ 3,203,953
---	---	---	20,666
16,707	---	9,069	27,464
---	---	---	2,495
269	---	---	269
---	---	1,737,919	1,737,919
---	---	---	598,345
<u>1,725,803</u>	<u>334,377</u>	<u>1,746,988</u>	<u>5,591,111</u>
30,216,110	2,473,698	---	33,906,612
(25,337,043)	(2,457,634)	---	(28,703,919)
<u>4,879,067</u>	<u>16,064</u>	<u>---</u>	<u>5,202,693</u>
\$ 6,604,870	\$ 350,441	\$ 1,746,988	\$ 10,793,804
\$ 71,264	\$ ---	\$ 135,093	\$ 816,171
---	---	---	155,085
---	---	---	172,022
18,380	---	1,483,513	1,501,893
---	---	---	2,872
---	---	16,100	16,100
<u>89,644</u>	<u>---</u>	<u>1,634,706</u>	<u>2,664,143</u>
---	---	---	395,352
---	---	---	20,521
---	---	---	415,873
<u>89,644</u>	<u>---</u>	<u>1,634,706</u>	<u>3,080,016</u>
4,879,067	16,064	---	5,202,693
1,636,159	334,377	112,282	2,511,095
<u>\$ 6,515,226</u>	<u>\$ 350,441</u>	<u>\$ 112,282</u>	<u>\$ 7,713,788</u>

**CITY OF DES MOINES, IOWA  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2008**

	EQUIPMENT SERVICE CENTER	FORESTRY	CENTRAL SERVICES	RADIO COMMUN- ICATIONS
Operating revenues:				
Charges for sales and services	\$ 8,991,301	\$ 1,096,350	\$1,178,519	\$ 617,890
Miscellaneous	1,640	---	---	---
Total operating revenue	<u>8,992,941</u>	<u>1,096,350</u>	<u>1,178,519</u>	<u>617,890</u>
Operating expenses:				
Personal services	2,611,622	877,591	341,889	475,981
Contractual services	807,770	137,140	618,972	71,046
Commodities	5,734,194	37,125	94,695	58,179
Depreciation	4,585	---	55,702	652
Other charges	12,030	49,692	1,729	---
Total operating expenses	<u>9,170,201</u>	<u>1,101,548</u>	<u>1,112,987</u>	<u>605,858</u>
Operating income (loss)	<u>(177,260)</u>	<u>(5,198)</u>	<u>65,532</u>	<u>12,032</u>
Non-operating revenues (expenses):				
Donations and contributions	---	---	---	---
Gain on disposal of capital assets	---	---	---	---
Total nonoperating revenues	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Change in net assets	<u>(177,260)</u>	<u>(5,198)</u>	<u>65,532</u>	<u>12,032</u>
Total net assets - beginning	<u>409,695</u>	<u>5,933</u>	<u>423,652</u>	<u>1,453</u>
Total net assets - ending	<u>\$ 232,435</u>	<u>\$ 735</u>	<u>\$ 489,184</u>	<u>\$ 13,485</u>

<u>EQUIPMENT</u> <u>REPLACEMENT</u>	<u>RADIO</u> <u>REPLACEMENT</u>	<u>GROUP HEALTH</u> <u>INSURANCE</u>	<u>TOTALS</u>
\$ 979,642	---	\$ 20,068,884	\$32,932,586
110,785	---	---	112,425
<u>1,090,427</u>	<u>---</u>	<u>20,068,884</u>	<u>33,045,011</u>
---	---	---	4,307,083
19,140	777	20,051,132	21,705,977
4,000	125,154	---	6,053,347
1,086,389	11,717	---	1,159,045
---	---	---	63,451
<u>1,109,529</u>	<u>137,648</u>	<u>20,051,132</u>	<u>33,288,903</u>
<u>(19,102)</u>	<u>(137,648)</u>	<u>17,752</u>	<u>(243,892)</u>
---	---	---	---
<u>121,200</u>	<u>---</u>	<u>---</u>	<u>121,200</u>
<u>121,200</u>	<u>---</u>	<u>---</u>	<u>121,200</u>
<u>102,098</u>	<u>(137,648)</u>	<u>17,752</u>	<u>(122,692)</u>
<u>6,413,128</u>	<u>488,089</u>	<u>94,530</u>	<u>7,836,480</u>
<u>\$ 6,515,226</u>	<u>\$ 350,441</u>	<u>\$ 112,282</u>	<u>\$ 7,713,788</u>

**CITY OF DES MOINES, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

	EQUIPMENT SERVICE CENTER	FORESTRY	CENTRAL SERVICES	RADIO COMMUNI- CATIONS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 2,562	\$ 202	\$ 560,110	\$ 15,260
Receipts from interfund services provided	9,070,777	1,096,748	618,387	602,630
Payments to suppliers	(6,389,982)	(100,795)	(775,210)	(119,107)
Payments to employees	(2,514,573)	(842,621)	(332,333)	(465,474)
Payments for interfund services used	(156,707)	(121,355)	(8,927)	(8,780)
Net cash provided (used) by operating activities	<u>12,077</u>	<u>32,179</u>	<u>62,027</u>	<u>24,529</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Donations and Contributions	-	-	-	-
Proceeds from interfund accounts	-	-	-	-
Payments to interfund accounts Intergovernmental	-	-	-	(2,495)
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,495)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	12,077	32,179	62,027	22,034

<u>EQUIPMENT REPLACEMENT</u>	<u>RADIO REPLACEMENT</u>	<u>GROUP HEALTH INSURANCE</u>	<u>TOTALS</u>
\$ 78,478	\$ -	\$ 1,463,015	\$ 2,119,627
999,547	-	20,087,098	32,475,187
-	(125,931)	(21,774,051)	(29,285,076)
-	-	-	(4,155,001)
-	-	-	(295,769)
<u>1,078,025</u>	<u>(125,931)</u>	<u>(223,938)</u>	<u>858,968</u>
-	-	-	-
18,380	-	-	18,380
-	-	-	(2,495)
-	-	-	-
<u>18,380</u>	<u>-</u>	<u>-</u>	<u>15,885</u>
(2,001,454)	(1)	-	(2,001,455)
130,200	-	-	130,200
<u>(1,871,254)</u>	<u>(1)</u>	<u>-</u>	<u>(1,871,255)</u>
(774,849)	(125,932)	(223,938)	(996,402)

(continued)

**CITY OF DES MOINES, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

	EQUIPMENT SERVICE CENTER	FORESTRY	CENTRAL SERVICES	RADIO COMMUNI- CATIONS
Cash and cash equivalents, beginning of year	\$ 670,527	\$ 144,813	\$ 145,731	\$ 71,361
Cash and cash equivalents, end of year	<u>\$ 682,604</u>	<u>\$ 176,992</u>	<u>\$ 207,758</u>	<u>\$ 93,395</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	<u>(177,260)</u>	<u>(5,198)</u>	<u>65,532</u>	<u>12,032</u>
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation expense	4,585	-	55,702	652
(Increase) decrease in accounts and taxes receivable	77,526	-	(22)	-
(Increase) decrease in due from other governmental units	2,872	600	-	-
(Increase) decrease in inventories	(186,658)	-	(54,786)	-
(Increase) decrease in prepaid items	2,316	15	-	-
Increase (decrease) in accounts payable	191,648	1,792	(13,954)	1,338
Increase (decrease) in accrued wages payable	11,223	8,171	2,113	2,094
Increase in accrued employee benefits	85,825	26,799	7,442	8,413
(Decrease) in deferred revenue	-	-	-	-
Total adjustments	<u>189,337</u>	<u>37,377</u>	<u>(3,505)</u>	<u>12,497</u>
Net cash provided (used) by operating activities	<u>\$ 12,077</u>	<u>\$ 32,179</u>	<u>\$ 62,027</u>	<u>\$ 24,529</u>
Schedule of noncash capital and related financing activities:				
Gain on sale of capital asset	---	---	---	---

<u>EQUIPMENT REPLACEMENT</u>	<u>RADIO REPLACEMENT</u>	<u>GROUP HEALTH INSURANCE</u>	<u>TOTALS</u>
\$ 2,483,676	\$ 460,309	\$ 223,938	\$ 4,200,355
<u>\$ 1,708,827</u>	<u>\$ 334,377</u>	<u>\$ -</u>	<u>\$ 3,203,953</u>
<u>(19,102)</u>	<u>(137,648)</u>	<u>17,752</u>	<u>(243,892)</u>
1,086,389	11,717	-	1,159,045
(16,707)	-	6,139	66,936
(269)	-	1,483,513	1,486,716
-	-	-	(241,444)
-	-	(1,737,919)	(1,735,588)
27,714	-	14,999	223,537
-	-	-	23,601
-	-	-	128,479
-	-	(8,422)	(8,422)
<u>1,097,127</u>	<u>11,717</u>	<u>(241,690)</u>	<u>1,102,860</u>
<u>\$ 1,078,025</u>	<u>\$ (125,931)</u>	<u>\$ (223,938)</u>	<u>\$ 858,968</u>
121,200	---	---	121,200



**CITY OF DES MOINES, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Fiscal Year Ended June 30, 2008**

	BALANCE JULY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
<b>WRA ASSETS</b>				
Cash and pooled cash investments	\$ 92,824,893	\$ 102,596,531	\$ 106,956,453	\$ 88,464,971
Accounts receivable	913,639	34,495,976	33,791,603	1,618,012
<b>Total assets</b>	<b>\$ 93,738,532</b>	<b>\$ 137,092,507</b>	<b>\$ 140,748,056</b>	<b>\$ 90,082,983</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 93,738,532	\$ 113,015,397	\$ 116,670,946	\$ 90,082,983
<b>Total liabilities</b>	<b>\$ 93,738,532</b>	<b>\$ 113,015,397</b>	<b>\$ 116,670,946</b>	<b>\$ 90,082,983</b>
<b>Employees' Payroll Withholding ASSETS</b>				
Cash and pooled cash investments	\$ 892,058	\$ 139,765,929	\$ 139,699,896	\$ 958,091
Due from other governments	229	---	229	---
<b>Total assets</b>	<b>\$ 892,287</b>	<b>\$ 139,765,929</b>	<b>\$ 139,700,125</b>	<b>\$ 958,091</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 878,498	\$ 139,689,753	\$ 139,613,097	\$ 955,154
Good faith/earnest deposits	13,789	---	10,852	2,937
<b>Total liabilities</b>	<b>\$ 892,287</b>	<b>\$ 139,689,753</b>	<b>\$ 139,623,949</b>	<b>\$ 958,091</b>
<b>CEBA Grants ASSETS</b>				
Cash and pooled cash investments	\$ ---	\$ 362,500	\$ 362,500	\$ ---
<b>Total assets</b>	<b>\$ ---</b>	<b>\$ 362,500</b>	<b>\$ 362,500</b>	<b>\$ ---</b>
<b>LIABILITIES</b>				
Accounts payable	\$ ---	\$ 362,500	\$ 362,500	\$ ---
<b>Total liabilities</b>	<b>\$ ---</b>	<b>\$ 362,500</b>	<b>\$ 362,500</b>	<b>\$ ---</b>
<b>Other Agency ASSETS</b>				
Accounts receivable	\$ 69,808	\$ 128,080	\$ 138,196	\$ 59,692
<b>Total assets</b>	<b>\$ 69,808</b>	<b>\$ 128,080</b>	<b>\$ 138,196</b>	<b>\$ 59,692</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 69,808	\$ 116,230	\$ 126,346	\$ 59,692
<b>Total liabilities</b>	<b>\$ 69,808</b>	<b>\$ 116,230</b>	<b>\$ 126,346</b>	<b>\$ 59,692</b>
<b>Total All Agency Funds ASSETS</b>				
Cash and pooled cash investments	\$ 93,716,951	\$ 242,724,960	\$ 247,018,849	\$ 89,423,062
Accounts receivable	983,447	34,624,056	33,929,799	1,677,704
Due from other governments	229	---	229	---
<b>Total assets</b>	<b>\$ 94,700,627</b>	<b>\$ 277,349,016</b>	<b>\$ 280,948,648</b>	<b>\$ 91,100,766</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 94,686,838	\$ 253,183,880	\$ 256,772,889	\$ 91,097,829
Good faith/earnest deposits	13,789	---	10,852	2,937
<b>Total liabilities</b>	<b>\$ 94,700,627</b>	<b>\$ 253,183,880</b>	<b>\$ 256,783,741</b>	<b>\$ 91,100,766</b>

**CITY OF DES MOINES, IOWA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**For the Fiscal Year Ended June 30, 2008**

Function	GOVERNMENTAL FUNDS CAPITAL ASSETS			GOVERNMENTAL FUNDS CAPITAL ASSETS
	JULY 1, 2007	ADDITIONS	DELETIONS	JUNE 30, 2008
Public safety	\$ 68,003,547	\$ 2,907,962	\$ (462,501)	\$ 70,449,008
Human development	--	--	--	--
Home and community environment	--	--	--	--
General government	260,350,733	(41,592,622)	(236,418)	218,521,693
Public works	581,166,431	51,202,484	(33,856)	632,335,059
Health and social services	--	--	--	--
Culture and recreation	142,126,015	26,624,002	--	168,750,017
Community and economic development	3,966,101	266,039	--	4,232,140
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 1,055,612,827</b>	<b>\$ 39,407,865</b>	<b>\$ (732,775)</b>	<b>\$ 1,094,287,917</b>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF DES MOINES, IOWA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS\***  
**SCHEDULE OF CAPITAL ASSETS BY SOURCE**  
**June 30, 2008**

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	June 30, 2008
	BALANCE
Governmental Funds Capital Assets:	
Land and Land Improvements	\$ 62,165,674
Buildings	134,611,202
Improvements	757,475,426
Machinery and Equipment	28,783,548
Construction in Progress	111,252,067
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 1,094,287,917</b>

	June 30, 2008
	BALANCE
Investment in Governmental Funds Capital Assets:	
Investments in property acquired prior to January 1, 1964	\$ 31,348,037
Investments in property acquired after January 1, 1964 from:	
Capital Improvement Funds:	
General Obligation Bonds	495,301,566
Federal & State Grants	272,942,627
Federal Revenue Sharing	22,041,477
Contributions	21,784,326
Hotel/Motel Tax	55,005
General Fund	95,046,539
Special Revenue Funds	34,998,004
Special Assessments Funds	84,904,141
Contributions from Private Sources and Other Funds	34,083,117
Confiscated Funds	1,783,078
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 1,094,287,917</b>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF DES MOINES, IOWA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION**  
**June 30, 2008**

Function	LAND AND LAND IMPROVEMENTS	BUILDINGS AND BLDG IMPROVEMENTS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Public safety	\$ 764,053	\$ 20,898,238	\$ 26,177,245	\$ 22,609,472	\$ --	\$ 70,449,008
Human development	--	--	--	--	--	--
Home and community environment	--	--	--	--	--	--
General government	45,544,695	56,759,469	924,651	4,040,811	111,252,067	218,521,693
Public works	10,867,902	30,715	620,785,963	650,479	--	632,335,059
Health and social services	--	--	--	--	--	--
Culture and recreation	2,898,783	56,913,931	107,528,644	1,408,659	--	168,750,017
Community and economic development	2,090,241	8,849	2,058,923	74,127	--	4,232,140
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 62,165,674</b>	<b>\$ 134,611,202</b>	<b>\$ 757,475,426</b>	<b>\$ 28,783,548</b>	<b>\$ 111,252,067</b>	<b>\$ 1,094,287,917</b>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
<b>General Obligation Bonds:</b>				
Taxable General Obligation Series 2000E	7.40 7.40 7.50 7.50 7.60	JDI	06-00	06-14
General Obligation Series 2001A	4.80 4.80 4.80 4.80 4.80 4.80 4.80 4.80 4.80 4.80	JDI	06-01	06-20
General Obligation Series 2001B	4.10 4.20 4.30 4.40 4.60 4.70 4.80 4.85 4.90 4.90 5.00 5.00 5.00	JDI	06-01	06-21
General Obligation Series 2001D	4.30 4.40 4.50 4.50	JDI	06-01	06-12
General Obligation Series 2001E	4.10 4.20 4.30 4.40	JDI	06-01	06-12
Taxable General Obligation Series 2002A	5.65 5.80 5.90 5.95	JDI	06-02	06-12
Taxable General Obligation Hotel/Motel Series 2002B	5.50 5.63 5.75 5.85	JDI	06-02	06-11

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
155,000	09	\$2,040,000	\$2,040,000	\$940,000	\$1,100,000
165,000	10				
175,000	11				
190,000	12				
200,000	13				
215,000	14				
1,500,000	09	\$25,045,000	\$25,045,000	\$3,765,000	\$21,280,000
1,565,000	10				
1,640,000	11				
1,725,000	12				
1,810,000	13				
1,905,000	14				
2,000,000	15				
2,105,000	16				
2,220,000	17				
2,340,000	18				
2,470,000	19				
175,000	09				
180,000	10				
190,000	11				
200,000	12				
210,000	13				
220,000	14				
230,000	15				
240,000	16				
255,000	17				
270,000	18				
285,000	19				
300,000	20				
315,000	21				
945,000	09	\$9,585,000	\$9,585,000	\$5,580,000	\$4,005,000
970,000	10				
1,020,000	11				
1,070,000	12				
680,000	09	\$5,950,000	\$5,950,000	\$3,020,000	\$2,930,000
700,000	10				
775,000	11				
775,000	12				
340,000	09	\$3,170,000	\$3,170,000	\$1,665,000	\$1,505,000
365,000	10				
390,000	11				
410,000	12				
390,000	09	\$3,290,000	\$3,290,000	\$1,625,000	\$1,665,000
435,000	10				
425,000	11				
415,000	12				

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
General Obligation Series 2002E	4.00	JDI	06-02	06-22
	4.00			
	4.13			
	4.20			
	4.30			
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
General Obligation Series 2002F	3.65	JDI	06-02	06-22
	3.80			
	3.90			
	4.00			
	4.10			
	4.20			
	4.30			
	4.40			
	4.50			
	4.60			
	4.65			
	4.70			
	4.75			
4.85				
General Obligation Series 2003A	3.50	JDI	05-03	06-14
	4.00			
	4.00			
	4.00			
	5.00			
General Obligation Series 2003C	3.00	JDI	06-03	06-23
	3.10			
	3.25			
	3.25			
	3.25			
	3.45			
	3.60			
	3.70			
	3.80			
	3.90			
	3.95			
	4.05			
4.15				
4.20				
4.30				
General Obligation Series 2003D	2.50	JDI	06-03	06-23
	2.88			
	3.00			
	3.00			

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
1,435,000	09	\$30,920,000	\$30,920,000	\$3,240,000	\$27,680,000
1,495,000	10				
1,560,000	11				
1,635,000	12				
1,710,000	13				
1,790,000	14				
1,880,000	15				
1,970,000	16				
2,075,000	17				
2,180,000	18				
2,295,000	19				
2,420,000	20				
2,545,000	21				
2,690,000	22				
370,000	09	\$8,515,000	\$8,515,000	\$1,445,000	\$7,070,000
385,000	10				
405,000	11				
420,000	12				
440,000	13				
455,000	14				
480,000	15				
505,000	16				
530,000	17				
560,000	18				
585,000	19				
610,000	20				
645,000	21				
680,000	22				
2,060,000	09	\$20,970,000	\$20,970,000	\$8,475,000	\$12,495,000
2,140,000	10				
2,195,000	11				
2,325,000	12				
2,400,000	13				
1,375,000	14				
595,000	09	\$19,140,000	\$19,140,000	\$2,175,000	\$16,965,000
820,000	10				
895,000	11				
930,000	12				
975,000	13				
1,015,000	14				
1,065,000	15				
1,115,000	16				
1,170,000	17				
1,225,000	18				
1,290,000	19				
1,355,000	20				
1,425,000	21				
1,505,000	22				
1,585,000	23				
465,000	09	\$11,860,000	\$11,860,000	\$2,150,000	\$9,710,000
485,000	10				
505,000	11				
525,000	12				
550,000	13				

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

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	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
	3.20			
	3.35			
	3.50			
	3.55			
	3.65			
	3.75			
	3.85			
	4.00			
	4.00			
	4.00			
General Obligation Series 2003E	2.60	JDI	07-03	06-14
	2.90			
	3.13			
	3.25			
	3.38			
	3.35			
General Obligation Series 2004A	5.00	JDI	06-04	06-14
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
General Obligation Series 2004B	5.00	JDI	06-04	06-16
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
General Obligation Series 2004C	3.50	JDI	06-04	06-24
	4.00			
	4.00			
	4.00			
	0.10			
	5.00			
	5.00			
	5.25			
	5.25			
	5.25			
	5.25			
	5.38			
	5.38			
	5.50			
	5.50			
General Obligation 2004D Urban Renewal	3.50	JDI	06-04	06-24
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
570,000	14				
600,000	15				
630,000	16				
660,000	17				
690,000	18				
725,000	19				
760,000	20				
805,000	21				
845,000	22				
895,000	23				
935,000	09	\$9,460,000	\$9,460,000	\$3,690,000	\$5,770,000
960,000	10				
935,000	11				
960,000	12				
965,000	13				
1,015,000	14				
2,525,000	09	\$21,335,000	\$21,335,000	\$10,165,000	\$11,170,000
1,560,000	10				
1,630,000	11				
1,720,000	12				
1,810,000	13				
1,925,000	14				
3,680,000	09	\$33,300,000	\$33,300,000	\$9,330,000	\$23,970,000
3,700,000	10				
3,450,000	11				
3,345,000	12				
3,780,000	13				
2,300,000	14				
2,510,000	15				
1,205,000	16				
200,000	09	\$13,685,000	\$13,685,000	\$1,060,000	\$12,625,000
200,000	10				
635,000	11				
660,000	12				
690,000	13				
725,000	14				
755,000	15				
795,000	16				
830,000	17				
870,000	18				
915,000	19				
965,000	20				
1,010,000	21				
1,065,000	22				
1,125,000	23				
1,185,000	24				
100,000	09	\$14,425,000	\$14,425,000	\$300,000	\$14,125,000
100,000	10				
100,000	11				
100,000	12				
100,000	13				
965,000	14				

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
	4.20			
	4.20			
	4.40			
	4.50			
	4.50			
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
Taxable General Obligation Series 2004E	4.60	JDI	06-04	06-13
	4.90			
	5.15			
	5.30			
	5.40			
General Obligation Series 2005A	4.00	JDI	04-05	06-18
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.13			
General Obligation Bonds Series 2005B	4.00	JDI	06-05	06-25
	4.00			
	4.00			
	4.00			
	4.25			
	4.50			
	4.50			
	4.50			
	4.50			
	4.50			
	4.50			
	4.50			
	5.00			
	5.00			
	5.00			
	5.00			
	5.00			
General Obligation 2005C Urban Renewal	4.00	JDI	06-05	06-23
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.10			
	4.20			

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
1,010,000	15				
1,055,000	16				
1,110,000	17				
1,165,000	18				
1,220,000	19				
1,280,000	20				
1,345,000	21				
1,415,000	22				
1,490,000	23				
1,570,000	24				
580,000	09	\$4,830,000	\$4,830,000	\$1,610,000	\$3,220,000
610,000	10				
640,000	11				
675,000	12				
715,000	13				
3,300,000	09	\$28,430,000	\$28,430,000	\$10,755,000	\$17,675,000
3,470,000	10				
2,095,000	11				
1,100,000	12				
1,145,000	13				
1,210,000	14				
1,245,000	15				
1,310,000	16				
1,370,000	17				
1,430,000	18				
1,090,000	09	\$27,775,000	\$27,775,000	\$1,550,000	\$26,225,000
1,130,000	10				
1,170,000	11				
1,215,000	12				
1,275,000	13				
1,325,000	14				
1,380,000	15				
1,440,000	16				
1,500,000	17				
1,565,000	18				
1,635,000	19				
1,710,000	20				
1,785,000	21				
1,865,000	22				
1,955,000	23				
2,045,000	24				
2,140,000	25				
730,000	13	\$10,000,000	\$10,000,000	\$0	\$10,000,000
760,000	14				
790,000	15				
825,000	16				
860,000	17				
900,000	18				
940,000	19				
980,000	20				
1,025,000	21				
1,070,000	22				
1,120,000	23				

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
Taxable General Obligation Series 2005D	4.25 4.38 4.50 4.50	JDI	06-05	06-12
General Obligation Series 2005E	5.00 5.00 5.00 5.00 5.00 5.00 4.50 4.50 4.50 4.50 4.50	JDI	12-05	06-20
General Obligation Series 2006A	4.38 4.38 4.38 4.38 4.38 4.38 4.38 4.38 4.50 4.50 4.50 4.50 4.50 4.50 4.63 4.63 4.63	JDI	07-06	06-26
General Obligation 2006B Urban Renewal	4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.25 4.38 4.38 4.50 4.50 4.50 4.63	JDI	07-06	06-26

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
775,000	09	\$4,985,000	\$4,985,000	\$1,665,000	\$3,320,000
810,000	10				
845,000	11				
890,000	12				
1,805,000	09	\$28,185,000	\$28,185,000	\$750,000	\$27,435,000
1,905,000	10				
1,995,000	11				
2,105,000	12				
2,205,000	13				
2,320,000	14				
2,435,000	15				
2,545,000	16				
2,670,000	17				
2,790,000	18				
2,915,000	19				
1,745,000	20				
735,000	09				
765,000	10				
795,000	11				
830,000	12				
865,000	13				
905,000	14				
945,000	15				
985,000	16				
1,030,000	17				
1,075,000	18				
1,125,000	19				
1,180,000	20				
1,235,000	21				
1,295,000	22				
1,355,000	23				
1,420,000	24				
1,490,000	25				
1,560,000	26				
100,000	09	\$9,210,000	\$9,210,000	\$0	\$9,210,000
370,000	10				
385,000	11				
405,000	12				
420,000	13				
440,000	14				
455,000	15				
475,000	16				
500,000	17				
520,000	18				
545,000	19				
570,000	20				
595,000	21				
625,000	22				
655,000	23				
685,000	24				
715,000	25				
750,000	26				

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
Taxable General Obligation Series 2006C	5.70	JDI	07-06	06-09
General Obligation Series 2007A	5.10 5.10 5.10 5.10 5.10 5.10 5.10 5.15 5.15 5.15 5.15	JDI	04-07	06-19
General Obligation Series 2007B	4.13 4.13 4.13 4.13 4.25 4.25 4.25 4.25 4.25 4.25 4.38 4.38 4.38 4.50 4.50 4.50 4.50	JDI	06-07	06-27
General Obligation 2007C Urban Renewal	4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.13 4.13 4.13 4.25 4.25	JDI	06-07	06-22
General Obligation Series 2008D	3.00 3.00 3.25 3.25 3.50 3.75 3.75 4.00 4.00	JDI	06-08	06-28

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
410,000	09	\$1,170,000	\$1,170,000	\$760,000	\$410,000
305,000	09	\$4,635,000	\$4,635,000	\$250,000	\$4,385,000
325,000	10				
340,000	11				
355,000	12				
380,000	13				
395,000	14				
415,000	15				
435,000	16				
455,000	17				
480,000	18				
500,000	19				
525,000	09	\$18,415,000	\$18,415,000	\$0	\$18,415,000
685,000	10				
710,000	11				
740,000	12				
770,000	13				
800,000	14				
835,000	15				
870,000	16				
910,000	17				
945,000	18				
985,000	19				
1,030,000	20				
1,075,000	21				
1,120,000	22				
1,170,000	23				
1,225,000	24				
1,280,000	25				
1,340,000	26				
1,400,000	27				
780,000	09	\$15,045,000	\$15,045,000	\$695,000	\$14,350,000
810,000	10				
845,000	11				
880,000	12				
915,000	13				
950,000	14				
990,000	15				
1,035,000	16				
1,075,000	17				
1,125,000	18				
1,170,000	19				
1,220,000	20				
1,275,000	21				
1,280,000	22				
715,000	10	\$24,055,000	\$24,055,000	\$0	\$24,055,000
905,000	11				
935,000	12				
965,000	13				
995,000	14				
1,035,000	15				
1,075,000	16				
1,115,000	17				
1,165,000	18				

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

---

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
	4.00			
	4.00			
	4.00			
	4.00			
	4.13			
	4.13			
	4.25			
	4.25			
	4.38			
	4.38			
General Obligation 2008E Urban Renewal	3.00	JDI	06-08	06-23
	3.00			
	3.00			
	3.00			
	3.25			
	3.25			
	3.50			
	3.50			
	3.75			
	3.75			
	4.00			
	4.00			
	4.00			
	4.00			
	4.10			
Total General Obligation Bonds				

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
1,215,000	19				
1,270,000	20				
1,325,000	21				
1,390,000	22				
1,460,000	23				
1,530,000	24				
1,610,000	25				
1,695,000	26				
1,780,000	27				
1,875,000	28				
305,000	09	\$6,325,000	\$6,325,000	\$0	\$6,325,000
335,000	10				
345,000	11				
355,000	12				
365,000	13				
380,000	14				
395,000	15				
410,000	16				
425,000	17				
445,000	18				
465,000	19				
490,000	20				
510,000	21				
535,000	22				
565,000	23				
		<u>\$440,115,000</u>	<u>\$440,115,000</u>	<u>\$78,365,000</u>	<u>\$361,750,000</u>

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

---

	<u>INTEREST</u>		<u>ISSUE</u>	<u>FINAL</u>
	<u>RATES</u>	<u>DATES</u>	<u>DATE</u>	<u>MATURITY</u>
				<u>DATE</u>
<b>Revenue Bonds:</b>				
<i>Sewer Revenue Bonds:</i>				
Sewer Revenue of 2004I (State Revolving Fund - Loan 8)	3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00	JDI	11-04	06-25
Sewer Revenue Bonds 2004G	3.00 3.00 3.25 3.40 3.63 4.00 4.00 4.00 4.00 5.00 5.00	JDI	11-04	06-19
Sewer Revenue Refunding Bonds 2004H	5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00 5.00	JDI	11-04	06-20
Total Sewer Revenue Bonds				

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
243,000	09	\$5,965,000	\$5,965,000	\$692,000	\$5,273,000
250,000	10				
257,000	11				
265,000	12				
273,000	13				
281,000	14				
290,000	15				
298,000	16				
307,000	17				
316,000	18				
326,000	19				
336,000	20				
346,000	21				
356,000	22				
367,000	23				
378,000	24				
384,000	25				
120,000	09	\$5,160,000	\$5,160,000	\$440,000	\$4,720,000
120,000	10				
125,000	11				
475,000	12				
490,000	13				
510,000	14				
530,000	15				
550,000	16				
575,000	17				
600,000	18				
625,000	19				
1,115,000	11	\$14,040,000	\$14,040,000	\$0	\$14,040,000
1,175,000	12				
1,230,000	13				
1,290,000	14				
1,360,000	15				
1,425,000	16				
1,495,000	17				
1,570,000	18				
1,650,000	19				
1,730,000	20				
		<u>\$25,165,000</u>	<u>\$25,165,000</u>	<u>\$1,132,000</u>	<u>\$24,033,000</u>

**CITY OF DES MOINES, IOWA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 June 30, 2008**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
<i>Stormwater Revenue Bonds:</i>				
Stormwater Management Utility Revenue Bonds, Series 2003B	3.50 3.75 4.00 4.00 4.00 4.13 4.20 4.30 4.40 4.50	JDI	05-03	06-18
Stormwater Management Utility Revenue Bonds, Series 2004F	3.25 3.50 3.63 4.00 4.00 4.15 4.25 4.50 4.50 4.63 4.70	JDI	07-04	06-19
Stormwater Management Utility Revenue Bonds, Series 2006D	3.75 3.75 3.75 3.75 3.75 3.75 4.00 4.00 4.00 4.00 4.00 4.00 4.00	JDI	12-06	06-23
Total Stormwater Revenue Bonds				
<i>Parking Facilities Bonds:</i>				
Parking System Revenue Bonds, Series 2000A	5.50 5.50 5.50 5.63 5.75 5.75 5.75 5.75 5.75 6.38 6.00 6.00	JDI	06-02	06-20

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
565,000	09	\$9,440,000	\$9,440,000	\$2,530,000	\$6,910,000
585,000	10				
610,000	11				
635,000	12				
665,000	13				
700,000	14				
730,000	15				
765,000	16				
805,000	17				
850,000	18				
505,000	09	\$8,510,000	\$8,510,000	\$1,410,000	\$7,100,000
525,000	10				
550,000	11				
575,000	12				
600,000	13				
635,000	14				
665,000	15				
700,000	16				
740,000	17				
780,000	18				
825,000	19				
800,000	09	\$16,750,000	\$16,750,000	\$770,000	\$15,980,000
835,000	10				
855,000	11				
895,000	12				
920,000	13				
940,000	14				
975,000	15				
1,015,000	16				
1,045,000	17				
1,080,000	18				
1,205,000	19				
1,260,000	20				
1,320,000	21				
1,385,000	22				
1,450,000	23				
		<u>\$34,700,000</u>	<u>\$34,700,000</u>	<u>\$4,710,000</u>	<u>\$29,990,000</u>
655,000	09	\$19,545,000	\$19,545,000	\$1,850,000	\$17,695,000
690,000	10				
730,000	11				
765,000	12				
1,505,000	13				
1,590,000	14				
1,685,000	15				
1,785,000	16				
1,890,000	17				
2,005,000	18				
2,130,000	19				
2,265,000	20				

**CITY OF DES MOINES, IOWA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 June 30, 2008**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
Parking System Revenue Bonds, Series 2000B	8.15 8.15 8.05 8.05	JDI	06-02	06-12
Total Parking Facilities Bonds				
<i>Airport Revenue Bonds:</i>				
Aviation System Revenue Bonds Series 1998A	4.60 4.70 4.80 4.90 5.00 5.00 5.10 5.10 5.10 5.10 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13	JJI	04-98	07-28
Aviation System Revenue Bonds Series 1998B	4.70 4.80 4.90 5.00 5.10 5.10 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13 5.13	JJI	04-98	07-28
Aviation System Revenue Bonds Series 1998C	6.95 6.95 6.95	JJI	04-98	07-28

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
990,000	09	\$9,625,000	\$9,625,000	\$5,145,000	\$4,480,000
1,075,000	10				
1,160,000	11				
1,255,000	12				
		<u>\$29,170,000</u>	<u>\$29,170,000</u>	<u>\$6,995,000</u>	<u>\$22,175,000</u>
160,000	09	\$6,335,000	\$6,335,000	\$695,000	\$5,640,000
165,000	10				
175,000	11				
180,000	12				
190,000	13				
200,000	14				
210,000	15				
220,000	16				
230,000	17				
245,000	18				
255,000	19				
270,000	20				
285,000	21				
300,000	22				
315,000	23				
330,000	24				
345,000	25				
365,000	26				
380,000	27				
400,000	28				
420,000	29				
595,000	09	\$23,870,000	\$23,870,000	\$2,595,000	\$21,275,000
620,000	10				
650,000	11				
685,000	12				
715,000	13				
755,000	14				
790,000	15				
835,000	16				
875,000	17				
920,000	18				
970,000	19				
1,015,000	20				
1,070,000	21				
1,125,000	22				
1,180,000	23				
1,240,000	24				
1,305,000	25				
1,375,000	26				
1,445,000	27				
1,515,000	28				
1,595,000	29				
250,000	09	\$12,465,000	\$12,465,000	\$1,345,000	\$11,120,000
265,000	10				
285,000	11				

**CITY OF DES MOINES, IOWA**  
**COMBINED SCHEDULE OF BONDS PAYABLE**  
**June 30, 2008**

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	INTEREST		ISSUE	FINAL
	RATES	DATES	DATE	MATURITY
				DATE
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
	6.95			
Airport Non-PFC Commercial Paper Revenue Notes, Series C	1.20		04-05	09-05
Total Airport Revenue Bonds				
Total Revenue Bonds				
<b>Total General Obligation and Revenue Bonds</b>				

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
305,000	12				
325,000	13				
350,000	14				
375,000	15				
400,000	16				
425,000	17				
455,000	18				
490,000	19				
520,000	20				
560,000	21				
595,000	22				
640,000	23				
685,000	24				
730,000	25				
780,000	26				
835,000	27				
895,000	28				
955,000	29				
3,450,000	01-04	\$12,000,000	\$8,700,000	\$0	\$8,700,000
		<u>\$54,670,000</u>	<u>\$51,370,000</u>	<u>\$4,635,000</u>	<u>\$46,735,000</u>
		<u>\$143,705,000</u>	<u>\$140,405,000</u>	<u>\$17,472,000</u>	<u>\$122,933,000</u>
		<u>\$583,820,000</u>	<u>\$580,520,000</u>	<u>\$95,837,000</u>	<u>\$484,683,000</u>

**CITY OF DES MOINES, IOWA**  
**SCHEDULE OF INSURANCE IN FORCE**  
**June 30, 2008**  
**(Unaudited)**

<u>INSURANCE COMPANY</u>	<u>POLICY NUMBER</u>	<u>POLICY PERIOD</u>
<b>PROPERTY INSURANCE</b>		
Federal Insurance Co. (Chubb Group)	3530-81-60	7-1-07/08
Travelers Property Casualty	342/KTJCMB-3588A07-4-2008	1-1-08/09
National Flood Insurance Program (N.F.I.P.)	Various	7-1-07/08
Travelers Property Casualty Insurance Co.	020 BY 103299672 BCM	7-1-07/08
<b>LIABILITY INSURANCE</b>		
Everest National Insurance Co.	71P6000311-061	7-1-07/08
AUTO LIABILITY (Enterprise Funds) St. Paul Travelers	GP09313789	7-1-07/08
<b>WRA PUBLIC OFFICIALS LIABILITY</b>		
Amercian International Specialty Lines Insurance Company	744-50-09	7-1-07/08
Everest National Insurance Co.	71P000311-071	7-1-07/08
Housing Authority Retention Group Travelers Property Casualty	16-0807-2008-00-000-0 GP09313789	1-1-08/09 7-1-07/08
AIG Aviation Corporation	AP 185-1764-04	7-1-07/08
Federal Insurance Company	3579-40-89DMO 7352-86-79 7981-85-15	7-1-07/08 7-1-07/08 7-1-07/08
<b>OCCUPATIONAL MEDICAL INSURANCE</b>		
Volunteer Firemen's Insurance AIG Life Insurance Company	CFP - 3116 - 0143C-07 SRG-0009103048-A	7-1-07/08 7-1-07/08
Safety National Casualty Corp	SP-1Q82-IA	7-1-07/08
Commerce & Industry Ins. Co. (AIG)	WC698-25-99	1-1-08/09

DETAILS OF COVERAGE	POLICY LIMITS	ANNUAL PREMIUM
<u>Citywide (incl. WRA )</u>		
City Buildings & Contents	\$ 752,305,172	\$ 432,825
Per Occurrence Replacement Value	250,000,000	
Business Interruption & Extra Expense	9,000,000	Included
Boiler & Machinery	15,000,000	Included
Earthquake	20,000,000	Included
Flood	10,000,000	Included
Terrorism	250,000,000	Included
<u>Municipal Housing Agency (separate)</u>		
Buildings & Contents	\$ 49,586,078	\$ 78,664
<u>Flood (six buildings in Flood Zone "A")</u>		
Buildings in Flood Zone	\$ 500,000	\$ 20,815
<u>Crime (citywide - incl. WRA)</u>		
Public Employee Dishonesty and Computer Fraud	\$ 1,000,000	\$ 5,245
<u>Special Excess Liability (citywide - incl. WRA)</u>		
Citywide General, Automobile, Law Enforcement, Public Officials Liability	\$ 10,000,000 aggregate \$10,000,000/occurrence \$2,000,000/occ. SIR	\$ 190,780
Following enterprise fund activities included:	\$2,000,000/occurrence	\$ 83,738
Curbside Recycling Pickup Program		Included
Sanitary/Storm Sewer		Included
Solid Waste Collection		Included
Wastewater Reclamation Facility		Included
Airport (Off-premise vehicle useage only)		Included
Municipal Housing Agency		Included
<u>Wastewater Reclamation Authority (only)</u>		
Professional Liability (Primary)	\$2,000,000/occ & agg.	\$ 23,930
Professional Liability (Excess)	\$10,000,000/occ & agg	\$ 3,700
<u>Municipal Housing Agency (separate)</u>		
General Liability	\$ 2,000,000	\$ 36,650
Automobile Liability (primary)	300,000	6,359
<u>Des Moines International Airport Liability</u>		
Airport Liability	\$ 250,000,000	\$ 134,096
<u>Blank Park Zoo (City &amp; Zoo Foundation)</u>		
General Liability	\$ 2,000,000	\$ 47,673
Automobile Liability (Primary)	\$ 1,000,000	\$ 4,001
Automobile Liability (Excess)	1,000,000	7,900
<u>HazMat Team/Fire Dept. Mutual Aid</u>		
Primary Occupational Medical	\$ 50,000	\$ 8,404
Excess Occupational Medical	400,000	6,450
<u>Citywide (Incl. WRA)</u>		
Excess Workers Compensation	Statutory	\$ 143,142
<u>Municipal Housing Agency (separate)</u>		
Workers Compensation	Statutory	\$ 52,542



## STATISTICAL SECTION

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CITY OF **DES MOINES**

# STATISTICAL SECTION

This part of the City of Des Moines' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	152
<i>These schedules contain trend information to help the reader understand how the City of Des Moines' financial performance and well-being have changed over time.</i>	
Revenue Capacity	171
<i>These schedules contain information to help the reader assess the City of Des Moines' most significant local revenue source, the property tax.</i>	
Debt Capacity	180
<i>These schedules present information to help the reader assess the affordability of the City of Des Moines' current levels of outstanding debt and the City of Des Moines' ability to issue additional debt in the future.</i>	
Demographic and Economic Information	189
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Des Moines' financial activities take place.</i>	
Operating Information	194
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City of Des Moines' financial report relates to the services the City of Des Moines provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF DES MOINES, IOWA**  
**NET ASSETS BY COMPONENT**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual basis of accounting)*

(Unaudited)

	2008	2007
Governmental activities:		
Invested in capital assets, net of related debt	\$ 426,382,213	\$ 392,270,393
Restricted:		
Capital projects	3,589,269	24,194,587
Debt retirement	-	16,776,784
Endowments/permanently restricted	3,290,927	3,290,927
Donor restricted purposes/temporarily restricted	-	-
Tax increment	6,208,887	901,380
Unrestricted	25,561,312	29,858,916
<b>Total governmental activities net assets</b>	<b>\$ 465,032,608</b>	<b>\$ 467,292,987</b>
Business-type activities:		
Invested in capital assets, net of related debt	\$ 426,139,390	\$ 389,752,986
Restricted:		
Capital projects	426,932	4,206,726
Public housing program	11,602,131	8,898,800
Debt retirement	14,120,681	13,933,351
Contingency	-	-
Park & Ride operations and improvements	-	-
Bond proceeds	-	-
Unrestricted	46,321,403	37,878,037
<b>Total business-type activities net assets</b>	<b>\$ 498,610,537</b>	<b>\$ 454,669,900</b>
Primary government:		
Invested in capital assets, net of related debt	\$ 852,521,603	\$ 782,023,379
Restricted:		
Capital projects	4,016,201	28,401,313
Public housing program	11,602,131	8,898,800
Debt retirement	14,120,681	30,710,135
Endowments/permanently restricted	3,290,927	3,290,927
Donor restricted purposes/temporarily restricted	-	-
Tax increment	6,208,887	901,380
Contingency	-	-
Park & Ride operations and improvements	-	-
Bond proceeds	-	-
Unrestricted	71,882,715	67,736,953
<b>Total primary government net assets</b>	<b>\$ 963,643,145</b>	<b>\$ 921,962,887</b>

Table 1

	2006	2005	2004	2003	2002
\$	378,108,106	\$ 341,478,239	\$ 283,051,413	\$ 302,984,333	\$ 314,400,407
	-	-	-	-	-
	1,323,588	3,183,118	35,085,535	-	5,851,885
	3,315,718	3,315,718	3,198,213	3,149,371	-
	74,992	74,992	70,943	88,658	-
	267,348	-	-	-	-
	64,928,149	95,513,873	85,874,449	77,442,165	24,006,861
\$	448,017,901	\$ 443,565,940	\$ 407,280,553	\$ 383,664,527	\$ 344,259,153
\$	387,871,130	\$ 366,495,501	\$ 304,593,891	\$ 264,082,710	\$ 253,557,940
	2,638,618	2,611,377	12,977,017	-	-
	4,018,535	1,173,665	-	-	-
	8,006,505	9,969,544	15,330,012	41,318,918	18,840,768
	-	-	-	-	1,895,378
	-	-	-	-	8,808,976
	-	-	-	8,451,084	-
	31,601,920	28,644,175	199,624,746	197,990,899	205,904,127
\$	434,136,708	\$ 408,894,262	\$ 532,525,666	\$ 511,843,611	\$ 489,007,189
\$	765,979,236	\$ 707,973,740	\$ 587,645,304	\$ 567,067,043	\$ 567,958,347
	2,638,618	2,611,377	12,977,017	-	-
	4,018,535	1,173,665	-	-	-
	9,330,093	13,152,662	50,415,547	41,318,918	24,692,653
	3,315,718	3,315,718	3,198,213	3,149,371	-
	74,992	74,992	70,943	88,658	-
	267,348	-	-	-	-
	-	-	-	-	1,895,378
	-	-	-	-	8,808,976
	-	-	-	8,451,084	-
	96,530,069	124,158,048	285,499,195	275,433,064	229,910,988
\$	882,154,609	\$ 852,460,202	\$ 939,806,219	\$ 895,508,138	\$ 833,266,342

**CITY OF DES MOINES, IOWA**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual basis of accounting)*  
**(Unaudited)**

	2008	2007
Expenses:		
Governmental activities:		
Public safety	\$ 91,316,811	\$ 86,971,119
Public works	43,983,358	40,778,570
Health and social services	612,374	1,082,618
Culture and recreation	29,941,632	27,443,217
Community and economic development	34,806,759	24,176,152
General Government	24,651,764	22,278,473
Community protection	-	-
Human development	-	-
Home and community environment	-	-
Policy and administration	-	-
Interest on long-term debt	16,109,167	15,162,124
<b>Total governmental activities expenses</b>	<b>241,421,865</b>	<b>217,892,273</b>
Business-type activities:		
Airport	31,729,902	30,093,735
Parking facilities system	12,574,941	11,531,196
Sewer system	26,295,060	25,574,852
Stormwater utility	10,177,919	9,137,184
Golf	2,147,095	2,117,251
Solid waste system	10,642,771	9,915,661
Municipal Housing Agency	22,618,089	21,918,453
<b>Total business-type activities expenses</b>	<b>116,185,777</b>	<b>110,288,332</b>
<b>Total primary government expenses</b>	<b>357,607,642</b>	<b>328,180,605</b>
Program revenue:		
Governmental activities:		
Charges for services:		
Public safety	11,621,311	10,862,428
Public works	7,856,632	7,848,887
Health and social services	341,329	-
Culture and recreation	5,161,409	3,890,583
Community and economic development	1,214,545	384,052
General Government	11,019,958	10,326,678
Community protection	-	-
Human development	-	-
Home and community environment	-	-
Policy and administration	-	-

Table 2

	2006	2005	2004	2003	2002
\$	85,488,230	\$ 76,007,247	\$ 77,898,044	\$ 65,492,621	\$ -
	41,698,546	39,815,992	30,089,959	34,906,839	-
	17,998,463	15,543,088	15,291,731	13,654,217	-
	26,819,161	24,773,016	27,995,911	26,847,266	-
	9,810,740	3,268,445	2,841,744	4,470,109	-
	20,267,299	22,096,917	28,103,460	16,261,895	-
	-	-	-	-	65,925,102
	-	-	-	-	24,904,578
	-	-	-	-	95,400,260
	-	-	-	-	26,086,574
	15,599,765	17,000,955	14,867,034	15,224,713	14,555,637
	217,682,204	198,505,660	197,087,883	176,857,660	226,872,151
	27,180,459	25,928,471	24,488,333	26,603,579	21,262,068
	11,365,271	10,591,438	11,524,834	9,830,030	8,795,254
	27,327,334	28,457,627	34,337,998	26,682,896	25,773,056
	9,211,130	7,301,443	7,005,266	7,686,838	5,334,813
	2,767,320	2,512,672	2,664,606	2,170,441	2,316,974
	10,326,717	10,155,156	9,985,786	10,242,392	9,963,603
	20,016,007	19,609,363	19,379,135	18,117,624	16,543,775
	108,194,238	104,556,170	109,385,958	101,333,800	89,989,543
	325,876,442	303,061,830	306,473,841	278,191,460	316,861,694
	8,806,757	12,276,259	4,434,416	4,157,879	-
	7,712,217	7,764,645	7,516,436	6,788,436	-
	588,692	71,219	848	17,167	-
	3,765,233	3,795,487	3,736,797	3,779,278	-
	4,630,036	165,179	160,887	133,789	-
	12,223,751	8,325,418	1,151,837	4,611,371	-
	-	-	-	-	7,029,056
	-	-	-	-	5,235,115
	-	-	-	-	8,335,113
	-	-	-	-	14,689,435

**CITY OF DES MOINES, IOWA**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual basis of accounting)*  
**(Unaudited)**

	2008	2007
Operating grants and contributions:		
Public safety	4,866,238	3,752,324
Public works	20,713,297	17,239,250
Health and social services	12,369,341	425,241
Culture and recreation	1,793,974	688,511
Community and economic development	780,682	12,879,555
General Government	420,191	363,205
Community protection	-	-
Human development	-	-
Home and community environment	-	-
Policy and administration	-	-
Capital grants and contributions		
Public safety	50,115	126,235
Public works	9,591,981	11,583,356
Health and social services	-	-
Culture and recreation	4,706,964	5,258,907
Community and economic development	-	-
General Government	9,632	421,603
<b>Total governmental activities program revenue</b>	<b>92,517,599</b>	<b>86,050,815</b>

**Business-type activities:**

Charges for services:

Airport	28,215,193	28,084,082
Parking facilities system	12,510,227	10,546,668
Sewer system	29,075,690	26,877,068
Stormwater utility	13,020,598	11,811,325
Golf	1,591,191	1,729,333
Solid waste system	11,302,442	11,056,904
Municipal Housing Agency	2,239,360	1,538,970

Operating grants and contributions:

Airport	-	-
Parking facilities system	-	-
Sewer system	-	969
Stormwater utility	-	2,240
Golf	181	1,393
Solid waste system	1,371	1,540
Municipal Housing Agency	18,038,868	16,945,764

Table 2 (Continued)

2006	2005	2004	2003	2002
6,347,328	1,483,907	1,685,679	851,704	-
17,141,123	19,123,902	1,594,797	18,628,512	-
16,684,540	14,968,291	12,317,678	13,693,079	-
329,223	218,470	801,235	371,767	-
1,209,854	520,233	178,804	800,428	-
594,938	296,895	561,979	4,125,786	-
-	-	-	-	595,527
-	-	-	-	177,353
-	-	-	-	13,699,234
-	-	-	-	5,606,005
454,356	400,004	1,968,535	-	-
21,913,153	20,409,238	26,668,120	1,348,895	-
269,995	-	-	-	-
12,852,652	8,368,656	622,758	8,634,256	-
(8,243)	1,763,492	232,042	-	-
1,029,372	19,962	4,510	-	-
116,544,977	99,971,257	63,637,358	67,942,347	20,078,119
28,124,274	26,116,503	26,722,224	25,462,547	22,741,020
9,699,607	9,029,823	8,328,278	9,482,242	9,694,807
25,329,811	27,725,289	26,817,685	24,484,257	23,418,412
11,281,225	10,160,148	9,536,919	8,888,690	7,635,449
2,093,168	1,979,032	2,179,135	1,993,007	2,041,734
10,950,607	10,596,888	10,468,137	8,724,207	8,554,802
1,191,564	1,322,175	1,538,323	1,758,442	1,917,583
-	-	-	-	761,939
-	600	-	-	-
-	299,949	37,983	473,762	-
21,443	6,079	31,077	14,600	330,135
-	-	-	-	6,868
-	4,500	-	-	-
16,367,517	15,001,366	15,686,776	13,651,926	13,009,825

**CITY OF DES MOINES, IOWA**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual basis of accounting)*  
**(Unaudited)**

	2008	2007
Capital grants and contributions:		
Airport	8,811,037	10,446,717
Parking facilities system	493,293	75,299
Sewer system	13,530,334	799,437
Stormwater utility	8,299,287	678,240
Golf	-	-
Solid waste system	767,818	36,500
Municipal Housing Agency	2,425,757	3,779,226
<b>Total business-type activities program revenues</b>	<b>150,322,647</b>	<b>124,411,675</b>
<b>Total primary government program revenues</b>	<b>242,840,246</b>	<b>210,462,490</b>
Net (expense) revenue:		
Governmental activities	(148,904,266)	(131,841,458)
Business-type activities	34,136,870	14,123,343
<b>Total primary government net expense</b>	<b>(114,767,396)</b>	<b>(117,718,115)</b>

Table 2 (Continued)

2006	2005	2004	2003	2002
12,342,156	10,889,646	17,314,903	16,173,044	15,520,159
36,452	604,649	-	-	-
5,995,750	2,554,997	8,819,865	9,399,668	10,900,087
3,658,856	2,500,849	222,686	415,841	-
-	-	35,535	-	-
-	150,210	137,000	925	-
3,184,738	1,690,722	1,513,883	1,781,575	2,295,219
130,277,168	120,633,425	129,390,409	122,704,733	118,828,039
246,822,145	220,604,682	193,027,767	190,647,080	138,906,158
(101,137,227)	(98,534,403)	(133,450,525)	(108,915,313)	(206,794,032)
22,082,930	16,077,255	20,004,451	21,370,933	28,838,496
(79,054,297)	(82,457,148)	(113,446,074)	(87,544,380)	(177,955,536)

**CITY OF DES MOINES, IOWA**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual basis of accounting)*  
**(Unaudited)**

	2008	2007
General revenues and other changes in net assets:		
Governmental activities:		
Taxes:		
Property taxes, levied for general purposes	99,304,723	99,727,601
Property taxes, levied for debt service	24,994,324	22,779,494
Franchise taxes	15,032,935	14,070,843
Other taxes	-	-
Grants and contributions not restricted to specific programs	-	-
Investment earnings	5,260,767	5,953,778
Gain (Loss) on sale of capital asset	-	-
Miscellaneous	6,784,213	9,484,828
Transfers--internal activities	(4,733,075)	(900,000)
Special item, cumulative adjustment for depreciation application	-	-
<b>Total governmental activities</b>	<b>146,643,887</b>	<b>151,116,544</b>
Business-type activities:		
Investment earnings	5,070,692	5,509,849
Gain (Loss) on sale of capital asset	-	-
Miscellaneous	-	-
Special item--contributions to WRA	-	-
Special item, cumulative adjustment for depreciation application	-	-
Transfers--internal activities	4,733,075	900,000
Capital contributions	-	-
<b>Total business-type activities</b>	<b>9,803,767</b>	<b>6,409,849</b>
<b>Total primary government</b>	<b>156,447,654</b>	<b>157,526,393</b>
Changes in net assets:		
Governmental activities	(2,260,379)	19,275,086
Business-type activities	43,940,637	20,533,192
<b>Total primary government</b>	<b>\$ 41,680,258</b>	<b>\$ 39,808,278</b>

GASB Statement No. 34 Implemented in Fiscal Year 2002

Table 2 (Continued)

2006	2005	2004	2003	2002
92,491,207	95,923,545	88,204,681	84,644,834	78,143,152
20,487,081	20,570,145	19,646,538	18,806,697	18,165,331
14,826,329	8,465,369	4,193,232	4,265,008	3,859,447
-	-	16,712,002	16,109,869	16,000,467
-	-	292,799	-	18,951,554
4,313,515	6,709,621	2,746,351	5,009,678	3,177,990
-	-	47,401	(2,253,223)	(1,700,000)
7,294,506	3,394,030	24,915,770	18,919,145	7,070,423
168,458	(242,920)	307,777	109,905	578,003
-	-	-	2,708,774	-
139,581,096	134,819,790	157,066,551	148,320,687	144,246,367
3,327,974	2,264,666	985,381	1,815,925	2,894,238
-	-	-	314,841	(61,300)
-	-	-	-	-
-	(142,216,245)	-	-	-
-	-	-	(555,372)	-
(168,458)	242,920	(307,777)	(109,905)	(578,003)
-	-	-	-	-
3,159,516	(139,708,659)	677,604	1,465,489	2,254,935
142,740,612	(4,888,869)	157,744,155	149,786,176	146,501,302
139,581,096	36,285,387	23,616,026	39,405,374	(27,258,946)
3,159,516	(123,631,404)	20,682,055	22,836,422	31,093,431
\$ 142,740,612	\$ (87,346,017)	\$ 44,298,081	\$ 62,241,796	\$ 3,834,485

**CITY OF DES MOINES, IOWA**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual basis of accounting)*  
**(Unaudited)**

	2008	2007
Governmental activities:		
Charges for services:		
Public safety	\$ 11,621,311	\$ 10,862,428
Public works	7,856,632	7,848,887
Health and social services	341,329	-
Culture and recreation	5,161,409	3,890,583
Community and economic development	1,214,545	384,052
General Government	11,019,958	10,326,678
Community protection	-	-
Human development	-	-
Home and community environment	-	-
Policy and administration	-	-
Operating grants and contributions:		
Public safety	4,866,238	3,752,324
Public works	20,713,297	17,239,250
Health and social services	12,369,341	425,241
Culture and recreation	1,793,974	688,511
Community and economic development	780,682	12,879,555
General Government	420,191	363,205
Community protection	-	-
Human development	-	-
Home and community environment	-	-
Policy and administration	-	-
Capital grants and contributions		
Public safety	50,115	126,235
Public works	9,591,981	11,583,356
Health and social services	-	-
Culture and recreation	4,706,964	5,258,907
Community and economic development	-	-
General Government	9,632	421,603
<b>Total governmental activities program revenue</b>	<b>92,517,599</b>	<b>86,050,815</b>
Business-type activities:		
Charges for services:		
Airport	28,215,193	28,084,082
Parking facilities system	12,510,227	10,546,668
Sewer system	29,075,690	26,877,068
Stormwater utility	13,020,598	11,811,325
Golf	1,591,191	1,729,333
Solid waste system	11,302,442	11,056,904
Municipal Housing Agency	2,239,360	1,538,970

Table 3

	2006	2005	2004	2003	2002
\$	8,806,757	\$ 12,276,259	\$ 4,434,416	\$ 4,157,879	\$ -
	7,712,217	7,764,645	7,516,436	6,788,436	-
	588,692	71,219	848	17,167	-
	3,765,233	3,795,487	3,736,797	3,779,278	-
	4,630,036	165,179	160,887	133,789	-
	12,223,751	8,325,418	1,151,837	4,611,371	-
	-	-	-	-	7,029,056
	-	-	-	-	5,235,115
	-	-	-	-	8,335,113
	-	-	-	-	14,689,435
	6,347,328	1,483,907	1,685,679	851,704	-
	17,141,123	19,123,902	1,594,797	18,628,512	-
	16,684,540	14,968,291	12,317,678	13,693,079	-
	329,223	218,470	801,235	371,767	-
	1,209,854	520,233	178,804	800,428	-
	594,938	296,895	561,979	4,125,786	-
	-	-	-	-	595,527
	-	-	-	-	177,353
	-	-	-	-	13,699,234
	-	-	-	-	5,606,005
	454,356	400,004	1,968,535	-	-
	21,913,153	20,409,238	26,668,120	1,348,895	-
	269,995	-	-	-	-
	12,852,652	8,368,656	622,758	8,634,256	-
	(8,243)	1,763,492	232,042	-	-
	1,029,372	19,962	4,510	-	-
	116,544,977	99,971,257	63,637,358	67,942,347	55,366,838
	28,124,274	26,116,503	26,722,224	25,462,547	22,741,020
	9,699,607	9,029,823	8,328,278	9,482,242	9,694,807
	25,329,811	27,725,289	26,817,685	24,484,257	23,418,412
	11,281,225	10,160,148	9,536,919	8,888,690	7,635,449
	2,093,168	1,979,032	2,179,135	1,993,007	2,041,734
	10,950,607	10,596,888	10,468,137	8,724,207	8,554,802
	1,191,564	1,322,175	1,538,323	1,758,442	1,917,583

**CITY OF DES MOINES, IOWA**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual basis of accounting)*  
**(Unaudited)**

	2008	2007
Operating grants and contributions:		
Airport	-	-
Parking facilities system	-	-
Sewer system	-	969
Stormwater utility	-	2,240
Golf	181	1,393
Solid waste system	1,371	1,540
Municipal Housing Agency	18,038,868	16,945,764
Capital grants and contributions:		
Airport	8,811,037	10,446,717
Parking facilities system	493,293	75,299
Sewer system	13,530,334	799,437
Stormwater utility	8,299,287	678,240
Golf	-	-
Solid waste system	767,818	36,500
Municipal Housing Agency	2,425,757	3,779,226
<b>Total business-type activities program revenues</b>	<b>150,322,647</b>	<b>124,411,675</b>
<b>Total primary government program revenues</b>	<b>\$ 242,840,246</b>	<b>\$ 210,462,490</b>

GASB Statement No. 34 Implemented in Fiscal Year 2002

Table 3 (Continued)

2006	2005	2004	2003	2002
-	-	-	-	761,939
-	600	-	-	-
-	299,949	37,983	473,762	-
21,443	6,079	31,077	14,600	330,135
-	-	-	-	6,868
-	4,500	-	-	-
16,367,517	15,001,366	15,686,776	13,651,926	13,009,825
12,342,156	10,889,646	17,314,903	16,173,044	15,520,159
36,452	604,649	-	-	-
5,995,750	2,554,997	8,819,865	9,399,668	10,900,087
3,658,856	2,500,849	222,686	415,841	-
-	-	35,535	-	-
-	150,210	137,000	925	-
3,184,738	1,690,722	1,513,883	1,781,575	2,295,219
130,277,168	120,633,425	129,390,409	122,704,733	118,828,039
\$ 246,822,145	\$ 220,604,682	\$ 193,027,767	\$ 190,647,080	\$ 174,194,877

**CITY OF DES MOINES, IOWA**  
**FUND BALANCES (DEFICIT), GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified accrual basis of accounting)*  
**(Unaudited)**

	2008	2007	2006
General Fund:			
Reserved:			
Reserved for inventory	\$ 13,123	\$ 14,602	\$ 41,730
Reserved for advances	3,718,955	3,499,154	3,039,982
Reserved for encumbrances	204,394	119,536	264,788
Reserved for prepaid items	285,381	352,062	368,360
Unreserved	10,942,635	11,245,248	10,159,280
<b>Total General Fund</b>	<b>\$ 15,164,488</b>	<b>\$ 15,230,602</b>	<b>\$ 13,874,140</b>
All Other Governmental Funds:			
Reserved:			
Reserved for debt service	\$ -	\$ 16,776,784	\$ 29,108,893
Reserved for loans receivable	10,277,088	10,888,010	10,349,317
Reserved for property held for sale	2,000,000	2,000,000	-
Reserved for advances	-	-	-
Reserved for inventory	-	-	-
Reserved for prepaid items	99,903	39,742	63,511
Reserved for endowments	3,290,927	3,290,927	3,315,718
Reserved for donor restricted purposes	-	-	74,992
Reserved for employees' retirement systems	-	-	-
Unreserved, reported in:			
Debt service funds	(452,555)	460,775	1,310,088
Special revenue funds	6,806,600	6,069,638	3,963,355
Capital projects funds	71,006,222	76,952,775	41,686,829
Permanent funds	541,184	368,154	87,831
<b>Total all other government funds</b>	<b>\$ 93,569,369</b>	<b>\$ 116,846,805</b>	<b>\$ 89,960,534</b>

Table 4

2005	2004	2003	2002	2001	2000	1999
\$ 25,554	\$ 18,449	\$ 15,367	\$ 18,760	\$ 21,379	\$ 29,146	\$ 12,951
2,571,712	2,231,615	1,671,586	1,700,361	1,827,503	1,372,811	910,169
69,747	185,178	142,358	212,332	105,028	88,968	263,736
267,290	228,400	9,489	-	8,548	51,636	39,531
9,268,838	8,398,022	8,645,238	10,146,042	11,022,261	9,735,716	11,653,541
<u>\$ 12,203,141</u>	<u>\$ 11,061,664</u>	<u>\$ 10,484,038</u>	<u>\$ 12,077,495</u>	<u>\$ 12,984,719</u>	<u>\$ 11,278,277</u>	<u>\$ 12,879,928</u>
\$ 14,747,035	\$ 35,085,535	\$ -	\$ 5,851,885	\$ 6,995,636	\$ 520,000	\$ 520,000
9,326,893	9,372,411	10,422,249	8,448,158	7,442,936	1,471,694	1,602,310
-	-	-	-	-	-	-
-	-	-	65,032	-	-	-
-	-	-	-	-	54,240	63,101
38,538	2,911	17,405	-	-	47,308	214,813
3,315,718	3,198,213	3,149,371	3,016,420	2,894,819	2,714,447	2,675,008
74,992	70,943	88,658	128,522	288,134	264,056	230,353
-	-	-	-	-	608	(5,882)
3,183,118	2,018,969	872,776	3,863,028	831,194	534,511	563,433
2,853,037	5,013,078	4,758,963	3,152,319	(1,625,188)	2,132,654	4,256,846
66,334,154	67,009,803	60,044,472	60,315,372	55,262,875	52,209,131	45,084,324
-	-	-	-	-	-	-
<u>\$ 99,873,485</u>	<u>\$ 121,771,863</u>	<u>\$ 79,353,894</u>	<u>\$ 84,840,736</u>	<u>\$ 72,090,406</u>	<u>\$ 59,948,649</u>	<u>\$ 55,204,306</u>

**CITY OF DES MOINES, IOWA**  
**CHANGES IN FUND BALANCES, (DEFICITS) GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified accrual basis of accounting)*  
**(Unaudited)**

	2008	2007	2006	2005
<b>Revenues:</b>				
Taxes	\$ 124,299,047	\$ 121,611,902	\$ 112,978,288	\$ 116,493,690
Franchise fees	15,032,935	14,070,843	14,826,329	8,465,369
Licenses and permits	3,352,394	3,880,861	3,719,456	3,598,952
Fines and Forfeitures	2,675,875	2,654,209	2,610,187	2,359,832
Charges for sales and services	16,074,796	15,895,692	16,217,987	15,485,843
Use of money and property	6,027,254	5,953,778	4,313,515	3,809,621
Miscellaneous	26,364,050	27,619,889	35,036,126	29,971,941
Intergovernmental	41,054,696	42,759,176	59,469,733	48,944,156
<b>Total revenue</b>	<b>234,881,047</b>	<b>234,446,350</b>	<b>249,171,621</b>	<b>229,129,404</b>
<b>Expenditures:</b>				
Public safety	86,456,547	81,911,969	80,859,282	71,721,854
Public works	28,952,001	26,724,957	28,914,351	27,421,998
Health and social services	602,172	1,000,260	17,959,003	15,484,198
Culture and recreation	23,672,112	22,216,125	22,256,463	20,734,462
Community and economic development	34,639,274	23,992,661	9,665,102	3,103,362
General Government	21,432,950	18,423,006	18,232,138	18,839,200
Community protection	-	-	-	-
Human development	-	-	-	-
Home and community environment	-	-	-	-
Policy and administration	-	-	-	-
Leisure-time opportunities	-	-	-	-
Physical environment	-	-	-	-
Social and economic well-being	-	-	-	-
Transportation	-	-	-	-
General administration and support	-	-	-	-
Capital outlay	37,345,948	42,996,476	58,149,989	81,078,701
Debt service:				
Principal retirement	43,612,306	38,670,289	37,143,823	66,242,304
Interest and fiscal charges	16,844,138	16,251,331	16,156,548	17,713,332
<b>Total expenditures</b>	<b>293,557,448</b>	<b>272,187,074</b>	<b>289,336,699</b>	<b>322,339,411</b>
Excess (deficiency) of revenue over expenditures	(58,676,401)	(37,740,724)	(40,165,078)	(93,210,007)
<b>Other financing sources (uses):</b>				
Transfers in	52,208,569	37,686,123	32,198,540	42,922,267
General obligation bonds issued	30,380,000	64,149,218	28,185,000	70,891,133
Proceeds from refunding bonds	-	-	-	-
Other debt issued	8,937,500	2,190,555	692,978	-
Advance refunded debt issuance	-	4,620,782	-	-
Advance refunded debt retirement	-	(4,875,000)	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bond issue	34,048	126,176	1,245,531	1,659,207
Discount on bond issue	(94,216)	(211,854)	-	-
Proceeds from capital asset sale	808,594	883,580	1,631,159	145,686
Residual equity transfer out	-	-	-	-
Transfers out	(56,941,644)	(38,586,123)	(32,030,082)	(43,165,187)
<b>Total other financing sources (uses)</b>	<b>35,332,851</b>	<b>65,983,457</b>	<b>31,923,126</b>	<b>72,453,106</b>
<b>Net changes in fund balance</b>	<b>\$ (23,343,550)</b>	<b>\$ 28,242,733</b>	<b>\$ (8,241,952)</b>	<b>\$ (20,756,901)</b>
Debt service as a percentage of noncapital expenditures	23.6%	24.0%	23.1%	34.7%

Table 5

	2004	2003	2002	2001	2000	1999
\$	107,851,219	\$ 103,451,531	\$ 96,308,483	\$ 91,989,399	\$ 86,912,893	\$ 85,433,385
	4,193,232	4,265,008	3,859,447	4,611,721	3,853,193	3,860,372
	2,959,063	2,402,804	2,092,244	1,846,060	1,496,488	1,629,509
	2,692,081	1,268,577	1,180,136	1,188,396	859,806	711,269
	17,060,010	15,411,630	13,628,396	12,731,107	13,444,186	13,882,064
	2,746,351	5,009,678	6,050,483	6,364,208	5,425,365	4,828,573
	16,227,061	21,822,046	19,666,749	30,054,358	13,966,733	9,689,497
	58,578,519	59,533,449	53,110,848	51,708,994	54,343,335	49,565,659
	212,307,536	213,164,723	195,896,786	200,494,243	180,301,999	169,600,328
	66,035,861	63,375,988	-	-	-	-
	26,384,762	27,365,791	-	-	-	-
	13,519,817	14,940,902	-	-	-	-
	25,774,437	22,626,820	-	-	-	-
	2,731,542	4,281,313	-	-	-	-
	18,593,807	15,906,352	-	-	-	-
	-	-	61,998,245	60,243,173	57,693,583	53,919,127
	-	-	21,423,480	17,691,990	16,687,128	15,351,705
	-	-	85,691,979	47,395,665	50,648,114	47,376,276
	-	-	17,456,312	15,542,915	14,564,550	15,174,843
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	53,862,014	65,508,880	11,696,951	73,759,463	38,528,086	31,287,095
	48,822,094	35,561,702	20,942,573	21,192,766	12,983,779	13,401,571
	15,106,044	15,278,053	14,449,207	13,772,832	11,797,688	11,131,084
	270,830,378	264,845,801	233,658,747	249,598,804	202,902,928	187,641,701
	(58,522,842)	(51,681,078)	(37,761,961)	(49,104,561)	(22,600,929)	(18,041,373)
	58,132,549	53,829,198	53,027,484	48,136,837	51,098,557	46,811,723
	96,515,000	53,118,070	48,789,930	48,854,030	24,950,000	23,400,000
	-	-	-	-	-	-
	51,500	-	-	20,135,000	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	(11,682,240)	-	(9,494,713)	-	-
	3,433,760	407,973	-	-	-	-
	-	(4,062)	-	-	-	-
	1,188,698	96,133	-	-	-	-
	-	-	-	-	-	-
	(57,803,070)	(51,164,293)	(52,449,481)	(50,559,248)	(50,350,865)	(46,074,691)
	101,518,437	44,600,779	49,367,933	57,071,906	25,697,692	24,137,032
\$	42,995,595	\$ (7,080,299)	\$ 11,605,972	\$ 7,967,345	\$ 3,096,763	\$ 6,095,659

29.5%

25.1%

15.9%

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-

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**CITY OF DES MOINES, IOWA**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified accrual basis of accounting)*  
**(Unaudited)**

Table 6

FISCAL YEAR	GENERAL PROPERTY TAXES	MONIES AND CREDITS TAX	MOBILE HOME TAX	STATE REPLACEMENT MONIES AND CREDITS TAX	HOTEL/MOTEL TAX	SPECIAL UTILITY EXCISE TAX	TOTAL TAXES
2007-08	116,396,207	17,140	120,577	---	4,200,778	3,564,345	124,299,047
2006-07	113,947,563	16,340	123,113	---	3,848,692	3,676,194	121,611,902
2005-06	105,522,405	19,199	126,168	---	3,659,431	3,651,085	112,978,288
2004-05	109,191,193	20,337	131,800	---	3,247,730	3,907,277	116,498,337
2003-04	100,257,983	15,778	139,534	---	3,409,509	4,028,415	107,851,219
2002-03	96,095,883	18,893	138,866	248,465	3,164,588	3,784,836	103,451,531
2001-02	89,117,647	16,463	143,005	251,856	2,971,955	3,807,557	96,308,483
2000-01	84,709,144	16,823	144,053	273,293	3,145,771	3,700,315	91,989,399
1999-00	83,210,169	15,583	143,425	264,422	3,279,294	---	86,912,893
1998-99	81,386,439	14,098	151,432	273,756	3,607,660	---	85,433,385
Change							
1999-2008	143.017%	121.578%	79.625%		116.441%		145.492%

Source: City records.

**CITY OF DES MOINES, IOWA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(Accrual basis of accounting)*  
**(Unaudited)**

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Valuation Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railway Property
2007	\$ 6,963,088,460	\$ 3,020,661,560	\$ 194,107,730	\$ 2,979,540	\$ 9,046,322
2006	6,262,344,300	2,926,850,350	183,555,680	2,747,265	8,530,839
2005	6,176,602,000	2,858,531,890	185,469,950	2,738,740	7,757,764
2004	5,514,536,820	2,695,476,615	176,594,260	2,816,090	7,808,752
2003	5,471,665,090	2,699,787,130	178,947,040	2,849,830	7,642,805
2002	4,816,194,627	2,496,300,463	155,148,350	3,719,600	5,857,122
2001	4,754,479,480	2,428,682,190	154,234,620	3,607,900	7,861,225
2000	4,208,757,250	2,206,104,670	153,397,290	4,396,190	7,674,607
1999	4,166,967,850	2,163,294,242	150,436,430	4,783,100	7,570,683
1998	3,834,084,620	2,012,935,370	148,033,670	4,511,580	8,156,470

**Source:**  
State of Iowa Department of Management

Table 7

Machinery/ Equipment Property	Utilities Property	Total Taxable Assessed Value	Total Direct Tax Rate	Percent Growth	Actual Taxable Value	Value as a Percentage of Actual Value
\$ -	\$ 313,110,998	\$ 10,502,994,610	16.57606	8.23%	\$ 6,533,913,362	62%
-	320,020,548	9,704,048,982	16.45083	1.72%	6,210,510,617	64%
-	308,830,443	9,539,930,787	16.52000	9.83%	6,120,705,460	64%
-	289,170,524	8,686,403,061	17.05539	0.57%	5,776,063,229	66%
-	275,926,144	8,636,818,039	17.04806	11.21%	5,781,046,642	67%
-	288,804,423	7,766,024,585	17.04857	1.54%	5,404,736,985	70%
16,516,886	282,650,685	7,648,032,986	17.04857	10.86%	5,274,461,003	69%
36,996,960	281,673,568	6,899,000,535	16.57304	0.98%	5,036,479,029	73%
58,714,269	280,133,063	6,831,899,637	16.81579	6.98%	4,898,231,670	72%
77,197,698	301,011,014	6,385,930,422	16.93966	0.77%	4,536,357,333	71%

**CITY OF DES MOINES, IOWA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Unaudited)**

Tax Year Levied	City Direct Rates							Overlapping Rates		
	General Fund	Transit Fund	Insurance Fund	Emergency Fund	Employee Benefits Fund	Debt Service Fund	Total Direct	Polk County	Broadlawns County Hospital	Ag Extension District
2007-2008	8.10000	0.00000	0.31407	0.00000	4.13701	4.03920	16.59028	6.84207	2.96959	0.03703
2006-2007	8.10000	0.00000	0.27892	0.00000	4.33096	3.74095	16.45083	6.34845	3.49157	0.03771
2005-2006	8.10000	0.46951	0.36352	0.00000	4.03248	3.55449	16.52000	6.34845	3.20245	0.03791
2004-2005	8.10000	0.46940	0.33829	0.00000	4.59394	3.55376	17.05539	6.35281	3.25699	0.03735
2003-2004	8.10000	0.50354	0.33977	0.00000	4.49172	3.61303	17.04806	6.34845	3.05863	0.03803
2002-2003	8.10000	0.58500	0.37168	0.00000	4.43015	3.56174	17.04857	6.34845	2.99339	0.03670
2001-2002	8.10000	0.58500	0.29680	0.00000	4.43107	3.63570	17.04857	6.34845	2.91153	0.03572
2000-2001	8.10000	0.58485	0.25335	0.00000	4.23216	3.40268	16.57304	6.34845	2.55571	0.03501
1999-2000	8.10000	0.58289	0.24874	0.00000	4.42843	3.45573	16.81579	6.38493	2.55357	0.03430
1998-1999	8.10000	0.58289	0.40037	0.27000	4.07428	3.51212	16.93966	6.43205	2.49033	0.03371

Source: Polk County Auditor and Polk County Treasurer

Overlapping rates are those of state, local, and county governments that apply to property owners within the City of Des Moines. Not all overlapping rates apply to all City property owners, although Polk County, Broadlawns Hospital, Ag Extension District, County Assessor, State of Iowa, and Area XI Community College rates apply to all property owners. The school district rates apply to owners depending upon the location of property within the city limits.

Table 8

Polk County Assessor	State of Iowa	Area XI Community College	Regional Transit	Overlapping Rates					
				Des Moines Community School District	Carlisle Community School District	SE Polk Community School District	Saydel Community School District	Johnston Community Schools District	WDM Community School District
0.31349	0.0035	0.60276	0.59997	17.93709	20.00427	21.96487	13.62992	17.34813	13.70031
0.29738	0.00400	0.68688	0.59998	18.01713	17.21211	20.98804	13.38621	17.34623	13.70060
0.35437	0.00400	0.68408	0.00000	18.01394	18.36826	17.98848	13.12949	17.34748	13.50341
0.31745	0.00400	0.59856	0.00000	18.02657	18.36820	17.28014	14.67175	17.21053	13.50200
0.31715	0.00400	0.58184	0.00000	17.36358	18.88304	17.36978	14.79933	16.72967	13.50422
0.34363	0.00400	0.54584	0.00000	17.10442	17.96477	15.41627	14.85788	15.65446	13.50200
0.34318	0.00500	0.54454	0.00000	17.14047	16.32776	15.12681	14.78305	15.09829	13.48681
0.31454	0.00500	0.54506	0.00000	16.94943	17.05605	15.31041	16.76388	14.83631	13.49887
0.30594	0.00500	0.52451	0.00000	16.96196	16.84501	16.54398	16.57378	14.99390	13.50526
0.33081	0.00500	0.50551	0.00000	17.70740	18.32471	16.40861	15.75223	14.67049	13.66525



CITY OF DES MOINES, IOWA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST SIX FISCAL YEARS  
(Unaudited)

Table 9

Fiscal Year Ended June 30	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2007	\$ 117,055,551	\$ 119,875,076	102.41%	\$ -	119,875,076	102.41%
2007	2006	118,629,762	115,357,229	97.24%	88,108	115,445,337	97.32%
2006	2005	109,692,331	106,282,565	96.89%	2,411,675	108,694,240	99.09%
2005	2004	114,202,810	111,914,789	98.00%	3,022,079	114,936,868	100.64%
2004	2003	105,337,109	104,534,389	99.24%	1,363,649	105,898,038	100.53%
2003	2002	100,909,694	99,823,762	98.92%	503,084	100,326,846	99.42%

Source:

The above information presents the information for each period for which it is levied.  
A tax levy provides taxes remitted in the following year.  
Information is not available for years prior to FY2003.



**CITY OF DES MOINES, IOWA  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR  
 (Unaudited)**

Table 10

Taxpayer	2007		Percentage of Total City Taxable Assessed Value
	Taxable Assessed Value	Rank	
Principal Mutual Life, Principal Life Insurance	\$215,034,690	1	3.724%
Wells Fargo Companies	77,411,450	2	1.341%
Nationwide Mutual Insurance Company	72,808,350	3	1.261%
Ruan Center Corporation	41,523,000	4	0.719%
Iowa Methodist Medical Center Companies	40,383,990	5	0.699%
Employers Mutual Casualty Company	38,355,950	6	0.664%
Meridith Companies	41,524,000	7	0.719%
Hubbell Realty Company	38,355,950	8	0.664%
400 Locust, LLC	27,874,000	9	0.483%
Tomorrow 30 DM L.P.	26,484,000	10	0.459%
Lexington TNI Des Moines LP	26,000,000	11	0.450%
Mercy Medical Plaza, LTD (Lessee)	25,113,500	12	0.435%
Graham Group INC	21,558,000	13	0.373%
City Center Dev LTD Parthnership	20,586,500	14	0.357%
Commissioner of Insurance	20,237,000	15	0.350%
Total of top taxpayers' taxable valuation	<u>733,250,380</u>		<u>12.70%</u>
Total Taxable valuation for fiscal year 2007	<u><u>\$5,773,997,164</u></u>		

Source: Polk County. This is latest information available. Records not available for City of Des Moines 10 years ago.

**CITY OF DES MOINES, IOWA**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year	Governmental Activities				Net General Bonded Debt	Percentage of Actual Property Value	Debt Per Capita(1)
	General Obligation Bonds	Loans Payable	Notes Payable	Less Amount Available in Debt Service			
2008	\$ 361,203,000	\$ 10,270,000	\$ 8,069,488	\$ (452,555)	\$ 379,995,043	3.62%	\$ 1,913
2007	371,821,000	1,885,000	10,131,294	17,237,559	366,599,735	3.78%	1,845
2006	342,280,000	2,000,000	12,492,505	30,432,481	326,340,024	3.42%	1,643
2005	349,226,000	2,000,000	7,164,606	17,931,361	340,459,245	3.92%	1,714
2004	344,026,808	2,120,000	7,594,969	37,104,504	316,637,273	3.67%	1,594
2003	295,198,170	2,350,000	8,449,201	872,776	305,124,595	3.93%	1,536
2002	289,047,450	1,269,930	9,261,260	9,714,913	289,863,727	3.92%	1,459
2001	255,146,283	400,000	11,835,000	6,703,311	260,677,972	3.78%	1,312
2000	228,167,434	620,000	31,327	534,511	228,284,250	3.32%	1,182
1999	215,676,723	840,000	60,817	563,433	216,014,107	3.39%	1,118

(1) Per capita numbers for 1997, 1998, 1999 and 2000 are based upon 1990 census data, the remaining years are based upon 2000 census data

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

Table 11

Business-Type Activities						
Loans Payable	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Per Capita Income(1)	Per Capita(1)
\$ 14,858,830	\$ 547,000	\$ 114,233,000	\$ 9,502,899	\$ 518,684,217	13.27%	\$ 2,611
2,262,225	814,000	118,768,885	11,204,648	516,887,052	13.22%	2,602
3,203,442	1,180,000	105,077,418	11,480,377	477,713,742	12.22%	2,404
3,669,791	1,574,000	106,110,292	3,129,730	472,874,419	12.10%	2,380
4,308,936	1,966,000	141,463,196	2,135,710	503,615,619	12.88%	2,535
4,897,756	2,338,500	160,493,495	1,584,527	475,311,649	12.16%	2,392
1,091,882	2,808,900	160,076,794	1,759,617	465,315,833	11.90%	2,342
1,288,796	3,259,300	150,757,094	1,113,953	423,800,426	10.84%	2,133
495,184	3,681,400	176,945,392	-	409,940,737	15.71%	2,122
1,118,914	4,372,800	152,181,050	-	374,250,304	14.34%	1,937



Table 12

**CITY OF DES MOINES, IOWA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**CURRENT YEAR**  
**(Unaudited)**

NAME OF GOVERNMENTAL UNIT	NET GENERAL	PERCENTAGE	CITY OF
	OBLIGATION	APPLICABLE	DES MOINES
	DEBT	TO THIS	SHARE OF
	OUTSTANDING *	GOVERNMENTAL	DEBT
		UNIT	
City of Des Moines	\$ 361,750,000	100.00	% \$ 361,750,000
Polk County	237,663,178	38.63	91,809,286
School Districts:			
Carlisle	11,145,000	7.78	867,081
Des Moines	1,570,000	95.42	1,498,094
Johnston	47,690,000	10.89	5,193,441
Saydel	3,525,000	3.72	131,130
Southeast Polk	61,985,000	1.51	935,974
West Des Moines	2,345,000	0.36	8,442
Urbandale Sanitary Sewer District *	5,730,000	0.13	7,449
Urbandale-Windsor Heights Sanitary Sewer District	—	5.42	—
Area XI Community College	82,815,000	21.87	18,111,641
Total overlapping	454,468,178		118,562,537
Total direct and overlapping	\$ 816,218,178		\$ 480,312,537

\* Information is from FY07 which is last information available.

Excludes revenue-supported debt, tax and aid anticipation certificates and school energy loans.

**CITY OF DES MOINES, IOWA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
*(Dollars in thousands)*  
**(Unaudited)**

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Legal Debt Margin Calculation for Fiscal Year 2006	
Assessed value	\$ 10,485,684,342
Debt limit (5% of assessed value)	<u>524,284,217</u>
Debt applicable to limit:	
General obligation bonds	363,520,000
Less amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	<u>363,520,000</u>
Legal debt margin	<u>\$ 160,764,217</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt limit	\$ 524,284,217	\$ 484,288,145	\$ 476,601,639	\$ 434,211,844
Total net debt applicable to limit	<u>363,520,000</u>	<u>357,825,000</u>	<u>316,570,000</u>	<u>338,700,000</u>
Legal debt margin	<u>\$ 160,764,217</u>	<u>\$ 126,463,145</u>	<u>\$ 160,031,639</u>	<u>\$ 95,511,844</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	69.34%	73.89%	66.42%	78.00%

Table 13

2004	2003	2002	2001	2000	1999
\$ 431,367,371	\$ 387,795,444	\$ 370,126,626	\$ 344,407,642	\$ 344,213,613	\$ 318,214,369
348,112,808	299,886,670	293,176,280	259,556,283	236,740,161	225,789,828
\$ 83,254,563	\$ 87,908,774	\$ 76,950,346	\$ 84,851,359	\$ 107,473,452	\$ 92,424,541
80.70%	77.33%	79.21%	75.36%	68.78%	70.96%

**CITY OF DES MOINES, IOWA**  
**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
*(Dollars in thousands)*  
**(Unaudited)**

Sanitary Sewer Bonds						
Fiscal Year	Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 28,221,011	\$ 13,163,260	\$ 15,057,751	\$ 3,226,244	\$ 4,233,696	2.02
2007	26,776,600	13,096,158	13,680,442	4,129,342	3,622,779	1.76
2006	25,157,528	14,793,686	10,363,842	4,000,305	3,259,999	1.43
2005	22,983,744	12,474,475	10,509,269	4,927,000	1,276,183	1.69
2004	26,311,824	12,067,837	14,243,987	6,902,000	3,085,414	1.43
2003	27,947,332	9,876,222	18,071,110	6,715,000	2,821,371	1.89
2002	27,449,397	7,670,800	19,778,597	6,256,000	3,399,155	2.05
2001	27,648,014	9,184,460	18,463,554	5,961,000	3,712,752	1.91
2000	22,844,594	9,956,061	12,888,533	5,687,000	4,007,583	1.33
1999	23,596,405	9,877,016	13,719,389	5,418,000	4,285,441	1.41

Table 14

Parking Bonds					
Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 11,405,151	\$ 3,784,581	\$ 7,620,570	\$1,540,000	\$1,505,625	2.50
9,761,566	3,772,858	5,988,708	1,540,000	1,514,742	1.96
9,117,986	3,718,880	5,399,106	1,080,000	1,597,402	2.02
8,183,736	6,417,119	1,766,617	1,005,000	1,667,599	0.66
8,373,440	3,625,476	4,747,964	935,000	1,745,068	1.77
10,247,718	5,359,166	4,888,552	810,000	1,872,232	1.82
10,918,133	4,287,489	6,630,644	755,000	1,928,784	2.47
10,415,870	3,939,435	6,476,435	-	1,928,784	3.36
8,942,217	5,225,580	3,716,637	1,065,000	1,518,458	1.44
6,897,177	3,028,480	3,868,697	990,000	1,590,222	1.50



**CITY OF DES MOINES, IOWA  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

**Table 15**

Fiscal Year Ended June 30,	Population(1)	Median Family Income(1)	Per Capita Income (State of Iowa)	Median Age(1)	School Enrollment (3)	Unemployment Rate(2)
2008	198,682	\$56,674	\$19,674	34.6	32,043	4.5%
2007	198,682	\$56,674	\$19,674	34.6	31,549	3.4%
2006	198,682	56,674	19,674	34.6	31,598	3.6%
2005	198,682	56,674	19,674	34.6	31,851	4.1%
2004	198,682	56,674	19,674	34.6	32,150	3.6%
2003	198,682	56,674	19,674	34.6	30,533	3.6%
2002	198,682	56,674	19,674	34.6	32,439	2.7%
2001	198,682	56,674	19,674	34.6	31,922	2.2%
2000	198,682	56,674	19,674	34.6	31,052	2.1%
1999	193,187	37,304	31,659	32.3	32,064	2.1%

**Sources:**

1. FY2008 through FY2000 from the 2000 US Census. FY1999 from the 1990 US Census.
2. FY2008, FY2007 and FY2006 information from Iowa Workforce Development. Other years from Metropolitan Statistical Area. (Polk, Dallas and Warren Counties).
3. Des Moines Public Schools information from the Iowa Department of Education website.

**Notes:** The demographic statistic is being added to the report.

Personal Income data is not available.



**CITY OF DES MOINES, IOWA  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR  
 (Unaudited)**

Table 16

Employer	2006		Percentage of Total City Employment
	Number of Employees	Rank	
Principal Life Insurance Company	-	1	
Des Moines Public Schools	-	2	
Iowa Health Systems	-	3	
National Advantage Mortgage	-	4	
Mercy Medical Center	-	5	
US Postal Service	-	6	
City of Des Moines	-	7	
BFS LLC North America Tire	-	8	
Wellmark Blue Cross and Blue	-	9	
United Parcel Service (UPS)	-	10	
Total of Largest 10 Employees in City	<u>33,693</u>		22.43%
Total Employment--City of Des Moines	<u><u>150,233</u></u>		100.00%

Source: Iowa Workforce Development. This is the only source that gathers employee information for the City of Des Moines without combining it with the rest of Polk County. Information for 2006 is the latest information available. The information for previous years is not available, nor is the information available broken out by individual employer. Each employer above employs over 1000 employees.

**CITY OF DES MOINES  
 FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTIONS  
 LAST SIX FISCAL YEARS  
 (Unaudited)**

FUNCTIONS/PROGRAMS	2008	2007	2006	2005	2004	2003
<b>GOVERNMENTAL FUND TYPES</b>						
Public safety						
Police Department	470.0	466.0	461.0	461.0	454.0	475.0
Fire Department	311.0	310.0	310.0	298.0	286.0	287.0
Community Development--inspections	37.0	36.0	36.0	35.2	41.5	59.0
<b>Total public safety</b>	<b>818.0</b>	<b>812.0</b>	<b>807.0</b>	<b>794.2</b>	<b>781.5</b>	<b>821.0</b>
Public works						
Engineering	94.0	94.0	92.0	92.0	92.0	99.0
Public Works Department-- streets	90.0	90.0	93.0	91.0	88.0	89.0
Public Works Department--other	27.0	27.0	24.0	27.0	26.0	26.0
<b>Total public works</b>	<b>211.0</b>	<b>211.0</b>	<b>209.0</b>	<b>210.0</b>	<b>206.0</b>	<b>214.0</b>
Health and social services						
Community Development Grants	36.0	35.3	35.1	37.3	32.0	34.0
Human Rights	3.0	3.0	3.0	3.0	3.0	7.0
<b>Total health and social services</b>	<b>39.0</b>	<b>38.3</b>	<b>38.1</b>	<b>40.3</b>	<b>35.0</b>	<b>41.0</b>
Culture and recreation						
Parks Department	127.8	129.0	129.4	146.0	140.0	162.0
Public Libraries	76.0	76.0	75.0	62.0	59.0	68.0
<b>Total culture and recreation</b>	<b>203.8</b>	<b>205.0</b>	<b>204.4</b>	<b>208.0</b>	<b>199.0</b>	<b>230.0</b>
Community and economic development						
City Manager--Economic Development	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total Community and economic development</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>

Source: City records. FY2008 budgeted positions, other years, actuals. Prior years not available.

Table 17

	2008	2007	2006	2005	2004	2003
General government						
City Clerk	6.0	6.0	6.0	6.0	6.0	8.0
City Manager	12.0	11.0	11.0	10.0	8.5	11.0
Community Development	11.0	10.8	10.8	10.5	9.5	15.0
Finance Department	21.0	21.0	23.0	22.0	23.5	28.0
Human Resources	11.0	11.0	11.0	11.0	11.0	14.0
Information Technology	25.0	25.0	21.0	21.0	21.0	23.0
Legal	22.0	22.0	22.0	21.0	21.0	24.0
Mayor and Council	8.0	8.0	8.0	8.0	8.0	8.0
Parks Department	12.8	11.6	11.5	16.0	17.0	17.0
Total general government	128.8	126.4	124.3	125.5	125.5	148.0
<b>Total governmental fund types</b>	<b>1405.6</b>	<b>1397.7</b>	<b>1387.7</b>	<b>1383.0</b>	<b>1352.0</b>	<b>1459.0</b>
PROPRIETARY FUNDS						
Airport	121.4	117.4	119.0	118.0	119.0	124.0
Parking facilities system	15.0	15.0	15.0	15.0	15.0	14.0
Sewer system	53.2	50.0	49.3	78.1	77.0	76.0
Stormwater utility	57.9	59.7	60.4	30.8	27.0	26.0
Golf	5.0	5.0	8.0	9.0	9.0	7.0
Solid waste system	56.6	57.0	58.0	63.0	71.0	84.0
Municipal Housing Agency	61.0	61.0	66.0	67.0	64.0	68.0
Internal service funds	61.0	61.0	62.0	61.0	61.0	65.0
<b>Total governmental fund types</b>	<b>431.1</b>	<b>426.1</b>	<b>437.7</b>	<b>441.9</b>	<b>443.0</b>	<b>464.0</b>
<b>Total City employment</b>	<b>1836.7</b>	<b>1823.8</b>	<b>1825.3</b>	<b>1824.9</b>	<b>1795.0</b>	<b>1923.0</b>

**CITY OF DES MOINES, IOWA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST SEVEN YEARS**  
**(Unaudited)**

	2008	2007
<b>Public safety:</b>		
Police Department--calls for service	340,829	396,504
Detective bureau--persons offenses assigned	7,917	6,148
Detective Bureau--property offenses assigned	16,392	20,483
Fire Department--total incidents	19,594	18,620
Fire suppression--total fires	4,385	4,779
Emergency medical services--medic calls	15,209	13,841
Emergency medical services--transports	11,446	10,757
Permit and Development Center--number of permits issued	11,054	11,474
Permit and Development Center--number of inspections	32,351	25,285
Permit and Development Center--number of plan reviews	3,130	3,712
<b>Public works:</b>		
Engineering Department--cost of awarded contracts	\$84,757,631	\$44,449,946
Public Works Department--snow and ice control-lane miles	2,117	2,065
<b>Health and social services:</b>		
Low-income energy assistance (number of households)	6,995	6,853
Furnace repair/replacements (number of households)	246	146
Energy reconnect project (number of households)	503	285
Weatherization (number of households)	89	-
NCS applications taken	62	73
Senior Living Program applications taken (households)	315	192
<b>Culture and recreation:</b>		
Library usage--annual visits	1,376,298	1,389,530
Aquatic center/pools attendance	126,931	126,569
Annuals (plants) distributed to organizations	96,000	88,944
Community center attendance (calendar year)	227,313	224,250
Cemeteries--burials	687	674
<b>Community and economic development:</b>		
Assessed valuation increase in assisted projects	N/A	\$1,559,476,140
<b>General government:</b>		
Animal licenses issued (cat and dog)	21,830	21,223
Legal Department--written legal opinions	909	947
Tort litigation--traffic court trials	1,706	2,418
<b>Enterprise funds:</b>		
Airport--number of enplaned passengers	994,558	986,011
Number of sanitary sewer feet cleaned per year	1,061,280	1,059,130
Number of storm sewer feet cleaned per year	258,720	69,164
Solid waste collected annually (lbs) per year	120,286,400	122,000,000
Rounds of golf	94,545	168,722

Source: City records. Prior years not available.

Table 18

2006	2005	2004	2003	2002
386,178	256,122	234,556	239,845	240,453
6,210	1,050	515	752	660
22,131	14,174	11,223	12,495	10,311
17,662	16,802	16,107	16,648	Not available
4,685	999	1,011	1,170	1,096
12,977	12,412	11,715	11,986	12,186
10,369	9,966	9,210	8,987	8,679
10,860	14,878	13,138	13,210	Not available
22,651	23,746	26,400	28,700	Not available
4,165	5,107	3,573	3,792	Not available
\$56,515,585	\$79,066,963	\$62,542,252	\$53,203,879	\$65,248,203
2,065	2,065	2,065	2,065	2,065
6,537	6,520	6,531	6,356	6,280
213	288	180	90	95
282	230	202	136	75
-	133	124	124	140
58	54	73	22	Not available
190	438	743	544	Not available
1,024,154	967,364	896,190	994,815	957,347
110,954	112,042	107,962	127,716	141,341
85,056	210,000	150,000	122,000	137,000
229,920	215,216	191,166	Not available	Not available
637	719	737	728	744
\$1,457,118,484	\$70,656,237	\$55,900,000	\$12,917,730	\$18,013,480
20,521	20,813	18,359	14,933	17,663
814	1,484	1,583	1,277	1,394
1,159	252	231	170	176
958,514	995,715	952,967	899,974	808,086
1,252,300	1,613,315	1,968,880	1,613,315	1,663,078
92,165	305,337	350,338	305,337	325,964
13,310,000	9,403,537	15,152,400	15,100,533	13,825,185
161,665	112,042	97,030	102,708	103,000

**CITY OF DES MOINES, IOWA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

	2008	2007	2006	2005
<b>Function/Program</b>				
<b>Public Safety:</b>				
Police:				
Number of Stations	1	1	1	1
Fire:				
Number of Stations	10	10	10	10
Stations with EMS transport capability	7	7	7	7
<b>Public Works:</b>				
Streets paved lane miles	2,023	1,897	1,897	1,895
Streets unpaved lane miles	94	76	76	76
Sanitary sewer miles	889	861	861	857
Storm sewer miles	472	458	458	453
Number of street lights	23,614	23,376	23,376	23,376
Area--number of city square miles	82	82	82	81
<b>Culture and Recreation:</b>				
Parks-number of park areas	73	72	72	70
Total park acres	3,226	3,223	3,213	3,210
Number of boulevards	6	6	6	6
Number of playgrounds	58	58	58	58
Number of golf courses	3	3	3	3
Number of soccer fields	12	12	12	12
Number of aquatic centers/pools	5	5	5	5
Number of tennis courts	57	59	59	59
Number of softball diamonds	9	13	13	14
Number of baseball diamonds	9	5	5	5
Number of community centers	4	5	5	5
Miles of bike trails	37	29	29	29
<b>Cemeteries:</b>				
Number of facilities	7	5	5	5
Number of acres	332	460	460	460
<b>Library:</b>				
Number of Facilities	6	6	6	6
Number of Volumes	563,917	548,272	526,735	562,702

Source: City Records

Note: Some information is not available for some of the years.

Table 19

2004	2003	2002	2001	2000	1999
1	1	1	1	1	1
10	10	10	10	10	10
7	7	7	7	7	7
1,856	1,848	1,834	1,780	1,770	724
93	93	93	93	118	98
851	847	842	845	835	835
442	437	434	437	434	434
23,376	23,376	24,300	24,300	23,900	23,055
80	80	79	77	77	77
69	65	65	65	65	65
3,208	3,208	3,208	3,208	3,208	3,480
6	6	5	5	5	5
57	55	55	55	55	55
3	3	3	3	3	3
12	12	12	12	12	12
5	5	5	6	6	6
59	57	56	56	56	61
14	9	8	8	8	8
5	5	4	4	4	3
5	5	4	4	5	5
16	16	16	16	16	17
5	5	5	5	5	5
460	448	448	271	271	308
6	6	6	6	6	6
580,240	596,556	623,175	628,433	511,495	535,670



**SINGLE AUDIT SECTION**

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**CITY OF DES MOINES, IOWA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2008**

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/07 - 6/30/08)
<b>U.S. Department of Health and Human Services</b>		
<b>Community Services Block Grant:</b>		
(Passed through the Iowa Department of Human Rights)		
Program Year: 2007		
Contract Number: CSBG-07-07-CJ		
October 1, 2006 - September 30, 2007	93.569	\$ 384,011
Program Year: 2008		
Contract Number: CSBG-08-07-CJ		
October 1, 2007 - September 30, 2008	93.569	170,085
<b>Low-income Home Energy Assistance Block Grant:</b>		
(Passed through the Iowa Department of Human Rights)		
Program Year: 2007		
Contract Number: 2207-07J		
October 1, 2006 - September 30, 2007	93.568	59,889
Program Year: 2008		
Contract Number: 2206-08J		
October 1, 2007 - September 30, 2008	93.568	2,758,501
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 3,372,486</b>
<b>U.S. Department of Housing and Urban Development</b>		
<b>Community Development Block Grant Program Entitlement:</b>		
Entitlement Years: 2007 - 2008	14.218	\$ 4,626,278
Fair Housing Assistance Program		
Cooperative Agreement	14.401	18,540
Agrimergent Technology Park		
B-03-SP-IA-0197	14.246	75,590
Riverpoint West Phase 1		
B-01-BD-190019	14.246	225,669
Section 108 Loan		
Riverpoint West	14.248	8,499,930
<b>Supportive Housing Program:</b>		
Lighthouse Host Home #IA26B702010		
March 1, 2008 - February 28, 2009	14.235	95,298
Primary Health Care Enhancement #IA26B702002		
July 1, 2008 - June 30, 2009	14.235	1,088
YMCA Transitional Housing Program #IA26B502006		
September 1, 2006 - August 31, 2007	14.235	29,527
West Des Moines Human Services #IA26B502007		
August 1, 2006 - July 31, 2007	14.235	968
Buchanan Transitional Living Center #IA26B302003		
December 1, 2004 - November 30, 2007	14.235	40,509
HMIS #IA26B602002		
November 1, 2007 - October 31, 2008	14.235	69,793
Primary Health Care Street Outreach #IA26B602008		
July 1, 2007 - June 30, 2008	14.235	83,738
West Des Moines Human Services #IA26B602010		
August 1, 2007 - July 31, 2008	14.235	71,448
Primary Health Care Enhancement #IA26B602009		
July 1, 2007 - June 30, 2008	14.235	248,281
Buchanan Transitional Living Center #IA26B602007		
December 1, 2007 - November 30, 2008	14.235	57,511

**CITY OF DES MOINES, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2008**

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/07 - 6/30/08)
<b>U.S. Department of Housing and Urban Development</b> (continued)		
Lighthouse Host Home #IA26B602006 March 1, 2007 - February 28, 2008	14.235	192,028
House of Mercy #IA26B602003 May 1, 2007 - April 30, 2008	14.235	236,765
YMCA Transitional Housing Program #IA26B602005 September 1, 2006 - August 31, 2007	14.235	86,379
House of Mercy - Capitol Park #IA26B602004 March 1, 2007 - February 28, 2008	14.235	151,060
HMIS #IA26B502009 July 1, 2006 - June 30, 2007	14.235	2,034
Shelter Plus Care - Anawim Housing #IA26C302001 May 3, 2004 - May 2, 2009	14.238	186,640
Shelter Plus Care - Anawim Housing #IA26C602011 May 9, 2007 - May 8, 2008	14.238	636,932
Shelter Plus Care - Anawim Housing #IA26C702011 April 20, 2008 - April 19, 2009	14.238	138,987
<b>Emergency Shelter Grant Program:</b>		
Program Year: 2008 Contract Number: S-08-MC-19-0001 January 1, 2008 - December 31, 2008	14.231	104,126
Program Year: 2007 Contract Number: S-07-MC-19-0001 January 1, 2007 - December 31, 2007	14.231	92,797
<b>Home Investment in Affordable Housing:</b>		
Program Year: 2005 Contract Number: M-05-MC-19-0201 March 31, 2005 - March 31, 2010	14.239	2,287
Program Year: 2006 Contract Number: M-06-MC-19-0201 March 31, 2006 - March 31, 2011	14.239	684,269
Program Year: 2007 Contract Number: M-07-MC-19-0201 March 31, 2007 - March 31, 2012	14.239	309,393
Program Year: 2008 Contract Number: M-08-MC-19-0201 March 31, 2008 - March 31, 2013	14.239	73,394
(Passed through the State of Iowa) Agreement #: 04HM123-721 & 04HM130-731	14.239	93,793
<b>Total U.S. Department of Housing and Urban Development</b>		<b>\$ 17,135,052</b>

**U.S. Department of Justice**

<b>Public Safety and Community Policing Grants:</b>		
Weed and Seed Contract #2006-W0069-IA-WS January 1, 2007 - December 31, 2007	16.710	\$ 138,509
Secure Our Schools Grant #2007CKWX0100 Edward Byrne Memorial Justice Assistance Grant	16.710	203,842
Grant #2005DJBX0566	16.738	1,839

**CITY OF DES MOINES, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2008**

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/07 - 6/30/08)
<b>U.S. Department of Justice</b>		
(continued)		
Edward Byrne Memorial Justice Assistance Grant Grant #2006DJBX0531	16.738	32,285
Edward Byrne Memorial Justice Assistance Grant Grant #2007DJBX0221	16.738	172,317
Cops In Schools Grant #2003SHWX0131	16.710	22,727
Cops Meth Initiative Grant #2007CKWX0309	16.710	141,372
Edward Byrne Memorial State & Local Law Enforcement Assistance #2003DDBX1132	16.580	21,845
<b>Community Prosecution and Project Safe Neighborhoods</b> Anti-Gang Initiative #06PSNAG-SD07	16.609	24,047
<b>Total U.S. Department of Justice</b>		<b>\$ 758,783</b>
<b>U.S. Department of Transportation</b>		
<b>Governor's Traffic Safety Program:</b>		
(Passed through the Iowa Department of Public Safety)		
Governor's Traffic Safety Program Contract Number: PAP 07-04 October 1, 2006 - September 30, 2007	20.600	\$ 7,401
OWI Enforcement - Governor's Traffic Safety Program Contract Number: PAP 07-163 October 1, 2006 - September 30, 2007	20.600	45,803
Governor's Traffic Safety Program Contract Number: PAP 08-04 October 1, 2007 - September 30, 2008	20.600	54,417
<b>Highway Research, Planning, and Construction:</b>		
(Passed through the Iowa Department of Transportation)		
SE 14th St Army Post Rd Traffic Signal Interconnect STP-A-1945(694)--86-77	20.205	1,920
Hickman Road Resurfacing STP-U-1945(725)--70-77	20.205	199,497
Fleur Drive Traffic Signal Interconnect STP-A-1945(701)--86-77	20.205	2,000
Ingersoll Av Streetscape Impr 29th to 31st St STP-E-1945(706)--8V-77	20.205	138,388
Center Street Pedestrian Bridge EDP-1945(709)--7Y-77	20.205	2,496,198
Hickman Road Resurfacing STP-U-1945(726)--70-77	20.205	133,990
SE 5th Street over Yeader Creek Bridge Rehabilitation STP-U-1945(734)--70-77	20.205	170,973
E.14th St. (US 69) from E. University Ave. to E. Aurora Ave. STP-U-1945(702)--70-77	20.205	500,000
E.14th St. (US 69) from E. University Ave. to E. Aurora Ave. STP-U-1945(732)--70-77	20.205	104,602
SE Connector: SW 2nd/SE 6th NHSX-U-1945(203)--8S-77	20.205	238,829
SE Connector: Environmental Impact NHSX-U-1945(202)-8S-77	20.205	549,913
SE Connector: SE 6th/14th		

**CITY OF DES MOINES, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2008**

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/07 - 6/30/08)
NHSX-U-1945(201)-8S-77	20.205	240,729
<b>U.S. Department of Transportation</b> (continued)		
SE Connector - Elm & Water Pavement Reovals & Levee NHSX-U-1945(401)-8S-77	20.205	13,941
SE Connector SW 2nd to SE 6th Design Consultant Svcs NHSX-U-1945(251)-8S-77	20.205	15,724
SE Connector: DSM River Bridge & Levee NHSX-U-1945(252)- 8S-77	20.205	90,393
Downtown Way Finding Signage STP-A-1945(703)-86-77	20.205	396,513
SE Connector - DSM River Bridge NHSX-U-1945(402)- 8S-77	20.205	364,605
SE Connector - DSM River Bridge NHSX-U-1945(403)- 8S-77	20.205	622,144
SE Connector - ROW Acquisition NHSX-U-1945(302)-8S-77	20.205	890,022
SE Connector - ROW Acquisition NHSX-U-1945(303)-8S-77	20.205	674,061
Walnut Creek Trail Phase II, III, IV Project Number: STP-ES-1945(665)-8I-77	20.219	83,592
Walnut Creek Trail Phase 1A Project Number: STP-ES-1945(667)-8V-77	20.219	5,431
American Discovery Trail Segment 3 from N Valley Dr to Bill Riley Trail along Walnut Creek STP-ES-1945(705)-8I-77	20.219	31,756
<b>Airport Improvement Program:</b>		
Runway 13/31 Rehabilitation Phase 1 AIP Number: 3-19-0027-38	20.106	390,571
Runway 13/31 Rehabilitation Phase 2 AIP Number: 3-19-0027-39	20.106	10,000
Runway 13R-31L Land Phase 4 AIP Number: 3-19-0027-45	20.106	1,303,799
FAR Part 150 Noise Exposure Map Update AIP Number: 3-19-0027-43	20.106	19,771
2006 Master Plan Update and Runway 13R-31L Benefit Cost Analysis AIP Number: 3-19-0027-42	20.106	40,415
<b>Transportation Security Administration</b>		
Memorandum of Agreement fulfilling Security Directive SD1542-02-01 Law Enforcement Personnel	20.SD1542-02-01	220,624
<b>Total Department of Transportation</b>		<b>\$ 10,058,022</b>
<b>U.S. Environmental Protection Agency</b>		
Brownfields Clean-Up Revolving Loan Fund Contract Number: BF-98734301 October 1, 2003 - November 30, 2008	66.818	\$ 40,447
Sanitary Sewer Lining Project XP-98728601	66.202	567,162
<b>Total U.S. Environmental Protection Agency</b>		<b>\$ 607,609</b>

**CITY OF DES MOINES, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2008**

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/07 - 6/30/08)
<b>U.S. Department of Homeland Security</b>		
(Passed through IA Dept of Homeland Security)		
Law Enforcement Terrorism Protection Program FY2006-LETPP-LEIN5-05	97.074	\$ 190,530
Law Enforcement Terrorism Protection Program FY2005-LETPP-LEIN5-05	97.074	127,579
Homeland Security Grant Program Agreement #0001-EOD-2005	97.067	11,409
Homeland Security Grant Program Agreement #0001-EOD-2006	97.067	183,713
Homeland Security Grant Program Agreement #0001-EOD-2007	97.067	1,260
Homeland Security Grant Program Agreement #0001-SWAT-2005	97.067	183,121
Homeland Security Grant Program Agreement #0001-SWAT-2006	97.067	507,036
Homeland Security Grant Program Agreement #2006-GE-T6-0065-015	97.067	257,822
<b>U.S. Federal Emergency Management Agency</b>		
Metro Medical Response System		
Agreement #: 233-01-0054		
Agreement #: 2005-GE-T5-0056	97.071	788
Federal Disaster Declaration #1688 FIPS 153-21000-00	97.036	215,522
Federal Disaster Declaration #1763 FIPS 153-21000-00	97.036	906,686
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 2,585,466</b>
<b>Other</b>		
<b>Office of National Drug Control Policy</b>		
High Intensity Drug Traffic Area Contract Number: I5PMWP556 February 1, 2005 - July 31, 2006	58.I5PMWP556Z	\$ 1,649
High Intensity Drug Traffic Area Contract Number: I6PMWP556 February 1, 2006 - July 31, 2007	58.I6PMWP556Z	12,171
High Intensity Drug Traffic Area Contract Number: I7PMWP556 February 1, 2007 - July 31, 2008	58.I7PMWP556Z	31,879
High Intensity Drug Traffic Area Contract Number: I8PMWP556 February 1, 2008 - July 31, 2009	58.I8PMWP556Z	43,993
<b>Department of Labor, Employment and Training Administration</b>		
Multiple Education Pathways Blueprint Agreement #: YF-16311-07-60-A-19	17.261	206,841
<b>Total Other</b>		<b>\$ 296,533</b>
<b>Total All Federal Grants</b>		<b>\$ 34,813,951</b>



City of Des Moines, Iowa

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Des Moines, Iowa for the year ended June 30, 2008. The accompanying schedule of expenditures of federal awards does not include any awards pertaining to the Municipal Housing Agency, an enterprise fund of the City, which is reported under separate cover. All other federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2. Significant Accounting Policies**

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue and revenue is available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement.

**Note 3. Subrecipients**

Of the federal expenditures presented in the schedule, the City of Des Moines, Iowa provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 679,726
Home Investment in Affordable Housing	14.239	119,122
Supportive Housing Program	14.235	1,341,588
Shelter Plus Care	14.238	962,559
Emergency Shelter Grant Program	14.231	191,156
Weed and Seed	16.710	34,639
Multiple Education Pathways Blueprint	17.261	194,757
Homeland Security Grant Program	97.067	184,157
Law Enforcement Terrorism Protection Program	97.074	290,923

**Note 4. Noncash Assistance**

Included in amounts reported on the Schedule of Expenditures of Federal Awards, the Homeland Security Grant Programs (CFDA 97.067) of the City of Des Moines, Iowa received noncash assistance in the form of Homeland Security equipment for the police and fire departments. The equipment received during the year had a fair value of \$189,726 for the year ended June 30, 2008. This equipment received was included in the determination of federal awards expended for the year ended June 30, 2008.

City of Des Moines, Iowa

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2008

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Comment Number	Comment	Status	Corrective Action or Other Explanation
<b>Statutory Reporting:</b>			
07-IV-A	Expenditures exceeded budget in public safety, community and economic development, general government and debt service functions.	Not corrected.	See current year finding at 08-IV-A.

# McGladrey & Pullen

Certified Public Accountants

## **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**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Des Moines, Iowa as of and for the year ended June 30, 2008, which collectively comprise the City of Des Moines, Iowa's basic financial statements and have issued our report thereon dated November 14, 2008. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Des Moines Public Library Foundation, the discretely presented component unit, as described in our report on the City of Des Moines, Iowa's financial statements. The financial statements of the Des Moines Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

The City of Des Moines, Iowa's basic financial statements include the Municipal Housing Agency major fund. Our report below does not extend to the Municipal Housing Agency because it is reported in a separately issued financial and compliance report of the Municipal Housing Agency.

### **Internal Control Over Financial Reporting**

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

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

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

Our consideration of the 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 the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Des Moines, Iowa'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*.

We noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the basic 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.

This report is intended solely for the information and use of the Mayor and Members of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McShadrey & Pullen, LLP*

Davenport, Iowa  
November 14, 2008

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

### **Scope of this Report**

The City of Des Moines, Iowa's basic financial statements include the financial statements of the Des Moines Public Library Foundation which was audited by other auditors. The financial statements of the Des Moines Public Library Foundation were not audited in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States or the OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Accordingly, our audit, described below, does not extend to the discretely presented component unit.

The City of Des Moines, Iowa's basic financial statements include the operations of the Municipal Housing Agency, which expended \$15,849,984 in federal awards, which is not included in the City's schedule during the year ended June 30, 2008. Our audit, described below, did not extend to the operations of the Municipal Housing Agency because it is reported in a separately issued financial and compliance report of the Municipal Housing Agency.

### **Compliance**

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

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

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

### **Internal Control Over Compliance**

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

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

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

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

This report is intended solely for the information and use of the Mayor and Members of the City Council, management, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 14, 2008

City of Des Moines, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008

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I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grant Entitlement
20.205	Highway Research, Planning and Construction
14.248	Community Development Block Grants - Section 108 Loan Guarantees
97.036	Public Assistance Grants

Dollar threshold used to distinguish between type A and type B programs: \$1,044,418

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

City of Des Moines, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008

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II. Findings Related to the Basic Financial Statements

A. Significant Deficiencies in Internal Control

None

B. Compliance

None

III. Findings and Questioned Costs for Federal Awards

None

IV. Other Findings Related to Required Statutory Reporting

**08-IV-A**

Certified Budget: Expenditures for the year ended June 30, 2008 exceeded the function budgeted amount in the public safety, public works, culture and recreation, community and economic development, general government and 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 accrual or continuing appropriation.

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before expenditures were allowed to exceed budget.

Response and Corrective Action Plan: The City will look for ways to prevent exceeding the budgetary functions.

Conclusion: Response accepted.

**08-IV-B**

Questionable Expenditures: We noted no expenditures for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as this is defined in the Attorney General's opinion dated April 25, 1979.

**08-IV-C**

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

**08-IV-D**

Business Transactions: The City represents there are no business transactions between the City and City officials or employees in accordance with Chapter 362.5(10) of the Code of Iowa and none were noted in performing the audit.

(Continued)

City of Des Moines, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008

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**08-IV-E**

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

**08-IV-F**

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

**08-IV-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.

**08-IV-H**

Revenue Bonds: The City has established the sinking and reserve accounts required by the revenue bonds.

City of Des Moines, Iowa

Corrective Action Plan  
Year Ended June 30, 2008

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Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
<b>Statutory Reporting:</b>				
08-IV-A	Expenditures exceeded budget in public safety, public works, culture and recreation, community and economic development, general government and debt service functions.	See corrective action plan at 08-IV-A.	Allen McKinley, Finance Director	June 30, 2009