

City of Waukee, Iowa

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

June 30, 2009

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**City of Waukee, Iowa
OFFICIALS**

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
Waukee, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Waukee, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the contents page of this report. These financial statements are the responsibility of the City of Waukee's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Waukee as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2009 on our consideration of the City of Waukee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 13 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukee's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 9, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Waukee provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the City's Governmental Funds increased 66.21 %, or approximately \$ 6,469,267, from fiscal 2008 to fiscal 2009. Property Tax increased approximately \$ 913,192, Tax Increment Financing increased \$ 376,768, Licenses and Permits increased \$ 45,383, Intergovernmental increased approximately \$ 3,587,290 and Miscellaneous increased \$ 972,003.
- Program expenses increased 63.87 %, or approximately \$10,028,937 in fiscal 2009 from fiscal 2008. Public Safety expenses increased \$ 584,995, Community and Economic Development increased \$146,721, Culture and Recreation increased \$228,473, General Government increased \$ 264,421, Debt Service increased \$ 5,827,142 and Capital Projects increased \$ 3,043,187.
- The City has net assets of \$ 91,393,270 on June 30, 2009 as compared to \$ 72,839,396 on June 30, 2008. Of this amount, the net assets of the Governmental Activities was \$ 68,229,448 and the net assets of the Business Type Activities was \$ 23,163,822.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

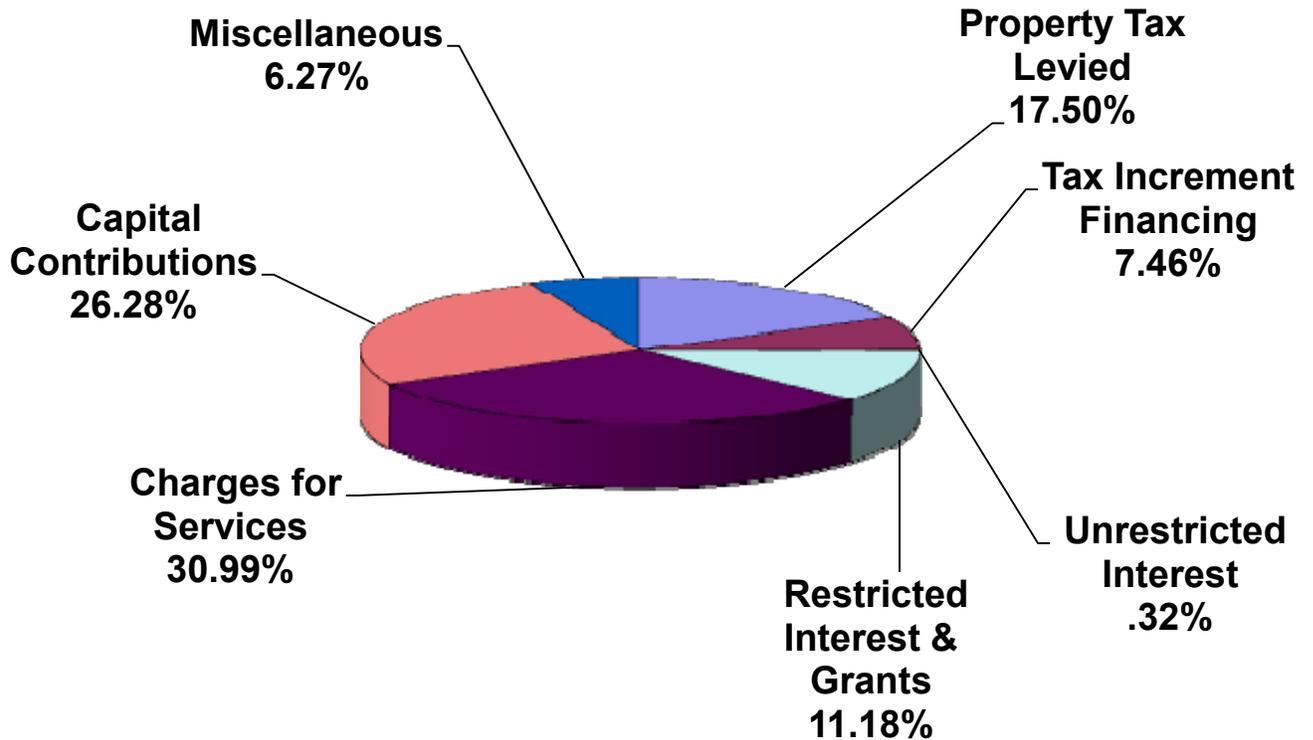
	Net Assets					
	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 16,810,870	\$ 14,120,606	\$ 10,342,754	\$ 10,517,144	\$ 27,153,624	\$ 24,637,750
Capital Assets	<u>85,324,673</u>	<u>67,396,505</u>	<u>25,039,059</u>	<u>23,998,207</u>	<u>110,363,732</u>	<u>91,394,712</u>
Total Assets	<u>102,135,543</u>	<u>81,517,111</u>	<u>35,381,813</u>	<u>34,515,351</u>	<u>137,517,356</u>	<u>116,032,462</u>
Long-term Liabilities	25,721,669	23,868,410	10,992,622	12,020,518	36,714,291	35,888,928
Other Liabilities	<u>8,184,426</u>	<u>6,629,944</u>	<u>1,225,369</u>	<u>751,471</u>	<u>9,409,795</u>	<u>7,381,415</u>
Total Liabilities	<u>33,906,095</u>	<u>30,498,354</u>	<u>12,217,991</u>	<u>12,771,989</u>	<u>46,124,086</u>	<u>43,270,343</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	59,970,184	43,638,008	17,328,115	15,979,746	77,298,299	59,617,754
Restricted	5,500,816	5,196,577	616,253	554,544	6,117,069	5,751,121
Unrestricted	<u>2,758,448</u>	<u>2,184,172</u>	<u>5,219,454</u>	<u>5,209,072</u>	<u>7,977,902</u>	<u>7,393,244</u>
Total Net Assets	<u>\$ 68,229,448</u>	<u>\$ 51,018,757</u>	<u>\$ 23,163,822</u>	<u>\$ 21,743,362</u>	<u>\$ 91,393,270</u>	<u>\$ 72,762,119</u>

The largest portion of the City's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt excluding unspent debt proceeds. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately \$ 7,881,000 at the end of this year.

Changes in Net Assets

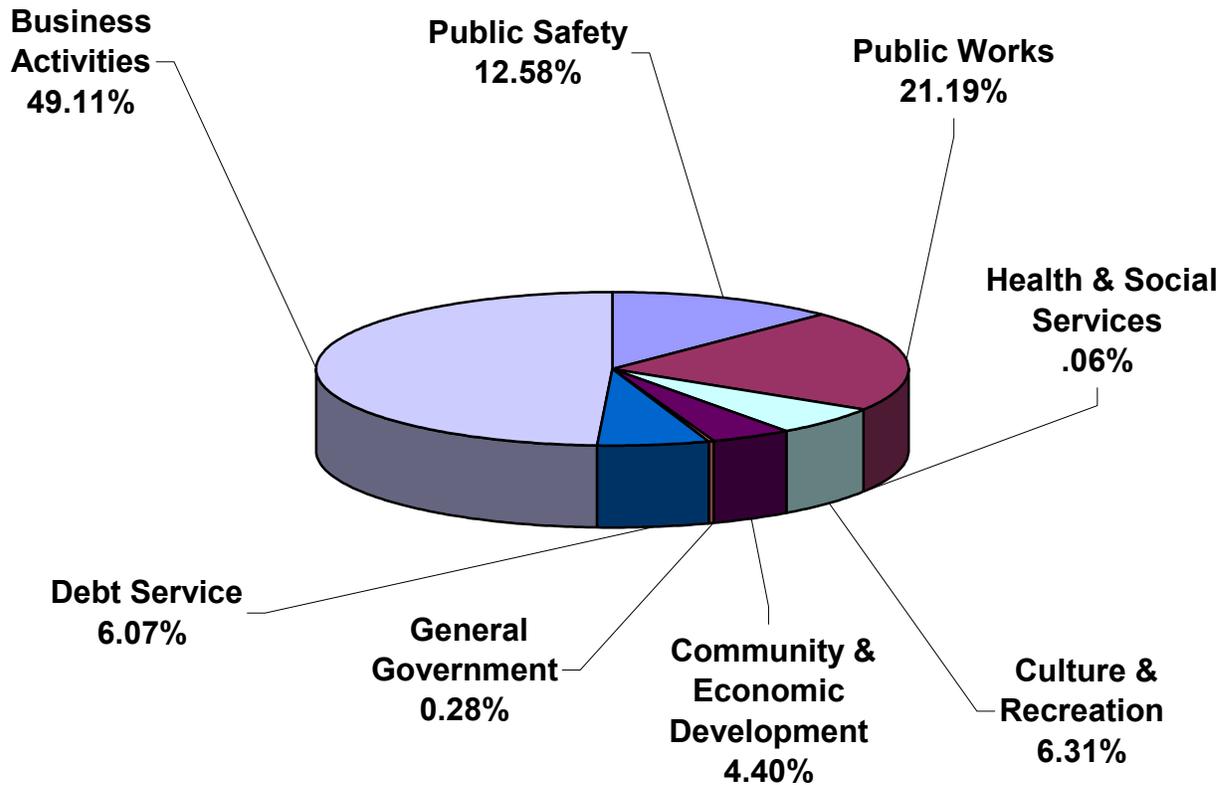
	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Property Tax Levied	\$ 6,620,428	\$ 5,004,954	\$ -	\$ -	\$ 6,620,428	\$ 5,004,954
Tax Increment Financing	2,824,039	2,447,271	-	-	2,824,039	2,447,271
Unrestricted Interest	41,713	257,203	80,837	299,041	122,550	556,244
Restricted Interest and Grants	4,230,786	851,344	-	-	4,230,786	851,344
Charges for Services	1,383,564	1,040,581	10,342,163	10,369,401	11,725,727	11,409,982
Capital Contributions	9,899,335	5,023,980	45,499	392,670	9,944,834	5,416,650
Miscellaneous	1,182,801	170,474	1,187,692	1,585,467	70,493	1,755,941
Sale of Assets	-	1,251	-	-	-	1,251
Total General Revenues	26,182,666	14,797,058	11,656,191	12,646,579	37,838,857	27,443,637
Transfers	763,134	462,471	(763,134)	(462,471)	-	-
Total Revenues and Transfers	<u>\$ 26,945,800</u>	<u>\$ 15,259,529</u>	<u>\$ 10,893,057</u>	<u>\$ 12,184,108</u>	<u>\$ 37,838,857</u>	<u>\$ 27,443,637</u>

2009 Revenues



	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Expenses						
Public Safety	\$ 2,425,527	\$ 1,995,017	\$ -	\$ -	\$ 2,425,527	\$ 1,995,017
Public Works	4,087,438	3,514,823	-	-	4,087,438	3,514,823
Health and Social Services	11,000	9,800	-	-	11,000	9,800
Culture and Recreation	1,216,490	1,032,315	-	-	1,216,490	1,032,315
Community and Economic Development	848,245	799,471	-	-	848,245	799,471
General Government	53,132	685,448	-	-	53,132	685,448
Debt Service	1,170,554	888,215	-	-	1,170,554	888,215
Business Activities	-	-	9,473,731	9,810,245	9,473,731	9,810,245
Total Expenses	9,812,386	8,925,089	9,473,731	9,810,245	19,286,117	18,735,334
Increase in Net Assets	17,133,414	6,334,440	1,420,460	2,373,863	18,553,874	8,708,303
Net Assets Beginning of Year, as restated	51,096,034	44,761,594	21,743,362	19,369,499	72,839,396	64,131,093
Net Assets End of Year	\$ 68,229,448	\$ 51,096,034	\$ 23,163,822	\$ 21,743,362	\$ 91,393,270	\$ 72,839,396

2009 Program Expenses



The City maintained the \$ 13.50 property tax levy for FY09, while recognizing a \$ 1,615,474 increase in property tax revenue due to actual valuations being increased. The City also recognized an increase of \$ 376,768 from increased commercial property tax valuations. Revenues for operating and capital grants, contributions and restricted interest, increased by approximately \$ 8,254,797, due to a change in operating and capital contributions.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As the City of Waukee completed the year, its governmental funds reported a combined fund balance of \$ 8,387,231 at June 30, 2009, compared to \$ 7,433,107 combined fund balance at June 30, 2008.

The General Fund showed an increase of \$ 181,538 from the prior year to \$ 1,338,740.

The Tax Increment Financing Revenues Funds account for revenue from the tax authorized by ordinance in the urban renewal district which are used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects. These funds ended fiscal 2009 with a \$ 2,176,074 balance compared to the prior year ending balance of \$ 3,386,791.

The Employee Benefits Tax Levy Fund is used to account for the property tax levied to finance the payment of employee benefits. This fund ended fiscal 2009 with a \$ 10,611 balance compared to the prior year ending balance of \$ 22,103. Transfers out to operating funds totaled \$ 781,470 in fiscal 2009.

The Debt Service Fund ended fiscal 2009 with a \$ 300,620 balance compared to the prior year ending balance of \$ 304,472. Bond principal and interest payments increased by \$ 5,758,884 in fiscal 2009, as a result of a multiple bond refunding transaction.

The Capital Projects Fund ended fiscal 2009 with a \$ 4,254,447 balance compared to the prior year ending balance of \$ 2,285,863.

Proprietary Fund Highlights

The Water Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2009 with a \$ 8,448,165 net asset balance, compared to the prior year ending net asset balance of \$ 8,028,474.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2009 with a \$ 9,591,336 net asset balance, compared to the prior year ending net asset balance of \$ 9,197,380.

The Gas Fund, which accounts for the operations and maintenance of the City's gas utility, ended fiscal 2009 with a \$ 4,245,857 net asset balance, compared to the prior year ending net asset balance of \$ 3,678,480.

The Golf Course Fund, which accounts for the operations and maintenance of the City's municipal golf course, ended fiscal 2009 with a \$ 344,624 net asset balance, compared to the prior year ending net asset balance of \$ 454,983.

The Sanitation Fund, which accounts for the operation and maintenance of the City's solid waste collection system, ended fiscal 2009 with a \$ 50,279 net asset balance, compared to the prior year ending net asset balance of \$ 42,488.

The Storm Sewer Fund, which accounts for the operation and maintenance of the City's storm sewer collection system, ended fiscal 2009 with a \$ 364,504 net asset balance, compared to the prior year ending net asset balance of \$ 248,127.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City of Waukee amended its budget once. This amendment was done in May 2009. This amendment was needed to cover unplanned disbursements, including disbursements associated with projects carried over from the prior fiscal year.

Even with this amendment, the City exceeded the budgeted amount in the Culture and Recreation function for the year ended June 30, 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets include land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure. Capital assets for governmental activities totaled \$ 85,324,673 (net of accumulated depreciation) at June 30, 2009. Capital assets for business type activities totaled \$ 25,039,059 (net of accumulated depreciation) at June 30, 2009. See Notes 1 & 4 to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year included purchase of land, parkland, Northview Drive extension & 6th Street widening project, completion of the Raccoon River Valley bike trail and the third phase of the University Avenue Street Widening project, started the Alice's Road/I80 grading and bridge construction project, upgrades to the City's information technology system, and the completion of the Southfork/Walnut Ridge sanitary sewer project.

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

Construction in progress at June 30, 2009 for the City consists primarily of streets, sewer and gas infrastructure projects.

Long-Term Debt

At June 30, 2009, the City had \$ 25,721,669 in total long-term debt outstanding for governmental activities. Total long-term debt outstanding for business type activities was \$ 10,961,198 at June 30, 2009. During the year ended June 30, 2009, the City issued a total of \$ 8,710,000 in general obligation bonds to finance the City's construction projects, and \$ 362,000 in special assessment bonds to finance the City's Southfork/Walnut Ridge sewer project.

The City has not received a general obligation bond rating assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$ 28,390,397 is below its constitutional debt limit of \$ 47,730,613. Other obligations include accrued vacation pay and sick leave. Additional information about the City's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS BEARING ON THE CITY'S FUTURE

Several economic factors affected decisions made by the City in setting its fiscal 2010 budget. The City of Waukee will experience a significant increase in General Fund revenues and expenditures from fiscal 2009 to fiscal 2010. The major factors that will play a role in this change are the increase in property tax revenues from increased valuations for fiscal 2010, and increased revenues from grants and bond proceeds.

The General Fund is projected to end fiscal 2010 with a fund balance of approximately \$ 1,338,740, or to remain constant from fiscal 2009. The tax levy rates per \$1,000 of taxable valuation for fiscal 2010 are provided below:

General levy	\$8.10000
Debt Service levy	3.32004
Employee Benefits Levy	<u>2.08000</u>
Total	\$13.50004

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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City of Waukee, Iowa
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Cash and pooled investments	\$ 5,488,002	\$ 7,652,081	\$ 13,140,083
Receivables			
Property tax			
Delinquent	427,279	-	427,279
Succeeding year	5,929,825	-	5,929,825
Special assessments	194,237	86,247	280,484
Customer accounts	-	546,809	546,809
Other	4,256,774	-	4,256,774
Due from other governments	4,160	-	4,160
Due (to) from other funds	66,179	(66,179)	-
Inventories	-	127,427	127,427
Prepaid insurance	69,445	-	69,445
Restricted assets - cash and pooled investments	-	1,954,676	1,954,676
Capital assets (net of accumulated depreciation)	85,324,673	25,039,059	110,363,732
Bond/note issuance costs	187,370	41,693	229,063
Bond discounts	187,599	-	187,599
Total assets	<u>102,135,543</u>	<u>35,381,813</u>	<u>137,517,356</u>
LIABILITIES			
Accounts payable	1,843,813	1,072,497	2,916,310
Accrued interest payable	76,000	40,362	116,362
Customer deposits payable	-	112,510	112,510
Lease deposit payable	4,204	-	4,204
Deferred revenue	6,124,062	-	6,124,062
Bond premium	136,347	-	136,347
Long-term liabilities			
Portion due or payable within one year			
Compensated absences	22,938	31,424	54,362
Capital lease payable	-	3,698	3,698
General obligation bonds/notes	2,886,568	53,196	2,939,764
Special assessment notes	27,000	-	27,000
Revenue notes payable	-	1,239,640	1,239,640
Des Moines Water Works bonds payable	-	517,277	517,277
Portion due or payable after one year			
Compensated absences	105,620	-	105,620
General obligation bonds/notes	22,344,543	10,989	22,355,532
Special assessment notes	335,000	-	335,000
Revenue notes payable	-	5,994,633	5,994,633
Des Moines Water Works bonds payable	-	3,141,765	3,141,765
Total liabilities	<u>33,906,095</u>	<u>12,217,991</u>	<u>46,124,086</u>
NET ASSETS			
Invested in capital assets, net of related debt	59,970,184	17,328,115	77,298,299
Restricted for			
Parkland dedication	291,947	-	291,947
Prepaid insurance	69,445	-	69,445
Advances to other funds	85,000	-	85,000
Debt service	362,159	616,253	978,412
Police gifts and memorials	2,151	-	2,151
Warning siren	35,745	-	35,745
Lease deposits	4,204	-	4,204
Road purposes	143,059	-	143,059
Library	94,565	-	94,565
Other	4,412,541	-	4,412,541
Unrestricted	<u>2,758,448</u>	<u>5,219,454</u>	<u>7,977,902</u>
Total net assets	<u>\$ 68,229,448</u>	<u>\$23,163,822</u>	<u>\$ 91,393,270</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF ACTIVITIES
Year ended June 30, 2009

	Program Revenues		
Expenses	Charges for Services	Operating Grants, Contributions	Capital and Grants Contributions
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental activities			
Public safety	\$ 2,425,527	\$ 209,664	\$ -
Public works	4,087,438	-	4,230,786
Health and social services	11,000	-	-
Culture and recreation	1,216,490	411,116	-
Community and economic development	848,245	-	-
General government	53,132	762,784	-
Interest on long-term debt	<u>1,170,554</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>9,812,386</u>	<u>1,383,564</u>	<u>4,230,786</u>
Business type activities			
Water	1,639,201	1,854,452	-
Sewer	1,340,320	1,500,287	-
Gas	4,785,689	5,279,433	-
Golf	575,794	413,476	-
Other	<u>1,132,727</u>	<u>1,293,604</u>	<u>-</u>
Total business type activities	<u>9,473,731</u>	<u>10,341,252</u>	<u>45,546</u>
Total Primary Government	<u>\$19,286,117</u>	<u>\$11,724,816</u>	<u>\$4,230,786</u>

GENERAL REVENUES

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

TRANSFERS

Total general revenues and transfers

CHANGE IN NET ASSETS

NET ASSETS BEGINNING OF YEAR, as restated

NET ASSETS END OF YEAR

Net (Expense) and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,215,863)	\$ —	\$ (2,215,863)
10,042,683	—	10,042,683
(11,000)	—	(11,000)
(805,374)	—	(805,374)
(848,245)	—	(848,245)
709,652	—	709,652
<u>(1,170,554)</u>	<u>—</u>	<u>(1,170,554)</u>
<u>5,701,299</u>	<u>—</u>	<u>5,701,299</u>
—	230,433	230,433
—	175,149	175,149
—	508,926	508,926
—	(162,318)	(162,318)
<u>—</u>	<u>160,877</u>	<u>160,877</u>
<u>—</u>	<u>913,067</u>	<u>913,067</u>
<u>5,701,299</u>	<u>913,067</u>	<u>6,614,366</u>
4,304,668	—	4,304,668
1,546,788	—	1,546,788
768,972	—	768,972
2,824,039	—	2,824,039
41,713	80,837	122,550
1,182,801	176,879	1,359,680
—	613,857	613,857
—	398,954	398,954
<u>763,134</u>	<u>(763,134)</u>	<u>—</u>
<u>11,432,115</u>	<u>507,393</u>	<u>11,939,508</u>
17,133,414	1,420,460	18,553,874
<u>51,096,034</u>	<u>21,743,362</u>	<u>72,839,396</u>
<u>\$68,229,448</u>	<u>\$23,163,822</u>	<u>\$91,393,270</u>

See Notes to Financial Statements.

**City of Waukee, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	<u>General</u>	<u>Urban Renewal Area TIF</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash and pooled investments	\$1,325,236	\$1,110,099	\$1,371,106	\$ 254,442	\$1,373,466	\$ 5,434,349
Receivables						
Property tax						
Delinquent	52,444	305,432	-	55,975	13,428	427,279
Succeeding year	3,355,196	-	-	1,715,420	859,209	5,929,825
Special assessments	-	-	-	-	194,237	194,237
Other	209,169	-	4,047,605	-	-	4,256,774
Due from other governments	-	-	-	-	4,160	4,160
Prepaid insurance	61,869	-	-	-	7,576	69,445
Advances to other funds	85,000	-	-	-	-	85,000
	<u>5,088,914</u>	<u>1,415,531</u>	<u>5,418,711</u>	<u>2,025,837</u>	<u>2,452,076</u>	<u>16,401,069</u>
Total assets						
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 350,060	\$ 294,133	\$1,164,264	\$ 9,797	\$ 25,559	\$ 1,843,813
Lease deposit payable	4,204	-	-	-	-	4,204
Compensated absences	21,893	-	-	-	1,045	22,938
Deferred revenue						
Succeeding year property tax	3,355,196	-	-	1,715,420	859,209	5,929,825
Other	-	-	-	-	194,237	194,237
Interfund payable	18,821	-	-	-	-	18,821
Total liabilities	<u>3,750,174</u>	<u>294,133</u>	<u>1,164,264</u>	<u>1,725,217</u>	<u>1,080,050</u>	<u>8,013,838</u>
Fund Balances						
Reserved for debt service	-	-	-	300,620	61,539	362,159
Designated for						
Parkland dedication	291,947	-	-	-	-	291,947
Prepaid insurance	61,869	-	-	-	7,576	69,445
Advances to other funds	85,000	-	-	-	-	85,000
Police gifts and memorials	2,151	-	-	-	-	2,151
Warning siren	35,745	-	-	-	-	35,745
Lease deposits	4,204	-	-	-	-	4,204
Undesignated						
Reported in						
General fund	857,824	-	-	-	-	857,824
Special revenue funds	-	1,121,398	-	-	1,302,911	2,424,309
Capital projects funds	-	-	4,254,447	-	-	4,254,447
Total fund balances	<u>1,338,740</u>	<u>1,121,398</u>	<u>4,254,447</u>	<u>300,620</u>	<u>1,372,026</u>	<u>8,387,231</u>
Total liabilities and fund balances	<u>5,088,914</u>	<u>1,415,531</u>	<u>5,418,711</u>	<u>2,025,837</u>	<u>2,452,076</u>	<u>16,401,069</u>

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE BALANCE SHEET—
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total governmental fund balances \$ 8,387,231

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$112,638,090 and the accumulated depreciation \$27,313,417. 85,324,673

Long-term liabilities, including bonds payable, bond issuance costs, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (25,536,109)

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The assets of the Internal Service Fund are allocated between governmental and proprietary activities in the Statement of Net Assets. 53,653

Net assets of governmental activities **\$68,229,448**

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2009

	<u>General</u>	<u>Urban Renewal Area TIF</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES						
Property tax	\$3,002,816	\$ -	\$ -	\$1,546,788	\$ 768,972	\$ 5,318,576
Tax increment financing collections	-	1,916,846	-	-	907,193	2,824,039
Other city tax	-	3,105	1,287,893	-	10,854	1,301,852
Licenses and permits	673,103	-	-	-	-	673,103
Use of money and property	92,303	9,324	7,333	8,129	11,381	128,470
Intergovernmental	411,116	-	3,556,076	-	674,710	4,641,902
Charges for service	209,664	-	-	-	-	209,664
Miscellaneous	<u>128,873</u>	<u>-</u>	<u>994,141</u>	<u>-</u>	<u>19,463</u>	<u>1,142,477</u>
Total revenues	<u>4,517,875</u>	<u>1,929,275</u>	<u>5,845,443</u>	<u>1,554,917</u>	<u>2,392,573</u>	<u>16,240,083</u>
EXPENDITURES						
Operating						
Public safety	2,391,927	-	-	-	-	2,391,927
Public works	454,590	-	-	-	645,216	1,099,806
Health and social services	11,000	-	-	-	-	11,000
Culture and recreation	1,176,983	-	-	-	34,390	1,211,373
Community and economic development	196,869	631,646	-	-	19,730	848,245
General government	982,213	-	-	-	-	982,213
Debt service						
Principal	-	-	-	7,237,386	-	7,237,386
Interest	-	-	-	998,029	-	998,029
Bond issuance costs	-	-	68,258	75,728	-	143,986
Capital projects	<u>-</u>	<u>168,899</u>	<u>10,504,208</u>	<u>-</u>	<u>134,343</u>	<u>10,807,450</u>
Total expenditures	<u>5,213,582</u>	<u>800,545</u>	<u>10,572,466</u>	<u>8,311,143</u>	<u>833,679</u>	<u>25,731,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(695,707)</u>	<u>1,128,730</u>	<u>(4,727,023)</u>	<u>(6,756,226)</u>	<u>1,558,894</u>	<u>(9,491,332)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	110,000	-	3,507,000	5,345,000	110,000	9,072,000
Bond premium, net of discount	-	-	7,941	22,381	-	30,322
Sale of capital assets	570,000	-	-	-	10,000	580,000
Operating transfers in	759,470	-	3,180,666	1,384,993	22,000	5,347,129
Operating transfers out	<u>(562,225)</u>	<u>(1,555,385)</u>	<u>-</u>	<u>-</u>	<u>(2,466,385)</u>	<u>(4,583,995)</u>
Total other financing sources (uses)	<u>877,245</u>	<u>(1,555,385)</u>	<u>6,695,607</u>	<u>6,752,374</u>	<u>(2,324,385)</u>	<u>10,445,456</u>
NET CHANGE IN FUND BALANCES	181,538	(426,655)	1,968,584	(3,852)	(765,491)	954,124
FUND BALANCES						
BEGINNING OF YEAR	<u>1,157,202</u>	<u>1,548,053</u>	<u>2,285,863</u>	<u>304,472</u>	<u>2,137,517</u>	<u>7,433,107</u>
FUND BALANCES END OF YEAR	<u>\$1,338,740</u>	<u>\$1,121,398</u>	<u>\$ 4,254,447</u>	<u>\$ 300,620</u>	<u>\$1,372,026</u>	<u>\$ 8,387,231</u>

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2009

Net change in fund balances—Total governmental funds \$ 954,124

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

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

Expenditures for capital assets, including contributed capital	\$21,254,987	
Depreciation expense	<u>(2,756,819)</u>	18,498,168

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

Proceeds from the sale of capital assets		(580,000)
Gain on sale of capital assets		<u>10,000</u>

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

Issued	(9,072,000)	
Repaid	<u>7,237,386</u>	(1,834,614)

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

94,300

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(9,488)	
Interest on long-term debt	<u>(2,000)</u>	(11,488)

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

2,924

Change in net assets of governmental activities **\$17,133,414**

**City of Waukee, Iowa
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009**

	Enterprise Funds						Internal Service Fund
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Equipment Revolving
ASSETS							
Current Assets							
Cash and pooled investments	\$ 1,265,742	\$ 763,043	\$5,099,716	\$ 800	\$ 426,357	\$ 7,555,658	\$ 150,076
Receivables							
Customer accounts and unbilled usage	208,951	156,003	66,229	413	115,213	546,809	-
Special assessments	-	86,247	-	-	-	86,247	-
Interfund receivable	-	-	72,710	-	-	72,710	-
Inventories	53,361	-	48,695	25,371	-	127,427	-
Restricted assets - cash and pooled investments							
Customer deposits	57,960	-	53,950	600	-	112,510	-
Capacity fees	109,555	-	-	-	-	109,555	-
Revenue note and interest sinking account	505,012	91,682	535,015	41,188	-	1,172,897	-
Revenue note reserve account Des Moines Water Works	152,943	174,217	-	49,697	-	376,857	-
reserve account	182,857	-	-	-	-	182,857	-
Advances to other funds	100,000	-	-	-	-	100,000	-
Capital assets (net of accumulated depreciation)	9,621,777	9,785,730	3,915,448	1,648,964	67,140	25,039,059	-
Bond/note issuance costs	5,405	12,145	24,143	-	-	41,693	-
Total assets	<u>12,263,563</u>	<u>11,069,067</u>	<u>9,815,906</u>	<u>1,767,033</u>	<u>608,710</u>	<u>35,524,279</u>	<u>150,076</u>
LIABILITIES							
Current liabilities							
Accounts payable	78,216	16,999	469,012	394,825	113,445	1,072,497	-
Capital lease payable	-	-	-	3,698	-	3,698	-
Compensated absences	8,243	7,933	8,994	2,295	3,959	31,424	-
General obligation bonds payable	-	40,000	-	24,185	-	64,185	-
Interfund payable	-	-	-	185,000	53,889	238,889	-
Current Liabilities Payable from Restricted Assets							
Customer deposits payable	57,960	-	53,950	600	-	112,510	-
Revenue notes payable Des Moines Water Works	-	132,000	300,000	807,640	-	1,239,640	-
bonds payable	517,277	-	-	-	-	517,277	-
Interest payable	11,937	4,799	19,460	4,166	-	40,362	-
Noncurrent Liabilities							
Revenue notes payable (net of amortized discount)	-	1,276,000	4,718,633	-	-	5,994,633	-
Des Moines Water Works bonds payable (net of amortized discount)	3,141,765	-	-	-	-	3,141,765	-
Total liabilities	<u>3,815,398</u>	<u>1,477,731</u>	<u>5,570,049</u>	<u>1,422,409</u>	<u>171,293</u>	<u>12,456,880</u>	<u>-</u>
Net Assets (Deficit)							
Invested in capital assets, net of related debt	5,962,735	8,337,730	2,147,069	813,441	67,140	17,328,115	-
Restricted for bond retirement	311,598	89,100	215,555	-	-	616,253	-
Unrestricted	<u>2,173,832</u>	<u>1,164,506</u>	<u>1,883,233</u>	<u>(468,817)</u>	<u>370,277</u>	<u>5,123,031</u>	<u>150,076</u>
Total net assets	<u>\$8,448,165</u>	<u>\$9,591,336</u>	<u>\$4,245,857</u>	<u>\$ 344,624</u>	<u>\$ 437,417</u>	<u>\$23,067,399</u>	<u>\$ 150,076</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Enterprise Funds						Internal Service Fund
	Water	Sewer	Gas	Golf	Nonmajor Funds	Total	Equipment Revolving
OPERATING REVENUES							
Charges for service	\$1,854,452	\$1,500,287	\$5,279,433	\$ 413,476	\$1,293,604	\$10,341,252	\$ -
Miscellaneous	10,111	5,353	29,825	100,315	3,448	149,052	-
Total operating revenues	<u>1,864,563</u>	<u>1,505,640</u>	<u>5,309,258</u>	<u>513,791</u>	<u>1,297,052</u>	<u>10,490,304</u>	<u>-</u>
OPERATING EXPENSES							
Business type activities							
Cost of sales and services	1,083,577	885,756	4,436,464	509,289	1,126,133	8,041,219	-
Depreciation and amortization	394,139	396,122	103,954	30,986	6,594	931,795	-
Total operating expenses	<u>1,477,716</u>	<u>1,281,878</u>	<u>4,540,418</u>	<u>540,275</u>	<u>1,132,727</u>	<u>8,973,014</u>	<u>-</u>
Operating income (loss)	<u>386,847</u>	<u>223,762</u>	<u>768,840</u>	<u>(26,484)</u>	<u>164,325</u>	<u>1,517,290</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)							
Interest income	34,467	13,452	25,201	517	1,547	75,184	8,577
Rental income	20,627	-	-	7,200	-	27,827	-
Connection fees	228,236	309,549	76,072	-	-	613,857	-
Capacity fees	68,799	330,155	-	-	-	398,954	-
Interest expense	(161,485)	(58,442)	(245,271)	(35,519)	-	(500,717)	-
Total nonoperating revenues (expenses)	<u>190,644</u>	<u>594,714</u>	<u>(143,998)</u>	<u>(27,802)</u>	<u>1,547</u>	<u>615,105</u>	<u>8,577</u>
Income (loss) before contributions and transfers	577,491	818,476	624,842	(54,286)	165,872	2,132,395	8,577
Capital contributions	15,182	15,182	15,182	-	-	45,546	-
Transfers (out)	(172,982)	(439,702)	(72,647)	(56,073)	(21,730)	(763,134)	-
CHANGE IN NET ASSETS	419,691	393,956	567,377	(110,359)	144,142	1,414,807	8,577
NET ASSETS BEGINNING OF YEAR	<u>8,028,474</u>	<u>9,197,380</u>	<u>3,678,480</u>	<u>454,983</u>	<u>293,275</u>	<u>21,652,592</u>	<u>141,499</u>
NET ASSETS END OF YEAR	<u>\$8,448,165</u>	<u>\$9,591,336</u>	<u>\$4,245,857</u>	<u>\$ 344,624</u>	<u>\$ 437,417</u>	<u>\$23,067,399</u>	<u>\$ 150,076</u>

See Notes to Financial Statements.

City of Waukee
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS—PROPRIETARY FUNDS TO
THE STATEMENT OF NET ASSETS
Year ended June 30, 2009

Total enterprise funds net assets \$23,067,399

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

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

96,423

Net assets of business type activities **\$23,163,822**

Change in net assets **\$ 1,414,807**

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

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

5,653

Change in net assets of business type activities **\$ 1,420,460**

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf</u>	<u>Nonmajor Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	\$1,899,578	\$1,525,846	\$5,427,441	\$ 413,534	\$1,300,517	\$10,566,916
Cash received from other revenues	10,111	5,353	29,825	100,315	3,448	149,052
Cash paid for personal services	(417,843)	(419,175)	(469,628)	(244,456)	(878,970)	(2,430,072)
Cash paid to suppliers	<u>(676,510)</u>	<u>(471,160)</u>	<u>(3,571,449)</u>	<u>(87,965)</u>	<u>(235,157)</u>	<u>(5,042,241)</u>
Net cash provided by operating activities	<u>815,336</u>	<u>640,864</u>	<u>1,416,189</u>	<u>181,428</u>	<u>189,838</u>	<u>3,243,655</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net of contributed capital and equipment fund transfers	(352,759)	(759,275)	(773,087)	-	(37,859)	(1,922,980)
Principal paid on revenue notes matured	-	(128,000)	(285,000)	(35,779)	-	(448,779)
Interest paid on notes	(163,143)	(59,749)	(246,339)	(36,270)	-	(505,501)
Principal paid on Des Moines Water Works bonds	(502,173)	-	-	-	-	(502,173)
Principal paid on general obligation bonds	-	(45,000)	-	(12,659)	-	(57,659)
Principal paid on special assessment notes	-	(30,000)	-	-	-	(30,000)
Principal paid on capital lease	-	-	-	(629)	-	(629)
Amounts transferred to debt service fund	(172,982)	(439,702)	(72,647)	(56,073)	(21,730)	(763,134)
Special assessments	-	2,429	-	-	-	2,429
Connection fees	228,236	309,549	76,072	-	-	613,857
Capacity fees	<u>68,799</u>	<u>330,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,954</u>
Net cash (used in) capital and related financing activities	<u>(894,022)</u>	<u>(819,593)</u>	<u>(1,301,001)</u>	<u>(141,410)</u>	<u>(59,589)</u>	<u>(3,215,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	34,467	13,452	25,201	517	1,547	75,184
Purchase of certificates of deposits	(6,871)	(7,828)	-	(12,517)	-	(27,216)
Rental income	<u>20,627</u>	<u>-</u>	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>27,827</u>
Net cash provided by (used in) investing activities	<u>48,223</u>	<u>5,624</u>	<u>25,201</u>	<u>(4,800)</u>	<u>1,547</u>	<u>75,795</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(30,463)	(173,105)	140,389	35,218	131,796	103,835
CASH AND CASH EQUIVALENTS, beginning	<u>1,968,732</u>	<u>1,027,830</u>	<u>5,548,292</u>	<u>7,370</u>	<u>294,561</u>	<u>8,846,785</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$1,938,269</u>	<u>\$ 854,725</u>	<u>\$5,688,681</u>	<u>\$ 42,588</u>	<u>\$ 426,357</u>	<u>\$ 8,950,620</u>

See Notes to Financial Statements.

City of Waukee, Iowa
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year ended June 30, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf</u>	<u>Nonmajor Funds</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 386,847	\$ 223,762	\$ 768,840	\$ (26,484)	\$ 164,325	\$1,517,290
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	391,436	394,658	103,954	30,986	6,594	927,628
Bond amortization costs	2,703	1,464	-	-	-	4,167
Decrease in customer accounts receivable and unbilled usage and other accounts receivable	45,126	25,559	148,008	58	6,913	225,264
(Increase) decrease in inventories, at cost	3,089	-	78,298	(3,364)	-	78,023
Increase (decrease) in accounts payable	(20,626)	(5,946)	310,776	178,549	12,696	475,449
Increase in customer deposits	6,255	-	6,250	-	-	11,905
Increase (decrease) in compensated absences	<u>506</u>	<u>1,367</u>	<u>63</u>	<u>1,683</u>	<u>(690)</u>	<u>2,929</u>
Net cash provided by operating activities	<u>\$ 815,336</u>	<u>\$ 640,864</u>	<u>\$1,416,189</u>	<u>\$ 181,428</u>	<u>\$ 189,838</u>	<u>\$3,243,655</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET ASSETS						
Current assets						
Cash and pooled investments	\$1,265,742	\$ 763,043	\$5,099,716	\$ 800	\$ 426,357	\$7,555,658
Restricted assets--cash and pooled investments						
Customer deposits	57,960	-	53,950	600	-	112,510
Capacity fees	109,555	-	-	-	-	109,555
Revenue note and interest sinking account	505,012	91,682	535,015	41,188	-	1,172,897
Revenue note reserve account	152,943	174,217	-	49,697	-	376,857
Des Moines Water Works reserve account	<u>182,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,857</u>
	1,008,327	265,899	588,965	91,485	-	1,954,676
Less items not meeting the definition of cash equivalent						
Certificates of deposit	(152,943)	(174,217)	-	(49,697)	-	(376,857)
Des Moines Water Works reserve account	<u>(182,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(182,857)</u>
Cash and cash equivalents at year end	<u>\$1,938,269</u>	<u>\$ 854,725</u>	<u>\$5,688,681</u>	<u>\$ 42,588</u>	<u>\$ 426,357</u>	<u>\$8,950,620</u>

See Notes to Financial Statements.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

For financial reporting purposes, the City of Waukee (the primary government) has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

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

Component Unit

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

Jointly Governed Organizations

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

Basis of Presentation

Government-wide Financial Statements

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Government-wide Financial Statements (continued)

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

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

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund

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

Tax Increment Financing Urban Renewal Fund (Special Revenue)

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

Capital Projects Fund

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

Debt Service Fund

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The City reports the following major proprietary funds:

Enterprise

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

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

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

The Golf Fund is used to account for the operation and maintenance of the City's municipal golf course.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments consist of non-negotiable certificates of deposit which are stated at cost.

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

Property Taxes Receivable, Including Tax Increment Financing

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2009 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2008.

Special Assessments Receivable

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

Customer Accounts and Unbilled Usage

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

Due from and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due from Other Governments

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

Inventories

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

Restricted Assets

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

Capital Assets

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

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

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

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

Bond/Note Issuance Costs

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Revenue

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

Long-Term Liabilities

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

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

Fund Equity

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

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. As of June 30, 2009, the City had \$3,250,254 in unspent debt proceeds in the Gas Fund. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$150,635 for road construction projects, \$10,611 for employee benefits, \$4,254,447 for capital projects, \$197,378 for library projects, \$2,176,074 for tax increment projects and \$362,159 for debt service.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the culture and recreation function.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

Interest rate risk

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

NOTE 3 ALLOWANCES FOR COLLECTION LOSSES

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

	<u>Gross receivables</u>	<u>Allowance for collection losses</u>	<u>Net receivables</u>
Customer accounts and unbilled usage			
Water Fund	\$ 209,801	\$ (850)	\$ 208,951
Sewer Fund	156,403	(400)	156,003
Gas Fund	67,979	(1,750)	66,229
Golf Fund	413	-	413
Nonmajor proprietary funds	<u>115,213</u>	<u>-</u>	<u>115,213</u>
Totals	<u>\$ 549,809</u>	<u>\$ (3,000)</u>	<u>\$ 546,809</u>
Other			
General	<u>\$ 241,169</u>	<u>\$ (32,000)</u>	<u>\$ 209,169</u>
Capital projects	<u>\$4,047,605</u>	<u>\$ -</u>	<u>\$4,047,605</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>
Primary Government				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 4,213,957	\$ 895,078	\$ 570,000	\$ 4,539,035
Construction in progress	<u>10,292,817</u>	<u>9,880,316</u>	<u>33,878</u>	<u>20,139,255</u>
Total capital assets not being depreciated	<u>14,506,774</u>	<u>10,775,394</u>	<u>603,878</u>	<u>24,678,290</u>
Capital assets being depreciated				
Buildings	6,142,091	51,691	-	6,193,782
Improvements other than buildings	2,505,021	42,259	-	2,547,280
Equipment	3,615,913	520,186	16,806	4,119,293
Infrastructure, road network	<u>65,200,110</u>	<u>9,899,335</u>	<u>-</u>	<u>75,099,445</u>
Total capital assets being depreciated	<u>77,463,135</u>	<u>10,513,471</u>	<u>16,806</u>	<u>87,959,800</u>
Less accumulated depreciation for				
Buildings	1,205,766	163,852	-	1,369,618
Improvements other than buildings	688,701	152,453	-	841,154
Equipment	2,794,880	341,268	16,806	3,119,342
Infrastructure, road network	<u>19,884,057</u>	<u>2,099,246</u>	<u>-</u>	<u>21,783,303</u>
Total accumulated depreciation	<u>24,573,404</u>	<u>2,756,819</u>	<u>16,806</u>	<u>27,313,417</u>
Total capital assets being depreciated, net	<u>52,889,731</u>	<u>7,756,652</u>	<u>-</u>	<u>60,646,383</u>
Governmental activities capital assets, net	<u>\$67,396,505</u>	<u>\$18,532,046</u>	<u>\$ 603,878</u>	<u>\$85,324,673</u>
Business type activities				
Capital assets not being depreciated				
Land	\$ 1,226,032	\$ -	\$ -	\$ 1,226,032
Construction in progress	<u>1,837,255</u>	<u>983,749</u>	<u>-</u>	<u>2,821,004</u>
Total capital assets not being depreciated	<u>3,063,287</u>	<u>983,749</u>	<u>-</u>	<u>4,047,036</u>
Capital assets being depreciated				
Buildings	532,611	-	-	532,611
Equipment	1,936,391	140,914	-	2,077,305
Infrastructure, water and sewer network	<u>27,627,568</u>	<u>843,817</u>	<u>-</u>	<u>28,471,385</u>
Total capital assets being depreciated	<u>30,096,570</u>	<u>984,731</u>	<u>-</u>	<u>31,081,301</u>
Less accumulated depreciation for				
Buildings	110,362	11,856	-	122,218
Equipment	1,207,967	148,553	-	1,356,520
Infrastructure, water and sewer network	<u>7,843,321</u>	<u>767,219</u>	<u>-</u>	<u>8,610,540</u>
Total accumulated depreciation	<u>9,161,650</u>	<u>927,628</u>	<u>-</u>	<u>10,089,278</u>
Total capital assets being depreciated, net	<u>20,934,920</u>	<u>57,103</u>	<u>-</u>	<u>20,992,023</u>
Business type activities capital assets, net	<u>\$23,998,207</u>	<u>\$ 1,040,852</u>	<u>\$ -</u>	<u>\$25,039,059</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (continued)

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

Governmental activities	
Public safety	\$ 267,061
Public works	2,319,781
Culture and recreation	110,819
General government	<u>59,158</u>
Total depreciation expense--governmental activities	<u>\$2,756,819</u>
Business type activities	
Water	\$ 391,436
Sewer	394,658
Gas	103,954
Storm sewer	6,594
Golf	<u>30,986</u>
Total depreciation expense--business type activities	<u>\$ 927,628</u>

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>	<u>Due within one year</u>
Governmental activities					
General obligation bonds/notes	\$23,758,497	\$8,710,000	\$7,237,386	\$25,231,111	\$2,886,568
Special assessment notes	-	362,000	-	362,000	27,000
Compensated absences	<u>109,913</u>	<u>18,645</u>	<u>-</u>	<u>128,558</u>	<u>22,938</u>
Totals	<u>\$23,868,410</u>	<u>\$9,090,645</u>	<u>\$7,237,386</u>	<u>\$25,721,669</u>	<u>\$2,936,506</u>
Business type activities					
Capital leases	\$ 4,327	\$ -	\$ 629	\$ 3,698	\$ 3,698
General obligation bonds/notes	121,844	-	57,659	64,185	53,196
Special assessment notes	30,000	-	30,000	-	-
Des Moines Water Works bonds	4,160,212	-	501,170	3,659,042	517,277
Revenue bonds/notes	<u>7,675,640</u>	<u>-</u>	<u>441,367</u>	<u>7,234,273</u>	<u>1,239,640</u>
Totals	<u>\$11,992,023</u>	<u>\$ -</u>	<u>\$1,030,825</u>	<u>\$10,961,198</u>	<u>\$1,813,811</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)

Eighteen issues of unmatured general obligation bonds/notes, totaling \$25,295,296, are outstanding at June 30, 2009. General obligation bonds/notes bear interest at rates ranging from 2.25% to 5.25% and mature in varying annual amounts, ranging from \$2,800 to \$940,000, with the final maturities due in the year ending June 30, 2022.

One issue of unmatured special assessment notes, totaling \$362,000, is outstanding at June 30, 2009. These notes bear interest at 2.30% to 4.55% and mature in annual amounts of \$27,000 to \$46,000, with final maturity due in the year ending June 30, 2019.

Details of general obligation bonds/notes payable and special assessment notes at June 30, 2009 are as follows:

<u>Governmental activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2009</u>
General Obligation Bonds and Notes						
Refunding Notes	May 1, 2002	4.50	June 1, 2010	\$ 40,000	\$ 480,000	\$ 40,000
Corporate Purpose	July 1, 2003	2.75-3.60	June 1, 2017	100,000 - 135,000	1,240,000	925,000
Refunding Notes	March 1, 2004	4.25	June 1, 2010	85,000	465,000	85,000
Water Tower	February 1, 2004	2.80-4.25	June 1, 2018	70,000 - 100,000	1,090,000	760,000
Corporate Purpose	November 15, 2004	3.10-4.00	June 1, 2017	155,000 - 180,000	1,750,000	1,240,000
Golf Course	March 4, 2005	3.75	June 1, 2010	555,323	700,000	555,323
Street Sweeper	April 8, 2005	4.25	July 15, 2009	20,788	98,889	20,788
Corporate Purpose	February 1, 2006	3.50-3.95	June 1, 2019	95,000 - 140,000	1,200,000	1,150,000
Golf Course Equipment	March 21, 2006	4.75	July 6, 2010	10,000 - 11,000	51,196	21,347
Urban Renewal Projects	July 12, 2006	4.00	June 1, 2020	320,000 - 480,000	4,950,000	4,105,000
Golf Course Equipment	April 16, 2007	5.25	July 1, 2009	2,838	8,457	2,838
Urban Renewal Projects	October 10, 2007	4.00-4.25	June 1, 2021	215,000 - 715,000	6,650,000	6,245,000
Capital Loan	March 19, 2008	3.88-4.63	June 1, 2013	55,000 - 65,000	290,000	240,000
Sewer Project	April 8, 2008	3.75-4.20	June 1, 2021	80,000 - 120,000	1,275,000	1,195,000
Ambulance	August 6, 2008	4.25	July 15, 2013	20,000 - 24,000	110,000	110,000
Urban Renewal 2008C	August 6, 2008	3.15-4.50	June 1, 2022	135,000 - 215,000	2,200,000	2,200,000
Urban Renewal 2009A	April 28, 2009	2.40-3.50	June 1, 2017	125,000 - 140,000	1,055,000	1,055,000
Urban Renewal 2009B	April 28, 2009	2.25-3.30	June 1, 2016	430,000 - 940,000	5,345,000	5,345,000
Special Assessment Notes						
Sewer Improvements	May 5, 2009	2.30-4.55	December 1, 2018	27,000 - 46,000	362,000	362,000

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

<u>Year ending June 30</u>	<u>General Obligation</u>			<u>Special Assessment</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,939,764	\$ 913,807	\$ 3,853,571	\$ 27,000	\$ 12,687	\$ 39,687
2011	2,522,057	804,661	3,326,718	29,000	11,146	40,146
2012	2,621,962	726,134	3,348,096	31,000	10,388	41,388
2013	2,722,895	642,848	3,365,743	33,000	9,531	42,531
2014	2,803,618	554,061	3,357,679	35,000	8,561	43,561
2015-2019	9,470,000	1,476,334	10,946,334	207,000	22,353	229,353
2020-2022	<u>2,215,000</u>	<u>141,616</u>	<u>2,356,616</u>	-	-	-
Totals	<u>\$25,295,296</u>	<u>\$5,259,461</u>	<u>\$30,554,757</u>	<u>\$ 362,000</u>	<u>\$ 74,666</u>	<u>\$ 436,666</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)

Five issues of unmatured revenue notes, totaling \$7,330,640, are outstanding at June 30, 2009. These notes bear interest at rates ranging from 3.92% to 4.70% and mature in varying annual amounts, ranging from \$23,000 to \$807,640, with the final maturities due in the year ending June 30, 2022.

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

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

During the year ended June 30, 2009, the City was in compliance with the revenue note/bond provisions.

The City has pledged future water, sewer, golf, and gas customer revenues, net of specified operating expenses, to repay \$9,179,000 in revenue notes issued in 1998, 2005, and 2007. Proceeds from the notes provided financing for construction of improvements to the facilities and infrastructure. The notes are payable solely from customer net revenues and are payable through 2022. Annual principal and interest payments on the notes are expected to require less than net revenues. The total principal and interest remaining to be paid on the notes is \$9,363,735. For the current year, principal and interest paid and total customer net revenues were \$941,575 and \$1,517,290, respectively.

Details of revenue notes and refunding bonds payable at June 30, 2009 are as follows:

<u>Business Type activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2009</u>
Revenue Notes and Bonds						
Sewer						
Bonds-Series 1998A	October 8, 1998	4.23	June 1, 2018	\$23,000 - 33,000	\$ 455,748	\$ 251,000
Bonds-Series 1998B	October 8, 1998	4.23	June 1, 2018	49,000 - 68,000	945,252	523,000
Bonds Series 1998C	October 8, 1998	3.92	June 1, 2018	60,000 - 82,000	1,178,000	634,000
Golf Course						
Revenue Note	March 4, 2005	4.45	June 1, 2010	807,640	925,000	807,640
Natural Gas Utility						
Revenue Note	July 9, 2007	4.50-4.70	June 1, 2022	300,000 - 505,000	5,675,000	5,115,000

<u>Year ending June 30</u>	<u>Revenue Notes/Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,239,640	\$ 327,220	\$ 1,566,860
2011	453,000	272,210	725,210
2012	469,000	252,390	721,390
2013	489,000	231,875	720,875
2014	510,000	210,480	720,480
2015-2019	2,720,000	696,872	3,416,872
2020-2022	<u>1,450,000</u>	<u>138,415</u>	<u>1,588,415</u>
Subtotal	7,330,640	2,129,462	9,460,102
Less unamortized discount	<u>(96,367)</u>	<u>—</u>	<u>(96,367)</u>
Totals	<u>\$ 7,234,273</u>	<u>\$2,129,462</u>	<u>\$ 9,363,735</u>

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)

Two issues of unmatured Des Moines Water Works refunding bonds, totaling \$3,663,053, are outstanding at June 30, 2009. These notes bear interest at rates ranging from 3.85% to 4.00% and mature in annual amounts ranging from \$154,360 to \$451,667, with the final maturity due in the year ending June 30, 2017.

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

Year ending June 30	Des Moines Water Works 2001 Water Refunding Bonds			Des Moines Water Works 2006 Water Refunding Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
2010	\$ 154,360	\$ 22,839	\$ 177,199	\$ 362,917	\$ 123,400	\$ 486,317	\$ 663,516
2011	160,295	16,702	176,997	373,750	105,883	479,633	656,630
2012	166,230	10,211	176,441	385,833	90,933	476,766	653,207
2013	172,168	3,443	175,611	398,750	75,500	474,250	649,861
2014	—	—	—	413,750	59,550	473,300	473,300
2015-2017	—	—	—	<u>1,075,000</u>	<u>76,400</u>	<u>1,151,400</u>	<u>1,151,400</u>
Subtotals	653,053	53,195	706,248	3,010,000	531,666	3,541,666	4,247,914
Less unamortized discount	<u>(4,011)</u>	<u>—</u>	<u>(4,011)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,011)</u>
Totals	<u>\$ 649,042</u>	<u>\$ 53,195</u>	<u>\$ 702,237</u>	<u>\$3,010,000</u>	<u>\$ 531,666</u>	<u>\$3,541,666</u>	<u>\$4,243,903</u>

As of June 30, 2009, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	954,612,254
Debt limit - 5% of total actual valuation	47,730,613
Debt applicable to debt limit	
General obligation bonded debt outstanding	25,295,296
Tax increment financing debt outstanding	3,095,101
Legal debt margin	28,390,397
Percentage of debt limit	59.48%

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ <u>759,470</u>
Debt Service	Governmental Funds	
	Urban Renewal TIF	555,385
	Nonmajor Governmental Funds	584,415
	Enterprise	
	Water	100,335
	Sewer	67,055
	Nonmajor Enterprise Funds	<u>77,803</u>
		<u>1,384,993</u>
Capital Projects	Governmental	
	General	562,225
	Urban Renewal TIF	1,000,000
	Nonmajor Governmental Funds	1,100,500
	Enterprise	
	Water	72,647
	Sewer	<u>445,294</u>
		<u>3,180,666</u>
Nonmajor Governmental	Nonmajor Governmental	<u>22,000</u>
Total		<u>\$5,347,129</u>

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

NOTE 7 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2009 is as follows:

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

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$155,380, \$139,906 and \$119,736, respectively, equal to the required contributions for each year.

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

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, can not be less than 17% of earnable compensation. Contribution rates are established by state statute. The City's contribution to the Plan for the years ended June 30, 2009, 2008 and 2007 were \$90,992, \$68,639 and \$59,359, respectively, which met the required minimum contribution for each year.

NOTE 9 RISK MANAGEMENT

The City of Waukee is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 9 RISK MANAGEMENT (continued)

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2009 were \$135,760.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the City's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Self-insurance

On July 1, 2008, the City adopted a partially self funded-insured medical expense reimbursement plan which provides medical benefits to its employees and their dependants. The plan provides each covered person with a lifetime maximum of \$5,000,000 coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Wellmark Blue Cross Blue Shield of Iowa. The uninsured risk retention per person is based on coverage selected and whether the claims are in or out of the network. There has been no significant reduction in insurance coverage under the plan from prior years.

NOTE 10 COMMITMENTS

The City entered into contract commitments with contractors for the completion of several infrastructure construction projects. The total contract commitments are \$15,390,613, of which \$7,253,484 has been incurred as of June 30, 2009. The unpaid commitment balance is \$8,137,129, which will be funded by current reserves in the capital projects funds and enterprise funds.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 11 TAX INCREMENT FINANCING DEBT

Urban renewal tax increment financing debt was issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The debt is payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The debt is not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2009, \$3,095,101 is outstanding.

NOTE 12 JOINT VENTURE

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

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

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

The WRA Sewer Revenue Bonds Series 2004B bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2008, the Series 2004B bonds had a balance of \$64,695,000 and the City of Waukee's estimated future allocation based on the WRA flows was \$1,982,560.

The WRA Sewer Revenue Bonds Series 2006A bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2008, the Series 2006A bonds had a balance of \$38,050,000 and the City of Waukee's estimated future allocation based on the WRA flows is currently \$1,228,235.

The 2008 State Revolving Fund (SRF) Loan was issued for capital expansion. The WRA Agreement requires the debt service on this loan to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2008, the 2008 SRF loan had a balance of \$14,414,583 and the City of Waukee's estimated future allocation based on the WRA flows was \$479,143.

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

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-01346.

City of Waukee, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 13 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

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

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other postemployment benefit expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

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

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, will be effective for the City beginning with its year ending June 30, 2010. This statement requires that derivative instruments be reported at fair value.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the City beginning with its year ending June 30, 2011. This statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

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

NOTE 14 RESTATEMENT OF NET ASSETS FOR GOVERNMENTAL ACTIVITIES

For the year ended June 30, 2009, the City restated the beginning value of net assets for a prior period adjustment. The change in these financial statements is for the proper recognition of bond issue costs, bond discounts, and bond premiums.

	<u>Governmental Activities</u>
Net assets, beginning of year, as previously stated	\$51,018,757
Increase resulting from bond issue costs, discounts, and premiums on General Obligation Debt of the City from prior years which was not properly recognized	<div style="border-top: 1px solid black; width: 100px; margin: 0 auto;">77,277</div>
Net assets, beginning of year, as restated	<u>\$51,096,034</u>

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REQUIRED SUPPLEMENTARY INFORMATION

City of Waukee, Iowa
**BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**
Required Supplementary Information
Year ended June 30, 2009

	<u>Governmental funds actual</u>	<u>Proprietary funds actual</u>	<u>Less funds not required to be budgeted</u>	<u>Total actual</u>
RECEIPTS				
Property tax	\$ 5,318,576	\$ -	\$ -	\$ 5,318,576
Tax increment financing collections	2,824,039	-	-	2,824,039
Other city tax	1,301,852	-	-	1,301,852
Licenses and permits	673,103	-	-	673,103
Use of money and property	128,470	1,115,822	505	1,243,787
Intergovernmental	4,641,902	-	-	4,641,902
Charges for services	209,664	10,341,252	252,232	10,298,684
Miscellaneous	<u>1,142,477</u>	<u>149,052</u>	<u>10,024</u>	<u>1,281,505</u>
Total receipts	<u>16,240,083</u>	<u>11,606,126</u>	<u>262,761</u>	<u>27,583,448</u>
DISBURSEMENTS				
Public safety	2,391,927	-	-	2,391,927
Public works	1,099,806	-	-	1,099,806
Health and social services	11,000	-	-	11,000
Culture and recreation	1,211,373	-	34,390	1,176,983
Community and economic development	848,245	-	-	848,245
General government	982,213	-	-	982,213
Debt service	8,379,401	-	-	8,379,401
Capital projects	10,807,450	-	-	10,807,450
Business type activities	-	9,240,968	-	9,240,968
Nonprogram	-	<u>232,763</u>	<u>232,763</u>	-
Total disbursements	<u>25,731,415</u>	<u>9,473,731</u>	<u>267,153</u>	<u>34,937,993</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(9,491,332)</u>	<u>2,132,395</u>	<u>(4,392)</u>	<u>(7,354,545)</u>
OTHER FINANCING SOURCES, NET				
Excess of receipts and other financing sources over disbursements and other financing uses	<u>10,445,456</u>	<u>(763,134)</u>	<u>-</u>	<u>9,682,322</u>
Capital contributions	-	45,546	-	45,546
BALANCES, beginning of year	<u>7,433,107</u>	<u>21,652,592</u>	<u>121,591</u>	<u>28,964,108</u>
BALANCES, end of year	<u>\$ 8,387,231</u>	<u>\$23,067,399</u>	<u>\$ 117,199</u>	<u>\$31,337,431</u>

See accompanying independent auditor's report.

<u>Budgeted amounts</u>		<u>Final to actual variance</u>
<u>Original</u>	<u>Final</u>	
\$ 5,247,152	\$ 5,247,152	\$ 71,424
2,997,060	2,997,060	(173,021)
75,115	75,115	1,226,737
779,010	678,640	(5,537)
313,440	322,740	921,047
13,468,230	13,697,310	(9,055,408)
11,337,939	11,426,874	(1,128,190)
<u>2,753,815</u>	<u>2,759,295</u>	<u>(1,477,790)</u>
<u>36,971,761</u>	<u>37,204,186</u>	<u>(9,620,738)</u>
2,277,560	2,469,525	77,598
1,381,365	1,344,385	244,579
15,530	11,000	-
1,090,690	1,163,440	(13,543)
1,177,440	1,044,060	195,815
857,820	1,166,140	183,927
2,872,479	8,472,479	93,078
22,350,500	22,350,500	11,543,050
12,411,727	12,411,727	3,170,759
-	-	-
<u>44,435,111</u>	<u>50,433,256</u>	<u>15,495,263</u>
<u>(7,463,350)</u>	<u>(13,229,070)</u>	<u>5,874,525</u>
<u>7,120,000</u>	<u>13,510,000</u>	<u>(3,827,678)</u>
(343,350)	280,930	2,046,847
-	-	45,546
<u>9,731,163</u>	<u>11,576,537</u>	<u>17,387,571</u>
<u>\$ 9,387,813</u>	<u>\$11,857,467</u>	<u>\$19,479,964</u>

City of Waukee, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2009

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$5,998,145. This budget amendment is reflected in the final budgeted amounts.

The City of Waukee, Iowa prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with generally accepted accounting principles. During the year ended June 30, 2009, disbursements in the culture and recreation function exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

**City of Waukee
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009**

	<u>Special Revenue Funds</u>					<u>Debt service</u>	
	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Enterprise Business Park TIF</u>	<u>Library Foundation</u>	<u>Hickman West Industrial Park TIF</u>	<u>Special Assessments</u>	<u>Total</u>
ASSETS							
Cash and pooled investments	\$ 162,686	\$ -	\$ 214,301	\$ 94,565	\$ 840,375	\$ 61,539	\$1,373,466
Receivables							
Property tax							
Delinquent	-	13,428	-	-	-	-	13,428
Succeeding year	-	859,209	-	-	-	-	859,209
Special assessments	-	-	-	-	-	194,237	194,237
Due from other governments	4,160	-	-	-	-	-	4,160
Prepaid insurance	<u>7,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,576</u>
Total assets	<u>\$ 174,422</u>	<u>\$ 872,637</u>	<u>\$ 214,301</u>	<u>\$ 94,565</u>	<u>\$ 840,375</u>	<u>\$ 255,776</u>	<u>\$2,452,076</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ 22,742	\$ 2,817	\$ -	\$ -	\$ -	\$ -	\$ 25,559
Compensated absences	1,045	-	-	-	-	-	1,045
Deferred revenue							
Succeeding year property tax	-	859,209	-	-	-	-	859,209
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,237</u>	<u>194,237</u>
Total liabilities	<u>23,787</u>	<u>862,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,237</u>	<u>1,189,154</u>
FUND EQUITY							
Fund balances							
Restricted for							
Debt service	-	-	-	-	-	61,539	61,539
Prepaid insurance	7,576	-	-	-	-	-	7,576
Unreserved, undesignated	<u>143,059</u>	<u>10,611</u>	<u>214,301</u>	<u>94,565</u>	<u>840,375</u>	<u>-</u>	<u>1,302,911</u>
Total fund balances	<u>150,635</u>	<u>10,611</u>	<u>214,301</u>	<u>94,565</u>	<u>840,375</u>	<u>61,539</u>	<u>1,372,026</u>
Total liabilities and fund equity	<u>\$ 174,422</u>	<u>\$ 872,637</u>	<u>\$ 214,301</u>	<u>\$ 94,565</u>	<u>\$ 840,375</u>	<u>\$ 255,776</u>	<u>\$2,452,076</u>

See accompanying independent auditor's report.

City of Waukee
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2009

	<u>Special Revenue Funds</u>					<u>Debt service</u>	
	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Enterprise Business Park TIF</u>	<u>Library Foundation</u>	<u>Hickman West Industrial Park TIF</u>	<u>Special Assessments</u>	<u>Total</u>
REVENUES							
Property tax	\$ -	\$ 768,972	\$ -	\$ -	\$ -	\$ -	\$ 768,972
Tax increment financing collections	-	-	323,405	-	583,788	-	907,193
Other city tax	-	-	-	-	-	10,854	10,854
Use of money and property	-	1,006	545	-	7,845	1,985	11,381
Intergovernmental	674,710	-	-	-	-	-	674,710
Miscellaneous	9,439	-	-	10,024	-	-	19,463
Total revenues	<u>684,149</u>	<u>769,978</u>	<u>323,950</u>	<u>10,024</u>	<u>591,633</u>	<u>12,839</u>	<u>2,392,573</u>
EXPENDITURES							
Operating							
Public works	645,216	-	-	-	-	-	645,216
Culture and recreation	-	-	-	34,390	-	-	34,390
Community and economic development	-	-	-	-	19,730	-	19,730
Capital projects	<u>134,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,343</u>
Total expenditures	<u>779,559</u>	<u>-</u>	<u>-</u>	<u>34,390</u>	<u>19,730</u>	<u>-</u>	<u>833,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,410)</u>	<u>769,978</u>	<u>323,950</u>	<u>(24,366)</u>	<u>571,903</u>	<u>12,839</u>	<u>1,558,894</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	110,000	-	-	-	-	-	110,000
Sale of capital assets	10,000	-	-	-	-	-	10,000
Operating transfers in	22,000	-	-	-	-	-	22,000
Operating transfers (out)	<u>-</u>	<u>(781,470)</u>	<u>(228,800)</u>	<u>-</u>	<u>(1,451,115)</u>	<u>(5,000)</u>	<u>(2,466,385)</u>
Total other financing sources (uses)	<u>142,000</u>	<u>(781,470)</u>	<u>(228,800)</u>	<u>-</u>	<u>(1,451,115)</u>	<u>(5,000)</u>	<u>(2,324,385)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	46,590	(11,492)	95,150	(24,366)	(879,212)	7,839	(765,491)
FUND BALANCES, beginning of year	<u>104,045</u>	<u>22,103</u>	<u>119,151</u>	<u>118,931</u>	<u>1,719,587</u>	<u>53,700</u>	<u>2,137,517</u>
FUND BALANCES, end of year	<u>\$ 150,635</u>	<u>\$ 10,611</u>	<u>\$ 214,301</u>	<u>\$ 94,565</u>	<u>\$ 840,375</u>	<u>\$ 61,539</u>	<u>\$1,372,026</u>

City of Waukee, Iowa
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds			Total
	Solid Waste	Utility Billing	Storm Sewer	
ASSETS				
CURRENT ASSETS				
Cash and pooled investments	\$ -	\$ 137,696	\$ 288,661	\$ 426,357
Receivables				
Customer accounts and unbilled usage	79,945	-	35,268	115,213
Capital assets (net of accumulated depreciation)	-	-	67,140	67,140
Total assets	79,945	137,696	391,069	608,710
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	29,666	57,214	26,565	113,445
Compensated absences	-	3,959	-	3,959
Interfund payable	-	53,889	-	53,889
Total liabilities	29,666	115,062	26,565	171,293
NET ASSETS				
Invested in capital assets, net of related debt	-	-	67,140	67,140
Unreserved, undesignated	50,279	22,634	297,364	370,277
Total net assets	\$ 50,279	\$ 22,634	\$ 364,504	\$ 437,417

See accompanying independent auditor's report.

City of Waukee, Iowa
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 Year ended June 30, 2009**

	Enterprise Funds			Total
	Solid Waste	Utility Billing	Storm Sewer	
OPERATING REVENUES				
Charges for service	\$ 693,799	\$ 252,232	\$ 347,573	\$1,293,604
Miscellaneous	2,518	-	930	3,448
Total operating revenues	<u>696,317</u>	<u>252,232</u>	<u>348,503</u>	<u>1,297,052</u>
OPERATING EXPENSES				
Business type activities				
Cost of sales and services	688,526	232,763	204,844	1,126,133
Depreciation and amortization	-	-	6,594	6,594
Total operating expenses	<u>688,526</u>	<u>232,763</u>	<u>211,438</u>	<u>1,132,727</u>
Operating income	<u>7,791</u>	<u>19,469</u>	<u>137,065</u>	<u>164,325</u>
NONOPERATING REVENUES				
Interest income	-	505	1,042	1,547
Total nonoperating revenues	<u>-</u>	<u>505</u>	<u>1,042</u>	<u>1,547</u>
Transfers (out)	-	-	(21,730)	(21,730)
CHANGE IN NET ASSETS	7,791	19,974	116,377	144,142
NET ASSETS , beginning of year	<u>42,488</u>	<u>2,660</u>	<u>248,127</u>	<u>293,275</u>
NET ASSETS , end of year	<u>\$ 50,279</u>	<u>\$ 22,634</u>	<u>\$ 364,504</u>	<u>\$ 437,417</u>

See accompanying independent auditor's report.

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

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
REVENUES					
Property tax	\$ 5,318,576	\$ 4,405,384	\$ 3,804,888	\$3,468,779	\$ 3,057,974
Tax increment financing revenue	2,824,039	2,447,271	1,651,122	1,279,032	980,076
Other city tax	1,301,852	599,570	466,312	57,134	160,531
Licenses and permits	673,103	627,720	766,811	880,119	659,487
Use of money and property	128,470	330,789	242,139	142,740	111,127
Intergovernmental	4,641,902	1,054,612	1,727,796	870,087	2,138,494
Charges for service	209,664	134,996	92,707	75,600	89,475
Miscellaneous	1,142,477	170,474	459,154	331,615	430,772
Totals	<u>\$16,240,083</u>	<u>\$ 9,770,816</u>	<u>\$ 9,210,929</u>	<u>\$7,105,106</u>	<u>\$ 7,627,936</u>
EXPENDITURES					
Operating					
Public safety	\$ 2,391,927	\$ 1,806,932	\$ 1,510,461	\$1,373,641	\$ 2,169,067
Public works	1,099,806	1,167,008	1,081,599	1,185,751	1,214,158
Health and social services	11,000	9,800	9,000	13,500	12,050
Culture and recreation	1,211,373	982,900	1,110,158	806,026	854,233
Community and economic development	848,245	701,524	645,533	508,066	236,485
General government	982,213	717,792	708,556	706,296	414,964
Debt service	8,379,401	2,552,259	2,432,070	2,407,072	1,498,394
Capital projects	10,807,450	7,764,263	4,062,917	1,376,921	4,474,304
Totals	<u>\$25,731,415</u>	<u>\$15,702,478</u>	<u>\$11,560,294</u>	<u>\$8,377,273</u>	<u>\$10,873,655</u>

City of Waukee, Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Homeland Security Staffing for Adequate Fire and Emergency Response	97.044	\$ 105,882
Iowa Department of Transportation Highway Planning and Construction	20.205	<u>3,236,621</u>
Total federal expenditures		<u>\$3,342,503</u>

BASIS OF PRESENTATION

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

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

Honorable Mayor and
Members of the City Council
Waukee, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Waukee, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City of Waukee, Iowa's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

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

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 9, 2009

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

Honorable Mayor and
Members of the City Council
Waukee, Iowa

Compliance

We have audited the compliance of the City of Waukee (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Waukee complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's 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.

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

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

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 9, 2009

SCHEDULE OF FINDINGS

**City of Waukee
SCHEDULE OF FINDINGS
Year ended June 30, 2009**

Part I. Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal controls over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to major programs.
- (f) The audits did not disclose audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - *CFDA Number 20.205 - Highway Planning and Construction
- (h) The dollar threshold used to distinguish between type A and B programs was \$300,000.
- (i) The City of Waukee did not qualify as a low-risk auditee.

**City of Waukee
SCHEDULE OF FINDINGS
Year ended June 30, 2009**

Part II—Findings Related to the Financial Statements

Instances of Non-compliance

No matters were noted.

Material Weaknesses

No matters were noted.

City of Waukee
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2009

Part III—Findings for Federal Awards

Instances of Noncompliance

No matters were noted.

Material Weaknesses

No material weaknesses in internal control over the major programs were noted.

City of Waukee
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2009

Part IV—Findings Related to Required Statutory Reporting

IV-09-A CERTIFIED BUDGET

Expenditures during the year ended June 30, 2009 exceeded the amount budgeted in the culture and recreation function. Chapter 384.20 of the Code of Iowa states, in part, that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation

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

Response

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

Conclusion

Response accepted.

IV-09-B QUESTIONABLE EXPENDITURES

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

IV-09-C TRAVEL EXPENSE

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

IV-09-D BUSINESS TRANSACTIONS

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

IV-09-E BOND COVERAGE

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

IV-09-F COUNCIL MINUTES

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

IV-09-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.

IV-09-H REVENUE BONDS/NOTES

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

City of Waukee
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2009

Part IV—Findings Related to Required Statutory Reporting

IV-09-I TRANSFERS

Transfers of \$1,000,000 between the Urban Renewal TIF Special Revenue Fund and the Capital Projects Fund were noted that were not budgeted for or specifically identified as being approved by City Council in the council minutes.

Recommendation

Approval of transfers should be documented when not included in budgeted amounts.

Response

We will document council approval of transfers that are made which are not included in either the original or amended budgets.

Conclusion

Response accepted.

IV-09-J CASH DEPOSITS

The City's obtains checks from developers for various projects. Checks for these items are maintained in project files on-site, and are deposited when determined property of the City. Due to the length of some of the projects, checks can become stale and may have insufficient funds when the City deposits them.

Recommendation

The City should change their policy with regards to developer deposits and retaining checks.

Response

We will review our policy in regards to developer deposits.

Conclusion

Response accepted.