



**CITY OF DES MOINES, IOWA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

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

For the Fiscal Year Ended June 30, 2012

Prepared by the
Department of Finance



TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Letter of Transmittal VII
GFOA Certificate of Achievement XIII
Organizational Chart..... XV
List of Elected and Appointed Officials..... XVII

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 3

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Assets..... 20
Statement of Activities 22

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds 24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets..... 27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental
Funds..... 28
Reconciliation of the Change in Fund Balances of Governmental Funds to the
Statement of Activities..... 30

Proprietary Fund Financial Statements

Statement of Net Assets - Proprietary Funds 32
Reconciliation of Enterprise Funds' Net Assets to the Statement of Net Assets 37
Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Funds 38
Reconciliation of the Change in Net Assets of Enterprise Funds to the Statement of Activities... 41
Statement of Cash Flows - Proprietary Funds 42

Fiduciary Fund Financial Statements

Statement of Fiduciary Assets and Liabilities - Fiduciary Funds 46

Notes to the Financial Statements 47

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - Budgetary Basis -
All Governmental Funds and Enterprise Funds 93
Budgetary Comparison Schedule - Budget to GAAP Reconciliation 94
Notes to Required Supplementary Information..... 95
Other Postemployment Benefit Plan 96

FINANCIAL SECTION (continued)

Other Supplementary Information

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Governmental Funds

Combining Balance Sheet Schedule - All General Fund Accounts	100
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - All General Fund Accounts.....	101
Combining Balance Sheet Schedule - All Capital Projects Accounts	102
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Capital Projects Accounts	104
Combining Balance Sheet - Nonmajor Governmental Funds	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Nonmajor Governmental Funds	108

Proprietary Funds

Combining Statement of Net Assets Schedule - All Parking Fund Accounts	110
Combining Schedule of Revenues, Expenditures, and Changes in Fund Net Assets Schedule - All Parking Fund Accounts.....	113
Combining Statement of Cash Flows Schedule - All Parking Fund Accounts.....	114
Combining Statement of Net Assets - Nonmajor Enterprise Funds	116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds	117
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	118
Combining Statement of Net Assets - Internal Service Funds	120
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets (Deficit) - Internal Service Funds.....	122
Combining Statement of Cash Flows - Internal Service Funds	124

Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities - Agency Funds	128
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Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function	130
Schedule of Capital Assets by Source	131
Schedule by Function.....	132
Combined Schedule of Bonds Payable	134

STATISTICAL SECTION (UNAUDITED)

Table 1: Net Assets by Component.....	156
Table 2: Changes in Net Assets	158
Table 3: Program Revenues by Function/Program	166
Table 4: Fund Balances, Governmental Funds	170
Table 5: Changes in Fund Balances, Governmental Funds	172
Table 6: Tax Revenues by Source, Governmental funds	175
Table 7: Assessed Value and Estimated Actual Value of Taxable Property.....	176

STATISTICAL SECTION (UNAUDITED) (continued)

Table 8: Direct and Overlapping Property Tax Rates.....	178
Table 9: Principal Property Taxpayers	181
Table 10: Property Tax Levies and Collections	183
Table 11: Ratios of Net General Bonded Debt Outstanding by Type	184
Table 12: Direct and Overlapping Governmental Activities Debt.....	187
Table 13: Legal Debt Margin Information.....	188
Table 14: Pledged-Revenue Coverage	190
Table 15: Demographic and Economic Statistics.....	193
Table 16: Principal Employers	195
Table 17: Full-Time Equivalent City Governmental Employees by Functions/Programs	196
Table 18: Operating Indicators by Function/Program.....	198
Table 19: Capital Asset Statistics by Function/Program	200
Table 20: Schedule of Insurance in Force	202

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	207
Notes to the Schedule of Expenditures of Federal Awards	214
Summary Schedule of Prior Audit Findings.....	215
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	216
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Affect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	218
Schedule of Findings and Questioned Costs	220
Corrective Action Plan	223



INTRODUCTORY SECTION





December 12, 2012

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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

McGladrey LLP, Certified Public Accountants, has issued an unqualified (“clean”) opinion on the City of Des Moines’s financial statements for the year ended June 30, 2012. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Des Moines, Iowa was incorporated as a town in 1851 and as a city in 1857 under the laws of the State of Iowa, later amended in 1975 under the Home Rule Act. Extending over 80 square miles, it is home to 203,433 people and the central city of a metropolitan area of approximately 580,000. It is a river city, intersected by the Des Moines and Raccoon Rivers.

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

The City of Des Moines provides a full range of services, including police and fire protection, sanitation services, park and recreational programs and facilities; construction and maintenance of infrastructure, including streets, roads, bridges, and a storm water utility; enforcement of building code regulations; traffic control and parking; operation and maintenance of an international airport; housing and other community improvements and social services; economic development and six public libraries. The Des Moines Independent Community School District, the Des Moines Water Works, Des Moines Area Regional Transit, the Wastewater Reclamation Authority and Metro Waste Authority – while providing other services to the citizens of Des Moines – do not meet the established criteria for component entities of the City, and thus, are excluded from this report. The City benefits from strong and diverse neighborhoods and a citizenry deeply involved in its government. The development of 57 recognized neighborhood associations and the participation of more than 300 residents who voluntarily serve on boards and commissions strengthen the basic framework of the City’s governmental structure.

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

Local Economy and Living Conditions

Des Moines is the industrial, commercial, financial, trade, transportation, and governmental center of Iowa. The City’s insurance industry is the third largest in the world – after London and Hartford – and growing. There are over 200 insurance offices and headquarters located in Des Moines employing more than 20,000 people. Insurance activities are part of a strong local economy that is also based in agriculture, manufacturing, technology, education, health care, and other services.

The City of Des Moines has been named as one of the top-ranked digital city governments in the nation. The city was ranked seventh for cities of similar size according to the 2012 Digital Cities Survey. Tech Journal designated Des Moines as the second strongest local

economy. Forbes Magazine continues to recognize Des Moines' achievements and attraction with the following rankings; #2 "Best Cities for Jobs"; #4 "Best Places for Business and Careers"; and #1 Best City for Young Professionals in 2011. Kiplinger Magazine also distinguishes Des Moines as the #1 "Best City for Families" and in the top ten "Best Cities for the Next Decade".

While Iowa is an agricultural state, the City's economic diversification insulates it from the farm economy. Further, as many of the state's rural communities experience population decreases, the Des Moines metropolitan area continues to grow, with much of the expansion resulting from the relocation of residents to Des Moines from rural areas. The variety of components contributing to the City's economy creates a stability that is apparent from unemployment figures. The City has historically enjoyed a relatively low unemployment rate for each of the last five calendar years: 6.0 percent June 30, 2012, 6.0 percent June 30, 2011, 6.4 percent June 30, 2010, 6.2 percent June 30, 2009, and 3.7 percent in 2008. The slow national economic recovery has caused a slight decline in Des Moines' property values; although, the overall strength of the local economy has allowed the City to maintain its unemployment rates significantly below the national average. Additional background data is included in the statistical section of this report. Des Moines' underlying economic base remains strong and although new residential and commercial construction has slowed and employment has remained flat, Des Moines is expected to experience growth in the post-recession era of the global economy in calendar year 2013.

Long-term Financial Planning

The City Council and administration routinely consider the long-term view regarding financial matters. Operating budget decisions are based on the long-term impact of appropriations and funding. A two-year budget plan is prepared every two years and multi-year trends are identified for all major revenues and expenditures. The city has a sophisticated and detailed Capital Improvement Plan that considers the impact of the investment in infrastructure, the associated debt burden, and any changes in operating costs.

Relevant Financial Policies

The city regards General Fund unassigned fund balance as a critical component of fiscal health and criteria for an above average bond rating. General Fund unassigned fund balance is targeted at a minimum of 10% of expenditures. The June 30, 2012 balance is 11.03% of expenditures, up from 10.2% as of June 30, 2011. The City Council took necessary actions to adopt a balanced FY13 budget that will preserve the General Fund unassigned fund balance. The City Council is currently preparing the FY14 budget with a

focus on making adjustments that will maintain the strong fund balance. Enterprise funds are monitored regularly and user fees adjusted to maintain required revenue bond coverage and sufficient working capital balances.

Major Initiatives

Several major projects designed to enhance the city's quality of life and add to its tax base have been completed. Those projects include the renovation and expansion of the Franklin Avenue Library and the renovation of the World Food Prize building. The Principal Riverwalk improvements continue to be unveiled in phases. Additional improvements remain in the early stages of development for the Riverpoint West area. The extension of Martin Luther King /Southeast Connector eastward across SE 14th Street to SE 30th Street will take place over the next couple of years.

The downtown housing stock is strong for rental units and owner-occupied condominiums despite the weak economy. Downtown residential living continues to increase, turning the downtown into a vibrant "24/7" location. The Botanical Center is undergoing major renovations and a new hotel is being constructed along the river south of Court Avenue. This work as well as the East Village revitalization and the Gateway West development have contributed to Des Moines being one of the "Top Ten Downtown Turnarounds" as named by the Urban Land Institute Magazine.

After many years of planning and coordination with the Army Corps of Engineers, significant flood protection measures are being undertaken along the Des Moines River. The Birdland area and Central Place levee improvements have been completed.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Des Moines for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the 35th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Richard Clark
City Manager



Scott E. Sanders
Finance Director/Treasurer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Des Moines
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Dandson

President

Jeffrey R. Emery

Executive Director



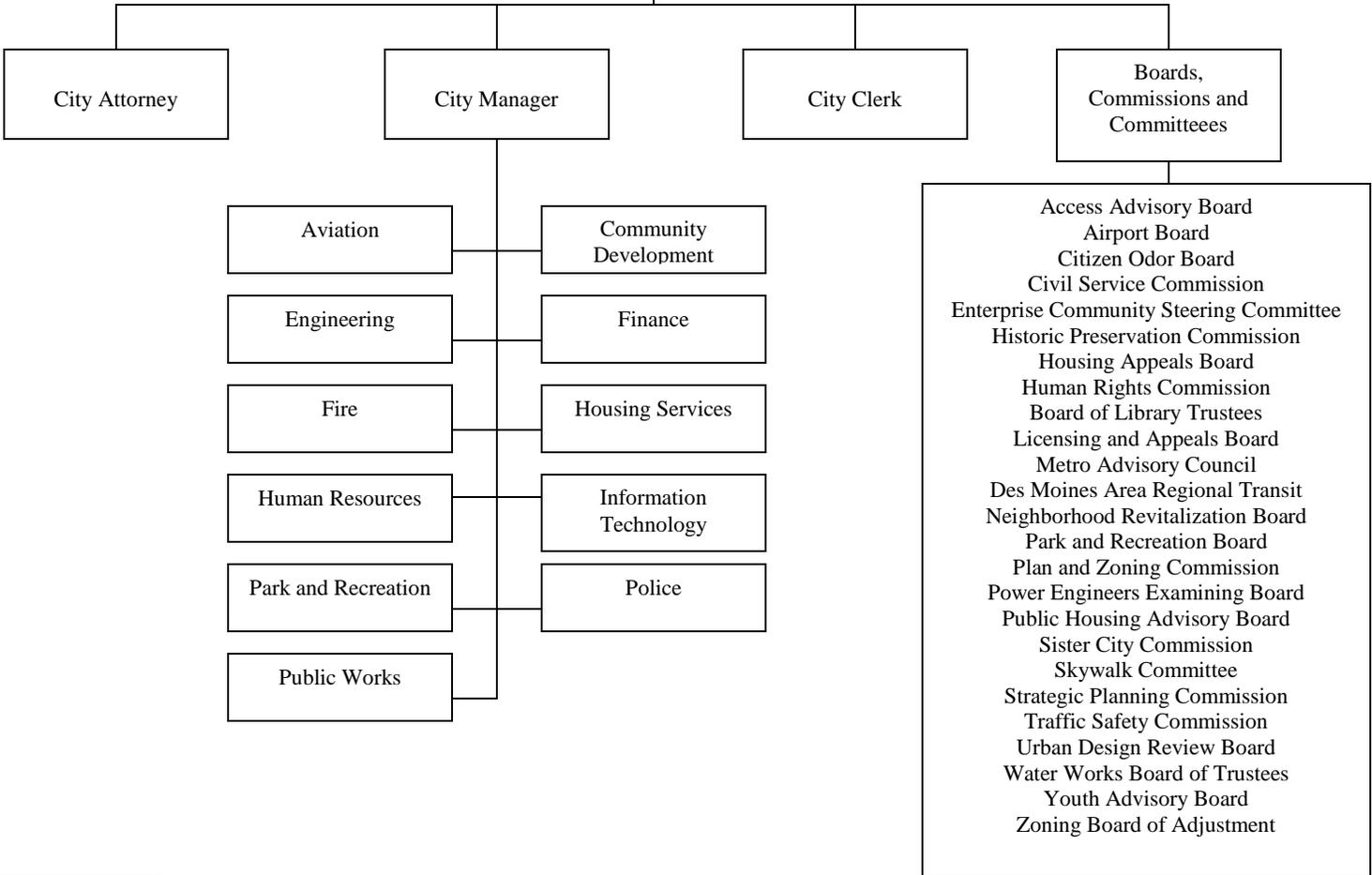
City of Des Moines, Iowa Table of Organization

Citizens of Des Moines

ELECT

Des Moines City Council
 Frank Cownie, Mayor
 Chris Coleman, At-Large
 Skip Moore, At-Large
 Halley Griess, Ward I
 Bob Mahaffey, Ward II
 Christine Hensley, Ward III
 Brian Meyer, Ward IV

APPOINTS





CITY OF

DES MOINES

**CITY OF DES MOINES, IOWA
ELECTED AND APPOINTED OFFICIALS
For the Fiscal Year Ended June 30, 2011**

Elected Officials:

Term Expires

Frank Cownie	Mayor	1/1/2016
Chris Coleman	Council Member, At-Large	1/1/2016
Skip Moore	Council Member, At-Large	1/1/2014
Halley Griess	Council Member, Ward I	1/1/2014
Bob Mahaffey	Council Member, Ward II	1/1/2016
Christine Hensley	Council Member, Ward III	1/1/2014
Brian Meyer	Council Member, Ward IV	1/1/2016

Council-Appointed Officials:

Richard Clark	City Manager
Jeffrey D. Lester	City Attorney
Diane Rauh	City Clerk



CITY OF

DES MOINES

FINANCIAL SECTION





Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Des Moines, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Des Moines, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, Des Moines Public Library Foundation, which represents approximately 1 percent of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Des Moines Public Library Foundation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Des Moines Public Library Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Des Moines, Iowa's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Des Moines, Iowa, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012 on our consideration of the City of Des Moines, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 19, other postemployment benefit plan schedule on page 96 and budgetary comparison schedules on pages 93 through 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the City of Des Moines, Iowa, taken as a whole. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of federal awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Des Moines, Iowa's basic financial statements. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Des Moines, Iowa
December 11, 2012

Management's Discussion and Analysis

As management of the City of Des Moines, we offer readers of the City of Des Moines' financial statements this narrative overview and analysis of the financial activities of the City of Des Moines for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page VII through XI of this report.

Financial Highlights

- The assets of the City of Des Moines exceeded its liabilities at the close of the most recent fiscal year by \$888,175,413 (*net assets*). Of this amount, none may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the City totals (\$3,490,363.)
- The government's total net assets decreased by \$185,249,632. The decrease was primarily caused by the transfer of the Airport Fund's net assets to the newly formed Airport Authority.
- At the close of this current fiscal year, the City of Des Moines' governmental funds reported combined ending fund balances of \$130,640,265, a decrease of \$40,629,351 in comparison with the prior year. This decrease was attributable primarily to debt proceeds held in escrow in the debt service fund being used to pay down debt.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,613,514 or 11.0 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Des Moines that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Des Moines include public safety, public works, health and social services, culture and recreation, community and economic development, and general government. The business-type activities of the City of Des Moines include the airport, municipal housing agency, parking facilities system, sanitary sewer system, golf courses, solid waste system, and stormwater utility. November 1, 2011 the City transferred the assets and liabilities of the City's Airport to the Des Moines Airport Authority, so at fiscal year end, this business-type activity no longer existed for the City.

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All of the funds of the City of Des Moines can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Des Moines maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Tax Increment Fund, Capital Projects Fund, and Benefit Tax Accounts Special Revenue Fund, all of which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The City of Des Moines maintained seven enterprise funds in fiscal year 2012. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport Fund, Parking Fund, Sewer System Fund, Storm Water Utility Fund, and Municipal Housing Fund as these are considered to be major funds of the City of Des Moines. Data from the other two enterprise funds (Golf Fund and Solid Waste Fund) are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Des Moines' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has only one type of fiduciary funds: agency funds. The total assets held in the fiduciary funds at June 30, 2012 were \$65,747,056 of which \$65,171,368 belonged to the Wastewater Reclamation Authority (WRA), an agency fund.

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Des Moines, assets exceeded liabilities by \$888,175,413, at the close of the fiscal year ended June 30, 2012.

By far the largest portion of the City of Des Moines' net assets (97.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Des

Moines uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Des Moines' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Des Moines' Net Assets

	Governmental Activities 2012	Business-type Activities 2012	Total 2012	Governmental Activities 2011	Business-type Activities 2011	Total 2011
Current and other assets	\$ 343,296,431	\$ 30,228,569	\$ 373,525,000	\$ 341,860,900	\$ 76,500,298	\$ 418,361,198
Capital assets	927,045,622	342,832,849	\$ 1,269,878,471	827,652,256	601,857,131	\$ 1,429,509,387
Total assets	<u>1,270,342,053</u>	<u>373,061,418</u>	<u>1,643,403,471</u>	<u>1,169,513,156</u>	<u>678,357,429</u>	<u>1,847,870,585</u>
Noncurrent liabilities	437,890,742	68,088,585	505,979,327	412,341,303	124,547,690	536,888,993
Other liabilities	233,991,756	15,256,975	249,248,731	208,349,846	29,206,701	237,556,547
Total liabilities	<u>671,882,498</u>	<u>83,345,560</u>	<u>755,228,058</u>	<u>620,691,149</u>	<u>153,754,391</u>	<u>774,445,540</u>
Net assets:						
Invested in capital assets, net of related debt	594,193,590	268,716,677	862,910,267	466,931,679	464,887,533	931,819,212
Restricted	11,180,084	17,575,425	28,755,509	68,341,253	26,222,227	94,563,480
Unrestricted	(6,914,119)	3,423,756	(3,490,363)	13,549,075	33,493,278	47,042,353
Total net assets	<u>\$ 598,459,555</u>	<u>\$ 289,715,858</u>	<u>\$ 888,175,413</u>	<u>\$ 548,822,007</u>	<u>\$ 524,603,038</u>	<u>\$ 1,073,425,045</u>

An additional portion of the City of Des Moines' net assets, \$28,755,509 (3.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* is a deficit balance (\$3,490,363). In the business-type activities there is a positive net asset balance of \$3,423,756 that may be used to meet the ongoing obligations to citizens and creditors of the business-type activities. Governmental activities had a deficit balance of (\$6,914,119) which will need to be covered by future revenues of the City.

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

The City's total net assets decreased by \$185,249,632 during the current fiscal year. The governmental activities net assets increased by \$49,637,548. This governmental activities' increase was attributable in part to the transfer of airport land from the business-type activities' assets of \$67,596,779. The total business-type activities' net assets decreased by \$234,887,180. This decrease was attributable primarily to the

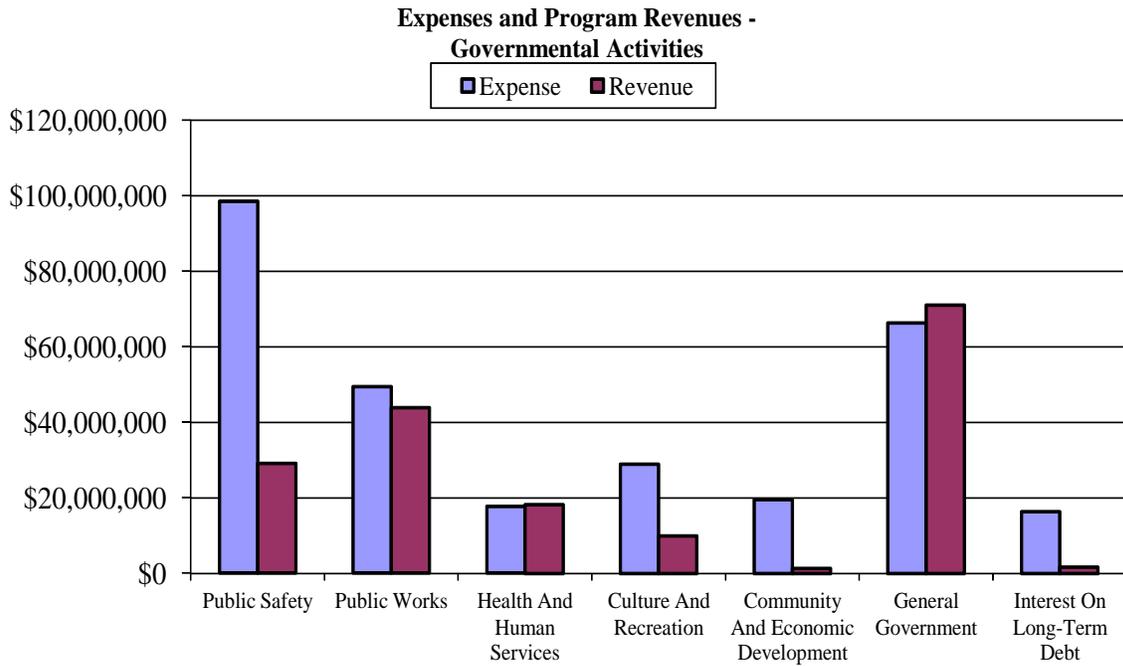
transfer of net assets from the Airport Fund to the Des Moines Airport Authority. This transfer of net assets to the Airport Authority totaled \$239,624,472.

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

	City of Des Moines' Changes in Net Assets					
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
	2012	2012	2012	2011	2011	2011
Revenues:						
Program revenues:						
Charges for services	\$ 59,119,618	\$ 88,957,348	\$ 148,076,966	\$ 45,799,150	\$ 102,631,101	\$ 148,430,251
Operating grants and contributions	97,074,290	19,000,397	116,074,687	54,678,753	18,484,739	73,163,492
Capital grants and contributions	18,939,022	16,563,113	35,502,135	29,363,090	22,943,037	52,306,127
General revenues:						
Property taxes	141,295,150	---	141,295,150	137,636,622	---	137,636,622
Other taxes	11,966,544	---	11,966,544	13,101,045	---	13,101,045
Other	3,577,472	245,844	3,823,316	2,027,429	468,794	2,496,223
Total revenues	331,972,096	124,766,702	456,738,798	282,606,089	144,527,671	427,133,760
Expenses:						
Public safety	98,465,997	---	98,465,997	93,375,900	---	93,375,900
Public works	49,340,265	---	49,340,265	46,184,974	---	46,184,974
Health and social services	17,316,619	---	17,316,619	22,007,150	---	22,007,150
Culture and recreation	28,981,404	---	28,981,404	26,293,968	---	26,293,968
Community and economic development	19,585,102	---	19,585,102	17,054,115	---	17,054,115
General government	66,299,402	---	66,299,402	31,732,926	---	31,732,926
Interest on long-term debt	16,348,496	---	16,348,496	13,733,718	---	13,733,718
Airport	---	250,444,292	250,444,292	---	36,610,641	36,610,641
Parking facilities system	---	11,903,920	11,903,920	---	12,667,634	12,667,634
Sewer system	---	32,547,541	32,547,541	---	32,492,636	32,492,636
Stormwater utility	---	13,062,830	13,062,830	---	14,124,721	14,124,721
Golf	---	224,339	224,339	---	246,620	246,620
Solid waste	---	11,212,320	11,212,320	---	11,410,969	11,410,969
Municipal Housing Agency	---	26,255,903	26,255,903	---	24,451,364	24,451,364
Total expenses	296,337,285	345,651,145	641,988,430	250,382,751	132,004,585	382,387,336
Increase/(decrease) in net assets before transfers	35,634,811	(220,884,443)	(185,249,632)	32,223,338	12,523,086	44,746,424
Transfers	14,002,737	(14,002,737)	---	1,688,516	(1,688,516)	---
Increase/(decrease) in net assets	49,637,548	(234,887,180)	(185,249,632)	33,911,854	10,834,570	44,746,424
Net assets - beginning	548,822,007	524,603,038	1,073,425,045	514,910,153	513,768,468	1,028,678,621
Net assets - ending	\$ 598,459,555	\$ 289,715,858	\$ 888,175,413	\$ 548,822,007	\$ 524,603,038	\$ 1,073,425,045

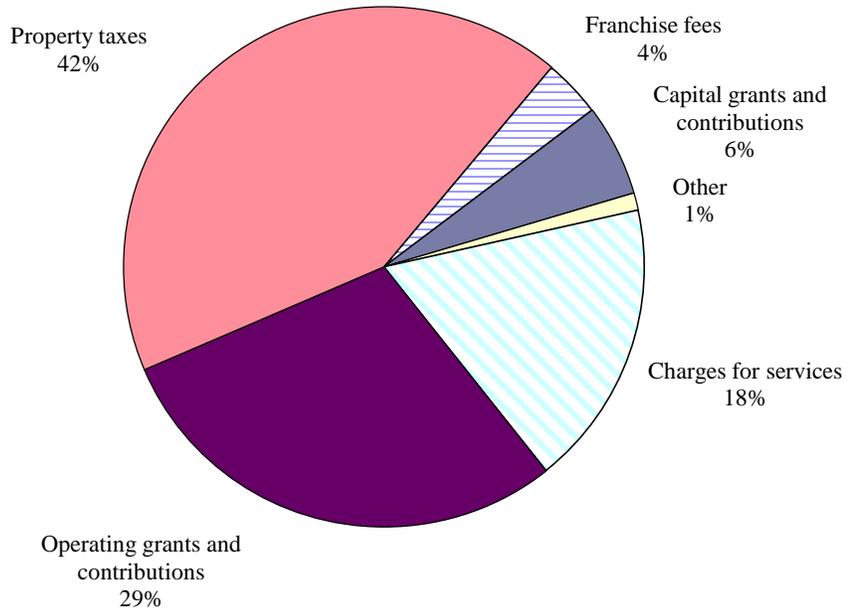
Total governmental activities' revenue for the fiscal year was \$331,972,096 compared to \$282,606,089 in 2011. The largest single revenue source for the City was property taxes of \$141,295,150. Property taxes increased by \$3,658,528 (2.66 percent) from 2011. This increase is the result primarily of an increase to the residential rollback and the associated increase to taxable valuation (2.3 percent increase).

Certain revenues are generated that are specific to governmental program activities. These totaled \$175,132,930 in 2012 and \$129,840,993 in 2011. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities.



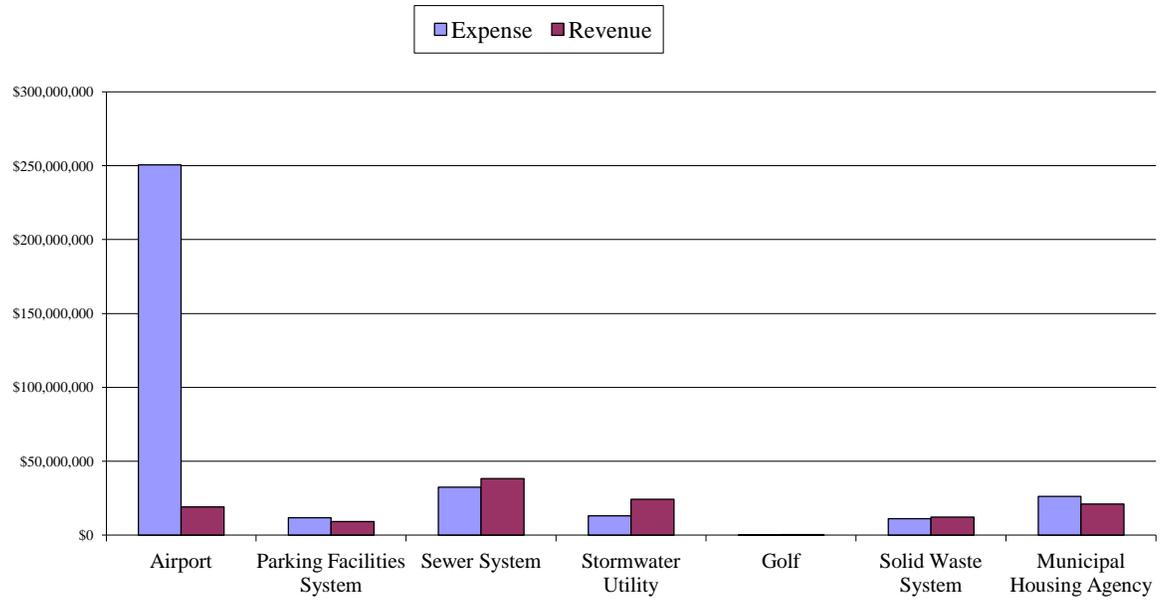
The graph below shows the percentage of the total governmental revenues allocated by each revenue type.

**Revenues by Source -
Governmental Activities**

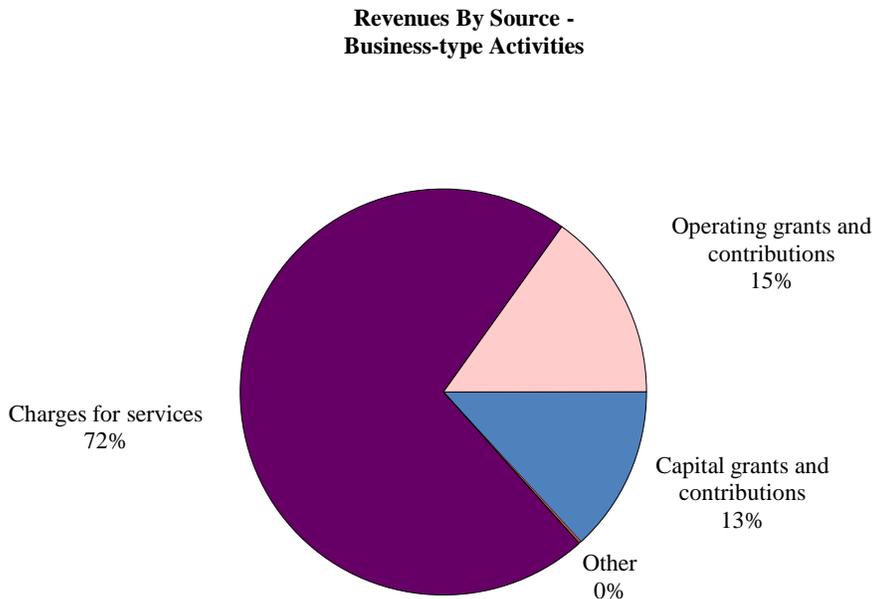


Total business-type activities' revenue for the fiscal year was \$124,766,702 compared to \$144,527,671 in 2011. All but \$245,844 and \$468,794 of this revenue was generated for specific business-type activity expenses in 2012 and 2011, respectively. The graph on the following page shows a comparison between the business-type activity expenditures and program revenues.

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



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



Business-type activities. Business-type activities decreased the City of Des Moines' net assets by \$234,887,180, accounting for the decrease, in total, in the government's net assets. Key elements of this decrease are as follows:

- The Des Moines Airport fund ceased to operate the Des Moines Airport on October 31, 2011. Net Assets totaling \$239,624,472 were transferred to the Des Moines Airport Authority. The land assets (\$67,596,779) held by the Des Moines Airport Enterprise Fund were transferred to the governmental activities of the City of Des Moines. Bond Debt of the Des Moines Airport fund was transferred to the governmental activities of the City. This debt totaled \$47,859,074, net of the bond discount.
- The decrease was partially offset by increases in net assets of the Sewer System (increase of \$8,515,354) and the Stormwater Utility (increase of \$13,735,625).

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Des Moines' governmental funds reported combined ending fund balances of \$130,640,265, a decrease of \$40,629,351 in comparison with the prior year. The decrease was related to a decrease of fund balance of \$29,910,343 in the debt service fund that was a result of funds that were held in escrow at June 30, 2011 being used to pay refunding of Series 2002E, 2002F, and 2005B. There were also decreases in ending fund balance in the tax increment fund and the capital projects fund. The decrease for the fiscal year was partially offset by an increase in fund balance in the general fund. Fund balance identified as nonspendable totaled \$13,480,900. There were restrictions of \$28,495,476 on the governmental fund balance. Committed fund balance totaled \$79,926,261, and unassigned fund balance totaled \$8,737,628. See footnote 17 for a further breakdown of the classifications of the governmental fund balance.

The General Fund is the chief operating fund of the City of Des Moines. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,613,514, while total fund balance was \$25,602,826. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.03 percent of total General Fund expenditures, while total fund balance represents 18.09 percent of that same amount.

The fund balance of the City of Des Moines' General Fund increased by \$7,457,970 during the current fiscal year.

The Debt Service Fund has a total fund balance of \$21,839,604. The net decrease in fund balance during the current year in the Debt Service Fund was \$29,910,343. This decrease was attributable primarily to debt proceeds from the advance refunding Series 2010H that were held in escrow in the Debt Service Fund to make planned principal and interest payments in fiscal year ending June 30, 2012.

The Tax Increment Fund (TIF) has a total fund balance of (\$1,295,168). The net decrease in fund balance during the current year in the Tax Increment Fund was \$3,021,921, due to the timing of planned developer payments preceding available tax increment revenue that will be collect in the following fiscal year.

The Capital Projects Fund has a total fund balance of \$74,872,680. The net decrease in fund balance during the current year in the Capital Projects Fund was \$9,974,156. This decrease was due to the timing and rate of expenditures for capital projects during the construction season that spans primarily from May through October. The unspent fund balance will be expended in projects in the subsequent year.

The Benefit Tax Accounts Special Revenue Fund has a total fund balance of (\$148,435) and is scheduled to return to a near zero fund balance by June 30, 2013.

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

Unrestricted net assets of the Airport at the end of the year were \$0, as all the net assets were distributed to either the Des Moines Airport Authority or were distributed to the general government of the City; those for the Stormwater Utility were \$3,874,824; those for the Parking Facility System were \$857,202; those for the Municipal Housing Agency were \$942,817; and those for the Sewer System were (\$909,932). Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Des Moines' business-type activities.

Budgetary Highlights

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

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

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

The total original FY2012 revenue budget of \$425,606,877 was decreased through an amendment to \$414,907,449 (a decrease of \$10,699,428).

- The total original FY2012 expenditure budget of \$493,862,089 was increased through an amendment to \$528,997,653 (an increase of \$35,135,564). Of this increase, \$36,593,499 related to refinanced debt service and \$10,807,914 related to capital outlay. These increases were partially offset by the decrease in business-type expenditures which decreased \$19,032,673. This decrease related to the termination of the airport enterprise mid year.
- The total original FY2012 budget for net transfers in of \$49,560,434 was increased through an amendment to \$63,332,029 (an increase of \$13,771,595).

Revenues were more than revised budget projections by \$2,360,307. The overage was primarily attributable to the overage in intergovernmental revenue of \$18,920,729 which was offset by shortfalls in charges for sales and services (\$7,647,507), in miscellaneous revenue (\$5,298,169), in use of money and property (\$3,345,935) as well as smaller losses in franchise fees and taxes. The overage in intergovernmental revenue was attributed primarily to revenue of \$15,036,823 from the Airport Authority to cover airport revenue bond payments.

Expenditures were over budget in total by \$47,948,470. This overage was primarily due to expenditures that were over in business-type (\$69,683,330), public works (\$1,072,953), health and social services (\$2,795,786), culture and recreation (\$1,039,529) general government (\$1,140,742) and debt service expenditures (\$21,840,538). These overages were partially offset by under budget amounts in capital outlay \$41,302,277 and public safety \$4,249,943. The contribution of the current assets and liabilities of the Airport Fund to the Des Moines Airport Authority is included in the business-type expenditures and accounts for the overage in that expenditure type.

See page 93 for the *Budgetary Comparison Schedule – All Governmental Funds and Enterprise Funds*.

Capital Asset and Debt Administration

Capital assets. The City of Des Moines' investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$1,269,878,471

(net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City of Des Moines' investment in capital assets for the current fiscal year was 11.2 percent (a 12.0 percent increase for governmental activities, and a 43 percent decrease for business-type activities).

Major capital asset events during FY2012 included the following:

- Made more than \$15.7 million worth of improvements to the City's storm water and flood protection system. In total, more than \$17 million of improvements were made to the Birdland and Central Place Levees by the U.S. Army Corps of Engineers.
- Spent \$3.5 million lining sanitary sewers, thanks in part to \$2.2 million of Federal grants.
- Spent more than \$7.2 million towards the substantial completion of the \$10.6 million Fire Department Maintenance/Logistics and Training Facility. This project was made possible due to a \$3 million I-Jobs Grant.
- Spent more than \$1.7 million on accessibility improvements related to Project Civic Access. When the project is completed, the City expects spend more than \$16.5 million – including \$10 million in accessible sidewalk ramps.
- Essentially completed the Bright-Grandview Clubhouse at the Grandview Golf Course. This project included a new parking lot and relocation of the 9th green and was made possible by a generous \$950,000 grant by The Bright Foundation.
- Spent more than \$2 million on completion for Phase 2 of the East Indianola Avenue Widening project from SE 16th Court to McKinley Avenue.
- Contributed \$600,000 to Polk County for their \$3.5 million project to reconstruct Beaver Avenue from Aurora Avenue to Northwest Lower Beaver Avenue.
- Completed the SW 9th Street and DART Way Intersection Imp. Project.
- Completed \$3.5 million of asphalted overlay projects using gaming funds.
- Received \$1.85 million in Energy Stimulus Grants for reimbursement of more than \$2.4 million spent for replacement of windows and doors in City Hall and the Police Station, installation of LED lights at the 3rd and Court parking garage, installation of LED Lights along MLK Avenue, and the purchase of eleven hybrid vehicles.

City of Des Moines' Capital Assets
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 128,949	\$ 59,916	\$ 16,505	\$ 84,330	\$ 145,454	\$ 144,246
Buildings	154,423	150,094	98,372	202,648	252,795	352,742
Improvements other than buildings	961,025	916,446	264,523	474,209	1,225,548	1,390,655
Machinery and equipment	69,445	68,277	26,514	47,234	95,959	115,511
Construction in progress	115,429	103,880	89,328	96,422	204,757	200,302
Accumulated depreciation	(502,225)	(470,961)	(152,409)	(302,986)	(654,634)	(773,947)
Total	\$ 927,046	\$ 827,652	\$ 342,833	\$ 601,857	\$ 1,269,879	\$ 1,429,509

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

Long-term debt. At the end of the current fiscal year, the City of Des Moines had total bonded debt outstanding of \$480,928,000. Of this amount, \$377,035,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Des Moines' debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Des Moines' Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 377,035,000	\$ 404,265,000	\$ -	\$ -	\$ 377,035,000	\$ 404,265,000
Revenue bonds	34,995,000	-	68,898,000	123,548,000	103,893,000	123,548,000
Total	\$ 412,030,000	\$ 404,265,000	\$ 68,898,000	\$ 123,548,000	\$ 480,928,000	\$ 527,813,000

The City of Des Moines' total bonded debt decreased by \$46,885,000 (8.9%) during the current fiscal year. The key factors in this decrease were that proceeds from debt placed in escrow in the previous year were issued to refund debt during the current year and Airport Fund revenue debt refunded by new debt issued by the Des Moines Airport Authority.

The City issued refunding general obligation bonds in 2011. Proceeds from these refunding bonds have been placed in escrow and were used to refund the Series 2002E general obligation bonds and the Series 2002F general obligation bonds on June 1, 2012, and will be used to refund the Series 2005B general obligation bonds on June 1, 2013. The Des Moines Airport Authority issued revenue refunding capital loan notes in 2012. The proceeds refunded the Series 1998B Revenue Bonds on February 22, 2012.

The City of Des Moines maintained its debt ratings of Aa1 from Moody's Investors Service and an AAA rating from Standard & Poor's during the fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Des Moines is \$541,844,172, which is significantly in excess of the City of Des Moines' outstanding general obligation debt (\$377,035,000).

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

Economic Factors and Next Year's Budgets and Rates

The City completed a process to resolve budget deficits for the next two fiscal years (2012-13 and 2013-14) in one cycle of budget cuts and revenue enhancements.

- Property taxes provide 50 percent of General Fund revenues. Over the past five years citywide assessed values have risen an average of 3.2 percent and taxable values have grown an average of 3.3 percent annually. The fiscal year 2013 budget reflects property tax revenue growth of 3.1 percent.
- Valuation growth in the downtown area has experienced a reversal. Over the previous five years, through fiscal year 2011, downtown taxable values have risen 4.4 percent. From fiscal year 2011 to fiscal year 2013 valuations for downtown office buildings decreased on average by 28 percent.
- Personnel costs make up a significant portion of City operating costs. Wage increases identified in contractual bargaining agreements for fiscal year 2013 ranged from 1.75 percent to 2.0 percent.
- The City continues to face the challenge of funding the increasing costs of employee health care. On July 1st, 2011 the City converted to a self-funded health care program with a third-party administrator for processing claims. The self-funded costs were low enough in the first year for the City to pay claims and build a reserve fund sufficient to meet State self-funded health insurance reserve requirements.

- Stormwater Utility fees will increase 4 percent and Sanitary Sewer fees are scheduled for a 9 percent fee increase in fiscal year 2013.

Requests for Information

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

CITY OF DES MOINES, IOWA
STATEMENT OF NET ASSETS
June 30, 2012

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	LIBRARY FOUNDATION	AIRPORT AUTHORITY
ASSETS					
Current assets:					
Unrestricted current assets:					
Cash and pooled cash investments	\$ 92,405,589	\$ 18,738,931	\$ 111,144,520	\$ 311,110	\$ 21,667,745
Investments	3,862,607	---	3,862,607	570,880	---
Taxes receivable	147,800,596	---	147,800,596	---	---
Special assessments receivable	59,014	187,761	246,775	---	---
Accounts receivable	5,630,335	1,038,545	6,668,880	---	3,639,979
Loans receivable, current portion	685,000	---	685,000	---	---
Accrued interest receivable	60,196	---	60,196	6,740	---
Other receivables	---	---	---	44,600	---
Internal balances	12,399,202	(12,399,202)	---	---	---
Due from other governmental units	10,101,340	1,872,859	11,974,199	---	---
Due from component unit	1,490,000	---	1,490,000	---	---
Inventory	717,785	67,148	784,933	---	123,006
Prepaid items	1,446,666	45,013	1,491,679	---	209,328
Deferred charges	22,479	83,803	106,282	---	---
Unamortized issuance costs	382,130	---	382,130	---	---
Total unrestricted current assets	277,062,939	9,634,858	286,697,797	933,330	25,640,058
Restricted assets:					
Cash and pooled cash investments	---	950,748	950,748	---	8,281,756
Investments	---	2,262	2,262	1,292,628	---
Passenger facility charges receivable	---	---	---	---	671,702
Interest receivable	---	2,847	2,847	---	8,524
Total restricted current assets	---	955,857	955,857	1,292,628	8,961,982
Total current assets	277,062,939	10,590,715	287,653,654	2,225,958	34,602,040
Noncurrent assets:					
Loans receivable, net of allowance for doubtful accounts of \$3,743,037	6,418,204	---	6,418,204	---	---
Deferred charges	164,007	493,368	657,375	---	153,210
Long-term receivables	2,651,171	---	2,651,171	---	---
Due from component unit	33,238,075	---	33,238,075	---	---
Unamortized issuance costs	2,544,761	---	2,544,761	---	---
Restricted cash and pooled cash investments	21,217,274	10,201,160	31,418,434	---	---
Restricted investments	---	8,938,975	8,938,975	---	---
Restricted interest receivable	---	4,351	4,351	---	---
Capital assets:					
Land	128,948,777	16,505,307	145,454,084	---	---
Construction in progress	115,428,687	89,327,972	204,756,659	---	4,672,683
Buildings	154,423,307	98,372,256	252,795,563	---	125,073,310
Improvements other than buildings	961,024,549	264,522,172	1,225,546,721	---	231,036,806
Machinery and equipment	69,445,081	26,514,062	95,959,143	6,276	16,401,686
Accumulated depreciation	(502,224,779)	(152,408,920)	(654,633,699)	(5,648)	(172,875,458)
Total capital assets	927,045,622	342,832,849	1,269,878,471	628	204,309,027
Total noncurrent assets	993,279,114	362,470,703	1,355,749,817	628	204,462,237
Total assets	\$ 1,270,342,053	\$ 373,061,418	\$ 1,643,403,471	\$ 2,226,586	\$ 239,064,277

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

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	LIBRARY FOUNDATION	AIRPORT AUTHORITY
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 7,794,094	\$ 876,725	\$ 8,670,819	\$ ---	\$ 520,051
Contracts payable	5,371,154	4,273,293	9,644,447	---	2,225,917
Accrued wages payable	2,682,052	423,993	3,106,045	63,933	125,847
Accrued employee benefits	18,246,674	933,354	19,180,028	---	196,977
Due to other governmental units	50,770	---	50,770	---	57
Due to signatory airlines	---	---	---	---	2,485,456
Good faith, tenant, security deposits	587,980	92,716	680,696	---	727,022
Accrued interest payable	1,439,562	244,066	1,683,628	---	181,838
Due to primary government	---	---	---	---	1,490,000
Notes payable	990,717	1,965,392	2,956,109	---	9,812
Revenue bonds payable, net	1,490,000	6,076,119	7,566,119	---	---
General obligation bonds payable, net	53,621,867	---	53,621,867	---	---
Unearned revenue	141,716,886	15,880	141,732,766	---	635,258
Capital leases payable	---	---	---	1,325	87,708
Other liabilities	---	880	880	---	---
Total	233,991,756	14,902,418	248,894,174	65,258	8,685,943
Current liabilities payable from restricted assets:					
Revenue bonds payable, net	---	350,236	350,236	---	---
Accrued interest payable	---	4,321	4,321	---	---
Total current liabilities payable from restricted assets	---	354,557	354,557	---	---
Total current liabilities	233,991,756	15,256,975	249,248,731	65,258	8,685,943
Noncurrent liabilities:					
Accrued employee benefits	10,773,087	1,598,910	12,371,997	---	387,928
Other post retirement benefits	3,579,169	549,862	4,129,031	---	242,991
Other liabilities, claims and judgments	40,459,642	215,388	40,675,030	---	---
Due to primary government	---	---	---	---	33,238,075
Notes payable	2,308,971	2,110,840	4,419,811	---	---
General obligation bonds payable, net	339,031,798	---	339,031,798	---	---
Revenue bonds payable, net	33,238,075	63,613,585	96,851,660	---	11,980,647
Loan payable	8,500,000	---	8,500,000	---	12,266
Total noncurrent liabilities	437,890,742	68,088,585	505,979,327	---	45,861,907
Total liabilities	671,882,498	83,345,560	755,228,058	65,258	54,547,850
NET ASSETS					
Invested in capital assets, net of related debt	594,193,590	268,716,677	862,910,267	---	157,512,845
Restricted:					
Capital projects	849,924	---	849,924	---	---
Public housing program	---	10,468,627	10,468,627	---	---
Debt retirement	622,330	7,106,798	7,729,128	---	7,582,323
Passenger Facility Charge Funds	---	---	---	---	1,371,136
Corpus non-expendable/Permanently restricted	3,387,035	---	3,387,035	1,111,320	---
Donor restricted purposes - corpus expendable/Temporarily restricted	815,499	---	815,499	331,937	---
Public safety	1,488,697	---	1,488,697	---	---
Public works	155,266	---	155,266	---	---
Health and social services	1,724,384	---	1,724,384	---	---
Culture and recreation	1,139,051	---	1,139,051	---	---
Community and economic development	997,898	---	997,898	---	---
Unrestricted	(6,914,119)	3,423,756	(3,490,363)	718,071	18,050,123
Total net assets	\$ 598,459,555	\$ 289,715,858	\$ 888,175,413	\$ 2,161,328	\$ 184,516,427

CITY OF DES MOINES
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
Public safety	\$ 98,465,997	\$ 17,034,087	\$ 8,648,949	\$ 3,367,430
Public works	49,340,265	11,786,989	22,469,564	9,510,431
Health and social services	17,316,619	1,284,516	15,335,824	1,641,705
Culture and recreation	28,981,404	5,531,829	75,331	4,347,444
Community and economic development	19,585,102	630,461	702,261	---
General government	66,299,402	22,851,736	48,105,538	72,012
Interest on long-term debt	16,348,496	---	1,736,823	---
Total governmental activities	296,337,285	59,119,618	97,074,290	18,939,022
Business-type activities:				
Airport	250,444,292	16,984,284	---	2,205,972
Parking facilities system	11,903,920	8,863,630	282,117	---
Sewer system	32,547,541	31,434,033	---	6,809,139
Stormwater utility	13,062,830	17,713,463	---	6,537,700
Golf	224,339	435,266	---	---
Solid waste system	11,212,320	12,230,965	---	---
Municipal Housing Agency	26,255,903	1,295,707	18,718,280	1,010,302
Total business-type activities	345,651,145	88,957,348	19,000,397	16,563,113
Total primary government	\$ 641,988,430	\$ 148,076,966	\$ 116,074,687	\$ 35,502,135
Component unit, Des Moines Public Library Foundation	\$ 1,526,967	\$ ---	\$ 251,022	\$ ---
Component unit, Des Moines Airport Authority	\$ 30,295,197	\$ 22,247,616	\$ 26,717,037	\$ 165,854,591
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Franchise taxes				
Investment earnings				
Miscellaneous				
Gain/loss on disposal of capital assets				
Transfers - internal activities				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Net assets, ending				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT			COMPONENT UNIT	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	LIBRARY FOUNDATION	AIRPORT AUTHORITY
\$ (69,415,531)	\$ ---	\$ (69,415,531)	\$ ---	\$ ---
(5,573,281)	---	(5,573,281)	---	---
945,426	---	945,426	---	---
(19,026,800)	---	(19,026,800)	---	---
(18,252,380)	---	(18,252,380)	---	---
4,729,884	---	4,729,884	---	---
(14,611,673)	---	(14,611,673)	---	---
<u>(121,204,355)</u>	<u>---</u>	<u>(121,204,355)</u>	<u>---</u>	<u>---</u>
---	(231,254,036)	(231,254,036)	---	---
---	(2,758,173)	(2,758,173)	---	---
---	5,695,631	5,695,631	---	---
---	11,188,333	11,188,333	---	---
---	210,927	210,927	---	---
---	1,018,645	1,018,645	---	---
<u>---</u>	<u>(5,231,614)</u>	<u>(5,231,614)</u>	<u>---</u>	<u>---</u>
<u>---</u>	<u>(221,130,287)</u>	<u>(221,130,287)</u>	<u>---</u>	<u>---</u>
<u>\$ (121,204,355)</u>	<u>\$ (221,130,287)</u>	<u>\$ (342,334,642)</u>	<u>\$ ---</u>	<u>\$ ---</u>
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (1,275,945)</u>	<u>---</u>
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>\$ 184,524,047</u>
113,134,537	---	113,134,537	---	---
28,160,613	---	28,160,613	---	---
11,966,544	---	11,966,544	---	---
2,400,126	316,323	2,716,449	25,321	(7,620)
455,780	1,252	457,032	75,061	---
721,566	(71,731)	649,835	---	---
14,002,737	(14,002,737)	---	---	---
<u>170,841,903</u>	<u>(13,756,893)</u>	<u>157,085,010</u>	<u>100,382</u>	<u>(7,620)</u>
49,637,548	(234,887,180)	(185,249,632)	(1,175,563)	184,516,427
<u>548,822,007</u>	<u>524,603,038</u>	<u>1,073,425,045</u>	<u>3,336,891</u>	<u>---</u>
<u>\$ 598,459,555</u>	<u>\$ 289,715,858</u>	<u>\$ 888,175,413</u>	<u>\$ 2,161,328</u>	<u>\$ 184,516,427</u>

CITY OF DES MOINES, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

ASSETS	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TAX INCREMENT</u>
Cash and pooled cash investments	\$ 13,335,231	\$ 325,545	\$ 56,030
Investments	---	---	---
Cash held in escrow	---	21,217,274	---
Taxes receivable	56,078,701	30,480,174	28,926,921
Special assessments receivable	33,695	---	---
Accounts receivable	4,147,311	---	---
Loans receivable, net of allowance for doubtful accounts	---	---	---
Accrued interest receivable	45,581	---	---
Due from other funds	461,961	---	---
Due from other governmental units	836,256	---	---
Advance to other funds	8,180,507	---	---
Long-term receivables	---	---	---
Inventory	---	---	---
Prepaid items	1,308,805	---	---
Total assets	<u>\$ 84,428,048</u>	<u>\$ 52,022,993</u>	<u>\$ 28,982,951</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 2,108,849	\$ 22,897	\$ 1,451,751
Contracts payable	---	---	---
Accrued wages payable	1,959,928	---	---
Accrued employee benefits	5,083	---	---
Due to other funds	105,798	---	---
Due to other governmental units	16,416	---	---
Good faith, security deposits	512,613	---	---
Deferred revenue	54,116,535	30,160,492	28,826,368
Total liabilities	<u>58,825,222</u>	<u>30,183,389</u>	<u>30,278,119</u>
Fund balances (deficits):			
Nonspendable	9,489,312	---	---
Restricted	500,000	21,839,604	---
Committed	---	---	---
Unassigned	15,613,514	---	(1,295,168)
Total fund balances (deficits)	<u>25,602,826</u>	<u>21,839,604</u>	<u>(1,295,168)</u>
Total liabilities and fund balances (deficits)	<u>\$ 84,428,048</u>	<u>\$ 52,022,993</u>	<u>\$ 28,982,951</u>

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

BENEFIT TAX ACCOUNTS	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ ---	\$ 69,881,525	\$ 1,093,558	\$ 84,691,889
---	---	3,862,607	3,862,607
---	---	---	21,217,274
18,582,936	---	13,716,084	147,784,816
---	199	25,120	59,014
---	893,043	585,476	5,625,830
---	---	7,103,204	7,103,204
---	56	14,559	60,196
---	7,956,381	1,233,927	9,652,269
---	4,363,124	4,875,650	10,075,030
---	---	---	8,180,507
---	2,651,171	---	2,651,171
---	---	508,861	508,861
---	17,940	77,752	1,404,497
<u>\$ 18,582,936</u>	<u>\$ 85,763,439</u>	<u>\$ 33,096,798</u>	<u>\$ 302,877,165</u>
\$ ---	\$ 1,344,272	\$ 1,948,207	\$ 6,875,976
---	5,214,412	156,742	5,371,154
---	97,327	548,287	2,605,542
---	---	847,001	852,084
356,739	---	8,791,792	9,254,329
---	---	34,354	50,770
---	---	75,367	587,980
18,374,632	4,234,748	10,926,290	146,639,065
<u>18,731,371</u>	<u>10,890,759</u>	<u>23,328,040</u>	<u>172,236,900</u>
---	17,940	3,973,648	13,480,900
---	849,924	5,305,948	28,495,476
---	74,004,816	5,921,445	79,926,261
(148,435)	---	(5,432,283)	8,737,628
<u>(148,435)</u>	<u>74,872,680</u>	<u>9,768,758</u>	<u>130,640,265</u>
<u>\$ 18,582,936</u>	<u>\$ 85,763,439</u>	<u>\$ 33,096,798</u>	<u>\$ 302,877,165</u>



CITY OF DES MOINES, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total governmental fund balances \$ 130,640,265

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 922,421,604

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 4,941,670

Long-term receivables are not available to pay for current-period expenditures, and therefore, are not reported in the funds; Due from component unit. 34,728,075

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

Capital assets, net of accumulated depreciation	4,624,018
Other current assets	8,109,471
Other current liabilities	(3,087,350)
Noncurrent liabilities	(448,198)
	<u>9,197,941</u>

Internal service funds allocated to business-type activities 3,801,378

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

Deferred charges, issuance costs	2,926,891
Unamortized premium cost	(15,618,665)
Unamortized discount	186,486
Accrued employee benefits	(25,855,499)
Other accrued post retirement benefits	(3,448,624)
Accrued interest payable	(1,439,562)
Notes payable	(3,299,688)
Section 108 loans payable	(8,500,000)
General obligation bonds payable	(377,035,000)
Other liabilities, claims and judgments	(40,459,642)
Revenue bonds payable, net of discount of \$266,925	(34,728,075)
	<u>(507,271,378)</u>

Net assets of governmental activities \$ 598,459,555

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

CITY OF DES MOINES, IOWA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	GENERAL	DEBT SERVICE	TAX INCREMENT
Revenues:			
Taxes	\$ 59,540,210	\$ 28,160,613	\$ 24,479,240
Franchise fees	11,966,544	---	---
Licenses and permits	3,040,665	---	---
Fines and forfeitures	5,204,317	---	---
Charges for sales and services	16,729,732	---	---
Use of money and property	1,223,055	168,103	13,288
Miscellaneous	22,239,377	340,972	---
Intergovernmental	1,734,875	15,036,823	---
Total revenue	<u>121,678,775</u>	<u>43,706,511</u>	<u>24,492,528</u>
Expenditures:			
Current:			
Public safety	89,658,793	---	---
Public works	9,351,881	---	---
Health and social services	332,577	---	---
Culture and recreation	21,094,827	---	---
Community and economic development	4,842,719	---	9,413,244
General government	15,979,444	352,911	---
Capital outlay	267,792	---	---
Debt service:			
Principal retirement	---	71,991,846	743,468
Interest and fiscal charges	---	18,454,998	---
Total expenditures	<u>141,528,033</u>	<u>90,799,755</u>	<u>10,156,712</u>
Excess (deficiency) of revenues over expenditures	<u>(19,849,258)</u>	<u>(47,093,244)</u>	<u>14,335,816</u>
Other financing sources (uses):			
Transfers in	31,935,037	16,664,896	---
General obligation bonds issued	---	---	---
Loan proceeds	---	---	---
Transfers out	(4,858,035)	(2,145,000)	(17,357,737)
Premium on bond issue	---	2,663,005	---
Proceeds from damage claims	27,630	---	---
Proceeds from capital asset sale	202,596	---	---
Total other financing sources (uses)	<u>27,307,228</u>	<u>17,182,901</u>	<u>(17,357,737)</u>
Net change in fund balances	7,457,970	(29,910,343)	(3,021,921)
Fund balances (deficits), beginning of year	18,144,856	51,749,947	1,726,753
Fund balances (deficits), end of year	<u>\$ 25,602,826</u>	<u>\$ 21,839,604</u>	<u>\$ (1,295,168)</u>

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

BENEFIT TAX ACCOUNTS	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 17,309,022	\$ ---	\$ 11,806,065	\$ 141,295,150
---	---	---	11,966,544
---	---	229,104	3,269,769
---	---	4,593	5,208,910
---	40,638	2,041,991	18,812,361
---	242,362	753,318	2,400,126
---	2,746,147	3,002,024	28,328,520
---	18,537,005	45,691,007	80,999,710
<u>17,309,022</u>	<u>21,566,152</u>	<u>63,528,102</u>	<u>292,281,090</u>
---	---	5,773,606	95,432,399
---	1,393,415	19,999,150	30,744,446
---	---	17,043,830	17,376,407
---	90,232	692,083	21,877,142
---	753,302	4,420,878	19,430,143
---	2,061,948	4,548,134	22,942,437
---	57,910,583	3,499,611	61,677,986
---	---	1,425,000	74,160,314
---	---	555,019	19,010,017
<u>---</u>	<u>62,209,480</u>	<u>57,957,311</u>	<u>362,651,291</u>
<u>17,309,022</u>	<u>(40,643,328)</u>	<u>5,570,791</u>	<u>(70,370,201)</u>
---	5,350,533	4,359,220	58,309,686
---	31,135,000	---	31,135,000
---	942,038	---	942,038
(16,658,000)	(7,302,999)	(16,008,072)	(64,329,843)
---	---	---	2,663,005
---	11,592	63,883	103,105
---	533,008	182,255	917,859
<u>(16,658,000)</u>	<u>30,669,172</u>	<u>(11,402,714)</u>	<u>29,740,850</u>
651,022	(9,974,156)	(5,831,923)	(40,629,351)
(799,457)	84,846,836	15,600,681	171,269,616
<u>\$ (148,435)</u>	<u>\$ 74,872,680</u>	<u>\$ 9,768,758</u>	<u>\$ 130,640,265</u>



CITY OF DES MOINES, IOWA
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

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

Net change in fund balances: Total governmental funds \$ (40,629,351)

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

Capital outlay	61,677,986
Depreciation	(31,184,516)
	30,493,470

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

Proceeds from the sale of capital assets	(917,859)
Gain from sale of capital assets	624,657
Capital assets contributed by private sources	1,836,098
Capital assets contributed by enterprise funds	67,881,968
	69,424,864

Repayment on long-term receivable (due from component unit) is recognized in the governmental funds in the current year. Revenue related to the long-term receivable was recognized in the Statement of Activities at the inception of the agreement and thereby the revenue recognized in the governmental funds is reversed.

Inception of receivable, net of discount	47,859,074
Current period payments	(13,300,000)
Amortization of discount on receivable	169,001
	34,728,075

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 568,877

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

Revenue bonds contributed by enterprise funds, net of discount	(47,859,074)
Amortization of premium	2,403,055
Premium on bond issue	(2,663,005)
Long-term debt issued	(31,135,000)
Other long-term debt issued	(942,038)
Repayment of long-term debt principal	74,160,314
Interest	26,646
Issuance costs	336,271
Amortization of issuance costs	(375,837)
Arbitrage	295,014
Amortization of discount on general obligation bonds	(23,629)
Amortization of discount on revenue bonds	(169,001)
	<u>(5,946,284)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental	
Accrued employee benefits	(1,195,104)
Other accrued post retirement benefits	(826,586)
Claims and judgments	(39,724,642)
	<u>(41,746,332)</u>
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net income of certain activities of internal service funds is reported with governmental activities.	2,471,243
Change in internal service fund allocations to business-type activities	272,986
Change in net assets of governmental activities	<u><u>\$ 49,637,548</u></u>

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

CITY OF DES MOINES, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	BUSINESS-TYPE ACTIVITIES -		
	AIRPORT	PARKING	SEWER SYSTEM
ASSETS			
Current assets:			
Unrestricted current assets:			
Cash and pooled cash investments	\$ ---	\$ 5,956,322	\$ 1,255,876
Taxes receivable	---	---	---
Accounts receivable	---	27,731	279,956
Special assessments receivable	---	---	65,336
Due from other funds	---	49,364	---
Due from other governmental units	---	10,701	1,136,156
Inventory	---	---	---
Prepaid items	---	298	7,252
Deferred charges	---	8,905	26,048
Total unrestricted current assets	---	6,053,321	2,770,624
Restricted current assets:			
Cash and pooled cash investments	---	---	349,448
Investments	---	2,234	28
Interest receivable	---	2,087	760
Total restricted current assets	---	4,321	350,236
Total current assets	---	6,057,642	3,120,860
Noncurrent assets:			
Deferred charges	---	34,347	125,335
Restricted cash and pooled cash investments	---	---	---
Restricted investments	---	1,954,500	1,920,000
Restricted interest receivable	---	---	---
Capital assets			
Land	---	12,970,647	1,311,076
Construction in progress	---	1,952,487	39,147,909
Buildings	---	64,309,816	573,492
Improvements other than buildings	---	34,740,555	138,456,254
Machinery and equipment	---	1,154,243	6,431,734
Accumulated depreciation	---	(55,634,763)	(47,142,547)
Total capital assets, net of accumulated depreciation	---	59,492,985	138,777,918
Total noncurrent assets	---	61,481,832	140,823,253
Total assets	\$ ---	\$ 67,539,474	\$ 143,944,113

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STORMWATER UTILITY	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
\$ 4,709,012	\$ 1,820,599	\$ 4,997,122	\$ 18,738,931	\$ 7,713,700
---	---	---	---	15,780
118,240	33,217	579,401	1,038,545	4,505
35,898	---	86,527	187,761	---
---	---	---	49,364	98,083
371,505	346,583	7,914	1,872,859	26,310
---	67,148	---	67,148	208,924
18,160	18,904	399	45,013	42,169
48,850	---	---	83,803	---
<u>5,301,665</u>	<u>2,286,451</u>	<u>5,671,363</u>	<u>22,083,424</u>	<u>8,109,471</u>
---	601,300	---	950,748	---
---	---	---	2,262	---
---	---	---	2,847	---
<u>---</u>	<u>601,300</u>	<u>---</u>	<u>955,857</u>	<u>---</u>
<u>5,301,665</u>	<u>2,887,751</u>	<u>5,671,363</u>	<u>23,039,281</u>	<u>8,109,471</u>
333,686	---	---	493,368	---
333,833	9,867,327	---	10,201,160	---
5,064,475	---	---	8,938,975	---
4,351	---	---	4,351	---
632,527	1,467,560	123,497	16,505,307	---
48,227,576	---	---	89,327,972	---
---	32,014,729	1,474,219	98,372,256	---
81,995,905	5,845,815	3,483,643	264,522,172	---
3,308,404	1,403,726	14,215,955	26,514,062	34,902,927
<u>(10,031,254)</u>	<u>(28,192,659)</u>	<u>(11,407,697)</u>	<u>(152,408,920)</u>	<u>(30,278,909)</u>
<u>124,133,158</u>	<u>12,539,171</u>	<u>7,889,617</u>	<u>342,832,849</u>	<u>4,624,018</u>
<u>129,869,503</u>	<u>22,406,498</u>	<u>7,889,617</u>	<u>362,470,703</u>	<u>4,624,018</u>
<u>\$ 135,171,168</u>	<u>\$ 25,294,249</u>	<u>\$ 13,560,980</u>	<u>\$ 385,509,984</u>	<u>\$ 12,733,489</u>

(continued)

CITY OF DES MOINES, IOWA
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
June 30, 2012

	BUSINESS-TYPE ACTIVITIES -		
	AIRPORT	PARKING	SEWER SYSTEM
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ ---	\$ 221,429	\$ 53,376
Contracts payable	---	114,666	1,538,001
Accrued wages payable	---	17,182	99,819
Accrued employee benefits	---	62,518	194,487
Due to other funds	---	369,598	---
Tenant security deposits	---	---	---
Notes payable	---	---	898,747
Accrued interest payable	---	68,819	75,936
Revenue bonds payable, net	---	1,505,000	1,736,878
Unearned revenue	---	---	---
Other liabilities	---	880	---
Total	---	2,360,092	4,597,244
Current liabilities payable from restricted assets:			
Revenue bonds payable, net	---	---	350,236
Accrued interest payable	---	4,321	---
Total current liabilities payable from restricted	---	4,321	350,236
Total current liabilities	---	2,364,413	4,947,480
Noncurrent liabilities:			
Accrued employee benefits	---	104,743	317,930
Other postemployment benefits	---	40,229	139,700
Advance from other funds	---	4,230,402	---
Notes payable	---	---	910,013
Revenue bonds payable, net	---	13,350,000	18,251,256
Other liabilities	---	---	---
Total noncurrent liabilities	---	17,725,374	19,618,899
Total liabilities	---	20,089,787	24,566,379
NET ASSETS			
Invested in capital assets, net of related debt	---	44,637,985	118,367,666
Restricted:			
Public housing program	---	---	---
Housing assistance payments	---	---	---
Debt retirement	---	1,954,500	1,920,000
Unrestricted	---	857,202	(909,932)
Total net assets	\$ ---	\$ 47,449,687	\$ 119,377,734

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

ENTERPRISE FUNDS				GOVERNMENTAL
STORMWATER UTILITY	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	ACTIVITIES INTERNAL SERVICE FUNDS
\$ 59,228	\$ 430,830	\$ 111,862	\$ 876,725	\$ 918,118
2,620,626	---	---	4,273,293	---
173,970	59,060	73,962	423,993	76,510
330,949	117,368	228,032	933,354	1,994,525
---	47,719	49,364	466,681	78,706
---	92,716	---	92,716	---
689,773	---	376,872	1,965,392	---
96,178	---	3,133	244,066	---
2,834,241	---	---	6,076,119	---
---	15,880	---	15,880	19,491
---	---	---	880	---
<u>6,804,965</u>	<u>763,573</u>	<u>843,225</u>	<u>15,369,099</u>	<u>3,087,350</u>
---	---	---	350,236	---
---	---	---	4,321	---
---	---	---	354,557	---
<u>6,804,965</u>	<u>763,573</u>	<u>843,225</u>	<u>15,723,656</u>	<u>3,087,350</u>
548,395	245,794	382,048	1,598,910	317,653
101,392	119,029	149,512	549,862	130,545
---	---	3,950,105	8,180,507	---
442,140	---	758,687	2,110,840	---
32,012,329	---	---	63,613,585	---
150	215,238	---	215,388	---
<u>33,104,406</u>	<u>580,061</u>	<u>5,240,352</u>	<u>76,269,092</u>	<u>448,198</u>
<u>39,909,371</u>	<u>1,343,634</u>	<u>6,083,577</u>	<u>91,992,748</u>	<u>3,535,548</u>
88,154,675	12,539,171	6,754,058	270,453,555	4,624,018
---	9,867,327	---	9,867,327	---
---	601,300	---	601,300	---
3,232,298	---	---	7,106,798	---
3,874,824	942,817	723,345	5,488,256	4,573,923
<u>\$ 95,261,797</u>	<u>\$ 23,950,615</u>	<u>\$ 7,477,403</u>	<u>\$ 293,517,236</u>	<u>\$ 9,197,941</u>



CITY OF DES MOINES, IOWA
RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total enterprise funds net assets \$ 293,517,236

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

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

(3,801,378)

Net assets of business-type activities \$ 289,715,858

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

CITY OF DES MOINES, IOWA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	BUSINESS-TYPE ACTIVITIES -		
	AIRPORT	PARKING	SEWER SYSTEM
Operating revenues:			
Charges for sales and services	\$ 15,096,681	\$ 8,863,630	\$ 31,360,268
Operating grants	---	---	---
Miscellaneous	---	---	73,765
Total operating revenues	<u>15,096,681</u>	<u>8,863,630</u>	<u>31,434,033</u>
Operating expenses:			
Personal services	2,497,923	1,096,924	4,221,917
Contractual services	2,405,018	3,978,545	18,362,066
Commodities	661,751	185,332	486,343
Depreciation	4,467,321	3,378,032	2,992,601
Other charges	30,236	2,193,957	5,477,280
Total operating expenses	<u>10,062,249</u>	<u>10,832,790</u>	<u>31,540,207</u>
Operating income (loss)	<u>5,034,432</u>	<u>(1,969,160)</u>	<u>(106,174)</u>
Non-operating revenues (expenses):			
Donations and contributions	---	282,117	---
Gain/(loss) on disposal of capital assets	---	(3,069)	15,305
Investment earnings	10,324	11,290	138,351
Proceeds from damage claims	---	1,252	---
Passenger/customer facility charge revenue	1,887,603	---	---
Housing assistance provided	---	---	---
Contribution to component unit	(239,624,472)	---	---
Contribution to general government	(19,737,705)	(285,189)	---
Interest expense and fiscal charges	(794,791)	(1,075,174)	(974,058)
Total nonoperating revenues (expenses)	<u>(258,259,041)</u>	<u>(1,068,773)</u>	<u>(820,402)</u>
Income (loss) before capital grants, contributions and transfers	(253,224,609)	(3,037,933)	(926,576)
Capital grants and contributions	2,205,972	---	6,809,139
Transfers in	---	1,200,000	4,331,777
Transfers out	---	(50,000)	(1,698,986)
Change in net assets	(251,018,637)	(1,887,933)	8,515,354
Total nets assets - beginning	<u>251,018,637</u>	<u>49,337,620</u>	<u>110,862,380</u>
Total net assets - ending	<u>\$ ---</u>	<u>\$ 47,449,687</u>	<u>\$ 119,377,734</u>

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

STORMWATER UTILITY	ENTERPRISE FUNDS			GOVERNMENTAL
	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	ACTIVITIES INTERNAL SERVICE FUNDS
\$ 17,490,647	\$ 1,295,707	\$ 12,525,224	\$ 86,632,157	\$ 40,878,856
---	18,718,280	---	18,718,280	---
222,816	---	141,007	437,588	64,427
<u>17,713,463</u>	<u>20,013,987</u>	<u>12,666,231</u>	<u>105,788,025</u>	<u>40,943,283</u>
5,739,769	3,753,191	4,531,886	21,841,610	4,851,682
2,358,830	18,064,713	4,569,831	49,739,003	25,836,620
651,667	---	341,591	2,326,684	6,312,272
1,778,056	1,664,971	1,032,037	15,313,018	1,402,684
2,433,230	---	686,045	10,820,748	176,393
<u>12,961,552</u>	<u>23,482,875</u>	<u>11,161,390</u>	<u>100,041,063</u>	<u>38,579,651</u>
<u>4,751,911</u>	<u>(3,468,888)</u>	<u>1,504,841</u>	<u>5,746,962</u>	<u>2,363,632</u>
---	---	---	282,117	10,702
(14,899)	(54,107)	(14,961)	(71,731)	96,909
133,699	13,825	8,834	316,323	---
---	---	---	1,252	---
---	---	---	1,887,603	---
---	(2,800,000)	---	(2,800,000)	---
---	---	---	(239,624,472)	---
---	---	---	(20,022,894)	---
---	---	(68,601)	(2,912,624)	---
<u>118,800</u>	<u>(2,840,282)</u>	<u>(74,728)</u>	<u>(262,944,426)</u>	<u>107,611</u>
4,870,711	(6,309,170)	1,430,113	(257,197,464)	2,471,243
6,537,700	1,010,302	---	16,563,113	---
4,486,815	---	152	10,018,744	---
(2,159,601)	---	(90,000)	(3,998,587)	---
<u>13,735,625</u>	<u>(5,298,868)</u>	<u>1,340,265</u>	<u>(234,614,194)</u>	<u>2,471,243</u>
<u>81,526,172</u>	<u>29,249,483</u>	<u>6,137,138</u>	<u>528,131,430</u>	<u>6,726,698</u>
<u>\$ 95,261,797</u>	<u>\$ 23,950,615</u>	<u>\$ 7,477,403</u>	<u>\$ 293,517,236</u>	<u>\$ 9,197,941</u>



**CITY OF DES MOINES, IOWA
RECONCILIATION OF THE CHANGE IN NET ASSETS OF
ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012**

Net changes in net assets in enterprise funds	\$ (234,614,194)
Amounts reported for proprietary activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type	<u>(272,986)</u>
Change in net assets of business-type activities	<u><u>\$ (234,887,180)</u></u>

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

CITY OF DES MOINES, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

BUSINESS-TYPE ACTIVITIES -

	AIRPORT	PARKING	SEWER SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 16,958,277	\$ 8,877,235	\$ 30,460,216
Receipts from interfund services provided	---	---	---
Payments to suppliers	(2,950,133)	(6,356,154)	(25,079,945)
Payments to employees	(2,971,039)	(1,149,239)	(4,409,910)
Receipts from miscellaneous revenue	---	---	73,765
Payments for interfund services used	---	---	---
Net cash provided (used) by operating activities	<u>11,037,105</u>	<u>1,371,842</u>	<u>1,044,126</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from interfund accounts	---	4,649,364	---
Payments to interfund accounts	---	(1,702)	---
Proceeds from damage claims	---	1,252	---
Housing assistance provided	---	---	---
Transfers In	---	1,200,000	4,331,777
Transfers Out	---	(50,000)	(1,698,986)
Intergovernmental receipts	---	---	---
Intergovernmental disbursements	---	---	---
Cash contribution to component unit	(25,356,017)	---	---
Donations and contributions	---	282,117	---
Net cash provided (used) by capital and related financing activities	<u>(25,356,017)</u>	<u>6,081,031</u>	<u>2,632,791</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from intergovernmental and capital grants	1,266,004	---	6,651,315
Proceeds from passenger facility charges	1,368,562	---	---
Proceeds from customer facility charges	591,358	---	---
Interest paid on capital debt	(309,122)	(1,194,074)	(1,081,955)
Principal paid on short-term debt	---	(6,142,947)	---
Principal paid on long-term debt and leases	(4,906)	---	(5,451,130)
Proceeds from sale of capital assets	---	676,621	15,305
Acquisition and construction of capital assets	(5,152,243)	(612,777)	(9,609,806)
Net cash provided (used) by capital and related financing activities	<u>(2,240,347)</u>	<u>(7,273,177)</u>	<u>(9,476,271)</u>

				GOVERNMENTAL ACTIVITIES
STORMWATER UTILITY	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
\$ 18,729,988	\$ 19,841,097	\$ 12,270,020	\$ 107,136,833	\$ 3,348,802
---	---	---	---	37,598,608
(5,628,841)	(17,698,901)	(5,715,079)	(63,429,053)	(29,522,092)
(5,967,464)	(3,813,729)	(4,599,128)	(22,910,509)	(4,957,847)
222,816	---	-	296,581	---
---	---	---	---	(302,291)
<u>7,356,499</u>	<u>(1,671,533)</u>	<u>1,955,813</u>	<u>21,093,852</u>	<u>6,165,180</u>
---	---	23,936	4,673,300	78,706
---	(171,527)	---	(173,229)	(98,083)
---	---	---	1,252	---
---	(2,800,000)	---	(2,800,000)	---
4,486,815	---	152	10,018,744	---
(2,159,601)	---	(90,000)	(3,998,587)	---
---	---	---	---	115
---	---	---	---	(25,658)
---	---	---	(25,356,017)	---
---	---	---	282,117	10,702
<u>2,327,214</u>	<u>(2,971,527)</u>	<u>(65,912)</u>	<u>(17,352,420)</u>	<u>(34,218)</u>
6,208,019	1,010,302	---	15,135,640	---
---	---	---	1,368,562	---
---	---	---	591,358	---
(1,333,226)	---	(70,439)	(3,988,816)	---
---	---	---	(6,142,947)	---
(5,078,270)	---	(445,465)	(10,979,771)	---
10,101	130,000	81,410	913,437	120,531
<u>(16,666,343)</u>	<u>(1,066,007)</u>	<u>(409,523)</u>	<u>(33,516,699)</u>	<u>(901,338)</u>
<u>(16,859,719)</u>	<u>74,295</u>	<u>(844,017)</u>	<u>(36,619,236)</u>	<u>(780,807)</u>

(continued)

CITY OF DES MOINES, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

BUSINESS-TYPE ACTIVITIES -

	AIRPORT	PARKING	SEWER SYSTEM
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	\$ 4,349,864	---	\$ 1,925,050
Purchase of investments	(3,873,036)	---	(1,925,050)
Interest and dividends received	73,834	7,908	116,029
Net cash provided by investing activities	550,662	7,908	116,029
Net increase (decrease) in cash and cash equivalents	(16,008,597)	187,604	(5,683,325)
Cash and cash equivalents, beginning of year	16,008,597	5,768,718	7,288,649
Cash and cash equivalents, end of year	\$ -	\$ 5,956,322	\$ 1,605,324
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 5,034,432	\$ (1,969,160)	\$ (106,174)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	4,467,321	3,378,032	2,992,601
Amortization/ Accretion	27,755	12,844	28,277
(Increase) decrease in accounts and taxes receivable	289,904	(17,841)	(117,700)
(Increase) decrease in special assessments receivable	---	---	(30,204)
(Increase) decrease in due from other governmental units	---	31,446	(752,148)
(Increase) decrease in inventories	(115,244)	---	---
(Increase) decrease in prepaid items	(95,957)	(298)	(14)
(Increase) decrease in accounts and contracts payable	327,836	(8,226)	(165,769)
Increase (decrease) in accrued wages payable	---	(37,445)	(118,235)
Increase (decrease) in accrued employee benefits	(473,116)	(14,870)	(69,758)
Increase (decrease) in due to other governmental units	---	---	(616,750)
Increase in amounts owed to signatory airlines	1,656,321	---	---
Increase (decrease) in other liabilities, self-sufficiency participation and tenant security deposits	5,700	(2,640)	---
Increase (decrease) in unearned revenue	(87,847)	---	---
Total adjustments	6,002,673	3,341,002	1,150,300
Net cash provided (used) by operating activities	\$ 11,037,105	\$ 1,371,842	\$ 1,044,126
Schedule of noncash investing and financing activities:			
Increase (decrease) in fair value of investments	(43,016)	(4,013)	(22,501)
Schedule of noncash capital and related financing activities:			
Gain (loss) on disposal of capital assets	---	(3,069)	15,305
Capitalized Interest	---	---	---
Payments (proceeds) on contracts payable for acquisition of capital assets	639,922	---	461,278
Capital assets contributed	---	---	157,824
Acquisition of capital assets through notes payable	---	---	1,147,482
Contribution to component unit, net of \$719,355 of bond issuance costs	(213,549,100)	---	---
Capital contribution to Governmental activities	(19,737,705)	(285,189)	---

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

				GOVERNMENTAL ACTIVITIES
STORMWATER UTILITY	MUNICIPAL HOUSING AGENCY	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
\$ 1,328,958	\$ ---	\$ ---	\$ 7,603,872	\$ ---
(3,273,569)	---	---	(9,071,655)	---
45,320	13,825	8,834	265,750	---
(1,899,291)	13,825	8,834	(1,202,033)	---
(9,075,297)	(4,554,940)	1,054,718	(34,079,837)	5,350,155
14,118,142	16,844,166	3,942,404	63,970,676	2,363,545
<u>\$ 5,042,845</u>	<u>\$ 12,289,226</u>	<u>\$ 4,997,122</u>	<u>\$ 29,890,839</u>	<u>\$ 7,713,700</u>
<u>\$ 4,751,911</u>	<u>\$ (3,468,888)</u>	<u>\$ 1,504,841</u>	<u>\$ 5,746,962</u>	<u>\$ 2,363,632</u>
1,778,056	1,664,971	1,032,037	15,313,018	1,402,684
52,077	---	---	120,953	---
(33,870)	42,700	(423,814)	(260,621)	13,521
(9,447)	---	13,864	(25,787)	---
1,282,658	(283,829)	13,739	291,866	---
---	3	---	(115,241)	327,013
(2,033)	20,734	(254)	(77,822)	11,439
(189,579)	345,075	(117,358)	191,979	2,162,450
(153,630)	(96,654)	(132,120)	(538,084)	(132,371)
(74,065)	36,116	64,878	(530,815)	26,206
---	---	---	(616,750)	---
---	---	---	1,656,321	---
(45,579)	71,277	---	28,758	---
---	(3,038)	---	(90,885)	(9,394)
<u>2,604,588</u>	<u>1,797,355</u>	<u>450,972</u>	<u>15,346,890</u>	<u>3,801,548</u>
<u>\$ 7,356,499</u>	<u>\$ (1,671,533)</u>	<u>\$ 1,955,813</u>	<u>\$ 21,093,852</u>	<u>\$ 6,165,180</u>
(179,796)	---	---	(249,326)	---
(14,899)	---	(14,961)	(17,624)	96,909
1,225,294	---	---	1,225,294	---
(591,324)	---	---	509,876	---
329,681	---	---	487,505	---
---	---	---	1,147,482	---
---	---	---	(213,549,100)	---
---	---	---	(20,022,894)	---

CITY OF DES MOINES, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2012

	AGENCY FUNDS
ASSETS	
<hr/>	
Cash and pooled cash investments	\$ 64,995,770
Accounts receivable	751,286
Total assets	<u>\$ 65,747,056</u>
LIABILITIES	
<hr/>	
Accounts payable	\$ 65,741,185
Good faith/earnest deposits	5,871
Total liabilities	<u>\$ 65,747,056</u>

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

CITY OF DES MOINES, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City.

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

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

The Des Moines Airport Authority (the Authority) has a June 30 year-end. The Authority is responsible for the operation of the Des Moines International Airport and was established on November 1, 2011 pursuant to Section 330A of Iowa Code. A five-

member board governs the Authority and is appointed by the Des Moines City Council. Upon dissolution of the Authority, all assets and liabilities would revert back to the City. The Authority elected to early adopt GASB Statement Nos. 63 and 65 in the June 30, 2012 financial statements. All deferred inflow and deferred outflow activity has been reclassified on the City's financial statements to conform with the pending implementation of these standards in June, 2013. The Authority publishes its own annual financial report, which is available at their office at 5800 Fleur Drive, Des Moines, Iowa 50321.

B. Government-wide and Fund Financial Statements

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

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

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

C. Fund Accounting

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

(1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon

determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

(a) General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments; street and highway maintenance; public safety, parks, cemetery, library, and recreation programs, are accounted for in this fund.

The following accounts are included in this fund:

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

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

Other General - To account for several minor general fund activities not material enough to disclose separately (i.e. Benchmarking and City-wide Training, City match of Federal Police grant, and Employee Wellness Program).

(b) Tax Increment Fund

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

(c) Debt Service Fund

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

(d) Capital Projects Fund

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

The following accounts are included in this fund:

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

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

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

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

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

Other Capital Projects - To account for projects that don't fit into one of the other categories but require significant capital investment to complete, such as technology and environmental projects.

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

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

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

(e) Benefit Tax Accounts Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Proprietary Fund Types

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

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, except for that guidance which conflicts with or contradicts GASB pronouncements. The City has elected not to follow FASB guidance subsequent to November 30, 1989. The following comprise the City's major enterprise funds:

- (a) Airport Fund** - To account for the operation and maintenance of the City's airport facility, including airport parking through October 31, 2011, at which point all assets and liabilities, except land, were transferred to the Des Moines Airport Authority.

- (b) **Stormwater Utility Fund** - To account for the operation and maintenance of the City's Stormwater Utility.
- (c) **Parking Facilities System Fund** - To account for the operation and maintenance of the City's on and off street public parking facilities, except for those facilities operated by the Des Moines Airport Authority.
- (d) **Sewer System Fund** - To account for the operation and maintenance of the City's Sanitary Sewer System.
- (e) **Municipal Housing Agency Fund** - To account for operations of the Federal Section 8 Rent Payment Assistance Program and low-income housing projects.

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

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

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

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

The following funds are included in this fund type:

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

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

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

Forestry - To provide ground maintenance to other departments.

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

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

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

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

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

Agency Funds

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

The following funds are included in this fund type:

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

Corporation for Economic Development - Accounts for the reimbursement of City staff charges incurred doing Corporation business.

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

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

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. The agency funds do not have a measurement focus but are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, with

the exception of property taxes which is 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2012 levy certified on March 15, 2012, based on the 2011 assessed valuations. The tax lien date is January 1, 2011. As the levy is intended for use in the 2013 fiscal year, the revenue has been recorded as deferred revenue. Taxes are levied on July 1 and are payable in two installments on September 30 and March 31. Tax payments become delinquent on October 1 and April 1. The County Treasurer bills and collects property taxes for the City. Property taxes are considered available if received within 60 days of year-end.

The City is permitted by the *Code of Iowa* to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, trust and agency accounts for pension and related employee benefit funds, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2012 was \$16.58 per \$1,000 of assessed valuation.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and

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

E. Budgetary and Legal Appropriation and Amendment Policies

As allowed by GASB Statement No. 41, Budgetary Comparison Schedules – Perspective Differences, the City presents budgetary comparison schedules as required supplementary information based on the program structure of ten functional areas as required by state statute for its legally adopted budget.

F. Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made.

G. Cash and Pooled Cash Investments

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

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

H. Investments

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

I. Statement of Cash Flows

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

J. Loans Receivable

Loans receivable consist primarily of low and non interest bearing loans. The City receives federal funds from the U.S. Department of Housing and Urban Development as part of the Community Development Block Grant, which allows the City to provide loans at below-market-rates to eligible corporations and individuals to finance urban and community development. Loans are carried at the amount of unpaid principal. Management records allowances for estimated uncollectible amounts based on historic information and review of outstanding amounts. Loans which, due to the terms and

nature of the agreements, are expected to be forgiven in the future are not recorded in the statement of net assets but are expensed at the time of disbursement.

K. Inventories and Prepaid Items

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

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

L. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest was \$1,225,294 in the Stormwater Utility fund.

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

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

The City's collection of works of art, botanical center exhibits, library books, and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy

that requires proceeds from the sale of these items to be used to acquire other collection items.

M. Deferred and Unearned Revenues

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

N. Inter-fund Transactions

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

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

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

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

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

O. Compensated Absences

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

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

P. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, state or federal laws, or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for the specific purpose pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those funds.

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated by City Council to the City Manager and the Finance Director.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, it is the City's policy to pay the expenditure from restricted fund balance and then from less restrictive classifications of committed, assigned and then unassigned fund balances.

Q. Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. The portion of the debt related to unspent proceeds is included in the same net asset component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$21,839,604 for debt service.

As of June 30, 2012, the governmental activities had unspent bond proceeds of \$71,414,835. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Use of Estimates

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

S. Accounts Receivable

Accounts receivable result primarily from miscellaneous services provided to citizens in the General Fund, Capital Projects Fund, and other nonmajor governmental funds. Accounts receivable in the proprietary funds result from providing services specific to the operations of the fund. At June 30, 2012, there was no allowance for doubtful accounts and the City had no significant write offs during the year then ended.

T. Long-Term Obligations

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

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

2. Individual Fund Disclosures

The following is a summary of deficit fund balances/net assets of individual funds at June 30, 2012:

FUND TYPE	INDIVIDUAL FUND	DEFICIT FUND BALANCES	DEFICIT NET ASSETS
Governmental	Special Revenue, Benefit Tax Accounts	148,435	
Governmental	Special Revenue, Other Employee Benefits	2,613,166	
Governmental	Special Revenue, Tax Increment	1,295,168	
Proprietary	Enterprise, Golf		1,193,630
Proprietary	Internal Service, Equipment Service Center		5,096
Proprietary	Internal Service, Radio Communications		4,962

The individual fund balance deficits will be eliminated by future taxes, intergovernmental revenue and fees for services.

3. Cash and Pooled Cash Investments and Investments

The City maintains a cash and investment pool that is available for use by all funds, where the resources have been pooled in order to maximize investment opportunities. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and pooled cash investments." Investment income is allocated to the various funds based on their respective participation and in accordance with accounting principles generally accepted in the United States of America. In addition, investments are separately held by several of the City's funds.

The Library Foundation has an endowment fund. As of December 31, 2011, the balance of \$1,389,205 is primarily in equity securities.

A. Authorized Investments

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

B. Interest Rate Risk

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

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

Security Description	Current Market Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
Commercial Paper Total	11,984,201	11,984,201	---	---
Federal Farm Credit Total	2,520,805	---	2,520,805	---
FHLB Total	44,510,000	3,705,216	40,804,784	---
FHLMC Total	10,823,544	---	10,823,544	---
FNMA Total	23,779,380	11,317,570	12,461,810	---
Grand Total	93,617,930	27,006,987	66,610,943	---

The above table includes the investments of the WRA of \$29,607,200.

C. Credit Risk

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

As of June 30, 2012, the City's investments were rated as follows:

Security Description	Moody's	Standard & Poor's
Commercial Paper	P-1	A-1+
Federal Farm Credit	Aaa	AAA
FHLB	Aaa	AA+
FHLMC	Aaa	AA+
FNMA	Aaa	AA+

D. Concentration of Credit Risk

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

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. At June 30, 2012, the City's deposits were held in banks within the state of Iowa and covered by the state sinking fund per Section 12C.25 of the Code of Iowa. At June 30, 2012, \$93,617,930 of City investments were uninsured and unregistered securities held by the counterparty's trust department in the City's name.

4. Joint Venture

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

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of bonds issued during the time the entity was a

participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004B and 2006 include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

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, 2012, the Series 2004B bonds had a balance of \$60,025,000 and the City of Des Moines' estimated future allocation based on the WRA flows is currently \$21,072,658. The WRA Sewer Revenue Bonds Series 2006 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, 2012, the Series 2006 bonds had a balance of \$34,985,000 and the City of Des Moines' estimated future allocation based on the WRA flows is currently \$11,168,074. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2012, the WRA had \$159,818,699 in State Revolving Loans of which \$56,238,302 future principal debt service is a commitment to the City of Des Moines. The WRA issued \$21,105,000 of Sewer Revenue Bonds during FY09, of which \$20,811,208 has been drawn at June 30, 2012. The WRA issued \$39,000,000 of Sewer Revenue Bonds during FY10, of which \$31,257,671 has been drawn at June 30, 2012. The WRA issued \$85,600,000 of Sewer Revenue Bonds during FY11, of which \$60,649,805 has been drawn at June 30, 2012. The WRA issued \$42,372,000 of Sewer Revenue Bonds during FY12, of which \$20,445,077 has been drawn at June 30, 2012.

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

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

Condensed financial information of the joint venture as of June 30, 2012 is as follows:

Statement of Net Assets

Current assets	\$	51,153,178
Noncurrent assets		500,357,076
Total Assets	\$	<u>551,510,254</u>

Current liabilities	\$	20,213,731
Noncurrent liabilities		254,209,051
Total liabilities	\$	<u>274,422,782</u>

Net assets:

Invested in capital assets, Net of related debt	\$	232,900,930
Restricted	\$	28,633,663
Unrestricted	\$	15,552,879

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues	\$	38,280,784
Operating expenses		28,951,325
Operating income		9,329,459
Nonoperating, net		(3,721,920)
Capital grants and contributions		708,109
Change in net assets		6,315,648

Statement of Cash Flows

Cash provided by operating activities	\$	21,936,916
Cash provided by investing activities		12,847,370
Cash used in capital and related financing activities		(20,447,765)
Increase in cash and pooled cash investments		14,336,521

5. Operating Lease Rentals

The City, as lessor, has various operating lease agreements for the use of land and facilities. The following is a schedule by year of minimum future rentals required under operating leases having initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012:

	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS	ENTERPRISE FUNDS		TOTAL
				PARKING FACILITIES SYSTEM	NONMAJOR ENTERPRISE FUNDS	
Year ending June 30,						
2013	246,429	75,700	8,000	68,636	40,000	438,765
2014	60,965	75,700	---	19,230	40,000	195,895
2015	60,965	75,700	---	10,065	40,000	186,730
2016	53,465	75,700	---	---	40,000	169,165
2017	53,465	75,700	---	---	40,000	169,165
2018-2022	1,826,989	296,400	---	---	11,333	2,134,722
2023-2027	206,765	---	---	---	---	206,765
2028-2032	66,765	---	---	---	---	66,765
2033-2037	66,765	---	---	---	---	66,765
2038-2042	66,765	---	---	---	---	66,765
2043-2047	66,765	---	---	---	---	66,765
2048	13,353	---	---	---	---	13,353
Total minimum future rentals	<u>\$ 2,789,456</u>	<u>\$ 674,900</u>	<u>\$ 8,000</u>	<u>\$ 97,931</u>	<u>\$ 211,333</u>	<u>\$ 3,781,620</u>

At June 30, 2012, the net book value of leased property is as follows:

Cost of Leased Land	\$	80,674
Cost of Leased Buildings		21,360,353
Accumulated Depreciation of Leased Buildings		(7,862,516)
Net book value of Leased Fixed Assets	<u>\$</u>	<u>13,578,511</u>

6. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2012:

	ENDING BALANCE 6/30/2011	ADDITIONS	DELETIONS & TRANSFERS	ENDING BALANCE 6/30/2012
GOVERNMENTAL ACTIVITIES				
Capital Assets, not being depreciated:				
Land	\$ 59,916,190	\$ 69,167,054	\$ (134,467)	\$ 128,948,777
Construction in Progress	103,879,738	27,380,484	(15,831,535)	115,428,687
Total capital assets not being depreciated	163,795,928	96,547,538	(15,966,002)	244,377,464
Capital Assets, being depreciated:				
Buildings	150,093,801	4,329,506	-	154,423,307
Improvements Other than Buildings	916,446,732	44,577,817	-	961,024,549
Machinery and Equipment	68,276,946	2,674,064	(1,505,929)	69,445,081
Total capital assets being depreciated	1,134,817,479	51,581,387	(1,505,929)	1,184,892,937
Less accumulated depreciation for:				
Buildings	73,368,634	4,186,498	-	77,555,132
Improvements Other than Buildings	345,443,882	24,994,218	-	370,438,100
Machinery and Equipment	52,148,635	3,406,484	(1,323,572)	54,231,547
Total accumulated depreciation	470,961,151	32,587,200	(1,323,572)	502,224,779
Total capital assets, being depreciated, net	663,856,328	18,994,187	(182,357)	682,668,158
Governmental activities capital assets, net	\$ 827,652,256	\$ 115,541,725	\$ (16,148,359)	\$ 927,045,622
BUSINESS-TYPE ACTIVITIES				
Capital Assets, not being depreciated:				
Land	\$ 84,330,306	\$ 758,590	\$ (68,583,589)	\$ 16,505,307
Construction in Progress	96,421,744	11,454,169	(18,547,941)	89,327,972
Total capital assets not being depreciated	180,752,050	12,212,759	(87,131,530)	105,833,279
Capital Assets, being depreciated:				
Buildings	202,648,098	13,614,602	(117,890,444)	98,372,256
Improvements Other than Buildings	474,208,705	20,445,210	(230,131,743)	264,522,172
Machinery and Equipment	47,234,532	2,650,863	(23,371,333)	26,514,062
Total capital assets being depreciated	724,091,335	36,710,675	(371,393,520)	389,408,490
Less accumulated depreciation for:				
Buildings	83,679,004	5,233,400	(30,253,362)	58,659,042
Improvements Other than Buildings	188,259,102	7,965,548	(120,300,111)	75,924,539
Machinery and Equipment	31,048,148	2,114,070	(15,336,879)	17,825,339
Total accumulated depreciation	302,986,254	15,313,018	(165,890,352)	152,408,920
Total capital assets, being depreciated, net	421,105,081	21,397,657	(205,503,168)	236,999,570
Business-Type activities capital assets, net	\$ 601,857,131	\$ 33,610,416	\$ (292,634,698)	\$ 342,832,849

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

GOVERNMENTAL ACTIVITIES	
Public Safety	\$ 3,141,670
General Government	1,515,684
Public Works	18,975,695
Culture and Recreation	7,395,300
Community and Economic Development	156,167
Internal service assets are charged to the various functions based on their useage of the assets	<u>1,402,684</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 32,587,200</u>
BUSINESS-TYPE ACTIVITIES	
Airport	\$ 4,467,321
Parking Facilities System	3,378,032
Sewer System	2,992,601
Stormwater Utility	1,778,056
Municipal Housing Agency	1,664,971
Solid Waste System	942,267
Golf	<u>89,770</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 15,313,018</u>

7. Employee Retirement Systems

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

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

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

Plan members were required to contribute 5.38 and 4.50 percent, respectively, of their annual covered salary, and the City was required to contribute 8.07 and 6.95 percent, respectively, of annual covered payroll for the years ended June 30, 2012 and 2011. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2012; 2011; and 2010 were \$5,605,331; \$4,847,268; and \$4,573,464, respectively, equal to the required contributions for each year.

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

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer, defined benefit pension plan.

MFPRSI provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statute, and vest after four years of credited service. MFPRSI issues publicly available financial reports, which include financial statements and required supplementary information for the plan. The reports may be obtained by contacting the MFPRSI, 2836 104th Street, Urbandale, IA 50322.

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

The contribution rates for plan members and the City in fiscal years 2012, 2011, and 2010 were as follows:

MFPRSI	PLAN MEMBER CONTRIBUTION	CITY CONTRIBUTION
Fiscal Year 2012	9.40 %	24.76 %
Fiscal Year 2011	9.40 %	19.90 %
Fiscal Year 2010	9.40 %	17.00 %

The City's contributions to MFPRSI for the years ending June 30, 2012; 2011; and 2010, were equal to the required contributions for each year as follows:

	2012	2011	2010
MFPRSI	\$ 11,548,981	\$ 8,772,090	\$ 7,436,202

8. Deferred Compensation

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

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

9. Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	BALANCE				BALANCE		DUE	RANGE OF
	JUNE 30,				JUNE 30,		WITHIN	INTEREST
	2011	ADDITIONS	RETIREMENTS	TRANSFERS	2012	ONE YEAR	RATES	
Governmental Activities:								
General Obligation Bonds	\$ 404,265,000	\$ 31,135,000	\$ (58,365,000)	\$ —	\$ 377,035,000	\$ 51,265,000	0.55% to 5.9%	
Less discounts	(210,115)	—	23,629	—	(186,486)	(22,479)		
Add premiums	15,358,715	2,663,005	(2,403,055)	—	15,618,665	2,356,867		
Net General Obligation Bonds	419,413,600	33,798,005	(60,744,426)	—	392,467,179	53,599,388		
Revenue Bonds	\$ —	\$ —	\$ (13,300,000)	\$ 48,295,000	\$ 34,995,000	\$ 1,490,000	2.10% to 5.75%	
Less discounts	—	—	169,001	(435,926)	(266,925)	—		
Net Revenue Bonds	—	—	(13,130,999)	47,859,074	34,728,075	1,490,000		
Section 108 Loans payable	9,925,000	—	(1,425,000)	—	8,500,000	—	5.09% to 6.84%	
Notes Payable	3,427,964	942,038	(1,070,314)	—	3,299,688	990,717	0.0% to 4.75%	
Accrued Employee Benefits	25,462,706	42,929,120	(39,372,065)	—	29,019,761	18,246,674	NA	
Liability for Claims/Judgments	735,000	40,107,469	(382,827)	—	40,459,642	—	NA	
Liability for arbitrage	295,014	—	(295,014)	—	—	—	NA	
	<u>\$ 459,259,284</u>	<u>\$ 117,776,632</u>	<u>\$ (116,420,645)</u>	<u>\$ 47,859,074</u>	<u>\$ 508,474,345</u>	<u>\$ 74,326,779</u>		
Business-type Activities								
Revenue Bonds	\$ 123,548,000	\$ —	\$ (6,355,000)	\$ (48,295,000)	68,898,000	\$ 6,238,000	2.00% to 6.00%	
Less discounts	(446,440)	—	10,514	435,926	—	—		
Add premiums	1,346,915	—	(204,975)	—	1,141,940	188,355		
Net Revenue Bonds	124,448,475	—	(6,549,461)	(47,859,074)	70,039,940	6,426,355		
Notes Payable	9,341,049	1,147,482	(6,384,771)	(27,528)	4,076,232	1,965,392	0.00% to 4.23%	
Capital Leases	4,637,740	—	(4,382,947)	(254,793)	—	—		
Liability for arbitrage	45,579	—	(45,579)	—	—	—	NA	
Accrued Employee Benefits	3,662,683	2,614,125	(3,744,544)	—	2,532,264	933,364	NA	
	<u>\$ 142,135,526</u>	<u>\$ 3,761,607</u>	<u>\$ (21,107,302)</u>	<u>\$ (48,141,395)</u>	<u>\$ 76,648,436</u>	<u>\$ 9,325,111</u>		

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

Net assets of certain enterprise funds of \$7,106,798 are restricted for debt service and the payment of certain liabilities pursuant to the requirements of the revenue bond ordinances.

Proceeds from the Series 2012A General Obligation Bonds totaled \$19,965,000 and were allocated to certain capital improvement projects.

Proceeds from the Series 2012B General Obligation Bonds totaled \$6,895,000 and were allocated to certain urban renewal projects.

Proceeds from the Series 2012C Taxable General Obligation Bonds totaled \$4,275,000 and were allocated to Blank Park Zoo capital improvements.

Outstanding bonds at June 30, 2012 mature as follows:

General Obligation Debt Service		
YEAR	GENERAL OBLIGATION BONDS	
	PRINCIPAL	INTEREST
2013	\$ 19,647,000	\$ 10,287,835
2014	18,206,000	9,605,858
2015	17,197,000	8,931,738
2016	17,071,000	8,279,252
2017	16,533,000	7,634,765
2018-2022	76,203,000	28,215,953
2023-2027	58,420,000	12,687,436
2028-2032	23,680,000	2,516,291
Totals	\$ 246,957,000	\$ 88,159,128

In addition, funds held in escrow will refund Series 2005B General Obligation Bonds in the amount of \$20,345,000 on June 1, 2013. See Note 11.

Tax Increment Debt Service		
YEAR	GENERAL OBLIGATION BONDS	
	PRINCIPAL	INTEREST
2013	\$ 11,273,000	\$ 4,132,991
2014	11,409,000	3,767,751
2015	9,313,000	3,394,806
2016	9,364,000	3,057,491
2017	9,562,000	2,717,264
2018-2022	42,432,000	8,184,713
2023-2027	15,315,000	1,511,944
2028-2032	1,065,000	31,950
Totals	\$ 109,733,000	\$ 26,798,910

Revenue Bonds, Governmental Activities:

On April 1, 1998, the City issued \$42,670,000 of Aviation System Revenue Bonds (Series 1998 A, B, C). The bonds are special obligations payable solely from and secured by a pledge of the net revenues of the airport, subject to the prior lien on the net revenues of the Airport Revenue Capital Loan Notes. With the issuance of \$22,845,000 of the 2010 Revenue Bonds (described below), the Series 1998A and 1998C bonds were completely refinanced, and the Series 1998B bonds were partially refinanced (all principal payments through 2019). On March 20, 2012, Revenue Refunding Capital Loan Notes, Series 2012 were issued by the Des Moines Airport Authority to refund the remaining Series 1998B bonds.

On December 7, 2010, the City issued \$36,445,000 of Aviation System Revenue Bonds (Series 2010 A, B, C, D). The bonds are special obligations payable solely from and secured by a pledge of the net revenues of the airport, subject to the prior lien on the net revenues of the

Airport Revenue Capital Loan Notes. Payment of the principal and interest on the bonds is guaranteed by a municipal bond insurance policy. Principal is payable annually, with interest paid semi-annually on June 1st and December 1st. Interest rates range from 2.10% to 5.75%. Total principal and interest remaining to be paid on the bonds is \$58,164,126. There were principal and interest payments of \$3,186,823 made on the Series 2010 bonds during the current period with the June 30, 2012 balance due totaling \$34,995,000.

These revenue bonds have been assigned to the Des Moines Airport Authority (the Authority), a discretely presented component unit, for the payment of principal and interest payments. The City recorded a long-term receivable from the component unit for the principal balance due, net of discounts in the Statement of Net Assets governmental activities.

Governmental Activities		
REVENUE BONDS		
YEAR	PRINCIPAL	INTEREST
2013	\$ 1,490,000	\$ 1,706,634
2014	1,525,000	1,668,087
2015	1,580,000	1,615,795
2016	1,630,000	1,556,877
2017	1,705,000	1,486,135
2018-2022	6,465,000	6,300,376
2023-2027	5,695,000	4,925,408
2028-2032	8,430,000	3,224,751
2033-2035	6,475,000	685,063
Totals	<u>\$ 34,995,000</u>	<u>\$ 23,169,126</u>

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

Series	June 30, 2012 Balance	Maturity Fiscal Year	Purpose
Sewer Revenue 2004I	\$ 4,263,000	2025	Capital Improvements
Sewer Revenue 2004G	3,880,000	2019	Capital Improvements
Sewer Revenue Refunding, 2004H	11,750,000	2020	Refunding

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the revenue bonds. The bonds are payable solely from the sewer customer net revenues. Annual principal and interest payments on the bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the bonds is \$24,358,723. Principal and interest paid for the current year and total customer net revenues were \$2,878,853 and \$14,916,813, respectively.

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

Series	June 30, 2012 Balance	Maturity Fiscal Year	Purpose
Series 2006D	\$ 12,595,000	2023	Capital Improvements
Series 2010F	17,125,000	2030	Refund & Capital Improvements
Series 2010G	4,430,000	2018	Refund & Capital Improvements

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the revenue bonds. The bonds are payable solely from the stormwater utility customer net revenues. Annual principal and interest payments on the bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the bonds is \$43,165,119. Principal and interest paid for the current year and total customer net revenues were \$3,882,431 and \$9,117,790, respectively.

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

Series	June 30, 2012 Balance	Maturity Fiscal Year	Purpose
Series 2000A	\$ 14,855,000	2020	Capital Improvements & Refunding

The City has pledged future parking customer revenues, net of specified operating expenses to repay the revenue bonds. The bonds are payable solely from the parking customer net revenues. Annual principal and interest payments on the bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the bonds is \$19,117,688. Principal and interest paid for the current year and total customer net revenues were \$2,718,025 and \$4,965,969, respectively.

Enterprise Funds		
REVENUE BONDS		
YEAR	PRINCIPAL	INTEREST
2013	\$ 6,238,000	\$ 2,891,853
2014	6,481,000	2,646,963
2015	6,760,000	2,389,557
2016	7,028,000	2,119,808
2017	7,337,000	1,827,880
2018-2022	25,910,000	4,499,168
2023-2027	6,409,000	1,146,100
2028-2032	2,735,000	222,200
Totals	\$ 68,898,000	\$ 17,743,529

Section 108 Loans Payable: On November 15, 2007, the City closed a \$17,500,000 Section 108 loan to make a loan for the benefit of River Point West LLC, for the purpose of financing the acquisition and clearance of properties in the River Point West area for sale and subsequent

redevelopment, and the construction of supporting public infrastructure improvements to serve the developed properties. The balance of the loan as of June 30, 2012 is \$8,500,000 and is payable through fiscal year 2028. The loan is not a general obligation of the City. The principal and interest is initially payable from a federal grant during the development phase. Thereafter, principal and interest is payable solely from the tax increment revenues of the Metro Center Urban Renewal Area of the City. Tax increment revenues are projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest paid in the current year and grant revenues were \$439,749 and \$439,749, respectively.

Notes Payable, Governmental Activities: On July 13, 2011, the City closed on the first Supplement of the Lease-Purchase Master Agreement. The funds were used to reimburse the City for the purchase of six trucks. The balance at June 30, 2012 was \$821,557. This note is payable through fiscal year 2018. The principal and interest are payable from the Debt Service Levy. Notes payable also include \$246,376 Supplement DLL5; \$205,117 Supplement DLL D-1A, and \$242,205 Supplement DLL D-1B. These notes are payable through fiscal year 2015. The principal and interest is payable from the debt service levy. Annual principal and interest on the bonds are expected to require 80% of the revenue. Total principal and interest remaining to be paid on the notes payable is \$1,696,241. Principal and interest paid in the current year and the debt service levy were \$395,919 and \$28,581,888, respectively.

Notes payable also include a \$1,875,000 loan from Polk County. This loan is for an economic development grant to be paid to Nelson Development 14, LLC. The balance of the note payable is \$1,312,500 and is payable through fiscal year 2019. The principal and interest is payable from tax increment finance levy. Annual principal and interest on the bonds are expected to require 100% of the revenue. Total principal and interest remaining to be paid on the notes payable is \$1,312,500. Principal and interest paid in the current year and TIF levy were \$187,500 and \$22,367,838, respectively. In addition, notes payable as of June 30, 2012 includes a RISE loan of \$471,933.

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

FISCAL YEAR	CDBG SECTION 108 LOANS		NOTES PAYABLE GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	\$ —	\$ 439,749	\$ 990,717	\$ 61,016
2014	24,000	439,269	528,279	47,839
2015	27,000	438,230	538,119	34,253
2016	29,000	437,043	379,907	20,242
2017	29,000	435,766	333,878	12,522
2018-2022	2,343,000	1,999,852	528,788	5,114
2023-2027	4,785,000	1,000,845	—	—
2028-2032	1,263,000	33,975	—	—
Totals	<u>\$ 8,500,000</u>	<u>\$ 5,224,729</u>	<u>\$ 3,299,688</u>	<u>\$ 180,986</u>

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

The notes payable financed the purchase of nine recycling trucks, twenty-two refuse trucks, ten pickup trucks, 55,000 refuse carts, and 32,000 toters in the Solid Waste Enterprise Fund. The balance of the notes payable is \$1,135,559 and is payable through Fiscal Year 2015. The principal and interest is payable from the operating revenues of the Solid Waste Enterprise. Annual principal and interest on the notes payable are expected to require 63% of the revenue. Total principal and interest remaining to be paid on the notes payable is \$1,220,836. Principal and interest paid in the current year and the operating revenues of the Solid Waste Enterprise were \$503,275 and \$1,684,553, respectively.

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

NOTES PAYABLE ENTERPRISE		
YEAR	PRINCIPAL	INTEREST
2013	\$ 376,872	\$ 42,586
2014	378,511	28,443
2015	380,176	14,248
Totals	\$ 1,135,559	\$ 85,277

The Stormwater Utility Fund entered into Supplement #DLL D-2 of the City's Governmental-Lease Purchase Master Agreement during Fiscal Year 2010 to purchase seven street sweeper vehicles, this is in addition to Supplement #DLL2. The balance as of June 30, 2012 is \$657,727 and will be paid as follows:

NOTES PAYABLE ENTERPRISE		
YEAR	PRINCIPAL	INTEREST
2013	\$ 215,587	\$ 22,182
2014	219,222	14,912
2015	222,918	7,519
Totals	\$ 657,727	\$ 44,613

The Sanitary Sewer Fund entered into Wells Fargo Supplement #2 of the City's Governmental-Lease Purchase Master Agreement during Fiscal Year 2012 to purchase three vector trucks. The balance as of June 30, 2012 is \$1,060,783 and will be paid as follows:

NOTES PAYABLE		
ENTERPRISE		
YEAR	PRINCIPAL	INTEREST
2013	150,771	29,166
2014	155,099	24,838
2015	159,551	20,386
2016	164,130	15,807
2017	168,841	11,096
2018-2022	262,391	7,513
Totals	\$ 1,060,783	\$ 108,806

Notes payable, business-type activities also includes \$1,222,163 payable to the State of Iowa for the City's portion of the I-235 project. Of this amount, \$747,977 is recorded in the Sanitary Sewer Fund and \$474,186 is recorded in the Stormwater Utility Fund. The entire balance is scheduled to be paid in 2013.

The payments on the bonds payable that pertain to the City's governmental activities are made by the debt service fund. The payments on the tax increment notes, the RISE loan, the Section 108 CDBG loans, and the notes payable that pertain to the City's governmental activities are made by the Tax Increment and the Economic Development Special Revenue Fund within the Other Special Revenue Funds. The accrued employee benefits, claims and judgments, and arbitrage liabilities attributable to the governmental activities are generally liquidated by the General Fund.

Discretely presented component units

Long-term debt activity for the Des Moines Airport Authority (the Authority) for the year ended June 30, 2012, was as follows:

Capitalized Lease Notes Payable

The Authority entered a Governmental-Lease Purchase Master Agreement used to finance airport runway and maintenance equipment.

The balance of the capital leases payable for the Authority is \$87,708 and is payable through fiscal year 2013. The principal and interest is payable from the operating revenues of the Authority. Annual principal and interest on the capital leases are expected to require 0.3% of the annual operating revenue. Total principal and interest remaining to be paid on the capital leases is \$89,417.

The net book value of the equipment purchased with capitalized lease notes payable was none as of June 30, 2012.

Long-Term Debt

A summary of the Authority's long-term debt payable at June 30, 2012, is as follows:

	<u>Authority</u> <u>Revenue Bonds</u>	<u>Due to Primary</u> <u>Government</u>	<u>SWAP</u> <u>Loan</u>	<u>Total</u>
Balance November 1, 2011	\$ —	\$ —	\$ —	\$ —
Contributed liability from the City of Des Moines	—	48,295,000	27,528	48,322,528
Issuances	10,945,000	—	—	10,945,000
Retirements	—	(13,300,000)	(5,450)	(13,305,450)
Balance June 30, 2012	<u>10,945,000</u>	<u>34,995,000</u>	<u>22,078</u>	<u>45,962,078</u>
Less: Current portion	—	(1,490,000)	(9,812)	(1,499,812)
Non-current portion	<u>\$ 10,945,000</u>	<u>\$ 33,505,000</u>	<u>\$ 12,266</u>	<u>\$ 44,462,266</u>

- A. The Authority has a due to primary government (the City of Des Moines, Iowa) related to the Aviation System Revenue Bonds, Series 1998B, 2010A, 2010B, 2010C, and 2010D that were assigned to the Authority upon the creation of the Authority.
- B. On February 22, 2012, the Authority issued \$10,945,000 of Revenue Refunding Capital Loan Notes (Series 2012). The bonds are special obligations payable solely from and secured by a pledge of the net revenues of the Airport, subject to the prior lien on the net revenues of the Airport Revenue Capital Loan Notes. Principal is payable annually with interest paid semi-annually on June 1st and December 1st with an interest rate of 5%. Total principal and interest remaining to be paid on the bonds is \$17,688,250. There were interest payments of \$107,930 made on the Series 2012 bonds during the current period with the June 30, 2012 balance due totaling \$10,945,000.

As of June 30, 2012, the Authority restricted \$5,798,279 in revenue bond reserve cash funds for all revenue bonds. Annual principal and interest payments on all revenue bonds are expected to require roughly 52% of the Authority net revenues.

- C. In October 2009, the City entered into a contract with the State of Iowa Department of Natural Resources ("DNR") to begin a recycling program under the agency's Solid Waste Alternatives Program ("SWAP"). Under terms of the contract, the DNR provided the Authority with a zero-interest loan of \$39,250 and a forgivable loan of \$20,000 to cover the costs of starting the recycling program. Quarterly payments are due from October 15, 2010 through July 15, 2014. Effective November 1, 2011, the remaining \$26,894 outstanding was transferred from the City to the Authority. As of June 30, 2012, the Authority is in compliance with all terms and conditions of the contract with the balance due totaling \$22,078.

As of June 30, 2012, the Authority's long-term debt matures as follows:

12 months ending June 30,	Airport Revenue Bonds		Due to Primary Government		SWAP Loan
	Principal	Interest	Principal	Interest	Principal
2013	\$ —	\$ 547,250	\$ 1,490,000	\$ 1,706,634	\$ 9,812
2014	—	547,250	1,525,000	1,668,087	9,812
2015	—	547,250	1,580,000	1,615,795	2,454
2016	—	547,250	1,630,000	1,556,877	—
2017	—	547,250	1,705,000	1,486,135	—
2018-2022	3,135,000	2,584,500	6,465,000	6,300,376	—
2023-2027	6,345,000	1,349,250	5,695,000	4,925,408	—
2028-2032	1,465,000	73,250	8,430,000	3,224,751	—
2033-2036	—	—	6,475,000	685,063	—
Total	\$ 10,945,000	\$ 6,743,250	\$ 34,995,000	\$ 23,169,126	\$ 22,078

Accrued Employee Benefits

Future benefits payable are recorded for the Authority's accrued employee benefits and accrued post-retirement benefits. Below is a calculation of the accrued employee benefits for all Authority employees as of June 30, 2012:

Balance November 1, 2011	\$ —
Contributed liability from the City of Des Moines	597,516
Additions	85,331
Payments	(97,942)
Balance June 30, 2012	584,905
Less: current portion	196,977
Non-current portion	<u>\$ 387,928</u>

10. Revenue Bond Resolution Requirements

The revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest, and require minimum revenue bond coverage. In the Sewer System Fund, \$1,920,000 of net assets is restricted for bond reserves. In the Parking Facilities System Fund, \$1,954,500 of net assets is restricted for bond reserves. In the Stormwater Utility Fund, \$3,232,298 of net assets is restricted for bond reserves.

11. Debt Extinguishment

On December 7, 2010, the City issued \$65,360,000 in General Obligation Refunding Capital Loan Notes (Series 2010H) with an average interest rate of 4.94 percent to crossover advance refund \$14,655,000 of Series 2003C General Obligation Bonds with an average interest rate of 3.86 percent on June 1, 2011, crossover advance refund \$8,255,000 of Series 2003D General Obligation Bonds (Urban Renewal) with an average interest rate of 3.63 percent on June 1, 2011, crossover advance refund \$21,555,000 of Series 2002E General Obligation Bonds with an average interest rate of 4.94 percent on June 1, 2012, crossover advance refund \$5,490,000 of Series 2002F General Obligation Bonds (Urban Renewal) with an average interest rate of 4.54 percent on June 1, 2012 and crossover advance refund \$20,345,000 of Series 2005B General Obligation Bonds with an average interest rate of 4.74 percent on June 1, 2013. The net proceeds related to the crossover refunding of \$74,188,780 (after payment of \$219,607 in underwriting fees, insurance and other costs) were used to purchase U.S. government securities (SLGS) in an irrevocable trust with an escrow agent. These proceeds provided the future debt service payments on the Series 2002E and Series 2002F until the crossover date of June 1, 2012. As of the crossover date of June 1, 2012, the Series 2003C, Series 2003D, Series 2002E, and Series 2002F were considered extinguished and removed from the government-wide statement of net assets. The Series 2005B will remain on the government-wide statement of net assets as well as the escrow to be used to refund the debt on June 1, 2013. The crossover refunding was done to reduce aggregate debt service payments by \$872,690 over the next three years and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,670,120.

12. Conduit Debt

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

As of June 30, 2012, there were nine series of industrial revenue bonds outstanding. The aggregate principal amount payable for the four series issued after July 1, 1995 was \$14.82 million. The aggregate principal amount payable for the series issued prior to July 1, 1995 could not be determined; however, their original issue amounts totaled \$53.9 million.

Cooperative Financing Agreement

On May 21, 2007, the Des Moines City Council approved a cooperative financing agreement between the City and an Airport-based tenant, Elliott Aviation of Des Moines, Inc. ("Elliott"), to issue 20-year industrial revenue bonds for the purpose of financing a new building facility for Elliott. Under the terms of the agreement (as authorized under Iowa Code Chapter 419), on August 2, 2007, the City issued Special Facility Revenue Bonds in the amount of \$6,000,000 and immediately lent the proceeds to Elliott for the construction of this

facility. Elliott is responsible for all principal and interest payments and other fees associated with the bonds.

The bonds are secured by the property financed, and are payable solely from payments received on the underlying mortgage loans. The City, or any political subdivisions thereof bear no obligation in any way for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the City's financial statements. As of June 30, 2012, the principal amount outstanding is \$5,145,000.

13. Interfund Receivables and Payables

The individual fund interfund receivable and payable balances include both Due to/from Other Funds and Advances to/from Other Funds. These balances at June 30, 2012 were:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE
General	\$ 461,961	\$ 105,798
Capital Projects	7,956,381	—
Benefit Tax Accounts, Special Revenue	—	356,739
Other Nonmajor Governmental Funds	1,233,927	8,791,792
Parking, Enterprise	49,364	369,598
Municipal Housing Agency, Enterprise	—	47,719
Other Nonmajor Enterprise Funds	—	49,364
Health Insurance, Internal Service	98,083	78,706
Total	<u>\$ 9,799,716</u>	<u>\$ 9,799,716</u>
	ADVANCES RECEIVABLE	ADVANCES PAYABLE
General	\$ 8,180,507	\$ —
Parking, enterprise	—	4,230,402
Other Nonmajor Enterprise Funds	—	3,950,105
Total	<u>\$ 8,180,507</u>	<u>\$ 8,180,507</u>

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

14. Fund Transfer Reconciliation

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

	TRANSFERS IN	TRANSFERS OUT
General	\$ 31,935,037	\$ 4,858,035
Capital Projects	5,350,533	7,302,999
Benefit tax accounts, special revenue	—	16,658,000
Debt Service	16,664,896	2,145,000
Tax Increment, special revenue	—	17,357,737
Other Nonmajor Governmental Funds	4,359,220	16,008,072
Stormwater, enterprise	4,486,815	2,159,601
Sanitary Sewer, enterprise	4,331,777	1,698,986
Parking, enterprise	1,200,000	50,000
Other Nonmajor Enterprise Funds	152	90,000
	\$ 68,328,430	\$ 68,328,430

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

15. Post Employment Benefits

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

Contributions of the full premium are required for both retiree and dependent coverage. The contributions for each insured group is assumed to be the expected, composite per capita cost for the group. This composite is then disaggregated into an age-specific starting cost curve based on the average age of the group and for assumptions for age-based morbidity. The average age of the pre-65 retiree group is 62. Retiree expenses are then offset by monthly contributions. The City does not issue a publicly available financial report.

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

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

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2012, the City contributed \$748,941.

Annual OPEB Cost and Net OPEB Obligation: The City's and the Des Moines Airport Authority's, a discretely presented component unit, (the Authority) annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's and the Authority's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the annual OPEB obligation.

Annual required contribution	\$ 1,788,888
Interest on net OPEB obligation	152,596
Adjustment to annual required contribution	<u>(211,553)</u>
Annual OPEB cost (expense)	1,729,931
Contributions and payments made	<u>748,941</u>
Increase in net OPEB obligation	980,990
Net OPEB obligation - July 1, 2011	<u>3,391,032</u>
Net OPEB obligation - June 30, 2012	<u><u>\$ 4,372,022</u></u>

Included in the June 30, 2012 Net OPEB obligation is \$242,991 related to the Authority's portion of this obligation.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 1,541,256	38.3%	\$ 2,455,928
June 30, 2011	\$ 1,584,065	41.0%	\$ 3,391,032
June 30, 2012	\$ 1,729,931	43.3%	\$ 4,372,022

Funded status and funding progress: As of July 1, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$15,910,966, which included the Authority's portion totaling \$489,543 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$(15,910,966). The covered payroll (annual payroll of active employees covered by the plan) was \$100,771,238,

which included the Authority's portion of \$5,782,678 and the ratio of the UAAL to the covered payroll was 15.79%.

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

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

In the July 1, 2011 actuarial valuation, project unit credit method was used. The actuarial assumptions included a 4.5 percent discount rate, an annual health care cost trend rate of 9.0 percent reduced by decrements of .5 percent annually to an ultimate rate of 5 percent. The UAAL is being amortized as an open level dollar. The amortization of UAAL is done over a period of 30 years.

16. Commitments and Contingent Liabilities

A. Grants

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2012.

B. Litigation

The City Attorney reported that as of June 30, 2012, various claims and lawsuits were on file against the City, and estimated that the potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

The City of Des Moines, Iowa is currently in a class action lawsuit regarding franchise fees charged for gas and electric utilities. The Supreme Court has ruled that the fee is not an illegal tax and may be charged. However, the ruling defined that only an amount reasonably related to the City's administrative expenses in exercising its policing power to regulate the franchises, including incidental costs may be collected. In June 2010, the Iowa District Court ruled that portions of the fee were illegal taxes. The Court did not enter a specific dollar amount in the form of a judgment against the City. The plaintiffs are seeking reimbursement of any fees collected that exceed the expenses allowed to be charged. The Iowa District Court will now rule on how plaintiffs are notified and paid, whether interest on the amount over-collected must be paid, and when and how the City must repay the plaintiffs. At this time the estimated liability of \$39,929,642 has been recorded in the government-wide financial statements because current resources will not be used to pay this liability.

C. Self-insurance

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

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

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

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

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

	LOSSES IN EXCESS OF	
	PER INCIDENT	PER YEAR
Workers Compensation	\$ 550,000	up to statutory limits
Dental Benefits	—	\$ 1,976,133
Tort Liability	2,000,000	Variable

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

Liabilities are reported when it is probable that a loss will occur, and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering recent claim settlement trends, including frequency and amount of payouts and other economic and social factors. The following is a summary of estimated claims liability for the year ended June 30, 2012 (with comparative amounts for 2011):

	WORKERS COMPENSATION	
	2012	2011
Balance at beginning of year	\$ 5,937,212	\$ 1,035,545
Current year claims and changes in estimate	3,698,126	6,653,444
Claim payments	(2,096,558)	(1,751,777)
Balance at end of year	\$ 7,538,780	\$ 5,937,212

	LEGAL SETTLEMENTS	
	2012	2011
Balance at beginning of year	\$ 735,000	\$ 580,000
Current year claims and changes in estimate	40,107,469	720,475
Claim payments	(382,827)	(565,475)
Balance at end of year	\$ 40,459,642	\$ 735,000

The City became self-insured for medical claims and prescription coverage in fiscal year 2012. All claim handling procedures are performed by an independent claims administrator. Dental insurance is self-funded and administered by Delta Dental of Iowa. Liabilities are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The aggregate liability for claims for the year ended June 30, 2012 is as follows:

	2012
Claims payable, beginning of the year	\$ —
Current year claims and changes in estimate	21,758,070
Claim payments	(19,929,070)
Claims payable, end of the year	\$ 1,829,000

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

D. Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2012. The City has additional commitments for signed construction contracts of approximately \$27.79 million as of June 30, 2012. Of these commitments, approximately \$20.03 million will be funded by general obligation and revenue bonds, \$4.86 million by federal and state grants, \$176,000 from operating revenues, and \$2.72 million from private contributions.

E. Arbitrage

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

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

For the bond issues that have not yet been reviewed, management believes that the rebate amounts, if any, will not be material to the financial statements.

F. Developer Commitments

In order to encourage development within designated TIF districts, the City Council has approved developer grants to 36 different projects. The grants are to be paid only after certain conditions have been met by each project developer, and are to be paid over many years in the form of a rebate of a predetermined percentage of future property taxes generated by the property. Currently, it is estimated that outstanding commitments totaling about \$168.6 million exist, of which \$14.6 million may be eligible to be paid in the next fiscal year. These items are expensed in the period in which they are paid. No liability is recognized due to the fact that the agreements are conditional and the payments are to be funded by future property taxes receivable on the project and are subject to the City Council's right of non-appropriation each fiscal year.

17. Fund Balances

In fiscal year 2011 the City of Des Moines adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement establishes criteria for reclassifying fund balances into specifically defined classifications and clarified definitions for governmental fund types. The details for the City of Des Moines' fund balances are the following:

Fund Balances (deficits):	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TAX INCREMENT</u>
Nonspendable:			
Advances	\$ 8,180,507	\$ ---	\$ ---
Inventories	---	---	---
Prepays	1,308,805	---	---
Corpus for permanent funds	---	---	---
Total nonspendable	<u>9,489,312</u>	<u>---</u>	<u>---</u>
Restricted:			
Federal, state, and local grants	500,000	---	---
Road Use	---	---	---
Maintenance on public land, cemetery	---	---	---
Debt Service	---	21,839,604	---
Capital improvements and maintenance	---	---	---
Police department	---	---	---
Fire department	---	---	---
SSMID districts	---	---	---
Community projects	---	---	---
Library gift fund	---	---	---
Scholarship	---	---	---
Total restricted	<u>500,000</u>	<u>21,839,604</u>	<u>---</u>
Committed			
Capital improvements and maintenance	---	---	---
Maintenance on public land, cemetery	---	---	---
Economic development	---	---	---
Community projects	---	---	---
Total committed	<u>---</u>	<u>---</u>	<u>---</u>
Unassigned	<u>15,613,514</u>	<u>---</u>	<u>(1,295,168)</u>
Total fund balances (deficits)	<u><u>\$ 25,602,826</u></u>	<u><u>\$ 21,839,604</u></u>	<u><u>\$ (1,295,168)</u></u>

BENEFIT TAX ACCOUNTS	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ ---	\$ ---	\$ ---	\$ 8,180,507
---	---	508,861	508,861
---	17,940	77,752	1,404,497
---	---	3,387,035	3,387,035
---	17,940	3,973,648	13,480,900
---	---	2,123,558	2,623,558
---	---	155,266	155,266
---	---	1,257,676	1,257,676
---	---	---	21,839,604
---	849,924	---	849,924
---	---	594,046	594,046
---	---	34,870	34,870
---	---	359,656	359,656
---	---	84,002	84,002
---	---	695,362	695,362
---	---	1,512	1,512
---	849,924	5,305,948	28,495,476
---	74,004,816	---	74,004,816
---	---	21,117	21,117
---	---	5,819,400	5,819,400
---	---	80,928	80,928
---	74,004,816	5,921,445	79,926,261
(148,435)	---	(5,432,283)	8,737,628
\$ (148,435)	\$ 74,872,680	\$ 9,768,758	\$ 130,640,265

18. New Pronouncements

As of June 30, 2012, the GASB has issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for*

State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the City beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June, 2012, will be effective for the City beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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

19. Subsequent Events

On August 2, 2012, the City closed on the third supplement of the Lease-Purchase Master Agreement with Wells Fargo. The City borrowed \$1,880,000 at an interest rate of 2.65%. The funds were placed in escrow for the purpose of purchasing a paver and nine trucks for Public Works and will be disbursed as the equipment is received by the City. As of November 2, 2012, the City has disbursed \$1,333,963 and \$546,037 remains in escrow.

On September 4, 2012, the City issued \$13,210,000 of General Obligation Sewer Bonds, which will be used to complete planned capital projects in the City's Sanitary Sewer Enterprise. Payments on the General Obligation Sewer Bonds begin June 1, 2013 and continue annually until maturity on June 1, 2032. Interest rates on this issuance range from 2.0% to 3.0%.

On September 4, 2012, the City issued \$10,825,000 of General Obligation Stormwater Bonds, which will be used to complete planned capital projects in the City's Stormwater Management Utility Enterprise. Payments on the General Obligation Stormwater Bonds begin June 1, 2013 and continue annually until maturity on June 1, 2032. Interest rates on this issuance range from 2.0% to 3.0%.

On September 4, 2012, the City issued \$13,030,000 of General Obligation Parking Bonds, which were used to refund Series 2000A on that date, and will also complete planned capital projects in the City's Parking Facilities System Enterprise. Payments on the General Obligation Parking Bonds begin June 1, 2013 and continue annually until maturity on June 1, 2020. The interest rate on this issuance is 2.0%.

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF DES MOINES, IOWA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS -- ALL GOVERNMENTAL FUNDS
AND ENTERPRISE FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2012**

	GOVERNMENTAL		ENTERPRISE		BUDGETED AMOUNTS		FINAL TO ACTUAL
	FUND TYPES		FUND TYPES		ORIGINAL	FINAL	
	BASIS ACTUAL	BASIS ACTUAL	BASIS ACTUAL	BASIS ACTUAL			
AMOUNTS	AMOUNTS	AMOUNTS	AMOUNTS	AMOUNTS	AMOUNTS	AMOUNTS	
Revenue:							
Taxes	\$ 141,295,150	\$ ---	\$ 141,295,150	\$ 140,910,235	\$ 142,110,017	\$ (814,867)	
Franchise fees	11,966,544	---	11,966,544	13,502,000	13,130,000	(1,163,456)	
Licenses and permits	3,269,769	---	3,269,769	4,930,780	3,084,000	185,769	
Fines and forfeitures	5,208,910	---	5,208,910	2,438,200	3,685,167	1,523,743	
Charges for sales and services	18,812,361	88,281,380	107,093,741	134,516,367	114,741,248	(7,647,507)	
Use of money and property	2,267,125	138,355	2,405,480	3,271,593	5,751,415	(3,345,935)	
Miscellaneous	28,058,518	1,396,801	29,455,319	30,036,922	34,753,488	(5,298,169)	
Intergovernmental	80,999,710	35,573,133	116,572,843	96,000,780	97,652,114	18,920,729	
Total revenue	<u>291,878,087</u>	<u>125,389,669</u>	<u>417,267,756</u>	<u>425,606,877</u>	<u>414,907,449</u>	<u>2,360,307</u>	
Expenditure:							
Current:							
Public safety	95,412,397	---	95,412,397	91,035,076	99,662,340	4,249,943	
Public works	30,744,446	---	30,744,446	29,652,261	29,671,493	(1,072,953)	
Health and social services	17,376,407	---	17,376,407	21,557,731	14,580,621	(2,795,786)	
Culture and recreation	21,877,142	---	21,877,142	20,853,601	20,837,613	(1,039,529)	
Community and economic development	17,319,844	---	17,319,844	15,844,168	19,031,725	1,711,881	
General government	22,942,437	---	22,942,437	19,875,826	21,801,695	(1,140,742)	
Business-type	---	163,987,436	163,987,436	113,336,779	94,304,106	(69,683,330)	
Capital outlay	61,677,986	33,742,507	95,420,493	125,914,856	136,722,770	41,302,277	
Debt service	98,584,474	15,641,354	114,225,828	55,791,791	92,385,290	(21,840,538)	
Total expenditure	<u>365,935,133</u>	<u>213,371,297</u>	<u>579,306,430</u>	<u>493,862,089</u>	<u>528,997,653</u>	<u>(50,308,777)</u>	
Excess (deficiency) of revenue over expenditure	<u>(74,057,046)</u>	<u>(87,981,628)</u>	<u>(162,038,674)</u>	<u>(68,255,212)</u>	<u>(114,090,204)</u>	<u>(47,948,470)</u>	
Other financing sources (uses):							
Transfers in	58,309,686	10,018,744	68,328,430	49,560,434	63,332,029	4,996,401	
Other financing sources	37,257,885	1,847,200	39,105,085	47,571,500	25,865,749	13,239,336	
Transfers out	(64,329,843)	(3,998,587)	(68,328,430)	(49,560,434)	(63,332,029)	(4,996,401)	
Total other financing sources (uses)	<u>31,237,728</u>	<u>7,867,357</u>	<u>39,105,085</u>	<u>47,571,500</u>	<u>25,865,749</u>	<u>13,239,336</u>	
Net change in fund balances	<u>(42,819,318)</u>	<u>(80,114,271)</u>	<u>(122,933,589)</u>	<u>\$ (20,683,712)</u>	<u>\$ (88,224,455)</u>	<u>\$ (34,709,134)</u>	
Fund balances, beginning of year	<u>221,110,635</u>	<u>27,481,831</u>	<u>248,592,466</u>				
Fund balances, end of year	<u>\$ 178,291,317</u>	<u>\$ (52,632,440)</u>	<u>\$ 125,658,877</u>				

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

**CITY OF DES MOINES, IOWA
 BUDGETARY COMPARISON SCHEDULE --
 BUDGET TO GAAP RECONCILIATION
 REQUIRED SUPPLEMENTARY INFORMATION
 For the Fiscal Year Ended June 30, 2012**

	GOVERNMENTAL FUND TYPES		
	BUDGET MODIFIED	ACCRUAL	MODIFIED
	ACCRUAL BASIS	ADJUSTMENTS	ACCRUAL BASIS
Revenues	\$ 291,878,087	\$ 403,003	\$ 292,281,090
Expenditures	365,935,133	(3,283,842)	362,651,291
Net	(74,057,046)	3,686,845	(70,370,201)
Other financing sources (uses)	31,237,728	(1,496,878)	29,740,850
Beginning fund balances	221,110,635	(49,841,019)	171,269,616
Ending fund balances	\$ 178,291,317	\$ (47,651,052)	\$ 130,640,265

	ENTERPRISE FUND TYPES		
	BUDGET MODIFIED	ACCRUAL	
	ACCRUAL BASIS	ADJUSTMENTS	ACCRUAL BASIS
Revenues	\$ 125,389,669	\$ (622,967)	\$ 124,766,702
Expenditures	213,371,297	152,029,756	365,401,053
Net	(87,981,628)	(152,652,723)	(240,634,351)
Other financing sources (uses)	7,867,357	(1,847,200)	6,020,157
Beginning fund balances	27,481,831	500,649,599	528,131,430
Ending fund balances	\$ (52,632,440)	\$ 346,149,676	\$ 293,517,236

See notes to required supplementary information.

**CITY OF DES MOINES, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION --
BUDGETARY REPORTING
June 30, 2012**

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

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendments increased budgeted disbursements by \$35,135,564. These budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the public works function, health and social services function, culture and recreation function, general government function, business-type and the debt service function.

**CITY OF DES MOINES, IOWA
OTHER POSTEMPLOYMENT BENEFIT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2012**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	7/1/2011	\$ ---	\$ 15,910,966	\$ 15,910,966	\$ ---	\$ 100,771,238	15.8%
2011	7/1/2009	\$ ---	\$ 14,269,349	\$ 14,269,349	\$ ---	\$ 152,549,355	9.4%
2010	7/1/2009	\$ ---	\$ 14,269,349	\$ 14,269,349	\$ ---	\$ 148,644,073	9.6%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2011. Additional information follows:

1. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: health care cost trend rates of 5.0-9.0 percent.
4. The amortization method is open, level dollar.

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





CITY OF DES MOINES, IOWA
COMBINING BALANCE SHEET SCHEDULE
ALL GENERAL FUND ACCOUNTS
June 30, 2012

	GENERAL	TORT LIABILITY	OTHER	TOTALS
ASSETS				
Cash and pooled cash investments	\$ 10,135,614	\$ ---	\$ 3,199,617	\$ 13,335,231
Taxes receivable	54,185,078	1,893,623	---	56,078,701
Special assessments receivable	33,695	---	---	33,695
Accounts receivable	4,147,311	---	---	4,147,311
Accrued interest receivable	45,581	---	---	45,581
Due from other funds	461,961	---	---	461,961
Due from other governmental units	836,256	---	---	836,256
Advance to other funds	8,180,507	---	---	8,180,507
Prepaid items	1,295,488	650	12,667	1,308,805
Total assets	\$ 79,321,491	\$ 1,894,273	\$ 3,212,284	\$ 84,428,048
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 2,078,912	\$ 19,902	\$ 10,035	\$ 2,108,849
Accrued wages payable	1,941,026	18,902	---	1,959,928
Accrued employee benefits	5,083	---	---	5,083
Due to other funds	98,083	7,715	---	105,798
Due to other governmental units	16,416	---	---	16,416
Good faith, security deposits	512,613	---	---	512,613
Deferred revenue	52,243,171	1,869,864	3,500	54,116,535
Total liabilities	56,895,304	1,916,383	13,535	58,825,222
Fund balance (deficit):				
Nonspendable	9,475,995	650	12,667	9,489,312
Restricted	---	---	500,000	500,000
Unassigned	12,950,192	(22,760)	2,686,082	15,613,514
Total fund balance (deficit)	22,426,187	(22,110)	3,198,749	25,602,826
Total liabilities and fund balance (deficit)	\$ 79,321,491	\$ 1,894,273	\$ 3,212,284	\$ 84,428,048

CITY OF DES MOINES, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)
ALL GENERAL FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2012

	GENERAL	TORT LIABILITY	OTHER	TOTALS
Revenues:				
Taxes	\$ 57,557,023	\$ 1,976,703	\$ 6,484	\$ 59,540,210
Franchise fees	11,966,544	---	---	11,966,544
Licenses and permits	3,040,665	---	---	3,040,665
Fines and forfeitures	2,791,509	---	2,412,808	5,204,317
Charges for sales and services	16,728,693	---	1,039	16,729,732
Use of money and property	1,222,904	---	151	1,223,055
Miscellaneous	22,239,227	---	150	22,239,377
Intergovernmental	1,682,265	---	52,610	1,734,875
Total revenues	<u>117,228,830</u>	<u>1,976,703</u>	<u>2,473,242</u>	<u>121,678,775</u>
Expenditures:				
Current:				
Public safety	89,420,999	193,487	44,307	89,658,793
Public works	9,351,881	---	---	9,351,881
Health and social services	332,577	---	---	332,577
Culture and recreation	21,088,013	---	6,814	21,094,827
Community and economic development	4,752,811	---	89,908	4,842,719
General governmental	13,515,514	1,531,183	932,747	15,979,444
Capital outlay	267,792	---	---	267,792
Total expenditures	<u>138,729,587</u>	<u>1,724,670</u>	<u>1,073,776</u>	<u>141,528,033</u>
Excess (deficiency) of revenues over expenditures	<u>(21,500,757)</u>	<u>252,033</u>	<u>1,399,466</u>	<u>(19,849,258)</u>
Other financing sources (uses):				
Transfers in	31,437,168	---	497,869	31,935,037
Transfers out	(4,547,710)	(200,000)	(110,325)	(4,858,035)
Proceeds from damage claims	27,630	---	---	27,630
Proceeds from capital asset sale	191,405	---	11,191	202,596
Total other financing sources (uses)	<u>27,108,493</u>	<u>(200,000)</u>	<u>398,735</u>	<u>27,307,228</u>
Net changes in fund balance	5,607,736	52,033	1,798,201	7,457,970
Fund balance (deficit), beginning of year	<u>16,818,451</u>	<u>(74,143)</u>	<u>1,400,548</u>	<u>18,144,856</u>
Fund balance (deficit), end of year	<u><u>\$ 22,426,187</u></u>	<u><u>\$ (22,110)</u></u>	<u><u>\$ 3,198,749</u></u>	<u><u>\$ 25,602,826</u></u>

CITY OF DES MOINES, IOWA
COMBINING BALANCE SHEET SCHEDULE
ALL CAPITAL PROJECTS ACCOUNTS
June 30, 2012

	BRIDGE PROJECTS	MUNICIPAL BUILDINGS PROJECTS	STREET PROJECTS	PARK IMPROVEMENT PROJECTS
ASSETS				
Cash and pooled cash investments	\$ 6,705,836	\$ 15,799,256	\$ 16,895,363	\$ 10,082,989
Accounts receivable	---	6,800	481,203	404,889
Special assessments receivable	---	---	---	---
Accrued interest receivable	---	---	---	---
Due from other funds	---	---	7,956,381	---
Due from other governmental units	537,517	---	3,060,771	732,405
Prepaid items	---	---	880	---
Long-term receivables	---	---	---	---
Total assets	\$ 7,243,353	\$ 15,806,056	\$ 28,394,598	\$ 11,220,283
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 8,984	\$ 20,559	\$ 56,891	\$ 141,439
Contracts payable	139,917	634,539	1,982,355	878,051
Accrued wages payable	5,185	15,223	38,004	36,906
Deferred revenue	40,000	---	1,197,868	313,278
Total liabilities	194,086	670,321	3,275,118	1,369,674
Fund balance:				
Nonspendable	---	---	880	---
Restricted	---	---	---	---
Committed	7,049,267	15,135,735	25,118,600	9,850,609
Total fund balance	7,049,267	15,135,735	25,119,480	9,850,609
Total liabilities and fund balance	\$ 7,243,353	\$ 15,806,056	\$ 28,394,598	\$ 11,220,283

<u>FIRE PROTECTION PROJECTS</u>	<u>LIBRARY PROJECTS</u>	<u>SPECIAL ASSESSMENT PROJECTS</u>	<u>URBAN RENEWAL PROJECTS</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>TOTALS</u>
\$ 9,489,076	\$ 1,949,641	\$ 849,669	\$ 1,595,018	\$ 6,514,677	\$ 69,881,525
---	151	---	---	---	893,043
---	---	199	---	---	199
---	---	56	---	---	56
---	---	---	---	---	7,956,381
---	---	---	---	32,431	4,363,124
---	17,060	---	---	---	17,940
---	---	2,651,171	---	---	2,651,171
<u>\$ 9,489,076</u>	<u>\$ 1,966,852</u>	<u>\$ 3,501,095</u>	<u>\$ 1,595,018</u>	<u>\$ 6,547,108</u>	<u>\$ 85,763,439</u>
\$ 57,641	\$ 25,673	\$ ---	\$ ---	\$ 1,033,085	\$ 1,344,272
1,571,065	4,800	---	3,685	---	5,214,412
1,007	901	---	101	---	97,327
---	---	2,651,171	---	32,431	4,234,748
<u>1,629,713</u>	<u>31,374</u>	<u>2,651,171</u>	<u>3,786</u>	<u>1,065,516</u>	<u>10,890,759</u>
---	17,060	---	---	---	17,940
---	---	849,924	---	---	849,924
7,859,363	1,918,418	---	1,591,232	5,481,592	74,004,816
<u>7,859,363</u>	<u>1,935,478</u>	<u>849,924</u>	<u>1,591,232</u>	<u>5,481,592</u>	<u>74,872,680</u>
<u>\$ 9,489,076</u>	<u>\$ 1,966,852</u>	<u>\$ 3,501,095</u>	<u>\$ 1,595,018</u>	<u>\$ 6,547,108</u>	<u>\$ 85,763,439</u>

**CITY OF DES MOINES, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
ALL CAPITAL PROJECTS ACCOUNTS
For the Fiscal Year Ended June 30, 2012**

	BRIDGE PROJECTS	MUNICIPAL BUILDINGS PROJECTS	STREET PROJECTS	PARK IMPROVEMENT PROJECTS
Revenues:				
Charges for sales and services	\$ ---	\$ ---	\$ 7,200	\$ ---
Use of money and property	(3,487)	(26,472)	(65,342)	52,008
Miscellaneous	---	---	967,011	683,064
Intergovernmental	2,567,517	1,399,330	6,789,872	4,145,882
Total revenue	<u>2,564,030</u>	<u>1,372,858</u>	<u>7,698,741</u>	<u>4,880,954</u>
Expenditures:				
Current:				
Public works	2	---	451,375	---
Culture and recreation	---	---	---	90,232
Community and economic development	---	---	---	---
General government	---	1,393	---	---
Capital outlay	<u>2,492,029</u>	<u>5,888,108</u>	<u>20,853,118</u>	<u>12,208,697</u>
Total expenditures	<u>2,492,031</u>	<u>5,889,501</u>	<u>21,304,493</u>	<u>12,298,929</u>
Excess (deficiency) of revenues over expenditures	<u>71,999</u>	<u>(4,516,643)</u>	<u>(13,605,752)</u>	<u>(7,417,975)</u>
Other financing sources (uses):				
General obligation bonds issued	900,000	7,725,000	10,290,000	7,755,000
Loan proceeds	---	---	---	---
Transfers in	---	---	4,099,588	625,094
Transfers out	---	(743,917)	(5,449,494)	(620,609)
Proceeds from damage claims	---	---	---	3,755
Proceeds from capital asset sale	---	---	533,008	---
Total other financing sources (uses)	<u>900,000</u>	<u>6,981,083</u>	<u>9,473,102</u>	<u>7,763,240</u>
Net changes in fund balance	971,999	2,464,440	(4,132,650)	345,265
Fund balance, beginning of year	<u>6,077,268</u>	<u>12,671,295</u>	<u>29,252,130</u>	<u>9,505,344</u>
Fund balance, end of year	<u>\$ 7,049,267</u>	<u>\$ 15,135,735</u>	<u>\$ 25,119,480</u>	<u>\$ 9,850,609</u>

<u>FIRE PROTECTION PROJECTS</u>	<u>LIBRARY PROJECTS</u>	<u>SPECIAL ASSESSMENT PROJECTS</u>	<u>URBAN RENEWAL PROJECTS</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>TOTALS</u>
\$ ---	\$ ---	\$ 1,203	\$ 32,235	\$ ---	\$ 40,638
(31,607)	(5,968)	301,878	42,053	(20,701)	242,362
20,002	766,497	19,526	250,047	40,000	2,746,147
2,595,836	201,562	---	---	837,006	18,537,005
<u>2,584,231</u>	<u>962,091</u>	<u>322,607</u>	<u>324,335</u>	<u>856,305</u>	<u>21,566,152</u>
---	---	---	---	942,038	1,393,415
---	---	---	---	---	90,232
---	753,302	---	---	---	753,302
---	---	---	---	2,060,555	2,061,948
<u>12,367,041</u>	<u>1,222,768</u>	<u>---</u>	<u>34,619</u>	<u>2,844,203</u>	<u>57,910,583</u>
<u>12,367,041</u>	<u>1,976,070</u>	<u>---</u>	<u>34,619</u>	<u>5,846,796</u>	<u>62,209,480</u>
<u>(9,782,810)</u>	<u>(1,013,979)</u>	<u>322,607</u>	<u>289,716</u>	<u>(4,990,491)</u>	<u>(40,643,328)</u>
1,710,000	800,000	---	---	1,955,000	31,135,000
---	---	---	---	942,038	942,038
---	13	---	179,818	446,020	5,350,533
(193,498)	(338)	(294,123)	(1,020)	---	(7,302,999)
---	7,837	---	---	---	11,592
---	---	---	---	---	533,008
<u>1,516,502</u>	<u>807,512</u>	<u>(294,123)</u>	<u>178,798</u>	<u>3,343,058</u>	<u>30,669,172</u>
(8,266,308)	(206,467)	28,484	468,514	(1,647,433)	(9,974,156)
<u>16,125,671</u>	<u>2,141,945</u>	<u>821,440</u>	<u>1,122,718</u>	<u>7,129,025</u>	<u>84,846,836</u>
<u>\$ 7,859,363</u>	<u>\$ 1,935,478</u>	<u>\$ 849,924</u>	<u>\$ 1,591,232</u>	<u>\$ 5,481,592</u>	<u>\$ 74,872,680</u>

**CITY OF DES MOINES, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

	SPECIAL REVENUE		
	CDBG	COMMUNITY SERVICES	OTHER
			EMPLOYEE BENEFITS
ASSETS			
Cash and pooled cash investments	\$ ---	\$ ---	\$ 142,000
Investments	---	---	---
Taxes receivable	---	---	9,539,592
Accounts receivable	3,574	1,007	67,554
Special assessments receivable	24,730	---	---
Loans receivable, net of allowance for doubtful accounts	936,073	---	---
Accrued interest receivable	3,731	---	---
Due from other funds	---	---	---
Due from other governmental units	1,734,275	849,113	10,818
Inventory	---	---	---
Prepaid items	6,312	2,577	34,393
Total assets	\$ 2,708,695	\$ 852,697	\$ 9,794,357
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 33,028	\$ 424,954	\$ 22,435
Contracts payable	---	---	---
Accrued wages payable	39,838	15,898	312,447
Accrued employee benefits	---	---	847,001
Good faith, security deposits	---	---	---
Due to other funds	1,450,168	111,770	1,812,918
Due to other governmental units	---	---	---
Deferred revenue	249,761	265,085	9,412,722
Total liabilities	1,772,795	817,707	12,407,523
Fund balances (deficits):			
Nonspendable	6,312	2,577	34,393
Restricted	929,588	32,413	---
Committed	---	---	---
Unassigned	---	---	(2,647,559)
Total fund balances (deficits)	935,900	34,990	(2,613,166)
Total liabilities and fund balances (deficits)	\$ 2,708,695	\$ 852,697	\$ 9,794,357

SPECIAL REVENUE		PERMANENT				TOTALS
ROAD USE TAX	OTHER SPECIAL REVENUE	PERMANENT CEMETERY MAINTENANCE	SWARTZELL ENDOWMENT	WEISE BIRD HABITATS		
\$ ---	\$ 614,002	\$ 297,498	\$ 37,408	\$ 2,650	\$ 1,093,558	
---	---	3,505,490	357,117	---	3,862,607	
3,560,897	615,595	---	---	---	13,716,084	
498,704	12,266	2,371	---	---	585,476	
390	---	---	---	---	25,120	
---	6,167,131	---	---	---	7,103,204	
---	10,828	---	---	---	14,559	
---	1,233,927	---	---	---	1,233,927	
525	2,280,919	---	---	---	4,875,650	
508,861	---	---	---	---	508,861	
2,538	31,932	---	---	---	77,752	
<u>\$ 4,571,915</u>	<u>\$ 10,966,600</u>	<u>\$ 3,805,359</u>	<u>\$ 394,525</u>	<u>\$ 2,650</u>	<u>\$ 33,096,798</u>	
\$ 1,100,559	\$ 367,231	\$ ---	\$ ---	\$ ---	\$ 1,948,207	
---	156,742	---	---	---	156,742	
156,055	24,049	---	---	---	548,287	
---	---	---	---	---	847,001	
---	75,367	---	---	---	75,367	
2,648,636	2,768,300	---	---	---	8,791,792	
---	34,354	---	---	---	34,354	
---	998,722	---	---	---	10,926,290	
<u>3,905,250</u>	<u>4,424,765</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>23,328,040</u>	
511,399	31,932	3,039,276	347,759	---	3,973,648	
155,266	3,373,182	766,083	46,766	2,650	5,305,948	
---	5,921,445	---	---	---	5,921,445	
---	(2,784,724)	---	---	---	(5,432,283)	
<u>666,665</u>	<u>6,541,835</u>	<u>3,805,359</u>	<u>394,525</u>	<u>2,650</u>	<u>9,768,758</u>	
<u>\$ 4,571,915</u>	<u>\$ 10,966,600</u>	<u>\$ 3,805,359</u>	<u>\$ 394,525</u>	<u>\$ 2,650</u>	<u>\$ 33,096,798</u>	

**CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012**

	SPECIAL REVENUE			
	CDBG	COMMUNITY SERVICES	OTHER	
			EMPLOYEE BENEFITS	ROAD USE TAX
Revenues:				
Taxes	\$ ---	\$ ---	\$ 10,578,694	\$ ---
Licenses and permits	---	480	---	228,624
Fines and forfeitures	4,193	---	---	400
Charges for sales and services	113	223,770	---	1,645,727
Use of money and property	29,448	---	---	---
Miscellaneous	372,142	905,068	650,038	49,910
Intergovernmental	6,623,443	9,683,317	---	20,697,789
Total revenues	<u>7,029,339</u>	<u>10,812,635</u>	<u>11,228,732</u>	<u>22,622,450</u>
Expenditures:				
Current:				
Public safety	---	---	---	---
Public works	---	---	---	19,999,150
Health and social services	6,584,661	10,459,169	---	---
Culture and recreation	---	---	---	---
Community and economic development	42,000	---	---	---
General government	---	---	3,805,841	---
Capital outlay	(91,114)	296,983	---	7,842
Debt service:				
Principal retirement	---	---	---	---
Interest and fiscal charges	---	---	---	---
Total expenditures	<u>6,535,547</u>	<u>10,756,152</u>	<u>3,805,841</u>	<u>20,006,992</u>
Excess (deficiency) of revenues over expenditures	<u>493,792</u>	<u>56,483</u>	<u>7,422,891</u>	<u>2,615,458</u>
Other financing sources (uses):				
General obligation bonds issued	---	---	---	---
Transfers in	---	---	3,038,963	---
Transfers out	(1,199,866)	---	(10,070,583)	(3,804,346)
Proceeds from damage claims	---	---	---	50,209
Proceeds from capital asset sale	19,366	---	---	---
Total other financing sources (uses)	<u>(1,180,500)</u>	<u>---</u>	<u>(7,031,620)</u>	<u>(3,754,137)</u>
Net changes in fund balances	(686,708)	56,483	391,271	(1,138,679)
Fund balances (deficits), beginning of year	<u>1,622,608</u>	<u>(21,493)</u>	<u>(3,004,437)</u>	<u>1,805,344</u>
Fund balances (deficits), end of year	<u>\$ 935,900</u>	<u>\$ 34,990</u>	<u>\$ (2,613,166)</u>	<u>\$ 666,665</u>

PERMANENT

PERMANENT				
OTHER SPECIAL	PERMANENT			
REVENUE	CEMETERY MAINTENANCE	SWARTZELL ENDOWMENT	WEISE BIRD HABITATS	TOTALS
\$ 1,227,371	\$ ---	\$ ---	\$ ---	\$ 11,806,065
---	---	---	---	229,104
---	---	---	---	4,593
73,623	98,758	---	---	2,041,991
716,730	7,049	91	---	753,318
1,024,686	---	180	---	3,002,024
8,686,458	---	---	---	45,691,007
<u>11,728,868</u>	<u>105,807</u>	<u>271</u>	<u>---</u>	<u>63,528,102</u>
5,773,606	---	---	---	5,773,606
---	---	---	---	19,999,150
---	---	---	---	17,043,830
692,083	---	---	---	692,083
4,378,878	---	---	---	4,420,878
742,293	---	---	---	4,548,134
3,285,900	---	---	---	3,499,611
1,425,000	---	---	---	1,425,000
555,019	---	---	---	555,019
<u>16,852,779</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>57,957,311</u>
<u>(5,123,911)</u>	<u>105,807</u>	<u>271</u>	<u>---</u>	<u>5,570,791</u>
---	---	---	---	---
1,320,257	---	---	---	4,359,220
(933,277)	---	---	---	(16,008,072)
13,674	---	---	---	63,883
162,889	---	---	---	182,255
<u>563,543</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(11,402,714)</u>
<u>(4,560,368)</u>	<u>105,807</u>	<u>271</u>	<u>---</u>	<u>(5,831,923)</u>
<u>11,102,203</u>	<u>3,699,552</u>	<u>394,254</u>	<u>2,650</u>	<u>15,600,681</u>
<u>\$ 6,541,835</u>	<u>\$ 3,805,359</u>	<u>\$ 394,525</u>	<u>\$ 2,650</u>	<u>\$ 9,768,758</u>

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF NET ASSETS SCHEDULE
ALL PARKING ACCOUNTS
June 30, 2012

ASSETS	PARKING	PARK AND RIDE	TOTALS
Current assets:			
Unrestricted current assets:			
Cash and pooled cash investments	\$ 1,294,964	\$ 4,661,358	\$ 5,956,322
Accounts receivable	27,731	---	27,731
Due from other funds	49,364	---	49,364
Due from other governmental units	10,701	---	10,701
Prepaid items	298	---	298
Deferred charges	8,905	---	8,905
Total unrestricted current assets	1,391,963	4,661,358	6,053,321
Restricted current assets:			
Investments	2,234	---	2,234
Interest receivable	2,087	---	2,087
Total restricted current assets	4,321	---	4,321
Total current assets	1,396,284	4,661,358	6,057,642
Noncurrent assets:			
Deferred charges	34,347	---	34,347
Restricted investments	1,954,500	---	1,954,500
Capital assets			
Land	9,045,667	3,924,980	12,970,647
Construction in progress	1,925,995	26,492	1,952,487
Buildings	63,712,062	597,754	64,309,816
Improvements other than buildings	16,924,550	17,816,005	34,740,555
Machinery and equipment	1,154,243	---	1,154,243
Accumulated depreciation	(47,923,425)	(7,711,338)	(55,634,763)
Total capital assets, net of accumulated depreciation	44,839,092	14,653,893	59,492,985
Total noncurrent assets	46,827,939	14,653,893	61,481,832
Total assets	\$ 48,224,223	\$ 19,315,251	\$ 67,539,474

LIABILITIES	PARKING	PARK AND RIDE	TOTALS
Liabilities:			
Current liabilities:			
Accounts payable	\$ 182,464	\$ 38,965	\$ 221,429
Contracts payable	90,402	24,264	114,666
Accrued wages payable	17,182	---	17,182
Accrued employee benefits	62,518	---	62,518
Due to other funds	369,598	---	369,598
Accrued interest payable	68,819	---	68,819
Revenue bonds payable, net	1,505,000	---	1,505,000
Other liabilities	880	---	880
Total	<u>2,296,863</u>	<u>63,229</u>	<u>2,360,092</u>
Current liabilities payable from restricted assets:			
Accrued interest payable	4,321	---	4,321
Total current liabilities payable from restricted	<u>4,321</u>	<u>---</u>	<u>4,321</u>
Total current liabilities	<u>2,301,184</u>	<u>63,229</u>	<u>2,364,413</u>
Noncurrent liabilities:			
Accrued employee benefits	104,743	---	104,743
Other postemployment benefits	40,229	---	40,229
Advance from other funds	4,230,402	---	4,230,402
Revenue bonds payable, net	13,350,000	---	13,350,000
Total noncurrent liabilities	<u>17,725,374</u>	<u>---</u>	<u>17,725,374</u>
Total liabilities	<u>20,026,558</u>	<u>63,229</u>	<u>20,089,787</u>
NET ASSETS			
Invested in capital assets, net of related debt	29,984,092	14,653,893	44,637,985
Restricted:			
Debt retirement	1,954,500	---	1,954,500
Unrestricted	(3,740,927)	4,598,129	857,202
Total net assets	<u>\$ 28,197,665</u>	<u>\$ 19,252,022</u>	<u>\$ 47,449,687</u>

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



CITY OF DES MOINES, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
ALL PARKING ACCOUNTS
For the Fiscal Year Ended June 30, 2012

	PARKING	PARK AND RIDE	TOTALS
Operating revenues:			
Charges for sales and services	\$ 7,504,539	\$ 1,359,091	\$ 8,863,630
Total operating revenues	<u>7,504,539</u>	<u>1,359,091</u>	<u>8,863,630</u>
Operating expenses:			
Personal services	1,096,924	---	1,096,924
Contractual services	2,728,026	1,250,519	3,978,545
Commodities	185,332	---	185,332
Depreciation	2,741,779	636,253	3,378,032
Other charges	2,015,990	177,967	2,193,957
Total operating expenses	<u>8,768,051</u>	<u>2,064,739</u>	<u>10,832,790</u>
Operating income (loss)	<u>(1,263,512)</u>	<u>(705,648)</u>	<u>(1,969,160)</u>
Non-operating revenues (expenses):			
Donations and contributions	282,117	---	282,117
Loss on disposal of capital assets	(3,069)	---	(3,069)
Investment earnings	6,575	4,715	11,290
Proceeds from damage claims	1,252	---	1,252
Contribution to general government	---	(285,189)	(285,189)
Interest expense and fiscal charges	(1,075,174)	---	(1,075,174)
Total nonoperating revenues (expenses)	<u>(788,299)</u>	<u>(280,474)</u>	<u>(1,068,773)</u>
Income (loss) before transfers	<u>(2,051,811)</u>	<u>(986,122)</u>	<u>(3,037,933)</u>
Transfers in	1,200,000	---	1,200,000
Transfers out	<u>(50,000)</u>	---	<u>(50,000)</u>
Change in net assets	<u>(901,811)</u>	<u>(986,122)</u>	<u>(1,887,933)</u>
Total net assets - beginning	<u>29,099,476</u>	<u>20,238,144</u>	<u>49,337,620</u>
Total net assets - ending	<u><u>\$ 28,197,665</u></u>	<u><u>\$ 19,252,022</u></u>	<u><u>\$ 47,449,687</u></u>

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF CASH FLOWS
ALL PARKING ACCOUNTS
For the Fiscal Year Ended June 30, 2012

	PARKING	PARK AND RIDE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 7,518,144	\$ 1,359,091	\$ 8,877,235
Payments to suppliers	(4,975,800)	(1,380,354)	(6,356,154)
Payments to employees	(1,149,239)	---	(1,149,239)
Net cash provided (used) by operating activities	1,393,105	(21,263)	1,371,842
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from interfund accounts	3,169,449	1,479,915	4,649,364
Payments to interfund accounts	(1,702)	---	(1,702)
Proceeds from damage claims	1,252	---	1,252
Transfers In	1,200,000	---	1,200,000
Transfers Out	(50,000)	---	(50,000)
Donations and Contributions	282,117	---	282,117
Net cash provided (used) by noncapital and related financing activities	4,601,116	1,479,915	6,081,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on capital debt	(1,194,074)	---	(1,194,074)
Principal paid on long-term debt	(6,142,947)	---	(6,142,947)
Proceeds from sale of capital assets	---	676,621	676,621
Acquisition and construction of capital assets	(476,297)	(136,480)	(612,777)
Net cash (used) by capital and related financing activities	(7,813,318)	540,141	(7,273,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	3,193	4,715	7,908
Net cash provided by investing activities	3,193	4,715	7,908
Net decrease in cash and cash equivalents	(1,815,904)	2,003,508	187,604

	<u>PARKING</u>	<u>PARK AND RIDE</u>	<u>TOTALS</u>
Cash and cash equivalents, beginning of year	\$ 3,110,868	\$ 2,657,850	\$ 5,768,718
Cash and cash equivalents, end of year	<u>\$ 1,294,964</u>	<u>\$ 4,661,358</u>	<u>\$ 5,956,322</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating (loss)	<u>\$ (1,263,512)</u>	<u>\$ (705,648)</u>	<u>\$ (1,969,160)</u>
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation expense	2,741,779	636,253	3,378,032
Accretion and amortization	12,844	---	12,844
(Increase) decrease in accounts receivable	(17,841)	---	(17,841)
(Increase) decrease in due from other governmental units	31,446	---	31,446
(Increase) decrease in prepaid items	(298)	---	(298)
Increase (decrease) in accounts payable	(56,358)	48,132	(8,226)
Increase (decrease) in accrued wages payable	(37,445)	---	(37,445)
Increase (decrease) in accrued employee benefits	(14,870)	---	(14,870)
Increase (decrease) in other liabilities	(2,640)	---	(2,640)
Total adjustments	<u>2,656,617</u>	<u>684,385</u>	<u>3,341,002</u>
Net cash provided (used) by operating activities	<u>\$ 1,393,105</u>	<u>\$ (21,263)</u>	<u>\$ 1,371,842</u>
Schedule of noncash capital and related financing activities:			
Gain (loss) on disposal of capital assets	\$ (3,069)	\$ ---	\$ (3,069)
Acquisition of capital assets through notes payable	\$ (2,455,984)	\$ ---	\$ (2,455,984)
Capital contribution to Governmental activities	\$ ---	\$ (285,189)	\$ (285,189)

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
June 30, 2012

ASSETS	GOLF COURSES	SOLID WASTE SYSTEM	TOTALS
Current assets:			
Unrestricted current assets:			
Cash and pooled cash investments	\$ 4,500	\$ 4,992,622	\$ 4,997,122
Accounts receivable	422,559	156,842	579,401
Special assessments receivable	---	86,527	86,527
Due from other governmental units	---	7,914	7,914
Prepaid items	---	399	399
Total current assets	427,059	5,244,304	5,671,363
Noncurrent assets, capital assets:			
Land	123,497	---	123,497
Buildings	330,339	1,143,880	1,474,219
Improvements other than buildings	3,222,054	261,589	3,483,643
Machinery and equipment	664,780	13,551,175	14,215,955
Accumulated depreciation	(1,953,281)	(9,454,416)	(11,407,697)
Total capital assets (net of accumulated depreciation)	2,387,389	5,502,228	7,889,617
Total assets	\$ 2,814,448	\$ 10,746,532	\$ 13,560,980
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 8,609	\$ 103,253	\$ 111,862
Accrued wages payable	---	73,962	73,962
Accrued employee benefits	---	228,032	228,032
Due to other funds	49,364	---	49,364
Notes payable	---	376,872	376,872
Accrued interest payable	---	3,133	3,133
Total current liabilities	57,973	785,252	843,225
Noncurrent liabilities:			
Accrued employee benefits	---	382,048	382,048
Other postemployment benefits	---	149,512	149,512
Advance from other funds	3,950,105	---	3,950,105
Notes payable	---	758,687	758,687
Total noncurrent liabilities	3,950,105	1,290,247	5,240,352
Total liabilities	4,008,078	2,075,499	6,083,577
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	2,387,389	4,366,669	6,754,058
Unrestricted	(3,581,019)	4,304,364	723,345
Total net assets (deficit)	\$ (1,193,630)	\$ 8,671,033	\$ 7,477,403

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2012

	GOLF COURSES	SOLID WASTE SYSTEM	TOTALS
Operating revenues:			
Charges for sales and services	\$ 294,259	\$ 12,230,965	\$ 12,525,224
Miscellaneous	141,007	---	141,007
Total operating revenues	<u>435,266</u>	<u>12,230,965</u>	<u>12,666,231</u>
Operating expenses:			
Personal services	(3,775)	4,535,661	4,531,886
Contractual services	106,341	4,463,490	4,569,831
Commodities	3,078	338,513	341,591
Depreciation	89,770	942,267	1,032,037
Other charges	5,958	680,087	686,045
Total operating expenses	<u>201,372</u>	<u>10,960,018</u>	<u>11,161,390</u>
Operating income	<u>233,894</u>	<u>1,270,947</u>	<u>1,504,841</u>
Non-operating revenues (expenses):			
Gain (loss) on disposal of capital assets	(15,471)	510	(14,961)
Investment earnings	---	8,834	8,834
Interest expense and fiscal charges	(10,791)	(57,810)	(68,601)
Total nonoperating revenues (expenses)	<u>(26,262)</u>	<u>(48,466)</u>	<u>(74,728)</u>
Income before transfers	207,632	1,222,481	1,430,113
Transfers in	152	---	152
Transfers out	---	(90,000)	(90,000)
Change in net assets	207,784	1,132,481	1,340,265
Total net assets (deficit) - beginning	<u>(1,401,414)</u>	<u>7,538,552</u>	<u>6,137,138</u>
Total net assets (deficit) - ending	<u>\$ (1,193,630)</u>	<u>\$ 8,671,033</u>	<u>\$ 7,477,403</u>

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2012

	GOLF COURSES	SOLID WASTE SYSTEM	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 19,949	\$ 12,250,071	\$ 12,270,020
Payments to suppliers	(114,146)	(5,600,933)	(5,715,079)
Payments to employees	---	(4,599,128)	(4,599,128)
Receipts from miscellaneous revenues	---	---	---
Net cash provided (used) by operating activities	(94,197)	2,050,010	1,955,813
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from interfund accounts	23,936	---	23,936
Transfers In	152	---	152
Transfers Out	---	(90,000)	(90,000)
Net cash provided (used) by noncapital and related financing activities	24,088	(90,000)	(65,912)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on capital debt	(10,791)	(59,648)	(70,439)
Principal paid on long-term debt	---	(445,465)	(445,465)
Proceeds from sale of capital assets	80,900	510	81,410
Acquisition and construction of capital assets	---	(409,523)	(409,523)
Net cash provided (used) by capital and related financing activities	70,109	(914,126)	(844,017)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	---	8,834	8,834
Net cash provided by investing activities	---	8,834	8,834
Net increase in cash and cash equivalents	---	1,054,718	1,054,718

	<u>GOLF COURSES</u>	<u>SOLID WASTE SYSTEM</u>	<u>TOTALS</u>
Cash and cash equivalents, beginning of year	\$ 4,500	\$ 3,937,904	\$ 3,942,404
Cash and cash equivalents, end of year	<u>\$ 4,500</u>	<u>\$ 4,992,622</u>	<u>\$ 4,997,122</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	<u>\$ 233,894</u>	<u>\$ 1,270,947</u>	<u>\$ 1,504,841</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	89,770	942,267	1,032,037
(Increase) in accounts receivable	(415,317)	(8,497)	(423,814)
Decrease in special assessments receivable	---	13,864	13,864
Decrease in due from other governmental units	---	13,739	13,739
(Increase) in prepaid items	---	(254)	(254)
Increase (decrease) in accounts payable	1,231	(118,589)	(117,358)
(Decrease) in accrued wages payable	---	(132,120)	(132,120)
Increase (decrease) in accrued employee benefits	(3,775)	68,653	64,878
Total adjustments	<u>(328,091)</u>	<u>779,063</u>	<u>450,972</u>
Net cash provided (used) by operating activities	<u>\$ (94,197)</u>	<u>\$ 2,050,010</u>	<u>\$ 1,955,813</u>
Schedule of noncash capital and related financing activities:			
Gain (loss) on disposal of capital assets	\$ (15,471)	\$ 510	\$ (14,961)

**CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
INTERNAL SERVICE FUNDS
June 30, 2012**

	EQUIPMENT		CENTRAL	RADIO
	SERVICE	FORESTRY	SERVICES	COMMUNI-
	CENTER			CATIONS
ASSETS				
Current assets:				
Cash and pooled cash investments	\$ 606,323	\$ 130,617	\$ 195,458	\$ 95,085
Taxes receivable	15,780	---	---	---
Accounts receivable	1,728	830	---	---
Due from other funds	---	---	---	---
Due from other governmental units	652	---	161	25,497
Prepaid items	5,927	---	36,242	---
Inventory	88,964	---	119,960	---
Total current assets	719,374	131,447	351,821	120,582
Noncurrent assets, capital assets:				
Machinery and equipment	86,200	16,312	1,114,041	30,770
Accumulated depreciation	(57,357)	(16,312)	(1,053,031)	(29,791)
Total capital assets, net of accumulated depreciation	28,843	---	61,010	979
Total assets	\$ 748,217	\$ 131,447	\$ 412,831	\$ 121,561
LIABILITIES				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 326,766	\$ 5,296	\$ 25,955	\$ 6,832
Accrued wages payable	47,873	16,113	1,941	10,583
Accrued employee benefits	98,571	26,710	6,272	33,972
Due to other funds	---	---	---	---
Unearned revenue	---	---	---	---
Total current liabilities	473,210	48,119	34,168	51,387
Noncurrent liabilities:				
Accrued employee benefits	189,164	51,257	12,037	65,195
Other postemployment benefits	90,939	29,665	---	9,941
Total noncurrent liabilities	280,103	80,922	12,037	75,136
Total liabilities	753,313	129,041	46,205	126,523
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	28,843	---	61,010	979
Unrestricted	(33,939)	2,406	305,616	(5,941)
Total net assets (deficit)	\$ (5,096)	\$ 2,406	\$ 366,626	\$ (4,962)

<u>EQUIPMENT REPLACEMENT</u>	<u>RADIO REPLACEMENT</u>	<u>GROUP HEALTH INSURANCE</u>	<u>TOTALS</u>
\$ 1,103,586	\$ 90,414	\$ 5,492,217	\$ 7,713,700
---	---	---	15,780
---	---	1,947	4,505
---	---	98,083	98,083
---	---	---	26,310
---	---	---	42,169
---	---	---	208,924
<u>1,103,586</u>	<u>90,414</u>	<u>5,592,247</u>	<u>8,109,471</u>
31,181,906	2,473,698	---	34,902,927
(26,651,762)	(2,470,656)	---	(30,278,909)
<u>4,530,144</u>	<u>3,042</u>	<u>---</u>	<u>4,624,018</u>
\$ 5,633,730	\$ 93,456	\$ 5,592,247	\$ 12,733,489
\$ ---	\$ ---	\$ 553,269	\$ 918,118
---	---	---	76,510
---	---	1,829,000	1,994,525
---	---	78,706	78,706
---	---	19,491	19,491
---	---	2,480,466	3,087,350
---	---	---	317,653
---	---	---	130,545
---	---	---	448,198
---	---	2,480,466	3,535,548
4,530,144	3,042	---	4,624,018
<u>1,103,586</u>	<u>90,414</u>	<u>3,111,781</u>	<u>4,573,923</u>
\$ 5,633,730	\$ 93,456	\$ 3,111,781	\$ 9,197,941

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (DEFICIT)
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	EQUIPMENT SERVICE CENTER	FORESTRY	CENTRAL SERVICES	RADIO COMMUN- ICATIONS
Operating revenues:				
Charges for sales and services	\$ 9,672,822	\$ 1,290,313	\$ 725,711	\$ 662,832
Miscellaneous	---	1,779	---	---
Total operating revenue	<u>9,672,822</u>	<u>1,292,092</u>	<u>725,711</u>	<u>662,832</u>
Operating expenses:				
Personal services	3,080,877	1,088,815	122,260	559,730
Contractual services	767,094	182,906	509,040	72,725
Commodities	6,178,826	16,244	66,241	33,898
Depreciation	9,466	---	55,702	652
Other charges	125,377	46,725	---	---
Total operating expenses	<u>10,161,640</u>	<u>1,334,690</u>	<u>753,243</u>	<u>667,005</u>
Operating income (loss)	<u>(488,818)</u>	<u>(42,598)</u>	<u>(27,532)</u>	<u>(4,173)</u>
Non-operating revenues:				
Donations and contributions	---	---	---	---
Gain on disposal of capital assets	---	---	---	---
Total nonoperating revenues	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Change in net assets	<u>(488,818)</u>	<u>(42,598)</u>	<u>(27,532)</u>	<u>(4,173)</u>
Total net assets (deficit) - beginning	<u>483,722</u>	<u>45,004</u>	<u>394,158</u>	<u>(789)</u>
Total net assets (deficit) - ending	<u>\$ (5,096)</u>	<u>\$ 2,406</u>	<u>\$ 366,626</u>	<u>\$ (4,962)</u>

<u>EQUIPMENT REPLACEMENT</u>	<u>RADIO REPLACEMENT</u>	<u>GROUP HEALTH INSURANCE</u>	<u>TOTALS</u>
\$ 1,949,538	\$ ---	\$ 26,577,640	\$ 40,878,856
62,648	---	---	64,427
<u>2,012,186</u>	<u>---</u>	<u>26,577,640</u>	<u>40,943,283</u>
---	---	---	4,851,682
---	---	24,304,855	25,836,620
2,477	14,586	---	6,312,272
1,334,482	2,382	---	1,402,684
---	---	4,291	176,393
<u>1,336,959</u>	<u>16,968</u>	<u>24,309,146</u>	<u>38,579,651</u>
<u>675,227</u>	<u>(16,968)</u>	<u>2,268,494</u>	<u>2,363,632</u>
10,702	---	---	10,702
96,909	---	---	96,909
<u>107,611</u>	<u>---</u>	<u>---</u>	<u>107,611</u>
782,838	(16,968)	2,268,494	2,471,243
<u>4,850,892</u>	<u>110,424</u>	<u>843,287</u>	<u>6,726,698</u>
<u>\$ 5,633,730</u>	<u>\$ 93,456</u>	<u>\$ 3,111,781</u>	<u>\$ 9,197,941</u>

**CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012**

	EQUIPMENT SERVICE CENTER	FORESTRY	CENTRAL SERVICES	RADIO COMMUNI- CATIONS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 652,039	\$ 2,486	\$ 43,266	\$ 15,873
Receipts from interfund services provided	9,021,583	1,290,313	682,445	646,959
Payments to suppliers	(6,613,839)	(87,182)	(600,478)	(86,632)
Payments to employees	(3,173,311)	(1,118,975)	(104,780)	(560,781)
Payments for interfund services used	(133,265)	(152,543)	(601)	(15,882)
Net cash provided (used) by operating activities	<u>(246,793)</u>	<u>(65,901)</u>	<u>19,852</u>	<u>(463)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Donations and Contributions	---	---	---	---
Proceeds from interfund accounts	---	---	---	---
Payments to interfund accounts	---	---	---	---
Intergovernmental receipts	115	---	---	---
Intergovernmental disbursements	---	---	(161)	(25,497)
Net cash provided (used) by noncapital and related financing activities	<u>115</u>	<u>---</u>	<u>(161)</u>	<u>(25,497)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	---	---	---	---
Proceeds from sale of capital assets	---	---	---	---
Net cash used in capital and related financing activities	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Net increase (decrease) in cash and cash equivalents	(246,678)	(65,901)	19,691	(25,960)

<u>EQUIPMENT REPLACEMENT</u>	<u>RADIO REPLACEMENT</u>	<u>GROUP HEALTH INSURANCE</u>	<u>TOTALS</u>
\$ 71,341	\$ ---	\$ 2,563,797	\$ 3,348,802
1,949,538	---	24,007,770	37,598,608
(199,467)	(14,586)	(21,919,908)	(29,522,092)
---	---	---	(4,957,847)
---	---	---	(302,291)
<u>1,821,412</u>	<u>(14,586)</u>	<u>4,651,659</u>	<u>6,165,180</u>
10,702	---	---	10,702
---	---	78,706	78,706
---	---	(98,083)	(98,083)
---	---	---	115
---	---	---	(25,658)
<u>10,702</u>	<u>---</u>	<u>(19,377)</u>	<u>(34,218)</u>
(901,338)	---	---	(901,338)
120,531	---	---	120,531
<u>(780,807)</u>	<u>---</u>	<u>---</u>	<u>(780,807)</u>
1,051,307	(14,586)	4,632,282	5,350,155

(continued)

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
ALL INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	EQUIPMENT SERVICE CENTER	FORESTRY	CENTRAL SERVICES	RADIO COMMUNI- CATIONS
Cash and cash equivalents, beginning of year	\$ 853,001	\$ 196,518	\$ 175,767	\$ 121,045
Cash and cash equivalents, end of year	<u>\$ 606,323</u>	<u>\$ 130,617</u>	<u>\$ 195,458</u>	<u>\$ 95,085</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>(488,818)</u>	<u>(42,598)</u>	<u>(27,532)</u>	<u>(4,173)</u>
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation expense	9,466	---	55,702	652
(Increase) decrease in accounts and taxes receivable	800	707	---	---
(Increase) decrease in inventories	355,952	---	(28,939)	---
(Increase) decrease in prepaid items	(1,288)	1,170	4,118	470
Increase (decrease) in accounts payable and other liabilities	(30,471)	4,980	(977)	3,639
Increase (decrease) in accrued wages payable	(87,277)	(28,711)	1,941	(18,324)
Increase (decrease) in accrued employee benefits	(5,157)	(1,449)	15,539	17,273
Increase (decrease) in due to other governmental units	---	---	---	---
Increase (decrease) in deferred revenue	---	---	---	---
Total adjustments	<u>242,025</u>	<u>(23,303)</u>	<u>47,384</u>	<u>3,710</u>
Net cash provided (used) by operating activities	<u>\$ (246,793)</u>	<u>\$ (65,901)</u>	<u>\$ 19,852</u>	<u>\$ (463)</u>
Schedule of noncash capital and related financing activities:				
Gain (Loss) on sale of capital asset	---	---	---	---

<u>EQUIPMENT REPLACEMENT</u>	<u>RADIO REPLACEMENT</u>	<u>GROUP HEALTH INSURANCE</u>	<u>TOTALS</u>
\$ 52,279	\$ 105,000	\$ 859,935	\$ 2,363,545
<u>\$ 1,103,586</u>	<u>\$ 90,414</u>	<u>\$ 5,492,217</u>	<u>\$ 7,713,700</u>
<u>675,227</u>	<u>(16,968)</u>	<u>2,268,494</u>	<u>2,363,632</u>
1,334,482	2,382	---	1,402,684
8,693	---	3,321	13,521
---	---	---	327,013
---	---	6,969	11,439
(196,990)	---	2,382,269	2,162,450
---	---	---	(132,371)
---	---	---	26,206
---	---	---	-
---	---	(9,394)	(9,394)
<u>1,146,185</u>	<u>2,382</u>	<u>2,383,165</u>	<u>3,801,548</u>
<u>\$ 1,821,412</u>	<u>\$ (14,586)</u>	<u>\$ 4,651,659</u>	<u>\$ 6,165,180</u>
96,909	---	---	96,909

CITY OF DES MOINES, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2012

	BALANCE			BALANCE
	JULY 1, 2011	ADDITIONS	DEDUCTIONS	JUNE 30, 2012
WRA				
ASSETS				
Cash and pooled cash investments	\$ 62,712,895	\$ 202,914,169	\$ 201,164,572	\$ 64,462,492
Accounts receivable	918,318	39,403,952	39,613,394	708,876
Total assets	\$ 63,631,213	\$ 242,318,121	\$ 240,777,966	\$ 65,171,368
LIABILITIES				
Accounts payable	\$ 63,631,213	\$ 200,979,686	\$ 199,439,531	\$ 65,171,368
Total liabilities	\$ 63,631,213	\$ 200,979,686	\$ 199,439,531	\$ 65,171,368
Employees' Payroll Withholding				
ASSETS				
Cash and pooled cash investments	\$ 261,457	\$ 149,653,024	\$ 149,603,089	\$ 311,392
Accounts receivable	---	32,860	---	32,860
Total assets	\$ 261,457	\$ 149,685,884	\$ 149,603,089	\$ 344,252
LIABILITIES				
Accounts payable	\$ 256,892	\$ 149,575,605	\$ 149,494,116	\$ 338,381
Good faith/earnest deposits	4,565	1,306	---	5,871
Total liabilities	\$ 261,457	\$ 149,576,911	\$ 149,494,116	\$ 344,252
Corporation for Economic Development				
ASSETS				
Cash and pooled cash investments	\$ 228,611	\$ 56,710	\$ 63,435	\$ 221,886
Accounts receivable	6,166	3,384	---	9,550
Total assets	\$ 234,777	\$ 60,094	\$ 63,435	\$ 231,436
LIABILITIES				
Accounts payable	\$ 234,777	\$ 60,050	\$ 63,391	\$ 231,436
Total liabilities	\$ 234,777	\$ 60,050	\$ 63,391	\$ 231,436
Other Agency				
ASSETS				
Cash and pooled cash investments	\$ 10,499	\$ 67,899	\$ 78,398	\$ ---
Total assets	\$ 10,499	\$ 67,899	\$ 78,398	\$ ---
LIABILITIES				
Accounts payable	\$ 10,499	\$ 103,990	\$ 114,489	\$ ---
Total liabilities	\$ 10,499	\$ 103,990	\$ 114,489	\$ ---

	BALANCE			BALANCE
	JULY 1, 2011	ADDITIONS	DEDUCTIONS	JUNE 30, 2012
TOTAL ASSETS				
Cash and pooled cash investments	\$ 63,213,462	\$ 352,691,802	\$ 350,909,494	\$ 64,995,770
Accounts receivable	924,484	39,440,196	39,613,394	751,286
Total assets	\$ 64,137,946	\$ 392,131,998	\$ 390,522,888	\$ 65,747,056
TOTAL LIABILITIES				
Accounts payable	\$ 64,133,381	\$ 350,719,331	\$ 349,111,527	\$ 65,741,185
Good faith/earnest deposits	4,565	1,306	---	5,871
Total liabilities	\$ 64,137,946	\$ 350,720,637	\$ 349,111,527	\$ 65,747,056

CITY OF DES MOINES, IOWA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
For the Fiscal Year Ended June 30, 2012

Function	GOVERNMENTAL FUNDS			GOVERNMENTAL FUNDS
	CAPITAL ASSETS JULY 1, 2011	ADDITIONS	DELETIONS	CAPITAL ASSETS JUNE 30, 2012
Public safety	\$ 75,841,744	\$ 3,622,450	\$ (621,616)	\$ 78,842,578
General government	218,174,874	81,555,066	(146,796)	299,583,144
Public works	765,277,622	40,370,877	---	805,648,499
Culture and recreation	198,956,730	5,544,421	---	204,501,151
Community and economic development	5,503,863	303,239	(15,000)	5,792,102
Total Governmental Funds Capital Assets	\$ 1,263,754,833	\$ 131,396,053	\$ (783,412)	\$ 1,394,367,474

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

CITY OF DES MOINES, IOWA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS*
SCHEDULE OF CAPITAL ASSETS BY SOURCE
June 30, 2012

	June 30, 2012
	BALANCE
Governmental Funds Capital Assets:	
Land and Land Improvements	\$ 135,701,424
Buildings	154,423,307
Improvements	954,271,902
Machinery and Equipment	34,542,154
Construction in Progress	115,428,687
Total Governmental Funds Capital Assets	\$ 1,394,367,474

	June 30, 2012
	BALANCE
Investment in Governmental Funds Capital Assets:	
Investments in property acquired prior to January 1, 1964	\$ 31,348,037
Investments in property acquired after January 1, 1964 from:	
Capital Improvement Funds:	
General Obligation Bonds	585,997,762
Federal & State Grants	348,226,834
Federal Revenue Sharing	22,041,477
Contributions	32,947,947
Hotel/Motel Tax	55,005
General Fund	101,744,133
Enterprise Fund	67,881,968
Special Revenue Funds	44,278,719
Special Assessments Funds	84,904,141
Contributions from Private Sources and Other Funds	72,840,441
Confiscated Funds	2,101,010
Total Governmental Funds Capital Assets	\$ 1,394,367,474

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

CITY OF DES MOINES, IOWA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
June 30, 2012

Function	LAND AND LAND IMPROVEMENTS	BUILDINGS AND BLDG IMPROVEMENTS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Public safety	\$ 3,980,018	\$ 22,760,214	\$ 26,177,245	\$ 25,925,101	\$ ---	\$ 78,842,578
Human development	---	---	---	---	---	---
Home and community environment	---	---	---	---	---	---
General government	113,163,420	65,033,519	1,217,704	4,739,814	115,428,687	299,583,144
Public works	11,716,220	694,355	791,060,189	2,177,735	---	805,648,499
Health and social services	---	---	---	---	---	---
Culture and recreation	3,196,874	65,926,371	133,757,841	1,620,065	---	204,501,151
Community and economic development	3,644,892	8,848	2,058,923	79,439	---	5,792,102
Total Governmental Funds Capital Assets	\$ 135,701,424	\$ 154,423,307	\$ 954,271,902	\$ 34,542,154	\$ 115,428,687	\$ 1,394,367,474

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



CITY OF DES MOINES, IOWA
COMBINED SCHEDULE OF BONDS PAYABLE
June 30, 2012

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
General Obligation Bonds:				
Taxable General Obligation Series 2004E	5.40	JDI	06-04	06-13
General Obligation Bonds Series 2005B	4.25 4.50 4.50 4.50 4.50 4.50 4.50 5.00 5.00 5.00 5.00	JDI	06-05	06-25
General Obligation 2005C Urban Renewal	4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.10 4.20	JDI	06-05	06-23
General Obligation Series 2005E	5.00 5.00 5.00 4.50 4.50 4.50 4.50	JDI	12-05	06-20
General Obligation Series 2006A	4.38 4.38 4.38 4.38 4.50 4.50 4.50 4.50 4.50 4.50 4.63 4.63 4.63	JDI	07-06	06-26
General Obligation 2006B Urban Renewal	4.25 4.25	JDI	07-06	06-26

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
715,000	13	\$4,830,000	\$4,830,000	\$4,115,000	\$715,000
1,275,000	13	\$27,775,000	\$27,775,000	\$6,155,000	\$21,620,000
1,325,000	14				
1,380,000	15				
1,440,000	16				
1,500,000	17				
1,565,000	18				
1,635,000	19				
1,710,000	20				
1,785,000	21				
1,865,000	22				
1,955,000	23				
2,045,000	24				
2,140,000	25				
730,000	13	\$10,000,000	\$10,000,000	\$0	\$10,000,000
760,000	14				
790,000	15				
825,000	16				
860,000	17				
900,000	18				
940,000	19				
980,000	20				
1,025,000	21				
1,070,000	22				
1,120,000	23				
2,205,000	13	\$28,185,000	\$28,185,000	\$8,560,000	\$19,625,000
2,320,000	14				
2,435,000	15				
2,545,000	16				
2,670,000	17				
2,790,000	18				
2,915,000	19				
1,745,000	20				
865,000	13	\$20,295,000	\$20,295,000	\$3,830,000	\$16,465,000
905,000	14				
945,000	15				
985,000	16				
1,030,000	17				
1,075,000	18				
1,125,000	19				
1,180,000	20				
1,235,000	21				
1,295,000	22				
1,355,000	23				
1,420,000	24				
1,490,000	25				
1,560,000	26				
420,000	13	\$9,210,000	\$9,210,000	\$1,260,000	\$7,950,000
440,000	14				

**CITY OF DES MOINES, IOWA
 COMBINED SCHEDULE OF BONDS PAYABLE
 June 30, 2012**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
	4.25			
	4.25			
	4.25			
	4.25			
	4.25			
	4.25			
	4.38			
	4.38			
	4.50			
	4.50			
	4.50			
	4.63			
General Obligation Series 2007A	5.10	JDI	04-07	06-19
	5.10			
	5.10			
	5.15			
	5.15			
	5.15			
	5.15			
General Obligation Series 2007B	4.13	JDI	06-07	06-27
	4.25			
	4.25			
	4.25			
	4.25			
	4.25			
	4.25			
	4.25			
	4.38			
	4.38			
	4.38			
	4.50			
	4.50			
	4.50			
	4.50			
General Obligation 2007C Urban Renewal	4.00	JDI	06-07	06-22
	4.00			
	4.00			
	4.00			
	4.00			
	4.13			
	4.13			
	4.13			
	4.25			
	4.25			
General Obligation Series 2008D	3.25	JDI	06-08	06-28
	3.50			
	3.75			
	3.75			
	4.00			
	4.00			
	4.00			
	4.00			

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
455,000	15				
475,000	16				
500,000	17				
520,000	18				
545,000	19				
570,000	20				
595,000	21				
625,000	22				
655,000	23				
685,000	24				
715,000	25				
750,000	26				
380,000	13	\$4,635,000	\$4,635,000	\$1,575,000	\$3,060,000
395,000	14				
415,000	15				
435,000	16				
455,000	17				
480,000	18				
500,000	19				
770,000	13	\$18,415,000	\$18,415,000	\$2,660,000	\$15,755,000
800,000	14				
835,000	15				
870,000	16				
910,000	17				
945,000	18				
985,000	19				
1,030,000	20				
1,075,000	21				
1,120,000	22				
1,170,000	23				
1,225,000	24				
1,280,000	25				
1,340,000	26				
1,400,000	27				
915,000	13	\$15,045,000	\$15,045,000	\$4,010,000	\$11,035,000
950,000	14				
990,000	15				
1,035,000	16				
1,075,000	17				
1,125,000	18				
1,170,000	19				
1,220,000	20				
1,275,000	21				
1,280,000	22				
965,000	13	\$24,055,000	\$24,055,000	\$2,555,000	\$21,500,000
995,000	14				
1,035,000	15				
1,075,000	16				
1,115,000	17				
1,165,000	18				
1,215,000	19				
1,270,000	20				

CITY OF DES MOINES, IOWA
COMBINED SCHEDULE OF BONDS PAYABLE
June 30, 2012

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
	4.00			
	4.00			
	4.13			
	4.13			
	4.25			
	4.25			
	4.38			
	4.38			
General Obligation 2008E Urban Renewal	3.25	JDI	06-08	06-23
	3.25			
	3.50			
	3.50			
	3.75			
	3.75			
	4.00			
	4.00			
	4.00			
	4.00			
	4.10			
Taxable General Obligation Bonds 2009A	2.50	JDI	03-09	06-14
	2.75			
General Obligation 2009B Urban Renewal	2.00	JDI	03-09	06-21
	2.50			
	3.00			
	3.00			
	3.00			
	3.00			
	3.00			
	3.25			
	3.38			
General Obligation Series 2009C	2.00	JDI	03-09	06-19
	2.25			
	2.25			
	2.50			
	2.75			
	3.00			
	3.25			
Taxable General Obligation Bonds 2009E	3.00	JDI	06-09	06-29
	3.63			
	3.88			
	4.50			
	4.50			
	4.65			
	4.80			
	5.00			
	5.20			
	5.35			
	5.45			
	5.60			
	5.70			

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
1,325,000	21				
1,390,000	22				
1,460,000	23				
1,530,000	24				
1,610,000	25				
1,695,000	26				
1,780,000	27				
1,875,000	28				
365,000	13	\$6,325,000	\$6,325,000	\$1,340,000	\$4,985,000
380,000	14				
395,000	15				
410,000	16				
425,000	17				
445,000	18				
465,000	19				
490,000	20				
510,000	21				
535,000	22				
565,000	23				
200,000	13	\$1,155,000	\$1,155,000	\$740,000	\$415,000
215,000	14				
220,000	13	\$2,870,000	\$2,870,000	\$615,000	\$2,255,000
225,000	14				
230,000	15				
240,000	16				
250,000	17				
260,000	18				
270,000	19				
275,000	20				
285,000	21				
3,705,000	13	\$31,255,000	\$31,255,000	\$13,720,000	\$17,535,000
3,815,000	14				
1,880,000	15				
1,930,000	16				
1,995,000	17				
2,065,000	18				
2,145,000	19				
590,000	13	\$19,605,000	\$19,605,000	\$1,315,000	\$18,290,000
605,000	14				
620,000	15				
635,000	16				
655,000	17				
675,000	18				
700,000	19				
1,130,000	20				
1,175,000	21				
1,225,000	22				
1,275,000	23				
1,335,000	24				
1,395,000	25				

CITY OF DES MOINES, IOWA
COMBINED SCHEDULE OF BONDS PAYABLE
June 30, 2012

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
	5.75			
	5.80			
	5.85			
	5.90			
General Obligation 2009F Urban Renewal	2.50	JDI	06-09	06-17
	2.50			
	2.50			
	3.00			
	3.00			
Taxable General Obligation Bonds 2009G	3.00	JDI	06-09	06-19
	3.50			
	3.88			
	4.38			
	4.75			
	4.75			
	5.00			
General Obligation Series 2010A	2.00	JDI	01-10	06-24
	2.00			
	2.50			
	3.00			
	3.00			
	3.25			
	3.50			
	3.50			
	4.00			
	4.00			
	4.00			
	4.00			
General Obligation 2010B Urban Renewal	3.00	JDI	01-10	06-24
	3.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
	4.00			
General Obligation Capital Loan Notes 2010C	5.00	JDI	03-10	06-16
	5.00			
	5.00			
	5.00			
General Obligation Bonds 2010D	2.00	JDI	06-10	06-30
	2.00			
	2.00			

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
1,460,000	26				
1,530,000	27				
1,605,000	28				
1,680,000	29				
375,000	13	\$3,055,000	\$3,055,000	\$1,080,000	\$1,975,000
385,000	14				
395,000	15				
405,000	16				
415,000	17				
300,000	13	\$3,115,000	\$3,115,000	\$755,000	\$2,360,000
310,000	14				
320,000	15				
335,000	16				
350,000	17				
365,000	18				
380,000	19				
1,670,000	13	\$15,990,000	\$15,990,000	\$3,285,000	\$12,705,000
1,725,000	14				
810,000	15				
830,000	16				
855,000	17				
875,000	18				
905,000	19				
935,000	20				
965,000	21				
1,005,000	22				
1,045,000	23				
1,085,000	24				
100,000	13	\$13,440,000	\$13,440,000	\$200,000	\$13,240,000
970,000	14				
1,000,000	15				
1,050,000	16				
1,050,000	17				
1,100,000	18				
1,190,000	19				
1,245,000	20				
1,300,000	21				
1,350,000	22				
1,410,000	23				
1,475,000	24				
5,740,000	13	\$22,630,000	\$22,630,000	\$10,370,000	\$12,260,000
3,300,000	14				
2,220,000	15				
1,000,000	16				
1,200,000	13	\$25,330,000	\$25,330,000	\$765,000	\$24,565,000
1,500,000	14				
1,530,000	15				

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
1,570,000	16				
1,615,000	17				
1,670,000	18				
1,725,000	19				
1,015,000	20				
1,055,000	21				
1,095,000	22				
1,140,000	23				
1,185,000	24				
1,235,000	25				
1,290,000	26				
1,345,000	27				
1,400,000	28				
1,465,000	29				
1,530,000	30				
270,000	13	\$2,260,000	\$2,260,000	\$1,990,000	\$270,000
3,155,000	13	\$65,360,000	\$65,360,000	\$940,000	\$64,420,000
4,715,000	14				
4,975,000	15				
5,245,000	16				
5,530,000	17				
5,830,000	18				
6,150,000	19				
6,490,000	20				
6,850,000	21				
7,235,000	22				
4,235,000	23				
1,960,000	24				
2,050,000	25				
2,785,000	13	\$45,520,000	\$45,520,000	\$2,620,000	\$42,900,000
2,855,000	14				
2,900,000	15				
2,970,000	16				
3,050,000	17				
3,145,000	18				
1,850,000	19				
1,880,000	20				
1,960,000	21				
2,060,000	22				
2,145,000	23				
2,225,000	24				
2,315,000	25				
2,405,000	26				
1,535,000	27				
1,595,000	28				
1,660,000	29				
1,755,000	30				
1,810,000	31				
170,000	13	\$19,965,000	\$19,965,000	\$0	\$19,965,000
255,000	14				

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
430,000	15				
640,000	16				
340,000	17				
100,000	18				
100,000	19				
1,085,000	20				
1,100,000	21				
100,000	22				
1,570,000	23				
1,615,000	24				
1,665,000	25				
1,715,000	26				
1,775,000	27				
1,320,000	28				
1,390,000	29				
1,465,000	30				
1,540,000	31				
1,590,000	32				
190,000	13	\$6,895,000	\$6,895,000	\$0	\$6,895,000
115,000	14				
220,000	15				
220,000	16				
220,000	17				
220,000	18				
220,000	19				
300,000	20				
300,000	21				
310,000	22				
200,000	23				
655,000	24				
805,000	25				
830,000	26				
1,025,000	27				
1,065,000	28				
645,000	13	\$4,275,000	\$4,275,000	\$0	\$4,275,000
680,000	14				
685,000	15				
710,000	16				
730,000	17				
155,000	18				
160,000	19				
165,000	20				
170,000	21				
175,000	22				
		<u>\$451,490,000</u>	<u>\$451,490,000</u>	<u>\$74,455,000</u>	<u>\$377,035,000</u>

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
273,000	13	\$5,965,000	\$5,965,000	\$1,702,000	\$4,263,000
281,000	14				
290,000	15				
298,000	16				
307,000	17				
316,000	18				
326,000	19				
336,000	20				
346,000	21				
356,000	22				
367,000	23				
378,000	24				
389,000	25				
490,000	13	\$5,160,000	\$5,160,000	\$1,280,000	\$3,880,000
510,000	14				
530,000	15				
550,000	16				
575,000	17				
600,000	18				
625,000	19				
1,230,000	13	\$14,040,000	\$14,040,000	\$2,290,000	\$11,750,000
1,290,000	14				
1,360,000	15				
1,425,000	16				
1,495,000	17				
1,570,000	18				
1,650,000	19				
1,730,000	20				
		<u>\$25,165,000</u>	<u>\$25,165,000</u>	<u>\$5,272,000</u>	<u>\$19,893,000</u>

**CITY OF DES MOINES, IOWA
 COMBINED SCHEDULE OF BONDS PAYABLE
 June 30, 2012**

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
<i>Stormwater Revenue Bonds:</i>				
Stormwater Management Utility Revenue Bonds, Series 2006D	3.75 3.75 3.75 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00	JDI	12-06	06-23
Stormwater Management Utility Revenue Capital Loan Notes, Series 2010F	2.00 2.00 2.00 2.00 2.38 2.50 3.00 3.00 3.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00	JDI	10-10	06-30
Stormwater Management Utility Revenue Capital Loan Notes, Series 2010G	2.00 2.00 2.00 3.00 3.00 3.00			
Total Stormwater Revenue Bonds				
<i>Parking Facilities Bonds:</i>				
Parking System Revenue Bonds, Series 2000A	5.75 5.75 5.75 5.75 5.75 6.38 6.00 6.00	JDI	06-02	06-20

ANNUAL SERIAL PAYMENTS		BONDS							
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING				
920,000	13	\$16,750,000	\$16,750,000	\$4,155,000	\$12,595,000				
940,000	14								
975,000	15								
1,015,000	16								
1,045,000	17								
1,080,000	18								
1,205,000	19								
1,260,000	20								
1,320,000	21								
1,385,000	22								
1,450,000	23								
1,135,000	13					\$19,300,000	\$19,300,000	\$2,175,000	\$17,125,000
1,165,000	14								
1,195,000	15								
1,215,000	16								
1,255,000	17								
1,290,000	18								
1,360,000	19								
625,000	20								
650,000	21								
675,000	22								
700,000	23								
730,000	24								
765,000	25								
795,000	26								
835,000	27								
870,000	28								
910,000	29								
955,000	30								
685,000	13	\$5,100,000	\$5,100,000	\$670,000	\$4,430,000				
705,000	14								
725,000	15								
740,000	16								
770,000	17								
805,000	18								
						\$41,150,000	\$41,150,000	\$7,000,000	\$34,150,000
1,505,000	13	\$19,545,000	\$19,545,000	\$4,690,000	\$14,855,000				
1,590,000	14								
1,685,000	15								
1,785,000	16								
1,890,000	17								
2,005,000	18								
2,130,000	19								
2,265,000	20								

CITY OF DES MOINES, IOWA
COMBINED SCHEDULE OF BONDS PAYABLE
June 30, 2012

	INTEREST		ISSUE DATE	FINAL MATURITY DATE
	RATES	DATES		
Total Parking Facilities Bonds				
<i>Airport Revenue Bonds:</i>				
Aviation System Revenue Capital Loan Notes Series 2010A	4.50 5.00	JDI	12-10	06-28
Aviation System Revenue Capital Loan Notes Series 2010B	4.00 5.00 5.00 5.13 5.63 5.75	JDI	12-10	06-33
Aviation System Revenue Capital Loan Notes Series 2010C	2.59 3.43 3.73 4.34 4.59 4.98	JDI	12-10	06-18
Aviation System Revenue Capital Loan Notes Series 2010D	5.13	JDI	12-10	06-35
Total Airport Revenue Bonds				
Total Revenue Bonds				
Total General Obligation and Revenue Bonds				

ANNUAL SERIAL PAYMENTS		BONDS			
AMOUNT	FISCAL YEAR	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
		\$19,545,000	\$19,545,000	\$4,690,000	\$14,855,000
1,485,000	25	\$5,225,000	\$5,225,000	\$0	\$5,225,000
3,740,000	28				
840,000	18	\$15,990,000	\$15,990,000	\$0	\$15,990,000
1,860,000	19				
895,000	20				
935,000	21				
2,760,000	24				
3,370,000	30				
5,330,000	33				
1,490,000	13	\$10,330,000	\$10,330,000	\$1,450,000	\$8,880,000
1,525,000	14				
1,580,000	15				
1,630,000	16				
1,705,000	17				
950,000	18				
4,900,000	00-35	\$4,900,000	\$4,900,000	\$0	\$4,900,000
		\$36,445,000	\$36,445,000	\$1,450,000	\$34,995,000
		\$122,305,000	\$122,305,000	\$18,412,000	\$103,893,000
		\$573,795,000	\$573,795,000	\$92,867,000	\$480,928,000



STATISTICAL SECTION



STATISTICAL SECTION

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

Contents	Page
Financial Trends	156
<i>These schedules contain trend information to help the reader understand how the City of Des Moines' financial performance and well-being have changed over time.</i>	
Revenue Capacity	175
<i>These schedules contain information to help the reader assess the City of Des Moines' most significant local revenue source, the property tax.</i>	
Debt Capacity	184
<i>These schedules present information to help the reader assess the affordability of the City of Des Moines' current levels of outstanding debt and the City of Des Moines' ability to issue additional debt in the future.</i>	
Demographic and Economic Information	193
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Des Moines' financial activities take place.</i>	
Operating Information	198
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City of Des Moines' financial report relates to the services the City of Des Moines provides and the activities in performs.</i>	

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

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

	2012	2011	2010	2009
Governmental activities:				
Invested in capital assets, net of related debt	\$ 594,193,590	\$ 466,931,679	\$ 486,181,597	\$ 440,586,015
Restricted:				
Capital projects	849,924	3,356,372	6,548,534	29,207,892
Debt retirement	622,330	51,749,947	1,418,451	553,233
Corpus/Endowments/permanently restricted	3,387,035	3,288,277	3,290,927	3,290,927
Donor restricted purposes/temporarily restricted	815,499	-	-	-
Tax increment	-	-	4,939,242	4,100,018
Public safety	1,488,697	3,079,649	-	-
Public works	155,266	1,539,523	-	-
Health and social services	1,724,384	2,872,173	-	-
Culture and recreation	1,139,051	1,439,971	-	-
Community and economic development	997,898	1,015,341	-	-
Unrestricted	(6,914,119)	13,549,075	12,531,402	16,598,697
Total governmental activities net assets	\$ 598,459,555	\$ 548,822,007	\$ 514,910,153	\$ 494,336,782
Business-type activities:				
Invested in capital assets, net of related debt	\$ 268,716,677	\$ 464,887,533	\$ 460,045,625	\$ 438,254,866
Restricted:				
Capital projects	-	-	-	1,466,998
Public housing program	10,468,627	14,087,504	14,184,972	15,279,740
Debt retirement	7,106,798	12,134,723	13,238,421	13,276,232
Bond proceeds	-	-	-	-
Unrestricted	3,423,756	33,493,278	26,299,450	33,326,841
Total business-type activities net assets	\$ 289,715,858	\$ 524,603,038	\$ 513,768,468	\$ 501,604,677
Primary government:				
Invested in capital assets, net of related debt	\$ 862,910,267	\$ 931,819,212	\$ 946,227,222	\$ 878,840,881
Restricted:				
Capital projects	849,924	3,356,372	6,548,534	30,674,890
Public housing program	10,468,627	14,087,504	14,184,972	15,279,740
Debt retirement	7,729,128	63,884,670	14,656,872	13,829,465
Endowments/permanently restricted	3,387,035	3,288,277	3,290,927	3,290,927
Donor restricted purposes/temporarily restricted	815,499	-	-	-
Public safety	1,488,697	3,079,649	-	-
Public works	155,266	1,539,523	-	-
Health and social services	1,724,384	2,872,173	-	-
Culture and recreation	1,139,051	1,439,971	-	-
Community and economic development	997,898	1,015,341	-	-
Tax increment	-	-	4,939,242	4,100,018
Bond proceeds	-	-	-	-
Unrestricted	(3,490,363)	47,042,353	38,830,852	49,925,538
Total primary government net assets	\$ 888,175,413	\$ 1,073,425,045	\$ 1,028,678,621	\$ 995,941,459

Table 1

2008	2007	2006	2005	2004	2003
\$ 426,382,213	\$ 392,270,393	\$ 378,108,106	\$ 341,478,239	\$ 283,051,413	\$ 302,984,333
3,589,269	24,194,587	-	-	-	-
-	16,776,784	1,323,588	3,183,118	35,085,535	-
3,290,927	3,290,927	3,315,718	3,315,718	3,198,213	3,149,371
-	-	74,992	74,992	70,943	88,658
6,208,887	901,380	267,348	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,561,312	29,858,916	64,928,149	95,513,873	85,874,449	77,442,165
<u>\$ 465,032,608</u>	<u>\$ 467,292,987</u>	<u>\$ 448,017,901</u>	<u>\$ 443,565,940</u>	<u>\$ 407,280,553</u>	<u>\$ 383,664,527</u>
\$ 426,139,390	\$ 389,752,986	\$ 387,871,130	\$ 366,495,501	\$ 304,593,891	\$ 264,082,710
426,932	4,206,726	2,638,618	2,611,377	12,977,017	-
11,602,131	8,898,800	4,018,535	1,173,665	-	-
14,120,681	13,933,351	8,006,505	9,969,544	15,330,012	41,318,918
-	-	-	-	-	8,451,084
46,321,403	37,878,037	31,601,920	28,644,175	199,624,746	197,990,899
<u>\$ 498,610,537</u>	<u>\$ 454,669,900</u>	<u>\$ 434,136,708</u>	<u>\$ 408,894,262</u>	<u>\$ 532,525,666</u>	<u>\$ 511,843,611</u>
\$ 852,521,603	\$ 782,023,379	\$ 765,979,236	\$ 707,973,740	\$ 587,645,304	\$ 567,067,043
4,016,201	28,401,313	2,638,618	2,611,377	12,977,017	-
11,602,131	8,898,800	4,018,535	1,173,665	-	-
14,120,681	30,710,135	9,330,093	13,152,662	50,415,547	41,318,918
3,290,927	3,290,927	3,315,718	3,315,718	3,198,213	3,149,371
-	-	74,992	74,992	70,943	88,658
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,208,887	901,380	267,348	-	-	-
-	-	-	-	-	8,451,084
71,882,715	67,736,953	96,530,069	124,158,048	285,499,195	275,433,064
<u>\$ 963,643,145</u>	<u>\$ 921,962,887</u>	<u>\$ 882,154,609</u>	<u>\$ 852,460,202</u>	<u>\$ 939,806,219</u>	<u>\$ 895,508,138</u>

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

	2012	2011	2010
Expenses:			
Governmental activities:			
Public safety	\$ 98,465,997	\$ 93,375,900	\$ 92,779,497
Public works	49,340,265	46,184,974	46,828,147
Health and social services	17,316,619	22,007,150	23,095,540
Culture and recreation	28,981,404	26,293,968	28,165,552
Community and economic development	19,585,102	17,054,115	13,713,121
General Government	66,299,402	31,732,926	23,827,266
Interest on long-term debt	16,348,496	13,733,718	14,918,745
Total governmental activities expenses	296,337,285	250,382,751	243,327,868
Business-type activities:			
Airport	250,444,292	36,610,641	31,367,882
Parking facilities system	11,903,920	12,667,634	12,792,295
Sewer system	32,547,541	32,492,636	29,798,616
Stormwater utility	13,062,830	14,124,721	11,450,883
Golf	224,339	246,620	1,045,624
Solid waste system	11,212,320	11,410,969	10,813,656
Municipal Housing Agency	26,255,903	24,451,364	22,236,664
Total business-type activities expenses	345,651,145	132,004,585	119,505,620
Total primary government expenses	641,988,430	382,387,336	362,833,488
Program revenue:			
Governmental activities:			
Charges for services:			
Public safety	17,034,087	12,550,995	12,028,692
Public works	11,786,989	9,750,204	9,500,432
Health and social services	1,284,516	1,849,824	1,278,361
Culture and recreation	5,531,829	3,916,141	4,083,803
Community and economic development	630,461	850,016	172,646
General Government	22,851,736	16,881,970	13,678,772

Table 2

	2009	2008	2007	2006	2005	2004	2003
\$	92,546,848	\$ 91,316,811	\$ 86,971,119	\$ 85,488,230	\$ 76,007,247	\$ 77,898,044	\$ 65,492,621
	43,987,100	43,983,358	40,778,570	41,698,546	39,815,992	30,089,959	34,906,839
	18,530,235	612,374	1,082,618	17,998,463	15,543,088	15,291,731	13,654,217
	29,408,262	29,941,632	27,443,217	26,819,161	24,773,016	27,995,911	26,847,266
	15,946,402	34,806,759	24,176,152	9,810,740	3,268,445	2,841,744	4,470,109
	23,848,042	24,651,764	22,278,473	20,267,299	22,096,917	28,103,460	16,261,895
	16,783,385	16,109,167	15,162,124	15,599,765	17,000,955	14,867,034	15,224,713
	241,050,274	241,421,865	217,892,273	217,682,204	198,505,660	197,087,883	176,857,660
	32,236,235	31,729,902	30,093,735	27,180,459	25,928,471	24,488,333	26,603,579
	13,355,475	12,574,941	11,531,196	11,365,271	10,591,438	11,524,834	9,830,030
	26,699,082	26,295,060	25,574,852	27,327,334	28,457,627	34,337,998	26,682,896
	10,608,975	10,177,919	9,137,184	9,211,130	7,301,443	7,005,266	7,686,838
	1,959,299	2,147,095	2,117,251	2,767,320	2,512,672	2,664,606	2,170,441
	11,523,915	10,642,771	9,915,661	10,326,717	10,155,156	9,985,786	10,242,392
	21,603,703	22,618,089	21,918,453	20,016,007	19,609,363	19,379,135	18,117,624
	117,986,684	116,185,777	110,288,332	108,194,238	104,556,170	109,385,958	101,333,800
	359,036,958	357,607,642	328,180,605	325,876,442	303,061,830	306,473,841	278,191,460
	11,550,038	11,621,311	10,862,428	8,806,757	12,276,259	4,434,416	4,157,879
	8,692,534	7,856,632	7,848,887	7,712,217	7,764,645	7,516,436	6,788,436
	31,588	341,329	-	588,692	71,219	848	17,167
	3,214,343	5,161,409	3,890,583	3,765,233	3,795,487	3,736,797	3,779,278
	63,640	1,214,545	384,052	4,630,036	165,179	160,887	133,789
	12,309,518	11,019,958	10,326,678	12,223,751	8,325,418	1,151,837	4,611,371

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

	2012	2011	2010
Operating grants and contributions:			
Public safety	8,648,949	6,104,119	5,495,311
Public works	22,469,564	20,665,865	19,690,770
Health and social services	15,335,824	20,645,749	21,914,206
Culture and recreation	75,331	5,019,386	640,803
Community and economic development	702,261	458,449	515,273
General Government	48,105,538	1,785,185	434,899
Interest on long-term debt	1,736,823	-	-
Capital grants and contributions			
Public safety	3,367,430	2,575,741	410,420
Public works	9,510,431	21,159,074	21,588,804
Health and social services	1,641,705	765,414	-
Culture and recreation	4,347,444	4,023,726	5,357,084
Community and economic development	-	838,102	-
General Government	72,012	1,033	197,444
Total governmental activities program revenue	175,132,930	129,840,993	116,987,720
Business-type activities:			
Charges for services:			
Airport	16,984,284	31,264,963	29,022,719
Parking facilities system	8,863,630	9,636,890	10,660,243
Sewer system	31,434,033	30,679,167	30,189,874
Stormwater utility	17,713,463	16,381,613	15,092,393
Golf	435,266	364,126	866,679
Solid waste system	12,230,965	12,082,415	11,836,783
Municipal Housing Agency	1,295,707	2,221,927	2,136,151
Operating grants and contributions:			
Airport	-	-	-
Parking facilities system	282,117	-	-
Sewer system	-	-	-
Stormwater utility	-	-	-
Golf	-	-	25,000
Solid waste system	-	-	-
Municipal Housing Agency	18,718,280	18,484,739	16,815,446

Table 2 (Continued)

2009	2008	2007	2006	2005	2004	2003
7,790,821	4,866,238	3,752,324	6,347,328	1,483,907	1,685,679	851,704
14,016,080	20,713,297	17,239,250	17,141,123	19,123,902	1,594,797	18,628,512
16,690,859	12,369,341	425,241	16,684,540	14,968,291	12,317,678	13,693,079
1,122,090	1,793,974	688,511	329,223	218,470	801,235	371,767
2,044,207	780,682	12,879,555	1,209,854	520,233	178,804	800,428
977,698	420,191	363,205	594,938	296,895	561,979	4,125,786
-	-	-	-	-	-	-
-	50,115	126,235	454,356	400,004	1,968,535	-
24,363,365	9,591,981	11,583,356	21,913,153	20,409,238	26,668,120	1,348,895
-	-	-	269,995	-	-	-
6,052,582	4,706,964	5,258,907	12,852,652	8,368,656	622,758	8,634,256
-	-	-	(8,243)	1,763,492	232,042	-
504,000	9,632	421,603	1,029,372	19,962	4,510	-
109,423,363	92,517,599	86,050,815	116,544,977	99,971,257	63,637,358	67,942,347
29,663,246	28,215,193	28,084,082	28,124,274	26,116,503	26,722,224	25,462,547
11,948,806	12,510,227	10,546,668	9,699,607	9,029,823	8,328,278	9,482,242
29,380,321	29,075,690	26,877,068	25,329,811	27,725,289	26,817,685	24,484,257
13,995,575	13,020,598	11,811,325	11,281,225	10,160,148	9,536,919	8,888,690
1,841,293	1,591,191	1,729,333	2,093,168	1,979,032	2,179,135	1,993,007
11,454,420	11,302,442	11,056,904	10,950,607	10,596,888	10,468,137	8,724,207
979,547	2,239,360	1,538,970	1,191,564	1,322,175	1,538,323	1,758,442
-	-	-	-	-	-	-
-	-	-	-	600	-	-
-	-	969	-	299,949	37,983	473,762
-	-	2,240	21,443	6,079	31,077	14,600
-	181	1,393	-	-	-	-
22	1,371	1,540	-	4,500	-	-
15,256,554	18,038,868	16,945,764	16,367,517	15,001,366	15,686,776	13,651,926

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

	2012	2011	2010
Capital grants and contributions:			
Airport	2,205,972	4,707,342	3,147,565
Parking facilities system	-	-	-
Sewer system	6,809,139	2,694,218	690,222
Stormwater utility	6,537,700	14,005,894	1,293,411
Golf	-	-	-
Solid waste system	-	-	-
Municipal Housing Agency	1,010,302	1,535,583	2,422,325
Total business-type activities program revenues	124,520,858	144,058,877	124,198,811
Total primary government program revenues	299,653,788	273,899,870	241,186,531
Net (expense) revenue:			
Governmental activities	(121,204,355)	(120,541,758)	(126,340,148)
Business-type activities	(221,130,287)	12,054,292	4,693,191
Total primary government net expense	(342,334,642)	(108,487,466)	(121,646,957)

Table 2 (Continued)

2009	2008	2007	2006	2005	2004	2003
7,507,754	8,811,037	10,446,717	12,342,156	10,889,646	17,314,903	16,173,044
1,069	493,293	75,299	36,452	604,649	-	-
246,116	13,530,334	799,437	5,995,750	2,554,997	8,819,865	9,399,668
186,230	8,299,287	678,240	3,658,856	2,500,849	222,686	415,841
-	-	-	-	-	35,535	-
54,466	767,818	36,500	-	150,210	137,000	925
2,022,197	2,425,757	3,779,226	3,184,738	1,690,722	1,513,883	1,781,575
124,537,616	150,322,647	124,411,675	130,277,168	120,633,425	129,390,409	122,704,733
233,960,979	242,840,246	210,462,490	246,822,145	220,604,682	193,027,767	190,647,080
(131,626,911)	(148,904,266)	(131,841,458)	(101,137,227)	(98,534,403)	(133,450,525)	(108,915,313)
6,550,932	34,136,870	14,123,343	22,082,930	16,077,255	20,004,451	21,370,933
(125,075,979)	(114,767,396)	(117,718,115)	(79,054,297)	(82,457,148)	(113,446,074)	(87,544,380)

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

	2012	2011	2010
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	113,134,537	109,225,167	106,998,776
Property taxes, levied for debt service	28,160,613	28,411,455	28,782,683
Franchise taxes	11,966,544	13,101,045	12,816,420
Other taxes	-	-	-
Grants and contributions not restricted to specific programs	-	-	-
Investment earnings	2,400,126	1,794,452	2,337,212
Gain (Loss) on sale of capital asset	721,566	61,817	-
Miscellaneous	455,780	171,160	3,051,363
Transfers--internal activities	14,002,737	1,688,516	(7,072,935)
Special item, cumulative adjustment for depreciation application	-	-	-
Total governmental activities	170,841,903	154,453,612	146,913,519
Business-type activities:			
Investment earnings	316,323	421,876	473,427
Miscellaneous	1,252	36,066	(75,762)
Gain (Loss) on sale of capital asset	(71,731)	10,852	-
Special item--contributions to WRA	-	-	-
Special item, cumulative adjustment for depreciation application	-	-	-
Transfers--internal activities	(14,002,737)	(1,688,516)	7,072,935
Total business-type activities	(13,756,893)	(1,219,722)	7,470,600
Total primary government	157,085,010	153,233,890	154,384,119
Changes in net assets:			
Governmental activities	49,637,548	33,911,854	20,573,371
Business-type activities	(234,887,180)	10,834,570	12,163,791
Total primary government	\$(185,249,632)	\$ 44,746,424	\$ 32,737,162

Table 2 (Continued)

2009	2008	2007	2006	2005	2004	2003
103,139,105	99,304,723	99,727,601	92,491,207	95,923,545	88,204,681	84,644,834
27,580,755	24,994,324	22,779,494	20,487,081	20,570,145	19,646,538	18,806,697
13,385,310	15,032,935	14,070,843	14,826,329	8,465,369	4,193,232	4,265,008
-	-	-	-	-	16,712,002	16,109,869
-	-	-	-	-	292,799	-
3,612,331	5,260,767	5,953,778	4,313,515	6,709,621	2,746,351	5,009,678
-	-	-	-	-	47,401	(2,253,223)
6,921,847	6,784,213	9,484,828	7,294,506	3,394,030	24,915,770	18,919,145
6,291,737	(4,733,075)	(900,000)	168,458	(242,920)	307,777	109,905
-	-	-	-	-	-	2,708,774
160,931,085	146,643,887	151,116,544	139,581,096	134,819,790	157,066,551	148,320,687
1,747,988	5,070,692	5,509,849	3,327,974	2,264,666	985,381	1,815,925
986,957	-	-	-	-	-	-
-	-	-	-	-	-	314,841
-	-	-	-	(142,216,245)	-	-
-	-	-	-	-	-	(555,372)
(6,291,737)	4,733,075	900,000	(168,458)	242,920	(307,777)	(109,905)
(3,556,792)	9,803,767	6,409,849	3,159,516	(139,708,659)	677,604	1,465,489
157,374,293	156,447,654	157,526,393	142,740,612	(4,888,869)	157,744,155	149,786,176
29,304,174	(2,260,379)	19,275,086	139,581,096	36,285,387	23,616,026	39,405,374
2,994,140	43,940,637	20,533,192	3,159,516	(123,631,404)	20,682,055	22,836,422
\$ 32,298,314	\$ 41,680,258	\$ 39,808,278	\$ 142,740,612	\$ (87,346,017)	\$ 44,298,081	\$ 62,241,796

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

	2012	2011	2010
Governmental activities:			
Charges for services:			
Public safety	\$ 17,034,087	\$ 12,550,995	\$ 12,028,692
Public works	11,786,989	9,750,204	9,500,432
Health and social services	1,284,516	1,849,824	1,278,361
Culture and recreation	5,531,829	3,916,141	4,083,803
Community and economic development	630,461	850,016	172,646
General Government	22,851,736	16,881,970	13,678,772
Operating grants and contributions:			
Public safety	8,648,949	6,104,119	5,495,311
Public works	22,469,564	20,665,865	19,690,770
Health and social services	15,335,824	20,645,749	21,914,206
Culture and recreation	75,331	5,019,386	640,803
Community and economic development	702,261	458,449	515,273
General Government	48,105,538	1,785,185	434,899
Interest on long-term debt	1,736,823		
Capital grants and contributions			
Public safety	3,367,430	2,575,741	410,420
Public works	9,510,431	21,159,074	21,588,804
Health and social services	1,641,705	765,414	-
Culture and recreation	4,347,444	4,023,726	5,357,084
Community and economic development	-	838,102	-
General Government	72,012	1,033	197,444
Total governmental activities program revenue	175,132,930	129,840,993	116,987,720
Business-type activities:			
Charges for services:			
Airport	16,984,284	31,264,963	29,022,719
Parking facilities system	8,863,630	9,636,890	10,660,243
Sewer system	31,434,033	30,679,167	30,189,874
Stormwater utility	17,713,463	16,381,613	15,092,393
Golf	435,266	364,126	866,679
Solid waste system	12,230,965	12,082,415	11,836,783
Municipal Housing Agency	1,295,707	2,221,927	2,136,151

Table 3

	2009	2008	2007	2006	2005	2004	2003
\$	11,550,038	\$ 11,621,311	\$ 10,862,428	\$ 8,806,757	\$ 12,276,259	\$ 4,434,416	\$ 4,157,879
	8,692,534	7,856,632	7,848,887	7,712,217	7,764,645	7,516,436	6,788,436
	31,588	341,329	-	588,692	71,219	848	17,167
	3,214,343	5,161,409	3,890,583	3,765,233	3,795,487	3,736,797	3,779,278
	63,640	1,214,545	384,052	4,630,036	165,179	160,887	133,789
	12,309,518	11,019,958	10,326,678	12,223,751	8,325,418	1,151,837	4,611,371
	7,790,821	4,866,238	3,752,324	6,347,328	1,483,907	1,685,679	851,704
	14,016,080	20,713,297	17,239,250	17,141,123	19,123,902	1,594,797	18,628,512
	16,690,859	12,369,341	425,241	16,684,540	14,968,291	12,317,678	13,693,079
	1,122,090	1,793,974	688,511	329,223	218,470	801,235	371,767
	2,044,207	780,682	12,879,555	1,209,854	520,233	178,804	800,428
	977,698	420,191	363,205	594,938	296,895	561,979	4,125,786
	-	50,115	126,235	454,356	400,004	1,968,535	-
	24,363,365	9,591,981	11,583,356	21,913,153	20,409,238	26,668,120	1,348,895
	-	-	-	269,995	-	-	-
	6,052,582	4,706,964	5,258,907	12,852,652	8,368,656	622,758	8,634,256
	-	-	-	(8,243)	1,763,492	232,042	-
	504,000	9,632	421,603	1,029,372	19,962	4,510	-
	109,423,363	92,517,599	86,050,815	116,544,977	99,971,257	63,637,358	67,942,347
	29,663,246	28,215,193	28,084,082	28,124,274	26,116,503	26,722,224	25,462,547
	11,948,806	12,510,227	10,546,668	9,699,607	9,029,823	8,328,278	9,482,242
	29,380,321	29,075,690	26,877,068	25,329,811	27,725,289	26,817,685	24,484,257
	13,995,575	13,020,598	11,811,325	11,281,225	10,160,148	9,536,919	8,888,690
	1,841,293	1,591,191	1,729,333	2,093,168	1,979,032	2,179,135	1,993,007
	11,454,420	11,302,442	11,056,904	10,950,607	10,596,888	10,468,137	8,724,207
	979,547	2,239,360	1,538,970	1,191,564	1,322,175	1,538,323	1,758,442

(Continued)

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

	2012	2011	2010
Operating grants and contributions:			
Airport	-	-	-
Parking facilities system	282,117	-	-
Sewer system	-	-	-
Stormwater utility	-	-	-
Golf	-	-	25,000
Solid waste system	-	-	-
Municipal Housing Agency	18,718,280	18,484,739	16,815,446
Capital grants and contributions:			
Airport	2,205,972	4,707,342	3,147,565
Parking facilities system	-	-	-
Sewer system	6,809,139	2,694,218	690,222
Stormwater utility	6,537,700	14,005,894	1,293,411
Golf	-	-	-
Solid waste system	-	-	-
Municipal Housing Agency	1,010,302	1,535,583	2,422,325
Total business-type activities program revenues	124,520,858	144,058,877	124,198,811
Total primary government program revenues	\$ 299,653,788	\$ 273,899,870	\$ 241,186,531

Table 3 (Continued)

2009	2008	2007	2006	2005	2004	2003
-	-	-	-	-	-	-
-	-	-	-	600	-	-
-	-	969	-	299,949	37,983	473,762
-	-	2,240	21,443	6,079	31,077	14,600
-	181	1,393	-	-	-	-
22	1,371	1,540	-	4,500	-	-
15,256,554	18,038,868	16,945,764	16,367,517	15,001,366	15,686,776	13,651,926
7,507,754	8,811,037	10,446,717	12,342,156	10,889,646	17,314,903	16,173,044
1,069	493,293	75,299	36,452	604,649	-	-
246,116	13,530,334	799,437	5,995,750	2,554,997	8,819,865	9,399,668
186,230	8,299,287	678,240	3,658,856	2,500,849	222,686	415,841
-	-	-	-	-	35,535	-
54,466	767,818	36,500	-	150,210	137,000	925
2,022,197	2,425,757	3,779,226	3,184,738	1,690,722	1,513,883	1,781,575
124,537,616	150,322,647	124,411,675	130,277,168	120,633,425	129,390,409	122,704,733
\$ 233,960,979	\$ 242,840,246	\$ 210,462,490	\$ 246,822,145	\$ 220,604,682	\$ 193,027,767	\$ 190,647,080

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

	2012	2011	2010
General Fund:			
Nonspendable	\$ 9,489,312	\$ 4,340,097	\$ -
Restricted	500,000	250,000	-
Committed	-	-	-
Unassigned	15,613,514	13,554,759	-
Reserved:			
Reserved for inventory	-	-	13,361
Reserved for advances	-	-	4,046,951
Reserved for encumbrances	-	-	60,716
Reserved for prepaid items	-	-	318,668
Unreserved	-	-	9,394,712
Total General Fund	\$ 25,602,826	\$ 18,144,856	\$ 13,834,408
All Other Governmental Funds:			
Nonspendable	\$ 3,991,588	\$ 3,685,491	\$ -
Restricted	27,995,476	62,006,128	-
Committed	79,926,261	93,898,793	-
Unassigned	(6,875,886)	(6,465,652)	-
Reserved:			
Reserved for debt service	-	-	-
Reserved for loans receivable	-	-	9,175,535
Reserved for property held for sale	-	-	2,000,000
Reserved for inventory	-	-	567,698
Reserved for prepaid items	-	-	203,229
Reserved for endowments	-	-	3,290,927
Reserved for donor restricted purposes	-	-	-
Unreserved, reported in:			
Debt service funds	-	-	1,418,451
Special revenue funds	-	-	484,871
Capital projects funds	-	-	76,541,506
Permanent funds	-	-	686,634
Total all other government funds	\$ 105,037,439	\$ 153,124,760	\$ 94,368,851

Table 4

	2009	2008	2007	2006	2005	2004	2003
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	6,929	13,123	14,602	41,730	25,554	18,449	15,367
	3,882,579	3,718,955	3,499,154	3,039,982	2,571,712	2,231,615	1,671,586
	138,068	204,394	119,536	264,788	69,747	185,178	142,358
	369,683	285,381	352,062	368,360	267,290	228,400	9,489
	9,379,823	10,942,635	11,245,248	10,159,280	9,268,838	8,398,022	8,645,238
\$	13,777,082	\$ 15,164,488	\$ 15,230,602	\$ 13,874,140	\$ 12,203,141	\$ 11,061,664	\$ 10,484,038
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	16,776,784	29,108,893	14,747,035	35,085,535	-
	9,645,270	10,277,088	10,888,010	10,349,317	9,326,893	9,372,411	10,422,249
	2,000,000	2,000,000	2,000,000	-	-	-	-
	770,080	-	-	-	-	-	-
	194,191	99,903	39,742	63,511	38,538	2,911	17,405
	3,290,927	3,290,927	3,290,927	3,315,718	3,315,718	3,198,213	3,149,371
	-	-	-	74,992	74,992	70,943	88,658
	553,233	(452,555)	460,775	1,310,088	3,183,118	2,018,969	872,776
	3,918,372	6,806,600	6,069,638	3,963,355	2,853,037	5,013,078	4,758,963
	82,413,929	71,006,222	76,952,775	41,686,829	66,334,154	67,009,803	60,044,472
	626,284	541,184	368,154	87,831	-	-	-
\$	103,412,286	\$ 93,569,369	\$ 116,846,805	\$ 89,960,534	\$ 99,873,485	\$ 121,771,863	\$ 79,353,894

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

	2012	2011	2010	2009
Revenues:				
Taxes	\$ 141,295,150	\$ 137,636,622	\$ 135,781,459	\$ 130,719,860
Franchise fees	11,966,544	13,101,045	12,816,420	13,385,310
Licenses and permits	3,269,769	3,000,666	2,673,649	3,305,916
Fines and Forfeitures	5,208,910	2,774,839	2,492,003	2,415,834
Charges for sales and services	18,812,361	18,669,410	18,148,419	17,450,617
Use of money and property	2,400,126	1,781,613	2,337,212	3,612,331
Miscellaneous	28,328,520	23,478,516	24,679,657	29,242,200
Intergovernmental	80,999,710	77,495,820	67,004,562	64,089,967
Total revenue	292,281,090	277,938,531	265,933,381	264,222,035
Expenditures:				
Public safety	95,432,399	88,491,836	88,705,053	87,767,338
Public works	30,744,446	27,836,071	29,045,473	28,276,159
Health and social services	17,376,407	21,800,804	23,053,917	18,457,082
Culture and recreation	21,877,142	19,296,846	21,180,095	22,869,422
Community and economic development	19,430,143	17,017,578	13,524,591	15,753,434
General Government	22,942,437	23,969,996	20,903,330	20,935,354
Capital outlay	61,677,986	59,949,268	53,452,736	52,391,576
Debt service:				
Principal retirement	74,160,314	64,063,904	60,532,593	65,124,045
Interest and fiscal charges	19,010,017	16,589,400	16,197,806	16,585,315
Total expenditures	362,651,291	339,015,703	326,595,594	328,159,725
Excess (deficiency) of revenue over expenditures	(70,370,201)	(61,077,172)	(60,662,213)	(63,937,690)
Other financing sources (uses):				
Transfers in	58,309,686	56,619,258	50,412,327	52,008,731
General obligation bonds issued	31,135,000	110,880,000	53,500,000	61,055,000
Other debt issued	942,038	-	778,854	1,582,164
Advance refunded debt issuance	-	-	26,150,000	-
Advance refunded debt retirement	-	-	(26,150,000)	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bond issue	2,663,005	11,271,865	3,898,393	626,117
Discount on bond issue	-	-	-	-
Proceeds from capital asset sale	917,859	189,512	301,792	2,338,183
Proceeds from damage claims	103,105	147,677	-	500,000
Transfers out	(64,329,843)	(54,964,783)	(57,215,262)	(45,716,994)
Total other financing sources (uses)	29,740,850	124,143,529	51,676,104	72,393,201
Net changes in fund balance	\$ (40,629,351)	\$ 63,066,357	\$ (8,986,109)	\$ 8,455,511
Debt service as a percentage of noncapital expenditures	31.0%	28.9%	29.6%	28.1%

Table 5

	2008	2007	2006	2005	2004	2003
\$	124,299,047	\$ 121,611,902	\$ 112,978,288	\$ 116,493,690	\$ 107,851,219	\$ 103,451,531
	15,032,935	14,070,843	14,826,329	8,465,369	4,193,232	4,265,008
	3,352,394	3,880,861	3,719,456	3,598,952	2,959,063	2,402,804
	2,675,875	2,654,209	2,610,187	2,359,832	2,692,081	1,268,577
	16,074,796	15,895,692	16,217,987	15,485,843	17,060,010	15,411,630
	6,027,254	5,953,778	4,313,515	3,809,621	2,746,351	5,009,678
	26,364,050	27,619,889	35,036,126	29,971,941	16,227,061	21,822,046
	41,054,696	42,759,176	59,469,733	48,944,156	58,578,519	59,533,449
	234,881,047	234,446,350	249,171,621	229,129,404	212,307,536	213,164,723
	86,456,547	81,911,969	80,859,282	71,721,854	66,035,861	63,375,988
	28,952,001	26,724,957	28,914,351	27,421,998	26,384,762	27,365,791
	602,172	1,000,260	17,959,003	15,484,198	13,519,817	14,940,902
	23,672,112	22,216,125	22,256,463	20,734,462	25,774,437	22,626,820
	34,639,274	23,992,661	9,665,102	3,103,362	2,731,542	4,281,313
	21,432,950	18,423,006	18,232,138	18,839,200	18,593,807	15,906,352
	37,345,948	42,996,476	58,149,989	81,078,701	53,862,014	65,508,880
	43,612,306	38,670,289	37,143,823	66,242,304	48,822,094	35,561,702
	16,844,138	16,251,331	16,156,548	17,713,332	15,106,044	15,278,053
	293,557,448	272,187,074	289,336,699	322,339,411	270,830,378	264,845,801
	(58,676,401)	(37,740,724)	(40,165,078)	(93,210,007)	(58,522,842)	(51,681,078)
	52,208,569	37,686,123	32,198,540	42,922,267	58,132,549	53,829,198
	30,380,000	64,149,218	28,185,000	70,891,133	96,515,000	53,118,070
	8,937,500	2,190,555	692,978	-	51,500	-
	-	4,620,782	-	-	-	-
	-	(4,875,000)	-	-	-	-
	-	-	-	-	-	(11,682,240)
	34,048	126,176	1,245,531	1,659,207	3,433,760	407,973
	(94,216)	(211,854)	-	-	-	(4,062)
	808,594	883,580	1,631,159	145,686	1,188,698	96,133
	-	-	-	-	-	-
	(56,941,644)	(38,586,123)	(32,030,082)	(43,165,187)	(57,803,070)	(51,164,293)
	35,332,851	65,983,457	31,923,126	72,453,106	101,518,437	44,600,779
\$	(23,343,550)	\$ 28,242,733	\$ (8,241,952)	\$ (20,756,901)	\$ 42,995,595	\$ (7,080,299)
	23.6%	23.1%	34.7%	29.5%	25.1%	15.9%



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

Table 6

FISCAL YEAR	GENERAL PROPERTY TAXES	MONIES AND CREDITS TAX	MOBILE HOME TAX	STATE REPLACEMENT MONIES AND CREDITS TAX	HOTEL/MOTEL TAX	SPECIAL UTILITY EXCISE TAX	TOTAL TAXES
2011-12	132,970,699	24,800	120,644	---	4,366,762	3,812,245	141,295,150
2010-11	129,977,076	29,317	122,097	---	3,889,790	3,618,342	137,636,622
2009-10	128,142,798	45,717	120,092	---	3,700,761	3,772,091	135,781,459
2008-09	123,124,847	16,587	118,189	---	3,720,368	3,739,869	130,719,860
2007-08	116,396,207	17,140	120,577	---	4,200,778	3,564,345	124,299,047
2006-07	113,947,563	16,340	123,113	---	3,848,692	3,676,194	121,611,902
2005-06	105,522,405	19,199	126,168	---	3,659,431	3,651,085	112,978,288
2004-05	109,191,193	20,337	131,800	---	3,247,730	3,907,277	116,498,337
2003-04	100,257,983	15,778	139,534	---	3,409,509	4,028,415	107,851,219
2002-03	96,095,883	18,893	138,866	248,465	3,164,588	3,784,836	103,451,531
Change							
2002-2012	138.373%	131.266%	86.878%		137.988%	100.724%	136.581%

Source: City records.

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

Valuation Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railway Property
2011	\$ 7,263,391,920	\$ 2,999,787,340	\$ 188,487,690	\$ 10,057,750	\$ 15,154,668
2010	7,500,758,350	3,095,405,840	194,779,860	8,270,550	12,966,428
2009	7,370,107,010	3,129,490,830	194,168,000	8,241,560	10,228,649
2008	7,123,448,010	3,048,959,390	193,397,790	3,342,380	9,540,299
2007	6,963,088,460	3,020,661,560	194,107,730	2,979,540	9,046,322
2006	6,262,344,300	2,926,850,350	183,555,680	2,747,265	8,530,839
2005	6,176,602,000	2,858,531,890	185,469,950	2,738,740	7,757,764
2004	5,514,536,820	2,695,476,615	176,594,260	2,816,090	7,808,752
2003	5,471,665,090	2,699,787,130	178,947,040	2,849,830	7,642,805
2002	4,816,194,627	2,496,300,463	155,148,350	3,719,600	5,857,122

Source:
State of Iowa Department of Management

Table 7

Machinery/ Equipment Property	Utilities Property	Total Taxable Assessed Value	Total Direct Tax Rate	Percent Growth	Actual Taxable Value	Value as a Percentage of Actual Value
\$ -	\$ 338,306,985	10,815,186,353	16.58000	(3.26)%	\$ 7,146,015,644	66%
-	367,913,783	11,180,094,811	16.57613	1.01%	7,195,887,806	64%
-	356,474,377	11,068,710,426	16.57614	3.20%	7,032,688,268	64%
-	347,054,081	10,725,741,950	16.57606	2.12%	6,751,877,052	63%
-	313,110,998	10,502,994,610	16.59028	8.23%	6,533,913,362	62%
-	320,020,548	9,704,048,982	16.45083	1.72%	6,210,510,617	64%
-	308,830,443	9,539,930,787	16.52000	9.83%	6,120,705,460	64%
-	289,170,524	8,686,403,061	17.05539	0.57%	5,776,063,229	66%
-	275,926,144	8,636,818,039	17.04806	11.21%	5,781,046,642	67%
-	288,804,423	7,766,024,585	17.04857	1.54%	5,404,736,985	70%

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

Tax Year Levied	City Direct Rates							Overlapping Rates		
	General Fund	Transit Fund	Insurance Fund	Emergency Fund	Employee Benefits Fund	Debt Service Fund	Total Direct	Polk County	Broadlawns County Hospital	Ag Extension District
2011-2012	8.10000	0.00000	0.30122	0.00000	4.24945	3.92933	16.58000	6.80992	2.92193	0.03696
2010-2011	8.10000	0.00000	0.30345	0.00000	4.10538	4.06730	16.57613	6.81833	2.92111	0.03631
2009-2010	8.10000	0.00000	0.29425	0.00000	3.90745	4.27444	16.57614	6.82855	2.80423	0.03752
2008-2009	8.10000	0.00000	0.30804	0.00000	3.93100	4.23702	16.57606	6.83696	2.92408	0.03717
2007-2008	8.10000	0.00000	0.31407	0.00000	4.13701	4.03920	16.59028	6.84207	2.96959	0.03703
2006-2007	8.10000	0.00000	0.27892	0.00000	4.33096	3.74095	16.45083	6.34845	3.49157	0.03771
2005-2006	8.10000	0.46951	0.36352	0.00000	4.03248	3.55449	16.52000	6.34845	3.20245	0.03791
2004-2005	8.10000	0.46940	0.33829	0.00000	4.59394	3.55376	17.05539	6.35281	3.25699	0.03735
2003-2004	8.10000	0.50354	0.33977	0.00000	4.49172	3.61303	17.04806	6.34845	3.05863	0.03803
2002-2003	8.10000	0.58500	0.37168	0.00000	4.43015	3.56174	17.04857	6.34845	2.99339	0.03670

Source: Polk County Auditor and Polk County Treasurer

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

Table 8

Overlapping Rates									
Polk County Assessor	State of Iowa	Area XI Community College	Regional Transit	Des Moines Community School District	Carlisle Community School District	SE Polk Community School District	Saydel Community School District	Johnston Community Schools District	WDM Community School District
0.24628	0.0032	0.59018	0.4440	16.58000	20.65059	21.65866	13.97969	17.34599	13.84954
0.27848	0.003	0.56008	0.4443	17.64347	20.97493	21.80667	13.97723	17.34506	13.94266
0.30104	0.003	0.56778	0.46232	17.64277	19.46621	21.83221	13.98315	17.34738	13.9441
0.32711	0.0035	0.56386	0.60079	17.78888	19.86337	21.84708	13.67722	17.34353	13.69179
0.31349	0.0035	0.60276	0.59997	17.93709	20.00427	21.96487	13.62992	17.34813	13.70031
0.29738	0.00400	0.68688	0.59998	18.01713	17.21211	20.98804	13.38621	17.34623	13.70060
0.35437	0.00400	0.68408	0.00000	18.01394	18.36826	17.98848	13.12949	17.34748	13.50341
0.31745	0.00400	0.59856	0.00000	18.02657	18.36820	17.28014	14.67175	17.21053	13.50200
0.31715	0.00400	0.58184	0.00000	17.36358	18.88304	17.36978	14.79933	16.72967	13.50422
0.34363	0.00400	0.54584	0.00000	17.10442	17.96477	15.41627	14.85788	15.65446	13.50200



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

Table 9

Fiscal Year Ended June 30	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	2011	\$ 137,113,954	\$ 136,716,970	99.71%	\$ -	136,716,970	99.71%
2011	2010	134,998,095	133,512,630	98.90%	10,548	133,523,178	98.91%
2010	2009	132,446,684	131,938,293	99.62%	22,416	131,960,709	99.63%
2009	2008	127,597,827	124,458,527	97.54%	53,171	124,511,698	97.58%
2008	2007	120,533,667	119,875,076	99.45%	65,735	119,940,811	99.51%
2007	2006	118,629,762	115,357,229	97.24%	114,502	115,471,731	97.34%
2006	2005	109,692,331	106,282,565	96.89%	2,424,308	108,706,873	99.10%
2005	2004	114,202,783	112,775,249	98.75%	2,173,223	114,948,472	100.65%
2004	2003	105,337,109	104,534,389	99.24%	1,373,327	105,907,716	100.54%
2003	2002	100,909,694	99,823,762	98.92%	509,570	100,333,332	99.43%

Source:

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



**CITY OF DES MOINES, IOWA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)**

Table 10

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Principal Financial Group	\$202,610,400	1	2.870%	\$224,345,060	1	4.40%
Nationwide Mutual Insurance	174,018,700	2	2.470%	36,842,910	8	0.72%
Mercy Medical Plaza	155,983,000	3	2.210%	91,548,280	2	1.79%
Wellmark, Inc.	126,790,000	4	1.80%			
Wells Fargo Financial Inc.	97,968,700	5	1.39%			
Iowa Methodist Medical Plaza	55,930,000	6	0.79%	50,202,740	4	0.98%
Employers Mutual Casualty Co.	51,800,570	7	0.73%	43,347,590	6	0.85%
Meredith Corporation	31,212,800	8	0.44%	57,404,040	3	1.12%
Hubbell Realty Co.	30,428,850	9	0.43%	42,942,160	7	0.84%
Ruan Center	29,660,000	10	0.42%	44,384,000	5	0.87%
Merle Hay Mall	-		-	35,958,700	10	0.70%
SDG Macerich Proposal	-		-	36,780,310	9	0.72%
Total	\$956,403,020		13.55%	\$663,755,790		12.99%

Source: Polk County Assessor/ Auditor. 2011 Latest Available.

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

Fiscal Year	Governmental Activities			Percentage of Actual Property Value	Debt Per Capita(1)	Governmental Activities	
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt			Loans Payable	Notes Payable
2012	\$ 377,035,000	\$ 21,839,604	\$ 355,195,396	3.28%	\$ 1,746	\$ 8,500,000	\$ 3,299,688
2011	404,265,000	51,749,947	352,515,053	3.28%	1,798	9,925,000	3,427,964
2010	355,574,000	1,418,451	354,155,549	3.52%	1,859	10,040,000	5,187,868
2009	359,762,000	553,233	359,208,767	3.59%	1,895	10,155,000	7,138,607
2008	361,203,000	(452,555)	361,655,555	3.62%	1,913	10,270,000	8,069,488
2007	371,821,000	17,237,559	354,583,441	3.78%	1,845	1,885,000	10,131,294
2006	342,280,000	30,432,481	311,847,519	3.42%	1,643	2,000,000	12,492,505
2005	349,226,000	17,931,361	331,294,639	3.92%	1,714	2,000,000	7,164,606
2004	344,026,808	37,104,504	306,922,304	3.67%	1,594	2,120,000	7,594,969
2003	295,198,170	872,776	294,325,394	3.93%	1,536	2,350,000	8,449,201

(1) Per capita numbers are based upon 2010 census data and the remainder are based upon the 2000 census data

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

Table 11

Business-Type Activities							
Revenue Bonds	Loans Payable	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Per Capita Income(1)	Per Capita(1)
\$ 34,995,000	\$ 4,076,232	\$ -	\$ 68,898,000	\$ -	\$ 496,803,920	10.65%	\$ 2,442
-	9,341,049	-	123,548,000	4,637,740	555,144,753	11.90%	2,729
-	10,100,107	21,000	103,760,000	6,300,425	490,983,400	12.56%	2,471
-	16,485,120	278,000	108,710,000	8,060,816	510,589,543	13.06%	2,570
-	14,858,830	547,000	114,233,000	9,502,899	518,684,217	13.27%	2,611
-	2,262,225	814,000	118,768,885	11,204,648	516,887,052	13.22%	2,602
-	3,203,442	1,180,000	105,077,418	11,480,377	477,713,742	12.22%	2,404
-	3,669,791	1,574,000	106,110,292	3,129,730	472,874,419	12.10%	2,380
-	4,308,936	1,966,000	141,463,196	2,135,710	503,615,619	12.88%	2,535
-	4,897,756	2,338,500	160,493,495	1,584,527	475,311,649	12.16%	2,392



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

Table 12

NAME OF GOVERNMENTAL UNIT	NET GENERAL OBLIGATION DEBT OUTSTANDING *	PERCENTAGE APPLICABLE TO THIS GOVERNMENTAL UNIT	CITY OF DES MOINES SHARE OF DEBT
City of Des Moines	\$ 401,990,084	100.00 %	\$ 401,990,084
Polk County	99,320,296	36.62	36,371,092
School Districts:			
Carlisle	19,370,750	5.33	1,032,461
Des Moines	137,670,000	96.40	132,713,880
Johnston	36,360,000	1.95	709,020
Saydel	1,255,000	10.23	128,387
Southeast Polk	50,999,500	4.55	2,320,477
Area XI Community College	76,595,000	23.80	18,229,610
Total overlapping	<u>421,570,546</u>		<u>191,504,927</u>
Total direct and overlapping	<u>\$ 823,560,630</u>		<u>\$ 593,495,011</u>

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

Source: Polk County Auditor, DMACC and School Districts Records/Maps

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Des Moines. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 10,836,883,434
Debt limit (5% of assessed value)	<u>541,844,172</u>
Debt applicable to limit:	
General obligation bonds	377,035,000
Less amount set aside for repayment of general obligation debt	<u>(20,480,174)</u>
Total net debt applicable to limit	<u>356,554,826</u>
Legal debt margin	<u>\$ 185,289,346</u>

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 541,844,172	\$ 558,198,015	\$ 552,597,489	\$ 535,264,366
Total net debt applicable to limit	<u>356,554,826</u>	<u>353,891,464</u>	<u>355,595,000</u>	<u>361,695,000</u>
Legal debt margin	<u>\$ 185,289,346</u>	<u>\$ 204,306,551</u>	<u>\$ 197,002,489</u>	<u>\$ 173,569,366</u>
Total net debt applicable to the limit as a percentage of debt limit	65.80%	63.40%	64.35%	67.57%

Table 13

2008	2007	2006	2005	2004	2003
\$ 524,284,217	\$ 484,288,145	\$ 476,601,639	\$ 434,211,844	\$ 431,367,371	\$ 387,795,444
363,520,000	357,825,000	316,570,000	338,700,000	348,112,808	299,886,670
\$ 160,764,217	\$ 126,463,145	\$ 160,031,639	\$ 95,511,844	\$ 83,254,563	\$ 87,908,774
69.34%	73.89%	66.42%	78.00%	80.70%	77.33%

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

Sanitary Sewer Bonds						
Fiscal Year	Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 31,372,051	\$ 16,455,238	\$ 14,916,813	\$ 4,465,544	\$ 4,746,394	1.62
2011	30,750,844	15,775,023	14,975,821	5,111,637	4,594,187	1.54
2010	29,106,079	14,459,147	14,646,932	4,720,956	3,011,545	1.89
2009	28,280,923	12,980,555	15,300,368	4,421,532	3,096,163	2.04
2008	28,221,011	13,163,260	15,057,751	3,226,244	4,233,696	2.02
2007	26,776,600	13,096,158	13,680,442	4,129,342	3,622,779	1.76
2006	25,157,528	14,793,686	10,363,842	4,000,305	3,259,999	1.43
2005	22,983,744	12,474,475	10,509,269	4,927,000	1,276,183	1.69
2004	26,311,824	12,067,837	14,243,987	6,902,000	3,085,414	1.43
2003	27,947,332	9,876,222	18,071,110	6,715,000	2,821,371	1.89

Table 14

Parking Bonds					
Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 14,448,642	\$ 9,482,673	\$ 4,965,969	\$1,760,000	\$951,330	1.83
10,611,585	4,934,693	5,676,892	1,685,000	1,027,657	2.09
11,391,708	4,900,691	6,491,017	1,585,000	1,099,540	2.42
10,812,523	3,929,167	6,883,356	1,585,000	1,131,579	2.53
11,405,151	3,784,581	7,620,570	1,540,000	1,505,625	2.50
9,761,566	3,772,858	5,988,708	1,540,000	1,514,742	1.96
9,117,986	3,718,880	5,399,106	1,080,000	1,597,402	2.02
8,183,736	6,417,119	1,766,617	1,005,000	1,667,599	0.66
8,373,440	3,625,476	4,747,964	935,000	1,745,068	1.77
10,247,718	5,359,166	4,888,552	810,000	1,872,232	1.82



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

Table 15

Fiscal Year Ended June 30,	Population(1)	Median Family Income(1)	Per Capita Income (State of Iowa)	Median Age(1)	School Enrollment (3)	Unemployment Rate(2)
2012	203,443	\$51,851	\$26,280	33.5	31,275	5.3%
2011	203,443	51,851	26,280	33.5	32,438	6.0%
2010	198,682	44,022	24,357	34.6	31,924	6.4%
2009	198,682	44,022	24,357	34.6	30,783	6.2%
2008	198,682	44,022	24,357	34.6	32,043	4.5%
2007	198,682	44,022	24,357	34.6	31,549	3.4%
2006	198,682	44,022	24,357	34.6	31,598	3.6%
2005	198,682	44,022	24,357	34.6	31,851	4.1%
2004	198,682	56,674	19,674	34.6	32,150	3.6%
2003	198,682	56,674	19,674	34.6	30,533	3.6%

Sources:

1. 2010, 2000 US Census.
2. FY2010 through FY2006 information from Iowa Workforce Development.
Other years from Metropolitan Statistical Area. (Polk, Dallas and Warren Counties).
3. Des Moines Public Schools information from the Iowa Department of Education website.

Notes: The demographic statistic is being added to the report.
 Personal Income data is not available.



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

Table 16

Employer	2012		2000	
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees
Wells Fargo	-	1	-	-
State of Iowa	-	2	-	-
Mercy Hospital Medical Center	-	3	-	-
Principal Financial Group	-	4	-	1
Iowa Health Systems	-	5	-	3
Des Moines Public Schools	-	6	-	2
Nationwide/Allied Insurance	-	7	-	-
Pioneer Hi-Bred International Inc	-	8	-	7
John Deere Companies	-	9	-	-
HyVee Food Stores	-	10	-	-
Blank Children's Pediatric	-	-	-	4
CDS Global	-	-	-	5
Firestone Agricultural Tire	-	-	-	6
Lutheran Social Services of Iowa	-	-	-	8
United Parcel Service	-	-	-	9
Younkers	-	-	-	10

Source: Greater Des Moines Partnership.

*Per Iowa Workforce Department data regarding the number of employees for private sector employers is not available to the public. 2000 numbers used as 2002 not readily available.

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

FUNCTIONS/PROGRAMS	2012	2011	2010	2009
GOVERNMENTAL FUND TYPES				
Public safety				
Police Department	460.0	449.0	455.0	469.0
Fire Department	283.0	290.0	307.0	310.0
Community Development--inspections	36.6	37.6	40.0	40.0
Total public safety	779.6	776.6	802.0	819.0
Public works				
Engineering	92.0	92.0	93.0	96.0
Public Works Department	94.0	94.0	112.0	112.0
Total public works	186.0	186.0	205.0	208.0
Health and social services				
Community Development Grants	30.6	31.5	36.1	35.1
Human Rights	3.0	3.0	3.0	3.0
Total health and social services	33.6	34.5	39.1	38.1
Culture and recreation				
Parks Department	86.8	87.0	89.5	123.6
Public Libraries	63.0	63.0	67.0	76.0
Total culture and recreation	149.8	150.0	156.5	199.6
Community and economic development				
City Manager--Economic Development	5.0	5.0	6.0	6.0
Total Community and economic development	5.0	5.0	6.0	6.0
General government				
City Clerk	6.0	6.0	6.0	6.0
City Manager	10.0	10.0	11.0	12.0
Community Development	11.8	12.0	11.0	11.9
Finance Department	23.0	22.0	21.0	21.5
Human Resources	10.0	10.0	10.0	10.0
Information Technology	29.0	29.0	29.0	28.0
Legal	19.0	19.0	20.0	22.0
Mayor and Council	8.0	8.0	8.0	8.0
Parks Department	10.0	10.0	11.5	11.0
Total general government	126.8	126.0	127.5	130.4
Total governmental fund types	1280.7	1278.1	1336.1	1401.1
PROPRIETARY FUNDS				
Airport	0.0	100.0	95.0	121.4
Parking facilities system	14.5	15.0	14.0	15.0
Sewer system	52.8	53.8	54.8	54.7
Stormwater utility	67.2	67.2	63.2	63.2
Golf	0.0	0.0	0.0	5.0
Solid waste system	50.0	50.0	51.0	50.6
Municipal Housing Agency	59.0	61.0	52.0	56.0
Internal service funds	59.0	59.0	61.0	62.0
Total proprietary funds	302.5	406.0	391.0	427.9
Total City employment	1583.2	1684.1	1727.1	1829.0

Source: City records. FY2008 budgeted positions, other years, actuals.

Table 17

2008	2007	2006	2005	2004	2003
470.0	466.0	461.0	461.0	454.0	475.0
311.0	310.0	310.0	298.0	286.0	287.0
37.0	36.0	36.0	35.2	41.5	59.0
818.0	812.0	807.0	794.2	781.5	821.0
94.0	94.0	92.0	92.0	92.0	99.0
117.0	117.0	117.0	118.0	114.0	115.0
211.0	211.0	209.0	210.0	206.0	214.0
36.0	35.3	35.1	37.3	32.0	34.0
3.0	3.0	3.0	3.0	3.0	7.0
39.0	38.3	38.1	40.3	35.0	41.0
127.8	129.0	129.4	146.0	140.0	162.0
76.0	76.0	75.0	62.0	59.0	68.0
203.8	205.0	204.4	208.0	199.0	230.0
5.0	5.0	5.0	5.0	5.0	5.0
5.0	5.0	5.0	5.0	5.0	5.0
6.0	6.0	6.0	6.0	6.0	8.0
12.0	11.0	11.0	10.0	8.5	11.0
11.0	10.8	10.8	10.5	9.5	15.0
21.0	21.0	23.0	22.0	23.5	28.0
11.0	11.0	11.0	11.0	11.0	14.0
25.0	25.0	21.0	21.0	21.0	23.0
22.0	22.0	22.0	21.0	21.0	24.0
8.0	8.0	8.0	8.0	8.0	8.0
12.8	11.6	11.5	16.0	17.0	17.0
128.8	126.4	124.3	125.5	125.5	148.0
1405.6	1397.7	1387.7	1383.0	1352.0	1459.0
121.4	117.4	119.0	118.0	119.0	124.0
15.0	15.0	15.0	15.0	15.0	14.0
53.2	50.0	49.3	78.1	77.0	76.0
57.9	59.7	60.4	30.8	27.0	26.0
5.0	5.0	8.0	9.0	9.0	7.0
56.6	57.0	58.0	63.0	71.0	84.0
61.0	61.0	66.0	67.0	64.0	68.0
61.0	61.0	62.0	61.0	61.0	65.0
431.1	426.1	437.7	441.9	443.0	464.0
1836.7	1823.8	1825.3	1824.9	1795.0	1923.0

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

	2012	2011	2010
Public safety:			
Police Department--calls for service	330,493	322,453	320,359
Detective bureau--persons offenses assigned	7,525	6,855	7,095
Detective Bureau--property offenses assigned	14,286	14,495	12,512
Fire Department--total incidents	20,128	19,649	19,375
Fire suppression--total fires	5,050	4,865	4,638
Emergency medical services--medic calls	15,078	14,784	14,737
Emergency medical services--transports	11,684	11,232	11,213
Permit and Development Center--number of permits issued	11,848	15,520	13,479
Permit and Development Center--number of inspections	30,814	28,716	30,331
Permit and Development Center--number of plan reviews	10,314	14,583	14,726
Public works:			
Engineering Department--cost of awarded contracts	\$122,891,377	\$118,852,698	\$137,105,722
Public Works Department--snow and ice control-lane miles	2,207	2,207	2,207
Health and social services:			
Low-income energy assistance (number of households)	6,743	7,207	8,298
Furnace repair/replacements (number of households)	185	195	207
Energy reconnect project (number of households)	103	47	806
NCS applications taken	49	89	108
Senior Living Program applications taken (households)	107	136	146
Culture and recreation:			
Library usage--annual visits	1,304,080	1,335,720	1,344,334
Aquatic center/pools attendance	144,810	131,875	133,423
Annuals (plants) distributed to organizations	356,171	104,200	105,000
Community center attendance (calendar year)	168,641	175,757	235,405
Cemeteries--burials	539	581	546
Community and economic development:			
Assessed valuation increase in tax increment district	\$1,225,945,910	\$1,229,650,820	\$1,149,037,530
General government:			
Animal licenses issued (cat and dog)	22,841	23,036	22,480
Legal Department--written legal opinions	993	998	954
Tort litigation--traffic court trials	1,113*	1,113*	1,113
Enterprise funds:			
Airport--number of enplaned passengers	1,001,995	929,355	890,097
Number of sanitary sewer feet cleaned per year	1,921,251	1,094,511	1,255,200
Number of storm sewer feet cleaned per year	237,498	257,387	310,000
Solid waste collected annually (lbs) per year	122,000,000	121,207,500	118,901,034
Rounds of golf	95,252	86,908	168,341

Source: City records.

*Current year not available

Table 18

2009	2008	2007	2006	2005	2004	2003
324,470	340,829	396,504	386,178	256,122	234,556	239,845
7,233	7,917	6,148	6,210	1,050	515	752
13,591	16,392	20,483	22,131	14,174	11,223	12,495
19,508	19,594	18,620	17,662	16,802	16,107	16,648
4,673	4,385	4,779	4,685	999	1,011	1,170
15,835	15,209	13,841	12,977	12,412	11,715	11,986
11,165	11,446	10,757	10,369	9,966	9,210	8,987
13,234	11,054	11,474	10,860	14,878	13,138	13,210
28,039	32,351	25,285	22,651	23,746	26,400	28,700
14,888	3,130	3,712	4,165	5,107	3,573	3,792
\$48,639,208	\$84,757,631	\$44,449,946	\$56,515,585	\$79,066,963	\$62,542,252	\$53,203,879
2,117	2,117	2,065	2,065	2,065	2,065	2,065
7,700	6,995	6,853	6,537	6,520	6,531	6,356
189	246	146	213	288	180	90
214	503	285	282	230	202	136
65	62	73	58	54	73	22
173	315	192	190	438	743	544
1,451,930	1,376,298	1,389,530	1,024,154	967,364	896,190	994,815
142,724	126,931	126,569	110,954	112,042	107,962	127,716
98,376	96,000	88,944	85,056	210,000	150,000	122,000
236,954	227,313	224,250	229,920	215,216	191,166	Not available
597	687	674	637	719	737	728
\$1,074,553,965	\$994,015,625	\$941,740,355	\$869,900,005	\$872,591,225	\$743,870,475	\$669,964,032
22,365	21,830	21,223	20,521	20,813	18,359	14,933
1,080	909	947	814	1,484	1,583	1,277
1,411	1,706	2,418	1,159	252	231	170
891,928	994,558	986,011	958,514	995,715	952,967	899,974
1,089,149	1,061,280	1,059,130	1,252,300	1,613,315	1,968,880	1,613,315
385,694	258,720	69,164	92,165	305,337	350,338	305,337
151,800,000	120,286,400	122,000,000	13,310,000	9,403,537	15,152,400	15,100,533
155,321	94,545	168,722	161,665	112,042	97,030	102,708

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

	2012	2011	2010	2009
Function/Program				
Public Safety:				
Police:				
Number of Stations	1	1	1	1
Fire:				
Number of Stations	10	10	10	10
Stations with EMS transport capability	7	8	8	7
Public Works:				
Streets paved lane miles	2,073	2,070	2,069	2,067
Streets unpaved lane miles	77	78	78	80
Sanitary sewer miles	935	935	884	889
Storm sewer miles	494	493	282	472
Number of street lights	25,500	25,400	24,200	23,630
Area--number of city square miles	91	91	91	91
Culture and Recreation:				
Parks-number of park areas	76	73	73	73
Total park acres	3,875	3,560	3,560	3,226
Number of boulevards	9	9	6	6
Number of playgrounds	68	78	78	58
Number of golf courses	3	3	3	3
Number of soccer fields	12	12	12	12
Number of aquatic centers/pools	5	5	5	5
Number of tennis courts	61	52	50	59
Number of softball diamonds	9	9	9	9
Number of baseball diamonds	8	8	8	9
Number of community centers	3	4	4	4
Miles of bike trails	42	42	40	37
Cemeteries:				
Number of facilities	7	7	7	7
Number of acres	345	345	345	450
Library:				
Number of Facilities	6	6	6	6
Number of Volumes	596,718	571,476	570,271	589,547

Source: City Records

Table 19

2008	2007	2006	2005	2004	2003
1	1	1	1	1	1
10	10	10	10	10	10
7	7	7	7	7	7
2,023	1,897	1,897	1,895	1,856	1,848
94	76	76	76	93	93
889	861	861	857	851	847
472	458	458	453	442	437
23,614	23,376	23,376	23,376	23,376	23,376
82	82	82	81	80	80
73	72	72	70	69	65
3,226	3,223	3,213	3,210	3,208	3,208
6	6	6	6	6	6
58	58	58	58	57	55
3	3	3	3	3	3
12	12	12	12	12	12
5	5	5	5	5	5
57	59	59	59	59	57
9	13	13	14	14	9
9	5	5	5	5	5
4	5	5	5	5	5
37	29	29	29	16	16
7	5	5	5	5	5
332	460	460	460	460	448
6	6	6	6	6	6
563,917	548,272	526,735	562,702	580,240	596,556

CITY OF DES MOINES, IOWA
SCHEDULE OF INSURANCE IN FORCE
June 30, 2012
(Unaudited)

<u>TYPE OF INSURANCE / INSURANCE COMPANY</u>	<u>POLICY NUMBER</u>	<u>POLICY PERIOD</u>
<u>PROPERTY INSURANCE</u>		
The Travelers Indemnity Company	KTK-CMB-6867N33-9-11	7-1-11/12
The Travelers Indemnity Company	KTK-CMB-7645N09-5-11	7-1-11/12
The Travlers Indemnity Company	M5J-BME1-5250R081-TIL-11	7-1-11/12
Housing Authority Property Insurance	HAPI-342-97730-2011	1-1-11/12
<u>FLOOD INSURANCE</u>		
National Flood Insurance Progam (N.F.I.P.)	Various	7-1-11/12
<u>EXCESS FLOOD INSURANCE</u>		
Westchester Surplus Lines Insurance Company	D37387861001	7-1-11/12
Westchester Surplus Lines Insurance Company	D37387873001	7-1-11/12
<u>CRIME INSURANCE</u>		
Travelers Property Casualty Insurance Co.	105645396	7-1-11/21
	105645396	7-1-11/12
<u>SPECIAL EXCESS LIABILITY INSURANCE</u>		
Starr Indemnity & Liability Company	SISCPEL00007111	7-1-11/12
<u>GENERAL LIABILITY INSURANCE</u>		
Housing Authority Retention Group	HARRG-342-97729-2011	1-1-11/12
The Travelers Indemnity Company	GP09315272	7-1-11/12
<u>AUTO LIABILITY INSURANCE</u>		
St. Paul Travelers	H-810-9160P789-IND-11	7-1-11/12
The Travelers Indemnity Company	BA-6374R39A-10-PUB	7-1-11/12
<u>PUBLIC OFFICIALS LIABILITY</u>		
The Travelers Indemnity Company	GP09315272	7-1-11/12
Starr Indemnity & Liability Company	SISCPEL00007111	7-1-11/12
<u>AIRPORT LIABILITY INSURANCE</u>		
Federal Insurance Company (Chubb)	9957-4147-03	7-1-11/12
<u>POLLUTION LIABILITY INSURANCE</u>		
Illinois Union Insurance Company	PPEG24888228002	7-1-11/12
<u>WORKERS COMPENSATION INSURANCE</u>		
Volunteer Firemen's Insurance	CFP-5516-0076D-2	7-1-11/12
AIG Life Insurance Company	SRG-0009103048-A	7-1-11/12
Mutual of Omaha	T5MP-P-052502	2-8-12 to 7-1-12
Commerce & Industry Ins. Co. (Chartis)	WC007-44-2464	1-1-11/12
<u>EXCESS WORKERS COMPENSATION INSURANCE</u>		
Safety National Casualty Corp	SP4044459	7-1-11/12

Table 20

NAMED INSURED / DETAILS OF COVERAGE	POLICY LIMITS	ANNUAL PREMIUM
<u>City of Des Moines</u>		
Buildings & Contents	\$ 726,428,432	\$ 434,408
Per Occurrence Replacement Value	250,000,000	
Business Interruption & Extra Expense	9,000,000	Included
Boiler & Machinery	100,000,000	Included
Earthquake	20,000,000	Included
Flood	5,000,000	Included
<u>Wastewater Reclamation Authority</u>		
Buildings & Contents	\$ 227,168	\$ 329,516
Per Occurrence Replacement Value	\$ 150,000,000	
Business Interruption & Extra Expense	\$ 5,000,000	Included
Earthquake	\$ 20,000,000	Included
Flood	\$ 5,000,000	Included
Equipment Breakdown (Boiler & Machinery)	\$ 100,000,000	\$ 23,366
<u>Municipal Housing Agency</u>		
Buildings & Contents	\$ 44,737,468	\$ 56,916
<u>City of Des Moines</u>		
(6 buildings in Flood Zone "A")	Various per building	\$ 27,481
<u>Wastewater Reclamation Authority</u>		
WRA - 2 locations	\$ 5,000,000	\$ 25,503
WRA - 2 locations	\$ 2,500,000	\$ 30,300
<u>Shared: City, WRA & DMMHA</u>		
Public Employee Dishonesty and Computer Fraud	\$ 2,000,000	\$ 6,650
Required for State of Iowa IJOBS Projects	\$ 10,000,000	\$ 11,379
<u>Shared: City, RWA & DMMHA</u>		
Citywide General, Automobile, Law Enforcement, Public Officials Liability, etc	\$ 10,000,000 \$ 2,000,000 SIR	\$ 185,600
<u>Municipal Housing Agency</u>		
General Liability	\$ 2,000,000	\$ 29,263
<u>Wastewater Reclamation Authority</u>		
General Liability	\$ 2,000,000	\$ 55,245
<u>Shared: City & DMMHA</u>		
Following enterprise fund activities included:	\$ 2,000,000	\$ 59,602
Curbside Recycling Pickup Program		Included
Sanitary/Storm Sewer		Included
Solid Waste Collection		Included
Airport (Off-premise vehicle useage only)		Included
Municipal Housing Agency		Included
<u>Wastewater Reclamation Authority</u>		
Automobile liability	\$ 2,000,000	\$ 16,475
<u>Wastewater Reclamation Authority</u>		
Primary	\$ 2,000,000	\$ 4,069
Excess	\$ 10,000,000	\$ 3,547
<u>City of Des Moines</u>		
Airport Liability	\$ 250,000,000	\$ 83,346
<u>Wastewater Reclamation Authority</u>		
Pollution Liability	\$ 2,000,000	\$ 15,631
<u>City - HazMat Team/Fire Dept Mutual Aid</u>		
Primary Occupational Medical	\$ 50,000	\$ 10,099
Excess Occupational Medical	\$ 500,000	\$ 8,346
Excess Occupational Medical	\$ 200,000	\$ 2,830
<u>Municipal Housing Agency</u>		
Workers Compensation	Statutory	\$ 53,880
<u>City of Des Moines (including WRA Operations)</u>		
Excess Workers Compensation	Statutory	\$ 230,259



SINGLE AUDIT SECTION



CITY OF DES MOINES, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/11 - 6/30/12)
U.S. Department of Health and Human Services		
Community Services Block Grant:		
(Passed through the Iowa Department of Human Rights)		
Program Year: 2011		
Contract Number: CSBG-11-07-CJ		
October 1, 2010 - September 30, 2011	93.569	\$ 240,298
Program Year: 2012		
Contract Number: CSBG-12-07-CJ		
October 1, 2011 - September 30, 2012	93.569	410,956
Low-income Home Energy Assistance Block Grant:		
(Passed through the Iowa Department of Human Rights)		
Program Year: 2011		
Contract Number: 2206-11J		
October 1, 2010 - September 30, 2011	93.568	30,443
Program Year: 2012		
Contract Number: 2206-12J		
October 1, 2011 - September 30, 2012	93.568	3,239,438
Total U.S. Department of Health and Human Services		\$ 3,921,135
U.S. Department of Housing and Urban Development		
Community Development Block Grant Program Entitlement:		
Entitlement Years: 2011 - 2012	14.218	\$ 3,397,233
ARRA - Community Development Block Grant		
August 1, 2009 - September 30, 2012	14.253	309,176
(Passed through Polk County)		
ARRA - Lead Based Paint Hazard Control		
in Privately-Owned Housing	14.907	216,664
Fair Housing Assistance Program		
Cooperative Agreement	14.401	92,390
Riverpoint West Phase 1		
B-01-BD-190019	14.246	439,749
ARRA - Homeless Prevention and Rapid Re-Housing Program		
Grant #S09-MY-19-0001	14.257	466,458
(Passed through the Iowa Economic Development Authority)		
Rehab Assistance #2		
Grant # 08-DRH-209	14.228	1,445,582
Neighborhood Stabilization Program		
Grant #08-NSP-023	14.228	1,158,142
Infrastructure Assistance		
Grant #08-DRI-006	14.228	199,294
Infrastructure Assistance		
Grant #08-DRI-207	14.228	51,929
Infrastructure Assistance		
Grant #08-DRI-032	14.228	2,036,400
Infrastructure Assistance		
Grant #08-DRI-033	14.228	2,296,165
Infrastructure Assistance		
Grant #08-DRI-235	14.228	228,687

(Continued)

CITY OF DES MOINES, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2012

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/11 - 6/30/12)
U.S. Department of Housing and Urban Development		
(continued)		
(Passed through the Iowa Economic Development Authority)		
Infrastructure Assistance		
Grant #08-DRI-234	14.228	598,655
Infrastructure Assistance		
Grant #08-DRI-205	14.228	143,926
Infrastructure Assistance		
Grant #08-DRIEF-098	14.228	2,282,709
Business Rental Assistance Program		
Grant #08-DRB-203	14.228	38,125
Flood Relief		
Contract #08-DRMH-221	14.228	7,784
Contract #08-DRMH-216	14.228	12,911
Contract #08-DRHB-221	14.228	2,982,667
NSP		
Contract #11-NSP-023	14.264	48,305
Supportive Housing Program:		
Primary Health Care Street Outreach #IA0042B7D020802		
July 1, 2010 - June 30, 2011	14.235	61
Primary Health Care Street Outreach #IA0042B7D021003		
July 1, 2011 - June 30, 2012	14.235	84,787
West Des Moines Human Services #IA0043B7D020801		
August 1, 2009 - July 31, 2011	14.235	1,959
West Des Moines Human Services #IA0043B7D021002		
August 1, 2011 - July 31, 2012	14.235	74,790
Primary Health Care Enhancement #IA0036B7D021003		
July 1, 2011 - June 30, 2012	14.235	249,965
Buchanan Transitional Living Center #IA0039B7D020801		
December 1, 2009 - November 30, 2011	14.235	43,840
Buchanan Transitional Living Center #IA0039B7D021002		
December 1, 2011 - November 30, 2012	14.235	57,288
YMCA Permanent Housing Program #IA0033B7D020801		
May 1, 2010 - April 30, 2013	14.235	82,429
Lighthouse Host Home #IA0040B7D021003		
March 1, 2011 - February 28, 2012	14.235	288,266
Lighthouse Host Home #IA0040B7D021104		
March 1, 2012 - February 28, 2013	14.235	93,808
House of Mercy #IA0038B7D021003		
May 1, 2011 - April 30, 2012	14.235	289,732
House of Mercy #IA0038B7D021104		
May 1, 2012 - April 30, 2013	14.235	47,139
House of Mercy - Capitol Park #IA0037B7D021003		
March 1, 2011 - February 28, 2012	14.235	227,468
House of Mercy - Capitol Park #IA0037B7D021104		
March 1, 2012 - February 28, 2013	14.235	74,018
HMIS #IA0041B7D020801		
November 1, 2010 - October 31, 2011	14.235	37,669

(Continued)

CITY OF DES MOINES, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2012

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/11 - 6/30/12)
U.S. Department of Housing and Urban Development (continued)		
HMIS #IA0041B7D021003		
November 1, 2011 - October 31, 2012	14.235	84,559
West Des Moines Transitional Hsg 2 #IA0032B7D020800		
December 21, 2009 - December 20, 2011	14.235	12,928
West Des Moines Transitional Hsg 2 #IA0032B7D021001		
December 21, 2011 - December 20, 2012	14.235	16,575
Shelter Plus Care - Anawim Housing #IA0034C7D020803		
April 20, 2011 - April 19, 2012	14.238	718,184
Shelter Plus Care - Anawim Housing #IA0034C7D02		
April 20, 2012 - April 19, 2013	14.238	132,252
Shelter Plus Care - Anawim Housing #IA0035C7D020803		
April 5, 2011 - April 4, 2012	14.238	222,209
Shelter Plus Care - Anawim Housing #IA0035C7D02		
April 5, 2012 - April 4, 2013	14.238	43,760
Shelter Plus Care - Anawim Housing #IA0057C7D021000		
December 12, 2011 - December 11, 2016	14.238	10,295
Shelter Plus Care - YMCA #IA0050C7D020900		
April 25, 2011 - April 24, 2016	14.238	34,167
Emergency Shelter Grant Program:		
Program Year: 2011		
Contract Number: S-11-MC-19-0001		
January 1, 2011 - December 31, 2011	14.231	117,986
(Passed through the Iowa Economic Development Authority)		
Program Year: 2012		
Homeless Prevention January 1, 2012 - December 31, 2012	14.231	464
Home Investment in Affordable Housing:		
Program Year: 2007		
Contract Number: M-07-MC-19-0201		
March 31, 2007 - March 31, 2012	14.239	26,399
Program Year: 2008		
Contract Number: M-08-MC-19-0201		
March 31, 2008 - March 31, 2013	14.239	87,819
Program Year: 2009		
Contract Number: M-09-MC-19-0201		
March 31, 2009 - March 31, 2014	14.239	274,098
Program Year: 2010		
Contract Number: M-10-MC-19-0201		
March 31, 2010 - March 31, 2015	14.239	422,751
Program Year: 2011		
Contract Number: M-11-MC-19-0201		
March 31, 2011 - March 31, 2016	14.239	163,789
Program Year: 2012		
Contract Number: M-12-MC-19-0201		
March 31, 2012 - March 31, 2017	14.239	100,809
Total U.S. Department of Housing and Urban Development		\$ 22,575,214

(Continued)

CITY OF DES MOINES, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2012

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/11 - 6/30/12)
U.S. Department of Justice		
Public Safety and Community Policing Grants:		
Secure Our Schools Grant #2010CKWX0727	16.710	\$ 100,000
Edward Byrne Memorial Justice Assistance Grant Grant #2009DJBX0141	16.738	244,014
Edward Byrne Memorial Justice Assistance Grant Grant #2010DJBX1150	16.738	75,863
Edward Byrne Memorial Justice Assistance Grant Grant #2011DJBX2322	16.738	134,702
ARRA - Edward Byrne Memorial Justice Assistance Grant Grant #2009SBB90580	16.804	139,336
Cops Meth Hotspots Grant Grant #10-HotSpots/Interdiction-1	16.710	52,646
Cops Interoperable Communications Technology Program Grant #2005INWX0005	16.710	606,077
ARRA - COPS Hiring Recover Program Grant #2009RJWX0041	16.710	756,014
State and Community Highway Safety Program:		
Community Prosecution and Project Safe Neighborhoods Anti-Gang Initiative #09PSN-SD07	16.609	9,570
Anti-Gang Initiative #10PSN-SD07	16.609	20,138
Anti-Gang Initiative #11PSN-SD07	16.609	1,122
Total U.S. Department of Justice		\$ 2,139,482
U.S. Department of Transportation		
Governor's Traffic Safety Program:		
(Passed through the Iowa Department of Public Safety)		
Governor's Traffic Safety Program Contract Number: PAP 11-410 October 1, 2010 - September 30, 2011	20.600	\$ 24,840
Governor's Traffic Safety Program Contract Number: PAP 12-410 October 1, 2011 - September 30, 2012	20.600	92,184
Highway Research, Planning, and Construction:		
(Passed through the Iowa Department of Transportation)		
Merle Hay Road HSIP-28-2(39)--2H-77	20.205	44,295
Merle Hay Road STP-A-1945(741)--86-77	20.205	62,454
E University Ave - E 30th St Traffic Signal STP-A-163-1(79)--22-77	20.205	9,015
Merle Hay Road Traffic Signal Interconnect STP-A-1945(767)--86-77	20.205	6,879

(Continued)

CITY OF DES MOINES, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2012

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/11 - 6/30/12)
U.S. Department of Transportation (continued)		
E Indianola Ave Widening - SE 16th Ct to E McKinley Ave STP-U-1945(745)--70-77	20.205	1,312,028
Hubbell Elementary Enhanced School Crossings SRTS-U-1945(768)--8U-77	20.205	86,640
City-Wide Fixed Time Signal Upgrade STP-A-1945(781)--86-77	20.205	266,089
SW 9th St & Dart Way Intersection STP-U-1945(782)--2C-77	20.205	248,813
Grand Avenue Bridge Over Walnut Creek BRM-1945(738)--8N-77	20.205	296,552
6th Ave Over Des Moines River Bridge Rehabilitation STP-U-1945(787)--70-77	20.205	190,965
SE Connector: SW 2nd/SE 6th NHSX-U-1945(203)--8S-77	20.205	2,297
SE Connector: Environmental Impact NHSX-U-1945(202)-8S-77	20.205	468
SE Connector: DSM River Bridge & Levee NHSX-U-1945(252)- 8S-77	20.205	28,895
SE Connector - DSM River Bridge NHSX-U-1945(402)- 8S-77	20.205	22,828
SE Connector - DSM River Bridge NHSX-U-1945(403)- 8S-77	20.205	148,500
SE Connector - ROW Acquisition NHSX-U-1945(303)--8S-77	20.205	770
SE Connector Paving SE 4th St to SE 9th St NHSX-U-1945(406)--8S-77	20.205	150,627
SE Connector - ROW Acquisition SW 2nd - SE 6th NHSX-U-1945(302)--8S-77	20.205	445,610
SE Connector - SE 6th to SE 14th Construction Supp 4 & 6 NHSX-U-1945(253)--8S-77	20.205	119,233
SE Connector - SE 6th to SE 14th Construction Supp 5 & 7 NHSX-U-1945(254)--8S-77	20.205	41,869
SE Connector - DSM River Bridge NHSX-U-1945(405)- 8S-77	20.205	208,109
SE Connector Paving SE 4th St to SE 9th St NHSX-U-1945(407)--8S-77	20.205	69,489
SE Connector - ROW Acquisition SE 9th -SE 15th NHSX-U-1945(304)--8S-77	20.205	281,546
ARRA - E McKinley Ave Widening from S Union St to SE 5th St ESL-1945(757)--7S-77	20.205	98,537
ARRA - Principal Riverwalk - Walnut/Grand Ave West ESL-1945(759)--7S-77	20.205	1,309,790
Des Moines River Regional Trail - Phase 1 STP-A-1945(773)--86-77	20.219	252,120

(Continued)

CITY OF DES MOINES, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2012

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/11 - 6/30/12)
U.S. Department of Transportation (continued)		
Airport Improvement Program:		
Taxiway D Reconstruction AIP Number: 3-19-0027-53	20.106	889,559
Transportation Security Administration		
Memorandum of Agreement fulfilling Security Directive SD1542-02-01 Law Enforcement Personnel	SD1542-02-01	186,891
Total U.S. Department of Transportation		\$ 6,897,892
U.S. Department of Homeland Security		
Assistance to Firefighters EMW-2009-FO-09820 (Passed through IA Dept of Homeland Security)	97.044	\$ 451,712
2008 Homeland Security Grant Program 2008-GE-T8-0008	97.067	1,745
Intelligence & Information Sharing Initiative 2009-SS-T9-0034-11A	97.067	14,084
Critical Infrastructure Protection 2009-SS-T9-0034-11	97.067	13
Intelligence & Information Sharing Initiative 2010-SS-T9-0034-11A	97.067	153,208
Critical Infrastructure Protection 2010-SS-T9-0034-11	97.067	56,348
Intelligence & Information Sharing Initiative 2011-SS-T9-0034-11A	97.067	87,372
Critical Infrastructure Protection 2011-SS-T9-0034-11	97.067	50,252
2009 EOD Bomb Homeland Security Grant Agreement #2009-SS-T9-0034-16	97.067	524,446
2010 EOD Bomb Homeland Security Grant Agreement #2010-SS-T0-0031-21	97.067	61,288
2009 SWAT/WMD Homeland Security Grant Agreement #HSGP-09-SHSP-17	97.067	33,466
2010 SWAT/WMD Homeland Security Grant Agreement #2010-SS-T0-0031-22	97.067	25,761
2011 SWAT/WMD Homeland Security Grant Agreement #EMW-2011-SS-0071-S01-11	97.067	43,164
2008 EOD Homeland Security Reallocation Grant 2008-GE-T8-2008-009-EOD	97.067	326,400
(Passed through Cerro Gordo County)		
Homeland Security Grant Program Grant #CZ6HF16086 (non-cash)	97.067	23,200

(Continued)

CITY OF DES MOINES, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2012

FEDERAL GRANTOR, PROGRAM TITLE, PROJECT/GRANT NUMBER, AND PROGRAM YEAR	FEDERAL PROGRAM NUMBER	TOTAL EXPENDITURES (7/1/11 - 6/30/12)
U.S. Department of Homeland Security (continued)		
U.S. Federal Emergency Management Agency		
(Passed through the IA Dept of Homeland Security)		
Federal Disaster Declaration #1763		
1763-DR-IA	97.036	3,580
HMGP-DR-1763-0016-02	97.036	14,327
HMGP-DR-1763-0021-01	97.036	37,988
HMGP-DR-1880-0034	97.036	1,053,311
Total U.S. Department of Homeland Security		\$ 2,961,665
Other		
Office of National Drug Control Policy		
High Intensity Drug Traffic Area		
Contract Number: G11MW0002A		
February 1, 2011 - July 31, 2012		
	58.11MW0002A	\$ 25,126
High Intensity Drug Traffic Area		
Contract Number: G12WM0002A		
February 1, 2012 - July 31, 2013		
	58.19PMWP556Z	58,235
Department of Energy		
ARRA - Energy Efficiency and Conservation Block Grant		
Grant #: DE-SC0003333		
	81.128	1,698,613
(Passed through the Iowa Economic Development Authority)		
ARRA - Energy Efficiency and Conservation Block Grant		
LED Streetlight Conversion Contract #3696		
ARRA - State Energy Program		
Grant #: SEP10-5580		
	81.041	718,332
Total Other		\$ 2,635,306
Total All Federal Grants		\$ 41,130,694

City of Des Moines, Iowa

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Des Moines, Iowa for the year ended June 30, 2012. The accompanying schedule of expenditures of federal awards does not include any awards pertaining to the Municipal Housing Agency, an enterprise fund of the City, which is reported under separate cover. All other federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2. Significant Accounting Policies

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

Note 3. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 151,619
Emergency Shelter Grant Program	14.231	108,590
Supportive Housing Program	14.235	1,727,387
Shelter Plus Care	14.238	1,160,867
Home Investment in Affordable Housing	14.239	297,523
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	455,093
Community Policing Grants	16.710	100,000
Edward Byrne Memorial Justice Assistance Grant	16.738	1,966
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	29,442
Memorandum of Agreement fulfilling Security Directive	SD1542-02-01	135,501
Airport Improvement Program	20.106	304,198
ARRA - State Energy Program	81.041	249,570

City of Des Moines, Iowa

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

Comment Number	Comment	Status	Corrective Action or Other Explanation
Statutory Reporting:			
11-IV-A	Expenditures exceeded budget in the health and social services and general government functions.	Not corrected.	See current year finding at 12-IV-A.



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Des Moines, Iowa (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2012. Our audit was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Des Moines Public Library Foundation, a discretely presented component unit, as described in our report on the City of Des Moines, Iowa's financial statements. The financial statements of the Des Moines Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

The City's basic financial statements include the Municipal Housing Agency, a major enterprise fund, and the Des Moines Airport Authority, a discretely presented component unit. Our report below does not extend to the Municipal Housing Agency or Des Moines Airport Authority because they are reported in separately issued financial and compliance reports of the Municipal Housing Agency and the Des Moines Airport Authority.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective 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 opinion 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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*.

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters in Section IV of the schedule of findings and questioned costs are not intended to constitute legal interpretation of those statutes.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City's responses and, accordingly, we express no opinion on them.

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

McGladrey LLP

Des Moines, Iowa
December 11, 2012



**Independent Auditor's Report on Compliance With
Requirements that Could Have a Direct and Material Effect
on Each Major Program and Internal Control Over Compliance
in Accordance With OMB Circular A-133, Supplementary Schedule
of Expenditures of Federal Awards and on Other Supplementary Information**

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

Scope of this Report

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

The City's basic financial statements include the financial statements of the Des Moines Airport Authority, a discretely presented component unit. Our audit, described below, did not extend to the Des Moines Airport Authority because it is reported in a separately issued financial and compliance report of the Des Moines Airport Authority.

The City's basic financial statements include the operations of the Municipal Housing Agency, an enterprise fund, which is not included in the City's schedule of federal awards during the year ended June 30, 2012. Our audit, described below, did not extend to the operations of the Municipal Housing Agency because it is reported in a separately issued financial and compliance report of the Municipal Housing Agency.

Compliance

We have audited the compliance of the City with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City'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 Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 12-III-A.

Internal Control over Compliance

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

McGladrey LLP

Des Moines, Iowa
December 11, 2012

City of Des Moines, Iowa

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies? Yes None Reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
16.710	Community Policing Grants and ARRA - Public Safety Partnership
93.568	Low-Income Home Energy Assistance
81.128	ARRA - Energy Efficiency and Conservation Block Grant
14.235	Supportive Housing Program
81.041	ARRA - State Energy Program
Highway Planning and Construction Cluster:	
20.219	Highway Research, Planning and Construction Recreation Trails Program
20.205	Highway Research, Planning and Construction
20.205	ARRA - Highway Research, Planning and Construction
CSBF Cluster:	
16.738	Edward Byrne Memorial Justice Assistance Grant
16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant

Dollar threshold used to distinguish between type A and type B programs: \$1,233,921

Auditee qualified as low-risk auditee? Yes No

(Continued)

City of Des Moines, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Controls

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

None reported

B. Compliance Findings

12-III-A

**U.S. Department of Housing and Urban Development (Direct)
Supportive Housing Program (CFDA 14.235)
Award Year: 2012**

Finding: The City did not report subrecipient award details in accordance with the Federal Funding Accountability and Transparency Act.

Criteria: The Transparency Act requires direct recipients that provide \$25,000 or more to their first-tier subrecipients to report the subaward date, subrecipients DUNS number, amount of subaward, obligation/action date, date of the report submission and subaward number within one month after the obligation of the grant monies in the FFATA Subaward Reporting System (FSRS).

Condition: The City did not report the required information over their subrecipients in the FFATA Subaward Reporting System (FSRS).

Questioned Costs: None

Context: Prevalent to all subrecipients receiving \$25,000 or more under these programs.

Effect: Noncompliance with federal compliance requirements.

Cause: The City did not have a process in place to report subrecipient awards.

Recommendation: We recommend the City report all subawards in the FSRS when they are a first-tier subrecipient receiving \$25,000 or more.

Response: The City of Des Moines, Community Development Department will report all subawards in the FFATA Reporting System (FSRS) when there is a subrecipient receiving \$25,000 or more. This reporting will occur by City staff when subrecipient contracts are entered into with agencies.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

IV. Other Findings Related to Required Statutory Reporting

12-IV-A

Certified budget: Expenditures for the year ended June 30, 2012 exceeded the public works, health and social services, culture and recreation, general government, business-type and debt service functions budgeted amounts. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an accrual or continuing appropriation.

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

Response and corrective action plan: The City will look for ways to prevent exceeding the budgetary functions.

12-IV-B

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

12-IV-C

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

12-IV-D

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

12-IV-E

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

12-IV-F

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

12-IV-G

Deposits and investments: We noted a certificate of deposit that was acquired at a rate lower than the rate established by the public funds historical rates. A certificate of deposit was renewed for a period over 397 days at a rate of 0.50 percent. The public funds historical rate at this date for a maturity period of over 397 days is 0.65 percent.

Recommendation: The City should invest in certificates of deposit only at a rate higher than the rate established.

Response and corrective action plan: The City will follow the recommendation as stated and communicate to all appropriate staff, the State of Iowa established minimum earnings rates on investments.

12-IV-H

Revenue notes: No instances of noncompliance with the City's revenue bond provisions were noted.

City of Des Moines, Iowa

**Corrective Action Plan
Year Ended June 30, 2012**

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
Federal Awards				
12-III-A	The City did not report subrecipient award details in accordance with the Federal Funding Accountability and Transparency Act.	See response and corrective action plan at 12-III-A	Chris Johansen, Deputy Director of Community Development	June 30, 2013
Statutory Reporting:				
12-IV-A	Expenditures exceeded budget in the public works, health and social services, culture and recreation, general government and debt service functions.	See reponse and corrective action plan at 12-IV-A	Scott Sanders, Finance Director	June 30, 2013
12-IV-G	A certificate of deposit was acquired at a rate lower than the rate established by the public funds historical rates.	See reponse and corrective action plan at 12-IV-G	Scott Sanders, Finance Director	June 30, 2013