Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2013

WEST DES MOINES, IOWA

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CITY OF WEST DES MOINES, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

Prepared by the Finance Department

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CITY OF WEST DES MOINES
2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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THE CITY OF
West Des Moines®
www.wdm.iowa.gov

Finance Department

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West Des Moines, IA 50265-0320

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FAX 515-222-3640

'Aaa'
Credit Rating
Moody's

'AAA'
Credit Rating
Standard & Poor's

December 12, 2013

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

Chapter 11 of the *Code of Iowa* requires the City of West Des Moines (the "City") to publish a complete set of audited financial statements within nine months of the close of each fiscal year. This comprehensive annual financial report has been published to fulfill this requirement for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all the information, based upon a comprehensive framework of internal control established for this purpose. The cost of internal controls should not exceed anticipated benefits; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly LLP, a firm of licensed certified public accountants, has issued an unqualified opinion on the statements which has been published herein, immediately preceding the financial section of the 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. This letter of transmittal is intended to complement the MD&A and they should be read in conjunction.

Profile of the City

The City was incorporated as Valley Junction in 1893, changed its name to West Des Moines in 1938, and is now the largest suburb of Iowa's capital city of Des Moines. Centrally located in Iowa, the City is currently comprised of approximately 47.3 square miles spanning portions of Polk, Dallas, Warren, and Madison counties.

In 2010 the U.S. Census Bureau reported that the City was home to 56,609 residents which represented a 22% increase since the 2000 census. The City's current population as estimated by the United States Census Bureau is approximately 59,296 residents, which represents an additional increase of 4.6% since 2010.

Policy-making and legislative authority in the City of West Des Moines are vested in a governing council. The City Council consists of a mayor and five council members; all are elected on a non-partisan basis. Three of the council members are elected by ward and two, as well as the mayor, elected at large. For continuity purposes, the mayor and council members serve four-year staggered terms with elections held every two years. The City Council makes policy decisions for the City through the enactment of ordinances, resolutions and motions. The Council is also responsible for adopting operating and capital budgets, appointing committees, hiring a city manager and city attorney, and appointing a city clerk.

The City Manager, as the City's chief administrative officer, is responsible for implementing policy decisions of the City Council, overseeing day-to-day operations, and hiring department directors. Departments of the City include Community & Economic Development, Development Services, Emergency Medical Services, Finance, Fire, Human Services, Parks & Recreation, Police, and Public Works. The City also maintains a public library which, through state statute, is governed by a separate Board of Trustees. However, the library and its employees are also considered a city department as they are budgeted funds by the City Council and routinely follow the general operating policies and procedures implemented by the City.

Public elementary and secondary education services for City of West Des Moines residents are provided by six separate school districts – Des Moines, Norwalk, Van Meter, Waukee, West Des Moines, and Winterset – while public water services are provided either by the West Des Moines Water Works or the Des Moines Water Works. Each of these school districts or water works entities have the ability to issue separate debt which is not an obligation of the City; therefore the financial statements of these entities have not been included in this report.

The annual budget serves as the foundation for the City's financial planning and control. Each fall, staff from each of the City's departments will submit requests and discuss needs for budgetary appropriation related to the upcoming fiscal year. Using these requests, as well as personnel expense, benefit expense, and revenue projections produced by the finance department, the city manager prepares a preliminary budget. This is presented to the Mayor and City Council for discussion during workshops and public hearings, before ultimately approving a budget. By state statute, this budget must be adopted and filed with the State prior to March 15th of each year. The state mandates legal spending control at the function level, which consists of Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Capital Projects, Debt Service, and Business-type.

Local Economy

While West Des Moines is the 9th largest city in Iowa by population, it currently ranks 3rd overall in terms of taxable retail sales, 3rd in terms of property valuations, and 2nd in the collection of hotel/motel tax revenues. The median household income in the City continues to exceed both the national and state averages. According to the US Census Bureau, at the end of 2012 median household income in the City was $66,856, which compares to the State of Iowa median of $50,957 and the national median of $51,371.

West Des Moines continued to grow high quality jobs and the housing market in the city and metro area rebounded during the fiscal year ended June 30, 2013. The City issued building permits for construction valued in excess of $237 million, which represented the third highest year in its history. Very recent announcements of a planned $100 million expansion by Wells Fargo and $40 million expansion by Microsoft Corporation should fuel significant growth into the next fiscal year and beyond.

Since the completion of the $200 million Jordan Creek Town Center in 2004, many other retail establishments, restaurants, hotels, and single and multi-family residences have been constructed in the Jordan Creek and nearby West Glen areas. This trend continued in the most recent fiscal year. Creation of an Urban Renewal Area in the Woodland Hills residential area rejuvenated a part of the City which had been crippled by developer bankruptcy during the recent recession, and housing growth which had slowed to a crawl is now regaining momentum with 203 new housing starts during the past fiscal year.

The City places an emphasis on a creative but sound economic development strategy which offers plans to businesses seeking to grow within or relocate to the City. In this regard, the City Council continued its policy of providing partial tax rebate and job creation incentives to industrial businesses that expand or improve their facilities, however residential tax abatement or complete tax rebates are not measures that the City has felt forced to implement.

Relevant Financial Policies and Long-term Financial Planning

The City continues to be cautious when estimating property tax revenue, ancillary revenue, and investment returns, as well as use conservative expense figures to establish rates and balance the budget into upcoming fiscal years. These tactics ensure that adequate funding for services will be available in future budget cycles.

For budgetary and planning purposes, management strives to maintain an unassigned, undesignated general fund balance equal to or slightly exceeding 25 percent of total general fund expenditures. These funds are necessary to meet cash flow needs during the initial months of the new fiscal year as property tax revenue, the primary source of funding for general operations, is collected semi-annually with the respective county treasurers remitting the vast majority of those taxes to the City in the months of October and April.

During the annual budgeting process, the City evaluates the property tax rate for comparison to other cities of similar size and to determine that there will be sufficient revenue to provide the services deemed necessary by the City Council. Fees and charges for services are also evaluated annually to ensure they keep pace with the cost of providing these specific services. The City strives to maintain or increase its diversified revenue sources, to provide for greater financial stability.

Included in the operating budget are costs associated with the City's capital equipment replacement schedule. This money is set-aside annually to ensure funding is available for the timely replacement of vehicles and heavy equipment that are no longer cost effective to maintain. In addition, during each budget cycle the City Council and staff update the City's multi-year capital improvement plan, including funding of priority projects, based on community input and other data. Among the data available is information from a street management system which assesses and prioritizes street maintenance needs over a multi-year cycle.

The City has established four measures in regard to the issuance of debt. First, the City prefers to limit the amount of general obligation debt issued to one-half of the constitutionally allowed debt limit. Second, the City strives to maintain bonded debt below $1,000 per capita. Third, a debt issuance that is not voted on by the taxpayers should not necessitate an increase in the property tax rate. Finally, the debt service property tax rate will be maintained at or near $2.00 per $1,000 of valuation.

Major Initiatives and Accomplishments

On July 18, 2013, Standard and Poor's Rating Services reaffirmed the City's AAA bond rating. This rating, plus an Aaa rating last confirmed by Moody's Investor Services on March 12, 2012, represent the highest ratings available from each agency and, according to Standard & Poor's, reflects "the City's status as an employment and residential center for the entire Des Moines metropolitan area; the City's access to the large and diverse Des Moines area economy; strong incomes and extremely strong market value per capita, and a very strong financial position coupled with significant revenue-raising flexibility." As of June 30, 2013, the City was one of less than 100 in the United States to have the distinction of carrying the highest rating from both Moody's and Standard & Poor's.

The City's financial positions remained strong and for the fiscal year ended June 30, 2013, the City reported a general fund surplus of just over $2.3 million, which brought the general fund reserves to $24.8 million, or 53.2% of annual general fund operating expenditures. Since 2008, the City has successfully refinanced several of its general obligation bond issuances and as a result has netted over $6.7 million of net present value interest savings.

Financial Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Des Moines for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 20th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and again this year will be submitting it to the GFOA to determine eligibility for another certificate.

Additionally, for the 15th consecutive year the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document related to the fiscal year beginning July 1, 2013. In order to qualify for the Distinguished Budget

Presentation Award, the City's budget document was judged and deemed proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Additionally, in May 2002, the City of West Des Moines revised its investment policy and submitted it to the Association of Public Treasurers of the United States and Canada (APT US & C) for consideration in their Investment Policy Certification Program. Upon review of that submission, which is reviewed periodically but continues to reflect the current policy, the City was presented with the Association's Written Investment Policy Certification.

Acknowledgements

Elected officials and staff take great pride in providing high quality municipal services, including transparent and clear financial reporting and budgeting. The City's continued recognition of reporting excellence by the GFOA, the City's continuing AAA bond rating, and a #1 ranking by the Des Moines Business Record as the most conducive city for business in Central Iowa for sixteen consecutive years, are all reflective of competiveness, efficiency, and attention to detail.

Preparation of this report was accomplished through the dedicated services provided by the Finance Department staff. We would like to express our appreciation to all members of the department who assisted with the audit and contributed to the preparation of this report, including our audit firm Eide Bailly LLP. Likewise, we wish to extend our sincere appreciation to the Mayor and members of the City Council for their interest in and support of our efforts to conduct the City's financial operations in the most responsible and progressive manner.

Respectfully submitted,

Greg L. Sparks
City Manager

Tim Stiles
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Des Moines

Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of West Des Moines, Iowa

List of Principal Officials
As of June 30, 2013

Elected Officials

Steven K. Gaer	Mayor	Term Expires January 2014
Ted Ohmart	Councilmember, At Large	Term Expires January 2014
James Sandager	Councilmember, At Large	Term Expires January 2016
John Mickelson	Councilmember, Ward 2	Term Expires January 2016
Kevin Trevillyan	Councilmember, Ward 1	Term Expires January 2014
Russ Trimble	Councilmember, Ward 3	Term Expires January 2014

Appointed Officials

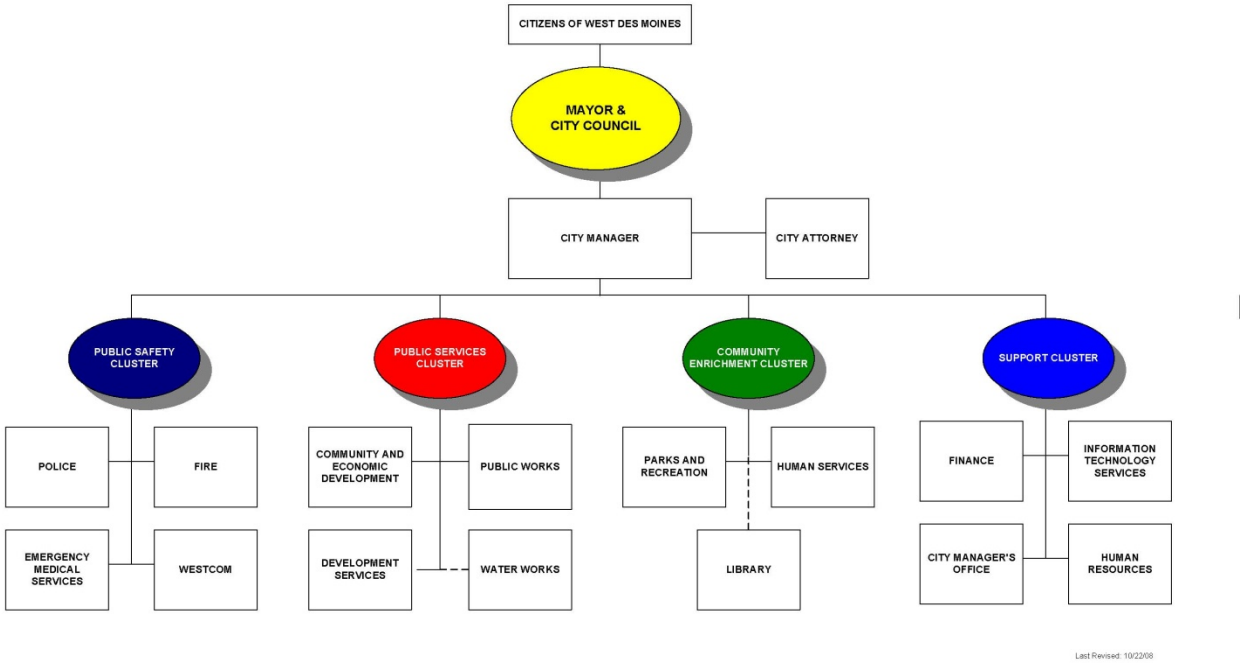
Greg L. Sparks, City Manager

Jody E. Smith, Deputy City Manager and City Clerk

Richard J. Scieszinski, City Attorney

City of West Des Moines, Iowa

Organizational Chart
As of June 30, 2013



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FINANCIAL SECTION

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, as of June 30, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Des Moines, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued a report dated December 12, 2013, on our consideration of the City of West Des Moines, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Dubuque, Iowa
December 12, 2013

City of West Des Moines, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

As management of the City of West Des Moines, Iowa, (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is located in the Introductory Section at the front of this report.

Financial Highlights

At June 30, 2013, assets of the City exceeded liabilities by $537 million. Of this amount, $81 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. By comparison, for the fiscal year ended June 30, 2012, assets exceeded liabilities by $509 million, of which $66 million was unrestricted.

The City's total net position increased by $27 million during the fiscal year ended June 30, 2013. Governmental activities increased $21 million and business-type activities increased $6 million. The City continues to be able to report positive balances in all three categories of net position; for the government as a whole, as well as its separate governmental and business-type activities.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $70 million, a decrease of $8 million from the end of the previous fiscal year. The unassigned portion of the City's fund balance, which is available for spending at the City's discretion, totaled $25 million at June 30, 2013, an increase of $3 million from the balance at the end of the prior fiscal year.

In conjunction with the issuance of 2013A Series General Obligation Bonds, Standard & Poor's Rating Services reaffirmed the City's AAA bond rating on July 18, 2013. The City continues to hold the highest available rating from both Standard & Poor's Rating Service and Moody's Investor Services. The Moody's rating was last reaffirmed on March 12, 2012. Each of the agencies cites the City's financial positions and conservative fiscal management as strengths.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information.

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

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 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 include public safety, public works (roads, engineering, and traffic controls), health and social services, culture and recreation, community and economic development, general government, and interest on long-term debt. The business-type activities of the City include sanitary sewer, storm water, and solid waste operations.

The government-wide financial statements include only those balances of the City of West Des Moines, as the *primary government*. The West Des Moines Community School District, the Waukee Community School District, the Des Moines Independent School District, the Norwalk Community School District, the Van Meter Community School District, the Winterset Community School District, and West Des Moines Waterworks provide services to the citizens of West Des Moines but do not meet established criteria to be component units of the City, and thus are not included in this report.

The government-wide financial statements can be found on pages 34 through 37 of this report.

Fund financial statements. A *fund* is defined as 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 West Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds, which are described in further detail as follows:

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, government 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 financing requirements, and is typically the basis used in developing the next annual budget.

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 City's near term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City maintains fourteen individual governmental funds. Information is presented separately in the *Balance Sheet - Governmental Funds* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* for the General Fund, Road Use Tax Fund, Tax Increment Financing Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation under the column heading *Nonmajor Governmental Funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City presents budgetary information as allowed by GASB Statement No. 41. The City adopts an annual appropriated budget for the activity of all funds except agency funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions, not by fund or fund type.

The basic governmental fund financial statements can be found on pages 38 through 41 of this report.

Proprietary funds consist of two different types of funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses enterprise funds to account for sanitary sewer system, storm water, and solid waste activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City utilizes four internal service funds to account for its vehicle replacement, vehicle maintenance, health and dental insurance program, and workers' compensation program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 major sanitary sewer operations fund, the major storm water operations fund, and the nonmajor solid waste operations fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided as combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 42 through 47 of this report.

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 statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 48 of this report.

Notes to basic financial statements. The notes included herein provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 49 through 73 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also provides certain *required supplementary information* concerning the City, including progress in funding its obligation to provide retiree healthcare, a budgetary comparison based on the City's legal level of budgetary control, and infrastructure condition and maintenance records which are required as the City has elected to use the modified approach for reporting much of its infrastructure. This approach to recording infrastructure is explained in detail on page 27, while other required supplementary information can be found on pages 77 through 79 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on infrastructure. Combining and individual fund statements and schedules can be found on pages 80 through 89 of this report.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government's financial standing. At June 30, 2013, the City's assets exceeded liabilities by $536,805,704. The City's net position is allocated on the basis of function and categorized in the table below as either supporting a governmental or business-type purpose, and are discussed below.

City of West Des Moines
Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013
Assets						
Current and other assets	$ 161,643	$ 152,605	$ 41,890	$ 43,510	$ 203,533	$ 196,115
Capital assets, net of depreciation	428,951	437,951	73,149	76,662	502,100	514,613
Total assets	590,594	590,556	115,039	120,172	705,633	710,728
Liabilities						
Current liabilities	84,501	93,985	1,014	840	85,515	94,825
Long-term liabilities outstanding	109,746	79,003	1,012	94	110,758	79,097
Total liabilities	194,247	172,988	2,026	934	196,273	173,922
Net position						
Net investment in capital assets	331,323	348,765	71,785	76,662	403,108	425,427
Restricted net position	39,407	30,255	463	-	39,870	30,255
Unrestricted net position	25,617	38,548	40,765	42,576	66,382	81,124
Total net position	$ 396,347	$ 417,568	$ 113,013	$ 119,238	$ 509,360	$ 536,806

The largest portion of the City's net position (79% of the total) represents its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less all outstanding debt used to acquire those assets. The City uses the capital assets to provide services to its citizens; consequently these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities. Overall, the net investment in capital assets increased $22.3 million from the previous year. The increases were in support of both governmental activities and business-type activities and are indicative of the City's ongoing commitment to provide quality infrastructure assets in the community, and its effort to aggressively repay debt related to those assets.

An additional portion of the City's net position (6% of the total) represents resources that are subject to external use restrictions. These amounts fluctuate from year to year based on the timing of restricted revenue and completion of the restricted projects or activities. Total restricted net position decreased by $9.6 million during the fiscal year ended June 30, 2013.

The remaining balance of net position (15% of the total) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position increased by $14.7 million during the fiscal year ended June 30, 2013, which partially reflects the absence of any new debt obligations, including bonds and other amounts payable, as well as the City's ability to meet or exceed budget projections in net revenue, particularly in the enterprise funds and more particularly, the sewer fund. The lack of bond issuances can largely be considered a timing issue, as the City did issue approximately $4 million of new debt subsequent to June 30, 2013.

A summary of the City's changes in net position during the fiscal year follows and is discussed below:

Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
Revenues	2012	2013	2012	2013	2012	2013
Program revenues:						
Charges for services	$ 8,766	$ 7,682	$ 13,155	$ 13,742	$ 21,921	$ 21,424
Operating grants and contributions	10,957	9,649	-	-	10,957	9,649
Capital grants and contributions	7,126	2,704	1,601	4,540	8,727	7,244
General revenues:						
Property taxes	57,842	58,569	-	-	57,842	58,569
Other taxes	3,951	4,157	-	-	3,951	4,157
Earnings on investments	59	246	149	66	208	312
Other	1,029	1,426	-	-	1,029	1,426
Total revenues	89,730	84,433	14,905	18,348	104,635	102,781
Expenses						
General government	5,712	6,200	-	-	5,712	6,200
Public safety	24,797	24,701	-	-	24,797	24,701
Public works	9,523	10,743	-	-	9,523	10,743
Health and social services	1,191	1,153	-	-	1,191	1,153
Culture and recreation	9,526	9,495	-	-	9,526	9,495
Community and economic development	7,588	7,592	-	-	7,588	7,592
Interest on long-term debt	3,653	3,450	-	-	3,653	3,450
Sanitary sewer	-	-	8,255	8,372	8,255	8,372
Solid waste	-	-	1,731	1,778	1,731	1,778
Storm water	-	-	1,311	1,852	1,311	1,852
Total expenses	61,990	63,334	11,297	12,002	73,287	75,336
Change in net position before transfers	27,740	21,099	3,608	6,346	31,348	27,445
Transfers	(3,080)	121	3,080	(121)	-	-
Change in net position	$ 24,660	$ 21,220	$ 6,688	$ 6,225	$ 31,348	$ 27,445

Governmental Activities. Governmental revenues in the current year decreased by $5.3 million, or 6%. While building permit revenues continued to be strong, other fee-based revenues generally decreased. The City's overall property tax revenue increased just slightly; however revenue from construction grants and other outside funding was over $4 million less than the previous year.

Governmental Expenses increased only $1.3 million, or 2%, from the prior fiscal year. This increase was largely due to rising employee costs across all departments.

Business-Type Activities. Revenue received through Charges for Services increased by $0.5 million, or approximately 4%, in the current year. Expenses increased by $0.7 million, or approximately 6% based on sewer and solid waste usage. These increases are expected based on pre-determined rate increases which were developed as part of a long-term funding strategy.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also the case in the prior fiscal year.

Financial Analysis of the Government's Fund Financial Statements

As noted earlier in this report, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The City's governmental funds reported combined fund balances of $69,995,032 as of June 30, 2013. Of this total $24,829,272 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is not available for new spending because it has already been restricted either (1) by legal requirements for debt service payments ($16,237,372); (2) for urban renewal and development in Tax Increment Financing Districts ($4,979,438); (3) for liquidation of contracts for capital improvements ($18,323,593); or (4) various other purposes totaling $5,625,357. The other purposes are described by the titles of the Special Revenue Funds in which the individual fund balances are disclosed.

The unassigned balance of the General Fund, the chief operating fund of the City, increased $2,509,133, or 11%, to a total of $24,843,852 at June 30, 2013. As a measure of the General Fund's liquidity, it is generally useful to compare unassigned fund balance to total annual fund expenditures. The unassigned balance of the General Fund at June 30, 2013, represents approximately 53.2% of annual General Fund expenditures. The City strives to maintain an average fund balance of at least 25.0% of General Fund expenditures for working capital needs due to fluctuations in revenue, as property tax revenue is only collected semi-annually with the majority of the revenue remitted to the City by the respective county treasurers in the months of October and April each year.

General Fund revenue saw an overall decrease of $0.5 million, largely because the City did not receive the level of intergovernmental revenue (i.e. grants) in the current fiscal year. There were very limited major grant-funded infrastructure projects as compared to previous years. Property tax revenue, the largest component of general fund revenue, saw a slight decrease of $1.0 million, or 0.3%, largely because a more significant portion of property tax revenue than that of previous years was funneled towards TIF areas, due to contractual and debt obligations in those areas. While citywide tax revenue increased slightly, revenue in the more established non-TIF areas of the City decreased, presumably due to valuation adjustments and appeals.

General Fund expenditures increased by $1,274,930, or 2.8%. This was nearly entirely the result of increases in employee cost, including salaries and benefits.

The Tax Increment Financing (TIF) Fund had a fund balance of $4,979,438 at June 30, 2013; an increase of $734,946 or 17.3%. Since property taxes are collected in arrears, the City continues to benefit from past growth in these areas. The property taxes collected in these special financing districts are generally transferred from the Tax Increment Financing Fund to other funds to cover bonded debt, other loans, advances and contracts used to finance infrastructure improvements in these TIF districts.

The Debt Service Fund had a fund balance of $3,497,034 at June 30, 2013, a decrease of $94,149. This fund is restricted for the payment of debt (i.e. payment of general obligation principal and interest).

The Capital Projects Fund experienced a decrease in fund balance of $9,043,085. No bonds were issued during the fiscal year and the Capital Projects Fund reports no unassigned fund balance at June 30, 2013.

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

Total net position of the Sanitary Sewer Fund at the end of the year amounted to $86 million. This is comprised of: $50.5 million net investment in capital assets and $35.5 million in unrestricted net position. This increase in net position of $2.4 million, or 2.8% was largely the result of a planned rate increase. It is anticipated that the fund balance will increase as development necessitates the construction of more sewer infrastructure in currently unimproved areas of the City.

Total net position of the Storm Water Fund at the end of the current year was $32.1 million, with $26.2 million net investment in capital assets and $5.9 million in unrestricted net position.

Total net position of the Solid Waste Fund at the end of the current year was $769,182 all of which was unrestricted. The Solid Waste Fund does not have any investment in capital assets as all assets are handled by a private contractor.

Unrestricted net position accumulated in the Storm Water and, more particularly, the Sewer fund will be used to fund future large dollar expenditures for the expansion of the City's sanitary sewer system to the south and southwest and, to meet more stringent, regulatory requirements for storm water runoff management and monitoring. The City began collecting storm water utility fees in July 1, 2006, to fund the new requirements.

Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type. During the year ended June 30, 2013, the City did not exceed the legal budget in any of the functional areas.

During the fiscal year ended June 30, 2013, there were four budget amendments, dated November 12, 2012, December 10, 2012, March 4, 2013, and May 13, 2013. Amendments are a routine occurrence for the City and are primarily due to changes in the timing of capital improvement projects and related grant and other receipts for these projects. Because the City's June 30th fiscal year end occurs during the "construction season" in Iowa, it is difficult to judge in advance, that portion of construction projects which will be in process on June 30th. The budget is also routinely amended each year to adjust projected fiscal year beginning balances to equal actual audited fund balances. In addition, the current year's amendments included an expenditure of $2,000,000 for the purchase of land for a proposed Public Services facility and $3,341,892 for development agreement payments that were scheduled to be paid in FY 2011-12 but were carried over to FY 2012-13.

Budget amendments affecting the City's Business Type/Enterprise funds saw an increase to expenditures of $918,131 for the early retirement of three bonds. The early pay off of these bonds will result in a savings of interest expense in future years. Debt service expenditures were increased to reflect payment of new bond issues and the advance refunding of Series 2006A

GO Bonds. An increase in revenues was included in these amendments to reflect reimbursement for several grant programs and development related receipts. Budgetary comparison schedules on pages 73 through 74 provide more information.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to $514.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings (e.g. recreation trails, athletic fields, parking lots), vehicles and equipment, and infrastructure (e.g. roads, bridges, sanitary and storm sewer lines). The total increase in the City of West Des Moines' capital assets for the current fiscal year was 2.5%; slightly higher than the previous year's increase of 2.2%.

The City of West Des Moines has elected the option to use the modified approach for reporting infrastructure within the governmental activities, as allowed by GASB Statement No. 34. Under the modified approach eligible infrastructure is not required to be depreciated if the following requirements have been met:

The government must have an up-to-date inventory of the assets of those networks or subsystems.

The government must perform or obtain condition assessments of those assets and summarize the results using a measurement scale. It is essential that such condition assessment be replicable (i.e., conducted using methods that would allow different measurers to reach substantially similar results).

The government must make an annual estimate of the amount needed to maintain and preserve those assets at a condition level established and disclosed by the government.

The government must document that infrastructure assets are being preserved at or above the condition level established and disclosed by the government.

The City already had an inventory management system in place and was performing condition assessments as part of its on-going efforts to maintain and preserve the quality and useful life of these governmental infrastructure assets. Under the modified approach, the City records the actual maintenance and preservation costs incurred during the period as expense, rather than capitalizing the preservation costs and estimating the amount of depreciation expense to record. Only improvements and additions that increase the capacity or efficiency of the infrastructure network are capitalized under this approach. All other costs are expensed in the period incurred.

The *required supplementary information* that must be presented by governments electing this approach appears on pages 77 through 79 of this report. From this supplementary information you can see that the City has been able to consistently meet or exceed its condition level goals. For a full explanation as to how the following condition levels were determined, please see page 77 of this report.

Condition Level for Street Network
(prior 3 condition assessments)

	2009	2011	2012
Street subsystem:			
Goal	78-80	78-80	78-80
Actual	80.8	80.3	80.3
Levee subsystem:			
Goal	Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Acceptable	Minimally Acceptable	Minimally Acceptable

	2007	2009	2011
Bridge and culvert system:			
Goal	81 or greater	81 or greater	81 or greater
Actual	93.8	93.8	91.3

The *required supplementary information* also reveals that estimated maintenance costs and actual maintenance costs are fairly consistent considering that the fiscal year falls in the middle of the construction season which will result in some fluctuation from year to year depending on the exact date that the construction contract is let.

Comparison of street network prevention and maintenance costs
(in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013
Estimated costs	$4,077	$4,480	$4,915	$5,397	$4,374	$5,296	$5,307	$6,753
Actual costs	3,516	4,751	4,661	5,024	5,071	5,387	5,119	3,720

West Des Moines has *not* elected to use the modified approach for reporting the infrastructure of business-type activities, as the City has not yet completed the necessary condition assessments required for the use of the modified approach. Therefore, depreciation expense has been recognized for the sanitary sewer and storm sewer infrastructure capital assets.

Capital Assets, Net of Applicable Depreciation
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	$ 18,997	$ 23,852	$ 413	$ 413	$ 19,410	$ 24,265
Buildings	42,222	43,883	-	-	42,222	43,883
Improvements other than buildings	38,672	40,931	-	-	38,672	40,931
Fiber Network	4,638	5,109	-	-	4,638	5,109
Equipment and vehicles	20,186	21,663	123	302	20,309	21,965
Construction-in-Progress	17,686	11,298	2,126	1,415	19,812	12,713
Share of undivided equity interest assets	1,803	1,798	-	-	1,803	1,798
Infrastructure, depreciable	-	-	102,261	108,456	102,261	108,456
Infrastructure, non-depreciable	327,330	336,272	-	-	327,330	336,272
Accumulated depreciation	(58,940)	(63,060)	(31,773)	(33,956)	(90,713)	(97,016)
Intangibles	16,358	16,204	-	31	16,358	16,235
Total capital assets	$ 428,952	$ 437,950	$ 73,150	$ 76,661	$ 502,102	$ 514,611

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

- Spent over $1.7 million to upgrade the digital radio system for emergency dispatch (total project cost $2.5 million to date).
- Spent over $1.6 million to widen 60th Street between Applewood Drive and Coachlight Drive (total project cost $2 million).
- Spent over $1.5 million on traffic signal enhancements.
- Spent over $0.9 million on a new interchange at Interstate 80 and 105th Street (total project cost $1.7 million to date and expected to total approximately $10.5 million when completed sometime over the next two to three years).

Additional information concerning the City's capital assets can be found in Note 1 and Note 3 of the *Notes to Basic Financial Statements* on pages 49 through 58 and 60 through 61, respectively.

Outstanding Debt

General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
General Obligation Bonds	$ 119,400,616	$ 101,834,010	$ -	$ -	$ 119,400,616	$ 101,834,010
Revenue Bonds	-	-	1,364,000	-	1,364,000	-
	$ 119,400,616	$ 101,834,010	$ 1,364,000	$ -	$ 120,764,616	$ 101,834,010

Long-term debt. At the close of the fiscal year ended June 30, 2013, the City had total bonded debt outstanding of $101.8 million, all backed by the full faith and credit of the government.

During the current fiscal year the City's total bonded debt decreased by $18.9 million due to the early payoff of $1.4 million of outstanding sewer revenue bonds, the crossover refunding of $2.7 million of the Series 2006A general obligation bonds, and regular principal payments on the remaining outstanding general obligation bonds.

The Iowa State Constitution limits the amount of general obligation debt which may be issued by a city to 5 percent of the actual assessed value of all its taxable property. The current debt limitation for the City is approximately $302.3 million. With outstanding general obligation debt of $105.2 million (general obligation bonds plus other debt subject to the limitation), the City had utilized 34.8% of the debit limit as of June 30, 2013.

Additional information on the City's long-term debt can be found in Note 4 on pages 61 through 64 of this report.

Economic Factors, Budgets, and Rates for the Upcoming Fiscal Year

As one of the fastest growing cities in the State of Iowa, West Des Moines expects growth both in population and in overall property valuations to continue over the next several years. However, recent legislative action passed in May 2013 significantly affects future taxable valuations for commercial property. This legislation includes a 10% cut to commercial tax rates over a period beginning July 1, 2014. Lost revenues will be filled by funding from the State of Iowa, but this is only guaranteed to match the lost revenues for up to three fiscal years. Thus, the City is engaging in very conservative budgeting practices.

Historically, the City's tax base has grown between 2 percent and 9 percent annually. The City's tax base (taxable value) has increased 5.8% annually from 2006-2010, decreased slightly in 2011, then returned to a 4.3% increase in 2012.

The budget for fiscal year ending June 30, 2013, allowed a steady tax rate but included projections that show the City's property tax values will contract by approximately 1.7%. This was the result of a significant devaluation in Polk County. Helping to offset this loss in valuation is an adjustment to the calculation for residential property taxes, but nonetheless the fiscal 2014 budget projects general fund tax revenues to drop $233,051, or 0.5%, from the approved budget of the previous year. Although it appears major valuation corrections have been made to reflect the down cycle of our overall economy, future year tax base growth assumptions remain conservative, reflecting between 2% and 4% annual growth.

While West Des Moines continues to experience growth in its property tax base, valuations are determined at the county level. Recent valuation rollbacks and appeals have resulted in the City recognizing the need to project future revenue and expenditure levels to ensure adequate funding for services will be available in future budget cycles for operations. The City essentially budgeted for breakeven results, without the use of this fund balance, and without a property tax rate increase for the fiscal year ending June 30, 2014. The City's property tax rate remains at $12.05 / $1,000 of taxable valuation.

As measured by current actual property valuation and recent population data, valuation compares very strongly to comparable cities, at approximately $108,000 per capita. The City's taxable valuation per capita of over $76,000 remains the highest of Iowa's top ten most populated cities, which allows the City of West Des Moines to maintain the third lowest tax rate of those cities. The City ranks as the fourth highest city for taxable retail sales in Iowa at over $1.7 billion, due to the large presence of retail including two major regional shopping centers. Businesses in the City account for 4.9% of all taxable sales in the State. Many other economic indicators for the City compare favorably with state and national averages. See additional information and measures regarding the City in the Statistical Section of this report.

Requests for Information

This financial report is designed to provide a general overview of the City of West Des Moines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department at 4200 Mills Civic Parkway, Suite 2B or by mail to the City of West Des Moines, Finance Department, PO Box 65320, West Des Moines, Iowa 50265-0320.

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BASIC FINANCIAL STATEMENTS

City of West Des Moines, Iowa
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Current assets			
Cash and investments	$ 74,467,028	$ 39,857,428	$114,324,456
Restricted cash and investments	12,940,338	–	12,940,338
Receivables			
Property taxes	59,158,920	–	59,158,920
Accounts and unbilled usage	729,036	3,271,031	4,000,067
Interest	5,334	75,120	80,454
Special assessments	841,921	4,715	846,636
Loans	30,331	–	30,331
Internal balances	(301,568)	301,568	–
Due from other governments	3,887,588	–	3,887,588
Inventories	83,024	–	83,024
Total current assets	151,841,952	43,509,862	195,351,814
Noncurrent assets			
Bond issuance costs	762,436	–	762,436
Capital assets			
Nondepreciable			
Land	23,852,183	413,178	24,265,361
Infrastructure	336,272,478	–	336,272,478
Construction-in-progress	11,298,163	1,414,512	12,712,675
Intangibles	15,574,850	–	15,574,850
Depreciable			
Buildings	43,883,441	–	43,883,441
Equipment and vehicles	21,663,173	302,489	21,965,662
Fiber network	5,109,062	–	5,109,062
Improvements other than buildings	40,930,977	–	40,930,977
Share of undivided equity interest assets	1,798,091	–	1,798,091
Intangibles	629,235	31,250	660,485
Infrastructure	–	108,456,306	108,456,306
Accumulated depreciation	(63,060,490)	(33,956,173)	(97,016,663)
Net capital assets	437,951,163	76,661,562	514,612,725
Total noncurrent assets	438,713,599	76,661,562	515,375,161
Total assets	590,555,551	120,171,424	710,726,975

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable	$ 2,684,141	$ 725,825	$ 3,409,966
Claims payable	698,659	–	698,659
Accrued wages payable	553,590	18,402	571,992
Interest payable	245,997	–	245,997
Unearned revenue	58,962,501	–	58,962,501
Compensated absences	2,546,517	95,575	2,642,092
General obligation bonds	26,770,000	–	26,770,000
Capital lease payable	276,630	–	276,630
Installment contracts	1,246,823	–	1,246,823
Total current liabilities	93,984,858	839,802	94,824,660
Noncurrent liabilities			
Compensated absences	1,430,796	63,879	1,494,675
General obligation bonds	75,064,010	–	75,064,010
Capital lease payable	282,867	–	282,867
Installment contracts	1,586,822	–	1,586,822
Net OPEB liability	638,516	29,721	668,237
Total noncurrent liabilities	79,003,011	93,600	79,096,611
Total liabilities	172,987,869	933,402	173,921,271
NET POSITION			
Net investment in capital assets	348,765,036	76,661,562	425,426,598
Restricted for			
Capital projects	4,075,241	–	4,075,241
Debt service	3,497,034	–	3,497,034
Urban renewal and development	4,979,438	–	4,979,438
Road use projects	11,667,273	–	11,667,273
Retirement benefits	3,404,437	–	3,404,437
Other purposes	2,631,357	–	2,631,357
Unrestricted	38,547,866	42,576,460	81,124,326
Total net position	$417,567,682	$119,238,022	$536,805,704

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ACTIVITIES
Year ended June 30, 2013

Programs/Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities				
Public safety	$24,700,994	$ 5,608,894	$2,469,593	$ –
Public works	10,742,899	104,108	5,504,499	2,516,288
Health and social services	1,152,757	–	226,484	–
Culture and recreation	9,495,234	1,343,505	177,360	–
Community and economic development	7,592,235	579,364	934,355	–
General government	6,199,838	46,383	336,938	187,753
Interest on long-term debt	3,450,029	–	–	–
Total governmental activities	63,333,986	7,682,254	9,649,229	2,704,041
Business-type activities				
Sewer system	8,372,160	9,814,708	–	982,089
Storm water system	1,852,241	2,165,281	–	3,557,677
Solid waste system	1,778,179	1,762,412	–	–
Total business-type activities	12,002,580	13,742,401	–	4,539,766
Total primary government	$75,336,566	$21,424,655	$9,649,229	$7,243,807

General revenues
Taxes
Property taxes
Franchise tax
Other City taxes
Hotel/Motel tax
Miscellaneous
Investment earnings
Unrestricted grants
Transfers
Total general revenues and transfers
Changes in net position

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Totals**
$ (16,622,507)	$ –	$ (16,622,507)
(2,618,004)	–	(2,618,004)
(926,273)	–	(926,273)
(7,974,369)	–	(7,974,369)
(6,078,516)	–	(6,078,516)
(5,628,764)	–	(5,628,764)
(3,450,029)	–	(3,450,029)
(43,298,462)	–	(43,298,462)
–	2,424,637	2,424,637
–	3,870,717	3,870,717
–	(15,767)	(15,767)
–	6,279,587	6,279,587
(43,298,462)	6,279,587	(37,018,875)
58,568,528	–	58,568,528
294,182	–	294,182
575,555	–	575,555
3,287,208	–	3,287,208
480,641	–	480,641
245,879	66,498	312,377
945,655	–	945,655
121,222	(121,222)	–
64,518,870	(54,724)	64,464,146
21,220,408	6,224,863	27,445,271
396,347,274	113,013,159	509,360,433
$417,567,682	$119,238,022	$536,805,704

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2013

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$24,054,337	$11,269,418	$ 4,953,120	$ 3,467,994	$ 7,697,579	$ 5,488,950	$ 56,931,398
Restricted cash and investments	–	–	–	–	12,740,338	200,000	12,940,338
Receivables							
Property taxes	33,403,849	–	10,903,511	8,665,020	7,753	6,178,787	59,158,920
Accounts	604,077	–	–	–	–	101,407	705,484
Loans	–	–	–	–	–	30,331	30,331
Special assessments	13,110	–	–	–	828,811	–	841,921
Due from other funds	129,103	–	–	–	–	–	129,103
Due from other governments	1,746,201	464,514	–	–	1,488,894	187,979	3,887,588
Total assets	$59,950,677	$11,733,932	$15,856,631	$12,133,014	$ 22,763,375	$12,187,454	$134,625,083
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts payable	$ 750,228	$ 66,659	$ –	$ –	$ 1,559,416	$ 183,571	$ 2,559,874
Accrued wages payable	551,055	–	–	–	–	2,535	553,590
Due to other funds	–	–	–	–	–	129,103	129,103
Deferred revenue	33,805,542	–	10,877,193	8,635,980	1,807,301	6,261,468	61,387,484
Total liabilities	35,106,825	66,659	10,877,193	8,635,980	3,366,717	6,576,677	64,630,051
Fund Equity							
Fund balances							
Restricted for							
Capital projects	–	11,667,273	–	–	6,656,320	–	18,323,593
Debt service	–	–	–	3,497,034	12,740,338	–	16,237,372
Urban renewal and development	–	–	4,979,438	–	–	–	4,979,438
Other purposes	–	–	–	–	–	5,625,357	5,625,357
Unassigned	24,843,852	–	–	–	–	(14,580)	24,829,272
Total fund equity	24,843,852	11,667,273	4,979,438	3,497,034	19,396,658	5,610,777	69,995,032
Total liabilities and fund equity	$59,950,677	$11,733,932	$15,856,631	$12,133,014	$22,763,375	$12,187,454	$134,625,083

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2013

Total governmental funds balances		$ 69,995,032
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is $487,691,082 and the accumulated depreciation is $54,976,848.		432,714,234
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,424,983
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 position		
Capital assets	13,320,571	
Accumulated depreciation	(8,083,642)	
Other current assets	17,647,540	
Other current liabilities	(822,926)	22,061,543
Internal service funds allocated to business-type activities		(301,568)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	(3,977,313)	
Other postemployment benefits payable	(638,516)	
Accrued interest payable	(245,997)	
General obligation bonds payable	(97,410,000)	
Premium on bonds payable	(4,424,010)	
Capital lease obligations	(559,497)	
Installment contracts	(2,833,645)	
Bond issuance costs	762,436	(109,326,542)
Net position of governmental activities		$417,567,682

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
Year ended June 30, 2013

	General	Road Use Tax	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$31,096,461	$ –	$13,272,106	$ 8,283,203	$ –	$5,916,758	$58,568,528
Other City taxes	3,984,637	–	–	95,528	–	76,780	4,156,945
Special assessments	–	–	–	–	359,798	–	359,798
Licenses and permits	1,638,474	–	–	–	–	–	1,638,474
Intergovernmental	4,111,086	5,499,726	–	–	1,004,230	720,498	11,335,540
Charges for services	4,817,190	–	–	–	–	–	4,817,190
Use of money and property	168,491	–	–	62,422	–	210	231,123
Miscellaneous	677,149	–	–	–	332,326	1,036,113	2,045,588
Total revenues	46,493,488	5,499,726	13,272,106	8,441,153	1,696,354	7,750,359	83,153,186
EXPENDITURES							
Current operating							
Public safety	21,878,588	–	–	–	–	2,599,454	24,478,042
Public works	6,448,308	786,039	–	–	–	–	7,234,347
Health and social services	859,637	–	–	–	–	258,327	1,117,964
Culture and recreation	6,786,266	–	–	–	–	140,876	6,927,142
Community and economic development	4,792,300	–	1,960,610	–	–	744,973	7,497,883
General government	5,848,266	–	–	–	–	–	5,848,266
Debt service							
Principal	97,642	1,076,848	–	14,125,000	274,982	70,851	15,645,323
Interest and other charges	10,107	–	–	4,076,357	9,272	860	4,096,596
Capital outlay	–	–	–	–	16,238,960	–	16,238,960
Total expenditures	46,721,114	1,862,887	1,960,610	18,201,357	16,523,214	3,815,341	89,084,523
Excess (deficiency) of revenues over expenditures	(227,626)	3,636,839	11,311,496	(9,760,204)	(14,826,860)	3,935,018	(5,931,337)
OTHER FINANCING SOURCES (USES)							
Transfers in	4,302,368	173,630	83,590	12,386,055	8,592,952	216,675	25,755,270
Transfers out	(1,798,016)	(5,647,117)	(10,660,140)	–	(3,732,127)	(4,306,039)	(26,143,439)
Capital lease obligation	–	–	–	–	72,950	–	72,950
Installment contract	–	–	–	–	850,000	–	850,000
Payment to refunded bond escrow	–	–	–	(2,720,000)	–	–	(2,720,000)
Proceeds from sales of capital assets	85,299	–	–	–	–	3,306	88,605
Total other financing sources (uses)	2,589,651	(5,473,487)	(10,576,550)	9,666,055	5,783,775	(4,086,058)	(2,096,614)
NET CHANGE IN FUND BALANCES	2,362,025	(1,836,648)	734,946	(94,149)	(9,043,085)	(151,040)	(8,027,951)
FUND BALANCES, beginning of year	22,481,827	13,503,921	4,244,492	3,591,183	28,439,743	5,761,817	78,022,983
FUND BALANCES, end of year	$24,843,852	$11,667,273	$ 4,979,438	$ 3,497,034	$19,396,658	$5,610,777	$69,995,032

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2013

Net change in fund balances—governmental funds	$(8,027,951)
Amounts reported for governmental activities in the statement of activities are different because:	
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 amount by which capital outlays exceeded depreciation in the current year:	
Capital outlay	13,411,118
Depreciation	(4,826,721)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase (decrease) net position:	
Book value of capital assets disposed	(411,847)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Change in deferred revenue:	
Special Assessments	(36,717)
Grants	1,166,762
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Change in:	
Net OPEB liability	(84,696)
Compensated absences	465,155
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 position. 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:	
Repayment of long-term debt:	
Capital lease obligations	273,475
General obligation bonds	16,845,000
Installment contracts	1,246,848
Interest	95,728
Issuance of long-term debt	(922,950)
Amortization of bond issuance costs	(170,767)
Amortization of bond premium	721,606
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 governmental activities.	1,476,365
Change in net position of governmental activities	$21,220,408

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
June 30, 2013

	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets					
Cash and investments	$33,482,582	$ 5,775,656	$ 599,190	$ 39,857,428	$17,535,630
Receivables					
Accounts and unbilled usage	2,301,134	540,631	429,266	3,271,031	23,552
Special assessments	2,467	1,172	1,076	4,715	–
Interest	73,736	1,384	–	75,120	5,334
Inventories	–	–	–	–	83,024
Total current assets	35,859,919	6,318,843	1,029,532	43,208,294	17,647,540
Noncurrent assets					
Capital assets					
Nondepreciable					
Land	411,278	1,900	–	413,178	–
Construction-in-progress	1,035,348	379,164	–	1,414,512	–
Depreciable					
Equipment and vehicles	204,572	97,917	–	302,489	13,320,571
Intangibles	15,625	15,625	–	31,250	–
Infrastructure	80,221,137	28,235,169	–	108,456,306	–
Accumulated depreciation	(31,415,472)	(2,540,701)	–	(33,956,173)	(8,083,642)
Net capital assets	50,472,488	26,189,074	–	76,661,562	5,236,929
Total assets	$86,332,407	$32,507,917	$1,029,532	$119,869,856	$22,884,469

See Notes to Basic Financial Statements.

	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste	Total Enterprise Funds	Internal Service Funds
LIABILITIES AND NET POSITION					
Liabilities					
Current					
Accounts payable	$ 203,240	$ 262,235	$ 260,350	$ 725,825	$ 124,267
Claims payable	–	–	–	–	698,659
Compensated absences	58,492	37,083	–	95,575	–
Accrued wages payable	9,831	8,571	–	18,402	–
Total current liabilities	271,563	307,889	260,350	839,802	822,926
Noncurrent					
Compensated absences	13,766	50,113	–	63,879	–
Net OPEB liability	16,224	13,497	–	29,721	–
Total noncurrent liabilities	29,990	63,610	–	93,600	–
Total liabilities	301,553	371,499	260,350	933,402	822,926
Net position					
Net investment in capital assets	50,472,488	26,189,074	–	76,661,562	5,236,929
Unrestricted	35,558,366	5,947,344	769,182	42,274,892	16,824,614
Total net position	86,030,854	32,136,418	769,182	118,936,454	22,061,543
Total liabilities and net position	$86,332,407	$32,507,917	$1,029,532	$119,869,856	$22,884,469

Total enterprise funds net position	$118,936,454
Amounts reported for business-type activities in the statement of net position are different because:	
Internal service funds are used by management to charge the cost of certain services to individual funds. These assets of the internal service funds are included in business-type activities in the statement of net position.	301,568
Net position of business-type activities	$119,238,022

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION—PROPRIETARY FUNDS
Year ended June 30, 2013

	Business-Type Activities Enterprise Funds				
	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 9,814,669	$ 2,165,281	$1,762,412	$ 13,742,362	$ 6,612,724
Lease revenue	–	–	–	–	1,484,633
Other	39	–	–	39	–
Total operating revenue	9,814,708	2,165,281	1,762,412	13,742,401	8,097,357
OPERATING EXPENSES					
Cost of sales and services	3,401,994	1,227,809	1,778,179	6,407,982	5,938,787
Administration	48,809	68,838	–	117,647	–
Depreciation	1,603,761	579,412	–	2,183,173	1,278,797
Total operating expenses	5,054,564	1,876,059	1,778,179	8,708,802	7,217,584
Operating income (loss)	4,760,144	289,222	(15,767)	5,033,599	879,773
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	64,611	1,887	–	66,498	14,756
Interest expense and fiscal charges	(17,050)	–	–	(17,050)	–
Payments to WRA	(3,322,476)	–	–	(3,322,476)	–
(Loss) on sale of capital assets	–	–	–	–	(16,992)
Total nonoperating revenues (expenses)	(3,274,915)	1,887	–	(3,273,028)	(2,236)
Income (loss) before capital contributions and transfers	1,485,229	291,109	(15,767)	1,760,571	877,537
Capital contributions	982,089	3,557,677	–	4,539,766	135,185
Transfers in	–	–	–	–	521,843
Transfers out	(60,611)	(60,611)	–	(121,222)	(12,452)
Change in net position	2,406,707	3,788,175	(15,767)	6,179,115	1,522,113
Total net position, beginning of year	83,624,147	28,348,243	784,949	112,757,339	20,539,430
Total net position, end of year	$86,030,854	$32,136,418	$ 769,182	$118,936,454	$22,061,543
Change in enterprise funds net position				$6,179,115	
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 income of certain activities of internal service funds is reported with business-type activities.				45,748	
Change in net position of business-type activities				$6,224,863	

See Notes to Basic Financial Statements.

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City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
Year ended June 30, 2013

	Business-Type Activities Enterprise Funds				
	Sewer System	**Storm Water System**	**Nonmajor Enterprise Fund Solid Waste**	**Total Enterprise Funds**	**Internal Service Funds**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 12,742,767	$2,164,546	$1,759,927	$16,667,240	$ 8,099,531
Payments to suppliers	(2,458,170)	(544,264)	(1,659,165)	(4,661,599)	(1,246,269)
Payments to WRA	(3,322,476)	–	–	(3,322,476)	–
Payments to claimants	–	–	–	–	(4,697,684)
Payments to employees	(986,483)	(577,299)	–	(1,563,782)	–
Net cash provided by operating activities	5,975,638	1,042,983	100,762	7,119,383	2,155,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments from other funds	528,031	–	–	528,031	–
Transfers in	–	–	–	–	521,843
Transfers out	(60,611)	(60,611)	–	(121,222)	(12,452)
Net cash provided by (used in) noncapital financing activities	467,420	(60,611)	–	406,809	509,391
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(934,483)	(247,080)	–	(1,181,563)	(2,005,756)
Payment on debt	(1,364,000)	–	–	(1,364,000)	–
Interest paid on debt	(20,460)	–	–	(20,460)	–
Proceeds from disposal of capital assets	–	–	–	–	17,666
Net cash (used in) capital and related financing activities	(2,318,943)	(247,080)	–	(2,566,023)	(1,988,090)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	40,450	503	–	40,953	18,921
Purchase of investment securities	(10,010,268)	(3,000,061)	–	(13,010,329)	(8,505,244)
Proceeds from maturity of investment securities	12,000,000	–	–	12,000,000	7,500,000
Net cash provided by (used in) investing activities	2,030,182	(2,999,558)	–	(969,376)	(986,323)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,154,297	(2,264,266)	100,762	3,990,793	(309,444)
CASH AND CASH EQUIVALENTS, beginning of year	11,318,017	5,039,861	498,428	16,856,306	11,839,830
CASH AND CASH EQUIVALENTS, end of year	$17,472,314	$2,775,595	$ 599,190	$20,847,099	$11,530,386

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS (continued)
Year ended June 30, 2013

	Business-Type Activities Enterprise Funds				
	Sewer System	Storm Water System	Nonmajor Enterprise Fund Solid Waste	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ 4,760,144	$ 289,222	$ (15,767)	$ 5,033,599	$ 879,773
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	1,603,761	579,412	–	2,183,173	1,278,797
Payments to WRA	(3,322,476)	–	–	(3,322,476)	–
Change in assets and liabilities					
Receivables	2,928,059	(735)	(2,485)	2,924,839	2,174
Inventories	–	–	–	–	(11,528)
Accounts payable	5,319	169,889	119,014	294,222	(1,189)
Claims payable	–	–	–	–	7,551
Compensated absences and accrued wages payable	(1,389)	3,331	–	1,942	–
OPEB liability	2,220	1,864	–	4,084	–
Net cash provided by operating activities	$ 5,975,638	$1,042,983	$ 100,762	$ 7,119,383	$ 2,155,578
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION					
Cash and investments	$33,482,582	$5,775,656	$599,190	$39,857,428	$17,535,630
Less items not meeting the definition of cash equivalents	(16,010,268)	(3,000,061)	–	(19,010,329)	(6,005,244)
Cash and cash equivalents at end of year	$17,472,314	$2,775,595	$599,190	$20,847,099	$11,530,386
SCHEDULE OF NONCASH ITEMS					
Capital and related financing activities					
Donated construction by developers	$ 950,803	$1,471,693	$ –	$ 2,422,496	$ 135,185
Donated construction from other funds	$ 31,286	$2,085,984	$ –	$ 2,117,270	$ –
Acquisition of capital assets through retainage payable	$ (29,289)	$ 3,480	$ –	$ (25,809)	$ –

See Notes to Basic Financial Statements.

City of West Des Moines, Iowa
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013

ASSETS	
Cash and investments	$ 631,885
Restricted assets, contractors' bonds	59,536
Total assets	$ 691,421
LIABILITIES	
Deposits and remittances due	691,421
Total liabilities	$ 691,421

See Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of West Des Moines (the City) is a political subdivision of the State of Iowa located in Polk, Dallas, Madison and Warren counties. It was first incorporated in 1893 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government, with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, health and social services, public improvements and general administrative services. It also provides sewer, storm water and solid waste utilities.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, there are no component units, organizations or agencies which should be included in these basic financial statements.

Basis of Presentation

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund 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 for support on fees and charges for services.

The statement of net position presents the City's assets and liabilities, with the difference reported as net position. Three categories of net position are reported:

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

Restricted net position results when constraints placed on the use of net position are either externally imposed by law through constitutional provisions or enabling legislation.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Government-wide and fund financial statements (continued):

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. There are no indirect expenses. 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. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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 position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

***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 positions, rather than upon net income determination. The following are the City's major governmental funds:

General Fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road Use Tax Fund (Special Revenue): To account for the proceeds from road use tax monies.

Tax Increment Financing Fund (Special Revenue): To account for the accumulation of resources generated by TIF districts to be used for urban renewal and development. Property tax revenue generated on increased assessed valuations within TIF districts are the resources accounted for in this fund.

Debt Service Fund: To account for the servicing of the general long-term debt not financed by a specific source.

Capital Projects Fund: To account for the acquisition and construction of major capital facilities and other capital assets, with the exception of those that are financed through proprietary fund types.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Accounting (continued)

***Governmental Fund Types (continued)*:**

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

***Special Revenue Funds*:** Are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

Police and Fire Retirement Fund: To account for the remaining balances of the self-administered pension plans after a transfer to a state administered plan which may be used by the City to meet future pension funding requirements as prescribed by law.

Employee Benefit Fund: To account for the property tax revenues collected to be used for City employees' health insurance and pension costs.

Economic Development Fund: To account for grants, contributions, and loan repayments to be used for general economic development and redevelopment purposes of the City including low interest loans the City makes to private companies for economic development purposes, as well as the acquisition and sale of land.

Housing Programs Fund: To account for the U.S. Department of Housing and Urban Development Block Grant programs as well as miscellaneous other grants and contributions to provide housing assistance and housing rehabilitation programs.

Parks Fund: To account for the donations identified to specifically assist the park programs and annual tree planting.

Library Fund: To account for reimbursements from the State of Iowa for library materials lent to non-City residents and other libraries in Iowa, and used for improvements to the Library. This Fund also accounts for money received through donations and fund raising activities for the Library.

Public Safety Fund: To account for grants and contributions specifically identified for use in public safety activities such as contributions for the purchase of public access defibrillators. This fund is also used to account for funds received by the City as a result of drug seizures.

Dallas County Local Housing Trust Fund: To account for grants from the Iowa Finance Authority and other Dallas County Local Housing Trust Fund revenues and related expenditures.

Community Development Block Grant Fund: To account for the community development block grant revenues and related expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Accounting (continued):

***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 (business-type activities). The measurement focus is upon income determination, financial positions and cash flows.

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The following are the City's major enterprise funds:

Sewer System Fund: To account for the operations of the City's sanitary sewer systems including the revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

Storm Water System Fund: To account for the operations of the City's storm water sewer systems including revenue from usage fees, operating costs, capital projects, and all bond issues.

The other enterprise fund of the City is considered nonmajor and is as follows:

Solid Waste Fund: To account for the operations 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 are the City's internal service funds:

Vehicle Replacement Fund: To account for replacement costs related to vehicles and equipment of the City.

Vehicle Maintenance Fund: To account for the maintenance costs related to the vehicles and equipment of the City.

Health and Dental Insurance Fund: To account for the health and dental insurance premiums and claims for all City employees.

Worker's Compensation Insurance Fund: To account for the worker's compensation premiums and claims.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Accounting (continued):

***Fiduciary Fund Types*:** Fiduciary fund types are used to account for net position and changes in net position held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

***Agency Funds*:** Are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The City has the following agency funds:

Collections and Deposits Fund: To account for collections and deposits received by the City from external parties for purposes such as escrow accounts for transitional housing program participants, deposits by transient vendors to ensure compliance with temporary use permits and deposits from developers pending completion of remaining site plan requirements.

Section 125 Plan Fund: To account for current payroll deductions of City employees for future use as group insurance premiums.

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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year in which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

When an expenditure is incurred in governmental funds that can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued):

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified in February 2013, the date at which a lien attaches, based on the 2012 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 1½ percent per month penalty for delinquent payment. Since the 2013 tax levy is budgeted and levied for fiscal year 2014, the revenue from this tax levy has been deferred.

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

The City maintains its financial records on the cash basis during the fiscal year. The financial statements of the City are prepared by making adjusting entries to the cash basis financial records at the end of the fiscal year.

Summary of Significant Accounting Policies:

The significant accounting policies followed by the City include the following:

Cash, Pooled Investments and Cash Equivalents: The City maintains a cash and investment pool to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

The City invests in the Iowa Public Agency Investment Trust (IPAIT) which is a 2a7-like pool. IPAIT is a common-law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the positions in the trust is the same as the value of the shares.

For purposes of the statement of cash flows for proprietary fund type funds, the City considers pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Certificates of deposit with a maturity greater than three months are considered investments. Cash equivalents also include restricted cash and investments.

Property Taxes Receivable, Including Tax Increment Financing: Property tax, including tax increment financing in governmental funds, is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2013 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

Property Taxes Receivable, Including Tax Increment Financing (continued):

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2011, assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013, and reflects tax asking contained in the budget certified to the County Board of Supervisors in February 2012.

Accounts Receivable: results primarily from services provided to citizens and are accounted for in the governmental funds. Sanitary sewer, storm water sewer and solid waste services are accounted for in the enterprise funds. All are net of an allowance for uncollectibles. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

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

Inventories: consists of materials and supplies and are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures.

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

Restricted Assets: Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable bond and note indentures.

Bond Issuance Costs: in the government-wide financial statements and proprietary fund types in the fund financial statements, issuance costs are deferred and amortized over the life of the bonds using the straight line method.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Assets: including land, buildings, improvements other than buildings, intangibles, equipment and vehicles, infrastructure, construction-in-progress, sanitary and storm water sewer systems and the City's share of assets in their undivided equity interest are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an initial useful life of one year or greater.

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.

The City has chosen the modified approach, as defined by GASB Statement No. 34, for reporting the governmental activities infrastructure assets. The City maintains an inventory of infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is maintained.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

Capital Assets (continued):

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. No interest was capitalized in the current fiscal year.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

Asset class	Estimated useful lives (in years)
Buildings	30
Improvements other than buildings	15
Equipment and vehicles	5 - 18
Fiber network	20
Sanitary and storm water sewer systems	50
Share of undivided equity interest assets	5 - 15
Intangibles	5

The City's collection of works of art, 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.

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

Unearned revenue in the Statement of Net Position consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the amount of assets that have been recognized, but the related revenue is not yet earned and prepaid permits.

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

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

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's 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" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued):

Compensated Absences: City employees accumulate vacation benefits for subsequent use or payment upon termination, death or retirement. City employees also accumulate sick leave benefits for subsequent use or payment at one-half the accumulated value upon death or retirement. 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 which is payable from available resources is recorded as a liability of the respective fund only if they have matured. Examples of these are employee retirements and resignations. There is no amount considered due as of year-end or reported in the fund financial statements. However, the entire compensated absence liability, computed based on rates of pay in effect at June 30, 2013, is reported on the government-wide financial statements. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Fund Equity: In the governmental fund financial statements, 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 intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the highest level of decision-making authority. The City Council is the highest level of decision-making authority and can, through ordinance or resolution approved prior to fiscal year end, commit fund balance. For the purpose of financial commitments, ordinances and resolutions are equally binding. 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 amounts. At this time no amounts have been committed by the City Council.

Assigned - Amounts the City intends to use for a specific purpose. The intent is expressed by the governing body itself, or a body or official to which the City has delegated the authority to assign amounts to be used for specific purposes. It does not require formal action of the City. At this time no amounts have been assigned nor has any specific authority to assign fund equity been delegated by the City, governing bodies or officials.

Unassigned - All amounts not included in other spendable classifications.

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 balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies (continued)

Fund Equity (continued):

Net Position: Net position represents the difference between assets and liabilities. Net investment in capital assets, 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 investment in capital assets excludes unspent debt proceeds. As of June 30, 2013, the City had $16,041,025 in unspent debt proceeds. Of this amount, $3,300,687 was available for projects, while the remaining proceeds were placed in escrow for the advance refunding of outstanding debt. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of $11,667,273 for road construction projects, $3,404,437 for retirement benefits, $4,075,241 for capital projects, and $4,979,438 for tax increment projects. All other restrictions are imposed by outside parties through grants, debt agreements or donors.

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

Use of Estimates: The preparation of 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.

Budgetary and Budgetary Control: As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget. For the year ended June 30, 2013, disbursements did not exceed the amounts budgeted in any function.

NOTE 2 CASH AND INVESTMENTS

As of June 30, 2013, the City's cash and investments were as follows:

Cash and investments, statement of net position	$114,324,458
Restricted cash and investments	12,940,338
Cash and investments, fiduciary funds	691,421
	$127,956,217
Deposits including certificates of deposit	$ 81,080,460
Investments	46,875,757
	$127,956,217

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 by the City Council; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. 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.

NOTE 2 CASH AND INVESTMENTS (continued)

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 fair 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.

Investments of the City are held with Iowa Public Agency Investment Trust (IPAIT). IPAIT's weighted average maturity as of June 30, 2013 was 46.1 days.

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

Investment Type	Fair Value
Iowa Public Agency Investment Trust	$ 46,875,757

Credit Risk: Generally, credit risk is the risk that an 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 has investments in the Iowa Public Agency Investment Trust which are valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

The City has no investments meeting the disclosure requirement of GASB Statement No. 3, as amended by GASB Statement No. 40.

Concentration of Credit Risk: The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. The policy limits the City to holding a minimum of 5 percent of the total portfolio in highly marketable short-term treasuries, short-term federal government agencies, checking with interest, government pooled account or a combination of all four. The policy limits investments in order to avoid over-concentration in securities of a specific issuer and limits certificates of deposit to the amount approved by City Council for each financial institution in accordance with the Code of Iowa.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the City's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2013, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. The City's investments were covered by investments purchased and held by an independent third party.

NOTE 3 CAPITAL ASSETS

The City has reported all capital assets including infrastructure in the government-wide statement of net position. The City elected to use the modified approach as defined by GASB Statement No. 34 for governmental activities infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

The following is a summary of changes in capital assets for the year ended June 30, 2013:

	Balance beginning of year	Additions	Deletions	Transfers	Balance end of year
Governmental activities					
Capital assets, not being depreciated					
Land	$ 18,997,207	$ 4,854,976	$ –	$ –	$ 23,852,183
Infrastructure	327,329,865	9,284,266	341,653	–	336,272,478
Construction-in-progress	17,685,898	12,796,961	17,067,426	(2,117,270)	11,298,163
Intangibles	15,574,850	–	–	–	15,574,850
Total capital assets, not being depreciated	379,587,820	26,936,203	17,409,079	(2,117,270)	386,997,674
Capital assets, being depreciated					
Buildings	42,221,564	1,661,877	–	–	43,883,441
Equipment and vehicles	20,185,803	3,381,785	1,904,415	–	21,663,173
Fiber network	4,637,780	471,282	–	–	5,109,062
Improvements other than buildings	38,672,192	2,258,785	–	–	40,930,977
Share of undivided equity interest assets	1,802,889	5,030	9,828	–	1,798,091
Intangibles	783,447	21,793	176,005	–	629,235
Total capital assets, being depreciated	108,303,675	7,800,552	2,090,248	–	114,013,979
Less accumulated depreciation for					
Buildings	20,234,648	1,480,197	–	–	21,714,845
Equipment and vehicles	11,203,211	1,841,149	1,800,834	–	11,243,526
Fiber network	1,017,752	255,428	–	–	1,273,180
Improvements other than buildings	24,372,029	2,398,891	–	–	26,770,920
Share of undivided equity interest assets	1,446,066	80,825	8,557	–	1,518,334
Intangibles	666,662	49,028	176,005	–	539,685
Total accumulated depreciation	58,940,368	6,105,518	1,985,396	–	63,060,490
Total capital assets, being depreciated, net	49,363,307	1,695,034	104,852	–	50,953,489
Governmental activities, capital assets, net	$428,951,127	$28,631,237	$17,513,931	$(2,117,270)	$437,951,163

NOTE 3 CAPITAL ASSETS (continued)

	Balance beginning of year	Additions	Deletions	Transfers	Balance end of year
Business-Type Activities					
Capital assets, not being depreciated					
Land	$ 413,178	$ –	$ –	$ –	$ 413,178
Construction-in-progress	2,125,888	2,437,391	3,148,767	–	1,414,512
Total capital assets, not being depreciated	2,539,066	2,437,391	3,148,767	–	1,827,690
Capital assets, being depreciated					
Equipment	122,703	179,786	–	–	302,489
Intangibles	–	31,250	–	–	31,250
Sanitary and storm sewer system	102,260,718	4,078,590	272	2,117,270	108,456,306
Total capital assets, being depreciated	102,383,421	4,289,626	272	2,117,270	108,790,045
Less accumulated depreciation for					
Equipment	37,288	41,124	–	–	78,412
Intangibles	–	6,250	–	–	6,250
Sanitary and storm sewer system	31,735,984	2,135,799	272	–	33,871,511
Total accumulated depreciation	31,773,272	2,183,173	272	–	33,956,173
Total capital assets, being depreciated, net	70,610,149	2,106,453	0	2,117,270	74,833,872
Business-type activities, capital assets, net	$73,149,215	$4,543,844	$3,148,767	$2,117,270	$76,661,562

Depreciation expense was charged to the governmental activities functions as follows:

Governmental Activities	
Public safety	$1,584,029
Health and social services	67,314
Culture and recreation	2,668,426
Public works	1,064,692
General government	579,091
Community and economic development	141,966
	$6,105,518

NOTE 4 BONDED AND OTHER DEBT

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2013:

	Balance July 1, 2012	Increases and Issues	Decreases and Retirements	Balance June 30, 2013	Due within one year
Governmental activities					
General obligation bonds	$119,400,616	$ –	$ 17,566,606	$101,834,010	$ 26,770,000
Capital lease obligations	760,022	72,950	273,475	559,497	276,630
Installment contracts	3,230,493	850,000	1,246,848	2,833,645	1,246,823
Compensated absences	4,442,468	3,977,313	4,442,468	3,977,313	2,546,517
Net OPEB liability	553,820	84,696	–	638,516	–
Total governmental activities	128,387,419	4,984,959	23,529,397	109,842,981	30,839,970
Business-type activities					
Revenue notes	1,364,000	–	1,364,000	–	–
Compensated absences	157,913	159,454	157,913	159,454	95,575
Net OPEB liability	25,637	4,084	–	29,721	–
Total business-type activities	1,547,550	163,538	1,521,913	189,175	95,575
Total long-term debt	$129,934,969	$ 5,148,497	$ 25,051,310	$110,032,156	$ 30,935,545

(1) Bonds were sold at a net premium; unamortized net premium at June 30, 2013 totaled $4,424,009.

NOTE 4 BONDED AND OTHER DEBT (continued)

On May 1, 2012, the City issued $2,610,000 in general obligation refunding bonds with an average interest rate of 1.16% to crossover refund $2,720,000 of Series 2006A general obligation bonds with an average interest rate of 4.19%. The crossover occurred on June 1, 2013. The City issued the crossover refunding debt to reduce its total debt service payments over the next eight fiscal years by $331,787 and to obtain an economic gain of $272,065.

On May 1, 2012, the City issued $11,355,000 in general obligation refunding bonds with an average interest rate of 1.57% to crossover refund $7,575,000 Series 2003D and $4,630,000 Series 2004A general obligation bonds with a combined average interest rate of 4.72%. The crossover will occur on June 1, 2014. The City issued the crossover refunding debt to reduce its total debt service payments over the next nine years by $1,137,280 and to obtain an economic gain of $980,340.

General Obligation Bonds/Notes: General obligation bonds outstanding as of June 30, 2013, consist of the following individual issues:

Date of Issue	Interest Rates	Final Due Date	Annual Principal Payments	Amount Originally Issued	Amount Outstanding June 30, 2013
09/01/2003	4.000 - 4.700	June 2019	$ 625,000 - 2,200,000	$ 12,000,000	$ 8,675,000
06/15/2004	4.000 - 5.000	June 2021	180,000 - 1,250,000	6,000,000	4,825,000
04/01/2005	3.625 - 3.700	June 2015	230,000 - 560,000	3,055,000	815,000
12/17/2007	3.625 - 3.800	June 2019	195,000 - 265,000	3,210,000	1,430,000
03/11/2008	3.000 - 3.125	June 2014	1,675,000 - 1,785,000	9,860,000	1,785,000
06/30/2008	3.625 - 4.000	June 2022	100,000 - 1,090,000	7,000,000	6,900,000
11/12/2009	2.500 - 3.500	June 2015	445,000 - 2,405,000	7,510,000	1,420,000
12/02/2009	4.000	June 2015	225,000 - 240,000	6,500,000	470,000
03/04/2010	2.000 - 4.250	June 2020	780,000 - 4,140,000	31,450,000	24,050,000
04/01/2010	2.000	June 2014	630,000 - 655,000	2,505,000	655,000
06/29/2010	3.000	June 2020	685,000 - 845,000	7,000,000	5,395,000
08/11/2010	2.000 - 4.000	June 2029	50,000 - 405,000	5,000,000	4,950,000
08/10/2011	2.000 - 3.500	June 2025	1,215,000 - 500,000	6,900,000	5,310,000
08/25/2011	2.000 - 2.500	June 2018	1,775,000 - 1,985,000	11,270,000	9,495,000
05/01/2012	4.000	June 2018	365,000 - 1,040,000	2,610,000	2,610,000
05/01/2012	5.000	June 2021	560,000 - 1,945,000	11,355,000	11,355,000
06/27/2012	2.000 - 3.000	June 2026	250,000 - 655,000	7,520,000	7,270,000
				$140,745,000	$97,410,000

Other than Bonded Debt

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of a salt storage building at a cost of $336,466. The agreement has been amended to include the purchase of a scale and conveyor at a cost of $72,950. The agreement requires annual payments of $112,004 including interest at 5.0 percent through July 2013. As of June 30, 2013, the balance of the lease purchase agreement was $108,408, the building had a net book value of $280,388 and the equipment had a net book value of $72,950.

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of mobile data equipment at a cost of $332,633. The agreement requires monthly payments of $5,976, including interest at 3.0 percent through December 2015. As of June 30, 2013, the balance of the lease purchase agreement was $167,030 and the equipment had no net book value as the individual items included in the purchase did not meet the threshold for capitalization under the City's capitalization policy.

NOTE 4 BONDED AND OTHER DEBT (continued)

Other than Bonded Debt (continued):

Capital lease obligation: The City entered into a lease purchase agreement for the acquisition of computer network backbone equipment and an integrated phone software system at a cost of $499,399. The agreement requires monthly payments of $8,979, including interest at 3.0 percent through April 2016. As of June 30, 2013, the balance of the lease purchase agreement was $284,058 and equipment had no net book value as the individual items included in the purchase did not meet the threshold for capitalization under the City's capitalization policy.

Installment contracts: The City has entered into an installment contract with the Iowa Department of Transportation (DOT) for the Highway 5 relocation construction project. The agreement is non-interest bearing and is payable in annual installments of approximately $1,077,000 through June 2015. The balance due as of June 30, 2013, was $2,153,646.

Installment contract: The City has entered into an installment contract with Wright Outdoor Solutions for a building. The agreement is non-interest bearing and is payable in annual installments of $170,000 through September 2016. The balance due as of June 30, 2013 was $680,000 and the building had a net book value of $577,675.

Compensated Absences: Compensated absences are typically liquidated in the fund that accounts for the employee's salary and benefits.

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2013, are as follows:

	General Obligation Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
Year ending June 30				
2014	$ 26,770,000	$ 3,518,957	$ 276,630	$ 14,835
2015	11,230,000	2,573,981	173,339	6,122
2016	13,935,000	2,176,675	109,528	1,164
2017	11,455,000	1,672,213	–	–
2018	11,130,000	1,257,769	–	–
2019 - 2023	17,815,000	2,132,369	–	–
2024 - 2028	4,670,000	456,075	–	–
2029 - 2030	405,000	16,200	–	–
	$ 97,410,000	$ 13,804,239	$ 559,497	$ 22,121

	Installment Contracts	
	Principal	Interest
Year ending June 30		
2014	1,246,823	–
2015	1,246,822	–
2016	170,000	–
2017	170,000	–
	$ 2,833,645	$ –

NOTE 4 BONDED AND OTHER DEBT (continued)

Legal debt margin: As of June 30, 2013, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Actual valuation *	$5,592,914,112
Plus captured tax increment value	456,215,897
Less military exemption	(3,899,245)
Total assessed valuation of the property of the City of West Des Moines	$6,045,230,764
Debt limit, 5% of total actual valuation	$302,261,538
Debt applicable to debt limit:	
General obligation bonds	101,834,010
Capital lease obligations	559,497
Installment contracts	2,833,645
Legal debt margin	$197,034,386

* 100% of assessed valuation including TIF increment.

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances as of June 30, 2013 were:

Receivable Fund	Payable Fund	June 30, 2013
Major governmental funds, general	Nonmajor governmental fund, Employee Benefits	$14,726
Major governmental funds, general	Nonmajor governmental fund, CDBG	76,108
Major governmental funds, general	Nonmajor governmental fund, Dallas County Local Housing Trust Fund	38,269
Total		$129,103

Interfund balances result 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.

NOTE 6 INTERFUND TRANSFERS

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

	Transfers in	Transfers out
Major governmental funds		
General	$ 4,302,369	$ 1,798,016
Special revenue funds		
Road Use Tax	173,630	5,647,117
Tax Increment financing	83,590	10,660,140
Debt Service	12,386,055	–
Capital Projects	8,592,952	3,732,127
Major enterprise fund		
Sewer System	–	60,611
Storm Water System	–	60,611
Nonmajor governmental funds	216,674	4,306,039
Internal Service Fund		
Vehicle Replacement	–	12,452
Workers compensation insurance	521,843	–
Total	$26,277,113	$26,277,113

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 or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 PENSION AND RETIREMENT SYSTEMS

Plan Description: The City contributes to the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which are cost-sharing multiple-employer defined benefit pension plans. The IPERS plan is administered by the State of Iowa while the MFPRSI is administered by a Board of Trustees. IPERS and MFPRSI provide retirement, disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by state statute to plan members and beneficiaries. IPERS and MFPRSI issue publicly available financial reports that include financial statements and required supplementary information for the respective plans.

The reports may be obtained by contacting the respective organizations at the following addresses:

Iowa Public Employees Retirement System
PO Box 9117
Des Moines, IA 50306

Municipal Fire and Police Retirement System of Iowa
7155 Lake Drive, Suite 201
West Des Moines, IA 50266

Funding Policy: IPERS and MFPRSI plan members are required to contribute a percentage of their annual covered salary, and the City is required to contribute 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. For MFPRSI, the City's contribution rate cannot be less than 17%.

NOTE 7 PENSION AND RETIREMENT SYSTEMS (continued)

Funding Policy (continued):

The contribution rates for plan members and the City in years ended June 30, 2013, 2012, and 2011 under the two plans is as follows:

	Plan Member Contributions			City Contributions		
	2013	2012	2011	2013	2012	2011
IPERS						
Regular	5.78%	5.38%	4.50%	8.67%	8.07%	6.95%
Protected Class	6.84%	6.65%	6.64%	10.27%	9.97%	9.95%
MFPRSI	9.40%	9.40%	9.40%	26.12%	24.76%	19.90%

The City's contributions to IPERS and MFPRSI for the years ended June 30, 2013, 2012, and 2011 were equal to 100% of the required contributions for each year as follows:

	2013	2012	2011
IPERS	$1,529,529	$1,458,325	$1,220,065
MFPRSI	$2,023,600	$1,881,373	$1,445,739

NOTE 8 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

NOTE 9 INDIVIDUAL FUND DEFICIT BALANCE

The following fund had a deficit fund balance as of June 30, 2013:

Community Development Block Grant	$ (14,580)

The City intends to fund this deficit through future grant revenues and transfers from the General Fund.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City operates a single-employer retiree benefit plan which provides healthcare benefits for retirees and their spouses and dependents. There are active and retired members in the plan. Retired participants must be age 55 or older at retirement.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The healthcare benefit plans are self-insured and are administered by a third party. Retirees under age 65 pay 102% of the full active employee premium rates. This results in an implicit subsidy and an OPEB liability. The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution, ARC	$ 152,741
Interest on net OPEB obligation	28,973
Adjustment to annual required contribution	(37,696)
Annual OPEB cost	144,018
Contributions made	(55,238)
Increase in net OPEB obligation	88,780
Net OPEB obligation, beginning of year	579,457
Net OPEB obligation, end of year	$ 668,237

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the City contributed $55,238 to the plan. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Fiscal year ended June 30	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
2011	$ 77,282	35.0%	$ 465,502
2012	$ 133,135	14.4%	$ 579,458
2013	$ 144,018	38.4%	$ 668,237

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was $1,471,469 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of $1,471,469. The covered payroll (annual payroll of active employees covered by the plan) was approximately $21,693,000, and the ratio of the UAAL to the covered payroll was 6.8%. As of June 30, 2013, there were no trust fund assets.

Actuarial valuations 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 future employment, mortality, and the healthcare cost trend. Actuarially determined amounts 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 in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include 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.

As of the July 1, 2012, actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate and 3% inflation rate based on the City's funding policy. The projected annual healthcare cost trend rate is 5.0%. The ultimate medical trend rate is 5.0%. The medical trend rate has been reduced 1.0% each year until reaching the 5.0% ultimate trend rate. There were no benefit increases considered.

Mortality rates are from the RP2000 Mortality Tables, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Actuary's Pension Handbook.

Projected claim costs of the healthcare plan are approximately $10,660 for retirees. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

There are no audited financial statements for this plan.

NOTE 11 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.

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

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

The WRA Sewer Revenue Bonds Series 2004B bonds were issued for capital expansion. In May of 2013, the WRA issued Sewer Revenue Bonds Series 2013B for the purpose of refunding Series 2004B, thus the Series 2004B bonds had a zero balance at June 30, 2013. As of June 30, 2013, the Series 2013B bonds had a balance of $56,420,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently $10,251,004.

NOTE 11 JOINT VENTURE, (continued)

The WRA Sewer Revenue Bonds Series 2006A bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2013, the Series 2006A bonds had a balance of $34,145,000 and the City of West Des Moines' estimated future allocation based on the WRA flows is currently $6,539,887.

The WRA Agreement requires the debt service on all State Revolving Loans issued after July 1, 2004 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, 2013, the WRA had $219,873,119 of such State Revolving Loans of which $38,326,460 future principal debt service is a commitment to the City of West Des Moines. The State Revolving Loans assumed by the WRA in 2004 are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2013, the WRA had $4,850,000 in these State Revolving Loans of which $516,255 future principal debt service is a commitment to the City of West Des Moines.

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

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

NOTE 12 RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Related organization: The West Des Moines Water Works Utility is governed by a five-member board which is appointed by the Mayor and approved by the City Council. The West Des Moines Water Works Utility is legally a separate entity and is not financially accountable to the City. The City provides various services to the Water Works, including office facilities, reimbursable expenses, and the availability to participate in the City's health insurance plan. The Water Works provides billing and collection services to the City in connection with the City's Sewer, Solid Waste, and Storm Water Enterprise Funds. The following is a summary of the related party transactions for the year ended June 30, 2013:

Received from West Des Moines Water Works	
Occupancy reimbursements	$ 21,010
Health insurance premiums	492,622
Gasoline reimbursements	49,573
Telephone reimbursements	7,389
Share of general insurance	127,737
Capital project reimbursements	--
Delinquent reimbursements	2,268
Miscellaneous reimbursements	73,303
Payments to West Des Moines Water Works	
Collection fees for sewer, solid waste, and storm water	149,747
Miscellaneous fees	76,758

Amounts receivable from West Des Moines Water Works as of June 30, 2013 for sewer, storm water, and solid waste charges totaled $1,658,148, $375,518, and $287,294, respectively.

NOTE 12 RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (continued)

Jointly governed organizations: The City participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Polk, Dallas and Warren County Assessor's Conference Boards; Metropolitan Planning Organization; Greater Des Moines Convention and Visitors Bureau. In August 2000, the City entered into a jointly governed organization with two other Des Moines suburbs for the creation of WestCom. WestCom was established as an undivided interest ownership arrangement, whereby title to assets in WestCom is held individually by the City and two other Des Moines suburbs. The City's portion of current year costs of operations and capital for the dispatch center were $1,102,592 and $1,727,820, respectively.

In July 2008, the City entered into a jointly governed organization with Central Iowa Health System for the provision of emergency medical services. The agreement between the participating organizations is commonly referred to as the “Iowa EMS Alliance”. The Iowa EMS Alliance was established as an undivided interest ownership arrangement, whereby the title to Alliance assets is held individually by the City and Iowa Health. The City’s portion of current year costs of operation and capital for the Iowa EMS Alliance were $2,370,128 and $22,828, respectively.

NOTE 13 COMMITMENTS

The City has entered into contracts totaling approximately $20,752,729 for various projects that were not complete at year-end. As of June 30, 2013, approximately $13,420,286 has been incurred on these contracts.

In order to encourage development within designated Urban Renewal Areas, the City Council has approved development rebate agreements related to three different projects. Rebates 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. It is estimated that outstanding commitments of approximately $8.2 million exist, of which $1 million is likely to be eligible to be paid in the next fiscal year. The payments will be expensed in the period in which they are paid. No liability for these obligations is recognized due to the fact that the agreements are conditional and the payments are to be funded by future property taxes received on the project.

NOTE 14 RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool (the Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 663 members include various governmental entities throughout the state of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials’ liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

NOTE 14 RISK MANAGEMENT (continued)

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2013 were approximately $537,690.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured in an amount not to exceed $2,650,000 per claim. For members requiring specific coverage from $3,000,000 to $12,000,000, such excess coverage is also reinsured. The City of West Des Moines has elected $10,000,000 in coverage. Property and automobile physical damage risks are retained by the Pool up to $100,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, as of June 30, 2013, no liability has been recorded in the City's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

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

Self-insurance: The City has a self-insured medical expense reimbursement plan which provides medical benefits to its employees and to the employees of affiliates. The plan provides each covered person with unlimited lifetime maximum coverage for health care needs. The plan is funded by both employee and City contributions and is administered through a service agreement with Wellmark. The uninsured risk retention per person is $100,000 (not to exceed 125 percent of the aggregate expected claims of $3,028,543 for the year ended June 30, 2013). The City purchased commercial stop-loss insurance to provide for claims in excess of the $100,000 to reduce its exposure to large losses. There has been no significant reduction in insurance coverage under the plan from prior years.

NOTE 14 RISK MANAGEMENT (continued)

The City has established the Health and Dental Insurance Fund (an internal service fund) to account for and finance the uninsured risk of loss. The City's contribution to the fund for the year ended June 30, 2013 was $3,965,137.

Effective July 1, 2005, the City established a self-insured plan for its worker's compensation plan. An internal service fund was created to account for premiums and claims paid. The uninsured risk retention is $400,000 per occurrence. The aggregate retention is 90 percent of the annual premium amount or approximately $2,171,000.

Amounts payable from the Health and Dental Insurance Fund and the Worker's Compensation Insurance Fund as of June 30, 2013, totaled $698,659 and include incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for other loss. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. Settlements have exceeded the stop-loss coverage in the years ended June 30, 2013, 2012, and 2011, of $0, $0, and $234,654, respectively. Information on changes in the aggregate liabilities for claims is as follows:

	2013	2012
Claims payable, beginning of year	$ 691,108	$ 523,314
Claims recognized	4,030,632	3,917,006
Claim payments	(4,023,081)	(3,821,212)
Claims payable, end of year	$ 698,659	$ 691,108

NOTE 15 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Development Revenue Bonds, under the provisions of Chapter 419 of the Code of Iowa, to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon prepayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. 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, 2013, there was one series of industrial development revenue bonds outstanding, with an aggregated principal amount payable of $2,800,000.

NOTE 16 LITIGATION

Claims have been asserted against the City in the ordinary course of business with a maximum exposure of $50,000. Management is unable to estimate the cost of these claims or determine a range of loss and, accordingly, no accrual has been made for them.

NOTE 17 SUBSEQUENT EVENTS

The City issued general obligation bonds totaling $4,385,000 on August 21, 2013 to fund various infrastructure and other capital improvements and for the current refunding of $815,000 of the Series 2005A General Obligation Bonds dated April 1, 2005.

NOTE 18 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by the City of West Des Moines. The statements which might impact the City of West Des Moines are as follows:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

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

City of West Des Moines, Iowa
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Year End June 30	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a)/c)
2011	July 1, 2010	$ –	$2,031	$2,031	0.0%	$ 20,565	9.9%
2012	July 1, 2010	$ –	$1,368	$1,368	0.0%	$ 20,225	6.8%
2013	July 1, 2012	$ –	$1,471	$1,471	0.0%	$ 21,693	6.8%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

City of West Des Moines, Iowa
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL—ALL GOVERNMENTAL FUNDS AND PROPRIERTARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2013

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance - Positive (Negative)
REVENUES						
Property tax	$ 45,296,422	$ –	$ 45,296,422	$ 45,668,385	$ 45,668,385	$ (371,963)
Tax increment financing taxes	13,272,106	–	13,272,106	13,495,197	13,495,197	(223,091)
Other City taxes	4,156,945	–	4,156,945	3,504,360	3,754,360	402,585
Special assessments	359,798	–	359,798	–	266,000	93,798
Licenses and permits	1,638,474	–	1,638,474	871,800	1,217,800	420,674
Intergovernmental	11,335,540	–	11,335,540	10,548,513	11,194,742	140,798
Charges for services	4,817,190	13,742,362	18,559,552	15,673,231	16,575,536	1,984,016
Use of money and property	231,123	66,498	297,621	1,701,865	1,765,165	(1,467,544)
Miscellaneous	2,045,588	39	2,045,627	8,144,025	8,450,378	(6,404,751)
Total revenues	83,153,186	13,808,899	96,962,085	99,607,376	102,387,563	(5,425,478)
EXPENDITURES/EXPENSES						
Public safety	24,478,042	–	24,478,042	24,641,927	25,222,037	743,995
Public works	7,234,347	–	7,234,347	7,705,575	7,812,282	577,935
Health and social services	1,117,964	–	1,117,964	1,142,602	1,148,942	30,978
Culture and recreation	6,927,142	–	6,927,142	7,380,475	7,418,356	491,214
Community and economic development	7,497,883	–	7,497,883	5,873,621	9,822,219	2,324,336
General government	5,848,266	–	5,848,266	6,113,372	6,548,882	700,616
Debt service	19,741,919	–	19,741,919	18,861,433	22,320,376	2,578,457
Capital outlay	16,238,960	–	16,238,960	13,278,500	22,952,666	6,713,706
Business-type	–	12,048,328	12,048,328	22,976,180	25,594,869	13,546,541
Total expenditures/expenses	89,084,523	12,048,328	101,132,851	107,973,685	128,840,629	27,707,778
Excess (deficiency) of revenues over (under) expenditures/expenses	(5,931,337)	1,760,571	(4,170,766)	(8,366,309)	(26,453,066)	22,282,300
OTHER FINANCING SOURCES, NET	(2,096,614)	4,418,544	2,321,930	8,006,000	8,071,000	(5,749,070)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing sources (uses)	(8,027,951)	6,179,115	(1,848,836)	(360,309)	(18,382,066)	$16,533,230
BALANCES, beginning of year	78,022,983	112,757,339	190,780,322	190,780,322	190,780,322	
BALANCES, end of year	$69,995,032	$118,936,454	$188,931,486	$190,420,013	$172,398,256	

See Note to Required Supplementary Information.

City of West Des Moines, Iowa
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2013

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, budget amendments increased budgeted expenditures by $20,866,944. The budget amendments are reflected in the final budgeted amounts.

The City of West Des Moines, Iowa prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with generally accepted accounting principles.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH
Year ended June 30, 2013

The City has elected to use the modified approach as defined by the GASB Statement No. 34 for reporting the infrastructure of its street network. The street network is defined as all physical features existing within the right of way limits for the City's roadways and includes the streets, bridges and levees subsystems. (For additional information regarding the use of the modified approach and the City's capitalization policies, see Management's Discussion and Analysis and the Notes to Basic Financial Statements.)

The City of West Des Moines maintains a computerized Street Management System (SMS) to keep an up-to-date inventory of the street network and to record condition assessments. In performing these condition assessments, each City street is evaluated and rated according to an Overall Condition Index (OCI). This index represents a composite rating including the evaluation of pavement defects/deterioration, ride quality, drainage, weathering and surface condition. The OCI of each street is calculated and rated on a scale from 100 to 0, with an OCI rating of 100 being the best and 0 the worst. This condition assessment will be performed at least once every three years. The following table defines the Overall Condition Index (OCI) rating scale for streets:

Pavement Condition	OCI Range
Very good	100 - 90
Good	90 - 80
Average	80 - 60
Below Average	60 - 50
Poor	50 - 25
Failed	25 - 0

The City's goal is to maintain an OCI rating of 78 - 80 for the street network. The following are descriptions for Portland cement concrete and asphalt surfaced streets in the City with an OCI rating of 78 - 80.

Portland Cement Concrete Streets (OCI 78 - 80): Low and moderate severity settlement, bumps, cracking or joint deterioration may exist up to 15 percent of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. More than 50 percent of the joints have sealant damage. Patches may exist up to 20 percent of the street area and are typically moderate in quality. Discernible bumps may be noticeable during vehicle travel. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. Surface pop-outs may exist throughout the pavement.

Asphalt Surfaced Streets (OCI 78 - 80): Reflective cracking may exist up to 100 percent of the street area. The majority of the cracking is between 3/8 inch and 3 inches wide. Cracks typically may need to be sealed. Low and moderate severity bumps, alligator cracking, rutting, or raveling may exist up to 5 percent of the street area. Patches may exist up to 10 percent of the street area and are typically moderate in quality. Potholes may exist at small isolated locations. Discernible bumps may be noticeable during vehicle travel. Vehicle speed is generally not affected by the pavement condition, except possibly at isolated locations. Water ponding may exist in isolated locations. The surface color is typically medium gray.

Levees and Associated Flood Control Elements (Army Corp. Rating – Minimally Acceptable): One or more items are rated as Minimally Acceptable or one or more items are rated as Unacceptable and an engineering determination concludes that unacceptable items would not prevent the segment / system from performing as intended during the next flood event.

Bridge and Large Street Culverts (FHWA & Iowa DOT Sufficiency Rating - 81 or Greater): The item is structurally sound and there appears to be no immediate safety hazards. Minor cracking, scaling, leaching, channel silting and vegetation, or other minor problems may exist in isolated locations. Minor problems, if any exist, do not appear to have an immediate impact on structural integrity or safety.

See accompanying independent auditor's report.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2013

One factor that significantly affects the trend of levee condition assessments is that the Periodic Inspection in 2012 uses different criteria and standards than the Continuing Eligibility Inspections of previous years.

Condition Rating of the City's Street Subsystem:

		2009		2011		2012	
Category	OCI Range	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network	Lane Miles	Percent of Street Network
Very Good	100-90	245	34.1	260	34.1	254	33.2
Good	90-80	226	31.5	233	31.5	253	33.0
Average	80-60	162	22.5	171	22.5	157	20.5
Below Average	60-50	73	10.2	76	10.2	84	11.0
Poor	50-25	12	1.7	18	1.7	18	2.3
Failed	25-0	0	0	0	0	0	0
Total		718	100%	758	100%	766	100%

Overall condition index (OCI):

	2009	2011	2012
Goal	78-80	78-80	78-80
Actual	80.8	80.3	80.3

Bridge & Street Culvert Condition by Category as of the Last Assessment
Condition Categories Based on FHWA Criteria:

		2007		2009		2011	
Category	OCI Range	Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected	Bridges Inspected	Percent of Bridges Inspected
Excellent	100-90	18	75.0	18	75.0	17	70.8
Very Good	90-80	4	16.7	4	16.7	4	16.7
Good	80-70	1	4.2	1	4.2	1	4.2
Satisfactory	70-60	1	4.1	1	4.1	1	4.2
Fair	60-50	0	0	0	0	1*	4.1
Poor	50-40	0	0	0	0	0	0
Serious	40-30	0	0	0	0	0	0
Critical	30-20	0	0	0	0	0	0
Imminent Failure	20-10	0	0	0	0	0	0
Failed	10-0	0	0	0	0	0	0
Total		24	100%	24	100%	24	100%

*Structure is closed to traffic

Overall condition index (OCI):

	2007	2009	2011
Goal	81 or greater	81 or greater	81 or greater
Actual	93.8	93.8	91.3

See accompanying independent auditor's report.

City of West Des Moines, Iowa
REQUIRED SUPPLEMENTARY INFORMATION—MODIFIED APPROACH (continued)
Year ended June 30, 2013

Levee Condition by Category as of the Last Assessment

Condition Categories Based on Army Corp. Criteria:

	2009		2011		2012	
OCI Range	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected	Levee Items Inspected	Percent of Levee Items Inspected
Acceptable	45	83.3	50	86.2	40	75.5
Minimally Acceptable	9	16.7	8	13.8	10	18.9
Unacceptable	0	0	0	0	3	5.6
	54	100%	58	100%	53	100%

Overall condition index (OCI):

	2009	2011	2012
Goal	Acceptable	Minimally Acceptable	Minimally Acceptable
Actual	Acceptable	Minimally Acceptable	Minimally Acceptable

Comparison of estimated prevention/maintenance costs to actual for the street network (in thousands):

	2007	2008	2009	2010	2011	2012	2013
Estimated Costs	$4,480	$4,915	$5,397	$4,374	$5,296	$5,307	$6,753
Actual Costs	$4,751	$4,661	$5,024	$5,071	$5,387	$5,119	$3,720

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue			
	Police and Fire Retirement	**Employee Benefit**	**Economic Development**	**Housing Programs**
ASSETS				
Cash and investments	$3,444,191	$ –	$ 630,611	$ 406,583
Restricted cash and investments	–	–	–	200,000
Receivables				
Property taxes	1,982,652	4,196,135	–	–
Accounts	–	–	–	577
Loans	–	–	30,331	–
Due from other governments	–	–	–	20,780
Total assets	$5,426,843	$4,196,135	$ 660,942	$ 627,940
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	$ 46,909	$ –	$ 8,409	$ 18,268
Accrued wages payable	–	–	–	1,261
Due to other funds	–	14,726	–	–
Deferred revenue	1,975,497	4,181,409	28,097	–
Total liabilities	2,022,406	4,196,135	36,506	19,529
Fund balances (deficits)				
Restricted for				
Other purposes	3,404,437	–	624,436	608,411
Unassigned	–	–	–	–
Total fund balances (deficits)	3,404,437	–	624,436	608,411
Total liabilities and fund balances	$5,426,843	$4,196,135	$ 660,942	$ 627,940

See accompanying independent auditor's report.

Parks	Library	Public Safety	Dallas County Local Housing Trust Fund	Community Development Block Grant	Totals
$ 342,941	$ 274,879	$ 389,745	$ –	$ –	$ 5,488,950
–	–	–	–	–	200,000
–	–	–	–	–	6,178,787
–	–	5,545	95,285	–	101,407
–	–	–	–	–	30,331
–	–	26,829	–	140,370	187,979
$ 342,941	$ 274,879	$ 422,119	$ 95,285	$ 140,370	$12,187,454
$ 11,787	52,538	$ 16,165	$ 28,042	$ 1,453	$ 183,571
–	–	–	350	924	2,535
–	–	–	38,269	76,108	129,103
–	–	–	–	76,465	6,261,468
11,787	52,538	16,165	66,661	154,950	6,576,677
331,154	222,341	405,954	28,624	–	5,625,357
–	–	–	–	(14,580)	(14,580)
331,154	222,341	405,954	28,624	(14,580)	5,610,777
$ 342,941	$ 274,879	$ 422,119	$ 95,285	$ 140,370	$12,187,454

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2013

	Special Revenue		
	Police and Fire Retirement	Employee Benefit	Economic Development
REVENUE			
Property taxes	$1,947,693	$3,969,065	$ –
Other City taxes	25,107	51,673	–
Intergovernmental	–	–	50,000
Use of money and property	–	–	–
Miscellaneous	–	–	16,956
Total revenues	1,972,800	4,020,738	66,956
EXPENDITURES			
Current operating			
Public safety	2,036,075	–	–
Health and social services	–	–	–
Culture and recreation	–	–	–
Community and economic development	–	–	195,531
Debt service			
Principal	–	–	–
Interest	–	–	–
Total expenditures	2,036,075	–	195,531
Excess (deficiency) of revenues over (under) expenditures	(63,275)	4,020,738	(128,575)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	–	–	–
Transfers in	–	–	50,000
Transfers out	–	(4,020,738)	–
Total other financing sources (uses)	–	(4,020,738)	50,000
Net change in fund balances	(63,275)	–	(78,575)
Fund balances (deficit), beginning of year	3,467,712	–	703,011
Fund balances, end of year	$3,404,437	$ –	$ 624,436

See accompanying independent auditor's report.

Housing Programs	Parks	Library	Public Safety	Dallas County Local Housing Trust Fund	Community Development Block Grant	Totals
$ –	$ –	$ –	$ –	$ –	$ –	$ 5,916,758
–	–	–	–	–	–	76,780
128,795	–	–	–	174,826	366,877	720,498
167	1	27	15	–	–	210
119,559	65,329	76,112	745,637	9,368	3,152	1,036,113
248,521	65,330	76,139	745,652	184,194	370,029	7,750,359
–	–	–	563,379	–	–	2,599,454
258,327	–	–	–	–	–	258,327
–	31,385	109,491	–	–	–	140,876
–	–	–	–	161,449	387,993	744,973
–	–	–	70,851	–	–	70,851
–	–	–	860	–	–	860
258,327	31,385	109,491	635,090	161,449	387,993	3,815,341
(9,806)	33,945	(33,352)	110,562	22,745	(17,964)	3,935,018
–	–	3,306	–	–	–	3,306
16,001	147,435	–	–	3,239	–	216,675
–	(21,216)	–	(170,000)	–	(94,085)	(4,306,039)
16,001	126,219	3,306	(170,000)	3,239	(94,085)	(4,086,058)
6,195	160,164	(30,046)	(59,438)	25,984	(112,049)	(151,040)
602,216	170,990	252,387	465,392	2,640	97,469	5,761,817
$ 608,411	$ 331,154	$ 222,341	$ 405,954	$ 28,624	$ (14,580)	$ 5,610,777

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Total
ASSETS					
Current assets					
Cash and investments	$ 8,489,449	$ 121,535	$6,036,847	$2,887,799	$17,535,630
Accounts receivable	6,519	11,683	5,350	–	25,552
Interest	4,727	–	607	–	5,334
Inventories	–	83,024	–	–	83,024
Total current assets	8,500,695	216,242	6,042,804	2,887,799	17,647,540
Noncurrent assets, capital assets					
Equipment and vehicles	13,320,571	–	–	–	13,320,571
Accumulated depreciation	(8,083,642)	–	–	–	(8,083,642)
Total noncurrent assets	5,236,929	–	–	–	5,236,929
Total assets	$13,737,624	$ 216,242	$6,042,804	$2,887,799	$22,884,469
LIABILITIES AND NET POSITION					
Liabilities					
Current					
Accounts payable	$ 42,004	$ 82,263	$ –	$ –	$ 124,267
Claims payable	–	–	383,334	315,325	698,659
Total current liabilities	42,004	82,263	383,334	315,325	822,926
Net position					
Net investment in capital assets	5,236,929	–	–	–	5,236,929
Unrestricted	8,458,691	133,979	5,659,470	2,572,474	16,824,614
Total net position	13,695,620	133,979	5,659,470	2,572,474	22,061,543
Total liabilities and net position	$13,737,624	$ 216,242	$6,042,804	$2,887,799	$22,884,469

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year ended June 30, 2013

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Total
OPERATING REVENUES					
Charges for services	$ –	$1,272,186	$5,095,636	$ 244,902	$ 6,612,724
Lease revenue	1,484,633	–	–	–	1,484,633
Other	–	–	–	–	–
Total operating revenues	1,484,633	1,272,186	5,095,636	244,902	8,097,357
OPERATING EXPENSES					
Cost of sales and services	–	1,233,552	4,362,036	343,199	5,938,787
Depreciation	1,278,797	–	–	–	1,278,797
Total operating expenses	1,278,797	1,233,552	4,362,036	343,199	7,217,584
Operating income (loss)	205,836	38,634	733,600	(98,297)	879,773
Nonoperating revenues (expenses)					
Investment earnings	12,451	–	2,305	–	14,756
Loss on sale of capital assets	(16,992)	–	–	–	(16,992)
Total nonoperating revenues	(4,541)	–	2,305	–	(2,236)
Income (loss) before transfers	201,295	38,634	735,905	(98,297)	877,537
Capital contributions	135,185	–	–	–	135,185
Transfers in	–	–	–	521,843	521,843
Transfers out	(12,452)	–	–	–	(12,452)
Change in net position	324,028	38,634	735,905	423,546	1,522,113
Total net position, beginning of year	13,371,592	95,345	4,923,565	2,148,928	20,539,430
Total net position, end of year	$13,695,620	$ 133,979	$5,659,470	$2,572,474	$22,061,543

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2013

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$1,478,114	$1,274,469	$5,102,046	$ 244,902	$ 8,099,531
Payments to suppliers	(38,664)	(1,207,605)	–	–	(1,246,269)
Payments to claimants	–	–	(4,345,725)	(351,959)	(4,697,684)
Net cash provided by (used in) operating activities	1,439,450	66,864	756,321	(107,057)	2,155,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	–	–	–	521,843	521,843
Transfers out	(12,452)	–	–	–	(12,452)
Net cash provided by (used in) noncapital financing activities	(12,452)	–	–	521,843	509,391
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(2,005,756)	–	–	–	(2,005,756)
Proceeds from disposal of capital assets	17,666	–	–	–	17,666
Net cash (used in) capital and related financing activities	(1,988,090)	–	–	–	(1,988,090)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	17,223	–	1,698	–	18,921
Purchase of investment securities	(6,005,153)	–	(2,500,091)	–	(8,505,244)
Proceeds from maturity of investment securities	6,500,000	–	1,000,000	–	7,500,000
Net cash provided by investing activities	512,070	–	(1,498,393)	–	(986,323)
Net increase (decrease) in cash and cash equivalents	(49,022)	66,864	(742,072)	414,786	(309,444)
Cash and cash equivalents Beginning of year	4,033,318	54,671	5,278,828	2,473,013	11,839,830
End of year	$3,984,296	$ 121,535	$4,536,756	$2,887,799	$11,530,386

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CASH FLOWS (continued)
INTERNAL SERVICE FUNDS
Year ended June 30, 2013

	Vehicle Replacement	Vehicle Maintenance	Health and Dental Insurance	Worker's Compensation Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ 205,836	$ 38,634	$ 733,600	$ (98,297)	$ 879,773
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	1,278,797	–	–	–	1,278,797
Change in assets and liabilities					
Receivables	(6,519)	2,283	6,410	–	2,174
Inventories	–	(11,528)	–	–	(11,528)
Accounts payable	(38,664)	37,475	–	–	(1,189)
Claims payable	–	–	16,311	(8,760)	7,551
Net cash provided by (used in) operating activities	$1,439,450	$ 66,864	$ 756,321	$ (107,057)	$2,155,578
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE COMBINING BALANCE SHEET					
Cash and investments	$8,489,449	$ 121,535	$6,036,847	$2,887,799	$17,535,630
Less items not meeting the definition of cash equivalents	(4,505,153)	–	(1,500,091)	–	(6,005,244)
Cash and cash equivalents at end of year	$3,984,296	$ 121,535	$4,536,756	$2,887,799	$11,530,386
SCHEDULE OF NONCASH ITEMS					
Capital and related financing activities					
Donated capital assets	$ 135,185	$ –	$ –	$ –	$ 135,185

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013

	Collections and Deposits	Section 125 Plan	Total Agency Funds
ASSETS			
Cash and investments	$ 564,165	$ 67,720	$ 631,885
Restricted assets, contractors' bonds	59,536	–	59,536
Total assets	$ 623,701	$ 67,720	$ 691,421
LIABILITIES			
Deposits and remittances due	623,701	67,720	691,421
Total liabilities	$ 623,701	$ 67,720	$ 691,421

See accompanying independent auditor's report.

City of West Des Moines, Iowa
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended June 30, 2013

Collections and Deposits	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
ASSETS				
Cash and investments	$ 522,050	$ 189,885	$ 147,770	$ 564,165
Restricted assets, contractors' bonds	59,536	–	–	59,536
Total assets	$ 581,586	$ 189,885	$ 147,770	$ 623,701
LIABILITIES				
Deposits and remittances due	581,586	189,885	147,770	623,701
Total liabilities	$ 581,586	$ 189,885	$ 147,770	$ 623,701
Section 125 Plan				
ASSETS, cash and investments	$ 43,395	$ 259,948	$ 235,623	$ 67,720
LIABILITIES, deposits and remittances due	$ 43,395	$ 259,948	$ 235,623	$ 67,720
Combined Funds				
ASSETS				
Cash and investments	$ 565,445	$ 449,833	$ 383,393	$ 631,885
Restricted assets, contractors' bonds	59,536	–	–	59,536
Total assets	$ 624,981	$ 449,833	$ 383,393	$ 691,421
LIABILITIES				
Deposits and remittances due	624,981	449,833	383,393	691,421
Total liabilities	$ 624,981	$ 449,833	$ 383,393	$ 691,421

See accompanying independent auditor's report.

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STATISTICAL SECTION
(UNAUDITED)

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City of West Des Moines, Iowa
STATISTICAL SECTION
(UNAUDITED)

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

C O N T E N T S

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.	94-101
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	102-107
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	108-112
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	113-115
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	116-119

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

City of West Des Moines, Iowa
Schedule 1
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in captial assets	$197,872,579	$198,074,527	$242,935,803	$244,928,693	$258,999,063	$292,458,981	$302,966,015	$321,551,229	$331,322,948	$348,765,036
Restricted	23,551,773	20,413,236	17,839,043	33,537,713	38,811,985	27,163,903	30,280,778	36,114,937	39,407,570	30,254,780
Unrestricted	12,998,239	30,988,222	11,671,162	16,138,748	17,760,261	18,416,398	24,106,536	14,586,371	25,616,756	38,547,866
Total governmental activities net position	$234,422,591	$249,475,985	$272,446,008	$294,605,154	$315,571,309	$338,039,282	$357,353,329	$372,252,537	$396,347,274	$417,567,682
Business-type activities:										
Net investment in captial assets	$ 41,712,779	$ 45,374,573	$ 45,431,826	$ 52,756,898	$ 58,746,219	$ 62,493,646	$ 64,376,299	$ 66,624,832	$ 71,785,215	$ 76,661,562
Restricted	1,088,720	1,089,769	1,072,785	1,072,785	1,072,785	457,350	457,920	460,130	462,920	-
Unrestricted	38,320,873	15,982,655	19,743,030	24,237,411	27,590,768	32,824,759	36,611,269	39,240,141	40,765,024	42,576,460
Total business-type activities net position	$ 81,122,372	$ 62,446,997	$ 66,247,641	$ 78,067,094	$ 87,409,772	$ 95,775,755	$101,445,488	$106,325,103	$113,013,159	$119,238,022
Primary government:										
Net investment in captial assets	$239,585,358	$243,449,100	$288,367,629	$297,685,591	$317,745,282	$354,952,627	$367,342,314	$388,176,061	$403,108,163	$425,426,598
Restricted	24,640,493	21,503,005	18,911,828	34,610,498	39,884,770	27,621,253	30,738,698	36,575,067	39,870,490	30,254,780
Unrestricted	51,319,112	46,970,877	31,414,192	40,376,159	45,351,029	51,241,157	60,717,805	53,826,512	66,381,780	81,124,326
Ttal primary government net position	$315,544,963	$311,922,982	$338,693,649	$372,672,248	$402,981,081	$433,815,037	$458,798,817	$478,577,640	$509,360,433	$536,805,704

City of West Des Moines, Iowa
Schedule 2
Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
Public safety	$ 14,587,854	$ 15,647,658	$ 17,814,329	$ 19,749,856	$ 20,342,187	$ 21,770,283	$ 23,683,353	$ 23,683,157	$ 24,796,973	$ 24,700,994
Public works	13,856,235	10,007,655	6,901,977	8,963,727	11,837,435	13,375,100	10,511,602	14,401,577	9,522,787	10,742,899
Health and social services	829,841	849,972	929,656	985,322	1,037,464	1,092,443	1,113,846	1,119,049	1,191,055	1,152,757
Culture and recreation	7,140,816	7,450,641	8,486,772	8,562,340	9,022,443	9,308,507	9,355,663	9,644,825	9,526,437	9,495,234
Community and economic development	2,959,958	4,945,081	3,617,735	3,885,459	5,807,890	6,486,571	5,836,209	6,245,150	7,587,871	7,592,235
General government	4,682,828	5,482,144	5,900,259	5,016,718	4,794,526	4,966,906	5,425,921	5,590,913	5,712,265	6,199,838
Interest on long-term debt	6,284,431	6,390,890	6,042,440	5,884,073	5,621,912	5,253,741	4,551,673	5,050,716	3,652,748	3,450,029
Total governmental activities expenses	50,341,963	50,774,041	49,693,168	53,047,495	58,463,857	62,253,551	60,478,267	65,735,387	61,990,136	63,333,986
Business-type activities:										
Sanitary sewer	4,030,245	3,989,864	3,939,689	9,346,307	5,303,776	5,960,011	6,513,514	7,285,218	8,254,719	8,372,160
Solid waste	1,318,339	1,354,786	1,422,689	1,452,719	1,522,130	1,571,481	1,549,437	1,663,021	1,310,785	1,778,179
Storm Water	-	-	-	743,399	746,187	921,824	1,020,304	1,264,278	1,730,612	1,852,241
Total business-type activities expenses	5,348,584	5,344,650	5,362,378	11,542,425	7,572,093	8,453,316	9,083,255	10,212,517	11,296,116	12,002,580
Total primary government expenses	55,690,547	56,118,691	55,055,546	64,589,920	66,035,950	70,706,867	69,561,522	75,947,904	73,286,252	75,336,566
Program revenue:										
Governmental activities:										
Charges for services:										
Public safety	2,284,751	2,462,880	2,420,064	3,444,099	3,636,497	5,011,751	3,859,194	4,656,246	4,721,074	5,608,894
Public works	190,300	433,941	257,722	495,334	305,923	906,216	298,400	442,416	956,272	104,108
Health and social services	890	140	-	-	-	-	-	-	-	-
Culture and recreation	1,091,036	1,190,800	1,333,080	1,321,027	1,396,476	1,415,877	1,336,498	1,391,873	1,392,190	1,343,505
Community and economic development	722,701	653,643	516,500	599,482	832,464	905,019	485,277	437,296	411,260	579,364
General government	501,177	152,768	191,788	169,240	482,764	329,147	262,331	542,589	1,284,718	46,383

City of West Des Moines, Iowa
Schedule 2 (continued)
Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating grants and contributions:										
Public safety	1,641,945	2,116,613	2,321,333	1,912,045	1,963,806	2,901,377	2,863,503	2,542,721	2,663,420	2,469,593
Public works	4,293,880	3,917,038	4,135,015	4,359,424	4,431,681	4,330,498	4,666,008	5,039,619	5,350,804	5,504,499
Health and social services	211,233	223,188	237,283	269,484	267,588	268,305	304,591	277,529	648,841	226,484
Culture and recreation	89,727	67,871	182,467	177,696	175,825	121,134	172,253	140,754	130,592	177,360
Community and economic development	73,944	143,258	117,411	533,662	1,035,866	1,135,664	579,077	623,836	1,046,406	934,355
General government	145,996	91,101	167,438	199,834	202,436	492,351	310,950	332,379	1,116,997	336,938
Capital grants and contributions	20,801,673	9,277,782	12,221,700	8,219,897	273,984	5,390,380	4,187,992	8,029,691	7,125,936	2,704,041
Total governmental activities program revenues	32,049,253	20,731,023	24,101,801	21,701,224	15,005,310	23,207,719	19,326,074	24,456,949	26,848,510	20,035,524
Business-type activities:										
Charges for services:										
Sanitary sewer	5,575,443	6,013,830	5,077,364	6,182,572	6,300,448	6,963,248	7,131,407	8,203,582	9,225,687	9,814,708
Storm water	-	-	-	1,247,882	1,515,326	1,793,470	2,071,169	2,111,487	2,156,738	2,165,281
Solid waste	1,324,048	1,345,474	1,344,707	1,419,761	1,647,104	1,662,222	1,679,223	1,709,893	1,772,291	1,762,412
Operating grants and contributions:										
Sanitary sewer	-	-	650,111	4,540,127	3,620,736	284,071	8,673	285	-	-
Storm water	-	-	-	-	-	-	-	37,882	-	-
Solid waste	-	-	-	-	-	-	-	75,000	-	-
Capital grants and contributions:										
Sanitary sewer	893,084	541,716	2,003,877	3,653,009	1,729,595	1,489,316	855,392	382,564	1,210,579	982,089
Storm Water	-	-	-	3,356,295	5,309,506	4,150,933	2,187,157	2,205,180	390,093	3,557,677
Solid waste	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	7,792,575	7,901,020	9,076,059	20,399,646	20,122,715	16,343,260	13,933,021	14,725,873	14,755,388	18,282,167
Total primary government program revenues	39,841,828	28,632,043	33,177,860	42,100,870	35,128,025	39,550,979	33,259,095	39,182,822	41,603,898	38,317,691
Net (expense) revenue:										
Governmental activities	(18,292,710)	(30,043,018)	(25,591,367)	(31,346,271)	(43,458,547)	(39,045,832)	(41,152,193)	(41,278,438)	(35,141,626)	(43,298,462)
Business-type activities	2,443,991	2,556,370	3,713,681	8,857,221	12,550,622	7,889,944	4,849,766	4,513,356	3,459,272	6,279,587
Total primary government net (expense)revenue	(15,848,719)	(27,486,648)	(21,877,686)	(22,489,050)	(30,907,925)	(31,155,888)	(36,302,427)	(36,765,082)	(31,682,354)	(37,018,875)

City of West Des Moines, Iowa

Schedule 2 (continued)

Changes In Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	$ 38,401,617	$ 39,496,558	$ 40,724,880	$ 49,764,858	$ 54,219,517	$ 55,455,071	$ 56,467,707	$ 56,151,749	$ 57,842,225	$ 58,568,528
Hotel motel taxes	1,427,883	1,651,764	1,966,628	2,131,977	2,369,596	2,537,115	2,450,583	3,621,343	3,071,320	3,287,208
Other taxes	941,028	895,905	824,369	571,545	407,726	513,509	450,794	357,518	879,985	869,737
Unrestricted grants and contributions	230,831	354,017	447,479	611,282	596,981	1,280,674	1,007,460	1,116,368	-	945,655
Investment earnings	1,082,954	1,755,418	2,484,652	2,574,840	2,570,563	1,258,910	197,707	285,935	59,397	245,879
Miscellaneous	757,744	769,117	1,517,500	408,449	6,035	1,574	-	-	1,029,403	480,641
Transfers	(284,663)	173,633	595,882	(3,248,340)	4,254,284	466,952	(108,011)	29,784	(3,079,696)	121,222
Contribution to other government	-	-	-	-	-	-	-	(5,385,051)	-	-
Total governmental activities	42,557,394	45,096,412	48,561,390	52,814,611	64,424,702	61,513,805	60,466,240	56,177,646	59,802,634	64,518,870
Business-type activities:										
Investment earnings	217,866	292,683	657,153	904,698	1,046,340	942,991	711,956	396,043	149,088	66,498
Miscellaneous	-	-	25,692	-	-	-	-	-	-	-
Transfers	284,663	(173,633)	(595,882)	3,248,340	(4,254,284)	(466,952)	108,011	(29,784)	3,079,696	(121,222)
Special Item:Contribution to Wastewater Reclai	-	(21,350,795)	-	-	-	-	-	-	-	-
Total business-type activities	502,529	(21,231,745)	86,963	4,153,038	(3,207,944)	476,039	819,967	366,259	3,228,784	(54,724)
Total primary government	43,059,923	23,864,667	48,648,353	56,967,649	61,216,758	61,989,844	61,286,207	56,543,905	63,031,418	64,464,146
Changes in net position:										
Governmental activities	24,264,684	15,053,394	22,970,023	21,468,340	20,966,155	22,467,973	19,314,047	14,899,208	59,802,634	21,220,408
Business-type activities	2,946,520	(18,675,375)	3,800,644	13,010,259	9,342,678	8,365,983	5,669,733	4,879,615	3,228,784	6,224,863
Total primary government	$ 27,211,204	$ (3,621,981)	$ 26,770,667	$ 34,478,599	$ 30,308,833	$ 30,833,956	$ 24,983,780	$ 19,778,823	$ 63,031,418	$ 27,445,271

City of West Des Moines, Iowa
Schedule 3
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function / Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Public safety	$ 5,086,400	$ 4,706,088	$ 4,915,785	$ 5,548,013	$ 5,657,755	$ 8,265,790	$ 6,724,657	$ 7,401,727	$ 7,384,494	$ 8,078,487
Public works	23,786,198	13,237,080	16,251,231	12,688,071	4,872,142	10,092,139	8,875,090	12,572,431	13,433,012	8,124,895
Health and social services	212,123	223,328	237,283	269,484	267,588	268,305	304,591	277,529	648,841	226,484
Culture and recreation	1,385,528	1,469,189	1,554,883	1,635,870	1,574,227	1,552,178	1,508,751	1,650,898	1,522,782	1,520,865
Community and economic development	796,645	796,901	730,825	1,133,144	1,895,830	2,155,241	1,280,879	1,626,828	1,457,666	1,513,719
General government	782,359	298,437	411,794	426,642	737,768	874,066	632,106	927,536	2,401,715	571,074
Total governmental activities	32,049,253	20,731,023	24,101,801	21,701,224	15,005,310	23,207,719	19,326,074	24,456,949	26,848,510	20,035,524
Business-type activities:										
Sanitary sewer	6,468,527	6,555,546	7,731,352	14,375,708	11,650,779	8,736,635	7,995,472	8,586,431	10,436,266	10,796,797
Storm water	-	-	-	4,604,177	6,824,832	5,944,403	4,258,326	4,354,549	2,546,831	5,722,958
Solid waste	1,324,048	1,345,474	1,344,707	1,419,761	1,647,104	1,662,222	1,679,223	1,784,893	1,772,291	1,762,412
Total business-type activities	7,792,575	7,901,020	9,076,059	20,399,646	20,122,715	16,343,260	13,933,021	14,725,873	14,755,388	18,282,167
Total government	$ 39,841,828	$ 28,632,043	$ 33,177,860	$ 42,100,870	$ 35,128,025	$ 39,550,979	$ 33,259,095	$ 39,182,822	$ 41,603,898	$ 38,317,691

City of West Des Moines, Iowa
Schedule 4
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	$ 75,359	$ 7,813	$ 47,233	$ 7,700	$ -	$ -	$ 4,950	N/A	N/A	N/A
Unreserved	8,090,498	8,745,770	8,429,180	10,234,813	12,303,137	15,733,356	14,890,544	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,950	-	-
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17,448,724	22,334,719	24,843,852
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	147,108	-
Total General Fund	$ 8,165,857	$ 8,753,583	$ 8,476,413	$ 10,242,513	$ 12,303,137	$ 15,733,356	$ 14,895,494	$ 17,453,674	$ 22,481,827	$ 24,843,852
All Other Governmental Funds:										
Reserved	$ 35,964,609	$ 19,737,587	$ 17,167,193	$ 16,518,756	$ 21,093,352	$ 14,258,027	$ 51,571,911	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue funds	16,726,822	11,136,953	13,175,078	16,746,467	18,243,042	13,679,529	20,829,755	N/A	N/A	N/A
Capital projects funds	16,967,983	11,347,844	5,951,173	2,142,098	(69,951)	(4,433,136)	(8,600,545)	N/A	N/A	N/A
Restricted for:										
Capital projects	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10,794,471	25,810,078	18,323,593
Debt service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,580,012	19,724,769	16,237,372
Urban renewal and development	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,957,336	4,244,492	4,979,438
Other purposes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17,783,118	5,761,817	5,625,357
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(8,227,876)	-	(14,580)
Total all other government funds	$ 69,659,414	$ 42,222,384	$ 36,293,444	$ 35,407,321	$ 39,266,443	$ 23,504,420	$ 63,801,121	$ 27,887,061	$ 55,541,156	$ 45,151,180

GASB Statement 54, Fund Blance Reporting and Governmental Fund Type Definitions, implemented in fiscal year 2011

City of West Des Moines, Iowa
Schedule 5
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	$ 40,815,026	$ 42,023,906	$ 43,413,473	$ 52,178,661	$ 56,886,469	$ 58,295,948	$ 59,218,487	$ 60,074,073	$ 61,793,530	$ 62,725,473
Special assessments	225,112	485,872	136,656	289,719	109,807	811,801	219,979	285,121	395,576	359,798
Licenses and permits	1,072,584	1,320,158	973,262	975,003	1,239,900	1,457,440	1,017,766	1,023,653	1,404,430	1,638,474
Intergovernmental	8,362,211	14,055,362	8,737,982	9,406,490	8,626,836	15,405,673	11,912,577	18,885,005	15,956,531	11,335,540
Charges for services	2,292,260	2,561,137	2,877,346	3,870,691	3,137,752	3,846,730	3,694,455	4,254,710	4,759,448	4,817,190
Use of money and property	987,885	1,582,970	2,250,645	2,574,840	2,409,358	1,066,751	142,076	247,705	110,219	231,123
Miscellaneous	1,154,478	869,879	1,843,179	1,439,447	2,664,929	2,982,979	1,732,625	1,833,998	2,049,561	2,045,588
Total revenues	54,909,556	62,899,284	60,232,543	70,734,851	75,075,051	83,867,322	77,937,965	86,604,265	86,469,295	83,153,186
Expenditures:										
Public safety	12,720,663	14,487,675	16,220,743	18,065,698	19,285,895	20,692,061	21,888,463	22,746,328	23,330,603	24,478,042
Public works	6,062,234	6,407,950	6,573,996	6,735,605	7,222,303	9,212,032	9,239,194	13,278,333	6,476,619	7,234,347
Health and social services	769,984	806,975	881,172	947,488	1,013,531	1,068,302	1,092,425	1,082,744	1,125,608	1,117,964
Culture and recreation	4,642,852	5,010,004	5,527,149	5,924,537	6,369,572	6,728,349	6,792,238	7,237,052	6,849,848	6,927,142
Community and economic development	2,892,764	4,634,094	3,562,412	3,827,557	5,721,841	6,434,853	5,718,922	6,195,337	7,387,617	7,497,883
General government	3,715,580	3,843,167	4,485,179	4,544,709	4,834,942	4,689,574	5,131,798	5,959,287	5,371,275	5,848,266
Capital outlay	42,083,369	38,086,083	15,107,714	16,086,159	18,015,390	20,783,005	17,970,097	16,919,978	14,975,786	16,238,960
Debt service:										
Principal	11,729,299	13,434,257	14,921,109	12,785,548	24,856,121	21,971,688	23,295,328	46,342,770	14,830,982	15,645,323
Interest	6,139,566	6,403,714	6,084,607	5,814,531	5,567,214	5,211,717	4,762,119	5,549,995	4,253,798	4,096,596
Bond issuance costs	400,441	60,348	43,060	-	214,830	-	-	-	-	-
Total expenditures	91,156,752	93,174,267	73,407,141	74,731,832	93,101,639	96,791,581	95,890,584	125,311,824	84,602,136	89,084,523
Excess (deficiency) of revenues over (under) expenditures	(36,247,196)	(30,274,983)	(13,174,598)	(3,996,981)	(18,026,588)	(12,924,259)	(17,952,619)	(38,707,559)	1,867,159	(5,931,337)

City of West Des Moines, Iowa
Schedule 5 (Continued)
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses):										
Issuance of long-term debt	41,559,249	3,055,000	6,106,869	-	20,070,000	-	54,965,000	4,963,424	40,385,000	72,950
Payments to escrow agent	-	-	-	-	-	-	-	-	(11,497,739)	(2,720,000)
Issuance of capital lease	-	-	-	420,000	-	336,466	-	832,032	-	850,000
Premium (discount) on long-term debt	(50,403)	34,812	(52,123)	-	-	-	2,929,609	(281)	3,204,245	-
Proceeds from sale of capital assets	121,101	26,693	33,674	15,115	17,155	26,618	23,633	-	21,300	88,605
Transfers In	64,351,651	61,973,160	29,599,379	35,371,885	49,246,479	42,499,110	84,593,346	21,031,612	27,886,566	25,755,270
Transfers Out	(64,560,725)	(61,663,986)	(28,719,311)	(30,430,042)	(45,387,300)	(42,269,739)	(85,100,130)	(21,475,108)	(28,618,012)	(26,143,439)
Total other financing sources (uses)	41,420,873	3,425,679	6,968,488	5,376,958	23,946,334	592,455	57,411,458	5,351,679	31,381,360	(2,096,614)
Net changes in fund balance	$ 5,173,677	$(26,849,304)	$ (6,206,110)	$ 1,379,977	$ 5,919,746	$(12,331,804)	$ 39,458,839	$(33,355,880)	$ 33,248,519	$ (8,027,951)
Debt service as a percentage of noncapital expenditures	32.4%	33.7%	35.4%	27.0%	37.8%	34.2%	35.1%	46.7%	24.9%	26.1%

City of West Des Moines, Iowa
Schedule 6
General Government Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes (1)	Tax Increment Finance Revenue (TIF)	Cable Franchise	Hotel/ Motel Tax	Total
2004	27,398,782	11,674,926	313,435	1,427,883	$40,815,026
2005	30,164,155	9,945,370	262,617	1,651,764	$42,023,906
2006	31,014,272	10,089,944	342,629	1,966,628	$43,413,473
2007	34,907,611	14,857,246	281,827	2,131,977	$52,178,661
2008	37,961,238	16,258,279	297,356	2,369,596	$56,886,469
2009	41,261,516	14,193,555	303,761	2,537,115	$58,295,948
2010	43,597,288	12,870,419	300,198	2,450,583	$59,218,487
2011	45,429,128	10,722,622	300,979	2,815,388	$60,074,073
2012	46,202,311	12,219,161	300,737	2,974,428	$61,793,530
2013	45,871,977	13,272,106	294,182	3,287,208	$62,725,473
Change 2004-2013	67.42%	13.68%	-6.14%	130.22%	53.68%

Source: City records.

(1) For the purposes of this schedule, Property Taxes includes miscellaneous Other City Taxes that are received in conjunction with the county's tax collections on behalf of the City. These miscellaneous taxes include Utility Tax Replacement / Excise Tax.

City of West Des Moines, Iowa
Schedule 7
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Valuation Date Jan. 1,	Fiscal Year Collected	Residential Property	Commercial Property	Industrial Property	Personal Property	Utilities	Tax Increment	Total Assessed Value	Actual Taxable Value	Total Direct Tax Rate
2002	2004	2,086,202,897	1,306,469,276	18,911,478	-	60,638,834	311,949,260	3,784,171,745	2,677,302,154	11.60206
2003	2005	2,315,440,320	1,400,238,201	19,387,724	-	60,627,791	365,388,173	4,161,082,209	2,838,397,892	11.72770
2004	2006	2,436,275,657	1,445,862,496	19,344,180	-	63,271,857	375,112,722	4,339,866,912	2,949,101,530	11.72540
2005	2007	2,806,348,158	1,574,956,035	20,295,460	-	67,559,399	491,421,990	4,960,581,042	3,340,592,057	11.95000
2006	2008	2,936,360,174	1,713,854,952	21,505,125	-	69,692,494	527,883,468	5,269,296,213	3,594,665,835	12.05000
2007	2009	3,190,575,026	1,930,481,940	21,818,907	-	66,077,910	484,394,040	5,693,347,823	3,820,324,623	12.05000
2008	2010	3,373,591,777	1,971,150,188	21,850,279	-	74,240,564	444,502,202	5,885,335,010	3,979,630,063	12.05000
2009	2011	3,518,096,224	2,006,487,532	36,249,137	-	77,233,162	360,625,798	5,998,691,853	4,084,690,238	12.05000
2010	2012	3,596,162,970	1,978,387,072	35,461,977	-	80,033,040	413,950,068	6,103,995,127	4,205,957,596	12.05000
2011	2013	3,599,922,685	1,871,149,143	35,687,153	-	82,255,886	456,215,897	6,045,230,764	4,221,370,425	12.05000

Source: Polk, Dallas, Warren, and Madison County Auditor's Offices

Note: The tax rate collected by the City for properties in the Tax Increment Districts varies by district, ranging from a rate > the City's direct rate to a rate < the total rate for all overlapping governments

City of West Des Moines, Iowa

Schedule 8

Direct and Overlapping Property Tax Rates - Per $1,000 of Assessed Valuation

Last Ten Fiscal Years

	City Direct Rates				Overlapping Rates					
Fiscal Year	General Fund	Debt Service	Otther Levies	Total Direct	School District	County	Community College	Regional Transit	State	Total Direct & Overlapping Rates
Polk County / Des Moines Community School District:										
2004	7.94848	2.19945	1.45413	11.60206	17.36358	9.76226	0.58184		0.00400	39.31374
2005	8.01297	2.14435	1.57045	11.72777	18.02657	9.96460	0.59856		0.00400	40.32150
2006	7.75465	2.15008	1.82067	11.72540	18.01394	9.94318	0.68408		0.00400	40.37060
2007	7.98419	2.06729	1.89852	11.95000	18.01713	10.17511	0.68688	0.27070	0.00400	41.10382
2008	7.94081	1.99881	2.11037	12.04999	17.93709	10.16218	0.60276	0.33240	0.00350	41.08792
2009	8.09676	2.00053	1.95271	12.05000	17.78888	10.12532	0.56386	0.33566	0.00350	40.86722
2010	8.08219	2.00055	1.96726	12.05000	17.64277	9.97134	0.56778	0.38095	0.00300	40.61584
2011	8.09998	2.00000	1.95002	12.05000	17.64347	10.05423	0.56008	0.38830	0.00340	40.69948
2012	8.10000	2.00000	1.95000	12.05000	18.34845	10.07059	0.58466	0.55300	0.00330	41.61000
2013	8.10000	2.00000	1.95000	12.05000	18.34842	10.25715	0.69120	0.63300	0.00330	41.98307
Polk County / West Des Moines Community School District:										
2004	7.94848	2.19945	1.45413	11.60206	13.50422	9.76226	0.58184		0.00400	35.45438
2005	8.01297	2.14435	1.57045	11.72777	13.50200	9.96460	0.59856		0.00400	35.79693
2006	7.75465	2.15008	1.82067	11.72540	13.50341	9.94318	0.68408		0.00400	35.86007
2007	7.98419	2.06729	1.89852	11.95000	13.70060	10.17511	0.68688	0.27070	0.00400	36.78729
2008	7.94081	1.99881	2.11037	12.04999	13.70031	10.16218	0.60276	0.33240	0.00350	36.85114
2009	8.09676	2.00053	1.95271	12.05000	13.69179	10.12532	0.56386	0.33566	0.00350	36.77013
2010	8.08219	2.00055	1.96726	12.05000	13.64410	9.97134	0.56778	0.38095	0.00300	36.61717
2011	8.09998	2.00000	1.95002	12.05000	13.94266	10.05423	0.56008	0.38830	0.00340	36.99867
2012	8.10000	2.00000	1.95000	12.05000	13.30184	10.07059	0.58466	0.55300	0.00330	36.56339
2013	8.10000	2.00000	1.95000	12.05000	13.26452	10.25715	0.69120	0.63300	0.00330	36.89917
Dallas County / Waukee Community School District:										
2004	7.94848	2.19945	1.45413	11.60206	17.66440	7.47940	0.58184		0.00400	37.33170
2005	8.01297	2.14435	1.57038	11.72770	17.89346	7.33479	0.59856		0.00400	37.55851
2006	7.75465	2.15008	1.82067	11.72540	17.84693	6.83794	0.68408		0.00400	37.09835
2007	7.98419	2.06729	1.89852	11.95000	17.80905	6.83669	0.68688	0.27070	0.00400	37.55732
2008	7.94081	1.99881	2.11037	12.04999	17.80148	6.93669	0.60276	0.33240	0.00350	37.72682
2009	8.09676	2.00053	1.95271	12.05000	17.75814	6.33037	0.56386	0.33566	0.00350	37.04153
2010	8.08219	2.00055	1.96726	12.05000	17.80336	6.26394	0.56778	0.38095	0.00300	37.06903
2011	8.09998	2.00000	1.95002	12.05000	17.79315	5.72984	0.56008	0.38830	0.00340	36.52477
2012	8.10000	2.00000	1.95000	12.05000	17.80292	5.23877	0.59018	0.40300	0.00320	36.08807
2013	8.10000	2.00000	1.95000	12.05000	17.61083	5.25442	0.58466	0.55300	0.00330	36.05621

City of West Des Moines, Iowa

Schedule 8 (Continued)

Direct and Overlapping Property Tax Rates - Per $1,000 of Assessed Valuation

Last Ten Fiscal Years

	City Direct Rates				Overlapping Rates					
Fiscal Year	General Fund	Debt Service	Otther Levies	Total Direct	School District	County	Community College	Regional Transit	State	Total Direct & Overlapping Rates
Warren County / Norwalk Community School District :										
*										
2007	7.98419	2.06729	1.89852	11.95000	21.27253	6.88094	0.68688	0.27070	0.00400	41.06505
2008	7.94081	1.99881	2.11037	12.04999	21.03490	7.23323	0.60276	0.33240	0.00350	41.25678
2009	8.09676	2.00053	1.95271	12.05000	20.89092	6.89026	0.56386	0.33566	0.00350	40.73420
2010	8.08219	2.00055	1.96726	12.05000	20.56618	6.56329	0.56778	0.38095	0.00300	40.13120
2011	8.09998	2.00000	1.95002	12.05000	20.16885	6.36577	0.56008	0.38830	0.00340	39.53640
2012	8.10000	2.00000	1.95000	12.05000	20.01224	6.16492	0.59018	0.40300	0.00320	39.22354
2013	8.10000	2.00000	1.95000	12.05000	20.57095	6.16946	0.58466	0.55300	0.00330	39.93137
Madison County / Van Meter Community School District :										
**										
2012	8.10000	2.00000	1.95000	12.05000	18.23000	5.31990	0.59018	0.40300	0.00320	36.59628
2013	8.10000	2.00000	1.95000	12.05000	16.56006	5.30443	0.58466	0.55300	0.00330	35.05545
Madison County / Winterset Community School District :										
**										
2012	8.10000	2.00000	1.95000	12.05000	19.61273	5.31990	0.59018	0.40300	0.00320	37.97901
2013	8.10000	2.00000	1.95000	12.05000	19.43152	5.30443	0.58466	0.55300	0.00330	37.92691

Source: Polk, Dallas, and Warren County Auditor's Offices

* City's corporate boundaries did not extend into Warren County prior to 2007

** City's corporate boundaries did not extend into Madison County prior to 2012

City of West Des Moines, Iowa
Schedule 9
Principal Property Taxpayers
Current Year and Nine Years Ago

	2013			2004		
Taxpayer	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Wells Fargo Home Mortgage	188,156,500	1	3.11%	63,277,137	2	1.67%
GGP Jordan Creek LLC	160,993,510	2	2.66%			
Valley West DM	67,650,000	3	1.12%	106,992,820	1	2.83%
Aviva USA	54,977,907	4	0.91%			
Regency West Office Partners, LLC	51,125,000	5	0.85%			
West Glen I LLC	40,250,700	6	0.67%			
IFBF Property Management	37,499,000	7	0.62%	40,174,390	5	1.06%
CCOP I LLC	33,793,390	8	0.56%			
1776 Westlakes Parkway LC	28,860,180	9	0.48%			
Dallas County Partners II	28,784,370	10	0.48%	26,611,972	7	0.70%
Dallas County Partners				41,430,266	4	1.09%
Mid-America Investment Company				51,618,600	3	1.36%
Knapp Family, LC				30,205,740	6	0.80%
CMS Wellington Apts.				20,600,800	9	0.54%
West Lakes Development Company				19,328,025	10	0.51%
Hy-Vee Food Stores				20,755,630	8	0.55%
Total	$ 692,090,557		11.46%	$ 420,995,380		11.13%

Source: Polk, Dallas, and Warren County Assessor's Offices

City of West Des Moines, Iowa
Schedule 10
Property Tax Levies And Collections
Last Ten Fiscal Years

		Collected Within the Fiscal Year of the Levy			Total Collections	
For the Fiscal Ended June 30th	Taxes Levied for the Tax Year	Amount	Percentage of Levy	Collections in Subsequent Years*	Amount	Percentage of Levy
2004	26,773,156	26,708,446	99.76%	64,710	26,773,156	100.00%
2005	29,597,214	29,553,518	99.85%	43,696	29,597,214	100.00%
2006	30,883,977	30,634,935	99.46%	249,042	30,883,977	100.00%
2007	34,606,504	34,337,982	99.22%	156,703	34,494,685	99.68%
2008	37,530,923	37,114,931	98.89%		37,114,931	98.89%
2009	40,783,461	40,697,806	99.79%		40,697,806	99.79%
2010	43,083,063	43,026,062	99.87%		43,026,062	99.87%
2011	45,147,267	45,015,780	99.71%		45,015,780	99.71%
2012	45,901,436	45,677,788	99.51%		45,677,788	99.51%
2013	45,810,651	45,418,689	99.14%		45,418,689	99.14%

*The City of West Des Moines does not currently have access to the data needed to determine the levy year of subsequent tax collections. The City is working with the collection authorities at the county level to obtain this information in the future. Due to the nonavailability of delinquent collection detail, the City has applied a policy of applying subsequent years collections to oldest levied tax year first.

Source: City's certified budget for amount levied; monthly tax statements from Polk, Dallas, Warren, and Madison County Treasurer's Offices.

City of West Des Moines, Iowa
Schedule 11
Outstanding Debt By Type
Last Ten Fiscal Years

	Governmental Activities				Business-type Activities					
Fiscal Year	General Obligation Bonds	Tax Increment Financing Bonds	Capital Leases	Loans Payable & Installment Contracts	Financing Agreements	General Obligation Bonds	Revenue Bonds	Total Primary Government	Total Debt Per Capita	Total Debt as a Percentage of Personal Income
2004	148,863,512	16,295,000	204,978	516,348	2,302,506	611,486	5,384,000	174,177,830	3,754	9.61%
2005	144,280,000	10,600,000	157,466	412,729	-	-	4,802,000	160,252,195	3,097	8.14%
2006	136,625,000	9,450,000	207,993	332,381	-	-	4,199,000	150,814,374	2,915	7.28%
2007	125,840,000	7,705,000	432,344	275,739	-	-	3,567,000	137,820,083	2,608	6.56%
2008	123,125,000	5,890,000	183,019	256,737	-	-	2,912,000	132,366,756	2,468	6.30%
2009	107,185,000	-	387,451	238,829	-	-	2,545,000	110,356,280	2,026	4.70%
2010	138,890,000	-	285,637	240,327	-	-	2,164,000	141,579,964	2,561	6.03%
2011	101,081,101	-	978,328	4,307,341	-	-	1,771,000	108,137,770	1,910	4.60%
2012	119,400,616	-	760,022	3,230,493	-	-	1,364,000	124,755,131	2,166	5.24%
2013	101,834,010	-	559,497	2,833,645	-	-	-	105,227,152	1,707	3.63%

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

City of West Des Moines, Iowa
Schedule 12
Ratios of General Obligation Bonded Debt
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Tax Increment Financing Bonds	Gross Bonded Debt	Less: Amount Available in Debt Service	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	149,474,998	16,295,000	165,769,998	6,803,146	158,966,852	0.04201 to 1	3,057.58
2005	144,280,000	10,600,000	154,880,000	9,276,283	145,603,717	0.03499 to 1	2,755.35
2006	136,625,000	9,450,000	146,075,000	4,713,432	141,361,568	0.03257 to 1	2,635.97
2007	125,840,000	7,705,000	133,545,000	5,493,105	128,051,895	0.02581 to 1	2,351.34
2008	123,125,000	5,890,000	129,015,000	6,255,047	122,759,953	0.02330 to 1	2,220.73
2009	107,185,000	-	107,185,000	3,994,661	103,190,339	0.01812 to 1	1,822.22
2010	138,890,000	-	138,890,000	37,115,667	101,774,333	0.01729 to 1	1,766.64
2011	101,081,101	-	101,081,101	3,580,012	97,501,089	0.01625 to 1	1,660.84
2012	119,400,616	-	119,400,616	3,591,183	115,809,433	0.01897 to 1	1,953.57
2013	101,834,010	-	101,834,010	3,497,034	98,336,976	0.01627 to 1	1,595.14

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

City of West Des Moines, Iowa
Schedule 13
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2013

Governmental Unit	General Obligation Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Polk County	$ 250,177,000	13.35%	$ 33,398,630
Dallas County	$ 12,655,000	34.40%	$ 4,353,320
Warren County	$ 153,936	12.00%	$ 18,472
Madison County	$ 1,066,332	0.01%	$ 107
West Des Moines Community School District CSD	$ 41,275,000	64.03%	$ 26,428,383
Waukee CSD	$ 102,770,000	51.90%	$ 53,337,630
Des Moines Independent CSD	$ -	0.04%	$ -
Des Moines Area Community College	$ 72,390,000	11.22%	$ 8,122,158
Norwalk CSD	$ 17,580,000	0.51%	$ 89,658
Winterset CSD	$ 10,375,000	0.02%	$ 2,075
Van Meter CSD	$ 10,810,000	0.39%	$ 42,159
Subtotal, overlapping debt			125,792,591
City Direct Debt			105,227,152
Total direct and overlapping debt			$ 231,019,743

Sources: Official Bond Offering Statement and Finance officer for each government entity listed

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 govenments that is borne by the residents and businesses of the City of West Des Moines. This process recognizes that, when considering the government'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.

The percentage of an overlapping government's debt that is applicable to City of West Des Moines residents and businesses located within that particular government's jurisdiction is calculated based on the portion of that government's taxable value that lies within the boundaries of the city.

City of West Des Moines, Iowa
Schedule 14
Legal Debt Margin Information
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	$207,747,136	$207,991,349	$216,929,744	$248,177,690	$263,464,811	$284,667,391	$294,266,751	$299,934,593	$305,199,756	$ 302,261,538
Total net debt applicable to limit	155,450,195	146,615,374	146,615,374	134,253,083	129,454,756	107,811,280	139,415,964	103,985,669	123,391,131	105,227,152
Legal debt margin	$ 52,296,941	$ 61,375,975	$ 70,314,370	$113,924,607	$134,010,055	$176,856,111	$154,850,787	$195,948,924	$181,808,625	$ 197,034,386
Total net debt applicable to the limit as a percentage of debt limit	74.83%	70.49%	67.59%	54.10%	49.14%	37.87%	47.38%	34.67%	40.43%	34.81%

Legal Debt Margin Calculation for Fiscal Year 2013:

Total Assessed Value	$ 6,045,230,764
Debt limit (5% of total assessed value)	$ 302,261,538
Less: Debt applicable to limit	
General obligation bonds	101,834,010
TIF revenue bonds	-
Capital lease obligations	559,497
Loans payable and installment contracts	2,833,645
Legal debt margin	$ 197,034,386

City of West Des Moines, Iowa
Schedule 15
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Sewer Revenue Bonds						
Fiscal Year	Pledged Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Ratio of Coverage
2004	5,793,309	1,693,768	4,099,541	571,000	222,481	793,481	5.17
2005	6,306,513	2,140,953	4,165,560	582,000	203,458	785,458	5.30
2006	6,939,000	1,544,192	5,394,808	603,000	183,332	786,332	6.86
2007	8,297,929	2,253,982	6,043,947	632,000	136,910	768,910	7.86
2008	7,336,709	2,447,237	4,889,472	655,000	109,260	764,260	6.40
2009	8,378,001	2,728,070	5,649,931	367,000	87,360	454,360	12.43
2010	7,830,313	3,128,894	4,701,419	381,000	76,350	457,350	10.28
2011	8,585,615	3,216,312	5,369,303	393,000	64,920	457,920	11.73
2012	9,079,154	3,908,020	5,171,134	407,000	53,130	460,130	11.24
2013	9,750,097	3,450,803	6,299,294	-	-	-	-

Notes:

* Pledged Revenues include operating revenue and investment earnings.

Operating expenses excluding depreciation and amortization expenses

City of West Des Moines, Iowa
Schedule 16
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population	Personal Income	Per Capita Income	Unemployment Rate	Taxable Retail Sales
2004	51,991	1,968,483,242	37,862	1.9%	914,997,369
2005	52,844	2,072,277,460	39,215	2.6%	1,115,625,249
2006	53,628	2,100,286,992	39,164	2.3%	1,256,339,527
2007	54,459	2,274,697,971	41,769	2.2%	1,354,682,059
2008	55,279	2,349,689,174	42,506	2.7%	1,397,818,852
2009	56,629	2,379,097,548	42,012	4.3%	1,563,886,251
2010	57,609	2,433,058,506	42,234	4.4%	1,496,999,951
2011	58,706	2,649,401,780	45,130	4.5%	1,529,029,060
2012	59,281	2,771,564,593	46,753	3.8%	1,681,710,058
2013	61,648	2,901,216,528	47,061	N/A	1,636,714,660

Sources:

Per Capita Income is based on Metropolitan Des Moines/West Des Moines and based on figures from Bureau of Economic Analysis

Bond Offering Statements prepared by independent financial advisor

City of West Des Moines, Community & Economic Development Department; City Demorgraphics

N/A - Information not available

City of West Des Moines, Iowa
Schedule 17
Principal Employers
Current Year and Ten Years Ago

		2013			2003		
Employer	Type of Business	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wells Fargo Home Mortgage & Card Services	Financial Services	7,696	1	12.71%	1,475	2	*
Hy-Vee Inc.	Grocery Stores	2,100	2	3.47%	2,595	1	*
Aviva USA	Insurance	1,457	3	2.41%			
West Des Moines Community School District	Education	1,309	4	2.16%	1,200	3	*
FBL Financial Group / Iowa Farm Bureau Insurance	Insurance / Financial Services	955	5	1.58%	1,100	4	*
ADP	Payroll Data Processing	550	6	0.91%			
Telligen	Insurance	549	7	0.91%			
MetLife	Insurance	534	8	0.88%			
GuideOne Insurance Company	Insurance	519	9	0.86%			
Sammons "The Annuity Group"	Investments	466	10	0.77%	900	7	*
Meredith	Publishing		.		960	5	*
Sears Credit Services	Financial Services				850	8	*
Associates Credit Card Center	Financial Services				640	9	*
Von Maur	Retail Store				620	10	*
Marsh Insurance / Kirke Van Orsdel	Insurance				951	6	*
All West Des Moines Employees		60,538		26.66%	*		*

* Information not available

Source: Bond Offering Statements prepared by independent financial advisor

City of West Des Moines, Iowa
Schedule 18
Full-Time Equivalent City Government Employees By Function / Program
Last Ten Fiscal Years

Functions/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Community Enrichment:										
Human Services	12.00	12.00	12.00	12.00	12.00	12.00	12.25	12.25	12.25	12.25
Library	23.60	23.60	23.60	23.60	23.60	23.60	23.60	23.60	22.50	22.50
Parks & Recreation	22.75	23.75	23.75	23.75	25.50	25.75	25.75	25.75	25.00	25.00
Public Safety:										
Emergency Medical Services & Dispatch	31.25	34.25	34.25	39.25	39.25	45.25	45.25	47.25	51.25	50.25
Fire	36.00	39.00	39.00	51.00	51.00	51.00	51.00	51.00	50.00	50.00
Police	81.75	81.75	82.75	82.75	82.75	85.75	85.75	84.75	82.75	83.75
Public Services:										
Community & Economic Dev						5.50	5.50	5.50	4.50	4.50
Development Services	22.00	22.00	22.00	23.00	23.00	24.00	23.00	22.00	22.20	20.20
Public Works	67.00	68.00	71.00	72.00	74.00	68.00	68.00	67.00	67.80	64.80
Support Services:										
City Manager's Office	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00
Finance	9.25	9.25	9.25	9.50	9.50	9.50	9.50	9.75	9.75	8.75
Human Resources	4.00	4.00	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00
Information Services	6.00	7.00	7.00	7.00	9.00	10.00	10.00	10.00	10.00	10.00
Legal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Total	322.10	331.10	336.10	355.35	361.10	371.85	371.10	370.35	369.00	365.00

Source: City Payroll records

City of West Des Moines, Iowa
Schedule 19
Operating Indicators By Department
Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Emergency Medical Services										
Total ambulance calls	2,894	3,245	3,251	3,395	4,137	5,395	5,678	6,005	6,295	6,800
Fire Department										
Total incidents	2,614	2,265	2,310	2,466	2,476	2,756	2,539	2,638	2,513	2,554
Total estimated loss	$1,676,790	$2,795,050	$1,178,372	$1,403,750	$1,211,950	$991,000	$990,400	$2,012,250	$1,693,070	$1,107,070
Police Department										
Number of parking tickets issued	1,351	937	1,163	1,090	1,115	1,205	1,392	1,148	968	801
Percent of parking tickets paid	83.35%	73.12%	77.30%	75.29%	73.95%	78.81%	79.04%	82.14%	80.89%	77.21%
Calls for service	44,051	51,439	51,273	48,450	48,675	48,956	48,798	46,931	CY	CY
Case Reports	7,199	7,385	7,094	6,279	6,453	6,617	6,570	6,533	CY	CY
Fed UCR Part 1 Crimes	1,872	1,970	2,033	1,698	1,918	1,888	1,887	1,968	CY	CY
Development Services										
Total building permits issued	1,567	1,159	1,197	1,213	1,135	1,009	1,163	1,158	1,002	1,060
Total value of permits issued	$ 363,813,418	$ 176,762,250	$ 181,231,329	$ 173,263,974	$ 252,906,667	$ 380,668,062	$ 133,491,107	$ 297,239,849	$ 227,758,147	$ 237,701,490
Public Works										
Lane miles of streets per operator	21.43	22.78	23.43	24.57	25.00	27.00	28.00	28.00	28.00	28.00
Library										
Volumes in collection	149,579	154,740	157,740	160,801	164,456	172,718	180,188	180,308	178,509	195,915
Annual circulation	612,398	620,089	651,583	713,913	784,906	815,944	691,721	689,193	685,899	674,699

City of West Des Moines, Iowa

Schedule 19 (Continued)

Operating Indicators By Department

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parks & Recreation										
Aquatic Centers	2	2	2	2	2	2	2	2	2	2
Aquatic Center attendance	96,957	136,198	133,671	137,499	135,038	122,517	124,499	103,049	112,364	91,948
Rec program participation	54,683	59,410	63,402	72,073	69,873	68,256	70,231	70,851	71,226	67,541
Total acres of parks maintained	1,222	1,222	1,222	1,230	1,278	1,238	1,238	1,238	1,239	1,239
Total miles of trails maintained	28	33	36	38	44	45	48	48	49	49

Source: City Departmental data

City of West Des Moines, Iowa
Schedule 20
Capital Asset Statistics By Department
Last Ten Fiscal Years

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire: Stations	4	4	4	5	5	5	5	5	5	5
Public Works:										
Streets (Miles):										
Paved	545	622	620	642	658	670	691	708	708	714
Unpaved	36	37	43	42	42	48	51	50	58	57
Wastewater (Miles):										
Storm Sewer	110	153	160	170	184	190	182	187	195	200
Sanitary Sewer	197	211	220	223	230	233	232	232	233	234
Parks & Recreation:										
Park Acreage	1,222	1,222	1,222	1,238	1,278	1,238	1,238	1,238	1,239	1,239
Parks	33	33	33	37	40	36	36	36	36	36
Parks with Playground Equipment	18	18	19	20	21	22	23	23	23	20
Miles of Trails	35	35	50	38	44	45	48	48	49	49
Baseball/Softball Diamonds	24	24	24	24	24	24	24	24	24	25
Horseshoe Courts	18	18	18	18	18	18	18	18	18	18
Sand Volleyball Courts	5	5	5	5	5	5	5	5	3	3
Soccer/Football Fields	21	21	21	21	21	21	21	21	21	21
Basketball Courts	9	9	13	13	14	14	15	15	15	14

City of West Des Moines, Iowa
Schedule 20 (Continued)
Capital Asset Statistics By Department
Last Ten Fiscal Years

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parks & Recreation: (Continued)										
Tennis Courts	10	10	11	11	11	11	12	12	12	12
Aquatic Centers	2	2	2	2	2	2	2	2	2	2
Wading Pools	2	2	1	1	1	1	1	1	1	1
Dog Parks	-	1	1	1	1	1	1	1	1	1
Parks and Recreation / Other:										
Cemetery acres	9	9	9	9	9	9	9	9	9	9
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes in collection	149,579	154,740	157,681	160,801	164,456	172,718	180,188	180,308	178,509	195,915

Source: Department capital asset records

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INTERNAL CONTROLS

AND

COMPLIANCE SECTION

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CPAs & BUSINESS ADVISORS

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 West Des Moines, Iowa

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Des Moines, Iowa, (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified. We did identify a certain deficiency in internal control, described in Part II of the accompanying schedule of findings and questioned costs as item 2013-A, that we consider to be a significant deficiency.

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

We noted another matter that we reported to management of the City in a separate letter dated December 12, 2013.

City's Response to Findings
The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Dubuque, Iowa
December 12, 2013

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of West Des Moines, Iowa's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on the ARRA – Energy Efficiency and Conservation Block Grant Program
As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 81.128 ARRA-Energy Efficiency and Conservation Block Grant Program as described in finding 2013-001 for the Davis-Bacon Act. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

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Qualified Opinion on the ARRA – Energy Efficiency and Conservation Block Grant Program
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the ARRA – Energy Efficiency and Conservation Block Grant Program for the year ended June 30, 2013.

Unmodified Opinion on the Other Major Federal Program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Report on Internal Control over Compliance
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies, and therefore, material weaknesses and significant deficiencies may exist that were not identified. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Dubuque, Iowa
December 12, 2013

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218		$ 343,616
Pass-through program from:			
Iowa Economic Development Authority:			
Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-214	20,728
Direct program:			
Supportive Housing Program	14.235		101,794
Total U.S. Department of Housing and Urban Development			466,138
U.S. Department of Justice:			
Direct program:			
Edward Byrne Memorial Formula Grant Program	16.579		12,773
Bulletproof Vest Partnership Program	16.607		4,250
Pass-through program from:			
Polk County Sheriff's Office:			
Public Safety Partnership and Community Policing Grants	16.710	10-HotSpots/Interdiction-09	6,935
JAG Program Cluster:			
Direct program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		14,417
Pass-through program from:			
Mid-Iowa Narcotics Enforcement Task Force:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	10-JAG/ARRA-42154	60,129
Total JAG Program Cluster			74,546
Direct program:			
Equitable Sharing Program	16.922		25,172
Total U.S. Department of Justice			123,676

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HDP-8260(615)--71-77	$ 462,071
Highway Planning and Construction	20.205	STP-A-8260(627)--86-25	353,600
Highway Planning and Construction	20.205	STP-A-8260(630)--86-77	306,352
Highway Planning and Construction	20.205	STP-U-8260(624)-70-77	286,690
Highway Planning and Construction	20.205	STP-A-8260(625)--86-25	216,000
Highway Planning and Construction	20.205	STP-U-8260(622)--70-77	202,590
Highway Planning and Construction	20.205	STP-U-8260(613)-70-77	7,914
			1,835,217
Highway Safety Cluster			
Pass-through program from:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 13-03, Task 13	27,159
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 12-410, Task 79	19,074
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 12-410, Task 81	3,008
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 13-410, Task 61	630
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K813-00-00-08	362
			23,074
Total Highway Safety Cluster			50,233
Total U.S. Department of Transportation			1,885,450
U.S. Department of Energy:			
Direct program:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		183,349
U.S. Department of Health and Human Services:			
Pass-through program from:			
Iowa Department of Human Rights:			
Low-Income Home Energy Assistance	93.568	LIHEAP 13-12-U	6,000
Community Services Block Grant	93.569	CSBG 12-12-CU	6,000
Total U.S. Department of Health and Human Services			12,000
Total			$ 2,670,613

See Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of West Des Moines, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

Part I: Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	Yes
Identification of major programs:	
Name of Federal Program	CFDA Number
Highway Planning and Construction	20.205
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128
Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

2013-A Capital Asset Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to report financial data reliably in accordance with generally accepted accounting principles.

Condition – During the course of our engagement, we proposed audit adjustments to capital asset balances that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a misstatement of the City's financial statements.

Cause – The City's capital asset procedures did not include controls over repair and maintenance type projects not yet approved by Council included in construction in progress at June 30, 2013. In addition, capital asset procedures lacked a review of possible capital expenditures accounted for in repairs and maintenance accounts in the City's general ledger.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles.

Recommendation – We recommend that finance staff implement capital asset procedures to identify repair and maintenance type projects included in construction in progress and to identify possible capital assets accounted for in repairs and maintenance accounts.

Response – The City's past practice has been to reclassify construction in progress upon Council acceptance of each individual project. At that time, projects are evaluated and related costs are then categorized as either a capital asset or a maintenance item. Procedures will be implemented to individually evaluate all projects in process at the end of the fiscal year and reclassify maintenance–related project costs as appropriate. Conversely, the City will also perform periodic reviews of activity in repairs and maintenance accounts to identify and reclassify any capital assets.

Part III: Findings and Questioned Costs for Federal Awards:

MATERIAL WEAKNESS AND NONCOMPLIANCE:

2013-001 Davis-Bacon Act
CFDA #81.128 ARRA – Energy Efficiency and Conservation Block Grant Program
U.S. Department of Energy
Questioned Costs - Unknown

Criteria – A properly designed system of internal control over compliance with the requirements of federal programs allows entities to meet those requirements set forth by the federal government in administering federal grants. Sections 40-USC 3141-3144, 3146, and 3147 require that entities expending federal awards on construction projects in excess of $2,000 ensure that contractors are paying wages not less than those established for the locality of the project by the United States Department of Labor, and that the contractors are submitting their certified payrolls weekly to the grantee.

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Condition – The City did not enforce or monitor the requirements of the Davis-Bacon Act on a contract in place during the year.

Cause – It appears the cause was due to miscommunication between the City and the awarding agency.

Effect – The City did not comply with federal requirements regarding the Davis-Bacon Act.

Recommendation – The City should put procedures in place to insure that they are following all requirements of federal grants related to the provisions of the Davis-Bacon Act.

Response – The City believes this condition was an isolated incident. Staff will verify that procedures are in place to ensure compliance with all requirements of federal grants and take additional steps to emphasize the importance of properly documenting communication between the City and awarding agencies.

Part IV: Other Findings Related to Required Statutory Reporting:

2013-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2013, did not exceed the amount budgeted.

2013-IA-B **Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2013-IA-C **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2013-IA-D **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Ted Ohmart, council member, owner in Hawk Metal Products	Supplies	$ 2,940
Michael Feekes, employee, owner in Phoenix Cabinetry	Supplies	406
Greg Siembieda, employee, owner in Walnut Creek Promotions	Supplies	395

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Phoenix Cabinetry and Walnut Creek Promotions do not appear to represent conflicts of interest since total transactions with each individual were less than $1,500 during the fiscal year. The transaction with Hawk Metal Products may represent a conflict of interest.

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

Recommendation – We recommend the City review the transaction with Hawk Metal Products with legal counsel.

Response – The transactions with Hawk Metal Products were reviewed by the Finance Director and City Attorney's office. The transactions resulted from the City's approved competitive bidding process where Hawk Metal Products proved to be the successful bidder. It was concluded that the transactions were conducted at arm's length and that staff complied with the City's applicable purchasing and disbursement policies in each instance.

2013-IA-E **Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2013-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the City Council minutes but were not.

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

Recommendation – The City should take measures to publish Council minutes within 15 days of the meeting.

Response – The City's practice is to publish Council meeting minutes immediately after approval by Council at the subsequent meeting, generally two weeks following. Minutes are made available to the public via the City's website along with the upcoming meeting Council packet within two weeks, however they are generally considered to be a proposed version until acted upon by the Council.

2013-IA-G **Deposits and Investments –** No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

2013-IA-H **Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

2013-IA-I **Revenue Notes –** No instances of non-compliance with the sewer revenue note provisions were noted.

There were no prior year federal findings.