

**City of Waukee, Iowa**

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

**June 30, 2007**



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**City of Waukee, Iowa  
OFFICIALS**

	<b><u>Term expires</u></b>
<b>MAYOR AND MEMBERS OF CITY COUNCIL (Before January 2007)</b>	
William Peard, Mayor	January 2008
Donald Bailey, Jr., Council Member	January 2010
Isaiah McGee, Council Member	January 2010
Michael Watts, Council Member	January 2010
Jeff Mertz, Council Member	January 2008
Darlene Stanton, Council Member	January 2008
<b>INTERIM CITY ADMINISTRATOR</b>	
John R. Gibson	October, 2006
<b>DEPUTY CITY CLERK</b>	
Rebecca D. Schuett	Indefinite
<b>CITY TREASURER</b>	
Linda Burkhart	Indefinite
<b>CITY ATTORNEY</b>	
Steven P. Brick	January, 2008
	<b><u>Term expires</u></b>
<b>MAYOR AND MEMBERS OF CITY COUNCIL (After January 2007)</b>	
William Peard, Mayor	January 2008
Donald Bailey, Jr., Council Member	January 2010
Isaiah McGee, Council Member	January 2010
Michael Watts, Council Member	January 2010
Jeff Mertz, Council Member	January 2008
Darlene Stanton, Council Member	January 2008
<b>CITY ADMINISTRATOR</b>	
Jeff Kooistra	Indefinite
<b>DEPUTY CITY CLERK</b>	
Rebecca D. Schuett	Indefinite
<b>CITY TREASURER</b>	
Linda Burkhart	Indefinite
<b>CITY ATTORNEY</b>	
Steven P. Brick	January, 2008

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Waukee, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the contents page of this report. These financial statements are the responsibility of the City of Waukee's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Waukee as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2007 on our consideration of the City of Waukee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukee's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other data in this report, designated as the "statistical section" on the contents page, has not been audited by us and, accordingly, we express no opinion on it.

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

West Des Moines, Iowa  
November 19, 2007

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Waukee provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2007 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities increased 29.63%, or approximately \$2,105,823, from fiscal 2006 to fiscal 2007. Property tax increased approximately \$336,109, tax increment financing increased \$372,090, licenses and permits decreased \$113,308 and intergovernmental increased approximately \$857,709.
- Program expenses increased 37.99%, or approximately \$3,183,021 in fiscal 2007 from fiscal 2006. Public Safety expenses increased \$136,820, Community and Economic Development increased \$137,467, Culture and Recreation increased \$304,132, and Capital Projects increased \$2,685,996.
- The City has net assets of \$64,053,816 on June 30, 2007 as compared to \$59,284,331 on June 30, 2006. Of this amount, the net assets of the governmental activities was \$44,684,317 and the net assets of the business type activities was \$19,369,499.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

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

### *Fund Financial Statements*

The City has two kinds of funds:

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Net Assets					
	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 9,986,630	\$ 8,167,458	\$ 5,269,205	\$ 5,127,708	\$15,255,835	\$13,295,166
Capital assets	57,305,795	52,794,403	22,374,813	22,455,278	79,680,608	75,249,681
Total assets	67,292,425	60,961,861	27,644,018	27,582,986	94,936,443	88,544,847
Long-term liabilities	17,317,352	13,715,293	7,644,500	8,612,253	24,961,852	22,327,546
Other liabilities	5,290,756	6,299,606	630,019	633,364	5,920,775	6,932,970
Total liabilities	22,608,108	20,014,899	8,274,519	9,245,617	30,882,627	29,260,516
Net assets:						
Net of related debt	40,083,054	39,101,575	14,692,603	13,860,800	54,775,657	52,962,375
Restricted	3,997,838	1,393,246	269,487	156,385	4,267,325	1,549,631
Unrestricted	603,425	452,141	4,407,409	4,320,184	5,010,834	4,772,325
Total net assets	\$44,684,317	\$40,946,962	\$19,369,499	\$18,337,369	\$64,053,816	\$59,284,331

The largest portion of the City's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately \$5,011,000 at the end of this year.

	Changes in Net Assets					
	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Property tax levied	\$ 4,271,200	\$ 3,525,913	\$ -	\$ -	\$ 4,271,200	\$ 3,525,913
Tax increment financing	1,651,122	1,279,032	-	-	1,651,122	1,279,032
Unrestricted interest	175,798	73,624	122,702	73,890	298,500	147,514
Restricted interest and grants	1,573,531	717,124	-	-	1,573,531	717,124
Charges for services	1,082,280	1,181,232	8,244,200	7,672,322	9,326,480	8,853,554
Capital contributions	2,927,060	11,678,449	38,875	112,749	2,965,935	11,791,198
Miscellaneous	464,366	331,615	1,282,642	2,161,901	1,747,008	2,493,516
Sale of assets	-	-	-	892	-	892
Total general revenues	12,145,357	18,786,989	9,688,419	10,021,754	21,833,776	28,808,743
Transfers	203,829	210,722	(203,829)	(210,722)	-	-
Total general revenues and transfers	\$12,349,186	\$18,997,711	\$9,484,590	\$ 9,811,032	\$21,833,776	\$28,808,743

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program expenses						
Public safety	\$ 1,724,056	\$ 1,576,766	\$ -	\$ -	\$ 1,724,056	\$ 1,576,766
Public works	2,905,991	2,639,634	-	-	2,905,991	2,639,634
Health and social services	9,000	13,500	-	-	9,000	13,500
Culture and recreation	893,262	850,997	-	-	893,262	850,997
Community and economic development	646,337	507,922	-	-	646,337	507,922
General government	640,591	457,637	-	-	640,591	457,637
Debt service	1,061,483	829,561	-	-	1,061,483	829,561
Capital projects	731,111	780,327	-	-	731,111	780,327
Business activities	-	-	8,452,460	7,829,702	8,452,460	7,829,702
Total expenses	<u>8,611,831</u>	<u>7,656,344</u>	<u>8,452,460</u>	<u>7,829,702</u>	<u>17,064,291</u>	<u>15,486,046</u>
Increase in net assets	3,737,355	11,341,367	1,032,130	1,981,330	4,769,485	13,322,697
Net assets beginning of year	<u>40,946,962</u>	<u>29,605,595</u>	<u>18,337,369</u>	<u>16,356,039</u>	<u>59,284,331</u>	<u>45,961,634</u>
Net assets end of year	<u>\$44,684,317</u>	<u>\$40,946,962</u>	<u>\$19,369,499</u>	<u>\$18,337,369</u>	<u>\$64,053,816</u>	<u>\$59,284,331</u>

The City maintained the \$13.50 property tax levy for FY07, while recognizing a \$745,287 increase in property tax revenue due to actual valuations being increased. Revenues for operating grants, contributions and restricted interest, decreased by approximately \$7,894,982, due to the change in capital contributions.

## INDIVIDUAL MAJOR FUND ANALYSIS

### Governmental Fund Highlights

As the City of Waukee completed the year, its governmental funds reported a combined fund balance of \$4,687,298 at June 30, 2007, compared to \$1,926,611 combined fund balance at June 30, 2006.

The General Fund showed an increase of \$131,501 from the prior year to \$1,152,540.

The Tax Increment Financing Revenues Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which are used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects. This fund ended fiscal 2007 with a \$2,388,328 balance compared to the prior year ending balance of \$1,777,454.

The Employee Benefits Tax Levy Fund is used to account for the property tax levied to finance the payment of employee benefits. This fund ended fiscal 2007 with a \$13,324 balance compared to the prior year ending balance of \$9,328. Transfers out to operating funds totaled \$559,587 in fiscal 2007.

The Debt Service Fund ended fiscal 2007 with a \$247,126 balance compared to the prior year ending balance of \$323,971. Bond principal and interest payments increased by \$24,998 in fiscal 2007.

The Capital Projects Fund ended fiscal 2007 with a \$724,350 balance compared to the prior year ending balance of \$(1,331,507).

## **Proprietary Fund Highlights**

The Water Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2007 with a \$7,186,968 net asset balance, compared to the prior year ending net asset balance of \$6,724,101.

The Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2007 with a \$8,502,901 net asset balance, compared to the prior year ending net asset balance of \$8,201,293.

The Gas Fund, which accounts for the operations and maintenance of the City's gas utility, ended fiscal 2007 with a \$2,842,629 net asset balance, compared to the prior year ending net asset balance of \$2,752,080.

The Golf Course Fund, which accounts for the operations and maintenance of the City's municipal golf course, ended fiscal 2007 with a \$591,363 net asset balance, compared to the prior year ending net asset balance of \$641,978.

The Sanitation Fund, which accounts for the operation and maintenance of the City's solid waste collection system, ended fiscal 2007 with a \$39,225 net asset balance, compared to the prior year ending net asset deficit balance of \$(17,472).

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City of Waukee amended its budget once. This amendment was done in May 2007. This amendment was needed to cover unplanned disbursements, including disbursements associated with projects carried over from the prior fiscal year.

Even with this amendment, the City exceeded the budgeted amount in the Culture and Recreation and the Debt Service functions for the year ended June 30, 2007.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's capital assets include land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure. Capital assets for governmental activities totaled \$57,305,795 (net of accumulated depreciation) at June 30, 2007. Capital assets for business type activities totaled \$22,374,813 (net of accumulated depreciation) at June 30, 2007. See Note 1 & 4 to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year included purchase of parkland, the second phase of the University Avenue Street Widening project, Ridge Pointe Park Pavilion and the Sugar Creek Sewer & Pump Station project.

For business type activities, major additions included the fees associated with the Wastewater Reclamation Authority (WRA).

Construction in progress at June 30, 2007 for governmental activities consists primarily of street and park projects.

### **Long-Term Debt**

At June 30, 2007, the City had \$17,317,352 in total long-term debt outstanding for governmental activities. Total long-term debt outstanding for business type activities was \$7,644,500 at June 30, 2007. During the year ended June 30, 2007, the City issued a total of \$4,900,500 in general obligation bonds to finance the City's construction projects.

The City has not received a general obligation bond rating assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$19,888,482 is significantly below its constitutional debt limit of \$28,887,890. Other obligations include accrued vacation pay and sick leave. Additional information about the City's long-term debt is presented in Note 5 to the financial statements.

**ECONOMIC FACTORS BEARING ON THE CITY’S FUTURE**

Several economic factors affected decisions made by the City in setting its fiscal 2008 budget. The City of Waukee will experience a significant increase in General Fund revenues and expenditures from fiscal 2007 to fiscal 2008. The major factors that will play a role in this change are the increase in property tax revenues from increased valuations for fiscal 2008, and increased revenues from licenses and permit fees.

The General Fund is projected to end fiscal 2008 with a fund balance of approximately \$1,152,540, or to remain constant from fiscal 2007. The tax levy rates per \$1,000 of taxable valuation for fiscal 2008 are provided below:

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

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to present our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and operating activities. If you have any questions or require additional information, please contact the City Administrator/Clerk or the Director of Finance, at Waukee City Hall, 230 Highway 6, Waukee, Iowa.

## **BASIC FINANCIAL STATEMENTS**

**City of Waukee, Iowa**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	
<b>ASSETS</b>			
Cash and pooled investments	\$ 4,703,510	\$ 3,392,103	\$ 8,095,613
Receivables			
Property tax			
Delinquent	69,822	-	69,822
Succeeding year	4,375,647	-	4,375,647
Special assessments	253,981	91,013	344,994
Customer accounts	-	595,190	595,190
Other	416,873	-	416,873
Due from other governments	37,599	-	37,599
Due (to) from other funds	66,179	(66,179)	-
Inventories	-	139,653	139,653
Prepaid insurance	63,019	-	63,019
Restricted assets - cash and pooled investments	-	1,090,595	1,090,595
Capital assets (net of accumulated depreciation)	57,305,795	22,374,813	79,680,608
Bond/note issuance costs	-	<u>26,830</u>	<u>26,830</u>
Total assets	<u>67,292,425</u>	<u>27,644,018</u>	<u>94,936,443</u>
<b>LIABILITIES</b>			
Accounts payable	598,975	487,146	1,086,121
Accrued interest payable	58,800	27,673	86,473
Bond deposit	-	56,750	56,750
Customer deposits payable	-	58,450	58,450
Lease deposit payable	3,353	-	3,353
Deferred revenue	4,629,628	-	4,629,628
Long-term liabilities			
Portion due or payable within one year			
Compensated absences	17,658	19,040	36,698
Capital lease payable	-	553	553
General obligation bonds/notes	1,478,091	52,346	1,530,437
Revenue notes payable	-	199,305	199,305
Special assessment notes payable	-	30,000	30,000
Des Moines Water Works bonds payable	-	432,234	432,234
Portion due or payable after one year			
Capital lease payable	-	3,862	3,862
Compensated absences	76,953	-	76,953
General obligation bonds/notes	15,744,650	121,866	15,866,516
Revenue notes payable	-	2,566,918	2,566,918
Special assessment notes payable	-	30,000	30,000
Des Moines Water Works bonds payable	-	<u>4,188,376</u>	<u>4,188,376</u>
Total liabilities	<u>22,608,108</u>	<u>8,274,519</u>	<u>30,882,627</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	40,083,054	14,692,603	54,775,657
Restricted for			
Parkland dedication	293,844	-	293,844
Prepaid insurance	63,019	-	63,019
Advances to other funds	85,000	-	85,000
Debt service	250,480	269,487	519,967
Police gifts and memorials	2,143	-	2,143
Warning siren	22,661	-	22,661
Lease deposits	3,353	-	3,353
Road purposes	23,397	-	23,397
Library	127,939	-	127,939
Other	3,126,002	-	3,126,002
Unrestricted	<u>603,425</u>	<u>4,407,409</u>	<u>5,010,834</u>
Total net assets	<u>\$44,684,317</u>	<u>\$19,369,499</u>	<u>\$64,053,816</u>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Primary Government</u>	
<b>FUNCTIONS/PROGRAMS</b>					<u>Business Type Activities</u>	<u>Total</u>
Primary Government						
Governmental activities						
Public safety	\$ 1,724,056	\$ 92,707	\$ -	\$ (1,631,349)	\$ -	\$ (1,631,349)
Public works	2,905,991	-	626,633	(2,279,358)	-	(2,279,358)
Health and social services	9,000	-	-	(9,000)	-	(9,000)
Culture and recreation	893,262	154,265	-	(738,997)	-	(738,997)
Community and economic development	646,337	-	-	(646,337)	-	(646,337)
General government	640,591	835,308	-	194,717	-	194,717
Debt service	1,061,483	-	-	(1,061,483)	-	(1,061,483)
Capital projects	731,111	-	946,898	215,787	-	215,787
Total governmental activities	<u>8,611,831</u>	<u>1,082,280</u>	<u>1,573,531</u>	<u>(5,956,020)</u>	<u>-</u>	<u>(5,956,020)</u>
Business type activities						
Water	1,875,475	1,832,560	-	-	(42,915)	(42,915)
Sewer	1,255,892	1,155,824	-	-	(100,068)	(100,068)
Gas	4,003,527	3,826,665	-	-	(176,862)	(176,862)
Golf	544,511	435,678	-	-	(108,833)	(108,833)
Other	773,055	993,473	-	-	220,418	220,418
Total business type activities	<u>8,452,460</u>	<u>8,244,200</u>	<u>-</u>	<u>-</u>	<u>(208,260)</u>	<u>(208,260)</u>
Total Primary Government	<u>\$17,064,291</u>	<u>\$9,326,480</u>	<u>\$1,573,531</u>	<u>(5,956,020)</u>	<u>(208,260)</u>	<u>(6,164,280)</u>
<b>GENERAL REVENUES</b>						
Property and other city tax levied for						
General purposes				\$ 2,644,638	\$ -	\$ 2,644,638
Debt service				1,069,047	-	1,069,047
Employee benefits				557,515	-	557,515
Tax increment financing				1,651,122	-	1,651,122
Unrestricted interest on investments				175,798	122,702	298,500
Miscellaneous				464,366	169,860	634,226
Connection fees				-	294,120	294,120
Capacity fees				-	818,662	818,662
Capital contributions				2,927,060	38,875	2,965,935
<b>TRANSFERS</b>				<u>203,829</u>	<u>(203,829)</u>	<u>-</u>
Total general revenues and transfers				<u>9,693,375</u>	<u>1,240,390</u>	<u>10,933,765</u>
<b>CHANGE IN NET ASSETS</b>				3,737,355	1,032,130	4,769,485
<b>NET ASSETS BEGINNING OF YEAR</b>				<u>40,946,962</u>	<u>18,337,369</u>	<u>59,284,331</u>
<b>NET ASSETS END OF YEAR</b>				<u>\$44,684,317</u>	<u>\$19,369,499</u>	<u>\$64,053,816</u>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2007**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and pooled investments	\$1,240,688	\$ 535,197	\$ 237,015	\$2,640,892	\$ 4,653,792
Receivables					
Property tax					
Delinquent	13,390	-	10,111	46,321	69,822
Succeeding year	2,470,931	-	1,272,061	632,655	4,375,647
Special assessments	-	-	-	253,981	253,981
Other	153,050	263,378	-	445	416,873
Due from other governments	-	35,569	-	2,030	37,599
Prepaid insurance	56,079	-	-	6,940	63,019
Advances to other funds	85,000	-	-	-	85,000
	<u>\$4,019,138</u>	<u>\$ 834,144</u>	<u>\$1,519,187</u>	<u>\$3,583,264</u>	<u>\$ 9,955,733</u>
Total assets					
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 355,835	\$ 109,794	\$ -	\$ 133,346	\$ 598,975
Lease deposit payable	3,353	-	-	-	3,353
Compensated absences	17,658	-	-	-	17,658
Deferred revenue					
Succeeding year property tax	2,470,931	-	1,272,061	632,655	4,375,647
Other	-	-	-	253,981	253,981
Interfund payable	18,821	-	-	-	18,821
Total liabilities	<u>2,866,598</u>	<u>109,794</u>	<u>1,272,061</u>	<u>1,019,982</u>	<u>5,268,435</u>
Fund Balances					
Reserved for debt service	-	-	247,126	3,354	250,480
Designated for					
Parkland dedication	293,844	-	-	-	293,844
Prepaid insurance	56,079	-	-	6,940	63,019
Advances to other funds	85,000	-	-	-	85,000
Police gifts and memorials	2,143	-	-	-	2,143
Warning siren	22,661	-	-	-	22,661
Lease deposits	3,353	-	-	-	3,353
Undesignated					
Reported in					
General fund	689,460	-	-	-	689,460
Special revenue funds	-	-	-	2,552,988	2,552,988
Capital projects funds	-	724,350	-	-	724,350
Total fund balances	<u>1,152,540</u>	<u>724,350</u>	<u>247,126</u>	<u>2,563,282</u>	<u>4,687,298</u>
	<u>\$4,019,138</u>	<u>\$ 834,144</u>	<u>\$1,519,187</u>	<u>\$3,583,264</u>	<u>\$ 9,955,733</u>
Total liabilities and fund balances					

See Notes to Financial Statements.

**City of Waukee**  
**RECONCILIATION OF THE BALANCE SHEET—**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
**June 30, 2007**

**Total governmental fund balances** \$ 4,687,298

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$79,460,678 and the accumulated depreciation \$22,154,833. 57,305,795

Long-term liabilities, including bonds payable, bond deposits, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (17,358,494)

The Internal Service Fund is used by management to charge the costs of future equipment purchases to individual funds. The assets of the Internal Service Fund are allocated between governmental and proprietary activities in the Statement of Net Assets. 49,718

**Net assets of governmental activities** **\$44,684,317**

**City of Waukee, Iowa**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)**  
**GOVERNMENTAL FUNDS**  
**Year ended June 30, 2007**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>					
Property tax	\$2,178,326	\$ -	\$1,069,047	\$ 557,515	\$ 3,804,888
Tax increment financing collections	-	-	-	1,651,122	1,651,122
Other city tax	-	461,698	-	4,614	466,312
Licenses and permits	766,811	-	-	-	766,811
Use of money and property	88,215	66,894	18,928	68,102	242,139
Intergovernmental	154,265	946,898	-	626,633	1,727,796
Charges for services	92,707	-	-	-	92,707
Miscellaneous	327,095	53,066	-	78,993	459,154
Total revenues	<u>3,607,419</u>	<u>1,528,556</u>	<u>1,087,975</u>	<u>2,986,979</u>	<u>9,210,929</u>
<b>EXPENDITURES</b>					
Operating					
Public safety	1,510,461	-	-	-	1,510,461
Public works	436,268	-	-	645,331	1,081,599
Health and social services	9,000	-	-	-	9,000
Culture and recreation	1,090,960	-	-	19,198	1,110,158
Community and economic development	258,260	-	-	387,273	645,533
General government	708,556	-	-	-	708,556
Debt service	-	-	2,432,070	-	2,432,070
Capital projects	-	4,062,917	-	-	4,062,917
Total expenditures	<u>4,013,505</u>	<u>4,062,917</u>	<u>2,432,070</u>	<u>1,051,802</u>	<u>11,560,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(406,086)</u>	<u>(2,534,361)</u>	<u>(1,344,095)</u>	<u>1,935,177</u>	<u>(2,349,365)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	4,896,123	-	-	4,896,123
Proceeds from sale of capital assets	-	10,100	-	-	10,100
Operating transfers in	537,587	-	1,267,250	338,005	2,142,842
Operating transfers out	-	(316,005)	-	(1,623,008)	(1,939,013)
Total other financing sources (uses)	<u>537,587</u>	<u>4,590,218</u>	<u>1,267,250</u>	<u>(1,285,003)</u>	<u>5,110,052</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	131,501	2,055,857	(76,845)	650,174	2,760,687
<b>FUND BALANCES (DEFICIT) BEGINNING OF YEAR</b>	1,021,039	(1,331,507)	323,971	1,913,108	1,926,611
<b>FUND BALANCES END OF YEAR</b>	<u>\$1,152,540</u>	<u>\$ 724,350</u>	<u>\$ 247,126</u>	<u>\$2,563,282</u>	<u>\$ 4,687,298</u>

See Notes to Financial Statements.

**City of Waukee**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (DEFICIT)—**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2007**

**Net change in fund balances (deficit)—Total governmental funds** \$2,760,687

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

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

Expenditures for capital assets, including contributed capital	\$6,772,574	
Depreciation expense	<u>(2,261,182)</u>	4,511,392

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

Issued net of prior year deposit of \$49,500	(4,900,500)	
Repaid	<u>1,370,587</u>	(3,529,913)

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

Compensated absences	(12,536)	
Interest on long-term debt	<u>6,080</u>	(6,456)

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

1,645

**Change in net assets of governmental activities** **\$3,737,355**

**City of Waukee, Iowa**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2007**

	<b>Enterprise Funds</b>						<b>Internal</b>
	<b>Water</b>	<b>Sewer</b>	<b>Gas</b>	<b>Golf Course</b>	<b>Nonmajor Funds</b>	<b>Total</b>	<b>Service Fund Equipment Revolving</b>
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and pooled investments	\$ 779,068	\$ 1,216,123	\$1,150,529	\$ 800	\$ 157,531	\$ 3,304,051	\$ 137,770
Receivables							
Customer accounts and unbilled usage	262,182	138,223	106,300	483	88,002	595,190	-
Special assessments	-	91,013	-	-	-	91,013	-
Interfund receivable	-	-	72,710	-	-	72,710	-
Inventories	68,521	-	60,839	10,293	-	139,653	-
<b>Restricted assets - cash and pooled investments</b>							
Customer deposits	29,450	-	28,400	600	-	58,450	-
Capacity fees	109,555	-	-	-	-	109,555	-
Revenue note and interest sinking account	371,689	39,984	-	5,915	-	417,588	-
Revenue note reserve account	139,121	158,472	-	24,552	-	322,145	-
Des Moines Water Works reserve account	182,857	-	-	-	-	182,857	-
Advances to other funds	100,000	-	-	-	-	100,000	-
Capital assets (net of accumulated depreciation)	9,888,249	9,022,335	1,693,342	1,739,135	31,752	22,374,813	-
Bond/note issuance costs	8,808	18,022	-	-	-	26,830	-
<b>Total assets</b>	<b><u>11,939,500</u></b>	<b><u>10,684,172</u></b>	<b><u>3,112,120</u></b>	<b><u>1,781,778</u></b>	<b><u>277,285</u></b>	<b><u>27,794,855</u></b>	<b><u>137,770</u></b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Accounts payable	82,063	94,510	178,527	68,704	63,342	487,146	-
Capital lease payable	-	-	-	553	-	553	-
Compensated absences	4,731	5,443	5,814	584	2,468	19,040	-
Special assessment notes payable	-	30,000	-	-	-	30,000	-
General obligation bonds payable	-	40,000	-	12,346	-	52,346	-
Interfund payable	-	-	-	-	53,889	53,889	-
Bond deposit	-	-	56,750	-	-	56,750	-
<b>Current Liabilities Payable from Restricted Assets</b>							
Customer deposits payable	29,450	-	28,400	600	-	58,450	-
Revenue notes payable	-	168,000	-	31,305	-	199,305	-
Des Moines Water Works bonds payable	432,234	-	-	-	-	432,234	-
Interest payable	15,678	6,724	-	5,271	-	27,673	-
<b>Noncurrent Liabilities</b>							
Advances from other funds	-	-	-	185,000	-	185,000	-
Capital lease payable	-	-	-	3,862	-	3,862	-
Special assessment notes payable	-	30,000	-	-	-	30,000	-
General obligation bonds payable	-	85,000	-	36,866	-	121,866	-
Revenue notes payable (net of amortized discount)	-	1,721,594	-	845,324	-	2,566,918	-
Des Moines Water Works bonds payable (net of amortized discount)	4,188,376	-	-	-	-	4,188,376	-
<b>Total liabilities</b>	<b><u>4,752,532</u></b>	<b><u>2,181,271</u></b>	<b><u>269,491</u></b>	<b><u>1,190,415</u></b>	<b><u>119,699</u></b>	<b><u>8,513,408</u></b>	<b><u>-</u></b>
<b>Net Assets (Deficit)</b>							
Invested in capital assets, net of related debt	5,267,639	6,947,741	1,636,592	808,879	31,752	14,692,603	-
Restricted for bond retirement	245,755	23,732	-	-	-	269,487	-
Unrestricted	1,673,574	1,531,428	1,206,037	(217,516)	125,834	4,319,357	137,770
<b>Total net assets</b>	<b><u>\$ 7,186,968</u></b>	<b><u>\$ 8,502,901</u></b>	<b><u>\$2,842,629</u></b>	<b><u>\$ 591,363</u></b>	<b><u>\$ 157,586</u></b>	<b><u>\$19,281,447</u></b>	<b><u>\$ 137,770</u></b>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2007**

	<b>Enterprise Funds</b>						<b>Internal</b>
	<b>Water</b>	<b>Sewer</b>	<b>Gas</b>	<b>Golf Course</b>	<b>Nonmajor Funds</b>	<b>Total</b>	<b>Service Fund Equipment Revolving</b>
<b>OPERATING REVENUES</b>							
Charges for service	\$1,832,560	\$1,155,824	\$3,826,665	\$ 435,678	\$ 993,473	\$ 8,244,200	\$ -
Miscellaneous	<u>11,167</u>	<u>4,088</u>	<u>35,958</u>	<u>91,892</u>	<u>2,081</u>	<u>145,186</u>	<u>-</u>
Total operating revenues	<u>1,843,727</u>	<u>1,159,912</u>	<u>3,862,623</u>	<u>527,570</u>	<u>995,554</u>	<u>8,389,386</u>	<u>-</u>
<b>OPERATING EXPENSES</b>							
Business type activities							
Cost of sales and services	1,159,422	809,574	3,894,133	420,965	770,491	7,054,585	-
Depreciation and amortization	<u>405,101</u>	<u>347,493</u>	<u>109,394</u>	<u>81,071</u>	<u>2,564</u>	<u>945,623</u>	<u>-</u>
Total operating expenses	<u>1,564,523</u>	<u>1,157,067</u>	<u>4,003,527</u>	<u>502,036</u>	<u>773,055</u>	<u>8,000,208</u>	<u>-</u>
Operating income (loss)	<u>279,204</u>	<u>2,845</u>	<u>(140,904)</u>	<u>25,534</u>	<u>222,499</u>	<u>389,178</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest income	48,982	45,875	21,789	834	2,310	119,790	4,556
Rental income	17,474	-	-	7,200	-	24,674	-
Connection fees (refunds)	327,750	(243,294)	209,664	-	-	294,120	-
Capacity fees	159,327	659,335	-	-	-	818,662	-
Interest expense	<u>(310,952)</u>	<u>(98,825)</u>	<u>-</u>	<u>(42,475)</u>	<u>-</u>	<u>(452,252)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>242,581</u>	<u>363,091</u>	<u>231,453</u>	<u>(34,441)</u>	<u>2,310</u>	<u>804,994</u>	<u>4,556</u>
Income (loss) before contributions and transfers	521,785	365,936	90,549	(8,907)	224,809	1,194,172	4,556
Capital contributions	38,875	-	-	-	-	38,875	-
Transfers (out)	<u>(97,793)</u>	<u>(64,328)</u>	<u>-</u>	<u>(41,708)</u>	<u>-</u>	<u>(203,829)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	462,867	301,608	90,549	(50,615)	224,809	1,029,218	4,556
<b>NET ASSETS (DEFICIT) BEGINNING OF YEAR</b>	<u>6,724,101</u>	<u>8,201,293</u>	<u>2,752,080</u>	<u>641,978</u>	<u>(67,223)</u>	<u>18,252,229</u>	<u>133,214</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$7,186,968</u>	<u>\$8,502,901</u>	<u>\$2,842,629</u>	<u>\$ 591,363</u>	<u>\$ 157,586</u>	<u>\$19,281,447</u>	<u>\$ 137,770</u>

See Notes to Financial Statements.

**City of Waukee**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS—PROPRIETARY FUNDS TO**  
**THE STATEMENT OF NET ASSETS**  
**Year ended June 30, 2007**

**Total enterprise funds net assets** \$19,281,447

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

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

88,052

**Net assets of business type activities** **\$19,369,499**

**Change in net assets** **\$ 1,029,218**

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

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

2,912

**Change in net assets of business type activities** **\$1,032,130**

**City of Waukee, Iowa**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2007**

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf Course</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers and users	\$1,919,271	\$1,166,647	\$3,810,261	\$ 439,701	\$ 986,480	\$8,322,360
Cash received from other revenues	11,167	4,088	35,958	91,892	2,081	145,186
Cash paid for personal services	(360,303)	(348,727)	(400,990)	(216,493)	(168,785)	(1,495,298)
Cash paid to suppliers	<u>(924,791)</u>	<u>(435,093)</u>	<u>(3,447,919)</u>	<u>(171,499)</u>	<u>(666,818)</u>	<u>(5,646,120)</u>
Net cash provided by (used in) operating activities	<u>645,344</u>	<u>386,915</u>	<u>(2,690)</u>	<u>143,601</u>	<u>152,958</u>	<u>1,326,128</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets, net of contributed capital and equipment fund transfers	(230,001)	(499,107)	(27,129)	(23,518)	(34,316)	(814,071)
Principal paid on revenue notes matured	(75,000)	(163,000)	-	(29,976)	-	(267,976)
Interest paid on notes	(319,421)	(99,424)	-	(41,292)	-	(460,137)
Principal paid on Des Moines Water Works bonds	(632,953)	-	-	-	-	(632,953)
Principal paid on general obligation bonds	-	(40,000)	-	(10,441)	-	(50,441)
Principal paid on special assessment notes	-	(30,000)	-	-	-	(30,000)
Principal paid on capital lease	-	-	-	(553)	-	(553)
Amounts transferred to debt service fund	(97,793)	(64,328)	-	(41,708)	-	(203,829)
Proceeds from bond deposit	-	-	56,750	-	-	56,750
Proceeds from general obligation notes	-	-	-	8,457	-	8,457
Special assessments	-	2,382	-	-	-	2,382
Connection fees (refunds)	327,750	(243,294)	209,664	-	-	294,120
Capacity fees	<u>159,327</u>	<u>659,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>818,662</u>
Net cash provided by (used in) capital and related financing activities	<u>(868,091)</u>	<u>(477,436)</u>	<u>239,285</u>	<u>(139,031)</u>	<u>(34,316)</u>	<u>(1,279,589)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	48,982	45,875	21,789	834	2,310	119,790
Purchase of certificates of deposits	(5,229)	(5,957)	-	(12,449)	-	(23,635)
Rental income	<u>17,474</u>	<u>-</u>	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>24,674</u>
Net cash provided by (used in) investing activities	<u>61,227</u>	<u>39,918</u>	<u>21,789</u>	<u>(4,415)</u>	<u>2,310</u>	<u>120,829</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
	(161,520)	(50,603)	258,384	155	120,952	167,368
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>1,451,282</u>	<u>1,306,710</u>	<u>920,545</u>	<u>7,160</u>	<u>36,579</u>	<u>3,722,276</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u>\$1,289,762</u>	<u>\$1,256,107</u>	<u>\$1,178,929</u>	<u>\$ 7,315</u>	<u>\$ 157,531</u>	<u>\$3,889,644</u>

See Notes to Financial Statements.

**City of Waukee, Iowa**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2007**

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Golf Course</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 279,204	\$ 2,845	\$ (140,904)	\$ 25,534	\$ 222,499	\$ 389,178
Adjustments to reconcile operating income to net cash provided by (used in) operating activities						
Depreciation expense	395,822	344,557	109,394	81,071	2,564	933,408
Bond amortization costs	9,279	2,936	-	-	-	12,215
(Increase) decrease in customer accounts receivable and unbilled usage and other accounts receivable	86,711	10,823	(16,404)	4,023	(6,993)	78,160
(Increase) decrease in inventories, at cost	(31,134)	-	(6,049)	1,295	-	(35,888)
Increase (decrease) in accounts payable	(101,502)	25,154	41,711	31,094	(65,479)	(69,022)
Increase in customer deposits	7,215	-	10,150	-	-	17,365
Increase (decrease) in compensated absences	<u>(251)</u>	<u>600</u>	<u>(588)</u>	<u>584</u>	<u>367</u>	<u>712</u>
Net cash provided by (used in) operating activities	<u>\$ 645,344</u>	<u>\$ 386,915</u>	<u>\$ (2,690)</u>	<u>\$ 143,601</u>	<u>\$ 152,958</u>	<u>\$1,326,128</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET ASSETS</b>						
Current assets						
Cash and pooled investments	\$ 779,068	\$1,216,123	\$1,150,529	\$ 800	\$ 157,531	\$3,304,051
Restricted assets--cash and pooled investments						
Customer deposits	29,450	-	28,400	600	-	58,450
Capacity fees	109,555	-	-	-	-	109,555
Revenue note and interest sinking account	371,689	39,984	-	5,915	-	417,588
Revenue note reserve account	139,121	158,472	-	24,552	-	322,145
Des Moines Water Works reserve account	<u>182,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,857</u>
	1,611,740	1,414,579	1,178,929	31,867	157,531	4,394,646
Less items not meeting the definition of cash equivalent						
Certificates of deposit	(139,121)	(158,472)	-	(24,552)	-	(322,145)
Des Moines Water Works reserve account	<u>(182,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(182,857)</u>
Cash and cash equivalents at year end	<u>\$1,289,762</u>	<u>\$1,256,107</u>	<u>\$1,178,929</u>	<u>\$ 7,315</u>	<u>\$ 157,531</u>	<u>\$3,889,644</u>

See Notes to Financial Statements.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Reporting Entity**

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

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

**Component Unit**

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

**Jointly Governed Organizations**

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

**Basis of Presentation**

**Government-wide Financial Statements**

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

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

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

**Basis of Presentation (continued)**

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

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

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

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

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

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

**Fund Financial Statements**

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

The City reports the following major governmental funds:

**General Fund**

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

**Capital Projects Fund**

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

**Debt Service Fund**

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

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

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

**Basis of Presentation (continued)**

The City reports the following major proprietary funds:

**Enterprise**

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

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

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

The Golf Course Fund is used to account for the operation and maintenance of the public golf course.

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

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

**Assets, Liabilities and Fund Equity**

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

**Cash, Pooled Investments and Cash Equivalents**

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents taxes collected by the County but not remitted to the City at June 30, 2007 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2006.

**Special Assessments Receivable**

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

**Customer Accounts and Unbilled Usage**

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

**Due from and Due to Other Funds**

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

**Due from Other Governments**

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

**Inventories**

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

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

**Bond/Note Issuance Costs**

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

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

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

**Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation for subsequent use. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**Deferred Revenue**

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

**Long-Term Liabilities**

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

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

**Fund Equity**

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

**Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the culture and recreation and debt service functions.

**NOTE 2 CASH AND POOLED INVESTMENTS**

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

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

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

**Interest rate risk**

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

**NOTE 3 ALLOWANCES FOR COLLECTION LOSSES**

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

	<u>Gross receivables</u>	<u>Allowance for collection losses</u>	<u>Net receivables</u>
Customer accounts and unbilled usage			
Water Fund	\$ 263,032	\$ 850	\$ 262,182
Sewer Fund	138,623	400	138,223
Gas Fund	108,050	1,750	106,300
Golf Fund	483	-	483
Nonmajor proprietary funds	<u>88,002</u>	<u>-</u>	<u>88,002</u>
Totals	<u>\$ 598,190</u>	<u>\$ 3,000</u>	<u>\$ 595,190</u>
Other			
General	<u>\$ 185,050</u>	<u>\$ 32,000</u>	<u>\$ 153,050</u>

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

**NOTE 4 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>
Primary Government				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 776,013	\$ 337,135	\$ -	\$ 1,113,148
Construction in progress	<u>3,362,456</u>	<u>3,051,771</u>	<u>10,100</u>	<u>6,404,127</u>
Total capital assets not being depreciated	<u>4,138,469</u>	<u>3,388,906</u>	<u>10,100</u>	<u>7,517,275</u>
Capital assets being depreciated				
Buildings	5,826,663	307,963	-	6,134,626
Improvements other than buildings	2,184,451	-	-	2,184,451
Equipment	3,289,451	159,996	1,251	3,448,196
Infrastructure, road network	<u>57,249,070</u>	<u>2,927,060</u>	<u>-</u>	<u>60,176,130</u>
Total capital assets being depreciated	<u>68,549,635</u>	<u>3,395,019</u>	<u>1,251</u>	<u>71,943,403</u>
Less accumulated depreciation for				
Buildings	895,295	148,292	-	1,043,587
Improvements other than buildings	382,833	133,646	-	516,479
Equipment	2,240,491	294,534	-	2,535,025
Infrastructure, road network	<u>16,375,082</u>	<u>1,684,710</u>	<u>-</u>	<u>18,059,792</u>
Total accumulated depreciation	<u>19,893,701</u>	<u>2,261,182</u>	<u>-</u>	<u>22,154,883</u>
Total capital assets being depreciated, net	<u>48,655,934</u>	<u>1,133,837</u>	<u>1,251</u>	<u>49,788,520</u>
Governmental activities capital assets, net	<u>\$52,794,403</u>	<u>\$4,522,743</u>	<u>\$ 11,351</u>	<u>\$57,305,795</u>
Business type activities				
Capital assets not being depreciated				
Land	\$ 1,226,032	\$ -	\$ -	\$ 1,226,032
Construction in progress	<u>832,043</u>	<u>46,099</u>	<u>878,142</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,058,075</u>	<u>46,099</u>	<u>878,142</u>	<u>1,226,032</u>
Capital assets being depreciated				
Buildings	532,611	-	-	532,611
Equipment	1,641,425	163,036	-	1,804,461
Infrastructure, water and sewer network	<u>25,505,950</u>	<u>1,521,950</u>	<u>-</u>	<u>27,027,900</u>
Total capital assets being depreciated	<u>27,679,986</u>	<u>1,684,986</u>	<u>-</u>	<u>29,364,972</u>
Less accumulated depreciation for				
Buildings	86,650	11,856	-	98,506
Equipment	835,914	184,474	-	1,020,388
Infrastructure, water and sewer network	<u>6,360,219</u>	<u>737,078</u>	<u>-</u>	<u>7,097,297</u>
Total accumulated depreciation	<u>7,282,783</u>	<u>933,408</u>	<u>-</u>	<u>8,216,191</u>
Total capital assets being depreciated, net	<u>20,397,203</u>	<u>751,578</u>	<u>-</u>	<u>21,148,781</u>
Business type activities capital assets, net	<u>\$22,455,278</u>	<u>\$ 797,677</u>	<u>\$ 878,142</u>	<u>\$22,374,813</u>

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

**NOTE 4 CAPITAL ASSETS (continued)**

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

Governmental activities	
Public safety	\$ 245,352
Public works	1,886,393
Culture and recreation	89,865
Community and economic development	804
General government	<u>38,768</u>
Total depreciation expense--governmental activities	<u>\$2,261,182</u>
Business type activities	
Water	\$ 395,822
Wastewater	344,557
Gas	109,394
Golf	81,071
Storm sewer	<u>2,564</u>
Total depreciation expense--business type activities	<u>\$ 933,408</u>

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

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>	<u>Due within one year</u>
<b>Governmental activities</b>					
General obligation bonds/notes	\$13,643,328	\$4,950,000	\$1,370,587	\$17,222,741	\$1,478,091
Compensated absences	<u>71,965</u>	<u>22,646</u>	<u>—</u>	<u>94,611</u>	<u>17,658</u>
Totals	<u>\$13,715,293</u>	<u>\$4,972,646</u>	<u>\$1,370,587</u>	<u>\$17,317,352</u>	<u>\$1,495,749</u>
<b>Business type activities</b>					
Capital leases	\$ 4,968	\$ —	\$ 553	\$ 4,415	\$ 553
General obligation bonds/notes	216,196	8,457	50,441	174,212	52,346
Special assessment notes	90,000	—	30,000	60,000	30,000
Des Moines Water Works bonds	5,252,561	—	631,951	4,620,610	432,234
Revenue bonds/notes	<u>3,030,753</u>	<u>—</u>	<u>264,530</u>	<u>2,766,223</u>	<u>199,305</u>
Totals	<u>\$ 8,594,478</u>	<u>\$ 8,457</u>	<u>\$ 977,475</u>	<u>\$ 7,625,460</u>	<u>\$ 714,438</u>

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

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

Seventeen issues of unmatured general obligation bonds/notes, totaling \$17,396,953, are outstanding at June 30, 2007. General obligation bonds/notes bear interest at rates ranging from 2.40% to 5.25% and mature in varying annual amounts, ranging from \$5,000 to \$558,000, with the final maturities due in the year ending June 30, 2020.

One issue of unmatured special assessment notes, totaling \$60,000, is outstanding at June 30, 2007. These notes bear interest at rates ranging from 5.00% to 5.05% and mature in annual amounts of \$30,000, with final maturity due in the year ending June 30, 2009.

Details of general obligation bonds/notes payable and special assessment notes at June 30, 2007 are as follows:

<u>Governmental activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2007</u>
General Obligation Bonds and Notes						
Public Safety Building	August 1, 1998	4.50%	June 1, 2014	\$220,000 - 270,000	\$2,990,000	\$1,730,000
Corporate Purpose	March 1, 1999	4.35-4.80	June 1, 2014	170,000 - 245,000	2,370,000	1,470,000
Corporate Purpose	April 15, 2001	4.40-5.05	June 1, 2016	60,000 - 90,000	950,000	675,000
Library Building	August 1, 2001	4.15-4.90	June 1, 2016	125,000 - 190,000	2,000,000	1,425,000
Urban Renewal	August 1, 2001	4.00-4.80	June 1, 2016	125,000 - 200,000	2,000,000	1,500,000
Refunding Notes	May 1, 2002	4.20-4.50	June 1, 2010	40,000 - 45,000	480,000	125,000
Corporate Purpose	July 1, 2003	2.55-3.60	June 1, 2017	70,000 - 135,000	1,240,000	1,120,000
Refunding Notes	January 29, 2004	3.50-4.25	June 1, 2010	75,000 - 85,000	465,000	250,000
Water Tower	February 25, 2004	2.40-4.25	June 1, 2018	65,000 - 100,000	1,090,000	895,000
Corporate Purpose	November 15, 2004	2.50-4.00	June 1, 2017	150,000 - 180,000	1,750,000	1,550,000
Golf Course	March 4, 2005	3.75	June 1, 2010	36,000 - 558,000	700,000	635,177
Golf Course Equipment	April 12, 2005	4.25	April 20, 2009	5,000 - 6,000	24,150	12,606
Street Sweeper	April 8, 2005	4.25	July 15, 2009	18,000 - 20,000	98,889	59,958
Corporate Purpose	February 1, 2006	3.40-3.95	June 1, 2019	50,000 - 140,000	1,200,000	1,200,000
Golf Course Equipment	March 21, 2006	4.75	July 1, 2011	9,000 - 10,000	51,196	40,746
Urban Renewal Projects	July 12, 2006	4.00	June 1, 2020	285,000 - 480,000	4,950,000	4,700,000
Golf Course Equipment	April 16, 2007	5.25	April 16, 2010	2,700 - 2,900	8,457	8,457
Special Assessment Notes						
Sewer Improvements	March 1, 1999	5.00-5.05	December 1, 2008	30,000	289,000	60,000

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

<u>Year ending June 30</u>	<u>General Obligation</u>			<u>Special Assessment</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,530,437	\$ 705,150	\$ 2,235,587	\$ 30,000	\$ 3,015	\$ 33,015
2009	1,663,241	647,005	2,310,246	30,000	1,515	31,515
2010	2,262,214	581,857	2,844,071	—	—	—
2011	1,666,061	493,463	2,159,524	—	—	—
2012	1,700,000	425,715	2,125,715	—	—	—
2013-2017	7,360,000	1,072,496	8,432,496	—	—	—
2018-2020	<u>1,215,000</u>	<u>88,975</u>	<u>1,303,975</u>	<u>—</u>	<u>—</u>	<u>—</u>
Totals	<u>\$17,396,953</u>	<u>\$4,014,661</u>	<u>\$21,411,614</u>	<u>\$ 60,000</u>	<u>\$ 4,530</u>	<u>\$ 64,530</u>

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

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

Five issues of unmatured revenue notes, totaling \$2,770,629, are outstanding at June 30, 2007. These notes bear interest at rates ranging from 3.92% to 5.65% and mature in varying annual amounts, ranging from \$22,000 to \$812,000, with the final maturities due in the year ending June 30, 2018.

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

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

During the year ended June 30, 2007, the City was in compliance with the revenue note/bond provisions.

Details of revenue notes and refunding bonds payable at June 30, 2007 are as follows:

<u>Business Type activities</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2007</u>
Revenue Notes and Bonds						
Sewer						
Bonds-Series 1998A	October 8, 1998	4.23	June 1, 2018	\$22,000 - 33,000	\$ 455,748	\$ 296,000
Bonds-Series 1998B	October 8, 1998	4.23	June 1, 2018	43,000 - 68,000	945,252	615,000
Bonds Series 1998C	October 8, 1998	3.92	June 1, 2018	54,000 - 82,000	1,178,000	748,000
Refunding Notes	November 1, 1999	5.25-5.65	June 1, 2012	45,000 - 50,000	705,000	235,000
Golf Course						
Revenue Note	March 4, 2006	4.45	June 1, 2010	29,000 - 812,000	925,000	876,629

<u>Year ending June 30</u>	<u>Revenue Notes/Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 199,305	\$ 119,712	\$ 319,017
2009	205,726	110,877	316,603
2010	994,598	101,748	1,096,346
2011	188,000	57,513	245,513
2012	189,000	49,093	238,093
2013-2017	811,000	139,738	950,738
2018	<u>183,000</u>	<u>7,487</u>	<u>190,487</u>
Subtotal	2,770,629	586,168	3,356,797
Less unamortized discount	<u>(4,406)</u>	<u>—</u>	<u>(4,406)</u>
Totals	<u>\$2,766,223</u>	<u>\$ 586,168</u>	<u>\$3,352,391</u>

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

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

Two issues of unmatured Des Moines Water Works refunding bonds, totaling \$4,626,625, are outstanding at June 30, 2007. These notes bear interest at rates ranging from 3.60% to 4.00% and mature in annual amounts ranging from \$137,234 to \$460,000, with the final maturity due in the year ending June 30, 2017.

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

Year ending June 30	Des Moines Water Works 2001 Water Refunding Bonds			Des Moines Water Works 2006 Water Refunding Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
2008	\$ 137,234	\$ 33,738	\$ 170,972	\$ 295,000	\$ 154,400	\$ 449,400	\$ 620,372
2009	148,426	28,593	177,019	345,000	142,600	487,600	664,619
2010	154,360	22,839	177,199	360,000	128,800	488,800	665,999
2011	160,295	16,702	176,997	365,000	114,400	479,400	656,397
2012	166,230	10,211	176,441	380,000	99,800	479,800	656,241
2013-2017	<u>172,164</u>	<u>3,443</u>	<u>175,607</u>	<u>1,942,916</u>	<u>260,800</u>	<u>2,203,716</u>	<u>2,379,323</u>
Subtotals	938,709	115,526	1,054,235	3,687,916	900,800	4,588,716	5,642,951
Less unamortized discount	<u>(6,015)</u>	<u>—</u>	<u>(6,015)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,015)</u>
Totals	<u>\$ 932,694</u>	<u>\$ 115,526</u>	<u>\$1,048,220</u>	<u>\$3,687,916</u>	<u>\$ 900,800</u>	<u>\$4,588,716</u>	<u>\$5,636,936</u>

As of June 30, 2007, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$577,757,798</u>
Debt limit - 5% of total actual valuation	<u>\$ 28,887,890</u>
Debt applicable to debt limit	
General obligation bonded debt outstanding	\$17,396,953
Tax increment financing debt outstanding	<u>2,491,529</u>
Legal debt margin	<u>\$19,888,482</u>
Percentage of debt limit	<u>68.85%</u>

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

**NOTE 6 INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ <u>537,587</u>
Debt Service	Nonmajor Governmental Funds	1,063,421
	Enterprise	
	Water	97,793
	Sewer	64,328
	Golf Course	<u>41,708</u>
		<u>1,267,250</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	22,000
	Capital Projects	<u>316,005</u>
		<u>338,005</u>
Total		<u>\$2,142,842</u>

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

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

The detail of interfund receivables and payables at June 30, 2007 is as follows:

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

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

**NOTE 8 PENSION AND RETIREMENT BENEFITS**

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

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

**NOTE 8 PENSION AND RETIREMENT BENEFITS (continued)**

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$119,736, \$99,567 and \$85,586, respectively, equal to the required contributions for each year.

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

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, can not be less than 17% of earnable compensation. Contribution rates are established by state statute. The City's contribution to the Plan for the years ended June 30, 2007, 2006 and 2005 were \$59,359, \$49,122 and \$53,724, respectively, which met the required minimum contribution for each year.

**NOTE 9 RISK MANAGEMENT**

The City of Waukee is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 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 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2007 were \$118,105.

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

**NOTE 9 RISK MANAGEMENT (continued)**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the City's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

**NOTE 10 COMMITMENTS**

The City entered into contract commitments with contractors for the completion of several infrastructure construction projects. The total contract commitments are \$8,871,708, of which \$3,846,289 has been incurred as of June 30, 2007. The unpaid commitment balance is \$5,025,419, which will be funded by current reserves in the capital projects funds and enterprise funds.

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

The City entered into a contract to buy a parcel of land at a total cost of \$2,850,000, which was closed on November 1, 2007.

**NOTE 11 TAX INCREMENT FINANCING DEBT**

Urban renewal tax increment financing debt was issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The debt is payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The debt is not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2007, \$2,491,529 is outstanding.

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

**NOTE 12 SUBSEQUENT EVENT**

In July 2007, the City authorized the issuance of \$5,675,000 in gas utility bonds.

In June 2007, the City authorized the prepayment of Series 1999 Sewer Revenue Refunding Notes on July 11, 2007.

**NOTE 13 JOINT VENTURE**

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

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

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

The WRA Sewer Revenue Bonds Series 2004B bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2007, the Series 2004B bonds had a balance of \$66,830,000 and the City of Waukee's 2007 allocation based on the WRA flows was \$295,517 or 0.44%.

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. The City does retain a reversionary interest percentage in the net assets of the WRA that would be redeemed only in the event the WRA is dissolved.

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

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

**NOTE 14 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS**

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

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

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September, 2006, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November, 2006, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB Statement No. 50, *Pension Disclosures* - an amendment of GASB Statements No. 25 and No. 27, will be effective for the City beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB).

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

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

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Waukee, Iowa**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES,**  
**EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
 Required Supplementary Information  
 Year ended June 30, 2007

	<u>Governmental funds actual</u>	<u>Proprietary funds actual</u>	<u>Less funds not required to be budgeted</u>	<u>Total actual</u>
<b>RECEIPTS</b>				
Property tax	\$ 3,804,888	\$ -	\$ -	\$ 3,804,888
Tax increment financing collections	1,651,122	-	-	1,651,122
Other city tax	466,312	-	-	466,312
Licenses and permits	766,811	-	-	766,811
Use of money and property	242,139	1,257,246	1,323	1,498,062
Intergovernmental	1,727,796	-	-	1,727,796
Charges for services	92,707	8,244,200	212,881	8,124,026
Miscellaneous	459,154	145,186	73,057	531,283
Total receipts	<u>9,210,929</u>	<u>9,646,632</u>	<u>287,261</u>	<u>18,570,300</u>
<b>DISBURSEMENTS</b>				
Public safety	1,510,461	-	-	1,510,461
Public works	1,081,599	-	-	1,081,599
Health and social services	9,000	-	-	9,000
Culture and recreation	1,110,158	-	19,198	1,090,960
Community and economic development	645,533	-	-	645,533
General government	708,556	-	-	708,556
Debt service	2,432,070	-	-	2,432,070
Capital projects	4,062,917	-	-	4,062,917
Business type activities	-	8,267,229	-	8,267,229
Nonprogram	-	185,231	185,231	-
Total disbursements	<u>11,560,294</u>	<u>8,452,460</u>	<u>204,429</u>	<u>19,808,325</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,349,365)</u>	<u>1,194,172</u>	<u>82,832</u>	<u>(1,238,025)</u>
<b>OTHER FINANCING SOURCES, NET</b>				
Excess of receipts and other financing sources over disbursements and other financing uses	<u>5,110,052</u>	<u>(203,829)</u>	<u>-</u>	<u>4,906,223</u>
Capital contributions	-	38,875	-	38,875
<b>BALANCES, beginning of year</b>	<u>1,926,611</u>	<u>18,252,229</u>	<u>22,207</u>	<u>20,156,633</u>
<b>BALANCES, end of year</b>	<u>\$ 4,687,298</u>	<u>\$19,281,447</u>	<u>\$ 105,039</u>	<u>\$23,863,706</u>

See accompanying independent auditor's report.

<u>Budgeted amounts</u>		<u>Final to actual variance</u>
<u>Original</u>	<u>Final</u>	
\$ 3,730,006	\$ 3,730,006	\$ 74,882
1,624,941	1,624,941	26,181
75,534	75,534	390,778
786,215	825,115	(58,304)
169,490	351,990	1,146,072
759,185	1,793,631	(65,835)
8,975,795	9,460,767	(1,336,741)
119,512	599,666	(68,383)
<u>16,240,678</u>	<u>18,461,650</u>	<u>108,650</u>
1,491,115	1,517,211	6,750
1,293,465	1,245,148	163,549
13,500	13,500	4,500
847,396	870,766	(220,194)
299,919	663,128	17,595
696,802	808,791	100,235
1,948,879	2,374,329	(57,741)
8,000,000	8,000,000	3,937,083
8,773,469	9,366,164	1,098,935
<u>—</u>	<u>—</u>	<u>—</u>
<u>23,364,545</u>	<u>24,859,037</u>	<u>5,050,712</u>
<u>(7,123,867)</u>	<u>(6,397,387)</u>	<u>5,159,362</u>
<u>8,000,000</u>	<u>8,000,000</u>	<u>(3,093,777)</u>
876,133	1,602,613	2,065,585
—	—	38,875
<u>9,076,439</u>	<u>9,076,439</u>	<u>11,080,194</u>
<u>\$ 9,952,572</u>	<u>\$10,679,052</u>	<u>\$13,184,654</u>

**City of Waukee, Iowa**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**  
**Year ended June 30, 2007**

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$1,494,492. This budget amendment is reflected in the final budgeted amounts.

The City of Waukee, Iowa prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with generally accepted accounting principles. During the year ended June 30, 2007, disbursements in the culture and recreation and debt service functions exceeded the amounts budgeted.

**OTHER SUPPLEMENTARY INFORMATION**

**City of Waukee  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2007**

	<b>Special Revenue Funds</b>						
	<b>Road Use Tax</b>	<b>Employee Benefits</b>	<b>Sugar Creek TIF</b>	<b>Enterprise Business Park TIF</b>	<b>Urban Renewal Area TIF</b>	<b>Library Foundation</b>	<b>Hickman West Industrial Park TIF</b>
<b>ASSETS</b>							
Cash and pooled investments	\$ 44,679	\$ 9,906	\$ -	\$ 30,126	\$ 907,477	\$ 127,939	\$1,517,411
Receivables							
Property tax							
Delinquent	-	3,418	-	35,869	7,034	-	-
Succeeding year	-	632,655	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Other	-	-	-	-	445	-	-
Due from other governments	2,030	-	-	-	-	-	-
Prepaid insurance	<u>6,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 53,649</u>	<u>\$ 645,979</u>	<u>\$ -</u>	<u>\$ 65,995</u>	<u>\$ 914,956</u>	<u>\$ 127,939</u>	<u>\$1,517,411</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 23,312	\$ -	\$ -	\$ -	\$ 110,034	\$ -	\$ -
Deferred revenue							
Succeeding year property tax	-	632,655	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>23,312</u>	<u>632,655</u>	<u>-</u>	<u>-</u>	<u>110,034</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>							
Fund balances							
Restricted for							
Debt service	-	-	-	-	-	-	-
Prepaid insurance	6,940	-	-	-	-	-	-
Unreserved, undesignated	<u>23,397</u>	<u>13,324</u>	<u>-</u>	<u>65,995</u>	<u>804,922</u>	<u>127,939</u>	<u>1,517,411</u>
Total liabilities and fund equity	<u>\$ 53,649</u>	<u>\$ 645,979</u>	<u>\$ -</u>	<u>\$ 65,995</u>	<u>\$ 914,956</u>	<u>\$ 127,939</u>	<u>\$1,517,411</u>

See accompanying independent auditor's report.

**Debt service**

<b><u>Special Assessments</u></b>	<b><u>Total</u></b>
\$ 3,354	\$2,640,892
—	46,321
—	632,655
253,981	253,981
—	445
—	2,030
<u>—</u>	<u>6,940</u>
<u>\$ 257,335</u>	<u>\$3,583,264</u>

\$ —	\$ 133,346
—	632,655
<u>253,981</u>	<u>253,981</u>
<u>253,981</u>	<u>1,019,982</u>

3,354	3,354
—	6,940
<u>—</u>	<u>2,552,988</u>
<u>\$ 257,335</u>	<u>\$3,583,264</u>

**City of Waukee**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended June 30, 2007

	<b>Special Revenue Funds</b>						
	<b>Road Use Tax</b>	<b>Employee Benefits</b>	<b>Sugar Creek TIF</b>	<b>Enterprise Business Park TIF</b>	<b>Urban Renewal Area TIF</b>	<b>Library Foundation</b>	<b>Hickman West Industrial Park TIF</b>
<b>REVENUES</b>							
Property tax	\$ -	\$ 557,515	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing collections	-	-	-	268,935	887,444	-	494,743
Other city tax	-	-	-	-	-	-	-
Use of money and property	-	6,068	136	2,735	19,742	-	38,391
Intergovernmental	626,633	-	-	-	-	-	-
Miscellaneous	4,829	-	-	-	1,107	73,057	-
Total revenues	<u>631,462</u>	<u>563,583</u>	<u>136</u>	<u>271,670</u>	<u>908,293</u>	<u>73,057</u>	<u>533,134</u>
<b>EXPENDITURES</b>							
Operating							
Public works	645,331	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	19,198	-
Community and economic development	-	-	-	-	367,217	-	20,056
Total expenditures	<u>645,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,217</u>	<u>19,198</u>	<u>20,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,869)</u>	<u>563,583</u>	<u>136</u>	<u>271,670</u>	<u>541,076</u>	<u>53,859</u>	<u>513,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	22,000	-	-	316,005	-	-	-
Operating transfers (out)	<u>(21,730)</u>	<u>(559,587)</u>	<u>(6,103)</u>	<u>(532,426)</u>	<u>(196,470)</u>	<u>-</u>	<u>(296,092)</u>
Total other financing sources (uses)	<u>270</u>	<u>(559,587)</u>	<u>(6,103)</u>	<u>(216,421)</u>	<u>(196,470)</u>	<u>-</u>	<u>(296,092)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>(13,599)</u>	<u>3,996</u>	<u>(5,967)</u>	<u>55,249</u>	<u>344,606</u>	<u>53,859</u>	<u>216,986</u>
<b>FUND BALANCES, beginning of year</b>	<u>43,936</u>	<u>9,328</u>	<u>5,967</u>	<u>10,746</u>	<u>460,316</u>	<u>74,080</u>	<u>1,300,425</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 30,337</u>	<u>\$ 13,324</u>	<u>\$ -</u>	<u>\$ 65,995</u>	<u>\$ 804,922</u>	<u>\$ 127,939</u>	<u>\$ 1,517,411</u>

See accompanying independent auditor's report.

**Debt service**

<b><u>Special</u></b>		<b><u>Total</u></b>
<b><u>Assessments</u></b>		
\$ -		\$ 557,515
-		1,651,122
4,614		4,614
1,030		68,102
-		626,633
-		78,993
<u>5,644</u>		<u>2,986,979</u>
-		645,331
-		19,198
-		<u>387,273</u>
-		<u>1,051,802</u>
<u>5,644</u>		<u>1,935,177</u>
-		338,005
<u>(10,600)</u>		<u>(1,623,008)</u>
<u>(10,600)</u>		<u>(1,285,003)</u>
(4,956)		650,174
<u>8,310</u>		<u>1,913,108</u>
<u>\$ 3,354</u>		<u>\$2,563,282</u>

**City of Waukee, Iowa**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2007**

	<u>Solid Waste</u>	<u>Utility Billing</u>	<u>Storm Sewer</u>	<u>Total</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled investments	\$ -	\$ 67,547	\$ 89,984	\$ 157,531
Receivables				
Customer accounts and unbilled usage	64,474	-	23,528	88,002
Capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>31,752</u>	<u>31,752</u>
Total assets	<u>64,474</u>	<u>67,547</u>	<u>145,264</u>	<u>277,285</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	25,249	34,090	4,003	63,342
Compensated absences	-	2,468	-	2,468
Interfund payable	<u>-</u>	<u>53,889</u>	<u>-</u>	<u>53,889</u>
Total liabilities	<u>25,249</u>	<u>90,447</u>	<u>4,003</u>	<u>119,699</u>
<b>NET ASSETS (DEFICIT)</b>				
Unreserved, undesignated	<u>39,225</u>	<u>(22,900)</u>	<u>141,261</u>	<u>157,586</u>
Total net assets (deficit)	<u>\$ 39,225</u>	<u>\$ (22,900)</u>	<u>\$ 141,261</u>	<u>\$ 157,586</u>

See accompanying independent auditor's report.

**City of Waukee, Iowa**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**Year ended June 30, 2007**

	<u>Solid Waste</u>	<u>Utility Billing</u>	<u>Storm Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for service	\$ 543,579	\$ 212,881	\$ 237,013	\$ 993,473
Miscellaneous	<u>2,066</u>	<u>—</u>	<u>15</u>	<u>2,081</u>
Total operating revenues	<u>545,645</u>	<u>212,881</u>	<u>237,028</u>	<u>995,554</u>
<b>OPERATING EXPENSES</b>				
Business type activities				
Cost of sales and services	<u>488,968</u>	<u>185,231</u>	<u>98,856</u>	<u>773,055</u>
Total operating expenses	<u>488,968</u>	<u>185,231</u>	<u>98,856</u>	<u>773,055</u>
Operating income	56,677	27,650	138,172	222,499
<b>NONOPERATING REVENUES</b>				
Interest income	<u>20</u>	<u>1,323</u>	<u>967</u>	<u>2,310</u>
<b>CHANGE IN NET ASSETS</b>	56,697	28,973	139,139	224,809
<b>NET ASSETS (DEFICIT), beginning of year</b>	<u>(17,472)</u>	<u>(51,873)</u>	<u>2,122</u>	<u>(67,223)</u>
<b>NET ASSETS (DEFICIT), end of year</b>	<u>\$ 39,225</u>	<u>\$ (22,900)</u>	<u>\$ 141,261</u>	<u>\$ 157,586</u>

See accompanying independent auditor's report.

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

	<b>Modified Accrual Basis</b>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>REVENUES</b>					
Property tax	\$ 3,804,888	\$3,468,779	\$ 3,057,974	\$2,824,173	\$2,513,755
Tax increment financing revenue	1,651,122	1,279,032	980,076	750,461	605,187
Other city tax	466,312	57,134	160,531	(6,441)	298,840
Licenses and permits	766,811	880,119	659,487	436,377	351,665
Use of money and property	242,139	142,740	111,127	117,062	121,792
Intergovernmental	1,727,796	870,087	2,138,494	669,192	596,525
Charges for service	92,707	75,600	89,475	63,974	37,376
Miscellaneous	<u>459,154</u>	<u>331,615</u>	<u>430,772</u>	<u>269,925</u>	<u>371,821</u>
Totals	<u>\$ 9,210,929</u>	<u>\$7,105,106</u>	<u>\$ 7,627,936</u>	<u>\$5,124,723</u>	<u>\$4,896,961</u>
<b>EXPENDITURES</b>					
Operating					
Public safety	\$ 1,510,461	\$1,373,641	\$ 2,169,067	\$1,420,802	\$1,198,267
Public works	1,081,599	1,185,751	1,214,158	838,524	788,460
Health and social services	9,000	13,500	12,050	13,966	-
Culture and recreation	1,110,158	806,026	854,233	666,425	787,104
Community and economic development	645,533	508,066	236,485	226,664	218,659
General government	708,556	706,296	414,964	404,939	299,382
Debt service	2,432,070	2,407,072	1,498,394	1,832,624	1,224,381
Capital projects	<u>4,062,917</u>	<u>1,376,921</u>	<u>4,474,304</u>	<u>2,623,847</u>	<u>2,140,494</u>
Totals	<u>\$11,560,294</u>	<u>\$8,377,273</u>	<u>\$10,873,655</u>	<u>\$8,027,791</u>	<u>\$6,656,747</u>

See accompanying independent auditor's report.

**City of Waukee**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2007**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Federal Highway Administration Federal Transit Cluster Federal Transit - Formula Grant	20.507	\$ 236,546
Iowa Department of Transportation Highway Planning and Construction	20.205	<u>750,000</u>
Total federal expenditures		<u>\$ 986,546</u>

**BASIS OF PRESENTATION**

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

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

Honorable Mayor and  
Members of the City Council  
Waukee, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Waukee, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City of Waukee, Iowa's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved, except IV-07-A and IV-07-I.

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

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

  
DENMAN & COMPANY, LLP

West Des Moines, Iowa  
November 19, 2007

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

Honorable Mayor and  
Members of the City Council  
Waukee, Iowa

**Compliance**

We have audited the compliance of the City of Waukee (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Waukee complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

**Internal Control Over Compliance**

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

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

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

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

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

  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
November 19, 2007

## **SCHEDULE OF FINDINGS**

**City of Waukee**  
**SCHEDULE OF FINDINGS**  
**Year ended June 30, 2007**

**Part I. Summary of the Independent Auditor's Results**

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

**City of Waukee**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2007**

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

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

**SIGNIFICANT DEFICIENCY**

**II-07-A CAPITAL ASSETS**

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

**Recommendation**

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

**Response**

The City will address the issue of tagging capital assets and will document the procedures performed to update the capital asset listing on an annual basis.

**Conclusion**

Response accepted.

**City of Waukee**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2007**

**Part III—Findings for Federal Awards**

**Instances of Noncompliance**

No matters were noted.

**Significant Deficiencies**

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

**City of Waukee**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2007**

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

**IV-07-A CERTIFIED BUDGET**

Expenditures during the year ended June 30, 2007 exceeded the amount budgeted in the culture and recreation and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, that public monies may not be expended or encumbered except under an annual or continuing appropriation.

**Recommendation**

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

**Response**

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

**Conclusion**

Response accepted.

**IV-07-B QUESTIONABLE EXPENDITURES**

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

**IV-07-C TRAVEL EXPENSE**

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

**IV-07-D BUSINESS TRANSACTIONS**

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

**IV-07-E BOND COVERAGE**

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

**City of Waukee**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2007**

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

**IV-07-F COUNCIL MINUTES**

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

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

**Recommendation**

The City should comply with Chapter 21 of the Code of Iowa and should publish minutes as required.

**Response**

We will comply with the Code requirements and will publish minutes as required.

**Conclusion**

Response accepted.

**IV-07-G DEPOSITS AND INVESTMENTS**

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

**IV-07-H REVENUE BONDS/NOTES**

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

**STATISTICAL SECTION**  
**(UNAUDITED)**

**City of Waukee  
PROPERTY VALUATIONS AND TAX LEVIES  
(UNAUDITED)**

	<b>Rollback Taxable Valuations January 1, 2005</b>	
	<b><u>General</u></b>	<b><u>Debt service</u></b>
Waukee Corporate		
Residential real estate	\$217,086,216	\$217,086,216
Commercial real estate	24,598,029	24,598,029
Railroad	649,125	649,125
Utilities	7,176,281	7,176,281
Military exemption	<u>(614,961)</u>	<u>(614,961)</u>
	<u>248,894,690</u>	<u>248,894,690</u>
Waukee Corporate Urban T.I.F. Districts		
Residential real estate—increment	—	4,562,387
Industrial property—increment	—	5,565,290
Commercial real estate		
Base	9,314,488	9,314,488
Increment	—	53,010,329
Military exemption	<u>(24,076)</u>	<u>(24,076)</u>
	<u>9,290,412</u>	<u>72,428,418</u>
	<u>\$258,185,102</u>	<u>\$321,323,108</u>

	<b><u>January 1, 2005</u></b>
Agricultural land	
Land	\$2,346,380
Buildings	<u>119,460</u>
	<u>\$2,465,840</u>

	<b>Collectible in 2006-2007</b>	
	<b><u>Rate</u></b>	<b><u>Amount</u></b>
General	8.10000	\$2,157,743
Debt service	3.32004	1,063,303
Employee benefits	<u>2.08000</u>	<u>554,087</u>
	<u>13.50004</u>	<u>\$3,775,133</u>
Agricultural land	<u>3.00375</u>	<u>\$ 7,407</u>

See accompanying independent auditor's report.

**City of Waukee**  
**CHARGES FOR SERVICE, TAX LEVIES AND ROLLBACK TAXABLE VALUATIONS**  
**(UNAUDITED)**

	<b>Year ended June 30</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Charges for service					
Gas	\$3,826,665	\$3,899,351	\$2,951,128	\$2,478,242	\$2,127,443
Water	1,832,560	1,768,480	1,383,870	1,274,939	1,150,407
Sewer	1,155,824	937,974	771,422	722,998	838,126
Golf	435,678	415,921	171,288	-	-
Tax levies					
General Fund	8.10000	8.10000	8.10000	8.10000	8.10000
Debt Service	3.32004	3.32039	3.32039	3.32010	3.32019
Employee Benefits	<u>2.08000</u>	<u>2.08000</u>	<u>2.08000</u>	<u>2.08000</u>	<u>2.08013</u>
	13.50004	13.50039	13.50039	13.50010	13.50032
Agricultural land	3.00375	3.00375	3.00375	3.00375	3.00375
Rollback taxable valuations					
Real estate	\$250,998,733	\$244,602,236	\$217,196,873	\$190,017,966	\$173,749,015
Personal	-	-	-	-	378,171
Railroad	649,125	662,554	625,636	597,181	576,535
Utilities	7,176,281	7,000,885	6,778,656	6,240,433	1,648,472
Urban T.I.F.	63,162,082	34,937,917	21,583,133	28,187,994	22,874,426
Agricultural (includes T.I.F.)	2,465,840	2,544,130	1,672,160	3,821,610	3,517,530
Military exemption (includes T.I.F.)	(639,037)	(533,376)	(516,708)	(498,594)	(490,780)

See accompanying independent auditor's report.