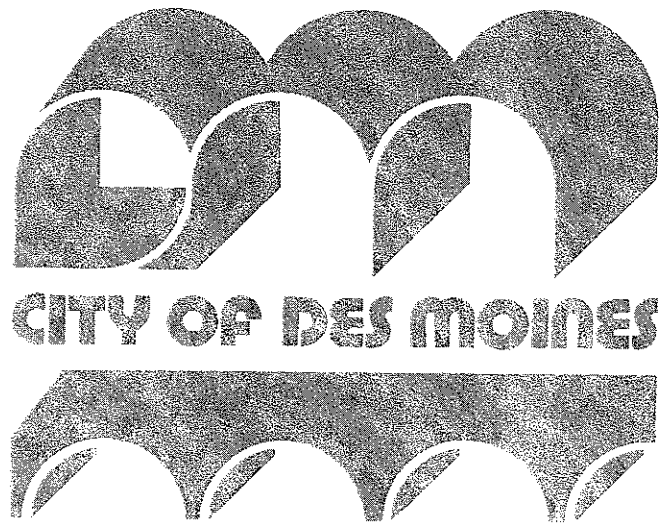


**CITY OF DES MOINES, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

ASSETS	GENERAL	DEBT SERVICE	TAX INCREMENT
Cash and pooled cash investments	\$ 9,650,060	\$30,076,326	\$ 130,020
Investments	---	---	---
Taxes receivable	48,146,201	23,259,179	24,147,855
Special assessments receivable	---	---	---
Accounts receivable	3,353,598	---	---
Contracts sale receivable	---	---	---
Loans receivable, net of allowance for doubtful accounts	---	---	---
Accrued interest receivable	692,094	---	---
Due from other funds	150,415	---	---
Due from other governmental units	502,518	---	---
Advance to other funds	3,039,982	---	---
Long-term receivables	---	---	---
Inventory	41,730	---	---
Prepaid items	368,360	13,500	---
Total assets	\$ 65,944,958	\$53,349,005	\$ 24,277,875
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 1,623,653	\$ ---	\$ ---
Contracts payable	---	---	---
Accrued wages payable	3,447,170	---	---
Accrued employee benefits	82,204	---	---
Due to other funds	73,192	---	---
Due to other governmental units	---	---	---
Good faith, security deposits	467,821	---	---
Other liabilities	---	---	---
Deferred revenue	46,376,778	22,916,524	24,010,527
Total liabilities	52,070,818	22,916,524	24,010,527
Fund balances (deficits):			
Reserved for inventory	41,730	---	---
Reserved for loans receivable	---	---	---
Reserved for advances	3,039,982	---	---
Reserved for debt service	---	29,108,893	---
Reserved for encumbrances	264,788	---	---
Reserved for prepaid items	368,360	13,500	---
Reserved for corpus	---	---	---
Reserved for donor restricted purposes	---	---	---
Unreserved, reported in:			
General Fund	10,159,280	---	---
Debt Service Fund	---	1,310,088	---
Special Revenue funds	---	---	267,348
Capital Projects Fund	---	---	---
Permanent Funds	---	---	---
Total fund balances (deficits)	13,874,140	30,432,481	267,348
Total liabilities and fund balances (deficits)	\$ 65,944,958	\$53,349,005	\$ 24,277,875

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

<u>BENEFIT TAX ACCOUNTS</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ ---	\$ 42,372,400	\$ 5,808,152	\$ 88,036,958
---	---	3,201,591	3,201,591
16,515,972	---	11,570,533	123,639,740
---	10,357	---	10,357
---	1,025,776	148,487	4,527,861
---	---	257,615	257,615
---	---	10,349,317	10,349,317
---	2,921	230,598	925,613
---	5,780,902	76,421	6,007,738
---	3,290,084	4,179,178	7,971,780
---	---	---	3,039,982
---	4,608,145	---	4,608,145
---	---	---	41,730
---	2,282	47,729	431,871
<u>\$ 16,515,972</u>	<u>\$ 57,092,867</u>	<u>\$ 35,869,621</u>	<u>\$ 253,050,298</u>
\$ ---	\$ 2,271,484	\$ 1,729,350	\$ 5,624,487
---	6,618,017	67,915	6,685,932
---	128,092	482,995	4,058,257
---	---	181,864	264,068
500,550	---	5,207,160	5,780,902
---	47,469	---	47,469
---	180	5,048	473,049
---	---	311	311
16,243,932	6,338,514	10,394,874	126,281,149
<u>16,744,482</u>	<u>15,403,756</u>	<u>18,069,517</u>	<u>149,215,624</u>
---	---	---	41,730
---	---	10,349,317	10,349,317
---	---	---	3,039,982
---	---	---	29,108,893
---	---	---	264,788
---	2,282	47,729	431,871
---	---	3,315,718	3,315,718
---	---	74,992	74,992
---	---	---	10,159,280
---	---	---	1,310,088
(228,510)	---	3,924,517	3,963,355
---	41,686,829	---	41,686,829
---	---	87,831	87,831
<u>(228,510)</u>	<u>41,689,111</u>	<u>17,800,104</u>	<u>103,834,674</u>
<u>\$ 16,515,972</u>	<u>\$ 57,092,867</u>	<u>\$ 35,869,621</u>	<u>\$ 253,050,298</u>



CITY OF DES MOINES, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total governmental fund balances \$ 103,834,674

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 704,178,020

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 7,373,468

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

Capital assets, net of accumulated depreciation	5,378,117
Other current assets	4,540,773
Other current liabilities	(862,406)
Noncurrent liabilities	(234,176)
	8,822,308

Internal service funds allocated to business-type activities 1,108,398

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

Deferred charges, issuance costs	1,937,972
Unamortized premium cost	(5,725,559)
Unamortized discount	3,168
Accrued employee benefits	(15,186,001)
Accrued interest payable	(1,302,606)
Notes payable	(12,492,505)
Section 108 loans payable	(2,000,000)
General obligation bonds payable	(342,280,000)
Other liabilities, claims and judgments	(244,000)
Arbitrage liability	(9,436)
	(377,298,967)

Net assets of governmental activities \$ 448,017,901

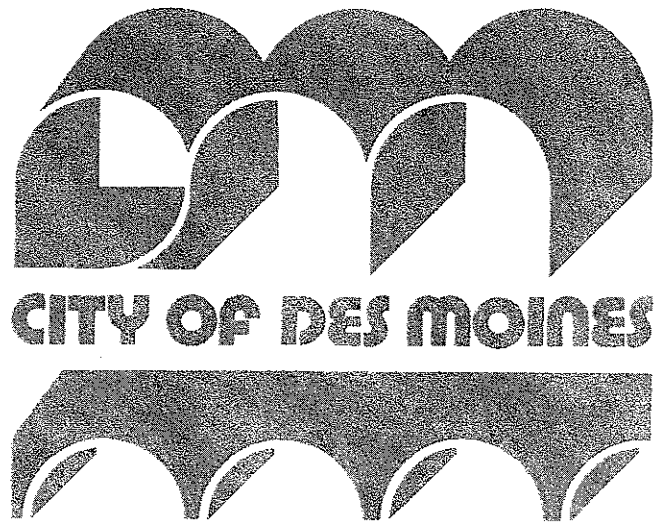
The notes to the financial statements are an integral part of this statement.

CITY OF DES MOINES, IOWA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

	GENERAL	DEBT SERVICE	TAX INCREMENT
Revenues:			
Taxes	\$ 50,842,469	\$ 20,487,081	\$ 19,598,953
Franchise fees	14,826,329	---	---
Licenses and permits	3,716,986	---	---
Fines and forfeitures	2,509,819	---	---
Charges for sales and services	14,469,596	---	---
Use of money and property	3,960,634	(116,442)	---
Miscellaneous	14,819,091	95,529	---
Intergovernmental	1,317,707	---	---
Total revenue	106,462,631	20,466,168	19,598,953
Expenditures:			
Current:			
Public safety	75,687,701	---	---
Public works	11,137,577	---	---
Health and social services	698,267	---	---
Culture and recreation	20,073,258	---	---
Community and economic development	2,243,403	---	---
General government	14,552,625	241,898	---
Capital outlay	1,003,170	---	---
Debt service:			
Principal retirement	36,901	28,005,770	9,101,152
Interest and fiscal charges	2,344	10,133,631	5,916,598
Total expenditures	125,435,246	38,381,299	15,017,750
Excess (deficiency) of revenues over expenditures	(18,972,615)	(17,915,131)	4,581,203
Other financing sources (uses):			
Transfers in	23,124,456	941,175	555,968
General obligation bonds issued	---	28,185,000	---
Other debt issued	---	692,978	---
Transfers out	(2,583,876)	(648,433)	(4,551,312)
Premium on bond issue	---	1,245,531	---
Proceeds from capital asset sale	103,034	---	---
Total other financing sources (uses)	20,643,614	30,416,251	(3,995,344)
Net change in fund balances	1,670,999	12,501,120	585,859
Fund balances, beginning of year	12,203,141	17,931,361	(318,511)
Fund balances, end of year	\$ 13,874,140	\$ 30,432,481	\$ 267,348

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

BENEFIT TAX ACCOUNTS	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 15,325,258	\$ ---	\$ 6,724,527	\$ 112,978,288
---	---	---	14,826,329
---	---	2,470	3,719,456
---	---	100,368	2,610,187
---	34,944	1,713,447	16,217,987
---	(169,854)	639,177	4,313,515
6,577	16,859,503	3,255,426	35,036,126
---	19,000,215	39,151,811	59,469,733
<u>15,331,835</u>	<u>35,724,808</u>	<u>51,587,226</u>	<u>249,171,621</u>
---	7,979	5,163,602	80,859,282
---	135,236	17,641,538	28,914,351
---	---	17,260,736	17,959,003
---	2,183,205	---	22,256,463
---	7,315,026	106,673	9,665,102
---	1,460,698	1,976,917	18,232,138
---	53,962,597	3,184,222	58,149,989
---	---	---	37,143,823
---	---	103,975	16,156,548
---	<u>65,064,741</u>	<u>45,437,663</u>	<u>289,336,699</u>
<u>15,331,835</u>	<u>(29,339,933)</u>	<u>6,149,563</u>	<u>(40,165,078)</u>
---	4,817,586	2,759,355	32,198,540
---	---	---	28,185,000
---	---	---	692,978
(15,081,718)	(1,046,233)	(8,118,510)	(32,030,082)
---	---	---	1,245,531
---	923,537	604,588	1,631,159
<u>(15,081,718)</u>	<u>4,694,890</u>	<u>(4,754,567)</u>	<u>31,923,126</u>
250,117	(24,645,043)	1,394,996	(8,241,952)
(478,627)	66,334,154	16,405,108	112,076,626
<u>\$ (228,510)</u>	<u>\$ 41,689,111</u>	<u>\$ 17,800,104</u>	<u>\$ 103,834,674</u>



CITY OF DES MOINES, IOWA
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

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

Net change in fund balances: Total governmental funds \$ (8,241,952)

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

Capital outlay	58,153,402
Depreciation	<u>(21,660,294)</u>
	<u>36,493,108</u>

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

Proceeds from the sale of capital assets	(1,631,159)
Loss from sale of capital assets	(558,859)
Capital assets contributed by private sources	4,949,243
	<u>2,759,225</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,680,610

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

Amortization of premium	657,190
Premium on bond issue	(1,245,531)
Long-term debt issued	(28,185,000)
Other long-term debt issued	(692,978)
Repayment of long-term debt principal	37,143,818
Note payable through state appropriation	(2,200,000)
Interest	5,214
Amortization of issuance costs	(453,109)
Arbitrage	347,981
Amortization of discount	(488)
	<u>5,377,097</u>

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

Accrued employee benefits	(335,487)
Claims and judgments	280,000
	<u>(55,487)</u>

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net loss of certain activities of internal service funds is reported with governmental activities. (991,254)

Change in internal service fund allocations to business-type activities	422,522
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Change in net assets of governmental activities	<u>\$ 38,443,869</u>
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The notes to the financial statements are an integral part of this statement.