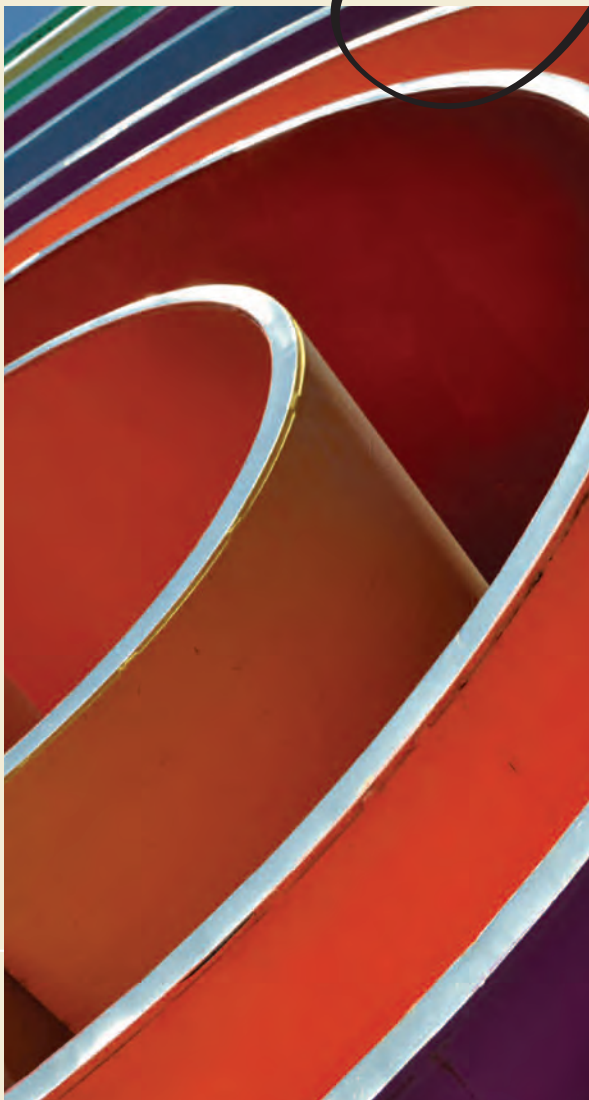


Budget



budget
summary



The City of West Des Moines utilizes the following guidelines in developing its annual budget. These guidelines represent a number of practices utilized over the last fourteen years that have helped the City maintain its financial stability, while not jeopardizing the high level of service provided to citizens of West Des Moines.

Property Tax Rate & Other Revenues

The City's property tax rate should be comparable to cities of similar size and should provide enough revenue to pay for all City services deemed necessary by the City Council. The City will also attempt to maintain a diversified and stable revenue system that will serve as a shelter from fluctuations in any one revenue source. In addition, fees and other service charges are reviewed annually to ensure their rate keeps pace with the cost of providing the service.

General Fund Reserves

The General Fund ending balance goal should be set at a level at or above 25% of annual operating expenditures.

Debt Management

The City has established three benchmarks in regard to the issuance of debt. First, the City would like to limit the amount of general obligation debt issued to one-half of the constitutionally allowed limit. Secondly, the City would like bonded debt per capita not to exceed \$1,000. Finally, the City has stated that a non-voted debt issuance itself should not necessitate an increase in the property tax rate. All of the above benchmarks have met the test of time and have been reviewed, and endorsed, by Moody's Investors Service and Standard & Poor's, each of whom has given the City AAA ratings, the highest rating issued by those agencies.

Capital Improvement Program

Each year the City will assemble a Citizens Advisory Committee on Capital Planning, if needed. The purpose of this committee will be to develop a multi-year plan for capital improvements. To adequately finance the plan, the City will use a number of sources including fee revenue, general fund operating funds, general obligation bonds, grants, road use tax and tax increment financing. If the committee is not convened due to funding constraints, staff and council will consult and plan an appropriated capital program which meets critical needs of the city as efficiently as possible.

Capital Equipment Reserve Fund

The City will maintain a capital equipment reserve fund that will provide for the timely replacement of vehicles and heavy equipment that are no longer cost effective to maintain.

Technology Equipment Reserve Fund

The City will maintain a technology equipment reserve fund that will provide for the timely replacement of computer and network equipment that are no longer cost effective to maintain.

Utility Rates

The City will adopt utility rates that generate adequate revenues to cover operating expenses, meet the legal requirements of bond covenants, and allow for the timely replacement/upgrading of capital equipment and facilities.



The FY 2015-2016 Operating and Capital Budgets were drafted under guidelines listed on the previous page. Below are significant short-term assumptions and policies utilized in developing the FY 2015-2016 Budgets:

Revenue Assumptions

- The proposed budget reduces the overall City property tax rate to \$12.00 per thousand of taxable valuation, down from \$12.05 which had been in place since 2007.
- The City of West Des Moines will receive approximately \$6.26 million dollars in Road Use Tax Funds. Approximately \$5.24 million in Road Use Tax funds are being utilized for street related expenditures (CIP and operating). The remaining funds will be used for street lighting.
- Continuing with the City's preference to be proactive on enterprise fund revenues rather than reactive, the City Council in 2010 approved actions indexing both sanitary sewer capital charges as well as sanitary connection fee district per acre charges.

Expenditure & Fund Balance Assumptions

- No new employee positions are being recommended in the proposed budget.
- Employee compensation calculations will follow past practice or expected results of negotiations for bargaining unit contracts covering approximately 253 union employees. There are also approximately 149 full time employees not covered under union contracts. New full time employees continue to be enrolled in the City's health plans added in July 2010, if allowed by union contract, and pension benefits are under the purview of the State of Iowa.
- Bargaining unit employees are expected to receive cost-of-living adjustments ranging from 2.25% to 2.50% in agreement with the terms of their respective contracts. Note that all of the Public Safety-related bargaining units (Fire Department, Emergency Medical Services, Police and WestCom Dispatching) are currently in negotiations for multi-year contracts. In addition to cost-of-living adjustments, bargaining unit employees are eligible to receive "step" increases with the number of steps being dependent upon performance and employee classification.
- Non-union employees who have not yet reached their maximum pay level may be eligible to receive an increase based solely upon job performance.
- The proposed budget reflects a decrease in the contribution rate for the Municipal Fire and Police Retirement System of Iowa (MFPRSI). The City's contribution rate of covered wages for FY 2015-2016 will be 27.77% as compared to 30.41% for FY 2014-2015. The decreased rate amounts to a reduction of \$86,000 in annual pension costs. The proposed budget also reflects no change in the contribution rate for Iowa Public Employees Retirement System (IPERS). The City's contribution rate will remain at 8.93% in FY 2015-2016. Of the City's 402 full time equivalent employees, 120 employees participate in the Municipal Fire and Police Retirement System of Iowa plan, and the remaining 282 employees are enrolled in Iowa Public Employees Retirement System plan.
- The proposed budget reflects the carryover of cash to ensure the FY 2015-2016 budget maintains prudent general fund balances which protect the City of West Des Moines' financial integrity. The General Fund total revenues are \$65,012,867 and total expenditures are \$65,261,996. The projected General Fund composite balance on June 30, 2016, will be slightly over 33.50% (expected balance of \$18,958,073) of annual operating expenditures, which is sufficient for meeting unexpected shortfalls in revenues or demands on future fund resources. The Council has consistently stated its desire to maintain a year ending cash reserve balance over 25%.



Distribution of Property Tax Dollars for a \$1,000,000 West Des Moines Commercial Property



Polk County - WDM Schools	
School	\$13.27
County	7.17
Regional Transit Authority	0.70
Other	4.09
City	12.05
FY 14-15 Levy	\$37.28

Dallas County - Waukee Schools	
School	\$16.57
County	3.83
Regional Transit Authority	0.70
Other	1.63
City	12.05
FY 14-15 Levy	\$34.78

	Actual FY 2013-14	Actual FY 2014-15	Budget FY 2015-16
Property Tax Calculation			
Assessed Valuation	\$1,000,000	\$1,000,000	\$1,000,000
Rollback Percentage	100.00%	95.00%	90.00%
Taxable Value	\$1,000,000	\$950,000	\$900,000
City Tax Rate per \$1,000	\$12.05	\$12.05	\$12.00
Total City Property Tax	\$12,050	\$11,448	\$10,800



Distribution of Property Tax Dollars for a \$200,000 West Des Moines Residence



Polk County - WDM Schools	
School	\$13.27
County	7.17
Regional Transit Authority	0.70
Other	4.09
City	12.05
FY 14-15 Levy	\$37.28

Dallas County - Waukee Schools	
School	\$16.57
County	3.83
Regional Transit Authority	0.70
Other	1.63
City	12.05
FY 14-15 Levy	\$34.78

	Actual FY 2013-14	Actual FY 2014-15	Budget FY 2015-16
Property Tax Calculation			
Assessed Valuation	\$200,000	\$200,000	\$200,000
Rollback Percentage	52.82%	54.40%	55.73%
Taxable Value	\$105,640	\$108,800	\$111,460
City Tax Rate per \$1,000	\$12.05	\$12.05	\$12.00
Gross City Tax	\$1,273	\$1,311	\$1,338
Less City Share of Home- stead Tax Credit	(\$58)	(\$58)	(\$58)
Total City Property Tax	\$1,215	\$1,253	\$1,280



BUDGET SUMMARY

FY 2015-16 BUDGET BY FUND

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2015-16 Budget
REVENUES						
Operating Revenues						
Property Taxes	\$33,863,270	\$6,397,566	\$8,494,187			\$48,755,023
TIF Revenues		9,320,759				9,320,759
Other City Taxes	4,336,725	76,279	93,301			4,506,305
Licenses and Permits	1,465,550					1,465,550
Use of Money and Property	163,000	270			1,913,605	2,076,875
Intergovernmental	6,797,916	7,170,091	467,757		13,000	14,448,764
Charges for Services	4,897,000				14,149,500	19,046,500
Special Assessments				225,000		225,000
Miscellaneous	611,050	1,106,576			6,877,100	8,594,726
Sub-total Operating Revenues	\$52,134,511	\$24,071,541	\$9,055,245	\$225,000	\$22,953,205	\$108,439,502
Other Financing Sources						
Proceeds of Long Term Debt				\$12,150,000		\$12,150,000
Proceeds of Capital Assets Sales	8,000					8,000
Transfers In	12,796,319	176,000	\$12,932,722	34,015,507	6,331,000	66,251,548
Sub-total Other Financing Sources	\$12,804,319	\$176,000	\$12,932,722	\$46,165,507	\$6,331,000	\$78,409,548
TOTAL REVENUES & OTHER SOURCES	\$64,938,830	\$24,247,541	\$21,987,967	\$46,390,507	\$29,284,205	\$186,849,050
EXPENDITURES						
Operating Expenditures						
Personal Services	\$38,855,804	\$2,692,796			\$1,417,335	\$42,965,935
Supplies and Services	12,748,563	2,429,712			15,088,080	30,266,355
Universal Commodities	3,216,810	1,025,000			244,810	4,486,620
Non-Recurring/Non-Capital	614,051	81,500				695,551
Capital	999,400	656,052			4,445,400	6,100,852
Sub-total Operating Expenditures	\$56,434,628	\$6,885,060			\$21,195,625	\$84,515,313
Lease/Purchase or Installment Contract Expenditures	\$80,815	\$29,882				\$110,697
Total Operating Expenditures	\$56,515,443	\$6,914,942			\$21,195,625	\$84,626,010
Debt Service Expenditures			\$21,987,969			\$21,987,969
Capital Improvement Expenditures				\$34,015,507	\$6,081,000	\$40,096,507
Total Expenditures	\$56,515,443	\$6,914,942	\$21,987,969	\$34,015,507	\$27,276,625	\$146,710,486
Transfers Out	\$8,746,532	\$18,129,109		\$33,294,907	\$6,081,000	\$66,251,548
TOTAL EXPENDITURES/TRANSFERS OUT	\$65,261,975	\$25,044,051	\$21,987,969	\$67,310,414	\$33,357,625	\$212,962,034
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$323,145)	(\$796,510)	(\$2)	(\$20,919,907)	(\$4,073,420)	(\$26,112,984)
BEGINNING FUND BALANCE	\$19,207,181	\$18,650,195	\$3,431,291	(\$2,105,292)	\$147,982,573	\$187,165,948
ENDING FUND BALANCE	\$18,884,036	\$17,853,685	\$3,431,289	(\$23,025,199)	\$143,909,153	\$161,052,964
FUND BALANCE% OF EXPENDITURES	33.41%	258.19%	15.61%	(-67.69%)	527.59%	109.78%



Revenues & Expenditures by Category

	ACTUAL FY 2012-13	ACTUAL FY 2013-14	REVISED BUDGET FY 2014-15	BUDGET FY 2015-16	INC(DEC) FY 2015-16 OVER FY 2014-15	% INC (DEC)
REVENUES						
Operating Revenues						
Property Taxes	\$45,296,243	\$47,106,767	\$48,525,173	\$48,755,023	\$229,850	0.47%
TIF Revenues	13,272,106	10,822,378	9,205,790	9,320,759	114,969	1.25%
Other City Taxes	4,156,945	4,312,899	4,009,853	4,506,305	496,452	12.38%
Licenses and Permits	1,638,474	2,172,885	1,692,850	1,465,550	(227,300)	(13.43%)
Use of Money and Property	1,797,010	1,915,167	2,024,055	2,076,875	52,820	2.61%
Intergovernmental	11,347,629	15,129,251	15,642,104	14,448,764	(1,193,340)	(7.63%)
Charges for Services	18,547,463	19,841,542	18,750,975	19,046,500	295,525	1.58%
Special Assessments	359,798	315,821	150,000	225,000	75,000	50.00%
Miscellaneous	8,658,352	8,790,039	9,425,565	8,594,726	(830,839)	(8.81%)
Sub-total Operating Revenues	\$105,074,200	\$110,406,749	\$109,426,365	\$108,439,502	(\$986,863)	(0.90%)
Other Financing Sources						
Proceeds of Long Term Debt		\$4,493,907	\$14,125,000	\$12,150,000	(\$1,975,000)	(13.98%)
Proceeds of Capital Assets Sales/Contributions	4,723,751	3,236,871	7,000	8,000	1,000	14.29%
Transfers In	26,299,926	53,527,448	46,764,054	66,251,548	19,487,494	41.67%
Sub-total Other Financing Sources	\$31,023,677	\$61,258,226	\$60,896,054	\$78,409,548	\$17,513,494	28.76%
TOTAL REVENUES & OTHER SOURCES	\$136,097,877	\$171,664,975	\$170,322,419	\$186,849,050	\$16,526,631	9.70%
EXPENDITURES						
Operating Expenditures						
Personal Services	\$35,994,711	\$37,589,259	\$41,586,615	\$42,965,935	\$1,379,320	3.32%
Supplies and Services	26,083,697	27,597,887	32,837,514	30,266,355	(2,571,159)	(7.83%)
Universal Commodities	3,655,642	3,952,791	4,310,570	4,486,620	176,050	4.08%
Non-Recurring/Non-Capital	719,427	715,390	1,998,051	695,551	(1,302,500)	(65.19%)
Capital	4,362,603	4,987,321	5,890,763	6,100,852	210,089	3.57%
Sub-total Operating Expenditures	\$70,816,080	\$74,842,648	\$86,623,513	\$84,515,313	(\$2,108,200)	(2.43%)
Lease/Purchase or Installment Contract Expenditures	\$1,258,558	\$1,321,457	\$1,554,462	\$110,697	(\$1,443,765)	(92.88%)
Total Operating Expenditures	\$70,923,829	\$76,164,105	\$88,177,975	\$84,626,010	(\$3,551,965)	(4.03%)
Debt Service Expenditures	\$20,921,357	\$31,458,455	\$16,142,596	\$21,987,969	\$5,845,373	36.21%
Capital Improvement Expenditures	\$17,151,494	\$14,849,362	\$38,730,480	\$40,096,507	\$1,366,027	3.53%
Total Expenditures	\$110,147,489	\$122,471,922	\$143,051,051	\$146,710,486	\$3,659,435	2.56%
Transfers Out	\$26,277,113	\$53,527,448	\$46,764,054	\$66,251,548	\$19,487,494	41.67%
TOTAL EXPENDITURES/TRANSFERS OUT	\$136,424,602	\$175,999,370	\$189,815,105	\$212,962,034	\$23,146,929	12.19%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$326,725)	(\$4,334,395)	(\$19,492,686)	(\$26,112,984)	(\$6,620,298)	n/a
BEGINNING FUND BALANCE	\$211,319,754	\$210,993,029	\$206,658,634	\$187,165,948	(\$19,492,686)	n/a
ENDING FUND BALANCE	\$210,993,029	\$206,658,634	\$187,165,948	\$161,052,964	(\$26,112,984)	n/a
FUND BALANCE % OF EXPENDITURES	191.56%	168.74%	130.84%	109.78%		



Revenues & Expenditures by Fund

	ACTUAL FY 2012-13	ACTUAL FY 2013-14	REVISED BUDGET FY 2014-15	BUDGET FY 2015-16	INC(DEC) FY 2015-16 OVER FY 2014-15	% INC (DEC)
REVENUES						
Fund Revenues						
General Funds	\$50,881,155	\$60,978,984	\$61,064,024	\$64,938,830	\$3,874,806	6.35%
Special Revenue Funds	126,999,391	27,365,709	27,765,751	24,247,541	(\$3,518,210)	(12.67%)
Debt Service Funds	20,827,209	31,392,714	16,142,594	21,987,967	5,845,373	36.21%
Capital Project Funds	10,289,306	18,192,386	38,503,450	46,390,507	7,887,057	20.48%
Enterprise Funds	27,100,816	33,735,182	26,846,600	29,284,205	2,437,605	9.08%
Total Fund Revenues	\$136,097,877	\$171,664,975	\$170,322,419	\$186,849,050	\$16,526,631	9.70%
EXPENDITURES						
Fund Expenditures						
General Funds	\$48,519,130	\$60,524,498	\$67,155,181	\$65,261,975	(\$1,893,206)	(2.82%)
Special Revenue Funds	28,252,136	28,315,519	30,423,234	25,044,051	(5,379,183)	(17.68%)
Debt Service Funds	20,921,357	31,458,455	16,142,596	21,987,969	5,845,373	36.21%
Capital Project Funds	19,332,392	30,264,506	47,933,280	67,310,414	19,377,134	40.43%
Enterprise Funds	19,399,587	25,436,392	28,160,814	33,357,625	5,196,811	18.45%
Total Fund Expenditures	\$136,424,602	\$175,999,370	\$189,815,105	\$212,962,034	\$23,146,929	12.19%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$326,725)	(\$4,334,395)	(\$19,492,686)	(\$26,112,984)	(\$6,620,298)	n/a
BEGINNING FUND BALANCE	\$211,319,754	\$210,993,029	\$206,658,634	\$187,165,948	(\$19,492,686)	n/a
ENDING FUND BALANCE	\$210,993,029	\$206,658,634	\$187,165,948	\$161,052,964	(\$26,112,984)	n/a
FUND BALANCE% OF EXPENDITURES	154.66%	117.42%	98.60%	75.63%		



Comparison of Amended Budget to Actual

	Amended Budget FY 2012-13	Actual FY 2012-13	Variance Favorable (Unfavorable)	Amended Budget FY 2013-14	Actual FY 2013-14	Variance Favorable (Unfavorable)
REVENUES						
Revenues						
Property Taxes	\$45,668,385	\$45,296,423	(\$371,962)	\$47,510,700	\$47,106,767	(\$403,933)
TIF Revenues	13,495,197	13,272,106	(223,091)	10,877,193	10,822,378	(54,815)
Other City Taxes	3,754,360	4,156,945	402,585	3,764,608	4,312,899	548,291
Licenses and Permits	1,217,800	1,638,474	420,674	1,882,800	2,172,885	290,085
Use of Money and Property	1,765,165	1,797,010	31,845	1,957,425	1,915,167	(42,258)
Intergovernmental	11,194,742	11,347,629	152,887	11,731,600	15,129,251	3,397,651
Charges for Services	16,575,536	18,547,463	1,971,927	18,402,099	19,841,542	1,439,443
Special Assessments	266,000	359,798	93,798	210,000	315,821	105,821
Miscellaneous	8,450,378	8,658,352	207,974	8,444,101	8,790,039	345,938
Total Revenues	\$102,387,563	\$105,074,200	\$2,686,637	\$104,780,526	\$110,406,749	\$5,626,223
EXPENDITURES						
Expenditures						
Public Safety	\$25,222,037	\$24,478,043	\$743,994	\$26,886,247	\$25,550,009	\$1,336,238
Public Works	7,812,282	7,234,348	577,934	8,567,835	7,899,716	668,119
Health and Social Services	1,148,942	1,117,964	30,978	1,258,493	1,059,393	199,100
Culture and Recreation	7,418,356	6,927,143	491,213	7,985,466	7,528,416	457,050
Community and Economic Development	9,822,219	7,497,883	2,324,336	6,731,577	8,539,842	(1,808,265)
General Government	6,548,882	5,848,265	700,617	6,761,128	6,197,121	564,007
Debt Service	22,320,376	22,179,915	140,461	32,840,371	32,779,912	60,459
Capital Outlay	22,952,666	15,598,015	7,354,651	21,114,911	13,840,433	7,274,478
Business Type	25,594,869	19,265,913	6,328,956	22,904,137	19,077,080	3,827,057
Total Expenditures	\$128,840,629	\$110,147,489	\$18,693,140	\$135,050,165	\$122,471,922	\$12,578,243
Excess (Deficiency) of Revenues Over Expenditures	(\$26,453,066)	(\$5,073,289)	\$21,379,777	(\$30,269,639)	(\$12,065,173)	\$18,204,466
Other Financing Sources, Net	\$8,071,000	\$4,746,564	(\$3,324,436)	\$8,321,000	\$7,730,778	(\$590,222)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(\$18,382,066)	(\$326,725)	\$18,055,341	(\$21,948,639)	(\$4,334,395)	\$17,614,244



FY 2015-16 Expenditures Stated on a Program Basis

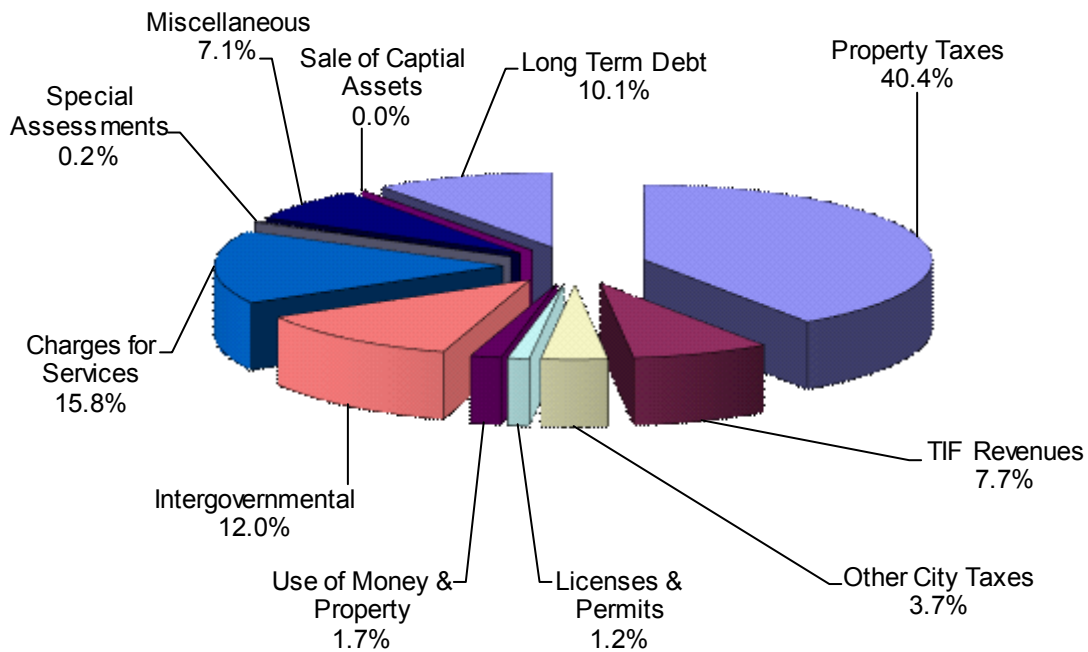
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2015-16 Budget
Expenditures and Other Financing Uses						
Public Safety	\$26,163,078	\$3,547,598				\$29,710,676
Public Works	8,300,160	1,022,000				9,322,160
Health and Social Services	1,045,851	200,060				1,245,911
Culture and Recreation	8,397,199	223,500				8,620,699
Community and Economic Development	5,284,368	1,891,902				7,176,270
General Government	7,243,972					7,243,972
Debt Service Funds	80,815	29,882	21,987,969			22,098,666
Capital Project Funds				34,015,507		34,015,507
Total Government Activities	\$56,515,443	\$6,914,942	\$21,987,969	\$34,015,507		\$119,433,861
Business-type/Enterprise Funds					\$27,276,625	\$27,276,625
Total Business-type/Enterprise					\$27,276,625	\$27,276,625
Total Expenditures	\$56,515,443	\$6,914,942	\$21,987,969	\$34,015,507	\$27,276,625	\$146,710,486



Revenue Highlights

The City of West Des Moines continues to build on its reputation as a growing city suburb adjacent to Des Moines, Iowa. A strong commercial base, coupled with a growing residential market, makes West Des Moines a desirable place to both live and work. In FY 2015-16 total operating revenues are projected to decrease by approximately 0.90% as compared to budget FY 2014-15. Property tax revenues, which account for approximately 40.4% of the City’s total operating revenues, are projected to increase by approximately 0.47%.

Where the Money Comes From



Property Taxes

The City proposes to maintain a property tax rate of \$12.00/\$1,000 of taxable valuation. The proposed ad valorem taxes levied against real and personal property in FY 2015-16 should generate approximately \$48,755,023 which accounts for approximately 44.96% of the total operating revenue budgeted for the City. This projection, which is based on actual taxable valuations for January 1, 2014, as supplied by the Polk, Dallas, Warren, and Madison County Auditors. As in past years, property taxes continue to be, not only the main revenue source for the City, but also one of the most stable. However, this stability is continually challenged by the erosion of the City’s tax base due to state mandated rollbacks on commercial and residential property.

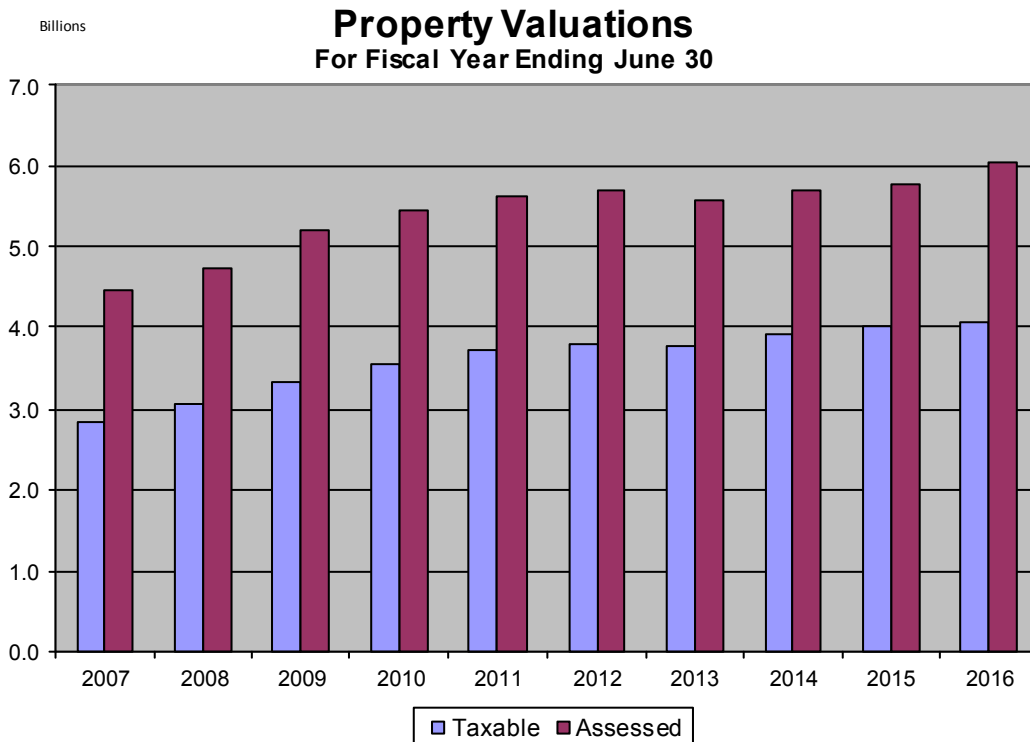


Property Taxes (Continued)

Residential Rollbacks

Taxable property in Iowa is categorized into distinct classes such as residential, commercial, industrial, or agricultural with each category having different procedures for assessing value for taxing purposes. To reduce the opportunity for dramatic tax shifts between classes from year to year, a statutory limit of 3% a year has been imposed, (commonly called the growth limitation). For example if statewide growth in any one class of property in any year exceeds 3%, the taxable value is reduced by a percentage so that growth of taxable valuation is at the 3% ceiling. This percentage is called the "rollback." Furthermore, residential property is subject to an additional restriction in which the state-wide growth in residential property cannot exceed the growth in agricultural property. In other words, the taxable growth of residential property is either 3% or equal to the growth in agricultural property, whichever is lower. Since the growth in agricultural property has been stagnant for several years (less than 1% a year), taxable residential property valuations have been artificially suppressed. This has brought to light one of the major limitations of the rollback formula in that it does not recognize the unique valuation characteristics present in different regions of the state. Because of this fact, economic development in some communities has been stifled and in all communities a shifting of tax burdens from residential properties to other classes of property has occurred.

In spite of the budgetary constraints posed by the state rollbacks, West Des Moines, through a combination of favorable economic conditions and judicious management over the past ten years, has experienced sustained increases of three to fifteen percent per year in the City's tax base. These increases have been invaluable in defraying the effects of the rollback. While it can be clearly seen from the chart below actual property valuation in FY 2015-2016 have increased over thirty-five percent since FY 2006-2007, the effects of the state mandated rollbacks can also be seen. Due to decline in the economy, numerous properties have received reductions from the county assessors, or in some cases county or state review board over the past few years.



Property Taxes (Continued)

In FY 2015-2016, the taxable value of residential properties will increase from 54.40% to 55.73% and the taxable value of commercial property will decrease from 95% to 90%. The enclosed table is a ten-year history of the commercial and residential rollbacks in Iowa. It is important to note that in just ten years the taxable percentage of residential properties has increased from 45.99% in FY 2006-2007, to 55.73% in FY 2015-2016. In other words, the City has gained the ability to generate taxes on a portion of its residential property in just ten years. West Des Moines has experienced significant increases in its property tax base over the last ten years. The City’s population has increased by 22% and the size of the city in square miles has significantly increased. As a result of the mandated rollback, it becomes a question as to whether the additional revenues from an artificially suppressed tax base are enough to meet the service level expectations of the citizens of West Des Moines.

Fiscal Year	Residential	Commercial
2006-07	45.99%	99.15%
2007-08	45.56%	100.00%
2008-09	44.08%	99.73%
2009-10	45.59%	100.00%
2010-11	46.91%	100.00%
2011-12	48.53%	100.00%
2012-13	50.75%	100.00%
2013-14	52.82%	100.00%
2014-15	54.40%	95.00%
2015-16	55.73%	90.00%

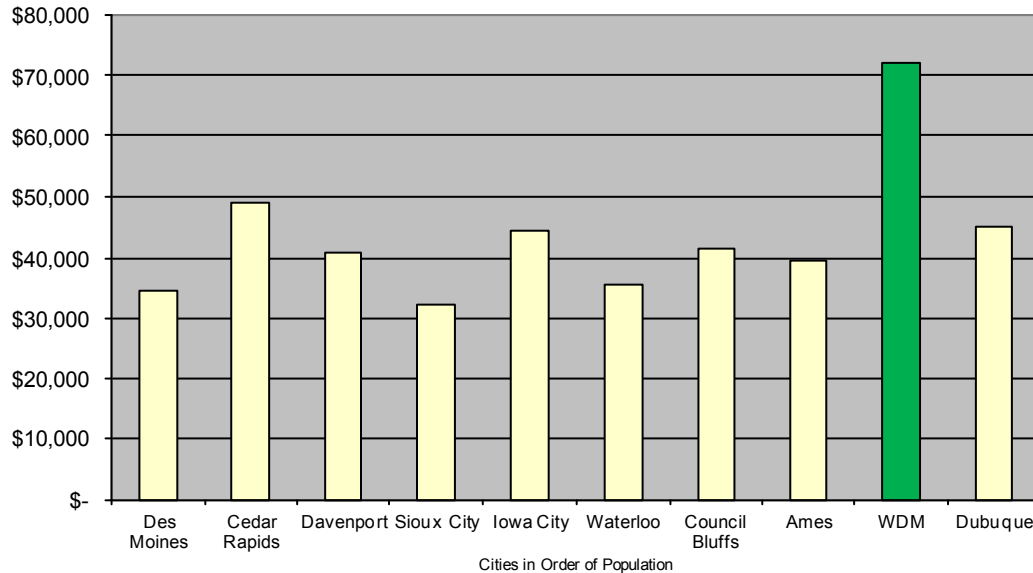
Rollback Effect in Comparable Cities

While the rollbacks have had a significant budgetary impact on the City, they have not been as devastating as in other cities that rely heavily on the residential tax base to support City services. The precipitous decline of residential tax bases has forced most Iowa cities to increase rates just to support existing services. Nearly two-thirds of Iowa’s cities are at the maximum levy rates for the general fund. Even at maximum rates, nearly 300 Iowa cities are facing declining revenues since actual residential growth cannot make up for rollback losses. West Des Moines is fortunate in having a strong commercial tax base, and is not subject to erratic swings in property tax revenues as some communities. In fact, West Des Moines is one of the few communities in the state where Commercial/Industrial property generates more tax revenues than residential property. This is further evidenced when you compare taxable property valuations per capita of Iowa’s ten largest cities. West Des Moines’ taxable valuation per capita not only is the highest of any of Iowa’s ten largest cities, in some cases is more than double the per capita valuation of some cities with a greater population.



**Comparison of Taxable Property Valuations
per capita for Iowa's Ten Largest Cities**

Based on January 1, 2014 Valuations For FY 2015-2016



Long Term Forecast

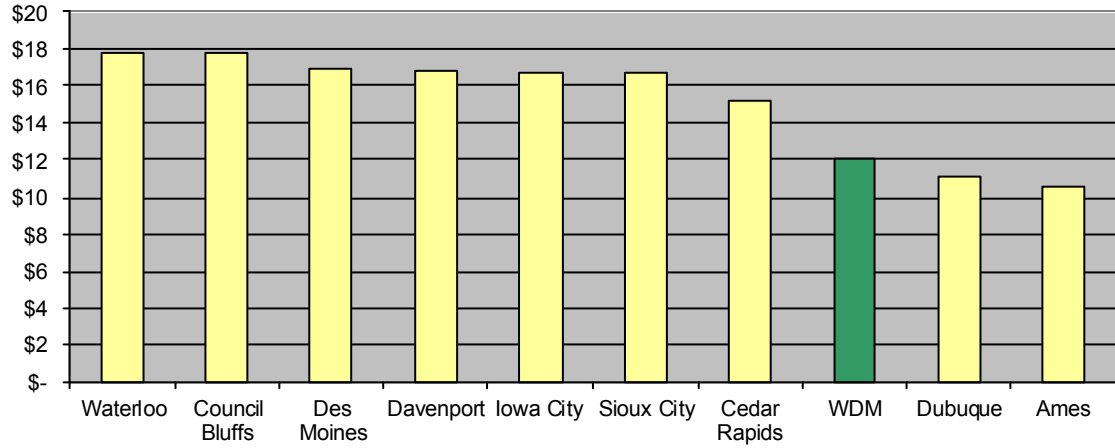
Presently the City’s economic base could be classified as strong and diversified with no major employer or type of business in a dominating role. However, the City must be cautious and realize there are many factors that could directly and indirectly influence its tax base. International issues such as the consumption of oil, consumer demands for products, regional entertainment patterns, increased competition from neighboring communities, changes in federal policies, and foremost, unfunded state mandates, can restrict tax collections in any given year.

Changes in the Iowa Legislature will continue to have a dramatic effect on revenues. Particularly impactful will be the rollback program for commercial property and also, due to a high concentration of apartment property in West Des Moines, the change in classification from commercial to multi-residential property will negatively impact revenues. The City has been very successful over the past 10-20 years in building adequate cash reserves and would be in a position to absorb a certain amount of change for the immediate term, but the results of a long-term structural deficit may result in increased fees/taxes or the reduction of certain services and programs.



Property Tax Rates of Iowa's Ten Largest Cities

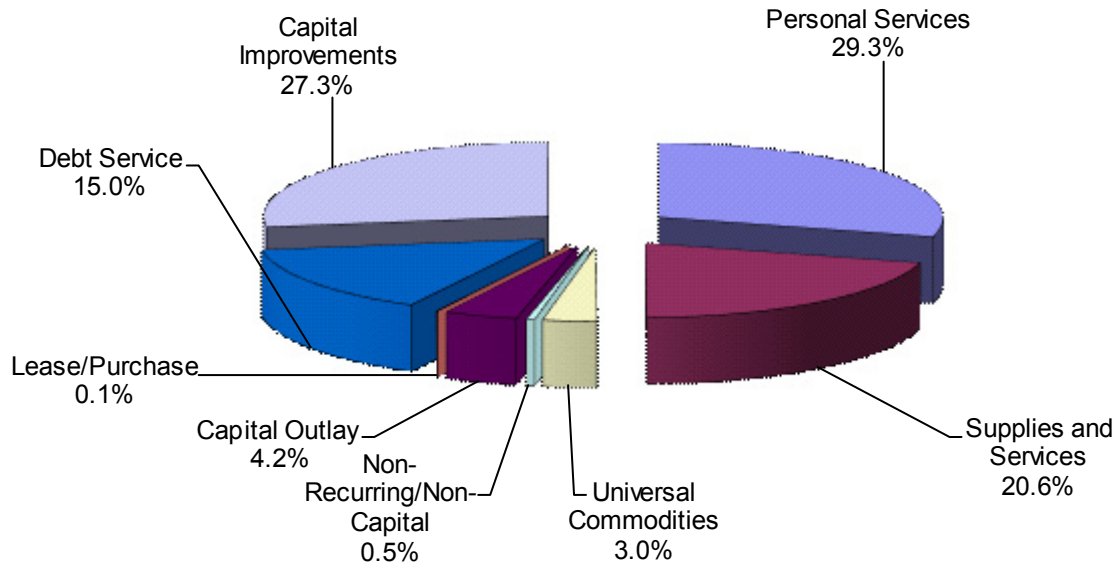
City Portion Only
FY 2015-16



Expenditure Highlights

Total expenditures for FY 2015-2016 are projected to increase by 2.56% when compared to the revised budget for FY 2014-2015. The City’s operating budget denotes an decrease of 4.03% in operating expenses over the revised budget of the previous year FY 2014-2015, which is primarily due to the need for one-time expenses such as the special census during FY 2014-2015.

Where the Money Goes



Personnel

The City measures both full and regular part-time positions based on full-time equivalents (FTE), which is the total estimated annual person hours required to fill a position for all or a portion of a year, divided by 2,080 hours. It should be noted that, due to the seasonal nature of employment, temporary and volunteer workers are not included in this calculation. In FY 2015-2016, FTE(s) are proposed to remain at 402.00 full-time equivalent positions, this is the same amount as FY 2014-15. This represent roughly a 20% increase in FTE(s) since FY 2005-2006.



City of West Des Moines Personnel by Cluster and Department

POSITIONS STATED IN FULL-TIME EQUIVALENTS (FTE)	BUDGET FY 2012-13	BUDGET FY 2013-14	BUDGET FY 2014-15	BUDGET FY 2015-16	CHANGE FROM FY 2014-15
Authorized Personnel by Department					
Community Enrichment					
Human Services	13.25	13.25	13.25	13.25	0.00
Library	25.25	25.25	25.25	25.25	0.00
Parks & Recreation	25.00	25.00	26.00	26.00	0.00
Sub-total Community Enrichment	63.50	63.50	64.50	64.50	0.00
Public Safety					
Emergency Medical Services	40.50	41.00	41.00	40.75	(0.25)
Fire Department	50.00	51.00	57.00	57.00	0.00
Police Department	83.25	83.25	84.00	84.00	0.00
Westcom Dispatch	21.75	21.75	23.75	24.00	0.25
WestPet-Animal Control	3.00	3.00	4.00	4.33	0.33
Sub-total Public Safety	198.50	200.00	209.75	210.08	0.33
Public Services					
Community & Economic Development	4.50	4.50	4.50	4.50	0.00
Development Services	20.20	20.20	20.00	20.00	0.00
Engineering Services	0.00	0.00	7.00	7.00	0.00
Public Works	63.800	64.80	62.00	62.00	0.00
Sub-total Public Services	88.50	89.50	93.50	93.50	0.00
Support Services					
City Manager's Office	4.00	4.00	4.00	4.00	0.00
City Clerk	1.00	1.00	1.33	1.33	0.00
Finance	9.00	8.75	9.42	9.09	(0.33)
Human Resources	4.25	4.50	4.50	4.50	0.00
Information Technologies Services	10.00	10.00	11.00	11.00	0.00
Legal	4.00	4.00	4.00	4.00	0.00
Sub-total Support Services	32.25	32.25	34.25	33.92	(0.33)
Total Authorized Personnel	382.75	385.25	402.00	402.00	0.00
Authorized Personnel by Fund					
Enterprise Funds	14.50	14.50	14.40	14.40	0.00
Special Revenue Funds	1.53	2.32	2.26	1.19	(1.07)
General Funds	366.72	368.43	385.34	386.41	1.07
Total Authorized Personnel	382.75	385.25	402.00	402.00	0.00



Key Assumptions for FY 2015-2016**Salary Increases**

Employee compensation will follow past practice in that we have bargaining unit contracts for approximately 253 employees and 149 full time employees are not represented by unions. New employees continue to be enrolled in the City's newly created health plans, if allowed by bargaining agreements, and pension benefits are under the purview of the State.

Bargaining unit employees will receive 2.25% to 2.50% cost-of-living adjustments in agreement with the terms of their respective contracts on July 1st. All of the public safety bargaining units are currently in negotiations for multi-year contracts. In addition to cost of living increases, bargaining unit employees are eligible to receive step increases with the number of steps being dependent upon performance and employee classification.

Non-represented employees who have not reached their maximum pay level may be eligible to receive an increase based upon job performance.

Medical Insurance Rates

Medical insurance rates are projected to increase by 10% from FY 2014-2015 actual rates.

Pension and Retirement Benefits

The City contribution rates for FY 2015-2016 are as follows:

- 27.77% for sworn police officers and fire personnel (MFPRSI).
- 8.93% for full and regular part-time personnel (IPERS).
- 9.84% for paid-on-call firefighters and emergency medical services personnel (IPERS).

Other Pay

This category includes the City's deferred compensation plan, longevity pay, life insurance, and other miscellaneous pay categories.



Description of Long Term Debt Obligations

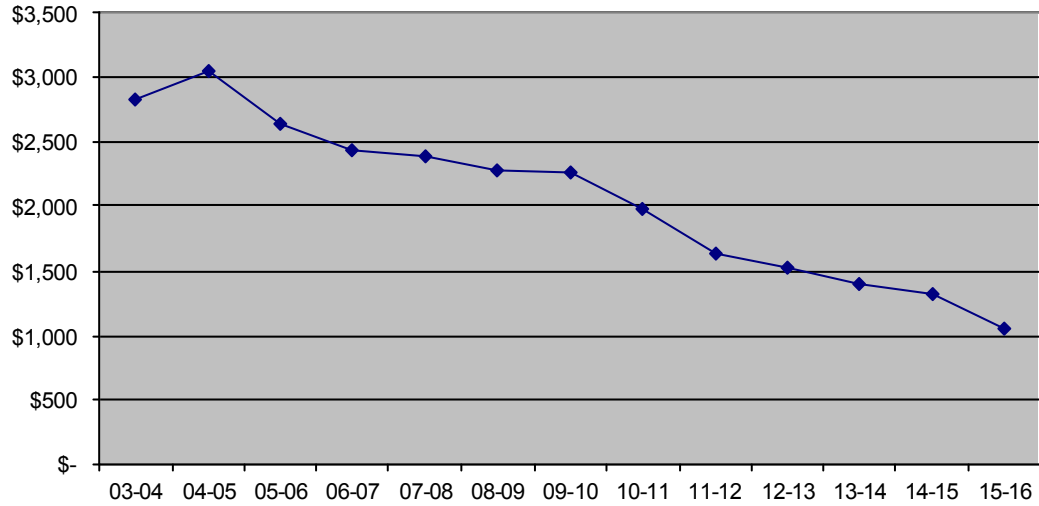
The City of West Des Moines has experienced tremendous amount of growth in recent years. Since 1990, the population of West Des Moines has increased by 78.56%, and the area of the City has more than doubled, both of which created an unprecedented demand in West Des Moines for infrastructure and capital projects. As a city expands its citizens will need more parks, roads, bridges, and public safety facilities, just to name a few examples. This demand for public sector investment has made the issuance of debt an increasingly important component in City programs. The City of West Des Moines utilizes one basic form of long-term debt; general obligation bonds. General obligation bonds are backed by the full faith and credit (i.e. taxes) of the City.

Debt Management

The planning, development, and implementation of debt management is an important component in a local government's overall capital program. A decision to borrow money can bind a city to a stream of debt service payments that can last twenty years or more. Therefore, it is imperative that cities develop and abide by a debt management policy. The City Council agreed that debt issuance should not require the City's overall property tax rate to exceed \$12.00/\$1,000 of valuation. Before the issuance of debt, the City Council listens to the recommendation of a citizens committee which annually reviews and prioritizes the capital needs of the City. The Council then determines, as a part of the annual budget, the amount of debt to be issued. It is important to note the increase in General Obligation bond debt per capita in FY 2003-2004 is related to the City's aggressive Capital Improvement Program. Moody's Investors Services and Standard & Poor's rating agencies have issued ratings of AAA highest issued by the agencies. These high ratings result in a more attractive bidding environment and, therefore, a more favorable interest rate for the City when bonds are sold. Sales of general obligation bonds are usually prepared on a level debt formula which means that the total amount of principal and interest due each year is roughly the same.



General Obligation Bond Debt per Capita



Long Term Debt Schedule

	Estimated Balance June 30, 2015	FY 2015-16 Additions	FY 2015-16 Reductions	Estimated Balance June 30, 2016
<u>Debt Subject to Constitutional Limitation</u>				
General Obligation Debt	\$71,380,000	\$12,150,000	\$18,250,000	\$65,280,000
Lease Purchase/Other Debt	449,528		279,528	170,000
Sub-total Debt Subject to Limitation	\$71,829,528	\$12,150,000	\$18,529,528	\$65,450,000
<u>Revenue Bonds & Capital Loan Notes</u>				
WRA Debt	\$57,143,732	\$3,193,701	\$1,959,879	\$58,377,554
Sub-total Revenue Bonds & Capital Loan Notes	\$57,143,732	\$3,193,701	\$1,959,879	\$58,377,554
Total Long-Term Debt	\$128,973,260	\$15,343,701	\$20,489,407	\$123,827,554



Municipal Debt Capacity

Article IX, Section 3 of the Iowa Constitution limits the indebtedness of any governmental entity to not more than five percent (5%) of the valuation of the property located within the jurisdiction. The restriction applies to general obligation bonds, lease purchases, certain long-term borrowing, and T.I.F. debt. With the valuation of all property in West Des Moines over six billion dollars, the City’s constitutional debt limit is \$320,480,745. The City estimates its direct debt or debt that is subject to the limitation will be \$65,450,000 at June 30, 2016. This leaves an available margin of \$255,030,745 with approximately 20.42% of the available statutory debt limit being obligated.

Actual Property Valuation	
January 1, 2014	\$6,409,614,891
Statutory Percentage	5.00%
Statutory Debt Limit	\$320,480,745
Estimated Direct Debt at June 30, 2016	
General Obligation Bonds	\$65,280,000
Tax Increment Financing Bonds	
Rise Loans/IDOT	
Lease Purchase/Other Debt	170,000
Total Outstanding Direct Debt	\$65,450,000
Available Debt Margin	\$255,030,745
Percentage Obligated	20.42%

