



# 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 2018-2019 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 2018-2019 Budgets:

### **Revenue Assumptions**

- The proposed budget decrease the current City property tax rate from \$12.00 per thousand of taxable valuation to \$11.79.
- The City of West Des Moines will receive approximately \$7.6 million dollars in Road Use Tax Funds. Approximately \$6.6 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 and repayment of debt related to Iowa Highway 5 construction.
- 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**

- Seventeen new employee positions are being recommended in the budget. The Fire Department will add 2 Firefighters. The Police Department will add a total of 7 positions - 6 Police Officers and 1 Police Sergeant. Westcom Dispatch will add a total of 3 positions - 1 Dispatcher, 1 Training Coordinator, and 1 Public Safety IT Applications Specialist. Public Services will add a total of 3 positions - Public Services Works and 1 Mechanic. The Library will add 1 Floating Paraprofessional who will be tasked with a managing a variety of the customer services desks within the Library. Parks and Recreation will add 1 Recreation Coordinator which will start January 2019.
- Employee compensation calculations will follow past practice or expected results of negotiations for bargaining unit contracts covering approximately 250 union employees. There are also approximately 204 full time employees not covered under union contracts. Pension benefits are under the purview of the State of Iowa.
- Bargaining unit employees are expected to receive cost-of-living adjustments ranging from 2.50% to 3.00% in agreement with the terms of their respective contracts. All contracts but one, AFSCME, are currently in negotiations for multi-year contracts. In addition to cost-of-living adjustments, bargaining unit employees who are not at the maximum pay of their range may be eligible to receive "step" increases dependent upon performance and classification.
- Non-union employees who have not yet reached their maximum pay level may be eligible at July 1, 2018 to receive an increase based solely upon job performance.
- The proposed budget reflects an increase 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 2018-2019 will be 26.02% as compared to 25.68% for FY 2017-2018. The increased rate amounts to an increase of \$36,620 in annual pension costs. The proposed budget also reflects an increase in the contribution rate for Iowa Public Employees Retirement System (IPERS). The City's contribution rate for FY 2018-2019 will be 9.44% as compared to 8.93% in FY 2017-2018. Of the City's 455.75 full time equivalent employees, 138 employees participate in the Municipal Fire and Police Retirement System of Iowa plan, 1 employee, the City Manager has opted out of retirement plans, instead receiving deferred compensation packages, and the remaining 316.75 employees are enrolled in Iowa Public Employees Retirement System plan.
- The proposed budget reflects the carryover of cash to ensure the FY 2018-2019 budget maintains prudent general fund balances which protect the City of West Des Moines' financial integ-



rity. The General Fund total revenues are \$71,414,519 and total expenditures are \$73,943,629. The projected General Fund composite balance on June 30, 2019, will be slightly over 44.34% (expected balance of \$29,660,141) 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%.

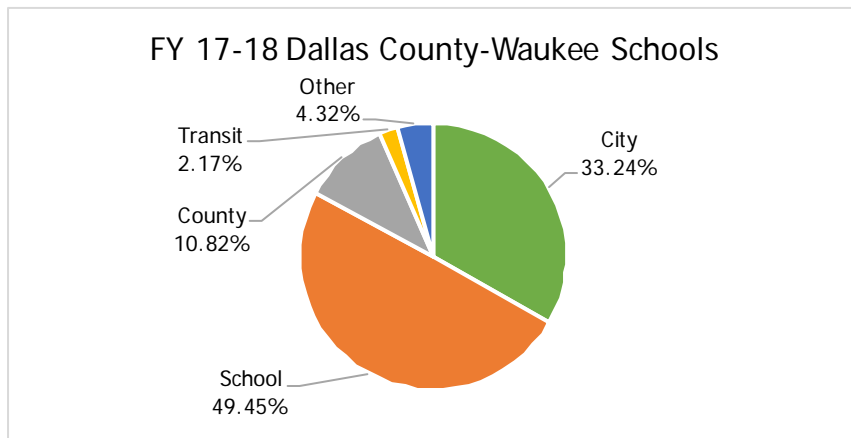
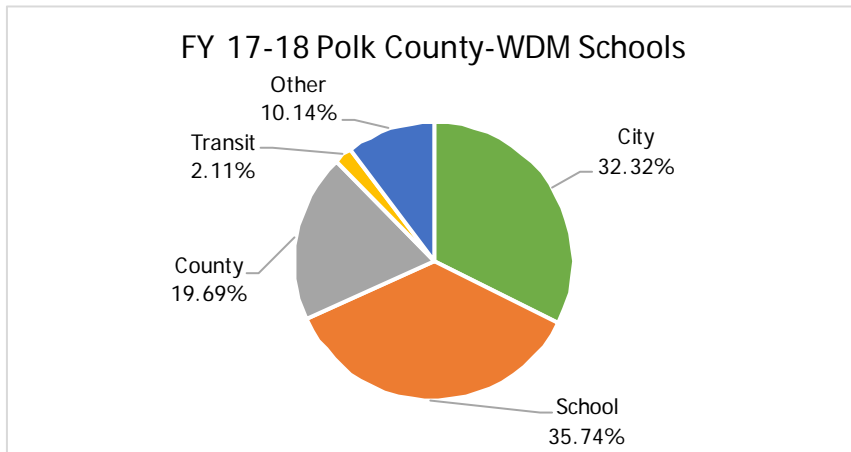




**Consolidated Tax Rate**

The City of West Des Moines corporate limits cover four counties, Polk, Dallas, Warren, and Madison, and within the corporate limits are six different community school districts; West Des Moines, Waukee, Des Moines, Norwalk, Van Meter, and Winterset. Each county and community school district has its own tax levy, resulting in the City of West Des Moines having eight different consolidated tax rates within the City. The two largest taxing areas are Polk County/West Des Moines Community Schools and Dallas County/Waukee Community Schools. The tax levy for the other category includes levies for community college, county hospital, county assessor, ag extension, State of Iowa, and watershed areas. Below are the FY 2017-2018 tax levies currently in place.

City of West Des Moines - Consolidated Tax Rates FY 2017-2018 Levy						
County/School District	City	School	County	Transit	Other	Total
<b>Polk County/West Des Moines Schools</b>	<b>\$12.00</b>	<b>\$13.27</b>	<b>\$7.31</b>	<b>\$0.78</b>	<b>\$3.76</b>	<b>\$37.12</b>
Polk County/Des Moines Schools	\$12.00	\$18.57	\$7.31	\$0.78	\$3.76	\$42.42
<b>Dallas County/Waukee Schools</b>	<b>\$12.00</b>	<b>\$17.86</b>	<b>\$3.91</b>	<b>\$0.78</b>	<b>\$1.56</b>	<b>\$36.11</b>
Dallas County/West Des Moines Schools	\$12.00	\$13.27	\$3.91	\$0.78	\$1.56	\$31.52
Dallas County/Van Meter Schools	\$12.00	\$15.98	\$3.91	\$0.78	\$1.56	\$34.23
Madison County/Van Meter Schools	\$12.00	\$15.98	\$5.86	\$0.78	\$4.05	\$38.67
Madison County/Winterset Schools	\$12.00	\$17.24	\$5.86	\$0.78	\$5.13	\$41.01
Warren County/Norwalk Schools	\$12.00	\$20.16	\$5.66	\$0.78	\$1.23	\$39.83



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



Polk County - WDM Schools	
School	\$13.27
County	7.31
Regional Transit Authority	0.78
Other	3.76
City	12.00
<b>FY 17-18 Levy</b>	<b>\$37.12</b>

Dallas County - Waukee Schools	
School	\$17.86
County	3.91
Regional Transit Authority	0.78
Other	1.56
City	12.00
<b>FY 17-18 Levy</b>	<b>\$36.11</b>

	Actual FY 2016-17	Actual FY 2017-18	Budget FY 2018-19
<b>Property Tax Calculation</b>			
Assessed Valuation	\$1,000,000	\$1,000,000	\$1,000,000
Rollback Percentage	90.00%	90.00%	90.00%
Taxable Value	\$900,000	\$900,000	\$900,000
City Tax Rate per \$1,000	\$12.00	\$12.00	\$11.79
<b>Total City Property Tax</b>	<b>\$10,800</b>	<b>\$10,800</b>	<b>\$10,611</b>

**Net Change** **\$0** **(\$189)**



## Calculation of City Property Tax Dollars for a West Des Moines Residence

	Actual FY 2017-18	Budget FY 2018-19	Actual FY 2017-18	Budget FY 2018-19
<b>Assessed Valuation</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$150,000</b>	<b>\$150,000</b>
Rollback %	56.94%	55.62%	56.94%	55.62%
Taxable Value	\$56,940	\$55,620	\$85,410	\$83,430
City Tax Rate per \$1,000	\$12.00	\$11.79	\$12.00	\$11.79
Cross City Tax	\$683	\$656	\$1,025	\$984
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
<b>Total City Property Tax</b>	<b>\$625</b>	<b>\$598</b>	<b>\$967</b>	<b>\$926</b>
<b>Assessed Valuation</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$250,000</b>	<b>\$250,000</b>
Rollback %	56.94%	55.62%	56.94%	55.62%
Taxable Value	\$113,880	\$111,240	\$142,350	\$139,050
City Tax Rate per \$1,000	\$12.00	\$11.79	\$12.00	\$11.79
Cross City Tax	\$1,367	\$1,312	\$1,708	\$1,639
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
<b>Total City Property Tax</b>	<b>\$1,309</b>	<b>\$1,254</b>	<b>\$1,650</b>	<b>\$1,581</b>
<b>Assessed Valuation</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$350,000</b>	<b>\$350,000</b>
Rollback %	56.94%	55.62%	56.94%	55.62%
Taxable Value	\$170,820	\$166,860	\$199,290	\$194,670
City Tax Rate per \$1,000	\$12.00	\$11.79	\$12.00	\$11.79
Cross City Tax	\$2,050	\$1,967	\$2,391	\$2,295
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
<b>Total City Property Tax</b>	<b>\$1,992</b>	<b>\$1,909</b>	<b>\$2,333</b>	<b>\$2,237</b>
<b>Assessed Valuation</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$450,000</b>	<b>\$450,000</b>
Rollback %	56.94%	55.62%	56.94%	55.62%
Taxable Value	\$227,760	\$222,480	\$256,230	\$250,290
City Tax Rate per \$1,000	\$12.00	\$11.79	\$12.00	\$11.79
Cross City Tax	\$2,733	\$2,623	\$3,075	\$2,951
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
<b>Total City Property Tax</b>	<b>\$2,675</b>	<b>\$2,565</b>	<b>\$3,017</b>	<b>\$2,893</b>



# BUDGET SUMMARY

# FY 2018-19 BUDGET BY FUND

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2018-19 Budget
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$39,430,144	\$7,172,993	\$10,463,274			\$57,066,411
TIF Revenues		17,822,026				17,822,026
Other City Taxes	4,996,176	2,104,239	101,469			7,201,884
Licenses and Permits	1,700,800					1,700,800
Use of Money and Property	581,000	2,450			323,000	906,450
Intergovernmental	7,982,147	10,897,063	484,603		13,000	19,376,813
Charges for Services	5,558,200	30,000			15,677,270	21,265,470
Special Assessments				100,000		100,000
Miscellaneous	799,600	247,100		1,487,000	10,333,100	12,866,800
<b>Sub-total Operating Revenues</b>	<b>\$61,048,067</b>	<b>\$38,275,871</b>	<b>\$11,049,346</b>	<b>\$1,587,000</b>	<b>\$26,346,370</b>	<b>\$138,306,654</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt				\$22,280,000		\$22,280,000
Proceeds of Capital Assets Sales	25,000					25,000
Transfers In	10,341,452	755,733	\$14,605,281	34,477,250	10,715,000	70,894,716
<b>Sub-total Other Financing Sources</b>	<b>\$10,366,452</b>	<b>\$755,733</b>	<b>\$14,605,281</b>	<b>\$56,757,250</b>	<b>\$10,715,000</b>	<b>\$93,199,716</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$71,414,519</b>	<b>\$39,031,604</b>	<b>\$25,654,627</b>	<b>\$58,344,250</b>	<b>\$37,061,370</b>	<b>\$231,506,370</b>
<b>EXPENDITURES</b>						
<b>Operating Expenditures</b>						
Personal Services	\$44,859,982	\$2,909,109			\$1,582,197	\$49,351,288
Supplies and Services	18,085,123	3,318,007	10,000		18,056,585	39,469,715
Universal Commodities	2,034,550	810,000			283,450	3,128,000
Capital	1,898,495	805,600			6,219,300	8,923,395
<b>Sub-total Operating Expenditures</b>	<b>\$66,878,150</b>	<b>\$7,842,716</b>	<b>\$10,000</b>		<b>\$26,141,532</b>	<b>\$100,872,398</b>
<b>Lease/Purchase or Installment Contract Expenditures</b>		<b>\$301,645</b>				<b>\$301,645</b>
<b>Total Operating Expenditures</b>	<b>\$66,878,150</b>	<b>\$8,144,361</b>	<b>\$10,000</b>		<b>\$26,141,532</b>	<b>\$101,174,043</b>
<b>Debt Service Expenditures</b>			<b>\$24,360,024</b>			<b>\$24,360,024</b>
<b>Capital Improvement Expenditures</b>				<b>\$35,964,250</b>	<b>\$10,440,000</b>	<b>\$46,404,250</b>
<b>Total Expenditures</b>	<b>\$66,878,150</b>	<b>\$8,144,361</b>	<b>\$24,370,024</b>	<b>\$35,964,250</b>	<b>\$36,581,532</b>	<b>\$171,938,317</b>
<b>Transfers Out</b>	<b>\$7,065,479</b>	<b>\$31,155,587</b>	<b>\$740,650</b>	<b>\$21,293,000</b>	<b>\$10,640,000</b>	<b>\$70,894,716</b>
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$73,943,629</b>	<b>\$39,299,948</b>	<b>\$25,110,674</b>	<b>\$57,257,250</b>	<b>\$47,221,532</b>	<b>\$242,833,033</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(\$2,529,110)</b>	<b>(\$268,344)</b>	<b>\$543,953</b>	<b>\$1,087,000</b>	<b>(\$10,160,162)</b>	<b>(\$11,326,663)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$32,189,251</b>	<b>\$18,079,370</b>	<b>\$2,599,259</b>	<b>(\$15,147,441)</b>	<b>\$165,442,810</b>	<b>\$203,163,249</b>
<b>ENDING FUND BALANCE</b>	<b>\$29,660,141</b>	<b>\$17,811,026</b>	<b>\$3,143,212</b>	<b>(\$14,060,441)</b>	<b>\$155,282,648</b>	<b>\$191,836,586</b>
<b>FUND BALANCE% OF EXPENDITURES</b>	<b>44.35%</b>	<b>218.69%</b>	<b>12.90%</b>	<b>(39.10%)</b>	<b>391.82%</b>	<b>111.57%</b>





**Revenues & Expenditures by Category**

	ACTUAL FY 2015-16	ACTUAL FY 2016-17	REVISED BUDGET FY 2017-18	BUDGET FY 2018-19	INC (DEC) FY 2018-19 OVER FY 2017-18	% INC (DEC)
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$48,654,033	\$52,118,904	\$54,096,896	\$57,066,411	\$2,969,515	5.49%
TIF Revenues	9,323,812	12,183,281	13,498,069	17,822,026	4,323,957	32.03%
Other City Taxes	4,803,092	5,070,012	4,901,803	7,201,884	2,300,081	46.92%
Licenses and Permits	4,400,512	1,980,884	1,700,782	1,700,800	18	0.00%
Use of Money and Property	2,308,941	934,848	1,084,500	906,450	(178,050)	(16.42%)
Intergovernmental	24,589,839	24,435,945	26,032,817	19,376,813	(6,656,004)	(25.57%)
Charges for Services	22,116,807	21,091,341	20,387,125	21,265,470	878,345	4.31%
Special Assessments	159,895	200,558	150,000	100,000	(50,000)	(33.33%)
Miscellaneous	8,195,203	14,450,458	14,787,341	12,866,800	(1,920,541)	(12.99%)
<b>Sub-total Operating Revenues</b>	<b>\$124,552,134</b>	<b>\$132,466,231</b>	<b>\$136,639,333</b>	<b>\$138,306,654</b>	<b>\$1,667,321</b>	<b>1.22%</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt	\$25,577,042	\$19,605,297	\$101,857,100	\$22,280,000	(\$79,577,100)	(78.13%)
Proceeds of Capital Assets Sales/Contributions	54,572	10,525,352	157,390	25,000	(132,390)	(84.12%)
Transfers In	73,992,029	57,102,091	150,757,174	70,894,716	(79,862,458)	(52.97%)
<b>Sub-total Other Financing Sources</b>	<b>\$99,623,643</b>	<b>\$87,232,740</b>	<b>\$252,771,664</b>	<b>\$93,199,716</b>	<b>(\$159,571,948)</b>	<b>(63.13%)</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$224,175,777</b>	<b>\$219,698,971</b>	<b>\$389,410,997</b>	<b>\$231,506,370</b>	<b>(\$157,904,627)</b>	<b>(40.55%)</b>
<b>EXPENDITURES</b>						
<b>Operating Expenditures</b>						
Personal Services	\$40,939,298	\$41,992,868	\$46,807,485	\$49,351,288	\$2,543,803	5.43%
Supplies and Services	31,457,556	32,956,123	44,425,783	39,469,715	(4,956,068)	(11.16%)
Universal Commodities	2,376,319	2,482,832	2,198,355	3,128,000	929,645	42.29%
Capital	5,307,632	6,639,287	9,088,614	8,923,395	(165,219)	(1.82%)
<b>Sub-total Operating Expenditures</b>	<b>\$80,080,805</b>	<b>\$84,071,110</b>	<b>\$102,520,237</b>	<b>\$100,872,398</b>	<b>(\$1,647,839)</b>	<b>(1.61%)</b>
<b>Lease/Purchase or Installment Contract Expenditures</b>	<b>\$275,360</b>	<b>\$255,973</b>	<b>\$301,640</b>	<b>\$301,645</b>	<b>\$5</b>	<b>0.00%</b>
<b>Total Operating Expenditures</b>	<b>\$80,356,165</b>	<b>\$84,327,083</b>	<b>\$102,821,877</b>	<b>\$101,174,043</b>	<b>(\$1,647,834)</b>	<b>(1.60%)</b>
<b>Debt Service Expenditures</b>	<b>\$22,208,229</b>	<b>\$22,331,964</b>	<b>\$27,575,812</b>	<b>\$24,360,024</b>	<b>(\$3,215,788)</b>	<b>(11.66%)</b>
<b>Capital Improvement Expenditures</b>	<b>\$53,936,680</b>	<b>\$41,393,581</b>	<b>\$165,918,711</b>	<b>\$46,404,250</b>	<b>(\$119,514,461)</b>	<b>(72.03%)</b>
<b>Total Expenditures</b>	<b>\$156,501,074</b>	<b>\$148,052,628</b>	<b>\$296,316,400</b>	<b>\$171,938,317</b>	<b>(\$124,378,083)</b>	<b>(41.97%)</b>
<b>Transfers Out</b>	<b>\$73,992,029</b>	<b>\$57,102,091</b>	<b>\$150,757,174</b>	<b>\$70,894,716</b>	<b>(\$79,862,458)</b>	<b>(52.97%)</b>
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$230,493,103</b>	<b>\$205,154,719</b>	<b>\$447,073,574</b>	<b>\$242,833,033</b>	<b>(\$204,240,541)</b>	<b>(45.68%)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(\$6,317,326)</b>	<b>\$14,544,252</b>	<b>(\$57,662,577)</b>	<b>(\$11,326,663)</b>	<b>(\$44,309,738)</b>	<b>n/a</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$252,598,900</b>	<b>\$246,281,574</b>	<b>\$260,825,826</b>	<b>\$203,163,249</b>	<b>(\$57,662,577)</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$246,281,574</b>	<b>\$260,825,826</b>	<b>\$203,163,249</b>	<b>\$191,836,586</b>	<b>(\$11,326,663)</b>	<b>n/a</b>
<b>FUND BALANCE % OF EXPENDITURES</b>	<b>158.29%</b>	<b>176.17%</b>	<b>68.56%</b>	<b>111.57%</b>		



## Revenues &amp; Expenditures by Fund

	ACTUAL FY 2015-16	ACTUAL FY 2016-17	REVISED BUDGET FY 2017-18	BUDGET FY 2018-19	INC (DEC) FY 2018-19 OVER FY 2017-18	% INC (DEC)
<b>REVENUES</b>						
<b>Fund Revenues</b>						
General Funds	\$70,246,863	\$66,182,580	\$69,495,506	\$71,414,519	\$1,919,013	2.76%
Special Revenue Funds	26,783,554	30,536,461	35,707,963	39,031,604	3,323,641	9.31%
Debt Service Funds	18,631,613	20,936,327	28,854,917	25,654,627	(3,200,290)	(11.09%)
Capital Project Funds	76,659,417	57,682,388	216,046,896	58,344,250	(157,702,646)	(72.99%)
Enterprise Funds	31,854,329	44,361,215	39,305,715	37,061,370	(2,244,345)	(5.71%)
<b>Total Fund Revenues</b>	<b>\$224,175,777</b>	<b>\$219,698,971</b>	<b>\$389,410,997</b>	<b>\$231,506,370</b>	<b>(\$157,904,627)</b>	<b>(40.55%)</b>
<b>EXPENDITURES</b>						
<b>Fund Expenditures</b>						
General Funds	\$65,436,725	\$61,025,175	\$74,019,121	\$73,943,629	(\$75,492)	(0.10%)
Special Revenue Funds	23,380,440	30,943,992	41,361,185	39,299,948	(2,061,237)	(4.98%)
Debt Service Funds	21,964,825	21,908,786	28,246,972	25,110,674	(3,136,298)	(11.10%)
Capital Project Funds	91,905,142	61,605,214	249,858,877	57,257,250	(192,601,627)	(77.08%)
Enterprise Funds	27,805,971	29,671,552	53,587,419	47,221,532	(6,365,887)	(11.88%)
<b>Total Fund Expenditures</b>	<b>\$230,493,103</b>	<b>\$205,154,719</b>	<b>\$447,073,574</b>	<b>\$242,833,033</b>	<b>(\$204,240,541)</b>	<b>(45.68%)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(\$6,317,326)</b>	<b>\$14,544,252</b>	<b>(\$57,662,577)</b>	<b>(\$11,326,663)</b>	<b>(\$44,309,738)</b>	<b>n/a</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$252,598,900</b>	<b>\$246,281,574</b>	<b>\$260,825,826</b>	<b>\$203,163,249</b>	<b>(\$57,662,577)</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$246,281,574</b>	<b>\$260,825,826</b>	<b>\$203,163,249</b>	<b>\$191,836,586</b>	<b>(\$11,326,663)</b>	
<b>FUND BALANCE% OF EXPENDITURES</b>	<b>158.29%</b>	<b>177.15%</b>	<b>45.44%</b>	<b>112.79%</b>		



**Comparison of Amended Budget to Actual**

	<b>Amended Budget FY 2015-16</b>	<b>Actual FY 2015-16</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Amended Budget FY 2016-17</b>	<b>Actual FY 2016-17</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>						
<b>Revenues</b>						
Property Taxes	\$48,749,698	\$48,654,033	(\$95,665)	\$52,096,862	\$52,118,904	\$22,042
TIF Revenues	9,320,759	9,323,812	3,053	11,999,963	12,183,281	183,318
Other City Taxes	4,506,325	4,803,092	296,767	4,652,139	5,070,012	417,873
Licenses and Permits	3,138,550	4,400,512	1,261,962	1,643,830	1,980,884	337,054
Use of Money and Property	2,106,925	2,308,941	202,016	486,800	934,848	448,048
Intergovernmental	18,066,948	24,589,839	6,522,891	22,783,059	24,435,945	1,652,886
Charges for Services	20,575,300	22,116,807	1,541,507	19,658,575	21,091,341	1,432,766
Special Assessments	225,000	159,895	(65,105)	215,000	200,558	(14,442)
Miscellaneous	8,840,426	8,195,203	(645,223)	11,734,446	14,450,458	2,716,012
<b>Total Revenues</b>	<b>\$115,529,931</b>	<b>\$124,552,134</b>	<b>\$9,022,203</b>	<b>\$125,270,674</b>	<b>\$132,466,231</b>	<b>\$7,195,557</b>
<b>EXPENDITURES</b>						
<b>Expenditures</b>						
Public Safety	\$30,216,601	\$27,404,991	\$2,811,610	\$32,748,497	\$29,522,770	\$3,225,727
Public Works	9,492,980	8,536,611	956,369	10,268,789	9,527,673	741,116
Health and Social Services	1,245,911	1,152,348	93,563	1,218,431	1,104,051	114,380
Culture and Recreation	8,898,309	8,172,199	726,110	8,979,408	7,955,071	1,024,337
Community and Economic Development	8,484,893	6,821,845	1,663,048	9,512,252	7,405,208	2,107,044
General Government	8,095,222	7,572,489	522,733	8,985,925	7,744,564	1,241,361
Debt Service	22,242,916	22,490,839	(247,923)	22,392,418	21,908,786	483,632
Capital Outlay	83,709,937	54,195,617	29,514,320	74,947,870	39,621,706	35,326,164
Business Type	35,273,138	20,154,135	15,119,003	46,518,284	23,262,799	23,255,485
<b>Total Expenditures</b>	<b>\$207,659,907</b>	<b>\$156,501,074</b>	<b>\$51,158,833</b>	<b>\$215,571,874</b>	<b>\$148,052,628</b>	<b>\$67,519,246</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(\$92,129,976)</b>	<b>(\$31,948,940)</b>	<b>\$60,181,035</b>	<b>(\$90,301,200)</b>	<b>(\$15,586,397)</b>	<b>\$74,714,803</b>
<b>Other Financing Sources, Net</b>	<b>\$28,999,625</b>	<b>\$25,631,614</b>	<b>(\$3,368,011)</b>	<b>\$29,301,300</b>	<b>\$30,130,649</b>	<b>\$829,349</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(\$63,130,351)</b>	<b>(\$6,317,326)</b>	<b>\$56,813,024</b>	<b>(\$60,999,900)</b>	<b>\$14,544,252</b>	<b>\$75,544,152</b>



**FY 2018-19 Expenditures Stated on a Program Basis**

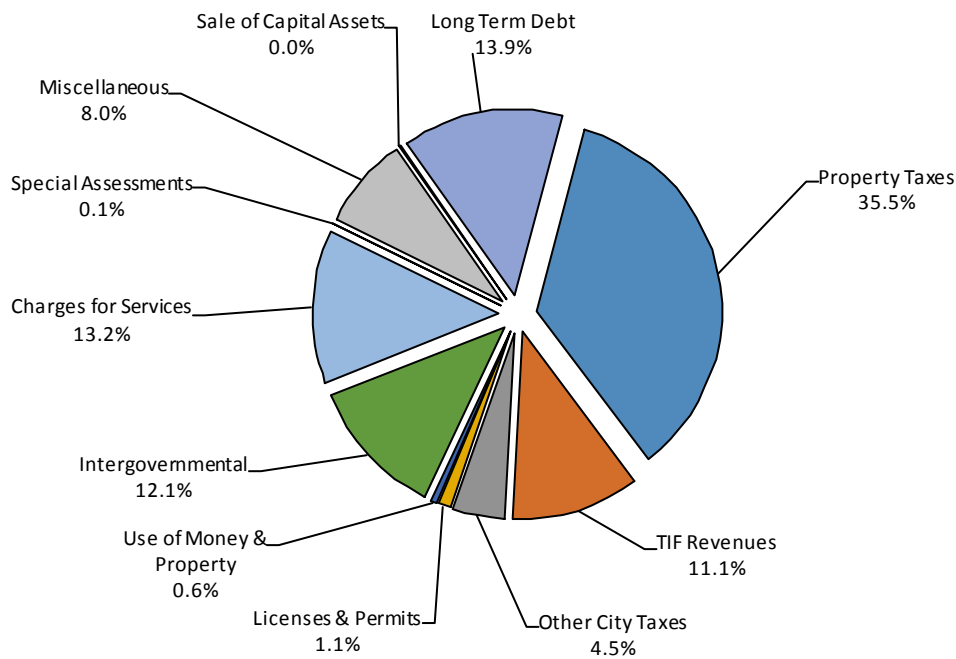
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2018-19 Budget
<b>Expenditures and Other Financing Uses</b>						
Public Safety	\$30,250,551	\$4,144,637				\$34,395,188
Public Works	10,104,333	810,000				10,614,333
Health and Social Services	1,126,961	192,580				1,319,541
Culture and Recreation	9,684,766	247,100				9,931,866
Community and Economic Development	5,763,202	2,448,399				8,211,601
General Government	9,948,337					9,948,337
Debt Service Funds		301,645	24,370,024			24,671,669
Capital Project Funds				35,964,250		35,964,250
<b>Total Government Activities</b>	<b>\$66,878,150</b>	<b>\$8,144,361</b>	<b>\$24,370,024</b>	<b>\$35,964,250</b>		<b>\$135,356,785</b>
Business-type/Enterprise Funds					36,581,532	36,581,532
<b>Total Business-type/Enterprise</b>					<b>\$36,581,532</b>	<b>\$36,581,532</b>
<b>Total Expenditures</b>	<b>\$66,878,150</b>	<b>\$8,144,361</b>	<b>\$24,370,024</b>	<b>\$35,964,250</b>	<b>\$36,581,532</b>	<b>\$171,938,317</b>



**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 2018-19 total operating revenues are projected to increase by approximately 1.22% as compared to budget FY 2017-18. Property tax revenues, which account for approximately 37.6% of the City's total operating revenues, are projected to increase by approximately 5.49%.

**Where the Money Comes From**



**Property Taxes**

The City proposes to decrease the property tax rate of \$12.00/\$1,000 of taxable valuation in Fiscal Year 2017-18 to \$11.79/\$1,000 in Fiscal Year 2018-19. The proposed ad valorem taxes levied against real and personal property in FY 2018-19 should generate approximately \$57,066,411, which accounts for approximately 41.26% of the total operating revenue budgeted for the City. This projection is based on actual taxable valuations on January 1, 2017, 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 property, residential property, and multi-residential property.



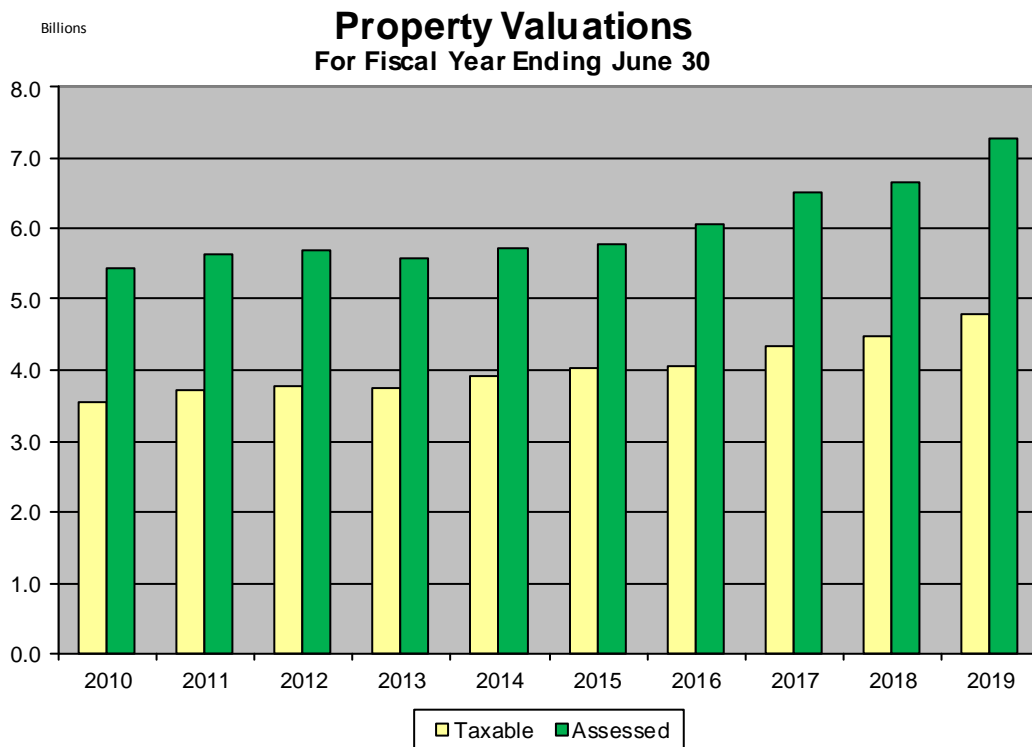


**Property Taxes (Continued)**

**Residential Rollbacks**

Taxable property in Iowa is categorized into distinct classes such as residential, multi-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 2018-2019 have increased over thirty-three percent since FY 2009-2010, 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 2018-2019, the taxable value of residential properties will decrease from 56.94% to 55.62%, the taxable value for multi-residential property will decrease from 82.50% to 78.75% and the taxable value of commercial property will remain at 90%. Multi-residential was a new property class for FY 2016-17, in prior years multi-residential property was considered commercial property. The table below is a ten-year history of the commercial, residential, and multi-residential rollbacks in Iowa. It is important to note that in just ten years the taxable percentage of residential properties has increased from 45.59% in FY 2009-2010, to 55.62% in FY 2018-2019. 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 over 14% 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.

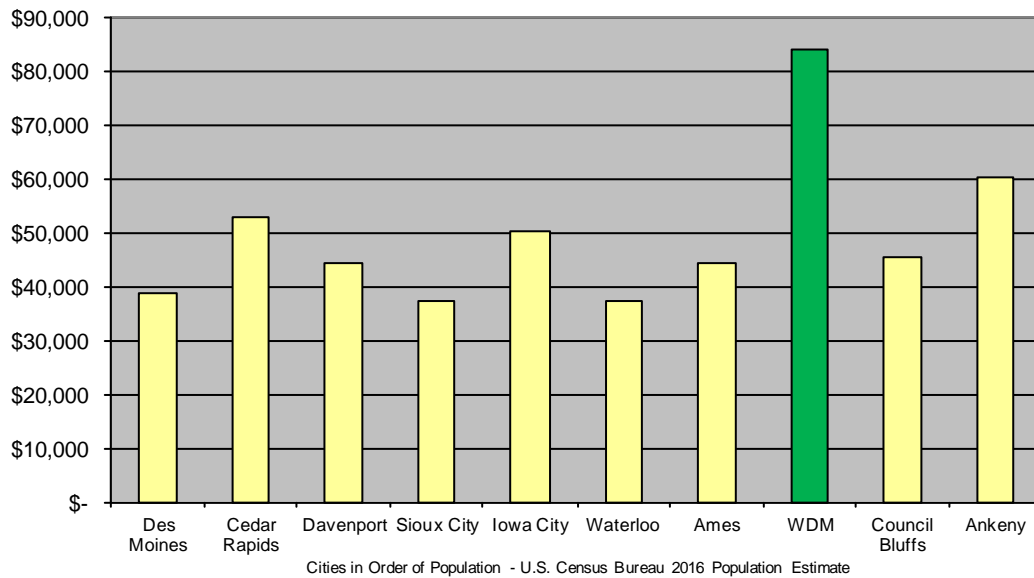
<b>Fiscal Year</b>	<b>Residential</b>	<b>Multi-Residential</b>	<b>Commercial</b>
2009-10	45.59%		100.00%
2010-11	46.91%		100.00%
2011-12	48.53%		100.00%
2012-13	50.75%		100.00%
2013-14	52.82%		100.00%
2014-15	54.40%		95.00%
2015-16	55.73%		90.00%
2016-17	55.63%	86.25%	90.00%
2017-18	56.94%	82.50%	90.00%
<b>2018-19</b>	<b>55.62%</b>	<b>78.75%</b>	<b>90.00%</b>

**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. Approximately 84% of Iowa's cities are at the maximum levy rates for the general fund. The maximum general fund levy rate of \$8.10 has not changed since 1975. 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, 2017 Valuations For FY 2018-2019



**Long Term Forecast**

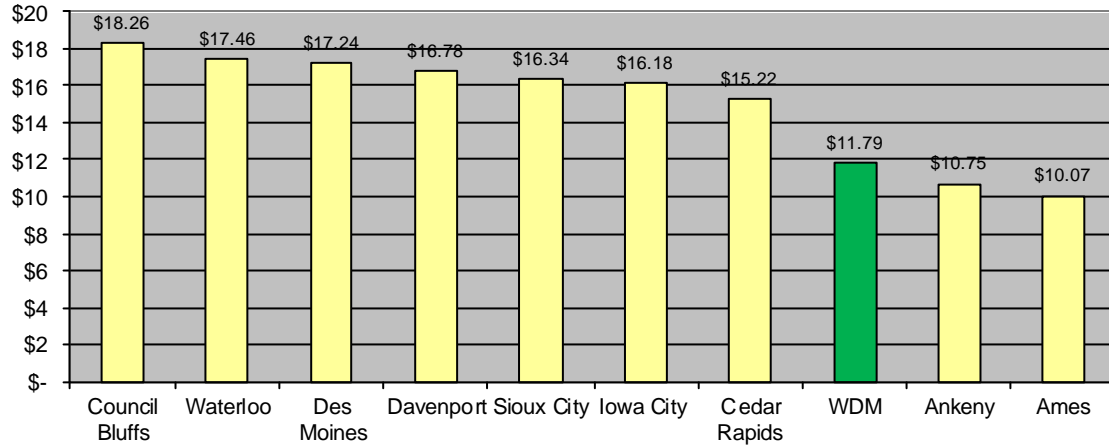
Presently the City's economic base could be classified as strong and diversified with no major employer or type of business in a dominating role. However, the City must be cautious and realize there are many factors that could directly and indirectly influence its tax base. International issues such 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 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.

<b>Rollback Projections</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Residential Rollback	55.81%	54.62%	55.81%	54.23%	55.30%
Multi-Residential Rollback	75.00%	71.25%	67.50%	63.75%	55.30%
Commercial Rollback	90.00%	90.00%	90.00%	90.00%	90.00%



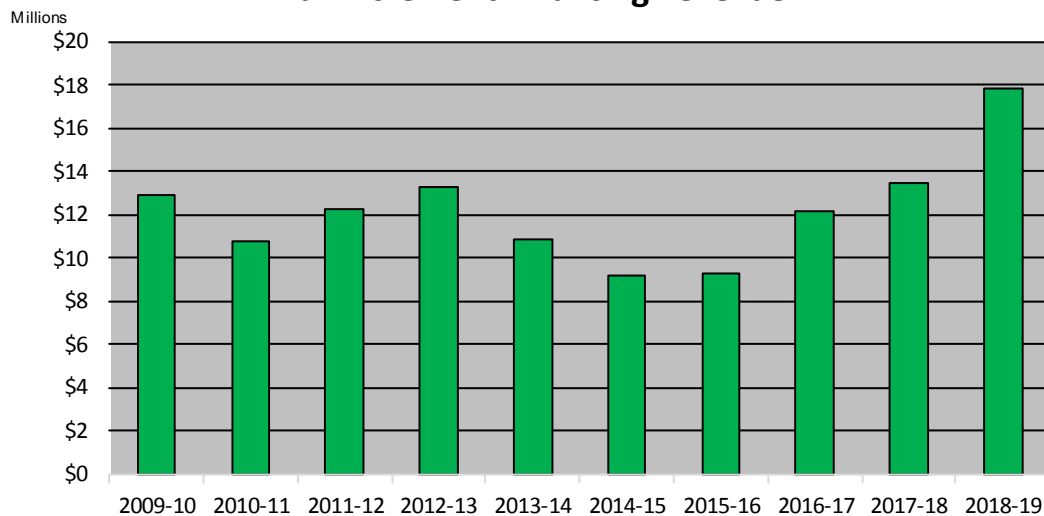
**Property Tax Rates of Iowa's Ten Largest Cities**  
City Portion Only  
FY 2018-19



**Tax Increment Financing**

Tax increment financing revenue is property tax levied on the incremental valuation in an urban renewal area created by the City Council for economic development purposes. These revenues finance public improvement projects or economic development incentives for companies located within the urban renewal area. By December 1st of each year the City certifies its tax increment revenue requirements with each county. Of the total taxable increment valuation within the urban renewal areas, the percentage of tax increment valuation being released to the respective taxing bodies is approximately 54%. The increase in FY 2018-19 is primarily due to the debt requirements associated with the Microsoft Alluvion Urban Renewal Area.

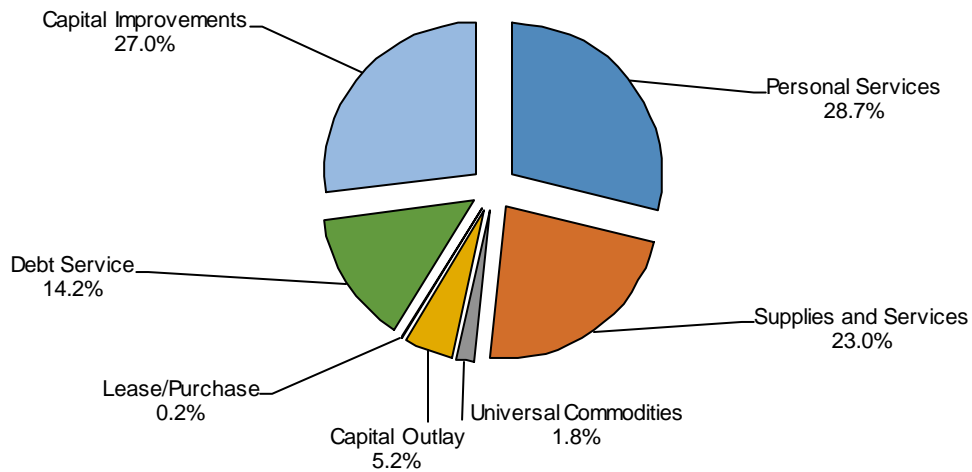
**Tax Increment Financing Revenue**



**Expenditure Highlights**

Total expenditures for FY 2018-2019 are projected to decrease by 41.97% when compared to the revised budget for FY 2017-2018. The decrease is due to carry over of supplies and services from FY 2016-2017 to FY 2017-2018 for one time projects and a decrease in the capital improvement program expenses. The decreases in the capital improvement program are related to the infrastructure projects for the Microsoft Osmium data center. The City's operating budget denotes a decrease of 1.61% in operating expenses over the revised budget of the previous year FY 2017-2018, which is primarily due one time costs in FY 2017-2018

**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 2018-2019, FTE(s) are proposed to increase by 17.00 positions bring the City's total to 455.75 full-time equivalent positions. This represent roughly a 25% increase in FTE(s) since FY 2008-2009.

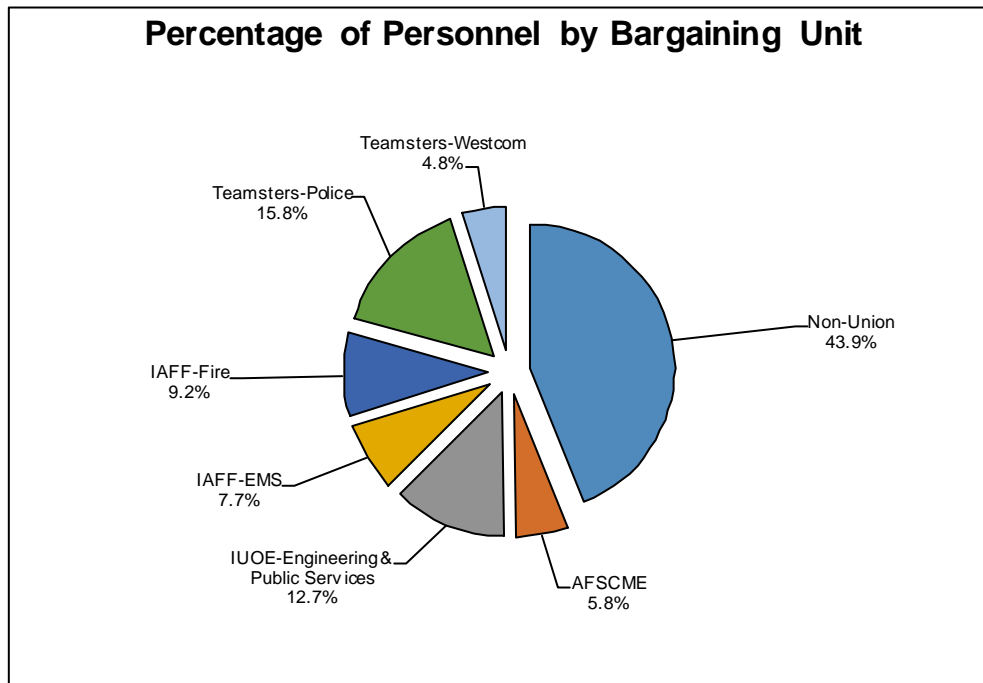
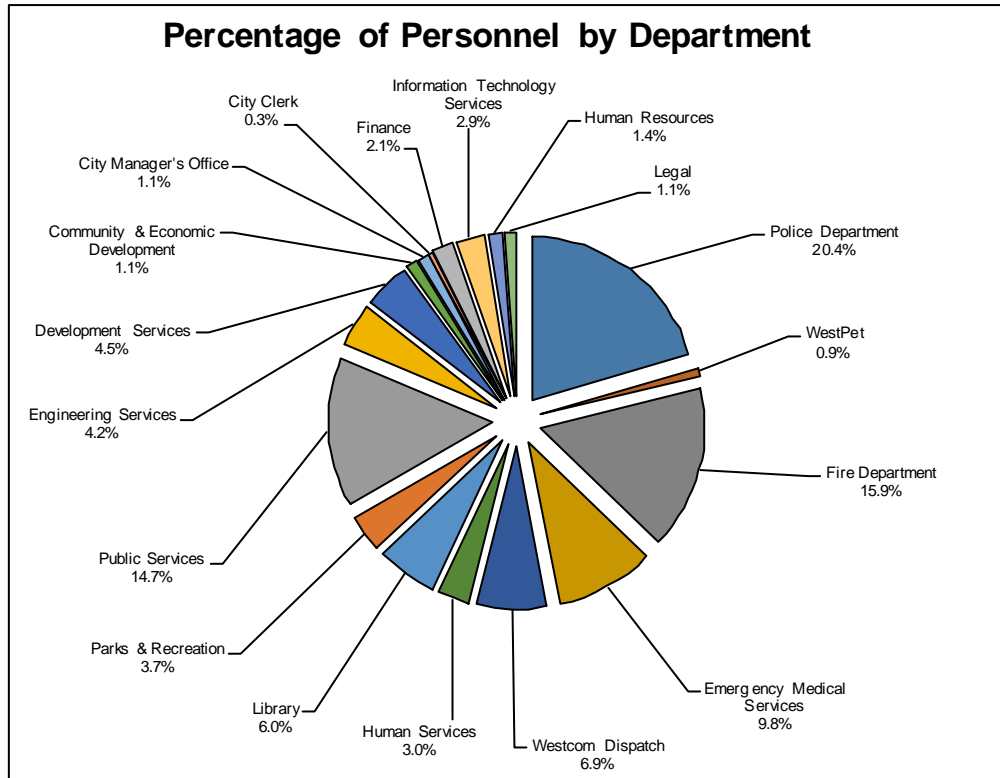




**City of West Des Moines Personnel by Affinity Group and Department**

<b>POSITIONS STATED IN FULL-TIME EQUIVALENTS (FTE)</b>	<b>BUDGET FY 2015-16</b>	<b>BUDGET FY 2016-17</b>	<b>BUDGET FY 2017-18</b>	<b>BUDGET FY 2018-19</b>	<b>CHANGE FROM FY 2017-18</b>
<b>Authorized Personnel by Department</b>					
<b>Community Enrichment</b>					
Human Services	13.25	13.75	13.75	13.75	0.00
Library	25.25	26.50	26.50	27.50	1.00
Parks & Recreation	26.00	16.00	16.00	17.00	1.00
<b>Sub-total Community Enrichment</b>	<b>64.50</b>	<b>56.25</b>	<b>56.25</b>	<b>58.25</b>	<b>2.00</b>
<b>Public Safety</b>					
Emergency Medical Services	40.75	41.50	44.70	44.70	0.00
Fire Department	66.00	68.50	70.50	72.50	2.00
Police Department	86.50	86.00	86.00	93.00	7.00
Westcom Dispatch	26.00	28.75	28.55	31.55	3.00
WestPet-Animal Control	4.33	4.33	4.00	4.00	0.00
<b>Sub-total Public Safety</b>	<b>223.58</b>	<b>229.08</b>	<b>233.75</b>	<b>245.75</b>	<b>12.00</b>
<b>Public Services</b>					
Community & Economic Development	4.50	4.50	5.00	5.00	0.00
Development Services	20.50	20.50	20.50	20.50	0.00
Engineering Services	9.00	19.00	19.00	19.00	0.00
Public Services	62.00	65.00	64.00	67.00	3.00
<b>Sub-total Public Services</b>	<b>96.00</b>	<b>109.00</b>	<b>108.50</b>	<b>111.50</b>	<b>3.00</b>
<b>Support Services</b>					
City Manager's Office	4.00	4.00	5.00	5.00	0.00
City Clerk	1.33	1.33	1.33	1.33	0.00
Finance	9.09	9.09	9.42	9.42	0.00
Human Resources	4.50	5.50	6.50	6.50	0.00
Information Technologies Services	11.00	12.00	13.00	13.00	0.00
Legal	4.00	4.00	5.00	5.00	0.00
<b>Sub-total Support Services</b>	<b>33.92</b>	<b>35.92</b>	<b>40.25</b>	<b>40.25</b>	<b>0.00</b>
<b>Total Authorized Personnel</b>	<b>418.00</b>	<b>430.25</b>	<b>438.75</b>	<b>455.75</b>	<b>17.00</b>
<b>Authorized Personnel by Fund</b>					
Enterprise Funds	15.40	13.90	15.90	15.90	0.00
Special Revenue Funds	1.19	1.25	1.44	1.44	0.00
General Funds	401.41	415.10	421.41	438.41	17.00
<b>Total Authorized Personnel</b>	<b>418.00</b>	<b>430.25</b>	<b>438.75</b>	<b>455.75</b>	<b>17.00</b>





**Key Assumptions for FY 2018-2019**

**Salary Increases**

Employee compensation will follow past practice in that the city has bargaining unit contracts for approximately 251.50 employees, while 204.25 employees are not represented by unions. New employees continue to be enrolled in the City's tiered health plans, if allowed by bargaining agreements, and pension benefits are under the purview of the State.

Bargaining unit employees will receive 2.50% to 3.00% cost-of-living adjustments in agreement with the terms of their respective contracts on July 1st. All contracts but one, AFSCME, are currently in negotiations for multi-year contracts. In addition to cost of living increases, bargaining unit employees are eligible to receive step increases if not at the maximum of the pay scale.

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

**Medical Insurance Rates**

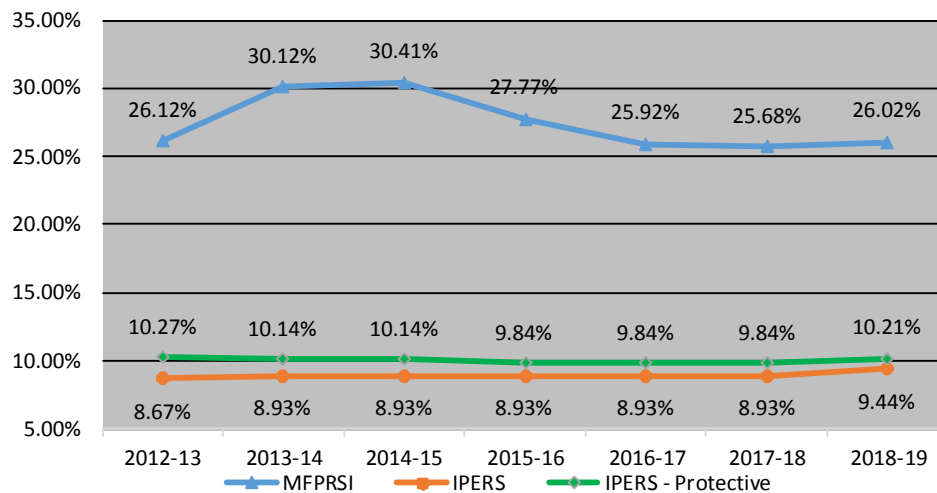
Medical insurance rates are projected to increase by 10.00% from FY 2017-2018 actual rates.

**Pension and Retirement Benefits**

The City contribution rates for FY 2018-2019 are as follows:

- 26.02% for sworn police officers and fire personnel (MFPRSI).
- 9.44% for full and regular part-time personnel (IPERS).
- 10.21% for part-time firefighters and emergency medical services staff (IPERS-Protective).

**City Pension Contribution Rate History**



**Other Pay**

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



## **Description of Long Term Debt Obligations**

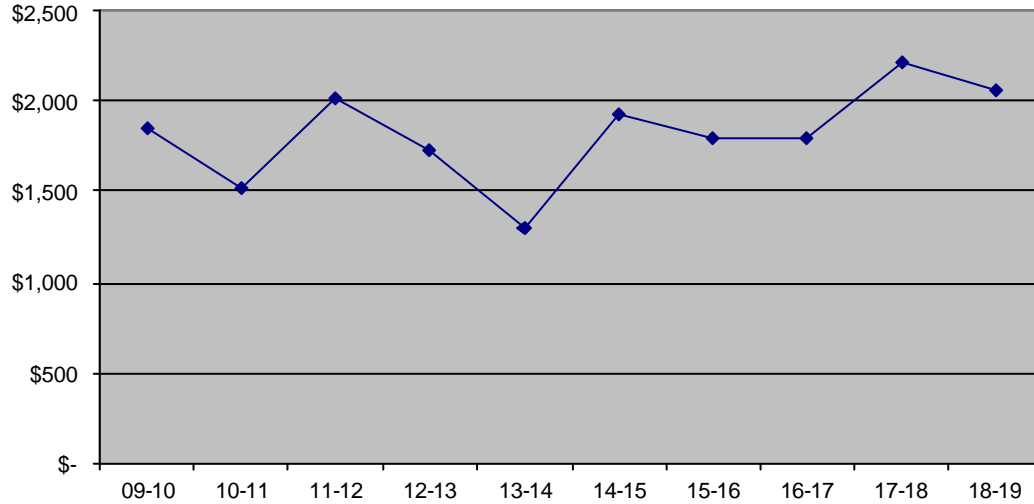
The City of West Des Moines has experienced tremendous amount of growth in recent years. Since 1990, the population of West Des Moines has increased by 103.65%, and the area of the City has more than doubled, both of which created an unprecedented demand in West Des Moines for infrastructure and capital 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 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 \$11.79/\$1,000 of valuation. Before the issuance of debt, the City Council listens to the recommendation of staff and a citizens committee which annually reviews and prioritizes the capital needs of the City, if necessary. The Council then determines, as a part of the annual budget, the amount of debt to be issued. 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, 2018	FY 2018-19 Additions	FY 2018-19 Reductions	Estimated Balance June 30, 2019
<b><u>Debt Subject to Constitutional Limitation</u></b>				
General Obligation Bonds	\$40,025,000	\$8,600,000	\$6,900,000	\$41,725,000
General Obligation Tax Increment Financing Bonds	101,965,000		10,480,000	91,485,000
RISE Loans/IDOT	1,152,476		164,639	987,837
Lease Purchase/Other Debt	442,986		113,010	329,976
<b>Sub-total Debt Subject to Limitation</b>	<b>\$143,585,462</b>	<b>\$8,600,000</b>	<b>\$17,657,649</b>	<b>\$134,527,813</b>
<b>Total Long-Term Debt</b>	<b>\$143,585,462</b>	<b>\$8,600,000</b>	<b>\$17,657,649</b>	<b>\$134,527,813</b>





**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 just under 8 billion dollars, the City's constitutional debt limit is \$396,559,236. The City estimates its direct debt or debt that is subject to the limitation will be \$134,527,813 at June 30, 2019. This leaves an available margin of \$262,031,423 with approximately 33.92% of the available statutory debt limit being obligated.

<b>Actual Property Valuation</b>	
January 1, 2017	\$7,931,184,722
Statutory Percentage	5.00%
<b>Statutory Debt Limit</b>	<b>\$396,559,236</b>
<b>Estimated Direct Debt at June 30, 2019</b>	
General Obligation Bonds	\$41,725,000
Tax Increment Financing Bonds	91,485,000
Rise Loans/IDOT	987,837
Lease Purchase/Other Debt	329,976
<b>Total Outstanding Direct Debt</b>	<b>\$134,527,813</b>
<b>Available Debt Margin</b>	<b>\$262,031,423</b>
<b>Percentage Obligated</b>	<b>33.92%</b>



