



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 thirteen 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 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 2013-2014 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 2013-2014 Budgets:

Revenue Assumptions

- The proposed budget maintains the current property tax rate of \$12.05 per thousand of taxable valuation.
- The City of West Des Moines will receive approximately \$5.32 million dollars in Road Use Tax Funds. Approximately \$4.52 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

- One new position is being recommended in the proposed budget, the addition of a Non-Sworn Fire Inspector within the Fire Department. No positions are scheduled for elimination.
- Staff and Council continued to focus on long-term financial planning. The recently-completed FY 2013-2014 budget process includes continued assistance from the City's Revenue Estimating Team, Personnel Expenditures Estimating Team, and the Position Review Team to prepare long-term projections of property valuations and other revenues, to determine future personnel costs such as insurance contributions, and to examine vacant positions and make recommendations regarding its future.
- Employee compensation will follow past practice in that the city has in place or are negotiating bargaining unit contracts for approximately 200 union employees. There are also approximately 145 full time non-union employees. 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 will received cost-of-living adjustments ranging from 2-3% in agreement with the terms of their respective contracts. The Police & Westcom bargaining units are currently in negotiations for multi-year contracts. In addition to cost-of-living adjustments, bargaining unit employees are eligible to receive increases which are dependent upon performance and employee classification.
- Non-represented employees will receive a 2% cost-of-living adjustment on July 1, 2013. Those who are not at the maximum of their pay grade may also be eligible to receive an additional increase based upon job performance. These additional increases will not exceed 2% of total wages. Some non-represented employees will receive a 1.5% performance increase and a very limited number could receive a 3% performance increase.
- 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 2013-2014 will be 30.12% as compared to 26.12% for FY 2012-2013. The increased rate amounts to an additional \$320,500 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 will increase from 8.67% in FY 2012-2013 to 8.93% in FY 2013-2014. The IPERS rate increase is equivalent to \$192,293 in additional pension costs to the City. Of the City's 369.25 full time equivalent employees, 115 employees participate in the Municipal Fire



and Police Retirement System of Iowa plan, and the remaining 254.25 employees are enrolled in Iowa Public Employees Retirement System plan.

- Recognizing that investment returns for both pension systems are less than what is required to meet future needs, expectations are that increase(s) in contribution rates will be necessary in future budgets.
- The proposed budget reflects the carryover of cash to ensure the FY 2013-2014 budget maintains prudent general fund balances which protect the City of West Des Moines' financial integrity. The total revenues are \$58,100,723 and total expenditures are \$62,420,446. We project that the City's General Fund balance on June 30, 2014, will be in excess of 35 percent (\$18,097,192) of annual operating expenditures which is sufficient for meeting unexpected shortfalls in revenues or demands on future fund resources.



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



Polk County - WDM Schools	
School	\$13.30
County	6.81
Regional Transit Authority	0.55
Other	3.85
City	12.05
FY 12-13 Levy	\$36.56

Dallas County - Waukee Schools	
School	\$17.61
County	4.27
Regional Transit Authority	0.55
Other	1.58
City	12.05
FY 12-13 Levy	\$36.06

	Actual FY 2011-12	Actual FY 2012-13	Budget FY 2013-14
Property Tax Calculation			
Assessed Valuation	\$1,000,000	\$1,000,000	\$1,000,000
Rollback Percentage	100.00%	100.00%	100.00%
Taxable Value	\$1,000,000	\$1,000,000	\$1,000,000
City Tax Rate per \$1,000	\$12.05	\$12.05	\$12.05
Total City Property Tax	\$12,050	\$12,050	\$12,050



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



Polk County - WDM Schools	
School	\$13.30
County	6.81
Regional Transit Authority	0.55
Other	3.85
City	12.05
FY 12-13 Levy	\$36.56

Dallas County - Waukee Schools	
School	\$17.61
County	4.27
Regional Transit Authority	0.55
Other	1.58
City	12.05
FY 12-13 Levy	\$36.06

	Actual FY 2011-12	Actual FY 2012-13	Budget FY 2013-14
Property Tax Calculation			
Assessed Valuation	\$200,000	\$200,000	\$200,000
Rollback Percentage	48.53%	50.75%	52.82%
Taxable Value	\$97,060	\$101,500	\$105,640
City Tax Rate per \$1,000	\$12.05	\$12.05	\$12.05
Gross City Tax	\$1,170	\$1,223	\$1,273
Less City Share of Home- stead Tax Credit	(\$58)	(\$58)	(\$58)
Total City Property Tax	\$1,112	\$1,165	\$1,215



BUDGET SUMMARY

FY 2013-14 BUDGET BY FUND

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2013-14 Budget
REVENUES						
Operating Revenues						
Property Taxes	\$32,888,016	\$6,082,061	\$8,540,623			\$47,510,700
TIF Revenues		10,877,193				10,877,193
Other City Taxes	3,594,406	74,845	95,357			3,764,608
Licenses and Permits	1,087,800					1,087,800
Use of Money and Property	104,200				1,813,225	1,917,425
Intergovernmental	3,628,140	5,834,246		400,000	13,000	9,875,386
Charges for Services	4,197,099				13,244,000	17,441,099
Special Assessments				100,000		100,000
Miscellaneous	618,950	917,851		15,000	6,603,000	8,154,801
Sub-total Operating Revenues	\$46,118,611	\$23,786,196	\$8,635,980	\$515,000	\$21,673,225	\$100,729,012
Other Financing Sources						
Proceeds of Long Term Debt				\$8,315,000		\$8,315,000
Proceeds of Capital Assets Sales	6,000					6,000
Transfers In	11,976,112	61,200	9,193,049	15,432,000	6,240,000	42,902,361
Sub-total Other Financing Sources	\$11,982,112	\$61,200	\$9,193,049	\$23,747,000	\$6,240,000	\$51,223,361
TOTAL REVENUES & OTHER SOURCES	\$58,100,723	\$23,847,396	\$17,829,029	\$24,262,000	\$27,913,225	\$151,952,373
EXPENDITURES						
Operating Expenditures						
Personal Services	\$35,428,877	\$2,441,634			\$1,385,382	\$39,255,893
Supplies and Services	10,700,434	1,933,279			14,228,350	26,862,063
Universal Commodities	3,019,142	803,000			203,955	4,026,097
Non-Recurring/Non-Capital	531,771	103,500			25,000	660,271
Capital	1,060,368	331,500			822,500	2,214,368
Sub-total Operating Expenditures	\$50,740,592	\$5,612,913			\$16,665,187	\$73,018,692
Lease/Purchase or Installment Contract Expenditures	\$107,751					\$107,751
Total Operating Expenditures	\$50,848,343	\$5,612,913			\$16,665,187	\$73,126,443
Debt Service Expenditures		\$1,271,712	\$17,829,033			\$19,100,745
Capital Improvement Expenditures				\$15,847,000	\$4,940,000	\$20,787,000
Total Expenditures	\$50,848,343	\$6,884,625	\$17,829,033	\$15,847,000	\$21,605,187	\$113,014,188
Transfers Out	\$11,572,103	\$18,245,258		\$8,045,000	\$5,040,000	\$42,902,361
TOTAL EXPENDITURES/TRANSFERS OUT	\$62,420,446	\$25,129,883	\$17,829,033	\$23,892,000	\$26,645,187	\$155,916,549
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$4,319,723)	(\$1,282,487)	(\$4)	\$370,000	\$1,268,038	(\$3,964,176)
BEGINNING FUND BALANCE	\$22,416,915	\$21,401,945	\$2,822,240	\$21,968,473	\$128,487,196	\$197,096,769
ENDING FUND BALANCE	\$18,097,192	\$20,119,458	\$2,822,236	\$22,338,473	\$129,755,234	\$193,132,593
FUND BALANCE% OF EXPENDITURES	35.59%	292.24%	15.83%	140.96%	116.43%	



Revenues & Expenditures by Category

	ACTUAL FY 2010-11	ACTUAL FY 2011-12	REVISED BUDGET FY 2012-13	BUDGET FY 2013-14	INC(DEC) FY 2013-14 OVER FY 2012-13	% INC (DEC)
REVENUES						
Operating Revenues						
Property Taxes	\$45,155,124	\$45,623,064	\$45,668,385	\$47,510,700	\$1,842,315	4.03%
TIF Revenues	10,722,622	12,219,161	13,495,197	10,877,193	(2,618,004)	(19.40%)
Other City Taxes	3,390,370	3,951,305	3,754,360	3,764,608	10,248	0.27%
Licenses and Permits	1,023,655	1,404,430	959,800	1,087,800	128,000	13.34%
Use of Money and Property	2,005,787	1,576,738	1,711,865	1,917,425	205,560	12.01%
Intergovernmental	18,940,666	15,826,957	11,095,663	9,875,386	(1,220,277)	(11.00%)
Charges for Services	16,178,277	18,010,982	15,799,386	17,441,099	1,641,713	10.39%
Special Assessments	285,121	395,576	111,000	100,000	(11,000)	(9.91%)
Miscellaneous	8,532,366	8,557,998	8,429,950	8,154,801	(275,149)	(3.26%)
Sub-total Operating Revenues	\$106,233,986	\$107,566,211	\$101,025,606	\$100,729,012	(\$296,594)	(0.29%)
Other Financing Sources						
Proceeds of Long Term Debt	\$5,831,752	\$43,589,245	\$8,000,000	\$8,315,000	\$315,000	3.94%
Proceeds of Capital Assets Sales	253,193	4,412,288	71,000	6,000	(65,000)	(91.55%)
Transfers In	48,091,742	58,286,095	40,069,600	42,902,361	2,832,761	7.07%
Sub-total Other Financing Sources	\$54,176,687	\$106,287,628	\$48,140,600	\$51,223,361	\$3,082,761	6.40%
TOTAL REVENUES & OTHER SOURCES	\$160,410,675	\$213,853,839	\$149,166,206	\$151,952,373	\$2,786,167	1.87%
EXPENDITURES						
Operating Expenditures						
Personal Services	\$33,902,498	\$35,263,525	\$37,371,978	\$39,255,893	\$1,883,915	5.04%
Supplies and Services	23,733,630	25,030,465	28,763,944	26,862,063	(1,901,881)	(6.61%)
Universal Commodities	3,463,239	3,184,182	3,824,807	4,026,097	201,290	5.26%
Non-Recurring/Non-Capital	718,864	490,141	874,167	660,271	(213,896)	(24.47%)
Capital	3,214,317	4,764,913	3,085,768	2,214,368	(871,400)	(28.24%)
Sub-total Operating Expenditures	\$65,032,548	\$68,733,226	\$73,920,664	\$73,018,692	(\$901,972)	(1.22%)
Lease/Purchase or Installment Contract Expenditures	\$42,876	\$107,749	\$107,750	\$107,751	\$1	0.00%
Total Operating Expenditures	\$65,075,424	\$68,840,975	\$74,028,414	\$73,126,443	(\$901,971)	(1.22%)
Debt Service Expenditures	\$18,696,684	\$30,397,413	\$19,956,446	\$19,100,745	(\$855,701)	(4.29%)
Capital Improvement Expenditures	\$24,104,114	\$15,167,462	\$29,334,730	\$20,787,000	(\$8,547,730)	(29.14%)
Total Expenditures	\$107,876,222	\$114,405,850	\$123,319,590	\$113,014,188	(\$10,305,402)	(8.36%)
Transfers Out	\$48,091,743	\$58,286,095	\$40,069,600	\$42,902,361	\$2,833,761	7.07%
TOTAL EXPENDITURES/TRANSFERS OUT	\$155,967,965	\$172,691,945	\$163,388,190	\$155,916,549	(\$7,471,641)	4.57%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$4,442,710	\$41,161,894	(\$14,222,984)	(\$3,964,176)	\$10,258,808	(59.72%)
BEGINNING FUND BALANCE	\$165,715,149	\$170,157,859	\$211,319,753	\$197,096,769	(\$14,222,984)	n/a
ENDING FUND BALANCE	\$170,157,859	\$211,319,753	\$197,096,769	\$193,132,593	(\$3,964,176)	n/a
FUND BALANCE% OF EXPENDITURES	157.73%	184.71%	159.83%	170.89%		



Revenues & Expenditures by Fund

	ACTUAL FY 2010-11	ACTUAL FY 2011-12	REVISED BUDGET FY 2012-13	BUDGET FY 2013-14	INC(DEC) FY 2013-14 OVER FY 2012-13	% INC (DEC)
REVENUES						
Fund Revenues						
General Funds	\$55,528,620	\$58,030,181	\$55,909,772	\$58,100,723	\$2,190,951	3.92%
Special Revenue Funds	24,907,350	26,048,388	26,356,322	23,847,396	(2,508,926)	(9.52%)
Debt Service Funds	17,197,471	28,686,037	17,426,667	17,829,029	402,362	2.31%
Capital Project Funds	33,691,685	65,435,272	23,926,225	24,262,000	335,775	1.40%
Enterprise Funds	29,085,549	35,653,961	25,547,220	27,913,225	2,366,005	9.26%
Total Fund Revenues	\$160,410,675	\$213,853,839	\$149,166,206	\$151,952,373	\$2,786,167	1.87%
EXPENDITURES						
Fund Expenditures						
General Funds	\$53,468,985	\$53,002,028	\$55,974,684	\$62,420,446	\$6,445,762	11.52%
Special Revenue Funds	24,410,549	23,528,412	28,464,608	25,129,883	(3,334,725)	(11.72%)
Debt Service Funds	17,207,833	28,674,866	18,195,610	17,829,033	(366,577)	(2.01%)
Capital Project Funds	36,533,791	39,746,052	30,397,495	23,892,000	(6,505,495)	(21.40%)
Enterprise Funds	24,346,807	27,740,587	30,356,793	26,645,187	(3,711,606)	(12.23%)
Total Fund Expenditures	\$155,967,965	\$172,691,945	\$163,389,190	\$155,916,549	(\$7,472,641)	(4.57%)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$4,442,710	\$41,161,894	(\$14,222,984)	(\$3,964,176)	\$10,258,808	n/a
BEGINNING FUND BALANCE	\$165,715,149	\$170,157,859	\$211,319,753	\$197,096,769	(\$14,222,984)	n/a
ENDING FUND BALANCE	\$170,157,859	\$211,319,753	\$197,096,769	\$193,132,593	(\$3,964,176)	n/a
FUND BALANCE% OF EXPENDITURES	109.10%	122.37%	120.63%	123.87%		



Comparison of Amended Budget to Actual

	Amended Budget FY 2010-11	Actual FY 2010-11	Variance Favorable (Unfavorable)	Amended Budget FY 2011-12	Actual FY 2011-12	Variance Favorable (Unfavorable)
REVENUES						
Revenues						
Property Taxes	\$45,015,780	\$45,155,124	\$139,344	\$45,901,436	\$45,623,064	(\$278,372)
TIF Revenues	10,766,297	10,722,622	(43,675)	12,264,794	12,219,161	(45,633)
Other City Taxes	3,373,051	3,390,370	17,319	3,457,252	3,951,305	494,053
Licenses and Permits	815,100	1,023,653	208,553	953,150	1,404,430	451,280
Use of Money and Property	1,968,900	2,005,787	36,887	1,292,253	1,576,738	284,485
Intergovernmental	15,785,736	18,940,666	3,154,930	13,861,894	15,826,957	1,965,063
Charges for Services	14,706,052	16,178,277	1,472,225	15,417,346	18,010,982	2,593,636
Special Assessments	160,000	285,121	125,121	145,000	395,576	250,576
Miscellaneous	8,129,133	8,532,366	403,233	8,077,425	8,557,998	480,573
Total Revenues	\$100,720,049	\$106,233,986	\$5,513,937	\$101,370,550	\$107,566,211	\$6,195,661
EXPENDITURES						
Expenditures						
Public Safety	\$24,343,445	\$23,491,177	\$852,268	\$25,449,500	\$23,767,004	\$1,682,496
Public Works	7,739,250	7,086,669	652,581	7,769,405	6,489,512	1,279,893
Health and Social Services	1,131,097	1,082,744	48,353	1,169,017	1,127,344	41,673
Culture and Recreation	7,362,306	6,843,789	518,517	7,431,046	6,877,198	553,848
Community and Economic Development	6,424,402	6,192,918	231,484	7,473,955	7,392,191	81,764
General Government	6,540,127	5,908,043	632,084	7,002,955	5,815,211	1,187,744
Debt Service	18,658,454	18,280,558	377,896	45,433,274	30,452,570	14,980,704
Capital Outlay	22,263,995	22,491,072	(227,077)	27,583,931	14,180,916	13,403,015
Business Type	19,591,109	16,498,712	3,092,397	20,305,985	18,303,904	2,002,081
Total Expenditures	\$114,054,185	\$107,875,682	\$6,178,503	\$149,619,068	\$114,405,850	\$35,213,218
Excess (Deficiency) of Revenues Over Expenditures	(\$13,334,136)	(\$1,641,696)	\$11,692,440	(\$48,248,518)	(\$6,839,639)	\$41,408,879
Other Financing Sources, Net	\$5,837,032	\$6,084,945	\$247,913	\$31,431,350	\$48,001,533	\$16,570,183
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(\$7,497,104)	\$4,443,249	\$11,940,353	(\$16,817,168)	\$41,161,894	\$57,979,062



FY 2013-14 Expenditures Stated on a Program Basis

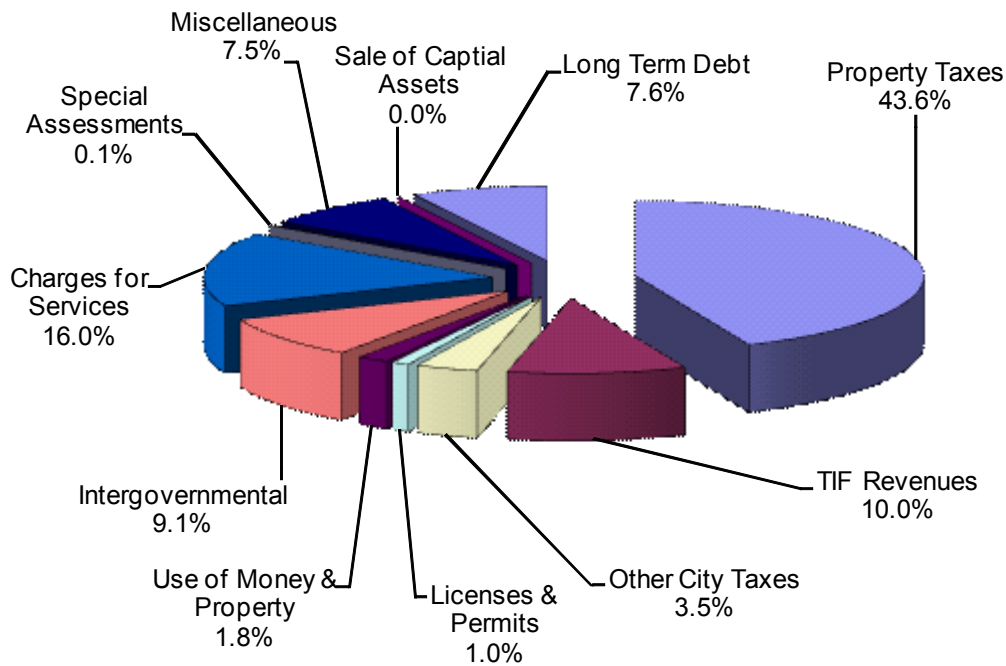
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2013-14 Budget
Expenditures and Other Financing Uses						
Public Safety	\$23,559,092	\$2,859,000				\$26,418,092
Public Works	7,453,575	800,000				8,253,575
Health and Social Services	945,051	295,142				1,240,193
Culture and Recreation	7,459,755	117,000				7,576,755
Community and Economic Development	4,847,406	1,541,771				6,389,177
General Government	6,475,713					6,475,713
Debt Service Funds	107,751	1,271,712	17,829,033			19,208,496
Capital Project Funds				15,847,000		15,847,000
Total Government Activities	\$50,848,343	\$6,884,625	\$17,829,033	\$15,847,000		\$91,409,001
Business-type/Enterprise Funds					\$21,605,187	\$21,605,187
Total Business-type/Enterprise					\$21,605,187	\$21,605,187
Total Expenditures	\$50,848,343	\$6,884,625	\$17,829,033	\$15,847,000	\$21,605,187	\$113,014,188



Revenue Highlights

The City of West Des Moines continues to build on its reputation as a growing city suburban 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 2013-14 total operating revenues are projected to decrease by approximately 0.29% as compared to budget FY 2012-13. Property tax revenues, which account for approximately 43.6% of the City’s total operating revenues, are projected to increase by approximately 4.03%.

Where the Money Comes From



Property Taxes

The City proposes to maintain a property tax rate of \$12.05/\$1,000 of taxable valuation. The proposed ad valorem taxes levied against real and personal property in FY 2013-14 should generate approximately \$47,510,700 which accounts for approximately 47.17% of the total operating revenue budgeted for the City. This projection, which is based on actual taxable valuations for January 1, 2011, 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.

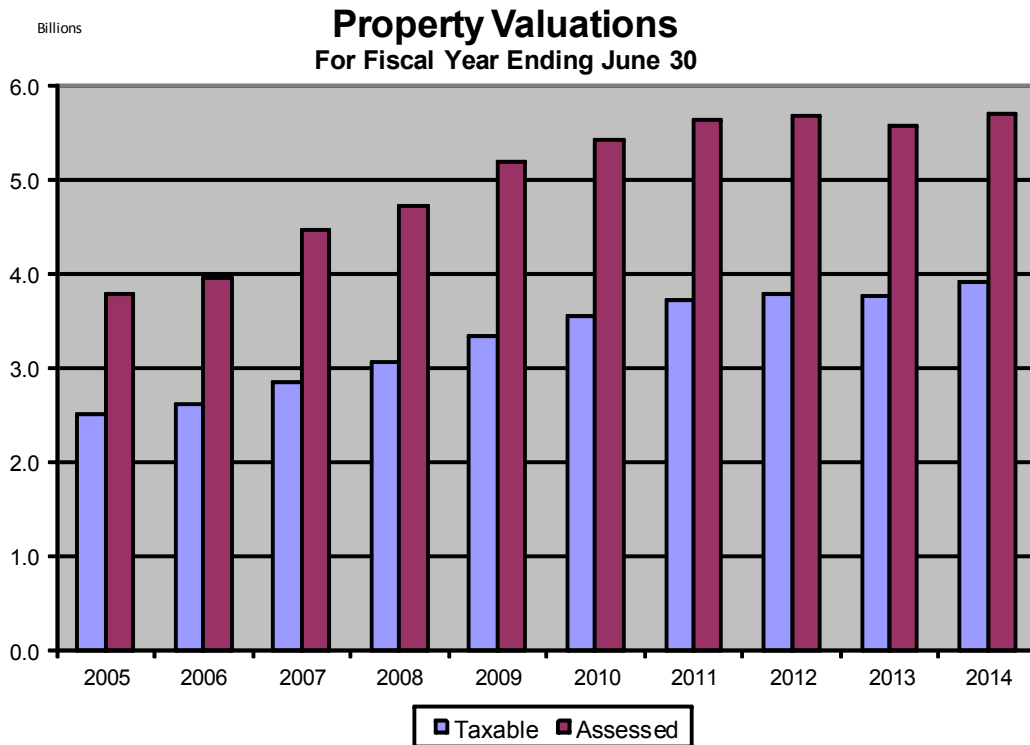


Property Taxes (Continued)

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 4% 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 4%, the taxable value is reduced by a percentage so that growth of taxable valuation is at the 4% 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 4% 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 2013-2014 have increased over fifty percent since FY 2004-2005, 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 2013-2014, the taxable value of residential properties will increase from 50.75% to 52.82% and the taxable value of commercial property will remain at 100.00%. 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 48.46% in FY 2004-2005, to 52.82% in FY 2013-2014. 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 square miles covered by the City 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
2004-05	48.46%	99.26%
2005-06	47.96%	100.00%
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%

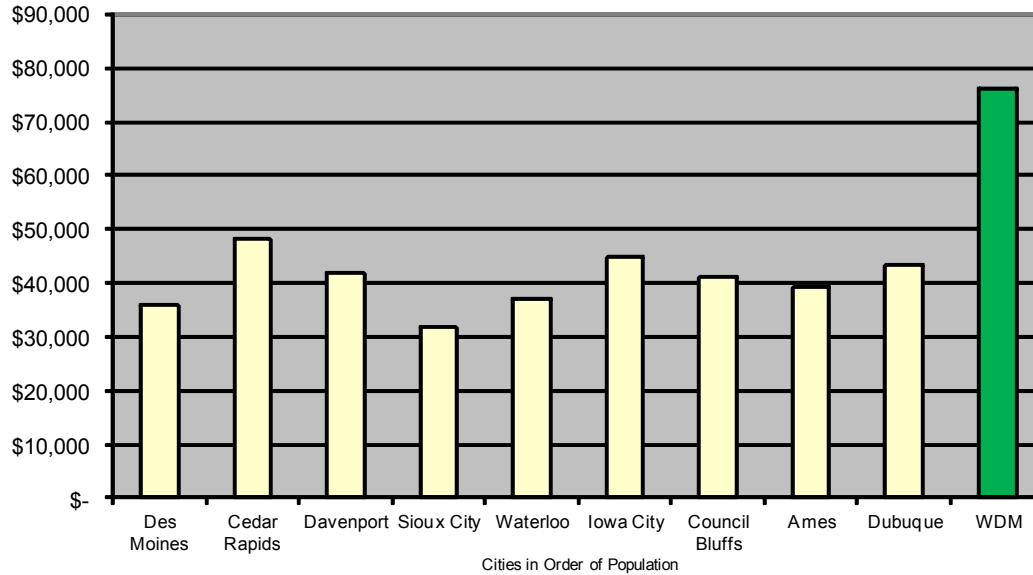
Rollback Effect in Comparable Cities

While the rollbacks have had a significant budgetary impact on the City of West Des Moines, 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, 2011 Valuations For FY 2013-2014



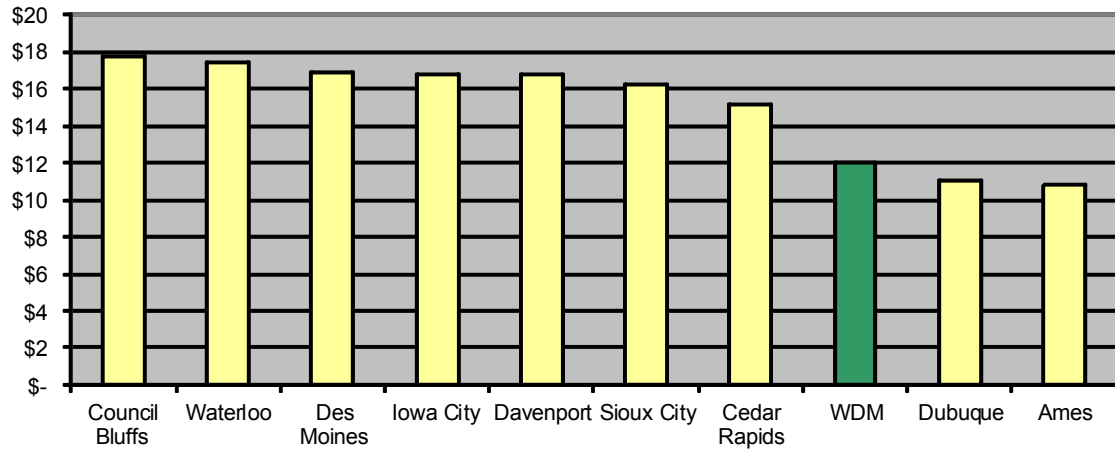
Long Term Forecast

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 proposed in the Iowa Legislature, if ultimately approved, could have a dramatic effect on revenues. Particularly impactful would be the implementation of a rollback program for commercial property, similar to the program in place for residential property. Also, due to a high concentration of apartment property in West Des Moines, a proposed change in classification from commercial to residential property would 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.



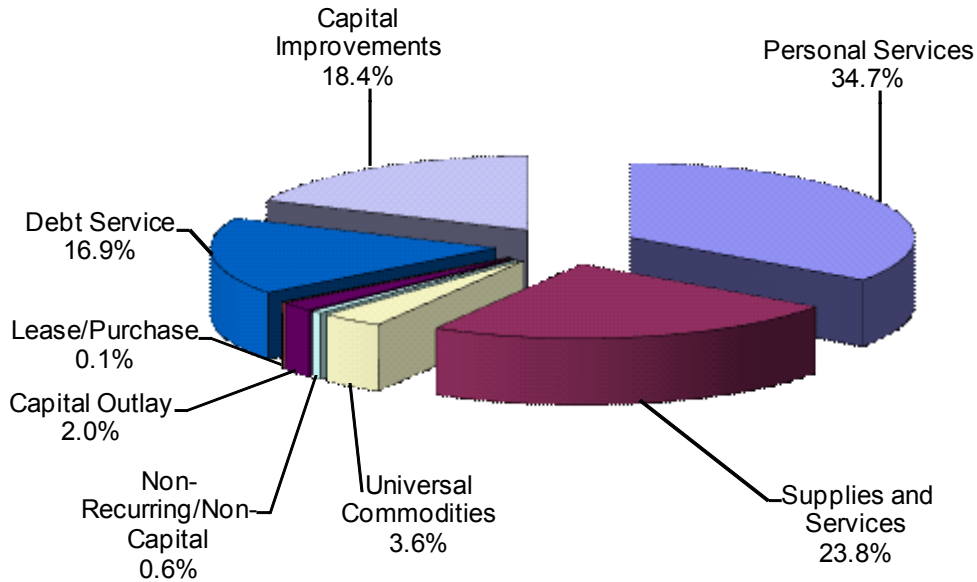
Property Tax Rates of Iowa's Ten Largest Cities
FY 2013-14



Expenditure Highlights

Total expenditures for FY 2013-2014 are projected to decrease by 8.36% when compared to the revised budget FY 2012-2013. The City’s operating budget denotes a decrease of 1.22% in operating expenses over the revised budget of the previous year FY 2012-2013, which is primarily due to decreased supplies and services expenditures.

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 2013-2014, FTE(s) are proposed to increase by 1.25 positions bringing the City’s total to 369.25 full-time equivalent positions. This represents an increase in FTE(s) of 0.34% over FY 2012-2013, and roughly a 16% increase since FY 2003-2004.



City of West Des Moines Personnel by Cluster and Department

POSITIONS STATED IN FULL-TIME EQUIVALENTS (FTE)	BUDGET FY 2010-11	BUDGET FY 2011-12	BUDGET FY 2012-13	BUDGET FY 2013-14	CHANGE FROM FY 2012-13
Authorized Personnel by Department					
Community Enrichment					
Human Services	13.25	13.25	13.25	13.25	0.00
Library	23.60	22.50	22.50	22.50	0.00
Parks & Recreation	25.75	25.00	25.00	25.00	0.00
Sub-total Community Enrichment	62.60	60.75	60.75	60.75	0.00
Public Safety					
Emergency Medical & Communication Services	47.25	51.25	50.25	50.25	0.00
Fire Department	51.00	50.00	50.00	51.00	1.00
Police Department	86.25	84.25	86.25	86.25	0.00
Sub-total Public Safety	184.50	185.50	186.50	187.50	1.00
Public Services					
Community & Economic Development	5.50	4.50	4.50	4.50	0.00
Development Services	22.00	22.20	20.20	20.20	0.00
Public Works	66.00	66.80	63.80	63.80	0.00
Sub-total Public Services	93.50	93.50	88.50	88.50	0.00
Support Services					
City Manager's Office	4.00	4.00	5.00	5.00	0.00
Finance	9.75	9.75	9.00	9.00	0.00
Human Resources	4.50	4.00	4.25	4.50	0.25
Information Technologies Services	10.00	10.00	10.00	10.00	0.00
Legal	3.00	3.00	4.00	4.00	0.00
Sub-total Support Services	31.25	30.75	32.25	32.50	0.25
Total Authorized Personnel	371.85	370.50	368.00	369.25	1.25
Authorized Personnel by Fund					
Enterprise Funds	8.00	8.00	8.00	8.00	0.00
Special Revenue Funds	1.00	1.00	1.00	1.00	0.00
General Funds	362.85	361.50	359.00	360.25	1.25
Total Authorized Personnel	371.85	370.50	368.00	369.25	1.25



Key Assumptions for FY 2013-2014**Salary Increases**

Employee compensation will follow past practice in that we have bargaining unit contracts for approximately 200 employees and 145 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 cost-of-living adjustments ranging from 2.00% to 3.00% in agreement with the terms of their respective contracts on July 1st. The Police & Westcom 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 are budgeted to receive a 2% cost-of-living adjustment on July 1, 2013. Those who are not at the maximum of their pay grade may still be eligible to receive step increases based upon job performance. These step increases in total will not exceed 2% of total wages. Some non-represented employees will receive a 1.5% performance increases and a very limited number could receive a 3% performance increase.

Medical Insurance Rates

Medical insurance rates are projected to increase by 10% from FY 2012-2013 actual rates.

Pension and Retirement Benefits

The City contribution rates for FY 2013-2014 are as follows:

- 30.12% for sworn police officers and fire personnel (MFPRSI).
- 8.93% for full and regular part-time personnel (IPERS).
- 10.14% 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

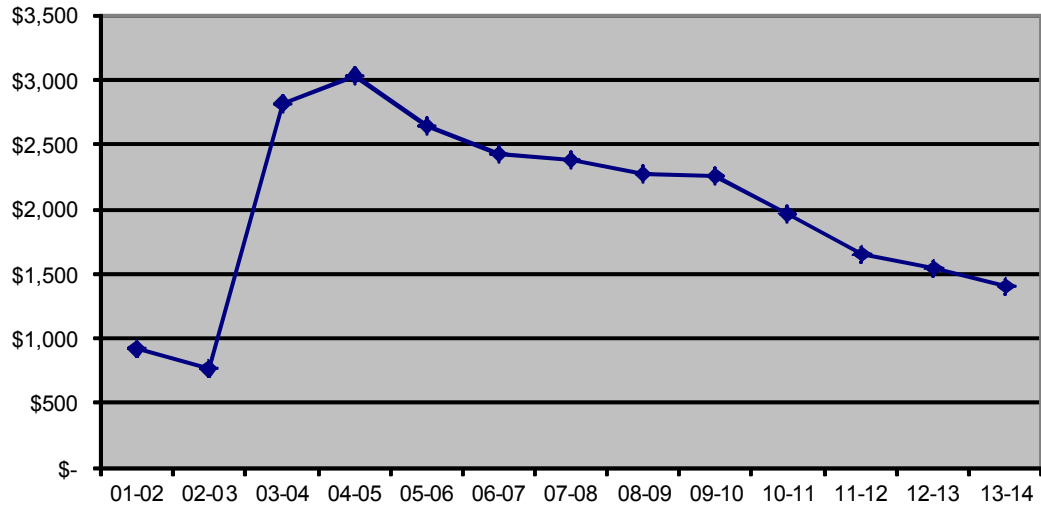
The City of West Des Moines has experienced tremendous amount of growth in recent years. Since 1990, the population of West Des Moines has increased by 78.56%, and the square miles of the City have more than doubled, both of which created an unprecedented demand in West Des Moines for infrastructure and capital projects. For instance, as a city expands its citizens will need more parks, roads, bridges, and public safety facilities, just to name a few. 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 \$12.05/\$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, 2013	FY 2013-14 Additions	FY 2013-14 Reductions	Estimated Balance June 30, 2014
<u>Debt Subject to Constitutional Limitation</u>				
General Obligation Debt	\$97,410,000	\$8,315,000	\$26,210,000	\$79,515,000
Tax Increment Financing Bonds				
Rise Loans/IDOT	2,548,810		1,274,405	1,274,405
Lease Purchase/Other Debt	559,496		276,630	282,866
Sub-total Debt Subject to Limitation	\$100,518,306	\$8,315,000	\$27,761,035	\$81,072,271
<u>Revenue Bonds & Capital Loan Notes</u>				
WRA Debt	\$45,266,775		\$1,283,499	\$43,983,276
Sewer Debt				
Sub-total Revenue Bonds & Capital Loan Notes	\$45,266,775		\$1,283,499	\$43,983,276
Total Long-Term Debt	\$145,785,081	\$8,315,000	\$29,044,534	\$125,055,547



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 \$305,500,079. The City estimates its direct debt or debt that is subject to the limitation will be \$81,072,271 at June 30, 2014. This leaves an available margin of \$224,427,808 with approximately 26.54% of the available statutory debt limit being obligated.

Actual Property Valuation	
January 1, 2011	\$6,110,001,571
Statutory Percentage	5.00%
Statutory Debt Limit	\$305,500,079
Estimated Direct Debt at June 30, 2014	
General Obligation Bonds	\$79,515,000
Tax Increment Financing Bonds	
Rise Loans/IDOT	1,274,405
Lease Purchase/Other Debt	282,866
Total Outstanding Direct Debt	\$81,072,271
Available Debt Margin	\$224,427,808
Percentage Obligated	26.54%



