



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 2020-2021 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 2020-2021 Budgets:

Revenue Assumptions

- The proposed budget maintains the current City property tax rate of \$10.99 per thousand of taxable valuation.
- The City of West Des Moines will receive approximately \$8.2 million dollars in Road Use Tax Funds. Approximately \$7.29 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. Road Use Tax dollars are projected to increase midway through the fiscal year the Road Use Tax allocation formula will be updated to reflect a increase of population for West Des Moines once the 2020 Census has been completed.
- Continuing with the City's preference to be proactive on enterprise fund revenues rather than reactive, the City Council in 2018 approved actions indexing sanitary sewer fees through July 1, 2021 and stormwater fees through July 1, 2024.

Expenditure & Fund Balance Assumptions

- Fifteen new full-time employee positions are being recommended in the budget. The Fire Department will add 1 Assistant Fire Chief. The Police Department will add 1 Police Detective. Westcom Dispatch will add 2 Dispatchers. Public Services will add 2 Public Services Operators, 1 Utility Locator and 1 Mechanic, the Mechanic will start in January of 2021. The Finance Department will add 1 Accountant. The Parks & Recreation Department will add 5 positions that will all be assigned to MidAmerican Energy RecPlex, those positions include 1 Operations Manager, 1 Office Manager, 1 Recreation Coordinator, and 2 Facility Superintendents, all 5 positions will start in the Fall of 2020. The Library will add 1 Outreach Librarian and also upgrade the existing Children's Library to Head of Youth Services and also the existing Secretary to Administrative Secretary. There will also be a reduction of 4 full-time equivalent positions in the Human Services department. The 4 Van Driver positions made up by multiple part-time employees will be eliminated as the transportation services provided by Human Services will be transitioned to Polk County and the Des Moines Area Regional Transit (DART) in the Spring of 2020.
- Employee compensation calculations will follow past practice or expected results of negotiations for bargaining unit contracts covering approximately 297 union employees. There are also approximately 218 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. The AFSCME bargaining unit is currently in negotiations for a multi-year contract. 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, 2020 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 2020-2021 will be 25.31% as compared to 24.41% for FY 2019-2020. The proposed budget also reflects no change in the contribution rate for Iowa Public Employees Retirement System (IPERS). The City's contribution rate for FY 2020-2021 will remain at 9.44%. Of the City's 515.25 full time equivalent employees, 156 employees participate in the Municipal Fire and Police Retirement System of Iowa plan, one employee, the City Manager, has opted out of



retirement plans, instead receiving deferred compensation packages, and the remaining 358.25 employees are enrolled in Iowa Public Employees Retirement System plan.

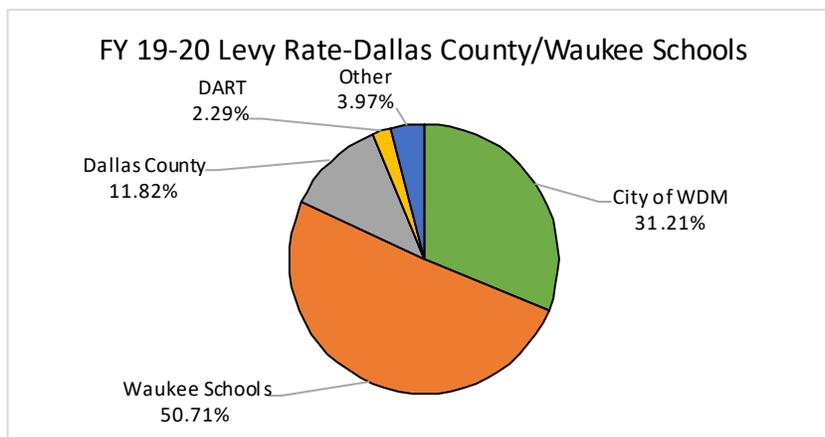
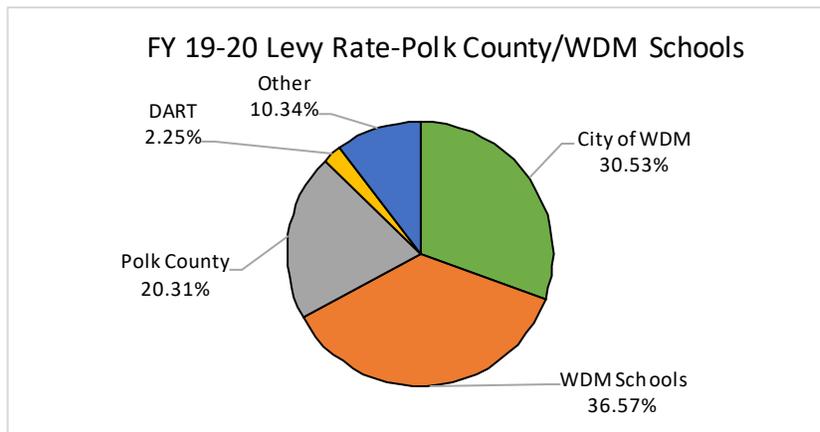
- During FY 2020-21 four new facilities will be completed and placed into service, the Jamie Hurd Amphitheater, the Racoon River Boathouse, the Public Services West facility and the MidAmerican Energy RecPlex. All of these facilities will have new costs associated with operations.
- The proposed budget reflects the carryover of cash to ensure the FY 2020-2021 budget maintains prudent general fund balances which protect the City of West Des Moines' financial integrity. The General Fund total revenues are \$80,767,660 and total expenditures are \$83,655,462. The projected General Fund composite balance on June 30, 2021, will be slightly over 33% (expected balance of \$25,099,153) 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 2019-2020 tax levies currently in place.

City of West Des Moines - Consolidated Tax Rates FY 2019-2020 Levy						
County/School District	City	School	County	Transit	Other	Total
Polk County/West Des Moines Schools	\$10.99	\$13.16	\$7.31	\$0.81	\$3.72	\$35.99
Polk County/Des Moines Schools	\$10.99	\$18.61	\$7.31	\$0.81	\$3.72	\$41.44
Dallas County/Waukee Schools	\$10.99	\$17.85	\$4.16	\$0.81	\$1.40	\$35.21
Dallas County/West Des Moines Schools	\$10.99	\$13.16	\$4.16	\$0.81	\$1.40	\$30.52
Dallas County/Van Meter Schools	\$10.99	\$15.90	\$4.16	\$0.81	\$1.40	\$33.26
Madison County/Van Meter Schools	\$10.99	\$15.90	\$5.82	\$0.81	\$4.00	\$37.52
Madison County/Winterset Schools	\$10.99	\$17.23	\$5.82	\$0.81	\$5.08	\$39.93
Warren County/Norwalk Schools	\$10.99	\$18.94	\$6.68	\$0.81	\$1.28	\$38.70



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



Polk County - WDM Schools	
School	\$13.16
County	7.31
Regional Transit Authority	0.81
Other	3.72
City	10.99
FY 19-20 Levy	\$35.99

Dallas County - Waukee Schools	
School	\$17.86
County	4.16
Regional Transit Authority	0.81
Other	1.39
City	10.99
FY 19-20 Levy	\$35.21

	Actual FY 2018-19	Actual FY 2019-20	Budget FY 2020-21
Property Tax Calculation			
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	\$11.79	\$10.99	\$10.99
Total City Property Tax	\$10,611	\$9,891	\$9,891

Net Change **(\$720)** **\$0**



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

	Actual	Budget	Actual	Budget
	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21
Assessed Valuation	\$100,000	\$100,000	\$150,000	\$150,000
Rollback %	56.9180%	55.0743%	56.9180%	55.0743%
Taxable Value	\$56,920	\$55,074	\$85,380	\$82,611
City Tax Rate per \$1,000	\$10.99	\$10.99	\$10.99	\$10.99
Gross City Tax	\$626	\$605	\$939	\$908
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
Total City Property Tax	\$568	\$547	\$881	\$850
Assessed Valuation	\$200,000	\$200,000	\$250,000	\$250,000
Rollback %	56.9180%	55.0743%	56.92%	55.0743%
Taxable Value	\$113,840	\$110,149	\$142,300	\$137,686
City Tax Rate per \$1,000	\$10.99	\$10.99	\$10.99	\$10.99
Gross City Tax	\$1,252	\$1,211	\$1,564	\$1,513
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
Total City Property Tax	\$1,194	\$1,153	\$1,506	\$1,455
Assessed Valuation	\$300,000	\$300,000	\$350,000	\$350,000
Rollback %	56.9180%	55.0743%	56.9180%	55.0743%
Taxable Value	\$170,760	\$165,223	\$199,220	\$192,760
City Tax Rate per \$1,000	\$10.99	\$10.99	\$10.99	\$10.99
Gross City Tax	\$1,877	\$1,816	\$2,190	\$2,118
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
Total City Property Tax	\$1,819	\$1,758	\$2,132	\$2,060
Assessed Valuation	\$400,000	\$400,000	\$450,000	\$450,000
Rollback %	56.9180%	55.0743%	56.9180%	55.0743%
Taxable Value	\$227,680	\$220,297	\$256,140	\$247,834
City Tax Rate per \$1,000	\$10.99	\$10.99	\$10.99	\$10.99
Gross City Tax	\$2,503	\$2,421	\$2,815	\$2,724
Less: City Share of Homestead Tax Credit	(\$58)	(\$58)	(\$58)	(\$58)
Total City Property Tax	\$2,565	\$2,363	\$2,757	\$2,666



BUDGET SUMMARY

FY 2020-21 BUDGET BY FUND

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2020-21 Budget
REVENUES						
Operating Revenues						
Property Taxes	\$45,328,333	\$2,870,116	\$11,779,554			\$59,978,003
TIF Revenues		19,782,703				19,782,703
Other City Taxes	5,260,966	14,520,400	95,636			19,877,002
Licenses and Permits	1,764,500					1,764,500
Use of Money and Property	1,307,500	205,600	80,000		2,289,526	3,882,626
Intergovernmental	5,278,856	9,041,196	464,501	600,000	6,595,469	21,980,022
Charges for Services	6,276,485	45,000			17,942,065	24,263,550
Special Assessments				20,000		20,000
Miscellaneous	1,113,350	258,500		375,000	14,182,846	15,929,696
Sub-total Operating Revenues	\$66,329,990	\$46,723,515	\$12,419,691	\$995,000	\$41,009,906	\$167,478,102
Other Financing Sources						
Proceeds of Long Term Debt				\$11,078,000		\$11,078,000
Proceeds of Capital Assets Sales	30,000					30,000
Transfers In	14,407,670	1,606,360	14,379,934	32,555,665	18,455,000	81,404,629
Sub-total Other Financing Sources	\$14,437,670	\$1,606,360	\$14,379,934	\$43,633,665	\$18,455,000	\$92,512,629
TOTAL REVENUES & OTHER SOURCES	\$80,767,660	\$48,329,875	\$26,799,625	\$44,628,665	\$59,464,906	\$259,990,731
EXPENDITURES						
Operating Expenditures						
Personal Services	\$49,612,450	\$3,436,648			\$5,855,916	\$58,905,014
Supplies and Services	21,703,686	4,326,395	15,000		21,021,955	47,067,036
Universal Commodities	1,822,274				290,302	2,112,576
Capital	2,623,034	338,000			7,772,300	10,683,334
Sub-total Operating Expenditures	\$75,761,444	\$8,101,043	\$15,000		\$34,890,473	\$118,767,960
Lease/Purchase or Installment Contract Expenditures		\$203,661				\$203,661
Total Operating Expenditures	\$75,761,444	\$8,304,704	\$15,000		\$34,890,473	\$118,971,621
Debt Service Expenditures			\$26,704,625	\$337,165	\$1,388,776	\$28,430,566
Capital Improvement Expenditures				\$33,193,500	\$17,055,000	\$50,248,500
Total Expenditures	\$75,761,444	\$8,304,704	\$26,719,625	\$33,530,665	\$53,334,249	\$197,650,687
Transfers Out	\$7,894,018	\$55,044,011	\$350,700	\$10,960,900	\$7,155,000	\$81,404,629
TOTAL EXPENDITURES/TRANSFERS OUT	\$83,655,462	\$63,348,715	\$27,070,325	\$44,491,565	\$60,489,249	\$279,055,316
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$2,887,802)	(\$15,015,840)	(\$270,700)	\$137,100	(\$1,024,343)	(\$19,064,585)
BEGINNING FUND BALANCE	\$27,986,955	\$18,973,872	\$1,949,454	(\$16,919)	\$181,934,407	\$230,827,769
ENDING FUND BALANCE	\$25,099,153	\$3,955,032	\$1,678,754	\$120,181	\$180,910,064	\$211,763,184
FUND BALANCE% OF EXPENDITURES	33.13%	47.62%	6.28%	0.36%	339.20%	107.14%



Revenues & Expenditures by Category

	ACTUAL FY 2017-18	ACTUAL FY 2018-19	REVISED BUDGET FY 2019-20	BUDGET FY 2020-21	INC (DEC) FY 2020-21 OVER FY 2019-20	% INC (DEC)
REVENUES						
Operating Revenues						
Property Taxes	\$54,097,576	\$56,991,815	\$57,410,675	\$59,978,003	\$2,567,328	4.47%
TIF Revenues	13,531,467	17,702,649	16,052,263	19,782,703	3,730,440	23.24%
Other City Taxes	5,065,449	7,731,631	19,503,619	19,877,002	373,383	1.91%
Licenses and Permits	1,904,666	2,198,743	1,755,800	1,764,500	8,700	0.50%
Use of Money and Property	2,457,803	5,561,153	1,960,069	3,882,626	1,922,557	98.09%
Intergovernmental	22,239,720	22,702,992	22,447,035	21,980,022	(467,013)	(2.08%)
Charges for Services	21,988,532	23,004,836	23,574,252	24,263,550	689,298	2.92%
Special Assessments	142,102	135,216	125,000	20,000	(105,000)	(84.00%)
Miscellaneous	20,219,962	20,267,818	11,453,966	15,929,696	4,475,730	39.08%
Sub-total Operating Revenues	\$141,647,273	\$156,296,853	\$154,282,679	\$167,478,102	\$13,195,423	8.55%
Other Financing Sources						
Proceeds of Long Term Debt	\$99,074,447	\$37,242,452	\$30,533,762	\$11,078,000	(\$19,455,762)	(63.72%)
Proceeds of Capital Assets Sales/Contributions	(27,582)	433,249	25,000	30,000	5,000	20.00%
Transfers In	87,641,489	117,115,634	160,920,942	81,404,629	(79,516,313)	(49.41%)
Sub-total Other Financing Sources	\$186,688,353	\$154,791,335	\$191,479,704	\$92,512,629	(\$98,967,075)	(51.69%)
TOTAL REVENUES & OTHER SOURCES	\$328,335,629	\$311,088,188	\$345,762,383	\$259,990,731	(\$85,771,652)	(24.81%)
EXPENDITURES						
Operating Expenditures						
Personal Services	\$43,740,999	\$47,112,168	\$54,241,057	\$58,905,014	\$4,633,957	8.60%
Supplies and Services	38,626,326	41,955,948	46,139,289	47,067,036	927,747	2.01%
Universal Commodities	1,729,336	1,919,320	1,997,402	2,112,576	115,174	5.77%
Capital	6,285,541	8,643,142	7,071,483	10,683,334	3,611,851	51.08%
Sub-total Operating Expenditures	\$90,382,202	\$99,630,578	\$109,449,231	\$118,767,960	\$9,318,729	8.51%
Lease/Purchase or Installment Contract Expenditures	\$301,640		\$203,661	\$203,661		
Total Operating Expenditures	\$90,683,842	\$99,630,578	\$109,652,892	\$118,971,621	\$9,318,729	8.50%
Debt Service Expenditures	\$28,454,330	\$26,738,671	\$31,806,900	\$28,430,566	(\$3,376,334)	(10.62%)
Capital Improvement Expenditures	\$44,958,361	\$58,527,200	\$161,018,621	\$50,248,500	(\$110,770,121)	(68.79%)
Total Expenditures	\$164,096,533	\$184,896,449	\$302,478,413	\$197,650,687	(\$104,827,726)	(34.66%)
Transfers Out	\$87,641,489	\$117,115,634	\$160,920,942	\$81,404,629	(\$79,516,313)	(49.41%)
TOTAL EXPENDITURES/TRANSFERS OUT	\$257,738,022	\$302,012,083	\$463,399,355	\$279,055,316	(\$184,344,039)	(39.78%)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$76,597,608	\$9,076,105	(\$117,636,972)	(\$19,064,585)	\$98,572,387	n/a
BEGINNING FUND BALANCE	\$260,765,744	\$339,388,636	\$348,464,741	\$230,827,769	(\$117,636,972)	n/a
ENDING FUND BALANCE	\$337,363,388	\$348,464,741	\$230,827,769	\$211,763,184	(\$19,064,585)	n/a
FUND BALANCE % OF EXPENDITURES	205.59%	188.46%	76.31%	107.14%		



Revenues & Expenditures by Fund

	ACTUAL FY 2017-18	ACTUAL FY 2018-19	REVISED BUDGET FY 2019-20	BUDGET FY 2020-21	INC (DEC) FY 2020-21 OVER FY 2019-20	% INC (DEC)
REVENUES						
Fund Revenues						
General Funds	\$71,701,821	\$74,891,160	\$73,749,661	\$80,767,660	\$7,017,999	9.52%
Special Revenue Funds	35,256,537	40,106,636	42,967,612	48,329,875	5,362,263	12.48%
Debt Service Funds	29,317,734	27,347,706	29,445,455	26,799,625	(2,645,830)	(8.99%)
Capital Project Funds	143,818,799	107,846,165	131,235,484	44,628,665	(86,606,819)	(65.99%)
Enterprise Funds	48,240,739	60,896,521	68,364,171	59,464,906	(8,899,265)	(13.02%)
Total Fund Revenues	\$328,335,630	\$311,088,188	\$345,762,383	\$259,990,731	(\$85,771,652)	(24.81%)
EXPENDITURES						
Fund Expenditures						
General Funds	\$67,358,037	\$75,731,041	\$85,698,421	\$83,655,462	(\$2,042,959)	(2.38%)
Special Revenue Funds	34,462,615	39,119,360	49,337,707	63,348,715	14,011,008	28.40%
Debt Service Funds	28,316,464	27,195,391	30,640,900	27,070,325	(3,570,575)	(11.65%)
Capital Project Funds	85,401,887	114,024,234	202,155,783	44,491,565	(157,664,218)	(77.99%)
Enterprise Funds	36,199,019	45,942,057	95,566,544	60,489,249	(35,077,295)	(36.70%)
Total Fund Expenditures	\$251,738,022	\$302,012,083	\$463,399,355	\$279,055,316	(\$184,344,039)	(39.78%)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$76,597,608	\$9,076,105	(\$117,636,972)	(\$19,064,585)	\$98,572,387	n/a
BEGINNING FUND BALANCE	\$260,765,744	\$339,388,636	\$348,464,741	\$230,827,769	(\$117,636,972)	n/a
ENDING FUND BALANCE	\$337,363,388	\$348,464,741	\$230,827,769	\$211,763,184	(\$19,064,585)	
FUND BALANCE% OF EXPENDITURES	152.15%	115.38%	49.81%	75.89%		



Comparison of Amended Budget to Actual

	Amended Budget FY 2017-18	Actual FY 2017-18	Variance Favorable (Unfavorable)	Amended Budget FY 2018-19	Actual FY 2018-19	Variance Favorable (Unfavorable)
REVENUES						
Revenues						
Property Taxes	\$54,096,896	\$54,097,576	\$680	\$57,066,411	\$56,991,815	(\$74,596)
TIF Revenues	13,498,069	13,531,467	33,398	17,822,026	17,702,649	(119,377)
Other City Taxes	4,901,803	5,065,449	163,646	7,201,884	7,731,631	529,747
Licenses and Permits	1,700,782	1,904,666	203,884	1,998,300	2,198,743	200,443
Use of Money and Property	1,084,500	2,457,803	1,373,303	1,712,000	5,561,153	3,849,153
Intergovernmental	26,032,817	22,239,720	(3,793,097)	21,901,714	22,702,992	801,278
Charges for Services	20,387,125	21,988,532	1,601,407	22,025,426	23,004,836	979,410
Special Assessments	150,000	142,102	(7,898)	143,835	135,216	(8,619)
Miscellaneous	14,787,341	20,219,962	5,432,621	14,048,100	20,267,818	6,219,718
Total Revenues	\$136,639,333	\$141,647,277	\$5,007,944	\$143,919,696	\$156,298,853	\$12,377,157
EXPENDITURES						
Expenditures						
Public Safety	\$32,834,503	\$29,050,021	\$3,784,482	\$31,697,993	\$30,033,972	\$1,664,021
Public Works	10,711,350	9,240,888	1,470,462	11,460,773	10,656,468	804,305
Health and Social Services	1,250,526	1,179,617	70,909	1,348,981	1,137,158	211,823
Culture and Recreation	9,606,358	8,687,823	918,535	10,384,230	9,472,846	911,384
Community and Economic Development	12,765,532	10,451,146	2,314,386	10,340,799	8,581,336	1,759,463
General Government	9,830,037	8,459,700	1,370,337	12,123,083	9,939,680	2,183,403
Debt Service	27,877,452	27,946,945	(69,493)	25,917,379	25,752,549	164,830
Capital Outlay	145,171,223	43,414,199	101,757,024	105,345,862	57,449,359	47,896,503
Business Type	46,269,419	24,824,220	21,445,199	64,373,550	31,873,081	32,500,469
Total Expenditures	\$296,316,400	\$164,096,534	\$132,219,866	\$272,992,650	\$184,896,449	\$88,096,201
Excess (Deficiency) of Revenues Over Expenditures	(\$159,677,067)	(\$22,449,257)	\$137,227,810	(\$129,072,954)	(\$28,599,596)	\$100,473,358
Other Financing Sources, Net	\$102,014,490	99,046,865	(\$2,967,625)	\$35,099,830	\$37,675,701	\$2,575,871
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(\$57,662,577)	\$76,597,608	\$134,260,185	(\$93,973,124)	\$9,074,105	\$103,047,229



FY 2020-21 Expenditures Stated on a Program Basis

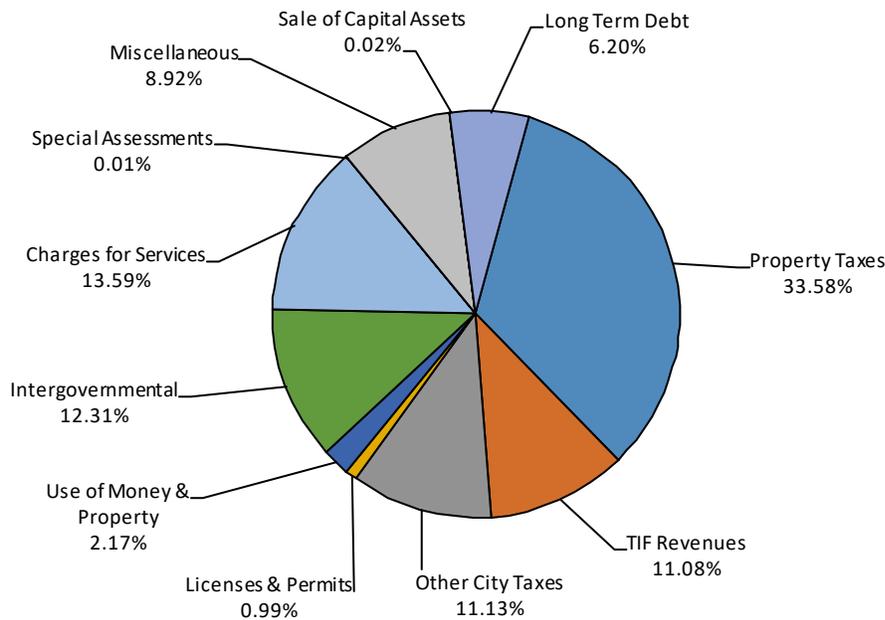
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2020-21 Budget
Expenditures and Other Financing Uses						
Public Safety	\$34,454,573	\$3,345,910				\$37,800,483
Public Works	11,558,683	751,200				12,309,883
Health and Social Services	1,000,235	190,653				1,190,888
Culture and Recreation	11,394,653	406,000				11,800,653
Community and Economic Development	6,331,059	3,407,280				9,738,339
General Government	11,022,241					11,022,241
Debt Service Funds		203,661	26,719,625			26,923,286
Capital Project Funds				33,530,665		\$33,530,665
Total Government Activities	\$75,761,444	\$8,304,704	\$26,719,625	\$33,530,665		\$144,316,438
Business-type/Enterprise Funds					\$53,334,249	\$53,334,249
Total Business-type/Enterprise					\$53,334,249	\$53,334,249
Total Expenditures	\$75,761,444	\$8,304,704	\$26,719,625	\$33,530,665	\$53,334,249	\$197,650,687



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 2020-21 total operating revenues are projected to decrease by approximately 3.38% as compared to budget FY 2019-20, due to a decrease in proceeds in Long Term Debt. Property tax revenues, which account for approximately 33.6% of the City's total operating revenues, are projected to increase by approximately 0.60%.

Where the Money Comes From



Property Taxes

The City proposes to decrease the property tax rate of \$10.99/\$1,000 of taxable valuation in Fiscal Year 2019-20 to \$10.95/\$1,000 in Fiscal Year 2020-21. The proposed ad valorem taxes levied against real and personal property in FY 2020-21 should generate approximately \$59,978,003, which accounts for approximately 33.6% of the total operating revenue budgeted for the City. This projection is based on actual taxable valuations on January 1, 2019, 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.

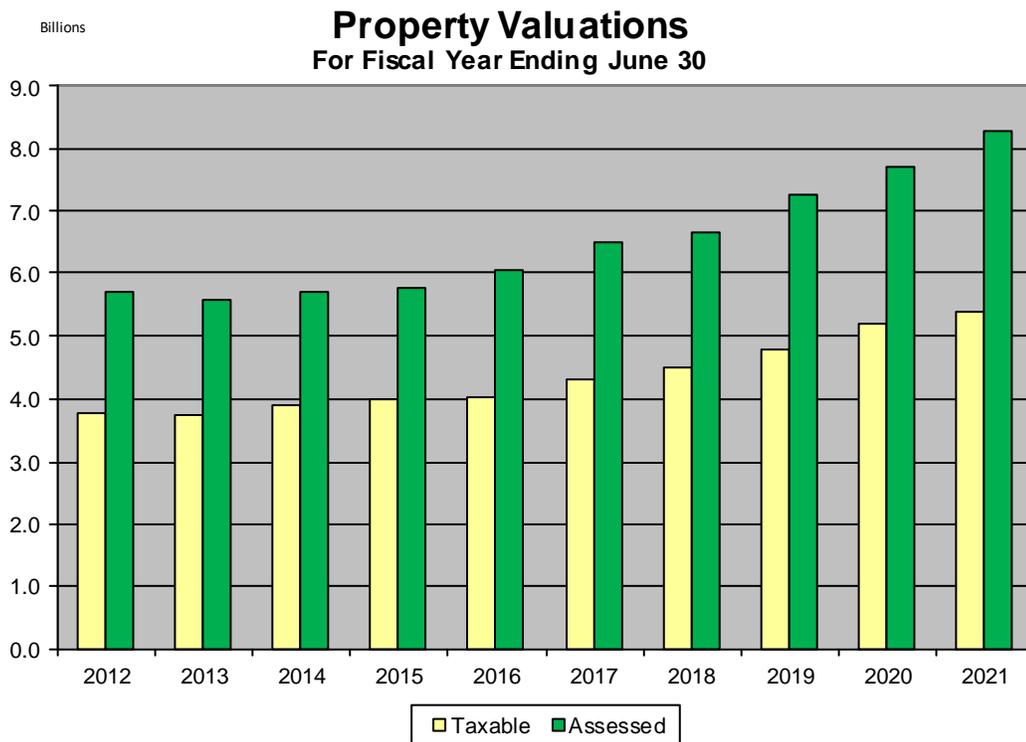


Property Taxes (Continued)

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 2020-2021 have increased over forty-five percent since FY 2011-2012, 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 2020-2021, the taxable value of residential properties will decrease from 56.92% to 55.07%, the taxable value for multi-residential property will decrease from 75.00% to 71.25% 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 48.53% in FY 2011-2012, to 55.07% in FY 2020-2021. 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 17% 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.

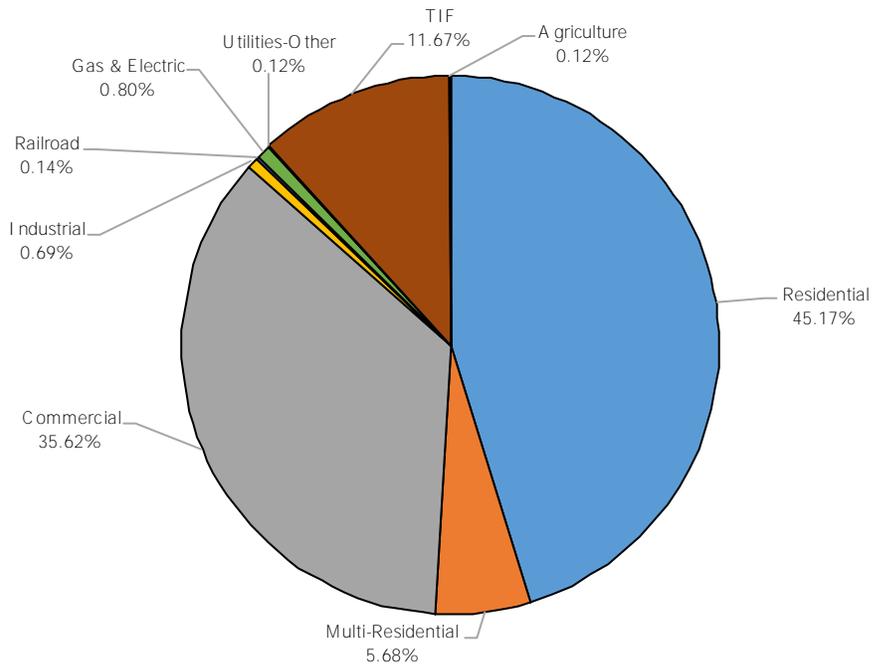
Fiscal Year	Residential	Multi-Residential	Commercial
2011-12	48.53%		100.00%
2012-13	50.75%		100.00%
2013-14	52.82%		100.00%
2014-15	54.40%		95.00%
2015-16	55.73%		90.00%
2016-17	55.63%	86.25%	90.00%
2017-18	56.94%	82.50%	90.00%
2018-19	55.62%	78.75%	90.00%
2019-20	56.92%	75.00%	90.00%
2020-21	55.07%	71.25%	90.00%

Rollback Effect in Comparable Cities

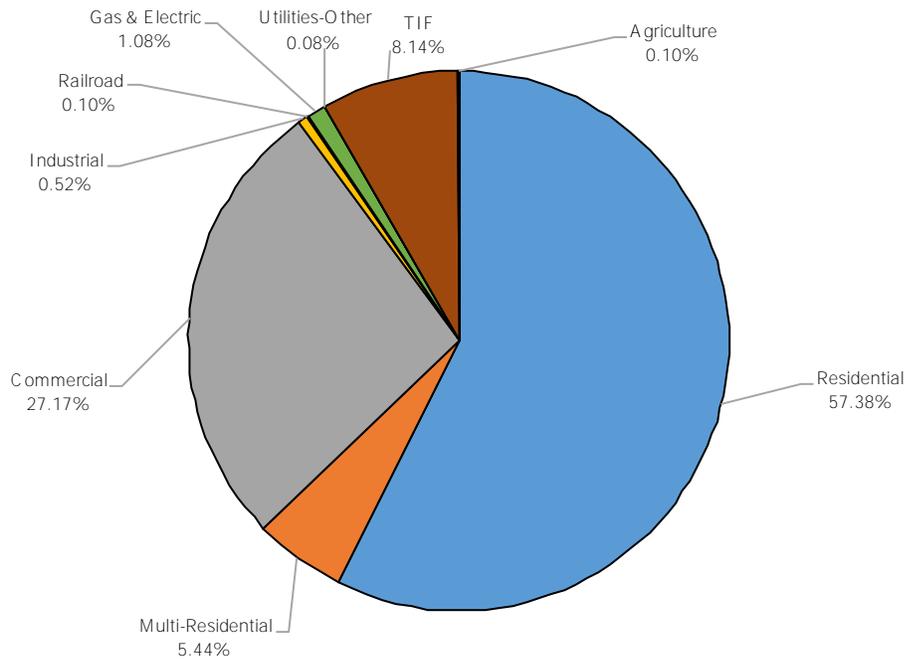
While the rollbacks have had a significant budgetary impact on the City, they have not been as devastating as in other cities that rely heavily on the residential tax base to support City services. The precipitous decline of residential tax bases has forced most Iowa cities to increase rates just to support existing services. 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.



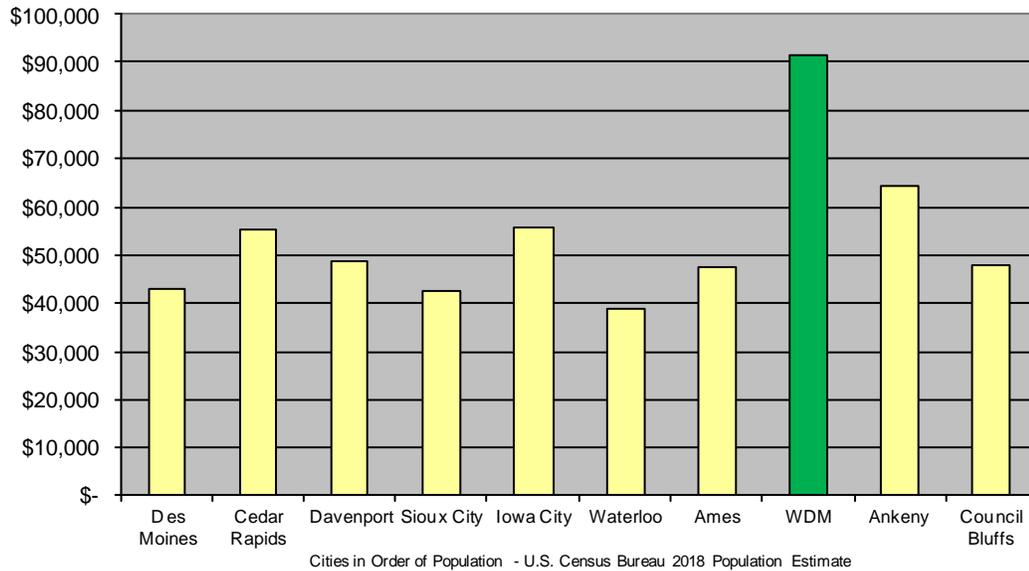
Taxable Valuation by Property Class FY 2020-21



Total Valuation by Property Class FY 2020-21



**Comparison of Taxable Property Valuations
per capita for Iowa's Ten Largest Cities**
Based on January 1, 2019 Valuations For FY 2020-2021



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.

Rollback Projections			
	2021-22	2022-23	2023-24
Residential Rollback	55.81%	54.23%	55.30%
Multi-Residential Rollback	67.50%	63.75%	55.30%
Commercial Rollback	90.00%	90.00%	90.00%



Property Tax Rates of Iowa's Ten Largest Cities

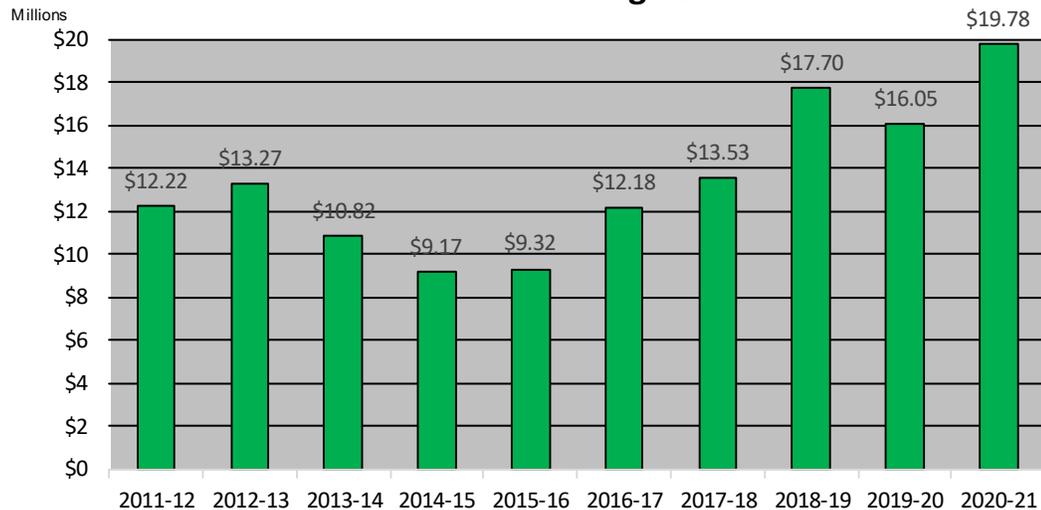
City Portion Only
FY 2020-21



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 27%. The increase in FY 2020-21 TIF revenue is primarily due to the capturing of valuation within the Osmium, Woodland Hills and Coachlight Drive Urban Renewal Districts.

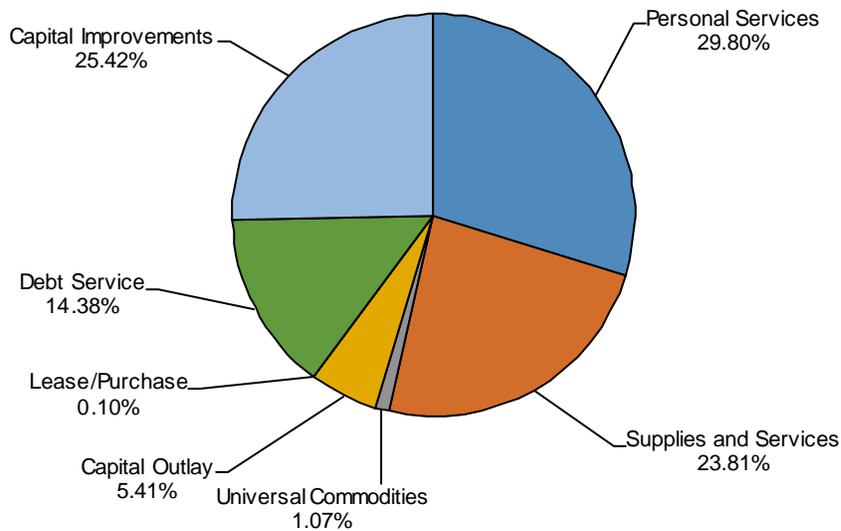
Tax Increment Financing Revenue



Expenditure Highlights

Total expenditures for FY 2020-2021 are projected to decrease by 34.66% when compared to the revised budget for FY 2019-2020. The decrease is due to carry over of supplies and services from FY 2018-2019 to FY 2019-2020 for one time projects and a decrease in the capital improvement program expenses. The decreases in the capital improvement program are related to the completing of infrastructure projects for the Microsoft Osmium data center. The City's operating budget denotes a increase of 8.51% in operating expenses over the revised budget of the previous year FY 2019-2020. which is primarily due the opening of the new MidAmerican Energy RecPlex.

Where the Money Goes



Personnel

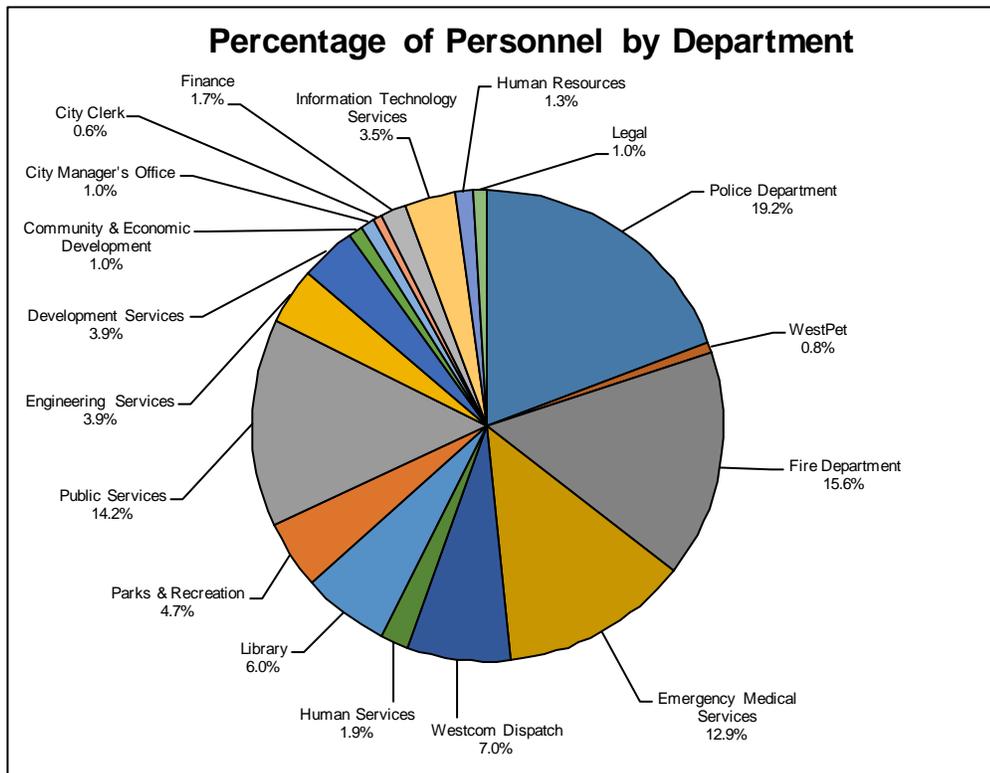
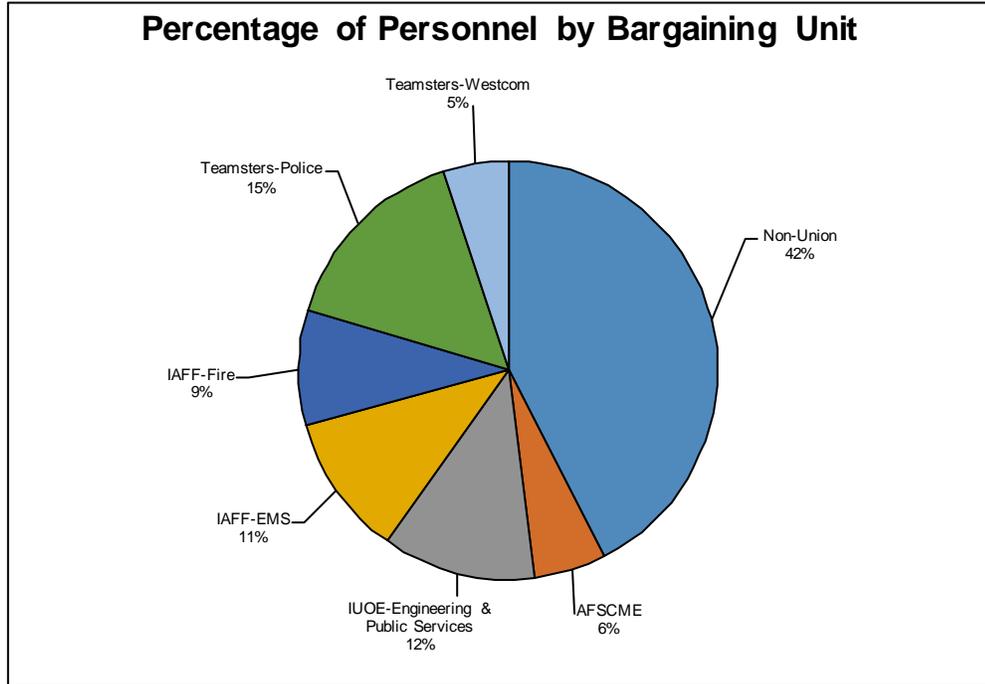
The City measures both full and regular part-time positions based on full-time equivalents (FTE), which is the total estimated annual person hours required to fill a position for all or a portion of a year, divided by 2,080 hours. It should be noted that, due to the seasonal nature of employment, temporary and volunteer workers are not included in this calculation. In FY 2020-2021, FTE(s) are proposed to increase by 11.00 positions bring the City's total to 519.25 full-time equivalent positions. This represent roughly a 39% increase in FTE(s) since FY 2010-2011. With the passage of the Local Option Sales and Services tax in Polk County on March 5, 2019, a portion of the revenue collected from that tax is being used to fund 7 police officers and 5 fire fighters.



City of West Des Moines Personnel by Affinity Group and Department

POSITIONS STATED IN FULL-TIME EQUIVALENTS (FTE)	BUDGET FY 2017-18	BUDGET FY 2018-19	BUDGET FY 2019-20	BUDGET FY 2020-21	CHANGE FROM FY 2019-20
Authorized Personnel by Department					
Community Enrichment					
Human Services	13.75	13.75	13.75	9.75	(4.00)
Library	26.50	27.50	30.00	31.00	1.00
Parks & Recreation	16.00	17.00	19.00	24.00	5.00
Sub-total Community Enrichment	56.25	58.25	62.75	64.75	2.00
Public Safety					
Emergency Medical Services	48.50	52.95	66.45	66.45	0.00
Fire Department	70.50	72.50	79.50	80.50	1.00
Police Department	86.00	93.00	98.00	99.00	1.00
Westcom Dispatch	28.75	31.55	34.30	36.30	2.00
WestPet-Animal Control	4.00	4.00	4.00	4.00	0.00
Sub-total Public Safety	237.75	254.00	282.25	286.25	4.00
Public Services					
Community & Economic Development	5.00	5.00	5.00	5.00	0.00
Development Services	20.50	22.00	20.00	20.00	0.00
Engineering Services	19.00	19.00	20.00	20.00	0.00
Public Services	64.00	67.00	69.00	73.00	4.00
Sub-total Public Services	108.50	113.00	114.00	118.00	4.00
Support Services					
City Manager's Office	5.00	5.00	5.00	5.00	0.00
City Clerk	1.34	1.34	3.00	3.00	0.00
Finance	9.41	9.41	7.75	8.75	1.00
Human Resources	6.50	6.50	6.50	6.50	0.00
Information Technologies Services	13.00	13.00	18.00	18.00	0.00
Legal	5.00	5.00	5.00	5.00	0.00
Sub-total Support Services	40.25	40.25	45.25	46.25	1.00
Total Authorized Personnel	442.75	465.50	504.25	515.25	11.00
Authorized Personnel by Fund					
General Funds	425.60	416.80	452.30	455.86	3.56
Enterprise Funds	15.90	47.45	50.70	58.20	7.50
Special Revenue Funds	1.25	1.25	1.25	1.19	(0.06)
Total Authorized Personnel	442.75	465.50	504.25	515.25	11.00





Key Assumptions for FY 2020-2021

Salary Increases

Employee compensation will follow past practice in that the city has bargaining unit contracts for approximately 297 employees, while 218.25 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 bargaining units are currently under 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

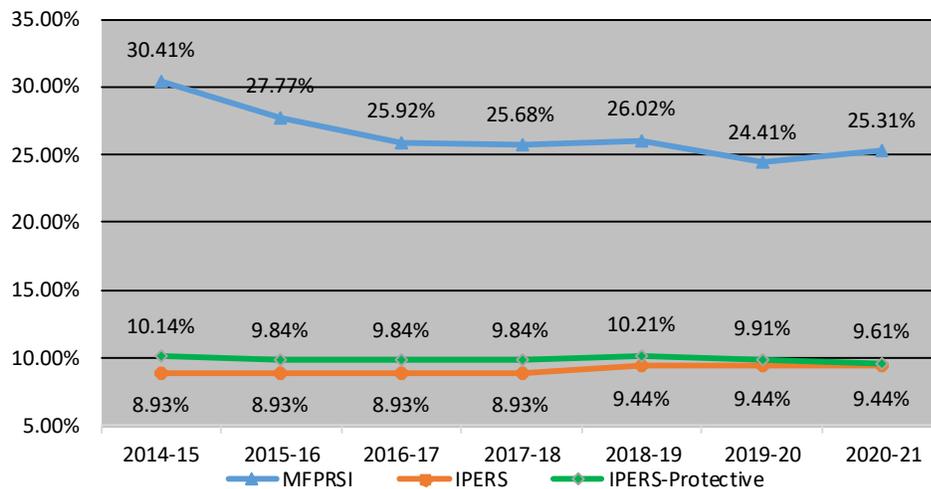
Medical insurance rates are projected to increase by 10.00% from FY 2019-2020 actual rates.

Pension and Retirement Benefits

The City contribution rates for FY 2020-2021 are as follows:

- 25.31% for sworn police officers and full-time fire personnel (MFPRSI).
- 9.44% for full and regular part-time personnel (IPERS).
- 9.61% for part-time firefighters and emergency medical services staff (IPERS-Protective).

City Pension Contribution Rate History



Other Pay

This category includes vehicle allowances, mobile communication device allowances, longevity pay, union negotiated pays, and other miscellaneous pay categories.



Description of Long Term Debt Obligations

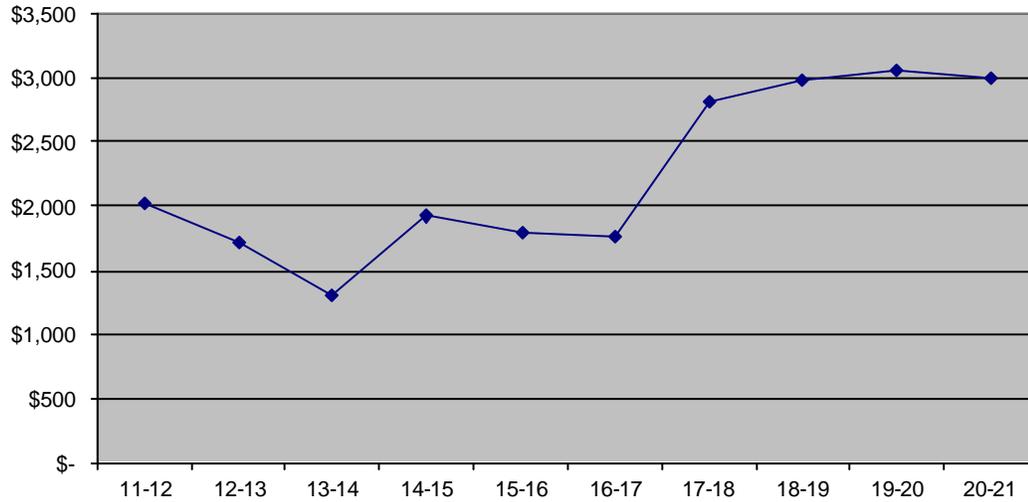
The City of West Des Moines has experienced tremendous amount of growth in recent years. Since 1990, the population of West Des Moines has increased by 103.65%, and the area of the City has more than doubled, both of which created an unprecedented demand in West Des Moines for infrastructure and capital 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 \$10.99/\$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, 2020	FY 2020-21 Additions	FY 2020-21 Reductions	Estimated Balance June 30, 2021
Debt Subject to Constitutional Limitation				
General Obligation Bonds	\$52,205,000	\$10,680,000	\$5,880,000	\$57,005,000
General Obligation Tax Increment Financing Bonds	150,975,000		8,990,000	141,985,000
RISE Loans/IDOT	823,197		164,640	658,557
Developer Rebate Agreements*	1,473,623	1,870,612	1,473,623	1,870,612
Note From Direct Borrowings & Direct Placement	575,599		33,347	542,252
Note Payable	195,145		132,397	62,748
Lease Purchase/Other Debt	1,533,161		675,457	857,704
Sub-total Debt Subject to Limitation	\$207,780,725	\$12,550,612	\$17,349,464	\$202,981,873
Total Long-Term Debt	\$207,780,725	\$12,550,612	\$17,349,464	\$202,981,873

*As estimated by the City pursuant to development agreements for urban renewal projects under the authority of Iowa Code Chapter 403. The Iowa Supreme Court has not formally ruled on the question of whether contracts to rebate the tax increment generated by a particular development constitutes indebtedness of a City for constitutional debt limit purposes. The amount reported above includes rebate agreements that have been appropriated by the City Council for the 2020-21 and 2021-22 fiscal years and that may not be debt.



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 9 billion dollars, the City's constitutional debt limit is \$450,309,928. The City estimates its direct debt or debt that is subject to the limitation will be \$202,981,873 at June 30, 2021. This leaves an available margin of \$247,328,055 with approximately 45.08% of the available statutory debt limit being obligated.

Actual Property Valuation	
January 1, 2019	\$9,006,198,565
Statutory Percentage	5.00%
Statutory Debt Limit	\$450,309,928
Estimated Direct Debt at June 30, 2021	
General Obligation Bonds	\$57,005,000
Tax Increment Financing Bonds	141,985,000
Rise Loans/IDOT	658,557
Developer Rebate Agreements*	1,870,612
Note From Direct Borrowings & Direct Placement	542,252
Note Payable	62,748
Lease Purchase/Other Debt	857,704
Total Outstanding Direct Debt	\$202,981,873
Available Debt Margin	\$247,328,055
Percentage Obligated	45.08%

*As estimated by the City pursuant to development agreements for urban renewal projects under the authority of Iowa Code Chapter 403. The Iowa Supreme Court has not formally ruled on the question of whether contracts to rebate the tax increment generated by a particular development constitutes indebtedness of a City for constitutional debt limit purposes. The amount reported above includes rebate agreements that have been appropriated by the City Council for the 2021-22 fiscal year and that may not be debt.

