



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 ten 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 should be reviewed annually to ensure their rate keeps pace with the cost of providing the service.

General Fund Reserves

The General Fund balance should be set at a level equal to or slightly exceeding 25% of 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, who have given the City Aa1 and AAA ratings respectively, this is the second highest rating issued by Moody's and the highest rating issued by Standard & Poor's.

Capital Improvement Program

Annually, the City will assemble a Citizens Advisory Committee on Capital Planning. 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.

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.

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 2005-06 Budget was drafted under guidelines listed on the previous page. Below are the significant short-term assumptions and policies utilized in developing the FY 2005-06 Budget:

Revenue Assumptions

- The City's property tax rate will increase to \$11.95 per \$1,000 of taxable valuation.
- Grants and other special one-time revenue sources will be pursued to provide improved services to the community.
- Approximately, \$300,000, or 18%, of Hotel/Motel receipts will be utilized to support City operations. The remaining receipts, approximately \$1,400,000, will be distributed, pursuant to a written policy, to agencies and activities in the greater metropolitan area that promote tourism and cultural events.
- Transfers from the General Fund to Capital Project Funds will equal approximately 0.5% of the General Fund's operating revenues.
- The Sanitary Sewer Rate will remain at \$3.15 per 1,000 gallons. Beginning July 1, 2006 the City will increase the sewer availability charge by \$.50 per month, for a total of \$1.00 per month to fund the basic cost of the sewer enterprise billing and administrative costs, costs for local operations designed to maintain the basic integrity of the sewer system, costs associated with treating conveyance and treatment of extraneous flow and the cost of capital improvements necessary to maintain the basic integrity of the sewer system.

Expenditure & Fund Balance Assumptions

- The General Fund's reserve balance equals approximately 25% of operating expenditures.
- The budget includes a continuation of existing employee benefits. Included in the document is a 4.1 percent pay increase for non-represented employees. While this amount slightly exceeds the rate of inflation, it is equal to or less than cost of living increases for bargaining unit (Union) employees.
- The proposed budget reflects an increase in contributions to the Municipal Fire and Police Retirement System of Iowa. Contributions to MFPRSI have increased dramatically in recent fiscal years. These increases, driven entirely by the dramatic decrease in the system's investment earnings, caused the City's contribution rate of covered wages to go from 17% in FY 2002-03 to 27.75% in FY 2006-07.
- A contingency of \$150,000 will be established in the General Fund to provide for any unexpected expenditures which may occur during the year.



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



Polk County - WDM Schools	
School	\$13.50
County	6.35
Other	4.28
City	11.73
FY 05-06 Levy	\$35.86

Dallas County - Waukee Schools	
School	\$17.85
County	5.64
Other	1.88
City	11.73
FY 05-06 Levy	\$37.10

	Actual FY 2004-05	Budget FY 2005-06	Budget FY 2006-07
Property Tax Calculation			
Assessed Valuation	\$1,000,000	\$1,000,000	\$1,000,000
Rollback Percentage	99.26%	100.00%	100.00%
Taxable Value	\$992,600	\$1,000,000	\$991,500
City Tax Rate per \$1,000	\$11.73	\$11.73	\$11.95
Total City Property Tax	\$11,638	\$11,725	\$11,848



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



Polk County - WDM Schools	
School	\$13.50
County	6.35
Other	4.28
City	11.73
FY 05-06 Levy	\$35.86

Dallas County - Waukee Schools	
School	\$17.85
County	5.64
Other	1.88
City	11.73
FY 05-06 Levy	\$37.10

	Actual FY 2004-05	Budget FY 2005-06	Budget FY 2006-07
Property Tax Calculation			
Assessed Valuation	\$200,000	\$200,000	\$200,000
Rollback Percentage	48.46%	47.96%	45.99%
Taxable Value	\$99,920	\$95,920	\$91,980
City Tax Rate per \$1,000	\$11.73	\$11.73	\$11.95
Gross City Tax	\$11,638	\$11,725	\$11,848
Less City Share of Home- stead Tax Credit	(\$57)	(\$57)	(\$58)
Total City Property Tax	\$1,080	\$1,068	\$1,041



BUDGET SUMMARY

FY 2006-07 BUDGET BY FUND

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2006-07 Budget
REVENUES						
Operating Revenues						
Property Taxes	\$23,198,046	\$4,601,149	\$6,807,309			\$34,606,504
TIF Revenues		14,165,000				14,165,000
Other City Taxes	2,353,568	78,101	98,667			2,530,336
Licenses and Permits	981,700					981,700
Use of Money and Property	482,200		300,000		1,566,300	2,348,500
Intergovernmental	3,026,491	4,563,919		4,508,000	140,000	12,238,410
Charges for Services	2,486,000	773,000			7,450,000	10,709,000
Special Assessments				100,000		100,000
Miscellaneous	441,300	270,500			4,230,000	4,941,800
Sub-total Operating Revenues	\$32,969,305	\$24,451,669	\$7,205,976	\$4,608,000	\$13,386,300	\$82,621,250
Other Financing Sources						
Proceeds of Long Term Debt	\$5,000			\$6,000,000		\$6,005,000
Transfers In	8,652,850	74,272	9,783,139	10,761,000	4,510,387	33,781,648
Sub-total Other Financing Sources	\$8,657,850	\$74,272	\$9,783,139	\$16,761,000	\$4,510,387	\$39,786,648
TOTAL REVENUES & OTHER SOURCES	\$41,627,155	\$24,525,941	\$16,989,115	\$21,369,000	\$17,896,687	\$122,407,898
EXPENDITURES						
Operating Expenditures						
Personal Services	\$27,367,157	\$2,032,190			\$602,800	\$30,002,147
Supplies and Services	6,826,790	495,951			8,348,575	15,671,316
Universal Commodities	2,024,165	679,500			118,700	2,822,365
Non-Recurring/Non-Capital	419,128	110,500			50,000	579,628
Capital	529,987	509,800			692,962	1,732,749
Sub-total Operating Expenditures	\$37,167,227	\$3,827,941			\$9,813,037	\$50,808,205
Lease/Purchase or Installment Contract Expenditures	\$138,663					\$138,663
Total Operating Expenditures	\$37,305,890	\$3,827,941			\$9,813,037	\$50,946,868
Debt Service Expenditures		\$3,513,086	\$16,486,260		\$1,877,712	\$21,877,058
Capital Improvement Expenditures				\$13,261,000	\$2,008,000	\$15,269,000
Total Expenditures	\$37,305,890	\$7,341,027	\$16,486,260	\$13,261,000	\$13,698,749	\$88,092,926
Transfers Out	\$3,602,850	\$17,330,411		\$6,130,000	\$6,718,387	\$33,761,648
TOTAL EXPENDITURES/TRANSFERS OUT	\$40,908,740	\$24,671,438	\$16,486,260	\$19,391,000	\$20,417,136	\$121,874,574
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$718,415	(\$145,497)	\$502,855	\$1,978,000	(\$2,520,449)	\$533,324
BEGINNING FUND BALANCE	\$8,651,096	\$9,521,986	\$5,108,245	\$15,357,954	\$23,409,625	\$62,048,906
ENDING FUND BALANCE	\$9,369,511	\$9,376,489	\$5,611,100	\$17,335,954	\$20,889,176	\$62,582,230
FUND BALANCE % OF EXPENDITURES	25.12%	127.73%	34.04%	130.73%	152.49%	71.04%



Revenues & Expenditures by Category

	ACTUAL FY 2003-04	ACTUAL FY 2004-05	REVISED BUDGET FY 2005-06	BUDGET FY 2006-07	INC(DEC) FY 2006-07 OVER FY 2005-06	% INC (DEC)
REVENUES						
Operating Revenues						
Property Taxes	\$26,726,691	\$29,554,188	\$30,883,977	\$34,606,504	\$3,722,527	12.05%
TIF Revenues	11,674,926	9,942,370	10,060,000	14,165,000	4,105,000	40.81%
Other City Taxes	2,348,547	2,459,928	2,397,502	2,530,336	132,834	5.54%
Licenses and Permits	1,072,584	1,320,158	967,500	981,700	14,200	1.47%
Use of Money and Property	2,235,804	2,931,435	2,635,250	2,348,500	(286,750)	(10.88%)
Intergovernmental	8,103,395	14,204,793	7,415,622	12,238,410	4,822,788	65.04%
Charges for Services	9,255,454	9,876,256	9,469,750	10,709,000	1,239,250	13.09%
Special Assessments	300,418	607,377	100,000	100,000		
Miscellaneous	5,102,018	4,366,120	4,726,450	4,941,800	215,350	4.56%
Sub-total Operating Revenues	\$66,819,835	\$75,262,627	\$68,656,051	\$82,621,250	\$13,965,199	20.34%
Other Financing Sources						
Proceeds of Long Term Debt	\$42,708,912	\$3,121,506	\$5,964,000	\$6,005,000	\$41,000	0.69%
Transfers In	68,559,541	68,181,708	34,975,084	33,781,648	(1,193,436)	(3.41%)
Sub-total Other Financing Sources	\$111,268,452	\$71,303,214	\$40,939,084	\$39,786,648	(\$1,152,436)	(2.82%)
TOTAL REVENUES & OTHER SOURCES	\$178,088,287	\$146,565,839	\$109,595,135	\$122,407,898	\$12,812,763	11.69%
EXPENDITURES						
Operating Expenditures						
Personal Services	\$21,673,958	\$24,329,495	\$26,375,230	\$30,002,147	\$3,626,917	13.75%
Supplies and Services	13,040,157	15,424,754	14,920,850	15,671,316	750,466	5.03%
Universal Commodities	2,411,090	2,472,184	2,539,646	2,822,365	282,719	11.13%
Non-Recurring/Non-Capital	441,258	719,439	649,443	579,628	(69,815)	(10.75%)
Capital	1,854,102	2,152,992	2,400,381	1,732,749	(667,632)	(27.81%)
Sub-total Operating Expenditures	\$39,420,565	\$45,098,863	\$46,885,550	\$50,808,205	\$3,922,655	8.37%
Lease/Purchase or Installment Contract Expenditures		\$71,567	\$145,547	\$138,663	(\$6,884)	(4.73%)
Total Operating Expenditures	\$39,420,565	\$45,170,430	\$47,031,097	\$50,946,868	\$3,915,771	8.33%
Debt Service Expenditures	\$21,687,747	\$24,597,390	\$19,078,257	\$21,877,058	\$2,798,801	14.67%
Capital Improvement Expenditures	\$42,231,609	\$39,369,452	\$18,939,500	\$15,269,000	(\$3,670,500)	(19.38%)
Total Expenditures	\$103,339,921	\$109,137,271	\$85,048,854	\$88,092,926	\$3,044,072	3.58%
Transfers Out	\$68,534,540	\$68,181,708	\$34,975,084	\$33,781,648	(\$1,193,436)	(3.41%)
TOTAL EXPENDITURES/TRANSFERS OUT	\$171,874,461	\$177,318,979	\$120,023,938	\$121,874,574	\$1,850,636	1.54%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$6,213,827	(\$30,753,139)	(\$10,428,803)	\$533,324	\$10,962,127	(105.11%)
BEGINNING FUND BALANCE	\$97,017,021	\$103,230,848	\$72,477,709	\$62,048,906	(\$10,428,803)	n/a
ENDING FUND BALANCE	\$103,230,848	\$72,477,709	\$62,048,906	\$62,582,230	\$533,324	n/a
FUND BALANCE % OF EXPENDITURES	99.89%	66.41%	72.96%	71.04%		



Revenues & Expenditures by Fund

	ACTUAL FY 2003-04	ACTUAL FY 2004-05	REVISED BUDGET FY 2005-06	BUDGET FY 2006-07	INC(DEC) FY 2006-07 OVER FY 2005-06	% INC (DEC)
REVENUES						
Fund Revenues						
General Funds	\$32,617,651	\$37,055,927	\$37,693,514	\$41,627,155	\$3,933,641	10.44%
Special Revenue Funds	18,609,672	18,889,049	18,233,300	24,525,941	6,292,641	34.51%
Debt Service Funds	20,853,867	18,560,679	15,179,559	16,989,115	1,809,556	11.92%
Capital Project Funds	90,230,477	56,501,154	22,151,608	21,369,000	(782,608)	(3.53%)
Enterprise Funds	15,776,621	15,559,030	16,337,154	17,896,687	1,559,533	9.55%
Total Fund Revenues	\$178,088,287	\$146,565,839	\$109,595,135	\$122,407,898	\$12,812,763	11.69%
EXPENDITURES						
Fund Expenditures						
General Funds	\$33,100,762	\$36,536,145	\$37,663,196	\$40,908,740	\$3,245,544	8.62%
Special Revenue Funds	13,471,918	24,488,649	19,566,390	24,671,438	5,105,048	26.09%
Debt Service Funds	18,770,110	19,112,387	16,322,752	16,486,260	163,508	1.00%
Capital Project Funds	85,113,446	80,534,661	31,355,000	19,391,000	(11,964,000)	(38.16%)
Enterprise Funds	21,418,225	16,647,137	15,116,600	20,417,136	5,300,536	35.06%
Total Fund Expenditures	\$171,874,461	\$177,318,979	\$120,023,938	\$121,874,574	\$1,850,636	1.54%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$6,213,827	(\$30,753,139)	(\$10,428,803)	\$533,324	\$10,962,127	n/a
BEGINNING FUND BALANCE	\$97,017,021	\$103,230,848	\$72,477,709	\$62,048,906	(\$10,428,803)	n/a
ENDING FUND BALANCE	\$103,230,848	\$72,477,709	\$62,048,906	\$62,582,230	\$533,324	n/a
FUND BALANCE % OF EXPENDITURES	99.89%	66.41%	72.96%	71.04%		



Comparison of Amended Budget to Actual

	Amended Budget FY 2003-04	Actual FY 2003-04	Variance Favorable (Unfavorable)	Amended Budget FY 2004-05	Actual FY 2004-05	Variance Favorable (Unfavorable)
REVENUES						
Revenues						
Property Taxes	\$26,773,156	\$26,726,691	(\$46,465)	\$29,597,214	\$29,554,188	(\$43,026)
TIF Revenues	11,239,345	11,674,926	435,581	9,222,926	9,942,370	719,444
Other City Taxes	2,408,915	2,348,547	(60,368)	2,426,680	2,459,928	33,248
Licenses and Permits	904,550	1,072,584	168,034	1,148,230	1,320,158	171,928
Use of Money and Property	1,560,550	2,235,803	675,253	2,023,773	2,931,435	907,662
Intergovernmental	11,550,142	7,997,903	(3,552,239)	7,573,751	14,066,913	6,493,162
Charges for Services	8,632,910	11,966,311	3,333,401	8,983,110	13,186,921	4,203,811
Special Assessments	100,000	300,418	200,418	100,000	607,377	507,377
Miscellaneous	3,966,400	1,117,989	(2,848,411)	4,056,675	847,298	(\$3,209,377)
Total Revenues	\$67,135,968	\$65,441,172	(\$1,694,796)	\$65,132,359	\$74,916,588	\$9,784,229
EXPENDITURES						
Expenditures						
Public Safety	\$13,559,050	\$12,796,825	\$762,225	\$14,831,641	\$14,487,673	\$343,968
Public Works	6,335,153	6,062,234	272,919	6,402,927	6,407,949	(5,022)
Health and Social Services	846,981	769,984	76,997	897,231	806,975	90,256
Culture and Recreation	4,850,005	4,642,853	207,152	5,037,385	5,010,004	27,381
Community and Economic Development	3,006,413	2,892,764	113,649	4,790,486	4,634,095	156,391
General Government	4,082,539	3,710,580	371,959	4,093,556	3,843,167	250,389
Debt Service	24,379,620	21,687,747	2,691,873	23,743,198	24,668,957	(925,759)
Capital Outlay	65,395,745	43,131,546	22,264,199	57,722,495	40,462,618	17,259,877
Business-type	15,486,726	6,512,083	8,974,643	12,761,084	8,469,795	4,291,289
Total Expenditures	\$137,942,232	\$102,206,616	\$35,735,616	\$130,280,003	\$108,791,233	\$21,488,770
Excess (Deficiency) of Revenues Over Expenditures	(\$70,806,264)	(\$36,765,444)	\$34,040,820	(\$65,147,644)	(\$33,874,645)	\$31,272,999
Other Financing Sources, Net	\$16,233,150	\$42,979,271	\$26,756,121	\$9,089,812	\$3,121,506	(\$5,968,306)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(\$54,583,114)	\$6,213,827	\$60,796,941	(\$56,057,832)	(\$30,753,139)	\$25,304,693



FY 2006-07 Expenditures Stated on a Program Basis

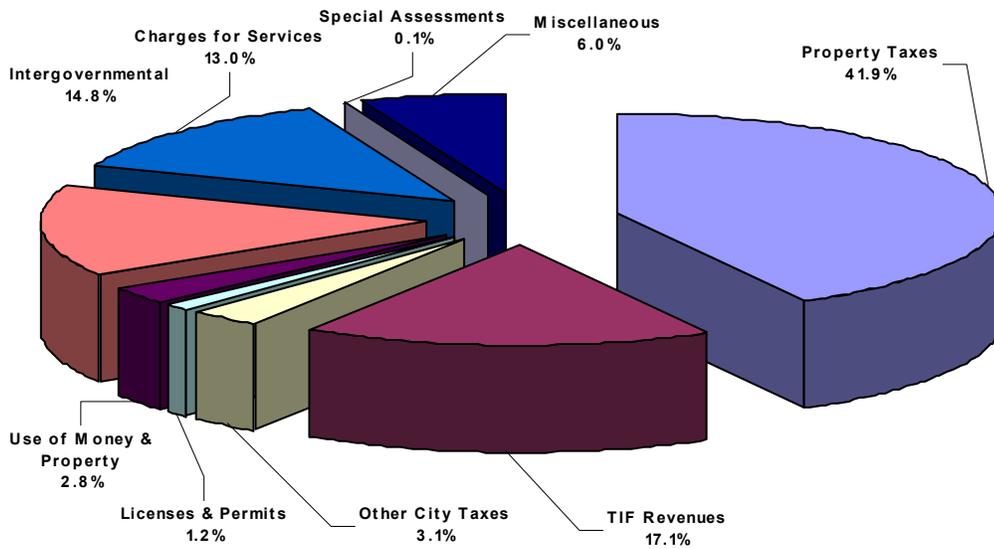
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Funds	FY 2006-07 Budget
Expenditures and Other Financing Uses						
Public Safety	\$16,156,773	\$2,567,750				\$18,724,523
Public Works	6,757,864	650,000				7,407,864
Health and Social Services	733,574	169,272				902,846
Culture and Recreation	5,599,888	125,000				5,724,888
Community and Economic Development	3,016,713	240,919				3,257,632
General Government	4,902,415	75,000				4,977,415
Debt Service Funds	138,663	3,513,086	16,486,260			20,138,009
Capital Project Funds				13,261,000		13,261,000
Total Government Activities	\$37,305,890	\$7,341,027	\$16,486,260	\$13,261,000		\$74,394,177
Business-type/Enterprise Funds					\$13,698,749	\$13,698,749
Total Business-type/Enterprise					\$13,698,749	\$13,698,749
Total Expenditures	\$37,305,890	\$7,341,027	\$16,486,260	\$13,261,000	\$13,698,749	\$88,092,926



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 2006-07 revenues are projected to increase by approximately 11.69% over budget FY 2005-06. Property tax revenues, which account for approximately 41.9% of the City’s total revenues, are projected to increase by approximately 12.05%.

Where the Money Comes From



Property Taxes

The budget proposes a property tax rate of \$11.95/\$1,000 of taxable valuation as compared to the current rate of \$11.725/\$1,000. This new rate was derived by subtracting \$.27/\$1,000 in taxing authority recently approved for the Regional Transit Agency (RTA) and adding \$.50/\$1,000 for an enhanced fire and ambulance presence in our community. The proposed ad valorem taxes levied against real and personal property in FY 2006-07 should generate approximately \$34,606,504 which accounts for approximately 41.9% of the total revenue budgeted for the City. This projection, which is based on actual taxable valuations for January 1, 2005 as supplied by the Polk, Dallas and Warren 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)

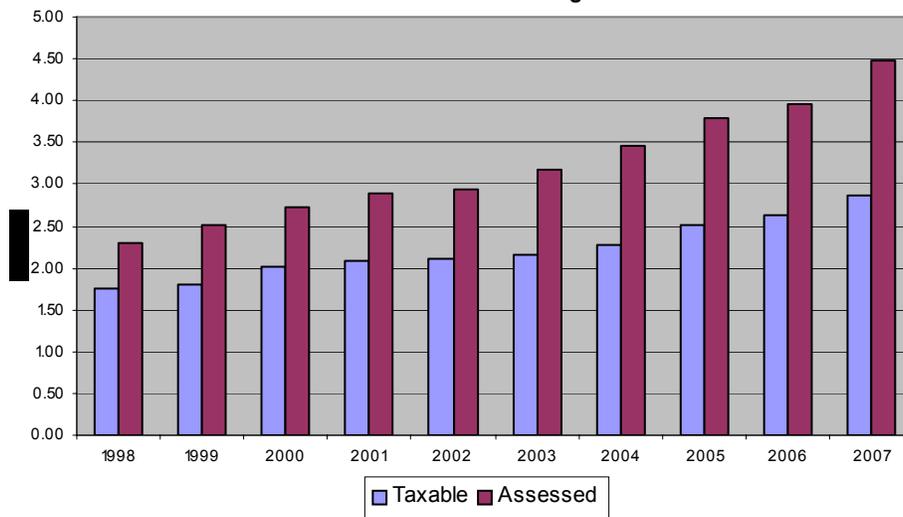
Residential Rollbacks

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 has resulted in the shifting of tax burdens from residential properties to other classes of property.

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 valuations in FY 2006-07 have nearly doubled since FY 97-98, the effects of the state mandated rollbacks can also be seen. In FY 97-98, the City was able to generate revenues from 76% of its tax base. However ten years later, in FY 06-07, the City will only be able to generate revenue on 64% of its tax base.

Property Valuations

For Fiscal Year Ending June 30



Property Taxes (Continued)

In FY 2006-07, the taxable value of residential properties will decrease from 47.96% to 45.99% and the taxable value of commercial property will decrease from 100.00% to 99.15%. 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 decreased from 58.83% in FY 97-98, to 45.99% in FY 06-07. In other words, the City has lost the ability to generate taxes on 13% 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 31% and the square miles covered by the City have more than doubled. 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.

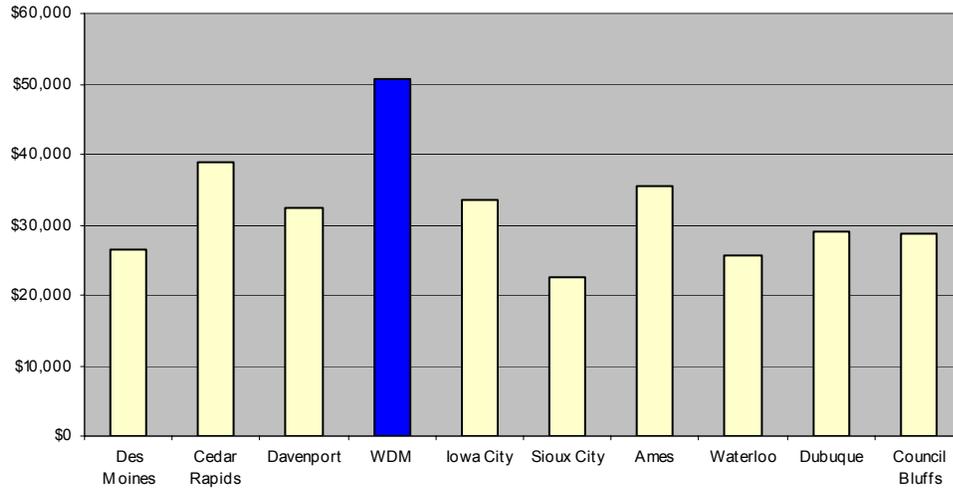
Fiscal Year	Residential	Commercial
1997-98	58.83%	100.00%
1998-99	54.91%	97.36%
1990-00	56.48%	100.00%
2000-01	54.85%	98.35%
2001-02	56.27%	100.00%
2002-03	51.67%	97.77%
2003-04	51.39%	100.00%
2004-05	48.46%	99.26%
2005-06	47.96%	100.00%
2006-07	45.99%	99.15%

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, 2004 Valuations



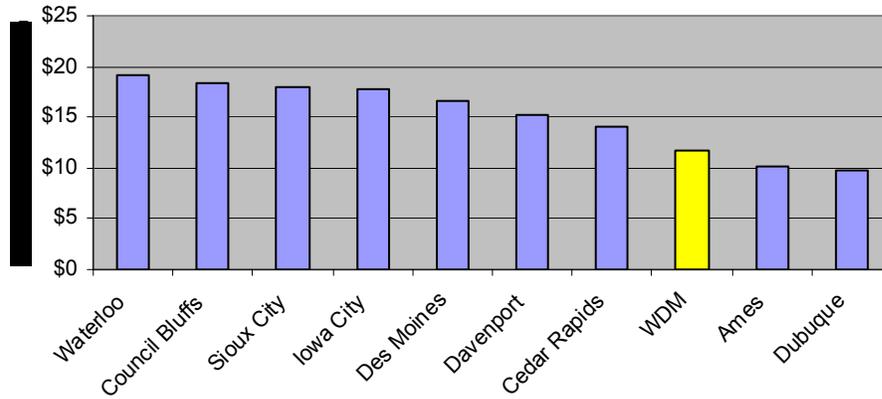
Long Term Forecast

Some experts predict that, over the next ten years, the residential rollback could decrease two to three percentage points a year. It is clear that the City must continue to build and improve its economic base in order to replace property tax dollars lost that may be lost from the residential rollback.

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.



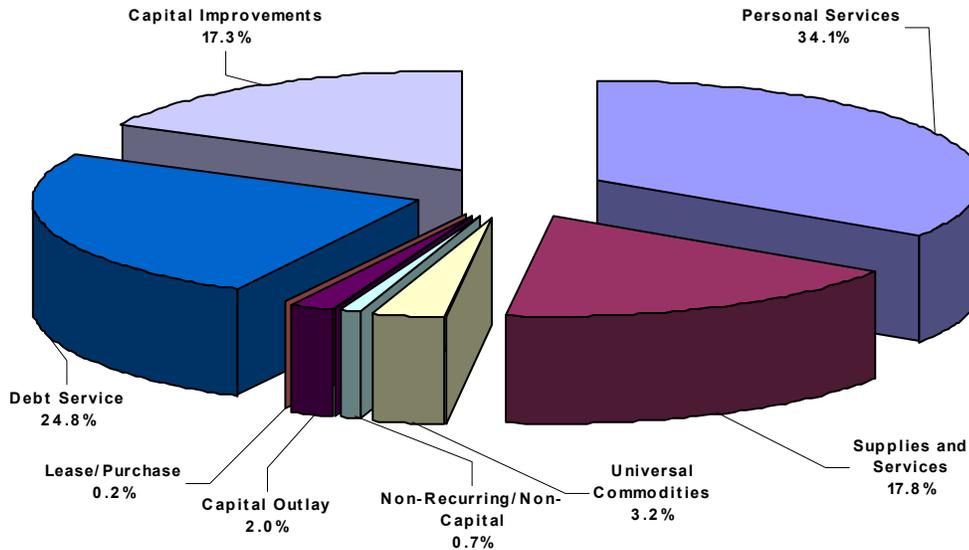
**Property Tax Rates of Iowa's Ten Largest Cities
FY 2005-06**



Expenditure Highlights

Total expenditures for FY 2005-06 are projected to increase by 3.58% when compared to budget FY 2005-06. This increase is primarily due to a decrease in the City's extensive Capital Improvement Program. The City's operating budget denotes an increase of 8.33% over budget FY 2005-06, which is primarily due to increased personnel 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. It should be noted that, due to the seasonal nature of employment, temporary and volunteer workers are not included in this calculation. In FY 2006-07 FTE(s) are proposed to increase by 21.25 positions bringing the City's total to 356.85 full-time equivalent positions. This represents an increase in FTE(s) of 6.33% over FY 05-06, and roughly a 27% increase since FY 1998-99. Proposed personnel additions for FY 06-07 are listed on the following page.



New/Additional Employees for FY 06-07

Department	New/Additional Position	Number of Positions	Reasoning Behind Proposal	Budgetary Impact
Administrative Services	Accounts Payable Clerk	0.25	Upgrade from 1/2 to 3/4 time	\$5,000
Information Services	Network Analyst	0.00	Upgrade from End User Support Specialist	0
Public Works	Principal Engineer	1.00	Traffic Analysis	109,550
Community Development	Associate Planner	1.00	Addressing/Planning/Technology	68,950
Emergency Medical Services	Paramedic Specialist	3.00	Enhance EMS Coverage	206,000
Fire	Fire Fighter/EMT-B	12.00	Enhance Fire Coverage	836,400
Parks & Recreation	Seasonal Parks Maintenance	0.00	Assist with Night/Weekend Shifts	8,300
WestCom	Dispatchers	2.00	Enhance Dispatch Coverage	92,500
WestCom	CAD System/GIS Staff	1.00	Technical Support	75,000
WestCom	Technical Systems Staff	1.00	Technical Support	75,000
Totals		21.25		\$1,476,700



City of West Des Moines Personnel by Cluster and Department

POSITIONS STATED IN FULL-TIME EQUIVALENTS (FTE)	ACTUAL FY 2003-04	ACTUAL FY 2004-05	BUDGET FY 2005-06	BUDGET FY 2006-07	CHANGE FROM FY 2005-06
Authorized Personnel by Department					
Community Enrichment					
Human Services	12.00	12.00	12.00	12.00	0.00
Library	23.60	23.60	23.60	23.60	0.00
Parks & Recreation	22.75	23.75	23.75	23.75	0.00
Sub-total Community Enrichment	58.35	59.35	59.35	59.35	0.00
Public Safety					
Emergency Medical Services	13.00	16.00	16.00	19.00	3.00
Fire Department	36.00	39.00	39.00	51.00	12.00
Police Department	81.75	81.75	82.75	82.75	0.00
WestCom	18.25	18.25	18.25	22.25	4.00
Sub-total Public Safety	149.00	155.00	156.00	171.00	19.00
Public Services					
Community Development	22.00	22.00	22.00	23.00	1.00
Public Works	67.00	68.00	71.00	72.00	1.00
Sub-total Public Services	89.00	90.00	93.00	95.00	2.00
Support Services					
Administrative Services	9.25	9.25	9.25	9.50	0.25
City Manager's Office	3.50	3.50	4.00	4.00	0.00
Human Resources	4.00	4.00	4.00	4.00	0.00
Information Services	6.00	7.00	7.00	7.00	0.00
Legal	3.00	3.00	3.00	3.00	0.00
Sub-total Support Services	25.75	26.75	27.25	27.50	0.25
Total Authorized Personnel	322.10	331.10	335.60	356.85	21.25
Authorized Personnel by Fund					
General Funds	319.10	328.10	329.60	348.85	19.25
Special Revenue Funds				2.00	2.00
Enterprise Funds	3.00	3.00	6.00	6.00	0.00
Total Authorized Personnel	322.10	331.10	335.60	356.85	21.25



Key Assumptions for FY 2006-07**Salary Increases**

The budget includes a continuation of existing employee benefits. Included in the document is a 4.1 percent pay increase for non-represented employees. While this amount is slightly below the rate of inflation, it is equal to or less than cost of living increases for bargaining unit (Union) employees. In addition to the cost of living increases, many employees will receive step increases. The number of steps is dependent upon employee classification, i.e. bargaining unit agreement or administrative position.

Medical Insurance Rates

Medical insurance rates are projected to increase by 12%. The family rate for health insurance is projected to be \$1,445.44 per month, with the City's share at \$1,286.44. Single coverage for City employees is projected to be \$524.19 per month with the City paying the entire cost. Dental insurance is projected to be \$27.13 per month for single coverage and \$87.38 for family coverage, with the City's share at \$27.13.

Pension and Retirement Benefits

The projected City contribution rates for FY 06-07 are as follows:

- 27.75% for sworn police officers and fire personnel (MFPRSI).
- 5.75% for full and regular part-time personnel (IPERS).
- 9.23% for paid-on-call firefighters (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

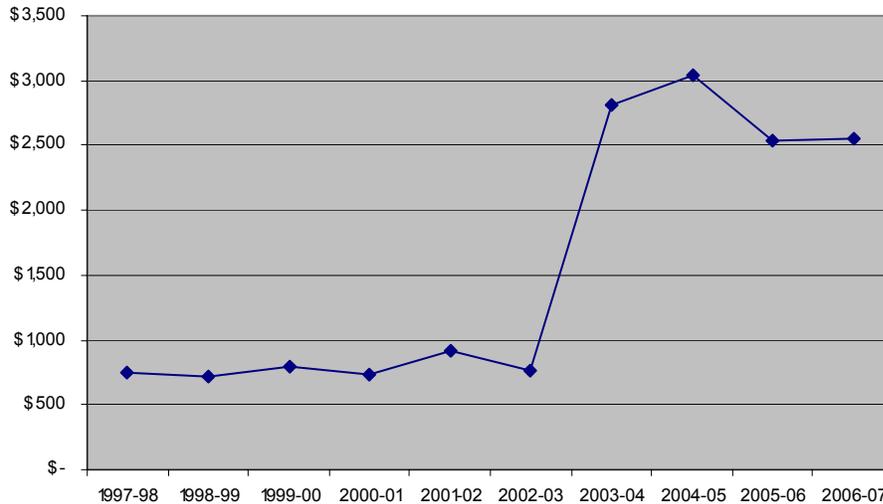
The City of West Des Moines has experienced tremendous amount of growth in recent years. Since 1990, the population of West Des Moines has increased by 38.73%, and the square miles of the City have more than doubled, both of which created an unprecedented demand in West Des Moines for infrastructure 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 two basic forms of long-term debt; general obligation bonds and revenue bonds. The difference between these two types of bonds is that general obligation bonds are backed by the full faith and credit (i.e.taxes) of the City. Revenue bonds, in contrast, are not fully guaranteed by a governmental entity; rather, they are guaranteed only from the revenue source(s) designated in the bond resolution.

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 \$11.95/\$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 03-04 is related to the City's very aggressive Capital Improvement Program. Moody's Investors Services and Standard & Poor's rating agencies have issued ratings of Aa1 and AAA respectively, the second highest rating issued by Moody's and the highest issued by Standard & Poor's. These high ratings result in a more attractive bidding environment and, therefore, a more favorable interest rate for the City when bonds are sold. Traditionally the City issues twelve (17) year bonds, except for the case of municipal buildings where bonds are issued with a nineteen (19) year term. 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.



G.O. Bond Debt per Capita



Long Term Debt Schedule

	Estimated Balance June 30, 2006	FY 2006-07 Additions	FY 2006-07 Reductions	Estimated Balance June 30, 2007
Debt Subject to Constitutional Limitation				
General Obligation Debt	\$136,625,000	\$6,000,000	\$10,785,000	\$131,840,000
Tax Increment Financing Bonds	9,450,000		1,745,000	7,705,000
Rise Loans/IDOT	430,275		131,227	299,048
Lease Purchase/Other Debt	207,993		63,974	144,019
Sub-total Debt Subject to Limitation	\$146,713,268	\$6,000,000	\$12,725,201	\$139,988,067
Revenue Bonds & Capital Loan Notes				
WRA Debt	\$2,274,728		\$247,858	\$2,026,870
Sewer Debt	4,199,000		627,000	3,572,000
Sub-total Revenue Bonds & Capital Loan Notes	\$6,473,728		\$874,858	\$5,598,870
Total Long-Term Debt	\$153,186,996	\$6,000,000	\$13,600,059	\$145,586,937

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 now nearly five billion dollars, the City's constitutional debt limit is \$248,177,690. The City estimates its direct debt or debt that is subject to the limitation will be \$139,988,067 at June 30, 2007. This leaves an avail-



able margin of \$108,189,623 with approximately 56.41% of the available statutory debt limit being obligated.

Actual Property Valuation	
January 1, 2005	\$4,963,553,808
Statutory Percentage	5.00%
Statutory Debt Limit	\$248,177,690
Estimated Direct Debt at June 30, 2007	
General Obligation Bonds	\$131,840,000
Tax Increment Financing Bonds	7,705,000
Rise Loans/IDOT	299,048
Lease Purchase/Other Debt	144,019
Total Outstanding Direct Debt	\$139,988,067
Available Debt Margin	\$108,189,623
Percentage Obligated	56.41%