

City of Windsor Heights Fiscal Year 2015 – 2016

Annual Operating Budget



March 2, 2015

Dear Citizens, Business Owners, Honorable Mayor and Council Members of Windsor Heights,

On behalf of the Finance and Administrative Departments for the City of Windsor Heights, I am pleased to present to you a balanced operating budget proposal for the fiscal year beginning July 1, 2015 and ending June 30, 2015. Staff worked many hours collaboratively with the ad hoc Budget Committee and the Finance and Personnel Committee to complete the budget.

During the budget process each expense was thoroughly analyzed based on necessity and quality of service provided, along with ensuring the City will be poised to handle upcoming challenges and capitalize on opportunities. Numerous Council goals were considered when preparing the budget, including but not limited to the following:

- 1) Reducing the City's levy rate without compromising a high level of service;
- 2) Enhancing Public Safety including Fire / EMS response times and investigative final dispositions;
- 3) Redevelopment for the long term vision of the City;
- 4) Planning, including a long-term capital and infrastructure improvement plan;
- 5) Improving Core Services; and
- 6) Marketing the City

For the upcoming fiscal year 2016, the City realized a slight (.05%) increase in overall assessed valuation. The increase in valuation was far below the C.P.I. thereby making the funding of a capital improvement plan and core services a challenge. Because of this, revenue streams were carefully examined to ensure fairness and equitability to

users of City services while maximizing the return by providing exceptional programming and services.

During calendar year 2016, the City will be celebrating its 75-year anniversary of incorporation. Throughout the City's history it has strived to be fiscally conservative stewards of public funds while providing a vibrant and attractive community with cost-effective access to an abundance of quality amenities.

The Iowa Department of Management Local Government Budget Document and the City's line item budget are both lengthy and complex. The following pages summarize the budget by fund and function providing illustrative charts and graphs to supplement the qualitative information.

Thank you for the opportunity to present the 2015 - 2016 Windsor Heights annual operating budget.

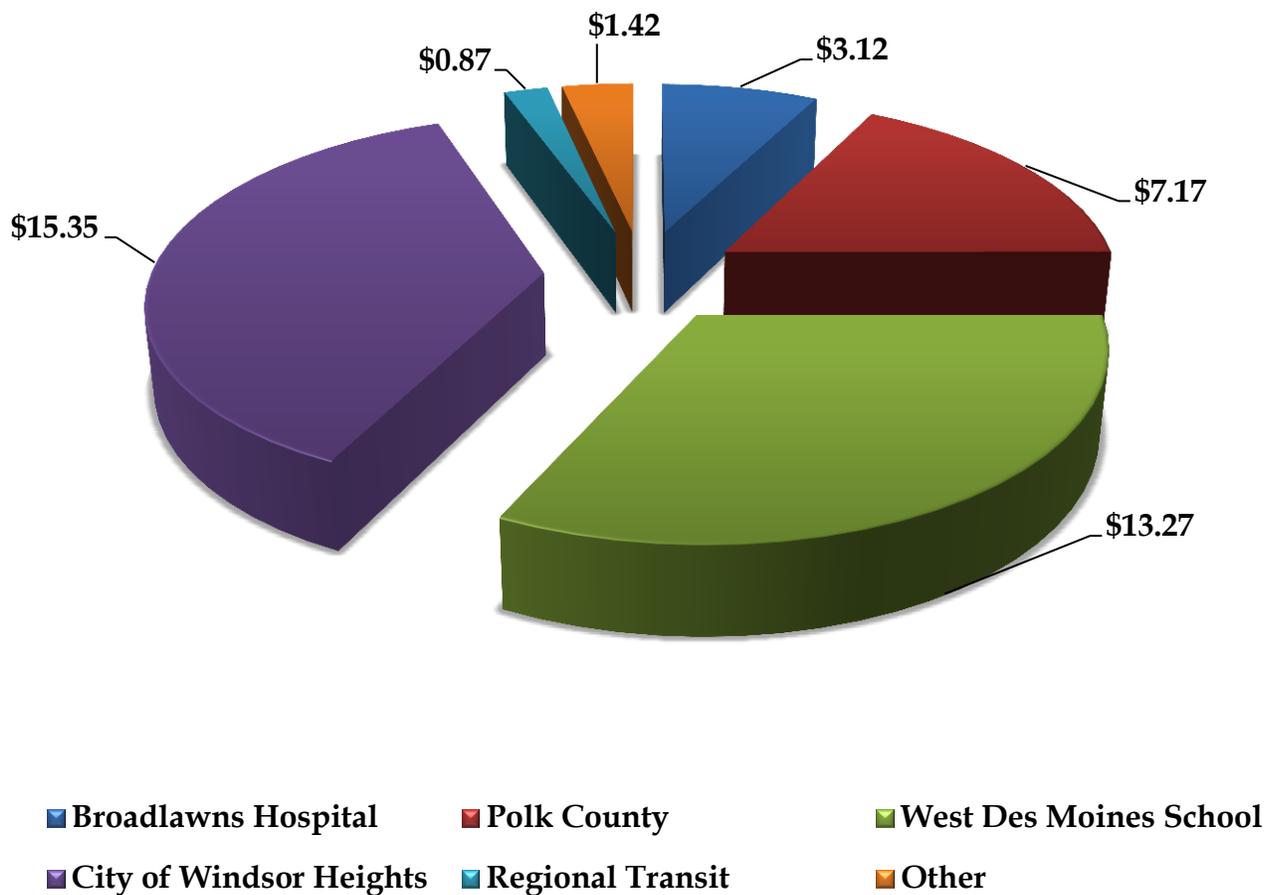
Sincerely,

Brett Klein,
City Administrator

HOW DO THE PROPERTY TAXES I PAY TO POLK COUNTY GET DISTRIBUTED?

The following pie charts illustrate the **breakdown of property taxes paid** and to what taxing entity. Taxes are typically discussed as a mill or mill rate, which is an amount of taxes paid per \$1,000 of taxable valuation. The taxable value is determined by the overall assessed value multiplied by the % of the State rollback.

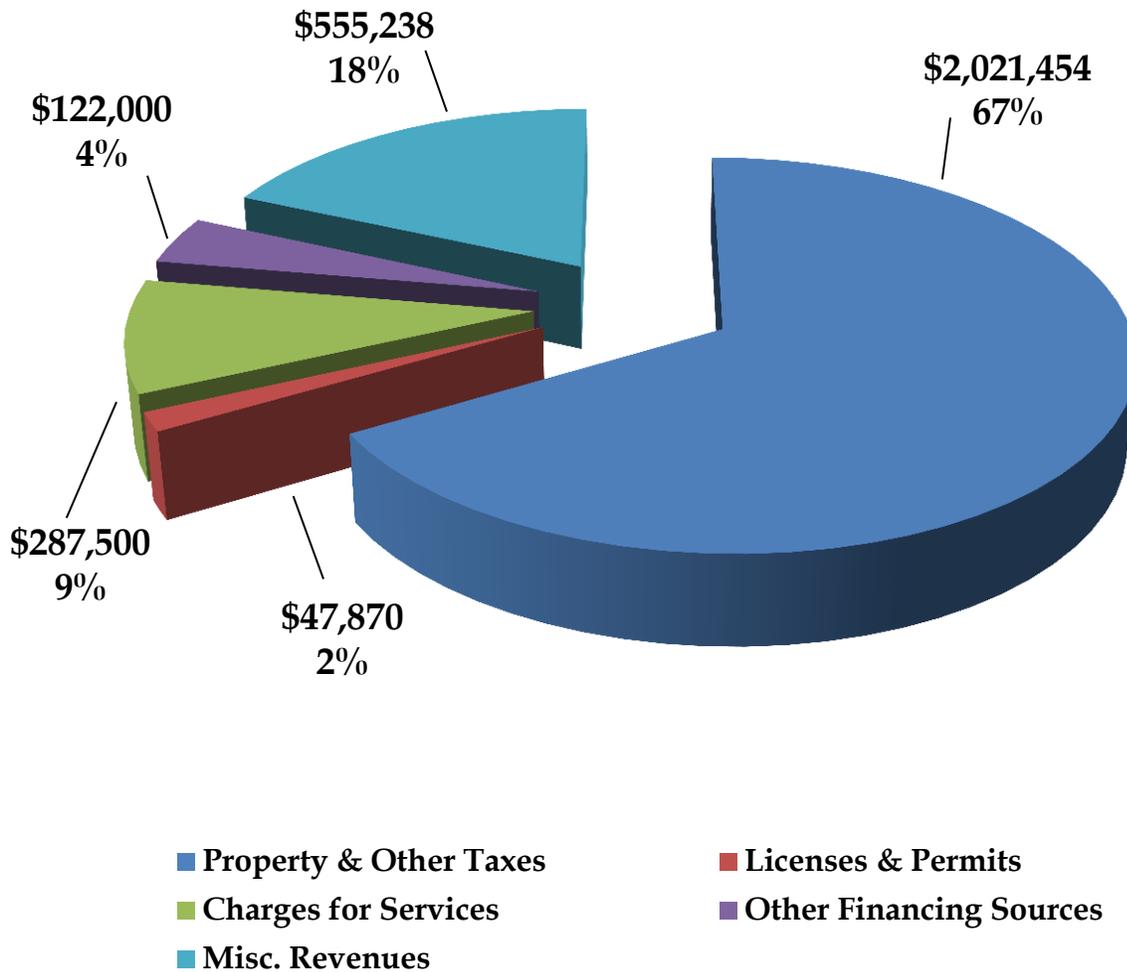
The following pie charts show the current property tax mill rates being paid this year which are based on the **prior year's** budget numbers.



GENERAL FUND REVENUES

Property tax is the City's largest source of revenue for the General Fund. This document will briefly identify the various funds. The general fund is considered the primary operating budget of the City.

With the slight increase in assessed valuation, the City realized an increase of 1.1%, from \$1,568,298, to \$1,586,294 overall while maintaining the general levy rate at the State maximum of 8.10 / 1000. The following Pie Chart illustrates the **projected revenues by funding source** for the FY '16 Budget.



GENERAL FUND REVENUE SOURCE DESCRIPTION

Property and Other Taxes: Includes General levy taxes; taxes for operation and maintenance of a city owned civic center where applicable; taxes to support emergency management, property insurance, and public library to name a few. Also included are franchise fees, hotel / motel tax and excise taxes.

Charge for Services: Includes police, fire and EMS service charges, fees and fines, community center and recreational programming rental and revenues, and other charges for events.

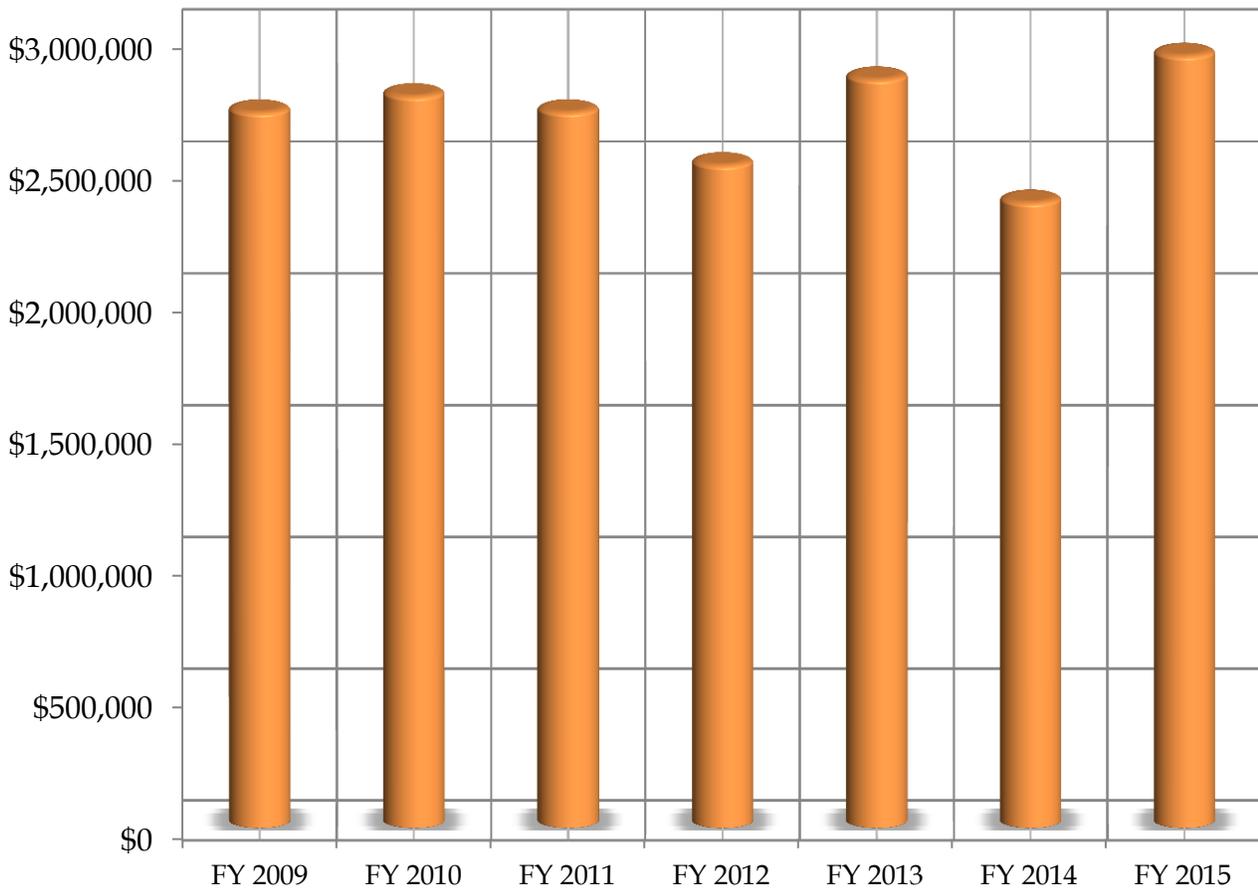
Licenses and Permits: Includes pet licenses; building permits and fees; commercial and rental inspection fees, and alcohol and tobacco permits, etc.

Other Financing Sources: Within the general fund this typically includes transfers into the general fund from other funds to offset specific expenditures.

Miscellaneous Revenues: Includes grants, reimbursements, refunds, etc.

The bar graph below illustrates a 7-year trend in revenues. Spikes in revenue for a city with a stable population usually is indicative of proceeds from borrowing, large grants or a one-time inter-agency aid, all of which typically have a corresponding expense.

General Fund Revenues



GENERAL FUND EXPENSES

The expenses for the General Fund are broken down into the following categories or functions:

Public Safety: Comprises 66% of the City's overall General Fund budget for FY'16 and consists of: police, fire, emergency medical services, emergency preparedness and animal control. The budget includes an increase of 6% to fund an additional officer to aid in a large and growing investigations caseload. Public Safety will also begin to handle much of the day-to-day code enforcement activities.

Public Works: Comprises less than 1% of the City's General Fund budget. It consists of: street lighting and portions of roadway maintenance and operations, sidewalks and snow removal that are not covered by other non-general fund sources such as storm water, RUT fund, water and sewer, capital projects, etc.

Culture and Recreation: Comprises 13% of the overall General Fund budget and consists of: library expenses paid to local library systems for use by Windsor Heights residents, parks and grounds maintenance, community center, regional tourism activities, and special events, etc.

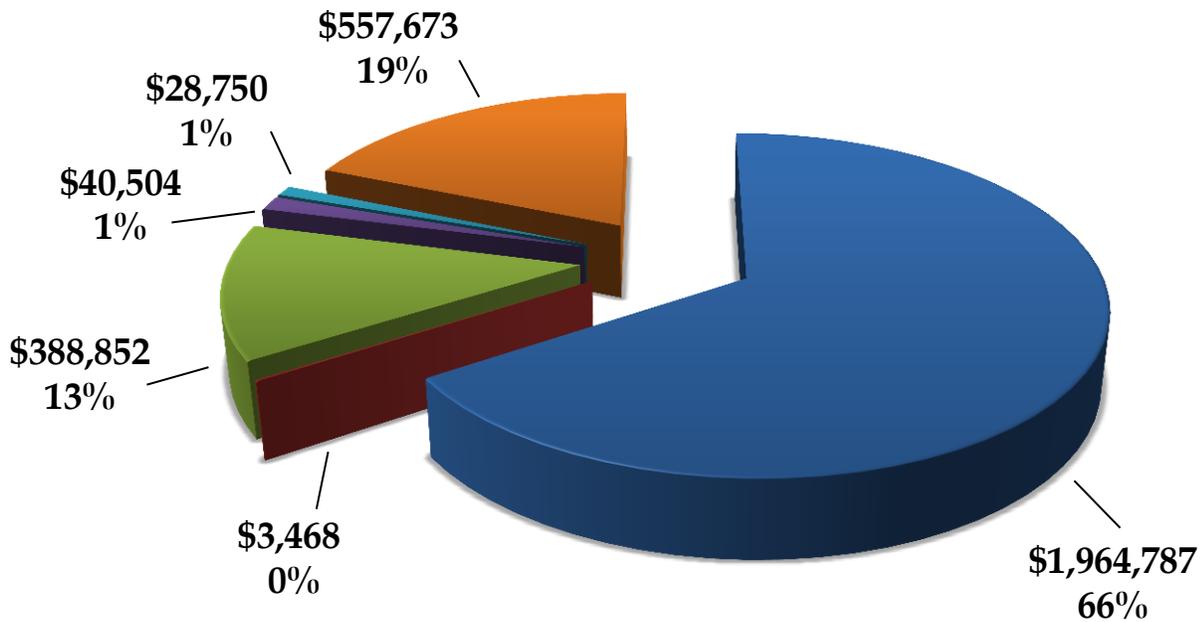
Community and Economic Development: Comprises 1% of the General Fund budget and consists of: economic development and redevelopment activities, code enforcement, planning and building code functions, etc.

Health and Human Services: Comprises 1% of the overall General Fund budget and consists of contributions to local social service agencies and involvement in other multi-agency social programs such as the Metro Home Improvement Program.

General Government: Comprises 19% of the General Fund budget and consists of City Hall maintenance and operations, planning, clerk, legal, finance, and elected official wages and expenses. In addition, liability insurance, staff support, information and technology, and training are other items making up this category.

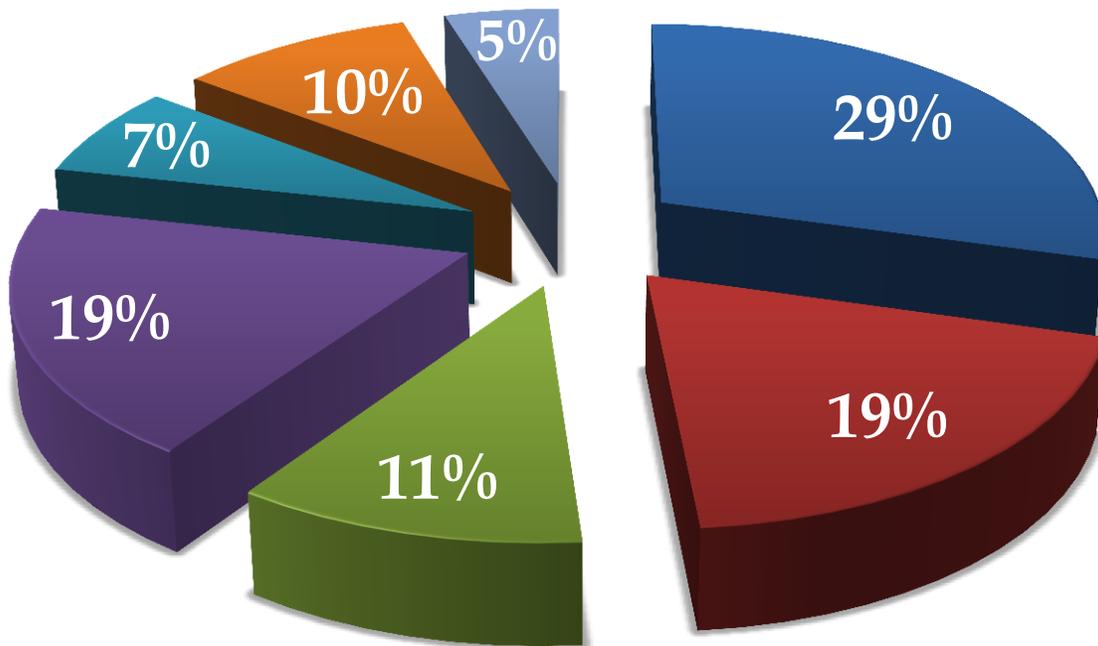
The following pie chart illustrates the general fund expense allocation by function / category:

- Public Safety
- Culture & Recreation
- Health & Human Services
- Public Works
- Community & Economic Development
- General Government



OVERALL OPERATING BUDGET EXPENSES (WHERE IS THE MONEY SPENT)

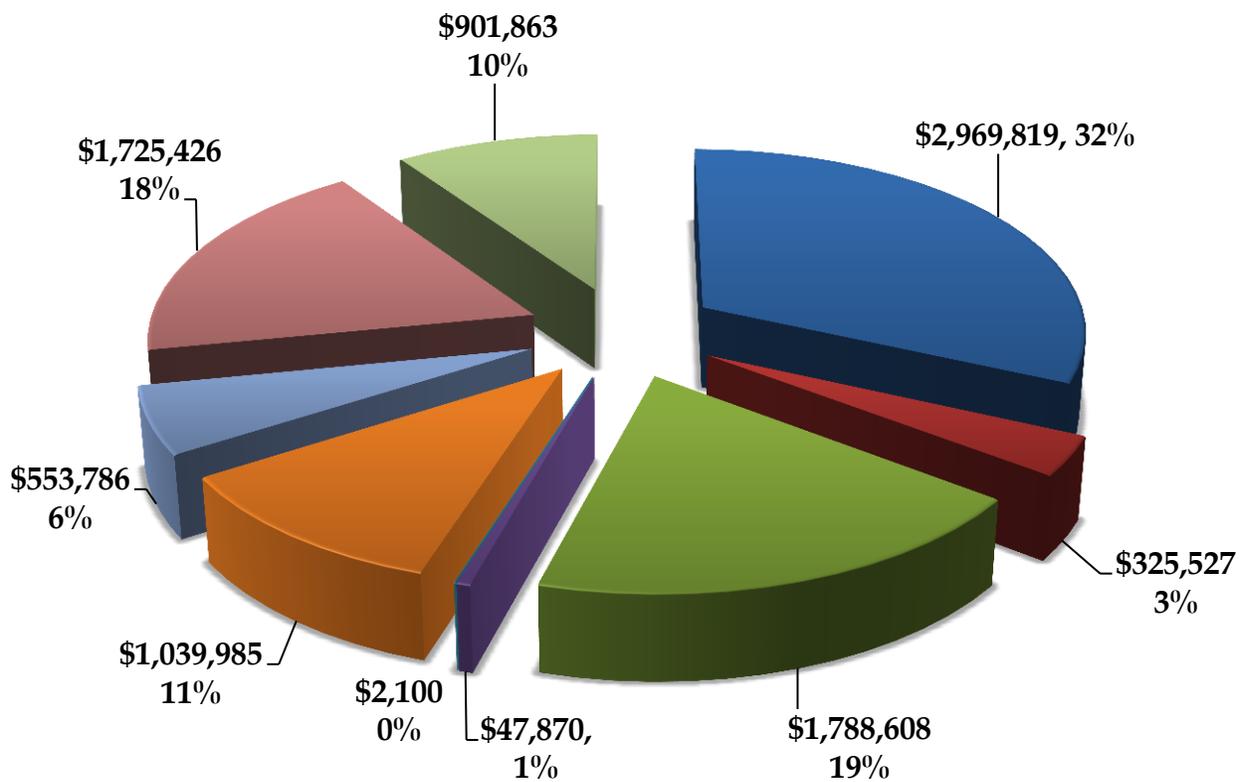
The General Fund is the largest fund, however, there are numerous other funds the City designates which make up the overall operating budget. The following pie chart illustrates **which funds and in what amount of the overall budget each fund has allocated** in the proposed FY '16 budget:



- | | |
|-----------------------------|------------------|
| ■ General Fund | ■ Debt Service |
| ■ Capital Projects | ■ TIF |
| ■ Business Type Enterprises | ■ Trust & Agency |
| ■ Public Works | |

OVERALL OPERATING BUDGET REVENUES (WHERE THE MONEY COMES FROM)

The following pie chart illustrates **where the money comes from (which funds)**, and the projected totals for FY '16:



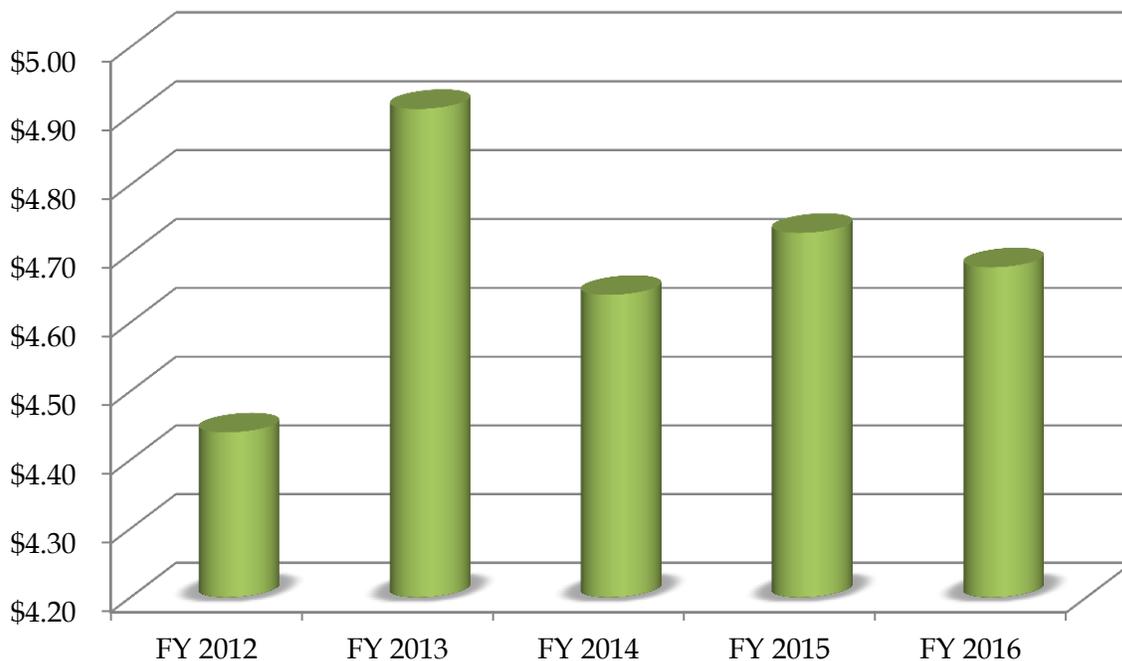
- Property Taxes
- TIF Revenues
- Use of Money & Property
- Miscellaneous
- Intergovernmental
- Other City Taxes
- Licenses & Permits
- Charges for Services
- Other Financing Sources

TRUST AND AGENCY FUND

One of the largest expenses for any organization includes personnel related costs such as salaries, employee benefits, and payroll taxes. The City strives to maintain its personnel costs as low as possible by continuously examining costs compared to other organizations in both the private and public sector, and by employing generalists who can perform a wide range of functions. Some of the personnel related costs are outside of our control such as the State retirement and federal payroll taxes. The City will levy \$4.68 / \$1000 for FY '16 to cover personnel related costs.

The proposed budget includes a decrease in the employee benefit (Trust and Agency) levy compared to last year of \$0.05 / \$1000.

The following bar graph illustrates the employee benefit / Trust and Agency fund levy over the past five years:



ROAD USE TAX FUND

RUT or Road Use Tax is a transportation aid received from the State based on a per capita amount from the most recent decennial census. We anticipate a slight increase but will not have the actual numbers until the State completes its budget.

RUT revenue received from the State can only be used to offset expenses related to roadway use and maintenance for public roads within the City of Windsor Heights.



TAX INCREMENT FINANCING (TIF)

Tax Increment Financing is an economic development tool that cities can use to incentivize and / or financially contribute to a proposed development. To be eligible for increment incentives, a proposed development must be included in the City's Urban Renewal Plan through an amendment or in the original plan. There are various other criteria that need to be met in order for eligibility, but another main consideration is that the proposed project must lie within the boundaries of an Urban Renewal Area (URA).

The principle is that subsequent development in the area would not otherwise have occurred without a public / private partnership. The new development generates new taxes that do not get calculated into the City's general taxes, nor are they eligible for overlapping taxing districts except in two circumstances. The new taxes are then used to incentivize development, and / or offset the City's indebtedness incurred from pre-development improvements.

The City will capture \$1,788,608 in TIF taxes for FY '16, with \$1,592,233 of that being used for eligible debt. The remainder is being used for reimbursement of beatification projects and professional services related to the administration of the TIF fund.

The following bar graph depicts the past nine years of 100% taxable valuation compared to the taxable valuation with the TIF funding for the City.

WINDSOR HEIGHTS TAXABLE VALUATION - W/ TIF & 100% VALUATIONS



DEBT SERVICE

Cities in Iowa can incur debt up to the State’s municipal constitutional debt limit, which is 5% of the total assessed valuation of the City. Windsor Heights has implemented a conservative self-imposed threshold of 75% of its constitutional debt limit. The City is requesting a debt service levy of \$1.28 / \$1000, or \$307,373 total for all non-TIF related debt.

The following is the City’s outstanding debt schedule as of March 1, 2015.

FYE	2007A		2008A		2008B		2011A		2011B		2012A		2013A		Total TIF		
	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Total
06/30/15	\$165,000	\$19,590	\$ 85,000	\$ 63,375	\$ 145,000	\$ 180,035	\$ 315,000	\$ 82,185	\$ 80,000	\$ 3,200	\$ 250,000	\$ 8,985	\$160,000	\$ 1,620	\$1,200,000	\$ 358,990	\$ 1,558,990
06/30/16	175,000	13,403	90,000	60,273	155,000	172,205	330,000	76,358	80,000	1,600	250,000	7,485	180,000	900	1,260,000	332,223	1,592,223
06/30/17	180,000	6,840	90,000	56,988	165,000	163,835	340,000	67,613	-	-	255,000	5,610	-	-	1,030,000	300,885	1,330,885
06/30/18	-	-	95,000	53,703	175,000	154,925	355,000	57,583	-	-	255,000	3,060	-	-	880,000	269,270	1,149,270
06/30/19	-	-	100,000	50,140	185,000	145,300	370,000	45,335	-	-	-	-	-	-	655,000	240,775	895,775
06/30/20	-	-	105,000	46,340	195,000	134,940	385,000	32,015	-	-	-	-	-	-	685,000	213,295	898,295
06/30/21	-	-	110,000	42,245	205,000	123,825	405,000	16,808	-	-	-	-	-	-	720,000	182,878	902,878
06/30/22	-	-	115,000	37,845	220,000	111,935	-	-	-	-	-	-	-	-	335,000	149,780	484,780
06/30/23	-	-	120,000	33,245	230,000	98,955	-	-	-	-	-	-	-	-	350,000	132,200	482,200
06/30/24	-	-	125,000	28,385	245,000	85,155	-	-	-	-	-	-	-	-	370,000	113,540	483,540
06/30/25	-	-	130,000	23,323	260,000	70,455	-	-	-	-	-	-	-	-	390,000	93,778	483,778
06/30/26	-	-	135,000	17,993	275,000	54,595	-	-	-	-	-	-	-	-	410,000	72,588	482,588
06/30/27	-	-	145,000	12,390	295,000	37,820	-	-	-	-	-	-	-	-	440,000	50,210	490,210
06/30/28	-	-	150,000	6,300	315,000	19,530	-	-	-	-	-	-	-	-	465,000	25,830	490,830
Totals	\$520,000	\$39,833	\$1,595,000	\$ 532,543	\$ 3,065,000	\$1,553,510	\$ 2,500,000	\$ 377,895	\$ 160,000	\$ 4,800	\$1,010,000	\$25,140	\$340,000	\$ 2,520	\$9,190,000	\$2,536,240	\$ 11,726,240

FYE	2013A		2014A		2014B		2014 City Hall ¹		Total Debt Levy		
	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Total
06/30/15	\$ 70,000	\$ 2,860	\$ 100,000	\$ 128,803	\$ 12,268	\$ 636	\$ -	\$ -	\$ 182,268	\$ 132,299	\$ 314,567
06/30/16	70,000	2,545	130,000	89,820	11,643	1,713	55,000	7,438	266,643	101,515	368,158
06/30/17	70,000	2,195	130,000	87,220	12,050	1,306	60,000	6,000	272,050	96,721	368,771
06/30/18	75,000	1,670	135,000	84,620	12,470	885	65,000	4,438	287,470	91,613	379,083
06/30/19	80,000	920	135,000	81,920	12,905	450	70,000	2,750	297,905	86,040	383,946
06/30/20	-	-	140,000	79,220	-	-	75,000	938	215,000	80,158	295,158
06/30/21	-	-	145,000	76,420	-	-	-	-	145,000	76,420	221,420
06/30/22	-	-	150,000	73,375	-	-	-	-	150,000	73,375	223,375
06/30/23	-	-	155,000	69,925	-	-	-	-	155,000	69,925	224,925
06/30/24	-	-	155,000	66,050	-	-	-	-	155,000	66,050	221,050
06/30/25	-	-	165,000	61,943	-	-	-	-	165,000	61,943	226,943
06/30/26	-	-	170,000	57,240	-	-	-	-	170,000	57,240	227,240
06/30/27	-	-	175,000	52,140	-	-	-	-	175,000	52,140	227,140
06/30/28	-	-	180,000	46,540	-	-	-	-	180,000	46,540	226,540
06/30/29	-	-	190,000	40,240	-	-	-	-	190,000	40,240	230,240
06/30/30	-	-	195,000	33,400	-	-	-	-	195,000	33,400	228,400
06/30/31	-	-	205,000	25,600	-	-	-	-	205,000	25,600	230,600
06/30/32	-	-	215,000	17,400	-	-	-	-	215,000	17,400	232,400
06/30/33	-	-	220,000	8,800	-	-	-	-	220,000	8,800	228,800
Total	\$365,000	\$10,190	\$3,090,000	\$1,180,676	\$ 61,336	\$ 4,990	\$ 325,000	\$ 21,563	\$3,841,336	\$1,217,419	\$5,058,755

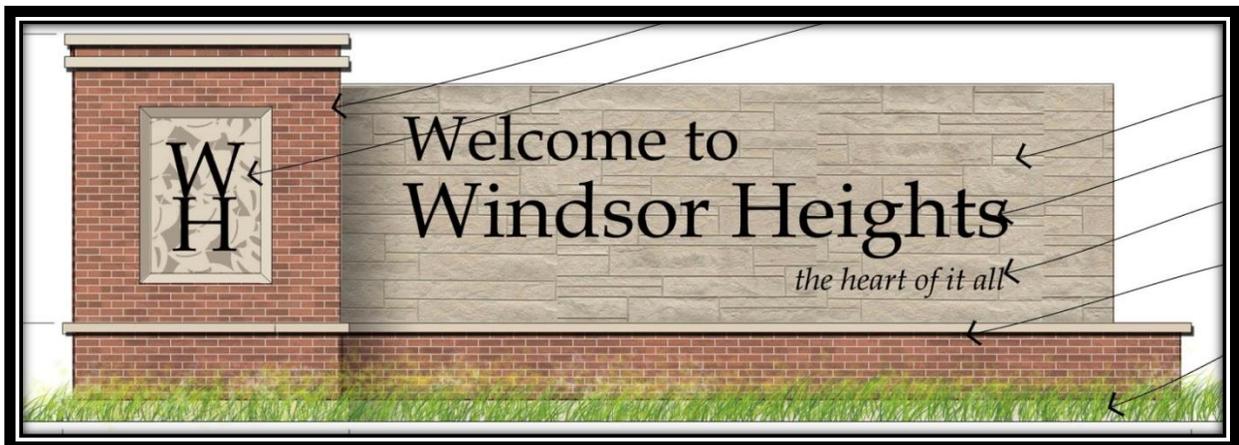
Notes:

¹Debt levy figure excludes \$5,101 paid by the general fund in FY15. Assumes hearings are held and future payments are funded through debt levy.

CAPITAL PROJECTS

The Capital Project Fund helps ensure each capital project has a dedicated revenue source to offset the project expenses. The typical revenue sources include a combination of borrowing, grants, donations, state-aid and inter-fund transfers. The City has 3 active, independent capital project funds currently, including:

- 1) 63rd and Hickman Streetscape and Gateway Signage Project;
- 2) 2014 Paving Project which will be completed in calendar year 2015; and
- 3) Bike Hub Concept



PROPRIETARY FUNDS (BUSINESS FUNDS)

The City has several proprietary funds or business funds as they are interchangeably referred to. These are funds that do not rely on an ad valorem tax to support operations, but instead charge users of the system fees to cover the cost of the services including staff, maintenance, equipment and improvement upgrades.

The City's proprietary funds include: Storm Water; Solid Waste and Recycling; Sanitary Sewer; and Water. The City's sanitary sewer is provided by a district started by the City of Urbandale for collections and the treatment is provided by the Water Reclamation Authority (WRA), for which we pay a fee based on volume.

The City's distribution and treatment of water is contracted through Des Moines Water Works.

