

S&P RATES WEST DES MOINES AS "AAA" INVESTMENT

At a time when many local, county and state governments have seen their budgets plunge into the red and their financial ratings sag, West Des Moines has maintained its strong standing with one of the nation's top rating services.

According to a report released on Friday, Standard & Poor's assigned its 'AAA' long-term rating to West Des Moines' 2011A general obligation (GO) bonds and series 2011B GO refunding capital loan notes. The service also affirmed the city's AAA long-term rating and reported its fiscal outlook is stable.

"We've made it clear that our goal is to provide quality services and set a smart strategic course while living within the city's means," said Mayor Steve Gaer. "This report is just one more affirmative that we've delivered on that promise."

S&P gave high marks to the city's financial management practices, noting West Des Moines officials address long-term planning with an eight-year capital improvement program and three-year internal financial planning that they update at least every year.

It adds, "The city adheres to a formal fund balance policy of maintaining a minimum of 25 percent of expenditures in the general fund at the end of each fiscal year."

While noting that West Des Moines has "a substantial employment base itself" and that neighboring Des Moines also has an AAA/stable GO rating, the report continues, "Due to its proximity to Des Moines, the city has experienced considerable population and development growth, which has been aided by its ability to annex land. The city's population has increased 78.6 percent from the 1990 census to 56,609 as of the 2010 census," the S&P report indicates. "All available economic indicators compare favorably with state and national averages. Median household effective buying income is strong, in our opinion, at 125 percent and 116 percent of state and national averages, respectively."

S&P points out that the city's unemployment rate "has always remained below state and national averages and was 4.7 percent through April 2011" and that the tax base is divided between 45 percent residential and 55 percent commercial.

"Tax base growth has been strong, in our view; taxable value increased, on average, 5.8 percent annually from 2006 to 2010. The tax base value measured by taxable valuation equals nearly \$3.8 billion and, measured by actual valuation, more than \$6.1 billion, or \$107,827 per capita, which we consider extremely strong," the report reads.

Gaer said the rating's significance for West Des Moines home owners and businesses is that it enables the city to borrow at lower interest rates.

"Virtually every city in the country borrows money to infrastructure needs and West Des Moines is no

exception. The difference is that we have a clear plan about where we want to go, and we've made the tough decisions to focus on those priorities and protect our bond rating," Gaer said. "We're going to continue to do that because it's in the best interests of our city and the people who live and do business here."