



# Debt Service Funds

**Debt Service Fund**

This fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds. General obligation bonds are the most common type of bond issued by a city. They are often called “full faith and credit bonds” because the taxable valuation of all real property located in the city is pledged to pay them.

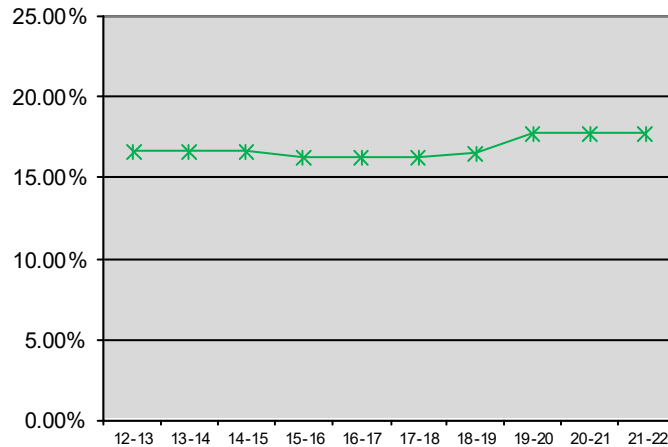
The advantage of general obligation bonds over other bonds is that the interest rate is usually lower than other types of bonds. The main disadvantage of general obligation bonds is that they are subject to debt limitation, while other types of bonds are not.

There are two types of general obligation bonds: essential corporate purpose and general corporate purpose. **Bonds issued for a general corporate purpose require a public election with a 60 percent majority vote. Some examples of general corporate purpose bonds include bonds issued for swimming pools, libraries, city halls, fire stations, and police stations.** Bonds issued for an essential corporate purpose need only the approval of a resolution by a majority of the total city council at an official meeting, following a published notice and hearing. Examples of essential corporate purpose bonds include bonds issued for street and bridge construction; refinancing of debt; park improvements; and flood control.

**Financial Summary**

In FY 2021-2022 the Debt Service levy rate is projected to be \$1.91 per \$1,000 of taxable valuation. This rate is 17.44% of the City’s total property tax rate. This is a higher percentage as than FY 2018-2019, when the debt service rate was 16.54% of the total. This higher percentage means the City is able to dedicate less of the property tax levy to general operations. The higher percentage is due to the decrease of the overall tax levy from \$10.99 to \$10.95.

Debt Service Levy as a % of Total Levy



**Municipal Debt Capacity**

Article IX, Section 3 of the Iowa Constitution limits the indebtedness of any governmental entity to no more than five percent (5%) of the valuation of the property located within jurisdiction. The restriction applies to general obligation bonds, lease purchases, certain long term borrowing, and T.I.F. debt. With the valuation of all property in West Des Moines over 9.3 billion dollars, the City’s constitutional debt limit is \$468,115,757. The City estimates its direct debt and or debt that is subject to the limitation will be \$310,881,671 at June 30, 2022. This leaves an available margin of \$157,234,086 with approximately 66.41% of the available statutory debt limit being obligated.



**Estimated Fund Balance**

In FY 2021-2022, interest income is projected to be minimal, as interest rates remain low. This projection is based on estimated cash reserves during the year and historical interest rates. Any interest earned will be used to increase the ending fund balance, which is projected to be \$550,382 at June 30, 2022. Currently, the Debt Service fund balance is approximately 1.73% of operating expenditures; ideally, the City would like to see this percentage be in the range of 7% to 10%. The Debt Service fund balance is reserved for future debt service requirements.

**Rating Grades**

The following table shows the comparable investment grade ratings for the two major rating agencies the City of West Des Moines uses for bond ratings.

	<b>Moody's</b>	<b>S&amp;P Global</b>
Best Quality	Aaa	AAA
High Quality	Aa1	AA+
	Aa2	AA
	Aa3	AA-
Upper Medium Grade	A1	A+
	A2	A
	A3	A-
Medium Grade	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-



## Financial Summary

	ACTUAL FY 2018-19	ACTUAL FY 2019-20	REVISED BUDGET FY 2020-21	BUDGET FY 2021-22	INC (DEC) FY 2021-22 OVER FY 2020-21	% INC (DEC)
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$10,444,936	\$10,986,267	\$11,779,554	\$12,128,764	\$349,210	2.96%
TIF Revenues	-	-	-	-	-	-
Other City Taxes	101,001	102,671	95,636	109,440	13,804	14.43%
Licenses and Permits	-	-	-	-	-	-
Use of Money and Property	171,871	1,052,189	80,000	-	(80,000)	(100.00%)
Intergovernmental	468,476	483,723	464,501	460,612	(3,889)	(0.84%)
Charges for Services	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Sub-total Operating Revenues</b>	<b>\$11,186,284</b>	<b>\$12,624,850</b>	<b>\$12,419,691</b>	<b>\$12,698,816</b>	<b>\$279,125</b>	<b>2.25%</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt	-	2,779,174	3,653,700	-	(\$3,653,700)	(100.00%)
Capitalized Interest	-	-	-	-	-	-
Transfers In	16,161,425	13,973,359	16,177,694	18,765,957	2,588,263	16.00%
<b>Sub-total Other Financing Sources</b>	<b>\$16,161,425</b>	<b>\$16,752,533</b>	<b>\$19,831,394</b>	<b>\$18,765,957</b>	<b>(\$1,065,437)</b>	<b>(5.37%)</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$27,347,709</b>	<b>\$29,377,383</b>	<b>\$32,251,085</b>	<b>\$31,464,773</b>	<b>(\$786,312)</b>	<b>(2.44%)</b>
<b>EXPENDITURES</b>						
<b>Operating Expenditures</b>						
Personal Services	-	-	-	-	-	-
Supplies and Services	12,500	14,400	15,000	10,000	(5,000)	(33.33%)
Universal Commodities	-	-	-	-	-	-
Capital	-	-	-	-	-	-
<b>Sub-total Operating Expenditures</b>	<b>\$12,500</b>	<b>\$14,400</b>	<b>\$15,000</b>	<b>\$10,000</b>	<b>(\$5,000)</b>	<b>(33.33%)</b>
<b>Debt Service Expenditures</b>	<b>\$25,740,049</b>	<b>\$29,861,456</b>	<b>\$31,970,691</b>	<b>\$31,454,773</b>	<b>(\$515,918)</b>	<b>(1.61%)</b>
<b>Capital Improvement Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$25,752,549</b>	<b>\$29,875,856</b>	<b>\$31,985,691</b>	<b>\$31,464,773</b>	<b>(\$520,918)</b>	<b>(1.63%)</b>
<b>Transfers Out</b>	<b>\$1,444,284</b>	<b>\$946,540</b>	<b>\$1,414,900</b>	<b>-</b>	<b>(\$1,414,900)</b>	<b>(100.00%)</b>
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$27,195,391</b>	<b>\$30,822,396</b>	<b>\$33,400,591</b>	<b>\$31,464,773</b>	<b>(\$1,935,818)</b>	<b>(5.80%)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$152,318</b>	<b>(\$1,445,013)</b>	<b>(\$1,149,506)</b>	<b>-</b>	<b>\$1,149,506</b>	<b>n/a</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$2,992,584</b>	<b>\$3,144,902</b>	<b>\$1,699,889</b>	<b>\$550,383</b>	<b>(\$1,149,506)</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$3,144,902</b>	<b>\$1,699,889</b>	<b>\$550,383</b>	<b>\$550,383</b>	<b>-</b>	<b>n/a</b>
<b>FUND BALANCE% OF EXPENDITURES</b>	<b>12.21%</b>	<b>5.69%</b>	<b>1.72%</b>	<b>1.75%</b>	<b>-</b>	<b>-</b>



## Summary of Debt Obligation Bonds

Issue	Amount of Issue	Bond Rating	Rating Agency	Purpose of Debt	Date Issued	Maturity Date
2013A - ECP	\$4,385,000	AAA	S&P	Miscellaneous Capital Projects	8/21/13	6/1/24
2014A - ECP	13,375,000	Aaa	Moody's	Miscellaneous Capital Projects	9/11/14	6/1/26
2015A - ECP	21,755,000	AAA	S&P	Microsoft Alluvion TIF Projects	4/7/15	6/1/29
2015B - ECP	12,715,000	AAA	S&P	Microsoft Alluvion TIF Projects	4/7/15	6/1/25
2016A - ECP	9,225,000	Aaa	Moody's	Miscellaneous Capital Projects	6/15/16	6/1/26
2016B - ECP	13,855,000	Aaa	Moody's	Mills Parkway TIF Projects	6/15/16	6/1/31
2016C - ECP	7,200,000	Aaa	Moody's	Miscellaneous Capital Projects	11/16/16	6/1/26
2016D - ECP	10,700,000	Aaa	Moody's	Microsoft Alluvion TIF Projects	11/16/16	6/1/30
2017A - ECP	7,650,000	AAA	S&P	Miscellaneous Capital Projects	8/22/17	6/1/29
2017B - ECP	4,665,000	AAA	S&P	S. 60th Street	8/22/17	6/1/24
2017C - ECP	9,130,000	AAA	S&P	Veterans Parkway	8/22/17	6/1/32
2017D - ECP	25,555,000	AAA	S&P	Microsoft Osmium TIF Projects	8/22/17	6/1/36
2017E - ECP	3,470,000	AAA	S&P	Refund 2010D Bonds - Microsoft Mills TIF Projects	8/22/17	6/1/29
2018A - ECP	8,110,000	Aaa	Moody's	Miscellaneous Capital Projects	6/13/18	6/1/30
2018B - ECP	12,540,000	Aaa	Moody's	Ashworth Road - Jordan Creek Parkway to 98th St	6/13/18	6/1/31
2018C - ECP	6,155,000	Aaa	Moody's	Coachlight Drive & S. 77th Street	6/13/18	6/1/37
2018D - ECP	15,925,000	Aaa	Moody's	Microsoft Osmium TIF Projects	6/13/18	6/1/36
2018E - ECP	10,480,000	Aaa	Moody's	Microsoft Osmium TIF Projects	12/27/18	6/1/26
2019A - ECP	7,225,000	AAA	S&P	Microsoft Osmium TIF Projects	6/20/19	6/1/28
2019B - ECP	4,945,000	AAA	S&P	8300 Mills TIF Projects	6/20/19	6/1/26
2019C - ECP	5,105,000	AAA	S&P	S. 88th St and Mills Civic Parkway Intersection	6/20/19	6/1/31
2019D - ECP	5,320,000	AAA	S&P	Booneville Road west of S 88th St	6/20/19	6/1/25
2019E - ECP	12,625,000	AAA	S&P	Miscellaneous Capital Projects & Refund 2011A Bonds - Miscellaneous Capital Projects	8/1/19	6/1/31
2019F - ECP	15,400,000	AAA	S&P	MidAmerican Energy Company RecPlex	8/1/19	6/1/39
2020A - ECP	13,805,000	Aaa	Moody's	Refund 2012D Bonds - Miscellaneous Capital Projects	9/3/20	6/1/26
2020B - ECP	5,100,000	Aaa	Moody's	Coachlight TIF Projects	9/3/20	6/1/32
2020C - ECP	13,565,000	Aaa	Moody's	Fiber Conduit Network	9/3/20	6/1/40
2021A - ECP	16,240,000	Aaa	Moody's	MidAmerican Energy Company RecPlex	1/5/21	6/1/39



## Composition of Debt Service Levy

	Principal Payable in FY 2021-22	Interest Payable in FY 2021-22	Total FY 2021-22 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
FY 2021-22 Commercial/Industrial Replacement	-	-	-	\$460,612	(\$460,612)
2013A - ECP	295,000	27,460	322,460	-	322,460
2014A - ECP	905,000	146,288	1,051,288	-	1,051,288
2015A - ECP Alluvion Abated	1,810,000	454,488	2,264,488	2,264,488	-
2015B - ECP Alluvion	1,540,000	166,438	1,706,438	1,706,438	-
2016A - ECP	635,000	85,650	720,650	-	720,650
2016B - ECP Mills/Microsoft Abated	1,355,000	317,975	1,672,975	1,672,975	-
2016C - ECP	785,000	98,050	883,050	-	883,050
2016D - ECP Alluvion	800,000	253,900	1,053,900	1,053,900	-
2017A - ECP	460,000	92,238	552,238	-	552,238
2017B - ECP Mills	675,000	77,250	752,250	752,250	-
2017C - ECP Alluvion	590,000	282,844	872,844	872,844	-
2017D - ECP Osmium	1,200,000	857,013	2,057,013	2,057,013	-
2017E - ECP Advance Refunding	285,000	95,613	380,613	380,613	-
2018A - ECP	470,000	224,550	694,550	-	694,550
2018B - ECP Ashworth	395,000	468,344	863,344	863,344	-
2018C - ECP Coachlight	150,000	213,007	363,007	363,007	-
2018D - ECP Osmium	250,000	548,383	798,383	798,383	-
2018E - ECP Osmium	1,000,000	317,494	1,317,494	1,317,494	-
2019A - ECP	850,000	350,700	1,200,700	1,200,700	-
2019B - ECP	895,000	247,250	1,142,250	1,142,250	-
2019C - ECP	385,000	189,200	574,200	574,200	-
2019D - ECP	1,010,000	217,500	1,227,500	1,227,500	-
2019E - ECP	805,000	300,900	1,105,900	-	1,105,900
2019F - ECP	545,000	518,200	1,063,200	1,063,200	-
2020A - ECP	1,750,000	406,250	2,156,250	-	2,156,250
2020B - ECP	345,000	173,558	518,558	518,558	-
2020C - ECP	1,280,000	209,217	1,489,217	-	1,489,217
2021A - ECP	725,000	267,523	992,523	992,523	-
2021 - ECP (Pre-Levy)	-	3,252,601	3,252,601	-	3,252,601
Registration Costs	-	-	10,000	-	10,000
<b>Total General Obligation Bonds</b>	<b>\$22,190,000</b>	<b>\$11,320,496</b>	<b>\$33,520,496</b>	<b>\$21,282,292</b>	<b>\$12,238,204</b>



## FY 2021-22 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2021	FY 2021-22 Additions	FY 2021-22 Reductions	Estimated Balance June 30, 2022
2013A - ECP	\$4,385,000	\$905,000	-	\$295,000	\$610,000
2014A - ECP	13,375,000	4,845,000	-	905,000	3,940,000
2015A - ECP Alluvion Abated	21,755,000	15,915,000	-	1,810,000	14,105,000
2015B - ECP Alluvion	12,715,000	6,390,000	-	1,540,000	4,850,000
2016A - ECP	9,225,000	3,310,000	-	635,000	2,675,000
2016B - ECP Mills/Microsoft Abated	13,855,000	8,485,000	-	1,355,000	7,130,000
2016C - ECP	7,200,000	4,055,000	-	785,000	3,270,000
2016D - ECP Alluvion	10,700,000	8,235,000	-	800,000	7,435,000
2017A - ECP	7,650,000	4,005,000	-	460,000	3,545,000
2017B - ECP Mills	4,665,000	2,115,000	-	675,000	1,440,000
2017C - ECP Alluvion	9,130,000	8,030,000	-	590,000	7,440,000
2017D - ECP Osmium	25,555,000	25,255,000	-	1,200,000	24,055,000
2017E - ECP Advance Refunding	3,470,000	2,705,000	-	285,000	2,420,000
2018A - ECP	8,110,000	5,135,000	-	470,000	4,665,000
2018B - ECP Ashworth	12,540,000	11,870,000	-	395,000	11,475,000
2018C - ECP Coachlight	6,155,000	5,955,000	-	150,000	5,805,000
2018D - ECP Osmium	15,925,000	15,675,000	-	250,000	15,425,000
2018E - ECP Osmium	10,480,000	10,480,000	-	1,000,000	9,480,000
2019A - ECP Osmium	7,225,000	7,225,000	-	850,000	6,375,000
2019B - ECP Sammons	4,945,000	4,945,000	-	895,000	4,050,000
2019C - ECP 88th & Mills	5,105,000	4,355,000	-	385,000	3,970,000
2019D - ECP Booneville Rd	5,320,000	4,350,000	-	1,010,000	3,340,000
2019E - ECP & Refunding	12,625,000	6,700,000	-	805,000	5,895,000
2019F - ECP RecPlex	15,400,000	14,295,000	-	545,000	13,750,000
2020A	13,805,000	8,125,000	-	1,750,000	6,375,000
2020B	5,100,000	4,845,000	-	345,000	4,500,000
2020C	13,565,000	12,335,000	-	1,280,000	11,055,000
2021A	16,240,000	15,305,000	-	725,000	14,580,000
2021 - ECP (Pre-Levy)	-	-	9,830,000	-	9,830,000
<b>Total General Obligation Bonds</b>	<b>\$296,220,000</b>	<b>\$225,845,000</b>	<b>\$9,830,000</b>	<b>\$22,190,000</b>	<b>\$213,485,000</b>



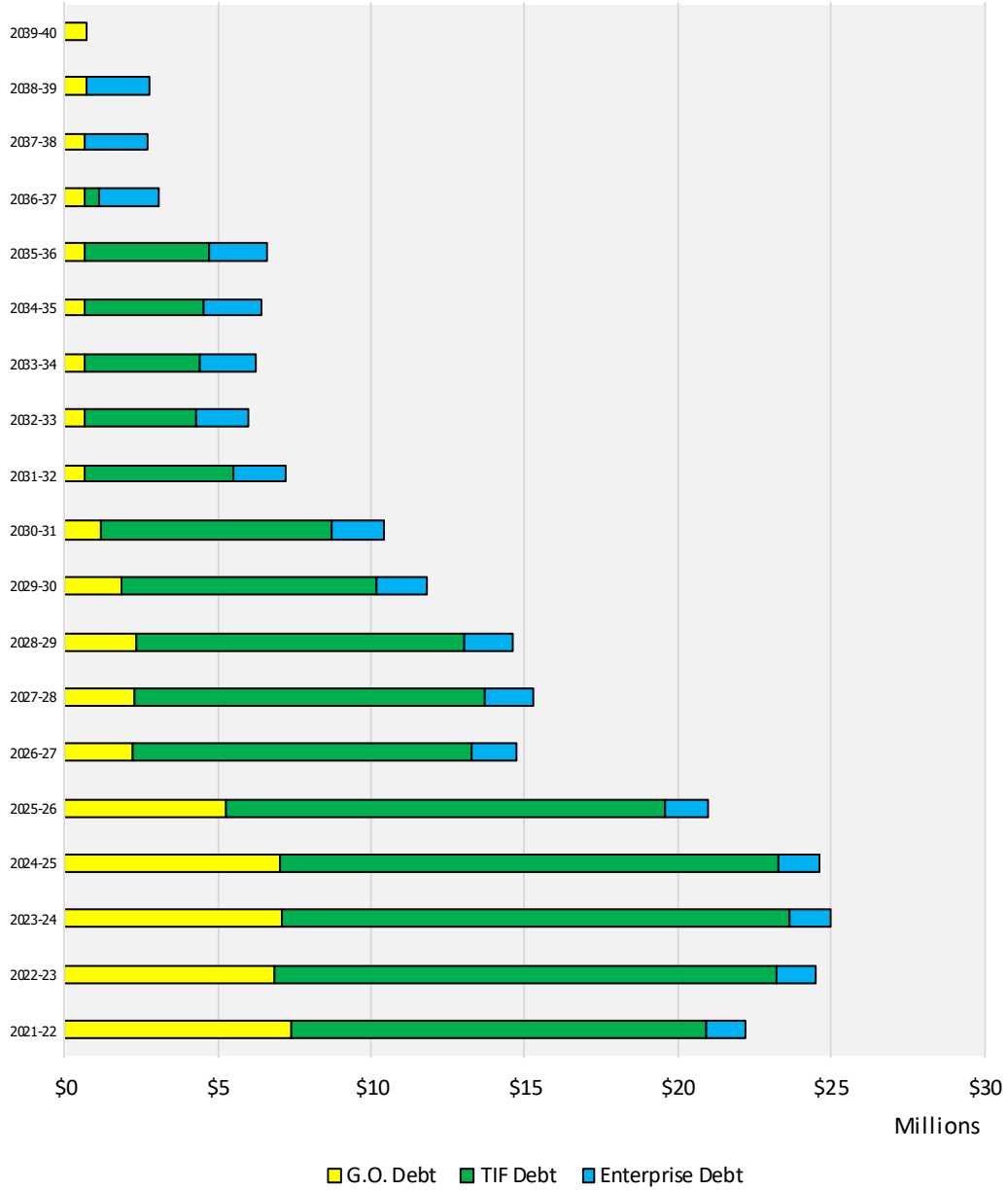
## Future Debt Service Payments based on Existing Debt

Fiscal Years	Principal Payable	Interest Payable	Total Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
FY 2021-22	\$22,190,000	\$7,607,282	\$29,797,282	\$20,821,679	\$8,975,603
FY 2022-23	24,495,000	6,734,692	31,229,692	23,048,989	8,180,703
FY 2023-24	24,975,000	5,763,141	30,738,141	22,574,838	8,163,303
FY 2024-25	24,635,000	4,782,638	29,417,638	21,573,883	7,843,755
FY 2025-26	20,970,000	3,825,808	24,795,808	18,993,053	5,802,755
FY 2026-27	14,775,000	3,075,414	17,850,414	15,268,209	2,582,205
FY 2027-28	15,240,000	2,582,402	17,822,402	15,232,415	2,589,987
FY 2028-29	14,620,000	2,083,861	16,703,861	14,143,437	2,560,424
FY 2029-30	11,835,000	1,680,986	13,515,986	11,492,237	2,023,749
FY 2030-31	10,410,000	1,366,736	11,776,736	10,453,287	1,323,449
FY 2031-32	7,210,000	1,090,433	8,300,433	7,583,003	717,430
FY 2032-33	6,025,000	905,460	6,930,460	6,211,640	718,820
FY 2033-34	6,205,000	745,372	6,950,372	6,230,927	719,445
FY 2034-35	6,400,000	578,137	6,978,137	6,263,217	714,920
FY 2035-36	6,600,000	403,413	7,003,413	6,288,413	715,000
FY 2036-37	3,100,000	220,433	3,320,433	2,605,833	714,600
FY 2037-38	2,690,000	143,600	2,833,600	2,117,200	716,400
FY 2038-39	2,765,000	79,750	2,844,750	2,126,850	717,900
FY 2039-40	705,000	14,100	719,100	-	719,100
	<b>\$225,845,000</b>	<b>\$43,683,658</b>	<b>\$269,528,658</b>	<b>\$213,029,110</b>	<b>\$56,499,548</b>





Future Debt Service Payments by Fiscal Year



## SUMMARY OF TRANSFERS

To Fund	From Fund	Description	Amount
<b><u>Transfers In</u></b>			
Debt Service	Alluvion TIF District	2015A Bond Payment	\$2,264,488
Debt Service	Alluvion TIF District	2015B Bond Payment	1,706,438
Debt Service	Mills Parkway TIF District	2016B Bond Payment	1,018,750
Debt Service	Mills TIF District-Microsoft Sub #7	2016B Bond Payment	654,225
Debt Service	Alluvion TIF District	2016D Bond Payment	1,053,900
Debt Service	Mills Parkway TIF District	2017B Bond Payment	752,250
Debt Service	Osmium TIF District	2017C Bond Payment	872,844
Debt Service	Osmium TIF District	2017D Bond Payment	2,057,013
Debt Service	Mills TIF District -Microsoft Sub #7	2017E Bond Payment	380,613
Debt Service	Ashworth Road TIF District	2018B Bond Payment	863,344
Debt Service	Coachlight Drive TIF District	2018C Bond Payment	363,007
Debt Service	Osmium TIF District	2018D Bond Payment	798,383
Debt Service	Osmium TIF District	2018E Bond Payment	1,317,494
Debt Service	Osmium TIF District	2019A Bond Payment	1,200,700
Debt Service	8300 Mills Parkway TIF District	2019B Bond Payment	1,142,250
Debt Service	Coachlight Drive TIF District	2019C Bond Payment	574,200
Debt Service	Woodland Hills TIF District	2019D Bond Payment	1,227,500
Debt Service	Coachlight Drive TIF District	2020B Bond Payment	518,558
		<b>Total Transfers In</b>	<b>\$18,765,957</b>
<b><u>Transfers Out</u></b>			
		<b>Total Transfers Out</b>	<b>-</b>
		<b>NET TRANSFERS</b>	<b>\$18,765,957</b>



