



Windsor Heights Community Center

Financial Overview

Valuation Trend



- The City's January 1, 2015 actual and taxable valuations increased 3.6% and 3.2% respectively over last assessment year. The last significant growth in valuation occurred in the January 1, 2012 assessment year.

Assessment Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment	Total Taxable Valuation
2011	2012-13	383,753,462	188,395,992	46,553,120	234,949,112
2012	2013-14	383,805,896	195,001,048	45,925,370	240,926,418
2013	2014-15	380,943,322	193,616,997	45,823,120	239,440,117
2014	2015-16	382,843,762	195,838,727	44,975,678	240,814,405
2015	2016-17	396,636,675	201,867,143	46,799,260	248,666,403

Tax Rates



- ❑ The City has a history of stable tax rates.

<u>Taxing District</u>	<u>FY 2012/13</u> <u>\$/ \$1,000</u>	<u>FY 2013/14</u> <u>\$/ \$1,000</u>	<u>FY 2014/15</u> <u>\$/ \$1,000</u>	<u>FY 2015/16</u> <u>\$/ \$1,000</u>	<u>FY 2016/17</u> <u>\$/ \$1,000</u>
City of Windsor Heights	13.31499	13.89892	15.34886	15.07588	15.66110
Polk County	6.80992	6.94381	7.16880	7.30880	7.30880
Des Moines Independent CSD	18.34845	18.34842	18.14592	18.42809	18.50586
West Des Moines CSD	13.30184	13.26452	13.26572	13.24189	13.26872
Broadlawns Hospital	2.97819	2.99567	3.11769	3.21296	2.77545
Urbandale-Windsor Heights Sanitary Sewer	0.47069	0.47163	0.44216	0.29126	0.30810
County Assessor	0.24382	0.27822	0.27750	0.27920	0.27220
County Ag Extension	0.03866	0.03945	0.04061	0.04102	0.03985
Des Moines Area Comm. College	0.58466	0.69120	0.65724	0.67574	0.72334
Regional Transit Authority	0.72800	0.80800	0.87300	0.93800	0.95000
State of Iowa	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>	<u>0.00330</u>
<u>Consolidated Rates</u>					
City Resident in Des Moines School District	43.52068	44.47862	46.07508	46.25425	46.54800
City Resident in West Des Moines School District	38.47407	39.39472	41.19488	41.06805	41.31086
City Resident in West Des Moines School District (NO UWSS)	38.00338	38.92309	40.75272	40.77679	41.00276

General Fund



- ❑ The City has a history of healthy balances.
- ❑ The FY 2011 fund balance increase reflects the repayment of an internal TIF loan.
- ❑ The FY 2016 and FY 2017 fund balance decreases reflect increased costs associated with public safety.

	Fiscal	General	General	% General
	<u>Year End</u>	<u>Fund Balance</u>	<u>Fund Revenues</u>	<u>Fund Revenues</u>
Audit				
	06/30/11	4,097,281	2,296,978	178.38%
	06/30/12	3,839,110	2,362,224	162.52%
	06/30/13	3,420,484	2,375,140	144.01%
	06/30/14	3,619,678	2,834,545	127.70%
	06/30/15	3,839,667	2,859,110	134.30%
Estimated				
	06/30/16	3,677,314	2,948,062	124.74%
Budgeted				
	06/30/17	3,558,980	3,012,556	118.14%

Legal Debt Capacity-Current



2015 Actual Valuation of Property	\$397,158,013
Less: Military Exemption	<u>(521,338)</u>
Net Valuation	\$396,636,675
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	\$19,831,834
Less: General Obligation Debt Subject to Limit	<u>(10,157,425)</u>
Legal Debt Margin	\$9,674,409
75% Self Imposed Margin	\$4,716,450

Legal Debt Capacity –Projected



- The capacity projection below assumes no growth in valuation; valuation growth will produce greater capacity than illustrated.

<u>Fiscal Year End</u>	<u>Actual/Projected Valuation</u>	<u>Constitutional Debt Limit</u>	<u>Total Debt¹</u>	<u>Remaining Capacity¹</u>	<u>% Capacity Used</u>	<u>Policy Debt Limit</u>	<u>Policy Capacity Remaining</u>	<u>Annual Debt Retirement</u>
06/30/17	\$ 396,636,675	\$ 19,831,834	\$ 8,802,905	\$ 11,028,928	44.4%	\$ 14,873,875	\$ 6,070,970	\$ 1,354,520
06/30/18	396,636,675	19,831,834	7,580,000	12,251,834	38.2%	14,873,875	7,293,875	1,222,905
06/30/19	396,636,675	19,831,834	6,595,000	13,236,834	33.3%	14,873,875	8,278,875	985,000
06/30/20	396,636,675	19,831,834	5,660,000	14,171,834	28.5%	14,873,875	9,213,875	935,000
06/30/21	396,636,675	19,831,834	4,765,000	15,066,834	24.0%	14,873,875	10,108,875	895,000
06/30/22	396,636,675	19,831,834	4,265,000	15,566,834	21.5%	14,873,875	10,608,875	500,000
06/30/23	396,636,675	19,831,834	3,760,000	16,071,834	19.0%	14,873,875	11,113,875	505,000
06/30/24	396,636,675	19,831,834	3,245,000	16,586,834	16.4%	14,873,875	11,628,875	515,000
06/30/25	396,636,675	19,831,834	2,710,000	17,121,834	13.7%	14,873,875	12,163,875	535,000
06/30/26	396,636,675	19,831,834	2,165,000	17,666,834	10.9%	14,873,875	12,708,875	545,000
06/30/27	396,636,675	19,831,834	1,600,000	18,231,834	8.1%	14,873,875	13,273,875	565,000
06/30/28	396,636,675	19,831,834	1,025,000	18,806,834	5.2%	14,873,875	13,848,875	575,000
06/30/29	396,636,675	19,831,834	835,000	18,996,834	4.2%	14,873,875	14,038,875	190,000
06/30/30	396,636,675	19,831,834	640,000	19,191,834	3.2%	14,873,875	14,233,875	195,000
06/30/31	396,636,675	19,831,834	435,000	19,396,834	2.2%	14,873,875	14,438,875	205,000
06/30/32	396,636,675	19,831,834	220,000	19,611,834	1.1%	14,873,875	14,653,875	215,000
06/30/33	396,636,675	19,831,834	220,000	19,611,834	1.1%	14,873,875	14,653,875	-

¹As of June 30; reflects capacity after June 1 payment is made.

Debt Overview-Summary



- The most recently issued Series 2016A and 2016B resulted in average annual debt service savings of \$25,000

TIF ABATED DEBT				
<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding 08/01/16</u>
3/07A	1,500,000	Park Improvements	6/17	180,000
2/11A	3,360,000	Taxable Refunding	6/21	1,855,000
5/12A	1,375,000	Refunding	6/18	510,000
7/16A	1,405,000	Refunding	6/28	1,405,000
7/16B	2,815,000	Taxable Refunding	6/28	<u>2,815,000</u>
Total				6,765,000

GO DEBT				
<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding 08/01/16</u>
7/13A	450,000	Corporate Purpose	6/19	225,000
1/14A	3,090,000	Corporate Purpose	6/33	2,860,000
5/14	325,000	Corporate Purpose	6/19	270,000
6/14	61,336	Corporate Purpose	12/18	<u>37,425</u>
				3,392,425

TOTAL DEBT		10,157,425
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Debt Overview-Detail



FYE	2007A		2008A		2008B		2011A		2012A		2016A		2016B		Total TIF		
	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Total
06/30/17	\$ 180,000	\$ 6,840	\$ -	\$ 5,699	\$ -	\$ 16,384	\$ 340,000	\$ 67,613	\$ 255,000	\$ 5,610	\$ 100,000	\$ 26,474	\$ 195,000	\$ 53,329	\$ 1,070,000	\$ 181,948	\$ 1,251,948
06/30/18	-	-	-	-	-	-	355,000	57,583	255,000	3,060	110,000	27,825	215,000	55,660	935,000	144,128	1,079,128
06/30/19	-	-	-	-	-	-	370,000	45,335	-	-	110,000	26,175	220,000	51,898	700,000	123,408	823,408
06/30/20	-	-	-	-	-	-	385,000	32,015	-	-	110,000	24,525	225,000	48,048	720,000	104,588	824,588
06/30/21	-	-	-	-	-	-	405,000	16,808	-	-	115,000	22,325	230,000	43,885	750,000	83,018	833,018
06/30/22	-	-	-	-	-	-	-	-	-	-	115,000	20,025	235,000	39,630	350,000	59,655	409,655
06/30/23	-	-	-	-	-	-	-	-	-	-	115,000	17,725	235,000	35,283	350,000	53,008	403,008
06/30/24	-	-	-	-	-	-	-	-	-	-	120,000	15,138	240,000	30,583	360,000	45,720	405,720
06/30/25	-	-	-	-	-	-	-	-	-	-	125,000	12,438	245,000	25,423	370,000	37,860	407,860
06/30/26	-	-	-	-	-	-	-	-	-	-	125,000	9,625	250,000	19,910	375,000	29,535	404,535
06/30/27	-	-	-	-	-	-	-	-	-	-	130,000	6,500	260,000	13,785	390,000	20,285	410,285
06/30/28	-	-	-	-	-	-	-	-	-	-	130,000	3,250	265,000	7,155	395,000	10,405	405,405
Totals	\$ 180,000	\$ 6,840	\$ -	\$ 5,699	\$ -	\$ 16,384	\$ 1,855,000	\$ 219,353	\$ 510,000	\$ 8,670	\$ 1,405,000	\$ 212,024	\$ 2,815,000	\$ 424,587	\$ 6,765,000	\$ 893,556	\$ 7,658,556

FYE	2013A		2014A		2014B		2014 City Hall		Total Debt Levy		
	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Total
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	\$ 225,000	\$ 4,785	\$ 2,860,000	\$ 962,053	\$ 37,425	\$ 2,642	\$ 270,000	\$ 14,126	\$ 3,392,425	\$ 983,605	\$ 4,376,030

Credit Ratings-Overview



- ❑ The City’s debt is rated Aa3 by Moody’s Investors Service
- ❑ After AAA, ratings are further subdivided into 3 tiers.
- ❑ Aa3 is the 3rd tier rating in the AA rating category (Aa1, Aa2, Aa3)
- ❑ Very little market differential is made within rating categories

Moody’s Long-Term Debt Rating Scale and Description	
Rating	Description
Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered mediumgrade and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, withsome prospect of recovery of principal and interest.
C	Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Source: Moody’s Investor Services, Moody’s Rating’s Symbols & Definitions, June 2009, p. 8.

Credit Ratings-Specifics



❑ Credit Strengths

- “Favorable location in Des Moines metropolitan area with ample employment opportunities”
- “Strong General Fund reserves relative to budget”

❑ Credit Challenges

- “Small tax base with limited land available for new development”
- “Top ten taxpayers comprise over 20% of net tax capacity”
- ‘Above average debt burden”

Economic Activity—Current & Potential Projects



- ❑ Sidewalk Additions/Replacement
 - Estimated \$2.8 million
 - Paid with Debt Levy—reduces legal capacity to \$6.87 million (if issued at once), reduces self imposed capacity to \$4.46 million

- ❑ Pending Development
 - Estimated \$2.25 million
 - Paid with TIF, subject to annual appropriation
 - ✓ Annual appropriation clause restricts the impact on legal capacity to the appropriated amount only
 - Reduces legal capacity (in conjunction with sidewalk project) to \$6.62 million, reduces self imposed capacity to \$4.21 million

- ❑ Sunset Terrace Improvements
 - Currently estimated at \$1.8 million, funded from a variety of sources including Des Moines Water Works funds, the storm sewer, sanitary, and road use tax funds.
 - A shortfall of approximately \$325,000 is anticipated—actual costs will fluctuate with expenses.
 - Shortfall will be funded through the debt levy; such funding will slightly reduce legal capacity.

Challenges & Next Steps



- ❑ The nature of the City's location eliminates the potential for valuation growth through annexation. As such, the City should be vigilant for opportunities to encourage new business and development.
- ❑ The City needs to balance infrastructure investment/economic development for valuation growth, and the management of debt burden.
- ❑ Using cash or annual appropriation debt to finance development can maximize potential valuation growth and minimize use of debt capacity.
- ❑ When debt is used, consider a phased approach that aligns the issuance of new debt with the amortization of old debt to minimize impact on capacity.
 - This strategy could be used for the implementation of the sidewalk program
- ❑ Develop holistic capital improvement plan for infrastructure to maximize the efficiency of borrowings, manage debt capacity, and identify opportunities for cash financing