



## 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 others 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**

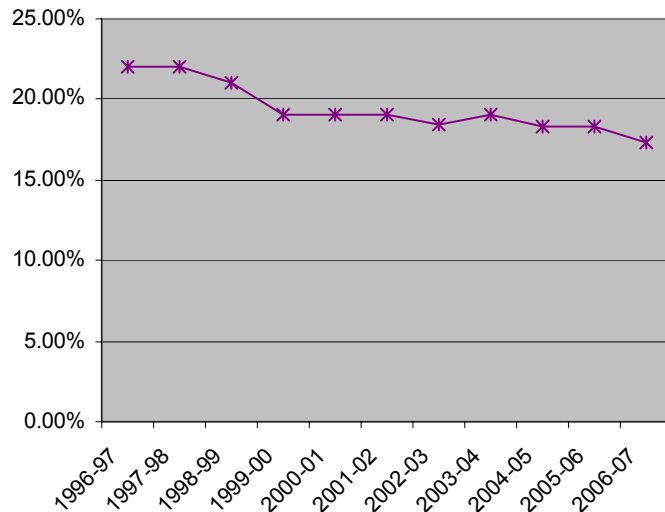
In FY 06-07 the Debt Service levy rate is projected to be \$2.07 per \$1,000 in valuation. This rate is approximately 17.32% of the City's total property tax rate. This is the lowest percentage since FY 1994-95, when the Debt Service rate equaled approximately 17% of the City's property tax rate. This means that the City is able to dedicate more of the property tax levy to general operations. The decrease in the Debt Service levy percentage is due to an increase in the total property tax rate. This increase is primarily the result of a voter approved 50 cents/\$1,000 increase for the aquatic facilities and park improvements bond referendum.

As part of this bond issue, Valley

View aquatic center was constructed and the existing Holiday Pool was reconstructed.

In FY 06-07 interest income is projected to be minimal. This projection is based on estimated cash reserves during the year and historical interest rates. These funds will be used to increase the ending fund balance, which is projected to be \$5,611,100 at June 30, 2007. Currently, the Debt Service fund balance is approximately 34% 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.

**Debt Service Levy as a % of Total Levy**



## Financial Summary

	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)
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$5,765,609	\$5,968,904	\$6,238,576	\$6,807,309	\$568,733	9.12%
TIF Revenues						
Other City Taxes	118,994	103,952	102,220	98,667	(3,553)	(3.48%)
Licenses and Permits						
Use of Money and Property	703,350	855,411	559,000	300,000	(259,000)	(46.33%)
Intergovernmental						
Charges for Services						
Special Assessments						
Miscellaneous						
<b>Sub-total Operating Revenues</b>	<b>\$6,587,953</b>	<b>\$6,928,268</b>	<b>\$6,899,796</b>	<b>\$7,205,976</b>	<b>\$306,180</b>	<b>4.44%</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt	\$459,777	\$34,812				
Transfers In	13,806,137	11,597,599	8,279,763	9,783,139	1,503,376	18.16%
<b>Sub-total Other Financing Sources</b>	<b>\$14,265,914</b>	<b>\$11,632,411</b>	<b>\$8,279,763</b>	<b>\$9,783,139</b>	<b>\$1,503,376</b>	<b>18.16%</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$20,853,867</b>	<b>\$18,560,679</b>	<b>\$15,179,559</b>	<b>\$16,989,115</b>	<b>\$1,809,556</b>	<b>11.92%</b>
<b>EXPENDITURES</b>						
<b>Operating Expenditures</b>						
Personal Services						
Supplies and Services						
Universal Commodities						
Non-Recurring/Non-Capital						
Capital						
<b>Sub-total Operating Expenditures</b>						
<b>Debt Service Expenditures</b>	<b>\$17,410,083</b>	<b>\$17,022,917</b>	<b>\$16,322,752</b>	<b>\$16,486,260</b>	<b>\$163,508</b>	<b>1.00%</b>
<b>Capital Improvement Expenditures</b>						
<b>Total Expenditures</b>	<b>\$17,410,083</b>	<b>\$17,022,917</b>	<b>\$16,322,752</b>	<b>\$16,486,260</b>	<b>\$163,508</b>	<b>1.00%</b>
<b>Transfers Out</b>	<b>\$1,360,027</b>	<b>\$2,089,470</b>				
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$18,770,110</b>	<b>\$19,112,387</b>	<b>\$16,322,752</b>	<b>\$16,486,260</b>	<b>\$163,508</b>	<b>1.00%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$2,083,757</b>	<b>(\$551,708)</b>	<b>(\$1,143,193)</b>	<b>\$502,855</b>	<b>\$1,646,048</b>	<b>(143.99%)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$4,719,389</b>	<b>\$6,803,146</b>	<b>\$6,251,438</b>	<b>\$5,108,245</b>	<b>(\$1,143,193)</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$6,803,146</b>	<b>\$6,251,438</b>	<b>\$5,108,245</b>	<b>\$5,611,100</b>	<b>\$502,855</b>	<b>n/a</b>
<b>FUND BALANCE % OF EXPENDITURES</b>	<b>39.08%</b>	<b>36.72%</b>	<b>31.30%</b>	<b>34.04%</b>		



## Composition of Debt Service Levy

	Principal Payable in FY 2006-07	Interest Payable in FY 2006-07	Total FY 2006-07 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
#102 - ECP	\$300,000	\$43,863	\$343,863		\$343,863
#103 - ECP	275,000	60,038	335,038		335,038
#106 - ECP	425,000	138,838	563,838		563,838
#109 - ECP	845,000	208,555	1,053,555		1,053,555
#109 - GCP		181,784	181,784		181,784
#109 - GCP		90,874	90,874		90,874
#110 - ECP	200,000	30,545	230,545		230,545
#110 - GCP	395,000	59,843	454,843		454,843
#111 - GCP	1,390,000	534,100	1,924,100	1,924,100	
#112 - GCP	286,154	228,951	515,105		515,105
#112 - GCP	133,539	106,844	240,383		240,383
#112 - GCP	45,308	36,251	81,559		81,559
2003A - ECP	2,435,000	1,531,104	3,966,104	3,966,104	
2003B - ECP	1,715,000	209,332	1,924,332	1,924,332	
2003C - ECP	325,000	95,136	420,136	420,136	
2003D - ECP		218,225	218,225		218,225
2003D - GCP		300,239	300,239		300,239
2003E - Capital Loan Notes	630,000	56,100	686,100		686,100
2003F - Mills abated	400,000	689,470	1,089,470	1,089,470	
2004 - ECP	100,000	275,784	375,784		375,784
2005 - ECP	375,000	26,775	401,775		401,775
2005 - GCP	180,000	82,588	262,588		262,588
2006 - JC abated	300,000	158,997	458,997	458,997	
2006 - pre-levy		357,023	357,023		357,023
Registration Costs			10,000		10,000
Use of Debt Service Cash on Hand					
<b>Total General Obligation Bonds</b>	<b>\$10,755,001</b>	<b>\$5,721,259</b>	<b>\$16,486,260</b>	<b>\$9,783,139</b>	<b>\$6,703,121</b>

## FY 2006-07 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2006	FY 2006-07 Additions	FY 2006-07 Reductions	Estimated Balance June 30, 2007
#102 - ECP	\$3,000,000	\$950,000		\$300,000	\$650,000
#103 - ECP	3,000,000	1,425,000		275,000	1,150,000
#106 - ECP	5,000,000	2,875,000		425,000	2,450,000
#109 - ECP	7,000,000	5,305,000		845,000	4,460,000
#109 - GCP	2,000,000	2,000,000			2,000,000
#109 - GCP	4,000,000	4,000,000			4,000,000
#110 - ECP	1,210,000	760,000		200,000	560,000
#110 - GCP	2,365,000	1,490,000		395,000	1,095,000
#111 - GCP	18,000,000	12,830,000		1,390,000	11,440,000
#112 - GCP	6,000,000	5,372,308		286,154	5,086,154
#112 - GCP	2,800,000	2,507,077		133,538	2,373,539
#112 - GCP	950,000	850,615		45,308	805,307
2003A - ECP	40,000,000	39,000,000		2,435,000	36,565,000
2003B - ECP	10,500,000	7,185,000		1,715,000	5,470,000
2003C - ECP	3,845,000	2,900,000		325,000	2,575,000
2003D - ECP	5,050,000	5,050,000			5,050,000
2003D - GCP	6,950,000	6,950,000			6,950,000
2003E - Capital Loan Notes	5,445,000	1,920,000		630,000	1,290,000
2003F - Mills abated	19,250,000	19,250,000		400,000	18,850,000
2004 - ECP	6,000,000	5,900,000		100,000	5,800,000
2005 - ECP	765,000	765,000		375,000	390,000
2005 - GCP	2,290,000	2,290,000		180,000	2,110,000
2006 - JC abated	5,000,000		5,000,000	300,000	4,700,000
2006 - pre-levy	6,500,000		6,500,000		6,500,000
<b>Total General Obligation Bonds</b>	<b>\$166,920,000</b>	<b>\$131,575,000</b>	<b>\$11,500,000</b>	<b>\$10,755,000</b>	<b>\$132,320,000</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 2007-08	\$11,640,000	\$4,881,106	\$16,521,106	\$10,617,140	\$5,903,966
FY 2008-09	11,415,000	4,496,451	15,911,451	10,319,340	5,592,111
FY 2009-10	11,575,000	4,082,400	15,657,400	10,312,266	5,345,134
FY 2010-11	9,870,000	3,651,703	13,521,703	8,362,562	5,159,141
FY 2011-12	10,085,000	3,261,843	13,346,843	8,362,452	4,984,391
FY 2012-13	9,440,000	2,857,070	12,297,070	7,502,066	4,795,004
FY 2013-14	9,695,000	2,473,748	12,168,748	7,509,990	4,658,758
FY 2014-15	7,580,000	2,073,241	9,653,241	5,165,594	4,487,647
FY 2015-16	7,720,000	1,762,199	9,482,199	5,170,334	4,311,865
FY 2016-17	7,965,000	1,434,542	9,399,542	5,183,502	4,216,040
FY 2017-18	8,255,000	1,092,007	9,347,007	5,198,182	4,148,825
FY 2018-19	7,550,000	724,780	8,274,780	5,214,380	3,060,400
FY 2019-20	3,480,000	382,040	3,862,040	1,290,040	2,572,000
FY 2020-21	2,390,000	216,760	2,606,760	1,294,260	1,312,500
FY 2021-22	1,200,000	105,810	1,305,810	1,305,810	
FY 2022-23	1,260,000	54,810	1,314,810	1,314,810	
	<b>\$121,120,000</b>	<b>\$33,550,510</b>	<b>\$154,670,510</b>	<b>\$94,122,728</b>	<b>\$60,547,782</b>