

Debt Service



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.

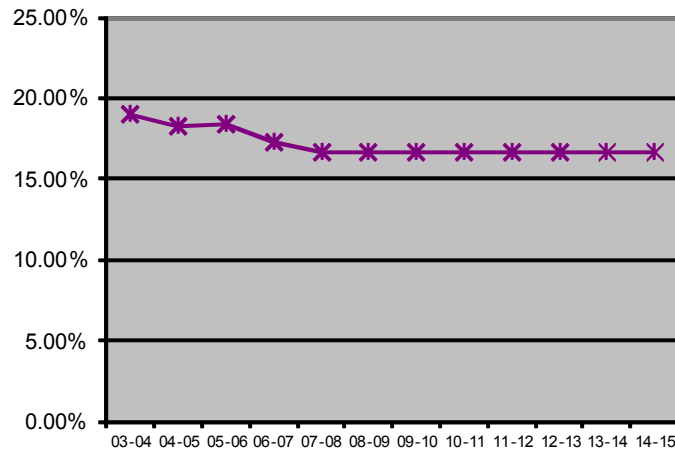
There are two types of general obligation bonds: essential corporate purpose and general corporate purpose. **Bonds issued for a general corporate purpose require a public election with a 60 percent majority vote. Some examples of general corporate purpose bonds include bonds issued for swimming pools, 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 2014-2015 the Debt Service levy rate is projected to be \$2.00 per \$1,000 in valuation. This rate is 16.60% of the City's total property tax rate. This maintains the lowest percentage since FY 1994-95, when the Debt Service rate equaled approximately 17% of the City's property tax rate. This means the City is able to dedicate more of the property tax levy to general operations.

In FY 2014-2015, interest income is projected to be minimal. 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 \$2,637,904 at June 30, 2015. Currently, the Debt Service fund balance is approximately 16.34% 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 2011-12	ACTUAL FY 2012-13	REVISED BUDGET FY 2013-14	BUDGET FY 2014-15	INC(DEC) FY 2014-15 OVER FY 2013-14	% INC (DEC)
REVENUES						
Operating Revenues						
Property Taxes	\$8,258,673	\$8,283,204	\$8,540,623	\$8,652,596	\$111,973	1.31%
TIF Revenues						
Other City Taxes	96,141	95,528	95,357	94,573	(10,784)	(11.31%)
Licenses and Permits						
Use of Money and Property	1,454	62,422				
Intergovernmental				237,475	237,475	100.00%
Charges for Services						
Special Assessments						
Miscellaneous						
Sub-total Operating Revenues	\$8,356,268	\$8,441,154	\$8,635,980	\$8,984,644	\$348,664	4.04%
Other Financing Sources						
Proceeds of Long Term Debt						
Transfers In	20,329,768	12,386,055	21,965,799	7,157,950	(14,807,849)	(67.41%)
Sub-total Other Financing Sources	\$20,329,768	\$12,386,055	\$21,965,799	\$7,157,950	(\$14,807,849)	(67.41%)
TOTAL REVENUES & OTHER SOURCES	\$28,686,036	\$20,827,209	\$30,601,779	\$16,142,594	(\$14,459,185)	(47.25%)
EXPENDITURES						
Operating Expenditures						
Personal Services						
Supplies and Services						
Universal Commodities						
Non-Recurring/Non-Capital						
Capital						
Sub-total Operating Expenditures						
Debt Service Expenditures	\$28,674,845	\$20,921,357	\$31,460,908	\$16,142,596	(\$15,318,312)	(48.69%)
Capital Improvement Expenditures						
Total Expenditures	\$28,674,845	\$20,921,357	\$31,460,908	\$16,142,596	(\$15,318,312)	(48.69%)
Transfers Out	\$20					
TOTAL EXPENDITURES/TRANSFERS OUT	\$28,674,865	\$20,921,357	\$31,460,908	\$16,142,596	(\$15,318,312)	(48.69%)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$11,171	(\$94,148)	(\$859,129)	(\$2)	(\$859,127)	n/a
BEGINNING FUND BALANCE	\$3,580,012	\$3,591,183	\$3,497,035	\$2,637,906	(\$859,129)	n/a
ENDING FUND BALANCE	\$3,591,183	\$3,497,035	\$2,637,906	\$2,637,904	(\$2)	n/a
FUND BALANCE% OF EXPENDITURES	12.52%	16.72%	8.38%	16.34%		



Composition of Debt Service Levy

	Principal Payable in FY 2014-15	Interest Payable in FY 2014-15	Total FY 2014-15 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
2007A - ECP JC abated	\$225,000	\$45,453	\$270,453	\$270,453	
2008B -ECP Mills abated	300,000	259,167	559,167	559,167	
2009A - Advance Refunding	445,000	15,575	460,575		460,575
2009B -ECP	240,000	9,600	249,600		249,600
2010A -ECP	630,000	172,825	802,825		802,825
2010A -ECP Jordan Creek abated	3,255,000	648,875	3,903,875	3,903,875	
2010C -ECP	725,000	140,550	865,550		865,550
2010D -ECP Mills abated	250,000	150,832	400,832	400,832	
2011A - ECP	385,000	138,682	523,682		523,682
2011B -ECP MCP-WFHM abated	1,860,000	163,625	2,023,625	2,023,625	
2012A - Advance Refunding	470,000	62,800	532,800		532,800
2012B - Advance Refunding	1,945,000	567,750	2,512,750		2,512,750
2012D - ECP	500,000	198,250	698,250		698,250
2013A - ECP	795,000	83,760	878,760		878,760
2014 - ECP (pre-levy)	1,189,155	260,697	1,449,852	237,475	1,212,377
Registration Costs			10,000		10,000
Total General Obligation Bonds	\$13,214,155	\$2,918,441	\$16,142,596	\$7,395,427	\$8,747,169

FY 2014-15 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2014	FY 2014-15 Additions	FY 2014-15 Reductions	Estimated Balance June 30, 2015
2007A - ECP JC abated	\$2,550,000	\$1,215,000		\$225,000	\$990,000
2008B - ECP Mills abated	7,000,000	6,800,000		300,000	6,500,000
2009A - Refunding Capital Loan Notes	7,510,000	445,000		445,000	
2009B - ECP	6,500,000	240,000		240,000	
2010A - ECP Refunding	6,050,000	4,225,000		630,000	3,595,000
2010A - Refunding JC abated	25,400,000	16,010,000		3,255,000	12,755,000
2010C - ECP	7,000,000	4,685,000		725,000	3,960,000
2010D - ECP Mills abated	5,000,000	4,705,000		250,000	4,455,000
2011A - ECP	6,900,000	4,930,000		385,000	4,545,000
2011B - ECP MCP-WFHM-abated	11,270,000	7,685,000		1,860,000	5,825,000
2012A - ECP Refunding	2,610,000	1,570,000		470,000	1,100,000
2012B - ECP Refunding	11,355,000	11,355,000		1,945,000	9,410,000
2012D -ECP	7,520,000	6,775,000		500,000	6,275,000
2013A - ECP	4,385,000	3,305,000		795,000	2,510,000
2014 - ECP (Pre-Levy)			14,125,000	1,189,155	12,935,845
Total General Obligation Bonds	\$111,050,000	\$73,945,000	\$14,125,000	\$13,214,155	\$74,855,845

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 2015-16	\$11,675,000	\$2,244,536	\$13,919,536	\$7,051,519	\$6,868,017
FY 2016-17	11,715,000	1,735,074	13,450,074	7,228,707	6,221,367
FY 2017-18	11,395,000	1,315,430	12,710,430	7,257,526	5,452,904
FY 2018-19	9,120,000	897,060	10,017,060	5,232,006	4,785,054
FY 2019-20	4,655,000	532,811	5,187,811	1,052,932	4,134,879
FY 2020-21	2,145,000	361,150	2,506,150	405,007	2,101,143
FY 2021-22	1,635,000	284,836	1,919,836	406,157	1,513,679
FY 2022-23	1,685,000	235,217	1,920,217	412,007	1,508,210
FY 2023-24	1,740,000	182,692	1,922,692	411,607	1,511,085
FY 2024-25	1,475,000	126,519	1,601,519	415,469	1,186,050
FY 2025-26	1,010,000	78,475	1,088,475	413,825	674,650
FY 2026-27	370,000	46,400	416,400	416,400	
FY 2027-28	385,000	31,600	416,600	416,600	
FY 2028-29	405,000	16,200	421,200	421,200	
	\$59,410,000	\$8,088,000	\$67,498,000	\$31,540,962	\$35,957,038

