



## 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**

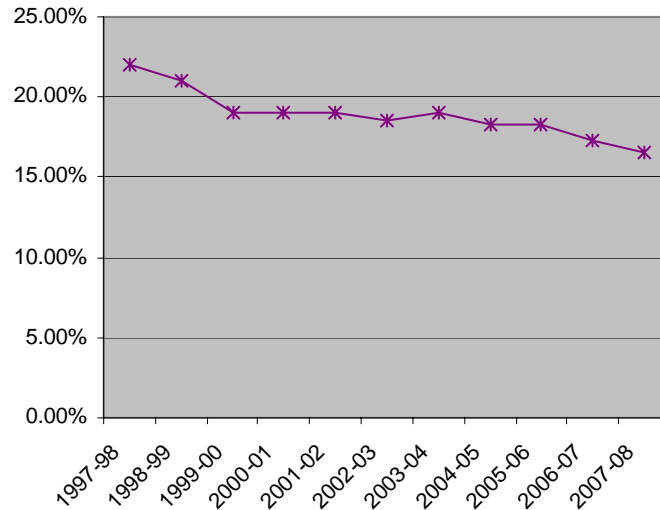
In FY 07-08 the Debt Service levy rate is projected to be \$2.00 per \$1,000 in valuation. This rate is approximately 16.60% of the City's total property tax rate. This is the lowest percentage since FY 1994-95, when the Debt Service rate equaled approximately 17% of the City's property tax rate. This 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 07-08 interest income is projected to be \$550,000. 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 \$6,528,033 at June 30, 2008. Currently, the Debt Service fund balance is approximately 38% 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 2004-05	ACTUAL FY 2005-06	REVISED BUDGET FY 2006-07	BUDGET FY 2007-08	INC(DEC) FY 2007-08 OVER FY 2006-07	% INC (DEC)
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$5,968,904	\$6,191,269	\$6,807,309	\$7,086,410	\$279,101	4.10%
TIF Revenues						
Other City Taxes	103,952	100,699	98,667	93,181	(5,486)	(5.56%)
Licenses and Permits						
Use of Money and Property	855,411	822,628	300,000	550,000	250,000	83.33%
Intergovernmental						
Charges for Services						
Special Assessments						
Miscellaneous						
<b>Sub-total Operating Revenues</b>	<b>\$6,928,267</b>	<b>\$7,114,596</b>	<b>\$7,205,976</b>	<b>\$7,729,591</b>	<b>\$523,615</b>	<b>7.27%</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt	\$34,812	(\$52,123)				
Transfers In	11,597,599	8,317,345	9,783,139	10,617,140	834,001	8.52%
<b>Sub-total Other Financing Sources</b>	<b>\$11,632,411</b>	<b>\$8,265,222</b>	<b>\$9,783,139</b>	<b>\$10,617,140</b>	<b>\$834,001</b>	<b>8.52%</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$18,560,678</b>	<b>\$15,379,818</b>	<b>\$16,989,115</b>	<b>\$18,346,731</b>	<b>\$1,357,616</b>	<b>7.99%</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>\$17,022,917</b>	<b>\$16,190,771</b>	<b>\$16,486,260</b>	<b>\$17,034,985</b>	<b>\$548,725</b>	<b>3.33%</b>
<b>Capital Improvement Expenditures</b>						
<b>Total Expenditures</b>	<b>\$17,022,917</b>	<b>\$16,190,771</b>	<b>\$16,486,260</b>	<b>\$17,034,985</b>	<b>\$548,725</b>	<b>3.33%</b>
<b>Transfers Out</b>	<b>\$2,089,470</b>	<b>\$727,053</b>				
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$19,112,387</b>	<b>\$16,917,825</b>	<b>\$16,486,260</b>	<b>\$17,034,985</b>	<b>\$548,725</b>	<b>3.33%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(\$551,709)</b>	<b>(\$1,538,007)</b>	<b>\$502,855</b>	<b>\$1,311,746</b>	<b>\$808,891</b>	<b>160.86%</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$6,803,148</b>	<b>\$6,251,439</b>	<b>\$4,713,432</b>	<b>\$5,216,287</b>	<b>\$502,855</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$6,251,439</b>	<b>\$4,713,432</b>	<b>\$5,216,287</b>	<b>\$6,528,033</b>	<b>\$1,311,746</b>	<b>n/a</b>
<b>FUND BALANCE % OF EXPENDITURES</b>	<b>36.72%</b>	<b>29.11%</b>	<b>31.64%</b>	<b>38.32%</b>		



## Composition of Debt Service Levy

	Principal Payable in FY 2007-08	Interest Payable in FY 2007-08	Total FY 2007-08 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
#103 - ECP	\$275,000	\$48,763	\$323,763		\$323,763
#106 - ECP	450,000	119,075	569,075		569,075
#109 - ECP	885,000	176,868	1,061,868		1,061,868
#109 - GCP		181,784	181,784		181,784
#109 - GCP		90,874	90,874		90,874
#110 - ECP	70,000	23,045	93,045		93,045
#110 - GCP	140,000	45,030	185,030		185,030
#111 - GCP	1,440,000	481,976	1,921,976	1,921,976	
#112 - GCP	298,462	219,651	518,113		518,113
#112 - GCP	139,282	102,504	241,786		241,786
#112 - GCP	47,256	34,778	82,034		82,034
2003A - ECP	2,490,000	1,470,228	3,960,228	3,960,228	
2003B - ECP	1,765,000	166,456	1,931,456	1,931,456	
2003C - ECP	335,000	87,010	422,010	422,010	
2003D - ECP		218,225	218,225		218,225
2003D - GCP		300,239	300,239		300,239
2003E - Capital Loan Notes	630,000	40,350	670,350		670,350
2003F - Mills abated	1,700,000	681,470	2,381,470	2,381,470	
2004 - ECP	100,000	272,784	372,784		372,784
2005 - ECP	390,000	13,650	403,650		403,650
2005 - GCP	185,000	76,288	261,288		261,288
2006 - ECP	615,000	218,938	833,938		833,938
2007 - ECP pre-levy	720,000	41,745	761,745		761,745
Registration Costs			10,000		10,000
<b>Total General Obligation Bonds</b>	<b>\$12,675,000</b>	<b>\$5,111,731</b>	<b>\$17,796,731</b>	<b>\$10,617,140</b>	<b>\$7,179,591</b>

## FY 2007-08 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2007	FY 2007-08 Additions	FY 2007-08 Reductions	Estimated Balance June 30, 2008
#103 - ECP	\$3,000,000	\$1,150,000		\$275,000	\$875,000
#106 - ECP	5,000,000	2,450,000		450,000	2,000,000
#109 - ECP	7,000,000	4,460,000		885,000	3,575,000
#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	560,000		70,000	490,000
#110 - GCP	2,365,000	1,095,000		140,000	955,000
#111 - GCP	18,000,000	11,440,000		1,140,000	10,000,000
#112 - GCP	6,000,000	5,086,154		298,461	4,787,692
#112 - GCP	2,800,000	2,373,538		139,282	2,234,256
#112 - GCP	950,000	805,308		47,256	758,052
2003A - ECP	40,000,000	36,565,000		2,490,000	34,075,000
2003B - ECP	10,500,000	5,470,000		1,765,000	3,705,000
2003C - ECP	3,845,000	2,575,000		335,000	2,240,000
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	1,290,000		630,000	660,000
2003F - Mills abated	19,250,000	18,850,000		1,700,000	17,150,000
2004 - ECP	6,000,000	5,800,000		100,000	5,700,000
2005 - ECP	765,000	390,000		390,000	
2005 - GCP	2,290,000	2,110,000		185,000	1,925,000
2006A - ECP	6,000,000	5,370,000		615,000	4,755,000
2007 - ECP pre-levy	850,000		850,000	720,000	130,000
<b>Total General Obligation Bonds</b>	<b>\$159,270,000</b>	<b>\$125,840,000</b>	<b>\$850,000</b>	<b>\$12,675,000</b>	<b>\$114,015,000</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 2008-09	\$11,765,000	\$4,674,601	\$16,439,601	\$10,319,340	\$6,120,261
FY 2009-10	11,925,000	4,248,737	16,173,737	10,312,266	5,861,471
FY 2010-11	10,220,000	3,804,041	14,024,041	8,362,562	5,661,479
FY 2011-12	10,395,000	3,400,181	13,795,181	8,362,452	5,432,729
FY 2012-13	9,765,000	2,983,007	12,748,007	7,502,066	5,245,941
FY 2013-14	10,035,000	2,586,685	12,621,685	7,509,990	5,111,695
FY 2014-15	7,935,000	2,172,579	10,107,579	5,165,594	4,941,985
FY 2015-16	8,090,000	1,847,336	9,937,336	5,170,334	4,767,002
FY 2016-17	8,350,000	1,504,880	9,854,880	5,183,502	4,671,378
FY 2017-18	8,660,000	1,145,982	9,805,982	5,198,182	4,607,800
FY 2018-19	7,975,000	761,543	8,736,543	5,214,380	3,522,163
FY 2019-20	3,920,000	400,740	4,320,740	1,290,040	3,030,700
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>\$113,885,000</b>	<b>\$29,907,692</b>	<b>\$143,792,692</b>	<b>\$83,505,588</b>	<b>\$60,238,104</b>

