

# 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 other types of bonds are not.

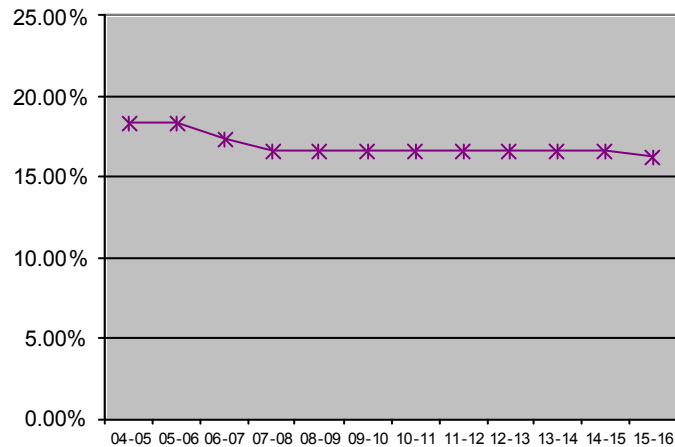
There are two types of general obligation bonds: essential corporate purpose and general corporate purpose. **Bonds issued for a general corporate purpose require a public election with a 60 percent majority vote. Some examples of general corporate purpose bonds include bonds issued for swimming pools, 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 2015-2016 the Debt Service levy rate is projected to be \$1.95 per \$1,000 in valuation. This rate is 16.25% of the City's total property tax rate. This is the lowest percentage since FY 2007-08 through FY 2014-15, when the Debt Service rate equaled approximately 16.60% 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 2015-2016, 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 \$3,431,289 at June 30, 2016. Currently, the Debt Service fund balance is approximately 15.61% 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 2012-13	ACTUAL FY 2013-14	REVISED BUDGET FY 2014-15	BUDGET FY 2015-16	INC(DEC) FY 2015-16 OVER FY 2014-15	% INC (DEC)
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$8,283,204	\$8,490,080	\$8,652,596	\$8,493,732	(\$158,864)	(1.84%)
TIF Revenues						
Other City Taxes	95,528	94,465	94,573	93,163	(1,410)	(1.49%)
Licenses and Permits						
Use of Money and Property	62,422	57,223				
Intergovernmental			237,475	468,350	230,875	97.22%
Charges for Services						
Special Assessments						
Miscellaneous						
<b>Sub-total Operating Revenues</b>	<b>\$8,441,154</b>	<b>\$8,641,768</b>	<b>\$8,984,644</b>	<b>\$9,055,245</b>	<b>\$70,601</b>	<b>0.79%</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt						
Transfers In	12,386,055	22,750,946	7,157,950	12,932,722	5,774,772	80.68%
<b>Sub-total Other Financing Sources</b>	<b>\$12,386,055</b>	<b>\$22,750,946</b>	<b>\$7,157,950</b>	<b>\$12,932,722</b>	<b>\$5,774,772</b>	<b>80.68%</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$20,827,209</b>	<b>\$31,392,714</b>	<b>\$16,142,594</b>	<b>\$21,987,967</b>	<b>\$5,845,373</b>	<b>36.21%</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>\$20,921,357</b>	<b>\$31,458,455</b>	<b>\$16,142,596</b>	<b>\$21,987,969</b>	<b>\$5,845,373</b>	<b>36.21%</b>
<b>Capital Improvement Expenditures</b>						
<b>Total Expenditures</b>	<b>\$20,921,357</b>	<b>\$31,458,455</b>	<b>\$16,142,596</b>	<b>\$21,987,969</b>	<b>\$5,845,373</b>	<b>36.21%</b>
<b>Transfers Out</b>						
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$20,921,357</b>	<b>\$31,458,455</b>	<b>\$16,142,596</b>	<b>\$21,987,969</b>	<b>\$5,845,373</b>	<b>36.21%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(\$94,148)</b>	<b>(\$65,741)</b>	<b>(\$2)</b>	<b>(\$2)</b>		<b>n/a</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$3,591,182</b>	<b>\$3,497,034</b>	<b>\$3,431,293</b>	<b>\$3,431,291</b>	<b>(\$2)</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$3,497,034</b>	<b>\$3,431,293</b>	<b>\$3,431,291</b>	<b>\$3,431,289</b>	<b>(\$2)</b>	<b>n/a</b>
<b>FUND BALANCE% OF EXPENDITURES</b>	<b>16.72%</b>	<b>10.91%</b>	<b>21.26%</b>	<b>15.61%</b>		



## Composition of Debt Service Levy

	Principal Payable in FY 2015-16	Interest Payable in FY 2015-16	Total FY 2015-16 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
2008B -ECP Mills abated	\$6,500,000	\$248,292	\$6,748,292	\$6,748,292	
2010A -ECP	660,000	147,625	807,625		807,625
2010A -ECP Jordan Creek abated	2,990,000	518,675	3,508,675	3,508,675	
2010C -ECP	745,000	118,800	863,800		863,800
2010D -ECP Mills abated	255,000	145,832	400,832	400,832	
2011A - ECP	850,000	130,982	980,982		980,982
2011B -ECP MCP-WFHM abated	1,900,000	126,425	2,026,425	2,026,425	
2012A - Advance Refunding	365,000	44,000	409,000		409,000
2012B - Advance Refunding	2,320,000	470,500	2,790,500		2,790,500
2012D - ECP	510,000	188,250	698,250		698,250
2013A - ECP	250,000	67,860	317,860		317,860
2014A - ECP	695,000	356,388	1,051,388		1,051,388
2014A - ECP Jordan Creek abated	210,000	38,500	248,500	248,500	
2015 - ECP (pre-levy)		1,125,840	1,125,840		1,125,840
Registration Costs			10,000		10,000
<b>Total General Obligation Bonds</b>	<b>\$18,250,000</b>	<b>\$3,727,969</b>	<b>\$21,987,969</b>	<b>\$12,932,724</b>	<b>\$9,055,245</b>

## FY 2015-16 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2015	FY 2015-16 Additions	FY 2015-16 Reductions	Estimated Balance June 30, 2016
2008B - ECP Mills abated	\$7,000,000	\$6,500,000		\$6,500,000	
2010A - ECP Refunding	6,050,000	3,595,000		660,000	2,935,000
2010A - Refunding JC abated	25,400,000	12,755,000		2,990,000	9,765,000
2010C - ECP	7,000,000	3,960,000		745,000	3,215,000
2010D - ECP Mills abated	5,000,000	4,455,000		255,000	4,200,000
2011A - ECP	6,900,000	4,545,000		850,000	3,695,000
2011B - ECP MCP-WFHM-abated	11,270,000	5,825,000		1,900,000	3,925,000
2012A - ECP Refunding	2,610,000	1,100,000		365,000	735,000
2012B - ECP Refunding	11,355,000	9,410,000		2,320,000	7,090,000
2012D -ECP	7,520,000	6,275,000		510,000	5,765,000
2013A - ECP	4,385,000	2,510,000		250,000	2,260,000
2014A - ECP	12,250,000	9,530,000		695,000	8,835,000
2014A - ECP JC abated	1,125,000	920,000		210,000	710,000
2015 - ECP (Pre-Levy)			12,150,000		12,150,000
<b>Total General Obligation Bonds</b>	<b>\$107,865,000</b>	<b>\$71,380,000</b>	<b>\$12,150,000</b>	<b>\$18,250,000</b>	<b>\$65,280,000</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 2016-17	\$11,545,000	\$1,929,236	\$13,474,236	\$6,196,232	\$7,278,004
FY 2017-18	11,225,000	1,502,924	12,727,924	6,225,132	6,502,792
FY 2018-19	8,950,000	1,077,574	10,027,574	4,190,882	5,836,692
FY 2019-20	4,850,000	738,947	5,588,974	403,557	5,185,417
FY 2020-21	3,010,000	550,688	3,560,688	405,007	3,155,681
FY 2021-22	2,540,000	431,124	2,971,124	406,157	2,564,967
FY 2022-23	2,635,000	336,255	2,971,255	412,007	2,559,248
FY 2023-24	2,715,000	259,980	2,974,980	411,607	2,563,373
FY 2024-25	2,470,000	181,869	2,651,869	415,469	2,236,400
FY 2025-26	2,030,000	103,975	2,133,975	413,825	1,720,150
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	
	<b>\$53,130,000</b>	<b>\$7,206,799</b>	<b>\$60,336,799</b>	<b>\$20,734,075</b>	<b>\$39,602,724</b>



