

# 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.

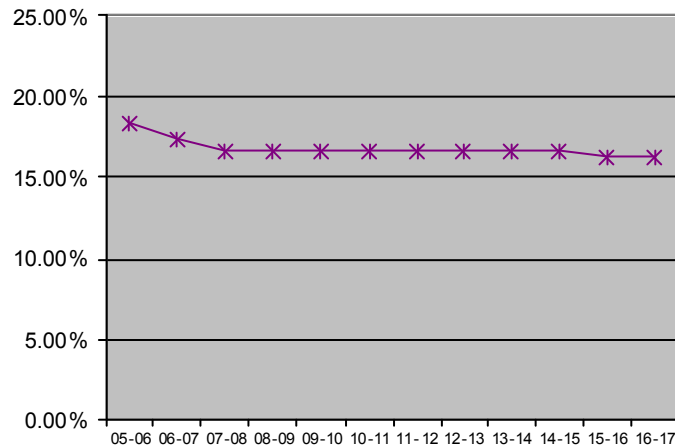
There are two types of general obligation bonds: essential corporate purpose and general corporate purpose. **Bonds issued for a general corporate purpose require a public election with a 60 percent majority vote. Some examples of general corporate purpose bonds include bonds issued for swimming pools, 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 2016-2017 the Debt Service levy rate is projected to be \$1.95 per \$1,000 of taxable valuation. This rate is 16.25% of the City’s total property tax rate. This is a lower percentage than FY 2007-2008 through FY 2014-2015, when the debt service rate was 16.60% of the total. This lower percentage means the City is able to dedicate more of the property tax levy to general operations.

In FY 2016-2017, 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 \$6,317,371 at June 30, 2017. Currently, the Debt Service fund balance is approximately 33.36% 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 2013-14	ACTUAL FY 2014-15	REVISED BUDGET FY 2015-16	BUDGET FY 2016-17	INC(DEC) FY 2016-17 OVER FY 2015-16	% INC (DEC)
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$8,490,080	\$8,611,856	\$8,494,137	\$9,187,883	\$693,746	8.17%
TIF Revenues						
Other City Taxes	94,465	109,268	93,305	109,888	16,583	17.77%
Licenses and Permits						
Use of Money and Property	57,223	38,995				
Intergovernmental		236,165	467,803	454,459	(13,344)	(2.85%)
Charges for Services						
Special Assessments						
Miscellaneous						
<b>Sub-total Operating Revenues</b>	<b>\$8,641,768</b>	<b>\$8,996,284</b>	<b>\$9,055,245</b>	<b>\$9,752,230</b>	<b>\$696,985</b>	<b>7.70%</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt						
Capitalized Interest		1,027,019				
Transfers In	22,750,946	11,804,800	12,932,722	9,182,492	(3,750,230)	(29.00%)
<b>Sub-total Other Financing Sources</b>	<b>\$22,750,946</b>	<b>\$12,831,819</b>	<b>\$12,932,722</b>	<b>\$9,182,492</b>	<b>(\$3,750,230)</b>	<b>(29.00%)</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$31,392,714</b>	<b>\$21,828,103</b>	<b>\$21,987,967</b>	<b>\$18,934,722</b>	<b>(\$3,053,245)</b>	<b>(16.34%)</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>\$31,458,455</b>	<b>\$18,962,412</b>	<b>\$21,967,579</b>	<b>\$18,934,723</b>	<b>(\$3,032,856)</b>	<b>(13.81%)</b>
<b>Capital Improvement Expenditures</b>						
<b>Total Expenditures</b>	<b>\$31,458,455</b>	<b>\$18,962,412</b>	<b>\$21,967,579</b>	<b>\$18,934,723</b>	<b>(\$3,032,856)</b>	<b>(13.81%)</b>
<b>Transfers Out</b>						
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$31,458,455</b>	<b>\$18,962,412</b>	<b>\$21,967,579</b>	<b>\$18,934,723</b>	<b>(\$3,032,856)</b>	<b>(13.81%)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(\$65,741)</b>	<b>\$2,865,691</b>	<b>\$20,388</b>	<b>(\$1)</b>	<b>(\$20,389)</b>	<b>n/a</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$3,497,034</b>	<b>\$3,431,293</b>	<b>\$6,296,984</b>	<b>\$6,317,372</b>	<b>\$20,388</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$3,431,293</b>	<b>\$6,296,984</b>	<b>\$6,317,372</b>	<b>\$6,317,371</b>	<b>(\$1)</b>	<b>n/a</b>
<b>FUND BALANCE% OF EXPENDITURES</b>	<b>10.91%</b>	<b>33.21%</b>	<b>28.76%</b>	<b>33.36%</b>		



## Composition of Debt Service Levy

	Principal Payable in FY 2016-17	Interest Payable in FY 2016-17	Total FY 2016-17 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
2010A - ECP	\$685,000	\$121,225	\$806,225		\$806,225
2010A - ECP Jordan Creek abated	3,120,000	399,075	3,519,075	3,519,075	
2010C - ECP	765,000	96,450	861,450		861,450
2010D - ECP Mills abated	260,000	140,732	400,732	400,732	
2011A - ECP	405,000	113,982	518,982		518,982
2011B - ECP MCP-WFHM abated	1,940,000	88,425	2,028,425	2,028,425	
2012A - Advance Refunding	365,000	29,400	394,400		394,400
2012B - Advance Refunding	2,275,000	354,500	2,629,500		2,629,500
2012D - ECP	515,000	172,950	687,950		687,950
2013A - ECP	260,000	62,860	322,860		322,860
2014A - ECP	735,000	321,638	1,056,638		1,056,638
2014A - ECP Jordan Creek abated	220,000	28,000	248,000	248,000	
2015A - ECP Alluvion abated	240,000	597,113	837,113	837,113	
2015B - ECP Alluvion	875,000	295,948	1,170,948	1,170,948	
2015C - Advance Refunding	910,000	68,200	978,200	978,200	
2016 - ECP (Pre-levy)		2,464,225	2,464,225		2,464,225
Registration Costs			10,000		10,000
<b>Total General Obligation Bonds</b>	<b>\$13,570,000</b>	<b>\$5,354,723</b>	<b>\$18,934,723</b>	<b>\$9,182,493</b>	<b>\$9,752,230</b>

## FY 2016-17 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2016	FY 2016-17 Additions	FY 2016-17 Reductions	Estimated Balance June 30, 2017
2010A - ECP Refunding	6,050,000	\$2,935,000		\$685,000	\$2,250,000
2010A - Refunding JC abated	25,400,000	9,765,000		3,120,000	6,645,000
2010C - ECP	7,000,000	3,215,000		765,000	2,450,000
2010D - ECP Mills abated	5,000,000	4,200,000		260,000	3,940,000
2011A - ECP	6,900,000	3,695,000		405,000	3,290,000
2011B - ECP MCP-WFHM-abated	11,270,000	3,925,000		1,940,000	1,985,000
2012A - ECP Refunding	2,610,000	735,000		365,000	370,000
2012B - ECP Refunding	11,355,000	7,090,000		2,275,000	4,815,000
2012D - ECP	7,520,000	5,765,000		515,000	5,250,000
2013A - ECP	4,385,000	2,260,000		260,000	2,000,000
2014A - ECP	12,250,000	8,835,000		735,000	8,100,000
2014A - ECP JC abated	1,125,000	710,000		220,000	490,000
2015A - ECP Alluvion abated	21,755,000	21,755,000		240,000	21,515,000
2015B - ECP Alluvion	12,715,000	12,715,000		875,000	11,840,000
2015C - ECP Refunding	3,410,000	3,410,000		910,000	2,500,000
2016 - ECP (Pre-Levy)			9,800,000		9,800,000
<b>Total General Obligation Bonds</b>	<b>\$138,745,000</b>	<b>\$91,010,000</b>	<b>\$9,800,000</b>	<b>\$13,570,000</b>	<b>\$87,240,000</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 2017-18	13,615,000	2,423,684	16,038,684	9,535,892	6,502,792
FY 2018-19	13,030,000	1,950,534	14,980,534	9,143,842	5,836,692
FY 2019-20	8,660,000	1,521,934	10,181,934	4,996,517	5,185,417
FY 2020-21	6,280,000	1,248,848	7,528,848	4,373,167	3,155,681
FY 2021-22	5,890,000	1,052,049	6,942,049	4,377,082	2,564,967
FY 2022-23	6,065,000	875,740	6,940,740	4,381,492	2,559,248
FY 2023-24	6,225,000	717,565	6,942,565	4,379,192	2,563,373
FY 2024-25	6,080,000	538,999	6,618,999	4,382,599	2,236,400
FY 2025-26	4,040,000	356,125	4,396,125	2,675,975	1,720,150
FY 2026-27	2,440,000	238,250	2,678,250	2,678,250	
FY 2027-28	2,515,000	161,350	2,676,350	2,676,350	
FY 2028-29	2,600,000	82,050	2,682,050	2,682,050	
	<b>\$77,440,000</b>	<b>\$11,167,128</b>	<b>\$88,607,128</b>	<b>\$56,282,408</b>	<b>\$32,324,720</b>

