

CITY HALL



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.

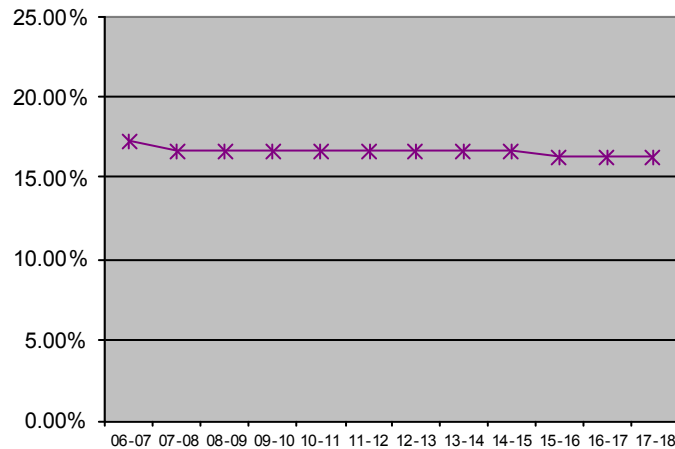
There are two types of general obligation bonds: essential corporate purpose and general corporate purpose. **Bonds issued for a general corporate purpose require a public election with a 60 percent majority vote. Some examples of general corporate purpose bonds include bonds issued for swimming pools, 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 2017-2018 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 2017-2018, 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 \$1,718,250 at June 30, 2018. Currently, the Debt Service fund balance is approximately 8% 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



DEBT SERVICE FUNDS

FY 2017-18 BUDGET

Financial Summary

	ACTUAL FY 2014-15	ACTUAL FY 2015-16	REVISED BUDGET FY 2016-17	BUDGET FY 2017-18	INC(DEC) FY 2017-18 OVER FY 2016-17	% INC (DEC)
REVENUES						
Operating Revenues						
Property Taxes	\$8,611,856	\$8,496,973	\$9,187,883	\$9,585,103	\$397,220	4.32%
TIF Revenues						
Other City Taxes	109,268	91,772	109,888	101,547	(8,341)	(7.59%)
Licenses and Permits						
Use of Money and Property	38,995	64,223	84,000		(84,000)	(100.00%)
Intergovernmental	236,165	467,577	454,459	451,267	(3,192)	(0.70%)
Charges for Services						
Special Assessments						
Miscellaneous						
Sub-total Operating Revenues	\$8,996,284	\$9,120,545	\$9,836,230	\$10,137,917	\$301,687	3.07%
Other Financing Sources						
Proceeds of Long Term Debt						
Capitalized Interest	1,027,019					
Transfers In	11,804,800	9,511,068	10,828,537	11,327,917	499,380	4.61%
Sub-total Other Financing Sources	\$12,831,819	\$9,511,068	\$10,828,537	\$11,137,917	\$499,380	4.61%
TOTAL REVENUES & OTHER SOURCES	\$21,828,103	\$18,631,613	\$20,664,767	\$21,465,834	\$801,067	3.88%
EXPENDITURES						
Operating Expenditures						
Personal Services						
Supplies and Services	6,250	7,250	10,000	10,000		
Universal Commodities						
Non-Recurring/Non-Capital						
Capital						
Sub-total Operating Expenditures	\$6,250	\$7,250	\$10,000	\$10,000		
Debt Service Expenditures	\$18,956,412	\$21,957,575	\$21,900,288	\$21,455,835	(\$444,453)	(2.03%)
Capital Improvement Expenditures						
Total Expenditures	\$18,962,412	\$21,964,825	\$21,910,288	\$21,465,835	(\$444,453)	(2.03%)
Transfers Out						
TOTAL EXPENDITURES/TRANSFERS OUT	\$18,962,412	\$21,964,825	\$21,910,288	\$21,465,835	(\$444,453)	(2.03%)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$2,865,691	(\$3,333,212)	(\$1,245,521)	(\$1)	\$1,245,520	n/a
BEGINNING FUND BALANCE	\$3,431,293	\$6,296,984	\$2,963,772	\$1,718,251	(\$1,245,521)	n/a
ENDING FUND BALANCE	\$6,296,984	\$2,963,772	\$1,718,251	\$1,718,250	(\$1)	n/a
FUND BALANCE% OF EXPENDITURES	33.21%	13.49%	7.84%	8.00%		



Composition of Debt Service Levy

	Principal Payable in FY 2017-18	Interest Payable in FY 2017-18	Total FY 2017-18 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
FY 2017-18 Commercial/Industrial Replacement				\$451,267	(\$451,267)
2010A - ECP	\$720,000	\$93,825	\$813,825		\$813,825
2010A - ECP Jordan Creek abated	3,255,000	274,275	3,529,275	3,529,275	
2010C - ECP	790,000	73,500	863,500		863,500
2010D - ECP Mills abated	270,000	134,232	404,232	404,232	
2011A - ECP	100,000	104,869	204,869		204,869
2011B - ECP MCP-WFHM abated	1,985,000	49,625	2,034,625	2,034,625	
2012A - Advance Refunding	370,000	14,800	384,800		384,800
2012B - Advance Refunding	1,940,000	240,750	2,180,750		2,180,750
2012D - ECP	525,000	157,500	682,500		682,500
2013A - ECP	265,000	57,660	322,660		322,660
2014A - ECP	765,000	284,888	1,049,888		1,049,888
2014A - ECP Jordan Creek abated	240,000	17,000	257,000	257,000	
2015A - ECP Alluvion abated	435,000	592,313	1,027,313	1,027,313	
2015B - ECP Alluvion	1,025,000	278,448	1,303,448	1,303,448	
2015C - Advance Refunding	930,000	50,000	980,000	980,000	
2016A - ECP	670,000	172,000	842,000		842,000
2016B - ECP Mills/Microsoft abated	840,000	528,175	1,368,175	1,368,175	
2016C - ECP	750,000	204,350	954,350		954,350
2016D - ECP Alluvion	100,000	323,850	423,850	423,850	
2017 - ECP (Pre-Levy)		2,449,579	2,449,579	620,804	1,828,775
Registration Costs			10,000		10,000
Total General Obligation Bonds	\$15,975,000	\$6,101,639	\$22,086,639	\$12,399,989	\$9,686,650

FY 2017-18 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2017	FY 2017-18 Additions	FY 2017-18 Reductions	Estimated Balance June 30, 2018
2010A - ECP Refunding	\$6,050,000	\$2,250,000		\$720,000	\$1,530,000
2010A - Refunding JC abated	25,400,000	6,645,000		3,255,000	3,390,000
2010C - ECP	7,000,000	2,450,000		790,000	1,660,000
2010D - ECP Mills abated	5,000,000	3,940,000		270,000	3,670,000
2011A - ECP	6,900,000	3,290,000		100,000	3,190,000
2011B - ECP MCP-WFHM-abated	11,270,000	1,985,000		1,985,000	
2012A - ECP Refunding	2,610,000	370,000		370,000	
2012B - ECP Refunding	11,355,000	4,815,000		1,940,000	2,875,000
2012D - ECP	7,520,000	5,250,000		525,000	4,725,000
2013A - ECP	4,385,000	2,000,000		265,000	1,735,000
2014A - ECP	12,250,000	8,100,000		765,000	7,335,000
2014A - ECP JC abated	1,125,000	490,000		240,000	250,000
2015A - ECP Alluvion abated	21,755,000	21,515,000		435,000	21,080,000
2015B - ECP Alluvion	12,715,000	11,840,000		1,025,000	10,815,000
2015C - ECP Refunding	3,410,000	2,500,000		930,000	1,570,000
2016A - ECP	9,225,000	5,965,000		670,000	5,295,000
2016B - ECP Mills/Microsoft Abated	13,855,000	13,025,000		840,000	12,185,000
2016C - ECP	7,200,000	7,100,000		750,000	6,350,000
2016D - ECP Alluvion	10,700,000	10,600,000		100,000	10,500,000
2017 - ECP (Pre-Levy)			7,665,000		7,665,000
Total General Obligation Bonds	\$179,725,000	\$114,130,000	\$7,665,000	\$15,975,000	\$105,820,000

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 2018-19	\$16,365,000	\$3,094,908	\$19,459,908	\$11,873,667	\$7,586,241
FY 2019-20	12,100,000	2,535,308	14,635,308	7,730,791	6,904,517
FY 2020-21	9,750,000	2,126,672	11,876,672	7,103,042	4,773,630
FY 2021-22	9,465,000	1,807,623	11,272,623	7,103,956	4,168,667
FY 2022-23	9,770,000	1,496,814	11,266,814	7,113,616	4,153,198
FY 2023-24	10,055,000	1,182,689	11,237,689	7,106,666	4,131,023
FY 2024-25	9,035,000	858,774	9,893,774	6,095,724	3,798,050
FY 2025-26	7,060,000	605,700	7,665,700	4,383,900	3,281,800
FY 2026-27	3,965,000	420,625	4,385,625	4,385,625	
FY 2027-28	4,085,000	303,875	4,388,875	4,388,875	
FY 2028-29	4,210,000	183,525	4,393,525	4,393,525	
FY 2029-30	1,655,000	59,325	1,714,325	1,714,325	
FY 2030-31	640,000	14,400	654,400	654,400	
	\$98,155,000	\$14,690,238	\$112,845,238	\$74,048,112	\$38,797,126

