



# 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. b

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.

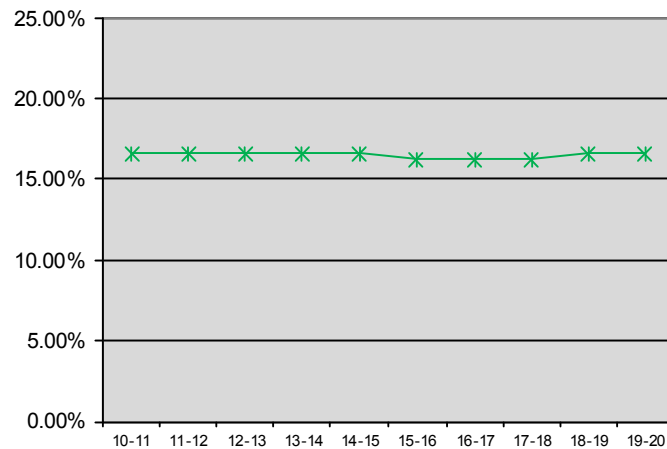
There are two types of general obligation bonds: essential corporate purpose and general corporate purpose. **Bonds issued for a general corporate purpose require a public election with a 60 percent majority vote. Some examples of general corporate purpose bonds include bonds issued for swimming pools, 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 2019-2020 the Debt Service levy rate is projected to be \$1.95 per \$1,000 of taxable valuation. This rate is 16.54% of the City's total property tax rate. This is a higher percentage than FY 2017-2018, when the debt service rate was 16.25% of the total. This higher percentage means the City is able to dedicate less of the property tax levy to general operations. The higher percentage is due to the decrease of the overall tax levy from \$12.00 to \$11.79.

In FY 2019-2020, interest income is projected to be increase, as interest rates continue to rise 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 \$3,143,212 at June 30, 2020. Currently, the Debt Service fund balance is approximately 13% 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 2016-17	ACTUAL FY 2017-18	REVISED BUDGET FY 2018-19	BUDGET FY 2019-20	INC (DEC) FY 2019-20 OVER FY 2018-19	% INC (DEC)
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Property Taxes	\$9,189,564	\$9,582,988	\$10,463,274	\$11,076,696	\$613,422	5.86%
TIF Revenues						
Other City Taxes	106,874	101,932	101,469	100,827	(642)	(0.63%)
Licenses and Permits						
Use of Money and Property	357,262	102,808		65,000	65,000	100.00%
Intergovernmental	454,090	453,717	445,515	511,408	65,893	14.79%
Charges for Services						
Special Assessments						
Miscellaneous						
<b>Sub-total Operating Revenues</b>	<b>\$10,107,790</b>	<b>\$10,241,445</b>	<b>\$11,010,258</b>	<b>\$11,753,931</b>	<b>\$743,673</b>	<b>6.75%</b>
<b>Other Financing Sources</b>						
Proceeds of Long Term Debt		3,816,907				
Capitalized Interest						
Transfers In	10,828,537	15,259,382	16,438,540	13,513,434	(2,925,106)	(17.79%)
<b>Sub-total Other Financing Sources</b>	<b>\$10,828,537</b>	<b>\$19,076,289</b>	<b>\$16,438,540</b>	<b>\$13,513,434</b>	<b>(\$2,925,106)</b>	<b>(17.79%)</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$20,936,327</b>	<b>\$29,317,734</b>	<b>\$27,448,798</b>	<b>\$25,267,365</b>	<b>(\$2,181,433)</b>	<b>(7.95%)</b>
<b>EXPENDITURES</b>						
<b>Operating Expenditures</b>						
Personal Services						
Supplies and Services	8,500	32,950	10,000	10,000		
Universal Commodities						
Capital						
<b>Sub-total Operating Expenditures</b>	<b>\$8,500</b>	<b>\$32,950</b>	<b>\$10,000</b>	<b>\$10,000</b>		
<b>Debt Service Expenditures</b>	<b>\$21,900,286</b>	<b>\$27,612,354</b>	<b>\$25,740,239</b>	<b>\$24,092,365</b>	<b>(\$1,647,874)</b>	<b>(6.40%)</b>
<b>Capital Improvement Expenditures</b>						
<b>Total Expenditures</b>	<b>\$21,908,786</b>	<b>\$27,645,304</b>	<b>\$25,750,239</b>	<b>\$24,102,365</b>	<b>(\$1,647,874)</b>	<b>(13.11%)</b>
<b>Transfers Out</b>		<b>\$671,160</b>	<b>\$1,418,655</b>	<b>\$439,189</b>	<b>(\$979,466)</b>	<b>(69.04%)</b>
<b>TOTAL EXPENDITURES/TRANSFERS OUT</b>	<b>\$21,908,786</b>	<b>\$28,316,464</b>	<b>\$27,168,894</b>	<b>\$24,541,554</b>	<b>(\$2,627,340)</b>	<b>(9.67%)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(\$972,459)</b>	<b>\$1,001,270</b>	<b>\$279,904</b>	<b>\$725,811</b>	<b>\$445,908</b>	<b>n/a</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$2,963,773</b>	<b>\$1,991,314</b>	<b>\$2,992,584</b>	<b>\$3,272,488</b>	<b>\$279,904</b>	<b>n/a</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,991,314</b>	<b>\$2,992,584</b>	<b>\$3,272,488</b>	<b>\$3,998,299</b>	<b>\$725,811</b>	<b>n/a</b>
<b>FUND BALANCE% OF EXPENDITURES</b>	<b>13.49%</b>	<b>10.82%</b>	<b>12.71%</b>	<b>15.93%</b>		

## Composition of Debt Service Levy

	Principal Payable in FY 2019-20	Interest Payable in FY 2019-20	Total FY 2019-20 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
FY 2019-20 Commercial/Industrial Replacement				\$511,408	(\$511,408)
2010A - ECP Advance Refunding	780,000	33,150	813,150		813,150
2010C - ECP	845,000	25,350	870,350		870,350
2011A - ECP	425,000	89,919	514,919		514,919
2012B - ECP Advance Refunding	870,000	71,500	941,500		941,500
2012D - ECP	550,000	125,700	675,700		675,700
2013A - ECP	275,000	44,260	319,260		319,260
2014A - ECP	820,000	230,538	1,050,538		1,050,538
2015A - ECP Alluvion Abated	1,720,000	541,613	2,261,613	2,261,613	
2015B - ECP Alluvion	1,475,000	229,048	1,704,048	1,704,048	
2015C - ECP Advance Refunding	615,000	12,300	627,300	627,300	
2016A - ECP	685,000	124,950	809,950		809,950
2016B - ECP Mills/Microsoft Abated	1,235,000	444,475	1,679,475	1,679,475	
2016C - ECP	765,000	144,150	909,150		909,150
2016D - ECP Alluvion	755,000	299,800	1,054,800	1,054,800	
2017A - ECP	440,000	110,038	550,038		550,038
2017B - ECP Mills	630,000	122,250	752,250	752,250	
2017C - ECP Alluvion	535,000	337,844	872,844	872,844	
2017D - ECP Osmium	200,000	866,013	1,066,013	1,066,013	
2017E - ECP Advance Refunding	255,000	121,863	376,863	376,863	
2018A - ECP	430,000	264,000	694,000		694,000
2018B - ECP Ashworth	315,000	501,844	816,844	816,844	
2018C - ECP Coachlight	100,000	223,007	323,007	323,007	
2018D - ECP Osmium		560,883	560,883	560,883	
2018E - ECP Osmium		317,494	317,494	317,494	
2019 - ECP (Pre-Levy)		3,530,376	3,530,376		3,530,376
Registration Costs			10,000		10,000
<b>Total General Obligation Bonds</b>	<b>\$14,720,000</b>	<b>\$9,372,365</b>	<b>\$24,102,365</b>	<b>\$12,924,842</b>	<b>\$11,177,523</b>

## FY 2019-20 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2019	FY 2019-20 Additions	FY 2019-20 Reductions	Estimated Balance June 30, 2020
2010A - ECP Advance Refunding	\$6,050,000	\$780,000		\$780,000	
2010C - ECP	7,000,000	845,000		845,000	
2011A - ECP	6,900,000	2,775,000		425,000	2,350,000
2012B - ECP Advance Refunding	11,355,000	1,430,000		870,000	560,000
2012D - ECP	7,520,000	4,190,000		550,000	3,640,000
2013A - ECP	4,385,000	1,465,000		275,000	1,190,000
2014A - ECP	12,250,000	6,530,000		820,000	5,710,000
2015A - ECP Alluvion Abated	21,755,000	19,400,000		1,720,000	17,680,000
2015B - ECP Alluvion	12,715,000	9,370,000		1,475,000	7,895,000
2015C - ECP Advance Refunding	3,410,000	615,000		615,000	
2016A - ECP	9,225,000	4,620,000		685,000	3,935,000
2016B - ECP Mills/Microsoft Abated	13,855,000	11,015,000		1,235,000	9,780,000
2016C - ECP	7,200,000	5,595,000		765,000	4,830,000
2016D - ECP Alluvion	10,700,000	9,765,000		755,000	9,010,000
2017A - ECP	7,650,000	4,895,000		440,000	4,455,000
2017B - ECP Mills	4,665,000	3,405,000		630,000	2,775,000
2017C - ECP Alluvion	9,130,000	9,130,000		535,000	8,595,000
2017D - ECP Osmium	25,555,000	25,555,000		200,000	25,355,000
2017E - ECP Advance Refunding	3,470,000	3,230,000		255,000	2,975,000
2018A - ECP	8,110,000	6,010,000		430,000	5,580,000
2018B - ECP Ashworth	12,540,000	12,540,000		315,000	12,225,000
2018C - Coachlight	6,155,000	6,155,000		100,000	6,055,000
2018D - Osmium	15,925,000	15,925,000			15,925,000
2018E	10,480,000	10,480,000			10,480,000
2019 - ECP (Pre-Levy)			10,000,000		10,000,000
2019 - RecPlex			14,400,000		14,400,000
<b>Total General Obligation Bonds</b>	<b>\$238,000,000</b>	<b>\$175,720,000</b>	<b>\$24,400,000</b>	<b>\$14,720,000</b>	<b>\$185,400,000</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 2020-21	\$12,650,000	5,324,453	\$17,974,453	\$11,957,784	\$6,016,669
FY 2021-22	14,635,000	4,883,204	19,518,204	14,102,749	5,415,455
FY 2022-23	16,905,000	4,348,345	21,253,345	15,856,059	5,397,286
FY 2023-24	17,540,000	3,738,319	21,278,319	15,902,108	5,376,211
FY 2024-25	16,875,000	3,110,591	19,985,591	14,937,703	5,047,888
FY 2025-26	15,625,000	2,522,711	18,147,711	13,613,123	4,534,588
FY 2026-27	10,305,000	2,010,217	12,315,217	11,061,029	1,254,188
FY 2027-28	10,630,000	1,697,535	12,327,535	11,063,935	1,263,600
FY 2028-29	10,960,000	1,376,157	12,336,157	11,078,607	1,257,550
FY 2029-30	8,065,000	1,055,614	9,120,614	8,425,364	695,250
FY 2030-31	6,560,000	818,994	7,378,994	7,378,994	
FY 2031-32	4,380,000	624,900	5,004,900	5,004,990	
FY 2032-33	3,650,000	492,315	4,142,215	4,142,215	
FY 2033-34	3,775,000	380,727	4,155,727	4,155,727	
FY 2034-35	3,910,000	264,197	4,174,197	4,174,197	
FY 2035-36	4,050,000	142,803	4,192,803	4,192,803	
FY 2036-37	485,000	15,763	500,763	500,763	
	<b>\$161,000,000</b>	<b>\$32,806,745</b>	<b>\$193,806,745</b>	<b>\$157,548,060</b>	<b>\$36,258,685</b>

Future Debt Service Payments by Fiscal Year

