



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.

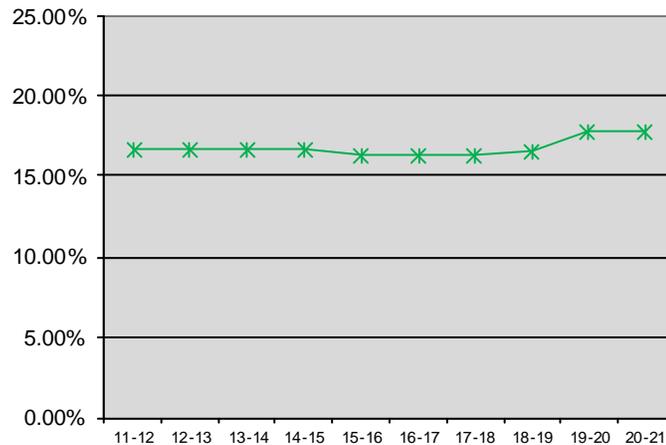
There are two types of general obligation bonds: essential corporate purpose and general corporate purpose. **Bonds issued for a general corporate purpose require a public election with a 60 percent majority vote. Some examples of general corporate purpose bonds include bonds issued for swimming pools, 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 2020-2021 the Debt Service levy rate is projected to be \$1.95 per \$1,000 of taxable valuation. This rate is 17.74% of the City’s total property tax rate. This is a higher percentage as than FY 2018-2019, when the debt service rate was 16.54% 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 \$11.79 to \$10.99.

In FY 2020-2021, interest income is projected to be minimal, as interest rates remain steady. 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 \$1,678,755 at June 30, 2021. Currently, the Debt Service fund balance is approximately 6.28% 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 2017-18	ACTUAL FY 2018-19	REVISED BUDGET FY 2019-20	BUDGET FY 2020-21	INC (DEC) FY 2020-21 OVER FY 2019-20	% INC (DEC)
<u>REVENUES</u>						
Operating Revenues						
Property Taxes	\$9,582,988	\$10,444,936	\$11,076,696	\$11,779,554	\$702,858	6.35%
TIF Revenues						
Other City Taxes	101,932	101,001	100,827	95,636	(5,191)	(5.15%)
Licenses and Permits						
Use of Money and Property	102,808	171,871	65,000	80,000	15,000	23.08%
Intergovernmental	453,717	468,476	511,408	464,501	(46,907)	(9.17%)
Charges for Services						
Special Assessments						
Miscellaneous						
Sub-total Operating Revenues	\$10,241,445	\$11,186,284	\$11,753,931	\$12,419,691	\$665,760	5.66%
Other Financing Sources						
Proceeds of Long Term Debt	3,816,907					
Capitalized Interest						
Transfers In	15,259,382	16,161,425	17,691,524	14,379,934	(3,311,590)	(18.72%)
Sub-total Other Financing Sources	\$19,076,289	\$16,161,425	\$17,691,524	\$14,379,934	(\$3,311,590)	(18.72%)
TOTAL REVENUES & OTHER SOURCES	\$29,317,734	\$27,347,709	\$29,445,455	\$26,799,625	(\$2,645,830)	(8.99%)
<u>EXPENDITURES</u>						
Operating Expenditures						
Personal Services						
Supplies and Services	32,950	12,500	13,000	15,000	2,000	15.38%
Universal Commodities						
Capital						
Sub-total Operating Expenditures	\$32,950	\$12,500	\$13,000	\$15,000	\$2,000	15.38%
Debt Service Expenditures	\$27,612,354	\$25,740,049	\$29,856,520	\$26,704,625	(\$3,151,895)	(10.56%)
Capital Improvement Expenditures						
Total Expenditures	\$27,645,304	\$25,752,549	\$29,869,250	\$26,719,625	(\$3,149,895)	(10.55%)
Transfers Out	\$671,160	\$1,444,284	\$771,380	\$350,700	(\$420,680)	(54.54%)
TOTAL EXPENDITURES/TRANSFERS OUT	\$28,316,464	\$27,195,391	\$30,640,900	\$27,070,325	(\$3,570,575)	(11.65%)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$1,001,270	\$152,318	(\$1,195,445)	(\$270,700)	\$924,745	n/a
BEGINNING FUND BALANCE	\$1,991,312	\$2,992,582	\$3,144,900	\$1,949,455	(\$1,195,445)	
ENDING FUND BALANCE	\$2,992,582	\$3,144,900	\$1,949,455	\$1,678,755	(\$270,700)	n/a
FUND BALANCE% OF EXPENDITURES	10.82%	12.21%	6.53%	6.28%		



Composition of Debt Service Levy

	Principal Payable in FY 2020-21	Interest Payable in FY 2020-21	Total FY 2020-21 Obligation	Amount Paid by Other Funds & Debt Service Fund Balance	Amount Paid by Current Year Debt Service Taxes
FY 2020-21 Commercial/Industrial Replacement				\$464,501	(\$464,501)
2012B - ECP Advance Refunding	560,000	28,800	588,800		588,800
2012D - ECP	565,000	109,200	674,200		674,200
2013A - ECP	285,000	36,010	321,010		321,010
2014A - ECP	865,000	189,538	1,054,538		1,054,538
2015A - ECP Alluvion Abated	1,765,000	498,613	2,263,613	2,263,613	
2015B - ECP Alluvion	1,505,000	199,548	1,704,548	1,704,548	
2016A - ECP	625,000	104,400	729,400		729,400
2016B - ECP Mills/Microsoft Abated	1,295,000	382,725	1,677,725	1,677,725	
2016C - ECP	775,000	113,550	888,550		888,550
2016D - ECP Alluvion	775,000	277,150	1,052,150	1,052,150	
2017A - ECP	450,000	101,238	551,238		551,238
2017B - ECP Mills	660,000	97,050	757,050	757,050	
2017C - ECP Alluvion	565,000	311,094	876,094	876,094	
2017D - ECP Osmium	100,000	860,013	960,013	960,013	
2017E - ECP Advance Refunding	270,000	109,113	379,113	379,113	
2018A - ECP	445,000	246,800	691,800		691,800
2018B - ECP Ashworth	355,000	486,094	841,094	841,094	
2018C - ECP Coachlight	100,000	218,007	318,007	318,007	
2018D - ECP Osmium	250,000	560,883	810,883	810,883	
2018E - ECP Osmium		317,494	317,494	317,494	
2019A - ECP		350,700	350,700	350,700	
2019B - ECP		247,250	247,250	247,250	
2019C - ECP	380,000	208,200	588,200	588,200	
2019D - ECP	970,000	266,000	1,236,000	1,236,000	
2019E - ECP	790,000	316,700	1,106,700		1,106,700
2019F - ECP	520,000	544,200	1,064,200	1,064,200	
2020 - ECP (Pre-Levy)		5,718,455	5,718,455		5,718,455
Registration Costs			15,000		15,000
Total General Obligation Bonds	\$14,870,000	\$12,898,825	\$27,783,825	\$15,908,635	\$11,875,190



FY 2020-21 General Obligation Bonds Outstanding

	Original Issue	Estimated Balance June 30, 2020	FY 2020-21 Additions	FY 2020-21 Reductions	Estimated Balance June 30, 2021
2012B - ECP Advance Refunding	11,355,000	560,000		560,000	-
2012D - ECP	7,520,000	3,640,000		565,000	3,075,000
2013A - ECP	4,385,000	1,190,000		285,000	905,000
2014A - ECP	13,375,000	5,710,000		865,000	4,845,000
2015A - ECP Alluvion Abated	21,755,000	17,680,000		1,765,000	15,915,000
2015B - ECP Alluvion	12,715,000	7,895,000		1,505,000	6,390,000
2016A - ECP	9,225,000	3,935,000		625,000	3,310,000
2016B - ECP Mills/Microsoft Abated	13,855,000	9,780,000		1,295,000	8,485,000
2016C - ECP	7,200,000	4,830,000		775,000	4,055,000
2016D - ECP Alluvion	10,700,000	9,010,000		775,000	8,235,000
2017A - ECP	7,650,000	4,455,000		450,000	4,005,000
2017B - ECP Mills	4,665,000	2,775,000		660,000	2,115,000
2017C - ECP Alluvion	9,130,000	8,595,000		565,000	8,030,000
2017D - ECP Osmium	25,555,000	25,355,000		100,000	25,255,000
2017E - ECP Advance Refunding	3,470,000	2,975,000		270,000	2,705,000
2018A - ECP	8,110,000	5,580,000		445,000	5,135,000
2018B - ECP Ashworth	12,540,000	12,225,000		355,000	11,870,000
2018C - ECP Coachlight	6,155,000	6,055,000		100,000	5,955,000
2018D - ECP Osmium	15,925,000	15,925,000		250,000	15,675,000
2018E - ECP Osmium	10,480,000	10,480,000			10,480,000
2019A - ECP Osmium	7,225,000	7,225,000			7,225,000
2019B - ECP Sammons	4,945,000	4,945,000			4,945,000
2019C - ECP 88th & Mills	5,105,000	4,735,000		380,000	4,355,000
2019D - ECP Booneville Rd	5,320,000	5,320,000		970,000	4,350,000
2019E - ECP & Refunding	12,625,000	7,490,000		790,000	6,700,000
2019F - ECP RecPlex	15,400,000	14,815,000		520,000	14,295,000
2020 - ECP (Pre-Levy)			\$10,680,000		10,680,000
Total General Obligation Bonds	\$266,385,000	\$203,180,000	\$10,680,000	\$14,870,000	\$198,990,000

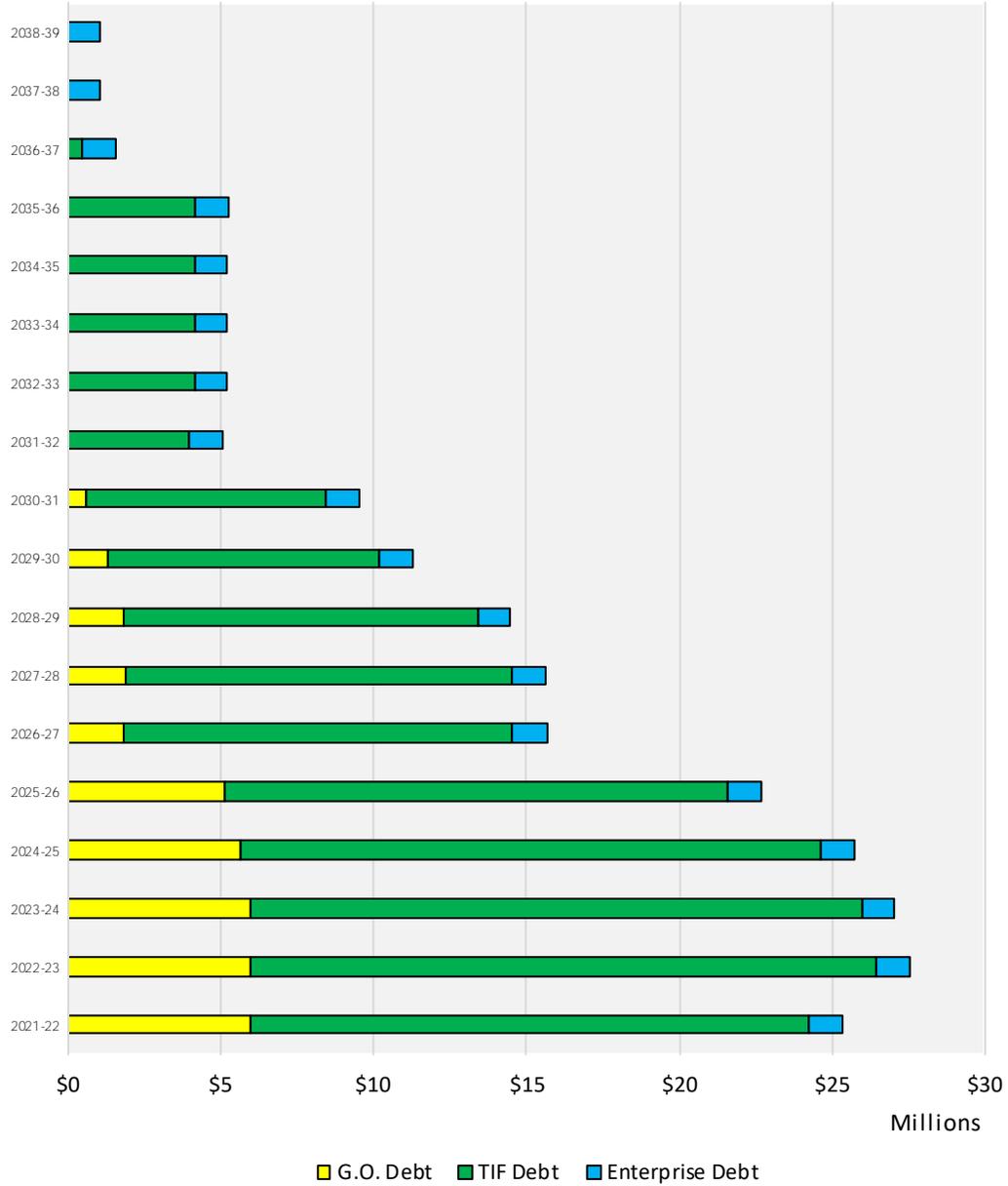


Future Debt Service Payments based on Existing Debt

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 2021-22	\$18,670,000	\$6,642,985	\$25,312,985	\$19,310,599	\$6,002,386
FY 2022-23	21,625,000	5,897,845	27,522,845	21,539,659	5,983,186
FY 2023-24	21,990,000	5,043,594	27,033,594	21,073,458	5,960,136
FY 2024-25	21,535,000	4,186,091	25,721,091	20,081,553	5,639,538
FY 2025-26	19,290,000	3,357,711	22,647,711	17,505,723	5,141,988
FY 2026-27	12,975,000	2,664,667	15,639,667	13,777,079	1,862,588
FY 2027-28	13,400,000	2,215,785	15,615,785	13,744,035	1,871,750
FY 2028-29	12,735,000	1,763,607	14,498,607	12,654,107	1,844,500
FY 2029-30	9,910,000	1,392,064	11,302,044	9,996,864	1,305,200
FY 2030-31	8,455,000	1,100,094	9,555,094	8,947,394	607,700
FY 2031-32	5,220,000	849,150	6,069,150	6,069,150	
FY 2032-33	4,515,000	691,265	5,206,265	5,206,265	
FY 2033-34	4,665,000	553,827	5,218,827	5,218,827	
FY 2034-35	4,830,000	410,597	5,240,597	5,240,597	
FY 2035-36	4,995,000	261,603	5,256,603	5,256,603	
FY 2036-37	1,460,000	106,213	1,566,213	1,566,213	
FY 2037-38	1,005,000	61,200	1,066,200	1,066,200	
FY 2038-39	1,035,000	31,050	1,066,050	1,066,050	
	\$188,310,000	\$37,229,348	\$225,539,348	\$189,320,376	\$36,218,972



Future Debt Service Payments by Fiscal Year



SUMMARY OF TRANSFERS

To Fund	From Fund	Description	Amount
<u>Transfers In</u>			
Debt Service	Alluvion TIF District	2015A Bond Payment	\$2,263,613
Debt Service	Alluvion TIF District	2015B Bond Payment	1,704,548
Debt Service	Mills Parkway TIF District	2016B Bond Payment	1,020,750
Debt Service	Mills TIF District-Microsoft Sub #7	2016B Bond Payment	656,975
Debt Service	Alluvion TIF District	2016D Bond Payment	1,052,150
Debt Service	Mills Parkway TIF District	2017B Bond Payment	757,050
Debt Service	Osmium TIF District	2017C Bond Payment	876,094
Debt Service	Osmium TIF District	2017D Bond Payment	960,013
Debt Service	Mills TIF District -Microsoft Sub #7	2017E Bond Payment	379,113
Debt Service	Ashworth Road TIF District	2018B Bond Payment	841,094
Debt Service	Coachlight Drive TIF District	2018C Bond Payment	318,007
Debt Service	Osmium TIF District	2018D Bond Payment	810,883
Debt Service	Osmium TIF District	2018E Bond Payment	317,494
Debt Service	Capitalized Interest 2019A	2019A Bond Payment	350,700
Debt Service	8300 Mills Parkway TIF District	2019B Bond Payment	247,250
Debt Service	Coachlight Drive TIF	2019C Bond Payment	588,200
Debt Service	Woodland Hills TIF District	2019D Bond Payment	1,236,000
Total Transfers In			\$14,379,934
<u>Transfers Out</u>			
Debt Service	Capitalized Interest 2019A	2019A Bond Payment	\$350,700
Total Transfers Out			\$350,700
NET TRANSFERS			\$14,029,234



