

DEBT SERVICE FUNDS

PROPOSED BUDGET

2016-2017



Whitney Street Improvements

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DEBT SERVICE FUNDS OVERVIEW

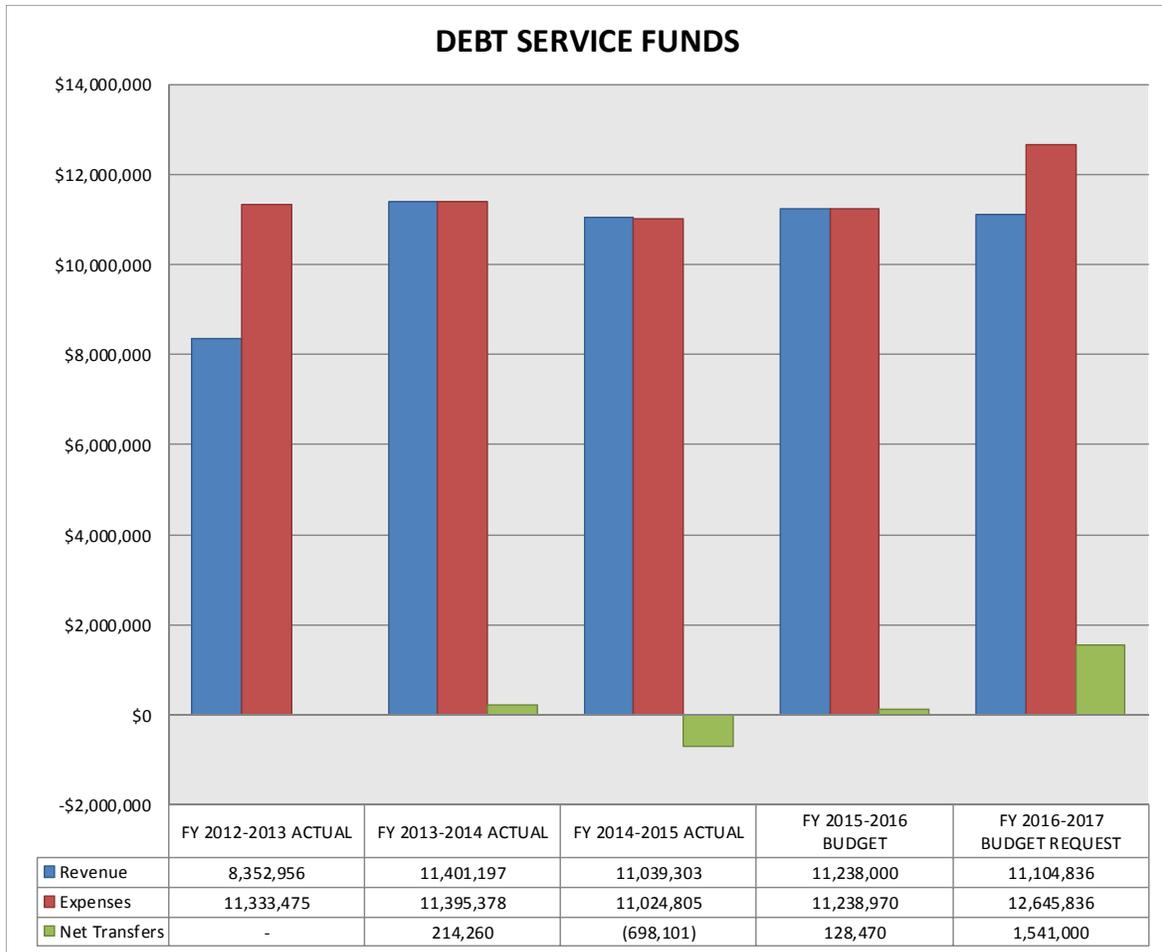
The City accounts for the repayment of long-term General Obligation (GO) and Special Service Assessment (SSA) debt in the Debt Service Funds. Debt service is the periodic repayments made by the City on the principal and interest on long-term loans. The City's Revenue Bonds are accounted for in the related Enterprise Fund, detail for which may be found in the *Enterprise Funds* section of this report.

SOURCES & USES OF FUNDS

Property Taxes and Special Assessments make up the revenue earmarked for the purpose of debt retirement. The debt service for the 2016-2017 fiscal year reflects a -1%, or -\$137 thousand reduction from the prior year. While new bonds were issued during the 2015-2016 fiscal year, the repayment schedule was purposely structured around the existing outstanding debt to mitigate the impact on the City's tax levy.

Revenues	\$11,104,836
Expenditures	-12,645,836
Surplus / (Deficit) before transfers	-1,541,000
Transfers-In	1,541,000
Transfers-Out	0
Surplus / (Deficit) after transfers	0

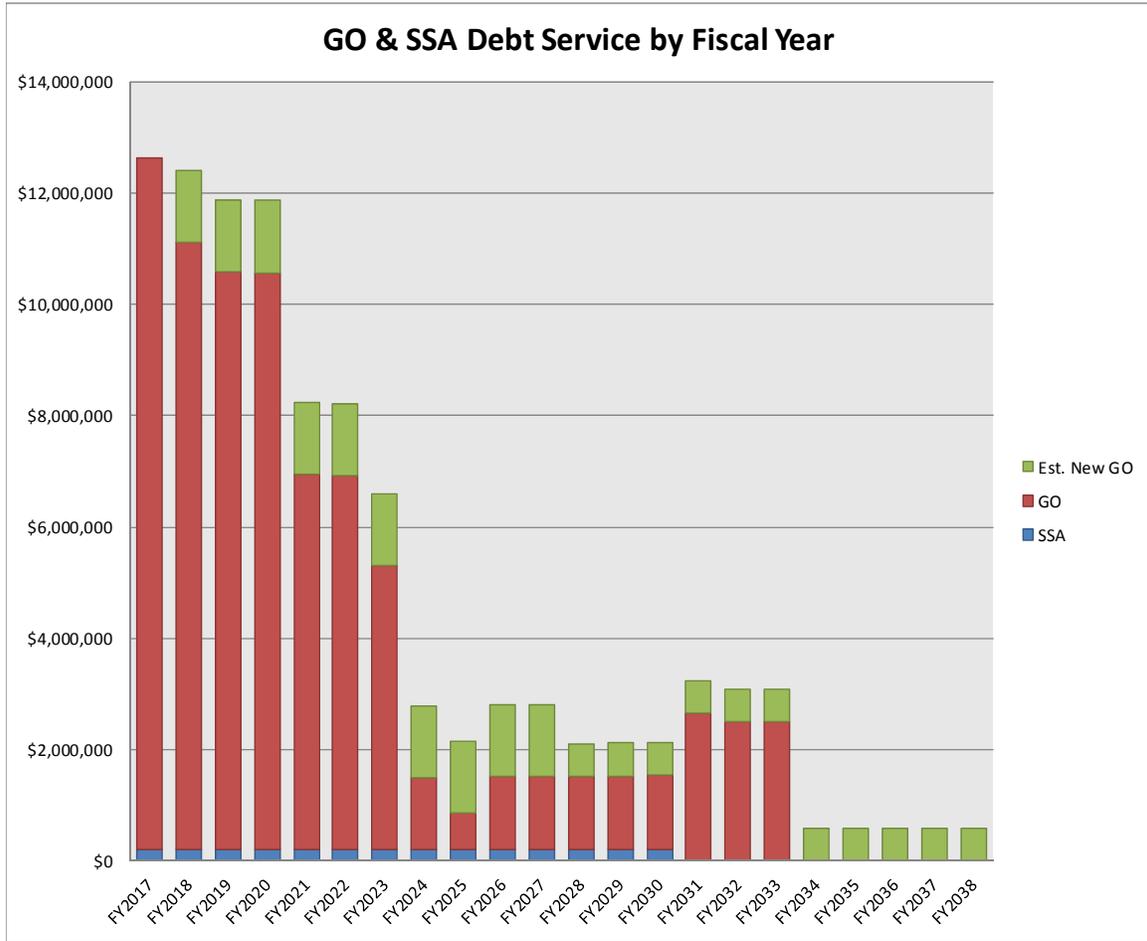
In addition to property taxes levied and collected for the purposes of repaying long-term debt, the City will also use Home Rule Sales Tax and Tax Increment Financing (TIF) revenues transferred in from Special Revenue Funds to repay portions of the outstanding principal and interest due in the upcoming fiscal year. Further detail may be found in the *Special Revenue Funds* section of this report. As illustrated in the following chart, this is a change from prior years when the City was only able to use property taxes for bond financing. By increasing the City's home rule sales tax 0.25% effective January 2015, the City is able to use those new revenues to support the repayment of bonds issued specifically for roadway improvements. In addition, the Sunset Delany Tax Increment Financing (TIF) District is expected to have positive incremental growth in the 2016-2017 fiscal year, allowing the City to use those funds to repay debt service specifically related to a project financed within the TIF boundaries.



OUTSTANDING AND PROJECTED BOND ISSUES

As of May 1, 2016, the City's principal outstanding for GO bonds totals \$63.45 million, principal outstanding for SSA bonds totals \$1.96 million, and the City plans to add an additional \$12.88 million in GO notes and bonds in the upcoming fiscal year. Annual debt service payments for the SSA and GO Bonds currently outstanding are shown below by fiscal year. Additionally, the City plans to issue a GO Home Rule Sales Tax bond totaling \$7.33 million to fund the rehabilitation and reconstruction of City's roadways, described more fully in the **Capital Funds** section of this document. It is the City's intention to abate the property tax levies associated with the newly issued GO Home Rules Sales Tax bonds with Sales Tax receipts if and when those revenue streams are sufficient to do so. However, as the primary pledge is the City's property taxes, the projected debt service associated with the bonds has been included in the chart below with an assumed 20-year repayment schedule. The City has included another potential borrowing for up to \$5.55 million related to

land acquisition as described in the **Capital Funds** section of this document; and will be assumed as property-tax supported 10-year notes.



PURPOSE OF BONDS

The current outstanding bond issues include the following series: 2005 Fountain Square SSA, 2009A GO Bonds, 2010A GO Bonds, 2010B GO Bonds, 2010C GO Bonds, 2012A GO Bonds, 2012B GO TIF Bonds, 2015A GO (Sales Tax) Bonds, and 2015B GO Bonds.

The Special Service Assessment Bonds were issued in 2005 to install water and sewer infrastructure in the Fountain Square (Lakehurst) area. The principal outstanding is \$1.96 million at May 1, 2016.

The 2009A Bonds were issued to retire a note borrowed for property purchased related to a potential Casino project and to obtain Working Cash. In the event this property is sold, those proceeds will be used to partially retire this bond issue. Principal outstanding at May 1, 2016 is \$14.76 million.

The 2010A Bonds were refunded bond issues from 1998 and 2001 to obtain a lower interest rate. The original series of those bonds were issued for the construction of City Hall, environmental remediation, and other infrastructure projects. Principal outstanding at May 1, 2016 is \$875 thousand.

The 2010B Bonds were used to make a payment regarding a wrongful imprisonment lawsuit. The City prevailed in its litigation with the insurance company that originally denied the City's claim for coverage, and those settlement monies were used to partially retire this bond issue. The principal outstanding is \$780 thousand as of May 1, 2016.

The 2010C Bonds were issued to fund several capital projects which were started in Fiscal Year 2009-2010 and concluded during Fiscal Year 2012-2013. These projects included street renewal and replacement, city-owned facility improvements, and technology improvements. The principal outstanding is \$7.18 million at May 1, 2016.

The 2012A Bonds were used to refinance the 2003A GO Capital Appreciation Bonds. The original bonds were issued to pay for Fountain Square (Lakehurst) acquisition of certain properties and infrastructure improvements. As of May 1, 2016, \$17.13 million in principal is outstanding on these bonds.

The 2012B GO TIF Bonds were issued to reimburse a developer for improvements made in the Delany/Sunset Industrial Park related to the Woodland Foods Project, with \$1.62 million outstanding in principal as of May 1, 2016.

The 2015A GO Sales Tax Bonds were issued during the 2015-2016 fiscal year for Citywide street renewal and replacement projects. The principal outstanding as of May 1, 2016 for these bonds is \$7.01 million.

The 2015B GO Bonds refunded outstanding Bonds to a lower interest rate. The original bonds issued in 2001 and 2004 were issued for Genesee Theatre renovations. The principal outstanding is \$14.09 million at May 1, 2016.

As aforementioned, the City plans to issue bonds totaling \$12.88 million in the next fiscal year. Those projected debt service amounts have been added to the total debt service chart above.

LINE ITEM DETAIL

**FND 468 - 2012A G.O.
BONDS**

Sub 2400	Contractual Services	
468		
146824075	Principal Retirement - Bonds	2,105,000
468		
146824404	Bond Interest Expense	856,500
468		
146824405	Bond Service Fees	500

Sub 2400	Contractual Services	2,962,000
Sub 3000	Tax Collection	
468 30000	Property Tax	-2,962,000

Sub 3000	Tax Collection	-2,962,000

**FND 488 - SERIES 2005
SPECIAL A BONDS**

Sub 2400	Contractual Services	
488		
148824075	Principal Retirement - Bonds	91,000
488		
148824404	Bond Interest Expense	120,000
488		
148824405	Bond Service Fees	5,500

Sub 2400	Contractual Services	216,500
Sub 4500	Special Assessment Revenue	
488 45510	Special Assessment Revenue	-216,500

Sub 4500	Special Assessment Revenue	-216,500

**FND 490 - 2009
WORKING CASH BOND**

Sub 2400	Contractual Services	
490		
149024075	Principal Retirement - Bonds	3,445,000
490		
149024404	Bond Interest Expense	727,000

490			
149024405	Bond Service Fees		500

Sub 2400	Contractual Services		4,172,500
Sub 3000	Tax Collection		
490 30000	Property Tax		-4,172,500

Sub 3000	Tax Collection		-4,172,500

**FND 491 - 2010A GO
REFUND BND**

Sub 2400	Contractual Services		
491			
149124075	Principal Retirement - Bonds		875,000
491			
149124404	Bond Interest Expense		35,000
491			
149124405	Bond Service Fees		500

Sub 2400	Contractual Services		910,500
Sub 3000	Tax Collection		
491 30000	Property Tax		-910,500

Sub 3000	Tax Collection		-910,500

**FND 492 - 2010B G. O.
BONDS**

Sub 2400	Contractual Services		
492			
149224075	Principal Retirement - Bonds		160,000
492			
149224404	Bond Interest Expense		25,000
492			
149224405	Bond Service Fees		500

Sub 2400	Contractual Services		185,500
Sub 3000	Tax Collection		
492 30000	Property Tax		-185,500

Sub 3000	Tax Collection		-185,500

FND 493 - 2010C G. O.
BONDS

Sub 2400	Contractual Services	
493		
149324404	Bond Issuance Expenses-Variou	285,000
493		
149324405	Bond Service Fees	500

Sub 2400	Contractual Services	285,500
Sub 3000	Tax Collection	
493 30000	Property Tax	-285,500

Sub 3000	Tax Collection	-285,500

FND 494 - 2012B G.O.TIF BOND
(WOODLAND)

Sub 2400	Contractual Services	
494		
149424075	Principal Retirement - Bonds	145,000
494		
149424404	Bond Interest Expense	65,000
494		
149424405	Bond Service Fees	500

Sub 2400	Contractual Services	210,500
Sub 6300	Transfers - In	
494 63239	Transfer from Sunset/Delany TIF	-210,500

Sub 6300	Transfers - In	-210,500

FND 495 - 2015 GO SALES
TX BONDS

Sub 2400	Contractual Services	
495		
149524075	Principal Retirement - Bonds	1,030,000
495		
149524404	Bond Interest Expense	300,000
495	Bond Service Fees	500

149524405		

Sub 2400	Contractual Services	1,330,500
Sub 6300	Transfers - In	
495 63202	Transfers From HR Sales Tx Inf	-1,330,500

Sub 6300	Transfers - In	-1,330,500

**FND 496 - 2015B REFNDG
BONDS**

Sub 2400	Contractual Services	
496		
149624075	Principal Retirement - Bonds	2,000,000
496		
149624404	Bond Interest Expense	371,836
496		
149624405	Bond Service Fees	500

Sub 2400	Contractual Services	2,372,336
Sub 3000	Tax Collection	
496 30000	Property Tax	-2,372,336

Sub 3000	Tax Collection	-2,372,336