

DEBT SERVICE FUNDS

PROPOSED BUDGET

Fiscal Year

2019-2020

Debt Service Funds

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INTRODUCTION

Debt service is the periodic repayments made by the City on the principal and interest of long-term loans. The City accounts for the repayment of long-term general obligation (GO), special service assessment (SSA) debt, and capital leases in the Debt Service Funds. The City's revenue bonds are not included in the Debt Service Funds as they are repaid using water or parking fees and, therefore are accounted for in the Enterprise Funds.

OVERVIEW

The FY20 Debt Service Funds budget calls for \$12.5 million in revenue, expenses totaling \$15.6 million, and transfers-in of \$3.1 million. The Debt Service Funds are anticipated to have an operating surplus / deficit of -0- after transfers.

Revenues	\$12,507,000
Expenses	-15,582,000
Surplus / Deficit before transfers	-3,075,000
Transfers-In	3,075,000
Transfers-Out	0
Surplus / Deficit after transfers	0

DISCUSSION

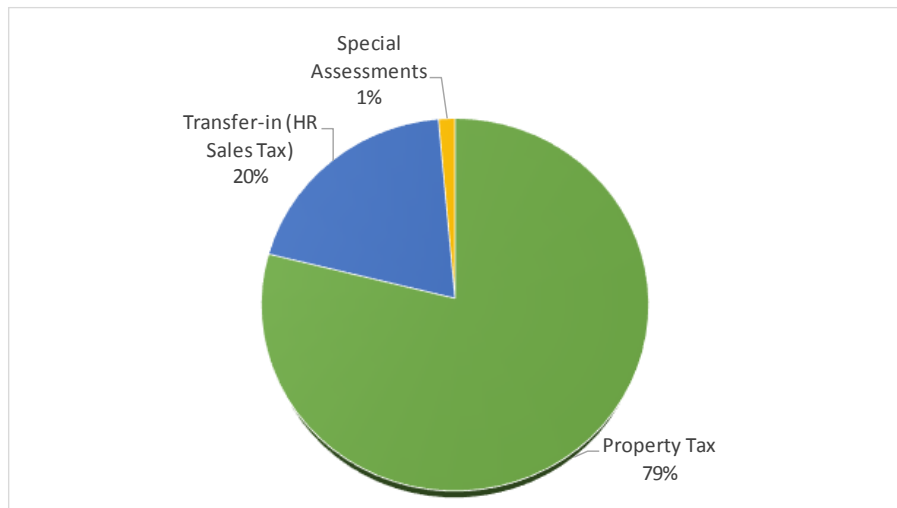
The revenues for FY20 year reflect a 23%, or \$2.4 million increase, and expenses increase 38%, or \$4.3 million compared to the prior year budget as new bonds were issued during FY19. Over a 5-year period, projected FY20 revenues reflect a 13%, or \$1.5 million increase, and expenses have increased 40%, or \$4.4 million over the same time period.

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Amended Budget	FY20 Proposed Budget
Revenues	11,046,280	11,074,427	25,995,933	10,155,000	12,507,000
Expenses	-11,160,786	-12,869,899	-27,229,271	-11,310,000	-15,582,000
Net Transfers	491,544	1,669,346	1,133,221	1,155,000	3,075,000
Surplus/ Deficit	377,038	-126,126	-100,117	0	0

Debt Service Funds

SOURCES

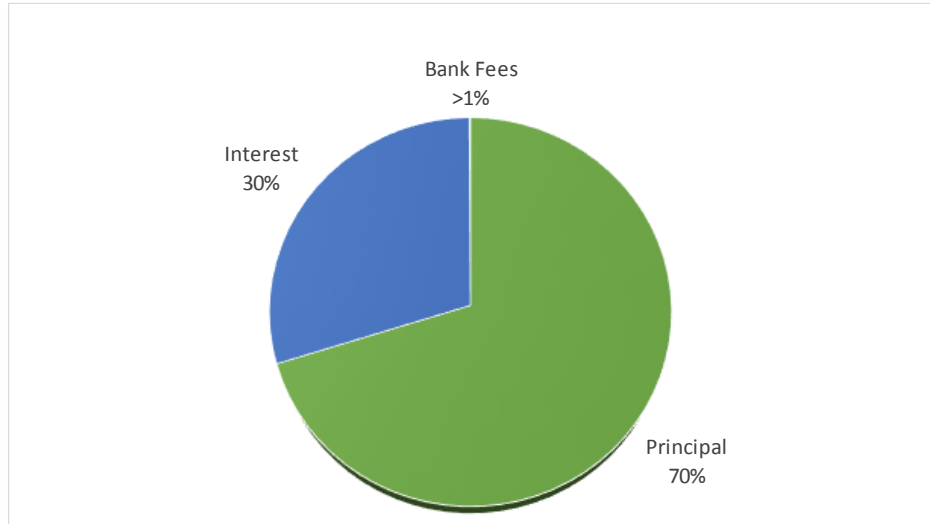
The City uses property taxes, special assessments, home rule sales taxes, and permanent transfers from the Stabilization Fund to meet debt service obligations. Property taxes are used to repay bonds issued for a variety of reasons including municipal facility upkeep, vehicle and equipment replacement, sidewalk improvements, land acquisition, and settlement of judgements against the City. Home rule sales tax supports the repayment of bonds issued specifically for roadway improvements. Special assessments are levied on specific commercial properties to repay bonds issued to make infrastructure improvements at Fountain Square in the mid-2000s. For the FY20 budget, property tax revenues are \$12.3 million, or 79% of total resources. Transfers-in of home rule sales tax are \$3.1 million, accounting for 20% of resources used to repay bonds in FY20. In addition, special assessments of \$220 thousand are expected to be collected.



USES

The principal, interest, and fees associated with the outstanding bonds and capital leases are the only expenditures budgeted in the Debt Service Funds. In FY20, the principal payments account for 70% of planned expenses, totaling \$10.9 million, and interest payments account for 30%, or \$4.6 million. Bank fees are planned at \$15 thousand.

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BOND ISSUE DESCRIPTIONS

As of May 1, 2019, the City's principal outstanding for GO bonds totals \$86.8 million, principal outstanding for SSA bonds totals \$1.7 million, and \$2.3 million is outstanding principal on capital leases. The current outstanding bond issues include the following series: 2005 Fountain Square SSA, 2012A GO Refunding Bonds, 2012B GO (TIF) Bonds, 2015A GO (Sales Tax) Bonds, 2015B GO Refunding Bonds, 2016A GO (Sales Tax) Bonds, 2017A GO Refunding Bonds, 2017B GO Taxable Refunding Bonds, 2018A GO (Sales Tax) Bonds, 2018B GO Bonds, and 2018D GO Judgement Bonds.

The SSA bonds were issued in 2005 for a total principal amount of \$3.7 million to make infrastructure improvements in the Fountain Square (Lakehurst) area. The principal outstanding is \$1.7 million at May 1, 2019. The SSA bonds will be fully retired in FY30.

The \$23.5 million 2012A Bonds were used to refinance the 2003A GO Bonds. The original bonds were issued to pay for certain property acquisitions, such as right-of-way, and infrastructure improvements. The bonds will be retired in FY23, and as of May 1, 2019 \$10.5 million in principal is outstanding.

The \$1.7 million 2012B GO TIF Bonds were issued to reimburse a developer for improvements made in the Delany/Sunset Industrial Park related to the Woodland Foods Redevelopment Project, with \$1.1 million outstanding in principal as of May 1, 2019. The bonds will be fully retired in FY23.

The \$7.0 million 2015A GO Sales Tax Bonds were issued during FY15 for citywide street renewal and replacement projects which occurred in FY15 and FY16, with a retirement

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date in FY33. The principal outstanding as of May 1, 2019 for these bonds is \$6.0 million.

The \$14.1 million 2015B GO Bonds refunded outstanding bonds to a lower interest rate. The original bonds issued in 2001 and 2004 were for Genesee Theatre acquisition and renovations. The refunding bond issue will be retired in FY24 and as of May 1, 2019 principal outstanding is \$7.9 million.

The \$7.1 million 2016A GO Sales Tax Bonds were issued for citywide street renewal and replacement projects which took place in FY16 and FY17. The bond issue will be fully repaid in FY30 with principal outstanding as of May 1, 2019 at \$6.0 million.

The \$7.1 million 2017A GO Bonds were used to refinance the 2010C Bonds originally issued to fund several capital projects including street renewal and replacement, City-owned facility improvements, and technology improvements from FY10 to FY13. The principal outstanding is \$7.1 million at May 1, 2019, with full retirement scheduled for FY31.

The \$7.9 million 2017B GO Bonds were used to refinance the 2009A Bonds originally issued to restructure a note used to purchase property for a large site targeted for future development, as well as to establish a working cash fund. The bonds will be completely repaid in FY20 with principal outstanding as of May 1, 2019 of \$4.0 million.

The \$14.9 million 2018A GO Sales Tax Bonds were issued for citywide street renewal and replacement projects planned for FY19 and FY20. The principal outstanding as of May 1, 2019 for the bonds is \$14.9 million, with the bonds fully retired in FY37.

The \$21.4 million 2018B GO Bonds were issued to fund several capital projects including sidewalk, streetlight and signage repairs, City-owned facility improvements, and large vehicle / equipment replacements during FY19 and FY20. The bond issue will be fully repaid in FY34 with principal outstanding of \$21.4 million at May 1, 2019.

The \$7.9 million 2018D GO Bonds were issued to cover a legacy police liability judgement issued against the City. The principal outstanding is \$7.9 million at May 1, 2019, and the bond will be retired in FY29.

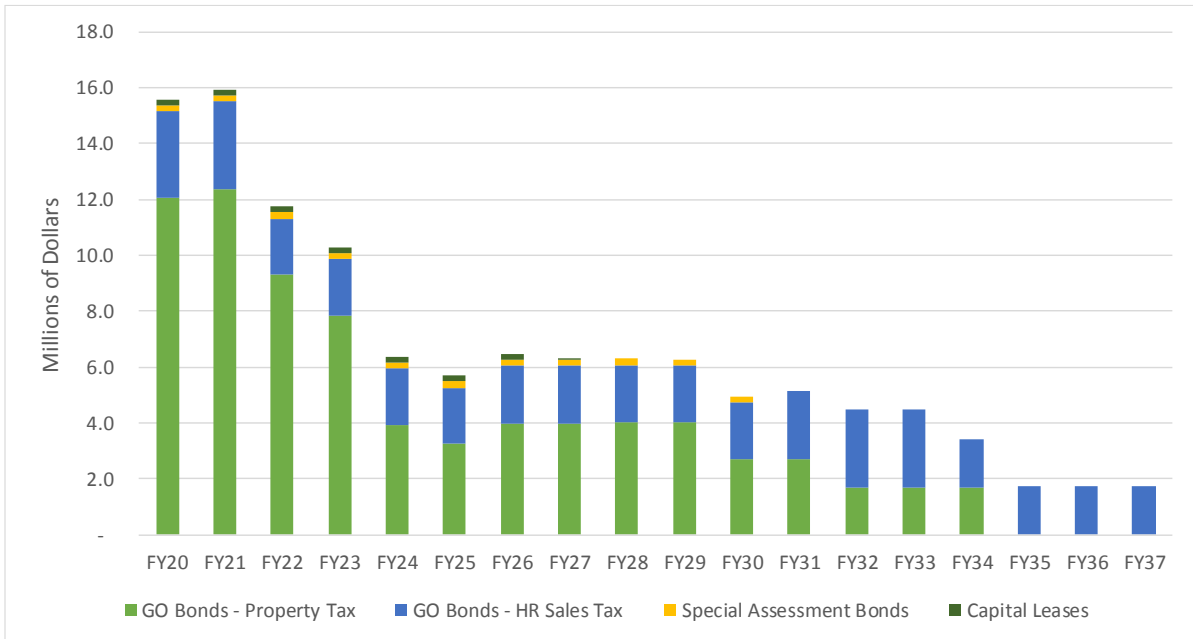
The City has two capital leases outstanding with First Midwest Bank, formerly NorStates Bank. A capital lease was entered into in 2016 for the purchase of snow plows. The original principal amount was \$1.3 million, and as of May 1, 2019 the principal outstanding is \$964 thousand. The lease will be fully repaid in FY26. Another capital lease was entered into in 2017 for the purchase of ambulances. The original principal

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amount was \$421 thousand, and as of May 1, 2019 the principal outstanding is \$337 thousand. The lease will be fully repaid in FY27.

Annual debt service payments, principal and interest combined, for the GO and SSA bonds, and capital leases currently outstanding are shown below by fiscal year.

Presently, there are no plans to issue new bonds during FY20.



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LINE ITEM DETAIL

ACCOUNT #	ACCOUNT DESCRIPTION	FY20 PROPOSED BUDGET
2018A GO SALES TAX BONDS, FUND 430		
Revenues		0
430 63202	Transfer from HR Sales Tx Fund	-2,120,000
Transfers From		-2,120,000
<i>Sub 2400</i>	<i>Contractual Services</i>	
430 143024075	Principal Retirement - Bonds	1,110,000
430 143024404	Bond Interest Expense	1,009,000
430 143024405	Bond Service Fees	1,000
Expenditures		2,120,000
Transfers To		0

FUND TOTAL		0
2018B GO BONDS, FUND 431		
<i>Sub 3000</i>	<i>Tax Collection</i>	
431 30000	Property Tax	-1,697,000
Revenues		-1,697,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
431 143124075	Principal Retirement - Bonds	300,000
431 143124404	Bond Interest Expense	1,396,000
431 143124405	Bond Service Fees	1,000
Expenditures		1,697,000
Transfers To		0

FUND TOTAL		0
2018D GO JUDGEMENT BONDS, FUND 432		
<i>Sub 3000</i>	<i>Tax Collection</i>	
432 30000	Property Tax	-464,000
Revenues		-464,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
432 143224404	Bond Interest Expense	464,000
Expenditures		464,000

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Transfers To		0

FUND TOTAL		0

CAPITAL LEASES REPAYMENT FUND, FUND 455

<i>Sub 3000</i>	<i>Tax Collection</i>	
455 30000	Property Tax	-200,000
Revenues		-200,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
455 145524076	Lease Payments - Principal	165,000
455 145524403	Interest Expense	35,000
Expenditures		200,000
Transfers To		0

FUND TOTAL		0

2012A GO BONDS - \$23,490,000, FUND 468

<i>Sub 3000</i>	<i>Tax Collection</i>	
468 30000	Property Tax	-2,961,000
Revenues		-2,961,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
468 146824075	Principal Retirement - Bonds	2,435,000
468 146824404	Bond Interest Expense	525,000
468 146824405	Bond Service Fees	1,000
Expenditures		2,961,000
Transfers To		0

FUND TOTAL		0

2017A GO REFUND BND \$7,130,000, FUND 475

<i>Sub 3000</i>	<i>Tax Collection</i>	
475 30000	Property Tax	-249,000
Revenues		-249,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
475 147524404	Bond Interest Expense	248,000
475 147524405	Bond Service Fees	1,000
Expenditures		249,000

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Transfers To		0

FUND TOTAL		0

2017B GO REFUND BND \$7,865,000, FUND 476

<i>Sub 3000</i>	<i>Tax Collection</i>	
476 30000	Property Tax	-4,053,000
Revenues		-4,053,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
476 147624075	Principal Retirement - Bonds	3,970,000
476 147624404	Bond Interest Expense	82,000
476 147624405	Bond Service Fees	1,000
Expenditures		4,053,000
Transfers To		0

FUND TOTAL		0

SERIES 2005 SPECIAL A BONDS, FUND 488

<i>Sub 4500</i>	<i>Special Assessment Revenue</i>	
488 45510	Special Assessment Revenue	-220,000
Revenues		-220,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
488 148824075	Principal Retirement - Bonds	111,000
488 148824404	Bond Interest Expense	103,000
488 148824405	Bond Service Fees	6,000
Expenditures		220,000
Transfers To		0

FUND TOTAL		0

2012B GOTIF BOND (WOODLAND), FUND 494

<i>Sub 3000</i>	<i>Tax Collection</i>	
494 30000	Property Tax	-298,000
Revenues		-298,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
494 149424075	Principal Retirement - Bonds	250,000
494 149424404	Bond Interest Expense	47,000

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494 149424405	Bond Service Fees	1,000
Expenditures		298,000
Transfers To		0

FUND TOTAL		0

2015 GO SALES TX BONDS, FUND 495

Revenues		0
495 63202	Transfers From HR Sales Tx Inf	-280,000
Transfers - In		-280,000
<i>Sub 2400</i>	<i>Contractual Services</i>	
495 149524404	Bond Interest Expense	279,000
495 149524405	Bond Service Fees	1,000
Expenditures		280,000
Transfers To		0

FUND TOTAL		0

2015B REFNDG BONDS \$14,050,000, FUND 496

<i>Sub 3000</i>	<i>Tax Collection</i>	
496 30000	Property Tax	-2,365,000
Revenues		-2,365,000
Transfers From		0
<i>Sub 2400</i>	<i>Contractual Services</i>	
496 149624075	Principal Retirement - Bonds	2,130,000
496 149624404	Bond Interest Expense	234,000
496 149624405	Bond Service Fees	1,000
Expenditures		2,365,000
Transfers To		0

FUND TOTAL		0

2016 GO SALES TX BONDS, FUND 497

Revenues		0
497 63202	Transfers From HR Sales Tx Inf	-675,000
Transfers From		-675,000
497 149724075	Principal Retirement - Bonds	465,000
497 149724404	Bond Interest Expense	209,000

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497 149724405	Bond Service Fees	1,000
Expenditures		675,000
Transfers To		0

FUND TOTAL		0

GRAND TOTAL		0
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