



# Debt Service Funds

## City of Waukegan Proposed Budget

Fiscal Year May 1, 2020 to April 30, 2021

---

## Introduction

Debt service is the periodic repayment 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) and special service assessment (SSA) debt 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 Fiscal Year May 1, 2020 to April 30, 2021 (FY21) Debt Service Funds proposed budget calls for \$12.589 million in revenues, \$15.772 million in expenses, transfers-in of \$3.183 million and no transfers-out for a balanced operating budget.

<i>Revenues</i>	12,589,000
<i>Expenses</i>	(15,772,000)
<i>Surplus / (Deficit) before transfers</i>	(3,183,000)
<i>Transfers in</i>	3,183,000
<i>Transfers (out)</i>	0
<i>Surplus / (Deficit) after transfers</i>	0

## Discussion

The City uses property taxes, special assessment, and home rule sales taxes to meet its debt 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 taxes support the repayment of bonds specifically issued for roadway improvements. These sales taxes are collected in a Special Revenue Fund and then transferred annually to repay debt service. Special assessments are levied on specific commercial properties to repay bonds issued in the mid-2000s for infrastructure improvements at Fountain Square.

No new GO bonds are planned to be issued during FY21, rather bond proceeds remaining from 2018 issuances, coupled with Tax Increment Financing and Home Rule Sales Tax funds, will provide resources to the Capital Projects Fund for FY21.

---

As of May 1, 2020, the City has the following SSA and GO bonds outstanding:

- 2005 Fountain SSA Assessment Bonds, issued for a total principal amount of \$3.7 million to make infrastructure improvements in the Fountain Square (Lakehurst) retail and commercial area. The principal outstanding at May 1, 2020 is \$1.6 million and will be fully retired in FY30.
- 2012A GO Bonds, issued for a total principal amount of \$23.5 million and used to refinance the 2003A GO Bonds which were issued to make property acquisitions and infrastructure improvements. The principal outstanding at May 1, 2020 is \$8.1 million and will be fully retired in FY23.
- 2012B Tax Increment Financing (TIF) GO Bonds, issued for a total principal amount of \$1.7 million and used to reimburse a developer for improvements made in the Delany/Sunset Industrial Park TIF District. The principal outstanding at May 1, 2020 is \$825 thousand and will be fully retired in FY23.
- 2015A Home Rule Sales Tax (HRST) GO Bonds, issued for a total principal amount of \$7 million and used for citywide street renewal and replacement projects. The principal outstanding at May 1, 2020 is \$6 million and will be fully retired in FY33.
- 2015B GO Bonds, issued for a total principal amount of \$14.1 million and used to refinance bonds originally issued in 2001 and 2004 for Genesee Theatre acquisitions and renovations. The principal outstanding at May 1, 2020 is \$5.8 million and will be fully retired in FY24.
- 2016A HRST GO Bonds, issued for a total principal amount of \$7.1 million and used for citywide street renewal and replacement projects. The principal outstanding at May 1, 2020 is \$5.5 million and will be fully retired in FY30.
- 2017A GO Bonds, issued for a total principal amount of \$7.1 million and used to refinance bonds originally issued in 2010 for a variety of public purpose capital projects, including street renewal and replacement. The principal outstanding at May 1, 2020 is \$7.1 million and will be fully retired in FY31.
- 2018A HRST GO Bonds, issued for a total principal amount of \$14.9 million and used for citywide street renewal and replacement projects. The principal outstanding at May 1, 2020 is \$13.8 million and will be fully retired in FY37.
- 2018B GO Bonds, issued for a total principal amount of \$21.4 million and used for a variety of public purpose capital projects, including street renewal and replacement. The principal outstanding at May 1, 2020 is \$21.1 million and will be fully retired in FY34.

- 2018C GO Bonds, issued for a total principal amount of \$7.9 million and used to pay a police liability claim judgement against the City. The principal outstanding at May 1, 2020 is \$7.9 million and will be fully retired in FY29.

Actual revenues, expenses, and transfers are shown below along with the FY20 adjusted budget and FY21 proposal. Line item detail and GO and SSA bonded debt service schedule may be found in the attached Appendix.

DEBT SERVICE FUNDS		FY17 ACTUAL	FY18 ACTUAL	FY19 ACTUAL	FY20 ADJ BUDGET	FY21 PROP BUDGET	CHG FY21 VS. FY20 BUDGET	
Revenues								
Sub 3000	Tax Collection	-10,834,211	-10,368,845	-9,995,073	-12,287,000	-12,374,000	1%	-87,000
Sub 4500	Special Assessments	-239,341	-210,553	-261,010	-220,000	-215,000	-2%	5,000
Sub 4600	Other Financing Sources	-875	-15,416,535	-9,776				
<b>Total Revenues</b>		<b>-11,074,427</b>	<b>-25,995,933</b>	<b>-10,265,859</b>	<b>-12,507,000</b>	<b>-12,589,000</b>	<b>1%</b>	<b>-82,000</b>
Expenses								
Sub 2400	Contractual Services	12,767,561	27,229,271	11,320,675	15,582,000	15,772,000	1%	190,000
<b>Total Expenses</b>		<b>12,767,561</b>	<b>27,229,271</b>	<b>11,320,675</b>	<b>15,582,000</b>	<b>15,772,000</b>	<b>1%</b>	<b>190,000</b>
Transfers								
Sub 6300	Transfers From	-1,669,346	-2,855,310	-1,721,225	-3,075,000	-3,183,000		
Sub 6800	Transfers To	102,339	1,722,089	535,074				
<b>Total -Surplus / Deficit</b>		<b>126,127</b>	<b>100,117</b>	<b>-131,335</b>	<b>0</b>	<b>0</b>		
		=====	=====	=====	=====	=====		

Fnd 430 2018A GO SALES TAX BONDS

430 63202	Transfer from Home Rule Sales Tax	-2,228,000	
		-----	-2,228,000
430 143024075	Principal Retirement	1,590,000	
430 143024404	Bond Interest Expense	635,000	
430 143024405	Bond Service Fees	3,000	
		-----	2,228,000
		-----	0

Fnd 431 2018B GO BONDS

431 30000	Property Tax	-5,559,000	
		-----	-5,559,000
431 143124075	Principal Retirement	4,640,000	
431 143124404	Bond Interest Expense	916,000	
431 143124405	Bond Service Fees	3,000	
		-----	5,559,000
		-----	0

Fnd 432 2018D GO JUDGEMENT BONDS

432 30000	Property Tax	-377,000	
		-----	-377,000
432 143224404	Bond Interest Expense	374,000	
432 143224405	Bond Service Fees	3,000	
		-----	377,000
		-----	0

Fnd 468 2012A G.O. BONDS

468 30000	Property Tax	-2,961,000	
		-----	-2,961,000
468 146824075	Principal Retirement	2,555,000	
468 146824404	Bond Interest Expense	403,000	
468 146824405	Bond Service Fees	3,000	
		-----	2,961,000
		-----	0

Fnd 475 2017A GO REFUND BONDS

475 30000	Property Tax	-811,000	
		-----	-811,000
475 147524075	Principal Retirement	560,000	
475 147524404	Bond Interest Expense	248,000	
475 147524405	Bond Service Fees	3,000	
		-----	811,000
		-----	0

Fnd 488 Series 2005 Special Assesment Bonds

City of Waukegan  
 May 1, 2020 to April 2021 Proposed Budget

Debt Service Funds  
 Appendix A, page 2 of 2

488 45510	Special Assessment	-215,000	
		-----	-215,000
488 148824075	Principal Retirement	116,000	
488 148824404	Bond Interest Expense	96,000	
488 148824405	Bond Service Fees	3,000	
		-----	215,000
		-----	0
Fnd 494 2012B Bonds			
494 30000	Property Tax	-304,000	
		-----	-304,000
494 149424075	Principal Retirement	265,000	
494 149424404	Bond Interest Expense	36,000	
494 149424405	Bond Service Fees	3,000	
		-----	304,000
		-----	0
Fnd 495 2015 GO SALES TX BONDS			
495 63202	Transfer from Home Rule Sales Tax	-282,000	
		-----	-282,000
495 149524404	Bond Interest Expense	279,000	
495 149524405	Bond Service Fees	3,000	
		-----	282,000
		-----	0
Fnd 496 2015B REFNDG BONDS			
496 30000	Property Tax	-2,362,000	
		-----	-2,362,000
496 149624075	Principal Retirement	2,180,000	
496 149624404	Bond Interest Expense	179,000	
496 149624405	Bond Service Fees	3,000	
		-----	2,362,000
		-----	0
Fnd 497 2016 GO SALES TX BONDS			
497 63202	Transfer from Home Rule Sales Tax	-673,000	
		-----	-673,000
497 149724075	Principal Retirement	470,000	
497 149724404	Bond Interest Expense	200,000	
497 149724405	Bond Service Fees	3,000	
		-----	673,000
		-----	0

City of Waukegan  
 Debt Service to Maturity  
 As of May 1, 2020  
*Net of Bond Defeasances*

Fiscal Yr End 4/30	Levy Year	Special Assessment Bonds			Total GO Bonds		
		Princ	Int	Total	Princ	Int	Total
2021	2019	116,000	95,489	211,489	12,260,000	3,269,352	15,529,352
2022	2020	124,000	88,384	212,384	8,470,000	2,850,034	11,320,034
2023	2021	132,000	80,789	212,789	7,345,000	2,513,575	9,858,575
2024	2022	140,000	72,704	212,704	3,760,000	2,205,317	5,965,317
2025	2023	149,000	64,129	213,129	3,210,000	2,063,688	5,273,688
2026	2024	159,000	55,003	214,003	4,150,000	1,925,488	6,075,488
2027	2025	168,000	45,264	213,264	4,335,000	1,739,438	6,074,438
2028	2026	179,000	34,974	213,974	4,530,000	1,548,150	6,078,150
2029	2027	190,000	24,010	214,010	4,730,000	1,336,250	6,066,250
2030	2028	202,000	12,372	214,372	3,620,000	1,114,900	4,734,900
2031	2029				4,180,000	949,750	5,129,750
2032	2030				3,705,000	770,500	4,475,500
2033	2031				3,890,000	585,250	4,475,250
2034	2032				3,030,000	390,750	3,420,750
2035	2033				1,515,000	239,250	1,754,250
2036	2034				1,595,000	163,500	1,758,500
2037	2035				1,675,000	83,750	1,758,750
2038	2036						
2039	2037						
		1,559,000	573,116	2,132,116	76,000,000	23,748,940	99,748,940