

GENERAL DEBT SERVICE FUND

08-539

Program Description

The General Debt Service Fund is a governmental fund used to account for monies set aside for the payment of principal and interest to holders of the City's general obligation bonds. A general obligation (GO) bond is a legal debt instrument used to finance permanent public projects within city limits. In issuing bonds, the City pledges to levy whatever property tax is needed to repay the bonds for any particular year.

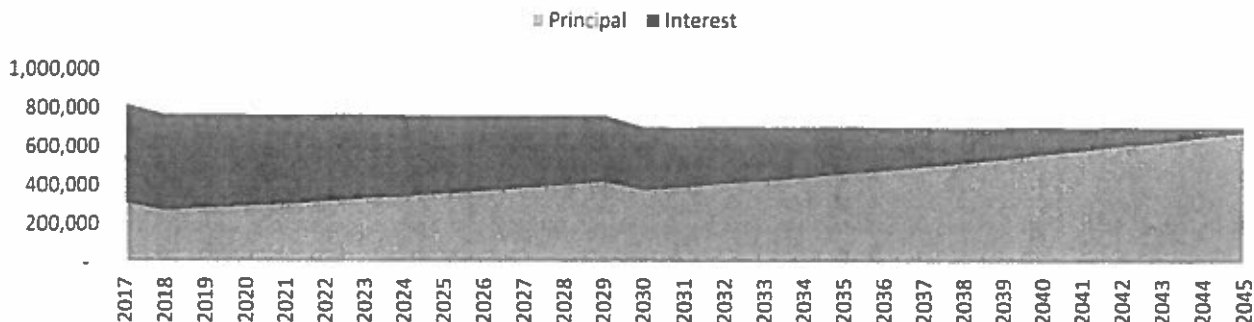
In October 2011, the City Council approved the issuance of \$7,000,000 of "CITY OF ANDREWS, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011" with proceeds funding constructing, improving, maintaining and operating a Relief Highway route around and outside the boundaries of the City to promote new or expanded business development, including related drainage, striping, signalization and site improvements.

In April 2015, the City Council approved the issuance of \$8,000,000 of "CITY OF ANDREWS, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015"; for the purpose of paying contractual obligations to be incurred for constructing, improving, maintaining and operating a Relief Highway route around and outside the boundaries of the City.

Both Certificates of Obligations are expected to be supported completely by a limited Sales Tax approved by voters in 2011.

	Actual 2013-14	Actual 2014-15	Budget 2015-16	Projected 2015-16	Budget 2016-17
REVENUES					
OTHER FINANCING SOURCES					
2633. Transfer from Reliever Rte Fund	\$ 466,530	\$ 541,845	\$ 466,540	\$ 466,540	\$ 505,673
2634. Transfer from Rel Rte Repair Fund	-	130,042	384,923	312,100	312,100
Total Revenues	<u>\$ 466,530</u>	<u>\$ 671,887</u>	<u>\$ 851,463</u>	<u>\$ 778,640</u>	<u>\$ 817,773</u>
EXPENDITURES					
OPERATIONAL EXPENSE					
8330. Debt Service - 2011 Principal	\$ 340,000	\$ 345,000	\$ 355,000	\$ 355,000	\$ 310,000
8331. Debt Service - 2011 Interest	126,530	119,088	111,540	111,540	195,673
8332. Debt Service - 2015 Principal	-	-	-	-	-
8332. Debt Service - 2015 Interest	-	-	384,923	384,923	312,100
Total Operational Expense	<u>\$ 466,530</u>	<u>\$ 464,088</u>	<u>\$ 851,463</u>	<u>\$ 851,463</u>	<u>\$ 817,773</u>
EXCESS (DEFICIENCY)	<u>\$ -</u>	<u>\$ 207,799</u>	<u>\$ -</u>	<u>\$ (72,823)</u>	<u>\$ -</u>
Fund Balance - Beginning of year	-	-	-	207,799	134,976
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 207,799</u>	<u>\$ -</u>	<u>\$ 134,976</u>	<u>\$ 134,976</u>

Annual Debt Requirements



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Debt Limitation

There is no statutory debt limitation in the City Charter or under State Law. The City operates under a Home Rule Charter that limits the maximum ad valorem tax rate for all City purposes to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The City's proposed tax rate is \$.1890 per \$100 assessed valuation. The City's Fiscal Principles and Policies states the City will strive to limit general obligation annual debt service requirements to 20% of general governmental expenditures. All current debt is completely supported by a limited sales tax.

	Actual 2013-14	Actual 2014-15	Budget 2015-16	Projected 2015-16	Budget 2016-17
Tax rate limitation	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Actual tax rate	0.18900	0.18900	0.18900	0.18900	0.18900
Tax rate available	\$ 2.31100	\$ 2.31100	\$ 2.31100	\$ 2.31100	\$ 2.31100
Additional tax levy available	\$ 13,666,168	\$ 14,826,976	\$ 16,700,774	\$ 16,700,774	\$ 16,682,840
Debt service requirements as a % of total gen. governmental expenditures	8%	7%	13%	12%	12%
Financial Policy Target	20%	20%	20%	20%	20%

Debt Ratios

Important financial ratios are the debt per capita ratio and the overlapping debt per capita ratio. Debt per capita is determined by dividing the City's outstanding general obligation debt by the City's population. Overlapping debt includes not only the City's direct debt, but also includes the City's applicable portion of the debt of all other "overlapping" tax entities located within the City limits, such as the school district, Andrews County, and the Andrews County Hospital District. By including all of the overlapping entities, the total tax impact on a City property tax owner can then be calculated.

As of October 1,	Actual 2013-14	Actual 2014-15	Budget 2015-16	Projected 2015-16	Budget 2016-17
General obligation debt outstanding	\$ 5,755,000	\$ 5,755,000	\$ 13,070,000	\$ 13,070,000	\$ 12,715,000
Estimated population	12,718	13,245	13,245	13,245	13,245
Tax-supported debt per capita	\$ 453	\$ 435	\$ 987	\$ 987	\$ 960
% debt to net taxable valuation	1.0%	0.9%	1.8%	1.8%	1.8%
<u>Overlapping debt applicable to City</u>					
City of Andrews	\$ 5,755,000	\$ 5,755,000	\$ 13,070,000	\$ 13,070,000	\$ 12,715,000
Andrews County Hospital District	5,210,934	7,619,249	5,300,000	7,500,000	7,400,000
Andrews Independent School District	3,047,416	4,469,862	2,700,000	4,350,000	4,250,000
County of Andrews	-	9,577,122	-	9,400,000	9,200,000
Total overlapping debt	\$ 14,013,350	\$ 27,421,233	\$ 21,070,000	\$ 34,320,000	\$ 33,565,000
Overlapping debt per capital	\$ 1,102	\$ 2,070	\$ 1,591	\$ 2,591	\$ 2,534

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SCHEDULE OF GENERAL OBLIGATION DEBT OUTSTANDING

October 1, 2016

	Interest Rates	Date of Issue	Date of Maturity	Amount (\$000)		FY2017 Requirements		
				Issued	Outstanding	Principal	Interest	Total
Certificates of Obligation:								
Series 2011	2.20-4.15	Oct-11	Sep-31	\$ 7,000	\$ 5,070	\$ 310,000	\$ 195,673	\$ 505,673
Series 2015	3.746	May-15	Sep-45	8,000	8,000	-	312,100	312,100
				\$ 15,000	\$ 13,070	\$ 310,000	\$ 507,773	\$ 817,773

SUMMARY SCHEDULE OF DEBT REQUIREMENTS

GENERAL OBLIGATION DEBT

Fiscal Year	Beginning Balance	Amount Due		Debt Service	Ending Balance
		Principal	Interest		
2017	12,715,000	310,000	507,773	817,773	12,405,000
2018	12,405,000	270,000	494,908	764,908	12,135,000
2019	12,135,000	285,000	483,703	768,703	11,850,000
2020	11,850,000	295,000	471,875	766,875	11,555,000
2021	11,555,000	305,000	459,633	764,633	11,250,000
2022	11,250,000	320,000	446,975	766,975	10,930,000
2023	10,930,000	335,000	433,695	768,695	10,595,000
2024	10,595,000	345,000	419,793	764,793	10,250,000
2025	10,250,000	360,000	405,475	765,475	9,890,000
2026	9,890,000	375,000	390,535	765,535	9,515,000
2027	9,515,000	390,000	374,973	764,973	9,125,000
2028	9,125,000	405,000	358,788	763,788	8,720,000
2029	8,720,000	425,000	341,980	766,980	8,295,000
2030	8,295,000	380,000	324,343	704,343	7,915,000
2031	7,915,000	395,000	308,700	703,700	7,520,000
2032	7,520,000	415,000	292,900	707,900	7,105,000
2033	7,105,000	430,000	276,300	706,300	6,675,000
2034	6,675,000	445,000	259,100	704,100	6,230,000
2035	6,230,000	465,000	241,300	706,300	5,765,000
2036	5,765,000	480,000	222,700	702,700	5,285,000
2037	5,285,000	500,000	203,500	703,500	4,785,000
2038	4,785,000	520,000	183,500	703,500	4,265,000
2039	4,265,000	540,000	162,700	702,700	3,725,000
2040	3,725,000	565,000	141,100	706,100	3,160,000
2041	3,160,000	585,000	118,500	703,500	2,575,000
2042	2,575,000	610,000	96,563	706,563	1,965,000
2043	1,965,000	630,000	73,688	703,688	1,335,000
2044	1,335,000	655,000	50,063	705,063	680,000
2045	680,000	680,000	25,500	705,500	-