

# GENERAL DEBT SERVICE FUND

08-39

## 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.

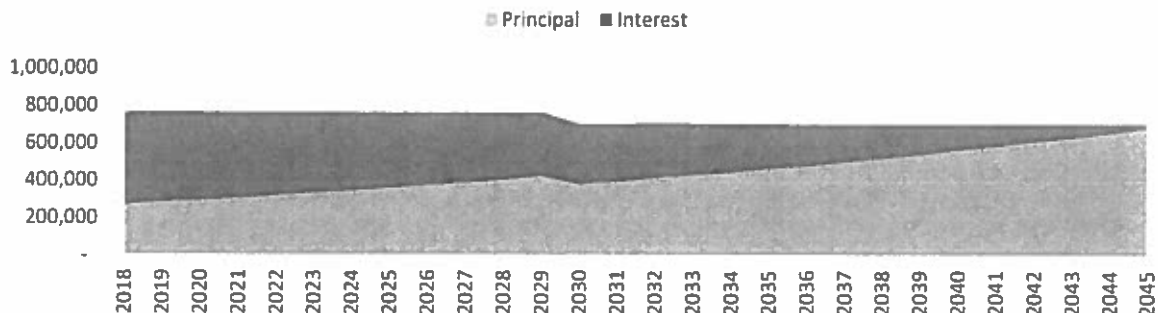
In October 2011, the City Council approved the issuance of \$7,000,000 of "CITY OF ANDREWS, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2011" with proceeds funding constructing, improving, maintaining and operating a Relief Highway route around and outside the boundaries of 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<br>2014-15 | Actual<br>2015-16  | Budget<br>2016-17 | Projected<br>2016-17 | Budget<br>2017-18 |
|---|-------------------|--------------------|-------------------|----------------------|-------------------|
| <b>REVENUES</b>                               |                   |                    |                   |                      |                   |
| <b>OTHER FINANCING SOURCES</b>                |                   |                    |                   |                      |                   |
| 2633. Transfer from Reliever Rte Fund         | \$ 541,845        | \$ 472,830         | \$ 505,673        | \$ 505,673           | \$ 452,808        |
| 2634. Transfer from Rel Rte Repair Fund       | 130,042           | 306,898            | 312,100           | 312,100              | 312,100           |
| Total Revenues                                | <u>\$ 671,887</u> | <u>\$ 779,728</u>  | <u>\$ 817,773</u> | <u>\$ 817,773</u>    | <u>\$ 764,908</u> |
| <b>EXPENDITURES</b>                           |                   |                    |                   |                      |                   |
| <b>NON-OPERATING EXPENSE</b>                  |                   |                    |                   |                      |                   |
| <del>8330</del> Debt Service - 2011 Principal | \$ 345,000        | \$ 355,000         | \$ 310,000        | \$ 310,000           | \$ 270,000        |
| <del>8331</del> Debt Service - 2011 Interest  | 119,088           | 111,308            | 195,673           | 195,673              | 182,808           |
| <del>8332</del> Debt Service - 2015 Principal | -                 | -                  | -                 | -                    | -                 |
| <del>8333</del> Debt Service - 2015 Interest  | -                 | 384,923            | 312,100           | 312,100              | 312,100           |
| Total Operational Expense                     | <u>\$ 464,088</u> | <u>\$ 851,231</u>  | <u>\$ 817,773</u> | <u>\$ 817,773</u>    | <u>\$ 764,908</u> |
| EXCESS (DEFICIENCY)                           | <u>\$ 207,799</u> | <u>\$ (71,503)</u> | <u>\$ -</u>       | <u>\$ -</u>          | <u>\$ -</u>       |
| Fund Balance - Beginning of year              | -                 | 207,799            | -                 | 136,296              | 136,296           |
| Fund Balance - End of year                    | <u>\$ 207,799</u> | <u>\$ 136,296</u>  | <u>\$ -</u>       | <u>\$ 136,296</u>    | <u>\$ 136,296</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<br>2014-15 | Actual<br>2015-16 | Budget<br>2016-17 | Projected<br>2016-17 | Budget<br>2017-18 |
|---|-------------------|-------------------|-------------------|----------------------|-------------------|
| 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 per \$100 valuation                                      | \$ 2.31100        | \$ 2.31100        | \$ 2.31100        | \$ 2.31100           | \$ 2.31100        |
| Assessed Valuation  | \$ 641,582,699    | \$ 722,664,407    | \$ 721,888,358    | \$ 721,888,358       | \$ 718,000,000    |
| Additional tax levy available   | \$ 14,826,976     | \$ 16,700,774     | \$ 16,682,840     | \$ 16,682,840        | \$ 16,592,980     |
| Debt service requirements as a % of<br>total gen. governmental expenditures | 7%                | 13%               | 12%               | 12%                  | 11%               |
| 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<br>2014-15 | Actual<br>2015-16 | Budget<br>2016-17 | Projected<br>2016-17 | Budget<br>2017-18 |
|--|-------------------|-------------------|-------------------|----------------------|-------------------|
| General obligation debt outstanding        | \$ 5,755,000      | \$ 5,755,000      | \$ 12,715,000     | \$ 12,715,000        | \$ 12,405,000     |
| Estimated population                       | 13,245            | 13,245            | 13,245            | 13,245               | 13,245            |
| Tax-supported debt per capita              | \$ 435            | \$ 435            | \$ 960            | \$ 960               | \$ 937            |
| % debt to net taxable valuation            | 0.9%              | 0.8%              | 1.8%              | 1.8%                 | 1.7%              |
| <u>Overlapping debt applicable to City</u> |                   |                   |                   |                      |                   |
| City of Andrews                            | \$ 5,755,000      | \$ 12,954,211     | \$ 12,715,000     | \$ 12,715,000        | \$ 12,405,000     |
| Andrews County Hospital District           | 7,619,249         | 10,457,271        | 7,400,000         | 10,000,000           | 10,000,000        |
| Andrews Independent School District        | 4,469,862         | 5,225,356         | 4,250,000         | 5,000,000            | 5,000,000         |
| County of Andrews                          | 9,577,122         | 14,021,833        | 9,200,000         | 13,800,000           | 13,800,000        |
| Total overlapping debt                     | \$ 27,421,233     | \$ 42,658,671     | \$ 33,565,000     | \$ 41,515,000        | \$ 41,205,000     |
| Overlapping debt per capital               | \$ 2,070          | \$ 3,221          | \$ 2,534          | \$ 3,134             | \$ 3,111          |

# GENERAL DEBT SERVICE FUND

08-539

## SCHEDULE OF GENERAL OBLIGATION DEBT OUTSTANDING

October 1, 2017

|                             | Interest Rates | Date of Issue | Date of Maturity | Amount (\$000)   |                  | FY2018 Requirements |                   |                   |
|-----------------------------|----------------|---------------|------------------|------------------|------------------|---------------------|-------------------|-------------------|
|                             |                |               |                  | Issued           | Outstanding      | Principal           | Interest          | Total             |
| Certificates of Obligation: |                |               |                  |                  |                  |                     |                   |                   |
| Series 2011                 | 2.20-4.15      | Oct-11        | Sep-31           | \$ 7,000         | \$ 4,715         | \$ 270,000          | \$ 182,808        | \$ 452,808        |
| Series 2015                 | 3.746          | May-15        | Sep-45           | 8,000            | 8,000            | -                   | 312,100           | 312,100           |
|                             |                |               |                  | <u>\$ 15,000</u> | <u>\$ 12,715</u> | <u>\$ 270,000</u>   | <u>\$ 494,908</u> | <u>\$ 764,908</u> |

## SUMMARY SCHEDULE OF DEBT REQUIREMENTS

### GENERAL OBLIGATION DEBT

| Fiscal Year | Beginning Balance | Amount Due |          | Debt Service | Ending Balance |
|-------------|-------------------|------------|----------|--------------|----------------|
|             |                   | Principal  | Interest |              |                |
| 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      | -              |