

Debt Service Fund

The Debt Service Fund, also known as interest and sinking fund, was established by ordinance authorizing the issuance of bonds and providing for the payment of bond principal and interest as they come due. In the General Obligation Debt Service Fund, an ad valorem (property) tax rate and tax levy is required to be computed and levied that will be sufficient to produce the money to satisfy annual debt service requirements.

Debt Management Summary

Debt Issuance. The City will issue debt only for the purpose of acquiring or constructing capital assets for the general benefit of its citizens and to allow it to fulfill its various missions as a city. Debt may be issued for the purposes of purchasing land or rights-of-way and/or improvements to land, for construction projects to provide for the general good, for capital equipment or other long term assets.

Disclosure. Full disclosure of operations will be made to the bond rating agencies and other depositories of financial information as required by the Securities and Exchange Commission (SEC) Rule 15c2-12, specifically, Texas Municipal Advisory Council (State Information Depository). The City will maintain procedures to comply with arbitrage rebate and other federal requirements.

Rating Agency Communication. The City staff will seek to maintain and improve its current bond rating so its borrowing costs are reduced to a minimum and access to credit preserved. The City staff, with assistance of financial advisors and bond counsel, will prepare the necessary materials for presentation to the rating agencies, will aid in the production of Official Statements, and will take responsibility for the accuracy of all information released.

Debt Limit. The State of Texas limits the ad valorem tax rate to \$2.50 per \$100 valuation. Corinth's proposed tax rate of \$.58489 per \$100 valuation falls well below

this limit. The FY 2015-16 proposed maintenance and operations tax rate is \$.44143, and the interest and sinking tax rate is \$.14346

Bond Ratings. Corinth's bonds currently have the following ratings: Moody's – A2; Standard & Poor's – AA.

Major Expenditure Summary

The City's total debt obligation for FY 2015-16 will total \$33,775,630. Of the total outstanding debt \$20,132,509 is General Fund (tax supported) debt, \$11,257,377 is Water/Wastewater debt, and \$2,385,744 is Storm Drainage debt.

Obligations to be paid out of the Debt Service Fund total \$2,523,019 (including Fees) leaving a projected fund balance of \$28,334.

New Program Funding

The FY 2015-16 budget includes new program funding for the following:

- ✓ Issuance of a 2016 Certificate of Obligation of \$4 million for Garrison road improvements and the Lake Sharon extension project.

**SUMMARY OF RESOURCES & EXPENDITURES
DEBT SERVICE FUND
2015-16**

RESOURCE SUMMARY	2013-14 ACTUAL	2014-15 BUDGET	2014-15 ESTIMATE	2015-16 REQUESTED	2015-16 PACKAGES	2015-16 ADOPTED
Ad Valorem Taxes	\$ 2,054,988	\$ 2,206,597	\$ 2,215,025	\$ 2,350,622	\$ -	\$ 2,350,622
Interest Income	3,752	-	1,800	-	-	-
Transfer In	19,278	20,388	19,214	-	-	-
TOTAL REVENUES	\$ 2,078,018	\$ 2,226,985	\$ 2,236,039	\$ 2,350,622	\$ -	\$ 2,350,622
Use of Fund Balance	407,626	136,358	127,304	172,397	-	172,397
TOTAL RESOURCES	\$ 2,485,644	\$ 2,363,343	\$ 2,363,343	\$ 2,523,019	\$ -	\$ 2,523,019

EXPENDITURE SUMMARY	2013-14 ACTUAL	2014-15 BUDGET	2014-15 ESTIMATE	2015-16 REQUESTED	2015-16 PACKAGES	2015-16 ADOPTED
Debt Service	\$ 2,480,313	\$ 2,353,343	\$ 2,353,343	\$ 2,513,019	\$ -	\$ 2,513,019
Paying Agent Fees	5,331	10,000	3,299	10,000	-	10,000
Refund of PY Revenue	-	-	6,701	-	-	-
Transfers	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 2,485,644	\$ 2,363,343	\$ 2,363,343	\$ 2,523,019	\$ -	\$ 2,523,019

NEW PROGRAM FUNDING

The FY 2015-16 budget includes the issuance of a 2016 Certificate of Obligation of \$4 million for the Garrison road improvements and the Lake Sharon extension project.

ESTIMATED AD VALOREM TAX COLLECTIONS & DISTRIBUTION 2015-16 BUDGET

Assessed Valuation for 2014	\$	1,538,127,064
Gain/(Loss) in Value		100,393,828
Net Assessed Valuation for 2015	\$	1,638,520,892

GENERAL FUND:

Tax Rate Per \$100 valuation	x	0.44143
		7,232,923
Estimated Collections	x	100.00%
TOTAL REVENUE		\$ 7,232,923

GENERAL DEBT SERVICE FUND:

Tax Rate Per \$100 valuation	x	0.14346
		2,350,622
Estimated Collections	x	100.00%
TOTAL REVENUE		\$ 2,350,622

DISTRIBUTION	2014-15 BUDGET	2015-16 ADOPTED	2015-16 BUDGET REVENUE	PERCENT
General Fund	\$ 0.45143	\$ 0.44143	\$ 7,232,923	75.47%
General Debt Service Fund	0.14346	0.14346	2,350,622	24.53%
TOTAL	\$ 0.59489	\$ 0.58489	\$ 9,583,545	100.00%

**GENERAL LONG-TERM DEBT
2015-16 BUDGET**

Issue	Interest Rate	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount outstanding at 9/30/15	Final Payment Date
2001 General Obligation Proceeds to be used for street improvements and to pay the costs of issuance associated with the sale of the bonds.	4.25 to 6.25	02-15-2001	02-15-2016	\$ 2,000,000	\$ 125,000	2/15/2016
2005 General Obligation Refunding Proceeds to be used to (i) refund a portion of the City's outstanding ad valorem tax debt in order to lower the overall debt service requirements of the City, and (ii) to pay the costs associated with the issuance of the bonds.	4.00 to 4.25	12-1-2005	02-15-2020	\$ 5,080,000	\$ 2,050,000	2/15/2020
2007 General Obligation Refunding Proceeds to be used to (i) refund a portion of the City's outstanding ad valorem tax debt in order to lower the overall debt service requirements of the City, and (ii) to pay the costs associated with the issuance of the bonds.	3.78 to 4.49	02-1-2007	02-15-2021	\$ 5,250,000	\$ 3,500,000	2/15/2021
2007 Certificates of Obligation Proceeds to be used for (i) constructing and improving streets and roads, (ii) constructing, installing improvements to the City's waterworks and sanitary sewer system, (iii) computer and technology equipment and upgrades for the City's information technology and communication systems, (iv) acquiring and installing security and fire suppression systems for City buildings, (v) legal, fiscal and engineering fees in connection with such projects and (vi) pay costs associated with the issuance of the bonds.	4.50 to 5.25	08-15-2007	02-15-2027	\$ 24,020,000	\$ 16,270,000	2/15/2027
2010 Certificates of Obligation Proceeds to be used to (i) purchase replacement vehicles and equipment for the Fire department, and (ii) pay costs associated with the issuance of the bonds.	3.43 to 3.84	05-14-2010	02-15-2020	\$ 1,500,000	\$ 460,000	2/15/2020
2016 Certificates of Obligation Proceeds to be used for Garrison road improvements and Lake Sharon extension project.		05/15/2016	02/15/2035	\$ 4,000,000	\$ -	2/15/2036
\$ 41,850,000					\$ 22,405,000	

**GENERAL DEBT SERVICE REQUIREMENTS
2015-16 BUDGET**

		General Fund (Tax Supported)		
		Principal & Interest Requirements for 2015-16		
Issue		Principal	Interest	Total
2001	General Obligation	\$ 125,000	\$ 2,969	\$ 127,969
2005	General Obligation Refunding	436,800	58,130	494,930
2007	General Obligation Refunding	606,375	108,125	714,500
2007	Certificates of Obligation	436,517	335,229	771,746
2010	Certificates of Obligation	125,000	15,196	140,196
2016	Certificates of Obligation	160,000	103,678	263,678
		\$ 1,889,692	\$ 623,327	\$ 2,513,019

		Water/Wastewater		
		Principal & Interest Requirements for 2015-16		
Issue		Principal	Interest	Total
2005	General Obligation Refunding	\$ 123,200	\$ 16,395	\$ 139,595
2007	General Obligation Refunding	128,625	22,936	151,561
2007	Certificates of Obligation	479,523	365,618	845,141
		\$ 731,348	\$ 404,949	\$ 1,136,297

		Storm Drainage		
		Principal & Interest Requirements for 2015-16		
Issue		Principal	Interest	Total
2007	Certificates of Obligation	\$ 108,960	\$ 86,316	\$ 195,276
		\$ 108,960	\$ 86,316	\$ 195,276

GRAND TOTAL		\$ 2,730,000	\$ 1,114,592	\$ 3,844,592
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**GENERAL LONG-TERM DEBT
PRINCIPAL & INTEREST REQUIREMENTS
AS OF OCTOBER 1, 2015**

Year	General Debt Principal	General Debt Interest	Total General Debt	Water/Wastewater Debt	Drainage Debt	General Fund (Tax Supported) Debt
2015-16	2,730,000	1,114,592	3,844,592	1,136,297	195,276	2,513,019
2016-17	2,810,000	1,001,747	3,811,747	1,149,693	195,647	2,466,407
2017-18	2,870,000	882,352	3,752,352	1,153,443	197,260	2,401,649
2018-19	2,255,000	775,882	3,030,882	1,005,896	197,091	1,827,895
2019-20	1,800,000	690,751	2,490,751	908,379	197,770	1,384,602
2020-21	1,615,000	617,977	2,232,977	868,165	198,649	1,166,163
2021-22	1,540,000	545,138	2,085,138	842,163	199,230	1,043,745
2022-23	1,610,000	467,490	2,077,490	839,990	199,544	1,037,956
2023-24	1,690,000	385,635	2,075,635	840,575	200,581	1,034,479
2024-25	1,790,000	299,125	2,089,125	839,250	201,117	1,048,758
2025-26	1,870,000	207,950	2,077,950	836,015	201,151	1,040,784
2026-27	1,965,000	111,981	2,076,981	837,511	202,428	1,037,042
2027-28	200,000	59,650	259,650	-	-	259,650
2028-29	220,000	53,080	273,080	-	-	273,080
2029-30	220,000	45,985	265,985	-	-	265,985
2030-31	220,000	38,780	258,780	-	-	258,780
2031-32	240,000	31,070	271,070	-	-	271,070
2032-33	240,000	22,790	262,790	-	-	262,790
2033-34	260,000	13,975	273,975	-	-	273,975
2034-35	260,000	4,680	264,680	-	-	264,680
TOTAL	\$ 26,405,000	\$ 7,370,630	\$ 33,775,630	\$ 11,257,377	\$ 2,385,744	\$ 20,132,509

**2016-2035 GENERAL DEBT SERVICE
PRINCIPAL AND INTEREST REQUIREMENTS**

