

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 \$.58193 per \$100 valuation falls well below

this limit. The FY 2016-17 maintenance and operations tax rate is \$0.44298, and the interest and sinking tax rate is \$0.13895.

Bond Ratings. Corinth's bonds currently have the following ratings: Moody's "Aa2"; Standard & Poor's "AA".

Major Expenditure Summary

The City's total debt obligation for FY 2016-17 will total \$45,413,342. Of the total outstanding debt \$33,100,790 is General Fund (tax supported) debt, \$10,122,085 is Water/Wastewater debt and \$2,190,467 is Storm Drainage Debt.

The city issued \$13,275,000 in Certificates of Obligation in May 2016 to be used for a Joint Public Safety facility, Fire Station, City Hall renovations, Fire Station #2 renovations and the Lake Sharon road extension.

Obligations to be paid out of the debt service fund total \$2,499,076 (including Fees) leaving a projected fund balance of \$335,874.

New Program Funding

The FY 2016-17 Budget includes no new program funding.

**SUMMARY OF RESOURCES & EXPENDITURES
DEBT SERVICE FUND
2016-17**

RESOURCE SUMMARY	2014-15 ACTUAL	2015-16 BUDGET	2015-16 ESTIMATE	2016-17 REQUESTED	2016-17 PACKAGES	2016-17 ADOPTED
Ad Valorem Taxes	\$ 2,238,514	\$ 2,350,622	\$ 2,384,268	\$ 2,500,243	\$ -	\$ 2,500,243
Interest Income	1,772	-	2,500	-	-	-
Bond Proceeds	-	1,208,988	1,208,988	-	-	-
Transfer In	19,214	-	-	-	-	-
TOTAL REVENUES	\$ 2,259,500	\$ 3,559,610	\$ 3,595,756	\$ 2,500,243	\$ -	\$ 2,500,243
Use of Fund Balance	103,616	198,744	-	-	-	-
TOTAL RESOURCES	\$ 2,363,116	\$ 3,758,354	\$ 3,595,756	\$ 2,500,243	\$ -	\$ 2,500,243

EXPENDITURE SUMMARY	2014-15 ACTUAL	2015-16 BUDGET ⁽¹⁾	2015-16 ESTIMATE	2016-17 REQUESTED	2016-17 PACKAGES	2016-17 ADOPTED
Debt Service	\$ 2,353,343	\$ 3,692,232	\$ 3,428,554	\$ 2,489,076	\$ -	\$ 2,489,076
Paying Agent Fees	5,831	66,122	56,122	10,000	-	10,000
Refund of PY Revenue	3,942	-	792	-	-	-
Transfers	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 2,363,116	\$ 3,758,354	\$ 3,485,468	\$ 2,499,076	\$ -	\$ 2,499,076

NEW PROGRAM FUNDING

There is no new program funding for FY 2016-17.

⁽¹⁾ *The FY 2015-16 budget* includes the issuance of a 2016 Certificate of Obligation of \$13,275,000 for the Public Safety facility, Fire Station, City Hall renovations, Fire Station #2 renovations and the Lake Sharon road extension.

ESTIMATED AD VALOREM TAX COLLECTIONS & DISTRIBUTION 2016-17 BUDGET

Assessed Valuation for 2015	\$	1,638,520,892
Gain/(Loss) in Value		160,862,262
Net Assessed Valuation for 2016	\$	1,799,383,154

GENERAL FUND:

Tax Rate Per \$100 valuation	x	0.44298
		7,970,907
Estimated Collections	x	100.00%
TOTAL REVENUE		\$ 7,970,907

GENERAL DEBT SERVICE FUND:

Tax Rate Per \$100 valuation	x	0.13895
		2,500,243
Estimated Collections	x	100.00%
TOTAL REVENUE		\$ 2,500,243

DISTRIBUTION	2015-16 BUDGET	2016-17 ADOPTED	2016-17 BUDGET REVENUE	PERCENT
General Fund	\$ 0.44143	\$ 0.44298	\$ 7,970,907	76.12%
General Debt Service Fund	0.14346	0.13895	2,500,243	23.88%
TOTAL	\$ 0.58489	\$ 0.58193	\$ 10,471,150	100.00%

**GENERAL LONG-TERM DEBT
2016-17 BUDGET**

Issue	Interest Rate	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount outstanding at 9/30/16	Final Payment Date
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.	2.00	12-1-2005	02-15-2020	\$ 5,100,000	\$ 1,510,000	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	\$ 2,765,000	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	\$ 23,630,000	\$ 15,245,000	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	\$ 335,000	2/15/2020
2016 Certificates of Obligation Proceeds to be used for (i) constructing and improving streets, roads, alleys and sidewalks and related utility relocation, drainage, signalization, landscaping, lighting and signage; (ii) constructing and equipping improvements and renovations to City Hall; (iii) acquiring, improving and equipping a public safety facility for the police and fire departments; (iv) constructing and equipping a new fire station and improvements to existing fire stations; (v) constructing, acquiring, installing and equipping addition, extensions and improvements to the City's waterworks and sewer system; and (vi) paying legal, fiscal and engineering fees in connection with such projects and to pay costs of issuance of the Certificates.	2.00 to 5.00	05/15/2016	02/15/2036	\$ 13,275,000	\$ 13,275,000	2/15/2036
				\$ 50,755,000	\$ 33,130,000	

GENERAL DEBT SERVICE REQUIREMENTS 2016-17 BUDGET

		General Fund (Tax Supported)		
		Principal & Interest Requirements for 2016-17		
Issue		Principal	Interest	Total
2005	General Obligation Refunding	\$ 42,900	\$ 23,127	\$ 66,027
2007	General Obligation Refunding	734,250	80,952	815,202
2007	Certificates of Obligation	457,810	312,870	770,680
2010	Certificates of Obligation	130,000	10,540	140,540
2016	Certificates of Obligation	-	696,627	696,627
		\$ 1,364,960	\$ 1,124,116	\$ 2,489,076

		Water/Wastewater		
		Principal & Interest Requirements for 2016-17		
Issue		Principal	Interest	Total
2005	General Obligation Refunding	\$ 12,100	\$ 6,523	\$ 18,623
2007	General Obligation Refunding	155,750	17,172	172,922
2007	Certificates of Obligation	502,264	341,071	843,335
		\$ 670,114	\$ 364,766	\$ 1,034,880

		Storm Drainage		
		Principal & Interest Requirements for 2016-17		
Issue		Principal	Interest	Total
2007	Certificates of Obligation	\$ 114,926	\$ 80,720	\$ 195,646
		\$ 114,926	\$ 80,720	\$ 195,646

GRAND TOTAL	\$ 2,150,000	\$ 1,569,602	\$ 3,719,602
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**GENERAL LONG-TERM DEBT
PRINCIPAL & INTEREST REQUIREMENTS
AS OF OCTOBER 1, 2016**

Year	General Debt Principal	General Debt Interest	Total General Debt	Water/Wastewater Debt	Drainage Debt	General Fund (Tax Supported) Debt
2016-17	2,150,000	1,569,602	3,719,602	1,034,880	195,646	2,489,076
2017-18	2,455,000	1,338,400	3,793,400	1,096,999	197,260	2,499,141
2018-19	2,455,000	1,241,933	3,696,933	1,086,390	197,091	2,413,452
2019-20	2,440,000	1,152,111	3,592,111	1,000,147	197,770	2,394,194
2020-21	2,000,000	1,071,202	3,071,202	868,165	198,649	2,004,388
2021-22	1,945,000	982,138	2,927,138	842,163	199,230	1,885,745
2022-23	2,045,000	878,900	2,923,900	839,990	199,544	1,884,366
2023-24	2,150,000	773,550	2,923,550	840,575	200,581	1,882,394
2024-25	2,260,000	665,975	2,925,975	839,250	201,117	1,885,608
2025-26	2,370,000	549,500	2,919,500	836,015	201,151	1,882,334
2026-27	2,500,000	423,456	2,923,456	837,511	202,428	1,883,517
2027-28	770,000	339,500	1,109,500	-	-	1,109,500
2028-29	810,000	300,000	1,110,000	-	-	1,110,000
2029-30	855,000	258,375	1,113,375	-	-	1,113,375
2030-31	890,000	219,200	1,109,200	-	-	1,109,200
2031-32	930,000	182,800	1,112,800	-	-	1,112,800
2032-33	965,000	144,900	1,109,900	-	-	1,109,900
2033-34	1,005,000	105,500	1,110,500	-	-	1,110,500
2034-35	1,045,000	64,500	1,109,500	-	-	1,109,500
2035-36	1,090,000	21,800	1,111,800	-	-	1,111,800
TOTAL	\$ 33,130,000	\$ 12,283,342	\$ 45,413,342	\$ 10,122,085	\$ 2,190,467	\$ 33,100,790

**2016-2036 GENERAL DEBT SERVICE
PRINCIPAL AND INTEREST REQUIREMENTS**

