

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 \$.53686 per \$100 valuation falls well below

this limit. The FY 2017-18 maintenance and operations tax rate is \$0.42791, and the interest and sinking tax rate is \$0.10895.

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 2017-18 will total \$46,202,706. Of the total outstanding debt \$36,468,257 is General Fund (tax supported) debt, \$7,994,916 is Water/Wastewater debt and \$1,739,533 is Storm Drainage Debt.

The city issued \$5 million in Certificates of Obligation in July 2017 to be used for a Joint Public Safety Facility and Fire House, Lake Sharon Extension and renovations to the Public Works Facility.

Obligations to be paid out of the debt service fund total \$2,299,552 (including Fees) leaving a projected fund balance of \$205,661.

New Program Funding

The FY 2017-18 Budget includes no new program funding.

**SUMMARY OF RESOURCES & EXPENDITURES
DEBT SERVICE FUND
2017-18**

RESOURCE SUMMARY	2015-16 ACTUAL	2016-17 BUDGET	2016-17 ESTIMATE	2017-18 REQUESTED	2017-18 PACKAGES	2017-18 BUDGET
Ad Valorem Taxes	\$ 2,361,369	\$ 2,500,243	\$ 2,525,769	\$ 2,127,417	\$ -	\$ 2,127,417
Interest Income	2,484	-	3,850	-	-	-
Bond Proceeds	1,208,988	-	-	-	-	-
Transfer In	6,812	-	-	-	-	-
TOTAL REVENUES	\$ 3,579,653	\$ 2,500,243	\$ 2,529,619	\$ 2,127,417	\$ -	\$ 2,127,417
Use of Fund Balance	-	-	-	172,135	-	172,135
TOTAL RESOURCES	\$ 3,579,653	\$ 2,500,243	\$ 2,529,619	\$ 2,299,552	\$ -	\$ 2,299,552

EXPENDITURE SUMMARY	2015-16 ACTUAL	2016-17 BUDGET	2016-17 ESTIMATE	2017-18 REQUESTED	2017-18 PACKAGES	2017-18 BUDGET
Debt Service	\$ 3,396,370	\$ 2,489,076	\$ 2,489,076	\$ 2,289,552	\$ -	\$ 2,289,552
Paying Agent Fees	59,656	10,000	10,000	10,000	-	10,000
Refund of PY Revenue	792	-	-	-	-	-
Transfers	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 3,456,818	\$ 2,499,076	\$ 2,499,076	\$ 2,299,552	\$ -	\$ 2,299,552

**ESTIMATED AD VALOREM TAX COLLECTIONS & DISTRIBUTION
2017-18 BUDGET**

Assessed Valuation for 2016	\$	1,799,383,154
Gain/(Loss) in Value		153,271,640
Net Assessed Valuation for 2017	\$	1,952,654,794

GENERAL FUND:

Tax Rate Per \$100 valuation	x	0.42791	
			8,355,605
Estimated Collections	x	100.00%	
TOTAL REVENUE		\$ 8,355,605	

GENERAL DEBT SERVICE FUND:

Tax Rate Per \$100 valuation	x	0.10895	
			2,127,417
Estimated Collections	x	100.00%	
TOTAL REVENUE		\$ 2,127,417	

DISTRIBUTION	2016-17 BUDGET	2017-18 BUDGET	2017-18 BUDGET REVENUE	PERCENT
General Fund	\$ 0.44298	\$ 0.42791	\$ 8,355,605	79.71%
General Debt Service Fund	0.13895	0.10895	2,127,417	20.29%
TOTAL	\$ 0.58193	\$ 0.53686	\$ 10,483,022	100.00%

**GENERAL LONG-TERM DEBT
2017-18 BUDGET**

Issue	Interest Rate	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount outstanding at 9/30/17	Final Payment Date
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	\$ 205,000	02-15-2020
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	02/15/2036
2016 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	5/15/2016	02-15-2020	\$ 1,510,000	\$ 1,455,000	02-15-2020
2017 General Obligation/Certificates of Obligation Refunding Proceeds to be used to (i) refund a portion of the City's outstanding ad valorem tax debt for debt service savings, and (ii) to pay the costs associated with the issuance of the bonds.	2.00 to 5.00	8/15/2017	02-15-2027	\$ 14,240,000	\$ 14,240,000	02-15-2027
2017 Certificates of Obligation Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage; (ii) acquiring, improving and equipping a public safety facility for the police and fire departments; (iii) constructing and equipping a new fire station and improvements to existing fire stations; (iv) constructing and equipping renovations and improvement to the existing public works department facility, including drainage improvement, and constructing and equipping a storage facility for the public works department; (v) paying legal, fiscal and engineering fees in connection with such projects.	2.00 to 3.375	08-15-2017	02-15-2037	\$ 4,855,000	\$ 4,855,000	02-15-2037
				\$ 35,380,000	\$ 34,030,000	

**GENERAL DEBT SERVICE REQUIREMENTS
2017-18 BUDGET**

		General Fund (Tax Supported)		
		Principal & Interest Requirements for 2017-18		
Issue		Principal	Interest	Total
2010	Certificates of Obligation	\$ 65,000	\$ 6,851	\$ 71,851
2016	Certificates of Obligation	-	562,300	562,300
2016	General Obligation Refunding	253,500	20,163	273,663
2017	General Obligation/Certificates of Obligation Refunding	892,965	308,263	1,201,228
2017	Certificates of Obligation	-	180,510	180,510
		\$ 1,211,465	\$ 1,078,087	\$ 2,289,552

		Water/Wastewater		
		Principal & Interest Requirements for 2017-18		
Issue		Principal	Interest	Total
2016	General Obligation Refunding	\$ 71,500	\$ 5,687	\$ 77,187
2017	General Obligation/Certificates of Obligation Refunding	824,822	284,738	1,109,560
		\$ 896,322	\$ 290,425	\$ 1,186,747

		Storm Drainage		
		Principal & Interest Requirements for 2017-18		
Issue		Principal	Interest	Total
2017	General Obligation/Certificates of Obligation Refunding	\$ 187,213	\$ 64,628	\$ 251,841
		\$ 187,213	\$ 64,628	\$ 251,841

GRAND TOTAL	\$ 2,295,000	\$ 1,433,140	\$ 3,728,140
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**GENERAL LONG-TERM DEBT
PRINCIPAL & INTEREST REQUIREMENTS
AS OF OCTOBER 1, 2017**

Year	General Debt Principal	General Debt Interest	Total General Debt	Water/Wastewater Debt	Drainage Debt	General Fund (Tax Supported) Debt
2017-18	\$ 2,295,000	\$ 1,433,140	\$ 3,728,140	\$ 1,186,747	\$ 251,841	\$ 2,289,552
2018-19	2,315,000	1,332,905	3,647,905	1,097,750	221,585	2,328,570
2019-20	2,375,000	1,241,180	3,616,180	875,794	168,774	2,571,612
2020-21	2,035,000	1,157,088	3,192,088	740,500	168,074	2,283,514
2021-22	1,990,000	1,066,988	3,056,988	681,345	154,647	2,220,996
2022-23	2,085,000	967,237	3,052,237	680,802	154,525	2,216,910
2023-24	2,190,000	865,763	3,055,763	683,184	155,065	2,217,514
2024-25	2,300,000	762,362	3,062,362	684,050	155,261	2,223,051
2025-26	2,405,000	649,262	3,054,262	681,289	154,635	2,218,338
2026-27	2,530,000	525,887	3,055,887	683,455	155,126	2,217,306
2027-28	1,040,000	437,988	1,477,988	-	-	1,477,988
2028-29	1,090,000	387,488	1,477,488	-	-	1,477,488
2029-30	1,145,000	335,912	1,480,912	-	-	1,480,912
2030-31	1,190,000	287,888	1,477,888	-	-	1,477,888
2031-32	1,240,000	242,338	1,482,338	-	-	1,482,338
2032-33	1,285,000	194,788	1,479,788	-	-	1,479,788
2033-34	1,335,000	145,230	1,480,230	-	-	1,480,230
2034-35	1,385,000	93,550	1,478,550	-	-	1,478,550
2035-36	1,440,000	39,638	1,479,638	-	-	1,479,638
2036-37	360,000	6,074	366,074			366,074
TOTAL	\$ 34,030,000	\$ 12,172,706	\$ 46,202,706	\$ 7,994,916	\$ 1,739,533	\$ 36,468,257

**2017-2036 GENERAL DEBT SERVICE
PRINCIPAL AND INTEREST REQUIREMENTS**

