

## 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 the current bond rating so the 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 \$.53000 per \$100 valuation falls well below this limit. The FY 2018-19 maintenance and operations tax rate is \$0.42711, and the interest and sinking tax rate is \$0.10289.

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 2018-19 will total \$42,474,566. Of the total outstanding debt \$30,209,434 is General Fund (tax supported) debt, \$8,660,185 is Water/Wastewater debt and \$1,487,692 is Storm Drainage Debt.

Obligations to be paid out of the debt service fund total \$2,220,358 (including Fees) leaving a projected fund balance of \$248,265.

---

### *New Program Funding*

The FY 2018-19 Budget includes no new program funding.

---

**SUMMARY OF RESOURCES & EXPENDITURES  
DEBT SERVICE FUND  
2018-19**

<b>RESOURCE SUMMARY</b>	<b>2016-17 ACTUAL</b>	<b>2017-18 BUDGET</b>	<b>2017-18 ESTIMATE</b>	<b>2018-19 REQUESTED</b>	<b>2018-19 PACKAGES</b>	<b>2018-19 BUDGET</b>
Ad Valorem Taxes	\$ 2,537,112	\$ 2,127,417	\$ 2,144,893	\$ 2,221,685	\$ -	\$ 2,221,685
Interest Income	5,081	-	8,000	-	-	-
Miscellaneous Income	17	-	-	-	-	-
Bond Proceeds	7,628,943	-	2,916	-	-	-
Transfer In	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 10,171,153</b>	<b>\$ 2,127,417</b>	<b>\$ 2,155,809</b>	<b>\$ 2,221,685</b>	<b>\$ -</b>	<b>\$ 2,221,685</b>
Use of Fund Balance	-	172,135	143,743	-	-	-
<b>TOTAL RESOURCES</b>	<b>\$ 10,171,153</b>	<b>\$ 2,299,552</b>	<b>\$ 2,299,552</b>	<b>\$ 2,221,685</b>	<b>\$ -</b>	<b>\$ 2,221,685</b>

<b>EXPENDITURE SUMMARY</b>	<b>2016-17 ACTUAL</b>	<b>2017-18 BUDGET</b>	<b>2017-18 ESTIMATE</b>	<b>2018-19 REQUESTED</b>	<b>2018-19 PACKAGES</b>	<b>2018-19 BUDGET</b>
Debt Service	\$ 10,031,592	\$ 2,289,112	\$ 2,289,552	\$ 2,210,358	\$ -	\$ 2,210,358
Paying Agent Fees	96,134	10,440	10,000	10,000	-	10,000
Refund of PY Revenue	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,127,726</b>	<b>\$ 2,299,552</b>	<b>\$ 2,299,552</b>	<b>\$ 2,220,358</b>	<b>\$ -</b>	<b>\$ 2,220,358</b>

**ESTIMATED AD VALOREM TAX COLLECTIONS & DISTRIBUTION  
2018-19 BUDGET**

Assessed Valuation for 2017		\$	1,952,654,794
Gain/(Loss) in Value			206,626,489
Net Assessed Valuation for 2018		<b>\$</b>	<b>2,159,281,283</b>

**GENERAL FUND:**

Tax Rate Per \$100 valuation		x	0.42711
			9,222,506
Estimated Collections		x	100.00%
<b>TOTAL REVENUE</b>			<b>\$ 9,222,506</b>

**GENERAL DEBT SERVICE FUND:**

Tax Rate Per \$100 valuation		x	0.10289
			2,221,685
Estimated Collections		x	100.00%
<b>TOTAL REVENUE</b>			<b>\$ 2,221,685</b>

DISTRIBUTION	2017-18 BUDGET	2018-19 BUDGET	2018-19 BUDGET REVENUE	PERCENT
General Fund	\$ 0.42791	\$ 0.42711	\$ 9,222,506	80.59%
General Debt Service Fund	0.10895	0.10289	2,221,685	19.41%
<b>TOTAL</b>	<b>\$ 0.53686</b>	<b>\$ 0.53000</b>	<b>\$ 11,444,191</b>	<b>100.00%</b>

**GENERAL LONG-TERM DEBT  
2018-19 BUDGET**

<b>Issue</b>	<b>Interest Rate</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Original Amount of Issue</b>	<b>Gross Amount outstanding at 9/30/18</b>	<b>Final Payment Date</b>
<b>2010 Certificates of Obligation</b> 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	\$ 140,000	02-15-2020
<b>2016 Certificates of Obligation</b> 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
<b>2016 General Obligation Refunding</b> 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	\$ 1,130,000	02-15-2020
<b>2017 General Obligation/Certificates of Obligation Refunding</b> 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	\$ 12,335,000	02-15-2027
<b>2017 Certificates of Obligation</b> 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
				<b>\$ 35,380,000</b>	<b>\$ 31,735,000</b>	

**GENERAL DEBT SERVICE REQUIREMENTS  
2018-19 BUDGET**

		<b>General Fund (Tax Supported)</b>		
		Principal & Interest Requirements for 2017-18		
Issue		Principal	Interest	Total
2010	Certificates of Obligation	\$ 70,000	\$ 4,217	\$ 74,217
2016	Certificates of Obligation	-	507,235	507,235
2016	General Obligation Refunding	417,300	13,455	430,755
2017	General Obligation/Certificates of Obligation Refunding	787,497	269,414	1,056,911
2017	Certificates of Obligation	20,731	120,509	141,240
		<u>\$ 1,295,528</u>	<u>\$ 914,830</u>	<u>\$ 2,210,358</u>

		<b>Water/Wastewater</b>		
		Principal & Interest Requirements for 2017-18		
Issue		Principal	Interest	Total
2016	General Obligation Refunding	\$ 117,700	\$ 3,795	\$ 121,495
2016	Certificates of Obligation	-	55,065	55,065
2017	General Obligation/Certificates of Obligation Refunding	727,402	248,853	976,255
2017	Certificates of Obligation	9,269	53,879	63,148
		<u>\$ 854,371</u>	<u>\$ 361,592</u>	<u>\$ 1,215,963</u>

		<b>Storm Drainage</b>		
		Principal & Interest Requirements for 2017-18		
Issue		Principal	Interest	Total
2017	General Obligation/Certificates of Obligation Refunding	\$ 165,101	\$ 56,484	\$ 221,585
		<u>\$ 165,101</u>	<u>\$ 56,484</u>	<u>\$ 221,585</u>

<b>GRAND TOTAL</b>	<u><u>\$ 2,315,000</u></u>	<u><u>\$ 1,332,906</u></u>	<u><u>\$ 3,647,906</u></u>
--------------------	----------------------------	----------------------------	----------------------------

**GENERAL LONG-TERM DEBT  
PRINCIPAL & INTEREST REQUIREMENTS  
AS OF OCTOBER 1, 2018**

<b>Year</b>	<b>General Debt Principal</b>	<b>General Debt Interest</b>	<b>Total General Debt</b>	<b>Water/Wastewater Debt</b>	<b>Drainage Debt</b>	<b>General Fund (Tax Supported) Debt</b>
2018-19	2,315,000	1,332,905	3,647,905	1,215,962	221,585	2,210,358
2019-20	2,375,000	1,241,180	3,616,180	1,051,438	168,774	2,395,968
2020-21	2,035,000	1,157,088	3,192,088	963,334	168,074	2,060,680
2021-22	1,990,000	1,066,988	3,056,988	904,708	154,647	1,997,633
2022-23	2,085,000	967,237	3,052,237	903,084	154,525	1,994,628
2023-24	2,190,000	865,763	3,055,763	905,526	155,065	1,995,172
2024-25	2,300,000	762,362	3,062,362	907,011	155,261	2,000,090
2025-26	2,405,000	649,262	3,054,262	903,907	154,635	1,995,720
2026-27	2,530,000	525,887	3,055,887	905,215	155,126	1,995,546
2027-28	1,040,000	437,988	1,477,988	222,500	-	1,255,488
2028-29	1,090,000	387,488	1,477,488	222,240	-	1,255,248
2029-30	1,145,000	335,912	1,480,912	222,585	-	1,258,327
2030-31	1,190,000	287,888	1,477,888	222,532	-	1,255,356
2031-32	1,240,000	242,338	1,482,338	223,148	-	1,259,190
2032-33	1,285,000	194,788	1,479,788	222,972	-	1,256,816
2033-34	1,335,000	145,230	1,480,230	222,980	-	1,257,250
2034-35	1,385,000	93,550	1,478,550	222,673	-	1,255,877
2035-36	1,440,000	39,638	1,479,638	222,524	-	1,257,114
2036-37	360,000	6,074	366,074	113,101	-	252,973
<b>TOTAL</b>	<b>\$ 31,735,000</b>	<b>\$ 10,739,566</b>	<b>\$ 42,474,566</b>	<b>\$ 10,777,440</b>	<b>\$ 1,487,692</b>	<b>\$ 30,209,434</b>

**2018-2037 GENERAL DEBT SERVICE  
PRINCIPAL AND INTEREST REQUIREMENTS**

