

## **2016 Debt Service Fund Summary**

### **Debt Services Overview**

The City currently has five Debt issuances all of which are Bonds and Notes. Issuance # 1 is a lease revenue bond for TIF District # 3. Issuances # 2 and #3 below are General Obligation Debt and are designed to be used in combination. Issuance # 4 is similar to issuance # 1, with one major difference, based on the use of the funds for TIF # 4, the City used a General Obligation Bond, which allowed for a better interest rate than a lease revenue bond. Issuance # 5 is the flex note to cover the last of the cost of the Civic Center project. Issued on summer of 2015 for 1.5 million over a 7 year term completed the financing for the project.

Below is a description of the Debt and brief overview for review. Debt or Bonds are a tool used by Government entities to provide funding for large projects within the Community; unlike private corporations Government bodies are able to get low interest rate bonds by guarantee payment with taxing authority. The most common type of Bond is General Obligation Tax Exempt or Corporate Purpose Bonds. These bonds have very low interest rates and are competitively sought by investors. The other common bond tool is a revenue bond which is a taxable bond and receives its repayment source from a specific entity or Utility and is very common for TIF districts or Municipal Utility operations. Additionally, the City has an annual independent audit performed each year for all the financials accounts; debt service is included in the audit.

### **Issuances**

- 1) CDA TIF # 3 Lease Revenue Bond issued December 28, 2007 for \$4,900,000. Proceeds from the bond provided financing for certain projects in TIF # 3 mainly road and infrastructure costs in and around Howard Avenue and Lake Drive. The bond is a 20 year obligation with Principle and Interest at \$392,000/year. This bond is callable in 2016 at which time it will be eligible to refinance if needed.
- 2) \$6,075,000 G.O. Public Safety Bonds, Series 2013A issued March of 2013 in combination with the Series 2013B bond for the construction of the new Civic Center.
- 3) \$2,605,000 G.O. Notes, Series 2013B issued in March of 2013 in combination with Series 2013A bond for the construction of the new Civic Center. Together these bonds have a 20 year life with the sole purpose to fund the Civic Center Project.
- 4) \$2,560,000 Taxable G.O. Community Development Bonds, Series 2013C issued March of 2013 for the creation and funding source for the City's TIF District # 4. This is a 20 year bond and will be used to purchase property, build infrastructure and promote redevelopment within the district.
- 5) Issued August 2015 as G.O. Debt with Associated Bank for \$1,500,000 over seven (7) year term. This flex note completed the last of the funds needed to close out the Civic Center Project and was part of the original financing plan approved in 2012-2013.

## Rating

The City continues to hold a “AAA” rating with Standard and Poors as well as a “Aa3” rating with Moody’s Investors Services which for a community of our size is a strong rating. The ratings are the third highest ratings that could be achieved for our category of Community. The ratings are equivalent to an individual’s credit score and are used when investors bid on our bonds.

## Debt Payment Strategy

The following page has the City’s overall debt payment plan and overview for review. During the 2016 Budget process, staff will review the payment schedule and may make adjustments based on the City’s new debt issuance for the Civic Center. Additionally, the City may look in 2016- 2017 to refinance the TIF revenue bond that was issued in 2007 as the District has been underperforming to date.

## Debt Capacity Margin

The State of Wisconsin mandates a legal debt margin on 5% of the Equalized valuation of each municipality. In 2015 the equalized valuation is \$603,066,621. Here is the last two years of the City’s Debt margin.

	<u>2014</u>	<u>2015</u>
Equalized Valuation of all property	\$571,772,700	\$603,066,621
Multiply by Legal Debt Margin	5%	5%
Legal Debt Margin	\$28,588,635	\$30,153,331
 <u>Existing Debt Compared to legal Debt Limit:</u>		
Existing City G.O. Bonds	\$ 11,135,000	\$11,315,714
Legal Margin for New Debt If Needed	<b>\$ 17,453,635</b>	<b>\$18,837,617</b>



# City of St. Francis, WI

Schedule of General Obligation Debt Outstanding

As of January 1, 2016



Issue	G.O. Fire & Police Safety Bldg Bonds Series 2013A				General Obligation Promissory Notes Series 2013B				Taxable G.O. Community Dev Bonds Series 2013C				General Obligation Promissory Note (Associated Bank)											
	Amount	Dated	Repayment	Call Date	Call Amt	Rate/Term	Year	Prin (2/1)	Rate	Interest	Total	Prin (2/1)	Rate	Interest	Total	Prin (3/15)	Rate	Interest	Total	Prin	Rate	Interest	Total	
	\$5,995,000	26-Feb-13	Tax Levy	1-Feb-23	\$4,695,000	2.000-2.650%	2016-2033																	
	\$2,595,000	26-Feb-13	Tax Levy	1-Feb-20	\$810,000	0.500-1.750%	2016-2033																	
	\$2,560,000	26-Feb-13	Tax Incremental District No. 4	1-Feb-22	\$1,880,000	2.250-3.700%	2017-2033																	
	\$1,500,000	1-Sep-15	Tax Levy	Any Principal or Interest Payment Date	\$1,500,000	2.840%	2016-2022																	
2016	120,000	2.000%	129,543	249,543	255,000	0.500%	22,961	277,961				76,458	76,458	214,286	2.840%	41,322	255,608							
2017	125,000	2.000%	127,093	252,093	255,000	0.625%	21,527	276,527	100,000	2.250%	75,333	175,333	175,333	214,286	2.840%	35,201	249,487							
2018	130,000	2.000%	124,543	254,543	255,000	0.850%	19,646	274,646	100,000	2.250%	73,083	173,083	173,083	214,286	2.840%	29,079	243,365							
2019	130,000	2.000%	121,943	251,943	260,000	1.000%	17,263	277,263	100,000	2.250%	70,833	170,833	170,833	214,286	2.840%	22,957	237,243							
2020	135,000	2.000%	119,293	254,293	260,000	1.200%	14,403	274,403	125,000	2.250%	68,301	193,301	193,301	214,286	2.840%	16,835	231,121							
2021	135,000	2.000%	116,593	251,593	265,000	1.400%	10,988	275,988	125,000	2.250%	65,489	190,489	190,489	214,286	2.840%	10,713	224,999							
2022	140,000	2.000%	113,843	253,843	270,000	1.600%	6,973	276,973	130,000	2.450%	62,490	192,490	192,490	214,284	2.840%	4,593	218,877							
2023	140,000	2.000%	111,043	251,043	275,000	1.750%	2,406	277,406	130,000	2.450%	59,305	189,305	189,305											
2024	425,000	2.000%	105,393	530,393					135,000	2.650%	55,924	190,924	190,924											
2025	435,000	2.000%	96,793	531,793					140,000	2.800%	52,175	192,175	192,175											
2026	440,000	2.100%	87,823	527,823					145,000	2.950%	48,076	193,076	193,076											
2027	450,000	2.200%	78,253	528,253					160,000	3.100%	43,458	203,458	203,458											
2028	460,000	2.300%	68,013	528,013					175,000	3.250%	38,134	213,134	213,134											
2029	470,000	2.350%	57,200	527,200					185,000	3.350%	32,191	217,191	217,191											
2030	485,000	2.450%	45,736	530,736					190,000	3.450%	25,815	215,815	215,815											
2031	495,000	2.550%	33,484	528,484					200,000	3.550%	18,988	218,988	218,988											
2032	510,000	2.600%	20,543	530,543					205,000	3.650%	11,696	216,696	216,696											
2033	525,000	2.650%	6,956	531,956					215,000	3.700%	3,978	218,978	218,978											
2034																								

Summary of Total Debt Principal & Interest					
Principal	Interest	Total	Principal Outstanding	Percent Paid	Year
589,286	270,284	859,570	11,315,714	4.95%	2016
694,286	259,152	953,438	10,621,428	10.78%	2017
699,286	246,350	945,636	9,922,142	16.66%	2018
704,286	232,994	937,280	9,217,856	22.57%	2019
734,286	218,831	953,117	8,483,570	28.74%	2020
739,286	203,782	943,068	7,744,284	34.95%	2021
754,284	187,898	942,182	6,990,000	41.29%	2022
545,000	172,754	717,754	6,445,000	45.86%	2023
560,000	161,316	721,316	5,885,000	50.57%	2024
575,000	148,968	723,968	5,310,000	55.40%	2025
585,000	135,899	720,899	4,725,000	60.31%	2026
610,000	121,710	731,710	4,115,000	65.43%	2027
635,000	106,146	741,146	3,480,000	70.77%	2028
655,000	89,391	744,391	2,825,000	76.27%	2029
675,000	71,551	746,551	2,150,000	81.94%	2030
695,000	52,471	747,471	1,455,000	87.78%	2031
715,000	32,239	747,239	740,000	93.78%	2032
740,000	10,934	750,934	0	100.00%	2033
0	0	0	0	100.00%	2034

TOTAL 5,750,000 1,564,081 7,314,081 2,095,000 116,166 2,211,166 2,560,000 881,724 3,441,724 1,500,000 160,700 1,660,700

11,905,000 2,722,671 14,627,671

  Maturities Subject to Optional Redemption