**DEPARTMENT** DEBT SERVICE
FUND 40

**Program Description**

This fund is used to account for the principal and interest payments associated with the Village's general obligation debt. As of the date of this budget draft, the Village finds itself in the unusual position of having no outstanding general obligation debt that is being repaid through the levy or other general funds. The only general obligation debt currently held by the Village is the 2011 General Obligation Refunding Bonds used to continue funding of the Sewer Utility's plant upgrade project. Those bonds are paid with utility revenues. The small amount of funds still held in Debt Service will remain there while the Village determines whether new debt financing will be needed in the near future.

**2016 Accomplishments**

- The Village completely repaid the 2014 General Obligation notes that were used to fund several projects located within the former Tax Increment District (TID) #3 and parkland purchase.

- The Village successfully established an escrow account that will pay the remainder of the 2010 General Obligation Refunding Bonds used to finance a Stormwater Utility project associated with TID #3.

- The Village continued to reduce its overall debt. The Village's total outstanding general obligation debt was reduced by over $1.4 million in 2016, with an additional $2.56 million held in escrow to repay the stormwater debt mentioned above.

**2017 Objectives**

- The Village will continue to evaluate future development possibilities to identify any projects for which debt financing may be most effective.

**2017 Debt Payments**

| Debt Issued | Principal | Interest | Total |
|---|---|---|---|
| None at this time | | | |
| TOTAL | $0.00 | $0.00 | $0.00 |

**Debt Level**

Under State statute, municipalities are authorized to borrow no more than 5% of the equalized value of taxable property within the municipality. The Village surpassed the half-billion mark in equalized value for 2016 with an equalized value of $500,284,300. This sets the Village's debt limit at $25,014,215. The total applicable debt subject to this limit is $3,625,000 (counting the amount held in escrow) or 14.49% of the authorized limit.

The accompanying chart labelled "Debt Service Fund Payment Schedule" shows all debt service planned for any part of the Village or its utilities. A review of this will show that no general fund payments are expected to take place in 2017, with all outstanding debt paid through some type of utility revenue. The chart showing "Outstanding General Obligation Debt – 2017" shows the two debt issues will technically qualify as debt that must be measured against the Village's debt limit. The 2010 bonds being paid out of an escrow account are shown here because they will remain associated with the Village until they are paid in full in 2019.

As discussed in the 2017 objective, the Village will review any project proposals to evaluate whether debt financing may be appropriate. While being completely debt-free is an admirable position, there are situations where debt can be an effective and equitable funding tool. For example, when considering projects that will benefit future as well as current residents, deferring payment will distribute the costs more appropriately.

**Account Detail**

49200 – Transfer from Other Funds: This account normally tracks the payments received from other sources such as the Village's impact fee funds.

49210 – Transfer from General Fund: Since there is presently no general obligation debt due, no transfer will be needed at this time.

55200-300 – Supplies & Expenses: This account was created in 2016 to more accurately distribute the costs of maintaining the Village's various savings and investment accounts.

## 2017 PROPOSED BUDGET
## DEBT SERVICE - FUND 40

| | | 2015 ACTUAL 12/31/2015 | 2016 ACTUAL 7/31/2016 | 2016 PROJECTED YEAR-END | 2016 AMENDED BUDGET | 2017 PROPOSED BUDGET | %CHANGE BUDGET |
|---|---|---|---|---|---|---|---|
| 400-41110-000-000 | REAL & PERSONAL PROPERTY TAX | 25,000.00 | - | - | - | - | |
| 400-48120-000-000 | DEBT SERVICE INTEREST INCOME | 49.27 | 133.81 | 229.39 | 15.00 | 250.00 | 1566.67% |
| 400-49100-000-000 | PROCEEDS FROM DEBT | - | - | - | - | - | |
| 400-49200-000-000 | TRANSFERS FROM OTHER FUNDS | 40,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | - | -100.00% |
| 400-49210-000-000 | TRANSFER FROM GENERAL FUND | 1,496,261.44 | 184,703.50 | 184,703.50 | 184,705.00 | - | -100.00% |
| 400-49220-000-000 | TRANSFER FROM RESERVES | - | - | - | 24,000.00 | - | -100.00% |
| | **TOTAL REVENUES** | **1,561,310.71** | **214,837.31** | **214,932.89** | **238,720.00** | **250.00** | **-99.90%** |

## 2017 PROPOSED BUDGET
## DEBT SERVICE - FUND 40

| | | 2015 ACTUAL 12/31/2015 | 2016 ACTUAL 7/31/2016 | 2016 PROJECTED YEAR-END | 2016 AMENDED BUDGET | 2017 PROPOSED BUDGET | %CHANGE BUDGET |
|---|---|---|---|---|---|---|---|
| 400-55200-300-000 | SUPPLIES & EXPENSE | - | 46.90 | 48.50 | - | 50.00 | |
| 400-58100-000-000 | PRINCIPAL | 1,505,904.00 | 199,096.21 | 199,096.21 | 200,000.00 | - | |
| 400-58200-000-000 | INTEREST & FISCAL CHARGES | 23,848.99 | 1,552.52 | 1,552.52 | 895.00 | - | -100.00% |
| 400-59200-000-000 | TRANSFERS OF FUNDS | 34,150.00 | - | - | - | - | |
| | **TOTAL EXPENDITURES** | **1,563,902.99** | **200,695.63** | **200,697.23** | **200,895.00** | **50.00** | **-99.98%** |
| | **REVENUES OVER EXPENDITURES** | **(2,592.28)** | **14,141.68** | **14,235.66** | **37,825.00** | **200.00** | |

**Debt Service Fund Payment Schedule**
**2017 General and Utilities**

**GENERAL FUND EXPENDITURES**

**Total Debt Service: $0.00**

**UTILITIES PAYMENTS**

| | | | | |
|---|---|---|---|---|
| **Electric Utility:** | | | | |
| 2007 E-Revenue Bonds | Principal | $105,000.00 | 06-01-17 Principal | $105,000.00 |
| (Arthur Road sub-station) | Interest | $25,501.26 | 06-01-17 Interest | $13,826.88 |
| | Total | $130,501.26 | 12-01-17 Interest | $11,674.38 |
| **Sewer Utility:** | | | | |
| 2004 Clean Water Fund | Principal | $101,551.97 | 05-01-17 Principal | $101,551.97 |
| (Headworks Building) | Interest | $19,841.18 | 05-01-17 Interest | $10,618.76 |
| | Total | $121,393.15 | 11-01-17 Interest | $9,222.42 |
| 2008 Clean Water Fund | Principal | $228,006.76 | 05-01-17 Principal | $228,006.76 |
| (WWTP Upgrade) | Interest | $65,012.36 | 05-01-17 Interest | $33,870.23 |
| | Total | $293,019.12 | 11-01-17 Interest | $31,142.13 |
| 2011 GORB | Principal | $175,000.00 | 05-01-17 Interest | $29,372.50 |
| (WWTP Upgrade) | Interest | $58,745.00 | 11-01-17 Principal | $175,000.00 |
| | Total | $233,745.00 | 11-01-17 Interest | $29,372.50 |

updated 31Aug16

**Outstanding General Obligation Debt - 2017**

| | 2010 Bonds (stormwater)(in escrow) | | 2011 Bonds (sewer) | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2017 | $65,000.00 | $38,465.00 | $175,000.00 | $58,745.00 |
| 2018 | $70,000.00 | $36,710.00 | $200,000.00 | $56,295.00 |
| 2019 | $930,000.00 | $17,900.00 | $225,000.00 | $53,095.00 |
| 2020 | | | $250,000.00 | $49,045.00 |
| 2021 | | | $275,000.00 | $44,045.00 |
| 2022 | | | $275,000.00 | $37,995.00 |
| 2023 | | | $275,000.00 | $31,670.00 |
| 2024 | | | $285,000.00 | $24,795.00 |
| 2025 | | | $300,000.00 | $17,100.00 |
| 2026 | | | $300,000.00 | $8,700.00 |
| | $1,065,000.00 | $93,075.00 | $2,560,000.00 | $381,485.00 |

| | |
|---|---|
| Total | $4,099,560.00 |
| Total Principal | $3,625,000.00 |
| Total Non-Escrow | $2,560,000.00 |