

CITY WIDE DEBT



Long-Term Debt

Property Tax Supported Debt

Public Utility Fund Supported Debt

Port Commission Supported Debt

Outstanding Debt Issue by Series



This section provides summary and detailed information on all debt issued and each annual debt service obligation by fund.

Long Term Debt

General Obligation Bonds (G.O.'s) are used to finance a variety of public projects and require voter approval. Certificates of Obligations (C.O.'s) do not require voter approval and, though used largely for the same projects as General Obligation Bonds, are ordinarily sold to finance smaller, less expensive, projects which tend to have shorter pay-out periods on the debt. General Obligation Bonds, as well as Certificates of Obligation, are backed by the full faith and credit of the City and are paid from property tax receipts. Revenue Bonds are payable from specific sources of non-tax revenue and do not affect the property tax rate. Coverage Ratios of Revenue Bonds will always be in compliance with the minimum coverage ratio required by the revenue bond ordinances. It shall be the goal of the City to achieve a budgeted coverage ratio of 1.60.

The City's practice is to fund capital improvement projects on a "pay as you go" basis whenever possible. If a debt issue is required, then key factors such as an asset's life and future debt payments will be considered carefully. Issues will not extend longer than an asset's expected life. The City currently holds an AA- rating from Standard and Poor's Corporation for both General Obligation and Revenue Bonds. This underlying rating was strengthened recently from an A+.

There is no direct limit on debt in the City Charter. Statutes of the State of Texas do not provide any limitations on the dollar amount of debt cities can float; however, as a matter of policy, the Attorney General of Texas, will not approve the issuance of bonds where the total debt service of all tax supported debt requires a tax rate of more than \$1.50 per \$100 assessed valuation. The truth-in-taxation criterion specifies that debt (Interest & Sinking) requirements must be met first, and then the operations can be funded. The property tax rate to meet these needs cannot exceed \$2.50 per \$100 valuation.

Debt service requirements for the City of Port Lavaca are currently \$.0777 of the current property tax rate of \$.7900. Even though the City has six outstanding general obligation debt issues, the 2012 is the only issue paid by property taxes. Other issues are supported by the respective fund's revenues. Those particular issues have an operational impact equal to the annual debt service payment. **The City plans to issue debt within the next 12 months to fund a large dredging project.** This debt will not be paid from property taxes, but supported by revenues generated by the Port Commission Fund.

Assessed value, 2015 tax roll	\$626,368,821	Actual amount of tax-secured debt service - Year ended September 30, 2016	\$1,123,133
Limit on amount designated for debt service per \$100 assessed valuation	x \$ 1.50		
Legal Debt Service Limit	\$9,395,532	Legal Debt Margin	\$8,272,399

The following tables list each debt issue separately with its clearly stated principal and interest payment due. Fiscal year end 2015-2016, outstanding general obligation bond and certificates of obligation bonds will be \$7,965,000 however only \$2,180,000 is currently supported by property taxes. The debt policy along with the history of tax rates can be found in the appendix section of this book.

Property Tax Supported Debt

2012 General Obligation Refunding Bond

\$2,945,000 - 2012 General Obligation Refunding Bond issued to take advantage of the low interest rate environment by refunding the callable portion of the Certificates of Obligation, Series 2003 and 2005 that were originally issued to fund various street projects. This resulted in a net present value savings to the City of \$229,457. The payments are secured by property taxes due in annual installments ranging from \$60,000 to \$331,000 through February 15, 2024; interest fixed at 2.03%.

Street Debt Service 2012	Actual FY 2013-2014	Amended Budget FY 2014-2015	Projected FY 2014-2015	Adopted FY 2015-2016
Taxes				
Property Taxes- Current	259,802	261,200	161,200	318,000
Property Taxes- Delinquent	8,209	11,000	10,000	9,000
Total Taxes	268,012	272,200	171,200	327,000
Other Revenue				
Interest Income	425	300	275	300
Bond Proceeds	0	0	0	0
Total Other Revenue	425	300	275	300
Total Street Debt Service	268,437	272,500	171,475	327,300
Sundry				
Debt Service Principal	0	0	0	0
Debt Service Interest	0	0	0	0
Debt Service Admin. Fee	300	300	300	300
Debt Service- Principal 2012	215,000	220,000	220,000	280,000
Debt Service- Interest 2012	56,586	52,200	52,200	47,000
Payment to Escrow	0	0	0	0
Total Sundry	271,886	272,500	272,500	327,300
Total Street Debt Service	271,886	272,500	272,500	327,300

FY 15/16 Requirements:		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$280,000	\$47,096	\$327,096

Call Option: Make Whole Provision

Public Utility Fund Supported Debt

2007 General Obligation (GO) Refunding Bonds

\$2,895,000 - 2007 Utility System General Obligation and Refunding Bonds were issued to cover water system improvements. The payments are supported by the City's Public Utility Fund and due in annual installments ranging from \$30,000 to \$555,000 through February 15, 2022; interest varying between 5.10% and 5.75%.

2007 Combination Tax and Revenue Certificate of Obligation (CO)

\$925,000 - Series 2007 Combination Tax and Certificate of Obligation was issued to fund the City's pro rata share of debt related to the construction of a Clearwell owned by our water supplier, GBRA. The payment is supported by the Public Utility Fund due in annual installments ranging from \$20,000 to \$140,000 through February 15, 2022.

Water Debt Service 2007	Actual FY 2013-2014	Amended Budget FY 2014-2015	Projected FY 2014-2015	Adopted FY 2015-2016
Other Revenue				
Interest Income	54	0	0	0
Equity Balance Forward	0	1,375	1,375	1,037
Total Other Revenue	54	1,375	1,375	1,037
Intergovernmental Revenue				
Transfer In- Fund 501	194,563	196,625	196,625	198,463
Total Intergovernmental	194,563	196,625	196,625	198,463
Total Water Debt Service	194,617	198,000	198,000	199,500
Sundry				
Debt Service Principal	45,000	50,000	50,000	55,000
Debt Service Interest	96,707	95,000	95,000	92,500
Debt Service- Admin Fee	750	500	500	500
Miscellaneous	0	0	0	0
Debt Service- Principle Clearwell	20,000	20,000	20,000	20,000
Debt Service – Interest Clearwell	32,499	32,000	32,000	31,000
Debt Service- Administrative Fee	750	500	500	500
Total Sundry	195,706	198,000	198,000	199,500
Total Water Debt Service	195,706	198,000	198,000	199,500

FY 15/16 Requirements:		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$75,000	\$123,463	\$198,463*

(*Direct Operational impact) Call Option: Term Bonds maturing on February 15, 2019 and thereafter are callable in whole or in part on any date beginning February 15, 2017 @ par.

CITY WIDE DEBT

2011 General Obligation Refunding Bonds

\$2,265,000 - 2011 General Obligation Refunding Bonds were issued for wastewater related infrastructure improvements. The payments are supported by the Public Utility Fund and due in annual installments ranging from \$351,000 to \$359,500 through February 15, 2018; interest fixed at 2.83%.

Sewer Debt Service 2011	Actual FY 2013-2014	Amended Budget FY 2014-2015	Projected FY 2014-2015	Adopted FY 2015-2016
Other Revenue				
Interest Income	89	0	0	0
Equity Balance Forward	0	523	523	591
Total Other Revenue	89	523	523	591
Intergovernmental Revenue				
Transfer In- Fund 501	352,592	353,677	353,677	359,409
Total Intergovernmental	352,592	353,677	353,677	359,409
Total Sewer Debt Service	352,681	354,200	354,200	360,000
Sundry				
Debt Service Principal	310,000	320,000	320,000	335,000
Debt Service Interest	41,483	33,700	33,700	24,500
Debt Service - Admin. Fee	0	500	500	500
Total Sundry	351,483	354,200	354,200	360,000
Total Sewer Debt Service	351,483	354,200	354,200	360,000

FY 15/16 Requirements:		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$335,000	\$24,409	\$359,409*

*Direct operational impact

Call Option: Non-callable.

2004 Certificates of Obligation

\$1,535,000 - 2004 Certificates of Obligation from the Texas Water Development Board (TWDB) was issued for improvements to the City's water and sewer infrastructure. Annual installments range from \$97,000 to \$127,000 through February 15, 2024; interest varying between 1.45% and 3.55%.

Texas Water Development Board (TWDB) Debt Service 2004	Actual FY 2013-2014	Amended Budget FY 2014-2015	Projected FY 2014-2015	Adopted FY 2015-2016
Other Revenue				
Interest Income	99	612	612	0
Equity Balance Forward	0	0	0	0
Total Other Revenue	99	612	612	0
Intergovernmental Revenue				
Transfer In- Fund 501	108,801	111,688	111,688	114,335
Total Intergovernmental	108,801	111,688	111,688	114,335
Total TWDB Debt Service	108,900	112,300	112,300	114,335
Sundry				
Debt Service Principal	75,000	80,000	80,000	85,000
Debt Service Interest	33,550	32,000	32,000	29,035
Debt Service Admin Fee	300	300	300	300
Total Sundry	108,850	112,300	112,300	114,335
Total TWDB Debt Service	108,850	112,300	112,300	114,335

FY 15/16 Requirements:		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$85,000	\$29,335	\$114,335*

*Direct operational impact

Call Option: Bonds maturing on February 15, 2016 and thereafter are callable in whole or in part on any date beginning February 15, 2015 @ par.

Port Commission Supported Debt

2008 Combination Tax & Surplus Harbor System Revenue Certificates of Obligation

\$1,700,000 - 2008 Combination Tax & Surplus Harbor System Revenue Certificates of Obligation were issued for a bulkhead improvement project. The payments are supported by Port Commission revenue and are due in annual installments ranging from \$20,000 to \$125,000; interest at 3.93%.

Port Debt Service	Actual FY 2013-2014	Amended Budget FY 2014-2015	Projected FY 2014-2015	Adopted FY 2015-2016
Other Revenue				
Interest Income	265	0	0	0
Equity Balance Forward	0	0	0	0
Total Other Revenue	265	0	0	0
Intergovernmental Revenue				
Transfer In- Fund 504	125,000	127,000	127,000	124,000
Total Intergovernmental	125,000	127,000	127,000	124,000
Total Port Debt Service	125,265	127,000	127,000	124,000
Sundry				
Debt Service Principal	70,000	75,000	75,000	75,000
Debt Service Interest	54,280	51,500	51,500	48,500
Debt Service Amortization	0	0	0	0
Paying Agent	0	500	500	500
Total Sundry	124,280	127,000	127,000	124,000
Total Port Debt Service	124,280	127,000	127,000	124,000

FY 15/16 Requirements:		
Principal	Interest	Total
\$75,000	\$48,830	\$123,830*

*Direct operational impact

Call Option: Term Bonds maturing on February 15, 2028 are callable in whole or in part on any date @ par plus a Prepayment Fee as specified in the indenture.

Outstanding Debt Issue by Series

Supporting Fund	Public Utility Fund	Public Utility Fund	Public Utility Fund	Public Utility Fund	Public Utility Fund	General Fund	
	Comb. Tax & Rev Cert. of Oblig. Series 2004	Comb. Tax & Rev Cert. of Oblig. Series 2007	Gen. Oblig. Ref. Bds. Series 2007	Comb. Tax & Surp. Harb. Sys. Rev. Cert. of Oblig. Series 2008	Utility Revenue Bond Series 2011	Cert. Of Obligation Series 2012	Total
Fiscal Year End							
2016	114,335	51,000	147,463	123,830	359,409	327,096	\$1,123,133
2017	116,753	162,900	174,313	125,785	359,787	326,361	\$1,265,899
2018	118,930	162,400	170,700	127,542	354,953	325,525	\$1,260,050
2019	120,883	132,300	569,100	124,202		329,537	\$1,276,022
2020	122,601	132,600	568,900	125,763		323,447	\$1,273,311
2021	119,136	132,700	567,900	127,128		322,306	\$1,269,170
2022	120,508	132,600	566,100	123,394		330,962	\$1,273,564
2023	126,538	-	-	124,563		324,466	\$575,567
2024	127,219	-	-	125,534		60,609	\$313,362
2025	-	-	-	126,310		-	\$126,310
2026	-	-	-	126,888		-	\$126,888
2027	-	-	-	127,271		-	\$127,271
2028	-	-	-	127,456		-	\$127,456
Total	\$1,086,903	\$906,500	\$2,764,476	\$1,635,666	\$1,074,149	\$2,670,309	\$10,138,003

City of Port Lavaca
*Outstanding General Obligation and Utility System Debt
 Service by Series*

