

DEBT



Sheraton Groundbreaking

DEBT

Debt Management Policy	215
Outstanding Debt Summary	216
Debt Service Charges (Tax-Supported)	218
Ad Valorem Tax-Supported Debt	219
Debt Service Charges (Self-Supporting)	220
Utility Debt	222
Utility Revenue Bond Coverage	223
Proposed Debt Issues	224
Authorized General Obligation Debt	225

DEBT MANAGEMENT POLICY

The City’s goal is to fund capital improvement projects on a “pay as you go” basis whenever possible. For large infrastructure projects and during heavy growth, debt financing is sometimes required. Debt financed projects must meet the City’s financing criteria as included in the Fiscal and Budgetary Policy.

XIV. Debt Management

The City of Georgetown recognizes the primary purpose of capital facilities is to provide services to the community. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements. In meeting demand for additional services, the City will strive to balance the needs between debt financing and “pay as you go” methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City’s long-range financial condition.

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 purposes as a city.

A Debt Condition Update report will be provided annually.

The City’s Debt Management Policy is part of the Fiscal and Budgetary Policy. The complete policy can be found at the beginning of the Reference section of this document.

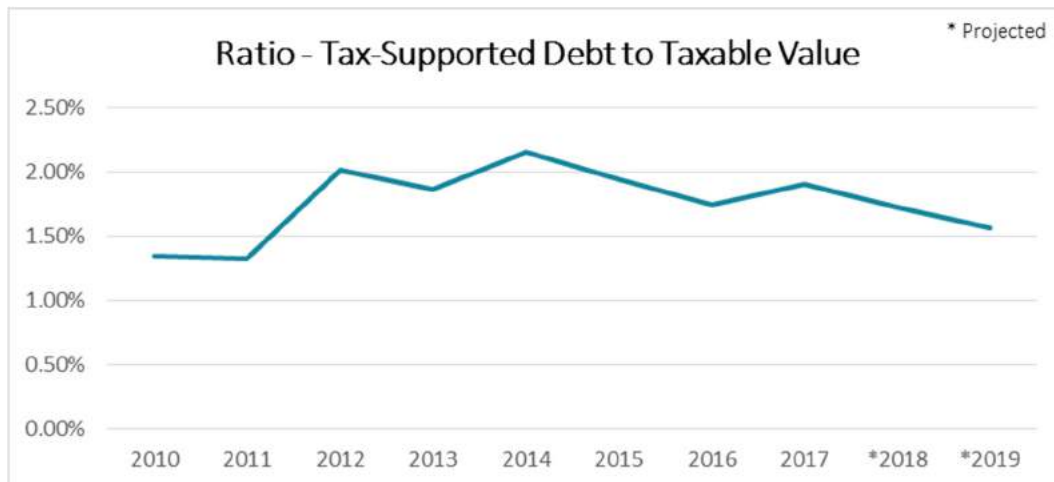
The City’s debt management objective is to maintain level debt service that does not adversely impact tax or utility rates and does not hinder the City’s ability to effectively operate the utility systems, street network, or other facilities. The City’s debt payments must stay within provisions of state law, bond covenants, and council adopted policies. All of these criteria and objectives are met with the debt financing proposed in this budget.

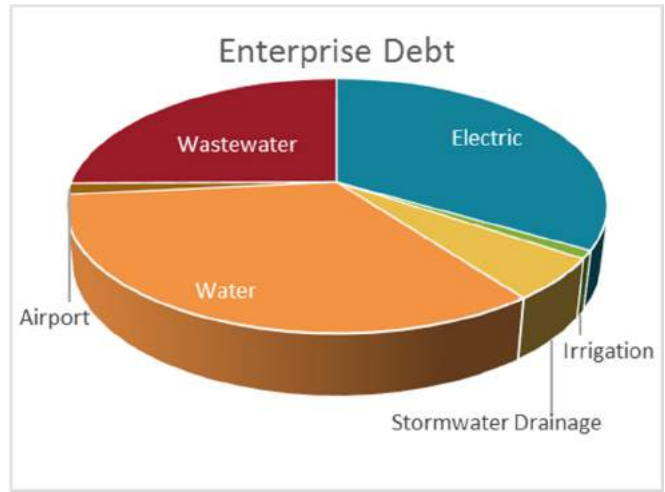
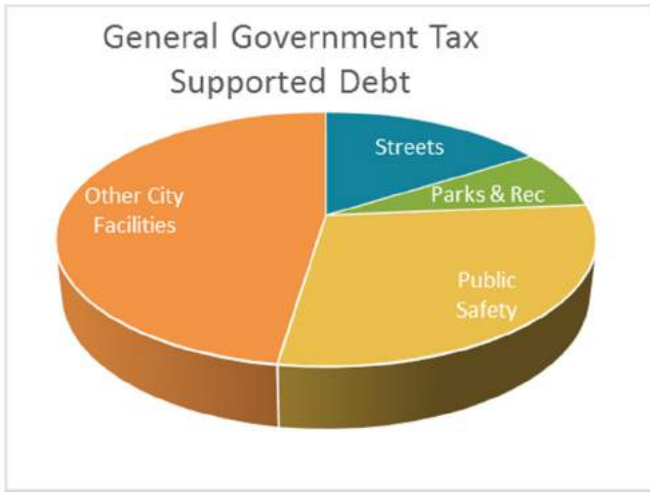
The City of Georgetown’s bonds are rated:

Rating Agency	General Obligation	Date Obtained	Utility Revenue	Date Obtained
Standard & Poor's	AA+	4/8/2016	AA	4/14/2016

OUTSTANDING DEBT SUMMARY – BY TYPE AS OF OCTOBER 1, 2016

	Debt Outstanding	%	FY2017 Principal & Interest	FY2017 Handling Fees
GENERAL GOVERNMENT DEBT:				
General Government Tax Supported Debt				
Certificate of Obligation and General Obligation Bonds:				
Streets and Transportation	20,063,150	15%	1,642,543	3,726
Parks and Recreation Facilities	9,361,743	7%	719,067	963
Public Safety	35,909,554	27%	2,716,365	2,467
Other City Facilities	59,389,090	45%	6,870,581	5,710
Total Gen. Gov. Tax Supported Debt	124,723,537		11,948,557	12,866
Certificate of Obligation Bonds - Self Supporting:				
Rivery TIRZ	8,115,000	9%	341,274	750
Total CO Bonds - Self Supporting	8,115,000		341,274	750
TOTAL GENERAL GOVERNMENT DEBT	132,838,537	94%	12,289,831	13,616
ENTERPRISE DEBT				
Utility Revenue Bonds:				
Electric	29,356,795	33%	3,462,471	2,883
Water Services				
Irrigation	891,091	1%	153,270	88
Water Services	29,511,743	34%	2,651,812	2,898
Wastewater	22,098,289	25%	2,403,578	2,170
Total Utility Revenue Debt	81,857,918		8,671,131	8,038
Certificate of Obligation Bonds - Self Supporting⁽²⁾:				
Airport	1,242,658	1%	141,107	160
Stormwater Drainage	4,730,531	5%	580,818	1,112
Total CO Bonds - Self Supporting	5,973,189		721,925	1,271
TOTAL ENTERPRISE DEBT	87,831,107	100%	9,393,056	9,309
TOTAL CITY SUPPORTED DEBT	220,669,644		21,682,887	22,925
CONTRACTUAL OBLIGATIONS⁽¹⁾				
Brazos River Authority (BRA) Contractual Obligation	32,037,394		1,835,374	
Total Contractual Obligations	32,037,394		1,835,374	
⁽¹⁾ Funds Georgetown's pro-rata share of the Williamson County Raw Water Line.				
⁽²⁾ Does not include CO's issued on behalf of the Georgetown Transportation Enhancement Corporation (GTEC) that are repaid through GTEC sales tax.				





LEGAL DEBT MARGIN FOR GENERAL OBLIGATIONS

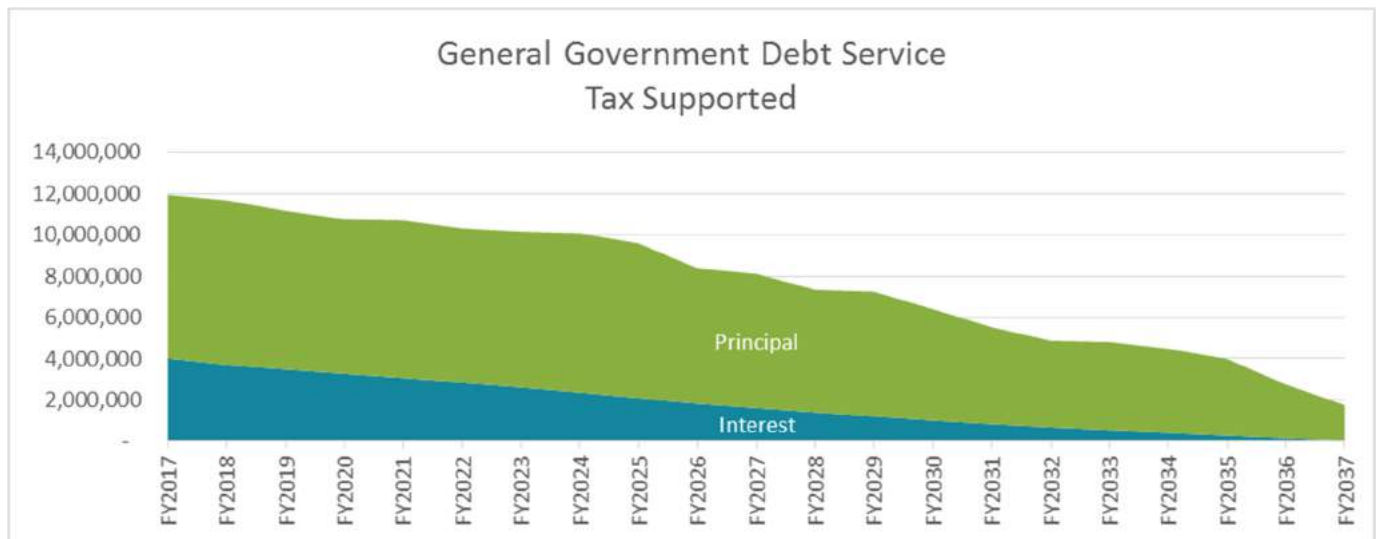
All taxable property within the City is subject to the assessment, levy, and collection by the City. Annually, the City evaluates direct ad valorem tax revenue to ensure payment of principal and interest on the Bonds within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits the maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation (for all City purposes). The Charter of the City adopts the provisions of the constitution without further limitation. Under rules promulgated by the Office of the Attorney General of Texas, such office will not approve tax bonds for the City unless the City can demonstrate its ability to pay debt service requirements on all outstanding City tax bonds, including the issue to be approved, from a tax levy of \$1.50 per \$100 of valuation, based on 90% collection of tax.

Allowable levy per \$100 valuation	\$1.50000
Proposed levy for debt service (included in total adopted rate of \$0.424)	0.22734
Percentage of allowable levy used	15.16%

SUMMARY OF DEBT SERVICE CHARGES TO MATURITY

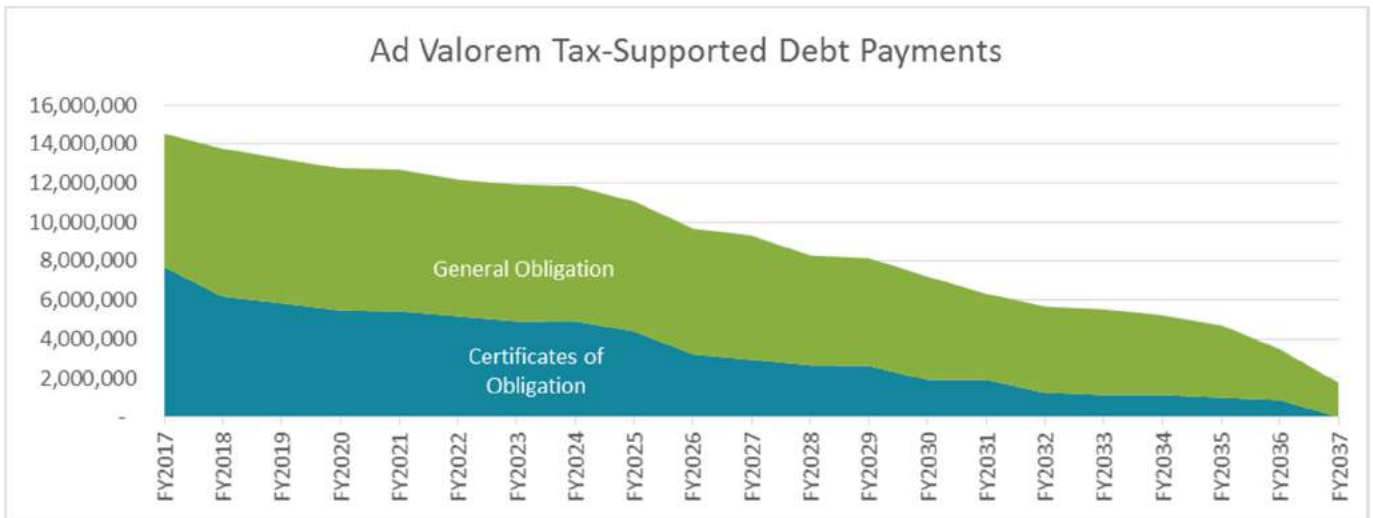
General Obligation Bonds and Certificates of Obligation – TAX SUPPORTED

Year Ending September 30	Outstanding Beginning of Year	Interest	Principal	Total Requirements
FY2017	124,723,537	4,020,862	7,927,690	11,948,552
FY2018	116,795,848	3,704,484	7,974,530	11,679,014
FY2019	108,821,318	3,488,360	7,683,197	11,171,557
FY2020	101,138,121	3,276,181	7,486,848	10,763,029
FY2021	93,651,272	3,061,577	7,645,992	10,707,569
FY2022	86,005,280	2,844,546	7,475,402	10,319,948
FY2023	78,529,878	2,611,113	7,556,182	10,167,295
FY2024	70,973,696	2,359,845	7,726,580	10,086,425
FY2025	63,247,116	2,091,269	7,502,434	9,593,703
FY2026	55,744,682	1,823,135	6,562,343	8,385,479
FY2027	49,182,339	1,611,886	6,505,986	8,117,872
FY2028	42,676,353	1,399,756	5,945,425	7,345,181
FY2029	36,730,928	1,207,090	6,044,089	7,251,179
FY2030	30,686,839	1,006,081	5,401,063	6,407,144
FY2031	25,285,776	829,739	4,701,063	5,530,802
FY2032	20,584,713	675,222	4,201,567	4,876,789
FY2033	16,383,146	539,752	4,272,072	4,811,823
FY2034	12,111,074	400,885	4,081,074	4,481,959
FY2035	8,030,000	266,265	3,720,000	3,986,265
FY2036	4,310,000	142,713	2,605,000	2,747,713
FY2037	1,705,000	45,031	1,705,000	1,750,031
		37,405,792	124,723,537	162,129,330



AD VALOREM TAX-SUPPORTED DEBT PAYMENTS

Year Ending September 30	Certificates of Obligation	Less GTEC Portion*	Adjusted Net Certificates of Obligation	Voter Approved General Obligation	Total Requirements
FY2017	7,691,086	(2,575,604)	5,115,482	6,833,070	11,948,552
FY2018	6,172,251	(2,083,891)	4,088,360	7,590,654	11,679,014
FY2019	5,836,023	(2,080,287)	3,755,736	7,415,822	11,171,557
FY2020	5,482,260	(1,994,402)	3,487,859	7,275,170	10,763,029
FY2021	5,416,516	(1,976,420)	3,440,096	7,267,473	10,707,569
FY2022	5,169,220	(1,871,722)	3,297,497	7,022,451	10,319,948
FY2023	4,911,017	(1,761,861)	3,149,156	7,018,139	10,167,295
FY2024	4,921,887	(1,746,564)	3,175,323	6,911,102	10,086,425
FY2025	4,396,246	(1,472,868)	2,923,378	6,670,325	9,593,703
FY2026	3,229,684	(1,290,757)	1,938,928	6,446,551	8,385,479
FY2027	2,956,389	(1,186,585)	1,769,804	6,348,068	8,117,872
FY2028	2,648,984	(946,568)	1,702,416	5,642,765	7,345,181
FY2029	2,620,431	(903,253)	1,717,178	5,534,000	7,251,179
FY2030	1,909,297	(795,784)	1,113,513	5,293,631	6,407,144
FY2031	1,911,893	(794,209)	1,117,683	4,413,119	5,530,802
FY2032	1,259,705	(795,759)	463,946	4,412,844	4,876,789
FY2033	1,125,648	(726,150)	399,498	4,412,325	4,811,823
FY2034	1,128,113	(726,800)	401,313	4,080,646	4,481,959
FY2035	989,269	(726,850)	262,419	3,723,846	3,986,265
FY2036	875,500	(731,300)	144,200	2,603,513	2,747,713
FY2037	-	-	-	1,750,031	1,750,031
	70,651,419	(27,187,634)	43,463,785	118,665,545	162,129,330

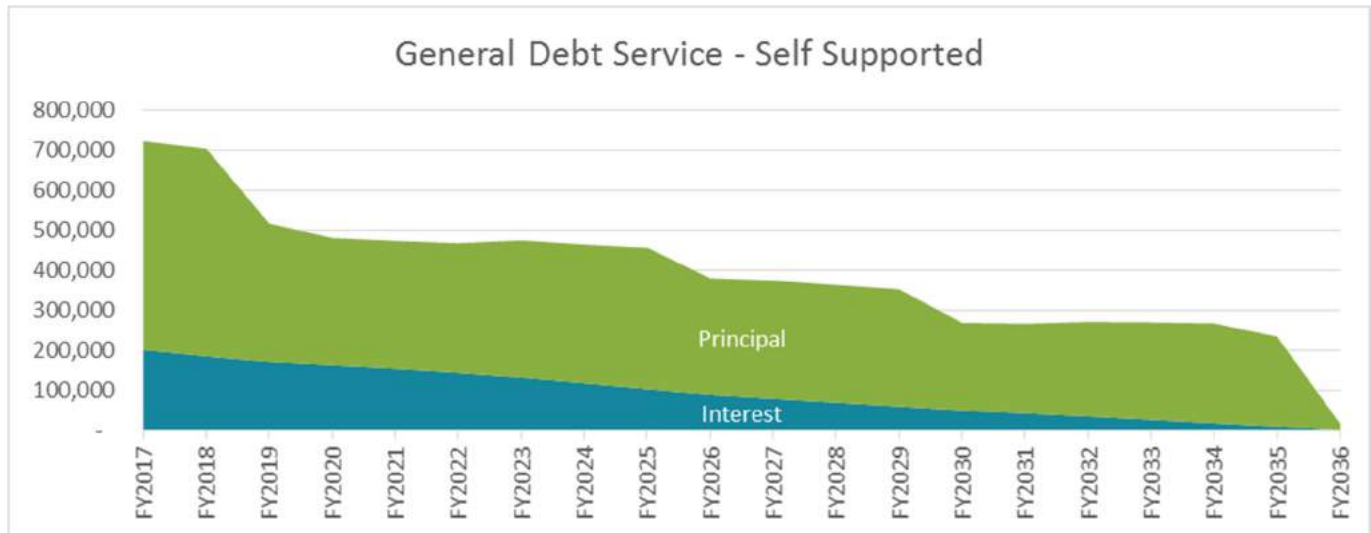


*GTEC Debt is self-supporting Certificates of Obligation (CO Bonds) repaid through dedicated sales tax revenue.

SUMMARY OF DEBT SERVICE CHARGES TO MATURITY

Certificates of Obligation – SELF-SUPPORTING – Enterprise Funds (Airport & Stormwater Drainage)
 Debt issued for specific purpose and repaid through dedicated revenues

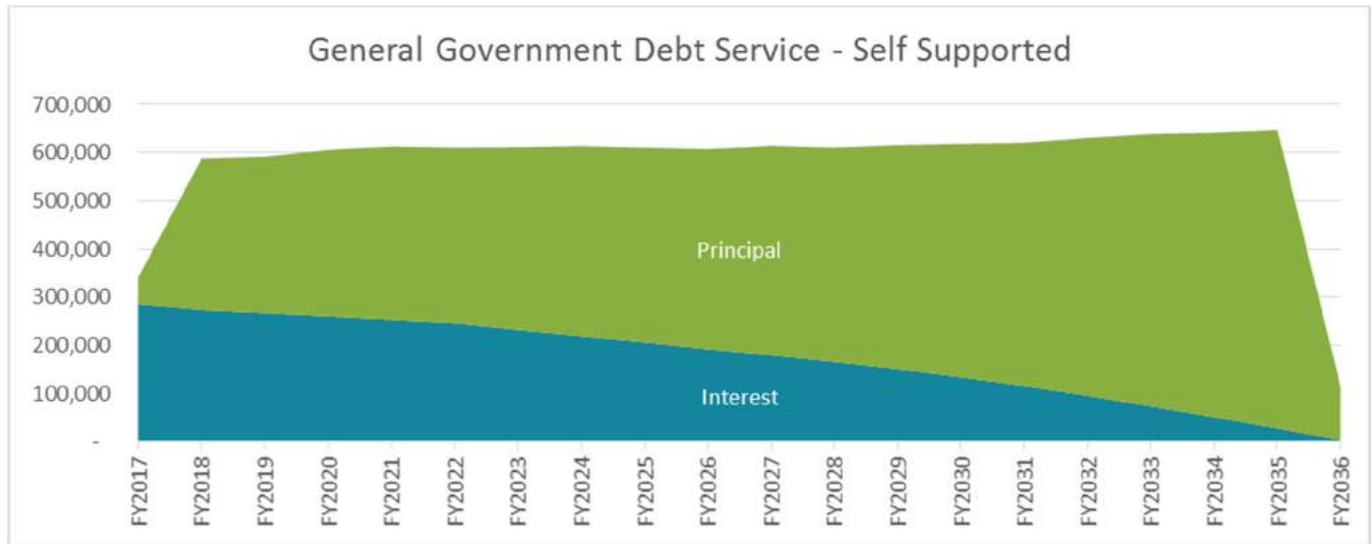
Year Ending September 30	Outstanding Beginning of Year	Interest	Principal	Total Requirements
FY2017	5,892,829	200,604	521,320	721,925
FY2018	5,371,508	184,958	518,582	703,540
FY2019	4,852,926	170,170	345,868	516,038
FY2020	4,507,058	161,803	317,868	479,671
FY2021	4,189,191	153,391	319,157	472,548
FY2022	3,870,034	143,670	323,425	467,094
FY2023	3,546,609	131,216	342,639	473,855
FY2024	3,203,970	117,007	346,918	463,926
FY2025	2,857,052	102,524	352,846	455,370
FY2026	2,504,206	87,737	291,544	379,281
FY2027	2,212,662	78,298	295,430	373,728
FY2028	1,917,232	68,680	293,992	362,672
FY2029	1,623,240	58,799	292,939	351,738
FY2030	1,330,301	48,934	218,937	267,871
FY2031	1,111,364	41,895	223,937	265,832
FY2032	887,427	34,244	235,933	270,176
FY2033	651,494	25,911	242,928	268,839
FY2034	408,566	17,442	248,926	266,368
FY2035	159,640	8,513	225,000	233,513
FY2036	(65,360)	450	15,000	15,450
		1,836,247	5,973,189	7,809,436



SUMMARY OF DEBT SERVICE CHARGES TO MATURITY

Certificates of Obligation – SELF-SUPPORTING – Tax Increment Reinvestment Zones (TIRZ)

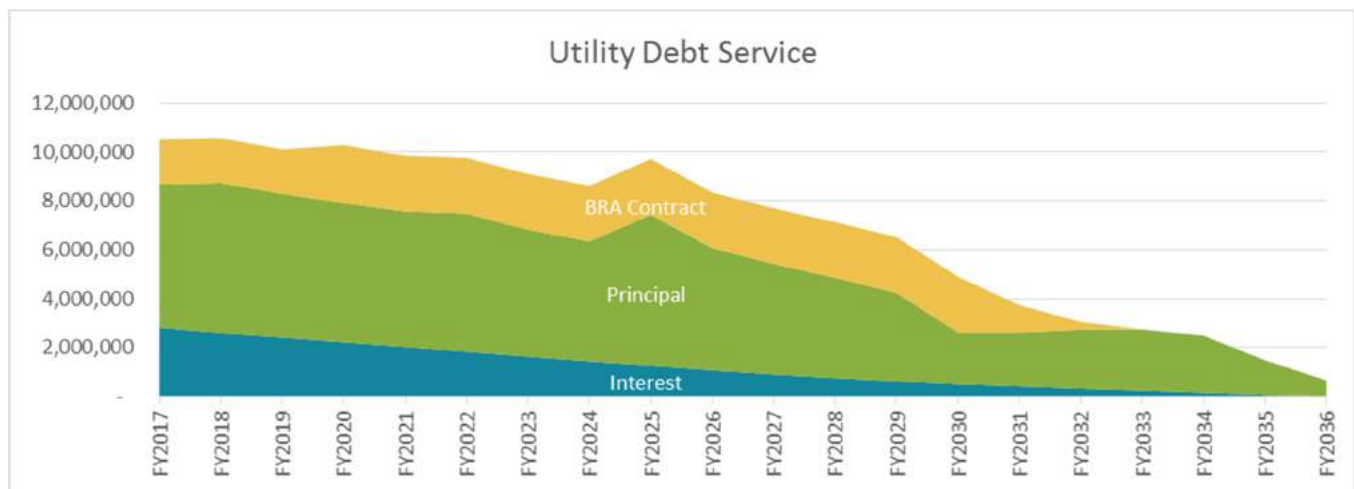
Year Ending September 30	Outstanding Beginning of Year	Interest	Principal	Total Requirements
FY2017	8,115,000	286,274	55,000	341,274
FY2018	8,060,000	273,068	315,000	588,068
FY2019	7,745,000	266,768	325,000	591,768
FY2020	7,420,000	260,268	345,000	605,268
FY2021	7,075,000	253,368	360,000	613,368
FY2022	6,715,000	245,820	365,000	610,820
FY2023	6,350,000	231,920	380,000	611,920
FY2024	5,970,000	219,120	395,000	614,120
FY2025	5,575,000	205,770	405,000	610,770
FY2026	5,170,000	192,020	415,000	607,020
FY2027	4,755,000	179,700	435,000	614,700
FY2028	4,320,000	165,994	445,000	610,994
FY2029	3,875,000	151,015	465,000	616,015
FY2030	3,410,000	133,765	485,000	618,765
FY2031	2,925,000	115,715	505,000	620,715
FY2032	2,420,000	95,515	535,000	630,515
FY2033	1,885,000	73,455	565,000	638,455
FY2034	1,320,000	51,158	590,000	641,158
FY2035	730,000	27,823	620,000	647,823
FY2036	110,000	3,300	110,000	113,300
		3,431,835	8,115,000	11,546,835



UTILITY DEBT

Revenue Bonds issued to finance construction of electric, water, and wastewater improvements, and secured by the net operating revenue of all combined utilities. The allocation of debt principal is based on the use of each bond issue. Each utility pays debt service from operating revenues. The Brazos River Authority Contractual Obligations are the liability of the Water Services Fund.

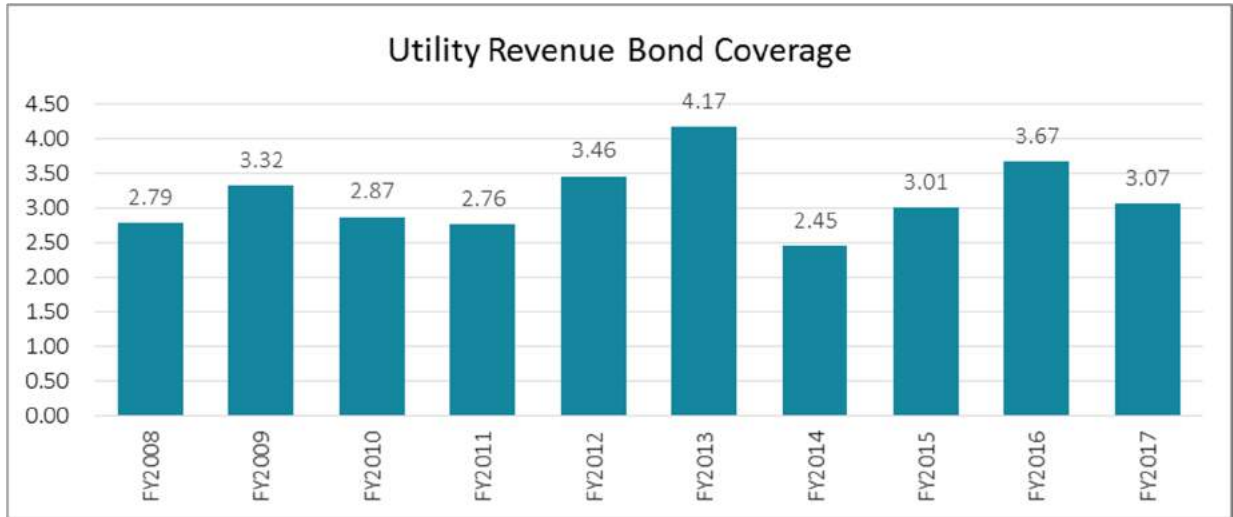
Year Ending September 30	Outstanding Beginning of Year	Interest	Principal	Total Requirements	BRA Contract
FY2017	81,857,918	2,825,306	5,845,826	8,671,132	1,835,374
FY2018	76,012,092	2,590,034	6,135,826	8,725,860	1,834,234
FY2019	69,876,266	2,411,853	5,877,045	8,288,898	1,818,222
FY2020	63,999,221	2,217,628	5,692,592	7,910,221	2,371,890
FY2021	58,306,629	2,024,445	5,540,030	7,564,475	2,277,352
FY2022	52,766,598	1,827,348	5,648,687	7,476,036	2,273,009
FY2023	47,117,911	1,630,839	5,191,869	6,822,708	2,276,986
FY2024	41,926,041	1,437,225	4,907,665	6,344,890	2,271,146
FY2025	37,018,376	1,257,094	6,173,884	7,430,978	2,278,252
FY2026	30,844,492	1,070,673	5,003,212	6,073,886	2,269,972
FY2027	25,841,280	899,627	4,517,541	5,417,168	2,274,261
FY2028	21,323,739	751,572	4,103,760	4,855,332	2,274,571
FY2029	17,219,979	615,473	3,619,979	4,235,452	2,279,158
FY2030	13,600,000	497,855	2,120,000	2,617,855	2,275,635
FY2031	11,480,000	413,479	2,200,000	2,613,479	1,119,659
FY2032	9,280,000	322,356	2,415,000	2,737,356	307,674
FY2033	6,865,000	241,606	2,505,000	2,746,606	-
FY2034	4,360,000	152,012	2,325,000	2,477,012	-
FY2035	2,035,000	66,950	1,405,000	1,471,950	-
FY2036	630,000	18,900	630,000	648,900	-
		23,272,275	81,857,918	105,130,193	32,037,394



UTILITY REVENUE BOND DEBT COVERAGE

The City has agreed, through its bond ordinances, to maintain a minimum “times coverage” ratio of 1.25. The ordinance allows the City to eliminate its reserve fund requirement with coverage of 1.35 or better. The times ratio is calculated using the net revenue available for debt service from the combined Water, Electric, and Wastewater utilities’ operations divided by the combined debt service requirement of both the Electric and Water Service Funds. The times coverage ratio is also reviewed by bond rating agency analysts when the City receives a rating for a potential utility bond issue.

The following combined times coverage ratios have occurred, based on actual revenues and expenditures, for the fiscal years indicated:



The Annual Budget provides the revenue to debt ratios shown below. The City’s Fiscal and Budgetary Policy requires that each utility maintain separate coverage of at least 1.5. The excess coverage provided by each fund is used to pay for related utility system capital improvements and other uses approved by the City Council.

	Water Services		
	Fund	Electric Fund	Total
REVENUE			
All Other Revenue	8,630,227	1,745,000	10,375,227
Interest	199,975	18,100	218,075
System Billings	37,836,975	65,018,216	102,855,191
Total Revenues	46,667,177	66,781,316	113,448,493
EXPENSES			
Departments	28,391,951	58,486,453	86,878,404
Total Expenditures	28,391,951	58,486,453	86,878,404
Net Available for Debt Service	18,275,226	8,294,863	26,570,089
Annual Debt Requirement	5,182,487	3,479,271	8,661,758
Times Coverage Ratio	3.53	2.38	3.07

PROPOSED DEBT ISSUES

Outstanding Debt Summary	9/30/16 Debt Principal	FY2017 Principal Reduction	Estimated FY2017 New Debt	9/30/17 Outstanding Debt
TAX SUPPORTED DEBT				
General Debt Service				
General Obligation/Certificates of Obligation	124,723,537	(7,927,690)	12,060,000	128,855,847
SELF SUPPORTED DEBT				
General Debt Service				
Rivery TIRZ	8,115,000	(55,000)	-	8,060,000
Electric	-	-	-	-
Water	-	-	-	-
Stormwater	4,650,171	(420,905)	-	4,229,266
ESD #8	-	-	300,000	300,000
Airport	1,242,658	(100,415)	-	1,142,243
GTEC - Airport	-	-	1,850,000	1,850,000
Total General Debt Service	138,731,366	(8,504,010)	14,210,000	144,437,356
Utility Revenue Debt				
Electric	29,356,795	(2,467,329)	3,750,000	30,639,466
Water	52,501,123	(3,378,496)	20,000,000	69,122,627
Total Utility Revenue Debt	81,857,918	(5,845,825)	23,750,000	99,762,093

GENERAL DEBT: Long-term obligations are proposed to fund capital projects as detailed below:

General Debt	
Certificate of Obligation	
City Wide Radio Replacement	500,000
ADA Phase II	300,000
Grace Heritage Phase II	140,000
Public Safety Vehicles	1,988,000
Certificate of Obligation Total	2,928,000
General Obligation Bonds	
Garey Park	5,500,000
San Gabriel	1,000,000
Sidewalks (2015 Referendum)	2,632,000
General Obligation Bonds Total	9,132,000
Total Projected General Debt	12,060,000
Self-Supporting Debt	
Fire State 6 - Design	300,000
GTEC - Airport Road	1,850,000
Self-Supporting Debt Total	2,150,000
Utility Debt	
Electric CIP	3,750,000
Water/Wastewater CIP	20,000,000
Total Utility Debt	23,750,000
Total City Wide Debt Issue	37,960,000

AUTHORIZED GENERAL OBLIGATION DEBT

General Obligation Bonds (GO's)

General obligation bonds must be authorized by a vote of the citizens of Georgetown. They are used only to fund capital assets of the general government and are not to be used to fund operating needs of the City. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds. Conditions for issuance of the general obligation debt include:

- When the project will have a significant impact on the tax rate;
- When the project may be controversial even though it is routine in nature; or
- When the project falls outside the normal bounds of projects the City has typically done.

General Obligation Debt Authorized by the Voters	2008 Roads	2008 Parks	2015 Roads	Total
Amount Authorized by the Voters	46,000,000	35,500,000	105,000,000	186,500,000
Year & Issue				
2010	1,370,000	-	-	1,370,000
2010A	9,430,000	2,500,000	-	11,930,000
2012	-	-	-	-
2012A	-	-	-	-
2013	-	5,000,000	-	5,000,000
2014	4,800,000	-	-	4,800,000
2015	4,450,000	-	-	4,450,000
2016		3,000,000	10,000,000	13,000,000
Total Issued	20,050,000	10,500,000	10,000,000	27,550,000
Authorization Remaining	25,950,000	25,000,000	95,000,000	158,950,000

DEBT SERVICE FUND SCHEDULE

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Base	FY2017 Changes	FY2017 Budget
Beginning Fund Balance	1,268,186	1,493,107	1,489,193	1,543,287	-	1,543,287

Revenues	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Base	FY2017 Changes	FY2017 Budget
Property Tax	9,817,979	10,900,000	10,900,000	12,000,000		12,000,000
Transfer In: GTEC	1,699,395	1,686,759	1,732,562	2,575,604		2,575,604
Transfer In: Rivery	-	265,800	265,828	341,274		341,274
Interest	3,924	2,000	2,000	2,000		2,000
Bond Proceeds	5,684,703	-	7,871,156	-		-
All Other Revenue	-	-	-			-
Grand Total	17,206,001	12,854,559	20,771,546	14,918,878		14,918,878

Expenses	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Base	FY2017 Changes	FY2017 Budget
Principal Reduction	6,194,648	7,496,645	7,322,468	7,927,690		7,927,690
Interest	3,532,401	3,610,560	3,362,083	3,938,146		3,938,146
Principal Reduction: GTEC	1,168,870	1,179,117	1,253,791	1,850,165		1,850,165
Interest Reduction: GTEC	304,505	507,642	478,771	725,439		725,439
Interest Reduction: Rivery TIRZ	-	-	265,828	286,274		286,274
Principal Reduction: Rivery TIRZ	-	-	-	55,000		55,000
Agent Fees	16,522	16,500	20,000	22,000		22,000
All Other Expenses	5,771,235	-	7,877,733	-		-
Bond Issuance Cost	(3,186)	-	136,778	-		-
Grand Total	16,984,994	12,810,464	20,717,452	14,804,714		14,804,714

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Base	FY2017 Changes	FY2017 Budget
Ending Fund Balance	1,489,193	1,537,202	1,543,287	1,657,451	-	1,657,451
Total Tax Supported Debt Service	9,727,049	11,107,205	10,684,551	11,865,836	-	11,865,836
Contingency (45 Day Reserve)	1,199,225	1,369,381	1,317,273	1,462,911	-	1,462,911
Available Fund Balance	289,968	167,821	226,014	194,540	-	194,540