

DEBT FUND

As of March 31, 2020 the Town had about \$71.1 million in debt outstanding.

There is \$18.8 million of G.O. bond authority remaining from the 2015 Referendum. It is anticipated that the remaining Stormwater Bonds and Recreation Facilities Bonds, \$3.2 million and \$2.7 million, respectively will be issued in FY21, and the Streets & Sidewalk Bonds of \$7.7 million will be issued in FY22. There are no current plans to issue the \$5.2 million of Solid Waste Facility bonds.

In November 2018, the Town held a general obligation bond referendum. The voters approved the referendum for a maximum of \$10 million of bonds to fund affordable housing projects developed by the Town and non-profit providers. It is anticipated that \$5 million will be issued in FY21.

Long-Term Debt March 31, 2020	
Governmental Debt	
General obligation debt	\$ 33,208,000
Limited Obligation Bonds	7,880,000
Installment debt	7,655,000
Separation allowance	5,042,000
Compensated absences	<u>2,688,000</u>
Total	\$ <u>56,473,000</u>
Proprietary Fund Debt	
Enterprise Funds	
General obligation debt	\$ 2,565,000
Limited Obligation Bonds	6,355,000
Installment debt	4,946,000
Compensated absences	644,000
Internal Service Funds	
Motor vehicle equipment	<u>165,000</u>
Total	\$ <u>14,675,000</u>

Major Revenue Sources

The chief revenue source for the Debt Fund is the dedicated property tax rate. The recommended tax rate remains flat at 9.8 cents for FY21. Total Debt Fund tax revenues are expected to be \$8,243,000.

A transfer from the Parking Fund (\$905,000 in FY20 and \$915,000 in FY21) represents the portion of the 2012 Limited Obligation Bonds (LOBs) used to pay for the deck at 140 West and for refunding the Wallace Deck, which was consolidated in the new LOBs.

The Debt Fund was scheduled to receive a transfer from the General Fund of \$445,100 for the Ephesus Fordham District Tax Increment Financing (TIF). A TIF was used to fund public road improvements in the Ephesus Fordham (Blue Hill) District. The transfer represents the increase in the General Fund property taxes generated in the district over the FY2013-14 base assessment year. As a result of the impacts that the Town is experiencing related to COVID-19, the Town is deferring this transfer for FY 2021.

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Major Expenditures

Debt service payments due in FY21 total about \$7.2 million, \$915,000 of which is being funded by the Parking Fund.

The fund is balanced with a contribution to reserve of about \$2,588,000. This increase in reserves will help offset planned increases in debt service over the few years as the Town issues the Affordable Housing bonds and as the Town finances the Municipal Service Center project.

DEBT SERVICE FUND BUDGET SUMMARY

The Debt Service Fund is used to account for debt payments on the Town's general obligation bonds issued for capital improvement projects and on the limited obligation bonds issued to refund the Town Operations Center debt and to pay for the Town's parking deck at 140 West. In FY2008-09, a portion of the property tax rate was allocated to debt service payments to pay the Town's debt service. The FY2020-21 continues the dedicated Debt Service Fund tax rate of 9.8 cents, which is expected to generate \$8.23 million in revenues in FY2020-21.

EXPENDITURES

	2018-19 Actual	2019-20 Original Budget	2019-20 Revised Budget	2019-20 Estimated	2020-21 Recommended Budget	% Change from 2019-20
Principal Payments	\$ 5,845,000	\$ 5,572,000	\$ 5,572,000	\$ 5,572,000	\$ 5,224,000	-6.2%
Interest Expense	2,412,252	2,189,064	2,189,064	2,092,041	1,965,646	-10.2%
Bond Issuance Costs	-	-	-	135,350	-	N/A
Contribution to Reserve	305,171	2,084,368	2,084,368	2,073,179	2,143,185	2.8%
Total	\$ 8,562,423	\$ 9,845,432	\$ 9,845,432	\$ 9,872,570	\$ 9,332,831	-5.2%

REVENUES

	2018-19 Actual	2019-20 Original Budget	2019-20 Revised Budget	2019-20 Estimated	2020-21 Recommended Budget	% Change from 2019-20
Property Taxes	\$ 6,725,427	\$ 8,150,000	\$ 8,150,000	\$ 8,163,000	\$ 8,243,000	1.1%
Transfer from Off-Street Parking	914,631	905,332	905,332	905,332	914,831	1.0%
Transfer from General Fund	445,100	445,100	445,100	445,100	-	-100.0%
BABS Interest Subsidy	170,449	170,000	170,000	122,138	-	-100.0%
Interest Income	306,816	175,000	175,000	237,000	175,000	0.0%
Total	\$ 8,562,423	\$ 9,845,432	\$ 9,845,432	\$ 9,872,570	\$ 9,332,831	-5.2%

