

**City of Two Rivers
Debt Service Fund
2018 Budget Plan**

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11/06/17

Debt Service Budget Notes - 2018 Budget

As presented here, the Debt Service Levy is unchanged from the 2017 Levy.

It should be noted that, in addition to principal and interest on our "normal" borrowing, this budget includes transactions for the proceeds for loans for unfunded pension liability(UFPL), the principal and interest payments on this debt, and the payment to the Wisconsin Retirement System (WRS) for the UFPL. Beginning in 2017, payments on Capital Leases for Police vehicles and equipment are also coming from the Debt Service Fund.

The activity on line 100-49110 is the proceeds from the UFPL debt issues and the re-financing of previous debt that was done for interest savings. The budget activity reflects the proposed \$250,000 for 2017 and \$500,000 for 2018 UFPL payments in the City Manager's borrowing plan.

Our required G.O. principal and interest payments for 2018 increase \$313,404 from 2017. This is mainly due to a "backloaded" debt issue from 2005 for TIF #8 (Washington Highlands) which has a principal & interest amount of \$274,000 in 2018. Significant re-financing activities were done over the last three years for interest savings and we continue our practice of aggressive payment schedules. According to the 12/31/2016 audit, 82.75% of our debt principal is set to be paid within the next 10 years. This budget, for 2018, includes re-financing of the 3-year Police/Fire Motorola Radio Lease to a normal 10-year STFL debt. This was the original intent at the time of purchase.

While our required G.O. principal and interest payments have decreased over the last few years, keeping our levy amount the same as last year will allow us to use that money as an additional payment on the UFPL. This will eliminate this debt quicker and save us interest in the long run. City Council and Staff has made the UFPL a point of focus in the Debt Service budget.

Another recent City Council focus has been the City's Legal Debt Limit and our self-imposed Debt Max of 60% of the Legal Limit. On the last page of this budget, you'll see that the City is now at 69.43% (as of 12/31/16 audit) of the legal limit. That is likely to decrease to 67.73% as of 12/31/17 due to our General Obligation (GO) Debt decreasing by \$353,641 and a .46% increase in the City's Equalized Valuation. This budget, which includes \$2,309,500 in new borrowing from the Capital Improvement Plan, will decrease the Percent of Legal Debt Capacity by .58%.

Account Number	Account Title	2016 Prior year Actual	2017 Cur Year Budget	2017 Jan-Aug Actual	Proj YE 2017	2018 Budget	Change from Prev Budget	Percent Change
DEBT SERVICE								
REVENUES								
300-41110	GENERAL PROPERTY TAX	\$ 2,456,720	\$ 2,445,283	\$ 2,445,283	\$ 2,445,283	\$ 2,445,283	\$ -	0.00%
300-48100	INTEREST ON INVESTMENTS	\$ 3,848	\$ 3,500	\$ 7,953	\$ 10,000	\$ 10,000	\$ 6,500	185.71%
300-49110	PROCEEDS FROM DEBT	\$ 3,075,974	\$ 250,000	\$ 1,305,907	\$ 1,555,907	\$ 866,000	\$ 616,000	246.40%
300-49240	CAPITALIZED INTEREST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
300-49417	TRANSFER FROM OTHER FUND:	\$ 517,109	\$ 114,782	\$ 138,125	\$ 138,125	\$ 401,849	\$ 287,067	250.10%
	TOTAL	\$ 6,053,651	\$ 2,813,565	\$ 3,897,268	\$ 4,149,315	\$ 3,723,132	\$ 909,567	32.33%
EXPENDITURES								
300-58100-2950	DEBT ISSUANCE COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
300-58100-6200	PRINCIPAL PAYMENTS	\$ 5,146,400	\$ 1,993,643	\$ 3,295,666	\$ 3,296,678	\$ 2,227,016	\$ 233,373	11.71%
300-58100-6210	INTEREST PAYMENTS	\$ 504,445	\$ 472,808	\$ 430,057	\$ 445,183	\$ 456,624	\$ (16,184)	-3.42%
300-58100-6220	PENSION LIABILITY PAYMENTS	\$ 400,000	\$ 303,114	\$ -	\$ 363,000	\$ 617,692	\$ 314,578	103.78%
300-58100-6230	CAPITAL LEASE PAYMENTS	\$ -	\$ 40,000	\$ 59,394	\$ 40,312	\$ 417,800	\$ 377,800	944.50%
300-58100-6900	OTHER SERVICES	\$ 2,178	\$ 4,000	\$ 2,544	\$ 4,000	\$ 4,000	\$ -	0.00%
	TOTAL	\$ 6,053,023	\$ 2,813,565	\$ 3,787,661	\$ 4,149,173	\$ 3,723,132	\$ 909,567	32.33%
	NET INCOME(LOSS):	\$ 628	\$ -	\$ 109,607	\$ 142	\$ 0	\$ 0	

**CITY OF TWO RIVERS
BUDGET DETAIL**

DIVISION 58000 DEBT SERVICE	FUND 300 DEBT SVC		DEPARTMENT DEBT SERVICE				
	ACTUAL 12/31/2010	ACTUAL 12/31/2011	ACTUAL 12/31/2012	ACTUAL 12/31/2013	ACTUAL 12/31/2014	ACTUAL 12/31/2015	ACTUAL 12/31/2016
REVENUE							
41110 Property Tax	\$ 1,948,406	\$ 1,948,406	\$ 2,107,617	\$ 2,192,617	\$ 2,279,295	\$ 2,456,720	\$ 2,456,720
Property Tax Levy Increase %		0.0%	8.2%	4.0%	4.0%	7.8%	0.0%
42400 Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48100 Interest Income	\$ 1,555	\$ 444	\$ 1,019	\$ 1,919	\$ 907	\$ 2,081	\$ 3,848
49110 Proceeds From Debt	\$ 3,019	\$ 1,198,000	\$ 36,722	\$ -	\$ 3,829,960	\$ 7,130,263	\$ 3,075,974
49417 Transfer from Other Funds	\$ 230,008	\$ 211,212	\$ 212,983	\$ 131,429	\$ 142,192	\$ 150,380	\$ 517,109
49240 Applied Funds	\$ -	\$ -	\$ 57,400	\$ 68,063	\$ 62,465	\$ -	\$ -
Total Revenues	\$ 2,182,988	\$ 3,358,062	\$ 2,415,740	\$ 2,394,028	\$ 6,314,819	\$ 9,739,445	\$ 6,053,651
EXPENSES							
295 DEBT COST	\$ 6	\$ (33,396)	\$ -	\$ -	\$ -	\$ -	\$ -
620 PRINCIPAL PAYMENTS	\$ 1,594,936	\$ 2,849,787	\$ 1,769,200	\$ 1,796,994	\$ 5,822,414	\$ 8,104,122	\$ 5,146,400
621 INTEREST PAYMENTS	\$ 605,184	\$ 559,100	\$ 586,335	\$ 561,487	\$ 514,186	\$ 512,764	\$ 504,445
622 PENSION LIABILITY PAYMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,120,000	\$ 400,000
623 CAPITAL LEASE PAYMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
690 OTHER SERVICES	\$ 1,815	\$ 2,178	\$ 2,904	\$ 3,267	\$ 3,328	\$ 3,613	\$ 2,178
TOTAL EXPENSES	\$ 2,201,941	\$ 3,377,669	\$ 2,358,438	\$ 2,361,749	\$ 6,339,928	\$ 9,740,499	\$ 6,053,023
Revenue minus Expenses	\$ (18,954)	\$ (19,607)	\$ 57,302	\$ 32,279	\$ (25,109)	\$ (1,054)	\$ 628
Fund Balance, January 1	\$ 9,605	\$ (9,349)	\$ (28,956)	\$ 28,346	\$ 60,625	\$ 35,516	\$ 34,463
Revenue	\$ 2,182,988	\$ 3,358,062	\$ 2,415,740	\$ 2,394,028	\$ 6,314,819	\$ 9,739,445	\$ 6,053,651
Expenses	\$ 2,201,941	\$ 3,377,669	\$ 2,358,438	\$ 2,361,749	\$ 6,339,928	\$ 9,740,499	\$ 6,053,023
Fund Balance, December 31	\$ (9,349)	\$ (28,956)	\$ 28,346	\$ 60,625	\$ 35,516	\$ 34,463	\$ 35,091
Capitalized Interest Balance		\$ 187,928	\$ 130,528	\$ 62,465	\$ (0)	\$ (0)	\$ (0)
Cash Balance, January 1	\$ 9,605	\$ (9,349)	\$ 158,972	\$ 158,874	\$ 123,090	\$ 35,516	\$ 34,462
Revenue	\$ 2,182,988	\$ 3,358,062	\$ 2,415,740	\$ 2,394,028	\$ 6,314,819	\$ 9,739,445	\$ 6,053,651
Expenses	\$ 2,201,941	\$ 3,377,669	\$ 2,358,438	\$ 2,361,749	\$ 6,339,928	\$ 9,740,499	\$ 6,053,023
Applied Funds	\$ -	\$ (187,928)	\$ 57,400	\$ 68,063	\$ 62,465	\$ -	\$ -
Cash Balance, December 31	\$ (9,349)	\$ 158,972	\$ 158,874	\$ 123,090	\$ 35,516	\$ 34,462	\$ 35,091
Principal Outstanding, January 1 (per Audit Report Note C)	15,098,712	15,228,918	14,397,383	14,158,184	13,743,001	16,351,239	16,011,472
New Borrowing	1,725,142	2,018,253	1,530,000	1,389,556	5,418,560	7,777,263	4,383,723
Principal Payments	1,594,936	2,849,787	1,769,200	1,804,738	2,810,322	8,117,030	5,159,308
Principal Outstanding, December 31	15,228,918	14,397,383	14,158,184	13,743,001	16,351,239	16,011,472	15,235,887

CITY OF TWO RIVERS - PROGRAM JUSTIFICATION SCHEDULE

DIVISION 58000 DEBT SERVICE		FUND 300 DEBT SRV	DEPARTMENT DEBT SERVICE		ACCOUNT #58100	
REVENUE			BUDGET 2017	YTD 2017	PROJECTED 2017	PROPOSED 2018
41110	Property Tax		\$ 2,445,283	\$ 2,445,283	\$ 2,445,283	\$ 2,445,283
42400	Special Assessments		\$ -	\$ -	\$ -	\$ -
48100	Interest Income		\$ 3,500	\$ 7,953	\$ 10,000	\$ 10,000
49110	Proceeds From Debt (re-financing and UFPL proceeds)		\$ 250,000	\$ 1,305,907	\$ 1,555,907	\$ 866,000
49417	Transfer from Other Funds		\$ 114,782	\$ 138,125	\$ 138,125	\$ 401,849
49240	Applied Debt Service Funds		\$ -	\$ -	\$ -	\$ -
Total Revenues			\$ 2,813,565	\$ 3,897,268	\$ 4,149,315	\$ 3,723,132
EXPENDITURES						
G.O. Bonds(2007)	Principal		\$ 100,000	\$ 1,400,000	\$ 1,400,000	\$ -
	Interest		\$ 57,375	\$ 29,750	\$ 29,750	\$ -
G.O. Promissory Notes (2008)	Principal		\$ 215,000	\$ 215,000	\$ 215,000	\$ 225,000
	Interest		\$ 13,300	\$ 13,300	\$ 13,300	\$ 4,500
G.O. Promissory Notes (2009)	Principal		\$ 250,000	\$ 250,000	\$ 250,000	\$ 255,000
	Interest		\$ 13,619	\$ 13,619	\$ 13,619	\$ 4,622
Clean Water Loan (2011) - Project 4107-09	Principal		\$ 24,383	\$ 24,383	\$ 24,383	\$ -
	Interest		\$ 11,737	\$ 6,061	\$ 11,737	\$ -
Clean Water Loan (2011) - Project 4107-13	Principal		\$ 40,589	\$ 40,589	\$ 40,589	\$ -
	Interest		\$ 19,539	\$ 10,089	\$ 19,539	\$ -
G.O. Promissory Notes (2010)	Principal		\$ 55,000	\$ 55,000	\$ 55,000	\$ 60,000
	Interest		\$ 7,563	\$ 7,563	\$ 7,563	\$ 5,550
G.O. Promissory Notes (2011A)	Principal		\$ 245,000	\$ 245,000	\$ 245,000	\$ 255,000
	Interest		\$ 41,488	\$ 41,488	\$ 41,488	\$ 32,100
G.O. Promissory Notes (2012)	Principal		\$ 205,000	\$ 205,000	\$ 205,000	\$ 210,000
	Interest		\$ 35,350	\$ 35,350	\$ 35,350	\$ 30,150
State Trust Fund Loan (2013)	Principal		\$ 110,327	\$ 110,327	\$ 110,327	\$ 113,360
	Interest		\$ 23,071	\$ 23,071	\$ 23,071	\$ 20,037
State Trust Fund Loan (2015) Refinance of 2011 STFL	Principal		\$ 106,323	\$ 106,323	\$ 106,323	\$ 110,842
	Interest		\$ 104,588	\$ 104,588	\$ 104,588	\$ 100,600
State Trust Fund Loan (2015) Unfunded Pension Liability	Principal		\$ 58,305	\$ 58,305	\$ 58,305	\$ 60,491
	Interest		\$ 39,306	\$ 39,306	\$ 39,306	\$ 37,120
2016 State Trust Fund Loan 2016 Capital Projects	Principal		\$ 116,887	\$ 116,887	\$ 116,887	\$ 114,502
	Interest		\$ 32,508	\$ 32,508	\$ 32,508	\$ 34,893
2016 State Trust Fund Loan Refinance of 2015 STFL	Principal		\$ 205,000	\$ 205,000	\$ 205,000	\$ 260,000
	Interest		\$ 15,876	\$ 15,876	\$ 15,876	\$ 14,000
2016 State Trust Fund Loan Refinance of 2015 Capital Proj	Principal		\$ 35,762	\$ 35,762	\$ 35,762	\$ 36,925
	Interest		\$ 9,140	\$ 9,140	\$ 9,140	\$ 9,937
2016 State Trust Fund Loan Refinance of 2015 STFL	Principal		\$ 226,067	\$ 226,067	\$ 226,067	\$ 233,980
	Interest		\$ 48,348	\$ 48,348	\$ 48,348	\$ 51,459
2016 WPPI Loan	Principal		\$ -	\$ 2,024	\$ 3,035	\$ 3,035
Street Lighting Loan	Interest		\$ -	\$ -	\$ -	\$ -
2017 State Trust Fund Loan 2017 Capital Projects	Principal		\$ -	\$ -	\$ -	\$ 168,881
	Interest		\$ -	\$ -	\$ -	\$ 64,411
2017 State Trust Fund Loan Refinance of 2007 GO Bonds	Principal		\$ -	\$ -	\$ -	\$ 120,000
	Interest		\$ -	\$ -	\$ -	\$ 47,245
Payoff of Unfunded Pension Liability			\$ 303,114	\$ -	\$ 363,000	\$ 617,892
Capital Lease Payments			\$ 40,000	\$ 15,525	\$ 40,312	\$ 417,800
Debt Issuance Costs			\$ 4,000	\$ 2,544	\$ 4,000	\$ 4,000
Service Charges			\$ -	\$ -	\$ -	\$ -
Total Expenditures			\$ 2,813,565	\$ 3,743,793	\$ 4,149,173	\$ 3,723,132
						32.33%
Excess of Revenues over Expenditures			\$ -	\$ 153,475	\$ 142	\$ 0
	Principal		\$ 1,993,643	\$ 3,295,667	\$ 3,296,678	\$ 2,227,016
	Interest		\$ 472,808	\$ 430,057	\$ 445,183	\$ 456,624
	Other		\$ 347,114	\$ 18,069	\$ 407,312	\$ 1,039,492
	Total		\$ 2,813,565	\$ 3,743,793	\$ 4,149,173	\$ 3,723,132
Balance Check			\$ -	\$ -	\$ -	\$ -

**CITY OF TWO RIVERS
DEBT AND LEGAL DEBT MARGIN SUMMARY**

GENERAL OBLIGATION DEBT		Final	Balance	New	Principal	Balance
	Payment	01/01/18	Debt	Payments	12/31/18	
				2018		
2008 GO Promissory Notes, Noncallable		\$ 225,000.00		\$ 225,000.00	\$ -	
Original Issue 1,350,000	04/01/18					
2009 GO Promissory Notes		\$ 255,000.00		\$ 255,000.00	\$ -	
Original Issue 4,020,000	04/01/18					
2010 GO Promissory Notes		\$ 180,000.00		\$ 60,000.00	\$ 120,000.00	
Original Issue 530,000	04/01/20					
2011 GO Promissory Notes		\$ 930,000.00		\$ 255,000.00	\$ 675,000.00	
Original Issue 2,000,000	04/01/21					
2012 GO Promissory Notes		\$ 1,110,000.00		\$ 210,000.00	\$ 900,000.00	
Original Issue 1,530,000	04/01/22					
2013 State Trust Fund Loan		\$ 728,633.59		\$ 113,360.48	\$ 615,273.11	
Original Issue 1,162,358	03/15/23					
2015 State Trust Fund Loan		\$ 2,682,678.00		\$ 110,842.00	\$ 2,571,836.00	
Original Issue 2,890,666	03/15/34					
2015 State Trust Fund Loan		\$ 989,859.60		\$ 60,491.21	\$ 929,368.39	
Original Issue 1,120,000	03/15/30					
2016 State Trust Fund Loan (GF Portion Only)		\$ 1,163,112.81		\$ 114,502.30	\$ 1,048,610.51	
Original Issue 1,280,000	03/15/26					
2016 State Trust Fund Loan		\$ 560,000.00		\$ 260,000.00	\$ 300,000.00	
Original Issue 765,000	03/15/19					
2016 State Trust Fund Loan		\$ 331,238.00		\$ 36,925.00	\$ 294,313.00	
Original Issue 367,000	03/15/25					
2016 State Trust Fund Loan		\$ 1,715,307.00		\$ 233,980.00	\$ 1,481,327.00	
Original Issue 1,941,374	03/15/24					
2016 WPPI Loan for City Street Lighting		\$ 26,303.28		\$ 3,035.04	\$ 23,268.24	
Original Issue 30,350	08/01/26					
2017 State Trust Fund Loan		\$ 1,772,340.00		\$ 168,880.67	\$ 1,603,459.33	
Original Issue 1,772,340	03/15/26					
2017 State Trust Fund Loan		\$ 1,300,000.00		\$ 120,000.00	\$ 1,180,000.00	
Original Issue 1,300,000	03/15/26					
Budgeted New Debt			\$ 2,309,500.00		\$ 2,309,500.00	
SUBTOTAL-PAID BY DEBT SERVICE FUND		\$ 13,969,472.28	\$ 2,309,500.00	\$ 2,227,016.70	\$ 14,051,955.58	
Other Debt Subject to Legal Debt Margin						
2010 GO Refunding Bonds-Paid by Water	04/01/30	\$ 1,075,000.00		\$ 65,000.00	\$ 1,010,000.00	
2010 GO Refunding Bonds-Paid by Sewer	04/01/30	\$ 835,000.00		\$ 50,000.00	\$ 785,000.00	
2013 Lead Water Service Replacement Loan	05/01/29	\$ 251,828.74		\$ 18,081.67	\$ 233,747.07	
2013 Library HVAC Retrofit Loan - Paid by Libran	06/02/23	\$ 69,703.02		\$ 12,908.04	\$ 56,794.98	
2013 Water Reservoir Pump Replacement	04/28/23	\$ 7,507.20		\$ 1,407.60	\$ 6,099.60	
2013 Water Pump and Compressor	12/28/23	\$ 28,095.96		\$ 4,682.76	\$ 23,413.20	
2016 State Trust Fund Loan - Paid by Water	03/15/26	\$ 127,215.46		\$ 12,523.69	\$ 114,691.77	
2010 Clear Water Loan (Carron Pond)	05/01/29	\$ 360,068.72		\$ 25,151.46	\$ 334,917.26	
2010 Clear Water Loan (Wentker Pond)	05/01/29	\$ 599,397.34		\$ 41,869.00	\$ 557,528.34	
SUBTOTAL-PAID BY OTHER FUNDS		\$ 3,353,816.44	\$ -	\$ 231,624.22	\$ 3,122,192.22	
AMOUNT SUBJECT TO LEGAL DEBT MARGIN		\$ 17,323,288.72	\$ 2,309,500.00	\$ 2,458,640.92	\$ 17,174,147.80	
Bond Anticipation/Note Anticipation Notes						
		\$ -		\$ -	\$ -	
Total G.O. Debt		\$ 17,323,288.72	\$ 2,309,500.00	\$ 2,458,640.92	\$ 17,174,147.80	
LEGAL DEBT MARGIN (per annual audit report)						
		12/31/2015	12/31/2016	PROJECTED	Budgeted	
				12/31/2017	12/31/2018	
State Equalized Valuation		\$ 499,375,900	\$ 509,197,200	\$ 511,532,900	\$ 511,532,900	
Legal Debt Percentage		5%	5%	5%	5%	
Legal Debt Limit		\$ 24,968,795	\$ 25,459,860	\$ 25,576,645	\$ 25,576,645	
Total General Obligation Debt		\$ 18,441,387	\$ 17,676,930	\$ 17,323,289	\$ 17,174,148	
Legal Debt Margin		\$ 6,527,408	\$ 7,782,930	\$ 8,253,356	\$ 8,402,497	
Percent of Legal Debt Capacity		73.86%	69.43%	67.73%	67.15%	
Debt Goal Max (60% of Legal Debt Limit)		14,981,277	15,275,916	15,345,987	15,345,987	
Debt Goal Margin		(3,460,110)	(2,401,014)	(1,977,302)	(1,828,161)	
Percent of Debt Goal Capacity		123.10%	115.72%	112.88%	111.91%	