

CITY OF BEAVERTON, OREGON
FISCAL YEAR 2018-19 BUDGET

**WATER DEBT SERVICE FUND (MAJOR FUND)
SUMMARY OF REVENUES AND EXPENDITURES
AND OTHER FINANCING SOURCES & USES**

	<u>FY 2015-16 Actual</u>	<u>FY 2016-17 Actual</u>	<u>FY 2017-18 Budgeted</u>	<u>FY 2017-18 Estimated</u>	<u>FY 2018-19 Adopted</u>
Revenues:					
Interest on investments	\$1,323	\$1,490	\$600	\$600	\$900
Bond/financing proceeds	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Sub Total Revenues	<u>\$1,323</u>	<u>\$1,490</u>	<u>\$600</u>	<u>\$600</u>	<u>\$900</u>
Expenditures:					
Personnel services	\$0	\$0	\$0	\$0	\$0
Materials & services	0	0	0	0	0
Sub Total Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Revenues Over/Under Expenditures	\$1,323	\$1,490	\$600	\$600	\$900
Other financing sources (uses):					
Transfers in	\$2,121,909	\$1,495,160	\$751,459	\$751,459	\$2,293,004
Transfers out	0	0	0	0	0
Debt Service - Principal	(535,110)	(490,110)	(65,110)	(65,110)	(1,610,360)
Debt Service - Interest	(1,586,799)	(947,698)	(683,316)	(683,316)	(682,644)
Debt Service Fees	0	(61,400)	0	0	0
Total Other Financing Sources (Uses):	<u>\$0</u>	<u>(\$4,048)</u>	<u>\$3,033</u>	<u>\$3,033</u>	<u>\$0</u>
Net Change in Fund Balance	\$1,323	(\$2,558)	\$3,633	\$3,633	\$900
Fund Balance/Working Capital Beginning of Year	<u>69,556</u>	<u>70,879</u>	<u>68,321</u>	<u>68,321</u>	<u>71,954</u>
Fund Balance (Contingency)/Working Capital End of Year	<u>\$70,879</u>	<u>\$68,321</u>	<u>\$71,954</u>	<u>\$71,954</u>	<u>\$72,854</u>

Funding for debt service is provided from transfers from the Water Operating Fund and fluctuates from year to year depending upon debt service requirements.

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FUND: 504 WATER DEBT SERVICE	DEPARTMENT: FINANCE
DEPARTMENT HEAD: PATRICK O'CLAIRE	

MISSION STATEMENT:

Amounts budgeted in this fund are for payment of maturing principal and interest of the Water Revenue and Refunding Bond Series 2016, a Series 2018 Water Revenue Bond and a loan from the State of Oregon Infrastructure Financing Authority (Drinking Water Revolving Fund). Transfer expenditures are for the unspent water revenue bond proceeds and are contributed to the construction fund for the uncompleted water projects included in the bond sale, if any. Contingency is the unappropriated excess of resources over expenditure requirements.

REQUIREMENTS	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 BUDGETED	FY 2018-19 PROPOSED	FY 2018-19 ADOPTED
POSITION					
DEBT SERVICE	\$2,121,909	\$1,499,208	\$748,426	\$2,293,004	\$2,293,004
TRANSFERS					
CONTINGENCY	0	0	71,954	72,854	72,854
TOTAL	\$2,121,909	\$1,499,208	\$820,380	\$2,365,858	\$2,365,858

Funding Sources:	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2018-19
Beginning Working Capital	\$69,556	\$70,879	\$68,321	\$71,954	\$71,954
Miscellaneous Revenue	1,323	1,490	600	900	900
Transfers from Water Fund	2,121,909	1,495,160	751,459	2,293,004	2,293,004

WATER BONDS

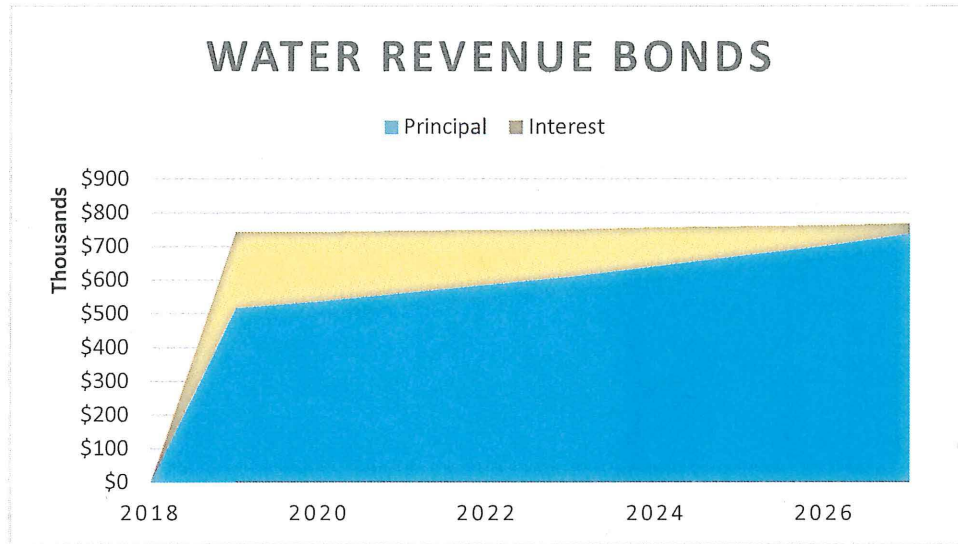
Water Revenue and Refunding Bonds Series 2016 were issued in November 2016, with an interest rate of 1.84% in an original amount of \$5,615,000. The refunding resulted in net present value savings of approximately \$611,104. The proceeds of the initial series 2006 Water Revenue Bond were used to finance the costs of additions, replacements, expansions and/or improvements to the City's Water System, and the acquisition of all real and personal property necessary, useful or convenient thereto and the City's share of the Joint Water Commission capital expansion project. The remaining principal and interest payments for Water Revenue and Refunding Bonds Series 2016 are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2018-2019	590,000	92,644	682,644
2019-2020	600,000	81,788	681,788
2020-2021	610,000	70,748	680,748
2021-2022	625,000	59,524	684,524
2022-2023	635,000	48,024	683,024
2023-2024	645,000	36,340	681,340
2024-2025	660,000	24,472	684,472
2025-2026	670,000	12,328	682,328
Total	\$5,035,000	425,868	\$5,460,868

In June 2018, the City is planning to issue up to \$21,000,000 in Water Revenue Bonds. The bond proceeds will be used to finance the costs of infrastructure construction in the new South Cooper Mountain area: a second 5.5mg reservoir at the existing Cooper Mountain Reservoir site with applicable transmission and distribution lines and opportunity projects with other jurisdictions that would result in savings to the City based on the timing of construction. Since the City expects to issue late in fiscal year, there would be no principal or interest payments in FY 17-18. The debt service schedule will appear in the FY 2018-19 budget document.

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Current Debt Service Projections (2016 Series)

SAFE DRINKING WATER REVOLVING LOAN

The City entered into a financing contract with the State of Oregon, acting by and through the Oregon Infrastructure Finance Authority (IFA), for the financing of the Aquifer Storage and Recovery Well Number 5. The loan is federal financial assistance under Capitalization Grants for Drinking Water State Revolving Funds and is pass-thru financing from the State. The IFA provides the City with a 20 year non-revolving loan with an interest rate of 2.96% in the amount of \$5,000,000 of which \$750,000 is a forgivable loan, leaving a remaining loan of \$4,250,000. The allowance of a \$750,000 “forgivable” portion of the loan brings the net interest rate to nearly zero.

The terms of the loan include that the project be completed within 36 months of the date of the contract which was entered into on 12/9/2015. Repayment starts 90 days after the earlier of the project completion date or 36 month deadline and are due and payable each December 1. Repayment is expected to begin sometime in FY 17-18 and the schedule is dependent on the rate of expenditure and draw-down of funds. Future budgets will contain detail on these obligations.

Performance Measures:	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	Actual	Actual	Budgeted/Revised	Adopted
Water Revenue Bond Debt Service Ratio Coverage	3.88	4.38	7.54 / 7.35	7.0