

BUDGET FOOTNOTES DEBT SERVICE FUND

The purpose of the Debt Service Fund is to accumulate funds for the payment of principal and interest on the Village's outstanding debt issues. Funding is provided by property taxes (about 57% of the Village's total annual property tax levy after abatements), transfers from other funds, and transfers from School District #87 and the Village Links for the repayment of bonded debt incurred by the Village on their behalf.

- 1 **Property Tax: (\$3,113,941)** - Property taxes are levied for payment of principal and interest on the following outstanding Village General Obligation (G.O.) bond issues:

	<u>FY07/08 Payments</u>
• G.O. 2001 Bonds (2000 Storm Sewers) ♦	\$495,975
• G.O. 2002 Bonds (2000 Storm Sewers) ♦	1,085,729
• G.O. 2003A Bonds (2000 Storm Sewers) ♦	583,437
• G.O. 2001A Refunding Bonds ⌘	1,448,800
• Less: Annual Abatement (See footnote 3)	<u>(500,000)</u>
	<u>\$3,113,941</u>

♦ These 10 year bonds were issued in 2001 (\$4,000,000), 2002 (\$9,000,000) and 2003 (\$5,000,000) in response to the November 2000 voter-approved referendum authorizing the issuance of \$18 million in bonds to finance 17 storm sewer projects to be constructed in six years - associated with a comprehensive 20 year street and storm sewer improvement program recommended by the Capital Improvements Commission in July, 2000 and approved by the Village Board in August, 2000.

The sale of the \$18 million in bonds was accelerated to “lock-in” record low interest rates. Total interest costs on these three bond issues was 33% or \$1.8 million lower than what was originally estimated in 1999. The three bond issues yielded average interest rates of 4.0%, 3.4%, and 2.9% respectively compared to our 1999 projection of 5.25%. As a result, the average cost to the Glen Ellyn taxpayer will be lower than originally projected, and the bonds will be paid off one year earlier than anticipated (13 versus 14 years).

⌘ These bonds were issued in 2001 which refinanced previously issued 1992 and 1993 refunding bonds. The 1992 and 1993 bonds themselves refunded portions of the 1987, 1988 and 1989 capital improvement bonds which totaled \$15,000,000, for street, water, and storm sewer projects approved by voter referendum in April, 1987. This debt restructuring, which occurred in 2001, will net a total future interest cost savings to Glen Ellyn property tax payers of \$794,000 over the remaining life of the bonds which will be paid off in 2009.

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- 2 **Reimbursement / District #87: (\$270,803)** - The Village used its home-rule authority and provided financing assistance to Glenbard School District #87 by issuing the 2000 (10 year) General Obligation Bonds, the proceeds (\$1,840,000) of which were used to purchase Memorial Park from the Glen Ellyn Park District for District #87. This park is located across Crescent Boulevard from Glenbard West High School. Each year, District #87 places on deposit with the Village, the amount of money needed for the next fiscal year's principal and interest payments. Once these funds are received, the Village abates the related property taxes related to this bond issue.
- 3 **IFT / Capital Projects, Water & Sanitary Sewer Funds: (\$500,000)** - Prior to the 1987 \$15 million infrastructure improvement bond referendum, the Village Board made a pledge to annually abate (remove from the tax levy) \$500,000 of the approximate \$1,500,000 of annual debt costs over the 20 year life of the bonds. The abatement scheduled for adoption in FY06/07 (from the FY07/08 collected property taxes) represents the twentieth consecutive year of this pledge where revenues have been available from other sources (Capital Projects Fund and Water & Sewer Fund) to abate/reduce taxes. Total abatements through this period total just under \$10.3 million, and are identified as follows:

<u>Abatement No.</u>	<u>Ordinance Number(s)</u>	<u>Date Adopted</u>	<u>Abatement Amount</u>	<u>From Taxes Collected</u>
1	3410	12/21/87	\$607,767	FY88/89
2	3592	3/13/89	514,660	FY89/90
3	3731	3/26/90	624,500	FY90/91
4	3816 – 3818	3/25/91	525,000	FY91/92
5	3894 – 3895	2/24/92	500,000	FY92/93
6	4000 – 4002	3/22/93	500,000	FY93/94
7	4099 – 4101	3/14/94	500,000	FY94/95
8	4241 – 4242	3/13/95	499,890	FY95/96
9	4357	3/11/96	501,634	FY96/97
10	4465	2/24/97	499,259	FY97/98
11	4573	3/23/98	501,808	FY98/99
12	4685	2/22/99	500,000	FY99/00
13	4815	2/28/00	500,000	FY00/01
14	4912	2/12/01	500,872	FY01/02
15	5039	2/11/02	500,000	FY02/03
16	5133	2/17/03	500,000	FY03/04
17	5243	2/23/04	500,000	FY04/05
18	5338	2/28/05	500,000	FY05/06
19	5440	2/27/06	500,000	FY06/07
20		2/26/07	<u>500,000</u>	FY07/08
Total Abatements to Date			<u>\$10,275,390</u>	

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- 4 **IFT / Recreation Fund – 2003 G.O. Bonds: (\$339,320)** - In December, 2002, the Village Board used its home-rule authority and authorized the sale of \$4,580,000 in 20 year General Obligation bonds (at an average interest rate of 4.25%) to provide partial financing to the Village Links for the renovation of its 18 hole golf course which was previously approved in October, 2002. The Village Links will make debt service payments each year over the 20 year life of the bonds to pay the entire annual bond principal and interest costs. These funds will be provided from golf course revenues and not through the use of property taxes.