

Debt Service Fund



DEBT SERVICE FUND

FY 2016/17 Budget Narrative

LAKE COUNTY FOREST PRESERVES



GENERAL PROGRAM STATEMENT

Under Illinois State Statute, the District may borrow money and issue bonds subject to a legal limit of 2.3% of the assessed value of all property as assessed and equalized by the State Department of Revenue. The statutory debt limit for the District as of June 30, 2016 is \$539,044,329. Total debt on June 30, 2016 is projected to be \$284,615,000. Debt financing is used to fund major capital expenditures that are part of a long-range plan and because of the large size of the expenditures, cannot be funded by operating revenues. In 1991, State Statutes were revised to require a referendum vote to approve a general obligation bond issue. Other debt financing options available include alternate revenue bonds, debt certificates, and installment loans that do not require a referendum vote. In 1997, legislation was passed allowing the District to use interest earnings for capital expenditures. The Treasury Rebate revenue is being reduced 6.8% for fiscal year 2016 because of federal budget cuts. This rate represents the sequestration reduction rate requirement of the Bipartisan Budget Act of 2013. The budgetary sequestration rate reduction will now cover thirteen fiscal years through 2024.

The Debt Service Fund is used to account for accumulation of resources for the payment of principal and interest for bonded debt including:

| Series and Type | Purpose | Outstanding Principal | Outstanding Interest | Balance |
|--------------------------------|---|-----------------------|----------------------|------------|
| 2006A General Obligation Bonds | \$40 million for land preservation and acquisition; and \$5 million for restoration, improvements and public access to existing preserves. Issued using the debt service extension base (DSEB). | 2,475,000 | 61,875 | 2,536,875 |
| 2007A Refunding Bonds | \$52.555 million to advance refund a portion of the 2000 General Obligation Bond Series. Resulted in upfront savings of \$2.2 million . | 30,835,000 | 3,609,559 | 34,444,559 |
| 2008A General Obligation Bonds | \$35 million for land preservation and acquisition. Issued using the DSEB. | 28,370,000 | 10,664,428 | 39,034,428 |
| 2008B General Obligation Bonds | \$19.7 million for land preservation and acquisition; and \$7.3 million for restoration, improvements and public access to existing preserves. Issued using the DSEB. | 21,680,000 | 9,217,194 | 30,897,194 |
| 2009A General Obligation Bonds | \$35 million issued under the \$185 million 2008 Referendum approved by 66% of the voters. Overall, 80% allocated to land preservation and acquisition and 20% for restoration, improvements and public access to existing preserves. | 23,780,000 | 9,658,359 | 33,438,359 |
| 2010A General Obligation Bonds | \$35 million issued under the \$185 million 2008 Referendum. | 31,025,000 | 22,263,374 | 53,288,374 |
| 2010B General Obligation Bonds | \$40 million issued under the \$185 million 2008 Referendum. | 37,500,000 | 23,428,397 | 60,928,397 |
| 2011 General Obligation Bonds | \$24.995 million issued under the \$185 million 2008 Referendum. | 24,545,000 | 12,256,713 | 36,801,713 |
| 2013 General Obligation Bonds | \$24.995 million issued under the \$185 million 2008 Referendum. | 20,370,000 | 6,225,706 | 26,595,707 |

| Series and Type | Purpose | Outstanding Principal | Outstanding Interest | Balance |
|-------------------------------|---|-----------------------|----------------------|----------------------|
| 2013B Refunding Bonds | \$18,855 million to advance refunding the 2005 General Obligation Bond Series. Resulted in upfront savings of \$1.5 million. | 11,855,000 | 908,125 | 12,763,125 |
| 2014 A Refunding Bonds | \$28,920 million to advance refunding the 2006A General Obligation Bond Series. Resulted in upfront savings of \$2.0 million. | 27,170,000 | 4,584,725 | 31,754,725 |
| 2015 General Obligation Bonds | \$25 million issued under the \$185 million 2008 Referendum approved by 66% of the voters. Overall, 80% allocated to land preservation and acquisition and 20% for restoration, improvements and public access to existing preserves. | 25,010,000 | 9,398,400 | 34,408,400 |
| TOTAL: | | \$284,615,000 | \$112,276,855 | \$396,891,855 |

The annual tax levy requirements to amortize the general obligation debt projected to be outstanding as of December 31, 2016 including interest payments of \$112,276,855 are as follows:

| Tax Year | Fiscal Year | Series 2006A | Series 2007A | Series 2008A | Series 2008B | Series 2009A | Series 2010A | Series 2010B | Series 2011 | Series 2013 | Series 2013B | Series 2014A | Series 2015A | FY Total |
|---------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|-------------|
| 2015 | 2017 | 2,536,875 | 6,891,617 | 2,517,544 | 1,919,144 | 1,029,231 | 1,730,362 | 1,947,999 | 900,250 | 535,138 | 4,263,625 | 967,000 | 830,725 | 26,069,508 |
| 2016 | 2018 | | 6,881,717 | 2,546,544 | 1,913,088 | 1,029,231 | 1,730,362 | 1,947,999 | 900,250 | 535,138 | 4,250,875 | 3,504,425 | 830,725 | 26,070,352 |
| 2017 | 2019 | | 6,899,613 | 2,572,344 | 1,903,469 | 1,029,231 | 1,730,362 | 1,947,999 | 900,250 | 535,138 | 4,248,625 | 3,481,475 | 830,725 | 26,079,229 |
| 2018 | 2020 | | 6,894,627 | 2,594,944 | 1,901,181 | 1,029,231 | 1,730,362 | 3,739,569 | 900,250 | 1,673,638 | | 3,461,650 | 1,229,650 | 25,155,101 |
| 2019 | 2021 | | 6,876,985 | 2,624,144 | 1,886,753 | 1,029,231 | 1,730,362 | 3,709,779 | 900,250 | 1,670,438 | | 3,439,875 | 1,261,825 | 25,129,641 |
| 2020 | 2022 | | | 2,648,709 | 1,879,481 | 3,487,263 | 3,439,149 | 3,678,914 | 2,165,975 | 1,671,787 | | 3,416,150 | 2,647,025 | 25,034,453 |
| 2021 | 2023 | | | 2,667,494 | 1,873,938 | 3,522,494 | 3,413,501 | 3,646,529 | 2,161,900 | 1,672,638 | | 3,400,325 | 2,615,550 | 24,974,368 |
| 2022 | 2024 | | | 2,691,206 | 1,865,634 | 3,547,459 | 3,381,755 | 3,608,301 | 2,161,700 | 1,671,431 | | 3,377,325 | 2,607,950 | 24,912,762 |
| 2023 | 2025 | | | 2,698,500 | 1,859,369 | 3,578,069 | 3,349,037 | 3,569,954 | 2,165,225 | 1,668,138 | | 3,362,075 | 2,584,075 | 24,834,441 |
| 2024 | 2026 | | | 2,708,750 | 1,864,638 | 3,605,463 | 3,315,498 | 3,530,014 | 2,160,669 | 1,669,225 | | 3,344,425 | 2,569,000 | 24,767,680 |
| 2025 | 2027 | | | 6,399,000 | 1,874,875 | 3,627,113 | 3,202,865 | 3,487,825 | 2,157,044 | 1,664,650 | | | 2,227,525 | 24,640,896 |
| 2026 | 2028 | | | 6,365,250 | 1,899,250 | 3,643,225 | 3,238,165 | 3,444,730 | 2,154,950 | 1,664,150 | | | 2,136,588 | 24,546,307 |
| 2027 | 2029 | | | | 8,256,375 | 3,281,119 | 3,194,410 | 3,396,287 | 2,151,100 | 1,662,450 | | | 2,504,300 | 24,446,041 |
| 2028 | 2030 | | | | | | 3,144,443 | 3,347,168 | 2,151,000 | 1,664,475 | | | 2,375,363 | 12,682,448 |
| 2029 | 2031 | | | | | | 3,093,575 | 3,297,015 | 2,148,300 | 1,660,225 | | | 2,383,188 | 12,582,303 |
| 2030 | 2032 | | | | | | 3,045,665 | 3,241,276 | 2,147,900 | 1,659,700 | | | 2,385,219 | 12,479,759 |
| 2031 | 2033 | | | | | | 2,995,805 | 3,185,439 | 2,144,700 | 1,657,825 | | | 2,388,969 | 12,372,738 |
| 2032 | 2034 | | | | | | 2,938,700 | 3,129,231 | 2,143,600 | 1,659,525 | | | | 9,871,056 |
| 2033 | 2035 | | | | | | 2,884,000 | 3,072,375 | 2,144,400 | | | | | 8,100,775 |
| 2034 | 2036 | | | | | | | 2,142,000 | | | | | | 2,142,000 |
| TOTALS | | 2,536,875 | 34,444,559 | 39,034,428 | 30,897,194 | 33,438,359 | 53,288,374 | 60,928,397 | 36,801,713 | 26,595,707 | 12,763,125 | 31,754,725 | 34,408,400 | 396,891,855 |

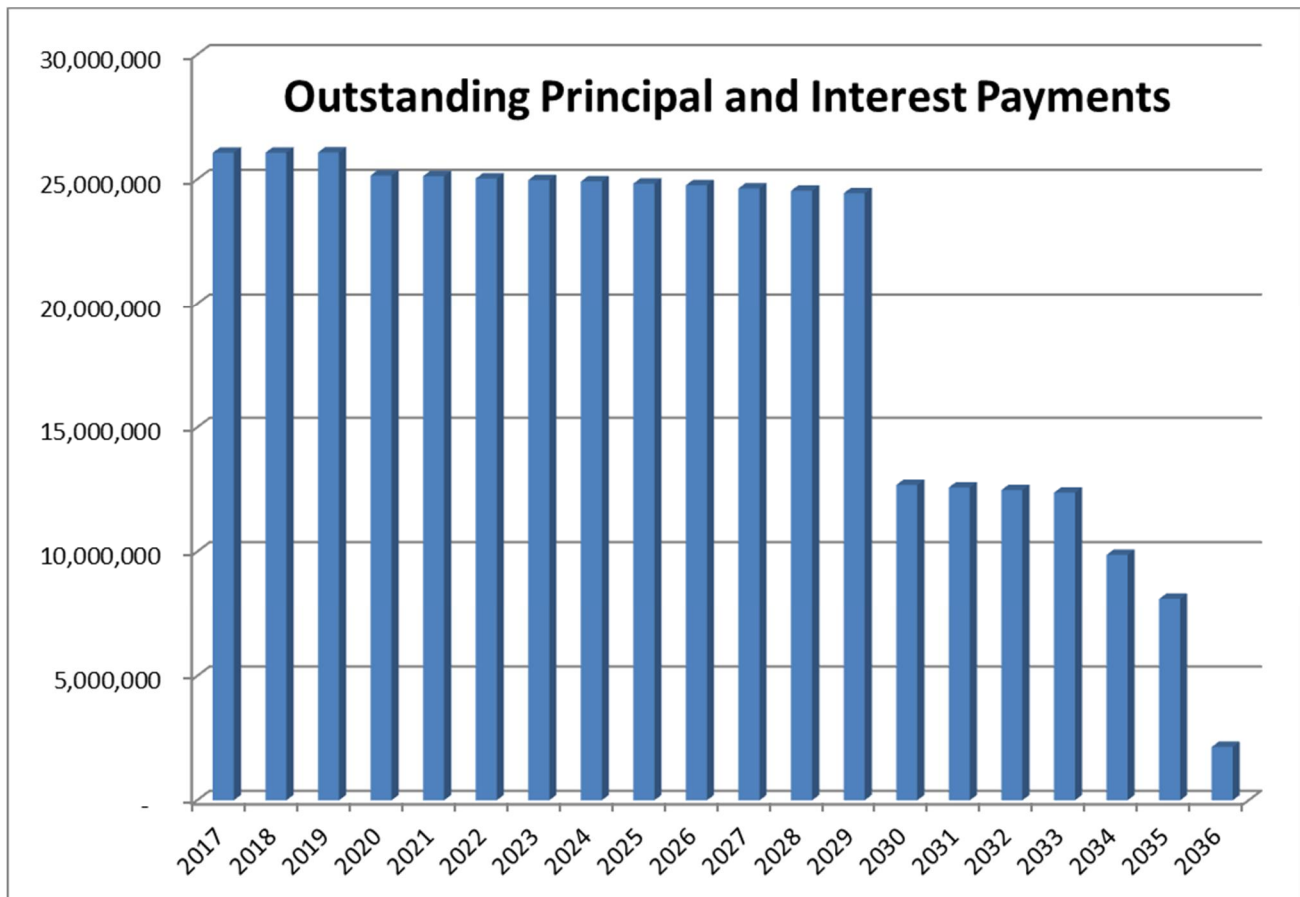
NET GENERAL BONDED DEBT TO EQUALIZED ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA 2006 THROUGH 2015

| Tax Year | Fiscal Year | Population | Equalized Assessed Value | Net General Bonded Debt* | Net General Bonded Debt to Equalized Assessed Value | Net General Bonded Debt per Capita |
|----------|-------------|------------|--------------------------|--------------------------|---|------------------------------------|
| 2006 | 2007 | 723,591 | 27,319,237,715 | 207,719,289 | 0.760% | 287 |
| 2007 | 2008 | 723,591 | 29,368,109,714 | 219,456,413 | 0.747% | 303 |
| 2008 | 2009 | 723,591 | 30,486,373,229 | 266,875,437 | 0.875% | 369 |
| 2009 | 2010 | 728,086 | 30,170,722,053 | 274,823,238 | 0.911% | 377 |
| 2010 | 2011 | 703,462 | 28,684,698,965 | 294,444,006 | 1.026% | 419 |
| 2011 | 2012 | 706,260 | 26,712,347,047 | 303,245,171 | 1.135% | 429 |
| 2012 | 2013 | 711,155 | 24,472,676,727 | 316,521,234 | 1.293% | 445 |
| 2013 | 2014 | 711,155 | 22,967,939,408 | 300,679,325 | 1.309% | 423 |
| 2014 | 2015 | 711,155 | 22,646,844,107 | 258,667,445 | 1.142% | 364 |
| 2015 | 2016 | 711,155 | 23,436,709,963 | 268,555,143 | 1.146% | 378 |

* Net of amount available in Debt Service Fund for payment of principal
(1) Based on 2010 Census. Other population figures are estimates.

COMPUTATION OF LEGAL DEBT MARGIN
Year Ended June 30, 2016

| | | |
|--|-------------------|-----------------------------|
| 2015 Equalized Assessed Value | \$23,436,709,963 | |
| Debt limit: 2.3% of Equalized Assessed Value | | \$539,044,329 |
| Outstanding tax levy debt | (284,615,000) | |
| Debt Service Fund balance available for payment of principal | <u>16,059,857</u> | (268,555,143) |
| 2008C Debt Certificates paid from operating revenues | | <u>6,975,000</u> |
| Legal Debt Margin as of June 30, 2016: | | \$277,464,186 |
| <i>Less principal reductions on tax levy debt during FY 2017</i> | | <u>(14,170,000)</u> |
| <i>Less principal reductions on debt certificates during FY 2017</i> | | <u>(410,000)</u> |
| Projected Legal Debt Margin June 30, 2017: | | <u>\$262,884,186</u> |



Budget Request Summary for Fiscal Year 2016/17

Fund: 4000-4930 Debt Service Fund

**LAKE COUNTY FOREST PRESERVES**

| | <u>2013/14</u> <u>Actual</u> | <u>2014/15</u> <u>Actual</u> | <u>2015/16</u> <u>Budget</u> | <u>2015/16</u> <u>Estimate</u> | <u>2016/17</u> <u>Budget</u> |
|---|---------------------------------|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Revenues | | | | | |
| Property Tax | 27,117,630 | 25,956,800 | 25,344,980 | 25,344,980 | 25,380,680 |
| Bond Proceeds | 21,075,864 | 28,920,000 | 0 | 0 | 0 |
| Interest from Investments | (404,048) | 144,692 | 51,190 | (51,960) | 49,350 |
| Treasury Rebate Revenue | 1,194,731 | 1,193,444 | 1,193,450 | 1,193,450 | 1,199,880 |
| Interfund Transfer | 1,888,249 | 853,397 | 0 | 0 | 0 |
| Premium on Debt Issuance | 0 | 1,378,964 | 0 | 0 | 0 |
| Total Revenues | \$50,872,426 | \$58,447,297 | \$26,589,620 | \$26,486,470 | \$26,629,910 |
| Expenditures | | | | | |
| Paying Agent Fees | 6,155 | 6,390 | 7,220 | 6,900 | 7,740 |
| Interest Fees on Debt | 13,651,505 | 12,317,310 | 11,716,910 | 11,716,910 | 11,899,540 |
| Principal Payment | 35,775,000 | 45,505,599 | 14,845,000 | 14,845,000 | 14,170,000 |
| Interfund Transfers | 2,471,916 | 853,397 | 0 | 0 | 0 |
| Total Expenditures | 52,033,830 | 58,854,706 | 26,569,130 | 26,568,810 | 26,077,280 |
| Revenue Excess (Deficit) over Expenditures | (1,161,404) | (407,409) | 20,490 | (82,340) | 552,630 |
| Beginning Fund Balance | 17,711,010 | 16,549,606 | 15,811,670 | 16,142,197 | 16,059,857 |
| Ending Fund Balance | \$16,549,606 | \$16,142,197 | \$15,832,160 | \$16,059,857 | \$16,612,487 |