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**DEBT SERVICE FUND**

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# **Debt Service Fund**

## **Mission Statement**

**To optimize City resources in  
obtaining funds for City projects.**

## **Debt Service Fund**

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This fund accounts for the principal and interest payments on the City's \$5 million General Obligation Bonds Series 1997 issued to purchase the golf course. These bonds are being paid through an ad-valorem tax assessment approved by City voters.

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### **Goals**

To finance projects utilizing the most cost effective methods, while minimizing the restrictions that would hinder the future borrowing capacity of the City.

### **Objectives**

To account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds, and to maintain the highest possible bond ratings for the marketability of the City's debt.

### **2007-08 Accomplishments**

All bond payments were timely paid and the City is in compliance with the Bond Indenture Covenants.

**DEBT SERVICE FUNDS**  
**\$5,000,000 General Obligation Bonds**  
**Series 1997**

The Series 1997 Bonds were issued to provide a funding mechanism to: (1) finance the costs for the acquisition of the Miami Springs Golf and Country Club facility located within the municipal limits of the City from the City of Miami, Florida; (2) fund the necessary improvements required to update, improve and enhance the facility; (3) capitalize the first round of interest on the Series 1997 bonds; and (4) provide sufficient cash and working capital to pay certain costs and expenses related to the issuance of the Series 1997 Bonds as defined in the Bond Resolution.

The overall project set forth criteria identified and authorized by the City Council. These tasks included the acquisition of the golf course facility and renovation of the club house and grounds. The renovation projects include the rehabilitation of the holes with expanded landscaping. Also, the rehabilitation includes modernizing the clubhouse and adjacent facilities. Additionally, the project defined the renovation of the parking facilities, driveways, and common areas adjacent to the course including comprehensive lighting installations and/or replacement efforts, signage, and resurfacing of all right-of-ways.

The City closed on the purchase of the properties in October 1998. The initial deposit of \$300,000 was held in escrow and in October 1997, the property was purchased for the sum of \$3,000,000 from the City of Miami, Florida. During FY 1997-98, renovation projects were fully underway including landscape improvements, sidewalk and easement installations, parking facility and sign programs and other enhancements to the course.

Additional modifications to the facility include the "swapping" of the front and back "9", expansion to the kitchen and related facilities, comprehensive renovation to the clubhouse and banquet facilities, purchase of new furniture, fixtures and equipment.

Standard and Poor's upgraded the City's credit rating from BBB+ with a negative outlook to BBB+ with a stable outlook in December 2004. This improved rating was based upon the audited financial report which projected an increase in the unreserved general fund balance as of 9/30/03.

***Debt service costs on this issue for FY 2008/2008 includes \$154,771 for interest payable in two equal installments of \$77,385 each on February 1 and August 1, 2009, and \$245,000 applied to the principal and scheduled for disbursement on February 1, 2009. Revenues to fund these expenditures are provided by subordinated, voter approved ad valorem levies of 0.3687 mills.***

**City of Miami Springs, Florida**  
**\$5,000,000 General Obligation Bonds, Series 1997**

**SOURCES OF FUNDS**

Series 1997 Bond Proceeds	\$	5,000,000.00
Less: Original Issue Discount		(4,388.00)
Plus: Estimated Interest Earnings		99,457.00
<i>Total Sources of Funds</i>		5,095,069.00

**USES OF FUNDS**

Acquisition of Golf Course	\$	3,135,000.00
Deposits to escrow fund (SLGS)		1,600,000.00
Cost of capital improvements		117,061.00
Cost of issuance		199,258.00
Underwriters discount		43,750.00
<i>Total Uses of Funds</i>		5,095,069.00

**The Charter of the City of Miami Springs imposes no bonded debt limit.**

**DEBT SERVICE DISBURSEMENT SCHEDULE BY YEAR**

<i>Year End 9/30/xx</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service Costs</i>
1998	-	\$ 224,351.88	\$ 224,351.88
1999	155,000.00	241,647.50	396,647.50
2000	160,000.00	235,267.50	395,267.50
2001	165,000.00	228,522.50	393,522.50
2002	175,000.00	221,295.00	396,295.00
2003	185,000.00	213,462.50	398,462.50
2004	190,000.00	205,117.50	395,117.50
2005	200,000.00	196,292.50	396,292.50
2006	210,000.00	186,860.00	396,860.00
2007	220,000.00	176,807.50	396,807.50
2008	230,000.00	166,175.00	396,175.00
2009	245,000.00	154,771.25	399,771.25
2010	255,000.00	142,518.75	397,518.75
2011	270,000.00	129,457.50	399,457.50
2012	285,000.00	115,511.25	400,511.25
2013	300,000.00	100,665.00	400,665.00
2014	315,000.00	84,667.50	399,667.50
2015	330,000.00	67,575.00	397,575.00
2016	350,000.00	49,555.00	399,555.00
2017	370,000.00	30,475.00	400,475.00
2018	390,000.00	10,335.00	400,335.00
<b>Total</b>	<b>\$ 5,000,000.00</b>	<b>\$ 3,181,330.63</b>	<b>\$ 8,181,330.63</b>

**DEBT SERVICE FUNDS**  
**\$11,435,000 Utilities System Revenue**  
**Refunding and Improvement Bonds, Series 1998**

**Note: The Charter of the City of Miami Springs imposes no bonded debt limit on revenue bonds.**

The 1998 Revenue Refunding and Improvement Bonds were sold in March 1998, to provide for a series of projects. The bonds were sold to finance the cost of acquiring, constructing, renovating, installing and equipping additions and improvements to the collection and transmission facilities of the Miami Springs Waste water (sewer) system. The additions and improvements include repair and rehabilitation to the sewer lines to mitigate storm water and groundwater infiltration and inflow into the System; improve the force main manifold system such as the introduction of new force mains, modernization efforts of the pump stations and related upgrades, performance enhancement efforts to ensure the reliability of the transmission of effluent to the County along with refinancing the approximately \$7,200,000 outstanding from the Series 1994 bonds.

The system had demonstrated continued deterioration. Aged over 25 years, the system required significant and material renovation efforts to ensure the reliability and safety of the system. After months of negotiations fell through related to the potential sale or transfer of the system to other governmental agencies, the City Council directed the administration to proceed with the sale of these bonds.

Subsequent to extensive study and research with the City's external engineers, Post Buckley Schuh & Jernigan, a report was prepared identifying 99 specific locations in the system for immediate repair. These repairs were listed in order of highest need. The projected costs to repair these areas amounted to just over \$4,200,000. While these repairs will not generate "savings", they will reduce costs. Accordingly, the engineers calculated costs required to repair these problems (bringing the system to approximately 70% of acceptable levels of loss). Correspondingly, these repairs will reduce the loss and, in the same light, reflect lower fees paid to the County for disposal costs.

***With the transfer of the Water and Sewer Utility to Miami-Dade County on September 2<sup>nd</sup>, 2008, confirmation was received from The Bank of New York Mellon Trust Company, N.A., Bond Registrar and Paying Agent, that liquid funds on deposit with the agent in the amount of \$8,644,312.50 was sufficient to pay and defease all outstanding Series 1998 Revenue Refunding and Improvement Bonds. The principal and interest on the bonds maturing on September 1<sup>st</sup>, 2008 were paid on their stated maturity of September 1<sup>st</sup>, 2008. Bonds maturing on September 1<sup>st</sup>, 2009 and thereafter, inclusive, were redeemed and defeased on September 1<sup>st</sup>, 2008 by payment of the principal of, accrued interest on, and redemption premium of 2% over par pursuant to the Conditional Notice.***

***All bonds were redeemed and defeased and will no longer remain as an outstanding obligation pursuant to the governing documents pursuant to which the bonds were initially issued.***

## LEGAL DEBT MARGIN

The necessity to incur debt in order to finance the capital program carries with it the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the City's capacity to incur and repay additional debt bear careful examination.

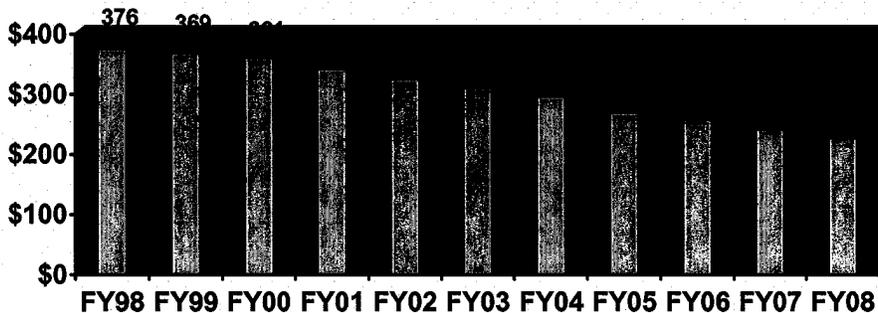
City Charter section 1.04(4) states that the City shall not issue ad valorem bonds the outstanding total amount of which shall obligate the City in excess of 15% of the assessed valuation of the real property within the City. The 1997 General Obligation Bonds Series 1997 are the only ad-valorem bonds issued by the City.

The City's bonded debt margin for FY 2008-09 is as follows:

Assessed valuation 2008 roll	<u>\$ 1,093,885,617</u>
Bonded debt limit- 15% of assessed value	\$ 164,082,843
Total ad valorem debt- General Obligation Bonds	\$ 3,110,000
Amount pf debt applicable	<u>\$ 3,110,000</u>
Debt Margin Available	<u><u>\$ 160,972,843</u></u>

The data below are based on the \$5 million General Obligation Bonds Series 1997:

### BONDED DEBT PER CAPITA G.O. BONDS



**CITY OF MIAMI SPRINGS  
DEBT SERVICE FUND**

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Amended Budget	FY 2008-09 Budget	% of Total	% Change from 2007-08
<b>OPERATING</b>						
Principal	\$ 210,000	\$ 220,000	\$ 230,000	\$ 245,000	60.9%	6.5%
Interest	186,860	176,808	166,175	154,771	38.5%	-6.9%
Administrative charges	1,750	2,088	2,100	2,200	0.5%	4.8%
<b>TOTAL EXPENSES</b>	<b>\$ 398,610</b>	<b>\$ 398,896</b>	<b>\$ 398,275</b>	<b>\$ 401,971</b>	<b>100.0%</b>	<b>0.9%</b>

**DEBT SERVICE FUND  
PERFORMANCE MEASURES**

Indicator	2005-2006 Actual	2006-07 Actual	2007-08 Actual	2008-09 Goal
Number of Payments	4	4	4	2
% of payments made in accordance with bond indentures	100%	100%	100%	100%

