Debt Service or Interest and Sinking
(I&S) Funds

CITY OF KYLE
TEXAS

Overview- Debt Service or Interest and Sinking (I&S) Funds

At the beginning of the 2007-08 fiscal year, the City of Kyle's bonded indebtedness will be $17,255,000. In addition to this debt, the Texas Department of Transportation holds a 14 year note by the City in the amount of $14,000,000. The City will also retire $365,693 in debt within its monthly payment to Aqua-Source Services and Technology as reimbursement for expansion and improvements made to the wastewater treatment plant. However this is not bonded indebtedness of the City of Kyle but rather Aqua-source and is not included in the schedules hereunder.

Bonded debt of the City consists of five "Combination Tax and Revenue Certificates"(COs) that were issued to fund various improvements to the City's buildings and infrastructure

Proceeds from the series 2000 issue were used for improvements to the wastewater collection system and treatment plant. The first CO series 2000 was used for Utility as well as General Government (Streets, Sidewalk, etc.) projects. Debt Service on this issue comes from *ad valorem* property taxes (33%) and Utility Fund Revenue (67%). The 2002 series CO was used primarily to construct a new City Hall, swimming pool, and for other general government purposes. The 2003 series CO's funded acquisition and installation of a system to automate meter reading for the City's Utility System. The 2007 series CO was issued in April of this year and is being used to fund street improvements at Kohler's Crossing, the downtown streetscape and part of other Center Street improvements.

As originally planned, the SIB Loan issue deferred payment of principal for the first three years. The first payment becomes due in the 2007-08 budget year. Proceeds from the loan were given to the State for Road and Bridge improvements for the benefit of a TIF Zone. Funding for servicing the debt on this loan will come from *ad valorem* taxes on property within the TIF zone.

The City Council will be considering issuance of additional bonds in the spring of 2008 to finance road improvements, acquisition and construction of additional public facilities and utility system improvements.

The following pages contain budgets for "Interest and Sinking Funds" for the Bonds and SIB Loan.

Analysis of Indebtedness
Debt Outstanding as of September 30, 2007

Name of Issue	Original Amount	Amount Retired	Amount Outstanding
Tax & Sewer Refunding Bonds Series 1989A	$ 185,000	$ 130,000	$ 55,000
Tax & Certificate of Obligation Series 2000	$ 1,385,000	$ 165,000	$ 1,220,000
Tax And Certificate of Obligation Series 2002	$ 5,135,000	$ 710,000	$ 4,425,000
Tax And Certificate of Obligation Series 2003	$ 2,340,000	$ 695,000	$ 1,645,000
State (TxDot) Infrastructure Bond Loan	$14,000,000	$ -	$ 14,000,000
Tax And Certificate of Obligation Series 2007	$ 9,910,000	$ -	$ 9,910,000
Total	$32,955,000	$1,700,000	$ 31,255,000

Analysis of Principal & Interest Payments Due - By Fund
Fiscal Year Ending September 30, 2008

	Principal	Interest	Total P & I
General Fund:			
Tax & Certificate of Obligation Series 2000	$ 13,200	$ 21,806	$ 35,006
Tax & Certificate of Obligation Series 2002	$ 190,000	$ 181,630	$ 371,630
Tax & Certificate of Obligation Series 2007	$ -	$ 568,367	$ 568,367
Tax & Certificate of Obligation Series 2008	$ -	$ 630,870	$ 630,870
Subtotal	$ 203,200	$1,402,673	$ 1,605,873
Utility (Enterprise) Fund:			
Tax & Sewer Refunding Bonds Series 1989A	$ 25,000	$ 5,763	$ 30,763
Tax & Certificate of Obligation Series 2000	$ 26,800	$ 44,274	$ 71,074
Tax & Certificate of Obligation Series 2003	$ 250,000	$ 60,536	$ 310,536
Tax & Certificate of Obligation Series 2008	$ -	$ 38,630	$ 38,630
Subtotal	$ 301,800	$149,202	$ 451,002
Tax Increment Financing Fund:			
State (TxDot) Infrastructure Bond Loan	$ 588,894	$ 674,596	$ 1,263,489
Subtotal	$ 588,894	$ 674,596	$1,263,489
Total	$1,093,894	$2,226,471	$ 3,320,364

DEBT SERVICE I&S FUND

This fund contains revenue projections and appropriations for the City's long term bonded indebtedness.

Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances

Revenue Source	2004-05 Actual	2005-06 Actual	2006-07 Adopted	2006-07 Re-estimate	2007-08 Proposed
Property Taxes - Current	811,496	812,756	812,756	855,462	1,639,733
Property Taxes - Delinquent	17,155	11,161	11,161	18,816	22,300
Property Taxes - Penalty and Interest	9,971	9,665	-	10,952	14,500
Property Taxes - Rollbacks	-	8	-	1,661	5,000
Interest Income 2007 Bond				15,000	85,000
Transfer in- Surplus CO 2000 issue				221,143	-
Transfer In-From Enterprise Fund	-	339,845	-	339,301	451,002
Total Revenue	838,623	1,173,435	823,917	1,462,336	2,217,535
Expenditures					
Paying Agent Fees	(123)	2,078	2,078	5,000	5,000
1989A Interest Payments	12,013	9,933	9,933	9,933	5,763
1989A Principal Payments	20,000	20,000	20,000	20,000	25,000
2000 C/O Interest	73,843	71,480	71,480	74,970	66,080
2000 C/O Principal	35,000	40,000	40,000	40,000	40,000
2002 C/O Interest	197,830	192,580	192,580	195,440	181,630
2002 C/O Principal	175,000	180,000	180,000	185,000	190,000
2003 C/O Interest	86,112	77,832	77,832	69,368	60,536
2003 C/O Principal	225,000	230,000	230,000	240,000	250,000
2007 C/O Interest	-	-	-		568,367
2008 C/O Interest	-	-	-	-	669,500
Transfer Out SIB I&S	-	-	-	-	1,043,484
Total Expenditures	824,674	823,903	823,903	839,711	3,105,360
Current Year Ending Balance	13,949	349,532		622,625	(887,825)
Prior Year Fund Balance	110,015	123,964		473,497	1,096,121
Ending Fund Balance	123,964	473,497		1,096,121	208,296

Comments on significant changes proposed for 2007-08

Payments on new issues include bonds that were sold in 2007 and those expected to be issued in 2008. Descriptions of the projects funded are found in the Capital Improvement section of the budget.

Debt Service TIF I&S Fund

Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances

Revenue Source	2004-05 Actual	2005-06 Actual	2006-07 Adopted	2006-07 Re-estimate	2007-08 Proposed
Property Taxes - Current City	-	-	-	32,280	60,041
Property Taxes - Current County	-	-	-	48,066	89,410
Property Taxes - Delinquent City	-	-	-	4,842	5,000
Property Taxes - Delinquent County	-	-	-	7,210	8,500
Penalty and Interest City	-	-	-	323	500
Penalty and Interest County	-	-	-	481	600
Interest Earnings	-	-	-	8,086	15,000
Transfer In - Debt Service Fund	-	-	-	-	1,043,484
Total Revenue	-	-	-	101,288	1,222,535
Expenditures					
SIB Loan Interest Payments	-	-	-	-	588,894
SIB Loan Principal Payments	-	-	-	-	674,596
Total Expenditures	-	-	-	-	1,263,489
Current Year Ending Balance				101,288	(40,954)
Prior Year Fund Balance				-	101,288
Ending Fund Balance				101,288	60,334

Comments on significant changes proposed for 2007-08

Revenue for this fund includes a significant transfer from the Debt Service I&S Fund which receives the bulk of its revenue from property tax assessments. Until such time that the TIF Zone increases its tax base to a sufficient point that it can fully fund the debt for the SIB Loan, other property tax revenue will be required to make up the shortfall.

$185,000
CITY OF KYLE
Tax & Sewer System Refunding Bonds
SERIES 1989A

Dated September 1, 1989

Principal Due: August 1 **Interest Due: Feb. 1 and Aug. 1**

JP Morgan

YEAR ENDING SEPT. 30	PRINCIPAL	RATE	INTEREST	TOTAL
2005				
2006	$ -	-	$ -	$ -
2007	$ -	-	$ -	$ -
2008	$ 25,000	10.45%	$ 5,762.50	$ 30,762.50
2009	$ 30,000	10.50%	$ 3,150.00	$ 33,150.00
	$ 55,000		$ 8,912.50	$ 63,912.50

Funding Source:

Utility Fund - Surplus Operating Revenue 100%

Use of Funds: Improvements to Utility System

$1,385,000
CITY OF KYLE
Combination Tax & Rev Certificates of Obligation Bonds
SERIES 2000

Dated October 15, 2000

Principal Due: August 15 **Interest Due: Feb. 15 and Aug. 15**

JP Morgan Chase

YEAR ENDING SEPT. 30	PRINCIPAL	RATE	INTEREST	TOTAL
2006	$ -	0.00%	$ -	$ -
2007	$ -	0.00%	$ -	$ -
2008	$ 40,000	6.75%	$ 66,080.00	$ 106,080.00
2009	$ 40,000	6.75%	$ 63,380.00	$ 103,380.00
2010	$ 75,000	6.00%	$ 60,680.00	$ 135,680.00
2011	$ 80,000	4.85%	$ 56,180.00	$ 136,180.00
2012	$ 85,000	4.90%	$ 52,300.00	$ 137,300.00
2013	$ 90,000	5.00%	$ 48,135.00	$ 138,135.00
2014	$ 95,000	5.10%	$ 43,635.00	$ 138,635.00
2015	$ 105,000	5.20%	$ 38,790.00	$ 143,790.00
2016	$ 110,000	5.30%	$ 33,330.00	$ 143,330.00
2017	$ 115,000	5.50%	$ 27,500.00	$ 142,500.00
2018	$ 120,000	5.50%	$ 21,175.00	$ 141,175.00
2019	$ 130,000	5.50%	$ 14,575.00	$ 144,575.00
2020	$ 135,000	5.50%	$ 7,425.00	$ 142,425.00
	$ 1,220,000		$ 533,185.00	$ 1,753,185.00

Funding Source:

Ad Valorem Property Tax	33%	$ 35,006
Utility Fund - Surplus Operating Revenue	67%	$ 71,074
		$ 106,080

Use of Funds: Utility Improvements
Road Improvement Projects

$5,135,000
CITY OF KYLE
Combination Tax & Rev Certificates of Obligation Bonds
SERIES 2002

Dated October 1, 2002

Principal Due: August 15 **Interest Due: Feb. 15 and Aug. 15**

Wells Fargo Bank

YEAR ENDING SEPT. 30	PRINCIPAL	RATE	INTEREST	TOTAL
2006	$ -	0.00%	$ -	$ -
2007	$ -	0.00%	$ -	$ -
2008	$ 190,000	3.00%	$ 181,630.00	$ 371,630.00
2009	$ 195,000	3.15%	$ 175,930.00	$ 370,930.00
2010	$ 205,000	3.35%	$ 169,787.50	$ 374,787.50
2011	$ 210,000	3.40%	$ 162,920.00	$ 372,920.00
2012	$ 220,000	3.50%	$ 155,780.00	$ 375,780.00
2013	$ 225,000	3.65%	$ 148,080.00	$ 373,080.00
2014	$ 235,000	3.85%	$ 139,867.50	$ 374,867.50
2015	$ 245,000	3.90%	$ 130,820.00	$ 375,820.00
2016	$ 250,000	4.10%	$ 121,265.00	$ 371,265.00
2017	$ 260,000	4.20%	$ 111,015.00	$ 371,015.00
2018	$ 275,000	4.30%	$ 100,095.00	$ 375,095.00
2019	$ 285,000	4.40%	$ 88,270.00	$ 373,270.00
2020	$ 300,000	4.50%	$ 75,730.00	$ 375,730.00
2021	$ 310,000	4.55%	$ 62,230.00	$ 372,230.00
2022	$ 325,000	4.65%	$ 48,125.00	$ 373,125.00
2023	$ 340,000	4.75%	$ 33,012.50	$ 373,012.50
2024	$ 355,000	4.75%	$ 16,862.50	$ 371,862.50
	$ 4,425,000		$ 1,921,420.00	$ 6,346,420.00

Funding Source:

Ad Valorem Property Tax 100%

Use of Funds:

General Fund -	Public Safety (Debt Service)	$ 93,511
General Fund -	Park & Rec Swimming Pool (Debt Service)	$ 119,484
General Fund -	**Non-departmental (Debt Service)**	
	Administration Building	$ 104,635
	Downtown Improvements	$ 37,358
	City Hall Restoration	$ 15,833
General Fund -	**Non-Departmental** (Miscellaneous)	$ 809
		$ 371,630

$2,340,000
CITY OF KYLE
Combination Tax & Rev Certificates of Obligation Bonds
SERIES 2003

Dated April 15, 2004

Principal Due: August 15 **Interest Due: Feb. 15 and Aug. 15**

Bank of America

YEAR ENDING SEPT. 30	PRINCIPAL	RATE	INTEREST	TOTAL
2006	$ -		$ -	$ -
2007	$ -		$ -	$ -
2008	$ 250,000	3.68%	$ 60,536.00	$ 310,536.00
2009	$ 260,000	3.68%	$ 51,336.00	$ 311,336.00
2010	$ 270,000	3.68%	$ 41,768.00	$ 311,768.00
2011	$ 275,000	3.68%	$ 31,832.00	$ 306,832.00
2012	$ 290,000	3.68%	$ 21,712.00	$ 311,712.00
2013	$ 300,000	3.68%	$ 11,040.00	$ 311,040.00
	$ 1,645,000		$ 218,224	$ 1,863,224

Funding Source:

Utility Fund - Surplus Operating Revenue 100%

Use of Funds:

Utility Fund - Automatic Meter Reading System

$14,000,000
CITY OF KYLE
2006
Principal And Interest Repayment Schedule
State (TxDot) Infrastructure Bond Loan

Principal Due: March 17 **Interest Due: March 17**

YEAR ENDING SEPT. 30	PRINCIPAL	RATE	INTEREST	TOTAL
2006	$ (230,776.90)	1.6484%	$ 230,776.90	$ -
2007	$ (595,499.28)	4.1846%	$ 595,499.28	$ -
2008	$ 588,893.62	4.5500%	$ 674,595.57	$ 1,263,489.19
2009	$ 615,688.28	4.5500%	$ 647,800.91	$ 1,263,489.19
2010	$ 643,702.10	4.5500%	$ 619,787.09	$ 1,263,489.19
2011	$ 672,990.55	4.5500%	$ 590,498.64	$ 1,263,489.19
2012	$ 703,611.62	4.5500%	$ 559,877.57	$ 1,263,489.19
2013	$ 735,625.94	4.5500%	$ 527,863.25	$ 1,263,489.19
2014	$ 769,096.92	4.5500%	$ 494,392.27	$ 1,263,489.19
2015	$ 804,090.83	4.5500%	$ 459,398.36	$ 1,263,489.19
2016	$ 840,676.97	4.5500%	$ 422,812.22	$ 1,263,489.19
2017	$ 878,927.77	4.5500%	$ 384,561.42	$ 1,263,489.19
2018	$ 918,918.98	4.5500%	$ 344,570.21	$ 1,263,489.19
2019	$ 960,729.80	4.5500%	$ 302,759.39	$ 1,263,489.19
2020	$ 1,004,443.00	4.5500%	$ 259,046.19	$ 1,263,489.19
2021	$ 1,050,145.16	4.5500%	$ 213,344.03	$ 1,263,489.19
2022	$ 1,097,926.76	4.5500%	$ 165,562.43	$ 1,263,489.19
2023	$ 1,147,882.43	4.5500%	$ 115,606.76	$ 1,263,489.19
2024	$ 1,200,111.08	4.5500%	$ 63,378.11	$ 1,263,489.19
2024	$ 192,814.37	4.5500%	$ 8,773.05	$ 201,587.42
	$ 14,000,000.00		$ 7,680,903.65	$ 21,680,903.65

Funding Source:

City Property Tax within - Tax Increment Financing Zone
County Property Tax within - Tax Increment Financing Zone
General *Ad Valorem* Property Tax

Use of Funds:

Road and Bridge Improvements

$9,910,000

CITY OF KYLE

Combination Tax & Rev Certificates of Obligation Bonds
SERIES 2007

Dated March 17, 2007

Principal Due: August 15 **Interest Due: Feb. 15 and Aug. 15**

SEPT. 30	PRINCIPAL	RATE	INTEREST	TOTAL
2008	$ -	4.000%	$ 568,366.67	$ 568,366.67
2009	$ 175,000.00	4.000%	$ 401,200.00	$ 576,200.00
2010	$ 285,000.00	4.000%	$ 394,200.00	$ 679,200.00
2011	$ 395,000.00	4.000%	$ 382,800.00	$ 777,800.00
2012	$ 410,000.00	4.000%	$ 367,000.00	$ 777,000.00
2013	$ 430,000.00	4.000%	$ 350,600.00	$ 780,600.00
2014	$ 445,000.00	4.000%	$ 333,400.00	$ 778,400.00
2015	$ 465,000.00	4.000%	$ 315,600.00	$ 780,600.00
2016	$ 480,000.00	5.000%	$ 297,000.00	$ 777,000.00
2017	$ 505,000.00	4.000%	$ 273,000.00	$ 778,000.00
2018	$ 525,000.00	4.000%	$ 252,800.00	$ 777,800.00
2019	$ 550,000.00	4.000%	$ 231,800.00	$ 781,800.00
2020	$ 570,000.00	4.000%	$ 209,800.00	$ 779,800.00
2021	$ 590,000.00	4.000%	$ 187,000.00	$ 777,000.00
2022	$ 615,000.00	4.000%	$ 163,400.00	$ 778,400.00
2023	$ 640,000.00	4.000%	$ 138,800.00	$ 778,800.00
2024	$ 665,000.00	4.000%	$ 113,200.00	$ 778,200.00
2025	$ 695,000.00	4.000%	$ 86,600.00	$ 781,600.00
2026	$ 720,000.00	4.000%	$ 58,800.00	$ 778,800.00
2027	$ 750,000.00	4.000%	$ 30,000.00	$ 780,000.00
	$ 9,910,000.00		$ 5,155,366.67	$ 15,065,366.67

Funding Source:

Ad Valorem Property Tax 100%

Use of Funds:

Road and Street Improvements

$26,000,000

CITY OF KYLE

Combination Tax & Rev Certificates of Obligation Bonds
SERIES 2008

Dated February 15, 2008

Principal Due: August 15 **Interest Due: Feb. 15 and Aug. 15**

SEPT. 30	PRINCIPAL	RATE	INTEREST	TOTAL
2008	$ -	5.150%	$ 669,500.00	$ 669,500.00
2009	$ -	5.150%	$ 1,339,000.00	$ 1,339,000.00
2010	$ 175,000.00	5.150%	$ 1,339,000.00	$ 1,514,000.00
2011	$ 285,000.00	5.150%	$ 1,329,987.50	$ 1,614,987.50
2012	$ 975,000.00	5.150%	$ 1,315,310.00	$ 2,290,310.00
2013	$ 1,025,000.00	5.150%	$ 1,265,097.50	$ 2,290,097.50
2014	$ 1,080,000.00	5.150%	$ 1,212,310.00	$ 2,292,310.00
2015	$ 1,135,000.00	5.150%	$ 1,156,690.00	$ 2,291,690.00
2016	$ 1,190,000.00	5.150%	$ 1,098,237.50	$ 2,288,237.50
2017	$ 1,255,000.00	5.150%	$ 1,036,952.50	$ 2,291,952.50
2018	$ 1,320,000.00	5.150%	$ 972,320.00	$ 2,292,320.00
2019	$ 1,385,000.00	5.150%	$ 904,340.00	$ 2,289,340.00
2020	$ 1,460,000.00	5.150%	$ 833,012.50	$ 2,293,012.50
2021	$ 1,535,000.00	5.150%	$ 757,822.50	$ 2,292,822.50
2022	$ 1,610,000.00	5.150%	$ 678,770.00	$ 2,288,770.00
2023	$ 1,695,000.00	5.150%	$ 595,855.00	$ 2,290,855.00
2024	$ 1,780,000.00	5.150%	$ 508,562.50	$ 2,288,562.50
2025	$ 1,875,000.00	5.150%	$ 416,892.50	$ 2,291,892.50
2026	$ 1,970,000.00	5.150%	$ 320,330.00	$ 2,290,330.00
2027	$ 2,070,000.00	5.150%	$ 218,875.00	$ 2,288,875.00
2028	$ 2,180,000.00	5.150%	$ 112,270.00	$ 2,292,270.00
	$ 26,000,000.00		$ 18,081,135.00	$ 44,081,135.00

Funding Source:

Ad Valorem Property Tax	94.23%	$ 630,870
Utility Fund - Surplus Operating Revenue	5.77%	$ 38,630
Total	100%	$ 669,500

Use of Funds:

Road and Street Improvements
Acquisition/Construction of City Buildings
Water and Sewer Infrastructure Improvements

CITY OF KYLE
TEXAS