

DEBT SERVICE FUNCTION

The Debt Service Funds account for accumulation of revenues and the payment of general long-term debt principal and interest. The debt service funds include debt service for voter-approved debt and operating debt, as well as Special Assessment District debt. In addition to expenditures listed in the Washoe County Debt Funds, expenditures/expenses related to debt are also presented for other funds that include these type of expenditures/expenses. This section only includes debt service functional expenditures. For a complete financial overview of the debt service funds, please refer to the Fund Summaries section, pages 85 - 87.

State statutes limit the aggregate principal amount of the County's general obligation debt to 10% of the County's total reported assessed valuation. Based upon the assessed valuation for FY 11/12 of \$12,929,278,348 (includes assessed valuation for Reno Redevelopment Agencies 1 and 2, and Sparks Redevelopment Agencies 1 and 2 in the total amount of \$253,905,054), the County's debt limit for general obligations is \$1,292,927,835.

In addition to the county's legal debt limit as a percentage of its total assessed value, the County's ability to issue future property tax supported debt is also constrained by constitutional and statutory limits of total property taxes that may be levied.

The following is table illustrates the County's general obligation statutory debt limitation.

STATUTORY DEBT LIMITATION (as reported in the 2012 Debt Management Policy) As of Jun 30, 2012	
Assessed valuation for Fiscal Year 2011-2012 (Includes assessed valuation for Reno Redevelopment Agencies 1 and 2, and Sparks Redevelopment Agencies 1 and 2 in the total amount of \$253,905,054)	\$12,929,278,348
Statutory Debt Limitation	1,292,927,835
Less: Outstanding General Obligation Indebtedness	296,780,021
Additional Statutory Debt Capacity	\$ 996,147,814

In addition to the information included herein, Washoe County has no intention at the time of this printing to incur any additional debt in FY 12/13.

ALL FUNDS DEBT SERVICE EXPENDITURES/EXPENSES

The table below represents all spending related to the debt service function regardless of fund or funding source. It includes the:

- Capital Facilities Tax Fund
- Capital Improvements Fund
- Golf Course Fund
- Parks Capital Fund
- Truckee River Flood Management Fund
- Washoe County Debt Service Fund
- Special Assessment Debt Service Fund, and
- Water Resources Fund

ALL FUNDS DEBT SERVICE SUMMARY

Debt Service Uses by Fund Type/Fund	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
Capital Funds				
Capital Facilities Tax Fund	\$ 47,475	\$ -	\$ -	0%
Capital Improvements Fund	-	270,000	-	-100%
Parks Capital Fund	3,000	3,000	3,000	0%
Total Capital Funds	50,475	273,000	3,000	-99%
Debt Service Funds				
Special Assessment Debt Fund	667,822	1,594,167	936,741	-41%
Washoe County Debt Service Fund	30,817,545	14,300,570	14,066,468	-2%
Total Debt Service Funds	31,485,367	15,894,737	15,003,209	-6%
Enterprise Funds				
Golf Course Fund	86,907	-	-	0%
Water Resources Fund	2,629,679	2,565,787	2,485,963	-3%
Total Enterprise Funds	2,716,586	2,565,787	2,485,963	-3%
Special Revenue Funds				
Truckee River Flood Management Fund	3,000	3,000	3,000	0%
Total Special Revenue Funds	3,000	3,000	3,000	0%
Total	\$ 34,255,428	\$ 18,736,524	\$ 17,495,172	-7%

DEBT SERVICE EXPENDITURES SUPPORTED BY CAPITAL FUNDS

Debt service expenditures and expenses listed below are supported by capital funds including the: Capital Facilities Tax Fund, Capital Improvements Fund, and Parks Capital Fund.

Debt Service Expenditures by Fund	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
Capital Facilities Tax Fund				
Debt Service Fees	\$ 3,000	\$ -	\$ -	0%
Bond Issuance Costs	44,475	-	-	0%
Capital Facilities Tax Subtotal	47,475	-	-	0%
Capital Improvements Fund				
Debt Service Fees	-	270,000	-	-100%
Capital Improvements Fund Subtotal	-	270,000	-	-100%
Parks Capital Fund				
Debt Service Fees	3,000	3,000	3,000	0%
Parks Capital Fund Subtotal	3,000	3,000	3,000	0%
Total	\$ 50,475	\$ 273,000	\$ 3,000	-99%

DEBT SERVICE EXPENDITURES SUPPORTED BY DEBT SERVICE FUNDS

The information that follows includes functional expenditures accounted for in the Washoe County Debt Service funds. The County's two debt service funds are the Washoe County Debt Service Fund and the Special Assessment District Debt Fund.

WASHOE COUNTY DEBT SERVICE FUND SUMMARY

Functional Expenditures	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
Debt Service Supported by Operating Resources				
Principal	\$ 16,980,993	\$ 4,101,601	\$ 4,250,606	4%
Interest	6,010,960	5,211,065	4,938,542	-5%
Debt Service Fees	56,768	9,054	6,086	-33%
Subtotal	23,048,721	9,321,720	9,195,234	-1%
Debt Service Supported by Ad Valorem Revenue				
Principal	5,370,000	2,745,000	2,935,000	7%
Interest	2,362,246	2,197,278	1,898,162	-14%
Services and Supplies	32,258	30,000	31,900	6%
Debt Service Fees	4,320	6,572	6,172	-6%
Subtotal	7,768,824	4,978,850	4,871,234	-2%
Total Functional Expenditures	\$ 30,817,545	\$ 14,300,570	\$ 14,066,468	-2%

As detailed above, sources for debt service accounted for in the Washoe County Debt Service Fund come from two main sources, ad valorem revenue and operating resources. Details of expenditures for these two sources are displayed in the tables on the following two page.

DEBT SERVICE SUPPORTED BY OPERATING RESOURCES

The bonds supported by operating resources include:

- General Obligation Bonds
- Medium Term Financing
- Capital Leases
- Sales Tax Revenue Bonds, and
- Car Rental Tax Revenue Bonds

Functional Expenditures	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
General Obligation Backed Revenue Bonds				
Principal	\$ 2,434,851	\$ 2,538,701	\$ 2,693,406	6%
Interest	3,869,429	3,397,784	3,194,910	-6%
Debt Service Fees	3,268	2,554	2,586	1%
General Obligation Backed Revenue Bonds Subtotal	6,307,548	5,939,039	5,890,902	-1%
Medium Term Financing				
Principal	10,950,000	452,000	469,000	4%
Interest	323,231	114,325	97,014	-15%
Medium Term Financing Subtotal	11,273,231	566,325	566,014	0%
Capital Lease and Other				
Principal	2,570,442	-	-	0%
Interest	69,029	-	-	0%
Capital Lease and Other Subtotal	2,639,471	-	-	0%
Sales Tax Revenue Bond				
Principal	570,000	595,000	625,000	5%
Interest	851,913	825,985	798,223	-3%
Debt Service Fees	50,500	500	500	0%
Sales Tax Revenue Bond Subtotal	1,472,413	1,421,485	1,423,723	0%
Car Rental Tax Revenue Bond				
Principal	455,700	515,900	463,200	-10%
Interest	897,358	872,971	848,395	-3%
Debt Service Fees	3,000	6,000	3,000	-50%
Car Rental Tax Rev. Bond Subtotal	1,356,058	1,394,871	1,314,595	-6%
Total Functional Expenditures	\$ 23,048,721	\$ 9,321,720	\$ 9,195,234	-1%

DEBT SERVICE SUPPORTED BY AD VALOREM REVENUE (DEBT RATE)

These expenditures account for ad valorem taxes and investment earnings thereon, specifically apportioned and appropriated for the retirement of ad valorem supported debt principal and interest, as well as the payment of other debt supported by other legal resources transferred in from various funds. The Ad Valorem Debt Rate for FY 12/13 is 0.0393.

Functional Expenditures	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
General Obligation Backed Revenue Bonds				
Principal	\$ 5,370,000	\$ 2,745,000	\$ 2,935,000	7%
Interest	2,362,246	2,197,278	1,898,162	-14%
Services and Supplies	32,258	30,000	31,900	6%
Debt Service Fees	4,320	6,572	6,172	-6%
General Obligation Backed Revenue Bonds Subtotal	7,768,824	4,978,850	4,871,234	-2%
Total Functional Expenditures	\$ 7,768,824	\$ 4,978,850	\$ 4,871,234	-2%

SPECIAL ASSESSMENT DISTRICT DEBT SERVICE

This fund accounts for assessments, penalties and interest and other resources to retire debt issued for completed improvements benefiting properties against which the special assessments are levied:

- District 21 - Cold Springs: Sewer treatment plant
- District 29 - Mount Rose: Sewer Line project
- District 31 – Spearhead/Running Bear Drive: Road project
- District 32 – Spanish Springs Valley Ranches Road
- District 35 – Rhodes Road: Road project
- District 36 - Evergreen Drive: Road project
- District 37 – Spanish Springs Sewer Phase 1a
- District 39 – Lightning W. Water Supply

The debt service fund for special assessment districts was established to account for the actual assessments levied and bonds or other debt incurred in the construction of a special assessment district project. Assessments are levied on specific parcels of land based on criteria approved for the particular assessment districted, related to the value of improvement of the parcel. Assessments collected in a particular assessment district can only be applied to the benefit of that district during the life of the indebtedness.

SPECIAL ASSESSMENT DISTRICT DEBT FUND SUMMARY

Functional Expenditures	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
Special Assessment				
Principal	\$ 473,868	\$ 744,064	\$ 498,704	-33%
Interest	158,539	807,093	405,852	-50%
Administrative Fees	35,415	43,010	32,185	-25%
Special Assessment Subtotal	667,822	1,594,167	936,741	-41%
Total Functional Expenditures	\$ 667,822	\$ 1,594,167	\$ 936,741	-41%

DEBT SERVICE EXPENSES SUPPORTED BY ENTERPRISE FUNDS

Debt service expenses listed below are supported by enterprise funds. They include the Golf Course Fund and the Water Resources Fund.

Debt Service Expenses by Fund	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
Golf Course Fund				
Interest/Bond Issuance Costs	\$ 86,907	\$ -	\$ -	0%
Golf Course Fund Subtotal	86,907	-	-	0%
Water Resources Fund				
Interest/Bond Issuance Costs	2,629,679	2,565,787	2,485,963	-3%
Water Resources Fund Subtotal	2,629,679	2,565,787	2,485,963	-3%
Total	\$ 2,716,586	\$ 2,565,787	\$ 2,485,963	-3%

DEBT SERVICE EXPENDITURES SUPPORTED BY SPECIAL REVENUE FUNDS

Debt service expenditures listed below are supported by the Truckee River Flood Management Special Revenue Fund. The Truckee River Flood Management Fund became its own entity after the FY 12/13 budget was adopted and is shown here for consistency.

Expenditure/Expense by Fund	FY10/11 Actual	FY11/12 Budget	FY12/13 Budget	% Change 11/12-12/13
Truckee River Flood Management Fund				
Debt Service Fees	3,000	3,000	3,000	0%
Truckee River Flood Management Subtotal	3,000	3,000	3,000	0%
Total	\$ 3,000	\$ 3,000	\$ 3,000	0%

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