

DEBT SERVICE FUNDS

This section is for information purposes only, debt is budgeted for in each Fund separately.

The necessity to incur debt in order to finance capital outlay carries with it the obligation to manage debt payments effectively. The level of outstanding debt and the City's ability to incur and repay additional debt require scrutiny.

Long term projected financing is linked to economic, demographic and financial resources expected to be available to repay the debt.

General Fund:

➡ **LIBRARY LOAN:** In 2006, a new library was built utilizing a USDA, 4.13% Loan. The proceeds from the sale of the old library went directly to pay down library loans. Currently, \$1,454,284 is outstanding on this loan, with a budgeted payment of \$99,824 in 2011.

Utility Fund:

➡ **HAWSP (Homer Accelerated Water/Sewer Projects)** This Fund collects 3/4 of 1% of Sales Tax Receipts received by the City of Homer. New infrastructure is completed through this fund. Loans are taken out through Alaska Clean Water/Drinking Water through the ADEC. Low interest rates (1.5%) are payable in a twenty year time frame.

Of the five loans listed, four of them are in part being paid back by customers through an "LID" (Land Improvement District), which charges the customers up to 75% of the costs to run water lines to their property. \$5,845,153 is currently outstanding, with a budgeted repayment of \$682,602 in 2011.

The last outstanding loan through the ADWF is for the new Water Treatment Plant completed in 2010, \$7,600,000 is currently outstanding, with a budgeted payment of \$499,092 in 2011.

Port & Harbor Fund:

➡ Currently the Port & Harbor is debt free!

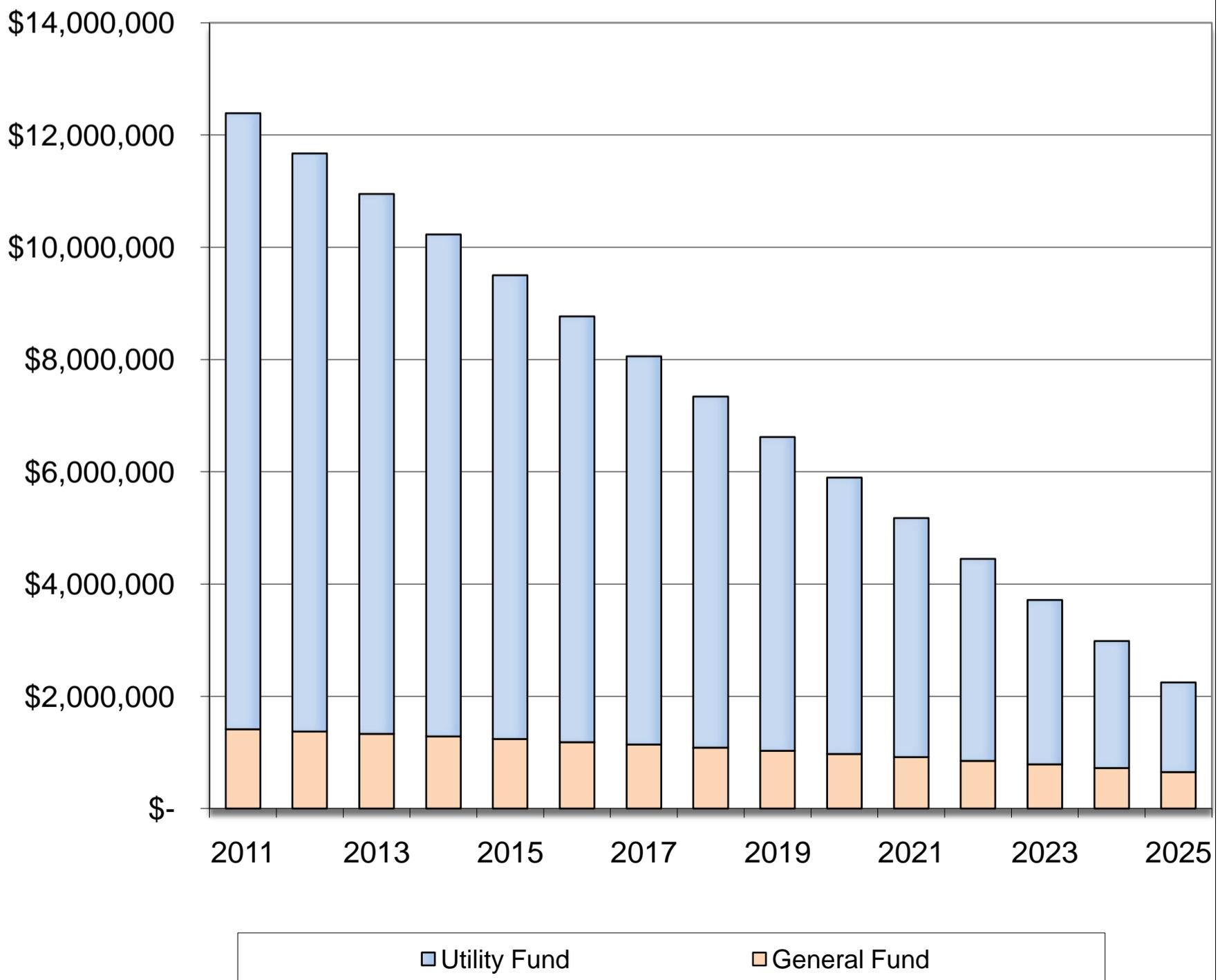
**City of Homer
2011 Operating Budget**

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	2011	2012	2013	2014	2015	2016	2017	2018
General Fund	\$ 1,414,450	\$ 1,372,972	\$ 1,329,783	\$ 1,284,812	\$ 1,237,987	\$ 1,184,230	\$ 1,138,461	\$ 1,085,599
Utility Fund	10,972,682	10,298,402	9,620,162	8,941,922	8,263,682	7,585,442	6,920,391	6,255,340
Total Reserves	\$12,387,132	\$11,671,374	\$10,949,945	\$10,226,734	\$9,501,669	\$8,769,672	\$8,058,852	\$7,340,939

	2019	2020	2021	2022	2023	2024	2025
General Fund	\$ 1,030,556	\$ 973,242	\$ 913,565	\$ 851,425	\$ 786,722	\$ 719,351	\$ 649,199
Utility Fund	5,590,289	4,925,238	4,260,187	3,595,136	2,930,085	2,265,034	1,600,000
Total Reserves	\$ 6,620,845	\$ 5,898,480	\$ 5,173,752	\$ 4,446,561	\$3,716,807	\$2,984,385	\$2,249,199

Total Debt Requirements to Maturity Fiscal Years 2011 to 2025



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2011 Operating Budget**

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	Interest Rates	Maturity Date	Annual Principal Installments 2004-2035	Outstanding 12/31/2009	Outstanding 12/31/2010	Outstanding 12/31/2011
General Fund:						
Rescue Vehicle	4.57%	2009	\$6,531 - \$8,197	-	-	-
2006 USDA Library Loan #20	4.13%	2035	\$29,908 - \$92,751	1,492,541	1,454,284	1,414,450
2006 PW Equipment	5.65%	2010	\$2,810 - \$3,422	6,703	-	-
Street Sweeper Loan #181	1.50%	2010	\$14,355	14,355	-	-
Water / Sewer Fund:						
1989 ADEC Loan #11**	1.50%	2011	\$260,495 - 335,985	667,005	335,985	-
2002 ADEC Loan #31**	1.50%	2025	\$121,973	1,951,560	1,829,588	1,707,615
2002 ADEC Loan #41	1.50%	2025	\$143,077	2,289,239	2,146,162	2,003,084
2002 ADEC Loan #51**	1.50%	2025	\$13,189	92,323	79,134	61,983
2008 ADWF Loan #131	1.50%	2030	\$400,000	8,000,000	7,600,000	7,200,000
2006 Equipment	5.65%	2010	\$9,949 - \$11,566	22,649	-	-
Midhill PRV Loan #211	1.50%	2010	\$19,000	19,000	-	-
Port & Harbor:						
1998 Revenue Bond*	4-4.50%	2009	\$150,000 - 185,000	-	-	-
2006 Equipment	5.65%	2010	\$3,990 - \$4,860	9,517	-	-
Total				\$ 14,564,891	\$ 13,445,153	\$ 12,387,132

* Bonds were refinanced in 1998 to lower the interest rate.

** Interest rate reduced from 2.5% to 1.5% in 2005.

**City of Homer
2011 Operating Budget**

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GENERAL FUND

Department	Year Beginning	Year Ending	2009		2010		2011	
			Principal	Interest	Principal	Interest	Principal	Interest
Library - 97-20	2006	2035	36,887	62,937	38,257	61,567	39,835	59,989
Fire - Ambulance	2001	2009	8,197	94	-	-	-	-
Public Works - 1/3 Excavator	2006	2010	12,850	840	6,703	143	-	-
Street Sweeper Loan #181	2009	2010			14,355	1	-	-
Totals			57,934	63,871	44,959	61,710	39,835	59,989
				121,805		106,669		99,824

UTILITY FUND

WATER & SEWER FUND

Department	Year Beginning	Year Ending	2009		2010		2011	
			Principal	Interest	Principal	Interest	Principal	Interest
Water - 1/3 Excavator & 1/2 Loader	2006	2010	21,714	1,365	11,324	242	-	-
Sewer - 1/3 Excavator & 1/2 Loader	2006	2010	21,714	1,365	11,324	242	-	-
Totals			43,428	2,730	22,649	483	-	-
				46,158		23,132		-

HAWSP FUND

Department	Year Beginning	Year Ending	2009		2010		2011	
			Principal	Interest	Principal	Interest	Principal	Interest
AKCW Loan #11	2001	2011	326,128	14,897	326,128	10,005	335,985	5,040
AKCW Loan #31	2006	2025	121,973	31,103	121,973	29,273	121,973	27,444
AKDW Loan #41	2006	2025	143,077	36,485	143,078	34,339	143,077	32,192
AKCW Loan #51	2007	2016	13,189	1,583	15,496	1,627	15,496	1,395
ADWF Loan #131 - Water Treatment	2009	2028			400,000	53,280	400,000	99,092
Midhill PRV Stairway loan #211	2009	2010			19,000	1		
Totals			604,367	84,068	1,025,675	128,525	1,016,531	165,163
				688,435		1,154,200		1,181,694

ENTERPRISE FUND

PORT & HARBOR FUND

Department	Year Beginning	Year Ending	2009		2010		2011	
			Principal	Interest	Principal	Interest	Principal	Interest
Port Bonds	1998	2009	8,325	8,325	-	-		
Loader	2006	2010	1,192	1,192	9,517	203		
Totals			9,517	9,517	9,517	203	-	-
				19,034		9,720		-

Grand Total - All Funds

	160,186	1,102,800	190,922	1,056,366	225,152
	160,186		1,293,722	1,281,518	