
Town of Payson, Arizona

2013/14 DEBT MANUAL

Acknowledgements

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2013/2014 DEBT MANUAL

INTRODUCTION

The Town of Payson's long-term debt consists of General Obligation Debt, Proprietary Debt, and Miscellaneous Debt. The Town is in compliance with all Arizona State debt limitation statutes and bond indenture agreements. The following table represents the latest bond ratings for each type of debt for which ratings are given:

Type of Bonds Issued (Latest Year)	Standard & Poor's
General Obligation Bonds (2002)	A+

GENERAL OBLIGATION DEBT:

The second largest category of debt is that of General Obligation (GO) Debt. GO debt consists of general debt, special assessment debt, revenue debt. As of July 1, 2013, there was \$3 million in principal outstanding general obligation debt.

PROPRIETARY DEBT:

The largest category of the Town of Payson's debt is that of Proprietary Debt which consists of Water Infrastructure Finance Authority (WIFA) loans and a land note. As of July 1, 2013, there was \$9.8 million in principal outstanding proprietary debt consisting of: WIFA Debt of \$9,662,700 and \$111,600 principal outstanding on the land note.

MISCELLANEOUS DEBT:

The final component of Town debt is categorized as Miscellaneous debt, which does not affect the legal debt limitations noted above. Included in this category are inter-fund loans which are loans between Town funds, lease/purchase agreements and Certificates of Participation. As of July 1, 2013, the Town had \$1,543,200 in principal outstanding for this type of debt. Another type of debt that does not affect overall debt is a land note within the Water Division. As of July 1, 2013, there was \$111,600 in principal outstanding for this type of debt.

2013/2014 DEBT MANUAL

INTRODUCTION

With the consent of the citizens, the Town may be indebted up to 6% of the net secondary assessed value of the property within the Town for general purposes, and up to 20% of the net assessed value for the purposes of water, sewer, light, parks, open space and recreation facilities, public safety and public safety facilities, and streets and transportation facilities.

Type of Debt	Debt Limit for Town of Payson	Total Principal of Outstanding Debt As of July 1, 2013	Margin of Indebtedness Still Available
Total Allowable Indebtedness	\$43,039,914	\$12,817,700	\$30,222,214
6% Debt Limitation	\$9,932,288	\$470,000	\$9,462,288
20% Debt Limitation	\$33,107,626	\$12,347,700	\$20,759,926

DEFINITIONS

General Obligation Debt is debt for which the Town has pledged its full faith and credit, including its power to tax against retiring the debt. General Obligation Bond proceeds are used to finance capital improvements such as streets and municipal buildings. General obligation debt may be incurred with a vote of the people. If a majority of the qualified electors vote in favor of the bond, the Town may secure the bonds. Repayment of the bonds can be from general Town funds for from a specified revenue stream of the Town. Authority issue bonds and to hold a bond election can be found in the Arizona Revised Statutes (ARS) 9.522 and 9.523.

Revenue Bonds are a form of general obligation debt that is retired by means of revenue other than taxes. Revenue Bonds do not pledge the full faith and credit of the Town and its taxing authority to the retirement of the bonds. Revenue Bonds are used generally to finance public facilities. A portion of general revenues is pledged as repayment and/or added transaction privilege taxes are used for repayment. Authority issue revenue bonds can be found in the Arizona Revised Statutes (ARS) 9.539.

Certificates of Participation are a debt instrument where the financier buys the property and maintains financial ownership of the property until it is completely paid off.

Contract/Lease Debt may be incurred by the Town, like any other entity, for various purposes such as lease-purchase, temporary borrowing, and other contractual agreements.

2013/2014 DEBT MANUAL

DEBT SUMMARY

Town of Payson, Arizona

All Town of Payson Debt

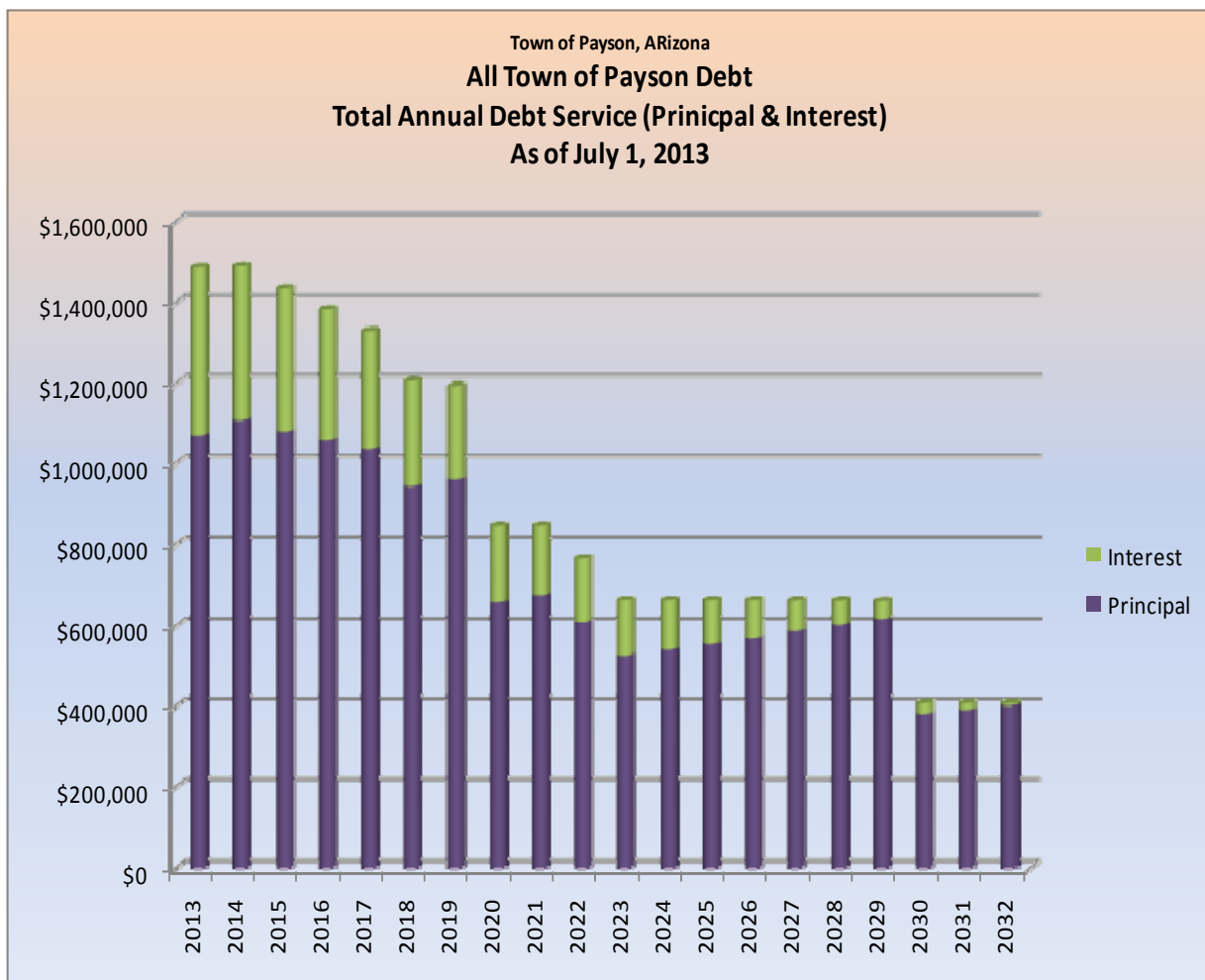
Total Outstanding Principal and Interest

As of July 1, 2013

Year	Principal	Interest	Totals Year
2013	1,070,199	416,550	1,486,749
2014	1,105,899	383,756	1,489,655
2015	1,080,913	355,941	1,436,854
2016	1,058,170	324,256	1,382,426
2017	1,037,499	292,320	1,329,819
2018	945,051	261,250	1,206,301
2019	962,959	231,409	1,194,368
2020	656,232	190,159	846,391
2021	674,883	172,052	846,935
2022	608,921	155,615	764,536
2023	523,357	138,525	661,882
2024	538,202	123,469	661,671
2025	553,469	107,985	661,454
2026	569,168	92,063	661,231
2027	585,314	75,688	661,002
2028	601,918	58,849	660,767
2029	617,842	41,549	659,391
2030	379,583	27,472	407,055
2031	390,211	16,695	406,906
2032	401,138	5,616	406,754
Totals	\$ 14,360,928	3,471,219	\$ 17,832,147
Less Enterprise Debt:			
	(9,774,293)	(2,819,828)	
	\$ 4,586,635	651,391	\$ 5,238,026

2013/2014 DEBT MANUAL

DEBT SUMMARY



2013/2014 DEBT MANUAL

DEBT SUMMARY

Town of Payson, Arizona

All Town of Payson Debt

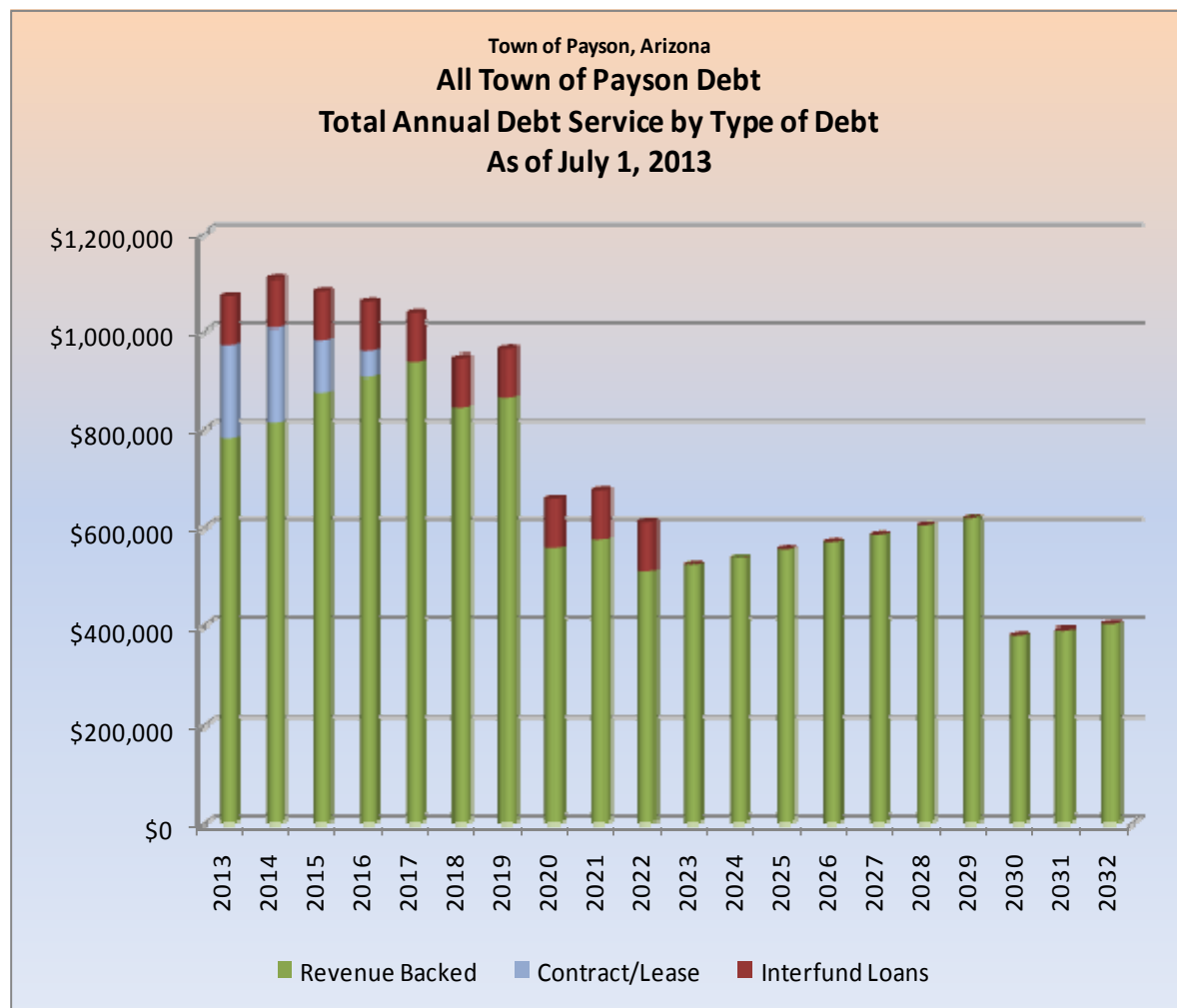
Total Annual Debt Service as of July 1, 2013 (Principal Only)

Year	Revenue Backed Debt*	Contract/Lease Debt	Interfund Loans	Totals by Year
2013	781,372	188,827	100,000	1,070,199
2014	811,885	194,014	100,000	1,105,899
2015	873,426	107,487	100,000	1,080,913
2016	905,295	52,875	100,000	1,058,170
2017	937,499	-	100,000	1,037,499
2018	845,051	-	100,000	945,051
2019	862,959	-	100,000	962,959
2020	556,232	-	100,000	656,232
2021	574,883	-	100,000	674,883
2022	508,921	-	100,000	608,921
2023	523,357	-	-	523,357
2024	538,202	-	-	538,202
2025	553,469	-	-	553,469
2026	569,168	-	-	569,168
2027	585,314	-	-	585,314
2028	601,918	-	-	601,918
2029	617,842	-	-	617,842
2030	379,583	-	-	379,583
2031	390,211	-	-	390,211
2032	401,138	-	-	401,138
Totals	\$ 12,817,725	\$ 543,203	\$ 1,000,000	\$ 14,360,928

* Includes Special Assessment Debt, Water Enterprise Fund Debt and General Town Debt.

2013/2014 DEBT MANUAL

DEBT SUMMARY



2013/2014 DEBT MANUAL

DEBT SUMMARY

Town of Payson, Arizona
Water Enterprise Only
Total Water Enterprise Principal
As of July 1, 2013

Year	Revenue Backed Debt	Contract Debt Bonds	Total By Year
2013	396,372	52,402	448,774
2014	406,885	54,537	461,422
2015	418,426	4,628	423,054
2016	430,295	-	430,295
2017	442,500	-	442,500
2018	455,051	-	455,051
2019	467,959	-	467,959
2020	481,233	-	481,233
2021	494,883	-	494,883
2022	508,921	-	508,921
2023	523,357	-	523,357
2024	538,202	-	538,202
2025	553,469	-	553,469
2026	569,169	-	569,169
2027	585,314	-	585,314
2028	601,918	-	601,918
2029	617,841	-	617,841
2030	379,583	-	379,583
2031	390,211	-	390,211
2032	401,137	-	401,137
Totals	\$ 9,662,726	\$ 111,567	\$ 9,774,293

Town of Payson, Arizona
Water Enterprise Only
Total Water Enterprise Interest
As of July 1, 2013

Year	Revenue Backed Debt	Contract Debt Bonds	Total By Year
2013	268,040	3,324	271,364
2014	256,648	1,190	257,838
2015	244,944	16	244,960
2016	232,907	-	232,907
2017	220,528	-	220,528
2018	207,799	-	207,799
2019	194,708	-	194,708
2020	181,246	-	181,246
2021	167,402	-	167,402
2022	153,165	-	153,165
2023	138,525	-	138,525
2024	123,469	-	123,469
2025	107,985	-	107,985
2026	92,063	-	92,063
2027	75,688	-	75,688
2028	58,849	-	58,849
2029	41,549	-	41,549
2030	27,472	-	27,472
2031	16,695	-	16,695
2032	5,616	-	5,616
Totals	2,815,299	4,529	2,819,828

2013/2014 DEBT MANUAL

GENERAL OBLIGATION DEBT

TOWN OF PAYSON GENERAL OBLIGATION DEBT

The Town has several general obligation bonds issues outstanding. While each issue has a revenue stream connected to the issue, some of the issues have a designated revenue stream stated in the bond documents. For the purposes of this document, those issues with a designated revenue stream are shown as “Revenue Backed” debt, discussed later in the document.

2003 Excise Tax Revenue Obligation Series 2003A - The Town has pledged future excise taxes (sales taxes, franchise fees, state shared revenue etc.) to repay \$860,000 in general obligation bonds issued in 2003. Proceeds of the bonds provided financing for a new public works building. The bonds are payable from excise taxes and are payable through 2017. Annual principal and interest payments on the bonds are expected to require less than 2% of net revenues. The total principal and interest remaining to be paid on the bonds is \$641,739.

Town of Payson, Arizona

All Town of Payson Debt

Total General Obligation Debt Service as of July 1, 2013

Year	Excise Tax	Interest	Total
	Bond		
2013	105,000	23,119	128,119
2014	110,000	18,550	128,550
2015	115,000	13,697	128,697
2016	120,000	8,482	128,482
2017	125,000	2,891	127,891
Totals	\$ 575,000	\$ 66,739	\$ 641,739

2013/2014 DEBT MANUAL

REVENUE BACKED DEBT

REVENUE BACKED DEBT

Revenue backed debt is general obligation debt that has a designated revenue stream stated in the bond documents for repayment of the debt.

General Obligation Bonds Project 2003, Series 2004, Westerly Road Improvement Bonds – The Town issued \$875,000 in governmental special assessment bonds to provide financing for improvements in the Westerly Drive Improvement District (District). The bonds are payable solely from special assessments levied against all privately owned lots, pieces and parcels of land lying within the boundaries of the District. The Town owns land within the District and also pays an assessment. The bonds are payable through 2021. The total principal and interest outstanding is \$741,342.

General Obligation Bonds Project 2003, Series 2004, Public Safety – Police – The Town has pledged special sales taxes to repay \$2,030,000 in governmental general obligation bonds issued in 2004. Proceeds of the bonds provided financing for various Police public safety improvements. The bonds are payable solely from special sales taxes and are payable through 2014. Total principal and interest outstanding is \$478,760.

General Obligation Bonds Project 2003, Series 2009, Public Safety – Fire – The Town has pledged special sales taxes to repay \$1,525,000 in governmental general obligation bonds issued in 2009. Proceeds of the bonds provided financing for construction and equipping a new fire station. The bonds are payable solely from special sales taxes and are payable through 2019. Total principal and interest outstanding is \$1,781,203.

2013/2014 DEBT MANUAL

REVENUE BACKED DEBT

WATER ENTERPRISE REVENUE BACKED DEBT

Water Infrastructure Financing Authority (WIFA) 2011 Loan 1B – The Town has pledged net revenues from the operation of the Water System to repay \$4,177,800 in loan funds used to provide financing to pay the costs of making improvements, extensions, renewals, replacements and repairs to the pipeline infrastructure from C. C. Cragin Reservoir to the Town of Payson. Total principal and interest outstanding is \$4,318,151

Water Infrastructure Financing Authority (WIFA) 2012 Loan 2 – The Town has pledged net revenues from the operation of the Water System to repay \$6,250,000 in loan funds used to provide financing to pay the costs of making improvements, extensions, renewals, replacements and repairs to the pipeline infrastructure from C. C. Cragin Reservoir to the Town of Payson. Total principal and interest outstanding is \$8,208,495.

2013/2014 DEBT MANUAL

REVENUE BACKED DEBT

Town of Payson, Arizona

All Town of Payson Debt

Total Revenue Backed Debt Service as of July 1, 2013

(Principal Only)

Year	Westerly Rd Improvement District	Police Bonds	Fire Bonds	WATER WIFA Loan 1B	WATER WIFA Loan 2	Total Revenue Backed Bonds
2013	50,000	230,000	-	159,003	237,369	676,372
2014	55,000	240,000	-	162,870	244,015	701,885
2015	60,000	-	280,000	167,579	250,847	758,426
2016	60,000	-	295,000	172,424	257,871	785,295
2017	65,000	-	305,000	177,408	265,091	812,499
2018	70,000	-	320,000	182,537	272,514	845,051
2019	70,000	-	325,000	187,815	280,144	862,959
2020	75,000	-	-	193,244	287,988	556,232
2021	80,000	-	-	198,831	296,052	574,883
2022	-	-	-	204,579	304,342	508,921
2023	-	-	-	210,494	312,863	523,357
2024	-	-	-	216,579	321,623	538,202
2025	-	-	-	222,840	330,629	553,469
2026	-	-	-	229,282	339,886	569,168
2027	-	-	-	235,911	349,403	585,314
2028	-	-	-	242,731	359,187	601,918
2029	-	-	-	248,598	369,244	617,842
2030	-	-	-	-	379,583	379,583
2031	-	-	-	-	390,211	390,211
2032	-	-	-	-	401,138	401,138
Totals	\$ 585,000	\$ 470,000	\$ 1,525,000	\$ 3,412,725	\$ 6,250,000	\$ 12,242,725
Less Enterprise Debt:						\$ (9,662,725)
General Town of Payson Debt						\$ 2,580,000

2013/2014 DEBT MANUAL

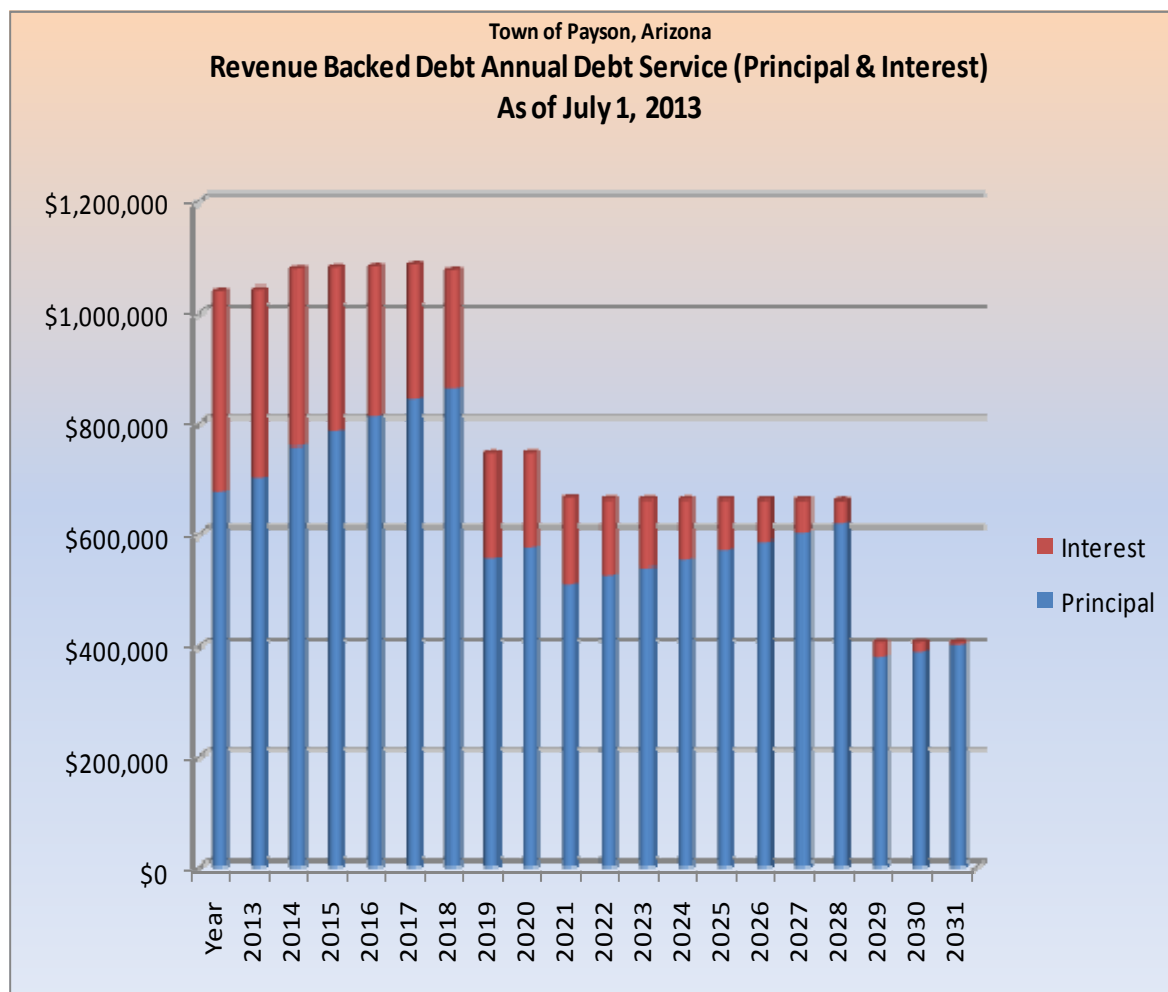
REVENUE BACKED DEBT

Town of Payson, Arizona
Revenue Backed Debt
Principal and Interest
As of July 1, 2013

Year	Total Principal	Total Interest
2013	676,372	364,145
2014	701,885	341,105
2015	758,426	322,038
2016	785,295	297,891
2017	812,499	272,129
2018	845,051	243,950
2019	862,959	214,109
2020	556,232	190,159
2021	574,883	172,052
2022	508,921	155,615
2023	523,357	138,525
2024	538,202	123,469
2025	553,469	107,985
2026	569,168	92,063
2027	585,314	75,688
2028	601,918	58,849
2029	617,842	41,549
2030	379,583	27,472
2031	390,211	16,695
2032	401,138	5,616
Totals	\$ 12,242,725	\$ 3,261,103

2013/2014 DEBT MANUAL

REVENUE BACKED DEBT



2013/2014 DEBT MANUAL

CONTRACT/LEASE DEBT

CONTRACT/LEASE DEBT

The Town has incurred debt through equipment lease/purchase agreements and by a note for a land purchase.

2011 Police Vehicle Lease/Purchase – This lease/purchase began in 2012 for six (6) new police vehicles. The lease term is January 2012 to December 2014. The original amount of the lease/purchase was \$130,000 plus interest. As of July 1, 2013 there is \$76,901 of principal outstanding and \$1,775 in interest outstanding.

2011 Fire Truck Lease/Purchase – This lease/purchase began in 2012 for an additional fire truck. The lease term is May 2012 to November 2016. The original amount of the lease/purchase was \$497,700 plus interest. As of July 1, 2013 there is \$354,735 of principal outstanding and \$15,387 in interest outstanding.

WATER ENTERPRISE LAND NOTE

Little Property Purchase – In 2005 the Water Enterprise fund purchased some acreage on the American Gulch of Main Street. This term of this land note is July 2005 to July 2015. The original principal amount of the purchase was \$458,700. As of July 1, 2013 there is \$111,567 of principal outstanding and \$4,514 in interest outstanding.

2013/2014 DEBT MANUAL

CONTRACT/LEASE DEBT

Town of Payson, Arizona

All Town of Payson Debt

Total Contract/Lease Debt Service as of July 1, 2013

(Principal Only)

Year	Fire Truck 1	Police Vehicles	Fire Truck 2	WATER Land	Total
	Lease/Purchase	Lease/Purchase	Lease/Purchase	Purchase	Contract/Lease Debt
2013	-	38,028	98,397	52,402	188,827
2014	-	38,873	100,604	54,537	194,014
2015	-	-	102,859	4,628	107,487
2016	-	-	52,875	-	52,875
Totals	\$ -	\$ 76,901	\$ 354,735	\$ 111,567	\$ 543,203
Less Enterprise Debt:					\$ (111,567)
General Town of Payson Debt					\$ 431,636

2013/2014 DEBT MANUAL

INTER-FUND DEBT

INTER-FUND DEBT

For Fiscal Year 2010/2011, the Town took a loan from the Water Enterprise fund of \$1,000,000. The repayment terms are principal payments of \$100,000 a year and interest of \$17,262 a year. Due the continued economic downturn, the Town has not been able to make the principal payments yet. Interest has been paid. Unpaid principal amounts are being added to the end of the loan period, extending the term of the loan. As of July 1, 2013 there is \$1,000,000 of principal outstanding and \$120,834 of interest outstanding.

Repayment of this loan is a priority of the Town and will begin as soon as the Town recovers from the actions taken to survive the recent economic turmoil.