

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

NOTE 8 – LONG-TERM DEBT

At September 30, 2020, the City’s long-term bonded debt consisted of the following:

<u>Governmental Activities:</u>	Range of Interest Rates	Original Amount
Certificates of Obligations Series 2012	2.000%-3.250%	3,351,600
Certificates of Obligations Series 2012	2.000%-3.000%	1,925,000
Certificates of Obligations Series 2015	2.000%-4.000%	3,639,500
<u>Business Activities:</u>	Range of Interest Rates	Original Amount
Certificates of Obligations Series 2012	2.000%-3.250%	2,633,400
Certificates of Obligations Series 2015	2.000%-4.000%	2,635,500
General Obligation Refunding Bonds, Series 2017	3.000%-4.000%	2,620,000

Changes in the City’s long-term debt during the fiscal year ended September 30, 2020 is as follows:

<u>Governmental Activities:</u>	Balance 10/1/19	Additions	Retirements	Balance Outstanding 9/30/20	Due in One Year
2012 Series	\$ 2,595,600	\$ -	\$ (168,000)	\$ 2,427,600	\$ 170,800
2012 Series	1,010,000	-	(190,000)	820,000	195,000
2015 Series	3,146,500	-	(150,800)	2,995,700	153,700
Capital Lease	53,118	33,113	(36,840)	49,391	27,017
Premiums	393,364	-	(32,282)	361,082	32,282
	<u>\$ 7,198,582</u>	<u>\$ 33,113</u>	<u>\$ (577,922)</u>	<u>\$ 6,653,773</u>	<u>\$ 578,799</u>
<u>Business-Type Activities:</u>	Balance 10/1/19	Additions	Retirements	Balance Outstanding 9/30/20	Due in One Year
2012 Series	\$ 2,039,400	\$ -	\$ (132,000)	\$ 1,907,400	\$ 134,200
2015 Series	2,278,500	-	(109,200)	2,169,300	111,300
2017 Series	2,580,000	-	(200,000)	2,380,000	205,000
Capital Lease	21,615	-	(5,028)	16,587	5,262
Premiums	439,189	-	(34,707)	404,482	36,508
	<u>\$ 7,358,704</u>	<u>\$ -</u>	<u>\$ (480,935)</u>	<u>\$ 6,877,769</u>	<u>\$ 492,270</u>

A. General Obligation Bonds

These bonds are supported by a pledge of the City’s faith and credit. The related bond ordinances require a levy and collection of a tax without limitation as to rate or amount on all property subject to taxation by the City sufficient in amount to pay the principal and interest on such bonds as they shall become due. The ordinances also require that a sinking fund be created and administered by the City solely for the purpose of paying principal and interest when due. Specific sinking fund reserve requirements for the City’s general obligation bonds are being followed. There were no private placement Certificate of Obligation.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

NOTE 8 – LONG-TERM DEBT (CONT.)

A. General Obligation Bonds (Cont.)

On October 10, 2012, the City issued \$5,985,000 Certificates of Obligations Series 2012 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all property within the city, as well as pledged revenue of up to \$1,000 of the surplus revenues from the Proprietary Fund. The certificates were issued for the purpose of paying contractual obligations of the City for the construction of city street and drainage improvements; and improvements and extensions of the City's water system.

On October 10, 2012, the City issued \$1,925,000 Certificates of Obligations Series 2012 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all payable property within the city. The certificates were issued to advance refund the remaining bonds outstanding of the Certificates of Obligations Series 2002 and \$1,335,000 of the Certificates of Obligations Series 2005. The refunding saved the City a total of \$188,521 with a net present value of \$173,073.

On July 9, 2015, the City issued \$6,275,000 Certificates of Obligations Series 2015 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all property within the city, as well as pledged revenue of up to \$1,000 of the surplus revenues from the Proprietary Fund. The certificates were issued for the purpose of paying contractual obligations of the City for the construction of city street and drainage improvements; improvements and extensions of the City's water system; renovation of the City's community/civic center; and park improvements.

On October 4, 2017, the City issued \$2,620,000 General Obligation Refunding Bonds, Series 2017 pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all property within the city. The certificates were issued to advance refund \$2,620,000 of the Certificates of Obligations Series 2012. The refunding saved the City a total of \$209,902 with a net present value of \$182,669.

B. Debt Amortization

Advance refundings of debt result in differences between the carrying amount of refunded obligations and the payments to defease the debt. These differences are recorded on the Statement of Net Position and amortized over the life of the shorter of the new or refunded obligations. As of September 30, 2020, the City reported \$101,831 in deferred refunding losses that will be amortized in future periods.

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

NOTE 8 – LONG-TERM DEBT (CONT.)

B. Debt Amortization (Cont.)

Requirements to amortize all long-term bond debt over the remaining lives are as follows:

Governmental Activities:

Fiscal Year Ending September 30	Principal	Interest	Total
2021	\$ 519,500	\$ 200,761	\$ 720,261
2022	530,900	186,848	717,748
2023	487,300	172,503	659,803
2024	498,000	157,723	655,723
2025	509,400	142,612	652,012
2026-2030	2,033,000	501,767	2,534,767
2031-2035	1,665,200	138,687	1,803,887
	<u>\$ 6,243,300</u>	<u>\$ 1,500,901</u>	<u>\$ 7,744,201</u>

Business -Type Activities:

Fiscal Year Ending September 30	Principal	Interest	Total
2021	\$ 450,500	\$ 211,453	\$ 661,953
2022	469,100	198,341	667,441
2023	482,700	184,410	667,110
2024	492,000	169,790	661,790
2025	505,600	154,826	660,426
2026-2030	2,822,000	500,928	3,322,928
2031-2035	1,234,800	101,375	1,336,175
	<u>\$ 6,456,700</u>	<u>\$ 1,521,123</u>	<u>\$ 7,977,823</u>

Requirements to amortize capital leases over the remaining lives are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2021	\$ 29,832	\$ 5,973
2022	17,676	5,973
2023	5,973	5,973
	53,481	17,919
Less: Amount Representing Interest	(4,090)	(1,332)
	<u>\$ 49,391</u>	<u>\$ 16,587</u>

CITY OF GARDEN RIDGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT.)
SEPTEMBER 30, 2020

NOTE 8 – LONG-TERM DEBT (CONT.)

B. Debt Amortization (Cont.)

The City leased capital assets for governmental and business type activities in the amount of \$93,654 and \$26,378, respectively. Accumulated depreciation on the capital assets leased for governmental and business-type activities was \$15,511 and \$7,851, respectively, as of September 30, 2020.