



Town of Yountville

6550 Yount Street
Yountville, CA 94599

Staff Report

Agenda Item #: {{section.number}}F

Yountville Town Council Staff Report

DATE: May 5, 2022

TO: Mayor and Town Council

FROM: Celia King, Finance Director

PREPARED BY: Celia King, Finance Director

SUBJECT:
Debt Service Funds Review

DISCUSSION/BACKGROUND

The Town Council will review and discuss the Fiscal Year 2022/2023 proposed budget for Debt Service Funds, as follows:

1. [2013 Lease Revenue Bond Debt Service Fund 53](#)
2. [2017 Lease Revenue Bond Debt Service Fund 54](#)
3. [2020 Direct Placement Financing Debt Service Fund 55](#)

Revenue and Transfers

Data

	2019/2020 Actual	2020/2021 Actual	2021/2022 Adopted Budget	2021/2022 Estimated	2022/2023 Budget
(3301) Interest Income	\$ 5,253	\$ 0	\$ 0	\$ 0	\$ 0
(3900) Interfund Transfer	281,085	0	0	0	0
(3955) Interfund Transfer - Debt Svc (2020)	2,241,219	0	0	0	0
(3964) Interfund Transfer - WW Utility Capital	28,428	0	0	0	0
Total	\$ 2,555,986	\$ 0	\$ 0	\$ 0	\$ 0

Expenditures and Transfers

Total Expenditure Budget

	2019/2020 Actual	2020/2021 Actual	2021/2022 Adopted Budget	2021/2022 Estimated	2022/2023 Budget
Bank & Fiscal Agent Fees	\$850	\$0	\$0	\$0	\$0
Principal	\$2,530,000	\$0	\$0	\$0	\$0
Interest	\$69,732	\$0	\$0	\$0	\$0
Interfund Transfer-Debt Svc (2020)	\$0	\$49,783	\$0	\$0	\$0
TOTAL	\$2,600,582	\$49,783	\$0	\$0	\$0

Summary of Fund Balance Activity

Town of Yountville 2013 LEASE REVENUE BOND DEBT SERVICE FUND - TOWN HALL & MADISON/YOUNT Fund 53 - Department 7000

	2019/2020 ACTUAL	2020/2021 ACTUAL	2021/2022 BUDGET	2021/2022 ESTIMATED	2022/2023 PROPOSED
■ BEGINNING FUND BALANCE	\$ 94,379	\$ 49,783	\$ -	\$ (0)	\$ (0)
Total Revenue & Financing Sources	\$ 2,555,986	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 2,600,582	\$ 49,783	\$ -	\$ -	\$ -
■ ENDING FUND BALANCE	\$ 49,783	\$ (0)	\$ -	\$ (0)	\$ (0)
Net Change in Fund Balance	(44,596)	(0)	-	-	-

2017 Lease Revenue Bond Debt Service Fund 54 - Community Center

Fund 54 Department 7000



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Department Overview

In October 2017 the Yountville Finance Authority issued 2017 Lease Revenue Bonds in the amount of \$8,500,000 to refund the 2008 Lease Revenue Bonds. This refunding allowed the Town to take advantage of a more favorable interest rate environment than at original issue. The structure of the new bonds mirrors that of the 2008 Bonds, which involves the Town leasing the community center site to the Authority and leasing the complete facility back for the Town's use. The term for the 2017 Lease Revenue Bonds is 21 years, and over the course of this term, \$1,630,628 will be saved because of this refunding.

The original bonds were issued to fund the construction of the Yountville Town Center Project, which consisted of the construction of a 7,500-square-foot Community Center and Library Building, the remodeling of the existing Community Hall, the construction of a new sheriff's substation, and the construction and landscaping of a new 7,000-square foot Town Square. Total construction budget for the project was \$11,197,600 and it was completed and opened for public use in November of 2009.

The Town is obligated to pay the debt from existing General Fund revenue sources and will budget an annual transfer from the General Fund each year to pay principal and interest payments as they come due.

Fiscal Year 2021/2022 Accomplishments

- Annual lease revenue bond payments were made per schedule.

Fiscal Year 2021/2022 Goals and Objectives

- Make timely annual debt service payments for a total of \$543,019.

Budget Highlights

- Transfer in from General Fund (01) in the amount of \$550,000 to cover principal, interest and fiscal agent fees.

Did You Know?

- The 2017 Lease Revenue Bonds will have an outstanding principal balance of \$7,440,000 at June 30, 2022. The final maturity date is December 2039.

Revenue and Transfers

Data

	2019/2020 Actual	2020/2021 Actual	2021/2022 Adopted Budget	2021/2022 Estimated	2022/2023 Budget
(3301) Interest Income	\$ 4,895	\$ 561	\$ 2,500	\$ 200	\$ 200
(3900) Interfund Transfer	546,769	539,369	540,000	540,000	550,000
Total	\$ 551,664	\$ 539,930	\$ 542,500	\$ 540,200	\$ 550,200

Expenditures

Total Expenditure Budget

	2019/2020 Actual	2020/2021 Actual	2021/2022 Adopted Budget	2021/2022 Estimated	2022/2023 Budget
Bank & Fiscal Agent Fees	\$1,750	\$1,650	\$1,850	\$1,850	\$1,850
Principal	\$260,000	\$270,000	\$285,000	\$285,000	\$300,000
Interest	\$284,769	\$271,519	\$257,644	\$257,644	\$243,019
TOTAL	\$546,519	\$543,169	\$544,494	\$544,494	\$544,869

Summary of Fund Balance Activity

Town of Yountville 2017 LEASE REVENUE BOND DEBT SERVICE FUND - COMMUNITY CENTER Fund 54 - Department 7000

	2019/2020 ACTUAL	2020/2021 ACTUAL	2021/2022 BUDGET	2021/2022 ESTIMATED	2022/2023 PROPOSED
■ BEGINNING FUND BALANCE	\$ 7,348	\$ 12,493	\$ 10,993	\$ 9,255	\$ 5,061
Total Revenue	\$ 551,664	\$ 539,930	\$ 542,500	\$ 540,200	\$ 550,200
Total Expenditures	\$ 546,519	\$ 543,169	\$ 544,494	\$ 544,394	\$ 544,869
■ ENDING FUND BALANCE	\$ 12,493	\$ 9,255	\$ 8,999	\$ 5,061	\$ 10,392
Net Change in Fund Balance	5,145	(3,238)	(1,994)	(4,194)	5,331

SCHEDULE OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
5/15/18	—	\$182,954.36	\$182,954.36
11/15/18	\$245,000	151,759.38	396,759.38
5/15/19	—	145,634.38	145,634.38
11/15/19	260,000	145,634.38	405,634.38
5/15/20	—	139,134.38	139,134.38
11/15/20	270,000	139,134.38	409,134.38
5/15/21	—	132,384.38	132,384.38
11/15/21	285,000	132,384.38	417,384.38
5/15/22	—	125,259.38	125,259.38
11/15/22	300,000	125,259.38	425,259.38
5/15/23	—	117,759.38	117,759.38
11/15/23	315,000	117,759.38	432,759.38
5/15/24	—	109,884.38	109,884.38
11/15/24	330,000	109,884.38	439,884.38
5/15/25	—	101,634.38	101,634.38
11/15/25	350,000	101,634.38	451,634.38
5/15/26	—	92,884.38	92,884.38
11/15/26	360,000	92,884.38	452,884.38
5/15/27	—	89,284.38	89,284.38
11/15/27	365,000	89,284.38	454,284.38
5/15/28	—	85,406.25	85,406.25
11/15/28	375,000	85,406.25	460,406.25
5/15/29	—	77,906.25	77,906.25
11/15/29	395,000	77,906.25	472,906.25
5/15/30	—	70,006.25	70,006.25
11/15/30	405,000	70,006.25	475,006.25
5/15/31	—	64,943.75	64,943.75
11/15/31	415,000	64,943.75	479,943.75
5/15/32	—	58,718.75	58,718.75
11/15/32	430,000	58,718.75	488,718.75
5/15/33	—	52,268.75	52,268.75
11/15/33	445,000	52,268.75	497,268.75
5/15/34	—	45,593.75	45,593.75
11/15/34	455,000	45,593.75	500,593.75
5/15/35	—	38,768.75	38,768.75
11/15/35	470,000	38,768.75	508,768.75
5/15/36	—	31,718.75	31,718.75
11/15/36	485,000	31,718.75	516,718.75
5/15/37	—	24,140.63	24,140.63
11/15/37	500,000	24,140.63	524,140.63
5/15/38	—	16,328.13	16,328.13
11/15/38	515,000	16,328.13	531,328.13
5/15/39	—	8,281.25	8,281.25
11/15/39	530,000	8,281.25	538,281.25
	8,500,000	3,590,595	12,090,595

2020 Direct Placement Financing Debt Service Fund 55 - Town Hall & Madison/Yount

Debt Service Fund 55 Department 7000



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Department Overview

In June 2020, the Yountville Finance Authority entered into a Direct Placement Financing with Westamerica Bank in the amount of \$2,303,000 to refund the remaining principal balance of the 2013 Lease Revenue Bonds. The original bonds were issued to fund a seismic retrofit for the historic Town Hall building and the reconstruction of streets and replacement of sewers on Madison & Yount Streets. The result of the refunding was approximately \$51,000 of savings in interest costs over the remaining life of the bonds.

In 2012 the Town completed a feasibility study related to the structural strengthening of the 1930's era unreinforced Town Hall building which is seismically unsafe. The feasibility study found a great likelihood of significant damage to the building in the event of a moderate earthquake that would result in disruption of vital public services and the Town's ability to respond and rebuild after an incident. Town Hall was built in 1920 as an elementary school. In 1977 a new Yountville Elementary School was constructed because the existing building did not meet building code requirements for schools. Town staff then moved from Community Hall into the old school building, which became Town Hall. The bond proceeds also funded reconstruction of Madison Street from Washington to Yount, and Yount Street from Hopper Creek to Monroe along with replacement of the sewer lateral.

The Town is obligated to pay the debt from existing General Fund revenue sources and will budget an annual transfer from the General Fund each year to pay principal and interest payments as they come due. Principal and interest payments for the portion of the sewer line replacement will be funded with a transfer from the Wastewater Capital Fund (64).

Fiscal Year 2020/2021 Accomplishments

- Fund was created and debt service payments in the amount of \$349,051 were made per schedule.

Fiscal Year 2021/2022 Goals and Objectives

- Make timely annual debt service payments for a total of \$351,805 per schedule.

Budget Highlights

- Transfer in from General Fund (01) in the amount of \$273,000 to contribute towards principal, interest, and fiscal agent fees.
- \$48,864 of existing fund balance will be used to contribute towards principal, interest, and fiscal agent fees.
- Transfer in from Wastewater Capital Fund (64) of \$29,991 to cover its debt portion related to the sewer lateral replacement component of the project.

Did You Know?

- The 2020 Lease Revenue Bonds will have an outstanding principal balance of \$1,675,000 on June 30, 2022. The final maturity date is June 2027.

Revenue & Transfers

Data

	2019/2020 Actual	2020/2021 Actual	2021/2022 Adopted Budget	2021/2022 Estimated	2022/2023 Budget
(3301) Interest Income	\$ 0	\$ 748	\$ 500	\$ 400	\$ 200
(3901) Interfund Transfer - From General Fund	0	289,397	357,335	357,335	273,000
(3953) Interfund Transfer - Debt Svc (2013)	0	49,783	0	0	0
(3964) Interfund Transfer - WW Utility Capital	0	29,838	29,755	29,755	29,991
(3990) Bond/Loan Proceeds	2,302,000	0	0	0	0
Total	\$ 2,302,000	\$ 369,765	\$ 387,590	\$ 387,490	\$ 303,191

Expenditures and Transfers

Total Expenditure Budget

	2019/2020 Actual	2020/2021 Actual	2021/2022 Adopted Budget	2021/2022 Estimated	2022/2023 Budget
Bank & Fiscal Agent Fees	\$0	\$0	\$850	\$850	\$250
Principal	\$0	\$312,000	\$316,000	\$316,000	\$324,000
Interest	\$0	\$38,017	\$33,051	\$33,051	\$27,805
Bond Costs	\$58,920	\$0	\$0	\$0	\$0
Interfund Transfer - Debt Svc (2013)	-\$2,241,219	\$0	\$0	\$0	\$0
TOTAL	-\$2,182,300	\$350,017	\$349,901	\$349,901	\$352,055

Summary of Fund Balance Activity

Town of Yountville

2020 DIRECT PLACEMENT FINANCING DEBT SERVICE FUND - TOWN HALL & MADISON/YOUNT

Fund 55 - Department 7000

	2019/2020 ACTUAL	2020/2021 ACTUAL	2021/2022 BUDGET	2021/2022 ESTIMATED	2022/2023 PROPOSED
■ BEGINNING FUND BALANCE	\$ -	\$ 1,861	\$ (37,689)	\$ 21,609	\$ 59,199
Total Revenue	\$ 2,302,000	\$ 369,765	\$ 387,590	\$ 387,490	\$ 303,191
Total Expenditures	\$ 2,300,139	\$ 350,017	\$ 349,901	\$ 349,901	\$ 352,055
■ ENDING FUND BALANCE	\$ 1,861	\$ 21,609	\$ 0	\$ 59,199	\$ 10,335
Net Change in Fund Balance	1,861	19,748	37,689	37,589	(48,864)

SCHEDULE OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total Lease Payment
12/1/20	--	\$ 18,902.51	\$ 18,902.51
6/1/21	\$ 312,000.00	19,114.90	331,114.90
12/1/21	--	16,525.30	16,525.30
6/1/22	316,000.00	16,525.30	332,525.30
12/1/22	--	13,902.50	13,902.50
6/1/23	324,000.00	13,902.50	337,902.50
12/1/23	--	11,213.30	11,213.30
6/1/24	330,000.00	11,213.30	341,213.30
12/1/24	--	8,474.30	8,474.30
6/1/25	336,000.00	8,474.30	344,474.30
12/1/25	--	5,685.50	5,685.50
6/1/26	337,000.00	5,685.50	342,685.50
12/1/26	--	2,888.40	2,888.40
6/1/27	348,000.00	2,888.40	350,888.40
TOTAL	\$2,303,000.00	\$155,396.01	\$2,458,396.01