

Debt Capacity Update

City of Annapolis, Maryland

April 2020



Debt Service Policy Compliance – Annual Bond Issue



Existing and Estimated New Debt Service:

- The chart below shows the City's existing debt and estimated new debt service based on the FY 2021-2026 CIP, assuming bonds are issued annually, and the last tranche of the equipment lease.
- Expenditures are based on estimated FY 2021 General Fund Expenditures of \$86,026,650 and increase 1% annually thereafter.

Existing Debt Service And FY 2021-2026 Estimated Debt Service as a Percentage of Estimated General Fund Expenditures					
Fiscal Year	Existing Debt Service	New Debt Service	Total Debt Service	General Fund Expenditures	Debt Service as % of Exp.
2021	\$8,793,628	\$0	\$8,793,628	\$86,026,650	10.22%
2022	8,704,380	605,015	9,309,395	86,886,917	10.71%
2023	8,651,036	989,440	9,640,476	87,755,786	10.99%
2024	7,896,847	1,517,958	9,414,805	88,633,344	10.62%
2025	7,663,455	2,151,144	9,814,599	89,519,677	10.96%
2026	7,168,883	2,496,187	9,665,070	90,414,874	10.69%
2027	6,260,350	2,841,230	9,101,580	91,319,022	9.97%
2028	6,538,328	2,841,230	9,379,558	92,232,213	10.17%
2029	5,050,529	2,756,182	7,806,711	93,154,535	8.38%
2030	3,605,557	2,756,182	6,361,739	94,086,080	6.76%
2031	3,602,410	2,756,182	6,358,592	95,026,941	6.69%
2032	3,124,825	2,756,182	5,881,007	95,977,210	6.13%
2033	2,686,308	2,756,182	5,442,490	96,936,982	5.61%
2034	1,842,304	2,756,182	4,598,486	97,906,352	4.70%
2035	1,442,099	2,756,182	4,198,281	98,885,416	4.25%
2036	1,431,222	2,756,182	4,187,404	99,874,270	4.19%
2037	640,073	2,756,182	3,396,255	100,873,013	3.37%
2038	336,313	2,756,182	3,092,495	101,881,743	3.04%
2039	272,310	2,756,182	3,028,492	102,900,560	2.94%
2040	274,222	2,756,182	3,030,404	103,929,566	2.92%
2041	101,815	2,756,182	2,857,997	104,968,862	2.72%
2042	0	2,236,215	2,236,215	106,018,550	2.11%
2043	0	1,851,790	1,851,790	107,078,736	1.73%
2044	0	1,323,272	1,323,272	108,149,523	1.22%
2045	0	690,086	690,086	109,231,018	0.63%
2046	0	345,043	345,043	110,323,328	0.31%
Total	\$86,086,895	\$55,718,976	\$141,805,871		

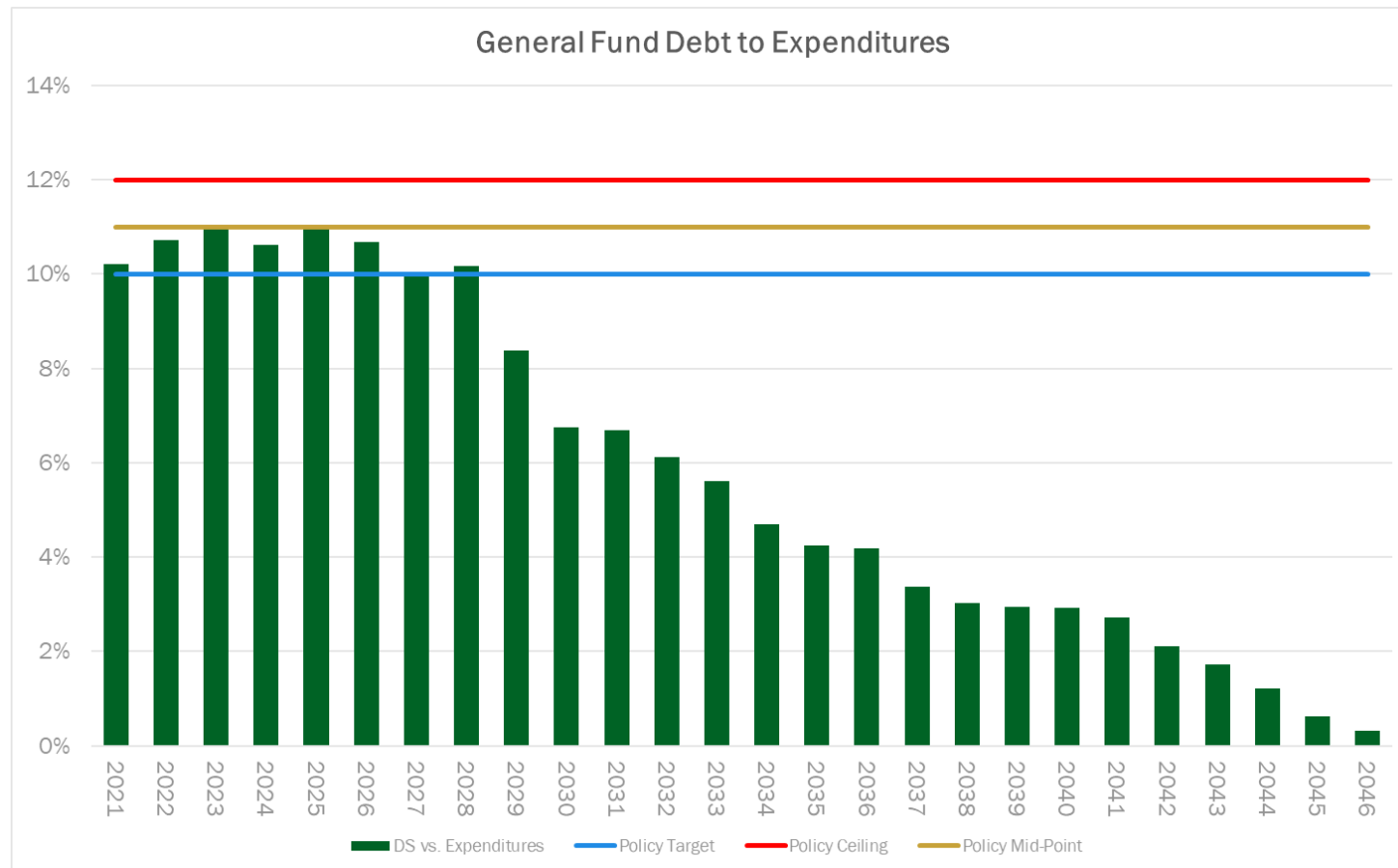
Note: Existing debt service includes the Dock Fund and the Market Fund. New Debt Service assumes an interest rate of 2.5% with a 7-year amortization for the equipment lease, 3.0% for bonds in fiscal 2021, 3.5% for bonds in fiscal 2022, and 5.0% thereafter.

Debt Service Policy Compliance – Annual Bond Issue (continued)



Existing and Estimated New Debt Service:

- The bar chart below shows how the City would comply with the target 10% General Fund Debt Service to Expenditures policy and the ceiling 12% General Fund Debt Service to Expenditures policy.



Debt Service Policy Compliance – Including BANs



Existing and Estimated New Debt Service:

- The chart below shows the City's existing debt and estimated new debt service based on the FY 2021-2026 CIP, assuming BANs are issued in 2021, 2023, and 2025 and bonds are issued in 2022, 2024, and 2026 to refinance the prior year BAN and pay for current year projects, and the last tranche of the equipment lease.
- Expenditures are based on estimated FY 2021 General Fund Expenditures of \$86,026,650 and increase 1% annually thereafter.

Existing Debt Service And FY 2021-2026 Estimated Debt Service as a Percentage of Estimated General Fund Expenditures					
Fiscal Year	Existing Debt Service	New Debt Service	Total Debt Service	General Fund Expenditures	Debt Service as % of Exp.
2021	\$8,793,628	\$0	\$8,793,628	\$86,026,650	10.22%
2022	8,704,380	317,122	9,021,502	86,886,917	10.38%
2023	8,651,036	1,013,772	9,664,808	87,755,786	11.01%
2024	7,896,847	1,211,367	9,108,214	88,633,344	10.28%
2025	7,663,455	2,175,476	9,838,931	89,519,677	10.99%
2026	7,168,883	2,304,476	9,473,359	90,414,874	10.48%
2027	6,260,350	2,865,562	9,125,912	91,319,022	9.99%
2028	6,538,328	2,865,562	9,403,890	92,232,213	10.20%
2029	5,050,529	2,780,514	7,831,043	93,154,535	8.41%
2030	3,605,557	2,780,514	6,386,071	94,086,080	6.79%
2031	3,602,410	2,780,514	6,382,924	95,026,941	6.72%
2032	3,124,825	2,780,514	5,905,339	95,977,210	6.15%
2033	2,686,308	2,780,514	5,466,822	96,936,982	5.64%
2034	1,842,304	2,780,514	4,622,818	97,906,352	4.72%
2035	1,442,099	2,780,514	4,222,613	98,885,416	4.27%
2036	1,431,222	2,780,514	4,211,736	99,874,270	4.22%
2037	640,073	2,780,514	3,420,587	100,873,013	3.39%
2038	336,313	2,780,514	3,116,827	101,881,743	3.06%
2039	272,310	2,780,514	3,052,824	102,900,560	2.97%
2040	274,222	2,780,514	3,054,736	103,929,566	2.94%
2041	101,815	2,780,514	2,882,329	104,968,862	2.75%
2042	0	2,780,514	2,780,514	106,018,550	2.62%
2043	0	1,851,790	1,851,790	107,078,736	1.73%
2044	0	1,851,790	1,851,790	108,149,523	1.71%
2045	0	690,086	690,086	109,231,018	0.63%
2046	0	690,086	690,086	110,323,328	0.63%

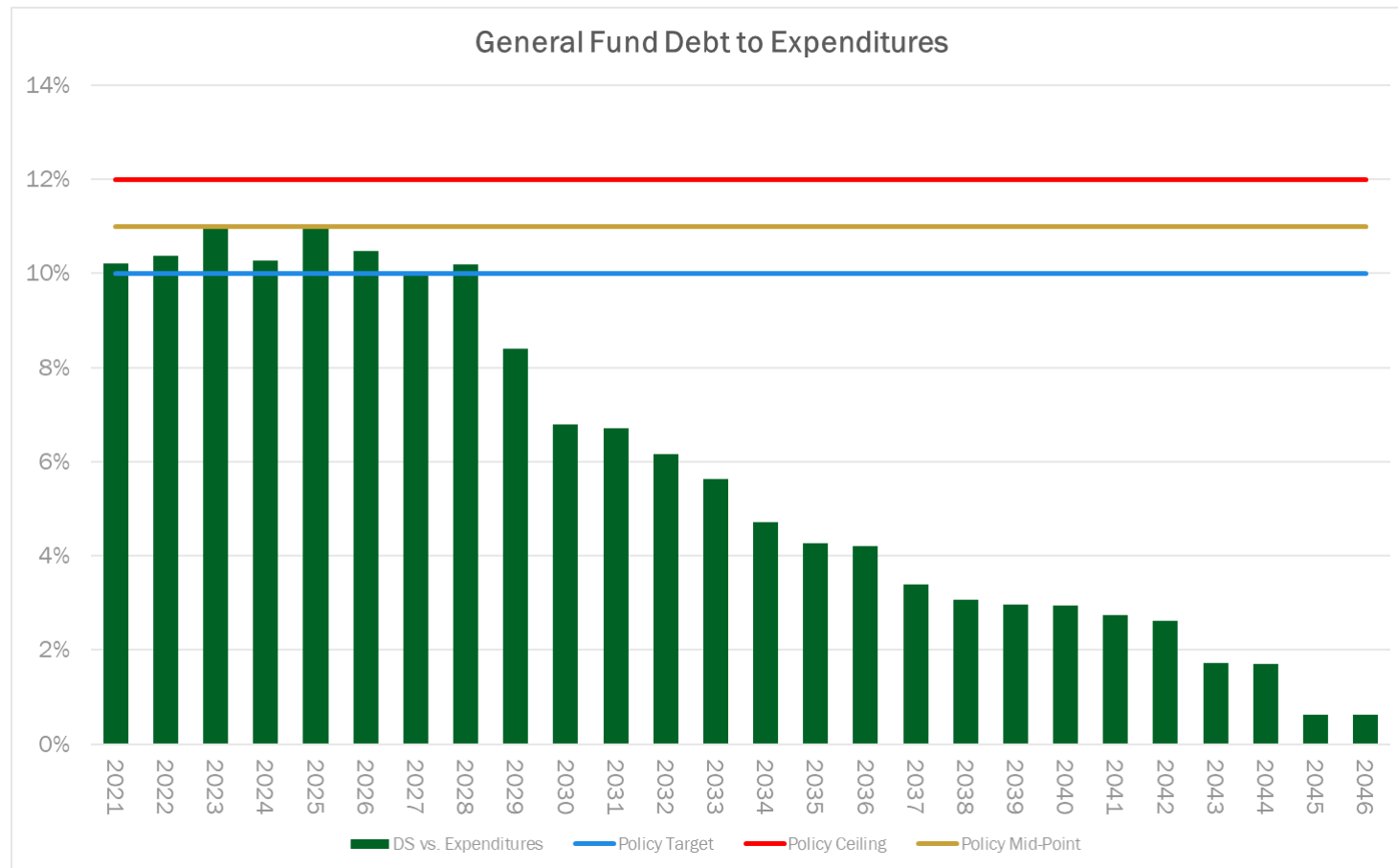
Note: Existing debt service includes the Dock Fund and the Market Fund. New Debt Service assumes an interest rate of 2.5% with a 7-year amortization for the equipment lease, 3.0% for the BANs, 3.5% for bonds in fiscal 2022, and 5.0% for bonds issued in fiscal 2024.

Debt Service Policy Compliance – Including BANs (continued)



Existing and Estimated New Debt Service:

- The bar chart below shows how the City would comply with the target 10% General Fund Debt Service to Expenditures policy and the ceiling 12% General Fund Debt Service to Expenditures policy.



Debt Capacity



Current Debt Capacity Available (Without Planned FY 2021-2026 Borrowing)

- Assuming a 20 year amortization with level payment structure issued at 5.00%, Annapolis could issue up to the amounts shown below without exceeding the respective policy limit:

Future Debt Capacity - 10.00% Policy Level							
	2021	2022	2023	2024	2025	2026	Total
Annual Debt Service vs. Expenditures	\$0	\$1,552,078	\$10,476,965	\$3,892,705	\$7,118,494	\$12,215,733	\$35,255,974

Future Debt Capacity - 11.00% Policy Level							
	2021	2022	2023	2024	2025	2026	Total
Annual Debt Service vs. Expenditures	\$10,632,518	\$1,749,545	\$10,476,965	\$3,892,705	\$7,118,494	\$12,215,733	\$46,085,960

Future Debt Capacity - 12.00% Policy Level							
	2021	2022	2023	2024	2025	2026	Total
Annual Debt Service vs. Expenditures	\$21,460,548	\$1,749,545	\$10,476,965	\$3,892,705	\$7,118,494	\$12,215,733	\$56,913,990

Proposed Borrowing



Proposed Borrowing

- The Following is the City’s proposed borrowing for fiscal years 2021-2026:

City Planned Borrowing FY 2021-2026							
	2021	2022	2023	2024	2025	2026	Total
Borrowing Amount	\$8,275,800	\$5,463,600	\$6,586,500	\$7,890,900	\$4,300,000	\$4,300,000	\$36,816,800

Note: City Planned Borrowing for fiscal 2021 includes \$540,000 for equipment lease.

Additional Debt Capacity Beyond 2021-2026 CIP



Additional Debt Capacity Available

- The capacity levels below takes into account the City's existing debt and estimated new debt service based on the FY 2021 CIP, assuming bonds are issued each year, and the last tranche of the equipment lease.
- Assuming a 20 year amortization with level payment structure issued at 5.00%, Annapolis could issue up to the amounts shown below without exceeding the respective policy limit:

Future Debt Capacity - 10.00% Policy Level							
	2021	2022	2023	2024	2025	2026	Total
Annual Debt Service vs. Expenditures	\$0	\$0	\$0	\$0	\$0	\$377,880	\$377,880

Future Debt Capacity - 11.00% Policy Level							
	2021	2022	2023	2024	2025	2026	Total
Annual Debt Service vs. Expenditures	\$156,217	\$0	\$242,461	\$0	\$3,086,575	\$8,226,814	\$11,712,067

Future Debt Capacity - 12.00% Policy Level							
	2021	2022	2023	2024	2025	2026	Total
Annual Debt Service vs. Expenditures	\$10,984,247	\$0	\$242,461	\$0	\$3,086,575	\$8,226,814	\$22,540,097

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