CITY COUNCIL
AGENDA ITEM STAFF REPORT

MEETING DATE:	OCTOBER 28, 2025
TITLE:	DISCUSSION OF CITY OF COLLINSVILLE DEBT SERVICE
DEPARTMENT:	FINANCE
PROJECT MANAGER:	MARK MILES, FINANCE DIRECTOR
REQUESTED ACTION:	DISCUSSION ONLY
STRATEGIC PLAN GOAL(S):	#7: SUPPORT EXCELLENT MUNICIPAL SERVICES

OVERVIEW

Bonds are one of the City's most important financial tools — allowing Collinsville to fund major capital improvements such as streets, utilities, facilities, and public safety projects without placing the full cost on current-year revenues. By spreading repayment over time, bonds help the city responsibly invest in long-term infrastructure while maintaining stable operations and service levels.

As of September 30, 2025, the City of Collinsville carries notable outstanding debt obligations incurred to support major capital investments and essential operational initiatives. The table below outlines the City's debt position at the conclusion of Fiscal Year 2025.

Debt Outstanding	Paying Fund	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024	Projected Dec 31, 2025	Payoff Date
2023 Ambulance Financing	Capital Projects Fund (28)				$379,274	2027
2014 Refunding Bonds (CC)	Collinsville Cross (70)	$2,950,000	$2,410,000	$1,855,000	$1,280,000	2027
2017B GO Bonds	Capital Projects Fund (28)	$885,000	$750,000	$620,000	$470,000	2028
Aqua Park Lease/Purch.	Hospitality (39)	$1,316,260	$1,149,072	$977,495	$801,412	2030
2024A Debt - City Hall Solar	Capital Projects Fund (28)			$632,300	$578,300	2029
2024B Debt - FS #1 Solar	Capital Projects Fund (28)			$300,900	$275,200	2029
2007 List Bonds (CC)	Collinsville Crossing List Bond (48)	$18,880,000	$13,655,000	$11,900,000	$10,570,000	2031
2024 GO Bonds	Capital Projects Fund (28)			$13,750,000	$13,435,000	2044
2025 Debt - WWTP Solar	Water /Sewer (52)				$6,500,000	2035
2020 GO Bonds Water	Water/Sewer (52)	$5,125,000	$3,920,000	$2,660,000	$1,355,000	2026
2024C Debt - Water Plant Solar	Water/Sewer (52)			$1,678,400	$1,481,900	2029
IEPA Loan (Biosolids)	Water/Sewer (52)	$7,945,480	$7,945,480	$5,883,058	$5,611,251	2044
IEPA Loan (Water Plant)	Water/Sewer (52)	$16,100,302	$15,216,192	$14,310,213	$13,393,000	2038
Total		$53,202,041	$45,375,017	$54,801,589	$56,090,560	

Additional Debt Service Analysis
As of September 30, 2025, the City of Collinsville's financial position related to debt service remains very strong. The City's debt service coverage ratio measures how many dollars the city has available for every dollar owed in annual debt payments. Per the Government Finance Offers Association (GFOA), the best financial practices recommend maintaining at least 125% coverage (1.25 to 1), which means having $1.25 available for every $1 in debt service.

On January 1, 2025, the city had 512% coverage (5.12 to 1). In other words, $5.12 available for every $1 owed. As of September 30, 2025, the city had 419% coverage (4.19 to 1), meaning $4.19 available for every $1 owed. Even after nine months of operations, the City's ratio remains more than three times higher than the best practice benchmark. This demonstrates that Collinsville is on very solid financial footing, with ample resources to meet debt obligations. The city is in a much stronger position than required to comfortably pay its debt. This provides financial flexibility, reassures bondholders and rating agencies, and reflects positively on the City's long-term fiscal health.

Debt service payoff and its effect
The impacts of debt service payoff vary with each of the above but the most significant are with the ones being paid off within the next 4 years.

- With the payoff of the 2020 Series GO bonds (Water/Sewer): the city will free up $1,335,000 for other uses in the enterprise fund.

- In 2027 and 2028, the city will pay off the 2014 Series GO bonds and the 2017B refunding bonds related to Collinsville Crossings, respectively. The bonds have been a big improvement to the City and once both are paid off, it will result in approximately $1,600,000 in additional revenues to the General Fund.

- Lastly, the payoff of the 2017B Fournie (NC) bonds and Aqua Park Lease Purchase debt, in 2028 and 2030 will lead to additional funding of $170,000 and $200,000 in Capital Improvement Funds, respectively.

Overall, the aggressive approach to debt service payoff has been successful and in the long term will be a big benefit to the city.