

# OFFICIAL OPERATING BUDGET FISCAL YEAR 2008

## CITY DEBT MANAGEMENT

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds and various revenue anticipation bond sand warrants relating to enterprises. In addition, the City has the power to enter certain leases which constitute a charge on the general credit of the City, to guarantee obligation of certain public corporation and to enter into certain funding agreements with regard to the obligation of other public agencies. General obligation warrants, certain revenue anticipation bonds, warrants and notes and capitalized lease obligations may be issued or incurred without voter approval.

### General Obligation Bonds Debt Service

The proceeds of a 9.2 mil ad valorem tax for bond debt service and a 2.8 mil ad valorem tax for school bond debt service, both authorized by the Alabama Constitution, are customarily paid into the City's General Bond Debt Reserve Fund (the "Bond Fund"). In addition to these ad valorem tax proceeds, interest earnings from investment of Bond Fund balances are customarily deposited into the Bond Fund. Debt service on the City's general obligation bonds (the issuance of which must be approved by referendum except in the case of refunding bonds) is paid from the City's General Bond Debt Service Fund from monies transferred to the General Bond Debt Service Fund. The Bond Fund's fund balance as of June 30, 2007 was \$45,195,000. The maximum annual debt service on general obligation bonds (not including any of the City's outstanding warrants) is estimated to be \$36,635,838 in the fiscal year ending June 30, 2008.

### Purpose of Most Current Debt Issue

The most recent debt issue was obtained in May, 2007 in the amount of \$25,000,000. The uses of this issue consisted of \$12 million for infrastructure improvements for the Eastwood/Wal-Mart retail store development; \$5 million for improvements to the Railroad Reservation Park; \$5 million for handicap access improvements necessary to comply with the Americans with Disabilities Act; and \$3 million for improvements at the Fair Park facility.

## OFFICIAL OPERATING BUDGET FISCAL YEAR 2008

Debt Service:

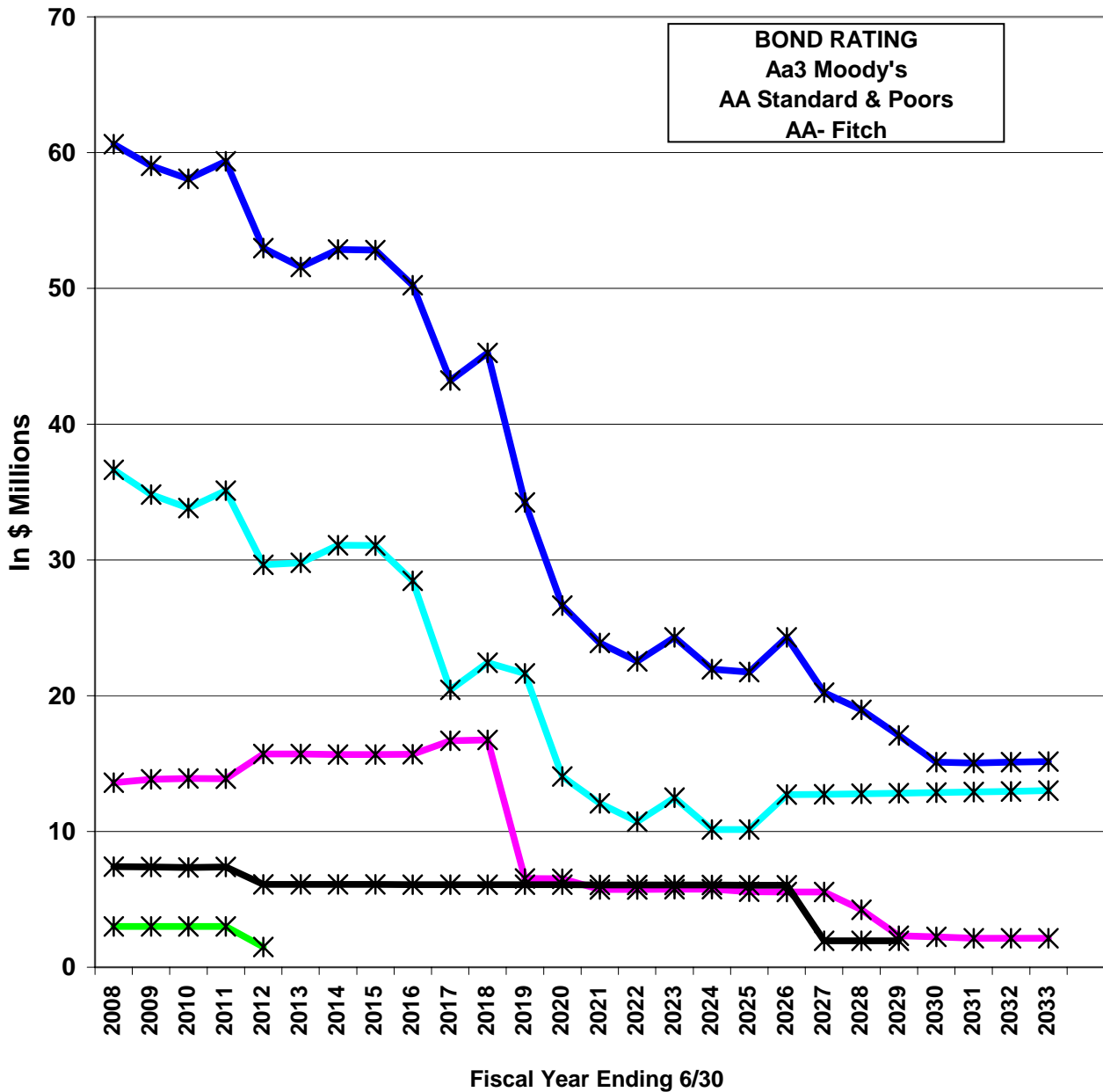
The following table sets forth the City's debt requirements for payment of principal and interest by fiscal year:

Fiscal Year Ended <u>6/30</u>	General Obligation <u>Warrants</u>	General Obligation <u>Bonds</u>	Special Tax <u>Bonds</u>	Water Board <u>Warrants</u>	<u>Total</u>
2008	\$13,588,708	\$36,635,838	\$3,000,000	\$7,398,116	\$60,622,662
2009	13,829,802	34,809,836	3,000,000	7,381,117	59,020,755
2010	13,898,131	33,825,719	3,000,000	7,347,194	58,071,044
2011	13,876,161	35,104,655	3,000,000	7,381,062	59,361,878
2012	15,695,906	29,657,674	1,500,000	6,109,305	52,962,885
2013	15,696,320	29,789,142		6,100,685	51,586,147
2014	15,662,625	31,087,924		6,102,955	52,853,504
2015	15,669,113	31,052,642		6,091,605	52,813,360
2016	15,681,265	28,463,667		6,086,467	50,231,399
2017	16,688,867	20,437,605		6,083,750	43,210,222
2018	16,748,131	22,422,105		6,077,175	45,247,411
2019	6,525,116	21,639,355		6,072,426	34,236,897
2020	6,521,188	14,036,980		6,070,995	26,629,163
2021	5,721,797	12,080,855		6,068,210	23,870,862
2022	5,735,198	10,729,055		6,063,417	22,527,670
2023	5,743,998	12,480,555		6,061,913	24,286,466
2024	5,747,482	10,139,630		6,053,088	21,940,200
2025	5,556,536	10,150,475		6,045,725	21,752,736
2026	5,543,269	12,714,313		6,043,900	24,301,482
2027	5,537,021	12,747,612		1,942,462	20,227,095
2028	4,240,382	12,785,100		1,942,187	18,967,669
2029	2,321,131	12,820,763		1,943,113	17,085,007
2030	2,238,631	12,868,363			15,106,994
2031	2,142,381	12,906,775			15,049,156
2032	2,143,631	12,954,875			15,098,506
2033	2,144,906	13,006,200			15,151,106
<b>Total</b>	<b><u>\$234,897,696</u></b>	<b><u>\$527,347,713</u></b>	<b><u>\$13,500,000</u></b>	<b><u>\$126,466,867</u></b>	<b><u>\$902,212,276</u></b>

The table indicates that all City debt will be paid by 2033. The table is illustrated by the graph shown on the following page. The graph shows a declining debt service obligation because there is no additional borrowing planned by the City at the present time.

**OFFICIAL OPERATING BUDGET  
FISCAL YEAR 2008**

**DEBT SERVICE REQUIREMENTS  
FISCAL YEARS 2008 - 2033**



## OFFICIAL OPERATING BUDGET FISCAL YEAR 2008

The 2007 - 2008 budget provides \$55,305,564.34 for anticipated debt service as follows:

<u>Funding Source</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Fund	\$4,505,000.00	\$1,558,713.62	\$6,063,713.62
Debt Service Fund	18,180,000.00	18,455,837.93	36,635,837.93
Highway Improvement Fund	1,670,000.00	1,757,390.00	3,427,390.00
Fuel Tax Fund	435,000.00	266,780.00	701,780.00
Water Board Fund	3,405,000.00	3,993,115.70	7,398,115.70
Birmingham Water Works - City Funds	2,215,000.00	2,444,418.76	4,659,418.76
Economic Development Fund	770,000.00	966,406.25	1,736,406.25
	<u>\$31,180,000.00</u>	<u>\$29,442,662.26</u>	<u>\$60,622,662.26</u>

On the following pages, schedules are presented showing each type of debt and its purpose.

<b>TYPE OF DEBT/PURPOSE</b>	<b>Total Bonds Outstanding July 1, 2007</b>	<b>Debt Service Requirements Fiscal Year Ending June 30, 2008</b>
<b>GENERAL FUND REQUIREMENT:</b>		
<u>2003-A Refunding Warrants</u>		
Principal	\$16,790,000.00	\$715,000.00
Interest	6,182,645.00	812,952.50
	<u>\$22,972,645.00</u>	<u>\$1,527,952.50</u>
<u>2001-C Refunding Warrants/ Capital Improvements</u>		
Principal	\$20,800,000.00	\$0.00
Interest	9,431,087.50	0.00
	<u>\$30,231,087.50</u>	<u>\$0.00</u>
<u>1997 General Obligation Warrants/ Capital Improvements</u>		
Principal	\$4,390,000.00	\$0.00
Interest	573,682.50	0.00
	<u>\$4,963,682.50</u>	<u>\$0.00</u>

*City of Birmingham, Alabama*

**OFFICIAL OPERATING BUDGET  
FISCAL YEAR 2008**

	Total Bonds Outstanding July 1, 2007	Debt Service Requirements Fiscal Year Ending June 30, 2008
<u>Special Tax Bonds / Civic Center Payments</u>	<u>\$13,500,000.00</u>	<u>\$3,000,000.00</u>
<u>2004-A General Obligation Warrants/ Radio System and City Equipment</u>		
Principal	\$21,985,000.00	\$790,000.00
Interest	8,105,180.44	745,761.12
	<u>\$30,090,180.44</u>	<u>\$1,535,761.12</u>
<u>2003-B Refunding Warrants</u>		
Principal	\$13,510,000.00	\$0.00
Interest	4,306,637.50	0.00
	<u>\$17,816,637.50</u>	<u>\$0.00</u>
<u>2006-C General Obligation Warrants/ Parking Deck Improvements</u>		
Principal	\$24,740,000.00	\$0.00
Interest	22,418,586.41	0.00
	<u>\$47,158,586.41</u>	<u>\$0.00</u>
<b>HIGHWAY IMPROVEMENT FUND REQUIREMENT:</b>		
<u>2003-B Refunding Warrants/ Street Improvements</u>		
Principal	\$13,510,000.00	\$0.00
Interest	4,306,637.50	1,263,140.00
	<u>\$17,816,637.50</u>	<u>\$1,263,140.00</u>
<u>2001-B Refunding Warrants/ Street Improvements</u>		
Principal	\$10,205,000.00	\$1,670,000.00
Interest	1,548,806.25	494,250.00
	<u>\$11,753,806.25</u>	<u>\$2,164,250.00</u>

**OFFICIAL OPERATING BUDGET  
FISCAL YEAR 2008**

	Total Bonds Outstanding July 1, 2007	Debt Service Requirements Fiscal Year Ending June 30, 2008
<b>FUEL TAX FUND REQUIREMENT:</b>		
<u>2004-B General Obligation Refunding/ Warrants/ Street Improvements</u>		
Principal	\$7,590,000.00	\$435,000.00
Interest	2,192,255.00	266,780.00
	\$9,782,255.00	\$701,780.00
 <b>BIRMINGHAM WATER WORKS PROCEEDS - CITY FUNDS REQUIREMENT:</b>		
<u>2003-B Refunding Warrants/ Capital Improvements</u>		
Principal	\$1,470,000.00	\$1,470,000.00
Interest	0.00	0.00
	\$1,470,000.00	\$1,470,000.00
 <u>1997 General Obligation Warrants/ Capital Improvements</u>		
Principal	\$745,000.00	\$745,000.00
Interest	197,217.50	197,217.50
	\$942,217.50	\$942,217.50
 <u>2001-C Refunding Warrants/ Capital Improvements</u>		
Principal	\$0.00	\$0.00
Interest	1,093,662.50	1,093,662.50
	\$1,093,662.50	\$1,093,662.50
 <u>2006-C General Obligation Warrants/ Parking Deck Improvements</u>		
Principal	\$0.00	\$0.00
Interest	1,153,538.76	1,153,538.76
	\$1,153,538.76	\$1,153,538.76

**OFFICIAL OPERATING BUDGET  
FISCAL YEAR 2008**

	<u>Total Bonds Outstanding July 1, 2007</u>	<u>Debt Service Requirements Fiscal Year Ending June 30, 2008</u>
<b>WATER BOARD REQUIREMENT:</b>		
<u>2000-A Water and Sewer Warrants/ Capital Improvements</u>		
Principal	\$49,010,000.00	\$1,590,000.00
Interest	29,663,922.50	2,584,787.50
	<u>\$78,673,922.50</u>	<u>\$4,174,787.50</u>
<u>1998-A General Obligation Warrants/ Capital Improvements</u>		
Principal	\$4,595,000.00	\$1,100,000.00
Interest	455,804.77	179,413.20
	<u>\$5,050,804.77</u>	<u>\$1,279,413.20</u>
<u>1998-B GO Capital Improvement Warrants/ Capital Improvements</u>		
Principal	\$26,190,000.00	\$715,000.00
Interest	16,552,140.00	1,228,915.00
	<u>\$42,742,140.00</u>	<u>\$1,943,915.00</u>
<b>DEBT SERVICE FUND REQUIREMENT:</b>		
<u>General Obligation Bonds/ Capital Improvements</u>		
Principal	\$345,255,000.00	\$18,180,000.00
Interest	182,092,712.94	18,455,837.93
	<u>\$527,347,712.94</u>	<u>\$36,635,837.93</u>
<b>ECONOMIC DEVELOPMENT FUND:</b>		
<u>2007-B General Obligation Warrants Capital Improvements</u>		
Principal	\$25,360,000.00	\$770,000.00
Interest	17,271,606.25	966,406.25
	<u>\$42,631,606.25</u>	<u>\$1,736,406.25</u>

# OFFICIAL OPERATING BUDGET FISCAL YEAR 2008

## Constitutional Debt Limitation

The City's present constitutional debt limit is an amount equal to twenty percent (20%) of the assessed value of the property therein. However, the following, among other types of indebtedness are, under existing law, not chargeable against the City's constitutional debt limit: obligations issued for the purpose of acquiring, providing, or constructing schools, water works or sewers; obligations incurred for street or sidewalk improvements where the cost thereof, in whole or in part, are to be assessed against the property abutting such improvements; subject to certain conditions, tax anticipation notes; certain lease obligations to make contributions towards the debt service of other public entities; and revenue securities issued for the purpose of extending, enlarging or improving water, gas, or sewer systems and payable solely from the revenues of one or more such systems.

The following statement reflects the City's legal debt margin after the issuance of the Warrants.

### CITY OF BIRMINGHAM, ALABAMA

#### COMPUTATION OF LEGAL DEBT MARGIN

Assessed value of real and personal property <sup>1</sup>		<u>\$2,783,467,000</u>
Debt limit, 20% of assessed value <sup>2</sup>		\$556,693,400
Outstanding General Obligation Bonds and Warrants <sup>3</sup>	\$583,930,000	
Less exemptions:		
School and Sewer Bonds	(157,701,338)	
Debt Service Funds balances (general obligation bonds) <sup>4</sup>	<u>(45,195,000)</u>	
Net Outstanding general obligation bonds and warrants		<u>381,033,662</u>
Legal debt margin		<u>\$175,659,738</u>

<sup>1</sup> As reported by the Jefferson County Tax Assessor, Jefferson County Department of Revenue (motor vehicles), Shelby County Property Tax Commissioner and Shelby County License Officer (motor vehicles).

<sup>2</sup> Section 225, as amended, of the constitution of the State of Alabama, limits debt of the City of Birmingham to 20% of the assessed value of taxable property. Excluded from this limitation are bonds issued for schools and sewers.

<sup>3</sup> Includes aggregate principal amount of general obligation bonds, general obligation warrants and capitalized lease obligations outstanding as of June 30, 2007.

<sup>4</sup> As reported by the Finance Department of the City. Book value as of June 30, 2007 as reported by the Finance Department of the City

# OFFICIAL OPERATING BUDGET FISCAL YEAR 2008

## Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Population		Assessed Value*	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
	Census Year	Number						
1998	1990	265,968	1,715,561,180	427,255,000	66,217,000	361,038,000	21.04%	\$1,357
1999	1990	265,968	1,840,047,341	449,855,000	63,970,000	385,885,000	20.97%	\$1,451
2000	1990	265,968	2,293,311,948	485,510,000	60,754,000	424,756,000	18.52%	\$1,597
2001	2000	242,820	2,150,472,432	539,555,000	58,724,000	480,831,000	22.36%	\$1,980
2002	2000	242,820	2,197,436,352	521,970,000	60,704,000	461,266,000	20.99%	\$1,900
2003	2000	242,820	2,271,867,532	563,060,000	59,400,000	503,660,000	22.17%	\$2,074
2004	2000	242,820	2,422,011,707	570,350,000	58,850,000	511,500,000	21.12%	\$2,106
2005	2000	242,820	2,515,810,000	543,705,000	51,208,000	492,497,000	19.58%	\$2,028
2006	2000	242,820	2,567,735,000	519,785,000	45,287,000	474,498,000	18.48%	\$1,954
2007	2000	242,820	2,783,467,000	583,930,000	45,195,000	538,735,000	19.35%	\$2,219

\*Source: Jefferson County Tax Assessor