

# MAYOR'S PROPOSED OPERATING BUDGET FISCAL YEAR 2010

## 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, gasoline tax anticipation bonds, and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge on the general credit of the City, guarantee obligations of certain public corporations and to enter 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 obligation may be issued or incurred without voter approval. Except for private activity revenue bonds, for which the City has no liability, and the City's Water and Sewer Revenue Warrants, which are payable solely from the revenues derived from the City's water works and sewer system, the City has not issued any revenue bonds or revenue bond anticipation notes during the past 40 years.

### General Obligation Bonds Debt Service

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 General Debt Service Fund (the "Bond Fund"). The proceed of a 9.2 mil ad valorem tax for bond debt service and 2.8 mill ad valorem tax for school bond debt service, both authorized by the Constitution of Alabama of 1901, are customarily paid into 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.

The City has projected that the Bond Fund will continue to be sufficient to provide for debt service on its outstanding bonds. This projection is based on a number of assumptions - including bond interest rates, rate of increase of ad valorem tax collections, and investment earnings - that the City considers reasonable; however, the future availability of sufficient funds in the Bond Fund cannot be guaranteed.

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The 2009 - 2010 budget provides \$56,068,845.00 for anticipated debt service as follows:

<u>Funding Source</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
General Fund	\$ 8,515,000.00	\$ 8,678,596.00	\$ 47,738.00	\$ 17,241,334.00
Debt Service Fund	19,975,000.00	14,812,170.00	35,483.00	34,822,653.00
Capital Improvement Fund	2,315,000.00	1,676,733.00	13,125.00	4,004,858.00
<b>Total</b>	<b>\$ 30,805,000.00</b>	<b>\$ 25,167,499.00</b>	<b>\$ 96,346.00</b>	<b>\$ 56,068,845.00</b>

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

	<u>Total Bonds Outstanding July 1, 2009</u>	<u>Debt Service Requirements Fiscal Year Ending June 30, 2010</u>
<b>TYPE OF DEBT/PURPOSE</b>		
<b>GENERAL FUND REQUIREMENT:</b>		
1997 General Obligation Warrants/ Capital Improvements		
Principal	\$2,820,000.00	\$890,000.00
Interest	216,555.00	118,305.00
Fees		4,200.00
	<u>\$3,036,555.00</u>	<u>\$1,012,505.00</u>
2001-C Refunding Warrants/ Capital Improvements		
Principal	\$20,800,000.00	\$0.00
Interest	7,243,762.50	1,093,663.00
Fees		3,938.00
	<u>\$28,043,762.50</u>	<u>\$1,097,601.00</u>
2003-A Refunding Warrants		
Principal	\$15,375,000.00	\$790,000.00
Interest	4,574,615.00	775,478.00
Fees		2,625.00
	<u>\$19,949,615.00</u>	<u>\$1,568,103.00</u>

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	Total Bonds Outstanding July 1, 2009	Debt Service Requirements Fiscal Year Ending June 30, 2010
<u>2003-B Refunding Warrants</u>		
Principal	\$24,000,000.00	\$1,560,000.00
Interest	6,162,495.00	0.00
Fees		11,525.00
	\$30,162,495.00	\$1,571,525.00
<u>2004-A General Obligation Warrants/ Radio System and City Equipment</u>		
Principal	\$20,370,000.00	\$850,000.00
Interest	6,645,252.24	685,727.00
Fees		5,350.00
	\$27,015,252.24	\$1,541,077.00
<u>2006-C General Obligation Warrants/ Parking Deck Improvements</u>		
Principal	\$24,740,000.00	\$0.00
Interest	19,791,081.46	1,153,539.00
Fees		2,100.00
	\$44,531,081.46	\$1,155,639.00
<u>2007-B General Obligation Warrants Capital Improvements</u>		
Principal	\$25,360,000.00	\$770,000.00
Interest	15,145,512.50	1,159,688.00
Fees		2,625.00
	\$40,505,512.50	\$1,932,313.00

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<b>WATER BOARD REQUIREMENT:</b>		
2000-A Water and Sewer Warrants/ Capital Improvements		
Principal	\$45,760,000.00	\$1,735,000.00
Interest	24,568,700.00	2,431,917.00
Fees		12,600.00
	\$70,328,700.00	\$4,179,517.00
1998-A General Obligation Warrants/ Capital Improvements		
Principal	\$2,365,000.00	\$1,145,000.00
Interest	139,952.51	92,326.00
Fees		2,775.00
	\$2,504,952.51	\$1,240,101.00
1998-B GO Capital Improvement Warrants/ Capital Improvements		
Principal	\$24,730,000.00	\$775,000.00
Interest	14,123,982.50	1,167,953.00
	\$38,853,982.50	\$1,942,953.00
<b>CAPITAL IMPROVEMENT FUND REQUIREMENT:</b>		
2001-B Refunding Warrants/ Street Improvements		
Principal	\$6,780,000.00	\$1,850,000.00
Interest	650,212.50	309,713.00
Fees		5,250.00
	\$7,430,212.50	\$2,164,963.00
2003-B Refunding Warrants		
Principal	\$24,000,000.00	\$0.00
Interest	6,162,495.00	1,122,370.00
	\$30,162,495.00	\$1,122,370.00

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	Total Bonds Outstanding July 1, 2009	Debt Service Requirements Fiscal Year Ending June 30, 2010
2004-B General Obligation Refunding/ Warrants/ Street Improvements		
Principal	\$6,705,000.00	\$465,000.00
Interest	1,668,700.00	244,650.00
Fees		7,875.00
	\$8,373,700.00	\$717,525.00

**DEBT SERVICE FUND REQUIREMENT:**

General Obligation Bonds/ Capital Improvements		
Principal	\$318,045,000.00	\$19,975,000.00
Interest	147,333,688.75	14,812,170.00
Fees		35,483.00
	\$465,378,688.75	\$34,822,653.00