

Debt Service Fund

Mission

To provide policy direction and effective management as it relates to the City's borrowing capacity and repayment of all debt obligations

CITY OF ALLENTOWN

FUND SUMMARY - DEBT SERVICE FUND (082)

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Budget	2011 Actual & Estimated	2012 Final Budget
Opening Balance - Cash Basis 12/31/2010					-	-
Revenues:							
Transfers from:							
7130 General Fund	5,057,791	4,045,534	4,858,828	5,385,415	5,042,696	4,760,581	5,553,222
7135 Golf Course Fund							
94/96/97/98/01 Issues	106,480	106,480	106,480	106,480	106,480	106,480	106,480
Transfers for:							
2004 Pension Bonds:							
7130 General Fund	2,304,434	2,057,019	1,550,755	1,561,314	2,298,026	2,298,026	1,792,746
7131 Water Fund	-	-	-	-	-	-	-
7132 Sewer Fund	35,548	125,710	17,544	17,462	34,092	34,092	31,860
7133 Liquid Fuels Fund	-	-	-	-	-	-	-
7136 CDBG Fund	17,775	62,855	8,772	8,731	17,046	17,046	15,930
7137 E-911 Fund	17,775	62,855	8,772	8,731	17,046	17,046	-
Total Revenue	7,539,803	6,460,453	6,551,151	7,088,133	7,515,386	7,233,271	7,500,238
Total Funds Available					7,233,271	7,500,238
Expenditures:							
98 Bond Principal Maturities	2,443,900	1,938,237	2,575,600	3,127,457	2,675,157	2,490,158	3,196,808
82 Bond Coupon Maturities	2,694,596	2,178,022	2,375,008	2,349,732	2,439,019	2,351,903	2,427,894
82 Pension Obligation Bonds	2,375,532	2,308,439	1,585,843	1,596,238	2,366,210	2,366,210	1,840,536
44 Bond Administration Fees	25,775	36,410	14,700	14,706	35,000	25,000	35,000
Total Expenditures	7,539,803	6,461,108	6,551,151	7,088,133	7,515,386	7,233,271	7,500,238
Closing Balance					-	-

**CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS**

FUND 082 DEBT SERVICE
DEPT 02 FINANCE
BUREAU 0802 DEBT SERVICE
PROGRAM 0001 DEBT SERVICE

		2007	2008	2009	2010	2011	2011	2012
		Actual	Actual	Actual	Actual	Final Budget	Actual & Estimated	Final Budget
Account Detail								
0001-44	PROF SERVICES FEES	25,775	36,410	14,700	14,706	35,000	25,000	35,000
	Services & Charges	25,775	36,410	14,700	14,706	35,000	25,000	35,000
0001-82	INTEREST EXPENSE	4,395,128	3,790,899	3,960,851	3,942,027	4,031,286	4,718,113	4,268,430
0001-98	DEBT PRINCIPAL	3,118,900	2,633,800	2,575,600	3,131,400	3,449,100	2,490,158	3,196,808
	Sundry	7,514,028	6,424,699	6,536,451	7,073,427	7,480,386	7,208,271	7,465,238
Total	DEBT SERVICE	7,539,803	6,461,109	6,551,151	7,088,133	7,515,386	7,233,271	7,500,238

DEBT SERVICE FUND
GENERAL OBLIGATION DEBT

	<u>OUTSTANDING</u> <u>DEBT</u> <u>JAN. 1, 2011</u>	<u>ADDITIONS</u> <u>(REDUCTIONS)</u> <u>IN 2011</u>	<u>OUTSTANDING</u> <u>DEBT</u> <u>DEC. 31, 2011</u>	<u>INTEREST</u> <u>EXPENSE</u> <u>2011</u>
2001 General Obligation Bonds	3,635,000	(385,000)	3,250,000	168,995
2003 General Obligation Bonds	6,555,000		6,555,000	341,100
2004 Pension Refunding Bonds	31,325,000	(770,000)	30,555,000	1,585,843
2004 Federally Taxable Refunding Bonds	1,250,000	(85,000)	1,165,000	54,827
2004 General Obligation Bonds	5,300,000	(280,000)	5,020,000	228,280
2006 General Obligation Note (1995 Loan Payoff)	1,080,400	(253,600.00)	826,800	42,173
2006 General Obligation Note (\$10,000,000)	9,504,868	(138,500.00)	9,366,368	562,794
2007 General Obligation Series A	14,773,981		14,773,981	
2007 General Obligation Series B	7,920,000	(35,000)	7,885,000	454,654
2008 General Obligation	5,145,000	(1,045,000)	4,100,000	164,735
2009 General Obligation	5,049,000	(272,000)	4,777,000	202,907
2011 General Obligation (May 2011)		6,350,000	6,350,000	137,862
2011 General Obligation		4,000,000	4,000,000	
TOTALS	91,538,249	7,085,900	98,624,149	3,944,170

(1) Cash Basis, unless otherwise stated

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS AMORTIZATION SCHEDULE AS OF DECEMBER 31, 2011

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL ANNUAL DEBT SERVICE</u>
2012	3,200,750.00	2,434,290.71	5,635,040.71
2013	2,774,400.00	2,312,307.69	5,086,707.69
2014	2,888,700.00	2,202,323.91	5,091,023.91
2015	3,570,040.00	2,083,946.11	5,653,986.11
2016	3,726,320.00	1,910,887.88	5,637,207.88
2017	3,619,850.00	1,595,759.20	5,215,609.20
2018	3,803,360.00	1,411,967.24	5,215,327.24
2019	3,996,190.00	1,218,073.25	5,214,263.25
2020	4,205,550.00	1,007,571.25	5,213,121.25
2021	3,196,944.75	2,018,052.81	5,214,997.56
2022	3,046,588.40	2,179,281.68	5,225,870.08
2023	2,609,382.90	2,624,589.95	5,233,972.85
2024	2,612,805.60	2,630,695.16	5,243,500.76
2025	1,967,030.00	2,987,417.73	4,954,447.73
2026	1,954,856.60	3,021,041.11	4,975,897.71
2027	1,958,687.20	3,051,550.25	5,010,237.45
2028	1,963,470.00	3,079,471.09	5,042,941.09
2029	1,990,682.60	3,092,892.23	5,083,574.83
2030	2,020,383.80	3,107,796.61	5,128,180.41
2031	2,069,468.20	3,113,022.72	5,182,490.92
2032	1,306,666.80	3,925,558.20	5,232,225.00
2033	1,266,578.50	3,967,546.50	5,234,125.00
2034	1,238,768.80	3,996,206.20	5,234,975.00
2035	1,565,860.80	6,047,164.20	7,613,025.00
2036	1,515,814.40	6,093,885.60	7,609,700.00
TOTAL	64,069,149.35	71,113,299.28	135,182,448.63

The above schedule excludes the Taxable Pension Refunding bond Series of 2004

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2011**

TAXABLE PENSION REFUNDING BONDS SERIES OF 2004			
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	275,000.00	1,555,197.00	1,830,197.00
2013	835,000.00	1,543,619.50	2,378,619.50
2014	870,000.00	1,507,046.50	2,377,046.50
2015	790,000.00	1,468,418.50	2,258,418.50
2016	840,000.00	1,432,078.50	2,272,078.50
2017	890,000.00	1,393,438.50	2,283,438.50
2018	945,000.00	1,350,095.50	2,295,095.50
2019	1,000,000.00	1,304,074.00	2,304,074.00
2020	1,060,000.00	1,255,374.00	2,315,374.00
2021	1,125,000.00	1,203,752.00	2,328,752.00
2022	1,190,000.00	1,145,702.00	2,335,702.00
2023	1,265,000.00	1,084,298.00	2,349,298.00
2024	1,340,000.00	1,019,024.00	2,359,024.00
2025	1,420,000.00	947,870.00	2,367,870.00
2026	1,500,000.00	874,030.00	2,374,030.00
2027	1,580,000.00	796,030.00	2,376,030.00
2028	1,660,000.00	713,870.00	2,373,870.00
2029	1,750,000.00	627,550.00	2,377,550.00
2030	1,840,000.00	536,550.00	2,376,550.00
2031	1,935,000.00	439,950.00	2,374,950.00
2032	2,040,000.00	338,362.50	2,378,362.50
2033	2,145,000.00	231,262.50	2,376,262.50
2034	2,260,000.00	118,650.00	2,378,650.00
TOTAL	30,555,000.00	22,886,243.00	53,441,243.00

Taxable Pension Bonds Series of 2004 refunded Taxable series of 1996 which funded the unfunded liability of the City's three (3) pension plans. Debt service payments for this issue are assessed to each fund with employees in any of the City Plans. Partial refunding of 2004 Pension Bond in 2007 (\$1,980,000). Allocation is Series A of 2007 (\$1,080,000) and Series B (\$900,000).

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2011**

<u>YEAR</u>	<u>SERIES OF 2001</u>		<u>SERIES OF 2003</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2012	400,000.00	153,210.00	605,000.00	341,100.00
2013	415,000.00	136,010.00	-	316,900.00
2014	440,000.00	117,750.00	-	316,900.00
2015	450,000.00	97,950.00	695,000.00	316,900.00
2016	225,000.00	77,250.00	730,000.00	278,675.00
2017	240,000.00	66,000.00	770,000.00	238,525.00
2018	250,000.00	54,000.00	820,000.00	196,175.00
2019	265,000.00	41,500.00	865,000.00	151,075.00
2020	275,000.00	28,250.00	655,000.00	103,500.00
2021	290,000.00	14,500.00	690,000.00	70,750.00
2022	-	-	725,000.00	36,250.00
TOTAL	3,250,000.00	786,420.00	6,555,000.00	2,366,750.00

<u>YEAR</u>	<u>TAXABLE REFUNDING SERIES OF 2004</u>		<u>SERIES OF 2004</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2012	-	51,444.00	295,000.00	214,280.00
2013	470,000.00	51,444.00	310,000.00	202,480.00
2014	695,000.00	30,858.00	320,000.00	190,080.00
2015	-	-	335,000.00	177,280.00
2016	-	-	350,000.00	160,530.00
2017	-	-	370,000.00	143,030.00
2018	-	-	385,000.00	128,230.00
2019	-	-	400,000.00	112,830.00
2020	-	-	415,000.00	96,430.00
2021	-	-	430,000.00	79,415.00
2022	-	-	450,000.00	61,355.00
2023	-	-	470,000.00	42,005.00
2024	-	-	490,000.00	21,560.00
TOTAL	1,165,000.00	133,746.00	5,020,000.00	1,629,505.00

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2011**

<u>YEAR</u>	<u>SERIES OF 2006 NOTE</u>		<u>SERIES OF 2007 B</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2012	266,000.00	32,362.32	35,000.00	452,687.00
2013	274,400.00	21,890.67	35,000.00	450,720.00
2014	286,400.00	11,179.55	40,000.00	448,753.00
2015	-	-	630,000.00	446,505.00
2016	-	-	905,000.00	411,099.00
2017	-	-	1,230,000.00	360,238.00
2018	-	-	1,280,000.00	290,497.00
2019	-	-	1,670,000.00	217,281.00
2020	-	-	2,015,000.00	120,922.00
2021	-	-	45,000.00	2,641.50
TOTAL	826,800.00	65,432.54	7,885,000.00	3,201,343.50

<u>YEAR</u>	<u>SERIES OF 2008</u>		<u>YEAR</u>	<u>SERIES OF 2009</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>		<u>PRINCIPAL</u>	<u>INTEREST</u>
2012	1,080,000.00	133,385.00	2012	283,000.00	191,446.15
2013	730,000.00	100,985.00	2013	295,000.00	179,510.45
2014	540,000.00	78,355.00	2014	308,000.00	167,058.50
2015	560,000.00	61,480.00	2015	321,000.00	154,069.65
2016	575,000.00	42,580.00	2016	334,000.00	140,543.90
2017	300,000.00	22,455.00	2017	349,000.00	126,439.95
2018	315,000.00	11,655.00	2018	363,000.00	111,737.15
			2019	379,000.00	96,414.85
			2020	394,000.00	80,452.40
			2021	411,000.00	63,829.15
			2022	428,000.00	46,503.80
TOTAL	4,100,000.00	450,895.00	2023	447,000.00	28,435.05
			2024	465,000.00	9,602.25
			TOTAL	4,777,000.00	1,396,043.25

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2011**

<u>YEAR</u>	<u>2006 NOTE (Loan)</u>		<u>SERIES OF 2007 A</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2012	146,750.00	556,112.49	-	-	
2013	155,000.00	545,903.82	-	-	
2014	164,300.00	536,726.11	-	-	
2015	484,040.00	526,997.71	-	-	
2016	512,320.00	499,702.48	-	-	
2017	260,850.00	341,271.25	-	-	
2018	285,360.00	324,998.09	-	-	
2019	312,190.00	307,972.40	-	-	
2020	341,550.00	290,954.35	-	-	
2021	373,640.00	271,559.41	2021	842,304.75	1,232,695.25
2022	408,780.00	252,062.53	2022	914,808.40	1,505,191.60
2023	447,200.00	231,664.05	2023	1,120,182.90	2,049,817.10
2024	489,240.00	210,898.51	2024	1,038,565.60	2,121,434.40
2025	535,240.00	188,020.23	2025	1,121,790.00	2,538,210.00
2026	585,550.00	164,660.21	2026	1,044,306.60	2,610,693.40
2027	640,580.00	140,219.95	2027	973,107.20	2,681,892.80
2028	700,790.00	114,963.59	2028	907,680.00	2,752,320.00
2029	766,670.00	87,911.08	2029	844,012.60	2,810,987.40
2030	838,740.00	59,921.66	2030	786,643.80	2,873,356.20
2031	917,578.00	30,637.92	2031	731,890.20	2,928,109.80
			2032	866,666.80	3,793,333.20
			2033	806,578.50	3,858,421.50
			2034	748,768.80	3,911,231.20
			2035	1,050,860.80	5,989,139.20
			2036	975,814.40	6,064,185.60
TOTAL	9,366,368.00	5,683,157.84	Accretion	3,314,797.00	
			TOTAL	18,088,778.35	49,721,018.65

Year 2017 reverts to LIBOR plus 40 basis points

DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2011

2011 General Obligation Bond

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2012	90,000.00	308,263.75
2013	90,000.00	306,463.75
2014	95,000.00	304,663.75
2015	95,000.00	302,763.75
2016	95,000.00	300,507.50
2017	100,000.00	297,800.00
2018	105,000.00	294,675.00
2019	105,000.00	291,000.00
2020	110,000.00	287,062.50
2021	115,000.00	282,662.50
2022	120,000.00	277,918.75
2023	125,000.00	272,668.75
2024	130,000.00	267,200.00
2025	310,000.00	261,187.50
2026	325,000.00	245,687.50
2027	345,000.00	229,437.50
2028	355,000.00	212,187.50
2029	380,000.00	193,993.75
2030	395,000.00	174,518.75
2031	420,000.00	154,275.00
2032	440,000.00	132,225.00
2033	460,000.00	109,125.00
2034	490,000.00	84,975.00
2035	515,000.00	58,025.00
2036	540,000.00	29,700.00
TOTAL	6,350,000.00	5,678,987.50

LEGAL DEBT MARGIN

As of December 31, 2010

Net Nonelectoral General Obligation Debt Limit:

Borrowing base (1)	\$	74,064,524
Percentage limitation		<u>250%</u>
Net nonelectoral debt limit	\$	185,161,310
Less: Net nonelectoral debt outstanding (2)		63,528,046

REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2010 \$ **121,633,264**

Net Nonelectoral Plus Lease Rental Debt Limit:

Borrowing base (1)	\$	74,064,524
Percentage limitation		<u>350%</u>
Net nonelectoral debt limit plus lease rental debt limit	\$	259,225,834
Less: Net nonelectoral debt outstanding plus lease rental debt outstanding (2)		63,528,046

REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2010 \$ **195,697,788**

- (1) The Commonwealth of Pennsylvania has enacted the "Local Government Unit Debt Act" which limits debt to revenues. Briefly, the revenues of the last three years are adjusted for various nonrecurring and excludable items. The average of the adjusted revenues is then the borrowing base. Certain percentages are applied to the borrowing base to determine the debt limitations.
- (2) For computation purposes, this amount has been reduced by \$31,325,000, which is the outstanding balance of the 2004 G.O. Bond Issues used to finance the City's pension funding liability as allowed by statute.

CITY OF ALLENTOWN PENNSYLVANIA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)

As of December 31, 2010

	<u>Net Debt Outstanding</u>	<u>City of Allentown Pro-Rata Share</u>	<u>City of Allentown Share of Debt</u>
<u>DIRECT DEBT</u>			
City General Obligation Bonds			
2001 General Obligation Bonds	3,635,000	100.0%	3,635,000
2003 General Obligation Bonds	6,555,000	100.0%	6,555,000
2004 General Obligation Bonds	37,875,000	100.0%	37,875,000
2006 General Obligation Bonds	10,585,268	100.0%	10,585,268
2007 General Obligation Bonds	26,008,778	100.0%	26,008,778
2008 General Obligation Bonds	5,145,000	100.0%	5,145,000
2009 General Obligation Bonds	5,049,000	100.0%	5,049,000
NET DIRECT DEBT	\$ 94,853,046	100.0%	\$ 94,853,046
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<u>OVERLAPPING</u> Allentown School District	189,596,154	100.0%	189,596,154
Lehigh County General Obligation Bonds	<u>190,126,538</u>	20.2%	<u>38,405,561</u>
TOTAL OVERLAPPING DEBT	\$ 379,722,692		\$ 228,001,715
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 474,575,738</u>		<u>\$ 322,854,761</u>

(1) Excludes outstanding debt classified as self-supporting