

# 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)**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2008</b>	<b>2009</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual &amp;</b>	<b>Final</b>
						<b>Estimated</b>	<b>Budget</b>
<b>Opening Balance</b>	-	-	1,733	655	655	655	
<b>Revenues:</b>							
Transfers from:							
7130 General Fund	4,979,502	5,609,940	4,223,795	5,057,791	4,615,720	4,173,641	4,739,874
7135 Golf Course Fund							
94/96/97/98/01 Issues	73,000	235,809	106,480	106,480	-	106,480	106,480
Transfers for:							
2004 Pension Bonds:							
7130 General Fund	1,280,616	2,307,532	2,309,917	2,304,434	2,125,684	2,051,524	1,560,610
7131 Water Fund	5,206	17,257	12,019	-	-	-	-
7132 Sewer Fund	10,412	34,514	24,038	35,548	125,710	125,710	17,544
7133 Liquid Fuels Fund	-	-	-	-	-	-	-
7136 CDBG Fund	-	-	-	17,775	62,855	62,855	8,772
7137 E-911 Fund	-	-	-	17,775	62,855	62,855	8,772
7134 Solid Waste Fund	5,206	17,257	17,257	-	-	-	-
<b>Total Revenue</b>	<b>6,353,942</b>	<b>8,222,309</b>	<b>6,693,506</b>	<b>7,539,803</b>	<b>6,992,824</b>	<b>6,583,065</b>	<b>6,442,052</b>
<b>Total Funds Available</b>	<b>6,353,942</b>	<b>8,222,309</b>	<b>6,695,239</b>	<b>7,540,458</b>	<b>6,993,479</b>	<b>6,583,720</b>	<b>6,442,052</b>
<b>Expenditures:</b>							
98 Bond Principal Maturities	2,475,000	3,580,000	2,124,432	2,443,900	4,640,720	1,938,800	2,575,600
82 Bond Coupon Maturities	2,555,002	2,244,951	2,178,894	2,694,596	-	2,316,976	2,255,609
82 Pension Obligation Bonds	1,301,440	2,376,560	2,375,250	2,375,532	2,327,104	2,302,944	1,585,843
44 Bond Administration Fees	22,500	19,065	16,008	25,775	25,000	25,000	25,000
<b>Total Expenditures</b>	<b>6,353,942</b>	<b>8,220,576</b>	<b>6,694,584</b>	<b>7,539,803</b>	<b>6,992,824</b>	<b>6,583,720</b>	<b>6,442,052</b>
<b>Closing Balance</b>	-	1,733	655	655	655	-	-

**CITY OF ALLENTOWN  
PROGRAM BUDGET  
RESOURCE REQUIREMENTS**

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

		2004	2005	2006	2007	2008	2008	2009
		Actual	Actual	Actual	Actual	Budget	Actual & Estimated	Final Budget
<b>Account Detail</b>								
0001-44	PROF SERVICES FEES	20,188	19,065	16,008	25,775	25,000	25,000	25,000
	<b>Services &amp; Charges</b>	20,188	19,065	16,008	25,775	25,000	25,000	25,000
0001-82	INTEREST EXPENSE	2,553,329	3,971,511	3,894,144	4,395,128	6,967,824	3,924,920	3,841,452
0001-98	DEBT PRINCIPAL	3,900,000	4,230,000	2,784,432	3,118,900	-	2,633,800	2,575,600
	<b>Sundry</b>	6,453,329	8,201,511	6,678,576	7,514,028	6,967,824	6,558,720	6,417,052
<b>Total</b>	<b>DEBT SERVICE</b>	<b>6,473,517</b>	<b>8,220,576</b>	<b>6,694,584</b>	<b>7,539,803</b>	<b>6,992,824</b>	<b>6,583,720</b>	<b>6,442,052</b>

**DEBT SERVICE FUND**  
**GENERAL OBLIGATION DEBT**

	<u>OUTSTANDING</u> <u>DEBT</u> <u>JAN. 1, 2008</u>	<u>ADDITIONS</u> <u>(REDUCTIONS)</u> <u>IN 2008</u>	<u>OUTSTANDING</u> <u>DEBT</u> <u>DEC. 31, 2008</u>	<u>INTEREST</u> <u>EXPENSE</u> <u>2008</u>
1993 General Obligation Improvement Bonds	325,000	-	325,000	18,362.50
1993 General Obligation Refunding Bonds	1,525,000	-	1,525,000	86,162.50
1997 General Obligation Bonds - 2nd Series (2)	1,360,000	(1,360,000)	-	48,131.56
1998 General Obligation Bonds (2)	5,050,000	(5,050,000)	-	239,465.00
2001 General Obligation Bonds	4,360,000	-	4,360,000	197,462.50
2003 General Obligation Bonds	6,555,000	-	6,555,000	341,100.00
2004 Pension Refunding Bonds	32,020,000	(695,000)	31,325,000	1,607,944.00
2004 Federally Taxable Refunding Bonds	2,605,000	(1,330,000)	1,275,000	98,006.50
2004 General Obligation Bonds	6,085,000	(255,000)	5,830,000	257,130.00
2006 General Obligation Note (1995 Loan Payoff)	1,788,400.00	(226,800.00)	1,561,600	70,000.96
2006 General Obligation Note (\$10,000,000)	9,876,668.05	(117,000.00)	9,759,668	586,410.71
2007 General Obligation Series A	14,773,981.35	-	14,773,981	-
2007 General Obligation Series B	7,990,000.00	(5,000)	7,985,000	349,036.00
2008 General Obligation	-	6,660,000	6,660,000	25,707.61
<b>TOTALS</b>	<b>94,314,049</b>	<b>(2,378,800)</b>	<b>91,935,249</b>	<b>3,924,920</b>

(1) Cash Basis, unless otherwise stated

(2) 1997 & 1998 Includes interest paid thru refunding

**DEBT SERVICE FUND**

**GENERAL OBLIGATION BONDS AMORTIZATION SCHEDULE AS OF DECEMBER 31, 2008**

<b>YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL ANNUAL DEBT SERVICE</b>
2009	2,575,600.00	2,255,609.41	4,831,209.41
2010	2,870,400.00	2,142,270.65	5,012,670.65
2011	2,222,100.00	2,017,557.91	4,239,657.91
2012	2,827,750.00	1,934,580.81	4,762,330.81
2013	2,389,400.00	1,826,333.49	4,215,733.49
2014	2,485,700.00	1,730,601.66	4,216,301.66
2015	3,154,040.00	1,627,112.71	4,781,152.71
2016	3,297,320.00	1,469,836.48	4,767,156.48
2017	3,170,850.00	1,171,519.25	4,342,369.25
2018	3,335,360.00	1,005,555.09	4,340,915.09
2019	3,512,190.00	830,658.40	4,342,848.40
2020	3,701,550.00	640,056.35	4,341,606.35
2021	2,670,944.75	1,671,561.16	4,342,505.91
2022	2,498,588.40	1,854,859.13	4,353,447.53
2023	2,037,382.90	2,323,486.15	4,360,869.05
2024	2,017,805.60	2,353,892.91	4,371,698.51
2025	1,657,030.00	2,726,230.23	4,383,260.23
2026	1,629,856.60	2,775,353.61	4,405,210.21
2027	1,613,687.20	2,822,112.75	4,435,799.95
2028	1,608,470.00	2,867,283.59	4,475,753.59
2029	1,610,682.60	2,898,898.48	4,509,581.08
2030	1,625,383.80	2,933,277.86	4,558,661.66
2031	1,649,468.20	2,958,747.72	4,608,215.92
2032	866,666.80	3,793,333.20	4,660,000.00
2033	806,578.50	3,858,421.50	4,665,000.00
2034	748,768.80	3,911,231.20	4,660,000.00
2035	1,050,860.80	5,989,139.20	7,040,000.00
2036	975,814.40	6,064,185.60	7,040,000.00
<b>TOTAL</b>	<b>60,610,249.35</b>	<b>70,453,706.50</b>	<b>131,063,955.85</b>

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING  
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2008**

**TAXABLE PENSION REFUNDING BONDS SERIES OF 2004**

<b>YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2009	-	1,585,843.00	1,585,843.00
2010	-	1,585,843.00	1,585,843.00
2011	770,000.00	1,585,843.00	2,355,843.00
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
<b>TOTAL</b>	<b>31,325,000.00</b>	<b>27,643,772.00</b>	<b>58,968,772.00</b>

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, 2008**

YEAR	SERIES OF 1993		REFUNDING SERIES OF 1993	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	160,000.00	18,362.50	740,000.00	86,162.50
2010	165,000.00	9,322.50	785,000.00	44,352.50
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
<b>TOTAL</b>	<b>325,000.00</b>	<b>27,685.00</b>	<b>1,525,000.00</b>	<b>130,515.00</b>

YEAR	SERIES OF 2001		SERIES OF 2003	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	355,000.00	197,462.50	-	341,100.00
2010	370,000.00	183,795.00	-	341,100.00
2011	385,000.00	168,995.00	-	341,100.00
2012	400,000.00	153,210.00	605,000.00	341,100.00
2013	415,000.00	136,010.00	-	-
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	316,900.00
2017	240,000.00	66,000.00	770,000.00	278,675.00
2018	250,000.00	54,000.00	820,000.00	238,525.00
2019	265,000.00	41,500.00	865,000.00	196,175.00
2020	275,000.00	28,250.00	655,000.00	151,075.00
2021	290,000.00	14,500.00	690,000.00	103,500.00
2022	-	-	725,000.00	70,750.00
2023	-	-	-	36,250.00
2024	-	-	-	-
<b>TOTAL</b>	<b>4,360,000.00</b>	<b>1,336,672.50</b>	<b>6,555,000.00</b>	<b>3,390,050.00</b>

DEBT SERVICE REQUIREMENTS ON OUTSTANDING  
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2008

YEAR	SERIES OF 2006 NOTE		SERIES OF 2007 B	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	236,800.00	60,956.62	30,000.00	458,307.00
2010	244,400.00	51,713.20	35,000.00	456,621.00
2011	253,600.00	42,173.11	35,000.00	454,654.00
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
2022	-	-	-	-
<b>TOTAL</b>	<b>1,561,600.00</b>	<b>220,275.47</b>	<b>7,985,000.00</b>	<b>4,570,925.50</b>

YEAR	TAXABLE REFUNDING SERIES OF 2004		SERIES OF 2004	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	15,000.00	55,712.50	260,000.00	249,480.00
2010	10,000.00	55,201.00	270,000.00	239,080.00
2011	85,000.00	54,827.00	280,000.00	228,280.00
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
<b>TOTAL</b>	<b>1,275,000.00</b>	<b>299,486.50</b>	<b>5,830,000.00</b>	<b>2,346,345.00</b>

DEBT SERVICE REQUIREMENTS ON OUTSTANDING  
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2008

SERIES OF 2008		
YEAR	PRINCIPAL	INTEREST
2009	655,000.00	210,185.00
2010	860,000.00	190,535.00
2011	1,045,000.00	164,735.00
2012	1,080,000.00	133,385.00
2013	730,000.00	100,985.00
2014	540,000.00	78,355.00
2015	560,000.00	61,480.00
2016	575,000.00	42,580.00
2017	300,000.00	22,455.00
2018	315,000.00	11,655.00
2019	-	-
2020	-	-
2021	-	-
2022	-	-
<b>TOTAL</b>	<b>6,660,000.00</b>	<b>1,016,350.00</b>

2006 NOTE (Loan)			SERIES OF 2007 A		
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2009	123,800.00	577,880.79	-	-	
2010	131,000.00	570,550.45	-	-	
2011	138,500.00	562,793.80	-	-	
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	842,304.75	1,232,695.25	2021
2022	408,780.00	252,062.53	914,808.40	1,505,191.60	2022
2023	447,200.00	231,664.05	1,120,182.90	2,049,817.10	2023
2024	489,240.00	210,898.51	1,038,565.60	2,121,434.40	2024
2025	535,240.00	188,020.23	1,121,790.00	2,538,210.00	2025
2026	585,550.00	164,660.21	1,044,306.60	2,610,693.40	2026
2027	640,580.00	140,219.95	973,107.20	2,681,892.80	2027
2028	700,790.00	114,963.59	907,680.00	2,752,320.00	2028
2029	766,670.00	87,911.08	844,012.60	2,810,987.40	2029
2030	838,740.00	59,921.66	786,643.80	2,873,356.20	2030
2031	917,578.00	30,637.92	731,890.20	2,928,109.80	2031
2032			866,666.80	3,793,333.20	2032
2033			806,578.50	3,858,421.50	2033
2034			748,768.80	3,911,231.20	2034
2035			1,050,860.80	5,989,139.20	2035
2036			975,814.40	6,064,185.60	2036
<b>TOTAL</b>	<b>9,759,668.00</b>	<b>7,394,382.88</b>	<b>14,773,981.35</b>	<b>49,721,018.65</b>	<b>TOTAL</b>

Year 2017 reverts to LIBOR plus 40 basis points

CITY OF ALLENTOWN, PENNSYLVANIA

LEGAL DEBT MARGIN

As of December 31, 2007

**Net Nonelectoral General Obligation Debt Limit:**

Borrowing base (1)	\$	73,524,074
Percentage limitation		<u>250%</u>
Net nonelectoral debt limit	\$	183,810,185
Less: Net nonelectoral debt outstanding (2)		62,294,049

**REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2007** \$ **121,516,136**

**Net Nonelectoral Plus Lease Rental Debt Limit:**

Borrowing base (1)	\$	73,524,074
Percentage limitation		<u>350%</u>
Net nonelectoral debt limit plus lease rental debt limit	\$	257,334,259
Less: Net nonelectoral debt outstanding plus lease rental debt outstanding (2)		62,294,049

**REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2007** \$ **195,040,210**

- (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 \$32,020,000, which is the outstanding balance of the 2004 G.O. Bond Issue 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, 2007

	<u>Net Debt Outstanding</u>	<u>City of Allentown Pro-Rata Share</u>	<u>City of Allentown Share of Debt</u>
<b><u>DIRECT DEBT</u></b>			
City General Obligation Bonds			
1993 General Obligation Bonds	1,850,000	100.0%	1,850,000
1997 General Obligation Bonds	1,360,000	100.0%	1,360,000
1998 General Obligation Bonds	5,050,000	100.0%	5,050,000
2001 General Obligation Bonds	4,360,000	100.0%	4,360,000
2003 General Obligation Bonds	6,555,000	100.0%	6,555,000
2004 General Obligation Bonds	40,710,000	100.0%	40,710,000
2006 General Obligation Bonds	11,665,068	100.0%	11,665,068
2007 General Obligation Bonds	<u>22,763,981</u>	<u>100.0%</u>	<u>22,763,981</u>
<b>NET DIRECT DEBT</b>	<b>\$ 94,314,049</b>	<b>100.0%</b>	<b>\$ 94,314,049</b>
<b><u>OVERLAPPING</u></b>			
Allentown School District	40,158,005	100.0%	40,158,005
Lehigh County General Obligation Bonds	<u>228,170,000</u>	20.4%	<u>46,546,680</u>
<b>TOTAL OVERLAPPING DEBT</b>	<b>\$ 268,328,005</b>		<b>\$ 86,704,685</b>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b><u>\$ 362,642,054</u></b>		<b><u>\$ 181,018,734</u></b>

(1) Excludes outstanding debt classified as self-supporting

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