

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)**

	<i>2013 Budget</i>	<i>2013 Adj. Budget</i>	<i>2013 A & E</i>	<i>2014 Proposed</i>
<i>Opening Cash Balance</i>			0	0
Revenues:				
082-7130 General Fund Transfer In	7,576,805	7,576,805	7,576,805	8,069,485
082-7132 Sewer Fund Transfer In	54,051	54,051	54,051	0
082-7135 Golf Fund Transfer In	106,480	106,480	106,480	106,480
Total Revenue	<u>7,737,336</u>	<u>7,737,336</u>	<u>7,737,336</u>	<u>8,175,965</u>
Expenditures:				
44 PROF SERVICES FEES	35,000	35,000	35,000	35,000
82 INTEREST EXPENSE	4,666,878	4,666,878	4,666,878	4,562,171
98 DEBT PRINCIPAL	3,035,458	3,035,458	3,035,458	3,578,794
Total Expenditures	<u>7,737,336</u>	<u>7,737,336</u>	<u>7,737,336</u>	<u>8,175,965</u>
Ending Cash Balance			<u>0</u>	<u>0</u>

**CITY OF ALLENTOWN
FUND SUMMARY - DEBT SERVICE FUND (082)**

Revenues:	2009 Actuals	2010 Actuals	2011 Actuals	2012 Actuals
082-7130 General Fund Transfer In	6,409,583	6,946,729	7,038,684	7,230,967
082-7132 Sewer Fund Transfer In	17,544	17,462	34,092	31,860
082-7135 Golf Fund Transfer In	106,480	106,480	106,480	106,480
082-7136 CDBG Transfer in	8,772	8,731	17,046	15,930
082-7137 E-911 Transfer In	8,772	8,731	17,046	0
Total Revenue	6,551,151	7,088,133	7,213,348	7,385,237

Expenditures:				
44 PROF SERVICES FEES	14,700	14,706	5,078	12,013
82 INTEREST EXPENSE	3,960,851	3,942,027	3,944,170	3,977,475
98 DEBT PRINCIPAL	2,575,600	3,131,400	3,264,100	3,395,750
Total DEBT SERVICE	6,551,151	7,088,133	7,213,348	7,385,238

DEBT SERVICE FUND
GENERAL OBLIGATION DEBT

	<u>OUTSTANDING</u> <u>DEBT</u> <u>JAN. 1, 2013</u>	<u>ADDITIONS</u> <u>(REDUCTIONS)</u> <u>IN 2013</u>	<u>OUTSTANDING</u> <u>DEBT</u> <u>DEC. 31, 2013</u>	<u>INTEREST</u> <u>EXPENSE</u> <u>2013</u>
2003 General Obligation Bonds	1,070,000	-	1,070,000	58,550
2004 Pension Refunding Bonds	30,280,000	(835,000)	29,445,000	1,543,620
2004 Federally Taxable Refunding Bonds	1,165,000	(470,000)	695,000	51,444
2004 General Obligation Bonds	4,725,000	(310,000)	4,415,000	202,480
2006 General Obligation Note (1995 Loan Payoff)	560,800	155,200	716,000	21,891
2006 General Obligation Note (\$10,000,000)	9,219,618	(155,000)	9,064,618	545,904
2007 General Obligation Series A (includes accretion)	19,345,769		19,345,769	-
2007 General Obligation Series B	7,850,000	(35,000)	7,815,000	450,720
2008 General Obligation	3,020,000	(730,000)	2,290,000	100,985
2009 General Obligation	4,494,000	(295,000)	4,199,000	179,510
2011 General Obligation (May 2011)	6,260,000	(90,000)	6,170,000	306,464
2011 General Obligation Series A	6,785,000	(555,000)	6,230,000	235,481
2012 General Obligation Bond	5,710,000	(125,000)	5,585,000	130,588
TOTALS	100,485,187	(3,444,800)	97,040,387	3,827,636

(1) Cash Basis, unless otherwise stated

DEBT SERVICE FUND
GENERAL OBLIGATION BONDS AMORTIZATION SCHEDULE AS OF DECEMBER 31, 2013

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL ANNUAL DEBT SERVICE</u>
2014	3,153,700.00	2,180,617.67	5,334,317.67
2015	3,825,040.00	2,067,939.87	5,892,979.87
2016	3,961,320.00	1,913,406.64	5,874,726.64
2017	3,834,850.00	1,615,427.96	5,450,277.96
2018	4,003,360.00	1,450,586.00	5,453,946.00
2019	4,176,190.00	1,277,142.01	5,453,332.01
2020	4,365,550.00	1,087,302.51	5,452,852.51
2021	3,341,944.75	2,114,109.07	5,456,053.82
2022	3,201,588.40	2,290,869.18	5,492,457.58
2023	2,754,382.90	2,745,327.45	5,499,710.35
2024	2,762,805.60	2,745,995.16	5,508,800.76
2025	2,122,030.00	3,096,717.73	5,218,747.73
2026	2,114,856.60	3,124,141.11	5,238,997.71
2027	2,128,687.20	3,148,050.25	5,276,737.45
2028	2,138,470.00	3,168,321.09	5,306,791.09
2029	2,175,682.60	3,173,867.23	5,349,549.83
2030	2,210,383.80	3,180,446.61	5,390,830.41
2031	2,269,468.20	3,177,122.72	5,446,590.92
2032	1,516,666.80	3,980,658.20	5,497,325.00
2033	1,486,578.50	4,012,671.50	5,499,250.00
2034	1,468,768.80	4,030,881.20	5,499,650.00
2035	1,810,860.80	6,070,914.20	7,881,775.00
2036	1,770,814.40	6,105,998.10	7,876,812.50
Accretion	4,571,787.65		4,571,787.65
TOTAL	67,165,787.00	67,758,513.46	130,352,512.81

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, 2013

TAXABLE PENSION REFUNDING BONDS SERIES OF 2004			
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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	29,445,000.00	19,787,426.50	49,232,426.50

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, 2013

YEAR	SERIES OF 2012		SERIES OF 2003	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014	130,000.00	129,712.50	-	58,850.00
2015	635,000.00	127,112.50	190,000.00	58,850.00
2016	645,000.00	114,412.50	200,000.00	48,400.00
2017	660,000.00	101,512.50	210,000.00	37,400.00
2018	670,000.00	88,312.50	230,000.00	25,850.00
2019	685,000.00	74,912.50	240,000.00	13,200.00
2020	700,000.00	59,500.00		
2021	720,000.00	42,000.00		
2022	740,000.00	22,200.00		
TOTAL	5,585,000.00	759,675.00	1,070,000.00	242,550.00

YEAR	TAXABLE REFUNDING SERIES OF 2004		SERIES OF 2004	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
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	695,000.00	30,858.00	4,415,000.00	1,212,745.00

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2013**

<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>
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	286,400.00	11,179.55	7,815,000.00	2,297,936.50

<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>
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
			2023	447,000.00	28,435.05
			2024	465,000.00	9,602.25
TOTAL	2,290,000.00	216,525.00	TOTAL	4,199,000.00	1,025,086.65

DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2013

2006 NOTE (Loan)			SERIES OF 2007 A		
YEAR	PRINCIPAL	INTEREST	YEAR	PRINCIPAL	INTEREST
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
			Accretion	4,571,787.65	
TOTAL	9,064,618.00	4,581,141.53	TOTAL	19,345,769.00	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, 2013

2011 General Obligation Bond (May 2011)

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
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	6,170,000.00	5,064,260.00

DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2012

2011 A - General Obligation Bond (November 2011)
funds Series of 2001 (3,340,000) and new money portion (4,000,000)

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	575,000.00	224,381.26
2015	575,000.00	212,881.26
2016	345,000.00	195,631.26
2017	355,000.00	185,281.26
2018	370,000.00	174,631.26
2019	385,000.00	163,531.26
2020	390,000.00	151,981.26
2021	405,000.00	139,306.26
2022	140,000.00	125,637.50
2023	145,000.00	120,737.50
2024	150,000.00	115,300.00
2025	155,000.00	109,300.00
2026	160,000.00	103,100.00
2027	170,000.00	96,500.00
2028	175,000.00	88,850.00
2029	185,000.00	80,975.00
2030	190,000.00	72,650.00
2031	200,000.00	64,100.00
2032	210,000.00	55,100.00
2033	220,000.00	45,125.00
2034	230,000.00	34,675.00
2035	245,000.00	23,750.00
2036	255,000.00	12,112.50
TOTAL	6,230,000.00	2,595,537.58

LEGAL DEBT MARGIN

As of December 31, 2012

Net Nonelectoral General Obligation Debt Limit:

Borrowing base (1)	\$	82,951,096
Percentage limitation		<u>350%</u>
Net nonelectoral debt limit	\$	290,328,835
Less: Net nonelectoral debt outstanding (2)		73,124,883

REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2012 \$ 217,203,952

Net Nonelectoral Plus Lease Rental Debt Limit:

Borrowing base (1)	\$	82,951,096
Percentage limitation		<u>350%</u>
Net nonelectoral debt limit plus lease rental debt limit	\$	290,328,835
Less: Net nonelectoral debt outstanding plus lease rental debt outstanding (2)		73,124,883

REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2012 \$ 217,203,952

(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.

CITY OF ALLENTOWN PENNSYLVANIA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)

As of December 31, 2012

	<u>Net Debt</u> <u>Outstanding</u>	<u>City of</u> <u>Allentown</u> <u>Pro-Rata Share</u>	<u>City of</u> <u>Allentown</u> <u>Share of Debt</u>
<u>DIRECT DEBT</u>			
City General Obligation Bonds			
2003 General Obligation Bonds	1,070,000	100.0%	1,070,000
2004 General Obligation Bonds	36,170,000	100.0%	36,170,000
2006 General Obligation Bonds	9,780,418	100.0%	9,780,418
2007 General Obligation Bonds	28,540,181	100.0%	28,540,181
2008 General Obligation Bonds	3,020,000	100.0%	3,020,000
2009 General Obligation Bonds	4,494,000	100.0%	4,494,000
2011 General Obligation Bonds	13,045,000	100.0%	13,045,000
2012 General Obligation Bonds	<u>5,710,000</u>	<u>100.0%</u>	<u>5,710,000</u>
NET DIRECT DEBT	\$ 101,829,599	100.0%	\$ 101,829,599
<u>OVERLAPPING</u> Allentown School District	202,813,304	100.0%	202,813,304
Lehigh County General Obligation Bonds	<u>167,270,533</u>	19.7%	<u>32,952,295</u>
TOTAL OVERLAPPING DEBT	\$ 370,083,837		\$ 235,765,599
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 471,913,436</u>		<u>\$ 337,595,198</u>

(1) Leases and Water and Sewer General Obligation Bonds issued in 2011 are not included in the Direct Debt total

(2) Overlapping debt is calculated by using Allentown's percentage of Lehigh County's total assessments.

This percentage is used to determine Allentown's percent of the debt. The debt for Allentown School District is included at 100%.