

# OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

## 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.

### 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.

# OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

## Statement of Debt Service Requirements

Debt Service:

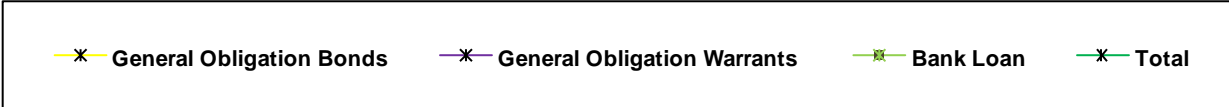
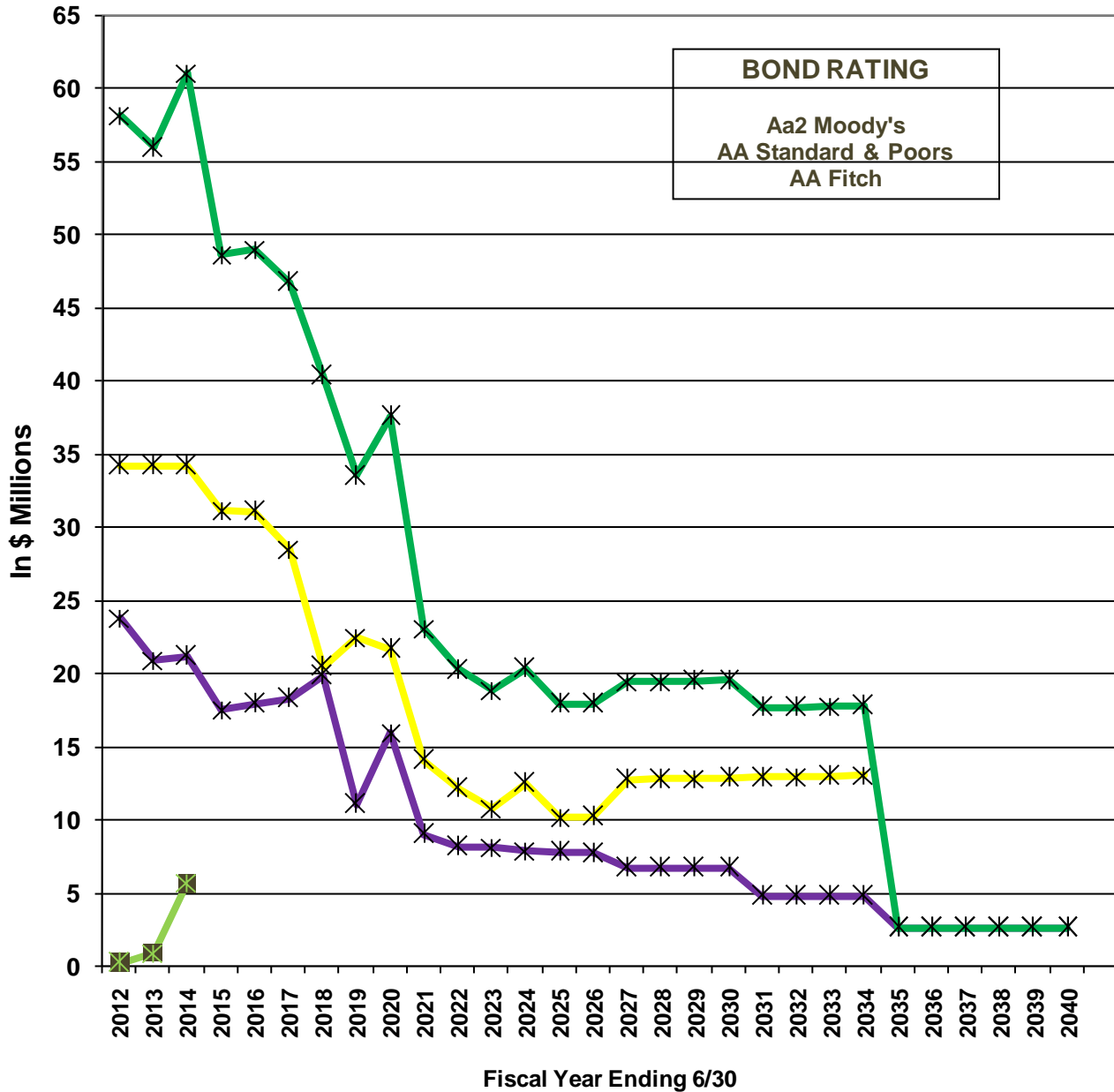
The following table sets forth the City's debt requirements for payment of principal and interest by fiscal year.

Fiscal Year Ended <u>6/30</u>	General Obligation <u>Bonds</u>	General Obligation <u>Warrants</u>	<u>Bank Loan</u>	<u>Total</u>
2012	\$34,192,272	\$23,758,446	\$208,800	\$58,159,518
2013	34,173,949	20,898,565	880,200	55,952,714
2014	34,182,778	21,165,334	5,684,800	61,032,912
2015	31,113,859	17,502,940		48,616,799
2016	31,078,578	17,904,529		48,983,107
2017	28,489,603	18,262,489		46,752,092
2018	20,463,540	19,873,978		40,337,518
2019	22,448,040	11,060,308		33,508,348
2020	21,665,290	15,935,792		37,601,082
2021	14,062,915	8,980,618		23,043,533
2022	12,106,790	8,136,988		20,243,778
2023	10,754,990	8,093,188		18,848,178
2024	12,506,490	7,847,966		20,354,456
2025	10,165,565	7,778,835		17,944,400
2026	10,176,410	7,714,288		17,890,698
2027	12,739,248	6,678,239		19,417,487
2028	12,773,548	6,680,506		19,454,054
2029	12,811,035	6,678,327		19,489,362
2030	12,846,698	6,676,178		19,522,876
2031	12,894,298	4,753,484		17,647,782
2032	12,932,710	4,753,443		17,686,153
2033	12,980,810	4,751,650		17,732,460
2034	13,032,134	4,750,605		17,782,739
2035		2,607,423		2,607,423
2036		2,609,444		2,609,444
2037		2,608,473		2,608,473
2038		2,609,510		2,609,510
2039		2,609,805		2,609,805
2040		2,605,657		2,605,657
Total	<u>\$430,591,550</u>	<u>\$276,287,008</u>	<u>\$6,773,800</u>	<u>\$713,652,358</u>

The table indicates that all City debt will be paid by 2040. The table is illustrated by the graph shown on the following page.

**OFFICIAL OPERATING BUDGET  
FISCAL YEAR 2012**

**DEBT SERVICE REQUIREMENTS  
FISCAL YEARS 2012 - 2040**



# OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

The 2011 - 2012 budget provides \$58,159,518.00 for anticipated debt service as follows:

<u>Funding Source</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
General Fund	\$11,780,323.00	\$7,525,348.00	\$16,200.00	\$19,321,871.00
Debt Service Fund	21,185,000.00	12,978,949.00	28,323.00	34,192,272.00
Highway Improvement Fund	2,363,077.00	306,600.00	2,625.00	2,672,302.00
Fuel Tax Fund	500,000.00	216,150.00	1,000.00	717,150.00
Tax Increment Financing Fund	340,000.00	905,423.00	10,500.00	1,255,923.00
	<u>\$36,168,400.00</u>	<u>\$21,932,470.00</u>	<u>\$58,648.00</u>	<u>\$58,159,518.00</u>

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

<b>TYPE OF DEBT/PURPOSE</b>	<u>Total Bonds Outstanding July 1, 2011</u>	<u>Debt Service Requirements Fiscal Year Ending June 30, 2012</u>
<b>GENERAL FUND REQUIREMENT:</b>		
<u>2001-C Refunding Warrants/ Capital Improvements</u>		
Principal	\$965,000.00	\$965,000.00
Interest	38,600.00	38,600.00
Fees		1,500.00
	<u>\$1,003,600.00</u>	<u>\$1,005,100.00</u>
<u>2003-A Refunding Warrants</u>		
Principal	\$5,370,000.00	\$1,660,000.00
Interest	579,338.00	281,925.00
Fees		2,625.00
	<u>\$5,370,000.00</u>	<u>\$1,944,550.00</u>



**OFFICIAL OPERATING BUDGET  
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	Total Bonds Outstanding July 1, 2011	Debt Service Requirements Fiscal Year Ending June 30, 2012
<u>Recovery Zone Economic Development Warrants</u>		
Principal	\$39,115,000.00	\$0.00
Interest	27,909,442.00	1,572,196.00
Fees		1,000.00
	\$67,024,442.00	\$1,573,196.00
 <u>Bank Loan</u>		
Principal	\$5,684,800.00	\$0.00
Interest	880,200.00	208,800.00
Fees		0.00
	\$6,565,000.00	\$208,800.00
 <b>HIGHWAY IMPROVEMENT FUND REQUIREMENT:</b>		
 <u>2003-B Refunding Warrants</u>		
Principal	\$7,140,000.00	\$1,680,000.00
Interest	947,075.00	306,600.00
Fees		2,625.00
	\$8,087,075.00	\$1,986,600.00
 <u>2010-A General Obligation Warrants</u>		
Principal		\$683,077.00
Interest		
	\$0.00	\$683,077.00

**OFFICIAL OPERATING BUDGET  
FISCAL YEAR 2012**

	Total Bonds Outstanding July 1, 2011	Debt Service Requirements Fiscal Year Ending June 30, 2012
<b>FUEL TAX FUND REQUIREMENT:</b>		
<u>2004-B General Obligation Refunding/ Warrants/ Street Improvements</u>		
Principal	\$6,240,000.00	\$500,000.00
Interest	1,424,050.00	216,150.00
Fees		1,000.00
	\$7,664,050.00	\$717,150.00
<u>General Obligation Bonds/ Capital Improvements</u>		
Principal	\$298,070,000.00	\$21,185,000.00
Interest	132,521,520.00	12,978,949.00
Fees		28,323.00
	\$430,591,520.00	\$34,192,272.00
<b>TAX INCREMENT FINANCING REQUIREMENT:</b>		
<u>Capital Improvements</u>		
Principal	\$21,000,000.00	\$340,000.00
Interest	746,231.00	905,423.00
Fees		10,500.00
	\$21,746,231.00	\$1,255,923.00

# OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

## 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.

### CITY OF BIRMINGHAM, ALABAMA

#### COMPUTATION OF LEGAL DEBT MARGIN

Assessed value of real and personal property <sup>1</sup>		<u>\$2,826,110,356</u>
Debt limit, 20% of assessed value <sup>2</sup>		565,222,071
Outstanding General Obligation Bonds and Warrants <sup>3</sup>	\$490,306,779	
Less exemptions:		
School and Sewer Bonds	(94,505,020)	
Debt Service Funds balances (general obligation bonds) <sup>4</sup>	<u>(31,192,000)</u>	
Net Outstanding general obligation bonds and warrants		<u>363,609,759</u>
Legal debt margin		<u>\$201,612,312</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, 2011.

<sup>4</sup> As reported by the Finance Department of the City. Book value as of June 30, 2011 as reported by the Finance Department of the City of Birmingham.

# OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

## DEBT RATIOS:

The following table shows the City's ratio of debt to assessed value and debt per capita:

### 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						
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	519,190,000	45,161,000	474,029,000	18.46%	\$1,952
2007	2000	242,820	2,783,467,000	602,845,000	44,153,000	558,692,000	20.07%	\$2,301
2008	2000	242,820	2,814,119,158	566,565,000	43,205,000	523,360,000	18.60%	\$2,155
2009	2000	242,820	2,677,578,333	537,850,000	40,175,000	497,675,000	18.59%	\$2,050
2010	2000	242,820	2,637,721,936	436,688,000	36,317,088	400,370,912	15.18%	\$1,649
2011	2010	228,800	2,826,110,356	436,145,000	31,301,962	404,843,038	14.33%	\$1,769

\*Source: Jefferson County Tax Assessor

**OFFICIAL OPERATING BUDGET  
FISCAL YEAR 2012**



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