

OFFICIAL 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.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2010

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.

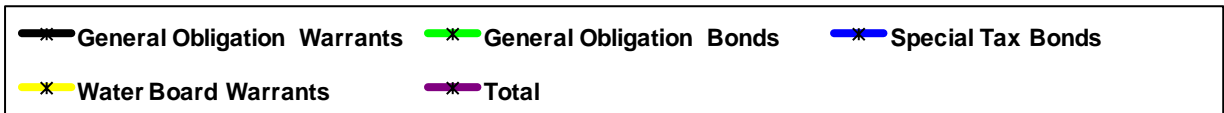
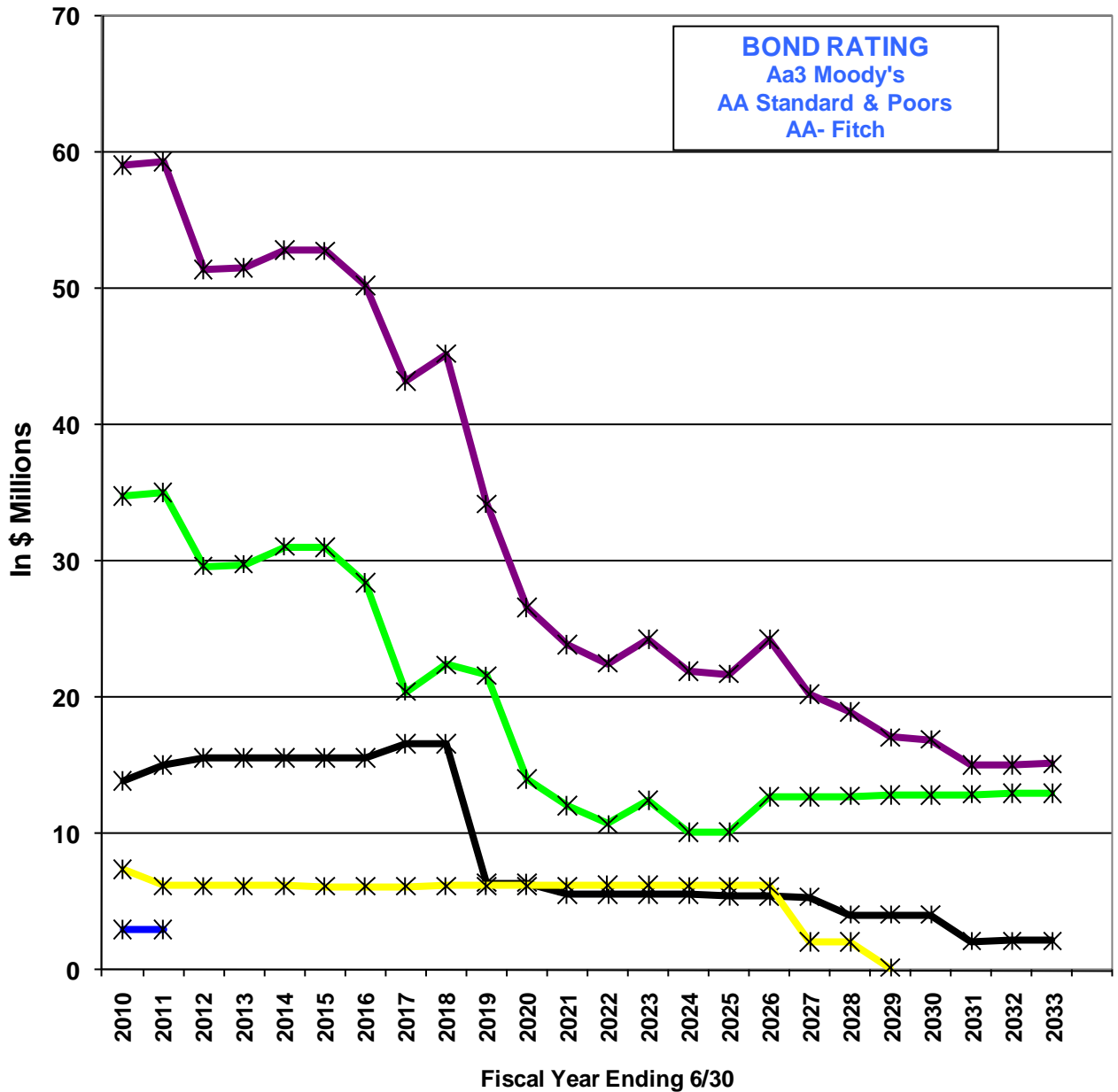
Fiscal Year Ended 6/30	General Obligation Warrants	General Obligation Bonds	Special Tax Bonds*	Water Board Warrants	Total
2010	\$13,883,621	\$34,822,653	\$3,000,000	\$7,362,571	\$59,068,845
2011	15,078,788	35,104,655	3,000,000	6,178,435	59,361,878
2012	15,624,906	29,657,674		6,179,305	51,461,884
2013	15,626,320	29,789,143		6,170,685	51,586,148
2014	15,587,625	31,087,924		6,177,955	52,853,504
2015	15,594,113	31,052,643		6,166,605	52,813,361
2016	15,601,264	28,463,668		6,166,468	50,231,400
2017	16,603,867	20,437,605		6,168,750	43,210,222
2018	16,653,131	22,422,105		6,172,175	45,247,411
2019	6,415,116	21,639,355		6,182,426	34,236,897
2020	6,416,188	14,036,980		6,175,995	26,629,163
2021	5,606,697	12,080,855		6,183,210	23,870,762
2022	5,605,197	10,729,055		6,193,418	22,527,670
2023	5,613,999	12,480,555		6,191,912	24,286,466
2024	5,612,483	10,139,630		6,188,088	21,940,201
2025	5,416,636	10,150,475		6,185,725	21,752,836
2026	5,398,269	12,714,313		6,188,900	24,301,481
2027	5,377,021	12,747,613		2,102,463	20,227,096
2028	4,070,381	12,785,100		2,112,188	18,967,669
2029	4,071,131	12,820,763		193,113	17,085,007
2030	4,073,631	12,868,363			16,941,994
2031	2,142,381	12,906,775			15,049,156
2032	2,143,631	12,954,875			15,098,506
2033	2,144,906	13,006,200			15,151,106
Total	<u>\$210,361,304</u>	<u>\$456,898,973</u>	<u>\$6,000,000</u>	<u>\$110,640,387</u>	<u>\$783,900,664</u>

The table indicates that all City debt will be paid by 2033. The table is illustrated by the graph shown on the following page. The graph shows a declining debt service obligation because there is no additional borrowing planned by the City at the present time.

* Represents an agreement with the Birmingham Jefferson Civic Center Authority recognizing the issuance of Special Tax Refunding Bonds which is paid out of Non-Departmental appropriations, 96012 Birmingham Jefferson Civic Center

**OFFICIAL OPERATING BUDGET
FISCAL YEAR 2010**

**DEBT SERVICE REQUIREMENTS
FISCAL YEARS 2010 - 2033**



**OFFICIAL OPERATING BUDGET
FISCAL YEAR 2010**



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OFFICIAL OPERATING BUDGET FISCAL YEAR 2010

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
	<u>\$ 30,805,000.00</u>	<u>\$ 25,167,499.00</u>	<u>\$ 96,346.00</u>	<u>\$ 56,068,845.00</u>

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

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

**OFFICIAL OPERATING BUDGET
FISCAL YEAR 2010**

	<u>Total Bonds Outstanding July 1, 2009</u>	<u>Debt Service Requirements Fiscal Year Ending June 30, 2010</u>
<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
	<u>\$30,162,495.00</u>	<u>\$1,571,525.00</u>
 <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
	<u>\$27,015,252.24</u>	<u>\$1,541,077.00</u>
 <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
	<u>\$44,531,081.46</u>	<u>\$1,155,639.00</u>
 <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
	<u>\$40,505,512.50</u>	<u>\$1,932,313.00</u>

**OFFICIAL OPERATING BUDGET
FISCAL YEAR 2010**

	<u>Total Bonds Outstanding July 1, 2009</u>	<u>Debt Service Requirements Fiscal Year Ending June 30, 2010</u>
WATER BOARD REQUIREMENT:		
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
	<u>\$70,328,700.00</u>	<u>\$4,179,517.00</u>
1998-A General Obligation Warrants/ Capital Improvements		
Principal	\$2,365,000.00	\$1,145,000.00
Interest	\$139,952.51	\$92,326.00
Fees	139,952.51	2,775.00
	<u>\$2,644,905.02</u>	<u>\$1,240,101.00</u>
1998-B GO Capital Improvement Warrants/ Capital Improvements		
Principal	\$24,730,000.00	\$775,000.00
Interest	14,123,982.50	1,167,952.50
	<u>\$38,853,982.50</u>	<u>\$1,942,952.50</u>
CAPITAL IMPROVEMENT FUND REQUIREMENT:		
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
	<u>\$7,430,212.50</u>	<u>\$2,164,963.00</u>

**OFFICIAL OPERATING BUDGET
FISCAL YEAR 2010**

	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	\$0.00
Interest	6,162,495.00	1,122,370.00
	<u>\$30,162,495.00</u>	<u>\$1,122,370.00</u>

<u>2004-B General Obligation Refunding/ Warrants/ Street Improvements</u>		
Principal	\$6,705,000.00	\$465,000.00
Interest	\$1,668,700.00	\$244,650.00
Fees		7,875.00
	<u>\$8,373,700.00</u>	<u>\$717,525.00</u>

DEBT SERVICE FUND REQUIREMENT:

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

OFFICIAL OPERATING BUDGET FISCAL YEAR 2010

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 after the issuance of the Warrants.

CITY OF BIRMINGHAM, ALABAMA

COMPUTATION OF LEGAL DEBT MARGIN

Assessed value of real and personal property ¹		<u>\$2,677,578,333</u>
Debt limit, 20% of assessed value ²		535,515,667
Outstanding General Obligation Bonds and Warrants ³	\$537,850,000	
Less exemptions:		
School and Sewer Bonds	(167,604,797)	
Debt Service Funds balances (general obligation bonds) ⁴	<u>(40,175,000)</u>	
Net Outstanding general obligation bonds and warrants		<u>330,070,203</u>
Legal debt margin		<u>\$205,445,464</u>

¹ 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).

² 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.

³ Includes aggregate principal amount of general obligation bonds, general obligation warrants and capitalized lease obligations outstanding as of June 30, 2009.

⁴ As reported by the Finance Department of the City. Book value as of June 30, 2009 as reported by the Finance Department of the City

OFFICIAL OPERATING BUDGET FISCAL YEAR 2010

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						
2000	1990	265,968	2,293,311,948	485,510,000	60,754,000	424,756,000	18.52%	\$1,597
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

*Source: Jefferson County Tax Assessor