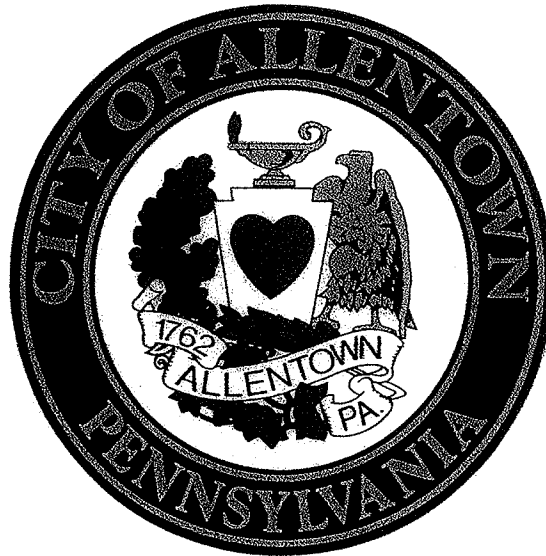


DEBT SERVICE FUND



The DEBT SERVICE FUND is used to record the funding and payment of principal and interest on the general obligation bond issues of the City of Allentown. Provisions are made in the City's property tax levy through a specific debt service component for revenue sufficient to meet general obligation debt service requirements.

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

	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Actual & Estimated	2010 Final Budget
Opening Balance	-	1,733	655	655	(0)	(0)	(0)
Revenues:							
Transfers from:							
7130 General Fund	5,609,940	4,223,795	5,057,791	4,045,534	4,739,874	4,859,273	5,405,709
7135 Golf Course Fund							
94/96/97/98/01 Issue	235,809	106,480	106,480	106,480	106,480	106,480	106,480
Transfers for:							
2004 Pension Bonds:							
7130 General Fund	2,307,532	2,309,917	2,304,434	2,057,019	1,560,610	1,560,610	1,561,314
7131 Water Fund	17,257	12,019	-	-	-	-	-
7132 Sewer Fund	34,514	24,038	35,548	125,710	17,544	17,544	17,462
7133 Liquid Fuels Fund	-	-	-	-	-	-	-
7136 CDBG Fund	-	-	17,775	62,855	8,772	8,772	8,731
7137 E-911 Fund	-	-	17,775	62,855	8,772	8,772	8,731
7134 Solid Waste Fund	17,257	17,257	-	-	-	-	-
Total Revenue	8,222,309	6,693,506	7,539,803	6,460,453	6,442,052	6,561,451	7,108,427
Total Funds Available	8,222,309	6,695,239	7,540,458	6,461,108	6,442,052	6,561,451	7,108,427
Expenditures:							
98 Bond Principal Maturities	3,580,000	2,124,432	2,443,900	1,938,237	2,575,600	2,572,221	3,127,457
82 Bond Coupon Maturities	2,244,951	2,178,894	2,694,596	2,178,022	2,255,609	2,368,532	2,349,732
82 Pension Obligation Bonds	2,376,560	2,375,250	2,375,532	2,308,439	1,585,843	1,595,698	1,596,238
44 Bond Administration Fees	19,065	16,008	25,775	36,410	25,000	25,000	35,000
Total Expenditures	8,220,576	6,694,584	7,539,803	6,461,108	6,442,052	6,561,451	7,108,427
Closing Balance	1,733	655	655	(0)	(0)	(0)	(0)

**CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS**

**FUND 082 DEBT SERVICE
DEPT 02 FINANCE
BUREAU 8002 DEBT SERVICE
PROGRAM 0001 DEBT SERVICE**

		2005	2006	2007	2008	2009	2009	2010
		Actual	Actual	Actual	Actual	Final Budget	Actual & Estimated	Final Budget
Account Detail								
0001-44	PROF SERVICES FEES	19,065	16,008	25,775	36,410	25,000	25,000	35,000
	Services & Charges	19,065	16,008	25,775	36,410	25,000	25,000	35,000
0001-82	INTEREST EXPENSE	3,971,511	3,894,144	4,395,128	3,790,898	3,841,452	3,960,851	3,942,027
0001-98	DEBT PRINCIPAL	4,230,000	2,784,432	3,118,900	2,633,800	2,575,600	2,575,600	3,131,400
	Sundry	8,201,511	6,678,576	7,514,028	6,424,698	6,417,052	6,536,451	7,073,427
Total	DEBT SERVICE	8,220,576	6,694,584	7,539,803	6,461,108	6,442,052	6,561,451	7,108,427

DEBT SERVICE FUND
GENERAL OBLIGATION DEBT

	<u>OUTSTANDING</u> <u>DEBT</u> <u>JAN. 1, 2009</u>	<u>ADDITIONS</u> <u>(REDUCTIONS)</u> <u>IN 2009</u>	<u>OUTSTANDING</u> <u>DEBT</u> <u>DEC. 31, 2009</u>	<u>INTEREST</u> <u>EXPENSE</u> <u>2009</u>
1993 General Obligation Improvement Bonds	325,000	(160,000)	165,000	18,362.50
1993 General Obligation Refunding Bonds	1,525,000	(740,000)	785,000	86,162.50
2001 General Obligation Bonds	4,360,000	(355,000)	4,005,000	197,462.50
2003 General Obligation Bonds	6,555,000	-	6,555,000	341,100.00
2004 Pension Refunding Bonds	31,325,000	-	31,325,000	1,585,843.00
2004 Federally Taxable Refunding Bonds	1,275,000	(15,000)	1,260,000	55,712.50
2004 General Obligation Bonds	5,830,000	(260,000)	5,570,000	249,480.00
2006 General Obligation Note (1995 Loan Payoff)	1,561,600.00	(236,800.00)	1,324,800	60,956.62
2006 General Obligation Note (\$10,000,000)	9,759,668.00	(123,800.00)	9,635,868	577,880.79
2007 General Obligation Series A	14,773,981	-	14,773,981	-
2007 General Obligation Series B	7,985,000.00	(30,000)	7,955,000	458,307.00
2008 General Obligation	6,660,000.00	(655,000)	6,005,000	210,185.00
2009 General Obligation	-	5,310,000	5,310,000	119,398.30
TOTALS	91,935,249	2,734,400	94,669,649	3,960,851

(1) Cash Basis, unless otherwise stated

DEBT SERVICE FUND**GENERAL OBLIGATION BONDS AMORTIZATION SCHEDULE AS OF DECEMBER 31, 2009**

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL ANNUAL DEBT SERVICE</u>
2010	3,131,400.00	2,356,184.00	5,487,584.00
2011	2,494,100.00	2,220,464.81	4,714,564.81
2012	3,110,750.00	2,126,026.96	5,236,776.96
2013	2,684,400.00	2,005,843.94	4,690,243.94
2014	2,793,700.00	1,897,660.16	4,691,360.16
2015	3,475,040.00	1,781,182.36	5,256,222.36
2016	3,631,320.00	1,610,380.38	5,241,700.38
2017	3,519,850.00	1,297,959.20	4,817,809.20
2018	3,698,360.00	1,117,292.24	4,815,652.24
2019	3,891,190.00	927,073.25	4,818,263.25
2020	4,095,550.00	720,508.75	4,816,058.75
2021	3,081,944.75	1,735,390.31	4,817,335.06
2022	2,926,588.40	1,901,362.93	4,827,951.33
2023	2,484,382.90	2,351,921.20	4,836,304.10
2024	2,482,805.60	2,363,495.16	4,846,300.76
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
TOTAL	63,344,649.35	70,010,960.59	133,355,609.94

Above schedule excludes Taxable Pension Refunding Bond Series of 2004

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2009**

TAXABLE PENSION REFUNDING BONDS SERIES OF 2004			
YEAR	PRINCIPAL	INTEREST	TOTAL
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
TOTAL	31,325,000.00	26,057,929.00	57,382,929.00

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, 2009**

<u>YEAR</u>	<u>SERIES OF 1993</u>		<u>REFUNDING SERIES OF 1993</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2010	165,000.00	9,322.50	785,000.00	44,352.50
TOTAL	165,000.00	9,322.50	785,000.00	44,352.50

<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>
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	-	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	4,005,000.00	1,139,210.00	6,555,000.00	3,048,950.00

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2009**

YEAR	SERIES OF 2006 NOTE		SERIES OF 2007 B	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
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
TOTAL	1,324,800.00	159,318.85	7,955,000.00	4,112,618.50

YEAR	TAXABLE REFUNDING SERIES OF 2004		SERIES OF 2004	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
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
TOTAL	1,260,000.00	243,774.00	5,570,000.00	2,096,865.00

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION BOND ISSUES AS OF DECEMBER 31, 2009**

YEAR	SERIES OF 2008		YEAR	SERIES OF 2009	
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST
2010	860,000.00	190,535.00	2010	261,000.00	213,913.35
2011	1,045,000.00	164,735.00	2011	272,000.00	202,906.90
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	6,005,000.00	806,165.00	2023	447,000.00	28,435.05
			2024	465,000.00	9,602.25
			TOTAL	5,310,000.00	1,812,863.50

YEAR	2006 NOTE (Loan)		YEAR	SERIES OF 2007 A	
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST
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	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	9,635,868.00	6,816,502.09	TOTAL	14,773,981.35	49,721,018.65

Year 2017 reverts to LIBOR plus 40 basis points

CITY OF ALLENTOWN, PENNSYLVANIA

LEGAL DEBT MARGIN

As of December 31, 2008

Net Nonelectoral General Obligation Debt Limit:

Borrowing base (1)	\$	73,698,157
Percentage limitation		<u>250%</u>
Net nonelectoral debt limit	\$	184,245,393
Less: Net nonelectoral debt outstanding (2)		58,630,812

REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2008 \$ 125,614,581

Net Nonelectoral Plus Lease Rental Debt Limit:

Borrowing base (1)	\$	73,698,157
Percentage limitation		<u>350%</u>
Net nonelectoral debt limit plus lease rental debt limit	\$	257,943,550
Less: Net nonelectoral debt outstanding plus lease rental debt outstanding (2)		58,630,812

REMAINING BORROWING CAPACITY AS OF DECEMBER 31, 2008 \$ 199,312,738

(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 \$33,304,437, which is the outstanding balance of the 2004 and 2007 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, 2008

	<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			
1993 General Obligation Bonds	1,850,000	100.0%	1,850,000
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	38,430,000	100.0%	38,430,000
2006 General Obligation Bonds	11,321,268	100.0%	11,321,268
2007 General Obligation Bonds	22,758,981	100.0%	22,758,981
2008 General Obligation Bonds	6,660,000	100.0%	6,660,000
NET DIRECT DEBT	\$ 91,935,249	100.0%	\$ 91,935,249
<u>OVERLAPPING DEBT</u>			
Allentown School District	109,028,336	100.0%	109,028,336
Lehigh County General Obligation Bonds	<u>206,485,756</u>	20.6%	<u>42,536,066</u>
TOTAL OVERLAPPING DEBT	\$ 315,514,092		\$ 151,564,402
TOTAL DIRECT AND OVERLAPPING DEBT	\$ <u>407,449,341</u>		\$ <u>243,499,651</u>

(1) Excludes outstanding debt classified as self-supporting

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