

GENERAL FUND DEBT SERVICE

Debt service expenditures in the general fund for FY 2010-11 are as follows:

BUDGET SUMMARY	Adopted 2010/11
<u>General Obligation Bonds:</u>	
1993 Street and Sidewalk Series A	108,720
1993 Street and Sidewalk Series B	45,430
1999 Refunding Bonds	196,384
G/O Refunding 2000	<u>150,750</u>
Total General Obligation Bonds	501,284
<u>Installment Financings:</u>	
2006 Fire Station 6 & 11	551,231
1997A Municipal Bldg	1,125,845
1997B Refunding Public Works	435,958
1997C Grove Arcade	151,600
2009 & 2010 CIP Projects**	<u>654,035</u>
Total Installment Financings	2,918,669
<u>Other Debt:</u>	
MSD	<u>38,000</u>
Total Other Debt Service	38,000
<u>Equipment Lease-Purchases:</u>	
2003 Fire Trucks	165,279
2006 Radio Equip/Fire & PW Vehicles	512,554
2007 & 2008 Equipment Purchases	1,069,136
2011 Fire Aerial Ladder*	<u>230,000</u>
Total Equipment Lease-Purchases	1,976,969
TOTAL GENERAL FUND DEBT SERVICE	<u>5,434,922</u>

** Estimates

BUDGET HIGHLIGHTS

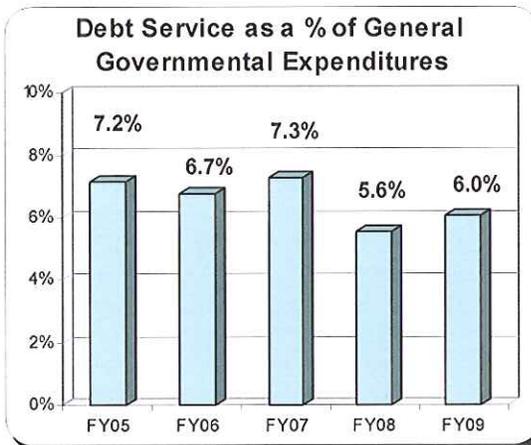
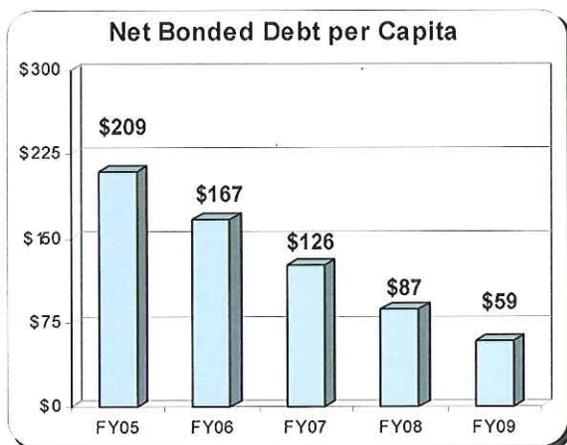
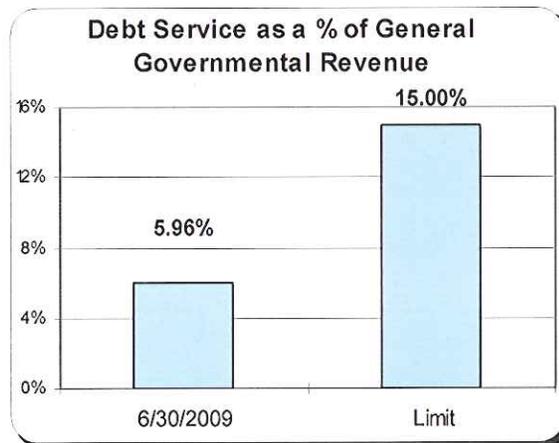
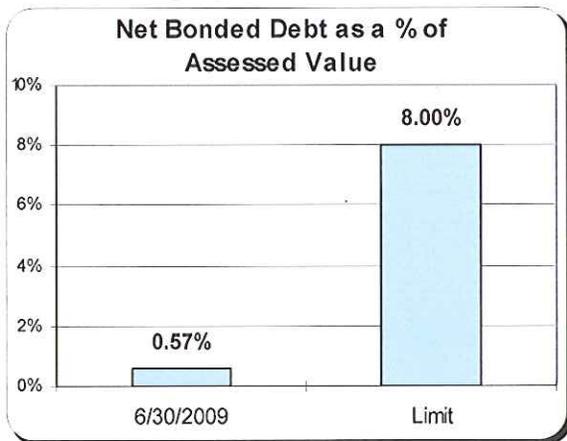
- The FY 2009-10 CIP projects financings include the following: Livingston Street Center construction, annexation sewer projects, Walton Street pool improvements, as well as the purchase of two fire trucks and a garbage truck.
- For FY 2010-11, the only item slated for financing is the replacement of a \$1.2 million fire aerial ladder.

DEBT MANAGEMENT

The objective of the City of Asheville debt management policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates without adversely affecting the City's ability to finance essential City services.

Policy Statements:

- Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
- The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.
- Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.
- Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain its financial condition so as to maintain a minimum AA bond rating.
- The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.



DEBT MANAGEMENT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County Subtotal, overlapping debt	\$ 76,465	0.04%	\$ 28
City of Asheville direct debt	4,680	100.00%	4,680
Total direct and overlapping debt	\$ 81,145		\$ 4,708

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Asheville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

DEBT MANAGEMENT

OUTSTANDING GENERAL OBLIGATION BONDS AS OF JUNE 30, 2009

The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities related to both general and proprietary activities. All general obligation bonds are backed by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due. General obligation bonds outstanding at June 30, 2009 are as follows:

	<u>Interest rates</u>	<u>Date issued</u>	<u>Date series matures</u>	<u>Amount of original issue</u>	<u>Balance outstanding June 30, 2009</u>
General Fund:					
Street, sidewalk and storm drainage, Series 1993A	5.50-5.25%	7/1/1993	2/1/2013	1,300,000	355,000
Street, sidewalk and storm drainage, Series 1993B	5.00-5.25	7/1/1993	2/1/2013	500,000	145,000
General Obligation refunding bonds, Series 1999	4.00-4.20	2/9/1999	6/1/2012	4,952,360	608,590
General Obligation refunding bonds, Series 2000	4.75-5.00	12/01/2000	12/01/2020	1,970,000	<u>1,170,000</u>
Total General Fund					<u>2,278,590</u>
Enterprise Fund:					
Water - 1995	5.40-6.40	6/1/1995	6/1/2011	3,000,000	900,000
Water - 1999	4.00-4.20	2/9/1999	6/1/2012	12,217,640	<u>1,501,410</u>
Total Enterprise Fund					<u>2,401,410</u>
Total General Obligation Bonds					<u>4,680,000</u>
Premium on Bonds					<u>9,631</u>
Total GO Bonds & Premium					<u>\$4,689,631</u>

ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Annual debt service requirements to maturity for the City's general obligation bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending June 30,				
2010	\$ 626,593	\$ 106,594	\$ 1,403,407	\$ 107,554
2011	422,480	78,804	937,520	46,191
2012	269,517	59,145	60,483	2,540
2013	190,000	45,675	-	-
2014	100,000	36,000	-	-
2015-2019	500,000	105,000	-	-
2020-2022	170,000	7,750	-	-
Total	<u>\$ 2,278,590</u>	<u>\$ 438,968</u>	<u>\$ 2,401,410</u>	<u>\$ 156,285</u>

DEBT MANAGEMENT

INSTALLMENT FINANCING CONTRACTS

The City has entered into various installment financing contracts with the Asheville Public Financing Corporation, a blended component unit, for renovation and construction of municipal facilities. These contracts were funded by the execution and delivery of Certificates of Participation and certain lease contracts. The outstanding contracts at June 30, 2009 are as follows:

	<u>Interest rates</u>	<u>Date issued</u>	<u>Date series matures</u>	<u>Amount of original issue</u>	<u>Balance outstanding June 30, 2009</u>
General Fund:					
Municipal Building Series 1997-A	4.00-5.13	11/01/1997	6/01/2018	14,045,000	7,975,000
Refunding Series 1997-B	4.00-5.00	11/01/1997	6/01/2011	3,480,000	810,000
Taxable 1997-C	Variable	11/13/1997	6/01/2018	5,515,000	1,720,000
Fire Stations & Equip. Series 2006	3.92	6/28/2006	6/28/2021	8,030,300	<u>5,523,040</u>
					16,203,793
Enterprise Fund:					
Stormwater Series 2006	3.92	6/28/2006	6/28/2011	215,000	<u>86,000</u>
Total Installment Financing					<u>\$16,114,040</u>

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT FINANCING CONTRACTS

Annual debt service requirements to maturity for the installment financing contracts are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending June 30,				
2010	\$ 2,080,753	\$ 898,373	\$ 43,000	\$ 3,302
2011	2,145,753	799,939	43,000	1,652
2012	1,330,153	697,506	-	-
2013	1,380,153	631,903	-	-
2014	1,435,153	563,596	-	-
2015-2019	6,885,767	1,554,858	-	-
2020-2022	770,308	45,294	-	-
Total	<u>\$ 16,028,040</u>	<u>\$ 5,191,469</u>	<u>\$ 86,000</u>	<u>\$ 4,954</u>

DEBT MANAGEMENT

INSTALLMENT PURCHASE CONTRACTS

The City has entered into installment purchase contracts with various agencies for the purchase of assorted assets. These obligations are considered a limited obligation of the City and are secured by the assets themselves.

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Mature</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding at June 30, 2009</u>
Trucks and cans	5.12%	12/9/1999	12/9/2009	\$359,230	\$12,333
Fire Trucks	3.06%	11/29/2002	11/15/2012	1,546,308	541,208
Fire and Sanitation trucks	2.49%	6/25/2008	6/1/2013	5,000,000	4,046,561
Total					\$4,600,102

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT PURCHASE CONTRACTS

Annual maturities on all installment purchase contracts are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending June 30,		
2010	\$ 1,141,368	\$ 110,426
2011	1,153,449	80,963
2012	1,178,474	51,207
2013	1,126,811	20,821
Total	\$ 4,600,102	\$ 263,417