

GENERAL FUND DEBT SERVICE

Debt service expenditures in the general fund for FY 2008-09 are as follows:

BUDGET SUMMARY	Adopted 2008/09
<u>General Obligation Bonds:</u>	
1993 Street and Sidewalk Series A	107,560
1993 Street and Sidewalk Series B	44,220
1999 Refunding Bonds	530,611
G/O Refunding 2000	<u>160,550</u>
Total General Obligation Bonds	842,941
 <u>Certificates of Participation:</u>	
1997A Municipal Bldg	434,082
1997B Refunding Public Works	1,126,095
2006 Fire Station 6 & 11	<u>581,427</u>
Total Certificates of Participation	2,141,604
 <u>Other Debt:</u>	
MSD	<u>38,000</u>
Total Other Debt Service	38,000
 <u>Equipment Lease-Purchases:</u>	
1999 Fire Truck/Trash Cans	25,353
2003 Fire Trucks	203,668
2004 Auto-Reach/Trash Cans/Fire Engine	157,793
2006 Radio Equip/Fire & PW Vehicles	550,463
2007 & 2008 Equipment Purchases**	1,300,000
2009 Equipment Purchases**	<u>450,000</u>
Total Equipment Lease-Purchases	2,687,277
TOTAL GENERAL FUND DEBT SERVICE	<u>5,709,822</u>

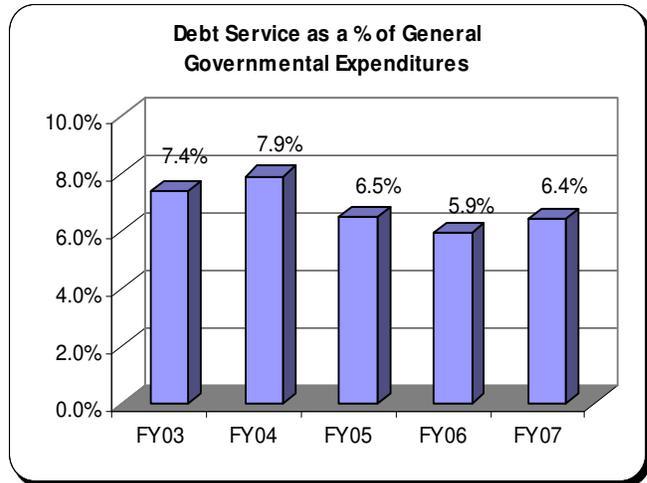
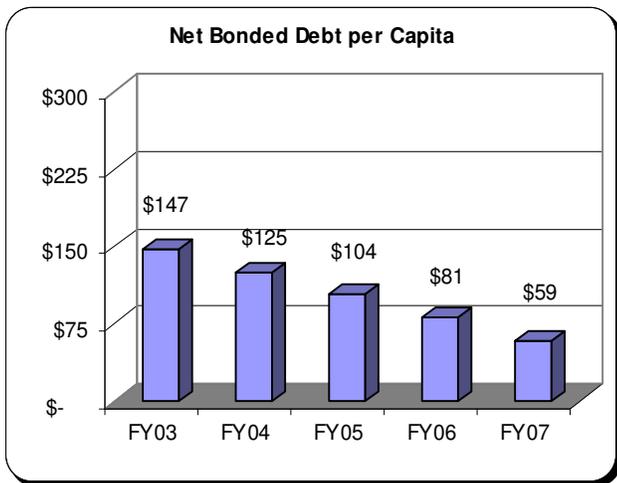
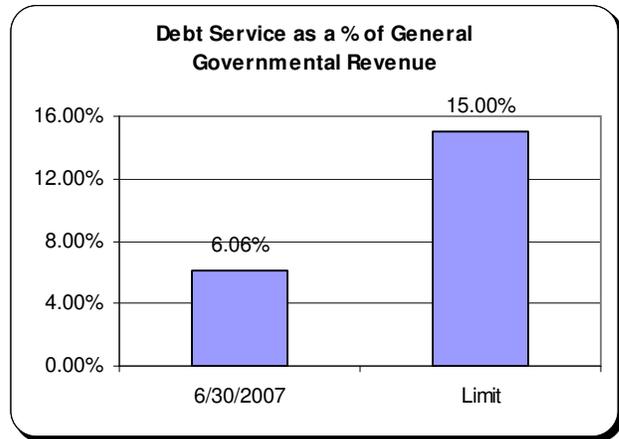
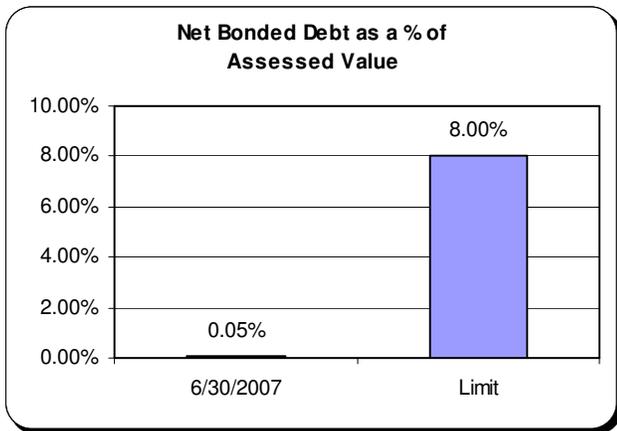
** Estimates

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

COMPUTATION OF LEGAL DEBT MARGIN DIRECT & OVERLAPPING BONDED DEBT AS OF JUNE 30, 2007

Legal Debt Margin Computation

Assessed value - January 1, 2007		<u>\$9,746,647,000</u>
Debt limit - Eight (8) percent of assessed value		\$779,731,000
Total Bonded Debt	\$50,175,000	
Less: Revenue Bonds	<u>40,580,000</u>	<u>9,596,000</u>
Legal debt margin at June 30, 2007		<u>\$770,135,000</u>

Overlapping Debt - County of Buncombe

County assessed value - January 1, 2007		<u>\$26,181,099,000</u>
City valuation as a percent of County valuation (a)		<u>37.23%</u>

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of Asheville (b)	\$4,455,000	100.00%	\$4,455,000
Overlapping:			
County of Buncombe	<u>85,470,000</u>	26.79%	<u>22,897,000</u>
Total	<u>\$89,925,000</u>		<u>\$27,352,000</u>

(a) Percentage of direct and overlapping debt is based on 2007 assessed valuation of Buncombe County as compared to the 2007 assessed valuation of the City of Asheville.

(b) Excluding general obligation bonds reported in the Enterprise Funds of the City of Asheville.

DEBT MANAGEMENT

OUTSTANDING GENERAL OBLIGATION BONDS AS OF JUNE 30, 2007

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, 2007 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, 2006</u>
General Fund:					
Street, sidewalk and storm drainage, Series 1993A	5.50-5.25%	7/1/1993	2/1/2013	1,300,000	520,000
Street, sidewalk and storm drainage, Series 1993B	5.00-5.25	7/1/1993	2/1/2013	500,000	215,000
General Obligation refunding bonds, Series 1993C	4.00-4.80	7/1/1993	6/1/2008	10,305,000	760,000
General Obligation refunding bonds, Series 1999	4.00-4.20	2/9/1999	6/1/2012	4,952,360	1,590,696
General Obligation refunding bonds, Series 2000	4.75-5.00	12/01/2000	12/01/2020	1,970,000	<u>1,370,000</u>
Total General Fund					<u>4,455,696</u>
Enterprise Fund:					
Water - 1995	5.40-6.40	6/1/1995	6/1/2011	3,000,000	1,200,000
Water - 1999	4.00-4.20	2/9/1999	6/1/2012	12,217,640	<u>3,924,305</u>
Total Enterprise Fund					<u>5,124,305</u>
Total General Obligation Bonds					<u>9,580,000</u>
Premium on Bonds					<u>16,051</u>
Total GO Bonds & Premium					<u>\$9,596,051</u>

ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

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

<u>Fiscal Year Ending June 30</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Total</u>
2008	1,593,369	1,675,009	3,268,378
2009	1,512,010	842,941	2,354,951
2010	1,510,961	733,187	2,244,148
2011	983,711	501,284	1,484,995
2012	63,024	328,661	391,685
2013-2017		749,675	749,675
2018-2021		404,750	404,750
Total	<u>\$5,663,075</u>	<u>\$5,235,507</u>	<u>\$10,898,582</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, 2007 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 30,2007</u>
General Fund:					
Municipal Building Series 1997-A	4.00-5.13	11/01/1997	6/01/2018	14,045,000	9,315,000
Refunding Series 1997-B	4.00-5.00	11/01/1997	6/01/2011	3,480,000	1,545,000
Fire Stations & Equip. Series 2006	3.92	6/28/2006	6/28/2021	8,030,300	<u>7,195,444</u>
					18,055,444
Enterprise Fund:					
Parking Services Series 1992	5.00-6.50	2/15/1992	2/01/2008	5,385,000	570,000
Stormwater Series 2006	3.92	6/28/2006	6/28/2011	215,000	<u>172,000</u>
					<u>742,000</u>
Total Installment Financing					<u>\$18,797,444</u>

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT FINANCING CONTRACTS

Annual debt service requirements to maturity for the installment financing contracts, including interest of \$53,562 for the enterprise fund and \$5,046,570 for the general fund, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Enterprise Funds</u>	<u>General Long-Term Debt Account Group</u>	<u>Total</u>
2008	656,654	2,681,544	3,338,198
2009	47,954	2,644,115	2,692,069
2010	46,302	2,614,087	2,660,389
2011	44,652	2,580,938	2,625,590
2012	-	1,663,851	1,663,851
2013-2017	-	8,094,892	8,094,892
2018-2021	-	<u>2,822,587</u>	<u>2,822,587</u>
Totals	<u>\$795,562</u>	<u>\$25,812,292</u>	<u>\$23,897,576</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.

	Interest Rates	Date Issued	Date Series Mature	Amount of Original Issue	Balance Outstanding at June 30, 2006
Trucks and cans	5.12%	12/9/1999	12/9/2009	\$359,230	\$58,763
Fire Trucks	3.06	11/29/2002	11/15/2012	1,546,308	850,469
Radio equipment	2.64	1/28/2003	1/17/2008	309,790	65,249
Trucks and carts	2.35	4/30/2004	4/30/2009	741,577	306,529
					<u>\$1,281,010</u>

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT PURCHASE CONTRACTS

Annual maturities on all installment purchase contracts are as follows:

Fiscal Year Ending June 30	Business-type Activities	Governmental Activities	Total
2008	\$	\$429,155	\$429,155
2009	-	357,887	357,887
2010	-	182,658	182,658
2011	-	165,277	165,277
2012	-	160,545	160,545
2013	-	78,501	78,501
Total	<u>\$</u>	<u>\$1,374,023</u>	<u>\$1,374,023</u>