

City Financial Information

Statement of General Obligation Debt Limit

The City of Anaheim has a general obligation debt limit that cannot exceed 15 percent of the total assessed valuation of all real and personal property within the City. Further, no bonded indebtedness, which represents a general obligation of the City, may be created unless authorized by two-thirds of the electors voting on such a proposition in any election in which the question is submitted to the voters. Currently, the total amount of the City's outstanding bonded indebtedness is \$6,625,000 in the form of general obligation bonds. Based upon a FY 2004/05 assessed valuation for taxation purposes of \$22,288,503,429, Anaheim has a debt limit of \$3,343,275,514 or 15 percent. Since the outstanding bond principal totals only \$6,625,000, the City has a debt limit margin of \$3,336,650,514.

The outstanding general obligation bond debt originated with a 1986 \$10,055,000 bond issue for storm drain improvements that was refunded and subsequently reissued in 1993. The 1993 issue will mature in FY 2016/17. The debt service requirements for the next year are as follows:

<u>Fiscal Year</u>	<u>2005/06</u>
Principal	\$455,000
Interest	<u>282,595</u>
Total	\$737,595

Anaheim General Obligation Bond Tax Rate

1986/87	0.00166
1987/88	0.01194
1988/89	0.01127
1989/90	0.00569
1990/91	0.00478
1991/92	0.00510
1992/93	0.00858
1993/94	0.00488
1994/95	0.00381
1995/96	0.00406
1996/97	0.00488
1997/98	0.00470
1998/99	0.00447
1999/00	0.00434
2000/01	0.00383
2001/02	0.00352
2002/03	0.00287
2003/04	0.00345
2004/05	0.00301

City Financial Information

In addition to the property tax revenue received for debt service requirements, the City receives a portion of the 1% basic levy tax rate. For example, in FY 2004/05 the distribution of property tax revenue generated from the basic levy tax rate for a home with an assessed value of \$150,000 in Tax Rate Area 01-007, which is not in a Redevelopment area, would be as in Figure 1.

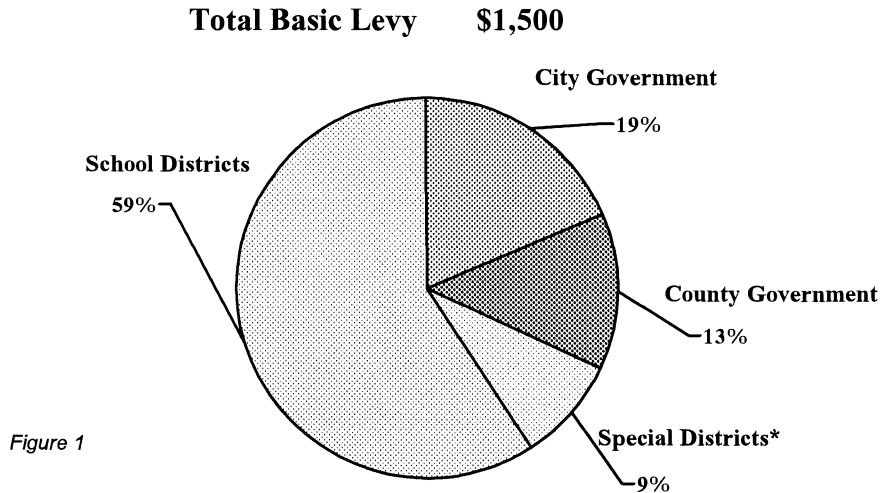


Figure 1

*Special Districts include water, flood control, vector control, sanitation and transit districts.

The distribution illustrated in the above graph differs significantly from the distribution of past years' property tax revenues. The amount of the basic levy that goes to City Government has increased from 11% in past years to the current 19% due to a permanent structural shift in City Government revenue sources. Through action by the State, revenue to City Government from motor vehicle license fees (VLF) has been permanently reduced and replaced with a larger share of property tax revenues. There is no net effect on City Government. In addition to this change, the City will contribute an additional \$3.7 million to the Educational Revenue Augmentation Fund (ERAF). The additional ERAF contribution is a two-year commitment and is discussed further in the Fund Summaries section of this document.

Appropriations Limit

As a governmental entity, the City is subject to the Gann Spending Limitation Initiative, which limits the amount of annual appropriations of tax proceeds. The limitation is based upon the prior fiscal year amount adjusted for changes in population combined with the change in California per capita personal income. At the time this document went to press, information necessary to calculate the City's FY 2005/06 appropriation limit had yet to be provided by the State of California Department of Finance.

The following summarizes the FY 2004/05 Appropriations Limit:

FY 2003/04 Adopted Appropriations Limit	\$574,954,445
Adjustment Factor (rounded)	1.0506

City Financial Information

FY 2004/05 Appropriations Limit	\$604,026,534
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FY 2004/05 Appropriations Subject to Limit	\$214,768,310
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FY 2004/05 Appropriations Limit Margin	\$389,258,224
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Limit Margin	64.4%
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Based upon the past history of the appropriation limits coupled with the steady increase in population, it is anticipated that the City's FY 2005/06 appropriation limit will increase over the FY 2004/05 appropriation limit.