

# Non-Departmental

## Non-Departmental Expenditures

	FY 2008 <u>Actual</u>	FY 2009 <u>Approved</u>	FY 2010 <u>Approved</u>
<u>General Obligation Bond Debt Service</u>	<b>\$30,519,320</b>	<b>\$33,384,257</b>	<b>\$37,162,544</b>
<u>Northern Virginia Transportation District (NVTD) Bond Debt Service</u>	<b>\$256,070</b>	<b>\$256,070</b>	<b>\$256,070</b>
<b>Subtotal Debt Service</b>	<b>\$30,775,390</b>	<b>\$33,640,327</b>	<b>\$37,418,614</b>

### Debt Service:

•Total debt service costs are budgeted to increase by \$3.7 million, or 11.2 percent. This increase is attributable to a net increase (\$165,647) in debt service after a reduction for affordable housing (the transfer of \$772,060 from debt service to the Housing Trust Fund), the estimated increase for debt service costs to replace WMATA debt with City debt (\$847,227); and, an increase in other estimated debt service costs in FY 2010 ( \$90,480), due to additional borrowing requirements to pre-fund \$28.5 million of the Police headquarters project in FY 2010 costs with the June 2009 issuance (described in Docket Item #12, March 24, 2009, City Council meeting). The increase is also attributable to previously issued debt, as well as \$44.7 of new debt issued in the Spring of 2009 to finance the FY 2009 approved CIP program.

•The City financed \$58 million in General Obligation debt in July of 2008 at a true interest cost of 4.0 percent after the most recent reaffirmation of the City's AAA/Aaa credit rating and recognition of the City's excellent financial condition. The City is one of a select number of cities and towns across the nation with both an AAA and Aaa rating from Moody's and Standard & Poor's. The City also sold \$5 million in General Obligation taxable debt for ARHA-related affordable housing purposes in July of 2008 at a true interest rate of 5.4 percent . The Approved FY 2010 General Fund budget includes \$37.4 million for payment of the City's General Obligation debt. The detailed bond repayment schedule is included in the Approved FY 2010 - FY 2015 Capital Improvement Program document.

•In June 2009, the City issued \$35.2 million in tax exempt general obligation bonds and \$44.5 million in taxable Build America Bonds, at an all-on fixed rate true interest cost of 3.28%. This very low achieved interest cost will result in a budget savings in FY 2010, and represents one of the lowest interest rates achieved by the City in modern times.

The components of FY 2010 debt service costs shown above include the following:

- \$814,305 in debt service for \$10,000,000 in debt issued in November of 2004 for open space purposes. This amount is equal to 0.25 percent of the estimated real estate taxes. The remainder is approved to be released as funding source for the General Fund operating budget.
- \$1,477,875 in debt service for \$15.0 million in taxable bonds for affordable housing issued in June of 2006.\*
- \$1,274,349 in debt service for various General Obligation bonds issued prior to FY 2006 that represent the portion of those issues devoted to sanitary sewer capital projects. This amount is paid from a transfer into the General Fund from the Sanitary Sewer Enterprise Fund (established in FY 2006).
- In addition to the City's General Obligation debt payments, this account also includes the City's share of debt service for the Northern Virginia Transportation District bonds, in the amount of \$256,070. State authorization for the transportation bonds was approved by the 1998 General Assembly, and bonds were issued in 1999. The City's share of debt service for these bonds is funded from General Fund revenues generated by the right-of-way telecommunications tax, which was also authorized by the 1998 General Assembly.

\*\$772,060 in debt service for a previously planned, but now deferred, \$8.0 million issuance for affordable housing purposes was transferred to the Housing Trust Fund. This amount, together with the \$1.5 million in debt service from the 2006 issuance constitute about 0.7 cents of the real estate tax rate, which is dedicated for these affordable housing purposes.