

Non-Departmental

Non-Departmental Expenditures

	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved
WMATA Debt Service	\$0	\$735,906	\$903,335
General Obligation Bond Debt Service ¹	\$34,588,463	\$36,924,798	\$42,278,674
Northern Virginia Transportation District (NVTD) Bond Debt Service	\$256,070	\$256,070	\$256,070
Subtotal Debt Service	\$34,844,533	\$37,916,774	\$43,438,079

Debt Service:

- Total debt service costs are budgeted to increase by \$5.5 million, or 14.6 percent. Included in the \$43.4 million in total budgeted debt service is \$0.9 million for debt service related to the City's issuance of lower cost debt in June 2009 instead of a WMATA debt issuance; \$42.3 million for General Obligation Debt Service and \$0.3 million for Northern Virginia Transportation District Debt Service. In recent years, the City has issued bonds to provide significant funding for the Police headquarters project, as well as other capital initiatives at historically low interest rates. The federal Build America Bond program available for the City bond issuances of 2009 and 2010 also helps keep the net cost of debt service low. The increase in FY 2012 is primarily attributable to how the City structures its bond principal repayments. In June 2009, the City issued \$79.7 million in bonds, which resulted in \$5.7 million in new debt service requirements in FY 2012. In June 2010, the City issued \$72.3 million in bonds, which resulted in \$4.2 million in debt service in FY 2012. In July 2011, the City issued \$69.9 million in bonds for which \$1.1 million has been budgeted for debt service in FY 2012. Although payments on previously issued debt are declining, the increases due to these issuances are significantly greater.

- The components of FY 2012 debt service costs shown above include the following besides debt service for the 2009 and 2010 issued bonds issued at an overall fixed rate true interest cost of 3.28% and 2.93%, respectively:

- \$4.8 million in debt service for \$58 million in debt issued in July of 2008. This debt issuance provided partial funding for the Police headquarters project, as well as other capital initiatives in FY 2010. In addition, the City issued \$5 million in General Obligation taxable debt for ARHA-related affordable housing purposes.
- \$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 approximately 0.25 percent of the estimated real estate taxes.
- \$1,873,625 in debt service for \$20.0 million in total previously issued taxable bonds for affordable housing.
- \$1,394,903 in debt service for various General Obligation bonds issued 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. The City's share of debt service for these bonds is funded from General Fund revenues generated by the right-of-way telecommunications fees, which was authorized by the 1998 General Assembly.

¹ The FY 2011 budget was amended by City Council through the Supplemental Appropriations Ordinance to reflect the appropriation of \$393,652 in additional debt service resulting from the June 2010 issuance of Build America Bonds. The increased debt service will be funded by an increase in Intergovernmental Revenue for the subsidy payment from the federal government. Together with the June 2009 issuance of Build America Bonds the total subsidy from the federal government for both bonds will be \$1,713,303 in FY 2012.