

ADOPTED 2011 BUDGET

DEPT: DEBT ISSUE EXPENSE

UNIT NO. 1987
FUND: General - 0001

BUDGET SUMMARY			
	2009 Actual	2010 Budget	2011 Budget
Debt Issue Expense	\$ 13,834	\$ 11,500	\$ 11,500

<u>STATISTICAL SUPPORTING DATA</u>	<u>2009 Actual</u>	<u>2010 Budget</u>	<u>2011 Budget</u>
Debt Issue Expense (8026)	\$ 955,510	\$ 386,500	\$ 261,500
DAS-Fiscal Affairs Division - Staff Costs (9787)	98,191	176,349	10,000
Total Expenditures	1,053,701	562,849	271,500
General Obligation Bond Proceeds (4907)	1,017,145	176,349	10,000
Airport Cash*	0	0	0
Airport Revenue Bond Proceeds** (4907)	34,222	375,000	250,000
Total Bond Proceeds	1,051,367	551,349	260,000
Property Tax Levy	\$ 2,334	\$ 11,500	\$ 11,500

* In 2009, actual expenditures for debt issue expense totaled \$921,288. Available bond proceeds to pay for the expenses totaled \$1,442,750. The variance of \$425,605 was deposited in the debt service reserve and budgeted in 2011 to pay the debt service on the 2009 Corporate Purpose Bonds and Pension Obligation Bonds.

** According to the Airport Master Lease Agreement, the Airport is required to pay all direct costs associated with the issuance of airport debt. Airport debt issuance costs, totaling \$250,000 have been included in the Airport's 2011 operating budget.

DESCRIPTION

Expenses not eligible to be paid from financing proceeds are reflected in this budgetary appropriation.

In addition, this non-departmental account exists to pay bond counsel, financial advisor fees and other costs associated with issuing debt, including credit rating agency fees, financial auditor fees, printing and distribution costs for the official statement, and fiscal agent and trustee fees.

Currently, a significant portion of debt issue expenses are paid from the proceeds of each financing. Under current Federal law, up to 2% of each financing may be used to cover expenses related to the issue.

BUDGET HIGHLIGHTS

- The Department of Administrative Services-Fiscal Affairs Division crosscharges the debt issue expense budget for costs associated with the preparation and issuance of the bond issues, the preparation of the capital improvements budget as it relates to capital improvements for which bonds will be issued and fiscal monitoring of the expenditure of the bond proceeds. The estimated amount for these costs for 2011 is \$10,000.

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- Estimated costs of issuance amounts for the general obligation bond will be budgeted in the Debt Issue Expense Budget. The costs of issuance amounts for the Airport Revenue Bonds are budgeted in the Airport's operating budget in the debt issue expense object. Any adjustments to the costs of issuance amount, once the financing amounts have been determined, will be done through a DAS-only appropriation transfer. In addition, the revenue to finance the debt issue expense will be budgeted in the Debt Issue Expense and Airport operating budget instead of the General Debt Service Fund budget for a more transparent accounting of revenue and expenses associated with the issuance of debt.
- Estimated costs of issuance amounts for 2010 consist of \$10,000 for the general obligation bonds and \$250,000 for the Airport revenue bond issue. Non-Airport debt issue expenses not eligible to be paid from financing proceeds totaled \$11,500 for 2011 and will be financed with property tax levy.