

**FY 2019-2020 Virginia Beach Budget
Response to Council Questions**

Question Number: FY 20 54

Question: What is the unauthorized charter bonds amount per Fiscal year of the CIP? What is authorized charter bond amounts but not yet in allocated in the current or proposed CIP and what amount could is available to be reallocated to FY 20?

Date Requested: 4/7/2019

Requested By: Councilman Moss

Department: Budget and Management Services

Response: The City authorizes 100% of the General Obligation (Charter) Bonds available on an annual basis. As shown on page 313 of the City Manager's Proposed budget (attached), there is \$5,994,286 authorized and unallocated (available for appropriation) in FY 2020. This amount was derived due to a bond premium being realized with the most recent sale of General Obligation bonds. The amount estimated to be unallocated by fiscal year is shown on page 313 on the line entitled "Cumulative Unallocated Bond Authority".

Computation of Charter Bonding Limits

The City Charter allows Virginia Beach to increase its long term general obligation by \$10 million each year. As part of its Capital Improvement Program, City Council is presented with an ordinance to authorize the issuance of General Obligation Bonds equal to the amount of principal retired in a calendar year plus the additional \$10 million as allowed by charter. These general obligation bonds are also known as charter bonds. The table below shows the projected amounts of charter bond authorizations over a six year period. The amount for calendar year 2019 is used for FY 2019-20 bond authorization and the same calendar year to fiscal year relationship is used for each subsequent year.

Computation of Bonding Limits							
CALENDAR YEAR RETIREMENT	Year 1 2019 FY 2019-20	Year 2 2020 FY 2020-21	Year 3 2021 FY 2021-22	Year 4 2022 FY 2022-23	Year 5 2023 FY 2023-24	Year 6 2024 FY 2024-25	Total
Additional Annual Bonding Limits	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	60,000,000
Add:							
Calendar Year Principal Retirement	61,009,710	52,246,841	46,979,280	49,472,046	42,750,252	43,477,121	295,935,250
<u>New Bond Issues</u>	<u>Amount</u>						
2018 Bonds (Fall 2019)	121,828,427	0	6,091,421	6,091,421	6,091,421	6,091,421	30,457,105
2019 Bonds (Spring 2020)	0	0	0	0	0	0	0
2020 Bonds (Spring 2021)	96,224,617	0	4,811,231	4,811,231	4,811,231	4,811,231	19,244,924
2021 Bonds (Spring 2022)	72,568,691	0	0	3,628,435	3,628,435	3,628,435	10,885,305
2022 Bonds (Spring 2023)	76,817,018	0	0	0	3,840,851	3,840,851	7,681,702
2023 Bonds (Spring 2024)	70,183,370	0	0	0	0	3,509,169	3,509,169
2024 Bonds (Spring 2025)	70,946,870	0	0	0	0	0	0
Total Estimated Principal Retirement	61,009,710	58,338,262	57,881,932	64,003,133	61,122,190	65,358,228	367,713,455
Total Bonding Limits	71,009,710	68,338,262	67,881,932	74,003,133	71,122,190	75,358,228	427,713,455
Charter Bonds Allocated	71,245,075	66,129,722	64,500,532	69,570,386	55,568,772	71,217,316	398,231,803
Total Annual Unallocated Bond Authority	(235,365)	2,208,540	3,381,400	4,432,747	15,553,418	4,140,912	0
Prior Year Unallocated Bond Authority	6,229,651	0	0	0	0	0	6,229,651
Cumulative Unallocated Bond Authority	5,994,286	8,202,826	11,584,226	16,016,973	31,570,391	35,711,303	

Notes: Retirement of bonded debt assumes the issuance of bonds with 20-year, level principal retirement with principal payments beginning one year from the date of issue. Annual bond limits are calculated on a calendar year basis. The fiscal year identified in the heading represents the period in which they are traditionally appropriated. The Charter Bond capacity in the out years is retained for future City Council policy decisions.