

J00A04
Debt Service Requirements
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$141,217	\$119,945	\$128,319	\$8,374	7.0%
Total Funds	\$141,217	\$119,945	\$128,319	\$8,374	7.0%

- The fiscal 2008 allowance for debt service payments totals \$128.3 million – an \$8.4 million, or 7.0% increase from the fiscal 2007 working appropriation.
- The January 2006 forecast assumed that \$235 million in bonds would be issued in fiscal 2007; however, the department is currently planning a February 2007 sale totaling \$100 million with an additional sale in the spring possible. The department assumes \$400 million in debt will be issued in fiscal 2008.
- The total amount of Consolidated Transportation Bond (CTB) debt outstanding is expected to total approximately \$1.5 billion, and non-traditional debt outstanding will total \$726.0 million at the end of fiscal 2008.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Debt Service Payments Are Expected to Continue to Increase in the Future: Debt service payments are expected to continue to increase in the future as the department relies on larger debt issuances to maintain the transportation capital program. For the period fiscal 2007 to 2012, the department expects to issue \$1.4 billion in debt.

Operating Budget Recommended Actions

1. Add annual language limiting the total amount of Consolidated Transportation Bonds outstanding.
2. Add annual budget bill language limiting the total amount of non-traditional debt outstanding at the end of fiscal 2008.
3. Add annual budget language requiring the submission of information concerning non-traditional debt outstanding.

Updates

CTB Debt Is Upgraded to AAA: Standard & Poor's revised its rating criteria for special tax bonds in the summer of 2006. Due to the relatively stable nature of highway user taxes, specifically, the motor fuel tax and registration fees, Standard & Poor's determined that a revision in its rating criteria was warranted and resulted in CTB debt outstanding being rated AAA.

Report on Debt Efficiency: This report provides a summary of the department's non-traditional debt issuances and proposes a net income coverage test, similar to the coverage test used with CTBs, specifically, for non-traditional debt issuances to insure debt is issued in a fiscally prudent manner.

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Budget Analysis

Program Description

Consolidated Transportation Bonds

The Maryland Department of Transportation (MDOT) issues 15-year Consolidated Transportation Bonds (CTBs), which are tax-supported debt. Bond proceeds are dedicated for construction projects. Revenues from taxes and fees and other funding sources are combined in the Transportation Trust Fund (TTF) to pay debt service and operating budget requirements and to support the capital program. Debt service on CTBs is payable solely from the TTF.

Non-traditional Debt

MDOT also uses non-traditional debt, which is any debt instrument that is not a CTB or a Grant Anticipation Revenue Vehicle (GARVEE) bond. This includes, but is not limited to, Certificates of Participation (COPs), debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation (MEDCO), the Maryland Transportation Authority (MdTA), or any other third party on behalf of MDOT.

Governor's Proposed Budget

The fiscal 2008 allowance for debt service payments totals \$128.3 million, an increase of \$8.4 million, or 7.0% compared to the fiscal 2007 working appropriation. The increase is largely due to the planned issuance of \$155.0 million of debt in February 2007, in which interest payments of \$6.7 million are due in fiscal 2008. Also adding to the increase is a planned issuance of \$400.0 million in debt in fiscal 2008 – with \$200.0 million being issued in fall 2007 and the remaining \$200.0 million in the spring of 2008. Due to the timing of interest payments, only the debt service on the fall 2007 issuance, which totals \$4.6 million, will be included in the fiscal 2008 allowance. The spring issuance will begin debt service payments in fiscal 2009.

The two largest payments for the fiscal 2008 allowance for debt service are for the fiscal 2003 series which totals \$60.2 million, a \$13.9 million increase from fiscal 2007. This increase was offset by the 1998 series being retired in fiscal 2007 where the final payment totaled \$15.5 million. The next largest debt service payment is for the 2004 series which totals \$29.5 million. The remaining amount of the fiscal 2008 debt service payment is attributable to the payments due on previous debt issuances still outstanding.

Amount of CTB Debt Outstanding Is within Acceptable Limits

The issuance of CTBs is limited by three requirements: a debt outstanding limit and two coverage tests. The debt outstanding limit is set in statute and is periodically increased to reflect the revenue growth and potential of the TTF. This debt outstanding limit was last increased in fiscal 2004 from \$1.5 billion to \$2.0 billion with the increase in vehicle registration fees. With additional revenue available, the TTF can support a higher level of debt service payments, which allowed for a higher level of debt outstanding.

The two coverage tests used by the department are established in the department's bond resolutions and mandate that the department's annual net revenues and pledged taxes from the prior year must each be at least two times greater than the maximum level of future debt service payments. The department has adopted an administrative policy that requires a minimum coverage of 2.5 times. The net revenues coverage test is the ratio of all the prior year's net income (excluding federal capital, bond proceeds, and third-party reimbursements) minus prior-year operating expenses, to maximum annual future debt service and typically is the limiting coverage ratio. The pledged taxes coverage test measures annual net revenues from vehicle excise, motor fuel, and corporate taxes (excluding refunds and all statutory deductions) as a ratio of maximum future annual debt service.

The fiscal 2007 bond sale will raise the total amount of debt outstanding to approximately \$1.2 billion, well below the \$2.0 billion statutory limit. The bond coverage ratio in fiscal 2007 is estimated to be 9.0 times for pledged taxes and 5.8 times for the net revenues test, well above the 2.5 limit. In fiscal 2008, the level of debt outstanding is expected to increase to \$1.5 billion with coverage ratios decreasing to 6.8 times for pledged taxes and 3.8 times for the net revenue test due to a higher debt service payment and softening revenues in fiscal 2007.

The department prudently manages its debt through the use of the coverage ratios. Its bond issuances have consistently been rated AA by Moody's and Fitch Ratings, the highest rating that a State transportation department typically receives. Recently, Standard & Poor's revised its rating criteria such that CTBs are currently rated AAA which is discussed in the Updates section of the analysis. In addition, the department's policy of maintaining an administrative coverage ratio that is higher than what is required has improved its standing with respect to its debt management.

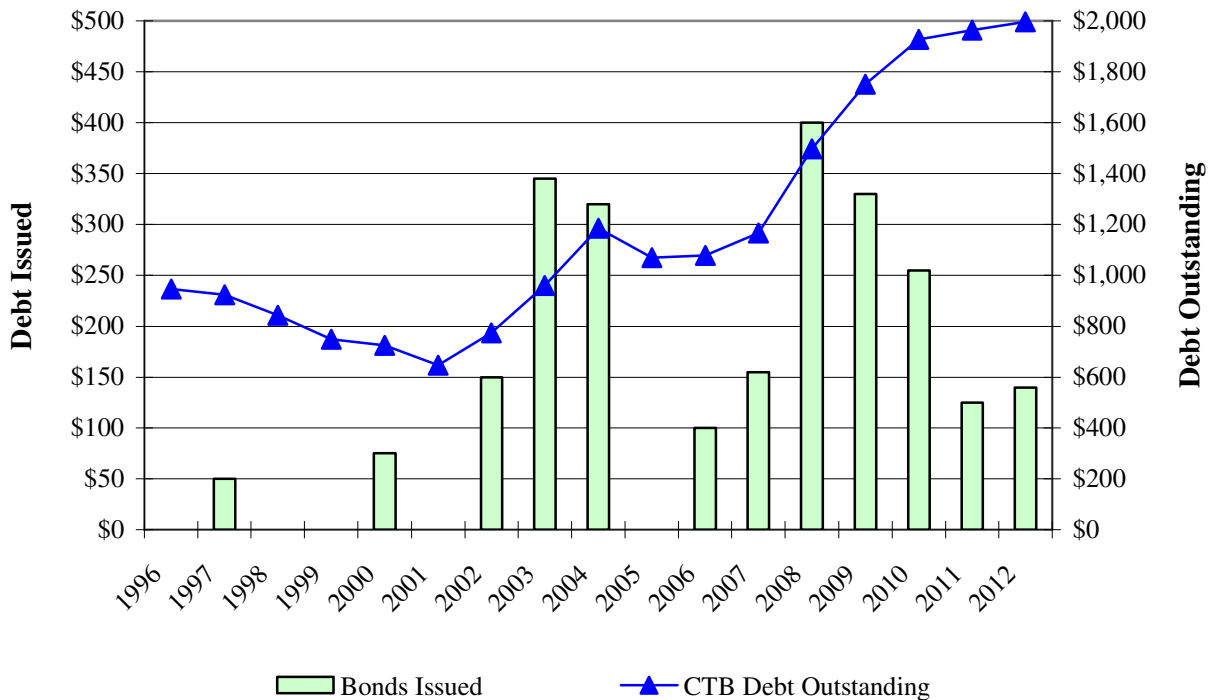
The General Assembly places annual limits on the total debt outstanding at the end of the current and subsequent fiscal years. Statute also limits debt issuance over the six-year forecast period to ensure that transportation debt is managed prudently. Based on current revenue projections, MDOT will be able to manage its CTB debt outstanding within the mandates set by the General Assembly in fiscal 2007 and 2008.

Section 3-202 of the Transportation Article requires the General Assembly to add annual budget bill language limiting the level of maximum CTB debt outstanding. It is recommended that the limit be set at \$1.497 billion in fiscal 2007. This level of debt outstanding matches the amount included in the TTF.

Historical Trends in CTB Debt

Exhibit 1 shows annual new CTB issuances and net debt outstanding from fiscal 1996 through 2012.

Exhibit 1
Bond Sales and Debt Outstanding
 Fiscal 1996-2006 Actual Data and Fiscal 2007-2012 Estimated Data
 (\$ in Millions)



Source: Maryland Department of Transportation, January 2007

From fiscal 1997 to 2002, the department issued \$275 million in new debt. Revenues during this timeframe typically exceeded estimates which allowed the department to maximize cash, rather than debt, for the capital program. Due to limited bond sales, the level of debt outstanding steadily decreased from roughly \$925 million in fiscal 1997 to \$774 million in fiscal 2002.

Beginning in 2003, the department began to aggressively use debt to expand the capital program. This is reflected in bond sales of \$345 million in fiscal 2003 and \$320 million in fiscal 2004. During this timeframe, the department also took advantage of low interest rates to refund previous bond sales.

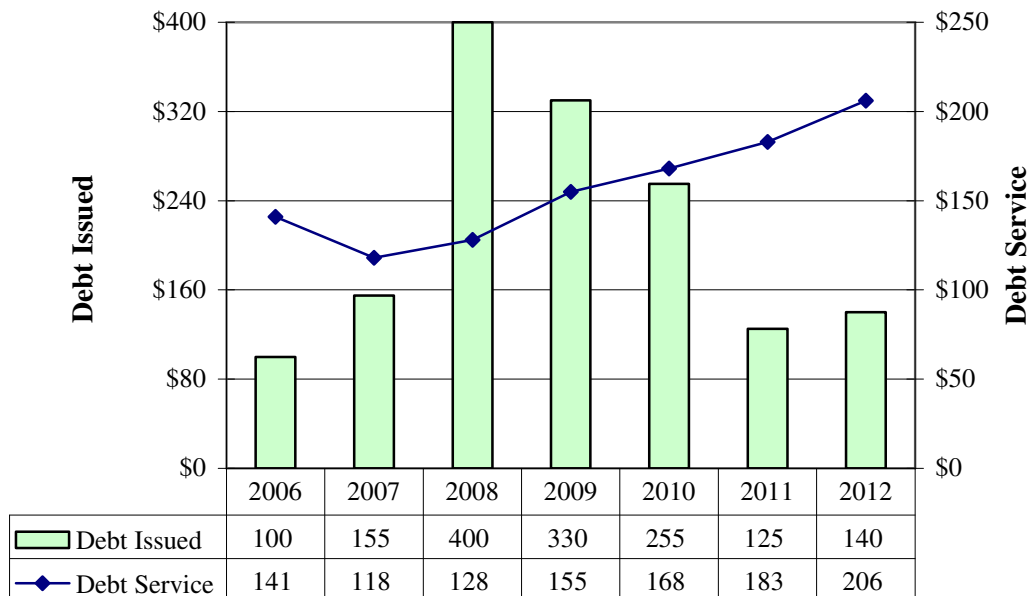
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The department did not issue any bonds in fiscal 2005 due to its cash position from cash flow changes in projects and higher than expected revenues in the early part of the fiscal year. In fiscal 2006, the department issued \$100.0 million of debt and received a bond premium of \$3.4 million due to favorable interest rates. This smaller bond sale was once again due to a significant cash balance which could be used to support the capital program rather than debt issuances. In its January forecast, the department estimates that bond sales will total \$1,405.0 million from fiscal 2007 through 2012. This is approximately \$220.0 million more in bond sales than was included in the forecast last year for fiscal 2006 through 2011.

Debt Service Outlook

Based upon the department’s forecast of revenue and expenditures, debt service payments will continue to increase over the next six fiscal years as shown in **Exhibit 2**. Two factors are contributing to this increase. First, only one debt issuance is expected to be retired during the six-year period from fiscal 2007 through 2012 (the fiscal 1999 debt issuance will be retired in fiscal 2009). Due to the amortization schedule of previously issued debt, principal payments steadily increase over the life of the debt issuance resulting in higher debt service payments.

Exhibit 2
Debt Service Payments and Bond Issuances
Fiscal 2006 Actual Data and Fiscal 2007-2012 Estimated Data
 (\$ in Millions)



Source: Maryland Department of Transportation, January 2007

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A second factor contributing to the increase in debt service payments is the issuance of \$400 million and \$330 million in fiscal 2008 and 2009, respectively. The higher bond issuances will be used to maintain the capital program and are not unusual in a time where revenue growth is stagnant and debt capacity is available. These higher projected bond issuances will result in higher debt service payments.

Beyond fiscal 2009, debt issuances are expected to continue in each fiscal year ranging from \$225 million in fiscal 2010 to \$140 million in fiscal 2012. In fiscal 2012, debt service payments are expected to total \$206 million with the net revenues test equal to the administrative limit of 2.5 times. As indicated in the Transportation Overview, revenues in fiscal 2009 and beyond may be overstated. Should revenues come in lower than expected, the amount of net revenues available for the net revenues coverage test will be lessened. Future bond sales may be less than what is currently estimated over the six-year period thus affecting the capital program.

Non-traditional Debt

In addition to CTBs, the department uses non-traditional debt. Non-traditional debt is any debt instrument that is not a CTB or a GARVEE bond. This includes, but is not limited to COPs, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by MEDCO or MdTA on behalf of MDOT.

Exhibit 3 shows that the department currently has nine non-traditional debt issuances outstanding. These issuances are projected to have a combined total of \$726.2 million in unpaid principal outstanding at the end of fiscal 2008. Of note is that the Series B issuance for the Passenger Facility Charge (PFC) Revenue Bonds for the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) was redeemed early due to excess PFC revenues being available. This action saved roughly \$200,000 in interest payments on that particular debt service payment.

The General Assembly began placing limits on COPs in fiscal 2002 and then all of MDOT's non-traditional debt in fiscal 2005. The limits placed on non-traditional debt are consistent with the limits placed on CTBs. The General Assembly limited the total amount of non-traditional debt outstanding to the amount proposed by the department during the legislative session. If the agency finds that circumstances warrant additional issuances, the department must report to the budget committees on any proposed debt and provide the committees with 45 days to review and comment on the proposal. **It is recommended that the General Assembly continue its policy to limit total non-traditional debt outstanding. It is recommended that the limit be established at \$726,185,000 at the end of fiscal 2008.**

Exhibit 3
Non-traditional Debt Outstanding and Debt Service Payments
(\$ in Thousands)

<u>Year Issued and Maturity</u>	<u>Amount Issued</u>	<u>Principal Outstanding (06/30/08)</u>	<u>FY 2008 Debt Service Payment</u>	<u>Purpose</u>
Certificates of Participation				
1999-2025	\$42,750	\$22,535	\$2,324	Expand Pier B and a de-icing facility at the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport).
2000-2025	33,000	16,240	3,376	Construction of a parking garage at Maryland Rail Commuter/Amtrak station near BWI Marshall Airport.
2004-2016	15,500	11,600	1,690	Purchase buses for parking garage shuttle operations at BWI Marshall Airport.
2006-2024	27,185	25,395	1,873	Construction of a paper shed at South Locust Point.
Subtotal	\$118,435	\$75,770	\$9,263	
Maryland Transportation Authority Revenue Bonds				
2002-2027	264,075	238,180	20,719	Construction of Elm Road parking garage near BWI Marshall Airport, roadway improvements, enhanced pedestrian access, and upgrading of utility plants. Bonds backed by parking fees.
2002-2032	117,345	109,825	9,069	Construction of consolidated rental car facility at BWI Marshall Airport. Bonds back by customer facility charge of \$3.25 per vehicle rental per day.
2003-2013	69,700	60,900	11,746	Additional construction at BWI Marshall Airport, including roadway improvements, installation of pedestrian skywalks, and work on taxiway parallel to runway. This issue has a floating interest rate structure. Bonds backed by passenger facilities charges.
Subtotal	\$451,120	\$408,905	\$41,534	

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<u>Year Issued and Maturity</u>	<u>Amount Issued</u>	<u>Principal Outstanding (06/30/08)</u>	<u>FY 2008 Debt Service Payment</u>	<u>Purpose</u>
Maryland Economic Development Corporation Debt				
2002-2022	36,000	28,920	2,901	Construction of new MDOT headquarters building.
2003-2030	223,660	212,590	15,119	Construction of a new 11-gate Concourse A and reconstruction of a portion of Concourse B at BWI Marshall Airport.
Subtotal	\$259,660	\$241,510	\$18,020	
Total	\$829,215	\$726,185	\$68,817	

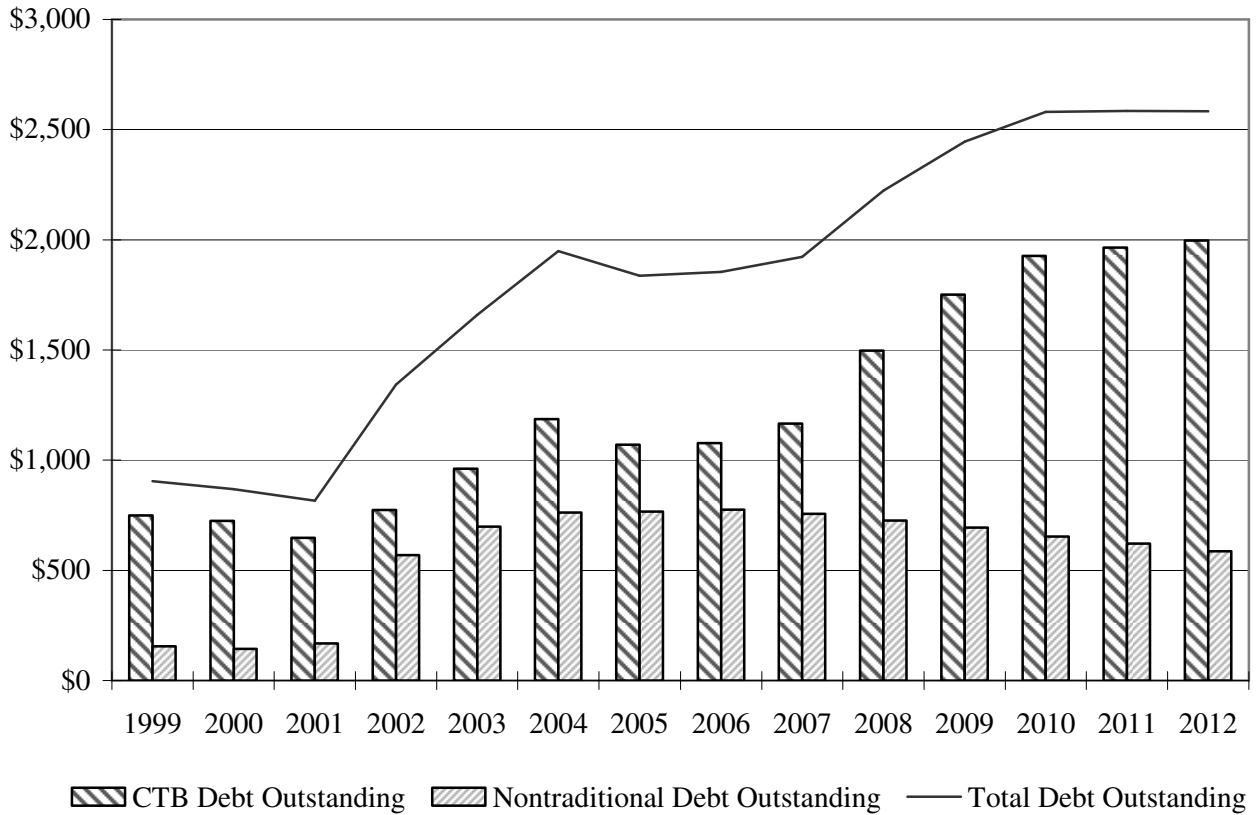
Source: Maryland Department of Transportation, January 2007

The General Assembly also typically requires that MDOT report to the budget committees on non-traditional debt when it releases its September and January forecasts. Specifically, the language requires that MDOT report on the outstanding and proposed issuances, debt service costs, and annual debt outstanding. The report should cover the current fiscal year and the following 10 fiscal years. **It is recommended that the General Assembly again require that the department report on the costs of non-traditional debt when it releases its September and January forecasts.**

Total Debt Outstanding

Exhibit 4 shows that MDOT's total debt outstanding from all sources is expected to double from \$905 million in fiscal 1999 to \$1.9 billion in fiscal 2008. The percent of total debt outstanding that comes from non-traditional debt is expected to total 32.7% in fiscal 2008. While this is significantly higher than the 17.2% in fiscal 1999, the level of non-traditional debt peaked in fiscal 2003 and has slowly decreased since, as there has been only one non-traditional debt issuance since 2003. In fiscal 2012, CTB and non-traditional debt outstanding is estimated to total \$2.6 billion. In fiscal 2012, CTB debt outstanding is estimated to be \$4 million less than the \$2.0 billion statutory limit.

Exhibit 4
Growth in the Maryland Department of Transportation’s Total Debt
Fiscal 1999-2006 Actual Data and Fiscal 2007-2012 Estimated Data
(\$ in Millions)



Source: Maryland Department of Transportation, January 2007

Operating Budget Recommended Actions

1. Add the following language:

Consolidated Transportation Bonds may be issued in any amount provided that the aggregate outstanding and unpaid balance of these bonds and bonds of prior issues shall not exceed \$1,497,060,000 as of June 30, 2008. Provided, however, that the debt service will be reduced by any proceeds generated from bond sale premiums. To achieve this reduction, the Maryland Department of Transportation may either use projected proceeds from bond sale premiums to reduce the size of the bond issuance or apply the proceeds from the premium to debt service for that bond issuance provided that those revenues are recognized by the department and reflected in the Transportation Trust Fund forecast.

Explanation: Section 3-202 of the Transportation Article requires the General Assembly to establish the maximum debt outstanding each year in the budget bill. The level will be based on outstanding debt as of June 30, 2007, plus projected debt issued during fiscal 2008 in support of the transportation capital program.

2. Add the following language:

The total aggregate outstanding and unpaid principal balance of non-traditional debt, defined as any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle bond issued by the Maryland Department of Transportation (MDOT), may not exceed \$726,185,000 as of June 30, 2008. Provided, however, that in addition to the limit established under this provision, MDOT may increase the aggregate outstanding unpaid and principal balance of non-traditional debt so long as:

- (1) MDOT provides notice to the Senate Budget and Taxation Committee and the House Committee on Appropriations stating the specific reason for the additional issuance and providing specific information regarding the proposed issuance, including information specifying the total amount of non-traditional debt that would be outstanding on June 30, 2008, and the total amount by which the fiscal 2009 debt service payment for all non-traditional debt would increase following the additional issuance; and
- (2) the Senate Budget and Taxation Committee and the House Committee on Appropriations have 45 days to review and comment on the proposed additional issuance before the publication of a preliminary official statement. The Senate Budget and Taxation Committee and the House Committee on Appropriations may hold a public hearing to discuss the proposed increase and must signal their intent to hold a hearing within 45 days of receiving notice from MDOT.

Explanation: This language limits the amount of non-traditional debt outstanding at the end of fiscal 2008 to the total amount that is projected to be outstanding from all previous

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non-traditional debt issuances as of June 30, 2007, and all anticipated sales in fiscal 2008. The language allows MDOT to increase the amount of non-traditional debt outstanding in fiscal 2008 by providing notification to the budget committees regarding the reason that the additional issuances are required.

Information Request	Author	Due Date
Justification for increasing non-traditional debt outstanding	MDOT	45 days prior to the publication of a preliminary official statement

3. Add the following language:

The Maryland Department of Transportation (MDOT) shall submit with its annual September and January financial forecasts information on (1) anticipated and actual non-traditional debt outstanding as of June 30 of each year; and (2) anticipated and actual debt service payments for each outstanding non-traditional debt issuance from fiscal 2007 through 2018. Non-traditional debt is defined as any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle bond; such debt includes, but is not limited to, Certificates of Participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of MDOT.

Explanation: The budget committees are interested in monitoring the use of non-traditional debt by MDOT. The information requested provides the budget committees with additional information on the usage and annual costs of non-traditional debt.

Information Request	Author	Due Date
Non-traditional debt outstanding and anticipated debt service payments	MDOT	With September forecast With January forecast

Updates

1. CTB Debt Is Upgraded to AAA

During the summer of 2006, Standard & Poor's revised its rating criteria for the United States public finance special tax criteria which included sales tax, highway user tax, and income tax revenue bonds. This revision in the rating criteria resulted in MDOT's existing debt outstanding being rated AAA. This also means that if MDOT maintains its current financial condition, it is likely that Standard & Poor's will continue to rate CTB debt at AAA.

Standard & Poor's indicated that the reason for the change in criteria was due to the stability of sales, income, and highway user tax revenue streams. In addition, Standard & Poor's placed a greater emphasis on the underlying economic factors of each revenue rather than legal features regarding future debt issuances and reserve funds – the logic being that coverage tests are likely to remain within stated limits regardless of any legal provisions included in bond covenants.

Another reason for the upgrade, according to Standard & Poor's, is that revenue derived from the motor fuel tax is fairly static, meaning there is relatively small and steady growth in the revenue source despite spikes in oil prices. Furthermore, highway user revenue bonds are “buoyed” by registration fees which are relatively stable in nature and cover a large majority of the State populations. This is true for the TTF where the motor fuel tax and registration fees represent the most stable of revenue streams, whereas the corporate income and titling tax are subject to fluctuations based upon activity in the broader national and State economy.

Overall, given that only one of the three rating agencies has revised its rating criteria for CTBs, there will be no impact in the short-term on the interest rates of CTB issuances. However, the rating upgrade does affirm that MDOT has managed debt prudently and within the established statutory and administrative levels. Over the long-term, should the other ratings agencies revise their rating criteria, CTB debt is likely to receive a lower interest rate. MDOT advises the rate could be reduced by as much as -0.25%. In addition, bonds rated at AAA are more attractive to investors due to their relatively low risk factor.

2. Report on Debt Efficiency

During the 2006 session, the budget committees requested that a report be submitted that would analyze how the department could efficiently measure the level of debt issued by or on behalf of MDOT. The report was to look at both CTBs and non-traditional debt and the relationship between cash available for the capital program and the amount of debt issued. The end goal of the report was to determine that the department does not over leverage debt issuances compared to cash available. The department submitted such a report and following is a summary.

Consolidated Transportation Bonds

CTBs are backed by the pledged taxes from the Transportation Trust Fund. Other revenues collected by the TTF can be used to pay the debt service on CTBs; however, they are not pledged for that purpose. The amount of CTB debt outstanding is limited by statute in three ways:

- CTB debt outstanding cannot exceed \$2 billion;
- Statute requires the annual budget bill establish an annual limit on the amount of debt outstanding; and
- CTB debt is limited to a maturity of a maximum of 15 years.

In addition, the department's two coverage tests insure that debt outstanding and debt service payments are within fiscally prudent limits.

Non-traditional Debt

Non-traditional debt is any debt other than CTB or GARVEE bonds. Non-traditional debt is limited annually to a maximum level of debt outstanding by budget bill language. If additional non-traditional debt is needed after the legislative session, MDOT must request review and comment on the proposed facility from the budget committees. Unlike CTB, there is no statutory limit regarding the amount of debt outstanding or a limit on the length of a maturity.

Typically, non-traditional debt issuances are backed by a specific revenue source that is pledged to the project. Approximately 93% of non-traditional debt outstanding supports the department's two enterprise agencies, the Maryland Port Administration (MPA) and the Maryland Aviation Administration (MAA). Non-traditional debt is typically issued through conduit issuers, MdTA and MEDCO. However, for the 2006 session, budget bill language was adopted that prohibited MDOT from using non-traditional debt through MEDCO.

MDOT is fairly unique, in that there is only one other state Department of Transportation, Hawaii, that has a state-owned and operated airport among the twenty-fifth largest airports in the United States. When comparing the level of debt outstanding at BWI Marshall Airport to other airports, BWI Marshall Airport has comparably low levels of debt outstanding. The airport industry is capital intensive and projects are largely driven by airline customer requests. The revenues for these capital projects typically come from airport customers, including airlines, passengers, or visitors.

Non-traditional Debt Issuances and Revenue

Rating agencies have consistently rated MDOT debt very high and have been comfortable with MDOT's non-traditional debt issuances. Currently, MDOT has 18 outstanding bond issuances, 9 of which are considered non-traditional issuances. Of the 9 non-traditional debt issuances, 3 issuances are backed by pledged taxes that are diverted to a trustee, 4 non-traditional issuances are

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paid with revenues credited to the TTF, and 2 non-traditional issuances are backed by the TTF without a revenue source.

The three issuances backed by pledged revenues that are diverted to a trustee (the Consolidated Facility Charge (CFC), MdTA Daily Parking Garage, and MdTA Passenger Facility Charges) are estimated to total \$106 million in revenues, more than enough to cover the \$41 million in debt service. However, \$55 million of the revenues collected are restricted and may only be used for specific purposes. The PFC fees are regulated by the Federal Aviation Administration (FAA) and may only be used for FAA approved capital projects. CFC revenues are specifically limited to debt service expenses and other expenses related to the operations of the Consolidated Rental Car Facility.

An Appropriate Coverage Test

In developing an appropriate cover test for debt issuances not backed by specific revenue, the department looked at debt limitations imposed by other states. The sampling of other states shows that MDOT's coverage limits are in line with other states. A test that would measure total debt outstanding for MDOT would be inappropriate given that not all revenues are credited to the TTF or allowed to be used for expenses or debt service unrelated to the specific projects financed. In the event of a catastrophe, only annual debt service would be required, not a total payment on debt outstanding.

MDOT proposes that a third coverage test be implemented that focuses on the debt service payments for issuances not backed by a TTF revenue or a pledged revenue. Currently, two issuances, MDOT Headquarters and the MAA shuttle buses, fall into this category. The coverage test would take net revenues and back out the funds necessary for CTB debt service. The remaining funds would then be used as coverage test for these two issuances. For example, total adjusted net revenues would total \$564 million, maximum debt service would total \$5 million, allowing for a coverage ratio of 113 times, well above the current net income coverage limit of 2 times.

Current and Prior Year Budgets

**Current and Prior Year Budgets
Debt Service Requirements
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2006					
Legislative Appropriation	\$0	\$144,147	\$0	\$0	\$144,147
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	-2,930	0	0	-2,930
Actual Expenditures	\$0	\$141,217	\$0	\$0	\$141,217
Fiscal 2007					
Legislative Appropriation	\$0	\$119,945	\$0	\$0	\$119,945
Budget Amendments	0	0	0	0	0
Working Appropriation	\$0	\$119,945	\$0	\$0	\$119,945

Note: Numbers may not sum to total due to rounding.

Fiscal 2006

The fiscal 2006 legislative appropriation for debt service totaled \$144,146,733. Actual expenditures totaled \$141,217,092, resulting in a cancellation of \$2,929,641. The decrease in the actual expenditure for debt service is largely due to the bond sale in fiscal 2006 being delayed from the fall of 2005 to the spring of 2006. As such, there was not an interest payment in fiscal 2006 for the spring 2006 bond sale. In addition, given favorable interest rates, the bond sale was reduced by \$5 million, which further reduced the debt service payment in fiscal 2006.

**Object/Fund Difference Report
MDOT – Debt Service Requirements**

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07 - FY08 Amount Change</u>	<u>Percent Change</u>
Objects					
13 Fixed Charges	\$ 141,217,092	\$ 119,944,998	\$ 128,318,800	\$ 8,373,802	7.0%
Total Objects	\$ 141,217,092	\$ 119,944,998	\$ 128,318,800	\$ 8,373,802	7.0%
Funds					
03 Special Fund	\$ 141,217,092	\$ 119,944,998	\$ 128,318,800	\$ 8,373,802	7.0%
Total Funds	\$ 141,217,092	\$ 119,944,998	\$ 128,318,800	\$ 8,373,802	7.0%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.