

Building a Fiscally Sustainable Future

Union County, North Carolina, Finance Department

*General Obligation
Bond Briefing*

June 20, 2016

Direction Needed

- Review of General Obligation Bonds and Current Direction
- Review of Debt Impact
- Review of Question Language
- Request for Direction



General Obligation Bonds

- General Obligation = Full Faith and Credit of County.
- Project must be the question on the ballot.
- Asset Life Matching – 20 years of debt for a project that will add 20 years of life or last 20 years.
 - Limited FF&E can be included in new facilities.
- Sustainability of the project includes debt service and **operating budget impact.**
- Debt reserve to level load tax impact.
- Debt Limits:
 - 8% of Assessed Valuation (GS Requirement).
 - 15% of General Fund Operating Budget (debt policy)
Estimated 2017 is 16%.
- All new debt, excluding revenue bonds, should be voted on (direction in the Spring of 2015).



Current Policy

“It is anticipated that new general obligation debt will be funded through increased tax rate, and that voter approval of general obligation debt represents a tacit approval of the accompanying tax rate.”

- *Union County Capital Improvement Program Management Policy* as adopted on November 19, 2012



Impact of Full UCPS Request

Fiscal Year	Estimated Tax Rate in Pennies	Total Principal	Total Interest	Total Debt Service	Tax Revenue	Debt Reserve
FY 2018	7.00	\$ -	-	-	(16,117,200)	(16,117,200)
FY 2019	7.00	3,041,946	3,041,946	6,083,893	(16,399,251)	(26,432,558)
FY 2020	7.00	11,458,414	11,306,317	22,764,732	(16,686,238)	(20,354,064)
FY 2021	7.00	11,458,414	10,733,396	22,191,811	(16,978,247)	(15,140,501)
FY 2022	7.00	11,458,414	10,160,476	21,618,890	(17,275,366)	(10,796,977)
FY 2023	7.00	11,458,414	9,587,555	21,045,969	(17,577,685)	(7,328,693)
FY 2024	6.25	11,458,414	9,014,634	20,473,049	(17,885,295)	(4,740,939)
FY 2025	6.25	11,458,414	8,441,714	19,900,128	(18,198,287)	(3,039,098)
FY 2026	6.25	11,458,414	7,868,793	19,327,207	(18,288,109)	(2,000,000)
FY 2027	6.25	11,458,414	7,295,872	18,754,287	(18,004,287)	(1,250,000)
FY 2028	6.19	11,458,414	6,722,951	18,181,366	(17,931,366)	(1,000,000)
FY 2029	5.88	11,458,414	6,150,031	17,608,445	(17,608,445)	(1,000,000)
FY 2030	5.75	11,458,414	5,577,110	17,035,524	(17,035,524)	(1,000,000)
FY 2031	5.46	11,458,414	5,004,189	16,462,604	(16,462,604)	(1,000,000)
FY 2032	5.18	11,458,414	4,431,268	15,889,683	(15,889,683)	(1,000,000)
FY 2033	4.91	11,458,414	3,858,348	15,316,762	(15,316,762)	(1,000,000)
FY 2034	4.65	11,458,414	3,285,427	14,743,841	(14,743,841)	(1,000,000)
FY 2035	4.39	11,458,414	2,712,506	14,170,921	(14,170,921)	(1,000,000)
FY 2036	4.14	11,458,414	2,139,586	13,598,000	(13,598,000)	(1,000,000)
FY 2037	3.90	11,458,414	1,566,665	13,025,079	(13,025,079)	(1,000,000)
FY 2038	3.66	11,458,414	993,744	12,452,159	(12,452,159)	(1,000,000)
FY 2039	2.57	8,416,468	420,823	8,837,291	(8,837,291)	(1,000,000)
Total		\$ 229,168,289	120,313,352	349,481,641		

*Excludes funding for Benton Heights Elementary School



Impact of Full SPCC Request

Fiscal Year	Estimated Tax Rate in Pennies	Total Principal	Total Interest	Total Debt Service	Tax Revenue	Debt Reserve
FY 2018	1.25	\$ -	-	-	(3,052,500)	(3,052,500)
FY 2019	1.25	1,556,588	1,556,588	3,113,175	(3,105,919)	(3,045,244)
FY 2020	1.25	1,989,813	1,911,983	3,901,796	(3,160,272)	(2,303,720)
FY 2021	1.25	1,989,813	1,812,493	3,802,305	(3,215,577)	(1,716,993)
FY 2022	1.25	1,989,813	1,713,002	3,702,814	(3,271,850)	(1,286,028)
FY 2023	1.25	1,989,813	1,613,511	3,603,324	(3,329,107)	(1,011,811)
FY 2024	1.25	1,989,813	1,514,021	3,503,833	(3,387,366)	(895,344)
FY 2025	1.18	1,989,813	1,414,530	3,404,343	(3,258,998)	(750,000)
FY 2026	1.12	1,989,813	1,315,039	3,304,852	(3,154,852)	(600,000)
FY 2027	1.07	1,989,813	1,215,549	3,205,361	(3,055,361)	(450,000)
FY 2028	1.02	1,989,813	1,116,058	3,105,871	(2,955,871)	(300,000)
FY 2029	0.98	1,989,813	1,016,568	3,006,380	(2,906,380)	(200,000)
FY 2030	0.97	1,989,813	917,077	2,906,889	(2,906,889)	(200,000)
FY 2031	0.92	1,989,813	817,586	2,807,399	(2,807,399)	(200,000)
FY 2032	0.87	1,989,813	718,096	2,707,908	(2,707,908)	(200,000)
FY 2033	0.82	1,989,813	618,605	2,608,418	(2,608,418)	(200,000)
FY 2034	0.78	1,989,813	519,114	2,508,927	(2,508,927)	(200,000)
FY 2035	0.73	1,989,813	419,624	2,409,436	(2,409,436)	(200,000)
FY 2036	0.69	1,989,813	320,133	2,309,946	(2,309,946)	(200,000)
FY 2037	0.65	1,989,813	220,643	2,210,455	(2,210,455)	(200,000)
FY 2038	0.61	1,989,813	121,152	2,110,964	(2,110,964)	(200,000)
FY 2039	0.13	433,225	21,661	454,886	(454,886)	(200,000)
Total		\$ 39,796,250	20,893,031	60,689,281		



Impact of All Requests

Fiscal Year	Estimated Tax Rate in Pennies	Total Principal	Total Interest	Total Debt Service	Tax Revenue	Debt Reserve
FY 2018	8.25	\$ -	-	-	(19,169,700)	(19,169,700)
FY 2019	8.25	4,598,534	4,598,534	9,197,068	(19,505,170)	(29,477,802)
FY 2020	8.25	13,448,227	13,218,300	26,666,527	(19,846,510)	(22,657,785)
FY 2021	8.25	13,448,227	12,545,889	25,994,116	(20,193,824)	(16,857,493)
FY 2022	8.25	13,448,227	11,873,478	25,321,705	(20,547,216)	(12,083,005)
FY 2023	8.25	13,448,227	11,201,066	24,649,293	(20,906,792)	(8,340,504)
FY 2024	7.50	13,448,227	10,528,655	23,976,882	(21,272,661)	(5,636,283)
FY 2025	7.43	13,448,227	9,856,244	23,304,471	(21,457,285)	(3,789,098)
FY 2026	7.37	13,448,227	9,183,832	22,632,059	(21,442,961)	(2,600,000)
FY 2027	7.32	13,448,227	8,511,421	21,959,648	(21,059,648)	(1,700,000)
FY 2028	7.21	13,448,227	7,839,009	21,287,236	(20,887,236)	(1,300,000)
FY 2029	6.86	13,448,227	7,166,598	20,614,825	(20,514,825)	(1,200,000)
FY 2030	6.72	13,448,227	6,494,187	19,942,414	(19,942,414)	(1,200,000)
FY 2031	6.38	13,448,227	5,821,775	19,270,002	(19,270,002)	(1,200,000)
FY 2032	6.05	13,448,227	5,149,364	18,597,591	(18,597,591)	(1,200,000)
FY 2033	5.73	13,448,227	4,476,953	17,925,180	(17,925,180)	(1,200,000)
FY 2034	5.43	13,448,227	3,804,541	17,252,768	(17,252,768)	(1,200,000)
FY 2035	5.12	13,448,227	3,132,130	16,580,357	(16,580,357)	(1,200,000)
FY 2036	4.83	13,448,227	2,459,719	15,907,946	(15,907,946)	(1,200,000)
FY 2037	4.55	13,448,227	1,787,307	15,235,534	(15,235,534)	(1,200,000)
FY 2038	4.27	13,448,227	1,114,896	14,563,123	(14,563,123)	(1,200,000)
FY 2039	2.70	8,849,693	442,485	9,292,178	(9,292,178)	(1,200,000)
Total		\$ 268,964,539	141,206,383	410,170,923		



The Bond Question Form

\$_____ of bonds to pay the costs of
_____.

Bond question can be as general or specific as desired, however, the language **specifies** the project and can not be changed.



Presentation and Documents
Available at
www.unioncountync.gov

