

MEMORANDUM

To: Board of County Commissioners

From: Paul Laughton, Deputy Director, Finance and Administrative Services

Date: May 21, 2013

Re: County Debt Service and Debt Capacity 10-year Schedules

Attached please find two different scenarios (Attachment D1 and Attachment D2), as mentioned on the May 23, 2013 agenda abstract, that will be part of the FY 2013-18 Capital Investment Plan (CIP) discussion for the May 23<sup>rd</sup> meeting, following the Public Hearing.

These attachments reflect updated County Debt Service and Debt Capacity tables, based on project scenario changes through the May 9, 2013 work session, and provides Debt Service payment projections over a 10-year period. Past versions of the table only reflected Debt Service payments over a 5-year period.

*Attachment D1* includes County and School Capital Project revisions through the May 9, 2013 work session, and **includes all projects listed in Years 6-10 of the Capital Investment Plan (CIP).**

*Attachment D2* includes County and School Capital Project revisions through the May 9, 2013 work session, and includes projects **only** through FY 2017-18 (Year 5), with the **exception** of completing the Southern Library construction of \$3,500,000 in FY 2018-19 (Year 6) and Middle School #5 of \$27,027,452 in FY 2018-19 (year 6) and \$4,968,488 in FY 2019-20 (year 7). **NOTE:** Given projected available revenues, the following assumptions are made in *Attachment D2*:

- No additional capital projects are included in Years 6-10 (with the exception of completing the Southern Library and Middle School #5 construction projects as mentioned above)
- Other than the two projects mentioned, no further debt can be issued in Year 6 or beyond as debt service payments surpass the 15% debt capacity starting in FY 2018-19 (Year 6)

Please feel free to contact Clarence Grier at 919-245-2453, or Paul Laughton at 919-245-2152 with any questions.

County Debt Service and Debt Capacity (General Fund Only) - (REVISED 05/21/13)							Attachment D1				
Fiscal Years 2013-18											
Debt Service	Current Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<i>Total Annual Debt Service</i>	24,887,879	25,609,786	25,412,505	24,186,472	23,152,009	22,091,295	21,855,351	21,203,698	20,596,545	19,854,667	15,334,190
General Fund Budget	180,002,776										
Annual Growth Projections		1.50%	1.50%	1.50%	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Projected General Fund Budget		185,921,190	188,710,008	191,540,658	194,413,768	198,302,043	202,268,084	206,313,446	210,439,715	214,648,509	218,941,479
<b>Annual Debt Service as a % of General Fund</b>	<b>13.83%</b>	<b>13.77%</b>	<b>13.47%</b>	<b>12.63%</b>	<b>11.91%</b>	<b>11.14%</b>	<b>10.81%</b>	<b>10.28%</b>	<b>9.79%</b>	<b>9.25%</b>	<b>7.00%</b>
<i>Debt Service Policy</i>	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
<b>Future Debt Service Capacity</b>	<b>1.17%</b>	<b>1.23%</b>	<b>1.53%</b>	<b>2.37%</b>	<b>3.09%</b>	<b>3.86%</b>	<b>4.19%</b>	<b>4.72%</b>	<b>5.21%</b>	<b>5.75%</b>	<b>8.00%</b>
<b>Projected Debt Financing</b>											
<b>2013-2014 - \$4,401,000</b>											
County Capital \$3,801,000			364,896	364,896	364,896	364,896	364,896	364,896	364,896	364,896	364,896
Culbreth MS Science Addition (CHCCS) \$600,000			57,600	57,600	57,600	57,600	57,600	57,600	57,600	57,600	57,600
<b>2014-2015 - \$13,104,792</b>											
County Capital \$5,922,000*				568,512	568,512	568,512	568,512	568,512	568,512	568,512	568,512
CRHS (OCS) Auxiliary Grym \$3,328,750				319,560	319,560	319,560	319,560	319,560	319,560	319,560	319,560
Culbreth MS Science Addition (CHCCS) \$3,854,042				369,988	369,988	369,988	369,988	369,988	369,988	369,988	369,988
<b>2015-2016 - \$26,500,663</b>											
County Capital \$13,700,069					1,315,207	1,315,207	1,315,207	1,315,207	1,315,207	1,315,207	1,315,207
CRHS (OCS) Classroom Wing \$12,282,960					1,179,164	1,179,164	1,179,164	1,179,164	1,179,164	1,179,164	1,179,164
Culbreth MS Science Addition (CHCCS) \$517,634					49,693	49,693	49,693	49,693	49,693	49,693	49,693
<b>2016-2017 - \$11,007,474</b>											
County Capital \$9,839,000						944,544	944,544	944,544	944,544	944,544	944,544
Middle School #5 (CHCCS) \$1,168,474						112,174	112,174	112,174	112,174	112,174	112,174
<b>2017-2018 - \$45,534,774</b>											
County Capital \$38,848,508							3,729,457	3,729,457	3,729,457	3,729,457	3,729,457
Middle School #5 (CHCCS) \$6,686,266							641,882	641,882	641,882	641,882	641,882
<b>2018-19 - \$41,687,483</b>											
County Capital \$11,366,400								1,091,174	1,091,174	1,091,174	1,091,174
Carrboro HS Additions (CHCCS) \$3,293,631								316,189	316,189	316,189	316,189
Middle School #5 (CHCCS) \$27,027,452								2,594,635	2,594,635	2,594,635	2,594,635
<b>2019-20 - \$35,134,202</b>											
County Capital \$10,048,360									964,643	964,643	964,643
Carrboro HS Additions (CHCCS) \$13,624,134									1,307,917	1,307,917	1,307,917
Elementary #12 (CHCCS) \$6,493,220									623,349	623,349	623,349
Middle School #5 (CHCCS) \$4,968,488									476,975	476,975	476,975

<b>Debt Service</b>	<b>Current Fiscal Year 2012-13</b>	<b>Fiscal Year 2013-14</b>	<b>Fiscal Year 2014-15</b>	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2018-19</b>	<b>Fiscal Year 2019-20</b>	<b>Fiscal Year 2020-21</b>	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>
<b>2020-21 - \$44,071,110</b>											
County Capital \$17,100,000										1,641,600	1,641,600
Carrboro HS Additions (CHCCS) \$2,826,183										271,314	271,314
Elementary #12 (CHCCS) \$24,144,927										2,317,913	2,317,913
<b>2021-22 - \$4,837,906</b>											
Elementary #12 (CHCCS) \$4,837,906											464,439
<b>Total</b>											
<b>2022-23 - \$21,478,200</b>											
Elementary #8 (OCS) \$21,478,200											
New Debt Service		-	422,496	1,680,556	4,224,620	5,281,337	9,652,675	13,654,674	17,027,557	21,258,384	21,722,823
<i>Projected Annual Debt Service</i>	<u>24,887,879</u>	<u>25,609,786</u>	<u>25,835,001</u>	<u>25,867,028</u>	<u>27,376,629</u>	<u>27,372,632</u>	31,508,026	34,858,372	37,624,102	41,113,051	37,057,013
<b>Projected Annual Debt Service As a Percent of the General Fund Budget</b>	<b>13.83%</b>	<b>13.77%</b>	<b>13.69%</b>	<b>13.50%</b>	<b>14.08%</b>	<b>13.80%</b>	<b>15.58%</b>	<b>16.90%</b>	<b>17.88%</b>	<b>19.15%</b>	<b>16.93%</b>
<b>Available Annual Debt Service Capacity Based on the 15% Debt Service Policy</b>	2,112,537	2,278,393	2,471,500	2,864,071	1,785,436	2,372,674	(1,167,814)	(3,911,355)	(6,058,145)	(8,915,774)	(4,215,791)

\* Includes \$2,400,000 in new financing for Lands Legacy, which should be subject to a voter referendum.

Assumptions:

- \$ 960,000 of annual debt service = \$ 10,000,000 of debt issued at current interest rates for 15 years
- \$ 800,000 of annual utility debt service = \$10,000,000 of debt issued at current interest rates of 20 years

**County Debt Service and Debt Capacity (General Fund Only) - (REVISED 05/21/13) Attachment D2**  
**Fiscal Years 2013-18**

Debt Service	Current Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<i>Total Annual Debt Service</i>	24,887,879	25,609,786	25,412,505	24,186,472	23,152,009	22,091,295	21,855,351	21,203,698	20,596,545	19,854,667	15,334,190
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<i>Debt Service Policy</i>	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
<b>Future Debt Service Capacity</b>	<b>1.17%</b>	<b>1.23%</b>	<b>1.53%</b>	<b>2.37%</b>	<b>3.09%</b>	<b>3.86%</b>	<b>4.19%</b>	<b>4.72%</b>	<b>5.21%</b>	<b>5.75%</b>	<b>8.00%</b>
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Middle School #5 (CHCCS) \$6,686,266							641,882	641,882	641,882	641,882	641,882
<b>2018-19 - \$30,527,452</b>											
County Capital \$3,500,000								336,000	336,000	336,000	336,000
Middle School #5 (CHCCS) \$27,027,452								2,594,635	2,594,635	2,594,635	2,594,635

Debt Service	Current Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<b>2019-20 - 4,968,488</b>											
Middle School #5 (CHCCS) \$4,968,488									476,975	476,975	476,975
<b>New Debt Service</b>		-	422,496	1,680,556	4,224,620	5,281,337	9,652,675	12,583,311	13,060,286	13,060,286	13,060,286
<b>Projected Annual Debt Service</b>	24,887,879	25,609,786	25,835,001	25,867,028	27,376,629	27,372,632	31,508,026	33,787,009	33,656,831	32,914,953	28,394,476
<b>Projected Annual Debt Service As a Percent of the General Fund Budget</b>	13.83%	13.77%	13.69%	13.50%	14.08%	13.80%	15.58%	16.38%	15.99%	15.33%	12.97%
<b>Available Annual Debt Service Capacity Based on the 15% Debt Service Policy</b>	2,112,537	2,278,393	2,471,500	2,864,071	1,785,436	2,372,674	(1,167,814)	(2,839,992)	(2,090,874)	(717,676)	4,446,746

\* Includes \$2,400,000 in new financing for Lands Legacy, which should be subject to a voter referendum.

Assumptions:

- \$ 960,000 of annual debt service = \$ 10,000,000 of debt issued at current interest rates for 15 years
- \$ 800,000 of annual utility debt service = \$10,000,000 of debt issued at current interest rates of 20 years

Revised CIP pages 101-102