

# DEBT SERVICE

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## BUDGET SUMMARY

	FY 2009 Actual	FY 2010 Adopted	FY 2010 Amended	FY 2011 Adopted	% change
<b>Expenditure:</b>					
<b>General Obligation Bonds</b>					
Bond Principal	\$27,650,000	\$35,705,000	\$35,705,000	\$37,035,000	3.7%
Bond Interest	\$19,745,938	\$34,982,240	\$34,982,240	\$33,815,000	-3.3%
Total Principal & Interest	\$47,395,938	\$70,687,240	\$70,687,240	\$70,850,000	0.2%
Issuance Costs/Fees/Other	\$1,154,551	\$6,393,110	\$6,393,110	\$4,774,080	-25.3%
<b>Total</b>	<b>\$48,550,489</b>	<b>\$77,080,350</b>	<b>\$77,080,350</b>	<b>\$75,624,080</b>	<b>-1.9%</b>
<b>BB&amp;T Building</b>					
Capital Related Principal	\$510,220	\$510,200	\$510,200	\$1,010,200	98.0%
Capital Related Interest	\$189,458	\$222,726	\$222,726	\$381,384	71.2%
<b>Total</b>	<b>\$699,658</b>	<b>\$732,926</b>	<b>\$732,926</b>	<b>1,391,584</b>	<b>89.9%</b>
<i>Note: debt for BB&amp;T building was included in GO Bond accounts at budget adoption. Funds were moved into separate accounts during the year. The percent change column reflects the change from the amended budget.</i>					
<b>Total Debt Service</b>	<b>\$49,250,147</b>	<b>\$77,813,276</b>	<b>\$77,813,276</b>	<b>\$77,015,664</b>	<b>-1.0%</b>
<b>Debt by Category</b>					
Guilford County Schools	\$34,563,616	\$59,943,430	\$59,943,430	\$57,510,940	-4.1%
Other	\$14,686,531	\$17,869,846	\$17,869,846	\$19,504,724	9.1%
<b>Total Debt Service</b>	<b>\$49,250,147</b>	<b>\$77,813,276</b>	<b>\$77,813,276</b>	<b>\$77,015,664</b>	<b>-1.0%</b>
<b>Revenues:</b>					
Federal & State	(\$12,500,000)	(\$8,000,000)	(\$8,000,000)	(\$11,273,000)	40.9%
Other	(\$11,239,371)	(\$392,046)	(\$392,046)	(\$303,610)	-22.6%
<b>County Funds</b>	<b>(\$25,510,776)</b>	<b>(\$69,421,230)</b>	<b>(\$69,421,230)</b>	<b>(\$65,439,054)</b>	<b>-5.7%</b>
<b>Total Revenue</b>	<b>\$49,250,147</b>	<b>\$77,813,276</b>	<b>\$77,813,276</b>	<b>\$77,015,664</b>	<b>-1.0%</b>

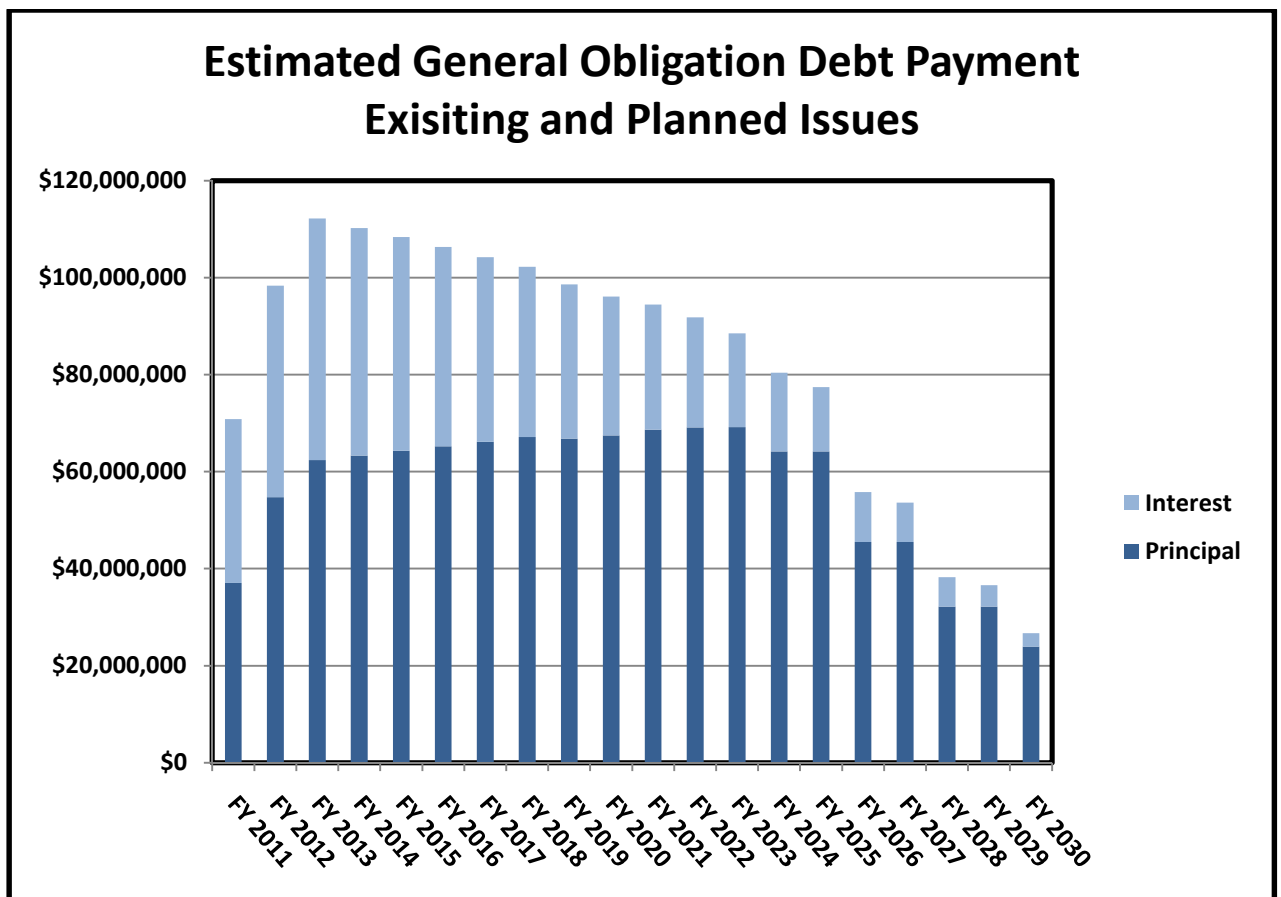
## DEPARTMENTAL PURPOSE & GOALS

Guilford County issues debt, primarily through the issuance of general obligation bonds, to help fund large capital projects, including new schools, detention facilities, emergency services bases, and other governmental needs.

## FY 2011 ADOPTED BUDGET HIGHLIGHTS

Debt service expenditures are expected to decrease by 1.0%, or approximately \$798,000, over last year's adopted budget. Most of this decrease results from delaying the initial principal payment on the County's 2010 new money bonds into Fiscal Year 2011-12, and the absence of an arbitrage rebate payment in the coming fiscal year.

As the County issues the final bonds authorized in the 2008 referenda, its overall debt balance will grow. At the time of printing, the County anticipates issuing \$33.99 million of Qualified School Construction Bonds later in the second half of calendar year 2010, and \$157.41 million of General Obligation debt in spring 2011. An additional issue of \$155.93 million is planned for spring 2012. Issue amounts may change based on revised cash needs for bond-funded projects, market conditions, and future timing decisions made by the Board of Commissioners.



**Estimated Annual Debt Service Payments  
Existing and Planned Issues**

**Total All Issues**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Due</b>	<b>Balance Due</b>
2009-10				\$813,410,000
2010-11	\$37,035,000	\$33,815,005	\$70,850,005	\$967,775,000
2011-12	\$54,704,875	\$43,647,424	\$98,352,299	\$1,069,000,125
2012-13	\$62,366,375	\$49,813,718	\$112,180,093	\$1,006,633,750
2013-14	\$63,296,375	\$46,945,676	\$110,242,051	\$943,337,375
2014-15	\$64,276,375	\$44,115,377	\$108,391,752	\$879,061,000
2015-16	\$65,216,375	\$41,121,401	\$106,337,776	\$813,844,625
2016-17	\$66,161,375	\$38,079,735	\$104,241,110	\$747,683,250
2017-18	\$67,121,375	\$35,134,150	\$102,255,525	\$680,561,875
2018-19	\$66,811,375	\$31,806,562	\$98,617,937	\$613,750,500
2019-20	\$67,461,375	\$28,651,823	\$96,113,198	\$546,289,125
2020-21	\$68,686,375	\$25,798,062	\$94,484,437	\$477,602,750
2021-22	\$69,131,375	\$22,688,580	\$91,819,955	\$408,471,375
2022-23	\$69,176,375	\$19,340,871	\$88,517,246	\$339,295,000
2023-24	\$64,166,375	\$16,202,244	\$80,368,619	\$275,128,625
2024-25	\$64,161,375	\$13,249,585	\$77,410,960	\$210,967,250
2025-26	\$45,521,375	\$10,288,890	\$55,810,265	\$165,445,875
2026-27	\$45,521,375	\$8,101,031	\$53,622,406	\$119,924,500
2027-28	\$32,147,000	\$6,067,044	\$38,214,044	\$87,777,500
2028-29	\$32,147,000	\$4,437,103	\$36,584,103	\$55,630,500
2029-30	\$23,917,000	\$2,788,624	\$26,705,624	\$31,713,500
2030-31	\$23,917,000	\$1,496,083	\$25,413,083	\$7,796,500
2031-32	\$7,796,500	\$428,808	\$8,225,308	-
<b>Totals *</b>	<b>\$1,160,740,000</b>	<b>\$524,017,795</b>	<b>\$1,684,757,795</b>	

Excludes: Non-bond financing for the prior purchase of the BB&T building cost, such as debt issuance costs, legal fees, and paying agent fees.

## DEBT POLICIES AND STATUTORY LIMITATIONS

North Carolina General Statute 159-55 requires that the net debt of a county not exceed 8% of the appraised value of property subject to taxation. Net debt includes all authorized (issued and unissued) bonded debt and capital lease obligations, less certain deductions. For the fiscal year that ended June 30, 2010, the County's net debt is equal to 2.58% of the assessed value of taxable property, well below the 8% statutory limit, and its unused debt capacity (the 'Legal Debt Margin') is just over \$2.43 billion. These figures are not expected to change significantly by the end of Fiscal Year 2010-2011 as no additional bond referenda are planned next fiscal year.

### COMPUTATION OF LEGAL DEBT MARGIN

Fiscal year ending June 30, 2010

Estimated appraised property valuation *	<u>\$44,903,733,631</u>
Debt limit (8% of total assessed valuation)	\$3,592,298,690
Debt applicable to limit:	
Bonded debt	\$813,410,000
Bonds authorized, unissued	\$347,330,000
Obligations under capital lease and purchase money installment contracts	<u>\$4,147,088</u>
Gross debt	\$1,164,887,088
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>\$5,984,515</u>
Net debt applicable to limit	\$1,158,902,573
As a percentage of total assessed valuation	2.58%
Legal debt margin	<u>\$2,433,396,117</u>

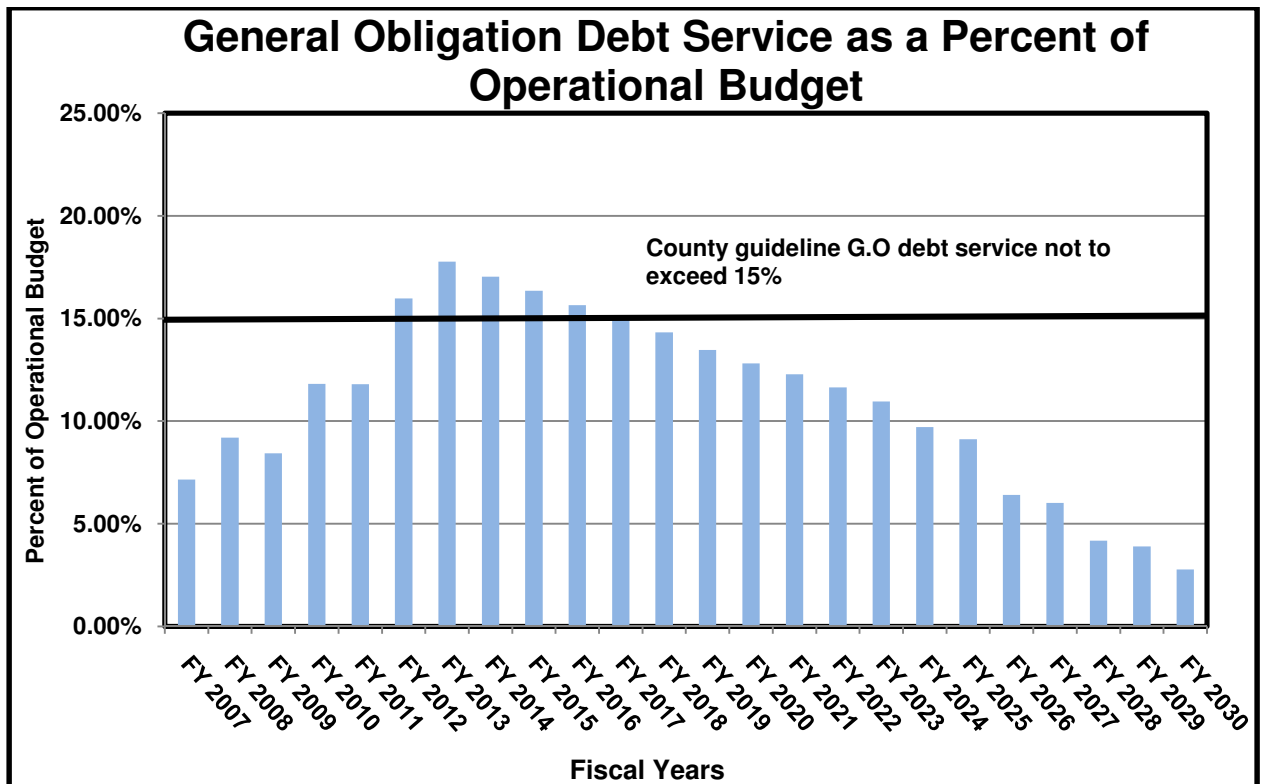
\* Indicates estimated assessed County valuation as of April 1, 2010

In addition to the statutory limit discussed above, the County has several guidelines it uses when evaluating debt levels. As a practical matter, these local policies limit outstanding debt to a level far below that of the legal debt limit. The County considers the following internal guidelines when evaluating how much and when to issue additional debt:

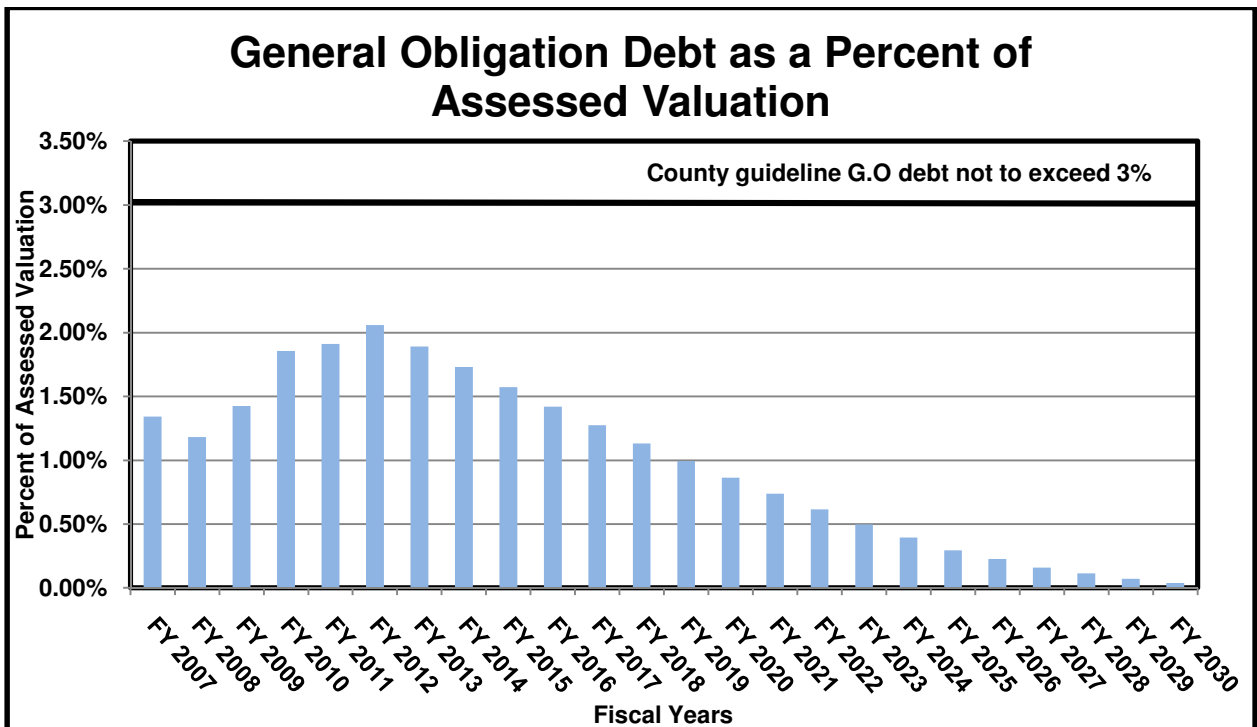
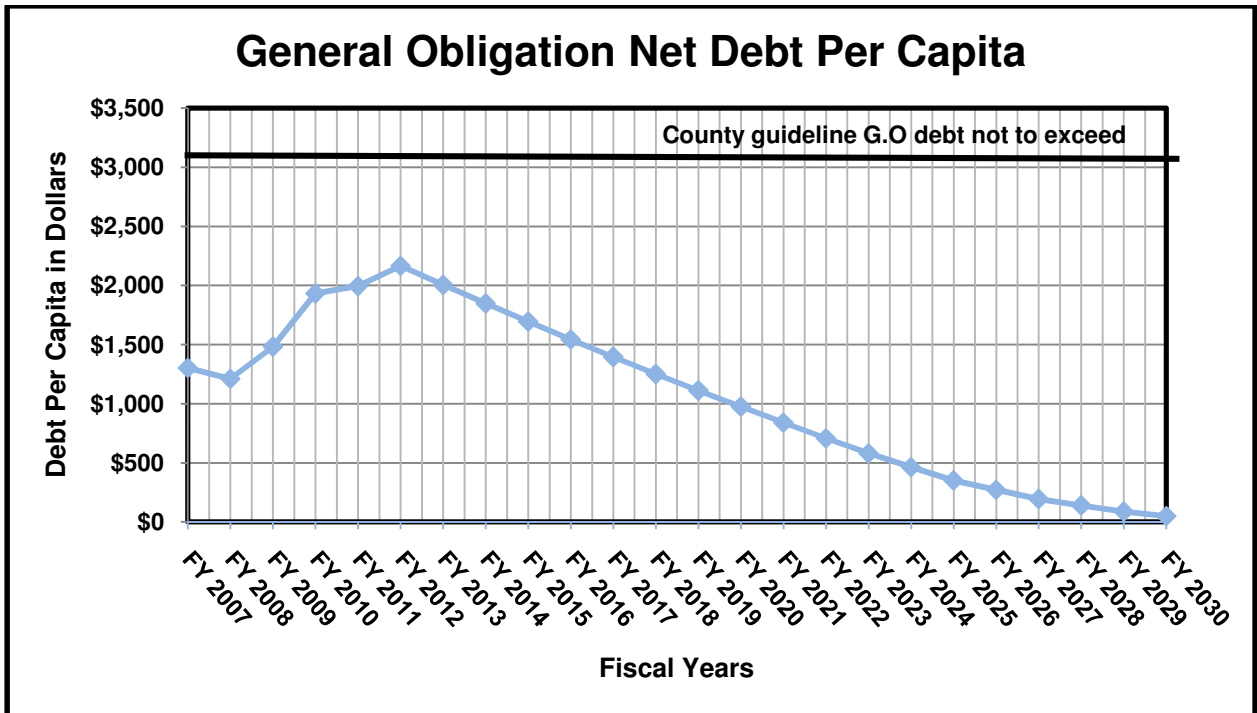
- General obligation debt service should not exceed 15% of the operating budget;

- General obligation debt per capita should not exceed \$3,000; and,
- General obligation debt as a percentage of assessed property valuation should not exceed 3%.

Based on estimates of future debt service for all currently authorized general obligation debt and annual operating budgets, the County will exceed its guideline for general obligation debt service in fiscal years 2012 - 2016. At its highest, debt service will peak at just under 18% of the operating budget in Fiscal Year 2012-2013. This spike in debt service is due to payments on the initial issues of the \$651,430,000 in bonds approved by voters in May 2008.



Although the County will exceed one of its guidelines, it will not exceed its guidelines for its two other debt indicators, which are general obligation net debt per capita and general obligation debt as a percent of assessed valuation. For all years, the County remains well below its recommended limits.



## **FUTURE BOND REFERENDA**

The County's Capital Investment Plan (<http://www.co.guilford.nc.us/CIP10/index.php>) includes \$431,274,000 of Future Debt/Bonds that have not yet been authorized by the voters or the Board of Commissioners. This Future Debt/Bonds amount is related to proposed Guilford Technical Community College projects and the Public Safety 800 MHz communications system upgrade. (Note: Proposed new projects for the Guilford County Schools were not available at the time this document was prepared and related future debt amounts are not included in the figure noted above.) The Board of Commissioners will make the final determination on the amount of Future Debt/Bonds that is presented to the voters as future bond referenda are considered. As the County's guideline charts presented above indicate, however, additional debt capacity may not be available for several years.

