

FORSYTH COUNTY

BOARD OF COMMISSIONERS

MEETING DATE: APRIL 27, 2015 AGENDA ITEM NUMBER: 6

**SUBJECT: RESOLUTION AMENDING THE DEBT POLICY FOR FORSYTH COUNTY
(FINANCE DEPARTMENT)**

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:

SUMMARY OF INFORMATION:

See attached

ATTACHMENTS: YES NO

SIGNATURE: _____ DATE: April 22, 2015
COUNTY MANAGER

**RESOLUTION ~~AMENDING ADOPTING AND ESTABLISHING~~
A THE DEBT POLICY FOR FORSYTH COUNTY
(FINANCE DEPARTMENT)**

WHEREAS, the Chief Financial Officer recommends the adoption of the attached Debt Policy ~~establishing amending a the~~ limit on total annual debt service for Forsyth County; and

WHEREAS, the ~~establishment of~~ said Debt Policy is fundamental to the County's sound financial management; and

WHEREAS, the goal of ~~the~~ said Debt Policy is to maintain the highest bond ratings, which reduces the cost of financing capital projects and enhances the reputation and financial marketability of the County; and

WHEREAS, based on information from the County's Chief Financial Officer, bond rating agencies, the Government Finance Officers Association, and other highly rated counties, Forsyth County has determined that a ~~revised~~ debt limit not to exceed ~~1518~~% of the total annual debt service, ~~less revenues restricted to debt service~~ will be adequate to fund the construction of Forsyth County's future capital facility needs;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby adopts the attached ~~amended~~ Debt Policy dated ~~June 13, 2011~~April 27, 2015, which is incorporated herein by reference, and which establishes that the total annual debt service, ~~less revenues restricted to debt service~~ shall not exceed ~~1518~~% of the appropriations in the annual adopted budgets as shown in the budget ordinance.

Adopted this the ~~13th~~ 27th day of ~~June~~April 20115.

Forsyth County, North Carolina

Debt Policy

Forsyth County recognizes that a formally adopted debt policy is fundamental to sound financial management. It further recognizes that the bond rating agencies consider the development of and adherence to a debt policy to be essential to achieve the highest bond ratings and that the development of a debt policy is a recommended practice of the Government Finance Officers Association.

Debt Issuance

The County may issue debt for the purpose of acquiring or constructing capital assets including land, buildings, machinery, equipment, furniture and fixtures. The County Manager will annually prepare a Capital Improvement Plan (CIP) to identify and establish an orderly plan to meet the County's infrastructure needs which will identify all proposed debt funded projects and the related debt service and operating cost impacts. The CIP will be prepared in accordance with the debt limitations included in this policy.

Debt Limitations

The total annual debt service, ~~less revenues restricted to debt service (including, but not limited to, federal payments related to "Build America Bonds" and "Qualified School Construction Bonds" and state lottery proceeds)~~ shall not exceed ~~15~~18% of the appropriations in the annually adopted budgets as shown in the budget ordinance.

Amendment

This policy may be amended from time to time by the Forsyth County Board of Commissioners.

~~Adopted~~ Adopted as amended this _____ 27th day of ~~June~~April, ~~2011~~2015.

**RESOLUTION AMENDING
THE DEBT POLICY FOR FORSYTH COUNTY
(FINANCE DEPARTMENT)**

WHEREAS, the Chief Financial Officer recommends the adoption of the attached Debt Policy amending the limit on total annual debt service for Forsyth County; and

WHEREAS, the said Debt Policy is fundamental to the County's sound financial management; and

WHEREAS, the goal of the said Debt Policy is to maintain the highest bond ratings, which reduces the cost of financing capital projects and enhances the reputation and financial marketability of the County; and

WHEREAS, based on information from the County's Chief Financial Officer, bond rating agencies, the Government Finance Officers Association, and other highly rated counties, Forsyth County has determined that a revised debt limit not to exceed 18% of the total annual debt service will be adequate to fund the construction of Forsyth County's future capital facility needs;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby adopts the attached amended Debt Policy dated April 27, 2015, which is incorporated herein by reference, and which establishes that the total annual debt service shall not exceed 18% of the appropriations in the annual adopted budgets as shown in the budget ordinance.

Adopted this the 27th day of April 2015.

Forsyth County, North Carolina

Debt Policy

Forsyth County recognizes that a formally adopted debt policy is fundamental to sound financial management. It further recognizes that the bond rating agencies consider the development of and adherence to a debt policy to be essential to achieve the highest bond ratings and that the development of a debt policy is a recommended practice of the Government Finance Officers Association.

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Debt Limitations

The total annual debt service shall not exceed 18% of the appropriations in the annually adopted budgets as shown in the budget ordinance.

Amendment

This policy may be amended from time to time by the Forsyth County Board of Commissioners.

Adopted as amended this 27th day of April, 2015.

Debt Service Projection (FY16 to FY26)

Debt Capacity Max Percentage: 18.0%

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
General Fund Budget Base	350,304,865	359,062,487	368,039,049	377,240,026	386,671,026	396,337,802	406,246,247	416,402,403	426,812,463	437,482,775	448,419,844
Current Debt Service ¹	61,695,135	58,728,812	56,160,914	53,961,125	51,258,440	49,827,079	48,528,879	47,216,481	41,357,028	40,163,946	38,898,526
General Fund Budget	412,000,000	417,791,299	424,199,963	431,201,151	437,929,466	446,164,881	454,775,126	463,618,885	468,169,491	477,646,720	487,318,370
Current Debt Service Percentage	15.0%	14.1%	13.2%	12.5%	11.7%	11.2%	10.7%	10.2%	8.8%	8.4%	8.0%

<i>Future Debt & Capacity Estimates</i> ²											
2016 2/3rds - \$14.8		296,000	1,372,000	1,340,800	1,309,600	1,278,400	1,247,200	1,216,000	1,184,800	1,153,600	1,122,400
2017 Capacity - \$297			11,880,000	27,198,947	26,573,684	25,948,421	25,323,158	24,697,895	24,072,632	23,447,368	22,822,105
2018 2/3rds - \$12.8				256,000	1,187,000	1,160,000	1,133,000	1,106,000	1,079,000	1,052,000	1,025,000
FY19 Capacity - \$93					3,720,000	8,516,842	8,321,053	8,125,263	7,929,474	7,733,684	7,537,895
2020 2/3rds - \$12.8						256,000	1,187,000	1,160,000	1,133,000	1,106,000	1,079,000
FY21 Capacity - \$83							3,320,000	7,601,053	7,426,316	7,251,579	7,076,842
2022 2/3rds - \$12.8								256,000	1,187,000	1,160,000	1,133,000
FY23 Capacity - \$138									5,520,000	12,637,895	12,347,368
2024 2/3rds - \$12.8										256,000	1,187,000
FY25 Capacity - \$105											4,200,000
Potential Debt Service	-	296,000	13,252,000	28,795,747	32,790,284	37,159,663	40,531,411	44,162,211	49,532,221	55,798,126	59,530,611

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Adjusted General Fund Budget	412,000,000	418,087,299	437,451,963	459,996,898	470,719,750	483,324,544	495,306,536	507,781,095	517,701,712	533,444,847	546,848,981
Adjusted Debt Service	61,695,135	59,024,812	69,412,914	82,756,873	84,048,724	86,986,742	89,060,289	91,378,692	90,889,249	95,962,072	98,429,137
Projected Debt Service Percentage	15.0%	14.1%	15.9%	18.0%	17.9%	18.0%	18.0%	18.0%	17.6%	18.0%	18.0%
Debt Issuance Capacity		297,000,000		93,000,000		83,000,000		138,000,000		105,000,000	

¹ Based on outstanding debt only

² Capacity is based on standard schedule for voter approved GO debt