

Office of the County Auditor
Auditor's Analysis

Council Bill No. 38-2023

Introduced: October 2, 2023

Auditor: Lori Buchman & Diane Zagorski

Fiscal Impact:

The fiscal impact of this legislation would be an increase in debt service related to the new bond issuance, which would be appropriated in future budgets, beginning in Fiscal Year 2025. We are unable to determine the fiscal impact, as the additional debt service will be dependent upon the amount of bonds the County issues and the interest rates. The bond sale is scheduled to occur in March or April of 2024.

Bond proceeds will be used to extinguish short-term debt utilized throughout the year to reimburse the County for capital project expenditures. At this time, the short-term debt amounts to approximately \$40 million. This amount includes \$1.07 million which will be reimbursed by taxable bonds for costs incurred for Capital Project S6269, Ashley Knolls Shared Septic Facility.

Bond issuance costs include rating agency fees, bond counsel, underwriter's discount, and financial advisory services. The cost for the March 2023 bond sale was \$564,996, or 0.58 percent of the total bond issuance.

All capital appropriations to be funded with consolidated public improvement (CPI) and metropolitan district (Metro) bond proceeds were approved in prior years' budget legislation.

Purpose:

The purpose of this legislation is to authorize the County to issue CPI bonds of up to \$150,000,000 and Metro bonds of up to \$50,000,000. The proceeds of the bonds will be used to reimburse the County for the cost of certain Public Improvements, retire outstanding short-term debt, and pay costs of issuance related to the Bonds.

Other Comments:

The Deputy Director of Finance (Finance) has stated an amendment will be filed to correct the assessable base amount shown on page 6, line 11 of the legislation. The correct assessable base amount should be \$60,942,741,974.

The County has typically included certain information that is required in its bond issuance authorization ordinance, as noted in County Charter Section 618, in an Executive Order that is issued in conjunction with each bond sale. *We have requested advice as to if this practice is allowable per the written terms of Charter Section 618.*

The County's overall debt as of June 30, 2023, is \$1,182,930,000 for CPI Bonds and \$389,845,000 for Metro Bonds.

The Director of Finance has indicated that depending on market conditions, the County will issue bonds in Fiscal Year 2024 through a competitive bidding process or a private negotiated sale.

A bond issuance trend summary over the last four years is noted in **Attachment A**.

Attachment A

Year	CPI (All Series)	CPI (All Series) - Premium	Totals Sources from Issuance of CPI Bonds	BANs Repayment	Cost of Issuance	Additional CIP Proceeds	CPI Interest Rates
2023	\$73,320,000	\$6,659,315	\$79,979,315	\$60,752,767	\$379,315	\$18,847,233	4.00% - 5.00%
2022	\$51,865,000	\$4,734,174	\$56,599,174	\$10,000,097	\$277,430	\$46,321,647	2.25% - 5.00%
2021	\$125,825,000	\$20,094,709	\$145,919,709	\$47,403,534	\$605,340	\$97,910,835	1.75% - 5.00%
2020	\$263,560,000	\$24,054,345	\$287,614,345	\$145,095,282	\$1,158,772	\$141,360,291	0.50% - 5.00%
2019	\$133,630,000	\$12,450,627	\$146,080,627	\$121,679,825	\$376,241	\$24,024,561	2.75% - 5.00%

Year	Metro (All Series)	Metro (All Series) - Premium	Totals Sources from Issuance of Metro Bonds	BANs Repayment	Cost of Issuance	Additional CIP Proceeds	Metro Interest Rates
2023	\$16,385,000	\$600,682	\$16,985,682	\$15,502,011	\$185,682	\$1,297,989	4.00% - 5.00%
2022	\$18,445,000	\$1,108,059	\$19,553,059	\$0	\$140,852	\$19,412,207	2.375% - 5.00%
2021	\$26,400,000	\$2,638,529	\$29,038,529	\$24,384,360	\$227,718	\$4,426,451	2.00% - 5.00%
2020	\$101,095,000	\$5,597,594	\$106,692,594	\$56,001,557	\$629,416	\$50,061,621	1.70% - 5.00%
2019	\$66,605,000	\$4,793,769	\$71,398,769	\$64,487,822	\$717,046	\$6,193,901	3.00% - 5.00%