



2016 Spending Affordability Committee

Debt Affordability
Department of Finance

February 11, 2016

Topics of Discussion

- ▶ Current County Debt Measures
- ▶ Comparisons to Other Maryland Counties
- ▶ Authorized but Unissued Bonds
- ▶ Debt Measure Projections
- ▶ What Debt Measures Do Others Use?

Current Debt Affordability Measures

Measure #1: Debt as a Percent of the Assessable Base

- ▶ Charter limits to 4.8%.
- ▶ As of June 30, 2014[2015], Howard County had an assessable base of \$44,552,141,271 [\$45,731,165,307] and a General Obligation Debt of \$996,897,000[\$1,072,649,000].
- ▶ The ratio of debt to base was 2.23% [2.34%] of assessed value.

Measure #2: Debt measured against the population on a per-capita basis.

- ▶ Per capita debt exceeding \$1,200 may be considered excessive by credit rating agencies.
- ▶ As of June 30, 2014[2015], Howard County had a population of 302,113 [305,462] and a General Obligation Debt of \$996,897,000 [\$1,072,649,000].
- ▶ This equates to per-capita debt of \$3,300 [\$3,511].

Current Debt Affordability Measures

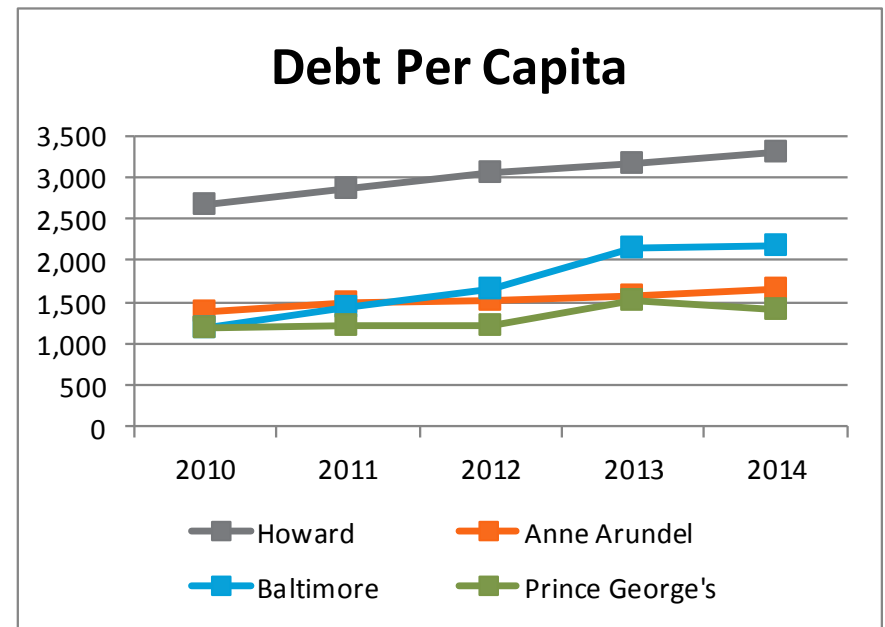
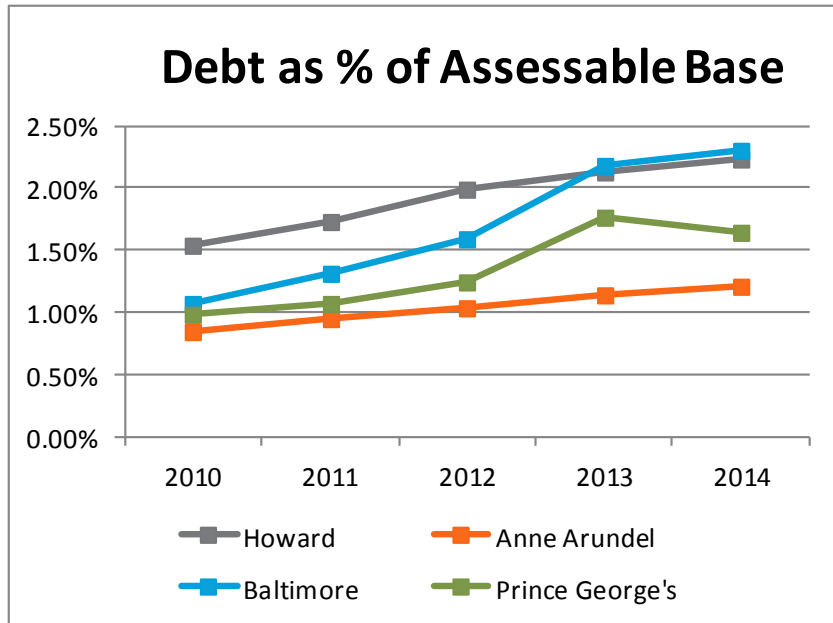
Measure #3: Per-capita debt measured as a percent of per-capita income.

- ▶ A limit of 10% is consistent with AAA rated counties.
- ▶ For 2013[2014], Howard County residents had an estimated per-capita personal income of \$70,786 [\$74,151] and a per-capita debt of \$3,197[\$3,300].
- ▶ This equals a ratio of 4.5% [4.5%] of per-capita income.

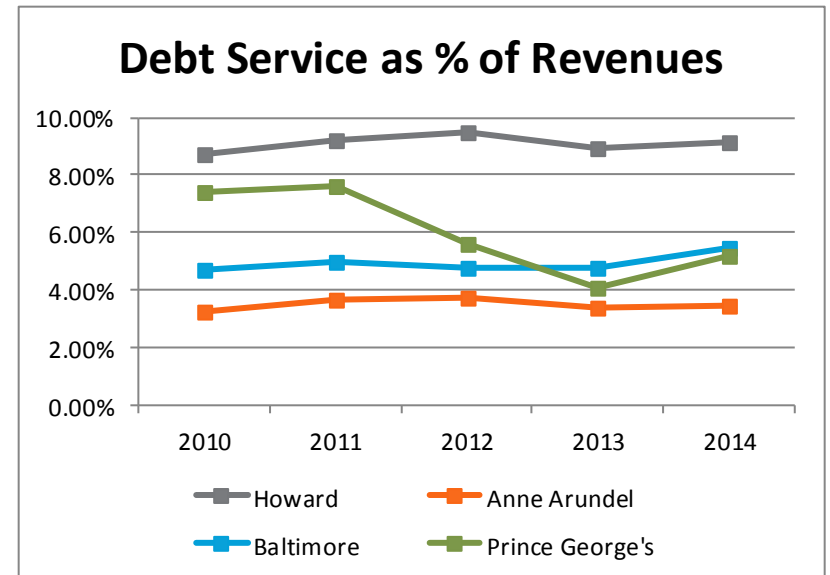
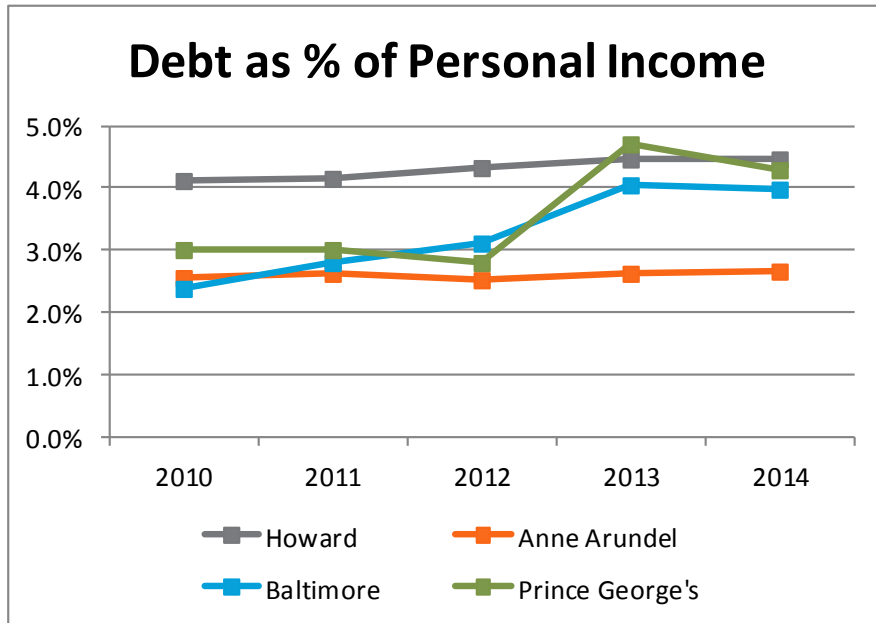
Measure #4: Debt Service as a percent of current revenues.

- ▶ The goal is to keep debt service to 10% or less of current revenues.
- ▶ In FY 2014[2015], the County received \$1,065,543,868[\$1,118,358,147] in current revenues from the General Fund, Fire and Rescue Fund, and Environmental Services Fund, and paid debt service of \$97,553,138 [\$98,891,682].
- ▶ Debt service equaled 9.15% [8.84%] of current revenues.

Comparison to Other Maryland Counties



Comparison to Other Maryland Counties



Current Authorized But Unissued Bonds

- ▶ Water and Sewer Bonds – \$385,705,646
- ▶ Maryland Water Quality Bonds – \$23,936,000
- ▶ Building Excise Tax Supported Bonds – \$95,704,763
- ▶ Tax Increment Bonds – \$50,000,000
- ▶ Broadband Fee Supported Bonds – \$20,000,000
- ▶ Fire Tax Supported Bonds – \$22,301,616
- ▶ General Obligation Bonds – \$381,705,646

Authorized But Unissued Bonds

- ▶ On average, over the past 16 years, the amount of bonds issued has been less than the amount authorized.

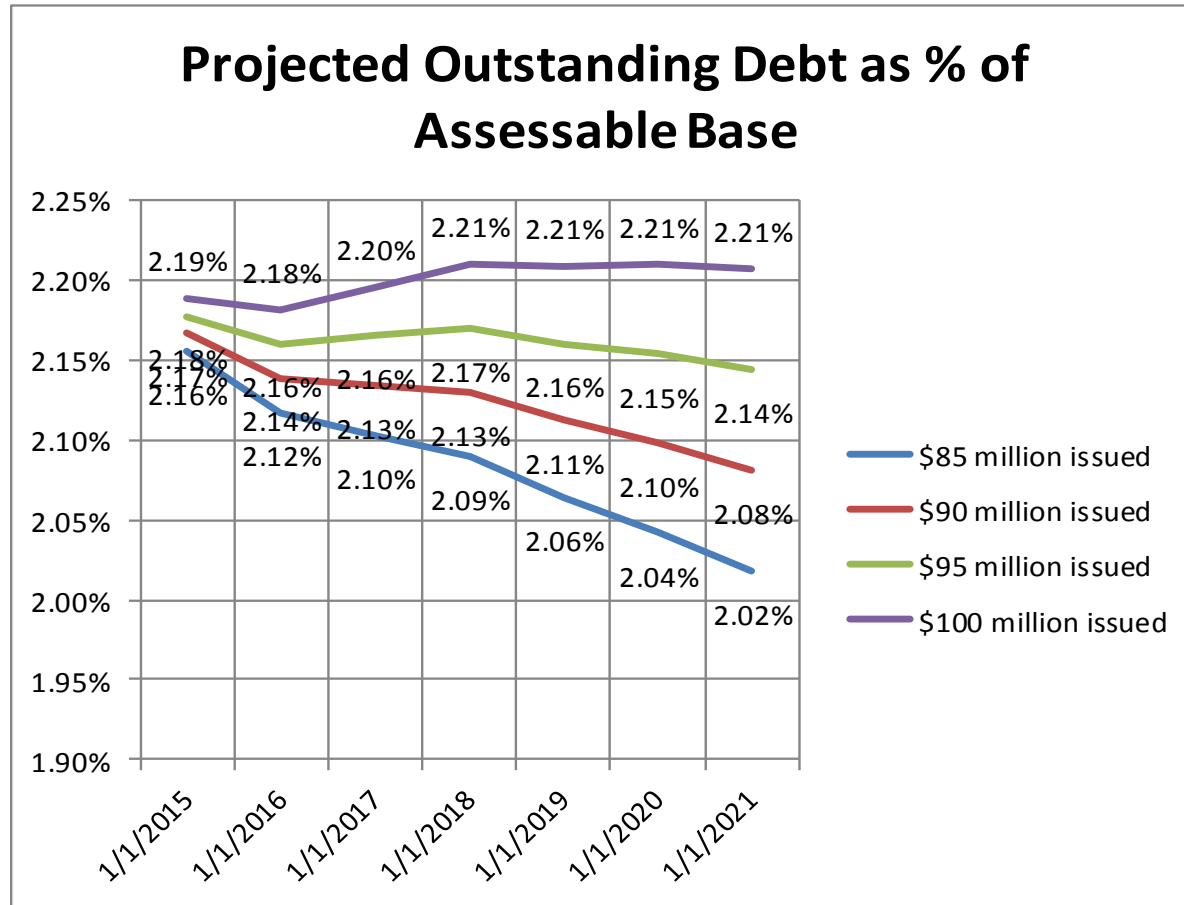
FY	Authorized	Issued	Issued Percent of Authorized
2000	25,000,000	30,000,000	120.00%
2001	29,256,000	18,011,000	61.56%
2002	43,352,000	33,000,000	76.12%
2003	47,861,500	55,000,000	114.91%
2004	79,361,700	40,000,000	50.40%
2005	78,067,500	56,000,000	71.73%
2006	85,281,000	56,600,000	66.37%
2007	90,485,000	68,862,690	76.10%
2008	96,206,000	82,125,039	85.36%
2009	100,028,000	57,649,792	57.63%
2010	100,000,000	97,184,421	97.18%
2011	99,734,000	112,515,317	112.82%
2012	94,996,000	116,391,706	122.52%
2013	94,969,000	93,761,749	98.73%
2014	118,243,000	87,809,241	74.26%
2015	119,752,000	92,729,318	77.43%
Average	81,412,044	68,602,517	85.20%

Debt Measure Projections

Debt Measure # 1, Outstanding General Obligation Debt as a percent of assessable, using the Budget Office's Assessable Base projections and based upon the three issuance scenarios are projected below.

	\$85 million issued		\$90 million issued		\$95 million issued		\$100 million issued	
	Debt Outstanding	% of Assess. Base	Debt Outstanding	% of Assess. Base	Debt Outstanding	% of Assess. Base	Debt Outstanding	% of Assess. Base
6/30/2015	969,335,000	2.16%	974,335,000	2.17%	979,335,000	2.18%	984,335,000	2.19%
6/30/2016	994,040,000	2.12%	1,004,040,000	2.14%	1,014,040,000	2.16%	1,024,040,000	2.18%
6/30/2017	1,020,140,000	2.10%	1,035,140,000	2.13%	1,050,140,000	2.16%	1,065,140,000	2.20%
6/30/2018	1,046,355,000	2.09%	1,066,355,000	2.13%	1,086,355,000	2.17%	1,106,355,000	2.21%
6/30/2019	1,071,160,000	2.06%	1,096,160,000	2.11%	1,121,160,000	2.16%	1,146,160,000	2.21%
6/30/2020	1,096,720,000	2.04%	1,126,720,000	2.10%	1,156,720,000	2.15%	1,186,720,000	2.21%
6/30/2021	1,121,945,000	2.02%	1,156,945,000	2.08%	1,191,945,000	2.14%	1,226,945,000	2.21%

Projected Debt Measure #1 Trends



Debt Service Projections

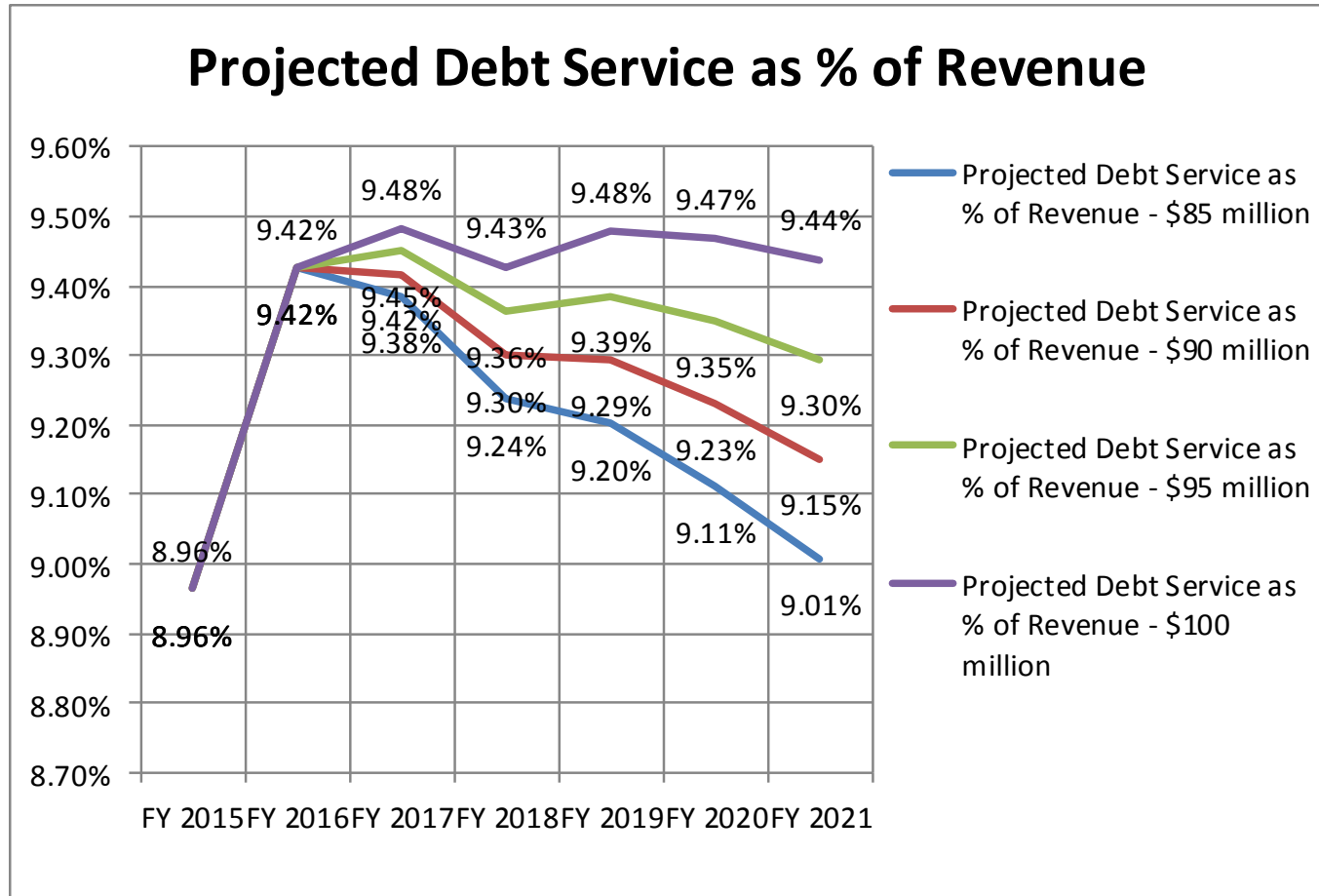
Debt Service Paid From Governmental Funds

FY 2015 Actual	FY 2016 Budget	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
\$100,250,194	\$106,073,008	Projected	Projected	Projected	Projected	Projected
Based on Annual Issuance Of:						
\$85 million		\$108,814,991	\$110,726,735	\$114,259,841	\$117,210,062	\$120,033,178
\$90 million		\$109,196,765	\$111,490,282	\$115,405,162	\$118,737,157	\$121,942,047
\$95 million		\$109,578,539	\$112,253,830	\$116,550,483	\$120,264,252	\$123,850,916
\$100 million		\$109,960,313	\$113,017,377	\$117,695,805	\$121,791,347	\$125,759,785

* Based on total interest cost (TIC) of 4.50%

Fiscal Year	Projected Revenues	Projected Debt Service as % of Revenue – \$85 million	Projected Debt Service as % of Revenue – \$90 million	Projected Debt Service as % of Revenue – \$95 million	Projected Debt Service as % of Revenue – \$100 million
FY 2015	\$1,118,358,147	8.96%	8.96%	8.96%	8.96%
FY 2016	\$1,125,466,881	9.42%	9.42%	9.42%	9.42%
FY 2017	\$1,159,574,855	9.38%	9.42%	9.45%	9.48%
FY 2018	\$1,198,841,753	9.24%	9.30%	9.36%	9.43%
FY 2019	\$1,241,783,050	9.20%	9.29%	9.39%	9.48%
FY 2020	\$1,286,256,053	9.11%	9.23%	9.35%	9.47%
FY 2021	\$1,332,419,783	9.01%	9.15%	9.30%	9.44%

Projected Debt Measure #4 Trends



What Debt Measures Do Others Use?

▶ State of Maryland

- Tax-supported debt outstanding not to exceed 4.0% of State personal income.
- Tax-supported debt service not to exceed 8.0% of supporting revenue.

▶ Anne Arundel County

- Operating budget spending growth \leq personal income growth.
- Outstanding debt not to exceed 3% of personal income.

▶ Baltimore County

- Operating budget spending growth \leq personal income growth.
- Outstanding debt not to exceed 2.2% of assessable base.
- Debt service not to exceed 9% of current revenue.

▶ Prince George's County

- Outstanding debt not to exceed 2.0% of assessable base.
- Debt service not to exceed 8% of current revenue.