

## ***Debt Information***

### ***Legal Debt Limit***

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, allowing for the issuance of all presently authorized bonds, the Town has the statutory capacity to incur additional net general obligation debt in the approximate amount of \$22,997,760.

### ***Computation of Legal Debt Margin June 30, 2004***

Assessed value of Taxable Property		\$362,583,887
Debt limit-eight percent (8%) of assessed value		\$29,006,711
Gross debt:		
	Total Bonded debt	\$3,638,000
	Authorized and Uninsured Bonds	696,000
	Installment purchase agreements	2,370,953
	Less: Authorized and unissued bonds	696,000
Total amount of debt applicable to debt limit		\$6,008,953
Legal debt margin		\$22,997,760

### ***Debt Policy***

1. Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
2. The general obligation debt of the Town of Weaverville will not exceed 8% of the assessed valuation of the taxable property of the Town.
3. Total debt service on tax-supported debt of the Town will not exceed 15% of total general government operating revenue.
4. Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
5. The Town will maintain its financial condition so as to maintain a 76 Municipal rating.
6. The Town's debt policy will be comprehensive and the Town will not knowingly enter into any contract creating significant unfunded liabilities.

## Outstanding General Obligation Debt

<u>General Obligation Bonds</u>	<b>Principal Outstanding as of</b>			
	<b>June 30, 2002</b>	<b>June 30, 2003</b>	<b>June 30, 2004</b>	<b>April 30, -</b>
Water Bonds	\$3,780,500	\$3,735,000	\$3,638,000	\$3,638,000 <sup>1</sup>

### Latest Bonds Issued:

1996-97 \$3,090,000 Water Bond, Series AA, sold to USDA/Rural Development at 5.125% net interest cost.

\$814,000 Water Bond, Series B sold to USDA Rural Development at 5.125% net interest cost.

## General Obligation Debt Ratios

<u>At July 1</u>	<u>Total GO Debt</u>	<u>Assessed Valuation</u>	<u>Total GO Debt to Assessed Valuation</u>	<u>Population<sup>1</sup></u>	<u>Total GO Debt Per Capita</u>
2000	\$3,864,000	\$209,175,000	1.85%	2,416 <sup>2</sup>	\$1,599.34
2001	3,823,500	229,053,000	1.67	2,424	1,577.35
2002	3,780,500	339,394,000	1.11	2,433	1,553.44
2003	3,735,000	362,570,000	1.03	2,455 <sup>3</sup>	1,521.38
2004	3,638,000			2,455	1,481.87

<sup>1</sup>Estimates of North Carolina Office of State Budget and Management, except where otherwise noted.

<sup>2</sup>United States Department of Commerce, Bureau of the Census.

<sup>3</sup>For purposes of this schedule the 2003 population estimate is being used.

## ***General Obligation Debt Service Requirements And Maturity Schedule***

<b>Fiscal</b>	<b><u>Existing Debt<sup>1</sup></u></b>	<b>Principal</b>
2004-05	\$52,500	\$ 238,947.51
2005-06	54,500	238,256.88
2006-07	58,000	238,963.76
2007-08	60,500	238,491.26
2008-09	63,000	237,890.63
2009-10	67,000	238,661.88
2010-11	70,500	238,728.13
2011-12	74,000	238,615.01
2012-13	78,000	238,822.51
2013-14	82,000	238,825.01
2014-15	86,000	238,622.51
2015-16	90,000	238,715.00
2016-17	95,000	238,576.88
2017-18	100,000	238,708.13
2018-19	105,000	238,583.13
2019-20	111,000	239,201.88
2020-21	116,500	239,013.13
2021-22	122,500	239,042.50
2022-23	128,500	238,764.38
2023-24	135,500	239,178.75
2024-25	141,000	237,734.38
2025-26	149,000	238,508.13
2026-27	157,500	239,371.88
2027-28	160,000	233,800.00
2028-29	160,000	225,600.00
2029-30	160,000	217,400.00
2030-31	160,000	209,200.00
2031-32	160,000	201,000.00
2032-33	160,000	192,800.00
2033-34	160,000	184,600.00
2034-35	160,000	176,400.00
2035-36	<u>160,000</u>	<u>168,200.00</u>
	\$3,638,000	\$7,299,223.26

### ***Other Long-Term Commitments***

On January 31, 2000, the Town entered into an installment purchase contract to finance construction of a municipal building. On March 17, 2003, the Town entered into a refinancing agreement in the amount of \$1,500,000. The refinancing contract requires semi-annual principal payments beginning

in July 2003, with interest at 3.83% and will be repaid by General Fund funds.

On May 23, 2003, the Town entered into an installment purchase with Clyde Savings Bank in the amount of \$500,000 for a term of seven years at a rate of 2.59% for the construction of additions at the Weaverville Public Works Facility. This debt is divided between the General Fund and the Water Fund.

On September 3, 2003, the Town entered into an installment purchase with Clyde Savings Bank (Home-trust Bank) in the amount of \$550,000 for a term of fifteen years at a rate of 3.90% for the purpose of buying property for the location of a new Weaverville Fire Station. The financing agreement requires semi-annual principal payments beginning in May 2004, and will be repaid with General Fund funds.

The future minimum payments of the installment purchases as of June 30, 2004, including interest of \$479,795 in the General Fund and \$21,346 in the Water Fund are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2005	\$197,381	\$ 77,723	\$ 35,714	\$ 5,876
2006	197,381	70,550	35,714	4,922
2007	197,381	63,395	35,714	3,984
2008	197,381	56,283	35,714	3,046
2009	197,381	49,091	35,714	2,115
2010-2014	861,905	143,049	53,714	1,403
2015-2019	290,000	19,704	—	—
Present value of The minimum lease Payments	\$2,138,810		\$ 232,143	
Total interest Payments		\$479,795		\$ 21,346

### ***Debt Outlook***

The Architectural Firm of Stewart-Cooper-Newell is currently designing the new department that will serve the Town and the North Buncombe area. Current project costs are estimated to be approximately \$2,400,000. The Town anticipates borrowing these funds during fiscal year 2004-05 as an installment purchase. During fiscal year 2003-04 the Town received \$957,397 from the County to provide for fire protection in the North Buncombe area.

### ***Risk Management***

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through

these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limited. The pools are reinsured through commercial companies for single occurrence claims against property, general liability, and auto liability in excess of \$500,000 and \$300,000 up to statutory limits for workers compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The Town carries commercial coverage for all other risks of loss. Settled claims have not exceeded coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage in the prior year.

### ***Pension Plans***

The Town participates in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina.

*North Carolina Local Governmental Employees' Retirement System* — The North Carolina Local Governmental Employees' Retirement System is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of system funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the system.

The system provides, on a uniform system-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate, uniform for all employers, is currently 4.93 percent of eligible payroll for general employees and 4.78 percent of eligible payroll for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the system.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of creditable service; at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

### ***Contingent Liabilities***

The Town has no contingent liabilities which, in the opinion of the Town Attorney, would adversely and materially affect the Town's ability to meet its financial obligations.