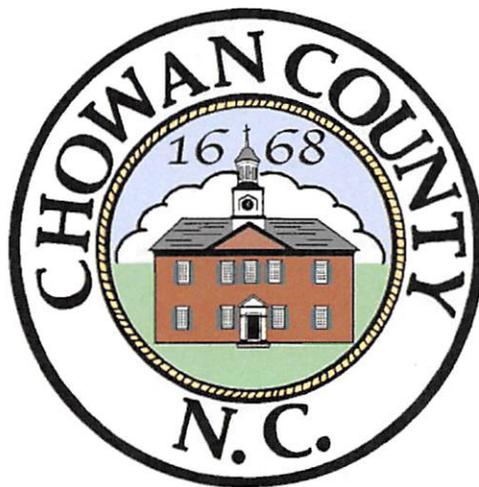


Chowan County  
Capital Improvement Plan  
FY 2020-2024

Approved



**Board Members**

Greg Bonner  
Ron Cummings, Vice Chair  
Don Faircloth  
Patti Kersey, Chair  
Bob Kirby  
Ellis Lawrence  
Larry McLaughlin

Kevin Howard, County Manager

January 21, 2019

# Chowan County Capital Improvement Plan

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CHOWAN COUNTY, NORTH  
CAROLINA

P.O. Box 1030  
Edenton, NC 27932  
(252) 482-8431  
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January 21, 2019

Dear Chowan County Residents and Board of Commissioners:

I am pleased to present Chowan County's Capital Improvement Plan (CIP) for fiscal years 2020-2024. The CIP will be a valuable tool that assists the Board of County Commissioners in developing priorities for capital needs for our community over the next five years.

Many factors were considered while developing this plan, including the current economic and fiscal climate and competing priorities and demands for county funds. The most essential capital needs are those that address public health and safety issues and are therefore anticipated to be funded in the first year of this plan. This plan strives to find a balance between critical needs and other priorities and identifies funding sources necessary to meet those needs. The plan covers a five (5) year period, and the Board of Commissioners reviews the plan and adjusts as necessary each year. Projects are funded annually during the budget process.

The CIP addresses safety issues in the budget year 2019-2020, repairing and replacing roofs on county buildings. Many buildings are experiencing leaks which cause structural and content damage. Buildings in immediate need of repair and expected to be funded in the first year of the plan are the Cooperative Extension Office (\$125,000), the former D.F. Walker School Gymnasium (\$125,000), and Swain Auditorium (\$75,000). The Chowan County Courthouse is also in need of a roof replacement (\$100,000) and HVAC system replacement (\$50,000). The Department of Social Services is scheduled for roof repairs and HVAC system replacement (\$100,000). Also planned for replacement in FY 2019-2020 are portable radios for the Sheriff's Office (\$90,000). The plan identifies a total of \$665,000 in projects that will be considered for appropriation from the General Fund and Capital Reserves.

This plan proposes additional building repairs in FY 2020-2021. Phase Two (2) of the Animal Shelter building renovations is planned to begin with architecture plans (\$50,000). The County plans parking lot repairs for two buildings: Chowan County Courthouse (\$75,000) and Swain Auditorium (\$150,000). Additional capital needs for the year are HVAC systems in the Public Safety Center (\$50,000) and the former D.F. Walker School Gymnasium (\$50,000). A chiller replacement is planned for the Department of Social Services (\$50,000). A capital need for Central Communications is replacement of radios (\$64,400). The current radios will be at the end of life in 2020 and will no longer be maintained by the manufacturer. The CIP's project total anticipated for the year is \$489,400.

Capital projects anticipated for 2021-2022 are building renovations for the Animal Shelter (\$400,000). Funding for this project will be shared by Chowan, Gates and Perquimans Counties. Renovations are also planned for the former D.F. Walker School Gymnasium (\$100,000). The County will also consider a three-sided metal shelter for equipment and trailers for Emergency Management (\$60,000). An upgrade to the chiller in the Public Safety Center (\$75,000) is included in the plan for this year as well. Total projected for FY 2021-2022 is \$635,000.

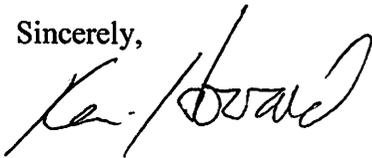
The plan includes a bay expansion for Emergency Medical Services (\$500,000) for plan year 2022-2023, which will potentially be funded by the General Fund and Capital Reserves. Jail building renovations (\$500,000) are currently planned in 2023-2024. The county will consider financing this project.

An important element of the CIP is the debt analysis and the tables that show our current and future debt service. Our outstanding debt balance is \$10.57 million, and our current debt service payment is \$2.3 million per year. A Debt-to-Assets ratio measures the extent to which total assets are financed. Chowan County's debt-to-assets ratio has declined from 45% in 2013 to 27% in 2017. The average debt-to-assets ratio among other counties of comparable size is 30%. A Debt Service Ratio measures financing obligations by measuring the amount of total expenses committed to annual debt service. Chowan County's debt service ratio is 11%, which is below general accounting guidance of 15%. However, it is over the 6% average of comparable size counties.

Please keep in mind that a Capital Improvement Plan is just that – a plan – and will most likely change during the year. But the plan establishes a starting point to prioritize our capital needs and engage public discussion. However, as changes in capital needs, financing tools, and project scheduling arise during the year, it is crucial that the CIP be reviewed and updated throughout the year. The CIP subcommittee will meet throughout the year and recommend plan changes to the Board.

Chowan County places great importance on being fiscally responsible. This plan demonstrates our commitment to provide improvements and enhancements to our community. County staff looks forward to working with the Board of County Commissioners as we implement the Capital Improvement Plan for fiscal year 2020-2024.

Sincerely,



Kevin Howard  
County Manager

# **Chowan County, North Carolina Capital Improvement Plan**

## **Objectives of a Capital Improvement Plan:**

- Create a plan to organize and prioritize long term capital needs through consideration of service and economic impact, feasibility, timing, potential costs, financing options and current/future budgetary effect of each project.
- Include projects in the plan that meet or exceed costs of \$50,000.
- Present an overview of capital requests submitted by Chowan County departments.
- To facilitate communication by providing a plan of action to the citizens of Chowan County.

## **Steps in developing a Capital Improvement Plan:**

- Determine capital needs for all departments and certain County-funded agencies.
- Determine priority of proposed capital projects in relationship to county priorities utilizing Project Evaluation Criteria.
- Make recommendations to the Board of County Commissioners on a project's timing, priority and possible financing options.

## **Included in a Capital Improvement Plan:**

- Summary of completed, on-going, and approved projects.
- Funding Schedule by department and year.
- Each project includes a description, a timeline for construction, operating costs, and the current status of the project.
- Graphs that summarize revenue sources, project costs by function, outstanding debt, and current debt analysis.

**Chowan County, North Carolina  
Capital Improvement Plan  
Project Evaluation Criteria**

**Indicate  
Y –Yes  
or N- No**

**Safety**

- Is public health or safety a critical factor with regard to this project? \_\_\_\_\_
- Are there safety/health consequences if project is not approved? \_\_\_\_\_

**Service Impact**

- Will this project provide a critical service or improve the quality of service? \_\_\_\_\_
- Will this project improve the quality of life for our citizens? \_\_\_\_\_
- Will a delay of this project affect County services? \_\_\_\_\_

**Economic Impact**

- Will this project raise the standard of living for our citizens or promote economic development? \_\_\_\_\_

**Public Perception of Need**

- Is there public support for this project? \_\_\_\_\_
- Is there public opposition to this project? \_\_\_\_\_

**Debt Management**

- What types of funding sources are available?
  - Pay-as-you-go? \_\_\_\_\_
  - Capital Reserves? \_\_\_\_\_
  - Installment Financing? \_\_\_\_\_
  - General Obligation bonds? \_\_\_\_\_
  - Revenue bonds? \_\_\_\_\_
  - Special Obligation bonds? \_\_\_\_\_
- Does the timing of the project correspond to the availability of funding? \_\_\_\_\_
- Would any proposed debt impact the County's debt capacity? \_\_\_\_\_

**Operating Budget Impact**

- Will this project affect the annual operating budget? \_\_\_\_\_
- Will this project affect future operating budgets? \_\_\_\_\_

Indicate  
Y –Yes  
or N- No

### Implication of Deferring the Project

- Will deferring the project:
  - Significantly increase the cost of the project? \_\_\_\_\_
  - Significantly increase the inconvenience to the public in not commencing the project? \_\_\_\_\_
  - Increase County operating costs? \_\_\_\_\_
  - Prevent operating cost savings or productivity improvements? \_\_\_\_\_

### Nature of Investment

- Does this capital improvement request:
  - Replace an existing asset? \_\_\_\_\_
  - Maintain an existing asset? \_\_\_\_\_
  - Expand an existing asset? \_\_\_\_\_
  - Provide a new capital asset? \_\_\_\_\_

### Criteria Ranking

- Considering your responses to the above evaluation criteria, please rate this capital project in relationship to other identified capital need requests (Circle one):
  1. Not high priority at this time
  2. Somewhat high priority at this time
  3. High priority at this time
  4. Extremely high priority at this time
  5. Absolute top priority at this time

# **Chowan County, North Carolina Capital Improvement Plan**

## **DEBT MANAGEMENT POLICY**

1. The County will limit debt financing to capital projects or improvements that cannot be financed utilizing current or budgeted resources. Debt will not be used for operational needs.
2. The County will take a balanced approach to capital funding, utilizing debt financing, Capital Reserves, and current-year (pay-as-you-go) appropriations.
3. Debt financing will be considered in conjunction with the County's Capital Improvement Plan. Any financing must have approval of the Board of the County Commissioners.
4. The County will seek to determine the most appropriate type of financing based on each financing need, the timing of the project, taxpayer or rate payer equity, and the structure that will provide the lowest cost with minimal risk.
5. When the County finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project.
6. When feasible, the County will explore the use of special assessment, revenue or other self-supporting bonds instead of general obligation bonds.
7. The ratio of tax-supported debt service expenditures as a percentage of total governmental fund expenditures will not exceed 15%.
8. Net debt as a percentage of total assessed value of taxable property should not exceed 2%. Net debt is defined as any and all debt that is tax-supported.

## **DEBT INSTRUMENTS**

1. General Obligation Bonds – secured by a promise to levy taxes in an amount necessary to pay debt service, principal and interest, coming due each fiscal year until repaid. General Obligation bonds are backed by the full faith and credit of the County. These bonds are authorized by a referendum or by non-voted (2/3) authorization by the governing body. The non-voted authorization allows governments to issue up to 2/3 of the previous year's net debt reduction without a referendum.
2. Revenue Bonds – bonds that pledge revenues generated by the debt-financed asset or by the operating system of which that asset is a part.
3. Special Obligation Bonds – payable from the pledge of revenues other than locally levied taxes.

## **OTHER FINANCING OPTIONS**

- 1. Installment financings – alternative financing methods that do not require a referendum. Certificates of Participation of Limited Obligation Bonds represent an undivided interest in the payments made by a public agency pursuant to a financing lease or an installment purchase agreement. The security for this financing is represented by a lien on the property acquired or constructed.**
- 2. Installment Purchase Contract – an agreement with a financial institution in which the equipment or property is acquired and periodic payments are made to satisfy the debt service. The County will typically use this type of financing to finance a capital asset for ten to fifteen years with the capital asset being used as collateral for the loan. In other cases, this financing may be used for short-term equipment/vehicle purchases of three to five years.**
- 3. Pay-as-you-go Funding – may be used to purchase capital assets or improvements unless budgetary constraints prohibit this method of funding.**

**Chowan County  
Capital Improvement Plan  
FY 2020-2024  
Approved Projects**

YEAR	DEPT	PROJECT TITLE	TOTAL COST	PROJECT DESCRIPTION AND JUSTIFICATION
2020	Maintenance	AG Building Roof Replacement	125,000	Replace shingles with metal roof; The water leaks are causing water damage to the building structure and contents.
	Maintenance	Courthouse HVAC Replacement	50,000	Replace HVAC systems for Courtroom and Clerk of Court office; The HVAC system is in poor condition and the refrigerant used is now obsolete.
	Maintenance	Courthouse Roof Replacement	100,000	Replace roof on courthouse; Shingles and flashing are in poor condition.
	Maintenance	Old DF Walker School Gym Roof Replacement	125,000	Replace Roof; Point & Seal Brick; Replace Gutters; Brick mortar is in poor condition, gutters missing and in poor condition; There are two roof leaks.
	Maintenance	Social Services HVAC Replacement / Roof Repair	100,000	HVAC System Replacement - system is obsolete; Exhaust fan system removal and roof repair - Roof leaks around exhaust system installed by previous owner.
	Maintenance	Swain Auditorium Roof Repairs	75,000	Repair roof - add new flashing and gutters; The roof leaks, slate tile repairs and gutter replacement.
	Sheriff	Portable Radio Replacements	90,000	Current radios were purchased in 2010 - manufacturer discontinued model approx. 5 years ago. Manufacturer will not repair radios after Dec 2018.
2021	Animal Shelter	Building Renovations Phase 2 Architect	50,000	Architectural Services for Phase 2 - addition to Animal Shelter; Building is not currently ADA compliant or up to ASV Standards of Care.
	Maintenance	Courthouse Parking Lot Repairs	75,000	Repair and repave parking lot; Parking lot is in poor condition and there are pot holes from previous repairs.
	Maintenance	Old DF Walker School Gym HVAC Replacements	50,000	Replace three (3) HVAC units; Type of refrigerant used is obsolete and heat exchange is in poor condition.
	Maintenance	Social Services Chiller Replacement	50,000	Chiller Replacement - Refrigerant type is obsolete.
	Maintenance	Public Safety Center HVAC System Upgrade	50,000	Upgrade HVAC Building automation control system for energy (cost) savings.
	Maintenance	Swain Auditorium Parking Lot Repairs	150,000	Repair and repave parking lot - add storm drainage; Parking lot is in poor condition and there are pot holes and poor storm water drainage.
	Central Communications	Radio Replacement	64,400	Replacement of radios for communication center; Current radios will be at end-of-life in 2020 and can no longer be maintained or repaired by the manufacturer.
2022	Animal Shelter	Building Renovations Phase 2 Construction	400,000	Build an addition onto front of shelter for office space and public areas. Phase 2 includes conversion from propane to natural gas; Building is not currently ADA compliant or up to ASV Standards of Care.
	Maintenance	Public Safety Center Chiller Upgrade	75,000	Replace Chiller - type of refrigerant used is obsolete.
	Emergency Management	Equipment Shelter / Driveway	60,000	Add a 3-sided metal shelter that is 30 ft x 60 ft for equipment and trailers. This would prevent equipment from being exposed to weather conditions and would extend their useful life.
	Recreation	Old DF Walker Gym Renovations	100,000	Repair gym floor and bleachers, dressing rooms, bathrooms, and storage areas; Areas are damaged from water leaks and decay over time.
2023	Emergency Medical Services	Bay Expansion	500,000	Bay expansion would house an ambulance and also designate a secure area for medication and supplies. The current facility can no longer adequately house all ambulances.
2024	Maintenance	Jail Building Renovations	500,000	Extensive repairs and renovations to Jail Building - plumbing, electrical upgrade replacement. Building structure is in poor condition and unsafe, plumbing systems are in poor condition. Upgrade lighting to LED for energy (cost) savings.
		Total Approved Projects	2,789,400	







**Chowan County  
Capital Improvement Plan (CIP)  
2020-2024  
Approved - Funding Schedule**

<b>Sources of Revenue:</b>	<b>Current Year 2018-19</b>	<b>Budget Year 2019-20</b>	<b>Planning Year 2020-21</b>	<b>Planning Year 2021-22</b>	<b>Planning Year 2022-23</b>	<b>Planning Year 2023-24</b>	<b>TOTAL REVENUE SOURCES</b>
<b>Revenues:</b>							
General Fund		200,000	275,000	230,000	300,000		1,005,000
Capital Reserves		465,000	164,400	135,000	200,000		964,400
Donations			50,000	10,000			60,000
Gates/Perquimans Counties				260,000			260,000
Installment Financing						500,000	500,000
<b>Total Sources of Revenue:</b>	<b>-</b>	<b>665,000</b>	<b>489,400</b>	<b>635,000</b>	<b>500,000</b>	<b>500,000</b>	<b>2,789,400</b>
<b>Project Costs for County:</b>	<b>Current Year 2018-19</b>	<b>Budget Year 2019-20</b>	<b>Planning Year 2020-21</b>	<b>Planning Year 2021-22</b>	<b>Planning Year 2022-23</b>	<b>Planning Year 2023-24</b>	<b>TOTAL PROJECT COSTS</b>
<b>Animal Shelter</b>							
Renovations/Additions - Phase 2			50,000	400,000			450,000
<b>Buildings &amp; Grounds</b>							
AG Building - Replace Roof		125,000					125,000
Courthouse - HVAC Courtroom & Clerk of Court		50,000					50,000
Courthouse - Parking Lot			75,000				75,000
Courthouse - Replace Roof		100,000					100,000
Old DF Walker School Gym - HVAC Replacement			50,000				50,000
Old DF Walker School Gym - Roof, Point and Seal Brick/Gutters		125,000					125,000
DSS - HVAC System Replacement / Chiller / Roof Repair		100,000	50,000				150,000
Jail - Extensive Renovations						500,000	500,000
PSC - HVAC System Upgrade / Chiller			50,000	75,000			125,000
Swain Auditorium - Pave/stripe parking lot / add storm drainage			150,000				150,000
Swain Auditorium - Roof repair / new flashing and gutters		75,000					75,000
<b>Central Communications</b>							
Radio Replacement			64,400				64,400
<b>Emergency Management</b>							
Equipment Shelter/Driveway				60,000			60,000
<b>Emergency Medical Services</b>							
Bay Expansion					500,000		500,000
<b>Recreation</b>							
Old DF Walker School Gym Renovations				100,000			100,000
<b>Sheriff</b>							
Portable Radio Replacement		90,000					90,000
<b>Set-asides for future projects</b>							
<b>Total County Projects:</b>	<b>-</b>	<b>665,000</b>	<b>489,400</b>	<b>635,000</b>	<b>500,000</b>	<b>500,000</b>	<b>2,789,400</b>
<b>Total Project Costs:</b>	<b>-</b>	<b>665,000</b>	<b>489,400</b>	<b>635,000</b>	<b>500,000</b>	<b>500,000</b>	<b>2,789,400</b>

**Chowan County  
Capital Improvement Plan (CIP)  
2020-2024  
Operating Impact Cost**

<b>Sources of Revenue for Operating Impact Costs:</b>	<b>Current Year 2018-19</b>	<b>Budget Year 2019-20</b>	<b>Planning Year 2020-21</b>	<b>Planning Year 2021-22</b>	<b>Planning Year 2022-23</b>	<b>Planning Year 2023-24</b>	<b>TOTAL REVENUE SOURCES</b>
General Fund Revenues	-	4,000	6,400	10,400	13,400	13,400	47,600
<b>Total Sources of Revenue for Operating Impact Costs:</b>	<b>-</b>	<b>4,000</b>	<b>6,400</b>	<b>10,400</b>	<b>13,400</b>	<b>13,400</b>	<b>47,600</b>
<b>Operating Impact Costs:</b>	<b>Current Year 2018-19</b>	<b>Budget Year 2019-20</b>	<b>Planning Year 2020-21</b>	<b>Planning Year 2021-22</b>	<b>Planning Year 2022-23</b>	<b>Planning Year 2023-24</b>	<b>TOTAL PROJECT COSTS</b>
<b>Animal Shelter</b>							-
Utilities				4,000	4,000	4,000	12,000
<b>Buildings &amp; Grounds</b>							
Jail - Utilities						2,000	2,000
<b>Central Communication</b>							
Maintenance Agreement			2,400	2,400	2,400	2,400	9,600
<b>Emergency Management</b>							
Additional gravel for driveway					2,000		2,000
<b>Emergency Medical Services</b>							
Utilities					1,000	1,000	2,000
<b>Sheriff</b>							
Maintenance Agreemt. on Radios		4,000	4,000	4,000	4,000	4,000	20,000
<b>Total Operating Impact Costs:</b>	<b>-</b>	<b>4,000</b>	<b>6,400</b>	<b>10,400</b>	<b>13,400</b>	<b>13,400</b>	<b>47,600</b>

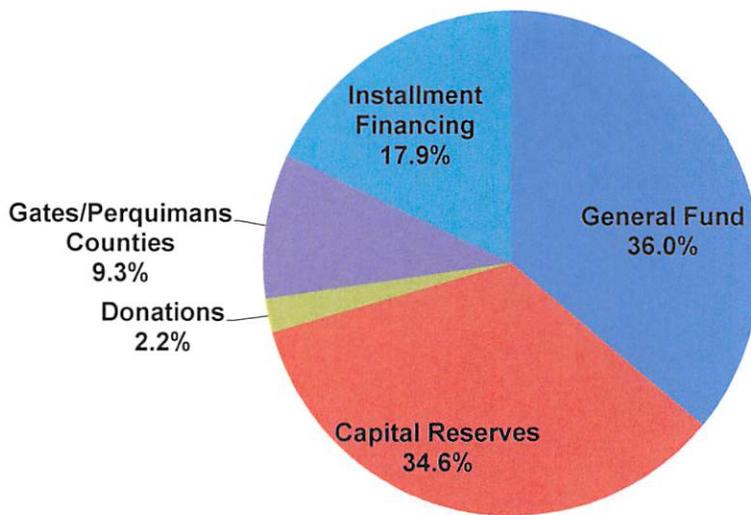
# Set-Aside Funds for Future Years

Note: The County implements a best practice approach for distributing the costs of capital projects to minimize the impact in any one fiscal year. This is accomplished by incrementally funding expensive projects over multiple fiscal years. The projects listed below are funded through set-aside funds leading up to the year in which the project will be completed, thus reducing the burden in that year. This is a proactive approach to planning and funding future capital needs as well as maximizing cash flow capacity.

	Set-Aside Amount	Fiscal Year that project is recommended to take place	Remaining Cost
<b>Current &amp; Prior Years</b>			
Project Description	\$ -	Year	Balance
<b>Budget Year 2019-2020</b>			
Project Description	\$ -	Year	Balance
<b>Planning Year 2020-2021</b>			
Project Description	\$ -	Year	Balance
<b>Planning Year 2021-2022</b>			
Project Description	\$ -	Year	Balance
<b>Planning Year 2022-2023</b>			
Project Description	\$ -	Year	Balance
<b>Planning Year 2023-2024</b>			
Project Description	\$ -	Year	Balance

**Chowan County Capital Improvement Plan  
Approved - Revenue Sources  
FY 2020 - 2024**

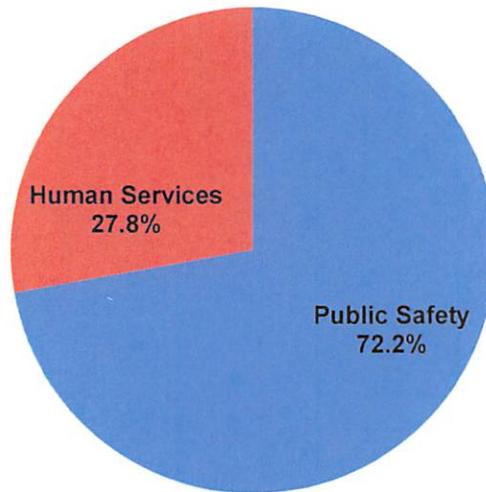
<b>CIP Revenue Sources</b>								
Description	Current Year	2020	2021	2022	2023	2024	Totals	% of Total
General Fund	-	200,000	275,000	230,000	300,000	-	1,005,000	36.0%
Capital Reserves	-	465,000	164,400	135,000	200,000	-	964,400	34.6%
Donations	-	-	50,000	10,000	-	-	60,000	2.2%
Gates/Perquimans Counties	-	-	-	260,000	-	-	260,000	9.3%
Installment Financing	-	-	-	-	-	500,000	500,000	17.9%
<b>Totals</b>	<b>-</b>	<b>665,000</b>	<b>489,400</b>	<b>635,000</b>	<b>500,000</b>	<b>500,000</b>	<b>2,789,400</b>	<b>100.0%</b>



**Chowan County Capital Improvement Plan  
 Approved - Project Costs by Function  
 FY 2020 - 2024**

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Project Costs by Function								
Description	Current Year	2020	2021	2022	2023	2024	Totals	% of Total
Public Safety	-	240,000	239,400	535,000	500,000	500,000	2,014,400	72.2%
Human Services	-	425,000	250,000	100,000	-	-	775,000	27.8%
<b>Totals</b>	-	<b>665,000</b>	<b>489,400</b>	<b>635,000</b>	<b>500,000</b>	<b>500,000</b>	<b>2,789,400</b>	<b>100.0%</b>



**Chowan County  
Current Debt Service  
FY 06/30/19**

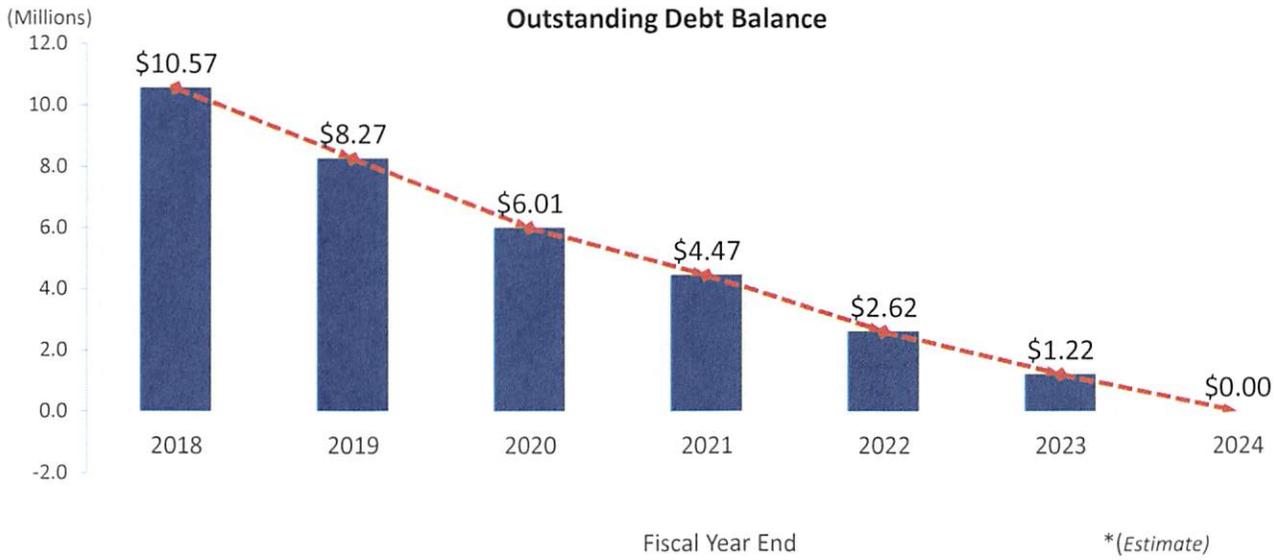
Project	Term (Years)	Loan Amount	Interest Rate	Principal Balance	Pay-Off Balance	Pay Off Date
Center Hill FD Trucks	7	295,000	1.84%	71,000	72,730	2/1/2020
DF Walker Elementary School	8	4,573,955	1.84%	1,143,497	1,175,058	3/15/2020
Northern Chowan Community Center	9	1,679,906	1.96%	559,970	581,921	5/31/2021
JAH High School - QZAB	16	2,000,000	0.00%	757,124	757,124	6/30/2021
Shepard-Pruden Library	9	823,000	1.96%	344,000	360,660	2/1/2022
Public Safety Center - EOC	9	985,000	1.96%	460,000	482,736	2/1/2022
Public Safety Center	11	9,695,000	2.20%	5,545,000	5,980,468	11/1/2023
Shepard-Pruden Library	11	1,355,000	2.20%	1,062,000	1,158,954	2/1/2024
<b>Total Debt Service Outstanding</b>		<b>21,406,861</b>		<b>9,942,591</b>	<b>10,569,650</b>	

**Chowan County  
Available Funding from Debt Payout**

Project	Current Year 2018-19	Budget Year 2019-20	Planning Year 2020-21	Planning Year 2021-22	Planning Year 2022-23	Planning Year 2023-24
Center Hill FD Trucks			23,423	23,423	23,423	23,423
DF Walker Elementary School			582,274	582,274	582,274	582,274
Northern Chowan Community Center				190,317	190,317	190,317
JAH High School - QZAB				103,573	103,573	103,573
Shepard-Pruden Library					84,627	84,627
Public Safety Center - EOC					120,313	120,313
<b>Total Available for Use</b>	<b>-</b>	<b>-</b>	<b>605,697</b>	<b>899,587</b>	<b>1,104,526</b>	<b>1,104,526</b>

## Future Debt Service Payments for Chowan County

Fiscal Year Ending June 30	Center Hill FD Trucks	DF Walker Elementary School	Northern Chowan Community Center	JAH High School - QZAB	Shepard-Pruden Library	Public Safety Center - EOC	Public Safety Center	Shepard-Pruden Library	Total Current Debt Service	Debt Balance
Debt Balance 06/30/18	72,730	1,175,058	581,921	757,124	360,660	482,736	5,980,468	1,158,954		<b>10,569,650</b>
2019	49,306	592,783	197,631	103,573	95,742	121,016	1,009,990	125,364	2,295,407	<b>8,274,244</b>
2020	23,423	582,274	193,973	103,573	91,998	120,821	1,009,454	137,120	2,262,636	<b>6,011,607</b>
2021			190,317	103,573	88,293	120,586	932,500	110,568	1,545,837	<b>4,465,771</b>
2022				446,405	84,627	120,313	1,009,800	183,544	1,844,689	<b>2,621,082</b>
2023							1,008,988	393,870	1,402,858	<b>1,218,224</b>
2024							1,009,736	208,488	1,218,224	<b>-</b>
<b>Totals</b>	<b>\$ 72,730</b>	<b>\$ 1,175,058</b>	<b>\$ 581,921</b>	<b>\$ 757,124</b>	<b>\$ 360,660</b>	<b>\$ 482,736</b>	<b>\$ 5,980,468</b>	<b>\$ 1,158,954</b>	<b>\$10,569,650</b>	

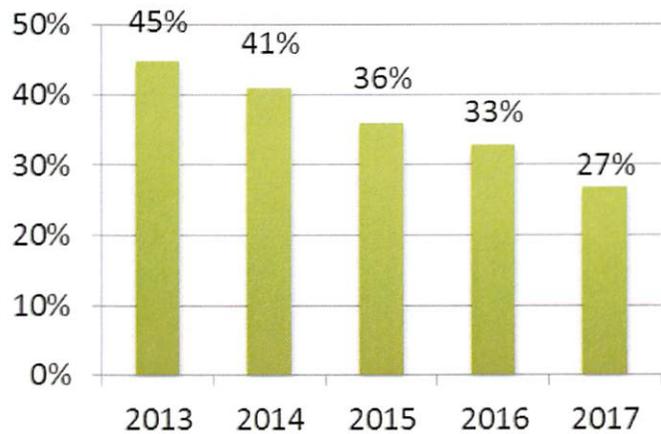


## Current Debt Analysis

There are two standard ratios that measure debt service levels and the capacity for taking on additional debt. These ratios and their meaning for Chowan County are described below:

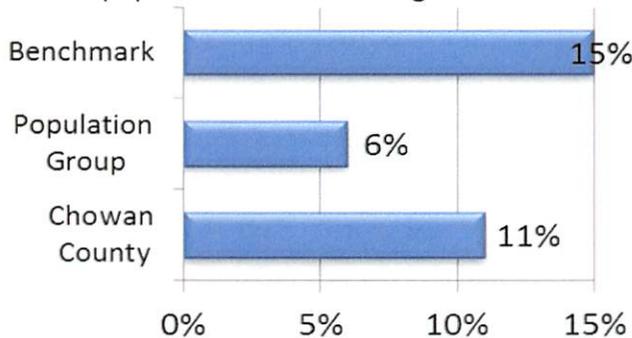
**Debt-to-Assets Ratio:** Measures leverage, the extent to which total assets are financed with long-term debt. The debt-to-assets ratio is calculated as long-term debt divided by total assets. A high debt-to-assets ratio may indicate a reliance on debt for financing assets, and a low ratio may indicate a weak management of reserves. There are

22 NC counties with populations similar to Chowan County (between 10,000 and 24,999) and the average debt-to-assets ratio for these counties is 30%. At FY 2017, the debt-to-assets ratio for Chowan County was 27%, which is slightly below average. The county ranked 10<sup>th</sup> among the 22 counties for having the lowest debt-to-assets ratio. Chowan County ranked 6<sup>th</sup> for the highest amount of total assets reported in comparison to the other counties. And the County ranked 9<sup>th</sup> among the 22



counties for having the highest amount of long-term debt. As displayed in the graph above, Chowan County's debt-to-assets ratio has declined from 45% in FY 2013 to 27% in FY 2017. This reduction is attributed to the nearly \$2M debt service payment paid annually. However, as new debt is issued, this percentage will likely level out and begin to climb.

**Debt Service Ratio:** Measures financing obligations, looks at service flexibility by determining the amount of total expenses committed to annual debt service. The debt service ratio is calculated as annual debt service divided by total expenses. General accounting guidance offers a maximum benchmark of 15% and prefers that counties maintain ratios below that benchmark. Any percentage higher than 15% can hinder the County's service flexibility. The population group of 22 counties with similar populations had an average debt service ratio of 6% in 2017. Chowan County's debt service



ratio was 11% in 2017, which is higher than the population group but less than the preferred 15% benchmark. The County's 11% ratio in 2017 is a slight decline from 13% in 2013. The county has had a fairly consistent debt service ratio over the last five years, which can indicate a strong management of financing resources in relation to the amount available for other services.

# **APPENDIX**

**CAPITAL IMPROVEMENT PLAN (CIP)**

**PROJECT WORKSHEET**

**INSTRUCTIONS**

	There is a form for projects over \$50,000 and one for projects under \$50,000. Please make sure you use the correct form. Please list one project per form.
<b>Project Title</b>	Provide a title by which the project will be identified.
<b>Requesting Dept or Agency</b>	Enter the Department name and contact information for the project.
<b>Type of Project</b>	Check the appropriate box to denote if the CIP item is "New" or an "Expansion" or "Replacement" of an existing project.
<b>Project Description</b>	Provide a general description of the proposed project. Please include: <ul style="list-style-type: none"> <li>➤ Physical Address of the project, if applicable.</li> <li>➤ Approximate square footage of project, if applicable.</li> <li>➤ Anticipated project start and end date.</li> <li>➤ Other identifying information of the project.</li> </ul>
<b>Project Justification</b>	Provide justification of the proposed project. Please include: <ul style="list-style-type: none"> <li>➤ Project goals and objectives of the Department, including any impact on employees and/or citizens.</li> <li>➤ Any research studies, reports, statistics and/or performance measurements that support the project.</li> <li>➤ The implementation deadline for the project if it is legally mandated.</li> </ul>
<b>Project Cost Elements</b>	Provide the elements of the project and include estimated cost of each element. List project costs in appropriate fiscal year.
<b>Revenue Sources</b>	List the proposed revenue sources that will be used to fund the project (Grant, Project Revenues, Installment Financing, etc.). List the revenue sources by fiscal year. The total revenue sources for each year should equal the project expenditures for each year. If the worksheet is completed correctly, the message "BALANCED" will be shown in red in the Revenue Sources section below the Totals row. If the revenue sources do not equal the project expenditures, the message "INCOMPLETE" will appear in red.
<b>Annual Operating Budgetary Impact</b>	Provide annual monetary impact of implementing the proposed project. List the impact for each fiscal year. Budgetary impact may include: <ul style="list-style-type: none"> <li>➤ New maintenance agreement on equipment purchases</li> <li>➤ Increased utilities for new construction or expansions</li> </ul>

Please complete the worksheet using Excel and complete the **green** sections only. The **gray** cells are formulas and will automatically populate the worksheet. Please e-mail the completed worksheet to Cathy Smith at [cathy.smith@chowan.nc.gov](mailto:cathy.smith@chowan.nc.gov).

Questions may be directed to Kevin Howard, County Manager, or Cathy Smith in the Chowan County Finance Department.

Please provide any available items that aid in describing the project and/or its location within the County (*maps/charts/pictures/drawings/notes*).



**Chowan County Capital Improvement Plan Worksheet**

**USE FOR PROJECTS OF \$50,000 OR MORE**

Project Title: Radio Replacements

Requesting Dept or Agency: Sheriff

Type of Project (check one):    **New**                       **Expansion**                       **Replacement**

Project Description: Purchase 50 new radios

Project Justification: All of our radios have died. We are communicating with tin cans and string.

**Project Cost Elements:**

List expenditures (projects) below and amounts by year >>

Radios (25 per year at \$3000 each for total of 50 radios)


Budget Year 2019-20	Planning Year 2020-21	Planning Year 2021-22	Planning Year 2022-23	Planning Year 2023-24	Total
75,000	75,000	-	-	-	150,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Totals: >>	75,000	75,000	-	-	150,000

**Revenue Sources:**

List anticipated revenue sources below and amounts by year >>

Federal Grant

Capital Reserves


75,000	-	-	-	-	75,000
-	75,000	-	-	-	75,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Totals: >>	75,000	75,000	-	-	150,000

**Annual Operating Budgetary Impact:**

List annual operating items below and amounts by year >>

Maintenance Agreements (\$100 per radio per year)


2,500	5,000	5,000	5,000	5,000	22,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Totals: >>	2,500	5,000	5,000	5,000	22,500

You have shown a future budgetary impact of \$ 22,500

**BALANCED!!**