

Moving Forward with the 2018 School Bonds

Joint Meeting between Gaston County and Gaston County Schools – May 22, 2018

Quarter Cent Sales Tax and Financial Capacity

- The tax will generate about \$6 million annually and this will be sufficient to perform debt service on \$210 million in school debt.
- In the later stages of the life of the bonds, Gaston County will likely depend on growing property tax revenue to make up the difference between \$210 and \$250 million.
- The most optimistic scenario for receiving additional sales tax revenue is in 6 months.
- At present, Gaston County's debt service for schools is around \$21 million annually.
- It is essential that we maintain a manageable level of debt service which, in the next several years cannot exceed the aforementioned \$21 million plus the \$6 million provided for by the quarter cent sales tax which is fully dedicated to school debt.
- FY 19 and FY 20 will be challenging for Gaston County. After the property revaluation it is expected that our financial constraints will ease.

FY 2019 School Funding

- Gaston County's proposed FY 2019 budget maintains the \$2.4 million increase in Operating Funds provided by the BOC in FY 2018.
- The Proposed FY 2019 Budget also allocated \$640,000 for Elementary SROs and increases the Teacher supplement by an additional \$500,000.
- Additional Capital Outlay can be accommodated by issuing 2018 Bonds.

New School Bonds

- Although the voters have authorized Gaston County to issue new bonds, the Local Government Commission (LGC) must approve projects before bonds can be issued.
- The LGC approval process has become more stringent since the recession and requires an approved design and bids for new facilities or solid cost estimates for improvements.
- Gaston County has already appropriated funds for the acquisition of land and for the design of Belmont Middle School. The design funds can be drawn down at any time.
- In addition to the financial constraints of Gaston County and the requirements of the LGC, Gaston County Schools have limitations in terms of how many projects can be managed concurrently.

Timing for Bond Issuance and Affordability

- \$40 Million – FY 19
- \$70 Million – FY 22
- \$70 Million – FY 25
- \$70 Million – FY 28 (Assuming the Extension is Granted)
- The structure of the debt above takes advantage of old debt falling off combined with the quarter cent sales tax revenue in order to afford the \$250 Million over 10 years.
- Some adjustment of this schedule is possible.