

# VALDESE PUBLIC SAFETY FACILITY

## FINANCIAL OVERVIEW

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Regulations

Debt

Economic Outlook

Financing Comparison

# HOW ARE TOWN FINANCES REGULATED?

- **General Statutes**  
(Local Budget Fiscal Control Act – Section 159)
- **Required to receive an annual audit**
- **Various reporting requirements throughout the fiscal year**
- **LGC (Local Government Commission) is a department of the State Treasurers Office. Authority of all local governments throughout the State.**

**LGC Must approve debt for the unit of government before obtaining a loan**

# HOW ARE TOWN FINANCES REGULATED?

- Town must follow GAAP (Generally Accepted Accounting Principles)
- Under GAAP, the Town must follow **FUND ACCOUNTING**

**General Fund**

**Utility Fund**



Fire & Police

# GENERAL FUND DEBT

	Annual Payment	Years Remaining
Fire Engine (USDA)	26,908	2
Fire Ladder Truck (USDA)	52,761	16
Trucks & Equip-Street (Truist)	53,743	4
Town Hall (USDA)	88,878	29
Splash Park (USDA)	19,483	36
Patrol Vehicles (Truist)	18,471	3
Total	260,244	
Debt to Budget Ratio	4.28%	

# GENERAL FUND VS HOUSEHOLD DEBT RATIO

Per the U.S. Census Bureau ([www.census.gov](http://www.census.gov)) for **BURKE COUNTY**:

- Median Household Income = \$44,557
- Median Monthly Mortgage = \$691 (\$8,292 per year)
- If a mortgage was the only debt within the household, then the debt ratio for a median household in Burke County would be  $8,292 / 44,557 = 18.61\%$

\*This does not include any other debt such as credit cards or vehicle loans\*

**Current Town Debt**  
4.28 %

**Burke Median Household Debt**  
18.61 %

# LEGAL DEBT MARGIN

North Carolina General Statutes (regulated by the LGC) limits the amount of debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the Town's boundaries.

For 2021, the legal debt margin for Valdese is \$25,987,838

Combining the General and Utility fund outstanding debt amounts to \$10,348,915

Currently using 40% of the allowable debt margin per State guidelines

# ECONOMIC OUTLOOK - LOCAL

## CURRENT PROJECTS

	Tax Value
Pine Crossing	\$ 9,800,000
Tron Place	8,000,000
Historic Valdese Weavers Mill	12,000,000
2021 Residential Construction	5,503,874
Total	\$ 35,303,874
Tax Revenue	\$ 192,406

## FUTURE PROJECTS

Lakefront Subdivisions
Valdese Bluffs
Edelweiss subdivision



# ECONOMIC OUTLOOK - NATIONAL

## DELAYING WILL INCREASE COSTS

- Economists anticipate GDP growing nearly 4% in 2022
- Ongoing tense relations with China pose material availability/cost risk
- Increased wages and shortage of labor for construction companies
- Federal Reserve interest rate hikes through 2022

# FINANCING COMPARISON

	New Construction	Renovation
Loan Amount	7,048,050	6,484,199
Term of Loan	40	40
Rate	2.25%	2.25%
Annual Payment	269,076	247,550

**Either Option Will Not Require a Tax Increase or Cuts to Existing Services**