



Buncombe County Board of Commissioners

Request for Board Action

Meeting Date: 5/19/2020

New Business

Department: Budget

Presenter(s): Jennifer Barnette

Contact(s): Jennifer Barnette, Budget

Don Warn, Finance

Subject: FY2020 LOBS and Refunding – Payments to Escrow Agent

Brief Summary:

On March 03, 2020, Buncombe County Board of Commissioners authorized the issuance of the FY2020 LOBS for the financing of projects and refinancing of some previously issued debt.

These amendments establish the budgets necessary to receive bond proceeds for the Buncombe County refunding (refinancing) of previous issuances of 2010A, 2010B and 2012A. The corresponding expenditure budgets establish the budgets to pay the proceeds back out to the escrow agent and a remaining portion of debt issuance costs from the AB Tech Article 46 Fund in the amount of \$66,080.

General Fund total budget needed = \$53,757,926

AB Tech Article 46 Fund budget needed = \$8,586,619 (*includes debt issuance cost of \$66,080*)

As an organization, we refinanced some of our previous debt at a lower interest rate and we have to budget the payment to pay off the old debt from the proceeds of the new debt. An advance refunding requires the establishment of an escrow account; this is done by transferring bond proceeds to the escrow agent at the time of bond closing. The escrow agent is responsible for making payments to the bondholders. To record this transaction in the County's general ledger the County must recognize bond proceeds revenue and a corresponding expenditure for payment to the escrow agent. The purpose of the budget

amendment is to appropriate the bond proceeds revenue and the advance refunding payment to the escrow agent.

No new funding is required.

Recommended Motion & Requested Action:

Approve the budget amendment.

County Manager's comments and Recommendation: County Manager recommends as presented.