# OFFICE OF THE COMMISSIONERS AND MANAGER

500 N. Main St., Room 921 • Monroe, NC 28112 • Phone (704)283-3810 • Fax (704)282-0121


## News Release

## Union County Debt Ratings Raised

**June 3, 2015, Monroe, NC** – Standard & Poor's, a firm that provides independent assessments of the credit risk associated with buying and holding bonds, has raised its long-term and underlying ratings on Union County's general obligation (GO) debt to AA+ from AA. Standard & Poor's raised its long-term and underlying ratings on the county's limited-obligation bonds and certificates of participation (COPs) to AA from AA-. The outlook on all the ratings is stable.

"The upgrade reflects our view of the County's debt restructuring and sustained very strong reserves," said Standard & Poor's credit analyst Timothy Little. "The AA+ long-term rating reflects our assessment of the county's very strong budgetary flexibility and liquidity."

Other factors Standard & Poor's identified to establish Union County's ratings increase include:

1. **Strong Economy** – Union County has a strong economy, with access to a broad and diverse metropolitan statistical area.
2. **Very Strong Management -** The County's management is very strong, with "strong" financial policies and practices under Standard & Poor's Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable. Highlights of the assessment include conservative budgeting practices using modified zero-based budgeting approach and financial planning.
3. **Strong Budgetary Performance** – Union County had surpluses of 4.5 percent in the general fund and 4.9 percent across all governmental funds in fiscal 2014. General fund operating results of the county have been stable over the last three years, with a result of 5.4 percent in 2013 and a result of 6.2 percent in 2012.
4. **Very Strong Budgetary Flexibility** – Union County has an available fund balance in fiscal year 2014 of 29 percent of operating expenditures, or $65 million.
5. **Very Strong Liquidity -** Union County's total available cash in 2014 is 75.2 percent of total governmental fund expenditures and 3.8 times governmental debt service.
6. **Very Weak Debt and Contingent Liability Profile** – Union County's debt and contingent liability profile is very weak. Total governmental fund debt service is 19.6 percent of total governmental fund expenditures, and net direct debt is 174.6 percent of total governmental fund revenue.
7. **Very Strong Institutional Framework**

Standard & Poor's stable outlook reflects Union County's very strong management conditions and efforts to restructure the existing debt profile. The rating is supported by Standard & Poor's opinion of the county's very strong reserves and very strong liquidity.

“The upgrade validates the direction and steps the Commission has taken to ensure the fiscal sustainability of the organization,” said County Manager Cindy Coto.

An upgraded rating will improve the County’s interest rates on future debt issuances, translating into reduced costs for the tax payers of Union County.

The rating agency expressed concern over the increasing costs related to schools, EMS, and fire protection services, but noted that these costs have been managed well and have not, as of yet, affected performance or flexibility.

“The market is recognizing the work that has been done here in Union County to improve the County’s debt portfolio and managing the cost of government,” said Jeff Yates, Union County’s chief financial officer.