



**TONY E. BASSIL**

**CONTROLLER OF NORTHAMPTON COUNTY**  
NORTHAMPTON COUNTY COURTHOUSE  
669 WASHINGTON STREET  
EASTON, PENNSYLVANIA 18042

**ANTHONY SABINO, CIA**  
Audit Manager

**PHONE (610) 829-6617**  
FAX (610) 559-3137

**ROBERT A. NITCHKEY, JR., ESQ.**  
Solicitor

August 14, 2020

Mr. Ronald R. Heckman  
and the Members of the Northampton County Council  
Northampton County Government Center  
Easton, PA 18042

Dear Council Members:

In conjunction with Section 402 (3) of the County of Northampton Home Rule Charter, I have prepared and hereby certify a statement of bonded indebtedness of Northampton County for the period ending December 31, 2019 with projections to December 31, 2020.

The following is a summary of bonded and note debt transactions and installment purchases for the calendar year 2019 and a projection of transactions for 2020. The accompanying schedules detail these transactions.

	2019 Actual			2020 Anticipated	
	Debt Service	Installment Purchase	Capital Lease	Debt Service	Installment Purchase
Interest Paid by County	4,538,260	311,671	257,741	3,040,676	256,737
Principal Paid by County	6,800,000	1,802,405	0	7,910,000	1,970,333
Capital Lease Purchase	0	0	14,468,731	0	0
Total Interest and Principal	<u>11,338,260</u>	<u>2,114,076</u>	<u>14,726,472</u>	<u>10,950,676</u>	<u>2,227,070</u>
Principal Balance December 31	<u>107,625,000</u>	<u>9,089,925</u>	<u>0</u>	<u>99,715,000</u>	<u>7,119,592</u>
Unamortized Bond Premium	10,729,683			7,574,556	
Unamortized Bond Discount	<u>(313,647)</u>			<u>(845,792)</u>	
Total Liability	<u>127,130,961</u>			<u>113,563,356</u>	

Very truly yours,

Tony E. Bassil  
County Controller

Paul L. Albert, CIA  
Lead Auditor

**COUNTY OF NORTHAMPTON, PENNSYLVANIA**

*Long-Term Debt*

Schedule of Current and Long-Term Bonded Debt Liability  
For the year ended December 31, 2019 with Projections to December 31, 2020

**SCHEDULE OF PRINCIPAL PAYMENTS**

	<u>2009 G.O. Bonds</u>		<u>2012 G.O. Bonds - Ser. A</u>		<u>2012 G.O. Bonds - Ser. B</u>		<u>2013 G.O. Bonds</u>		<u>2019 G.O. Bonds - Ser. A</u>		<u>2019 G.O. Bonds - Ser. B</u>		<u>2019 G.O. Bonds - Ser. C</u>		Total
	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	
Original Obligation		16,115,000		9,385,000		60,745,000		19,640,000							105,885,000
<b>Balance 12/31/18</b>		5,085,000		7,360,000		60,745,000		12,330,000		0		0		0	85,520,000
Refunding of Debt Issuance of New Debt	8/19/19	(5,085,000)			11/29/19	(60,745,000)			02/13/19	23,035,000	08/19/19	4,870,000	11/25/19	66,830,000	(65,830,000)
Less 2019 Payments		0	10/1/19	(4,540,000)		0	08/15/19	(2,235,000)	10/01/19	(5,000)	11/15/19	(20,000)		0	(6,800,000)
<b>Balance 12/31/19</b>		0		2,820,000		0		10,095,000		23,030,000		4,850,000		66,830,000	107,625,000
Less 2020 Payments Due		0	10/1/20	(2,820,000)		0	08/15/20	(2,375,000)	10/01/20	(5,000)	11/15/20	(400,000)	10/01/20	(2,310,000)	(7,910,000)
<b>Projected Balance 12/31/20</b>		0		0		0		7,720,000		23,025,000		4,450,000		64,520,000	99,715,000

**SCHEDULE OF INTEREST PAYMENTS**

	<u>2009 G.O. Bonds</u>		<u>2012 G.O. Bonds - Ser. A</u>		<u>2012 G.O. Bonds - Ser. B</u>		<u>2013 G.O. Bonds</u>		<u>2019 G.O. Bonds - Ser. A</u>		<u>2019 G.O. Bonds - Ser. B</u>		<u>2019 G.O. Bonds - Ser. C</u>		Total
	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	Date Paid/Due	Amount	
Regular Payment	05/15/19	101,678.13	04/01/19	98,364.00	04/01/19	1,468,625.00	02/15/19	270,356.25	04/01/19	135,166.67		0.00		0.00	2,074,190.05
Regular Payment			10/01/19	98,364.00	10/01/19	1,468,625.00	08/15/19	270,356.25	10/01/19	506,875.00	11/15/19	44,110.83		0.00	2,388,331.08
Refund G.O. Bond	08/19/19	101,678.13													101,678.13
Refund of Interest	12/19/19	(25,939.05)													(25,939.05)
<b>Calendar Year 2019</b>		177,417.21		196,728.00		2,937,250.00		540,712.50		642,041.67		44,110.83		0.00	4,538,260.21
Regular Payment		0.00	04/01/20	40,819.50		0.00	02/15/20	225,656.25	04/01/20	506,825.00	05/15/20	92,125.00	04/01/20	539,339.68	1,404,765.43
Regular Payment		0.00	10/01/20	40,819.50		0.00	08/15/20	225,656.25	10/01/20	506,825.00	11/15/20	92,125.00	10/01/20	770,485.25	1,635,911.00
<b>Projected Calendar Year 2020</b>		0.00		81,639.00		0.00		451,312.50		1,013,650.00		184,250.00		1,309,824.93	3,040,676.43

Refer to notes on following pages.

COUNTY OF NORTHAMPTON, PENNSYLVANIA  
 Long-Term Debt  
 Schedule of Current and Long-Term Installment Purchases  
 For the year ended December 31, 2019 with Projections to December 31, 2020

SCHEDULE OF PRINCIPAL PAYMENTS

	<u>Date Paid/Due</u>	<u>Amount</u>	<u>Totals</u>
Original Obligation			<u>19,534,814</u>
<b>Balance 12/31/18</b>			10,892,330
Less 2019 Payments:	6/1/2019	(867,177)	
	12/1/2019	<u>(935,228)</u>	
Total 2019 Payments			<u>(1,802,405)</u>
<b>Balance 12/31/19</b>			9,089,925
Less 2020 Payments:	6/1/2020	(949,163)	
	12/1/2020	<u>(1,021,170)</u>	
Total 2020 Payments			<u>(1,970,333)</u>
<b>Projected Obligation 12/31/20</b>			<u><u>7,119,592</u></u>

SCHEDULE OF INTEREST PAYMENTS

	<u>Date Paid/Due</u>	<u>Amount</u>	<u>Totals</u>
	6/1/2019	162,295.72	
	12/1/2019	<u>149,374.79</u>	
<b>Calendar Year 2019</b>			<u><u>311,670.51</u></u>
	6/1/2020	135,439.89	
	12/1/2020	<u>121,297.36</u>	
<b>Calendar Year 2020</b>			<u><u>256,737.25</u></u>

Refer to notes on following pages.

COUNTY OF NORTHAMPTON, PENNSYLVANIA

Long-Term Debt

Notes to Schedule of Current and Long-Term Bonded and Note Debt Liability  
For the year ended December 31, 2019 with Projections to December 31, 2020

1. General Obligation (G.O.) Bonds are backed by "...the Good Faith, Credit and Taxing Power of the County of Northampton."
2. In the Basic Financial Statements audited by RKL LLP, compensated absence benefits totaling \$7,715,539, net OPEB liability of \$36,254,554, net pension liability of \$5,493,451 and accrued self-insurance claims of \$4,049,697 are included. As these liabilities are neither bonded indebtedness nor installment contracts, they are not included in this Statement.
3. GESA Financing – On June 21, 2011, the County and McClure Company (a subsidiary of PPL Energy Service Mid-Atlantic, LLC) entered into a guaranteed energy services agreement (GESA) for the purposes of installing energy saving equipment and providing other services designed to save energy for the County's property and buildings. On October 27, 2011, the County and McClure Company entered into an amended installment purchase agreement which includes installing energy saving equipment at the Gracedale Nursing Home. The total financed project cost was \$19,534,814. The lending agreement included a fixed interest rate of 2.98% for 12 years.
4. Capital Lease – On March 28, 2013, the County and Polaris Emrick Development, LP entered into a 30-year capital lease agreement to design and construct a three-story office building for the purpose of consolidating all non-Gracedale human service employees into one building. The County has an option to purchase the building after five years. If the County chooses to buy the building on the first available purchase date (March 31, 2019), a lump sum payment of \$14,468,731 will be due. Should the lease continue to the end of its 30-year term, the building will be conveyed to the County for one dollar. Using a nominal annual rate of 7.5%, the imputed interest would exceed the monthly rental payment. Therefore the County has treated the lease as an interest-only loan and classified the rental payments as interest. The principal balance has not been subject to amortization and the County has carried the balance in its financial records at the five-year purchase price of \$14,468,731. On November 1, 2018, County Council enacted Ordinance #649 authorizing the issuance of General Obligation Bonds; one of the stated purposes of this bond issue is to exercise the option of purchasing the Human Service Building, thereby extinguishing the capital lease. Financing was obtained on February 13, 2019 and the building was purchased from Polaris Emrick Development, LP on March 28, 2019, thereby ending the Capital Lease.
5. General Obligation Bonds, Series A of 2019 – On February 13, 2019, the County issued General Obligation Bonds in the amount of \$23,035,000. Interest rates vary from 1.90% to 2.37%. The funds were used to finance the purchase the Human Services Building and for the construction of the Forensic Center.
6. General Obligation Bonds, Series B of 2019 – On August 19, 2019, the County issued General Obligation Bonds in the amount of \$4,870,000. Interest rates vary from 1.33% to 2.20%. The funds were used to finance the current refunding of the County's General Obligation Bonds, Series 2009.
7. General Obligation Bonds, Series C of 2019 (Taxable) – On November 25, 2019, the County issued General Obligation Bonds in the amount of \$66,830,000. Interest rates vary from 1.867% to 2.691%. The funds were used to finance the current refunding of the County's General Obligation Bonds, Series B of 2012.

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COUNTY OF NORTHAMPTON, PENNSYLVANIA

Long-Term Debt

Notes to Schedule of Current and Long-Term Bonded and Note Debt Liability  
For the year ended December 31, 2019 with Projections to December 31, 2020

8. The Audited Financial Statements include in note form issuance of additional Component Unit Debt known as Conduit Debt Obligations. These are bonds issued under the name of the Northampton County General Purpose Authority on behalf of Lehigh University, Lafayette College, Moravian College, Career Institute of Technology, St. Luke's Hospital, Morningstar Senior Housing and the Greater Lehigh Valley YMCA for the purpose of tax-exempt financing for capital projects at those institutions. The bonds are not secured by or payable from revenues or assets of the Authority. Neither the faith and credit nor taxing power of Northampton County is pledged to the payment of the principal of and interest on the bonds, nor is the County or Authority, in any manner, obligated to make any appropriations for payments on these bonds. Therefore, they are not included in this Statement. The total outstanding balance of these bonds as of December 31, 2019 is \$974,821,278.
9. The Audited Financial Statements include unamortized bond premium of \$10,729,683 and unamortized bond discount of \$313,647.
10. 2019 funding sources for the issues were as follows:

General Obligation Bonds	- General Fund	\$8,839,414	
	- Juvenile Detention Center	951,141	
	- Gracedale	522,692	
	- E-911	414,605	
	- Human Services Building	375,284	
	- Domestic Relations	108,678	
	- Capital Projects	101,678	
	- Cash on Hand	24,768	
			<hr/>
Total Bonded debt payments			\$11,338,260
Installment Purchases	- Gracedale	\$1,390,111	
	- General Fund	723,965	
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Total Installment Purchase payments			2,114,076
Total payments			<hr/> <hr/>
			\$13,452,336

**COUNTY OF NORTHAMPTON, PENNSYLVANIA**

*Long-Term Debt*

Total Debt Obligation By Year

	2011 Installment Purchase		2012 Issue Series A		2013 Issue		2019 Issue Series A		2019 Issue Series B		2019 Issue Series C		Total Debt Obligation
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$1,970,333	\$256,737	\$2,820,000	\$81,639	\$2,375,000	\$451,313	\$5,000	\$1,013,650	\$400,000	\$184,250	\$2,310,000	\$1,309,825	\$13,177,747
2021	\$2,148,946	\$196,722			\$2,450,000	\$386,000	\$5,000	\$1,013,550	\$410,000	\$172,250	\$5,015,000	\$1,497,843	\$13,295,311
2022	\$2,338,840	\$131,301			\$2,570,000	\$263,500	\$5,000	\$1,013,450	\$430,000	\$151,750	\$5,555,000	\$1,401,705	\$13,860,546
2023	\$2,631,806	\$60,135			\$2,700,000	\$135,000	\$5,000	\$1,013,350	\$450,000	\$130,250	\$5,665,000	\$1,290,550	\$14,081,091
2024							\$4,530,000	\$1,013,250	\$470,000	\$107,750	\$6,435,000	\$1,173,737	\$13,729,737
2025							\$4,755,000	\$786,750	\$495,000	\$84,250	\$6,570,000	\$1,037,830	\$13,728,830
2026							\$4,995,000	\$549,000	\$520,000	\$59,500	\$6,720,000	\$890,071	\$13,733,571
2027							\$5,195,000	\$349,200	\$550,000	\$33,500	\$6,875,000	\$733,562	\$13,736,262
2028							\$3,535,000	\$141,400	\$555,000	\$22,500	\$7,050,000	\$565,743	\$11,869,643
2029									\$570,000	\$11,400	\$7,225,000	\$386,603	\$8,193,003
2030											\$7,410,000	\$199,403	\$7,609,403