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# DEBT SERVICE

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## PROGRAM DESCRIPTION

The debt service fund was established July 1, 1987 to provide for the annual repayment of bonded debt principal and interest, lease-purchase principal and interest and bond agency fees. Long-term debt, with the exception of the enterprise fund's (water and sewer) debt service and the equipment leasing fund's lease-purchase payments is accounted for in this fund. Prior to 1987, this appropriation was included in the general fund.

In February 2001, the County refunded approximately \$87 million in 1992, 1993, and 1994 bonds to take advantage of declining interest rates. Again, the County will save approximately \$3,900,000 on debt service costs over time. In addition, the 1993 variable rate bonds were defeased and refinanced as fixed rate bonds.

### 2001 Bond Authorization

School Facilities	\$51,800,000
Library Facilities	\$10,270,000
Museum	\$5,840,000
Recreational Facilities	\$5,550,000
Health Care Facilities	\$1,200,000
<b>Total</b>	<b>\$74,660,000</b>

A bond referendum held on November 6, 2001 was approved by voters, giving the County the authority to issue general obligation bonds in an aggregate principal amount not to exceed \$74,660,000 to finance the construction of selected capital projects. A summary of this referendum is included in the table to the left.

The County issued two-thirds debt proceeds in January 2002, amounting to \$11,050,000 in general obligation bonds. The Public Improvement Bonds represent a consolidation of \$5,910,000 Public Building Bonds and \$5,140,000 Library Facilities Bonds.

Also in January 2002, the County refunded approximately \$35 million in outstanding Bonds, Series 1992, resulting in a savings of over \$1.5 million.

In April 2002, the County sold \$68,410,000 of the total 2001 authorization amount of \$74,660,000. The general obligation bonds represent a consolidation of \$51,800,000 School Bonds, \$10,270,000 Library Facilities Bonds, \$4,840,000 Museum Bonds, \$1,000,000 Recreational Facilities Bonds and \$500,000 Health Care Facilities Bonds.

### 2003 Bond Authorization

School Facilities	\$105,315,000
Library Facilities	\$4,637,262
Museum	\$5,184,513
Durham Tech. CC	\$8,200,000
Issuance Costs	\$328,225
<b>Total</b>	<b>\$123,665,000</b>

A bond referendum held in November 2003 was approved by voters, giving the County the authority to issue general obligation bonds in an aggregate principal amount not to exceed \$124,000,000 to finance the construction of selected capital projects. A summary of this referendum is shown in the table to the left.

In April 2004 the County issued \$40.6 million of the total 2003 authorization amount of \$123,665,000, and the final \$6 million of the total 2001 authorization amount of \$74,660,000 in general obligation debt. These bond funds are supporting \$26.13 million in school projects, \$5.18 million for the NC Museum of Life & Science, \$4.64 million for libraries, and \$4.2 million for Durham Technical Community College. Bond issuance costs make up the remaining funds.

Also in April 2004, the County issued \$10.6 million in two-thirds general obligation debt to support three ongoing capital projects: \$7.63 million for a new Justice Center, \$2.48 million for a new Human Services Complex, and \$381,000 for renovations to the Headstart/YMCA building. Bond issuance costs make up the remaining funds.

In May 2006 the County issued another \$49.2 million of general obligation bonds authorized in the 2003 Bond Referendum. These funds will support \$45 million in Durham Public School projects, and \$4 million for Durham Technical Community College projects. Also in May 2006 the County issued \$12.2 million in two-thirds general obligation debt to support the following projects: Animal Control Facility, Open Space, Southwest Branch Library, DPS-Holton project, Stanford L Warren Library Project, EMS#2, Human Services Project, Senior Center Project, BOCC Board Room project, and issuance costs.

A bond referendum held in November 2007 was approved by voters, giving the County the authority to issue general obligation bonds in an aggregate principal amount not to exceed \$207,100,000 to finance the construction of selected capital projects. A summary of this referendum is shown in a table on the next page.

# Debt Service Fund

Fund: Debt 3003040000

Summary	2007-2008	2008-2009	2008-2009	2009-2010	2009-2010
	Actual	Original	12 Month	Department	Manager
	Exp/Rev	Budget	Estimate	Requested	Recommended
<b>▽ Expenditures</b>					
Transfers	\$701,000	\$2,589,491	\$0	\$9,797,615	\$9,011,957
Other	\$38,506,452	\$41,069,816	\$41,631,195	\$39,666,496	\$39,666,496
<b>Total Expenditures</b>	<b>\$39,207,452</b>	<b>\$43,659,307</b>	<b>\$41,631,195</b>	<b>\$49,464,111</b>	<b>\$48,678,453</b>
<b>▽ Revenues</b>					
Investment Income	\$242,731	\$50,000	\$20,000	\$25,000	\$25,000
Rental Income	\$26,717	\$26,716	\$26,716	\$26,716	\$26,716
Service Charges	\$237,731	\$228,738	\$228,738	\$219,323	\$219,323
Other Fin. Sources	\$39,152,674	\$43,353,853	\$41,605,341	\$49,193,072	\$48,407,414
<b>Total Revenues</b>	<b>\$39,659,853</b>	<b>\$43,659,307</b>	<b>\$41,880,795</b>	<b>\$49,464,111</b>	<b>\$48,678,453</b>
<b>Net Expenditures</b>	<b>(\$452,401)</b>	<b>\$0</b>	<b>(\$249,600)</b>	<b>\$0</b>	<b>\$0</b>
FTEs	0.00	0.00	0.00	0.00	0.00

## 2007 Bond Authorization

School Facilities	\$193,448,205
Museum	\$4,170,812
Durham Tech. CC	\$8,680,000
Issuance Costs	\$800,983
<b>Total</b>	<b>\$207,100,000</b>

During the next two years approximately \$66.5 million is expected to be spent on various projects related to each of the areas shown in the above table.

In April 2007 the county issued the final \$34,090,000 of general obligation bonds authorized in the 2003 bond referendum, all funds were allotted to Durham Public School projects. Also in April the County issued \$12,100,000 in two-thirds general obligation debt to support six capital projects. \$3.8 million for Criminal Justice

Resource Center renovations, \$500,000 for Main Library renovations, \$700,000 for Durham County Administration Building renovations, \$350,000 for EMS Station 1 renovations, \$2.7 million for Holton School (CIS Academy), and \$3.95 million for Durham Public School future land purchases.

Durham County estimates spending approximately \$118.4 million over the next two years in non general obligation bond funds for various projects including libraries, the new county courthouse, the new human services complex, the county stadium, the civic center, and the former Lakewood YMCA.

The portion of the county tax rate dedicated to fund the Capital Financing Plan, which helps support debt service payments, stays flat at 4.87 cents. \$4.660 million of revenue from the Community Health Trust Fund coming into the Debt Service Fund is dedicated for debt service support of the Human Services Complex capital project.

North Carolina law limits local government net debt to 8% of assessed value. Based on current valuations, the county could issue \$2,324,815,063 in debt. At this writing the county has \$255,335,000 in outstanding general obligation debt. An additional \$132,775,000 in certificates of participation debt is not included in this legal limit.

The following shows bond payments for the Debt Service Fund. Note: Information on Enterprise Fund debt service may be found behind the Enterprise Fund tab of this document.

	2007-08 Actual Expenditures	2008-09 Original Budget	2008-09 12 Month Estimate	2009-10 Department Requested	2009-10 Manager Recommended
<b>BOND PRINCIPAL</b>	\$17,570,586	\$19,744,635	\$19,744,635	\$19,460,808	\$19,460,808
<b>BOND INTEREST</b>	\$11,388,226	\$12,499,869	\$12,499,869	\$11,578,661	\$11,578,661
<b>OTHER*</b>	\$9,547,640	\$11,414,803	\$9,386,691	\$17,638,984	\$17,638,984
<b>TOTAL</b>	<b>\$38,506,452</b>	<b>\$43,659,307</b>	<b>\$41,631,195</b>	<b>\$48,678,453</b>	<b>\$48,678,453</b>

\*Includes Other Debt Service, Bond Agency Fees, and Debt Sale Expenditures.