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DEBT SERVICE FUND

PROGRAM DESCRIPTION

The Debt Service Fund was established in 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 debt service, is accounted for in this fund. Prior to 1987, this appropriation was included in the General Fund.

- A bond referendum held in November 2001 was approved by voters, giving the County the authority to issue general obligation bonds in an aggregate principal amount not to exceed \$74.66 million to finance the construction of selected capital projects. A summary of this referendum is shown in the table to the right.
- The county issued two-thirds debt proceeds in January 2002, amounting to \$11.05 million in general obligation bonds. The Public Improvement Bonds represent a consolidation of \$5.91 million in Public Building Bonds and \$5.14 million in Library Facilities Bonds.
- Also in January 2002, the County refunded approximately \$35 million in outstanding bonds, 1992 series, resulting in savings of more than \$1.5 million.
- In April 2002, the County sold \$68.41 million of the total 2001 authorization. The general obligation bonds represent a consolidation of \$51.8 million in School Bonds, \$10.27 million in Library Facilities Bonds, \$4.84 million in Museum Bonds, \$1 million in Recreational Facilities Bonds, and \$500,000 in Health Care Facilities Bonds.
- 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 \$123.66 million to finance the construction of selected capital projects. A summary of this referendum is shown in the table to the right.
- In April 2004, the County issued \$40.6 million of the total 2003 authorization and the final \$6 million of the total 2001 authorization in general obligation debt. These bond funds are supporting \$26.13 million in school projects, \$5.18 million for the North Carolina Museum of Life and 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 Head Start/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 support \$45 million in Durham Public Schools 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, Durham Public Schools' Holton project, Stanford L. Warren Library project, Emergency Medical Services Station #2, Human Services project, Senior Center project, and Board of County Commissioners' boardroom project, as well as 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 \$207.1 million to finance the construction of selected capital projects.
- In April 2007, the County issued the final \$34.09 million of general obligation bonds authorized in the 2003 bond referendum. All funds were allotted to Durham Public Schools projects. Also in April 2007, the County issued \$12.1 million 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 Administration Building renovations, \$350,000 for Emergency Medical Services Station #1 renovations, \$2.7 million for Holton School (CIS Academy), and \$3.95 million for Durham Public Schools' future land purchases.

2001 Bond Authorization	
Durham Public Schools Facilities	\$51,800,000
Library Facilities	\$10,270,000
North Carolina Museum of Life and Science	\$5,840,000
Recreational Facilities	\$5,550,000
Health Care Facilities	\$1,200,000
TOTAL	\$74,660,000

2003 Bond Authorization	
Durham Public Schools Facilities	\$105,315,000
Library Facilities	\$4,637,262
North Carolina Museum of Life and Science	\$5,184,513
Durham Technical Community College	\$8,200,000
Issuance Costs	\$328,225
TOTAL	\$123,665,000

2007 Bond Authorization	
Durham Public Schools Facilities	\$193,448,205
NC Museum of Life and Science	\$4,170,812
Durham Technical Community College	\$8,680,000
Issuance Costs	\$800,983
TOTAL	\$207,100,000

Debt Service Fund

Fund: Debt 3003040000

Summary	2013-2014 Actual Exp/Rev	2014-2015 Original Budget	2014-2015 12 Month Estimate	2015-2016 Department Requested	2015-2016 Manager Recommended
▼ <i>Expenditures</i>					
Transfers	\$475,079	\$528,482	\$1,945,335	\$0	\$0
Other	\$109,270,847	\$60,037,686	\$59,469,744	\$58,217,142	\$58,217,142
Total Expenditures	\$109,745,926	\$60,566,168	\$61,415,079	\$58,217,142	\$58,217,142
▼ <i>Revenues</i>					
Investment Income	\$496,676	\$383,221	\$383,221	\$383,221	\$388,221
Rental Income	\$0	\$0	\$135,480	\$0	\$0
Service Charges	\$440,677	\$400,000	\$400,000	\$400,000	\$400,000
Other Fin. Sources	\$109,668,822	\$59,782,947	\$59,782,947	\$57,433,921	\$57,428,921
Total Revenues	\$110,606,175	\$60,566,168	\$60,701,648	\$58,217,142	\$58,217,142
Net Expenditures	(\$860,249)	\$0	\$713,431	\$0	\$0

- \$60 million of voter-approved 2007 GO bond funds were issued in 2010 for Durham Public Schools, Durham Technical Community College (DTCC), and the NC Museum of Life & Science (NCMLS). Another \$60 million was issued in 2012 for Durham Public Schools. A third issuance of \$51 million was carried out in 2014 for Durham Public Schools. \$39.9 million of unissued 2007 GO bonds is expected to be spent over the next three years for Durham Public Schools and Durham Technical Community College.
- Durham County issued \$125 million in non-general obligation bond funds during FY 2012-13 for various projects including the new Justice Center, (former) judicial building renovations, and a County storage facility.
- For FY 2015-16, the portion of the County tax rate dedicated to fund the Capital Financing Plan, which helps support debt service payments, decreases 0.33 cents from 9.32 cents to 8.99 cents.
- North Carolina law limits local government net debt to 8% of assessed value. Based on current valuations, the County could issue \$2.56 billion in debt. At this writing, the county has \$321.3 million in outstanding general obligation debt. An additional \$234.7 million in certificates of participation debt and \$13.3 million of installment purchases (short term debt) is not included in this legal limit.

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

	2013-14 Actual Expenditures	2014-15 Original Budget	2014-15 12 Month Estimate	2015-16 Department Requested	2015-16 Manager Recommended
BOND PRINCIPAL	\$21,918,468	\$24,300,597	\$24,300,597	\$24,207,615	\$24,207,615
BOND INTEREST	\$12,175,669	\$12,875,159	\$12,875,159	\$12,252,820	\$12,252,820
OTHER*	\$75,651,789	\$23,390,412	\$24,239,323	\$21,756,707	\$21,756,707
TOTAL	\$109,745,926	\$60,566,168	\$61,415,079	\$58,217,142	\$58,217,142

**Includes other debt service, bond agency fees, and debt sale expenditures.*