



Debt Service Fund

A fund established to account for the repayment of debt principal and interest

DEBT SERVICE FUND

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, apart from 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 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.
- \$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.
- A General Obligation bond referendum in November of 2016 approved by a large majority of Durham County citizens supports Main Library renovations, Durham Public Schools infrastructure, Durham Technical Community College capital needs, and North Carolina Museum of Life and Science renovations.
- During the 2016 General Obligation Bond referendum, voters were told that up to 2.5 cents of additional property tax would be needed to support the additional GO Bond debt along with other debt issuances the County planned to make over the 10-year view of the 2017-26 Capital Improvement Plan (CIP). After several recent refinancings of existing debt, along with revised future debt costs and slower than expected debt issuance the property tax increase needed to support ongoing debt service resulted in a 1.75 cents property tax increase in FY 2017-18.
- Durham County's most recent General Obligation Bond referendum was in November of 2022 and again was approved by a large majority of Durham County citizens. Approved funding was dedicated for Durham Public Schools (new schools and refurbishment or expansion of existing schools), Durham Technical Community College (new buildings), and North Carolina Museum of Life and Science site renovations.
- For FY 2023-24, the portion of the County tax rate dedicated to fund the Capital Financing Plan, which helps support debt service payments increased one and a half cent to 10.11 cents to provide funding support related to the 2022 GO Bond referendum. Additional tax increases may be needed to support this bond referendum's full costs in future years.
- North Carolina law limits local government net debt to 8% of assessed value. Based on current valuations, the County could issue \$3.99 billion in debt. At this writing, the County has \$198.38 million in outstanding General Obligation debt. An additional \$429.55 million in Limited Obligation Bond debt and \$55.54 million of installment purchases (short term debt) is not included in this legal limit.

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

2016 Bond Authorization	
Durham Public Schools Facilities	\$90,000,000
NC Museum of Life and Science	\$14,067,705
Durham Technical Community College	\$20,000,000
Main Library Renovations	\$44,297,262
Issuance Costs	\$1,635,033
TOTAL	\$170,000,000

2022 Bond Authorization	
Durham Public Schools Facilities	\$423,505,000
NC Museum of Life and Science	\$13,995,000
Durham Technical Community College	\$112,740,000
TOTAL	\$550,240,000

Budget

Category	FY 2022-23 Actuals	FY 2023-24 Original	FY 2023-24 Estimate	FY 2024-25 Requested	FY 2024-25 Approved	% Change Orig. v. Appr.
Expenditure	\$279,452,646	\$97,525,519	\$140,595,254	\$107,749,942	\$108,841,636	11.60%
Other Expenditure	\$277,152,646	\$97,352,508	\$136,781,865	\$107,749,942	\$107,749,942	10.68%
Transfers Out	\$2,300,000	\$173,011	\$3,813,389	\$0	\$1,091,694	531.00%
Revenue	\$325,946,279	\$97,525,519	\$148,151,452	\$107,749,942	\$108,841,636	11.60%
Investment Income	\$822,317	\$183,742	\$183,742	\$890,823	\$890,823	384.82%
Service Charges	\$494,039	\$500,000	\$580,763	\$500,000	\$500,000	0.00%
Other Revenues						
Transfers In	\$324,629,923	\$96,841,777	\$147,386,947	\$106,359,119	\$107,450,813	10.96%
Net County Cost	(\$46,493,634)	\$0	(\$7,556,198)	\$0	\$0	

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.

	2022-23 Actual Expenditures	2022-23 Original Budget	2023-24 12 Month Estimate	2024-25 Department Requested	2024-25 Approved
BOND PRINCIPAL	\$22,330,000	\$22,760,000	\$22,760,000	\$34,689,051	\$34,689,051
BOND INTEREST	\$9,856,510	\$9,050,340	\$9,050,340	\$9,195,767	\$9,195,767
OTHER*	\$247,266,135	\$65,715,179	\$108,784,914	\$63,865,124	\$64,956,818
TOTAL	\$279,452,645	\$97,525,519	\$140,595,254	\$107,749,942	\$108,841,636

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

Budget Highlights

- Initial estimates for a tax rate increase needed to pay for costs related to the 2022 GO Bond referendum was an additional 2.5 cents on the property tax rate in the FY 2023-24 budget. Due to stronger than expected estimated revenue growth (dedicated to support debt service) the property tax rate increase needed for FY 2023-24 was approved to increase one and one-half (1.5 cent) related to the 2022 GO Bond referendum. The FY 2024-25 budget sees no increase above the current property tax rate allocated to support debt service and capital project allocations. It is likely that an additional tax rate increase will be needed in FY 2025-26 as well to support growing debt service costs, but not as much as was estimated in the recent past.
- Specifically for FY 2024-25, the Debt Service Fund is transferring \$1,091,694 of available funding to the General Fund to help limit any potential tax rate increases needed for that fund.
- FY 2022-23 totals and the FY 2023-24 estimates both include actual issuance amounts that pass through the Debt Service Fund. And while they skew the totals versus budgeted amounts, they do not materially affect the overall spending related to debt service. They are technical allocations relating specifically to the issuances of long-term debt.



Enterprise Fund

A fund established to account for operations that are financed and operated in a manner similar to private business where the services provided are funded directly through user charges.

Water and sewer operations are included in the Enterprise Fund.

SEWER UTILITY FUND

Description

The Utility Division is responsible for the operation of the County-Owned Triangle Wastewater Treatment Plant (TWWTP) and reclaimed water system, associated collection system, Wexford subdivision collection system, and the Rougemont Water System. The Utility Division's primary purpose is to provide wastewater services to Research Triangle Park and surrounding areas to support the Durham County portion of the Research Triangle Park Economic Engine. The Utility Division provides water service to a portion of Rougemont. Support for these services is provided through utility charges to users of the system. The Utility Division Office is located at 5926 NC Hwy 55 East, Durham, North Carolina, 27713. Office hours are Monday – Friday, 8:00 AM – 5:00 PM, Telephone: 919-560-9033; Fax: 919-544-8590.

Budget

Category	FY 2022-23 Actuals	FY 2023-24 Original	FY 2023-24 Estimate	FY 2024-25 Requested	FY 2024-25 Approved	% Change Orig. v. Appr.
Expenditure	\$14,396,276	\$16,351,580	\$16,080,815	\$17,318,580	\$17,318,580	5.91%
Personnel	\$2,002,049	\$3,742,455	\$2,666,241	\$3,983,309	\$3,983,309	6.44%
Operating	\$4,500,437	\$5,502,363	\$5,737,737	\$5,611,546	\$5,591,540	1.62%
Capital	\$1,018,390	\$600,000	\$941,440	\$1,458,500	\$858,500	43.08%
Other Expenditure	\$1,705,553	\$1,748,834	\$1,748,834	\$1,733,018	\$1,733,018	-0.90%
Transfers Out	\$5,169,846	\$4,757,928	\$4,986,563	\$4,532,207	\$5,152,213	8.29%
Revenue	\$20,729,378	\$16,351,580	\$15,465,427	\$17,318,580	\$17,318,580	5.91%
Licenses and Permits	\$232,673	\$70,000	\$69,767	\$50,000	\$50,000	-28.57%
Investment Income	\$650,170					
Sewer Connection Fees	\$5,086,324	\$3,180,000	\$2,732,733	\$2,530,000	\$2,530,000	-20.44%
Service Charges	\$66,344	\$10,000	\$14,495	\$12,000	\$12,000	20.00%
Enterprise Charges	\$14,628,547	\$13,091,580	\$12,648,432	\$14,726,580	\$14,726,580	12.49%
Transfers In	\$65,320					
Net County Cost	(\$6,333,102)	\$0	\$615,388	\$0	\$0	

FY 2022-23 Actual FTE	FY 2023-24 Original FTE	FY 2023-24 Estimated FTE	FY 2024-25 Requested FTE	FY 2024-25 Approved FTE
35.00	39.00	37.00	37.00	37.00

*The Sewer Connection Fees revenue line was increased in FY 2023-24 to align with previous fiscal year actuals

*Sewer Utility Fund Fund balance was transferred into the Sewer Utility Fund in FY 2022-23 to fund system improvements to the HUB RTP Sanitary and Reclaimed Water Extension capital project; the creation of a Supervisory Control & Data Acquisition System (SCADA) capital project; and the creation of a Triangle Wastewater Treatment Plant Access Control and Video Management System capital project.

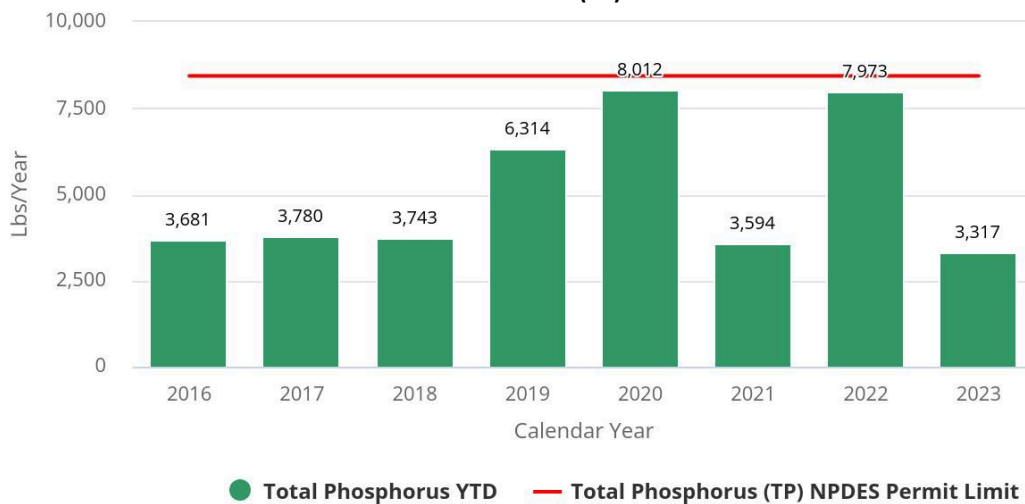
Payments for Sewer Utility Debt Service		
	FY 2023-24	FY 2024-25
PRINCIPAL	\$ 1,511,146	\$ 1,531,146
INTEREST	\$ 232,688	\$ 196,872
Bond Agency Fees	\$ 5,000	\$ 5,000
TOTAL	\$ 1,748,834	\$ 1,733,018

Budget Highlights

- The budget supports both a new Crane Truck and upfit. (\$194,661)
- The budget will also support a new mid-sized 4x4 vehicle (\$50,000)
- The Sewer Utility monthly consumption rate will increase from \$6.36/hundred cubic feet to \$7.19/hundred cubic feet, which is projected to bring in an additional revenue of more than \$1,635,000, a 13 percent increase from the previous fiscal year. The funding will be used to support capital costs and annual capital debt.

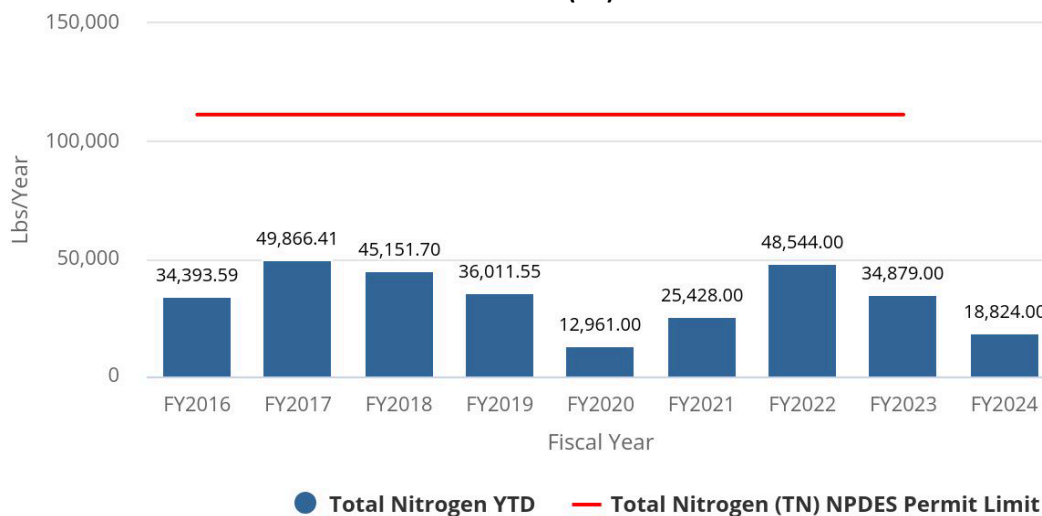
Performance Measures

Measure: ANNUAL POUNDS OF TOTAL PHOSPHORUS (TP) DISCHARGED FROM TRIANGLE WWTP



Measure description: This measure shows the amount of total phosphorus being discharged into Northeast Creek from the Triangle Wastewater Treatment Plant (WWTP). Per the National Pollutant Discharge Elimination System (NPDES) permit, the WWTP can discharge a certain quantity of phosphorus per year. The limits are strict and were incorporated into the NPDES permit to fulfill the Jordan Lake Nutrient Rules requirements. Phosphorus in the right amount is needed to sustain life but too much can make water harmful. Levels fluctuate based on concentrations discharged by users, concentrations discharged by the POTW from chemical use in the system to reduce odor complaints, types and population of organisms at that time, and temperature changes. Total phosphorus removal occurs through some biological treatment, but the biggest reduction is through chemical treatment. A larger reduction can occur, but the WWTP must account for higher chemical cost.

Measure: ANNUAL POUNDS OF TOTAL NITROGEN (TN) DISCHARGED FROM TRIANGLE WWTP



Measure description: This measure shows the amount of total nitrogen being discharged into Northeast Creek from the Triangle Wastewater Treatment Plant (WWTP). Per the NPDES permit, the WWTP can discharge a certain quantity of nitrogen per year. The limits are strict and were incorporated into the NPDES permit to fulfill the Jordan Lake Nutrient Rules requirements. Nitrogen in the right amount is needed to sustain life but too much can make water harmful. Levels fluctuate based on concentrations discharged by users, concentrations discharged by the POTW from chemical use in the system to reduce odor complaints, types and population of organisms at that time, and temperature changes. Total nitrogen removal occurs through biological treatment. TWWTP was below the permit limit and in compliance for 2021. The target is to be below 111,207 lbs./year for 2022, which is the current NPDES permit limit.

STORMWATER ENTERPRISE FUND

Description

The purpose of the Stormwater and Erosion Control program is to protect water quality through compliance with state regulations and enforcement of County ordinances. The Stormwater Enterprise Fund consists of revenues from plans review and permitting fees as well as the Durham County Stormwater Utility Fee.

The Durham County Stormwater and Erosion Control Division is tasked with finding ways to manage the ongoing challenge of stormwater impacts to the unincorporated areas of the County and meet state requirements (Jordan Lake and Falls Lake Rules) to reduce pollutants, especially nutrients like phosphorous and nitrogen, in our waterways. As the County continues to grow, the need to address increasing stormwater runoff and the pollutants it carries is a necessity. Nutrient management for both existing and new development is mandated by the North Carolina Department of Environmental Quality.

In order to pay for the projects that will be needed to address nutrient loading from existing development and meet state stormwater requirements, Durham County implemented a Stormwater Utility Fee in FY2021. It is a fair, equitable, and stable way for Durham County to collect revenue to help fund the activities required to meet the nutrient rules. It is estimated that it may cost Durham County more than \$70 million dollars over the next 20 years to reduce pollutants in our waterways to meet the state requirements.

Previously, the Stormwater and Erosion Control Division were included as part of the General Fund in the Engineering and Environmental Services. However, with the adoption of the Durham County Stormwater Utility Fee, the entirety of the Division moved to its own Enterprise Fund. Revenues for existing activities including stormwater and erosion control plans reviews, land disturbance permits, stormwater permits and annual inspection fees, and reinspection fees associated with enforcement actions, are combined with revenues from the Stormwater Fee to fund water quality protection programs throughout the County.

Programs

Erosion Control

The Erosion Control Program administers and enforces the sedimentation and erosion control sections of the Durham City-County Unified Development Ordinance. A state-delegated local program, it includes all privately funded, non-agricultural land-disturbing activities of more than 12,000 square feet in both the City of Durham and the unincorporated areas of the County. The Program conducts plan reviews, issues land disturbance permits, and inspects permitted projects for compliance.

Stormwater

The Stormwater Program is responsible for administering the Durham County Stormwater Ordinance, which applies to all unincorporated areas of Durham County, and for enforcing the Neuse River, Falls Lake, and Jordan Lake nutrient management new development rules through development reviews including flood control, water quantity, and water quality control measures. It is also responsible for maintaining the County's compliance with the rules through stormwater retrofit identification, illicit discharge detection and elimination, and education and outreach activities.

Stormwater Utility

The Stormwater Utility Fee is charged to all properties in the unincorporated areas of Durham County with development. The fee is based on the amount of impervious surface area on a property. It is divided into residential and non-residential charges, with residential properties paying one of three flat rate tiers. Non-residential properties pay per the total amount of impervious area with no maximum charge. Revenues from the Stormwater Utility Fee fund compliance actions required by the Neuse River, Falls Lake, and Jordan Lake nutrient management strategies.

Budget

Category	FY 2022-23 Actuals	FY 2023-24 Original	FY 2023-24 Estimate	FY 2024-25 Requested	FY 2024-25 Approved	% Change Orig. v. Appr.
Expenditure	\$1,255,882	\$3,066,056	\$3,480,803	\$3,376,000	\$3,376,000	10.11%
Personnel	\$821,040	\$1,166,984	\$1,166,984	\$1,235,335	\$1,235,335	5.86%
Operating	\$403,079	\$1,031,364	\$1,429,584	\$929,458	\$929,458	-9.88%
Capital	\$31,763	\$34,865	\$57,392	\$56,000	\$56,000	60.62%
Transfers Out		\$832,843	\$826,843	\$1,155,207	\$1,155,207	38.71%
Revenue	\$2,891,705	\$3,066,056	\$3,049,289	\$3,376,000	\$3,376,000	10.11%
Taxes	\$2,651		\$2,409	\$2,000	\$2,000	
Licenses and Permits	\$1,136,265	\$592,000	\$800,826	\$593,500	\$593,500	0.25%
Intergovernmental		\$225,000				-100.00%
Investment Income	\$38,225					
Sewer Connection Fees	\$30,827	\$7,500	\$43,478	\$30,000	\$30,000	300.00%
Enterprise Charges	\$1,683,936	\$2,241,056	\$2,202,576	\$2,750,000	\$2,750,000	22.71%
Other Revenues	(\$200)	\$500		\$500	\$500	0.00%
Transfers In						
Net County Cost	(\$1,635,823)	\$0	\$431,514	\$0	\$0	

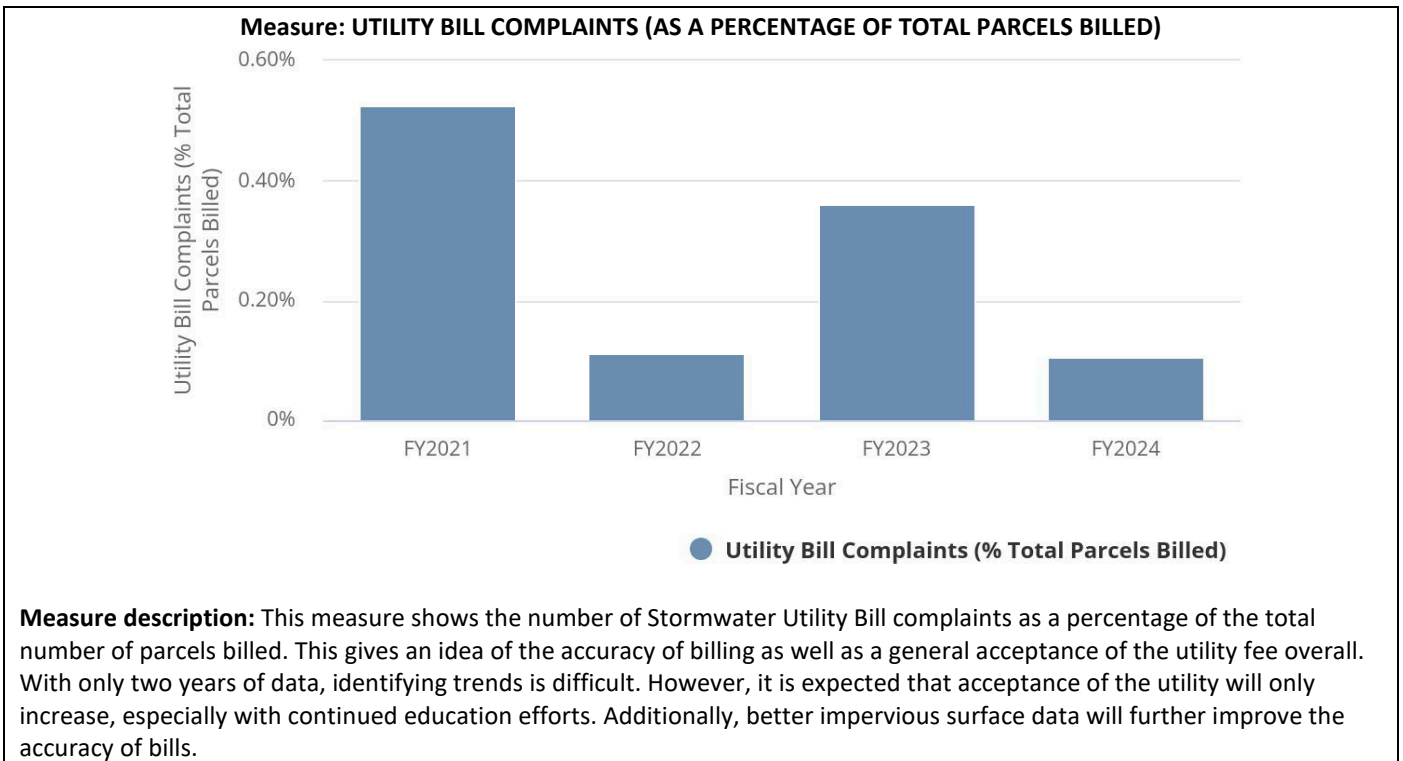
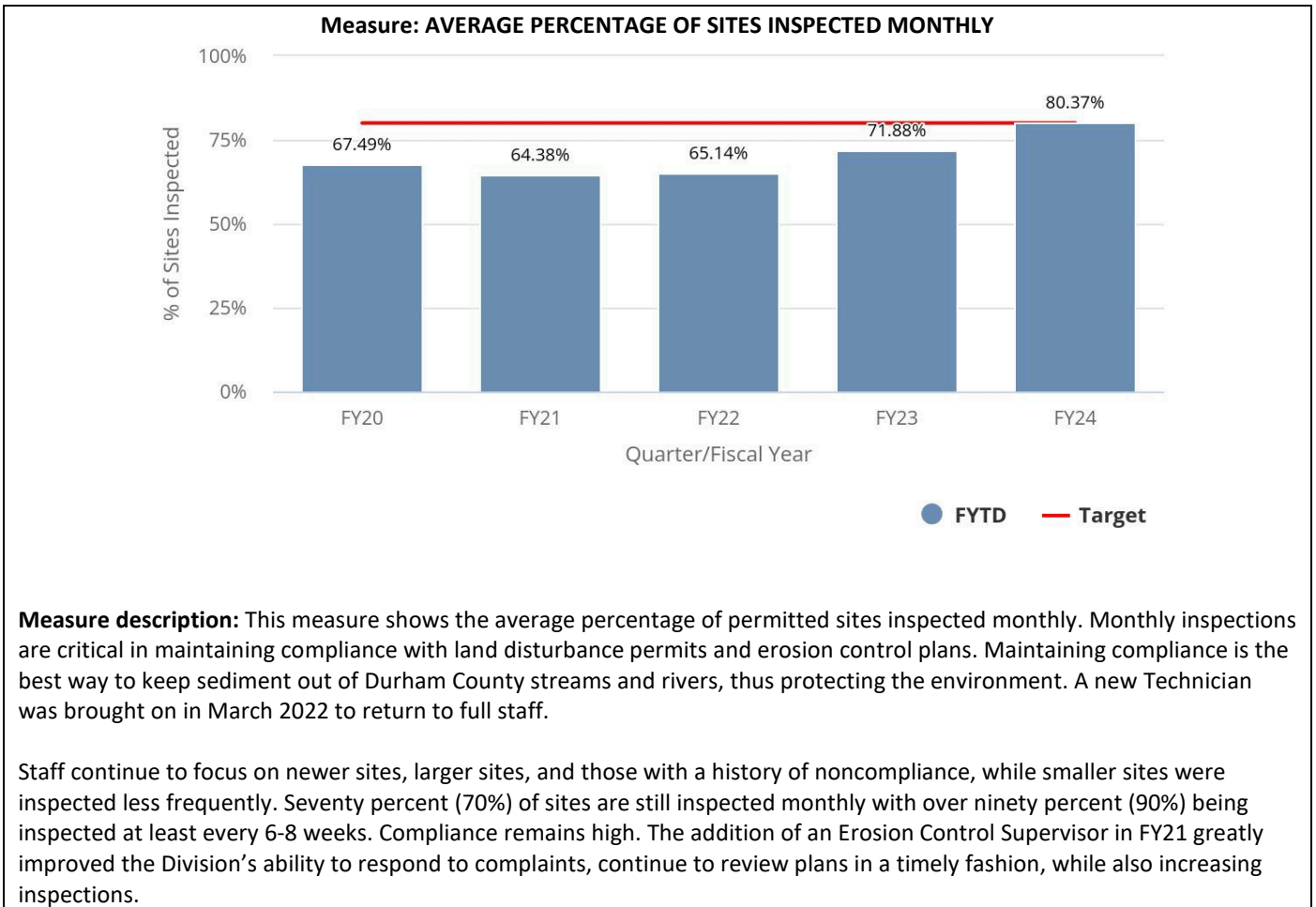
FY 2022-23 Actual FTE	FY 2023-24 Original FTE	FY 2023-24 Estimated FTE	FY 2024-25 Requested FTE	FY 2024-25 Approved FTE
9.00	11.00	11.00	11.00	11.00

*The FY 2023-24 estimated budget includes a \$400K grant from the State Division of Water Infrastructure (DWI) for the Whispering Pines Mobile Home Stream Restoration Project.

Budget Highlights

- The budget also includes an increase to the Stormwater Utility fee from \$64 per Equivalent Residential Unit, or ERU, to \$80 per ERU in FY 2024-25. The rate increase is one step in a larger plan to eventually increase the Stormwater Utility fee to \$96 per ERU by FY 2025-26. The increased revenue will cover the cost of complying with the Falls Lake and Jordan Lake Rules, a nutrient management strategy designed to restore water quality in the lakes by reducing the amount of pollution entering upstream. The Stormwater Enterprise Fund expects that Stormwater Utility fee revenue will increase from \$2,241,056 to \$2,750,000.
- The budget will also support a new mid-sized 4x4 vehicle (\$50,000)

Performance Measures



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