

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.

In 2001, the county refunded approximately \$87 million in 1992, 1993 and 1994 bonds to take advantage of declining interest rates. As a result, the county will save approximately \$3.9 million on debt service costs over time. In addition, the 1993 variable rate bonds were defeased and refinanced as fixed rate bonds.

- 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 Public Building Bonds and \$5.14 million Library Facilities Bonds.
- Also in January 2002, the county refunded approximately \$35 million in outstanding bonds, 1992 series, resulting in a 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 School Bonds, \$10.27 million Library Facilities Bonds, \$4.84 million Museum Bonds, \$1 million Recreational Facilities Bonds and \$500,000 Health Care Facilities Bonds.

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

- 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, 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.

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

Debt Service Fund

Fund: Debt 3003040000

Summary	2009-2010 Actual Exp/Rev	2010-2011 Original Budget	2010-2011 12 Month Estimate	2011-2012 Department Requested	2011-2012 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$0	\$3,484,524	\$1,058,000	\$1,840,787	\$1,824,537
Other	\$91,173,020	\$40,203,258	\$40,457,636	\$50,833,122	\$50,480,613
Total Expenditures	\$91,173,020	\$43,687,782	\$41,515,636	\$52,673,909	\$52,305,150
▽ <i>Revenues</i>					
Contrib. & Donations	\$16,000	\$0	\$7,000	\$0	\$0
Investment Income	\$7,254	\$10,000	\$8,187	\$528,221	\$528,221
Rental Income	\$26,717	\$26,716	\$26,716	\$0	\$0
Service Charges	\$219,323	\$209,466	\$209,466	\$0	\$0
Other Fin. Sources	\$94,561,919	\$43,441,600	\$43,434,034	\$52,145,688	\$51,776,929
Total Revenues	\$94,831,213	\$43,687,782	\$43,685,403	\$52,673,909	\$52,305,150
Net Expenditures	(\$3,658,192)	\$0	(\$2,169,767)	\$0	\$0

- 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). \$147.1 million of 2007 GO Bonds is expected to be spent over the next two years for Durham Public Schools, DTCC and the NCMLS.
- Durham County estimates spending approximately \$69.6 million over the next two years in non general obligation bond funds for various projects including the new Justice Center, a county storage facility, judicial building renovations, and fiber optic cable extension to various county buildings.
- The portion of the county tax rate dedicated to fund the Capital Financing Plan, which helps support debt service payments, increases 0.46 cents to 5.94 cents.
- North Carolina law limits local government net debt to 8% of assessed value. Based on current valuations, the county could issue \$2.09 billion in debt. At this writing, the county has \$228.69 million in outstanding general obligation debt. An additional \$132.72 million in certificates of participation 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

The following 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.

	2009-10 Actual Expenditures	2010-11 Original Budget	2010-11 12 Month Estimate	2011-12 Department Requested	2011-12 Commissioner Approved
BOND PRINCIPAL	\$19,540,808	\$18,601,363	\$18,601,363	\$21,545,169	\$21,545,169
BOND INTEREST	\$11,303,621	\$10,473,756	\$10,473,756	\$12,156,795	\$12,156,795
OTHER*	\$60,328,591	\$14,612,663	\$12,440,517	\$18,971,945	\$18,603,186
TOTAL	\$91,173,020	\$43,687,782	\$41,515,636	\$52,673,909	\$52,305,150
<i>*Includes other debt service, bond agency fees and debt sale expenditures.</i>					