



## **Debt Service Fund**

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

# 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 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.
- 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.
- 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
<b>TOTAL</b>	<b>\$74,660,000</b>

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
<b>TOTAL</b>	<b>\$123,665,000</b>

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
<b>TOTAL</b>	<b>\$207,100,000</b>

# Debt Service Fund

Fund: Debt 3003040000

Summary	2012-2013 Actual Exp/Rev	2013-2014 Original Budget	2013-2014 12 Month Estimate	2014-2015 Department Requested	2014-2015 Commissioner Approved
<b>Expenditures</b>					
Operating	\$1,298	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$2,162,963	\$528,482
Other	\$178,991,971	\$59,871,757	\$58,692,753	\$61,804,991	\$60,037,686
<b>Total Expenditures</b>	<b>\$178,993,269</b>	<b>\$59,871,757</b>	<b>\$58,692,753</b>	<b>\$63,967,954</b>	<b>\$60,566,168</b>
<b>Revenues</b>					
Investment Income	\$513,847	\$533,303	\$243,100	\$418,221	\$383,221
Service Charges	\$178,566	\$250,000	\$239,562	\$400,000	\$400,000
Other Fin. Sources	\$177,320,293	\$59,088,454	\$59,063,454	\$63,149,733	\$59,782,947
<b>Total Revenues</b>	<b>\$178,012,706</b>	<b>\$59,871,757</b>	<b>\$59,546,116</b>	<b>\$63,967,954</b>	<b>\$60,566,168</b>
<b>Net Expenditures</b>	<b>\$980,563</b>	<b>\$0</b>	<b>(\$853,364)</b>	<b>\$0</b>	<b>\$0</b>

- \$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.
- Durham County issued
- For FY 2014-15 the portion of the county tax rate dedicated to fund the Capital Financing Plan, which helps support debt service payments, increases 0.38cents from 8.94 cents to 9.32 cents.
- North Carolina law limits local government net debt to 8% of assessed value. Based on current valuations, the county could issue \$2.43 billion in debt. At this writing, the county has \$293.1 million in outstanding general obligation debt. An additional \$245.03 million in certificates of participation debt and \$43.12 million of installment purchases (short term 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 in the Enterprise Fund section of this document.

	2012-13 Actual Expenditures	2013-14 Original Budget	2013-14 12 Month Estimate	2014-15 Department Requested	2014-15 Commissioner Approved
<b>BOND PRINCIPAL</b>	\$23,961,340	\$21,918,468	\$21,918,468	\$24,820,597	\$24,300,597
<b>BOND INTEREST</b>	\$12,930,987	\$12,175,670	\$12,175,670	\$13,389,368	\$12,875,159
<b>OTHER*</b>	\$141,120,379	\$25,777,619	\$24,598,615	\$25,757,989	\$23,390,412
<b>TOTAL</b>	<b>\$178,012,706</b>	<b>\$59,871,757</b>	<b>\$58,692,753</b>	<b>\$63,967,954</b>	<b>\$60,566,168</b>
<i>*Includes other debt service, bond agency fees and debt sale expenditures.</i>					