

Debt Service

The General Fund is responsible for the accumulation and appropriation of resources for repayment of general long-term debt other than debt accounted for in enterprise funds. Debt service payments include principal, interest and other related charges. Debt service for governmental funds is budgeted in the General Fund and is paid from General Fund revenue. Debt service for enterprise funds is budgeted in the appropriate enterprise fund and is paid from revenue generated by that enterprise activity. However, debt service for the Crown Center is funded solely from revenues generated by the Prepared Food & Beverage Tax and the Hotel Occupancy Tax. The types of long-term debt budgeted in the General Fund include general obligation bonds, certificates of participation and other limited obligation bonds, capital leases, and installment financing notes. Debt service for refunding certificates of participation used to refinance construction of the Coliseum and tax credit certificates of participation and other limited obligation bonds used to finance various Crown Center renovations is budgeted in the Crown Center Fund which is an enterprise fund.

Based upon the N.C. General Statutes, the net debt for any county may not exceed 8 percent of the total assessed value of real and personal property. General obligation debt at June 30, 2016 will be \$26,110,000 and is significantly less than the legal debt limit of slightly more than \$1 billion. Excluding discrete component units, total debt service payments represent 6.41% of total budget expenditures for FY 2016 and 6.81% of recommended budget expenditures for FY 2017. The County believes its debt obligations are prudent and remain within manageable levels.

In September 2008, Standard & Poor's issued a two-step upgrade of the County's credit ratings by raising the rating on general obligation debt from AA- to AA+ and by raising the rating on non-general obligation debt from A+ to AA-. In March 2009, Moody's issued a one-step upgrade of the County's credit ratings by raising the rating on general obligation debt from Aa3 to Aa2 and by raising the rating on non-general obligation debt from A1 to Aa3. In May 2010, Moody's recalibrated municipal debt ratings to improve comparability with ratings issued for the private sector. As the result of this recalibration, Moody's assigned the County a rating of Aa1 for general obligation debt.

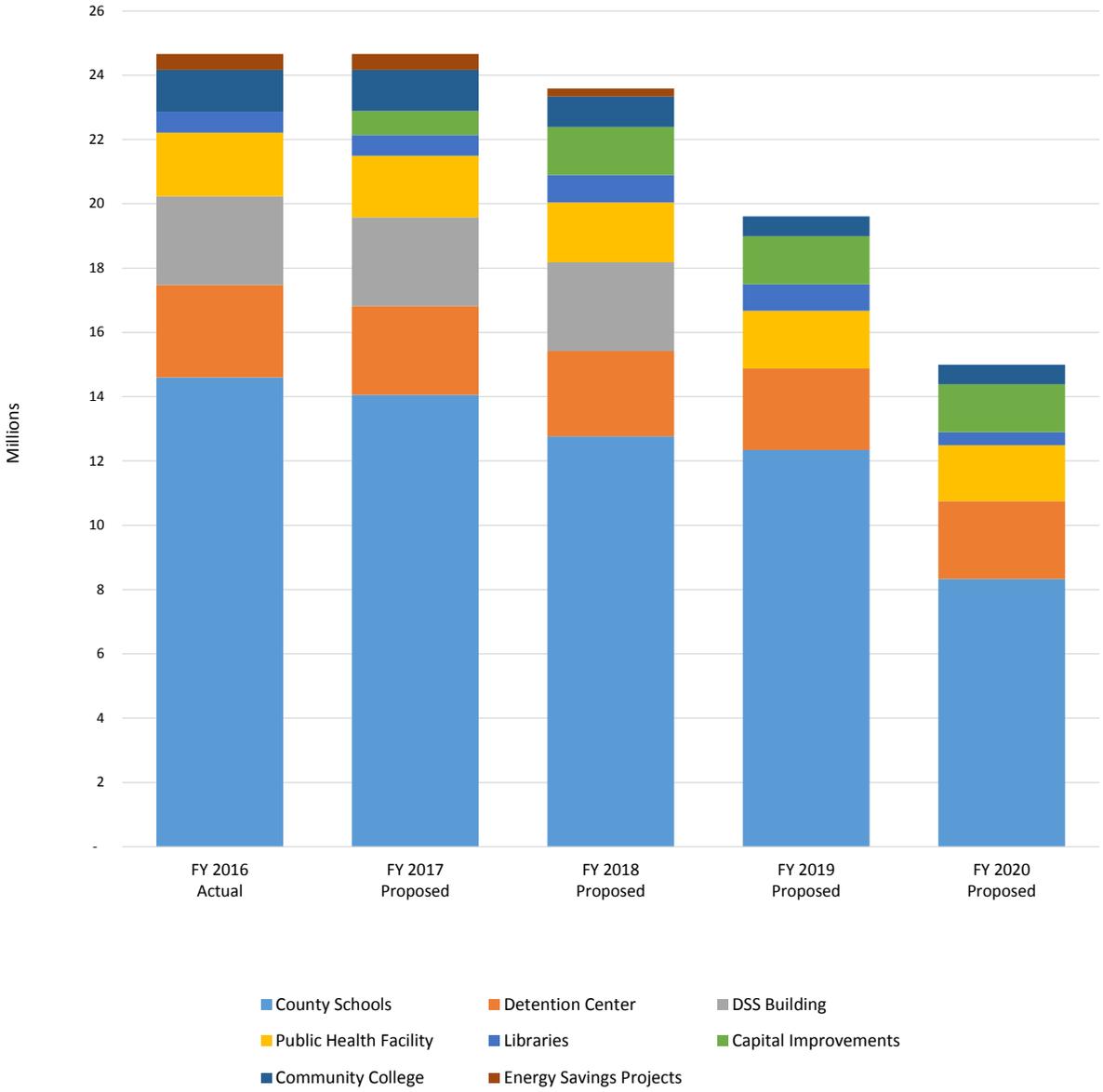
Summary of Current Debt

	Type of Debt	Purpose of the Debt	Date of Issue	Original Amount	Balance 6/30/16
General Fund					
Schools - Refunding Series 2009	G.O. Bonds	Refinance	07/08/09	\$ 34,670,000	\$ 4,810,000
Schools - Refunding Series 2011	G.O. Bonds	Refinance	07/12/11	12,735,000	10,685,000
Schools - Refunding Series 2014	G.O. Bonds	Refinance	02/20/14	<u>13,614,720</u>	<u>9,589,931</u>
Total School G.O. Bonds				<u>61,019,720</u>	<u>25,084,931</u>
Library - Refunding Series 2014	G.O. Bonds	Refinance	02/20/14	<u>1,455,280</u>	<u>1,025,069</u>
Total Library G.O. Bonds				<u>1,455,280</u>	<u>1,025,069</u>
				<u>\$ 62,475,000</u>	<u>\$ 26,110,000</u>
Total General Obligation Bonds					
New Century International Elementary School	COPS	Schools	03/25/09	\$ 17,139,835	\$ 11,724,362
West Regional Branch Library	COPS	Library Facilities	03/25/09	<u>5,285,165</u>	<u>3,615,638</u>
Total COPS Series 2009A				<u>22,425,000</u>	<u>15,340,000</u>
DSS Building	COPS	Refinance	05/13/09	20,930,000	5,325,000
Detention Center	COPS	Refinance	05/13/09	<u>31,470,000</u>	<u>16,095,000</u>
Total COPS Refunding Series 2009B				<u>52,400,000</u>	<u>21,420,000</u>
Gray's Creeek Middle School	COPS	Refinance	07/14/12	16,630,000	11,660,000
Public Health Center	COPS	Refinance	07/14/12	<u>21,125,000</u>	<u>14,700,000</u>
Total COPS Refunding Series 2011B				<u>37,755,000</u>	<u>26,360,000</u>
Total Certificates of Participation (COPS)				<u>\$ 112,580,000</u>	<u>\$ 63,120,000</u>
Schools - 2009 QSCB (Tax Credit COPS)	ARRA	Schools	12/15/09	\$ 15,900,000	\$ 9,937,500
Schools - 2011A QSCB (Limited Obligation COPS)	ARRA	Schools	01/26/11	<u>14,805,000</u>	<u>9,870,000</u>
Total American Recovery & Reinvestment Bonds				<u>\$ 30,705,000</u>	<u>\$ 19,807,500</u>
SunTrust Energy Savings	Capital Lease	Energy Conservation	12/09/04	<u>\$ 4,537,080</u>	<u>\$ 717,492</u>
Total Capital Leases				<u>\$ 4,537,080</u>	<u>\$ 717,492</u>
Fayetteville Tech Comm College Installment Note (BofA)	Installment Note	FTCC Renovations	01/18/13	\$ 3,198,130	\$ 959,439
Fayetteville Tech Comm College Installment Note (PNC)	Installment Note	Purchase Building	10/09/14	<u>3,000,000</u>	<u>2,400,000</u>
Total Installment Notes				<u>\$ 6,198,130</u>	<u>\$ 3,359,439</u>
				<u>\$ 216,495,210</u>	<u>\$ 113,114,431</u>
Enterprise Funds					
Crown Coliseum COPS Refunding Series 2009B	COPS	Refinance	05/13/09	\$ 37,090,000	\$ 24,255,000
Total Certificates of Participation				<u>\$ 37,090,000</u>	<u>\$ 24,255,000</u>
Crown - Build America Bonds	ARRA	Mechanical Upgrades	05/14/10	\$ 1,980,000	\$ 792,000
Crown - Recovery Zone Economic Development Bonds	ARRA	Mechanical Upgrades	05/14/10	<u>1,138,000</u>	<u>455,200</u>
Total American Recovery & Reinvestment Bonds				<u>\$ 3,118,000</u>	<u>\$ 1,247,200</u>
NORCRESS		Sanitary Sewer	08/22/05	<u>\$ 1,250,000</u>	<u>\$ 1,097,000</u>
Total USDA General Obligation Bonds				<u>\$ 1,250,000</u>	<u>\$ 1,097,000</u>
Southpoint Water Project - NC Clean Drinking Water Fund	Installment Note	Southpoint Water	05/20/13	\$ 100,323	\$ 84,924
Total Installment Notes				<u>\$ 100,323</u>	<u>\$ 84,924</u>
Total Enterprise Funds				<u>\$ 41,558,323</u>	<u>\$ 26,684,124</u>
Total All Funds				<u>\$ 258,053,533</u>	<u>\$ 139,798,555</u>

General Fund Debt Service Projections

Debt	FY2016 Actual	FY2017 Adopted	FY2018 Proposed	FY2019 Proposed	FY2020 Proposed
Schools					
COPS Series 2009A (New Century Elementary)	\$ 1,441,871	\$ 1,403,541	\$ 1,371,412	\$ 1,337,592	\$ 1,302,081
G.O. Refunding Series 2009	5,487,300	5,050,500	-	-	-
Qualified School Construction Bonds Series 2009	1,192,500	1,192,500	1,192,500	1,192,500	1,192,500
Qualified School Construction Bonds Series 2011A	1,890,105	1,890,105	1,890,105	1,890,105	1,890,105
G.O. Refunding Series 2011	1,080,400	1,056,250	2,830,600	2,715,975	2,606,975
COPS Refunding Series 2011B (Gray's Creek Middle School)	1,507,863	1,464,813	1,425,188	1,379,438	1,338,563
G.O. Refunding Series 2014	1,997,339	1,994,370	4,059,946	3,828,837	-
	<u>14,597,378</u>	<u>14,052,079</u>	<u>12,769,751</u>	<u>12,344,447</u>	<u>8,330,224</u>
Community College					
FTCC Capital Renovations 2013	655,601	648,501	321,588	-	-
FTCC Building Acquisition 2014	638,100	630,988	623,178	615,452	607,726
	<u>1,293,701</u>	<u>1,279,489</u>	<u>944,766</u>	<u>615,452</u>	<u>607,726</u>
Libraries					
COPS Series 2009A (\$5.285M) (West Regional Branch Library)	444,654	432,834	422,926	412,496	401,544
G.O. Refunding Series 2014	213,496	213,179	433,969	409,265	-
	<u>658,150</u>	<u>646,013</u>	<u>856,895</u>	<u>821,761</u>	<u>401,544</u>
Social Services Building					
COPS Refunding Series 2009B (\$20.930M)	2,765,050	2,761,175	2,763,200	-	-
	<u>2,765,050</u>	<u>2,761,175</u>	<u>2,763,200</u>	<u>-</u>	<u>-</u>
Detention Center					
COPS Refunding Series 2009B (\$31.470M)	2,874,500	2,762,688	2,646,788	2,531,888	2,419,638
	<u>2,874,500</u>	<u>2,762,688</u>	<u>2,646,788</u>	<u>2,531,888</u>	<u>2,419,638</u>
Public Health Facility					
COPS Refunding Series 2011B	1,974,500	1,915,875	1,858,875	1,798,125	1,742,250
	<u>1,974,500</u>	<u>1,915,875</u>	<u>1,858,875</u>	<u>1,798,125</u>	<u>1,742,250</u>
Energy Savings Project					
SunTrust Capital Lease (Energy Savings Project)	497,322	497,322	248,661	-	-
	<u>497,322</u>	<u>497,322</u>	<u>248,661</u>	<u>-</u>	<u>-</u>
Capital Improvement Projects					
Governmental Capital Improvement Projects	-	746,376	1,492,750	1,492,750	1,492,750
	<u>-</u>	<u>746,376</u>	<u>1,492,750</u>	<u>1,492,750</u>	<u>1,492,750</u>
General Fund Debt Service	<u><u>\$ 24,660,601</u></u>	<u><u>\$ 24,661,017</u></u>	<u><u>\$ 23,581,686</u></u>	<u><u>\$ 19,604,423</u></u>	<u><u>\$ 14,994,132</u></u>

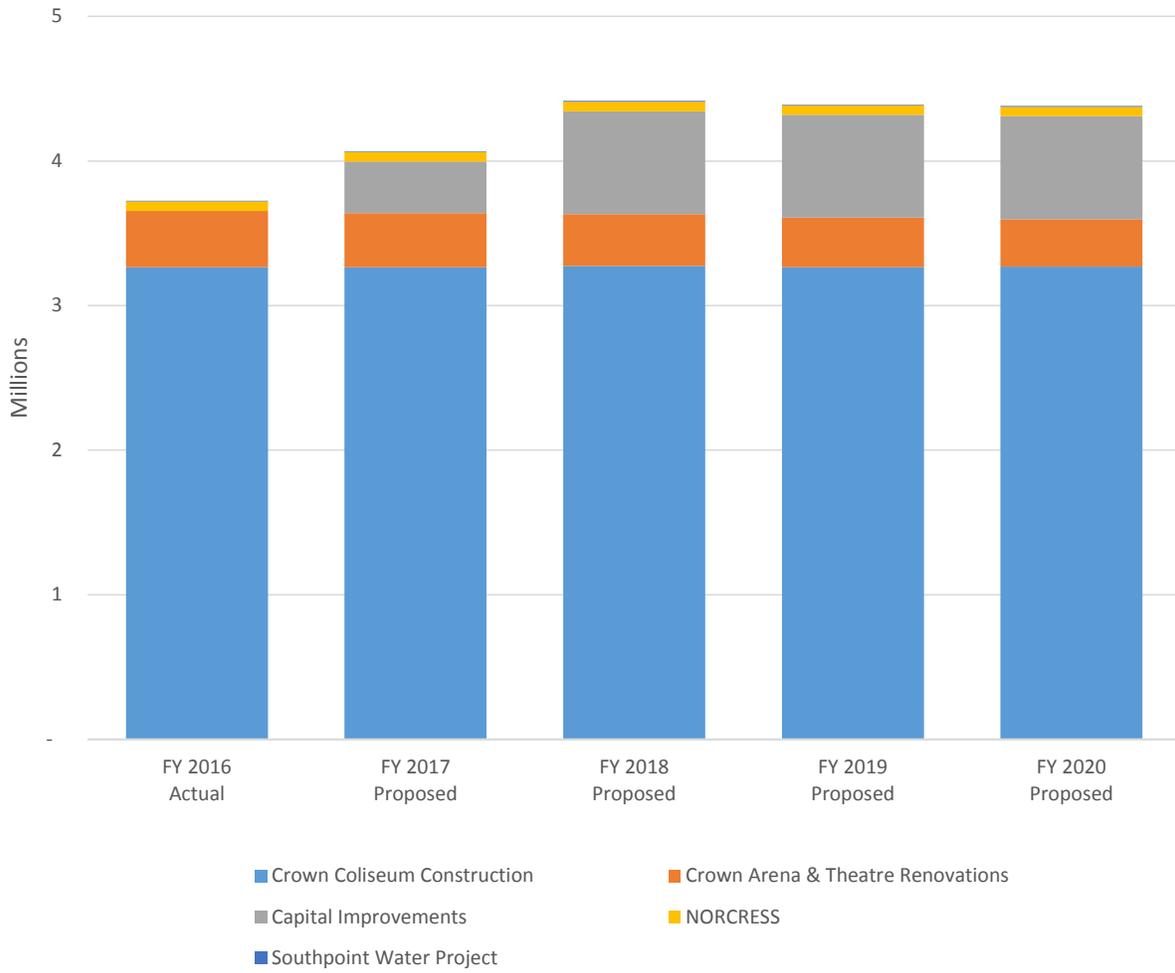
General Fund Debt Service Projections



Enterprise Fund Debt Service Projections

Debt	FY2016 Actual	FY2017 Adopted	FY2018 Proposed	FY2019 Proposed	FY2020 Proposed
Crown Complex					
COPS Refunding Series 2009B (\$37.09M)	\$ 3,265,663	\$ 3,266,125	\$ 3,274,075	\$ 3,265,375	\$ 3,270,125
Build America Bonds (before 35% interest rebate)	246,807	237,046	227,284	217,523	207,761
Recovery Zone Econ Dev Bonds (before 45% interest rebate)	141,852	136,242	130,631	125,021	119,410
Capital Improvement Projects	-	356,138	712,274	712,274	712,274
Total Crown Complex	<u>3,654,322</u>	<u>3,995,551</u>	<u>4,344,264</u>	<u>4,320,193</u>	<u>4,309,570</u>
Water & Sewer Projects					
NORCRESS	66,076	66,252	66,385	65,478	65,570
Southpoint Water	4,996	4,996	4,996	4,996	4,996
Total Water & Sewer Projects	<u>71,072</u>	<u>71,248</u>	<u>71,381</u>	<u>70,474</u>	<u>70,566</u>
Enterprise Funds Debt Service	<u>\$ 3,725,394</u>	<u>\$ 4,066,799</u>	<u>\$ 4,415,645</u>	<u>\$ 4,390,667</u>	<u>\$ 4,380,136</u>

Enterprise Funds Debt Service Projections



The County has annual debt payments of \$4,996 through FY2033 for the Southpoint Water Project. However, these payments are too small to visibly plot on the above graph.