

## 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, 2015 is \$34,857,000 and is significantly less than the legal debt limit of slightly more than \$1 billion. Excluding discrete component units, total debt service payments represent 5.28% of total final budget expenditures for FY 2015 and 5.67% of adopted budget expenditures for FY 2016. 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.

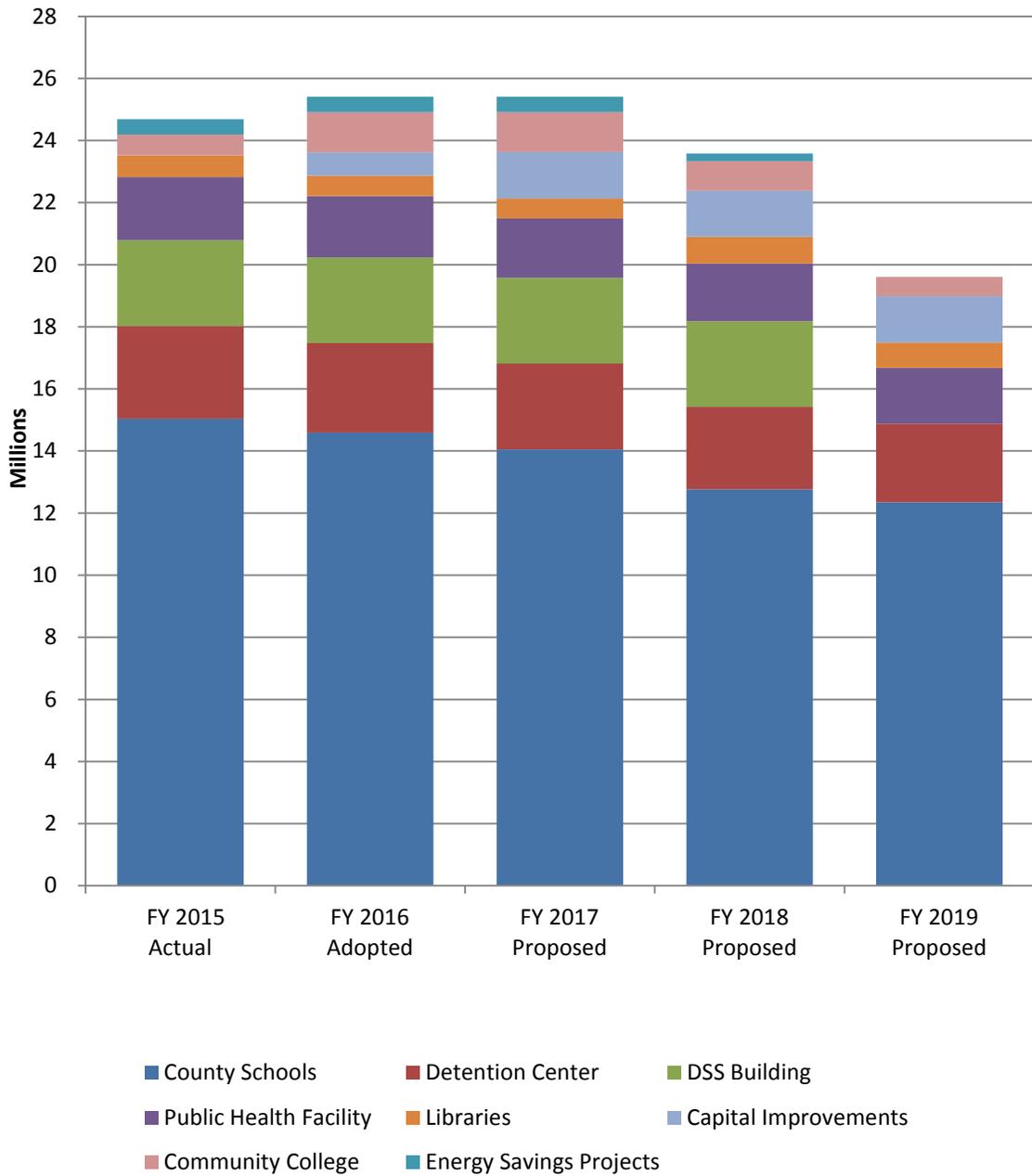
## Summary of Current Debt

|   | Type<br>of Debt  | Purpose<br>of the Debt | Date<br>of Issue | Original<br>Amount           | Balance<br>6/30/15           |
|---|------------------|------------------------|------------------|------------------------------|------------------------------|
| <b>General Fund</b>                                     |                  |                        |                  |                              |                              |
| Schools - Refunding Series 2009                         | G.O. Bonds       | Refinance              | 07/08/09         | \$ 34,670,000                | \$ 9,855,000                 |
| Schools - Refunding Series 2011                         | G.O. Bonds       | Refinance              | 07/12/11         | 12,735,000                   | 11,235,000                   |
| Schools - Refunding Series 2014                         | G.O. Bonds       | Refinance              | 02/20/14         | <u>13,614,720</u>            | <u>11,428,415</u>            |
| <b>Total School G.O. Bonds</b>                          |                  |                        |                  | <b><u>61,019,720</u></b>     | <b><u>32,518,415</u></b>     |
| NORCRESS Sanitary Sewer                                 | G.O. Bonds       | Sanitary Sewer         | 08/22/05         | \$ 1,250,000                 | \$ 1,117,000                 |
| Library - Refunding Series 2014                         | G.O. Bonds       | Refinance              | 02/20/14         | <u>1,455,280</u>             | <u>1,221,585</u>             |
| <b>Total Other G.O. Bonds</b>                           |                  |                        |                  | <b><u>2,705,280</u></b>      | <b><u>2,338,585</u></b>      |
|   |                  |                        |                  | <b><u>\$ 63,725,000</u></b>  | <b><u>\$ 34,857,000</u></b>  |
| <b>Total General Obligation Bonds</b>                   |                  |                        |                  |                              |                              |
| New Century International Elementary School             | COPS             | Schools                | 03/25/09         | \$ 17,139,835                | \$ 12,626,236                |
| West Regional Branch Library                            | COPS             | Library Facilities     | 03/25/09         | <u>5,285,165</u>             | <u>3,893,764</u>             |
| <b>Total COPS Series 2009A</b>                          |                  |                        |                  | <b><u>22,425,000</u></b>     | <b><u>16,520,000</u></b>     |
| DSS Building  | COPS             | Refinance              | 05/13/09         | 20,930,000                   | 7,845,000                    |
| Detention Center  | COPS             | Refinance              | 05/13/09         | <u>31,470,000</u>            | <u>18,235,000</u>            |
| <b>Total COPS Refunding Series 2009B</b>                |                  |                        |                  | <b><u>52,400,000</u></b>     | <b><u>26,080,000</u></b>     |
| Gray's Creek Middle School                              | COPS             | Refinance              | 07/14/12         | 16,630,000                   | 12,600,000                   |
| Public Health Center                                    | COPS             | Refinance              | 07/14/12         | <u>21,125,000</u>            | <u>15,925,000</u>            |
| <b>Total COPS Refunding Series 2011B</b>                |                  |                        |                  | <b><u>37,755,000</u></b>     | <b><u>28,525,000</u></b>     |
|   |                  |                        |                  | <b><u>\$ 112,580,000</u></b> | <b><u>\$ 71,125,000</u></b>  |
| <b>Total Certificates of Participation (COPS)</b>       |                  |                        |                  |                              |                              |
| Schools - 2009 QSCB (Tax Credit COPS)                   | ARRA             | Schools                | 12/15/09         | \$ 15,900,000                | \$ 10,931,250                |
| Schools - 2011A QSCB (Limited Obligation COPS)          | ARRA             | Schools                | 01/26/11         | <u>14,805,000</u>            | <u>10,857,000</u>            |
| <b>Total American Recovery &amp; Reinvestment Bonds</b> |                  |                        |                  | <b><u>\$ 30,705,000</u></b>  | <b><u>\$ 21,788,250</u></b>  |
| SunTrust Energy Savings                                 | Capital Lease    | Energy Conservation    | 12/09/04         | \$ 4,537,080                 | \$ 1,172,988                 |
| <b>Total Capital Leases</b>                             |                  |                        |                  | <b><u>\$ 4,537,080</u></b>   | <b><u>\$ 1,172,988</u></b>   |
| Fayetteville Tech Comm College Installment Note (BofA)  | Installment Note | FTCC Renovations       | 01/18/13         | \$ 3,198,130                 | \$ 1,599,065                 |
| Fayetteville Tech Comm College Installment Note (PNC)   | Installment Note | Purchase Building      | 10/09/14         | <u>3,000,000</u>             | <u>3,000,000</u>             |
| <b>Total Installment Notes</b>                          |                  |                        |                  | <b><u>\$ 6,198,130</u></b>   | <b><u>\$ 4,599,065</u></b>   |
|   |                  |                        |                  | <b><u>\$ 217,745,210</u></b> | <b><u>\$ 133,542,303</u></b> |
| <b>Total General Fund</b>                               |                  |                        |                  |                              |                              |
| <b>Enterprise Funds</b>                                 |                  |                        |                  |                              |                              |
| Crown Coliseum COPS Refunding Series 2009B              | COPS             | Refinance              | 05/13/09         | \$ 37,090,000                | \$ 26,420,000                |
| <b>Total Certificates of Participation</b>              |                  |                        |                  | <b><u>\$ 37,090,000</u></b>  | <b><u>\$ 26,420,000</u></b>  |
| Crown - Build America Bonds                             | ARRA             | Mechanical Upgrades    | 05/14/10         | \$ 1,980,000                 | \$ 990,000                   |
| Crown - Recovery Zone Economic Development Bonds        | ARRA             | Mechanical Upgrades    | 05/14/10         | <u>1,138,000</u>             | <u>569,000</u>               |
| <b>Total American Recovery &amp; Reinvestment Bonds</b> |                  |                        |                  | <b><u>\$ 3,118,000</u></b>   | <b><u>\$ 1,559,000</u></b>   |
| Southpoint Water Project - NC Clean Drinking Water Fund | Installment Note | Southpoint Water       | 05/20/13         | <u>\$ 100,323</u>            | <u>\$ 89,919</u>             |
| <b>Total Installment Notes</b>                          |                  |                        |                  | <b><u>\$ 100,323</u></b>     | <b><u>\$ 89,919</u></b>      |
|   |                  |                        |                  | <b><u>\$ 40,308,323</u></b>  | <b><u>\$ 28,068,919</u></b>  |
| <b>Total Enterprise Funds</b>                           |                  |                        |                  |                              |                              |
|   |                  |                        |                  | <b><u>\$ 258,053,533</u></b> | <b><u>\$ 161,611,222</u></b> |
| <b>Total All Funds</b>                                  |                  |                        |                  |                              |                              |

## General Fund Debt Service Projections

| Debt  | FY2015<br>Actual     | FY2016<br>Adopted    | FY2017<br>Proposed   | FY2018<br>Proposed   | FY2019<br>Proposed   |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Schools</b>  |                      |                      |                      |                      |                      |
| COPS Series 2009A (New Century Elementary)                  | \$ 1,477,946         | \$ 1,441,871         | \$ 1,403,541         | \$ 1,371,412         | \$ 1,337,592         |
| G.O. Refunding Series 2009                                  | 5,432,650            | 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                                  | 1,117,200            | 1,080,400            | 1,056,250            | 2,830,600            | 2,715,975            |
| COPS Refunding Series 2011B (Gray's Creek Middle School)    | 1,550,863            | 1,507,863            | 1,464,813            | 1,425,188            | 1,379,438            |
| G.O. Refunding Series 2014                                  | 2,375,550            | 1,997,339            | 1,994,370            | 4,059,947            | 3,828,837            |
|   | <b>15,036,814</b>    | <b>14,597,378</b>    | <b>14,052,079</b>    | <b>12,769,752</b>    | <b>12,344,447</b>    |
| <b>Community College</b>                                    |                      |                      |                      |                      |                      |
| FTCC Capital Renovations 2013                               | 662,701              | 655,601              | 648,501              | 321,588              | -                    |
| FTCC Building Acquisition 2014                              | -                    | 641,910              | 630,988              | 623,178              | 615,452              |
|   | <b>662,701</b>       | <b>1,297,511</b>     | <b>1,279,489</b>     | <b>944,766</b>       | <b>615,452</b>       |
| <b>Libraries</b>  |                      |                      |                      |                      |                      |
| COPS Series 2009A (\$5.285M) (West Regional Branch Library) | 455,779              | 444,654              | 432,834              | 422,926              | 412,496              |
| G.O. Refunding Series 2014                                  | 253,923              | 213,496              | 213,179              | 433,968              | 409,265              |
|   | <b>709,702</b>       | <b>658,150</b>       | <b>646,013</b>       | <b>856,894</b>       | <b>821,761</b>       |
| <b>Social Services Building</b>                             |                      |                      |                      |                      |                      |
| COPS Refunding Series 2009B (\$20.930M)                     | 2,758,075            | 2,765,050            | 2,761,175            | 2,763,200            | -                    |
|   | <b>2,758,075</b>     | <b>2,765,050</b>     | <b>2,761,175</b>     | <b>2,763,200</b>     | <b>-</b>             |
| <b>Detention Center</b>                                     |                      |                      |                      |                      |                      |
| COPS Refunding Series 2009B (\$31.470M)                     | 2,988,088            | 2,874,500            | 2,762,688            | 2,646,788            | 2,531,888            |
|   | <b>2,988,088</b>     | <b>2,874,500</b>     | <b>2,762,688</b>     | <b>2,646,788</b>     | <b>2,531,888</b>     |
| <b>Public Health Facility</b>                               |                      |                      |                      |                      |                      |
| COPS Refunding Series 2011B                                 | 2,033,800            | 1,974,500            | 1,915,875            | 1,858,875            | 1,798,125            |
|   | <b>2,033,800</b>     | <b>1,974,500</b>     | <b>1,915,875</b>     | <b>1,858,875</b>     | <b>1,798,125</b>     |
| <b>Energy Savings Project</b>                               |                      |                      |                      |                      |                      |
| SunTrust Capital Lease (Energy Savings Project)             | 497,322              | 497,322              | 497,322              | 248,661              | -                    |
|   | <b>497,322</b>       | <b>497,322</b>       | <b>497,322</b>       | <b>248,661</b>       | <b>-</b>             |
| <b>Capital Improvement Projects</b>                         |                      |                      |                      |                      |                      |
| Governmental Capital Improvement Projects                   | -                    | 746,376              | 1,492,750            | 1,492,750            | 1,492,750            |
|   | <b>-</b>             | <b>746,376</b>       | <b>1,492,750</b>     | <b>1,492,750</b>     | <b>1,492,750</b>     |
| <b>General Fund Debt Service</b>                            | <b>\$ 24,686,502</b> | <b>\$ 25,410,787</b> | <b>\$ 25,407,391</b> | <b>\$ 23,581,686</b> | <b>\$ 19,604,423</b> |

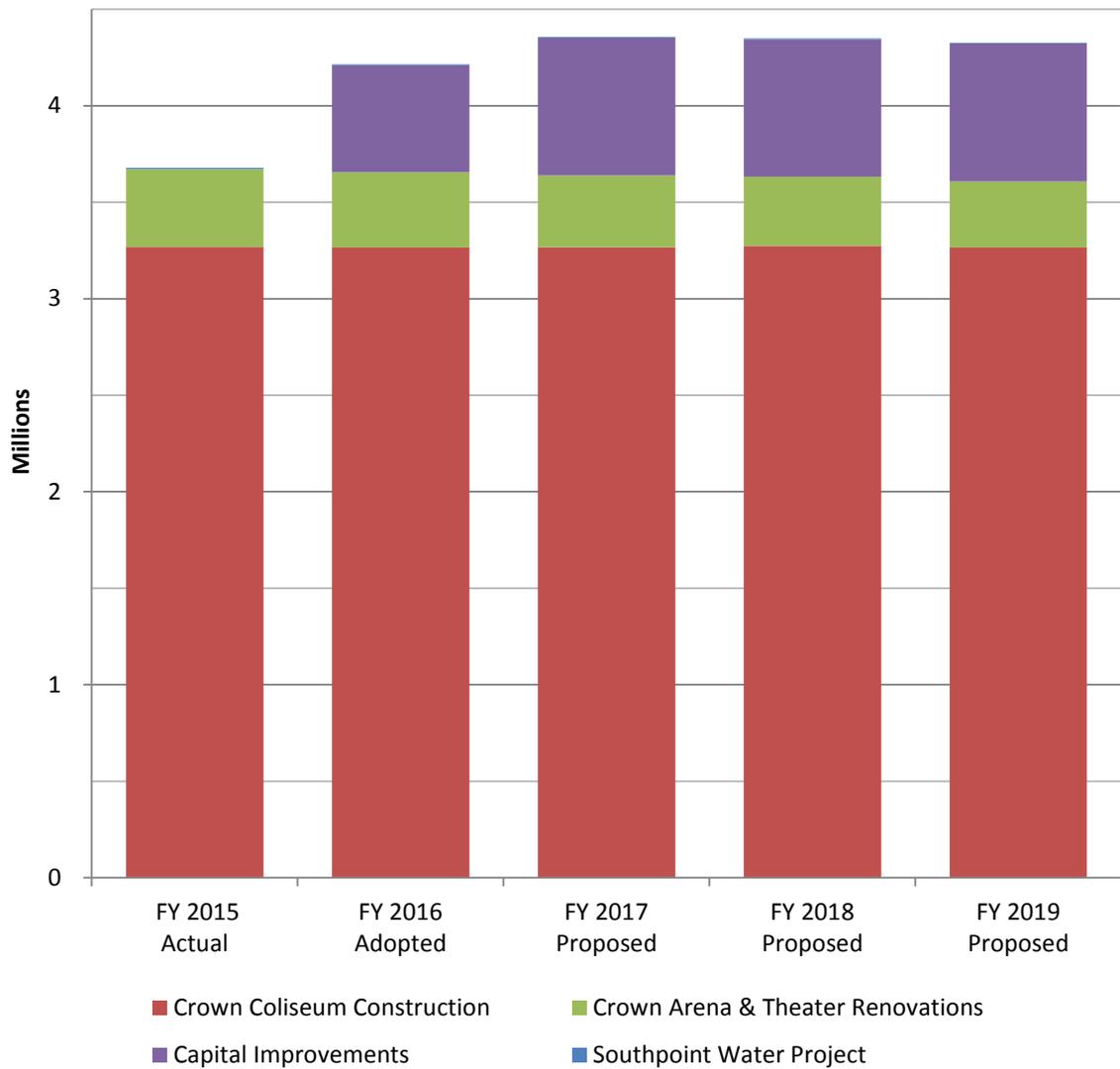
## General Fund Debt Service Projections



## Enterprise Fund Debt Service Projections

| Debt  | FY2015<br>Actual    | FY2016<br>Adopted   | FY2017<br>Proposed  | FY2018<br>Proposed  | FY2019<br>Proposed  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Crown Complex</b>                                      |                     |                     |                     |                     |                     |
| COPS Refunding Series 2009B (\$37.09M)                    | \$ 3,268,175        | \$ 3,265,663        | \$ 3,266,125        | \$ 3,274,075        | \$ 3,265,375        |
| Build Americal Bonds (before 35% interest rebate)         | 256,569             | 246,807             | 237,046             | 227,284             | 217,523             |
| Recovery Zone Econ Dev Bonds (before 45% interest rebate) | 147,463             | 141,852             | 136,242             | 130,631             | 125,021             |
| Capital Improvement Projects                              |                     | 356,138             | 712,274             | 712,274             | 712,274             |
| <b>Total Crown Complex</b>                                | <u>3,672,207</u>    | <u>4,010,460</u>    | <u>4,351,687</u>    | <u>4,344,264</u>    | <u>4,320,193</u>    |
| <b>Southpoint Water Project</b>                           |                     |                     |                     |                     |                     |
| NC Clean Water Drinking Loan                              | 4,996               | 4,996               | 4,996               | 4,996               | 4,996               |
| <b>Total Southpoint Water Project</b>                     | <u>4,996</u>        | <u>4,996</u>        | <u>4,996</u>        | <u>4,996</u>        | <u>4,996</u>        |
| <b>Enterprise Funds Debt Service</b>                      | <u>\$ 3,677,203</u> | <u>\$ 4,015,456</u> | <u>\$ 4,356,683</u> | <u>\$ 4,349,260</u> | <u>\$ 4,325,189</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.