

## DEBT SERVICE

General Fund debt service is responsible for the accumulation and appropriation of resources for repayment of general long-term debt other than debt accounted for in the Enterprise Funds. Debt service payments include principal, interest and other related charges. Debt service for all governmental funds, except Mental Health, is budgeted in the General Fund and is paid from General Fund revenue. Mental Health debt service is paid from Mental Health revenue. In general, debt service for the Enterprise Funds is budgeted in the appropriate Enterprise Fund and is paid from revenue generated by the respective Enterprise Fund. However, debt service for the Coliseum is partially funded with General Fund revenue. The types of long-term debt budgeted in the General Fund include general obligation bonds, certificates of participation, capital leases, and promissory notes. Debt service for certificates of participation used to finance construction of the Coliseum is budgeted in the appropriate 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, 2006 is \$106,165,000 which is significantly less than the legal limit of approximately \$1,091,792,830. Total debt service payments represent 4.57% of total actual expenditures for FY 2006 and 4.83% of budgeted expenditures for FY 2007. The County believes that the debt obligations of the County are prudent and remain within manageable levels.

In July 2002, the North Carolina Municipal Council upgraded its debt rating for the County from 85 to 86. In February 2000, Moody's upgraded the County's debt rating from A1 to Aa3. In September 1999, the County received an upgrade of its debt rating by Standard & Poors from A+ to AA-. The ratings remain in effect as of June 30, 2006. The County does not currently anticipate any changes in the ratings.

The following is a summary of the major debt obligations incurred by the County during the last ten fiscal years ended June 30, 2006:

<b>FY</b>	<b>Amount</b>	<b>Type of Debt</b>	<b>Purpose of Debt Issue</b>	<b>Balance</b>
1998	\$53,180,000	G.O. Bonds	School Construction	\$34,780,000
1998	11,400,000	G.O. Bonds (partly defeased)	Library Construction	600,000
1998	37,350,000	COPS	Social Services Building	27,150,000
1998	23,325,000	G.O. Refunding Bonds	Refinance School Debt	13,825,000
1999	52,950,000	COPS Refunding	Refinance Coliseum Debt	47,265,000
2000	29,945,000	G.O. Bonds (partly defeased)	School Construction	4,700,000
2000	51,615,000	COPS (fully defeased)	Jail / Mental Health Facility	0
2001	50,780,000	COPS Refunding	Refinance Jail / MH Debt	39,325,000
2003	14,875,000	G.O. Bonds	School Construction	13,375,000
2005	5,075,000	G.O. Bonds (2/3)	School Classroom Additions	4,875,000
2005	35,505,000	G.O. Refunding Bonds	Refinance School, Community College and Library Debt	34,010,000
2005	4,537,080	Capital Lease	Energy Savings Project	4,562,231
2006	4,300,000	Note Payable	Local Match on Community College State Bonds	4,300,000

During FY 2007, the County may issue Certificates of Participation to finance additional school construction. The probability, amount, and timing of any such debt issue are uncertain.