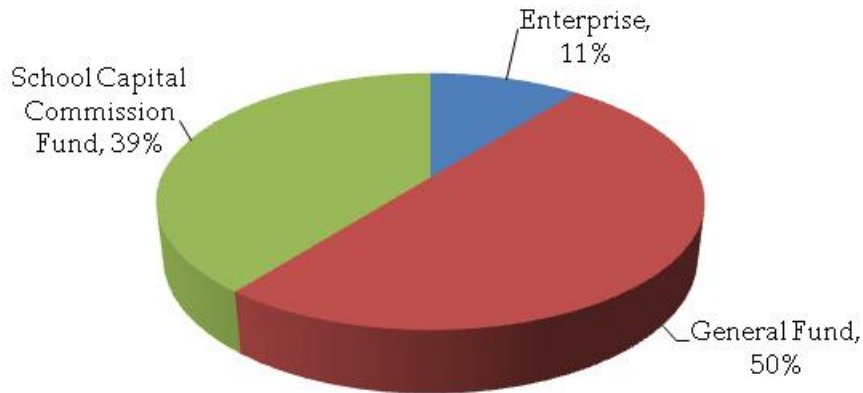


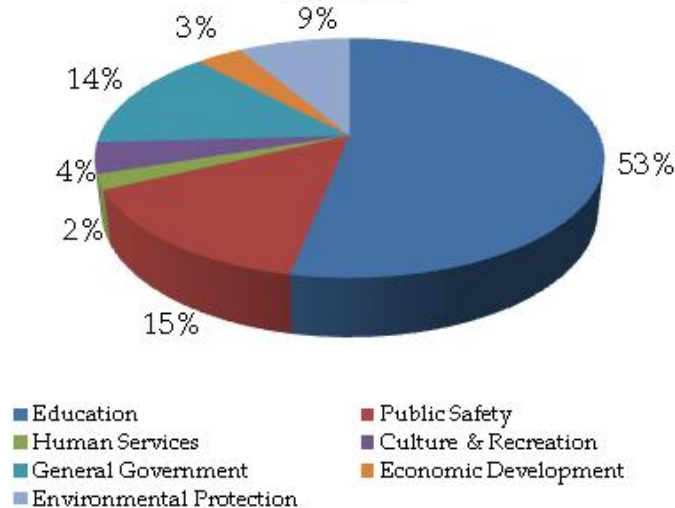
# Debt Service

Debt Service is an accounting function established in the General Fund, E911 Fund, CJIS Fund, Parking Deck Fund, School Capital Commission Capital Projects Fund and Solid Waste Fund to record retirement of the County’s debt obligations. Costs associated with each type of debt (general obligation debt, lease purchase payments, and other long-term financing) include principal and interest payments as well as administrative cost associated with selling bonds. Anticipated debt, not yet issued, can be seen in the Capital Improvement Program section of the budget document.

**Principal & Interest By Fund  
FY2011**



**Principal & Interest By Function  
FY2011**



## Debt Policy

Debt policies, as part of a set of comprehensive fiscal policies formally adopted by the Board of County Commissioners, include the following:

- \* Capital projects, financed through the issuance of bonds, shall be financed for a period not to exceed the expected useful life of the project.
- \* The general obligation debt shall not exceed 2.0 percent of the assessed valuation of the taxable property of the County.
- \* Annual general obligation debt service shall not exceed 15.0 percent of the total, non-enterprise, operating expenditures.
- \* The County shall attempt to utilize the lease/purchase of capital outlay when the terms of the lease/purchase are lower than the average ninety (90) day certificate of deposit rate.
- \* The County shall maintain good communications with bond rating agencies about its financial condition.

Buncombe County  
Annual Debt Service Requirements to Maturity  
**Governmental Activities**

*General Obligation Bonds*

Year Ending June 30	Principal	Interest
2011	\$ 5,705,000	\$ 2,230,920
2012	7,444,000	1,948,920
2013	6,379,000	1,684,440
2014	6,319,000	1,481,200
2015	6,259,000	1,275,405
2016-2020	16,309,000	4,368,528
2021-2025	13,420,000	1,690,656
2026-2030	2,400,000	48,000
	<u>\$ 64,235,000</u>	<u>\$ 14,728,069</u>

*Installment Note Obligations*

2011	\$ 10,845,000	\$ 3,743,760
2012	10,900,000	3,393,029
2013	10,355,000	3,056,757
2014	8,210,000	2,683,515
2015	7,480,000	2,396,678
2016-2020	37,245,000	9,720,013
2021-2025	26,995,000	7,097,771
2026-2030	12,585,000	1,387,147
	<u>\$ 124,615,000</u>	<u>\$ 33,478,670</u>

Buncombe County  
Annual Debt Service Requirements to Maturity  
**Business-Type Activities**

*Special Obligation Bonds*

Year Ending June 30	Principal	Interest
2011	\$ 1,995,000	\$ 281,931
2012	1,305,000	207,726
2013	1,345,000	162,413
2014	1,400,000	115,126
2015	1,460,000	57,126
	<u>\$ 7,505,000</u>	<u>\$ 824,322</u>

*Installment Note Obligations*

2011	\$ 605,000	612,706.00
2012	620,000	588,506
2013	415,000	563,706
2014	430,000	547,106
2015	450,000	529,906
2016-2020	2,530,000	2,357,550
2021-2025	3,125,000	1,768,332
2026-2030	3,890,000	999,482
2031-2032	1,825,000	131,101
	<u>\$ 13,890,000</u>	<u>\$ 8,098,396</u>

**BUNCOMBE COUNTY  
GENERAL OBLIGATION BONDS  
JUNE 30, 2010**

Description	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Airport Bonds, 1991 \$2,000,000 issue, interest at 6% to 6.5% payable semiannually, due serially to 2021.	\$ 300,000	\$ -	\$ 100,000	\$ 200,000
Refunding Bonds, 1993 \$52,870,000 issue, interest at 5.1% payable semiannually, due serially to 2010.	1,385,000	-	1,385,000	-
Refunding Bonds, 1996 \$5,495,000 issue, interest at 4.5% to 5.0% payable semiannually, due serially to 2011.	885,000	-	445,000	440,000
School Bonds, 2000 issue, interest at 4.7% to 5.0% payable semiannually, due serially to 2014.	10,400,000	-	10,400,000	-
Public Improvement (Libraries), 2000 \$3,950,000 issue, interest at 4.5% to 4.7% payable semiannually, due serially beginning 2002 to 2009.	500,000	-	500,000	-
Refunding Bonds, 2001 \$12,365,000 issue, interest at 4.0% to 4.4% payable semiannually due serially to 2012.	6,215,000	-	2,445,000	3,770,000
Refunding Bonds, 2002 \$24,500,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	22,226,683	-	402,994	21,823,689
School Bonds, 2002 \$15,000,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	13,623,317	-	247,006	13,376,311
Public Improvement, 2002 \$4,340,000 issue, interest at 4% payable semiannually, due serially to 2014.	500,000	-	100,000	400,000

**BUNCOMBE COUNTY  
GENERAL OBLIGATION BONDS  
JUNE 30, 2010**

Description	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Refunding Bonds, 2005 \$12,430,000 issue, interest at 3% to 3.5% payable semiannually, due serially to 2015.	7,545,000	-	1,890,000	5,655,000
Public Improvement, 2005 \$5,835,000 issue, interest at 3% to 4% payable semiannually, due serially to 2020.	4,280,000	-	390,000	3,890,000
Qualified School Construction Bond, 2009 \$5,685,000 issue, interest at 0.50% payable semiannually, due serially to 2020.	-	5,685,000	-	5,685,000
Refunding Bonds, 2009 \$8,995,000 issue, interest at 2% to 3% payable semiannually, due serially to 2014.	-	8,995,000	-	8,995,000
<b>Total general obligation bonds</b>	<b>\$ 67,860,000</b>	<b>\$ 14,680,000</b>	<b>\$ 18,305,000</b>	<b>\$ 64,235,000</b>

**BUNCOMBE COUNTY  
INSTALLMENT NOTE OBLIGATIONS  
JUNE 30, 2010**

Description	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
COPS 1998, refunding \$37,020,000 issue, interest at 3.65% to 5.0% payable semiannually to 2012	\$ 8,470,000	\$ -	\$ 8,470,000	\$ -
COPS 2003, detention center and other improvements, \$19,620,000 issue, interest at 2.0% to 5.0% payable semiannually to 2023.	13,750,000	-	1,355,000	12,395,000
Server, 2005 \$1,685,000 issue, interest at 3.33% payable semiannually to 2010.	359,634	-	359,634	-
COPS 2005, detention center \$14,500,000 issue, interest at 2.75% to 5.0% payable semiannually to 2025. A premium of \$393,944 is reported as an increase to long- term debt and will be amortized over ht elife of the debt.	11,610,000	-	745,000	10,865,000
COPS 2006, schools and community college \$51,985,000 issue, interest at 3.5% to 5.0% payable to 2026. A premium of \$2,223,983 is reported as an increase to long-term debt and will be amortized over the life of the debt.	42,685,000	-	3,100,000	39,585,000
COPS 2007, general government buildings and equipment, \$6,830,000 issue, interest at 4.0% to 4.75% payable to 2027.	5,430,000	-	850,000	4,580,000
General govermet buildings, 2008 \$6,625,000, interest at 3.26%, payable in 2009	6,625,000	-	6,625,000	-
COPS 2009A, general government buildings and equipment, \$12,065,000 issue, interest at 4.0% to 5.0% payable semiannually to 2029.	-	12,065,000	840,000	11,225,000
COPS 2009B, refunding \$8,120,000 issue, interest at 4.0% to 5.0% payable semiannually to 2013	-	8,120,000	1,960,000	6,160,000
LOBS 2009C, schools and general government building, \$36,465,000 issue, interest at 1.60% to 6.50% payable semianually to 2030	-	36,465,000	-	36,465,000
LOBS 2009D, general government building, \$3,340,000 issue, interest at 1.60% to 6.50% payable semiannually to 2017	-	3,340,000	-	3,340,000
<b>Total installment note obligations</b>	<b>\$ 88,929,634</b>	<b>\$ 59,990,000</b>	<b>\$ 24,304,634</b>	<b>\$ 124,615,000</b>

Buncombe County, North Carolina  
 LEGAL DEBT MARGIN  
 June 30, 2010

<b>Imposed by State of North Carolina General Statutes</b>	
Assessed value of taxable property	<u><u>\$ 28,841,166,965</u></u>
Debt limit- Eight Percent (8%) of assessed value	<u>2,307,293,357</u>
Gross debt:	
Total bonded debt	64,742,808
Authorized and unissued bonds (1)	915,000
Installment Purchase Agreements	<u>125,994,602</u>
	191,652,410
Less: Authorized and unissued bonds (1)	<u>915,000</u>
Total amount of debt applicable to debt limit (net debt)	<u>190,737,410</u>
Legal debt margin	<u><u>\$ 2,116,555,947</u></u>
<b>Percentage of total debt outstanding to legal debt limit</b>	<b>8.27%</b>

<b>Imposed by Buncombe County Board of Commissioners</b>	
Assessed value of taxable property	<u><u>\$ 28,841,166,965</u></u>
Debt limit- Two Percent (2%) of assessed value	<u>576,823,339</u>
Gross debt:	
Total bonded debt	64,742,808
Authorized and unissued bonds (1)	<u>915,000</u>
	65,657,808
Less: Authorized and unissued bonds (1)	<u>915,000</u>
Total amount of debt applicable to debt limit (net debt)	<u>64,742,808</u>
Legal debt margin	<u><u>\$ 512,080,531</u></u>
<b>Percentage of bonded debt outstanding to legal debt limit</b>	<u><u>11.22%</u></u>

## Debt Service Schedule

Purpose	Original Issue	Principal Outstanding 07/01/10	FY 2011 Debt Service Requirement		
			Principal	Interest	Total
<b>Education</b>					
2009A Qualified School Construction	5,685,000	5,685,000	-	28,425	28,425
2009A General Obligation	8,995,000	8,995,000	70,000	273,750	343,750
2005A General Obligation	421,520	281,014	28,174	10,325	38,499
2005B General Obligation	12,430,000	5,655,000	1,500,000	182,095	1,682,095
2002B General Obligation	39,500,000	35,200,000	700,000	1,394,000	2,094,000
2001 General Obligation	12,365,000	3,770,000	2,405,000	163,475	2,568,475
1996 General Obligation	5,495,000	440,000	440,000	22,000	462,000
2009C Limited Obligation	30,850,010	30,850,010	1,307,096	1,574,653	2,881,750
2006 Certificates of Participation	51,314,757	39,074,631	2,744,157	1,893,882	4,638,040
2003 Certificates of Participation	515,614	325,741	31,142	13,933	45,074
<b>Total Education</b>	<b>167,571,901</b>	<b>130,276,395</b>	<b>9,225,569</b>	<b>5,556,538</b>	<b>14,782,107</b>
<b>Public Safety</b>					
2005A General Obligation	2,500,000	1,666,667	167,095	61,236	228,331
2009B Certificates of Participation	3,476,416	2,637,281	839,135	131,864	970,999
2007 Certificates of Participation	3,800,011	3,154,436	248,495	137,220	385,715
2005 Certificates of Participation	14,500,000	10,865,000	725,000	470,898	1,195,898
2003 Certificates of Participation	15,266,204	9,644,475	922,041	412,516	1,334,557
<b>Total Public Safety</b>	<b>39,542,631</b>	<b>27,967,858</b>	<b>2,901,766</b>	<b>1,213,734</b>	<b>4,115,500</b>
<b>Human Services</b>					
2005A General Obligation	2,913,480	1,942,320	194,731	71,364	266,095
2002A General Obligation	1,581,778	145,786	36,447	4,100	40,547
2009B Certificates of Participation	903,618	685,503	218,115	34,275	252,390
<b>Total Human Services</b>	<b>5,398,876</b>	<b>2,773,609</b>	<b>449,292</b>	<b>109,739</b>	<b>559,032</b>
<b>Culture &amp; Recreation</b>					
2002A General Obligation	1,275,305	117,540	29,385	3,306	32,691
2009A Certificates of Participation	2,948,674	2,743,379	244,399	123,617	368,016
2009B Certificates of Participation	2,095,886	1,589,982	505,903	79,499	585,403
2003 Certificates of Participation	1,981,954	1,252,106	119,705	53,555	173,261
<b>Total Culture &amp; Recreation</b>	<b>8,301,818</b>	<b>5,703,006</b>	<b>899,392</b>	<b>259,977</b>	<b>1,159,370</b>
<b>General Government</b>					
2002A General Obligation	1,482,917	136,674	34,169	3,844	38,013
2009C Limited Obligation	5,614,990	5,614,990	237,904	286,602	524,505
2009D Limited Obligation Taxable	3,340,000	3,340,000	480,000	107,690	587,690
2009A Certificates of Participation	2,604,665	2,423,320	215,886	109,195	325,081
2009B Certificates of Participation	1,644,081	1,247,234	396,847	62,362	459,209
2007 Certificates of Participation	17,430,005	14,468,862	1,139,805	629,404	1,769,209
2003 Certificates of Participation	1,856,229	1,172,679	112,112	50,158	162,270
<b>Total General Government</b>	<b>33,972,886</b>	<b>28,403,759</b>	<b>2,616,722</b>	<b>1,249,255</b>	<b>3,865,977</b>



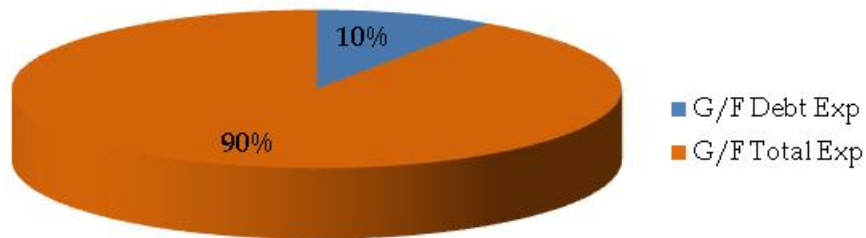
## Debt Service Schedule

Purpose	Original Issue	Principal Outstanding 07/01/10	FY 2011 Debt Service Requirement		
			Principal	Interest	Total
<b>Economic Development</b>					
1991 General Obligation (Airport)	2,000,000	200,000	100,000	13,000	113,000
2009A Certificates of Participation	6,511,661	6,058,301	539,715	272,988	812,703
2006 Certificates of Participation	670,243	510,369	35,843	6,835	42,678
<b>Total Economic Development</b>	9,181,904	6,768,670	675,558	292,823	968,381
<b>Environmental Protection</b>					
2007 Certificates of Participation	1,019,985	846,702	66,700	36,832	103,532
2005 Special Obligation	16,140,000	7,505,000	1,995,000	281,932	2,276,932
<b>Total Environmental Protection</b>	17,159,985	8,351,702	2,061,700	318,764	2,380,464
<b>TOTAL</b>	\$ 281,130,000	\$ 210,245,000	\$ 18,830,000	\$ 9,000,831	\$ 27,830,831

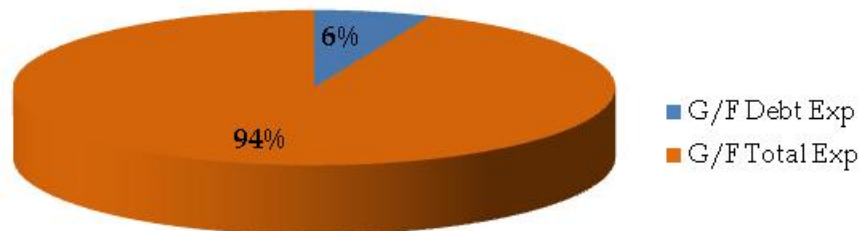
## DEBT SERVICE EXPENDITURES

The Board adopted debt policy requires that annual general obligation debt service not exceed 15 percent of the total, non-enterprise, operating expenditures. The charts below shows that the debt service expenditures for fiscal year 2010 year end estimate and fiscal year 2011 budget are well below the 15 percent requirement.

**General Fund Debt Service vs.  
Total Operating Expenditures  
FY 2010 YE Estimate**



**General Fund Debt Service vs.  
Total Operating Expenditures  
FY 2011 Budget**



## BOND RATINGS

Rating agencies are an independent source of information and analysis for capital markets. A bond rating assigned by the rating agencies is an independent assessment of relative credit risk associated with purchasing and holding a particular bond, and the likelihood that the obligation will be repaid. The higher the bond rating the lower the credit risk to the investor and the lower the cost of borrowing. Buncombe County holds an Aa2 rating from Moody's and an AA+ rating from Standard & Poor's. The following chart illustrates where the County's ratings (underlined below) fall within the rating scale of the particular agency:

Moody's (ranges from a high of Aaa to a low of C)

Aaa	Best Quality
Aa1, <u>Aa2</u> , Aa3	High quality by all standards

Standard & Poor's (ranges from a high of AAA to a low of D)

AAA	Highest quality; extremely strong capacity to pay
<u>AA+</u> (+ or -)	High quality; very strong capacity to pay