

Debt Service

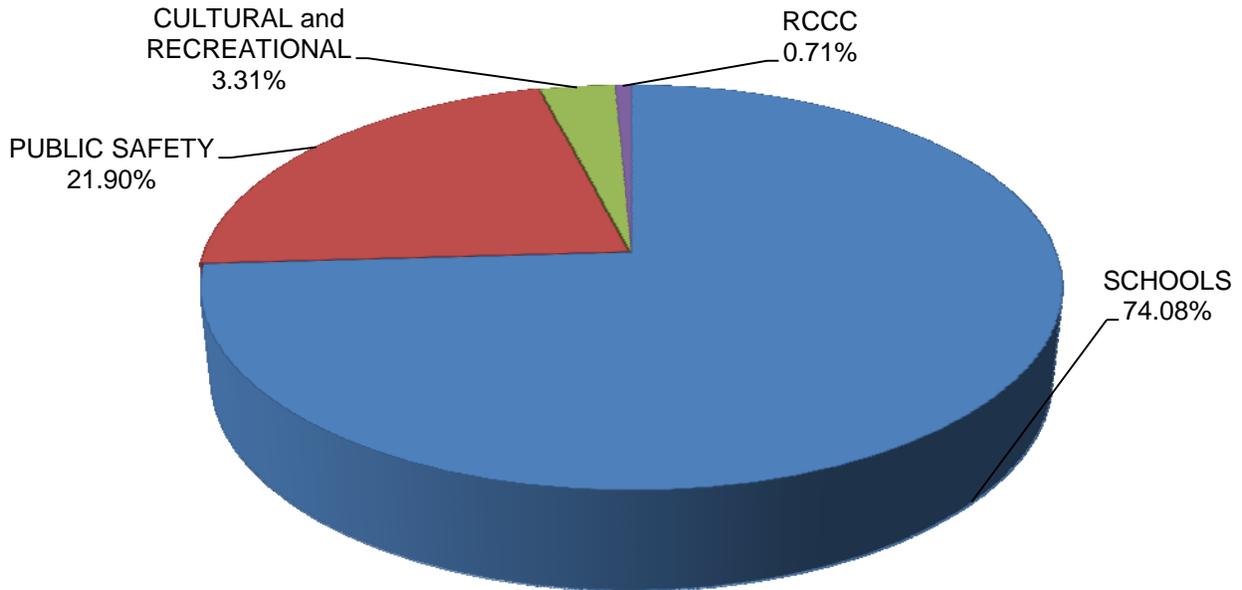
MANDATED SERVICE: G.S. 159-36, 159-25(a)(5)

PROGRAM DESCRIPTION

The debt service cost center is maintained to track the annual principal and interest requirements of General Obligation Bonds (GO), Certificates of Participation (COPS), Limited Obligations Bonds (LOBS) and Lease Financing Agreements. The County has the following principal and interest debt outstanding at June 30, 2013:

School Bonds – GO Bonds	\$109,563,781
Rowan Cabarrus Community College GO Bonds	3,353,094
Schools – COPS/LOBS	237,920,237
Arena and Events Center – COPS/LOBS	10,761,996
Sheriff Admin Building – COPS	31,602,450
Housing Unit Project – COPS	70,711,281
Wallace Property Park – Lease Financing	4,750,000
911 Equipment	<u>409,870</u>
TOTAL	\$469,072,709

TOTAL DEBT DUE BY CATEGORY



Debt Service

CAPITAL LEASES, COPS AND LOBS, AND GENERAL OBLIGATION BONDS - PRINCIPAL AND INTEREST

	ISSUE DATE	RATE	PRINCIPAL INTEREST	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Capital Leases									
Wallace Property	12-18-08	4.00	Principal	68,530	71,272	74,123	77,088	80,172	83,378
			Interest	121,469	118,728	115,877	112,912	109,828	106,622
911 Equipment	7-1-11	3.00	Principal	114,504	120,363	126,521	132,994	-	-
			Interest	22,119	16,261	10,102	3,629	-	-
			Principal	\$ 183,034	\$ 191,635	\$ 200,644	\$ 210,082	\$ 80,172	\$ 83,378
Capital Leases Total			Interest	\$ 143,588	\$ 134,989	\$ 125,979	\$ 116,541	\$ 109,828	\$ 106,622
			Grand Total	\$ 326,622	\$ 326,624	\$ 326,623	\$ 326,623	\$ 190,000	\$ 190,000
COPS/LOBS - Schools									
COPS -	9-1-02	3.00 -	Principal	325,850	-	-	-	-	-
Schools 2002 issue		5.25	Interest	13,034	-	-	-	-	-
COPS -	7-1-03	2.0 -	Principal	2,040,000	-	-	-	-	-
Schools 2003 issue		5.25	Interest	107,100	-	-	-	-	-
COPS -	1-25-08	3.25-	Principal	2,350,000	2,350,000	2,345,000	2,345,000	2,345,000	2,345,000
Schools 2008A issue		5.00	Interest	1,635,517	1,551,466	1,471,604	1,371,941	1,287,991	1,188,329
COPS -	1-25-08	3.00-	Principal	1,585,000	1,555,000	1,520,000	1,490,000	1,470,000	1,440,000
Schools 2008B issue		5.00	Interest	374,925	327,375	280,725	231,325	172,600	121,150
COPS -	7-16-09	3.00-	Principal	4,735,000	4,735,000	4,735,000	4,735,000	4,735,000	4,730,000
Schools 2009 issue		5.00	Interest	3,825,619	3,627,669	3,403,269	3,213,869	2,979,819	2,765,069
COPS -	9-22-10	2.00-	Principal	1,950,000	1,915,000	1,905,000	1,890,000	1,885,000	1,860,000
Schools 2010A issue		5.00	Interest	743,950	665,950	570,200	474,950	380,450	305,050
COPS -	4-14-11	0.00-	Principal	-	-	-	1,330,000	1,330,000	1,330,000
Schools 2011A issue		0.07	Interest	776,125	776,125	776,125	776,125	776,125	776,125
LOBS -	8-31-11	2.00-	Principal	12,250	338,100	331,975	324,625	317,275	314,825
Schools 2011B issue		5.00	Interest	118,139	117,894	107,751	97,792	88,053	72,496
LOBS -	8-31-11	2.00-	Principal	-	1,985,000	1,990,000	2,005,000	2,000,000	1,990,000
Schools 2011C issue		5.00	Interest	1,074,475	1,074,475	985,150	885,650	785,400	688,500
			Principal	\$ 12,998,100	\$ 12,878,100	\$ 12,826,975	\$ 14,119,625	\$ 14,082,275	\$ 14,009,825
COPS/LOBS - Schools			Interest	\$ 8,668,884	\$ 8,140,954	\$ 7,594,824	\$ 7,051,652	\$ 6,470,438	\$ 5,916,719
Total			Subtotal	\$ 21,666,984	\$ 21,019,054	\$ 20,421,799	\$ 21,171,277	\$ 20,552,713	\$ 19,926,544

Debt Service

CAPITAL LEASES, COPS AND LOBS, AND GENERAL OBLIGATION BONDS - PRINCIPAL AND INTEREST

	ISSUE DATE	RATE	PRINCIPAL INTEREST	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
COPS/LOBS - Other									
COPS -	9-1-02	3.00 -	Principal	1,004,150	-	-	-	-	-
Expo 2002 Issue		5.25	Interest	40,166	-	-	-	-	-
COPS -	2-22-07	4.00 -	Principal	1,680,000	1,680,000	1,680,000	1,680,000	1,680,000	1,680,000
Sheriff Adm Building 2007		5.625	Interest	1,151,481	1,069,481	1,002,281	926,906	844,369	770,669
COPS -	12-1-08	4.00-	Principal	3,100,000	3,100,000	3,100,000	3,095,000	3,095,000	3,095,000
Housing Unit 2008C		5.25	Interest	2,563,244	2,439,244	2,294,244	2,152,744	2,028,944	1,874,194
LOBS -	8-31-02	2.00 -	Principal	37,750	1,041,900	1,023,025	1,000,375	977,725	970,175
Expo 2011B Issue		5.00	Interest	364,061	363,306	332,049	301,358	271,347	223,405
			Principal	\$ 5,821,900	\$ 5,821,900	\$ 5,803,025	\$ 5,775,375	\$ 5,752,725	\$ 5,745,175
			Interest	\$ 4,118,952	\$ 3,872,031	\$ 3,628,574	\$ 3,381,008	\$ 3,144,660	\$ 2,868,268
Total			Subtotal	\$ 9,940,852	\$ 9,693,931	\$ 9,431,599	\$ 9,156,383	\$ 8,897,385	\$ 8,613,443
			Principal	\$ 18,820,000	\$ 18,700,000	\$ 18,630,000	\$ 19,895,000	\$ 19,835,000	\$ 19,755,000
			Interest	\$ 12,787,836	\$ 12,012,985	\$ 11,223,398	\$ 10,432,660	\$ 9,615,098	\$ 8,784,987
Total			Grand Total	\$ 31,607,836	\$ 30,712,985	\$ 29,853,398	\$ 30,327,660	\$ 29,450,098	\$ 28,539,987
GO Bond Debt - Schools									
Refunding -	3-15-04	3.00 -	Principal	3,365,000	3,355,000	3,340,000	3,330,000	3,310,000	2,095,000
Schools 2004		5.00	Interest	939,750	771,500	603,750	436,750	270,250	104,750
Schools 2005	3-1-05	3.00 -	Principal	33,800,000	2,300,000	2,300,000	-	-	-
		5.00	Interest	1,666,300	207,000	115,000	-	-	-
Public Impv -	9-1-06	4.00 -	Principal	33,207,292	1,870,833	1,870,833	1,870,833	-	-
Schools 2006		5.00	Interest	1,709,942	266,594	187,083	93,542	-	-
Ref. 2013 -	5-15-13	1.50 -	Principal	-	140,000	-	2,205,000	2,125,000	3,195,000
Schools 2005		5.00	Interest	-	926,124	1,161,550	1,161,550	1,128,475	1,043,475
Ref. 2013 -	5-15-13	1.50 -	Principal	-	187,084	-	-	1,800,677	1,777,292
Schools 2006		5.00	Interest	-	1,015,022	1,272,038	1,272,038	1,272,038	1,200,011
			Principal	\$ 70,372,292	\$ 7,852,917	\$ 7,510,833	\$ 7,405,833	\$ 7,235,677	\$ 7,067,292
			Interest	\$ 4,315,992	\$ 3,186,240	\$ 3,339,421	\$ 2,963,880	\$ 2,670,763	\$ 2,348,236
Total			Subtotal	\$ 74,688,284	\$ 11,039,157	\$ 10,850,254	\$ 10,369,713	\$ 9,906,440	\$ 9,415,528

Debt Service

CAPITAL LEASES, COPS AND LOBS, AND GENERAL OBLIGATION BONDS - PRINCIPAL AND INTEREST

	ISSUE DATE	RATE	PRINCIPAL INTEREST	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
GO Bond Debt - RCCC									
Public Impv - RCCC 2006	9-1-06	4.00 -	Principal	2,292,708	129,167	129,167	129,167	-	-
		5.00	Interest	118,059	18,406	12,917	6,458	-	-
Ref. 2013 - Public Impv - RCCC 2006	5-15-13	1.50 -	Principal	-	12,916	-	-	124,323	122,708
		5.00	Interest	-	70,080	87,825	87,824	87,824	82,852
			Principal	\$ 2,292,708	\$ 142,083	\$ 129,167	\$ 129,167	\$ 124,323	\$ 122,708
			Interest	\$ 118,059	\$ 88,486	\$ 100,742	\$ 94,282	\$ 87,824	\$ 82,852
GO Bond Debt - RCCC Total			Subtotal	\$ 2,410,767	\$ 230,569	\$ 229,909	\$ 223,449	\$ 212,147	\$ 205,560
			Principal	\$ 72,665,000	\$ 7,995,000	\$ 7,640,000	\$ 7,535,000	\$ 7,360,000	\$ 7,190,000
GO Bond Debt - Total			Interest	\$ 4,434,051	\$ 3,274,726	\$ 3,440,163	\$ 3,058,162	\$ 2,758,587	\$ 2,431,088
			Grand Total	\$ 77,099,051	\$ 11,269,726	\$ 11,080,163	\$ 10,593,162	\$ 10,118,587	\$ 9,621,088
Annual Debt Service									
Bank Service Charges				50,000	50,000	50,000	50,000	50,000	50,000
Principal - Total				91,668,034	26,886,635	26,470,644	27,640,082	27,275,172	27,028,378
Interest - Total				17,365,475	15,422,700	14,789,540	13,607,363	12,483,513	11,322,697
Grand Total				\$ 109,083,509	\$ 42,359,335	\$ 41,310,184	\$ 41,297,445	\$ 39,808,685	\$ 38,401,075

Boxed amounts include \$65,700,000 in principal refunded in FY13.

Debt Service

LONG-TERM OBLIGATIONS

1. General Obligation Indebtedness

General obligation bonds are issued to provide funding for the construction of capital facilities used for general government activities. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are provided by appropriation in the year in which they become due.

General Obligation Bonds (2004) consists of the construction of Concord Middle School, Winecoff Elementary School, Irvin Elementary School, and Harrisburg Elementary School along with various renovations and additions.

General Obligation Bonds (2005 and 2006) consist of the construction of Hickory Ridge High School, W. R. Odell Elementary School, Charles E. Boger Elementary School, Carl A. Furr Elementary School, along with various renovations and additions.

General Obligation Advance Refunding Bonds (2013) refunded a portion of the 2005 and 2005 General Obligation Bonds.

The County's general obligation bonds payable at June 30, 2013 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$32,855,000 (2004) Advance Refunding Bonds due on August 1 and February 1 in installments through February 1, 2018; interest at 3.0 to 5.0 percent	\$15,430,000
\$50,000,000 (2005) School Series Bonds due on March 1 and September 1 in installments through March 1, 2025; interest at 3.0 to 5.0 percent	4,600,000
\$48,000,000 (2006) Public Improvement Series Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 4.0 to 5.0 percent	6,000,000
\$62,360,000 (2013) Advance Refunding Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 1.5 to 5.0 percent	<u>62,360,000</u>
	<u>\$ 88,390,000</u>

Debt Service

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2013, for the County's general obligation bonds are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$7,995,000	\$3,274,726
2015	7,640,000	3,440,163
2016	7,535,000	3,058,162
2017	7,360,000	2,758,587
2018	7,190,000	2,431,088
2019	6,380,000	2,208,787
2020	6,425,000	1,889,787
2021	6,380,000	1,644,100
2022	6,410,000	1,325,100
2023	6,450,000	1,004,600
To maturity	18,625,000	1,491,775
Total	\$88,390,000	\$24,526,875

2. Certificates of Participation / Limited Obligation Bonds

On February 22, 2007 the Cabarrus County Development Corporation issued \$33,595,000 in Certificates of Participation (COPS) Installment contracts to finance the construction of a sheriff administration facility. These 20-year COPS have interest rates ranging from 4.0% to 5.625%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$3,092,576 to \$1,744,093. Total principal and interest over a 20-year period will be \$49,537,033.

On January 25, 2008, the Cabarrus County Development Corporation issued \$46,920,000 (2008A) Certificates of Participation (COPS) Installment contracts to finance the construction of Cox Mill High School. These 20 year COPS have interest rates ranging from 3.25% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$4,400,704 to \$2,447,594. Total principal and interest over a 20-year period will be \$68,856,864.

On January 25, 2008, the Cabarrus County Development Corporation issued \$18,745,000 (2008B) Certificates of Participation (COPS) Installment contracts to refund the 1999 Installment Payment Revenue Bonds issued for the construction of JM Robinson High School. These 11 year COPS have interest rates ranging from 3.00% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,263,225 to \$1,485,750. Total principal and interest over an 11-year period will be \$20,655,550.

On December 1, 2008, The Cabarrus County Development Corporation issued \$58,810,000 (2008C) Certificates of Participation (COPS) Installment contracts to provide funds to (a) pay the costs of construction of a residential tower to house County inmates and related improvements and (b) pay certain expenses incurred in connection with the execution and delivery of the 2008C Certificates. These 20 year COPS have interest rates ranging from 4.00% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$5,941,494 to \$1,404,961. Total principal and interest over a 20 year period will be \$90,944,756.

Debt Service

On July 16, 2009, The Cabarrus County Development Corporation issued \$85,170,000 (2009) Certificates of Participation (COPS) Installment contracts to provide funds (a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge High School, Harold E. Winkler Middle School and expanding and renovating existing public school facilities, equipping the Facilities, and (iv) a portion of the interest to accrue under the Contract during the construction periods for the foregoing and thereafter, through January 1, 2012 and (b) pay certain expenses incurred in the connection and delivery of the 2009 Certificates. These 20 year COPS have interest rates ranging from 3.0% to 5.0%. Total principal and interest over a 20 year period will be \$129,871,859.

On September 22, 2010 the Cabarrus County Development Corporation issued \$18,920,000 (2010A) Certificates of Participation (COPS) contracts to refund the 2001 COPS issued for the construction of Cox Mill Elementary School, Harris Road Middle School, C.C. Griffin Middle School and equipping of two middle schools and one elementary school. These 11 year COPS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,809,100 to \$518,150. Total principal and interest over a 11-year period will be \$23,761,150.

On April 14, 2011 the Cabarrus County Development Corporation issued \$14,635,000 (2011A) certificates of Participation (COPS) contracts to fund the rehabilitating, repairing and equipping of approximately eighteen Cabarrus County and six Kannapolis City school facilities. These 15 year COPS are financed under 2 bullets using Qualified School Construction Bonds. The first bullet in the amount of, \$7,200,000, will mature in 2023, with an interest rate of 5.10% and the second bullet for \$7,435,000 will mature in 2026 with an interest rate of 5.50%. The Federal subsidy rate on the deal was a 5.43%. The second bullet will have a net interest cost to the County of .07% while the County will have no interest cost in the first bullet. The principal on this debt is deferred for five years with the first principal payment due on 4/1/2016. The principal payments will be held in an interest bearing sinking fund until the bullet payments are due. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$748,098 to \$2,106,225. Total principal and interest over a 15-year period will be \$25,147,248 less the federal subsidy of \$10,434,369, with the net cost to the County of \$14,712,880.

On August 31, 2011 the Cabarrus County Development Corporation issued \$11,735,000 (2011B) Limited Obligation Bonds (LOBS) contracts to refund \$11,970,000 of the 2002 COPS issued for the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the County owned Cabarrus Arena & Events Center. These 11 year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$202,256 to \$1,861,200. Total principal and interest over a 11-year period will be \$14,988,756.

On August 31, 2011 the Cabarrus County Development Corporation issued \$21,780,000 (2011C) Limited Obligation Bonds (LOBS) contracts to refund \$22,425,000 of the 2003 COPS issued for the cost of acquiring real property, construction and equipping of Bethel Elementary School, Pitts Road Elementary, Kannapolis Middle School, expansion of two existing elementary school facilities and various real and personal property improvements. These 13 year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$480,934 to \$3,059,475. Total principal and interest over a 13-year period will be \$29,779,084.

Debt Service

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2013, for the County's Certificates of Participation / Limited Obligation Bonds are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$18,700,000	\$12,012,985
2015	18,630,000	11,223,398
2016	19,895,000	10,432,660
2017	19,835,000	9,615,098
2018	19,755,000	8,784,985
2019	19,685,000	7,931,722
2020	18,225,000	7,042,522
2021	18,185,000	6,247,735
2022	16,385,000	5,430,129
2023	15,125,000	4,715,661
Next 5 Years	63,495,000	11,433,069
To maturity	7,820,000	391,000
Total	<u>\$255,735,000</u>	<u>\$95,260,964</u>

3. Capital Leases

The County has entered into various agreements which qualify as capital leases under the provisions of Financial Accounting Standards Board Statement No. 13 "Accounting for Leases" and subsequent amendments.

On December 18, 2008, the County entered into a lease agreement as lessee for financing the acquisition of land for the Rob Wallace Park with a down payment of \$190,000 with an effective interest rate of 4.00%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of inception.

On July 1, 2011 the County entered into a lease agreement as lessee for financing the acquisition of 911 Equipment. Payments consist of \$136,623 annually with an effective rate of 3.00%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of inception.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2013, for the County's capital leases are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$191,635	\$134,989
2015	200,644	125,979
2016	210,082	116,541
2017	80,172	109,828
2018	83,378	106,622
2019	86,714	103,286
2020	90,182	99,818
2021	93,789	96,211
2022	97,541	92,459
2023	101,443	88,557
Next 5 Years	571,423	378,577
To maturity	1,541,070	358,930
Total	<u>\$3,348,073</u>	<u>\$1,811,797</u>

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4. Advance Refundings

On March 15, 2004, the County issued \$32,855,000 of General Obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the County's series 1997 School Bonds dated February 1, 1997 and stated to mature on February 1 in the years 2008 to 2018 inclusive. The refunding debt was issued at a net interest cost of 3.276524%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2013, is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 14 years by \$1,588,396 and resulted in an economic loss of \$436,981. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$3,756,746 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2013 was \$1,237,250.

On January 25, 2008, the Cabarrus County Development Corporation issued Certificates of Participation, Series 2008B advance refunding in the aggregate principal amount of \$18,745,000. A portion of the proceeds of the 2008B Certificates are to be applied to advance refund the Refunded Obligations. The refunded debt consists of the County's series 1999 Installment Payment Revenue Bonds dated June 16, 1999 and stated to mature on June 30, 2019. The refunding debt was issued at a net interest cost of 3.241996%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2013 is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 11 years by \$1,143,169 and resulted in an economic gain of \$428,256. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$958,846 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2013 was \$486,691.

On September 22, 2010, the Cabarrus County Development Corporation issued \$18,920,000 of Certificates of Participation, Series 2010A advance refunding to provide resources to purchase U.S. government securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the County's series 2001 Certificates of Participation (COPS) dated March 1, 2001 and stated to mature on April 1st in the years 2001 through 2021. The refunding debt was issued at a net interest cost of 2.449267%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2013 is \$ 0. This refunding was undertaken to reduce total debt service payments over the following 11 years by approximately \$215,123 annually and resulted in total cash flow savings of \$2,366,350 which on a net present value basis is \$261,608 (.1794089% of the bonds refunded). As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by (\$902,811) and amortized as a component of interest income over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2013 was \$656,592.

On August 31, 2011 the Cabarrus County Development Corporation issued \$11,735,000 of Limited Obligation, Series 2011B advance refunding Bonds to provide resources to purchase U.S. government securities that were placed into an irrevocable trust of the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of a portion (\$11,970,000) of the County's series 2002 Certificates of Participation (COPS) dated August 15, 2002 and stated to mature on February 1, 2022. The refunding debt was issued at a net interest cost of 2.810781%.

Debt Service

As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2013 is \$11,685,000. This refunding was undertaken to reduce total debt service payments over the following 11 years by \$971,244 resulted in a present value cash flow savings of \$850,233. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$734,611 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2013 was \$601,049.

On August 31, 2011 the Cabarrus County Development Corporation issued \$21,780,000 of Limited Obligation, Series 2011C advance refunding bonds to provide resources to purchase U.S. government securities that were placed into an irrevocable trust of the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of a portion (\$22,425,000) of the County's series 2003 Certificates of Participation (COPS) dated July 15, 2003 and stated to mature on February 1, 2024. The refunding debt was issued at a net interest cost of 3.214133%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2013 is \$21,750,000. This refunding was undertaken to reduce total debt service payments over the following 13 years by 1,006,031 resulted in a present value cash flow savings of \$846,417. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$1,752,985 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2013 was \$1,483,295.

On May 15, 2013, Cabarrus County issued \$62,360,000 of General Obligation, Series 2013 advance refunding bonds to provide resources to purchase U.S. Government securities that were placed into an irrevocable trust for the purpose of making all future debt service payments on the callable Series 2005 and the callable Series 2006 General Obligation bonds. The refunded debt consists of a portion (\$31,500,000) of the County's Series 2005 General Obligation Bonds dated March 1, 2005 and maturing March 1, 2016 through March 1, 2025 and a portion (\$34,200,000) of the County's Series 2006 General Obligation Bonds dated September 1, 2006 and maturing March 1, 2017 through March 1, 2027. The refunding debt was issued at a net interest cost of 2.148626%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2013 is \$62,360,000. This refunding was undertaken to reduce total debt service payments over the following 14 years by \$6,205,125 and resulted in a present value cash flow savings of \$5,522,531. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$6,704,849 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2013 was \$6,664,939.

Debt Service

Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
General Obligation Bonds	98,695,000	62,360,000	72,665,000	88,390,000
Certificates of Participation/ Limited Obligation Bonds	274,555,000	-	18,820,000	255,735,000
Capital Leases	3,531,107	-	183,034	3,348,073
Total Governmental Activities	<u>\$376,781,107</u>	<u>\$62,360,000</u>	<u>\$91,668,034</u>	<u>\$347,473,073</u>

Debt Service

LEGAL DEBT MARGIN

June 30, 2013

Note: North Carolina General Statute 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

Total assessed valuation at June 30, 2013	<u>\$18,695,824,217</u>
Legal debt margin:	
Debt limit 8% of total assessed value	1,495,665,937
Debt applicable to debt limitation:	
Total bonded debt	88,390,000
Total capital leases (governmental fund types)	3,348,073
Total Certificates of Participation/ Limited Obligation Bonds	<u>255,735,000</u>
Total debt applicable to limitations	<u>347,473,073</u>
Legal debt margin	<u>\$1,148,192,864</u>

Source: Cabarrus County Finance and Tax Assessor Departments