

DEBT MANAGEMENT

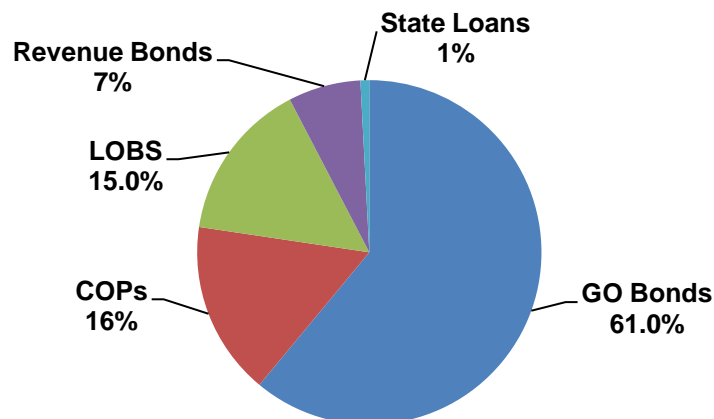
The City manages its long term financing needs through periodic issuance of General Obligation Bonds. Debt service expenditures include principal and interest payments on the City's outstanding bonded debt. These payments are budgeted in the funds that incur the debt: for example, water and sewer debt service is paid from the Water and Sewer Fund. In addition to General Obligation bonds, the City issues revenue bonds and enters into installment sales/lease obligations as allowed under state statutes.

Ratings: Bond ratings are measures of the City's credit worthiness. The rating agencies analyze the City's economic condition, debt management, administrative leadership, and fiscal planning and management to determine the quality of the City's credit. The City has a "triple A" rating from all three rating agencies (Standard and Poor's, Fitch Ratings Ltd. and Moody's Investor Service). This represents the highest possible rating for municipal debt, indicating that the City has outstanding credit worthiness. The City's high bond ratings have allowed it to broaden the market for its bonds and to lower the interest costs for borrowing.

Summary of Outstanding Debt Issues

	Fiscal Year 2011-12 Obligations			Future Obligations		
	Principal	Interest	Total	Principal	Interest	Total
General Obligation Bonds	\$22,270,000	\$10,044,481	\$32,314,481	\$209,750,000	\$62,762,705	\$272,512,705
Installment Sales	6,445,000	3,336,958	9,781,958	56,145,000	30,521,431	86,666,431
Revenue Bonds	3,005,000	1,342,154	4,347,154	23,400,000	5,145,214	28,545,214
Limited Obligation Bonds	5,440,000	2,384,484	7,824,484	51,590,000	16,944,546	68,534,546
Other Obligations	885,000	125,869	1,010,869	2,850,000	296,348	3,146,348
Total Debt Service:	\$38,045,000	\$17,233,946	\$55,278,946	\$343,735,000	\$115,670,244	\$459,405,244

**Outstanding Debt by Type of Issue
FY2011-12**



Legal Debt Limit:

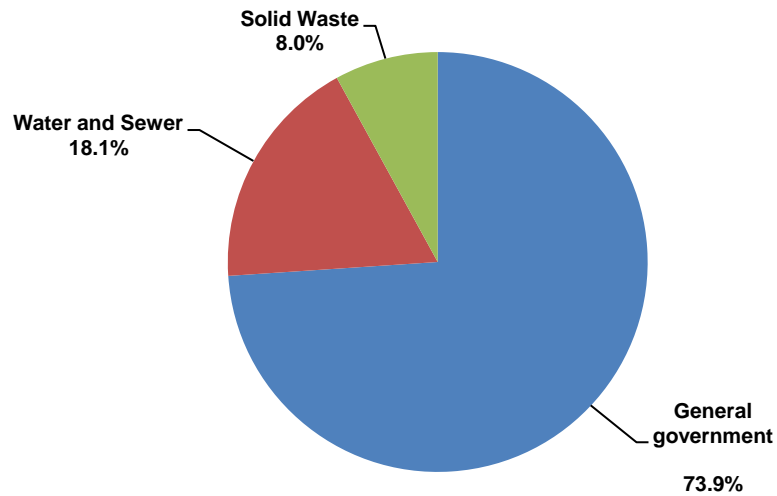
The City is subject to the Local Government Bond Act. The Act limits the net bonded debt that the City may have outstanding to eight percent of the appraised value of property subject to taxation. As of January 1st, 2011 the statutory limit for General Obligation debt for the City was \$1,791,988,412 providing a debt margin of approximately \$1,468,172,377.

Outstanding General Obligation Debt

General Obligations

General Government	\$171,570,085
Water & Sewer	41,940,965
Solid Waste	<u>18,508,949</u>
Total	\$232,019,999

**Outstanding General Obligation Debt
FY 2011-12**

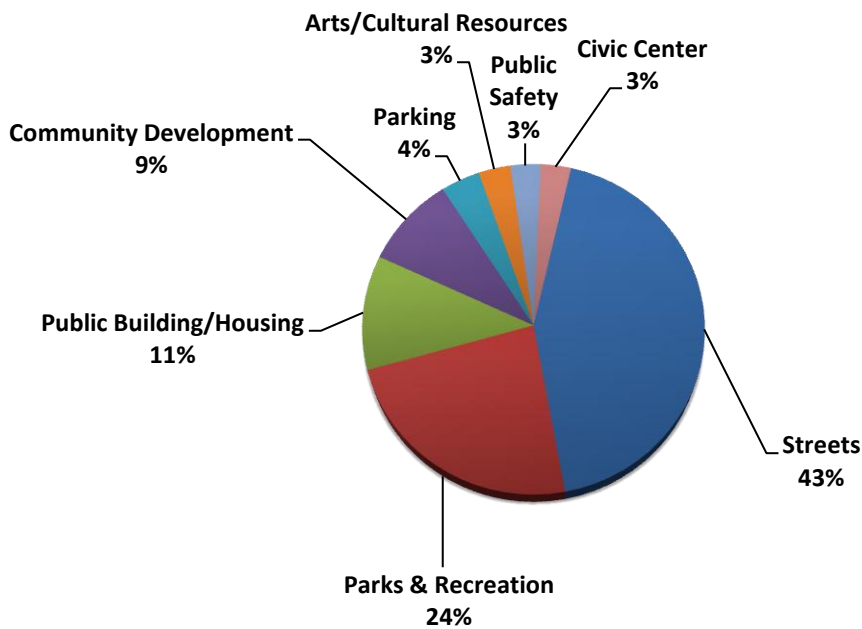


Outstanding General Government General Obligation Debt

General Government

Arts/Cultural Resources	\$5,252,900
Public Building /Housing	19,073,839
Community Development	15,346,383
Parks and Recreation	40,043,627
Parking	6,454,651
Public Safety	4,925,978
Civic Center	4,973,144
Streets	73,938,674
Public Improvements	1,433,000
Technology	<u>127,889</u>
Total	\$171,570,085

Outstanding General Government G.O. Debt FY 2011-12

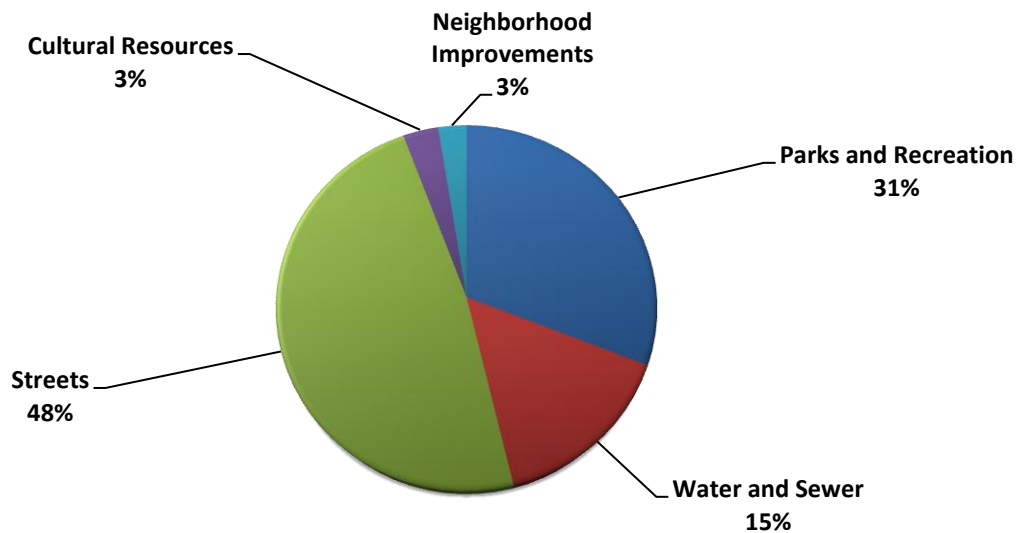


Outstanding General Government General Obligation Debt

Authorized and unissued General Obligation Bonds 2005 and 2010 authority

Cultural Facilities	\$1,575,000
Neighborhood Improvements	1,260,000
Parks and Recreation	15,363,000
Streets and Sidewalk	23,824,000
Water and Sewer	<u>7,580,000</u>
Total	\$49,602,000

General Obligation Bonds Authorized and Unissued FY 2011-12

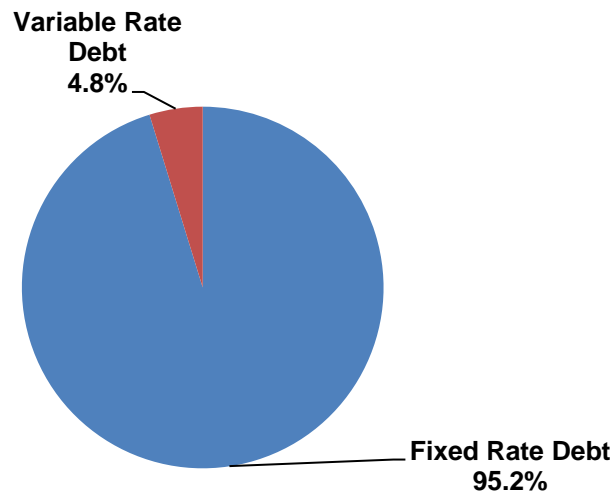


Outstanding Debt

Outstanding Debt

Fixed Rate Debt	\$363,615,000
Variable Rate Debt	<u>\$18,165,000</u>
Total	\$381,780,000

Outstanding Fixed and Variable Rate Debt FY2011-12



Annual Principal and Interest Requirements FY 2011-12

<u>Issue</u>	<u>Debt Purpose</u>	<u>Principal</u>	<u>Interest</u>	<u>Future Obligations</u>
DURHAM-1993-C	Variable Public Improvement	3,175,000	362,180	3,790,000
DURHAM-1994-B	Variable W&S Revenue Bonds	1,000,000	312,000	4,700,000
DURHAM-1994-C	State Loan	750,000	83,250	1,500,000
DURHAM-1996-CPB	COP Lease Purchase refunding	520,000	13,650	-
DURHAM-2000-C	Variable Housing Bonds	250,000	412,500	5,250,000
DURHAM-2001-A	Revenue Water and Sewer	1,075,000	161,241	2,305,000
DURHAM-2001-B	State Loan	135,000	42,620	1,350,000
DURHAM-2002-A	Public Improvement	1,000,000	42,500	-
DURHAM-2003 CD	Refunding	2,195,000	322,250	4,250,000
DURHAM-2003 CPA	American Tobacco Parking Garage	710,000	533,173	7,795,000
DURHAM-2004A	G.O. Refunding	2,935,000	251,931	4,020,000
DURHAM-2004B	Two-thirds Bonds	500,000	60,625	1,000,000
DURHAM-2005-CPA	Multi-Purpose	2,610,000	864,100	15,650,000
DURHAM-2005-A	Two-thirds Bonds	500,000	345,000	8,000,000
DURHAM-2005-B	G.O. Bonds Taxable	550,000	134,000	2,300,000
DURHAM-2005-C	G.O. Bonds (96, 97, 00A partial)	2,730,000	731,550	12,540,000
DURHAM-2005-CC	G.O. Series 2005	550,000	327,125	7,600,000
DURHAM-2005-D	Revenue Refunding (1998, 2001 partial)	930,000	868,913	16,395,000
Durham-2006-A	G.O. Bonds	500,000	614,825	14,490,000
Durham-2006-C	G.O. Bonds	475,000	140,318	2,410,000
Durham-2007-A	G.O. Refunding	130,000	1,721,369	34,470,000
Durham-2007-CPA	Durham Performing Arts Center	720,000	1,769,610	30,735,000
Durham-2007-CPB	Fleet Lease	1,885,000	156,425	1,965,000
Durham-2008 -A	Two-thirds G.O. Bonds	375,000	472,688	11,225,000
Durham -2008-B	05 & 07 authority (\$8 million Streets)	1,425,000	1,785,175	42,295,000
Durham-2009-A	Refunding 98, 99 ,00B, 02, 04	2,785,000	572,950	14,480,000
Durham-2010-A	G.O. Series 2010A	2,195,000	1,747,496	41,630,000
Durham-2010	LOBS 2010	<u>5,440,000</u>	<u>2,384,484</u>	<u>51,590,000</u>
	Total	\$38,045,000	\$17,233,945	\$343,735,000