

**DEBT SERVICE**

**PURPOSE**

The Debt Service cost center accounts for expenditures used for the payment of principal and interest associated with the Town’s general obligation bonds and other financings.

**BACKGROUND**

In North Carolina, the Local Government Commission in the State Treasurer’s Office oversees local government bonded debt and assists local governments in all areas of fiscal management. This agency conducts all bond sales and ensures that local units have sufficient fiscal capacity to repay debt. The Town is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the Town may have outstanding to 8% of the appraised value of property subject to taxation.

| <b>Debt Service Schedule- FY. 24-25</b> |                    |                  |                    |
|---|--------------------|------------------|--------------------|
| <b>Project</b>                          | <b>Principal</b>   | <b>Interest</b>  | <b>Total</b>       |
| <b>Vehicles/Equipment</b>               | \$267,353          | \$11,297         | \$278,649          |
| <b>Sidewalk/Greenways</b>               | \$0.00             | \$26,250.00      | \$26,250           |
|   | \$250,000          | \$26,250.00      | \$276,250          |
|   | <b>\$250,000</b>   |                  |                    |
| <b>Fire Station #2</b>                  | \$108,333          | \$2,024          | \$110,357          |
| <b>203 Project</b>                      | \$0.00             | \$168,016        | \$168,016          |
|   | \$662,000          | \$168,016        | \$839,349          |
|   | <b>\$1,537,686</b> | <b>\$401,852</b> | <b>\$1,698,871</b> |

**Budget Summary- DEBT SERVICE**

| <b>Department</b>   | <b>FY 2024<br/>Adopted</b> | <b>FY 2025<br/>Adopted</b> |
|---------------------|----------------------------|----------------------------|
| <b>Debt Service</b> |                            |                            |
| Operating Exp       | \$1,821,530                | \$1,698,871                |
| <b>TOTAL</b>        | <b>\$1,821,530</b>         | <b>\$1,698,871</b>         |

**CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET:**

Principal and interest payments are anticipated to decrease in FY 2025 due to complete repayment of Fire House 2, offset by principal and interest payments to the 203 Project.