

What is Debt Leveling? Debt Leveling is a way to offset debt service costs associated with any debt issued by the County. Debt Leveling designates a certain portion of property tax revenue each year to pay for debt service from major capital projects. These funds are allowed to accrue and then be invested as needed.

To offset the 2006 and 2008 bond referenda for educations, the Board of County Commissioners developed the Education Debt Leveling Plan (EDLP) to help pay for the debt service that lottery proceeds does not cover. The first EDLP originally equaled to 3.0¢ of the property tax rate and is designated to offset the costs of debt service from the 2006 Education Bond Referendum for Winston-Salem/Forsyth County Schools and Forsyth Technical Community College (FTCC) construction projects. The second EDLP is equaled to 1.1¢ of the property tax rate and is designated to offset the costs of debt service from the 2008 Education Bond Referendum, again for WSFCS and FTCC.

A third Debt Leveling plan was enacted in FY16 for the 2010 Library Bond Referendum. This Debt Leveling Plan (LDLP) is equal to 0.6¢ of the property tax rate and is designated to offset the costs of debt service from the 2010 Library Bond Referendum.

During the FY18 Budget process, a fourth Debt Leveling plan was created for the 2016 Public Improvement Bonds for Winston-Salem/Forsyth County Schools, Forsyth Technical Community College, and Parks. This plan was implemented at 2.9¢ for FY18 and an additional 3.6¢ in FY22.

The Debt Leveling Plan rates are designed to remain constant and eventually be removed as debt service is paid. The EDLP rates were increased as part of the revaluation in FY14 from 3.0¢ to 3.3¢ and 1.1¢ to 1.21¢ respectively as part of the negative revaluation that occurred in FY14. For FY18, the decision was made to collapse these together to 4.51¢. The Library Debt Leveling Plan was reduced to 0.57¢ for FY18. Again, the 2016 Public Improvement Debt Leveling was established at 2.9¢. So, of the 72.35¢ County tax rate, 7.98¢ is strictly for debt service.