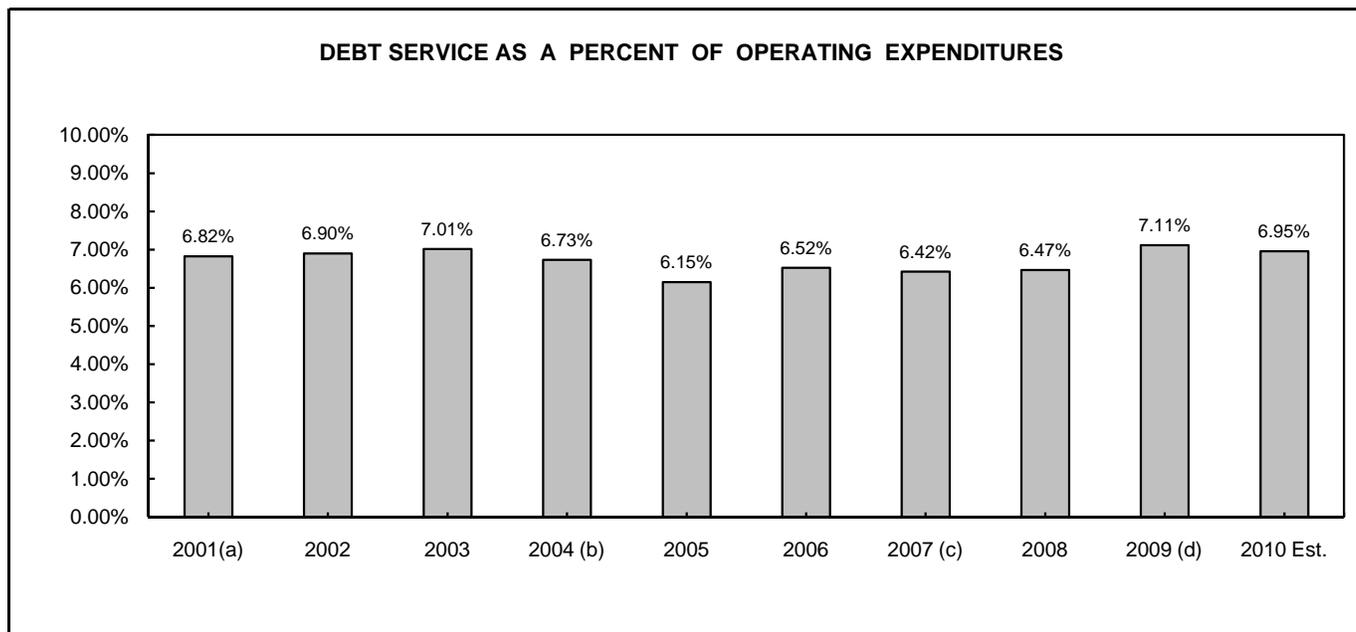


DEBT SERVICE AS A PERCENT OF OPERATING EXPENDITURES

Debt service includes principal and interest payments on general county debt obligations borrowed for capital project expenditures. Debt service payments are examined relative to general operating expenditures including special revenue funds. As a fixed cost, debt service can reduce expenditure flexibility. According to the International City Management Association (ICMA), if debt service as a percent of operating expenditure is below 10 percent, the credit industry views this situation favorably. If it exceeds 20 percent, potential risk exists. County debt service has remained stable in proportion to increases in general operating expenditures. Overall, the County is still below the 10 percent threshold. Increases reflect a continued emphasis on capital needs including major highway and facility projects. The debt burden is managed in relation to the funding requirements of the Five-Year Capital Plan. In addition, the County has also used defeasement and refunding activity. In 2001, the County refinanced \$16.4 million of debt issued between 1994 and 1996 resulting in future interest savings. In 2004, the County paid down the remaining \$2.8 million of the 1997 issue, resulting in reduced debt service in 2005. In 2007, the County paid down \$1.5 million of the 2000 debt issue. In 2008, borrowing was reduced from \$12,000,000 in the 2008 adopted budget to \$10,000,000 with the appropriation of general fund balance available from favorable 2007 year end results. In 2009, borrowing was reduced from \$10,000,000 to \$8,000,000 due to the reduction in project expenditures. The County also refinanced \$7.7 million of debt issued in 2001 and 2002. In 2010, borrowing was reduced from \$10,000,000 to \$9,000,000 due to delays in project expenditures.



<u>Year</u>	<u>Debt Service</u>	<u>Operating Expenditures</u>	<u>Percent</u>
2001(a)	\$11,095,040	\$162,693,676	6.82%
2002	\$11,450,319	\$165,985,724	6.90%
2003	\$12,053,384	\$171,871,964	7.01%
2004 (b)	\$12,440,551	\$184,864,883	6.73%
2005	\$11,717,020	\$190,463,473	6.15%
2006	\$12,806,485	\$196,462,959	6.52%
2007 (c)	\$12,939,806	\$201,591,217	6.42%
2008	\$12,987,327	\$200,868,835	6.47%
2009 (d)	\$12,974,363	\$182,406,472	7.11%
2010 Est.	\$13,424,280	\$193,067,494	6.95%

(a) Excludes debt service to refinance outstanding debt issued between 1994 & 1996.

(b) Excludes debt service to pay down remaining \$2.8 million of the 1997 debt issue.

(c) Excludes debt service to pay down \$1.5 million of the 2000 debt issue.

(d) Excludes debt service to refinance \$7.7 million in debt issued in 2001 and 2002.