TABLE OF CONTENTS
DEBT SERVICE

Fund:Debt Service Mission Policy Summary 461
Debt Service Activity 462
Table by Note 463
Debt Service by Bond Issue 464
Projected Debt Service 465

Debt Service

Mission

Debt Service provides funds sufficient to make annual interest and principal payments on County debt obligations borrowed for capital expenditures, largely highway and building projects. By statute, the County's outstanding debt is restricted to 5% of the equalized value of all property in the County.

Policy

The County structures its debt borrowing issues to maintain annual debt service payments to avoid major fluctuations between years. Promissory notes are amortized integrating new debt with existing debt to achieve stability in annual payments and impact on future budgets. Larger payments are structured in later years to take advantage of call provisions of the market rates when warranted.

The County uses debt borrowing to fund no more than 80 percent of net (after revenues applied) capital budget expenditures for a moderate term no longer than ten years. This allows debt service to be managed to comprise no greater than 10% of total governmental operating expenditures over the long term. Capital projects include highway projects, county buildings, information technology projects and building projects at county parks and airport.

Based on the current five year Capital Projects Plan, debt service expenditures are structured to be no greater than ten percent of the estimated total governmental funds operating expenditures for each budget year through the final year of debt repayment. See "Debt Service Ratio" (next page).

By State Statute, the County's debt obligations cannot exceed 5% of the equalized value of all property in the County. The County will have over 95% of its debt limit available after including the planned 2013 debt issue of $17.0 million. See "Financial Management Policies" - Revenues and Debt Policies.

By State Statute, there is a separate property tax levy rate limits for debt service levy. The baseline for the limit is the 1992 tax rate adopted for the 1993 Budget (for more information see Financial Management Policies-Property Tax Levy Rate Limits section). The County continues to be in compliance with the debt levy rate and expects to be with the 2013 debt issue.

General Debt Service Fund

This fund includes general County debt obligations related to capital project expenditures in governmental funds.

Expenditures	2011 Actual (a)	2012 Budget	2012 Estimate	2013 Based on Prior Years	Impact of 2013 Issue	2013 Budget	Budget Change
Principal	$11,885,000	$11,995,000	$11,925,000 (a)	$12,380,000		$12,380,000	$385,000
Interest Expense	$2,375,230	$2,703,898	$2,125,501	$1,978,365	$425,000	$2,403,365	($300,533)
TOTAL DEBT	$14,260,230	$14,698,898	$14,050,501	$14,358,365	$425,000	$14,783,365	$84,467
Fund Balance (b)	$126,325	$125,549	$126,325	$123,141 (b)	$0	$123,141	($2,408)
Fund balance	$828,905	$1,158,349 (c)	$509,176	$1,305,224 (d)	$0	$1,305,224	$146,875
TAX LEVY	$13,305,000	$13,415,000	$13,415,000	$12,930,000	$425,000	$13,355,000	($60,000)

(a) Does not include 2011 refunding payoff of $9.875 million balance of 2003 and 2004 debt issues or the 2012 refunding of the $6.705 million of the 2005 issue.

(b) Includes fund balance in anticipation of 45% direct payment interest credit (to be received over the life of the note beginning in 2010) from the United States Treasury in connection with the 2010 Notes. State requirements do not allow the use of budgeted revenue for payment of debt obligations but revenues can be used in a future year, after they have been received.

(c) 2012 Budget includes designated jail assessment revenue from prior years of $500,000, investment income (prior year revenue) of $300,000 and $358,349 of debt service fund balance.

(d) 2013 Budget includes designated jail assessment revenue from prior years of $500,000, investment income (prior year revenue) of $305,224 and $500,000 of debt service fund balance.

Debt Service Ratio

Debt service as a percent of total governmental operating expenditures, excluding proprietary funds and capital project funds, is a measure of debt service impact to operations. As a fixed cost, debt issues are structured to maintain debt service at less than ten percent of the total governmental operating expenditures in future County budgets. Projected debt includes debt expected to be issued for capital projects in future years of the 2013-2017 Five-Year Capital Projects Plan. Projected expenditures for governmental operations assume a 3.0% annual growth rate after 2013. The 2012 estimate includes a $2.45 million reduction due to the State Budget Repair Bill requiring most County employees to pay 50 percent of the Wisconsin Retirement System pension contributions, $3.5 million reduction for a program transfer by the State to a third party vendor and other State reductions.

(Millions)	2011 Actual	2012 Estimate	2013 Budget	2014 Projected	2015 Projected	2016 Projected	2017 Projected
Gov. Oper.*	$196.4	$196.2	$196.3	$202.2	$208.2	$214.5	$220.9
Debt Ser.**	$14.3	$14.1	$14.8	$14.9	$15.4	$15.4	$15.5
Ratio (%) of Debt to Oper	7.3%	7.2%	7.5%	7.3%	7.4%	7.2%	7.0%

*Excludes proprietary fund operating expenditures.
**Does not include refunding and debt redemption activity.

Debt Outstanding

Debt outstanding is the outstanding principal on general obligation bonds for which the County has pledged its full faith, credit and unlimited taxing power.

Year Issue (a)	Budget Year	Final Payment Year	Amount Issued	True Interest Cost	Outstanding Debt
2012 GOPN	2012	2022	$20,000,000	1.64%	$20,000,000
2012 Refunding (b)	2012	2015	$6,635,000	1.19%	$6,635,000
2011 GOPN (c)	2011	2021	$19,490,000	1.81%	$15,830,000
2010 GOPN (d)	2010	2020	$9,000,000	1.93%	$8,700,000
2009 GOPN (e)	2009	2019	$15,700,000	2.70%	$7,200,000
2008 GOPN (f)	2008	2018	$10,000,000	3.28%	$8,200,000
2007 GOPN	2007	2017	$10,000,000	3.77%	$6,700,000
2006 GOPN	2006	2016	$12,000,000	4.05%	$6,400,000
			TOTAL DEBT 12/31/12		$79,665,000
			2013 BUDGET		$17,000,000
			TOTAL DEBT (g)		$96,665,000

(a) GOPN=General Obligation Promissory Note
(b) 2012 refunding includes $6,635,000 of the 2005 notes refunded in April, 2012.
(c) 2011 includes refunding of $9.9 million balance of 2003 and 2004 debt issues.
(d) The 2010 Adopted Budget was reduced by $1,000,000 to offset related Capital Budget reductions.
(e) The 2009 issue includes a reduction of $2,000,000 to $8,000,000 for 2009 capital expenditures reduced $2.0 million by ordinance and $7.7 million to refinance debt issued in 2001 and 2002.
(f) The 2008 Adopted Budget was for $12,000,000. After reviewing 2007 year end results, it was determined that $2 million was available from undesignated fund balance to reduce the 2008 borrowing to $10,000,000.
(g) The 2013 budget will reduce the outstanding debt with the budgeted principal payment of $12,380,000 to $87,945,000.

Outstanding Debt Limit

By statute, the County's outstanding debt is limited to 5% of the equalized value of all County property.

	2011 Budget Year	2012 Budget Year	2013 Budget Year
Equalized Value (h)	$50,288,874,199	$49,552,562,500	$47,739,764,800
Debt Limit (5% x equalized value)	$2,514,443,710	$2,477,628,125	$2,386,988,240
Outstanding Debt (i)	$71,590,000	$79,665,000	$96,665,000
Available Debt Limit	$2,442,853,710	$2,397,963,125	$2,290,323,240
Percent of Debt Limit Available	97.2%	96.8%	96.0%

(h) Total County equalized value including Tax Incremental Districts for budget year purposes.
(i) Includes anticipated 2013 debt issue of $17.0 million.

SCHEDULE OF CURRENT AND ADOPTED DEBT SERVICE REQUIREMENTS

	2012 REFUNDING (a)	2006 GOPN	2007 GOPN	2008 GOPN	2009 GOPN	2010 GOPN	2011 GOPN	2012 GOPN	2013 GOPN	Total
2013										
Principal	2,515,000	1,800,000	1,200,000	1,000,000	300,000	450,000	4,615,000 (b)	500,000	0	12,380,000
Interest	63,992	221,375	236,375	258,900	215,750	273,648	311,700	396,625	425,000	2,403,365
2013 Budget Total										14,783,365
2014										
Principal	2,720,000	2,000,000	1,200,000	1,500,000	650,000	900,000	2,015,000 (b)	700,000	450,000	12,135,000
Interest	32,844	145,375	189,875	218,275	204,250	259,923	245,400	384,625	510,000	2,190,567
2015										
Principal	1,400,000	1,500,000	1,600,000	1,800,000	950,000	1,075,000	1,200,000	2,200,000	600,000	12,325,000
Interest	8,330	75,375	135,625	163,525	183,063	235,466	213,250	355,625	496,500	1,866,759
2016										
Principal		1,100,000	1,600,000	1,800,000	1,450,000	1,435,000	1,700,000	2,300,000	600,000	11,985,000
Interest		22,688	73,625	102,775	148,250	198,443	180,000	310,625	478,500	1,514,906
2017										
Principal			1,100,000	1,100,000	1,450,000	1,435,000	1,800,000	2,600,000	2,000,000	11,485,000
Interest			21,313	53,700	102,938	152,164	136,250	261,625	460,500	1,188,490
2018										
Principal				1,000,000	1,300,000	1,435,000	2,000,000	2,700,000	2,350,000	10,785,000
Interest				17,500	58,250	103,015	88,750	208,625	400,500	876,640
2019										
Principal					1,100,000	1,255,000	1,000,000	2,800,000	2,350,000	8,505,000
Interest					18,563	53,430	51,250	153,625	330,000	606,868
2020										
Principal						715,000	1,000,000	2,500,000	2,350,000	6,565,000
Interest						14,479	26,250	100,625	259,500	400,854
2021										
Principal							500,000	2,400,000	2,300,000	5,200,000
Interest							6,875	51,625	189,000	247,500
2022										
Principal								1,300,000	2,000,000	3,300,000
Interest								13,813	120,000	133,813
2023										
Principal									2,000,000	2,000,000
Interest									120,000	120,000
Total Principal	$6,635,000	$6,400,000	$6,700,000	$8,200,000	$7,200,000	$8,700,000	$15,830,000	$20,000,000	$17,000,000	$96,665,000
Total Interest	$105,166	$464,813	$656,813	$814,675	$931,064	$1,290,568	$1,259,725	$2,237,438	$3,789,500	$11,549,762
Total Payment	$6,740,166	$6,864,813	$7,356,813	$9,014,675	$8,131,064	$9,990,568	$17,089,725	$22,237,438	$20,789,500	$108,214,762

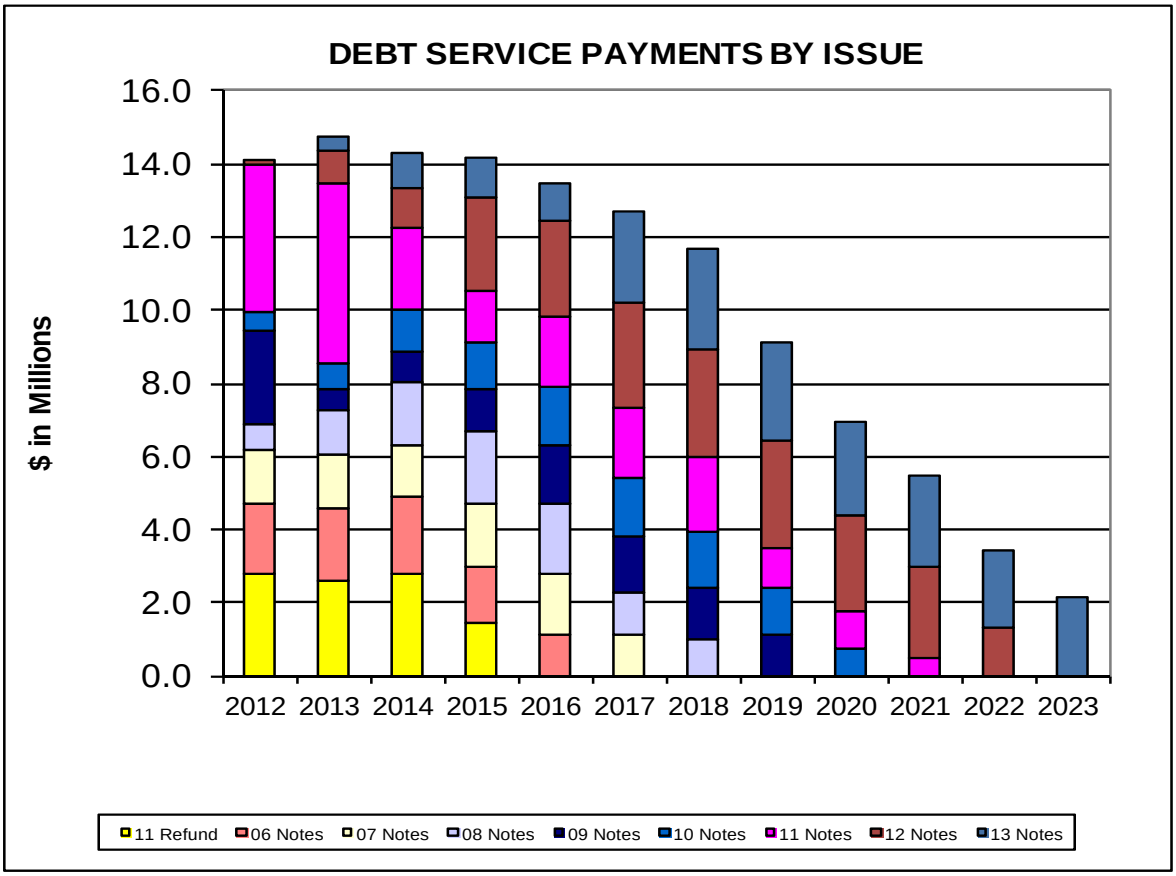
(a) 2012 Refunding Issue includes $6.6 million of the 2005 notes refunded in April, 2012
(b) 2011 Issue of $19,490,000 includes refunding of $9.9 million balance of the 2003 and 2004 debt issues.

DEBT SERVICE BY BOND ISSUE

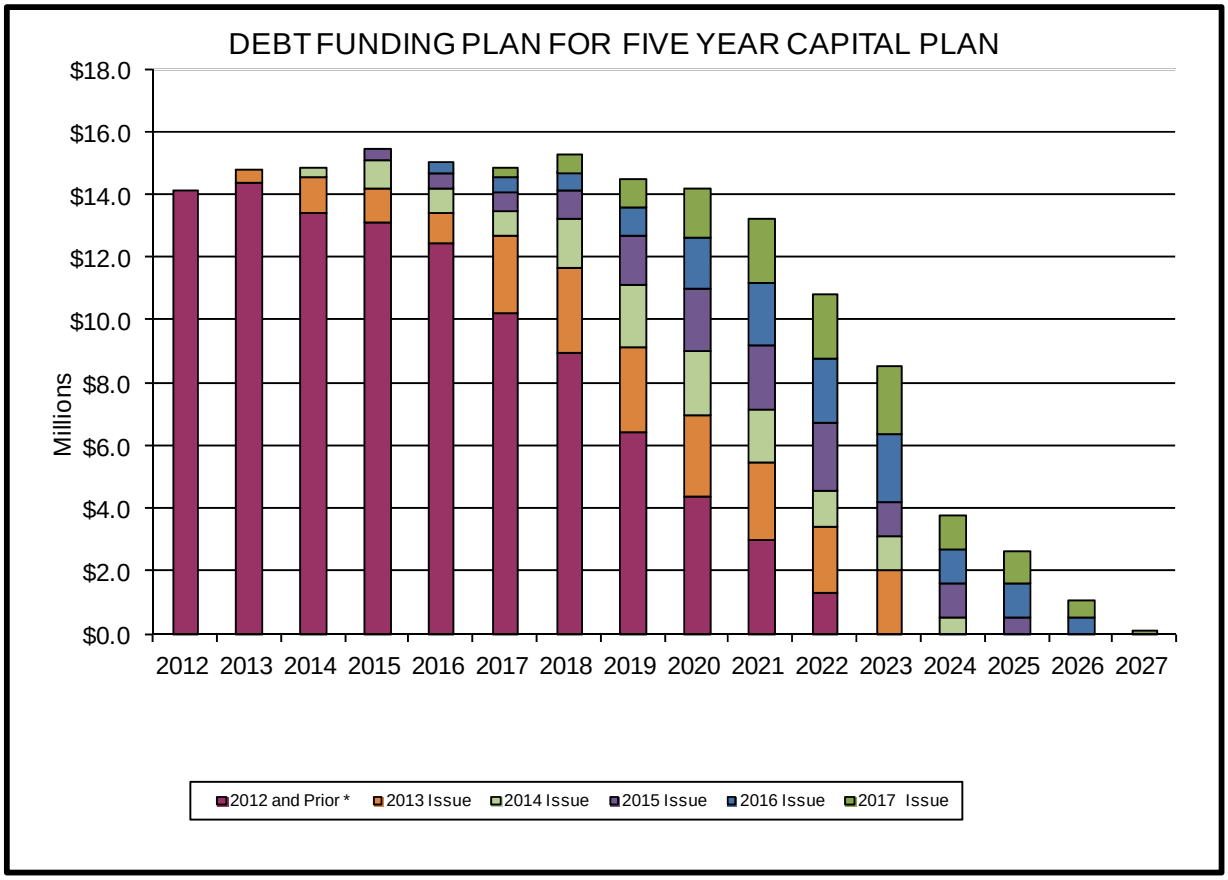
Payments by bond issue indicate a rapid repayment of debt due to a policy of using moderate term (9 to 10 years) promissory notes amortized integrating new debt with existing debt to achieve stability in annual payments and impact on future budgets. Larger payments are structured in later years to take advantage of call provisions of the market rates when warranted. It is the County's policy to maintain County infrastructure (roads, facilities, technology, and equipment) within established standards to avoid more costly replacement or liability risks. The County relies on using moderate term debt issues to finance these projects and continue to address infrastructure needs prudently.

Debt service increases in 2013 include interest expense of $425,000 (assuming 3.0% annual rate for 10 months) on borrowing planned at $17.0 million for 2013 capital projects. The 2013 issue is planned for a ten year term, therefore the County's debt, to this point in time including the 2013 budget issue, is planned to be entirely paid off by the year 2023.

The County has taken action to reduce planned borrowing and refinanced past debt issues to prepare for anticipated large debt issues in 2012 and 2013 (See next page). The 2008 Adopted Budget included planned borrowing of $12,000,000; however, after reviewing 2007 year end results, it was determined that $2 million of undesignated Fund Balance was available to reduce the 2008 borrowing to $10,000,000. In 2009, favorable contract bids allowed reduced capital expenditures and reduced debt borrowing by $2 million to $8 million. Also in 2009, $7.7 million of debt issued in 2001 and 2002 was refinanced resulting in estimated future interest savings of $400,000. In 2010, debt borrowing was reduced from $10,000,000 to $9,000,000 due to lower cash flow requirements for a major road project. In 2011, $9 million of debt issues in 2003 and 2004 was refinanced resulting in future interest savings estimated at $256,000. In 2012, $6.625 million of debt issued in 2005 was also refinanced with additional interest savings estimated at $332,000.



Future debt service is projected based on capital expenditures planned for in the County's five-year capital plan. Debt is managed to maintain debt service payments at less than 10% of each respective budget year governmental operating expenditures. (See Debt Service Activity page)



	2013 Budget	2014 5- Year Plan	2015 5- Year Plan	2016 5- Year Plan	2017 5- Year Plan
Capital Plan Project Costs	$27,870,000	$20,566,500	$14,264,480	$13,450,000	$13,013,000
Capital Plan Funding					
Project Direct Funding Sources (a)	$5,349,000	$4,902,500	$1,704,000	$633,000	$708,400
Investment Income on Cash Balances	$510,000	$400,000	$400,000	$400,000	$400,000
Tax levy/Current Funds (b)	$5,011,000	$5,264,000	$2,160,480	$2,417,000	$1,904,600
Borrowed Funds	$17,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000
Total Capital Plan Funding	$27,870,000	$20,566,500	$14,264,480	$13,450,000	$13,013,000
Length of Bond Issue-Years	10	10	10	10	10
Estimated Interest Rate %	3.00%	4.00%	4.00%	4.00%	4.00%
Planned Bond Issue	$17,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000

(a) Other funding for projects usually is identified as project year nears the budget appropriation year.
(b) Includes funds from Capital and General Fund Balances.

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