

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 with larger payments in the final years to integrate new debt with existing debt to achieve stability in annual payments and impact on future budgets.

The County uses debt borrowing to fund no more than 80 percent of net (after revenues applied) capital budget expenditures for a moderate term of between nine or ten years and to manage debt service to comprise no greater than 10% of total governmental operating expenditures (see below). Capital projects include highway projects, County buildings, information technology projects and building projects at County Parks and Airport.

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 2008 debt issue of \$12.0 million. See "Financial Management Policies" - Revenues and Debt Policies.

By State Statute, there is 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).

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 Activity" (next page).

General Debt Service Fund

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

<u>Expenditures</u>	<u>2006 Actual</u>	<u>2007 Budget</u>	<u>2007 Estimate (a)</u>	<u>2008 Based on Prior Years</u>	<u>Impact of 2008 Issue</u>	<u>2008 Budget</u>	<u>Budget Change</u>
Principal	\$9,625,000	\$9,775,000	\$9,775,000	\$9,930,000	\$0	\$9,930,000	\$155,000
Interest Expense	\$3,181,485	\$3,482,476	\$3,164,806	\$2,918,306	\$500,000	\$3,418,306	(\$64,170)
TOTAL DEBT	\$12,806,485	\$13,257,476	\$12,939,806	\$12,848,306	\$500,000	\$13,348,306	\$90,830
Fund balance appropriations	\$1,050,571	\$1,200,000 (b)	\$882,330	\$980,000 (c)	\$0	\$980,000	(\$220,000)
TAX LEVY	\$11,755,914	\$12,057,476	\$12,057,476	\$11,868,306	\$500,000	\$12,368,306	\$310,830

(a) Does not include \$1.5 million early paydown of General Obligation Promissory Notes Series 2000.

(b) 2007 Budget includes designated 2006 investment income (prior year revenue) of \$400,000, debt service fund balance of \$150,000 and jail assessment revenue from prior years of \$650,000.

(c) 2008 Budget includes designated 2007 investment income (prior year revenue) of \$400,000 and jail assessment revenue from prior years of \$580,000.

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 2008-2012 Five-Year Capital Projects Plan. Projected expenditures assume a 5.0% annual growth rate after 2008 along with a \$6 million reduction in expenditures for 2009 reflecting the second year impact of the State take over of the cost of care for adults with disabilities and the eligible elderly.

(Millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual*	Actual*	Actual	Estimate	Budget	Projected	Projected	Projected	Projected
Gov. Oper.*	\$187.7	\$194.2	\$200.2	\$210.9	\$210.0	\$214.5	\$225.2	\$236.4	\$248.3
Debt Ser.**	\$12.4	\$11.7	\$12.8	\$12.9	\$13.3	\$13.6	\$14.9	\$16.1	\$17.1
Ratio (%)	6.6%	6.0%	6.4%	6.1%	6.4%	6.4%	6.6%	6.8%	6.9%

*Excludes proprietary fund operating expenditures.

**Does not include refunding and debt redemption activity.

*** 2005 was reduced due to a redemption of 1997 issue.

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
2007 GOPN	2007	2017	\$10,000,000	3.77%	\$10,000,000
2006 GOPN	2006	2016	\$12,000,000	4.05%	\$11,800,000
2005 GOPN	2005	2015	\$14,400,000	3.79%	\$14,150,000
2004 GOPN	2004	2014	\$14,000,000	2.85%	\$11,200,000
2003 GOPN	2003	2013	\$13,500,000	3.56%	\$11,450,000
2002 GOPN	2002	2012	\$14,600,000	4.25%	\$10,650,000
2001B GOPN	2001	2010	\$9,900,000	4.30%	\$5,600,000
2000 GOPN (b)	2000	2008	\$9,900,000	5.00%	\$1,500,000
1999 GOPN	1999	2008	\$9,800,000	4.21%	\$1,900,000
TOTAL DEBT 12/31/07					\$78,250,000
2008 BUDGET					<u>\$12,000,000</u>
TOTAL DEBT					<u>\$90,250,000</u>

(a) GOPN=General Obligation Promissory Note

(b) The 2000 debt was shortened with a pre-payment of \$1.5 million in 2007 utilizing fund balance.

Outstanding Debt Limit

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

	2006 Budget Year	2007 Budget Year	2008 Budget Year
Equalized Value (c)	\$45,451,031,200	\$49,477,109,900	\$51,988,144,000
Debt Limit (5% x equalized value)	\$2,272,551,560	\$2,473,855,495	\$2,599,407,200
Outstanding Debt (d)	\$79,525,000	\$78,250,000	\$90,250,000
Available Debt	\$2,193,026,560	\$2,395,605,495	\$2,509,157,200
Percent of Debt Limit Available	96.5%	96.8%	96.5%

(c) Total County equalized value including Tax Incremental Districts for budget year purposes.

(d) Includes anticipated 2008 debt issue of \$12.0 million.

Debt Service

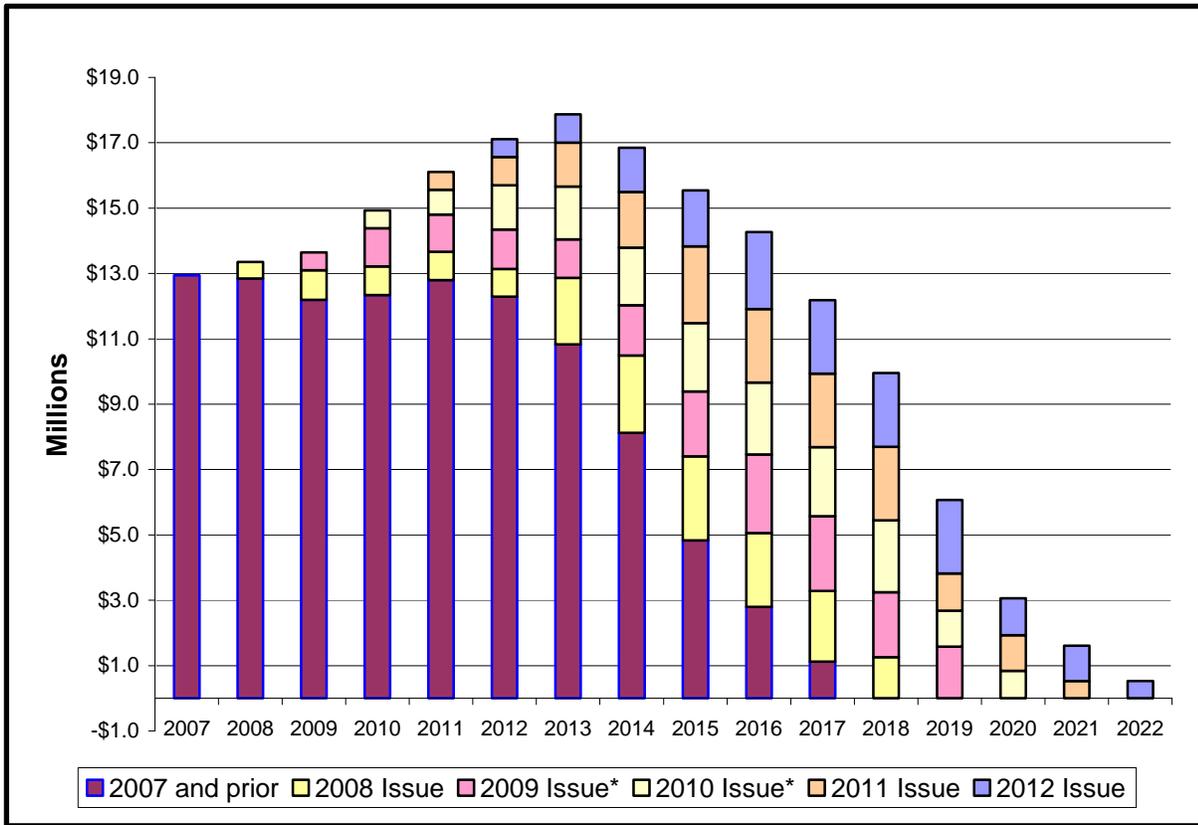
Debt Service

Schedule

SCHEDULE OF CURRENT AND PROPOSED DEBT SERVICE REQUIREMENTS

	1999 2000 GOPN*	2001B GOPN	2002 GOPN	2003 GOPN	2004 GOPN	2005 GOPN	2006 GOPN	2007 GOPN	2008 GOPN	Total
<u>2008</u>										
Principal	3,400,000	1,850,000	1,825,000	1,000,000	400,000	855,000	600,000	0	0	9,930,000
Interest	156,700	252,000	418,206	385,825	319,725	541,100	461,375	383,375	500,000	3,418,306
2008 Budget Total										13,348,306
<u>2009</u>										
Principal		2,250,000	2,400,000	1,350,000	1,100,000	1,040,000	800,000	800,000	300,000	10,040,000
Interest		168,750	328,425	350,575	300,675	506,638	433,375	368,375	600,000	3,056,813
<u>2010</u>										
Principal		1,500,000	2,000,000	2,350,000	1,500,000	1,225,000	1,200,000	500,000	300,000	10,575,000
Interest		67,500	234,925	290,962	265,750	464,169	393,375	344,000	585,000	2,645,681
<u>2011</u>										
Principal			2,275,000	2,975,000	2,100,000	1,820,000	1,200,000	800,000	300,000	11,470,000
Interest			143,513	198,050	214,938	404,800	345,375	319,625	570,000	2,196,300
<u>2012</u>										
Principal			2,150,000	1,425,000	2,200,000	2,505,000	1,600,000	1,200,000	300,000	11,380,000
Interest			47,300	117,781	153,125	318,300	289,375	282,125	555,000	1,763,006
<u>2013</u>										
Principal				2,350,000	2,200,000	2,470,000	1,800,000	1,200,000	1,500,000	11,520,000
Interest				45,531	87,950	218,800	221,375	236,375	540,000	1,350,031
<u>2014</u>										
Principal					1,700,000	2,745,000	2,000,000	1,200,000	1,900,000	9,545,000
Interest					27,200	114,500	145,375	189,875	465,000	941,950
<u>2015</u>										
Principal						1,490,000	1,500,000	1,600,000	2,200,000	6,790,000
Interest						29,800	75,375	135,625	370,000	610,800
<u>2016</u>										
Principal							1,100,000	1,600,000	2,000,000	4,700,000
Interest							22,688	73,625	160,000	256,313
<u>2017</u>										
Principal								1,100,000	2,000,000	3,100,000
Interest								21,313	160,000	181,313
<u>2018</u>										
Principal									1,200,000	1,200,000
Interest									60,000	60,000
Total Principal Total	\$3,400,000	\$5,600,000	\$10,650,000	\$11,450,000	\$11,200,000	\$14,150,000	\$11,800,000	\$10,000,000	\$12,000,000	\$90,250,000
Interest Total	<u>\$156,700</u>	<u>\$488,250</u>	<u>\$1,172,369</u>	<u>\$1,388,724</u>	<u>\$1,369,363</u>	<u>\$2,598,107</u>	<u>\$2,387,688</u>	<u>\$2,354,313</u>	<u>\$4,565,000</u>	<u>\$16,480,513</u>
Payment	\$3,556,700	\$6,088,250	\$11,822,369	\$12,838,724	\$12,569,363	\$16,748,107	\$14,187,688	\$12,354,313	\$16,565,000	\$106,730,513

* 1999 includes \$1,900,000 of Principal and \$81,700 of interest; 2000 includes \$1,500,000 of Principal and \$75,000 of interest.



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)

	2008 5-Year Plan	2009* 5-Year Plan	2010 * 5-Year Plan	2011 5-Year Plan	2012 5-Year Plan
Capital Plan Project Costs	\$19,651,000	\$17,346,400	\$15,934,000	\$16,618,900	\$16,205,000
Project Direct Funding Sources (a)	\$3,951,000	\$1,846,000	\$1,471,500	\$507,000	\$135,000
Investment Income on Cash Balances	\$550,000	\$500,000	\$450,000	\$500,000	\$500,000
Tax Levy - Capital Projects	\$3,150,000	\$3,150,400	\$3,512,500	\$3,611,900	\$3,570,000
Borrowed Funds	\$12,000,000	\$11,850,000	\$10,500,000	\$12,000,000	\$12,000,000
Length of Bond Issue-Years	10	10	10	10	10
Interest Rate	5.00%	5.50%	5.50%	5.50%	5.50%

* Debt borrowing and expenditures 2010 will likely to be more in line with 2011 and 2012 expenditures and debt borrowing projections after analysis of certain road projects and a courts security consensus is achieved in the next year. In the graph, debt issues for 2009 and 2010 are assumed to be \$12 million each year.