

**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. This allows debt service to be managed to comprise no greater than 10% of total governmental operating expenditures. 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 2009 debt issue of \$10.0 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).

**General Debt Service Fund**

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

<u>Expenditures</u>	<u>2007 Actual (a)</u>	<u>2008 Budget</u>	<u>2008 Estimate</u>	<u>2009 Based on Prior Years</u>	<u>Impact of 2009 Issue</u>	<u>2009 Budget</u>	<u>Budget Change</u>
Principal	\$9,775,000	\$9,930,000	\$9,930,000	\$10,240,000	\$0	\$10,240,000	\$310,000
Interest Expense	<u>\$3,164,806</u>	<u>\$3,418,306</u>	<u>\$3,057,327</u>	<u>\$2,782,338</u>	<u>\$420,000</u>	<u>\$3,202,338</u>	<u>(\$215,968)</u>
TOTAL DEBT	\$12,939,806	\$13,348,306	\$12,987,327	\$13,022,338	\$420,000	\$13,442,338	\$94,032
Fund balance appropriations	\$882,330	\$980,000 (b)	\$619,021	\$570,000 (c)	\$0	\$570,000	(\$410,000)
TAX LEVY	\$12,057,476	\$12,368,306	\$12,368,306	\$12,452,338	\$420,000	\$12,872,338	\$504,032

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

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

(c) 2009 Budget includes designated jail assessment revenue from prior years of \$570,000.

**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 2009-2013 Five-Year Capital Projects Plan. Projected expenditures for 2009 include a \$21 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. Projected expenditures assume a 5.0% annual growth rate after 2009.

(Millions)	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Actual*	Actual	Actual	Estimate	Budget	Projected	Projected	Projected	Projected
Gov. Oper.*	\$194.2	\$200.2	\$205.9	\$207.6	\$190.5	\$200.0	\$210.0	\$210.0	\$220.5
Debt Ser.**	\$11.7	\$12.8	\$12.9	\$13.0	\$13.4	\$14.4	\$15.5	\$15.7	\$15.6
Ratio (%)	6.0%	6.4%	6.3%	6.3%	7.1%	7.2%	7.4%	7.5%	7.1%

\*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
2008 GOPN (b)	2008	2018	\$10,000,000	3.28%	\$10,000,000
2007 GOPN	2007	2017	\$10,000,000	3.77%	\$10,000,000
2006 GOPN	2006	2016	\$12,000,000	4.05%	\$11,200,000
2005 GOPN	2005	2015	\$14,400,000	3.79%	\$13,295,000
2004 GOPN	2004	2014	\$14,000,000	2.85%	\$10,800,000
2003 GOPN	2003	2013	\$13,500,000	3.56%	\$10,450,000
2002 GOPN	2002	2012	\$14,600,000	4.25%	\$8,825,000
2001B GOPN	2001	2010	\$9,900,000	4.30%	\$3,750,000
TOTAL DEBT 12/31/08					\$78,320,000
2009 BUDGET					<u>\$10,000,000</u>
TOTAL DEBT					<u>\$88,320,000</u>

(a) GOPN=General Obligation Promissory Note

(b) The Adopted Budget was for \$12,000,000. After reviewing 2007 year end results, it was determined that \$2 million was available as undesignated fund balance to reduce the 2008 borrowing to \$10,000,000.

**Outstanding Debt Limit**

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

	2007 Budget Year	2008 Budget Year	2009 Budget Year
Equalized Value (c)	\$49,477,109,900	\$51,988,144,000	\$53,055,876,600
Debt Limit (5% x equalized value)	\$2,473,855,495	\$2,599,407,200	\$2,652,793,830
Outstanding Debt (d)	\$78,250,000	\$78,320,000	\$88,320,000
Available Debt Limit	\$2,395,605,495	\$2,521,087,200	\$2,564,473,830
Percent of Debt Limit Available	96.8%	97.0%	96.7%

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

(d) Includes anticipated 2009 debt issue of \$10.0 million.

## Debt Service

## Debt Service

## Schedule

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**SCHEDULE OF CURRENT AND PROPOSED DEBT SERVICE REQUIREMENTS**


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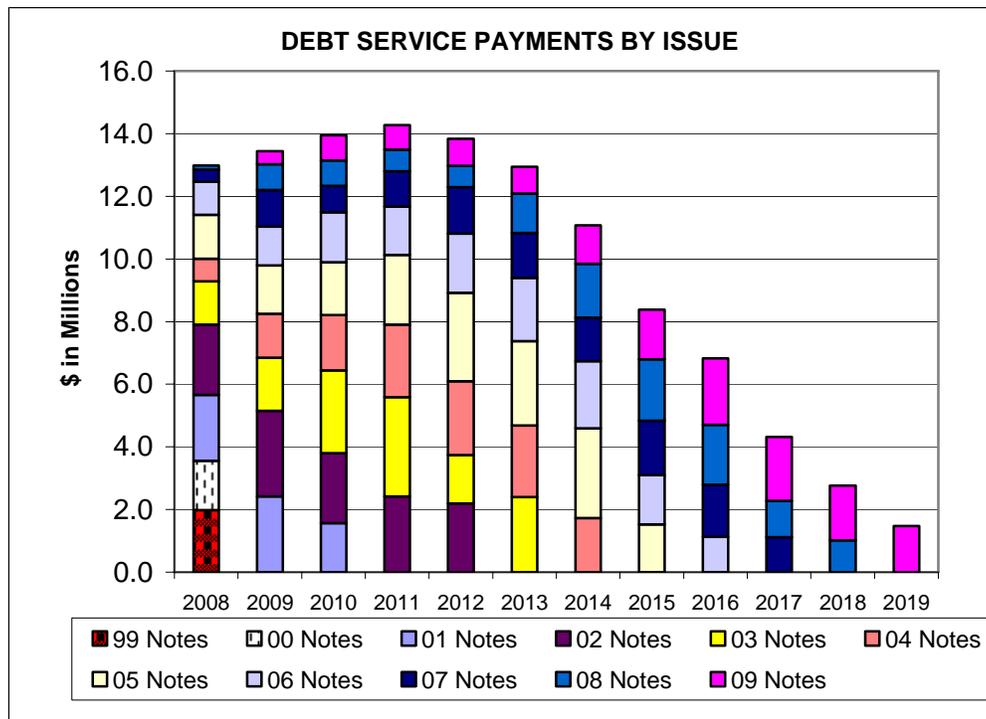
	2001B GOPN	2002 GOPN	2003 GOPN	2004 GOPN	2005 GOPN	2006 GOPN	2007 GOPN	2008 GOPN	2009 GOPN	Total
<u>2009</u>										
Principal	2,250,000	2,400,000	1,350,000	1,100,000	1,040,000	800,000	800,000	500,000	0	10,240,000
Interest	168,750	328,425	350,575	300,675	506,638	433,375	368,375	325,525	420,000	3,202,338
<b>2009 Budget Total</b>										<b>13,442,338</b>
<u>2010</u>										
Principal	1,500,000	2,000,000	2,350,000	1,500,000	1,225,000	1,200,000	500,000	500,000	300,000	11,075,000
Interest	67,500	234,925	290,962	265,750	464,169	393,375	344,000	309,275	500,000	2,869,956
<u>2011</u>										
Principal		2,275,000	2,975,000	2,100,000	1,820,000	1,200,000	800,000	400,000	300,000	11,870,000
Interest		143,513	198,050	214,938	404,800	345,375	319,625	294,650	500,000	2,420,950
<u>2012</u>										
Principal		2,150,000	1,425,000	2,200,000	2,505,000	1,600,000	1,200,000	400,000	400,000	11,880,000
Interest		47,300	117,781	153,125	318,300	289,375	282,125	281,650	470,000	1,959,656
<u>2013</u>										
Principal			2,350,000	2,200,000	2,470,000	1,800,000	1,200,000	1,000,000	400,000	11,420,000
Interest			45,531	87,950	218,800	221,375	236,375	258,900	450,000	1,518,931
<u>2014</u>										
Principal				1,700,000	2,745,000	2,000,000	1,200,000	1,500,000	800,000	9,945,000
Interest				27,200	114,500	145,375	189,875	218,275	430,000	1,125,225
<u>2015</u>										
Principal					1,490,000	1,500,000	1,600,000	1,800,000	1,200,000	7,590,000
Interest					29,800	75,375	135,625	163,525	390,000	794,325
<u>2016</u>										
Principal						1,100,000	1,600,000	1,800,000	1,800,000	6,300,000
Interest						22,688	73,625	102,775	330,000	529,088
<u>2017</u>										
Principal							1,100,000	1,100,000	1,800,000	4,000,000
Interest							21,313	53,700	240,000	315,013
<u>2018</u>										
Principal								1,000,000	1,600,000	2,600,000
Interest								17,500	150,000	167,500
<u>2019</u>										
Principal									1,400,000	1,400,000
Interest									70,000	70,000
<b>Total</b>										
Principal Total	\$3,750,000	\$8,825,000	\$10,450,000	\$10,800,000	\$13,295,000	\$11,200,000	\$10,000,000	\$10,000,000	\$10,000,000	\$88,320,000
Interest Total	<u>\$236,250</u>	<u>\$754,163</u>	<u>\$1,002,899</u>	<u>\$1,049,638</u>	<u>\$2,057,007</u>	<u>\$1,926,313</u>	<u>\$1,970,938</u>	<u>\$2,025,775</u>	<u>\$3,950,000</u>	<u>\$14,972,982</u>
<b>Total Payment</b>	<b>\$3,986,250</b>	<b>\$9,579,163</b>	<b>\$11,452,899</b>	<b>\$11,849,638</b>	<b>\$15,352,007</b>	<b>\$13,126,313</b>	<b>\$11,970,938</b>	<b>\$12,025,775</b>	<b>\$13,950,000</b>	<b>\$103,292,982</b>

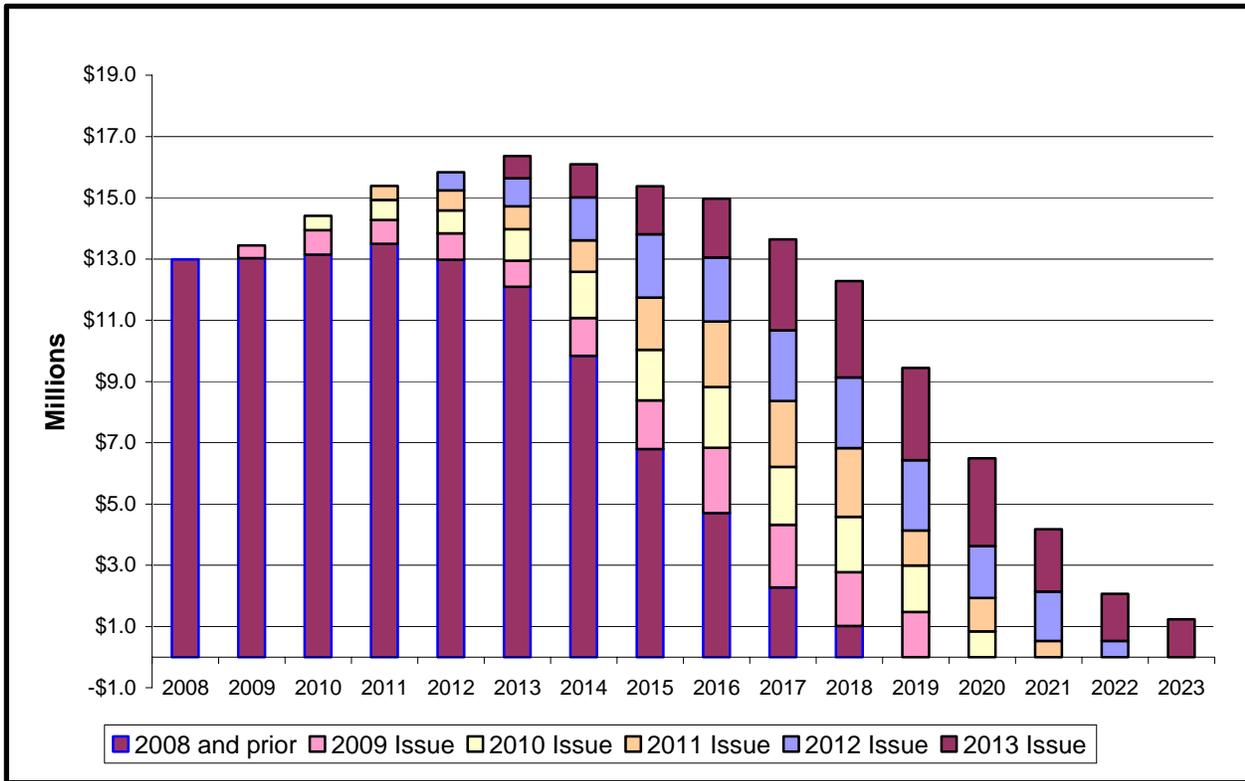
**DEBT SERVICE BY BOND ISSUE**

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 with larger payments in the final years to integrate new debt with existing debt. 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 2009 include interest expense of \$420,000 (assuming 5% annual rate) on borrowing planned at \$10.0 million for 2009 capital projects. In the year 2019, final payments for debt borrowing issued through 2008 are scheduled. The 2009 issue is planned for a ten year term, therefore the County’s debt, to this point in time including the 2009 budget issue, is planned to be entirely paid off by the year 2019.

In 2007, the County appropriated \$1.5 million in General Fund Balance to allow the redemption of \$1.5 million of the 2000 debt (\$300,000 of the 2008 and \$1.2 million of the 2009 debt payment). This resulted in \$82,100 net savings and reduces the debt payment schedule for 2008-2009. The 2008 Adopted Budget included planned borrowing of \$12,000,000; however, after reviewing 2007 year end results, it was determined that \$2 million was available as undesignated Fund Balance to reduce the 2008 borrowing to \$10,000,000.





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)

	2009 5-Year Plan	2010 5-Year Plan	2011 5-Year Plan	2012 5-Year Plan	2013 5-Year Plan
Capital Plan Project Costs	\$19,399,400	\$17,916,000	\$16,311,400	\$18,455,000	\$22,615,000
Project Direct Funding Sources (a)	\$5,902,000	\$4,394,000	\$2,797,000	\$1,680,000	\$2,400,000
Investment Income on Cash Balances	\$450,000	\$450,000	\$450,000	\$550,000	\$600,000
Tax Levy - Capital Projects	\$3,047,400	\$3,072,000	\$3,064,400	\$3,225,000	\$3,615,000
Borrowed Funds	\$10,000,000	\$10,000,000	\$10,000,000	\$13,000,000	\$16,000,000
Length of Bond Issue-Years	10	10	10	10	10
Interest Rate	5.00%	5.50%	5.50%	5.50%	5.50%

(a) Other funding for projects usually is identified as project year nears the budget appropriation year.