## TABLE OF CONTENTS DEBT SERVICE

Fund: Debt Service Mission Policy Summary ..... 445
Debt Service by Bond Issue ..... 446
Debt Service Activity ..... 447
Table by Note ..... 448
Projected Debt Service ..... 449

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 when warranted by the market.

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" (two pages later).

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 2018 debt issue of $\$ 12.5$ million. See "Financial Management Policies" - Revenues and Debt Policies.

## General Debt Service Fund

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

| Expenditures | 2016 Actual | 2017 Budget | $\underline{2017 \text { Estimate }}$ | $\begin{array}{\|l\|l} 2018 \text { Based on } \\ \text { Prior Years } \end{array}$ | $\underline{\underline{\text { Impact of }}} \underline{\underline{2018 \text { Issue }}}$ | 2018 Budget | Budget Change |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Principal | \$12,705,000 | \$13,005,000 | \$13,005,000 | \$13,030,000 |  | \$13,030,000 | \$25,000 |
| Interest Expense | \$1,648,616 | \$1,905,900 | \$1,726,180 | \$1,497,840 | \$365,000 | \$1,862,840 | (\$43,060) |
| TOTAL DEBT | \$14,353,616 | \$14,910,900 | \$14,731,180 | \$14,527,840 | \$365,000 | \$14,892,840 | $(\$ 18,060)$ |
| Fund Balance | \$1,244,116 | \$1,701,400 (a) | \$1,521,680 | \$973,340 (b) | \$365,000 | \$1,338,340 | $(\$ 363,060)$ |
| TAX LEVY | \$13,109,500 | \$13,209,500 | \$13,209,500 | \$13,554,500 | \$0 | \$13,554,500 | \$345,000 |

(a) The 2017 Budget includes prior-year revenues as follows: Debt Service investment income of $\$ 90,000$, jail assessment fee revenues of $\$ 200,000,2010$ Buy America Bond - U.S. Treasury payment of $\$ 68,000$, General Fund Balance of $\$ 310,000$ and Debt Service Fund Balance of $\$ 1,033,400$.
(b) The 2018 Budget includes prior-year revenues as follows: Debt Service investment income of $\$ 90,000$, jail assessment fee revenues of $\$ 140,000,2010$ Buy America Bond - U.S. Treasury payment of $\$ 46,400$, General Fund Balance of $\$ 500,000$ and Debt Service Fund Balance of $\$ 561,940$.

## Program Highlights

Payments by bond issue indicate a rapid repayment of debt due to a policy of using moderate term (10 years) promissory notes amortized by 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.

In 2018, debt service expenditures are projected to decrease by about $\$ 18,000$, including an increase in principal payments by $\$ 25,000$, more than offset by a decrease in interest payments by $\$ 43,000$. The decrease in interest payments is mostly due to the county retiring more debt in recent years than taking on as new debt. In anticipation of higher debt issues in 2019-2020, the County has retired more principal in 2014-2017, and planning to do so in 2018, by $\$ 9.6$ million.

Debt Service is funded primarily with property tax levy, which is budgeted to increase by $\$ 345,000$ to $\$ 13,454,500$. Remaining revenues consist of fund balance of $\$ 1,338,340$, as follows: Debt Service Fund Balance: Balance of $\$ 561,940$, prior-year investment income of $\$ 90,000$, Buy America Bond - U.S. Treasury rebate of $\$ 46,400$, and General Fund Balance: $\$ 500,000^{*}$ and jail assessment fee reserves of $\$ 140,000$.
*General Fund Balance is reserved for the planned future use and phase-out in the Debt Service budget as follows: \$500,000 in 2018, \$400,000 in 2019, \$300,000 in 2020, \$200,000 in 2021 and \$100,000 in 2022.


## 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 2018-2022 Five-Year Capital Projects Plan. Projected expenditures for governmental operations assume a $3.0 \%$ annual growth rate after 2018.

| (Millions) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| :--- | :---: | :---: | :---: | :---: | :---: | ---: | ---: |
|  | Actual | Estimate | Budget | Projected | Projected | Projected | Projected |
| Gov. Oper.* | $\$ 207.0$ | $\$ 211.6$ | $\$ 219.4$ | $\$ 225.6$ | $\$ 231.9$ | $\$ 238.6$ | $\$ 245.5$ |
| Debt Ser.** | $\$ 14.4$ | $\$ 14.7$ | $\$ 14.9$ | $\$ 14.9$ | $\$ 15.0$ | $\$ 15.1$ | $\$ 15.3$ |
| Ratio (\%) of Debt to Oper | $7.0 \%$ | $7.0 \%$ | $6.8 \%$ | $6.6 \%$ | $6.5 \%$ | $6.3 \%$ | $6.2 \%$ |

*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.

|  | Budget | Final Payment | Amount | True Interest | Outstanding |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Year Issue (a) | Year | Year | Issued | Cost | Debt |
| 2017 GOPN | 2017 | 2027 | \$10,000,000 | 1.83\% | \$10,000,000 |
| 2016 GOPN | 2016 | 2026 | \$11,500,000 | 1.52\% | \$10,820,000 |
| 2015 GOPN | 2015 | 2025 | \$10,000,000 | 1.57\% | \$9,300,000 |
| 2014 GOPN | 2014 | 2024 | \$10,000,000 | 1.74\% | \$8,700,000 |
| 2013 GOPN | 2013 | 2023 | \$17,000,000 | 1.64\% | \$13,300,000 |
| 2012 GOPN | 2012 | 2022 | \$20,000,000 | 1.64\% | \$11,700,000 |
| 2011 GOPN (b) | 2011 | 2021 | \$19,490,000 | 1.81\% | \$4,500,000 |
| 2010 GOPN | 2010 | 2020 | \$9,000,000 | 1.93\% | \$3,405,000 |
| 2009 GOPN (c) | 2009 | 2019 | \$15,700,000 | 2.70\% | \$2,400,000 |
| 2008 GOPN | 2008 | 2018 | \$10,000,000 | 3.28\% | \$1,000,000 |
|  |  |  | TOTAL DEBT 12/31/17 |  | \$75,125,000 |
|  |  |  | 2018 ISSUE |  | \$12,500,000 |
|  |  |  | TOTAL DEBT (d) |  | \$87,625,000 |

(a) GOPN=General Obligation Promissory Note
(b) 2011 includes refunding of $\$ 9.9$ million balance of 2003 and 2004 debt issues, of which these portions are paid off.
(c) The 2009 issue includes $\$ 7.7$ million to refinance debt issued in 2001 and 2002, of which these portions paid off.
(d) The 2018 budget will reduce the outstanding debt with the budgeted principal payment of $\$ 13,030,000$ to \$74,595,000.

## Outstanding Debt Limit

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

|  | 2016 | 2017 <br> Budget Year | Budget Year |
| :--- | ---: | ---: | ---: |
| Equalized Value (e) | $\$ 50,187,624,500$ | $\$ 51,937,555,000$ | $\$ 54,158,131,600$ |
| Debt Limit (5\% x equalized value) | $\$ 2,509,381,225$ | $\$ 2,596,877,750$ | $\$ 2,707,906,580$ |
| Outstanding Debt (f) | $\$ 91,335,000$ | $\$ 88,130,000$ | $\$ 87,625,000$ |
| Available Debt Limit | $\$ 2,418,046,225$ | $\$ 2,508,747,750$ | $\$ 2,620,281,580$ |
| Percent of Debt Limit Available | $96.4 \%$ | $96.6 \%$ | $96.8 \%$ |

(e) Total County equalized value including Tax Incremental Districts for budget year purposes.
(f) Includes anticipated 2018 debt issue of $\$ 12.5$ million.

SCHEDULE OF CURRENT AND PLANNED DEBT SERVICE REQUIREMENTS

|  | $\begin{array}{r} 2008 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2009 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2010 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2011 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2012 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2013 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2014 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2015 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2016 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2017 \\ \text { GOPN } \end{array}$ | $\begin{array}{r} 2018 \\ \text { GOPN } \end{array}$ | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\underline{2018}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal | 1,000,000 | 1,300,000 | 1,435,000 | 2,000,000 | 2,700,000 | 2,300,000 | 800,000 | 400,000 | 745,000 | 350,000 | 0 | 13,030,000 |
| Interest* | 17,500 | 58,250 | 103,015 | 88,750 | 208,625 | 253,000 | 171,000 | 166,000 | 234,400 | 197,300 | 365,000 | 1,862,840 |
| 2018 Budget Total | \$1,017,500 | \$1,358,250 | \$1,538,015 | \$2,088,750 | \$2,908,625 | \$2,553,000 | \$971,000 | \$566,000 | \$979,400 | \$547,300 | \$365,000 | \$14,892,840 |


| $\underline{2019}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Principal |  | 1,100,000 | 1,255,000 | 1,000,000 | 2,800,000 | 2,350,000 | 1,500,000 | 800,000 | 860,000 | 500,000 | 600,000 | 12,765,000 |
| Interest |  | 18,563 | 53,430 | 51,250 | 153,625 | 206,500 | 148,000 | 159,000 | 218,350 | 188,800 | 437,500 | 1,635,018 |
| $\underline{2020}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  | 715,000 | 1,000,000 | 2,500,000 | 2,350,000 | 1,500,000 | 1,400,000 | 1,000,000 | 600,000 | 700,000 | 11,765,000 |
| Interest |  |  | 14,479 | 26,250 | 100,625 | 159,500 | 118,000 | 144,500 | 199,750 | 177,800 | 416,500 | 1,357,404 |
| $\underline{2021}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  | 500,000 | 2,400,000 | 2,300,000 | 1,500,000 | 1,600,000 | 1,210,000 | 750,000 | 700,000 | 10,960,000 |
| Interest |  |  |  | 6,875 | 51,625 | 113,000 | 88,000 | 118,000 | 171,600 | 164,300 | 392,000 | 1,105,400 |
| $\underline{2022}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  |  | 1,300,000 | 2,000,000 | 1,400,000 | 1,600,000 | 1,335,000 | 1,200,000 | 1,100,000 | 9,935,000 |
| Interest |  |  |  |  | 13,813 | 67,500 | 59,000 | 86,000 | 133,425 | 144,800 | 367,500 | 872,038 |
| $\underline{2023}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  |  |  | 2,000,000 | 1,200,000 | 1,500,000 | 1,360,000 | 1,500,000 | 1,300,000 | 8,860,000 |
| Interest |  |  |  |  |  | 22,500 | 31,500 | 55,000 | 99,800 | 117,800 | 329,000 | 655,600 |
| $\underline{2024}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  |  |  |  | 800,000 | 1,200,000 | 1,395,000 | 1,600,000 | 1,700,000 | 6,695,000 |
| Interest |  |  |  |  |  |  | 9,000 | 28,000 | 72,250 | 86,800 | 283,500 | 479,550 |
| $\underline{2025}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  |  |  |  |  | 800,000 | 1,435,000 | 1,300,000 | 1,900,000 | 5,435,000 |
| Interest |  |  |  |  |  |  |  | 8,000 | 43,950 | 58,450 | 224,000 | 334,400 |
| $\underline{2026}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  |  |  |  |  |  | 1,480,000 | 1,200,000 | 1,700,000 | 4,380,000 |
| Interest |  |  |  |  |  |  |  |  | 14,800 | 33,800 | 157,500 | 206,100 |
| $\underline{2027}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  |  |  |  |  |  |  | 1,000,000 | 1,500,000 | 2,500,000 |
| Interest |  |  |  |  |  |  |  |  |  | 10,750 | 98,000 | 108,750 |
| $\underline{2028}$ |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal |  |  |  |  |  |  |  |  |  |  | 1,300,000 | 1,300,000 |
| Interest |  |  |  |  |  |  |  |  |  |  | 45,500 | 45,500 |
| Total Principal | \$1,000,000 | \$2,400,000 | \$3,405,000 | \$4,500,000 | \$11,700,000 | \$13,300,000 | \$8,700,000 | \$9,300,000 | \$10,820,000 | \$10,000,000 | \$12,500,000 | \$87,625,000 |
| Total Interest | \$17,500 | \$76,813 | \$170,924 | \$173,125 | \$528,313 | \$822,000 | \$624,500 | \$764,500 | \$1,188,325 | \$1,180,600 | \$3,116,000 | \$8,662,600 |
| Total Payment | \$1,017,500 | \$2,476,813 | \$3,575,924 | \$4,673,125 | \$12,228,313 | \$14,122,000 | \$9,324,500 | \$10,064,500 | \$12,008,325 | \$11,180,600 | \$15,616,000 | \$96,287,600 |

*Interest assumption (true interest cost - TIC) for the 2018 issue is estimated at $3.5 \%$

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)


| 2018 | 2019 | 2020 | 2021 | 2022 |
| :---: | :---: | :---: | :---: | :---: |
| Budget | $5-$ Year Plan | $5-$ Year Plan | $5-$ Year Plan | $5-$ Year Plan |

Capital Plan Project Costs
Capital Plan Funding
Project Direct Funding Sources (a)
Tax levy/Current Funds (b)
Investment Income
Borrowed Funds
Total Capital Plan Funding
Length of Bond Issue-Years
Estimated Interest Rate \%
Planned Bond Issue
\$18,786,300
\$25,457,000
$\$ 24,424,200$
\$17,072,600
\$17,067,000

(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.

