Section XII – DEBT SERVICE

The County's debt service includes all expenditures for interest and principal payments on general long-term debt. Payments in this category are provided for in the Capital Expenditures Fund.

Policy

Garfield County has established the following policies guiding the use of debt.

- The registered, qualified voters of the County must approve issuance of debt (required by the State).
- Debt will not be used to finance current operating expenses. Debt should only be used for the construction of capital facilities or the purchase of capital assets. In general, the assets should not be recurring capital replacements, such as vehicles.
- The County will confine long-term borrowing to major capital purchases or projects that cannot be financed from current revenues. The County should exhaust all possible resources, such as grants and pay-as-you-go funding, before borrowing funds.
- The Board of County Commissioners is authorized to execute lease agreements on behalf of the County.

Legal Debt Margin

The legal debt limit is calculated at is 1.5% of total assessed value. The legal debt margin for Garfield County in 2010 was $81,205,083. The legal debt margin in 2011 and 2012 is estimated at approximately $53 million.

Debt Issues

The total 2012 debt obligation listed below is $1,684,396, which includes principal and interest on the County's 2001 and 2006 COPS Series. The total 2012 debt service budget is $1,688,596, the difference between this and debt obligation being administrative fees. Total debt service expenditures comprises 1% of the total County budget of $115.8 million (excludes interfund transfers).

DEBT	2012 Principal Payment	2012 Interest Payment	Total
2001 COPS Series	385,000	326,126	711,126
2006 COPS Series	625,000	348,270	973,270
Total	**1,010,000**	**674,396**	**1,684,396**

2001 COPS Series

The County's 2001 COPS Series was used to finance the construction of the Glenwood Springs administrative building and road and bridge maintenance facility in Rifle. This series is budgeted at $711,126, which covers

administrative fees, principal, and interest due in 2012. The total principal and interest remaining is approximately $9.2 million, which is expected to be paid off by December 2024.

2006 COPS Series

The County's 2006 COPS Series was used to finance the construction of the Sheriff's jail facility in Glenwood Springs. This series is budgeted at $973,270, which covers administrative fees, principal, and interest due in 2012. The total principal and interest remaining is approximately $11.2 million, which is expected to be paid off by December 2023.

The summary of the 2001 and 2006 COPS Revenues and Expenditures are as follows:

REVENUES	2010 Actual	2011 Projected	2012 Budget
Investment Earnings	35,235	35,000	30,000
REVENUE TOTAL	**35,235**	**35,000**	**30,000**

USES OF FUNDS/EXPENDITURES	2010 Actual	2011 Projected	2012 Budget
Professional Services	4,389	4,000	4,200
Principal Payments	495,000	515,000	1,010,000
Interest Payments	718,559	695,560	674,396
EXPENDITURE TOTAL	**1,217,948**	**1,214,560**	**1,688,596**