

## RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES

The City has adopted a target that general fund debt service not exceed 12.5% of total general fund expenditures. This amount excludes certain utilities: Water, Stormwater, Sewer, and Parking Utilities. The 2010 Executive Budget would result in a general fund debt service to expenditures ratio of 12.29%. So, the City remains slightly below this target.

The chart below makes the following assumptions:

- Future year interest rate is 3.0%;
- Future year expenditure growth in non-debt service costs is 3.0%; and
- Future debt service assumes borrowing in 2010-2015 as specified in the Capital Improvement Plan (CIP).

Based on these assumptions, future years show a dramatic increase in the debt service ratio to expenditures. However, this increase is typically less exaggerated because the amount actually borrowed is less than the CIP, interest rates are lower and projects are delayed.

