

Whatcom County and Long Term Debt

Whatcom County borrows money to finance large capital projects, such as buildings and road improvements, by issuing bonds. We pay off these financial obligations over time. Our Standard & Poor's bond rating is "A," with a rating outlook for the intermediate to long term of positive. Our Moody's Investor Service bond rating is "A1." We are committed to maintaining our good credit. We make all debt service payments promptly and maintain adequate reserves to address contingencies.

Debt Capacity Limited by State Law

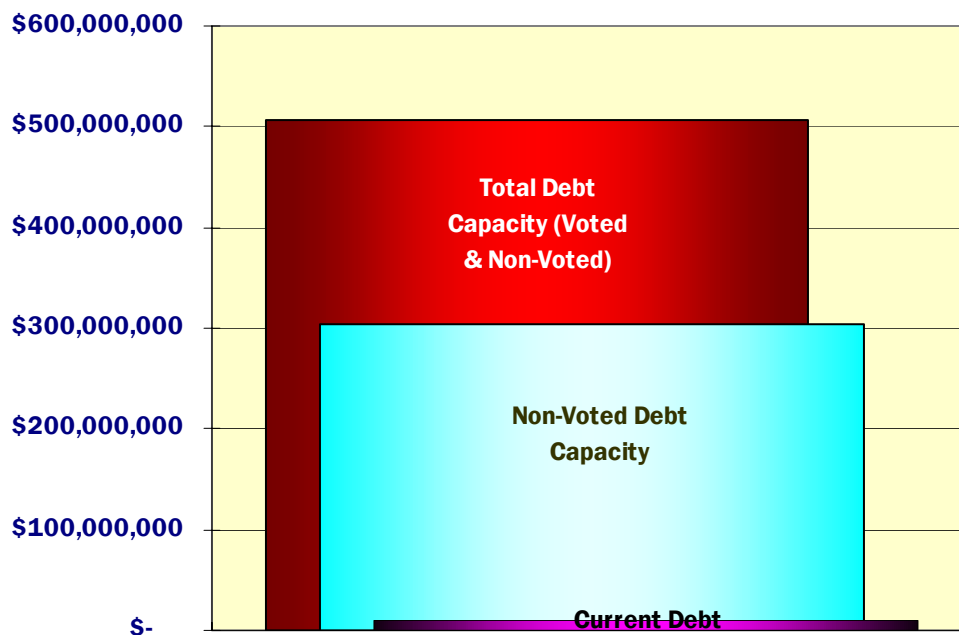
The amount of long term debt that we can incur is limited by state statute. Washington's statutory limitation on non-voted general obligation debt for counties is one and one-half percent of the assessed value of all taxable property within the county at the time of issuance. Voter approval is required to exceed this limit. An election to authorize debt must have voter turnout of at least 40 percent of the last state general election, and of those voting, 60 percent must vote in favor of issuance.

Additionally, Whatcom County may enter into leases or conditional sales contracts without a vote of the electors if the total principal component of the leases and contracts, together with other non-voted general obligation indebtedness of the county, does not exceed one and one-half percent of assessed value in the county.

The combination of voted and non-voted general obligation debt for county purposes, including leases and contracts, may not exceed two and one-half percent of the assessed value of all taxable property within the county.

The assessed value of all property in the county for the 2007 tax year is \$20,279,044,466. This provides a non-voted general obligation debt capacity of \$304,185,667. Of this borrowing capacity, we have utilized \$10,045,736. There is unused non-voted debt capacity of \$294,139,931 available. Our total voted and non-voted general obligation debt capacity is \$506,976,112, leaving an unused voted and non-voted capacity of \$496,930,376. The graph below illustrates actual debt, non-voted debt capacity and total (voted and non-voted) debt capacity.

Current Debt and Estimated Debt Capacity



See table on facing page for calculation.

Estimated Legal Debt Capacity Calculation

Assessed Value (2006)	\$ 20,279,044,466
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Limited Tax General Obligation Debt Capacity (Nonvoted)

1 1/2% of Assessed Value	\$ 304,185,667
Less: Outstanding Limited Tax General Obligation Bonds	\$ (10,115,000)
Plus: Cash and Investments in Debt Service Funds	\$ 69,264
Remaining Capacity: Limited Tax General Obligation Debt (Non-voted)	\$ 294,139,931

Total General Obligation Debt Capacity (Voted and Non-voted)

2 1/2% of Assessed Value	\$ 506,976,112
Less: Outstanding Unlimited Tax General Obligation Bonds	\$ -
Less: Outstanding Limited Tax General Obligation Bonds	\$ (10,115,000)
Plus: Cash and Investments in Debt Service Funds	\$ 69,264
Remaining Capacity: Voted & Non-voted	\$ 496,930,376

General Obligation Bonds

General Obligation Bonds

Whatcom County issued general obligation bonds in the amount of \$9,990,000 in 1997 to refinance the 1991 issue of bonds for remodeling of the county courthouse, and to payoff interfund loans for the remodeling the county courthouse. Interest on these bond issues range from 4.0%-5.5% with final maturity in 2012. These bonds will be repaid from Real Estate Excise Tax revenues. The balance outstanding as of December 31, 2006 was \$5,440,000.

In 1998, Whatcom County issued \$3,360,000 in general obligation bonds to payoff an interfund loan for the purchase of the Civic Center Building. Interest rates on these bonds range from 3.75%-4.70%, with final maturity in 2018. Repayment will be made from various county revenue sources. As of December 31, 2006, outstanding bonds totaled \$2,330,000.

Whatcom County issued general obligation bonds in the amount of \$3,385,000 (interest rate 2.00%-3.35%) in 2003 to refinance the 1993 issue of bonds for the addition to the Whatcom County courthouse. This debt issue matures in full in 2012. As of December 31, 2006, outstanding bonds totaled \$2,345,000. Repayment will be made from General Fund revenues.

The annual requirements to amortize outstanding debt, including interest, are as follows:

	General Obligation Bonds
2007	1,864,453
2008	1,890,504
2009	1,893,618
2010	1,905,913
2011	1,892,725
2012 & beyond	2,418,031
Total Debt Service	11,865,244
Interest	1,750,244
Principal	10,115,000