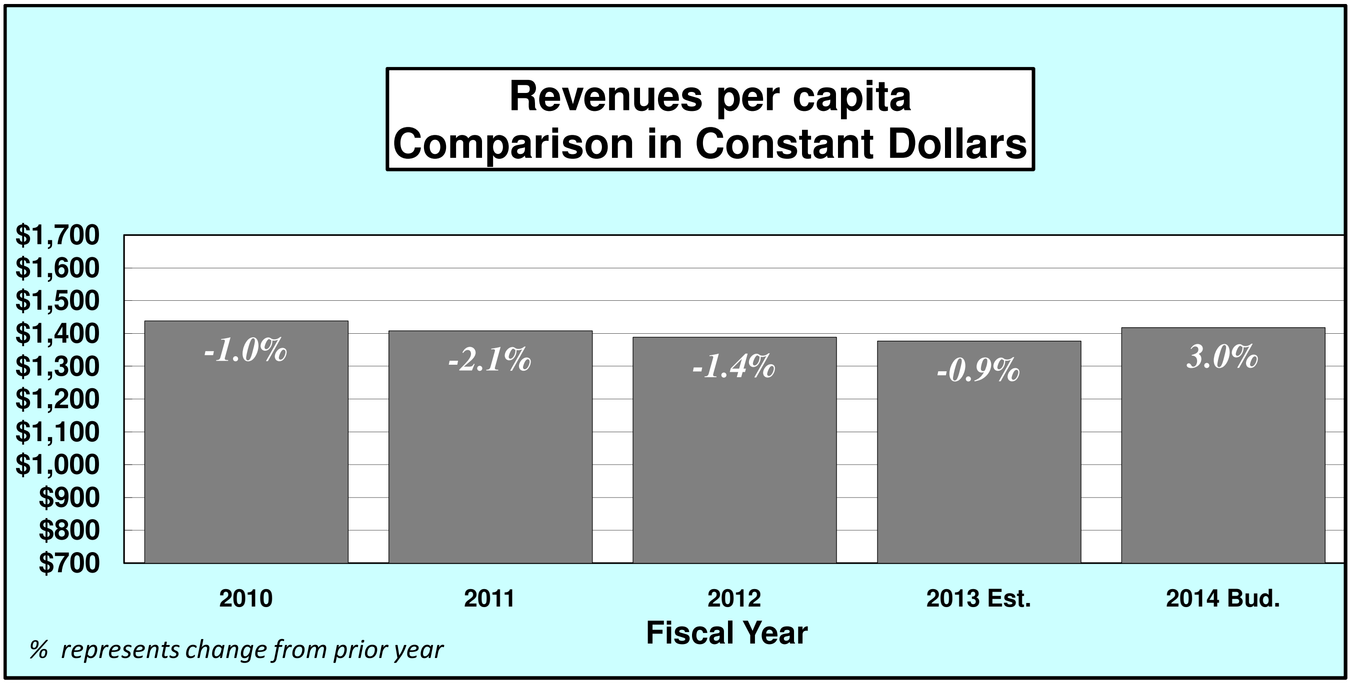
REVENUE INDICATOR



Warning Trend:
Decreasing net operating revenues per capita (constant dollars)

Formula:
Gross operating revenues
Population

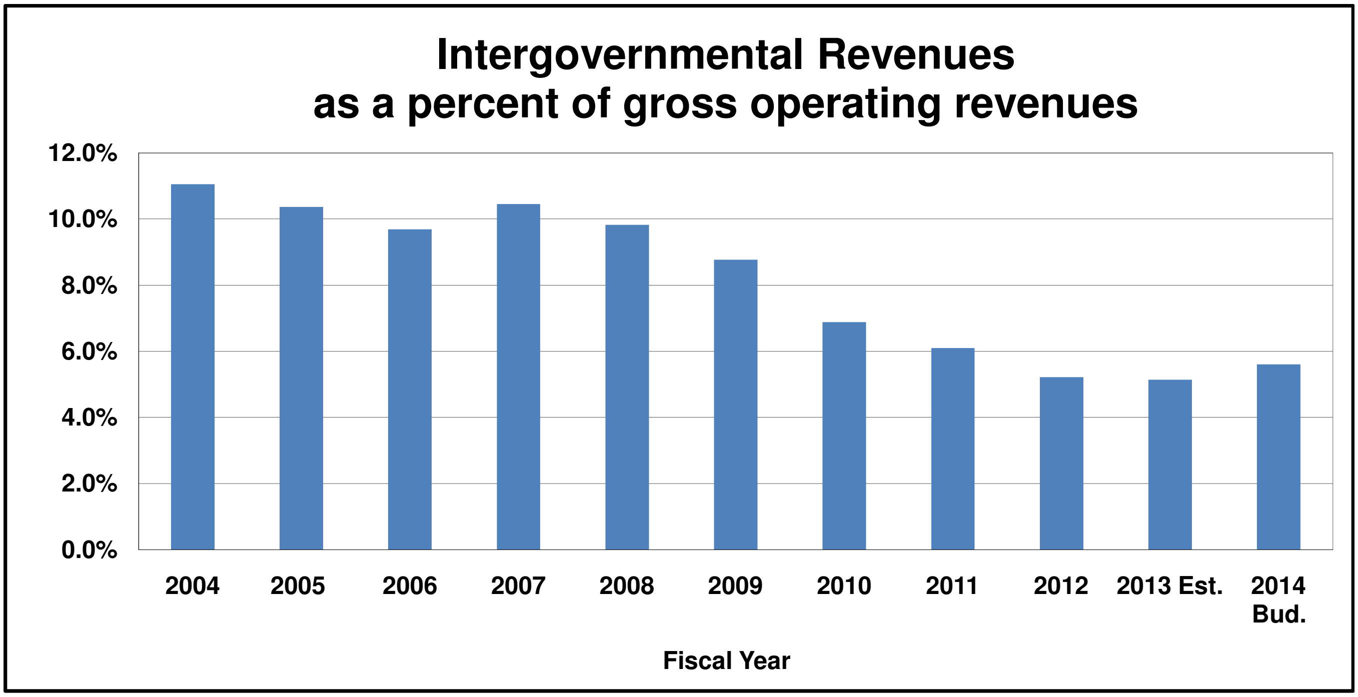
Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Gross operating revenues	$289,127,990	$298,392,949	$307,979,739	$314,830,100	$334,490,600
Consumer price index	141.3	144.5	148.6	151.2	154.3
Gross operating revenues (constant dollars)	$204,656,160	$206,503,883	$207,188,668	$208,173,466	$216,836,741
Current population	142,226	146,551	149,130	151,148	152,833
Gross operating revenues per capita (constant dollars)	**$1,439**	**$1,409**	**$1,389**	**$1,377**	**$1,419**

Description:
Examining per capita revenues shows changes in revenues relative to changes in population size and rate of inflation. As population increases, it might be expected that revenues and the need for services would increase proportionately, and therefore, that the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to save money.

Comments:
The economic recession combined with State budget cuts and a growing population have caused a decline in per capita revenue growth since FY2009.

Typically, State and Local Governments tend to lag in their own recovery from an economic downturn due to the significant reliance on property and income tax revenues. It is estimated for FY2013 per capita revenue will bottom out and begin to rebound in FY2014. Tax rate increases for both property tax and income tax will significantly help with this rebound.

REVENUE INDICATOR



Warning Trend:
Increasing amount of intergovernmental operating revenues as a percentage of gross operating revenues

Formula:

$$\frac{\text{Intergovernmental operating revenue*}}{\text{Gross operating revenues}}$$

Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Intergovernmental operating revenues*	$21,362,044	$19,368,100	$16,942,876	$17,048,800	$19,860,769
Gross operating revenues (General/Special Revenue)	$310,490,035	$317,761,049	$324,922,615	$331,878,900	$354,351,369
Intergovernmental operating revenues as percent of gross operating income	**6.9%**	**6.1%**	**5.2%**	**5.1%**	**5.6%**

** Intergovernmental operating revenue includes general fund revenue and special revenue funds received to support various grant programs.*

Description:

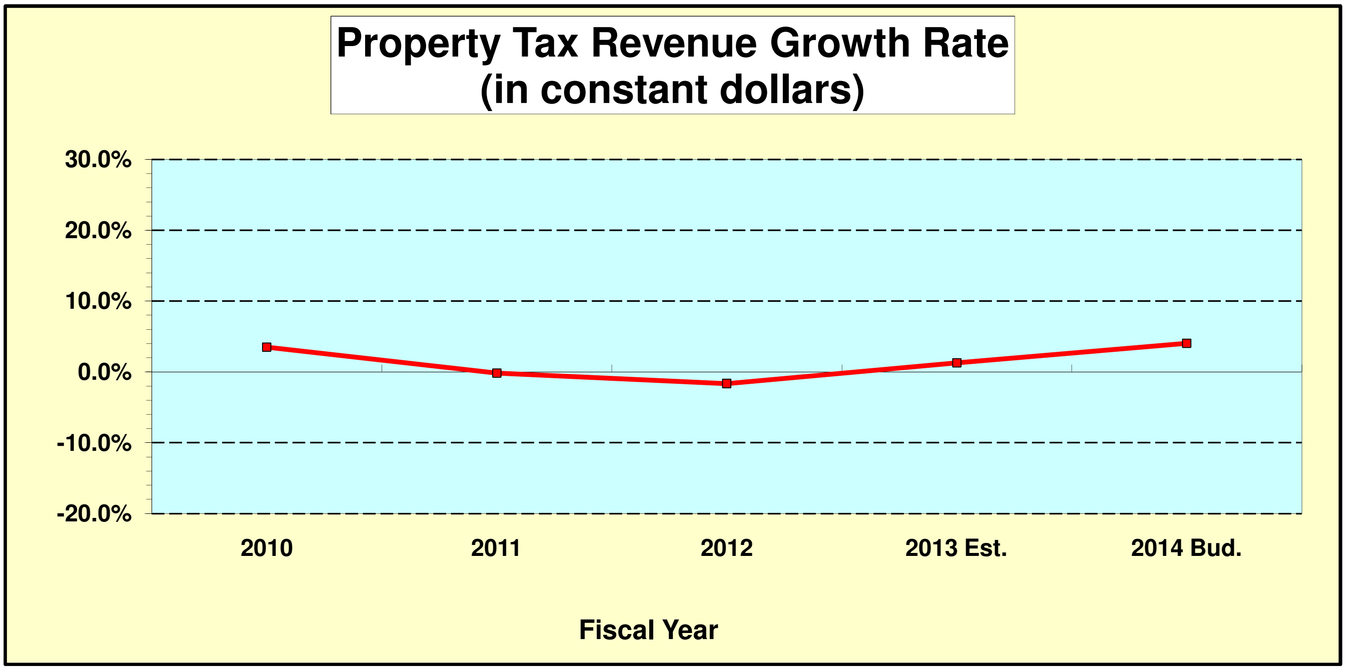
Intergovernmental revenues (revenues received from another governmental entity) are important because an over dependence on such revenues can be harmful to local jurisdictions and their ability to control revenue flows. The reduction of intergovernmental funds at the discretion of other governments leaves the local governments with the dilemma of cutting programs or funding them from general fund revenues.

Comment:

After many years of positive revenue growth from other governmental entities, a decrease resulted in FY2004 through FY2006 due to State cutbacks and phasing out of Federal and State funds for certain programs. The County has absorbed the decrease in public safety grants and no major programs were curtailed as a result of the lower revenues. FY2009 declined due to a $2.5 million utility deregulation grant that had a sunset provision from the State of Maryland.

State budget cuts have significantly reduced the amount of Intergovernmental revenue received by the County. For example Highway User Tax was reduced from approximately $9 million per year to less than $500,000 between FY2008 to FY2010.

REVENUE INDICATOR



Warning Trend:
Decline in property tax revenues (constant dollars)

Formula:
Property Tax revenues
(constant dollars)

Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Property Tax Revenues	$177,986,438	$181,734,631	$183,892,784	$189,508,000	$201,088,000
Consumer price index	141.3	144.5	148.6	151.2	154.3
Property Tax Revenue in constant dollars	$125,985,799	$125,770,087	$123,711,063	$125,307,387	$130,357,225
Growth rate in constant dollars	3.5%	-0.2%	-1.6%	1.3%	4.0%

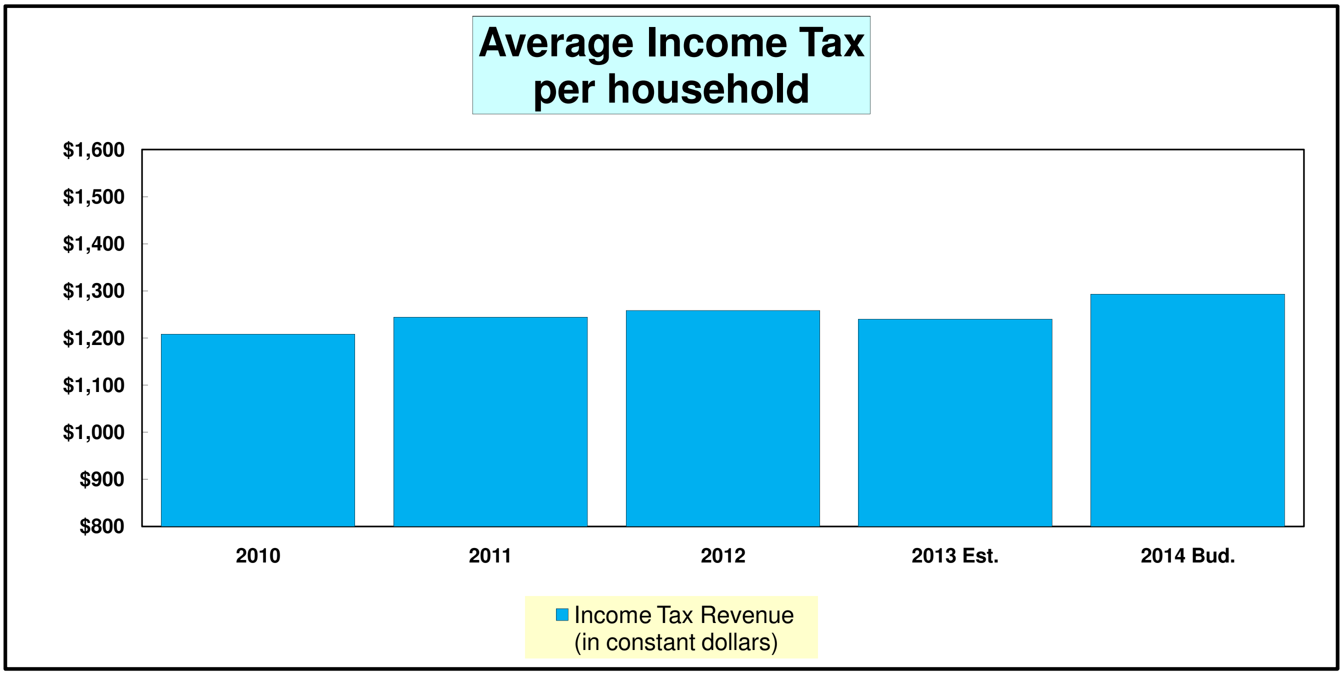
Description:

Property tax revenue should be considered separately from other revenue because it is the primary revenue source. A decline or diminished growth rate in property taxes may be a result of overall decline in property value, default in property tax payment, or inefficient assessment.

Comment:

The housing market decline has resulted in a lower rate of growth in property tax revenue for FY2010 - FY2012. Growth rate increases in FY2013 and FY2014 are primarily due to property tax and income tax rate increases.

REVENUE INDICATOR



Warning Trend:
Decline in income tax revenues (constant dollars)

Formula:

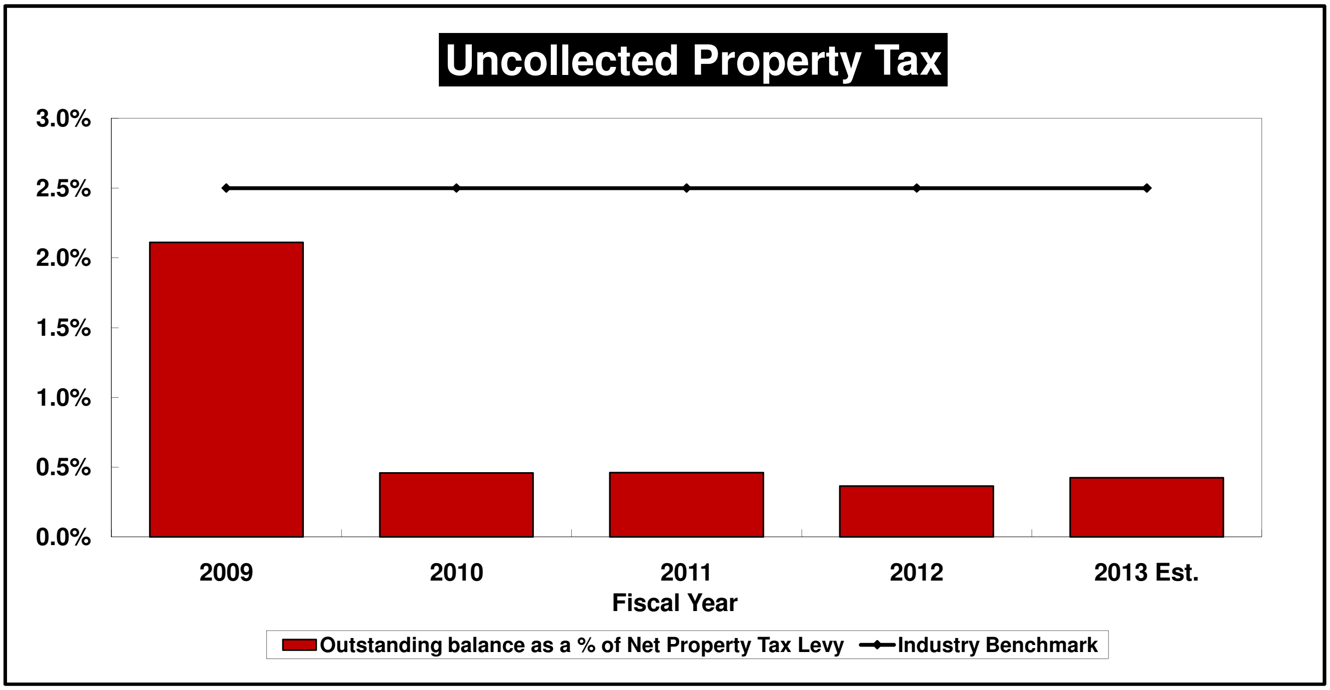
$$\frac{\text{Income Tax Revenues (constant dollars)}}{\text{Number of Households}}$$

Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Income Tax Revenues	$86,513,316	$92,049,627	$97,179,582	$98,785,200	$106,240,200
Consumer price index	141.3	144.5	148.6	151.2	154.3
Income Tax Revenue (in constant dollars)	$61,237,527	$63,703,266	$65,376,080	$65,319,223	$68,871,229
Households	50,686	51,214	51,953	52,666	53,253
Avg. Income Tax per Household (in constant dollars)	**$1,208**	**$1,244**	**$1,258**	**$1,240**	**$1,293**

Comment:

Income tax revenue continues to increase compared to the average income tax per household. Total tax receipts have exceeded budget expectations. The income tax rate is increasing by 4.5% for FY2014, which is expected to add to the overall growth rate of this revenue source.

REVENUE INDICATOR



Warning Trend:
Increasing amount of uncollected property tax as a percentage of net property tax levy

Formula:

$$\frac{\text{Uncollected property tax}}{\text{Net Property Tax levy}}$$

Fiscal Year:	2009	2010	2011	2012	2013 Est.
Net Property Tax Levy	$194,249,210	$206,470,878	$197,305,606	$190,760,517	$192,660,817
Current year tax levy outstanding at year end	$4,098,472	$947,331	$912,210	$698,300	$818,100
Outstanding balance as a % of Net Property Tax Levy	2.1%	0.5%	0.5%	0.4%	0.4%

Description:

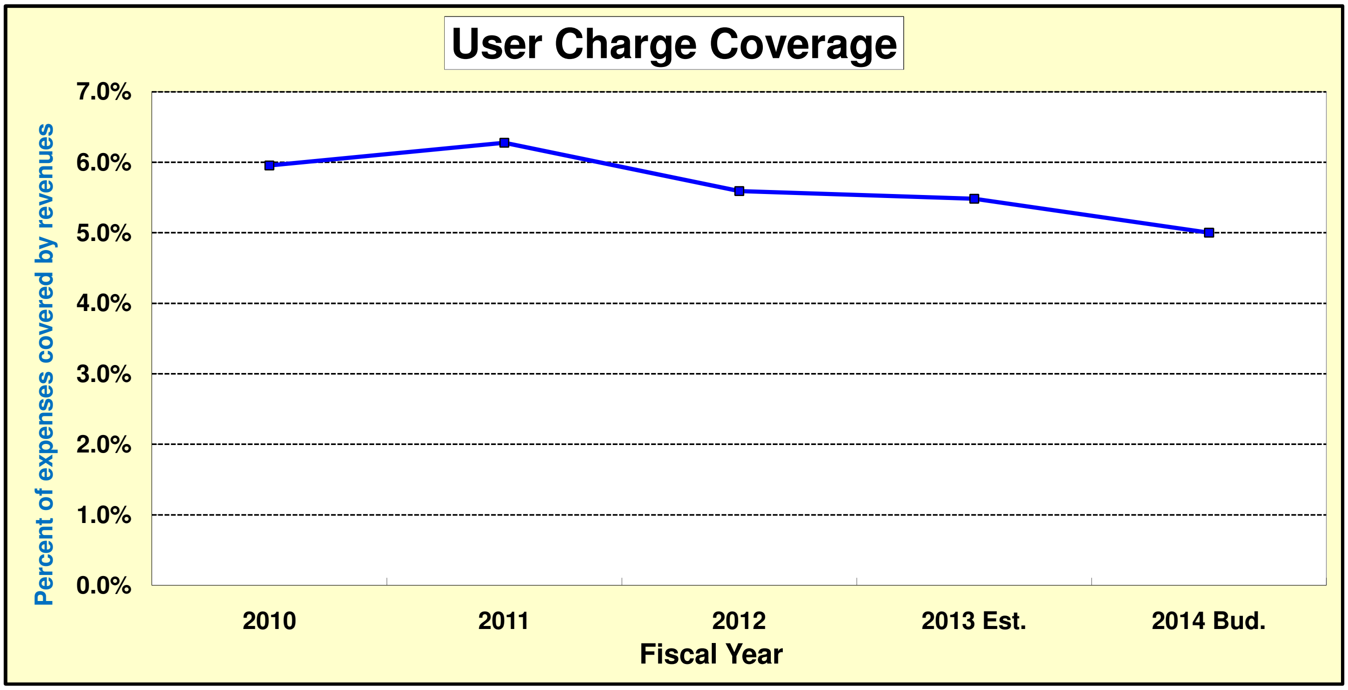
Each year, a percentage of property tax owners are unable to pay property taxes. If the percentage increases over time, it may indicate overall decline in the local governments economic health. Additionally, as uncollected property taxes rise, liquid is decreased and there is less cash on hand to pay bills or invest.

Comment:

The County's ability to conduct tax sales and assess liens coupled with the ability of the majority of its citizens to pay for the tax levy are the most significant factors contributing to an excellent collection rate.

The spike in FY2009 resulted from a late adjustment to a power plant tax bill resulting in a year end supplemental bill. The supplemental bill although outstanding in FY2009 was paid in FY2010.

REVENUE INDICATOR



Warning Trend:
Decreasing revenues from user charges as a percent of total expenditures for related service

Formula:

$$\frac{\text{Revenues from User Charges}}{\text{Expenses for Related Services}}$$

Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
General Fund License & Permit/ Service Fee Revenue	$6,969,471	$7,126,890	$6,774,624	$6,800,700	$6,824,100
General Fund Expense (excl. transfers & debt service)	$117,036,976	$113,521,364	$121,169,835	$124,053,450	$136,492,600
Percent of expenses covered by revenues	6.0%	6.3%	5.6%	5.5%	5.0%

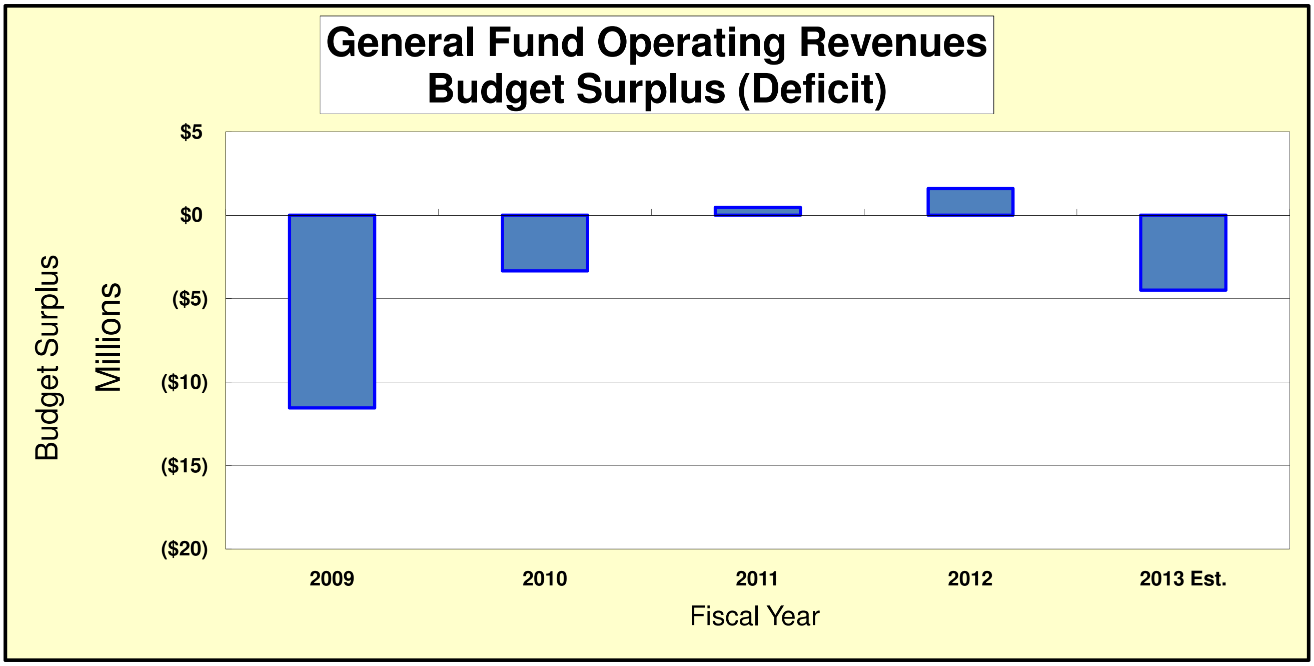
Description:

The term user charge coverage refers to whether fees and charges cover the entire cost of providing a service. This indicator focuses only on general fund programs and not on enterprise or special revenue fund services. As coverage declines, the burden on other revenues to support the services increases. This indicator helps to point out if inflation or other factors have eroded the user charge coverage.

Comment:

User fee revenue typically supports various programs ranging from planning and zoning to parks and recreation. The County Commissioners review fees during the annual budgetary process in order to maintain a level funding source for associated programs. The decline in the percent of expenses covered by user fee revenues is directly due to government costs not subject to program fees, such as Education and Public Safety.

REVENUE INDICATOR



Warning Trend:
Increase in revenue shortfalls as a % of actual operating revenues

Formula:
Revenue Shortfalls
Gross Operating Revenue

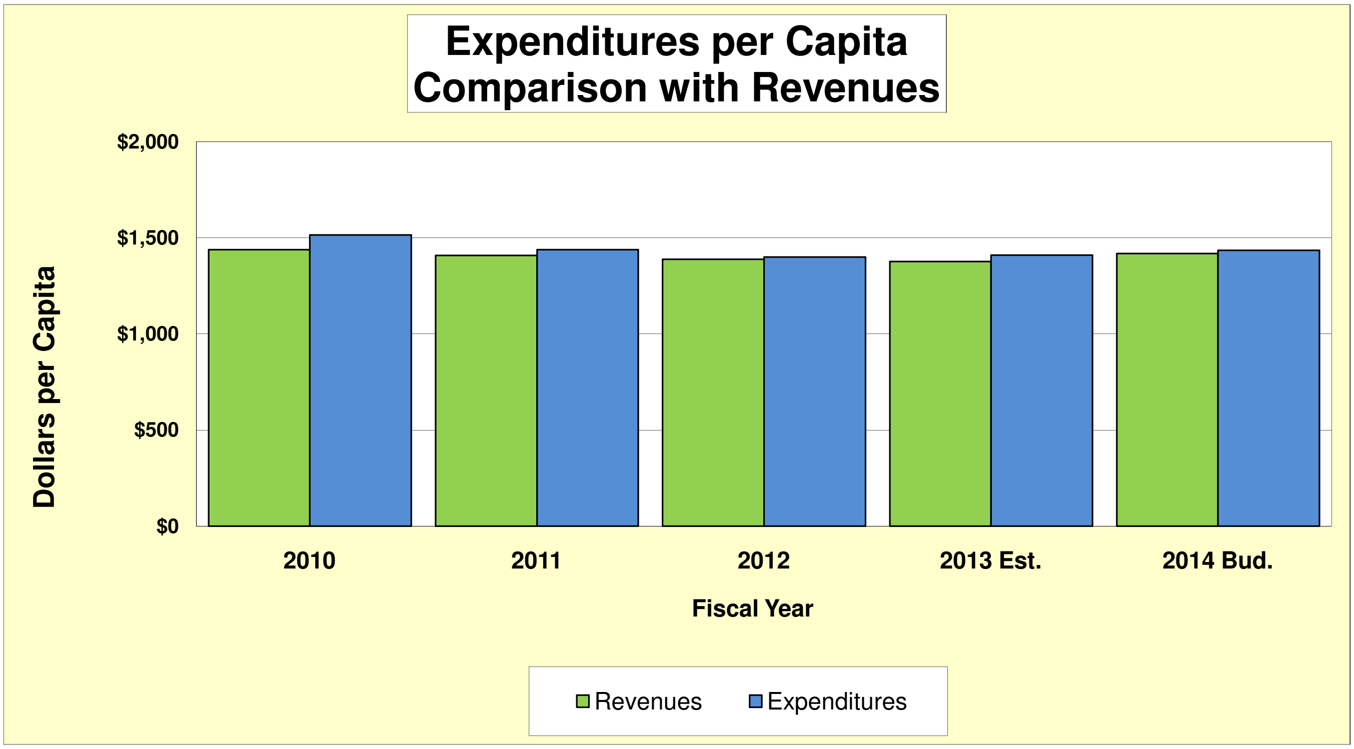
Fiscal Year:	2009	2010	2011	2012	2013 Est.
Actual Gross Operating Revenues	$286,994,899	$289,127,990	$298,392,949	$307,979,739	$314,830,100
Amended Budgeted Operating Revenues	$298,536,590	$292,463,700	$297,923,530	$306,380,350	$319,315,200
Revenue (Shortfall)/Surplus	($11,541,691)	($3,335,710)	$469,419	$1,599,389	($4,485,100)
Revenue Variance as a % of Gross Operating Revenues	-4.0%	-1.2%	0.2%	0.5%	-1.4%

Description:
This indicator examines the differences between revenue estimates and revenues actually received during the fiscal year. Major discrepancies that continue year after year can indicate a declining economy, inefficient collection procedures, or inaccurate estimating techniques. If revenue shortfalls are increasing in frequency or size, a detailed analysis of each revenue should be made to pinpoint the source.

Comment:
The recession significantly affected certain revenues resulting in revenue budget shortfalls for FY2009 and FY2010. A shortfall in FY2009 was due to income tax, highway user tax, and interest income earnings which combined to fall short by $11 million. The FY2010 shortfall resulted from a large tax assessment appeal to the State causing a $2.8 million adjustment from the original budget estimate.

Nearly half of the revenue budget shortfall for FY2013 is due to a delay with a major power plant project which included an upfront payment that was deferred to a later year.

REVENUE & EXPENDITURE INDICATOR



Warning Trend:
Increasing net operating expenditures per capita (constant dollars)

Formula:

$$\frac{\text{Net operating \& transfers (constant dollars)}}{\text{Population}}$$

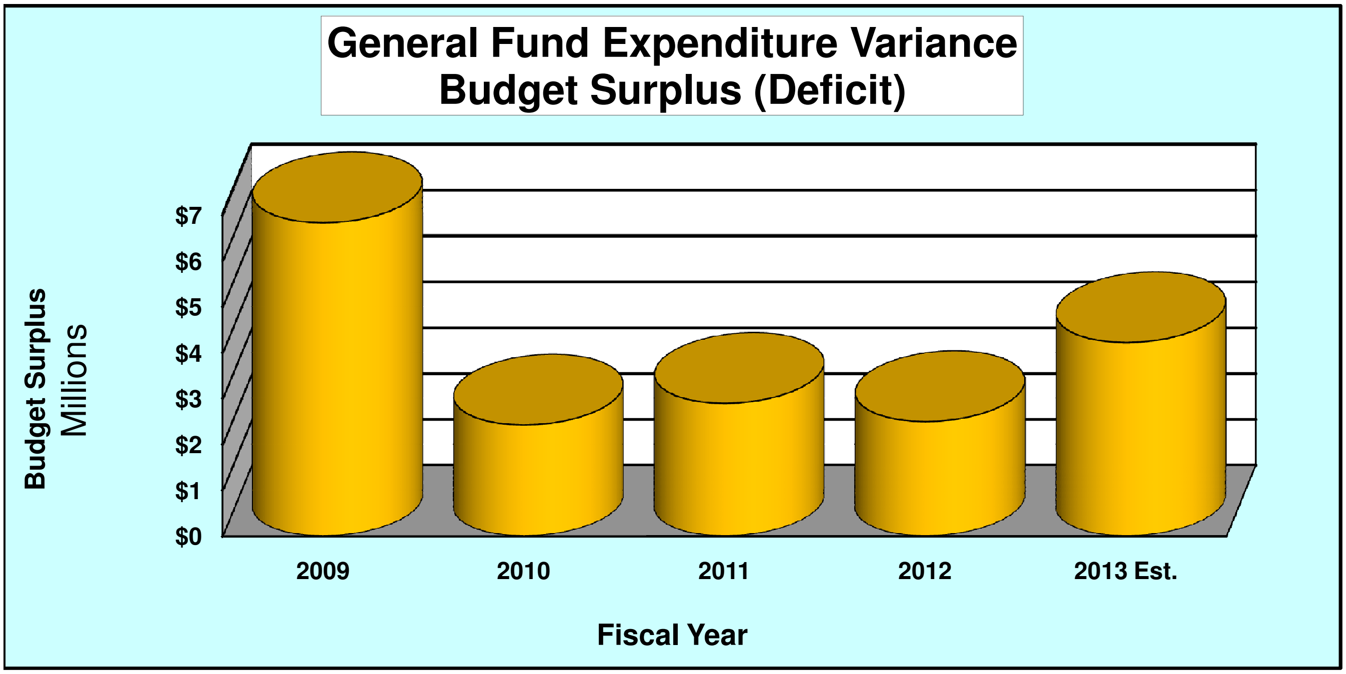
Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Net operating expenditures and transfers	$304,610,999	$304,788,500	$310,275,225	$322,494,280	$338,566,300
Consumer price index	141.3	144.5	148.6	151.2	154.3
Constant dollar expenditures	$215,615,642	$210,929,947	$208,732,921	$213,241,211	$219,478,852
Per capita expenditures (constant dollars)	$1,516	$1,439	$1,400	$1,411	$1,436
Gross operating revenues per capita	$1,439	$1,409	$1,389	$1,377	$1,419
Estimated population	142,226	146,551	149,130	151,148	152,833
Estimated households	50,686	51,214	51,953	52,666	53,253
Household per capita expenditures	$4,254	$4,119	$4,018	$4,049	$4,121

Description:
Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, especially, if spending is increasing faster than the residents' collective personal income.

From a different perspective, if the increase in spending is greater than can be accounted for by inflation or the addition of new services, it may indicate declining productivity - that is, that the government is spending more real dollars to support the same level of services.

Comment:
Fiscal Year 2012 represents the fourth consecutive year of declining household per capita expenditures. A slight increase for FY2013 could occur should budget estimates hold steady.

EXPENDITURE INDICATOR



Formula:

$$\frac{\text{Expenditure Shortfalls}}{\text{Gross Operating Expenditure}}$$

Fiscal Year:	2009	2010	2011	2012	2013 Est.
Actual Expenditures	$299,742,779	$304,610,999	$304,788,500	$311,567,139	$322,779,680
Amended Budgeted Expenditures	$306,570,610	$307,029,180	$307,679,530	$314,060,470	$326,995,790
Budget Surplus/(Deficit)	$6,827,831	$2,418,181	$2,891,030	$2,493,331	$4,216,110
Expenditure Variance as a % of Budget	2.23%	0.79%	0.94%	0.79%	1.29%

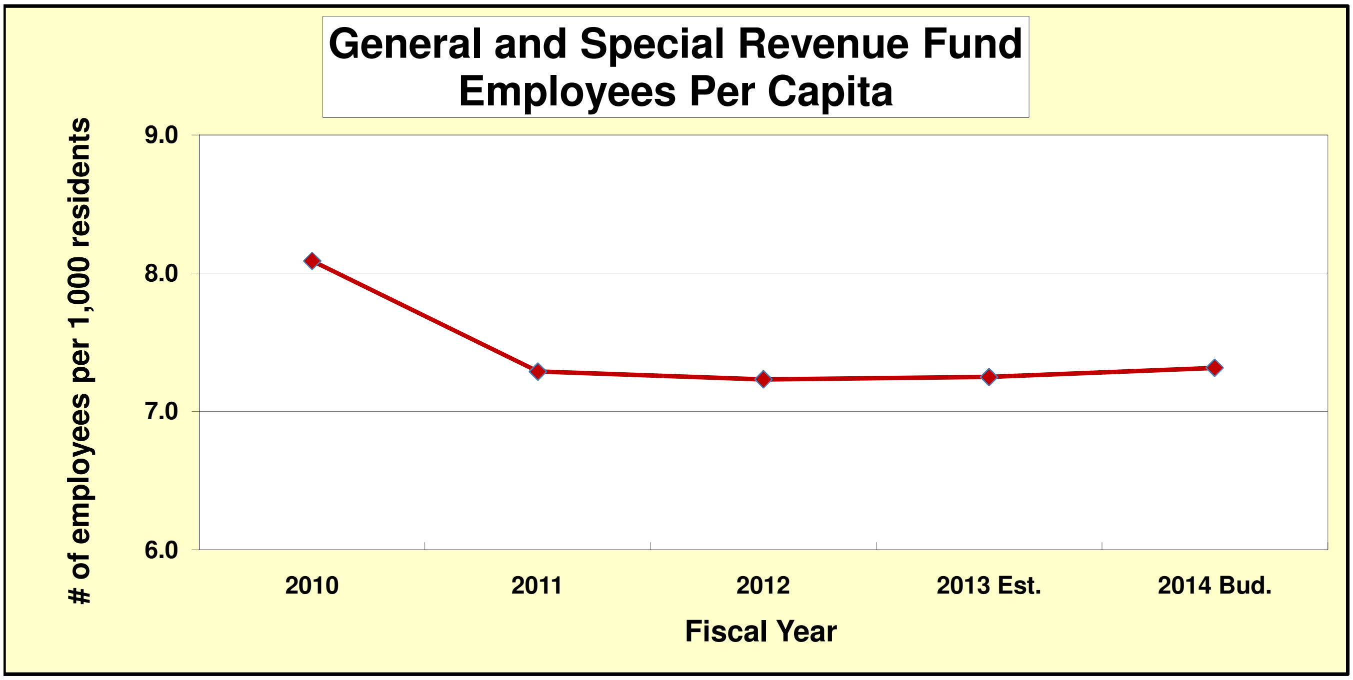
Description:

This indicator examines the differences between expenditure estimates and expenditures actually incurred during the fiscal year.

Comment:

Budget surpluses were purposely generated in fiscal years 2009 and 2010 to counteract revenue shortfalls caused by the economic recession. A spending freeze for FY2009 combined with deferring $2.5 million in funds from FY2009 to FY2010 for the Board of Education (BOE), per an agreement with the BOE, resulted in $6.8 million in savings. A mid-year budget amendment and an additional spending freeze in FY2010 resulted in a $2.4 million savings. Budget surpluses in FY2011, FY2012, and FY2013 were generated by a general overall under spending of operating budgets without specific budget actions required.

EXPENDITURE INDICATOR



Warning Trend:
Increasing number of employees per capita

Formula:
$$\frac{\text{\# of general \& special revenue fund employees}}{\text{Population}}$$

Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Number of Full Time Employees*	1,150	1,068	1,078	1,096	1,118
Population	142,226	146,551	149,130	151,148	152,833
# of County employees per capita	**0.0081**	**0.0073**	**0.0072**	**0.0072**	**0.0073**

** excludes Enterprise funded positions which are self-supporting.*

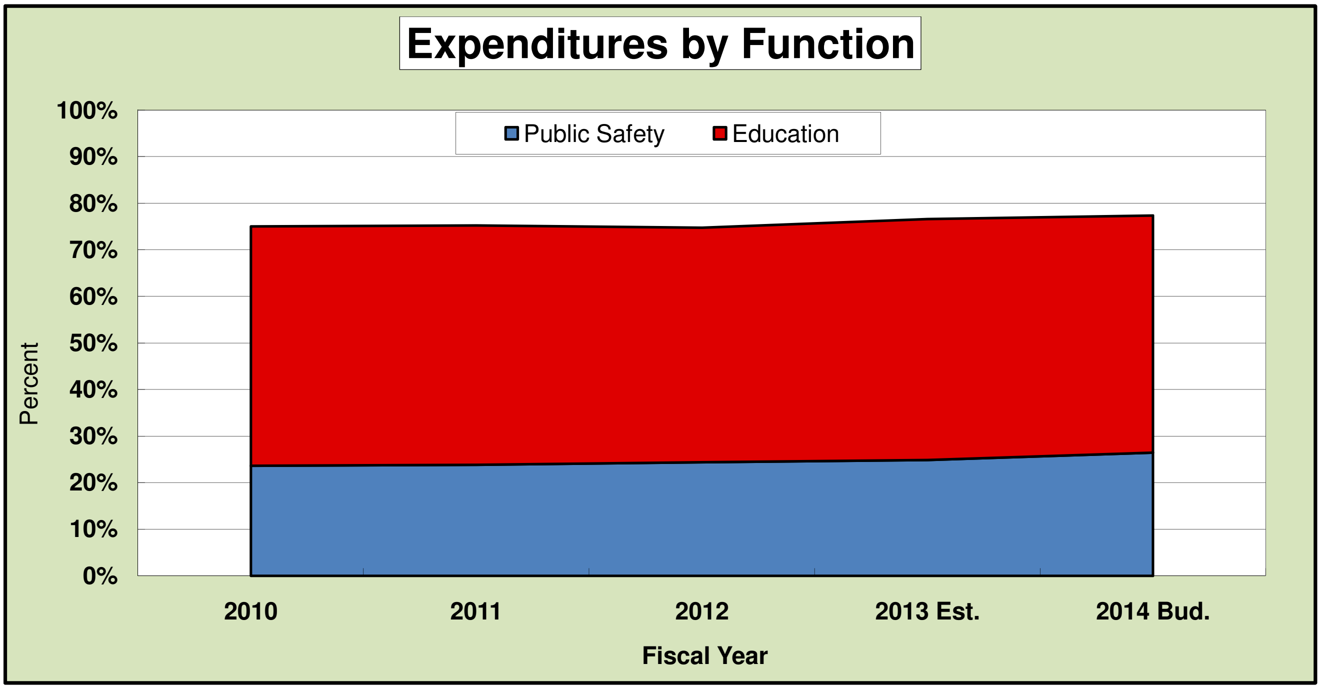
Description:

Personnel costs are a major portion of a local government's operating budget, therefore, tracking changes in the number of employees per capita is a good way to measure changes in expenditures. An increase in employees per capita might indicate that expenditures are rising faster than revenues, that the government is becoming more labor intensive, or that personnel productivity is declining.

Comment:

In preparation of the FY2011 budget and considering two fiscal years of declining State-aid, the County Government was down-sized to accommodate the new lower revenue sources available. An early retirement incentive program resulted in 44 retirees. Existing vacant positions combined with a hiring freeze for the past two years resulted in many more positions that were eliminated. Few layoffs were experienced. It is anticipated that structural reorganizations and improved efficiencies will keep service level decline to a minimum.

EXPENDITURE INDICATOR



Warning Trend:
Increasing operating expenditures for one function as a percentage of total net operating expenditures

Formula:
$\frac{\text{Operating expenditures per function}}{\text{Total net operating expenditures}}$

Fiscal Year	2010	2011	2012	2013 Est.	2014 Bud.
General Government	$17,492,376	$18,351,057	$18,234,144	$22,573,640	$21,544,700
% of Total Funds	5.7%	6.0%	5.9%	7.0%	6.4%
Public Safety	**$72,086,095**	**$72,740,164**	**$75,982,778**	**$80,357,400**	**$89,791,700**
% of Total Funds	**23.7%**	**23.9%**	**24.4%**	**24.9%**	**26.5%**
Planning & Growth Management	$3,221,128	$2,449,888	$2,391,227	$2,447,800	$2,724,900
% of Total Funds	1.1%	0.8%	0.8%	0.8%	0.8%
Health & Social Services	$4,185,225	$4,173,338	$4,187,990	$4,115,050	$4,089,130
% of Total Funds	1.4%	1.4%	1.3%	1.3%	1.2%
Community Services	$5,836,870	$5,554,780	$5,472,245	$6,060,100	$6,480,100
% of Total Funds	1.9%	1.8%	1.8%	1.9%	1.9%
Education	**$156,434,735**	**$156,619,582**	**$156,938,747**	**$167,011,200**	**$172,595,300**
% of Total Funds	**51.4%**	**51.4%**	**50.4%**	**51.7%**	**50.9%**
Public Works	$19,240,845	$16,650,347	$15,550,813	$16,185,670	$17,549,700
% of Total Funds	6.3%	5.5%	5.0%	5.0%	5.2%
Debt Service	$23,179,998	$26,002,916	$25,146,629	$20,283,200	$20,429,600
% of Total Funds	7.6%	8.5%	8.1%	6.3%	6.0%
Capital Projects	$1,100,898	$1,280,829	$5,604,781	$1,101,440	$1,213,000
% of Total Funds	0.4%	0.4%	1.8%	0.3%	0.4%
Other	$1,832,831	$965,599	$2,057,785	$2,644,180	$2,653,470
% of Total Funds	0.6%	0.3%	0.7%	0.8%	0.8%
Total Funds:	$304,610,999	$304,788,500	$311,567,139	$322,779,680	$339,071,600

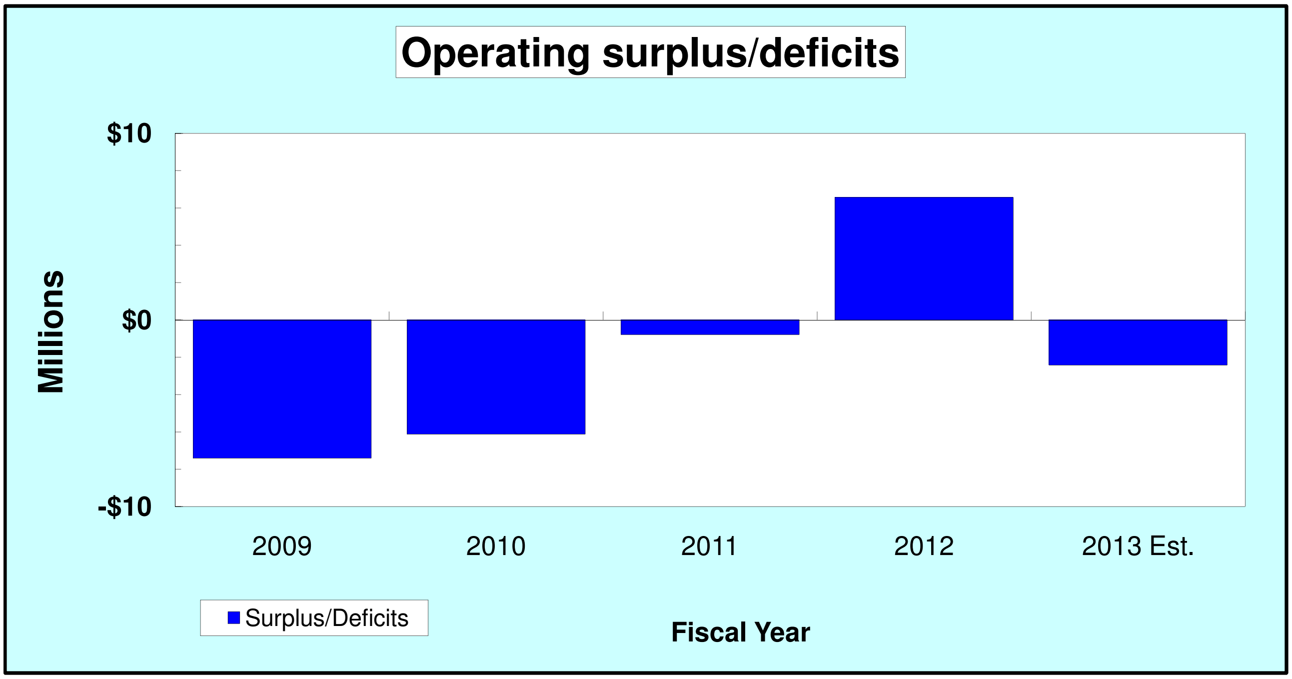
Description:

Expenditures by function represents the cost of government services by program. Often times it also an indicator of the priority level of the government.

Comments:

The County's top two priorities, Education and Public Safety, receive the largest share of the County dollar.

OPERATING POSITION INDICATOR



Warning Trend:
Increasing general fund operating deficits as a % of operating revenues.

Formula: $\frac{\text{Operating Surplus (Deficit)}}{\text{Operating Revenues}}$

Fiscal Year:	2009	2010	2011	2012	2013 Est.
General fund operating deficits/surplus	($7,408,926)	($6,131,601)	($800,872)	$6,554,396	($2,419,080)
Gross operating revenues	$286,994,899	$289,127,990	$298,392,949	$307,979,739	$314,830,100
General Fund operating surplus/deficits as a % of operating revenues	-2.6%	-2.1%	-0.3%	2.1%	-0.8%

Description:

An operating deficit occurs when current expenditures exceed current revenues. This may not mean that the budget will be out of balance ("budget deficit"), because reserves ("fund balances") from prior years can be used to cover the difference. It does mean, however, that during the current year, the government is spending more than it is receiving. This may be caused by an emergency (such as a natural catastrophe) requiring a large immediate expenditure, or the spending pattern may be part of a policy to use accumulated surplus fund balances. An operating deficit in any one year may not be cause for concern, but frequent and increasing deficits can indicate that the current revenues are not supporting current expenditures and that serious problems may lie ahead.

Budgetary analysis does not always reveal operating deficits because they can be temporarily financed by short-term loans or by accounting transactions that, for example, inappropriately accrue future revenues or transfer surplus fund balances from other funds. An analyst looking for operating deficits should consider each fund separately, so that a surplus in one fund cannot hide a deficit in another. Analyzing funds separately also helps to pinpoint emerging problems.

CREDIT INDUSTRY BENCHMARKS- A credit-rating firm would regard a current-year operating deficit as a minor warning signal; funding practices and the reasons for the deficit would be carefully assessed before it would be considered a negative factor. The following situations, however, would be given considerably more attention and would probably be considered negative factors:

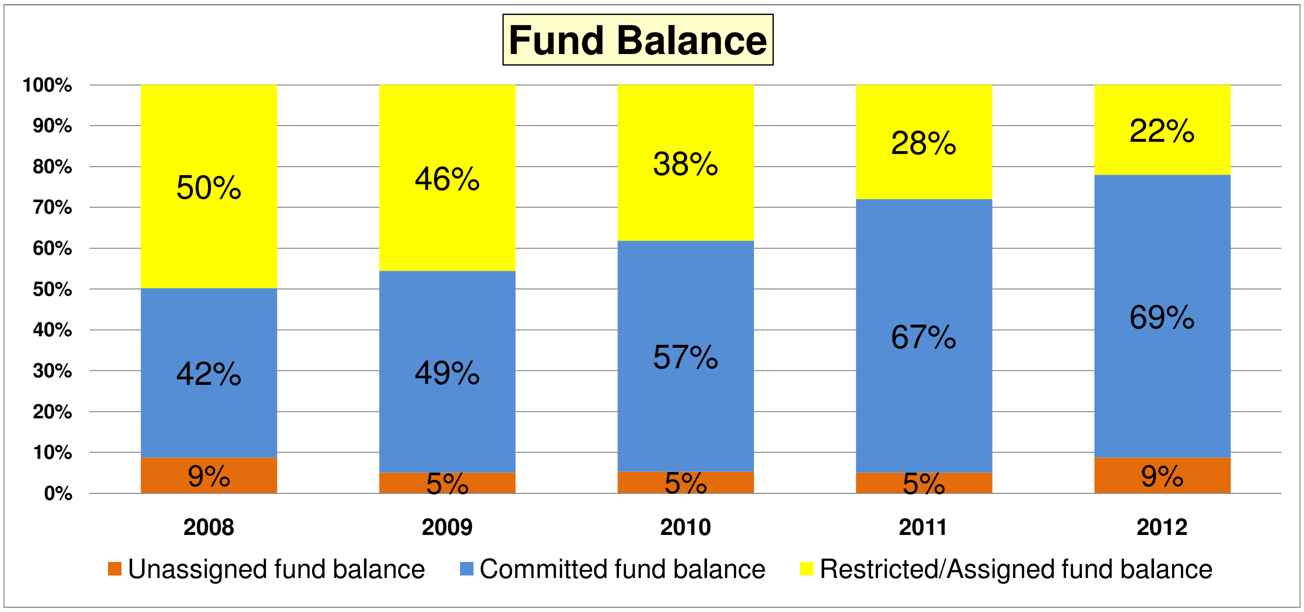
- (2) consecutive years of operating fund deficits
- An operating fund deficit in (2) of the last (5) years or greater than that of the previous year

Comment:

In general, operating deficits have occurred as a result of a planned use of Fund Balance to re-invest prior years' surpluses back into government services and equipment. The FY2009 deficit of $7.4 million included an intentional use of $4.1 million from Reserves and a revenue shortfall due to the economic recession. The FY2010 budget was adopted with the use of $6.4 million in fund balance appropriations, including $3.4 million for one-time costs.

An appropriation of $8.5 million from Fund Balance Reserves for FY2011 was negated by budget surpluses from both revenues and expenditures. For FY2012 a budget surplus of $6.6 million was primarily due to a $4 million sale of surplus land. The FY2013 budget adopted the use of Fund Balance in the amount of $5.5 million, which is anticipated to be partially offset by favorable revenues and expense savings.

OPERATING POSITION INDICATOR



Warning Trend:
Declining unreserved fund balances as a % of net operating revenues

Formula:

$$\frac{\text{Unassigned Fund Balance}}{\text{Gross operating revenues}}$$

Fiscal Year:	2008	2009	2010	2011	2012
Total fund balance	$54,725,700	$47,316,775	$41,185,173	$40,384,301	$45,506,927
Unassigned fund balances	$4,762,258	$2,378,608	$2,171,830	$2,050,076	$3,959,025
Committed fund balances	$22,728,588	$23,386,699	$23,280,926	$27,022,596	$31,526,041
Restricted/Assigned fund balances	$27,234,854	$21,551,468	$15,732,417	$11,311,629	$10,021,861
Gross operating revenues	$280,135,108	$286,994,899	$289,127,990	$298,392,949	$307,979,739
General Fund Total Fund Balance as a % of operating revenues & transfers	19.5%	16.5%	14.2%	13.5%	14.8%
General Fund Unassigned Fund Balance as a % of operating revenues	1.7%	0.8%	0.8%	0.7%	1.3%

Description:

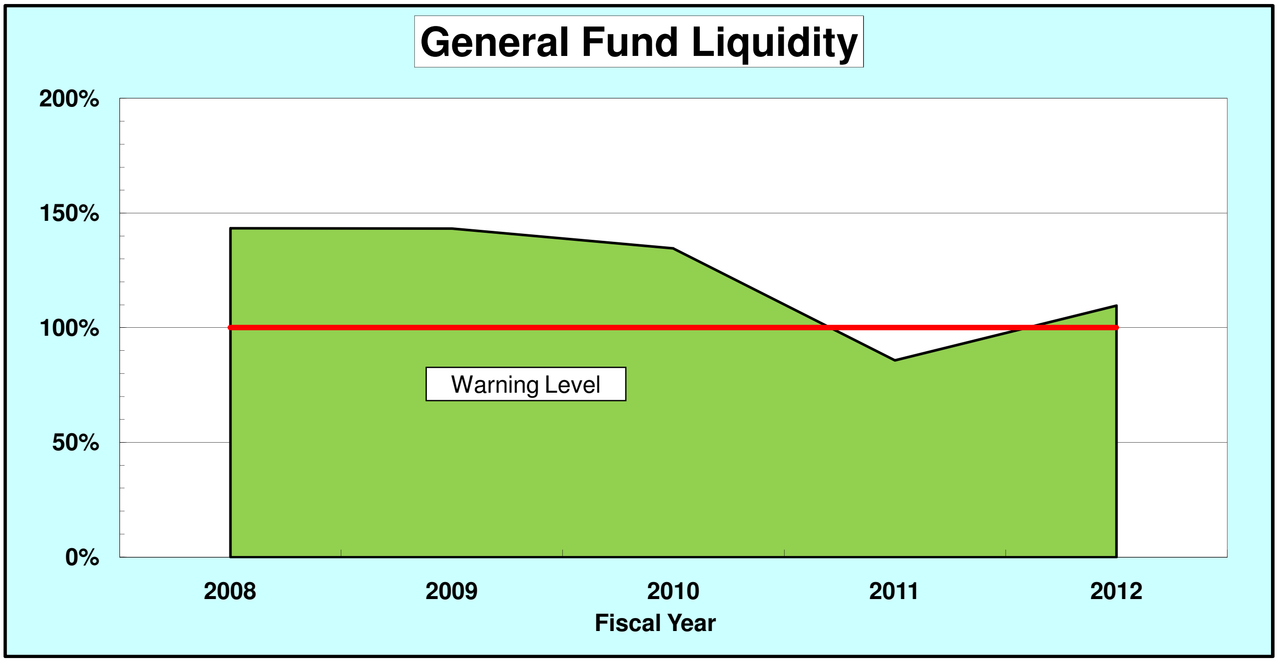
The size of a local government's fund balances can affect its ability to withstand financial emergencies. It can affect its ability to accumulate funds for capital purchases without having to borrow. Nonspecific or general reserves are usually carried on the books as an unreserved fund balance. The fund balance, however is not synonymous with available for appropriation. An unplanned decline in fund balance may mean that the government will be unable to meet a future need.

Comments:

The County has a policy of maintaining fund balance at 8% of operating revenues, reflected in the Committed fund balance section. As the operating revenues increase so has the Committed Fund Balance. The County has slowly but intentionally drawn from its Assigned/Restricted Fund Balance over the years to fund one-time costs and absorb revenue shortfalls.

The County also believes in reinvesting fund balance for pay-as-you-go capital projects. Appropriations for capital projects of nearly $57 million have been made since FY2003 which lessens the debt burden on the General Fund Operating Budget.

OPERATING POSITION INDICATOR



Warning Trend:
Decreasing amount of cash and short-term investments as a percentage of current liabilities

Formula:
$$\frac{\text{Cash and Short-term Investments}}{\text{Current Liabilities}}$$

Fiscal Year:	2008	2009	2010	2011	2012
Cash and Short Term Investments	$128,164,963	$99,943,525	$103,663,739	$73,892,718	$103,218,069
Current Liabilities (excludes deferred revenues)	$89,319,953	$69,741,241	$77,005,692	$86,120,814	$94,101,613
Cash and Short-term Investments as a percentage of Current Liabilities	143.5%	143.3%	134.6%	85.8%	109.7%

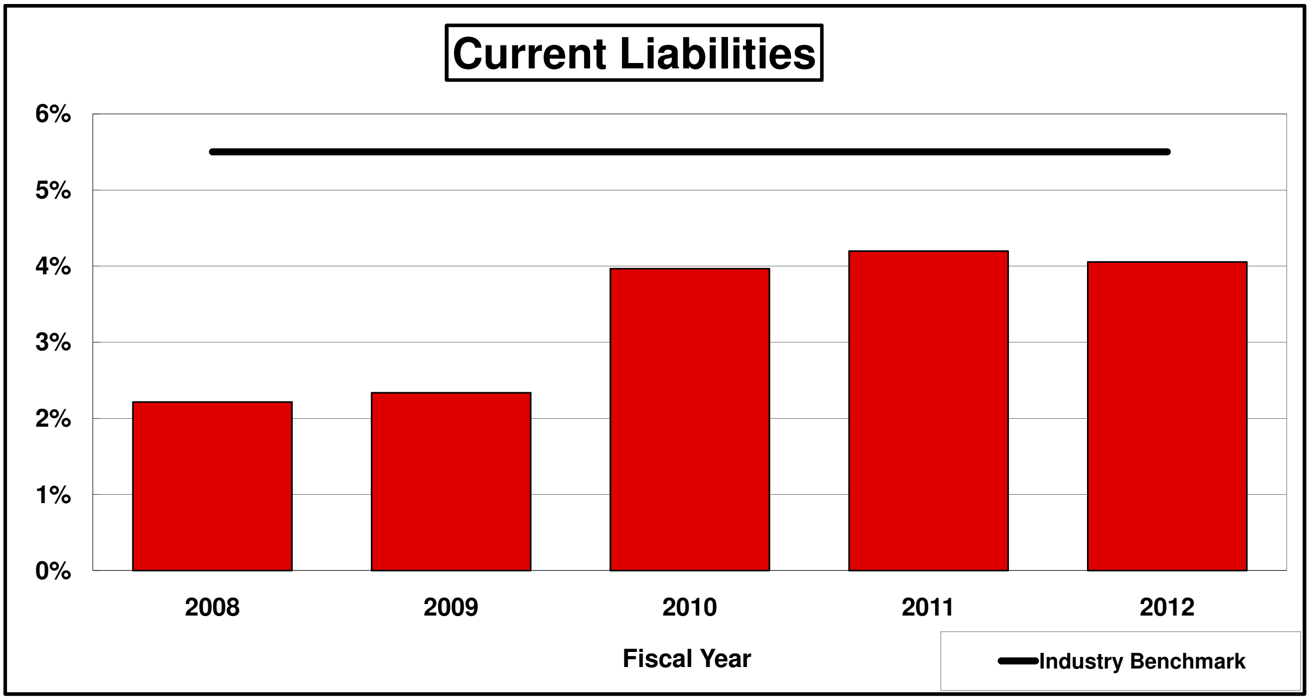
Description:

A good measure of a local government's short-term financial condition is its cash position. Cash position, which includes cash on hand and in the bank, as well as, other assets that can be easily converted to cash, determines a government's ability to pay its short-term obligations. Low or declining liquidity can indicate that a government has overextended itself in the long term.

Comment:

The County typically issues general obligation bonds each year to finance its Capital Improvement Program. For FY2011, the bond issue was deferred until July 2011 (FY2012). The effect of the deferral resulted in a lower than normal year-end cash balance and temporarily dropped the ratio of cash below Current Liabilities.

DEBT INDICATOR



Warning Trend:
Increasing current liabilities at the end of the year as a percentage of net operating revenues

Formula:

$$\frac{\text{Current liabilities}}{\text{Gross operating revenues}}$$

Fiscal Year:	2008	2009	2010	2011	2012
Current liabilities *	$6,204,072	$6,708,180	$11,467,851	$12,528,201	$12,481,160
Gross Operating Revenues	$280,135,108	$286,994,899	$289,127,990	$298,392,949	$307,979,739
Current liabilities as a percentage of operating revenues	2.2%	2.3%	4.0%	4.2%	4.1%

** excludes deferred revenues and amounts due other funds considered long term in nature.*

Description:

Current liabilities are defined as the sum of all liabilities due at the end of the fiscal year, including short-term debt, all accounts payable, accrued liabilities, and other current liabilities. A major component of current liabilities may be short-term debt in the form of tax or bond anticipation notes.

Although short-term borrowing is an accepted way to deal with uneven cash flows, an increasing amount of short term debt outstanding at the end of successive years can indicate liquidity problems, deficit spending, or both.

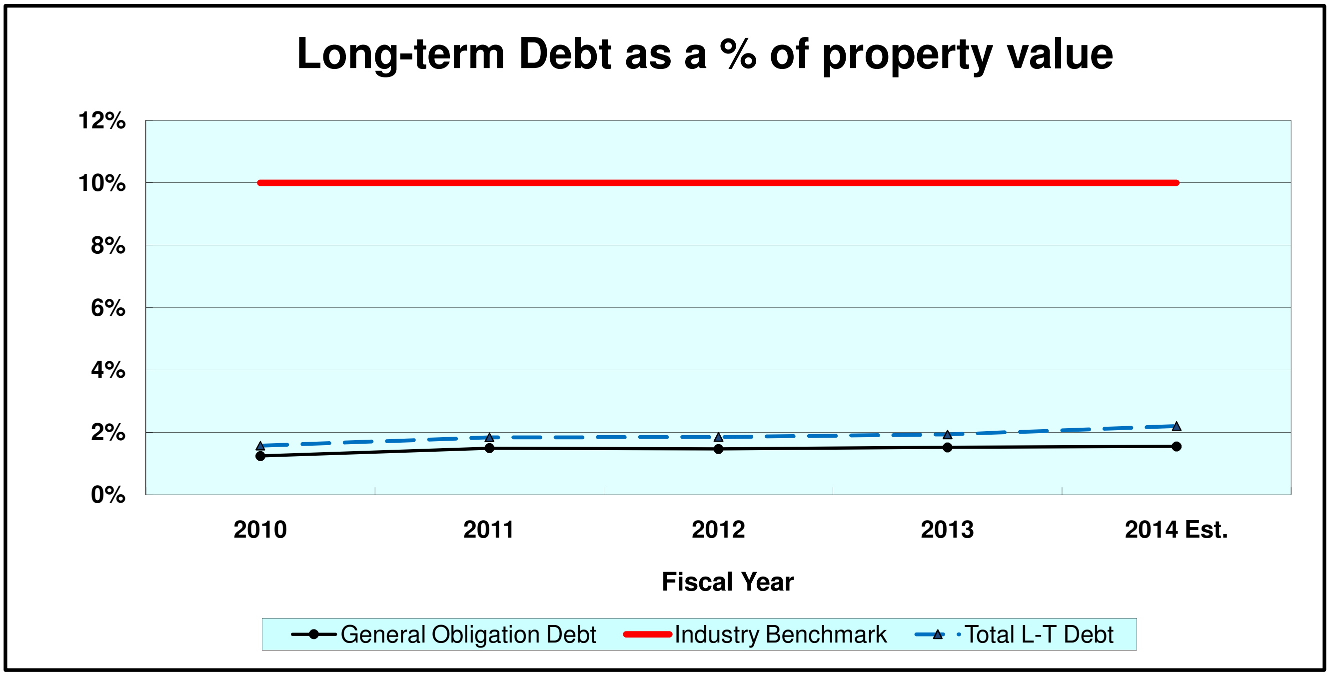
Credit industry benchmarks:

The credit industry considers the following situations negative factors: (1) Short-term debt outstanding at the end of the year exceeding 5 percent of operating revenues including tax anticipation notes (TAN's), but excluding bond anticipation notes (BAN's), and (2) a two-year trend of increasing short-term debt outstanding at the end of the fiscal year (including TANs).

Comment:

Beginning in FY2010, the County established a deferred liability account due to the uncertainty of tax bills that are under appeal by a major commercial taxpayer. Once the appeals are resolved the liability account should be adjusted downward.

DEBT INDICATOR



Warning Trend:
Increasing net direct long-term debt as a % of assessed valuation.

Formula:

$$\frac{\text{Long-Term Debt}}{\text{Assessed Valuation of Property}}$$

Fiscal Year:	2010	2011	2012	2013	2014 Est.
General Obligation Long -Term Debt	$248,377,897	$283,176,595	$259,051,233	$255,572,965	$255,097,000
Total Long-term Debt	$314,400,000	$348,520,022	$327,005,002	$324,810,000	$362,450,000
Assessed Valuation	$20,022,850,978	$18,973,018,802	$17,662,354,500	$16,855,700,814	$16,464,383,567
Debt as a % of Assessed Valuation:					
General Obligation Debt	1.2%	1.5%	1.5%	1.5%	1.5%
Total Debt Outstanding	1.6%	1.8%	1.9%	1.9%	2.2%
Increase/(decrease) from prior year:					
Ratio of General Obligation Debt to Assessed Value	-9.9%	20.3%	-1.7%	3.4%	2.2%
Ratio of Total Debt to Assessed Value	-6.2%	17.0%	0.8%	4.1%	14.2%

Description:

An increase in net direct bonded long-term debt as a percentage of assessed valuation can mean that the government's ability to repay is diminishing - especially when the government depends on property taxes to pay for its debt.

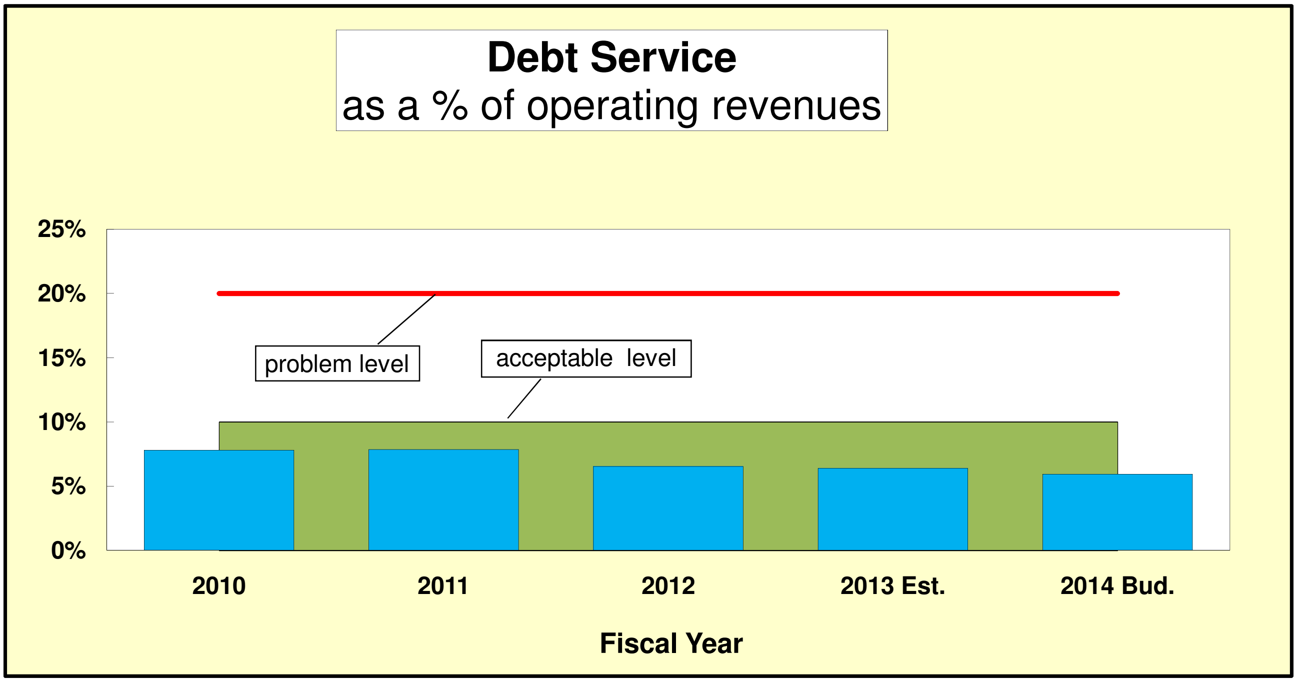
Credit Industry Benchmarks:

- Overall net debt exceeding 10% of assessed valuation
- An increase of 20% over the previous year in overall net debt as a percentage of market valuation

Comment:

The County continues to be well below the industry benchmark for debt to assessed value ratios. The fiscal discipline of issuing 15 year debt maintains a relatively low outstanding balance. The County's long range fiscal planning for capital project financing significantly contributes to the favorable debt ratios.

DEBT INDICATOR



Warning Trend:
Increasing net direct bonded long-term debt as a percentage of net operating revenues

Formula:
Debt Service
Operating Revenues

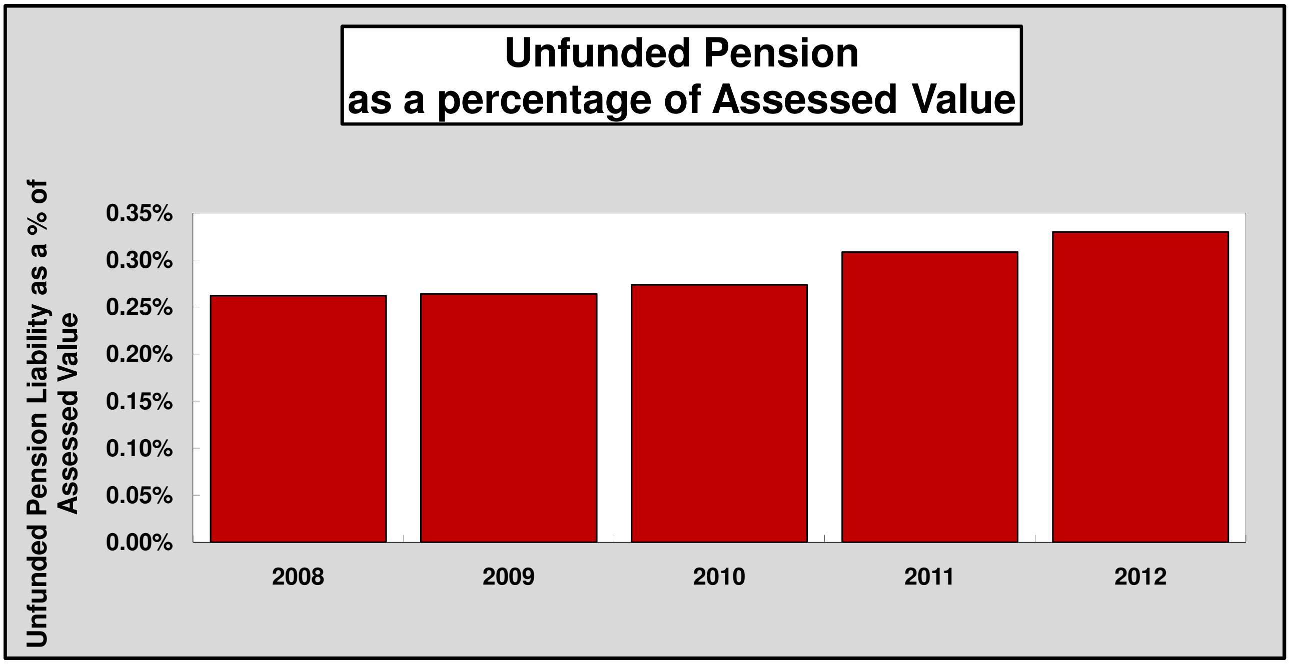
Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Debt Service	$22,596,884	$23,426,121	$20,146,822	$20,095,500	$19,863,300
Operating Revenues	$289,127,990	$298,392,949	$307,979,739	$314,830,100	$334,490,600
Net direct long-term debt service as a percentage of operating revenues	7.8%	7.9%	6.5%	6.4%	5.9%

Description:
Debt Service is defined as the amount of principal and interest that a local government must pay each year. Increasing debt service reduces expenditure flexibility by adding to the government's obligations. Debt service can be a major part of a government's fixed costs, and its increase may indicate excessive debt and fiscal strain.

Credit Industry Benchmarks:
- Debt service exceeding 20% of operating revenues is considered a potential problem.
- Debt service of 10% is considered acceptable.

Comment:
Debt service levels have been maintained through the years as a direct result of solid financial plans for both capital and operating budgets. The County's Debt Policy limits debt service to 8% of operating revenues which provides a solid framework from which to make long-term financial decisions.

UNFUNDED LIABILITY INDICATOR



Warning Trend:
Increasing unfunded pension liability as a % of assessed valuation.

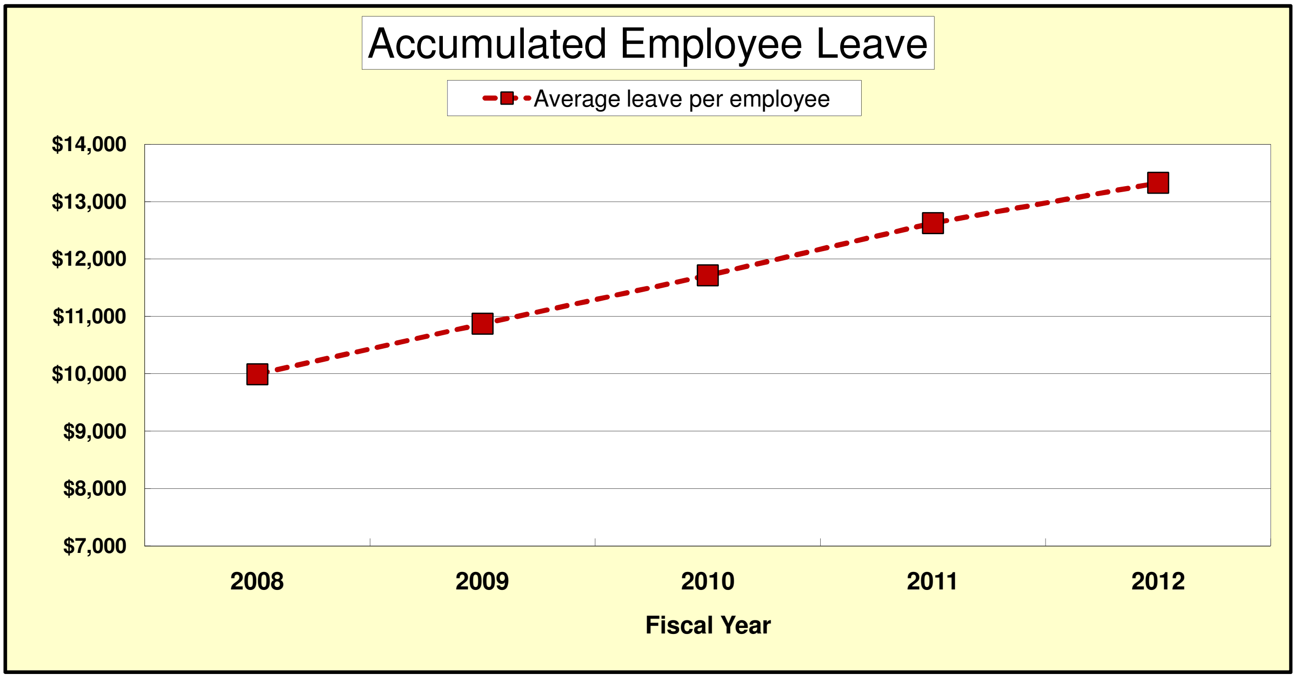
Formula:
$$\frac{\text{Unfunded Pension Liability}}{\text{Assessed Valuation}}$$

Fiscal Year:	2008	2009	2010	2011	2012
Unfunded Pension Liability	$42,078,616	$49,502,652	$54,854,282	$58,559,097	$58,255,080
Assessed Valuation	$16,036,771,870	$18,767,010,361	$20,022,850,978	$18,973,018,802	$17,662,354,500
Unfunded Pension Liability as a percentage of Assessed Value	0.26%	0.26%	0.27%	0.31%	0.33%

Description:
Growth in the unfunded liability for vested benefits places an increasing burden on the tax base. The significance of this burden in relation to the community's ability to pay can be measured by comparing the unfunded liability to changes in assessed valuation, as would be the case when property taxes are the primary revenue source.

Comment:
The ratio of the unfunded pension liability to assessed property value remained relatively flat during a period of time assessments were rising, however, the affect of the Great Recession on property assessments has negatively affected the ratio of Unfunded Pension Liability.

UNFUNDED LIABILITY INDICATOR



Warning Trend:
Increasing accumulated leave

Formula:
Accumulated Employee Leave

Fiscal Year:	2008	2009	2010	2011	2012
Accumulated Employee Leave *	$11,541,126	$12,689,776	$13,476,204	$13,488,868	$14,374,520
% change over prior year	12.1%	10.0%	6.2%	0.1%	6.6%
Full-time Employees	1,155	1,167	1,150	1,068	1,078
Average leave per employee	$9,992	$10,871	$11,714	$12,628	$13,328

** excludes employee sick leave which is not payable upon termination*

Description:

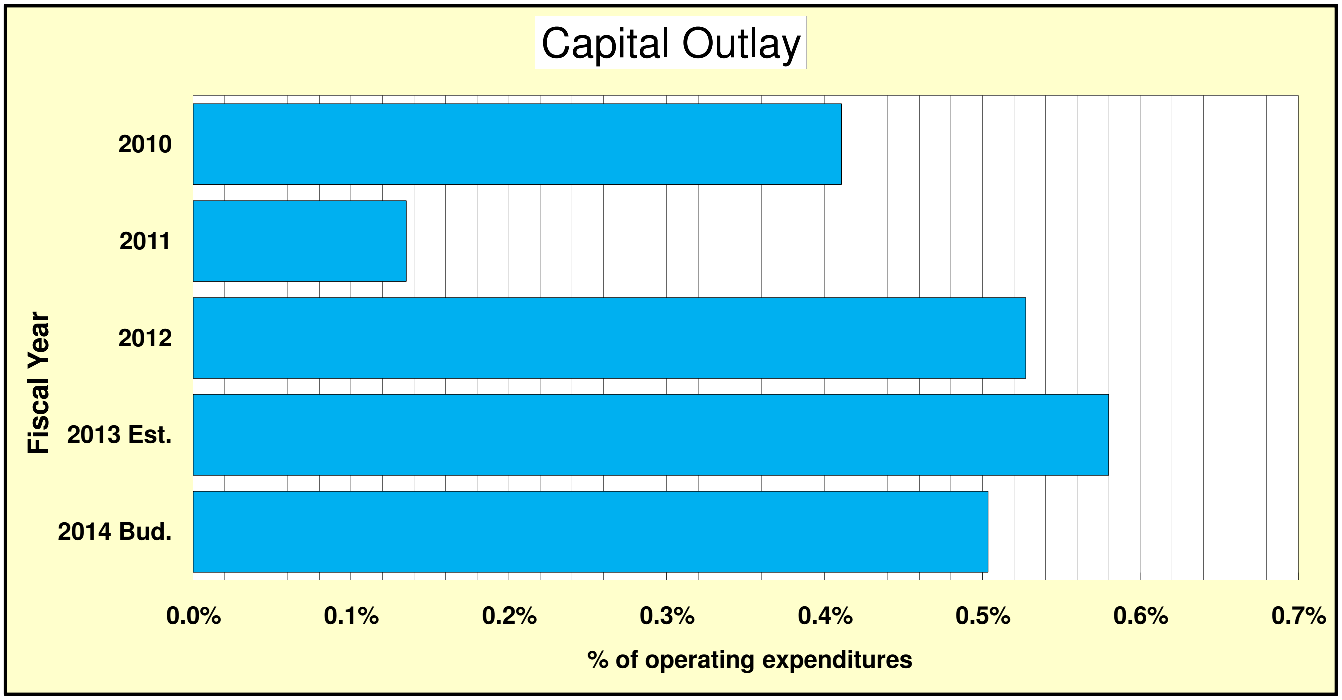
Local governments usually allow their employees to accumulate some portion of unused employee leave to be paid at termination or retirement. Although leave benefits initially represent only the opportunity cost of not having work performed, these benefits become a real cost when employees are actually paid for their employment or at termination or retirement.

Comment:

County employees are eligible for reimbursement for accumulated annual leave up to a maximum of 337.5 hours and accumulated compensatory leave up to 240 hours. Employees classified as critical employees are eligible for up to 720 hours annual leave and 480 compensatory hours.

Despite a decrease in the number of employees, accumulated leave hours have increased, resulting in a greater liability.

CAPITAL INDICATOR



Warning Trend:
A three or more year decline in capital outlay from operating funds as a percentage of net operating expenditures.

Formula:

$$\frac{\text{Capital outlay from operating funds}}{\text{Net operating expenditures}}$$

Fiscal Year:	2010	2011	2012	2013 Est.	2014 Bud.
Capital outlay purchases	$421,676	$76,990	$1,214,453	$140,770	$1,094,700
Capital lease agreements to purchase equipment	$829,227	$334,334	$421,546	$1,729,200	$609,400
Operating expenditures and transfers	$304,610,999	$304,788,500	$310,275,225	$322,494,280	$338,566,300
Capital purchases as a % of operating expenditures	0.4%	0.1%	0.5%	0.6%	0.5%

Description:

Expenditures for operating equipment such as trucks and equipment drawn from the operating budget are usually referred to as "capital outlay." Capital outlay items normally include equipment that will last longer than one year and that has an initial cost above a significant minimum amount. Capital outlay does not include capital budget expenditures for construction of infrastructure such as streets, buildings, or bridges.

The purpose of capital outlay in the operating budget is to replace worn equipment or to add new equipment. The ratio of capital outlay to net operating expenditures is a rough indicator of whether the stock of equipment is being adequately replaced. Over a number of years, the relationship between capital outlay and operating expenditures is likely to remain about the same.

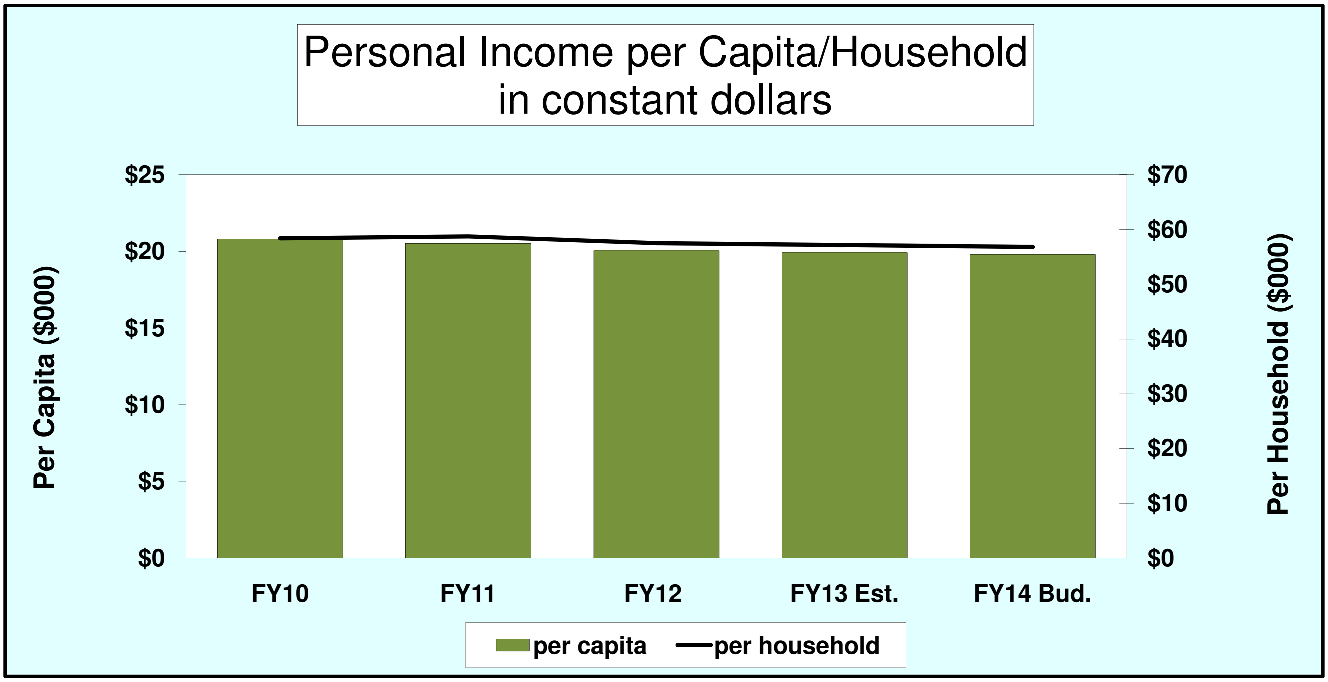
If this ratio declines in the short run (one to three years), it may mean that the local government's needs are temporarily satisfied, since most equipment lasts more than one year. A decline persisting over three or more years can indicate that capital outlay needs are being deferred, which can result in the use of inefficient or obsolete equipment. The use of capital leasing as a financing method could give the impression that capital expenditures are declining.

Comment:

Capital Outlay requirements include equipment with a useful life of more than one year and in excess of $5,000. The County supplements its annual capital outlay needs with capital lease agreements. These bank agreements finance purchases over a five year period.

The economic recession affected the FY2010 and FY2011 budgets, which resulted in cutbacks to many items including capital outlay.

COMMUNITY NEEDS and RESOURCE INDICATORS



Warning Trend:
Decline in the level, or growth rate, of personal income per capita (in constant dollars)

Formula:
Personal Income in constant dollars
Population/Households

Fiscal Year:	FY10	FY11	FY12	FY13 Est.	FY14 Bud.
Adjusted Gross Income	$4,180,941,706	$4,345,071,152	$4,440,248,422	$4,551,254,600	$4,665,036,000
Consumer Price Index in decimal	1.413	1.445	1.486	1.512	1.543
Adjusted Gross Income (in constant dollars)	$2,959,434,936	$3,007,021,680	$2,987,109,341	$3,009,402,352	$3,024,154,347
Population	142,226	146,551	149,130	151,148	152,833
Income per Capita (in constant dollars)	$20,808	$20,519	$20,030	$19,910	$19,787
Households	50,686	51,214	51,953	52,666	53,253
Income per Household (in constant dollars)	$58,388	$58,715	$57,496	$57,141	$56,788

Description:

Personal income per capita is one measure of a community's ability to pay taxes: the higher the per capita income, the more property tax, sales tax, income tax, and business tax the community can generate. Changes in personal income are especially important for communities(such as bedroom suburbs) that have little commercial or industrial tax base, because personal income is the primary source from which taxes can be paid.

Comment:

Recent improvements in income tax revenue should help the trend lines as the regional economy improves.

BALANCE SHEET

	FY08 ACTUAL	FY09 ACTUAL	FY10 ACTUAL	FY11 ACTUAL	FY12 ACTUAL
ASSETS					
Cash	11,168,063	9,851,025	14,748,958	17,653,219	13,803,284
Short-term Investments	116,996,900	90,092,500	88,914,781	56,239,499	89,414,785
Total Liquid Assets	$128,164,963	$99,943,525	$103,663,739	$73,892,718	$103,218,069
Property Tax Receivable	1,747,415	5,205,567	2,419,559	2,716,488	2,762,740
Accounts & Notes Receivable	42,286,810	30,647,799	30,089,827	74,117,583	45,718,923
Inventory	1,556,961	1,521,884	1,528,416	1,537,974	1,775,484
Other Assets	2,705,230	1,687,664	2,162,048	1,750,304	1,552,247
Total Other Assets	$48,296,417	$39,062,914	$36,199,850	$80,122,349	$51,809,394
TOTAL ASSETS	**$176,461,380**	**$139,006,439**	**$139,863,589**	**$154,015,067**	**$155,027,463**
LIABILITIES					
Vouchers Payable	1,836,768	2,100,380	2,224,958	2,076,167	3,241,379
Accrued Expenditures	2,226,618	2,686,051	2,768,794	3,248,099	1,640,018
Deferred Revenues	32,415,727	21,948,423	21,672,724	27,509,952	15,418,923
Due to other funds	80,649,620	61,559,498	63,572,556	72,120,499	80,561,138
Other Liabilities	2,140,686	1,921,749	6,474,099	7,203,935	7,599,763
Payable from restricted assets	2,466,261	1,473,563	1,965,285	1,472,114	1,059,315
Total Liabilities	$121,735,680	$91,689,664	$98,678,416	$113,630,766	$109,520,536
FUND EQUITY					
Nonspendable Fund Balance	1,729,976	2,160,708	1,811,455	1,805,165	2,257,418
Restricted Fund Balance	700,134	724,060	761,035	699,770	3,896,913
Committed Fund Balance	22,728,588	23,386,699	23,280,926	27,022,596	31,526,041
Assigned Fund Balance	24,804,745	18,666,700	13,159,926	8,806,694	3,867,530
Unreserved Fund Balance	4,762,258	2,378,608	2,171,830	2,050,076	3,959,025
Total Fund Balance	$54,725,700	$47,316,775	$41,185,173	$40,384,301	$45,506,927
TOTAL LIABILITIES AND FUND EQUITY	**$176,461,380**	**$139,006,439**	**$139,863,589**	**$154,015,067**	**$155,027,463**

ACCOUNT GROUPS

GENERAL LONG TERM DEBT ACCOUNT GROUP

	FY08	FY09	FY10	FY11	FY12
AMOUNT AVAILABLE FOR:					
Employee Benefits	23,755,434	33,453,049	43,900,959	53,226,897	64,106,741
Retirement of Long-term Debt	258,166,916	270,821,531	259,263,183	269,694,659	268,688,943
Total Assets	$281,922,350	$304,274,580	$303,164,142	$322,921,556	$332,795,684
Bonds Payable	250,841,807	263,831,669	254,017,418	266,620,586	266,372,697
Notes Payable	92,282	84,702	76,845	68,701	60,261
Capital Lease Obligations	5,178,942	5,332,288	4,098,080	2,458,503	2,255,985
Other Liabilities	25,809,319	35,025,921	44,971,799	53,773,766	64,106,741
Total Liabilities	$281,922,350	$304,274,580	$303,164,142	$322,921,556	$332,795,684
GENERAL FIXED ASSETS	392,345,882	432,516,483	444,010,617	445,807,122	459,939,706

PENSION TRUST FUNDS

(includes County Employees and Sheriff's Department)

	FY08	FY09	FY10	FY11	FY12
Actuarial Value of Assets	180,111,681	200,516,534	214,731,106	236,872,933	255,673,648
Actuarial Liability for accrued benefits	222,190,297	250,019,186	269,585,388	295,432,030	313,928,728
Unfunded Pension Liability	($42,078,616)	($49,502,652)	($54,854,282)	($58,559,097)	($58,255,080)

INCOME STATEMENT

	FY10 ACTUAL	FY11 ACTUAL	FY12 ACTUAL	FY13 ESTIMATE	FY14 BUDGET
REVENUES					
Property Tax	$177,986,438	$181,734,631	$183,892,784	$189,508,000	$201,088,000
Income Tax	86,513,316	92,049,627	97,179,582	98,785,200	106,240,200
Local Tax	11,263,589	11,071,611	10,321,319	12,804,700	12,508,000
Licenses & Permits	894,118	892,291	911,711	969,200	930,200
Charges for Services	6,075,353	6,234,599	5,862,913	5,831,500	5,893,900
Interest	339,568	238,602	149,152	182,500	300,000
Miscellaneous	2,332,235	3,689,814	7,435,504	4,075,300	4,503,700
Total Local Operating	$285,404,617	$295,911,175	$305,752,965	$312,156,400	$331,464,000
Highway User Tax	437,492	631,126	473,872	854,000	908,000
Intergovernmental	3,285,881	1,850,648	1,752,902	1,819,700	2,118,600
Total Non-Local Operating	$3,723,373	$2,481,774	$2,226,774	$2,673,700	$3,026,600
Gross Operating Revenues	$289,127,990	$298,392,949	$307,979,739	$314,830,100	$334,490,600
EXPENDITURES					
Salaries & Wages	$67,023,038	$65,608,867	$66,098,883	$69,350,600	$75,525,770
Fringe Benefits	25,242,267	24,542,707	26,855,545	28,330,800	31,624,800
Supplies	5,050,889	5,142,000	5,308,507	5,728,600	6,157,200
Other Services & Charges	18,395,485	17,777,637	21,180,938	18,723,480	21,374,730
Capital Outlay	421,676	76,990	1,214,453	140,770	1,094,700
Other Capital	903,621	373,164	511,508	1,779,200	715,400
Debt Service	22,596,884	23,426,121	20,146,822	20,095,500	19,863,300
Agency Funding	3,832,098	3,764,879	3,739,015	3,286,690	9,089,100
Education	156,434,735	156,619,582	156,938,747	167,011,200	166,896,500
Total Operating Expenditures	$299,900,692	$297,331,946	$301,994,420	$314,446,840	$332,341,500
Excess (Deficiency) Revenues over Expenditures	($10,772,702)	$1,061,003	$5,985,320	$383,260	$2,149,100
OTHER FINANCING SOURCES/(USES)					
Operating Transfers In	7,395,000	1,259,700	1,456,608	350,000	1,050,000
Bond Premium	1,358,311	3,214,979	9,169,214	3,165,900	0
Proceeds from Refunded Debt	4,853,935	17,985,000	32,841,880	0	0
Payment to Refunded Debt Escrow	(4,877,336)	(16,865,000)	(35,747,320)	0	0
Capital Lease Proceeds	621,497	0	1,129,500	1,729,200	609,400
Extraordinary Revenue (storms)	0	0	1,291,914	285,400	0
TRANSFERS OUT:					
Capital Project Fund	(1,025,000)	(1,262,820)	(5,590,000)	(1,101,440)	(1,213,000)
Special Revenue Fund	(3,135,080)	(3,177,669)	(3,123,620)	(3,416,200)	(3,677,600)
Debt Service Fund	0	(2,153,972)	0	(2,685,800)	0
Trust & Agency Fund	(271,708)	(264,431)	(260,192)	(530,300)	(785,200)
Enterprise Fund	(278,518)	(597,662)	(598,907)	(599,100)	(549,000)
Excess (Deficiency) Revenues over Expenditures & Other Uses	($6,131,601)	($800,872)	$6,554,396	($2,419,080)	($2,416,300)
FUND BALANCE					
Beginning Balance	47,316,775	41,185,173	40,384,301	45,506,927	43,087,847
Extra-ordinary loss from natural disaster	0	0	(1,431,771)	0	0
Ending Balance	$41,185,173	$40,384,301	$45,506,927	$43,087,847	$40,671,547

Budget gain/loss consists of:	
Contingency	$505,300
Fund Balance Appropriation	(2,921,600)
	($2,416,300)