

Indebtedness

The following is a summary of long-term liability transactions of the County for the year ended June 30:

	<u>1998</u>		<u>1999</u>		<u>2000</u>		<u>2001</u>		<u>2002</u>
<u>Tax-Supported Debt</u>									
General Obligation Bonds	\$ 65,427,243	\$	70,285,214	\$	75,027,120	\$	87,868,590		100,746,877
State Literary Fund Loans	11,238,930		11,534,750		11,805,250		10,804,500		11,868,750
<u>Utility Supported Debt</u>									
General Obligation Bonds	3,418,445		1,882,297		301,149		-		-
Revenue Bonds	17,129,479		16,837,712		16,535,945		16,219,178		16,187,411
Contractual Obligations	6,228,600		5,474,590		4,660,940		4,000,600		3,311,340
Refundable Developer Connection Fees	936,593		917,908		754,593		479,920		772,745
<u>Other Long-Term Liabilities</u>									
Compensated Absences -									
General Government Funds	3,393,112		3,647,749		3,631,674		3,801,822		5,863,181
Enterprise Funds	234,595		260,474		295,139		285,117		343,600
Obligations Under Capital Leases	14,051,182		12,695,980		11,011,826		9,723,514		8,571,225
Landfill Closure Costs	3,934,953		2,599,875		4,302,305		3,991,171		3,652,099
Early Retirement Program - School Board	2,351,719		2,274,167		2,190,411		2,099,953		2,002,260
TOTAL	\$ 128,344,851	\$	128,410,716	\$	130,516,352	\$	139,274,365		153,319,488

FISCAL YEAR CHANGES

The County issued \$2.1 million in literary loans during the 2002 fiscal year for school facilities.

OTHER LIABILITIES

The County School Board adopted the early retirement program offered by the Virginia Retirement System. The School Board's share of the liability is reported in the General Long-Term Debt Account Group. The liability bears interest at 8% and is being paid in 20 annual installments of \$265,690, which began in 1995.

DEBT INFORMATION

All general obligation bonds are secured by the full faith and credit of the County. The water and sewer bonds are being serviced by the Enterprise Funds. The County has complied with all significant bond covenants. Hanover County is empowered to issue long term debt for any project that serves the citizens of the County. The County has no legal debt margin requirement. Any issuance of general obligation bonded debt, except State Literary Fund loans and Virginia Public School Authority bonds, must be approved by a voting majority of the qualified voters through a public referendum. Revenue bonds, which are served solely by the revenues of a system for which for which the bonds are issued, and State Literary Fund loans may be issued by the adoption of a resolution by the Board of Supervisors, and do not generally require a public referendum.

The Board of Supervisors' approval of debt funding is subject to its authorization limits as stated in the Code of Virginia. The process of debt funding begins with the Five-Year Capital Improvements Program (CIP). The Board is not only approving which projects are to be funded in which year, but the Board also approves a means of financing. The debt service of the CIP is designed to have minimal consistent impact on the General Fund balance and not produce wide fluctuations of annual debt service requirements. The most recent bond ratings for the County are AA1 (Moody's Investor Service), AA (Standard and Poor's), and AA+ (Fitch Investor's Service). See the Finance Department's budget (page 96) for further information.

Indebtedness

The following table, which includes all anticipated non-utility issuances in the CIP, illustrates the County's compliance with the debt policy:

							Debt to General	Debt Funded Debt per
Fiscal		Assessed	Debt		Assessed	Dept per	Government	Per Capita
Year	Population (1)	Value	Service	Debt	Value	Capita	Expenditures	Income
1997	78,400	\$ 5,557	\$ 10,956,980	\$ 91,161,661	1.0	\$ 1,163	9.6	\$ 2,906
1998	81,330	5,891	12,688,306	90,717,355	1.5	1,115	9.7	3,000
1999	84,056	6,458	12,751,665	94,515,944	1.5	1,122	8.9	3,358
2000	86,812	6,846	13,034,846	97,844,196	1.4	1,127	8.6	3,342
2001	89,284	7,284	14,013,745	108,396,605	1.5	1,214	8.1	3,560
2002	91,807	8,169	15,185,795	121,186,853	1.5	1,320	8.2	3,827
2003	94,032	8,659	15,469,133	132,932,261	1.5	1,404	8.4	4,037
2004	96,759	9,179	15,983,773	124,248,896	1.4	1,284	8.1	3,628
2005	99,565	9,729	16,226,035	128,316,789	1.3	1,289	7.7	3,603
2006	102,452	10,313	16,799,847	133,103,492	1.3	1,299	7.4	3,593
2007	105,423	10,932	17,818,495	153,569,000	1.4	1,457	7.4	3,986
2008	108,481	11,588	20,951,884	162,399,749	1.4	1,497	8.1	4,053

ASHLAND AND INDUSTRIAL DEVELOPMENT AUTHORITY DEBT

The County has overlapping debt with the Town of Ashland in the amount of \$4,005,000, of which \$3,311,000 was for construction of water and sewer lines. The County has agreed to reimburse the Town for water and sewer line debt service in accordance with the annexation agreement. The bonds expire February 1, 2013. Ashland may incur bonded indebtedness without the approval of the County.

Bonds and notes issued by the Industrial Development Authority of the County of Hanover under the Industrial Development and Revenue Bond Act are limited to obligations of the Authority to be repaid solely from the revenues and receipts derived from the projects funded with these proceeds.