

# Indebtedness

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

	<u>1999</u>		<u>2000</u>		<u>2001</u>		<u>2002</u>		<u>2003</u>
<u>Tax-Supported Debt</u>									
General Obligation Bonds	\$ 70,285,214	\$	75,027,120	\$	87,868,590	\$	100,746,877	\$	114,688,143
State Literary Fund Loans	11,534,750		11,805,250		10,804,500		11,868,750		10,839,000
<u>Utility Supported Debt</u>									
General Obligation Bonds	1,882,297		301,149		-		-		-
Revenue Bonds	16,837,712		16,535,945		16,219,178		16,187,411		26,293,328
Contractual Obligations	5,474,590		4,660,940		4,000,600		3,311,340		2,588,340
Refundable Developer Connection Fees	917,908		754,593		479,920		772,745		435,362
<u>Other Long-Term Liabilities</u>									
Compensated Absences -									
General Government Funds	3,647,749		3,631,674		3,801,822		5,863,181		6,586,804
Enterprise Funds	260,474		295,139		285,117		343,600		371,542
Obligations Under Capital Leases	12,695,980		11,011,826		9,723,514		8,571,225		7,405,117
Landfill Closure Costs	2,599,875		4,302,305		3,991,171		3,652,099		2,976,256
Early Retirement Program -									
School Board	2,274,167		2,190,411		2,099,953		2,002,260		1,896,751
<b>TOTAL</b>	<b>\$ 128,410,716</b>	<b>\$</b>	<b>130,516,352</b>	<b>\$</b>	<b>139,274,365</b>	<b>\$</b>	<b>153,319,488</b>	<b>\$</b>	<b>174,080,643</b>

## 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 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 92) 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 Year	Population (1)	Debt Service	Debt	Assessed Value	Dept per Capita	Government Expenditures	Per Capita Income
2000	86,797	13,034,846	97,844,196	1.4	1,127	8.2	3,260
2001	89,284	14,013,745	108,396,605	1.4	1,214	8.1	3,482
2002	91,807	15,185,795	121,186,853	1.5	1,320	8.2	3,743
2003	93,880	15,469,134	132,932,260	1.4	1,416	8.4	3,948
2004	95,991	15,983,772	123,348,896	1.2	1,285	8.1	3,523
2005	98,391	16,122,424	129,231,789	1.2	1,313	7.6	3,549
2006	100,851	16,717,105	125,999,992	1.1	1,249	7.4	3,327
2007	103,372	16,900,644	136,938,667	1.2	1,325	7.0	3,477
2008	105,956	18,948,034	158,473,082	1.3	1,496	7.3	3,869
2009	108,605	21,841,633	162,215,570	1.2	1,494	7.9	3,808
Per Debt Policy				<2.5	< 1500	<10%	<5000

## ASHLAND AND INDUSTRIAL DEVELOPMENT AUTHORITY DEBT

The County has overlapping debt with the Town of Ashland in the amount of \$3,215,000, of which \$2,588,000 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.