

# Indebtedness

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Tax-Supported Debt</u>					
General Obligation Bonds	\$ 87,868,590	\$ 100,746,877	\$ 114,688,143	\$ 107,167,153	\$ 115,826,117
State Literary Fund Loans	10,804,500	11,868,750	10,839,000	9,909,250	9,079,500
<u>Utility Supported Debt</u>					
General Obligation Bonds	-	-	-		
Revenue Bonds	16,219,178	16,187,411	26,293,328	35,914,656	33,211,383
Contractual Obligations	4,000,600	3,311,340	2,588,340	1,952,325	1,219,700
Refundable Developer Connection Fees	479,920	772,745	435,362	249,068	221,083
<u>Other Long-Term Liabilities</u>					
Compensated Absences -					
General Government Funds	3,801,822	5,863,181	6,586,804	6,908,028	6,737,934
Enterprise Funds	285,117	343,600	371,542	414,038	448,650
Obligations Under Capital Leases	9,723,514	8,571,225	7,405,117	6,272,492	5,218,579
Landfill Closure Costs	3,991,171	3,652,099	2,976,256	2,554,124	2,745,960
Early Retirement Program -					
School Board	2,099,953	2,002,260	1,896,751	1,782,801	1,659,735
<b>TOTAL</b>	<b>139,274,365</b>	<b>153,319,488</b>	<b>174,080,643</b>	<b>173,123,935</b>	<b>176,368,641</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 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 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:

<u>Fiscal Year</u>	<u>Population</u>	<u>Debt Service</u>	<u>Outstanding Debt</u>	<u>Debt to Assessed Value</u>	<u>Outstanding Debt per Capita</u>	<u>Debt to General Governmental Expenditures</u>	<u>Debt per Per Capita Income</u>
Policy Constraint:				<2.5	<\$1800	<10%	<\$5000
2000	73,000	9,410,343	75,952,384	1.7%	1,040	9.7%	3,227
2001	75,693	10,049,654	74,690,370	1.5%	987	9.6%	3,036
2002	78,400	10,956,980	91,161,661	1.6%	1,163	9.6%	3,457
2003	81,330	12,688,306	90,717,355	1.5%	1,115	9.7%	3,303
2004	84,056	12,751,665	94,515,944	1.5%	1,124	8.9%	3,324
2005	97,311	16,066,966	129,131,789	1.3%	1,327	7.6%	3,546
2006	99,744	15,618,808	134,235,058	1.3%	1,346	6.9%	3,544
2007	101,739	17,628,123	144,741,541	1.3%	1,423	7.3%	3,675
2008	103,773	19,384,802	162,505,495	1.4%	1,566	7.5%	3,967
2009	105,849	21,772,988	178,016,010	1.4%	1,682	7.8%	4,179

## 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.