

## Financing The Capital Improvements Program

The Five-Year CIP forecasts the anticipated expenditures, approximate timing, and source of funding for each project. The adoption of the CIP does not appropriate funds nor commit the Board to any expenditure in fiscal years two through five whereas fiscal year one is appropriated in conjunction with the Adopted Budget. The relationship between the CIP and the operating budget is carefully considered during the operating budget process. The CIP has three direct impacts on the operating budget: 1) Any projects funded with general fund resources must be evaluated with other needs for the competing resources for that year, 2) Any project funded with long term debt financing, must be in compliance with the debt policy and must anticipate the impact of the repayment of debt service on current and future years budgets, and 3) Implementation costs such as staffing and operating costs should be formulated. The following are the current CIP funding sources available to the County:

General Fund: Direct payments from the County's operating revenue.

General Obligation (GO) Bonds: Payments from the proceeds of the sale of General Obligation (GO) Bonds. These bonds must be approved by a general referendum of voters of the County, with the exception of Virginia Public School Authority (VPSA) bonds and State Literary Loans. GO bonds pledge the full faith and credit of the County for their repayment. VPSA bonds and State Literary Loans can only be issued for the financing of public school projects.

Revenue Bonds: Payments from the proceeds of the sale of Revenue Bonds. These bonds pledge the revenue generating potential of a facility or utility system.

State and Federal Grants: Payments from the State and Federal Government to provide facilities promoted by the State and Federal agencies.

Contributions: Payments from the private sector and developers to provide community facilities. These donations are usually as a result of development, proffers and/or recovered cost.

Proffers: Cash proffers are the result of rezoning whereas rezoning and development of properties for residential or commercial use result in increased population or demand and a commensurate increase in the need for capital improvements.

Public Utility Capacity Fees: Fees associated with new water and sewer connections to obtain capacity in the utility system.

Public Utility User Fees: There may be certain utility projects which benefit the existing utility customer for which user fee charges are the appropriate funding source of the utility project.

Savings Plan: The County established a savings plan to mitigate the need for debt financing of school and/or County capital improvements. The savings plan is based upon designation of year-end General Fund surpluses, anticipated current fiscal year surpluses, cash proffers, grants, proffers and/or investment income earned.

Stormwater Fees: The stormwater management program is funded by pro-rata fees charged to developers to fund appropriate stormwater management projects as a result of such development.