

Debt Service Fund

PURPOSE

The County Debt Service Fund provides for the payment of principal and interest on long-term debt of the County. These payments of principal and interest, known as "debt service", are usually made over 20- or 25-year periods before the bonds are fully repaid. James City County's debt is currently rated AAA by Moody's Investors Service and Fitch and AA+ by Standard and Poor. These outstanding bond ratings translate into lower interest costs and expanded flexibility for the County when it considers future borrowings.

BUDGET COMMENTS

Fund Balance – Money has previously been set aside to act as a shock absorber when new debt and new debt service spending is incurred. What would normally be a sharp increase in funds from recurring revenues, with a possible impact on tax rates, will actually be managed as a gradual incline using the fund balance. Over the period FY 2012 to FY 2015, the existing fund balance is expected to diminish but is not expected to disappear. There is some flexibility in the fund balance to consider additional indebtedness, including, as an example, General Obligation bonds for Greenspace and Property Development Rights, as approved in a voter referendum.

Page F-11 identifies revenue and expenditure projections for six years, including the current year, but only FY 2012 will actually be budgeted and appropriated.

The Capital Improvement Program (Section D of this budget document) identifies projected new debt financings and projected debt service costs for these new facilities are shown in this budget.

FY 2011	1,000,000	Jamestown HS Multi-Use Subsidized Interest Bonds
FY 2012	6,166,000	County Public Facilities - Fire Sta #4 and Mid County Park
FY 2013	19,127,000	School HVAC Projects

County debt outstanding:

	<u>Beginning</u>	<u>Projected Borrowing</u>	<u>Retired</u>	<u>Ending</u>
FY 2011	\$221,860,000	\$1,000,000	\$13,926,000	\$208,934,000
FY 2012	208,934,000	6,166,000	13,755,000	201,345,000
FY 2013	201,345,000	19,127,000	13,788,000	206,684,000
FY 2014	206,684,000		14,006,000	192,678,000
FY 2015	192,678,000		14,357,000	178,321,000

Funding for debt service spending comes primarily from on-going revenues contributed by the County's General Fund and interest earned on bond proceeds before they are spent. The "Buy America Bonds" funding comes from a special Federal program that subsidizes the interest on debt issued to build certain local facilities. For the County these credits are directed at the interest costs of the borrowing for the County's police building.

Debt Service Fund

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
BEGINNING FUND BALANCE	\$11,008,000	\$ 8,605,000	\$ 7,102,000	\$ 4,122,000	\$ 1,684,000	\$ 646,000
REVENUES						
General Fund	\$22,150,000	\$22,825,000	\$21,825,000	\$22,825,000	\$23,825,000	\$24,825,000
Build America Bonds	231,000	228,000	225,000	222,000	219,000	216,000
Investment Income	75,000	50,000	50,000	50,000	50,000	50,000
	<u>\$22,456,000</u>	<u>\$23,103,000</u>	<u>\$22,100,000</u>	<u>\$23,097,000</u>	<u>\$24,094,000</u>	<u>\$25,091,000</u>
EXPENDITURES						
Schools						
Opns Center/Baker (1991)	\$ 150,000					
Lit Fund - Toano (1992)	141,000	\$ 135,000	\$ 129,000	\$ 124,000		
VPSA Refunding (1994)	542,000	248,000				
VPSA - Schools (1997)	1,558,000	1,555,000	1,559,000	1,562,000	\$ 1,558,000	\$ 1,559,000
VPSA - Schools (1999)	1,500,000	1,502,000	1,505,000	1,509,000	1,503,000	1,501,000
VPSA - Schools (1999)	94,000	91,000	88,000	84,000	80,000	77,000
Refunding (2002)	723,000					
Refunding (2003)	2,654,000	2,666,000	2,648,000	2,631,000	2,681,000	
High School (2005)	2,733,000	2,731,000	2,729,000	2,728,000	2,731,000	2,728,000
Lease Revenue (2006)	8,621,000	8,382,000	8,142,000	7,903,000	7,663,000	7,424,000
Refunding (2010)		696,000	669,000	652,000	616,000	2,954,000
<i>School VPSA (2012)</i>		<i>68,000</i>	<i>68,000</i>	<i>68,000</i>	<i>68,000</i>	<i>68,000</i>
<i>School HVAC (2013)</i>			<i>780,000</i>	<i>1,560,000</i>	<i>1,560,000</i>	<i>1,560,000</i>
	<u>\$18,716,000</u>	<u>\$18,074,000</u>	<u>\$18,317,000</u>	<u>\$18,821,000</u>	<u>\$18,460,000</u>	<u>\$17,871,000</u>
Non-Schools						
Bank/Fiscal Agent Fees	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Radio System (2003)	1,375,000	1,531,000	1,531,000	1,531,000	1,540,000	1,540,000
TNCC/Stadium (2005)	1,686,000	1,683,000	1,681,000	1,679,000	1,678,000	1,703,000
General Obligation (2006)	1,787,000	1,745,000	1,703,000	1,661,000	1,619,000	1,577,000
Police Building (2009)	1,220,000	1,218,000	1,213,000	1,208,000	1,200,000	1,194,000
<i>Public Facilities (2012)</i>		<i>280,000</i>	<i>560,000</i>	<i>560,000</i>	<i>560,000</i>	<i>560,000</i>
	<u>\$ 6,143,000</u>	<u>\$ 6,532,000</u>	<u>\$ 6,763,000</u>	<u>\$ 6,714,000</u>	<u>\$ 6,672,000</u>	<u>\$ 6,649,000</u>
Total expenditures	<u>\$24,859,000</u>	<u>\$24,606,000</u>	<u>\$25,080,000</u>	<u>\$25,535,000</u>	<u>\$25,132,000</u>	<u>\$24,520,000</u>
ENDING FUND BALANCE	\$ 8,605,000	\$ 7,102,000	\$ 4,122,000	\$ 1,684,000	\$ 646,000	\$ 1,217,000