

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 AA2 by Moody’s Investors Service and AA+ by Standard and Poors Rating Agency and Fitch Ratings. These outstanding ratings translate to lower interest costs to the County.

BUDGET COMMENTS

Fund Balance – Money has previously been set aside to act as a shock absorber when new debt is added 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 this fund balance. Over the period FY 2009 through FY 2013 most of what exists now as a fund balance is planned to disappear.

Revenues – Contributions from recurring revenue in the General Fund, and Fund Balance, provide the bulk of the funds needed for debt service. Interest is generated by bond proceeds until they are spent – this investment income is used to offset debt service costs.

Expenditures – Debt service payments are budgeted for previous bond issues and projected for financings for:

County share of projects for the Williamsburg-James City County Schools to include multiuse space at Jamestown High School, residual funding for the 4th middle and 9th elementary schools, a relocated central office, including Student Services, and an education facility for the Academy for Life and Learning (ALL) program in FY 2010. \$12,861,969

New police building, renovation of the Law Enforcement Center for Fire Administration and Training and the replacement of Fire Station No. 4 (Olde Towne Road) in FY 2010. \$17,000,000

Replacement of Building C at the County Government Center and replacements of Kidsburg and the Office/Rest Room at Mid County Park in FY 2011. \$ 3,130,000

There also exists \$14 million in authority for general obligation debt for Greenspace and Property Development Rights. These funds can be borrowed as needed.

Outstanding Debt

As of June 30, 2007, the County owed \$253.2 million, an amount equal to approximately 2.4 percent of the County’s landbook value. That indebtedness will be reduced over the next several years by payments of fund principal averaging \$14 million a year.