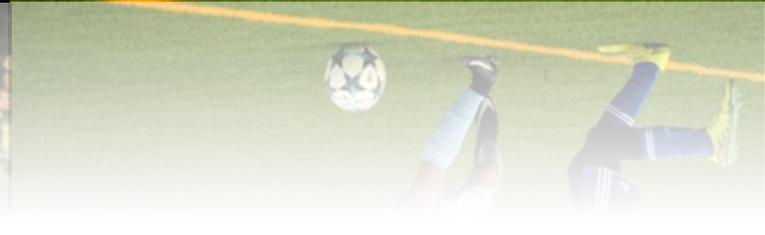
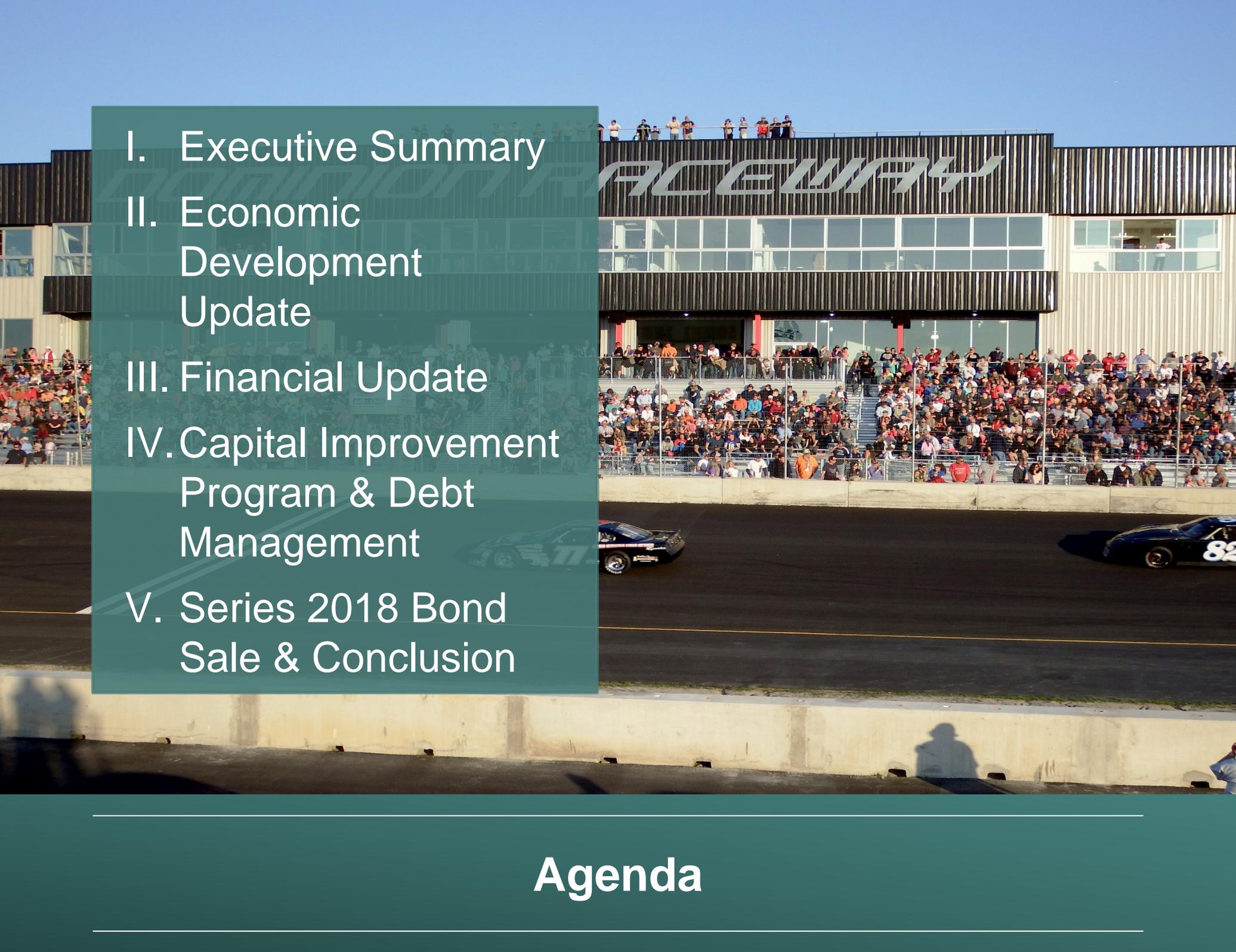


# RATING AGENCY PRESENTATION

July 2018

Spotsylvania  
VIRGINIA



- 
- I. Executive Summary
  - II. Economic Development Update
  - III. Financial Update
  - IV. Capital Improvement Program & Debt Management
  - V. Series 2018 Bond Sale & Conclusion

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# Agenda

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## Spotsylvania County, VA

**Mark Taylor**

*County Manager*

*13 Years of Service*

**Mary Sorrell**

*Finance Director*

*31 Years of Service*

**Bonnie Jewell**

*Budget Manager*

*11 Years of Service*

## Financial Advisor, PFM Financial Advisors LLC

**Kevin Rotty**

*Managing Director*

**Katie Allen**

*Senior Analyst*

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# Spotsylvania Leaders Presenting

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# I. Executive Summary

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# EXECUTIVE SUMMARY

- Experienced senior management with commitment to conservative financial practices
- Well positioned for smart economic development growth
- Sound financial position
  - Assessed values continue to grow
    - 7.7% growth in calendar year 2018, a reassessment year
  - Ample financial flexibility demonstrated through healthy fund balance levels and balanced operations



# County Vision, Mission and Goals

## Spotsylvania County Strategic Plan 2018 - 2038

### Our Vision

We will set the standard for Virginia counties. Through mutual cooperation, we are committed to enhancing quality of life through innovation, collaboration and creativity. We will exercise effective stewardship to create and sustain an educated, vibrant, dynamic community in a secure and healthy environment.

### Our Values

- Accountability
- Integrity
- Service
- Transparency

**Our Mission** is to ensure the delivery of quality government services that are customer-focused, promote a safe, healthy, and prosperous community, and reflect excellence in financial stewardship.

### Our Long-term Strategic Goals

We will build on the diversity and strengths of our staff, citizens, businesses, government, and quality education so that all may enjoy economic opportunity, safe neighborhoods, quality services, and plentiful green spaces in Spotsylvania County, now and into the future.

**Quality Government.** Our strength is in a well-trained and professional staff. We will encourage collaborative enhancements to programs and policies through innovation and creativity, acknowledge the contributions from all participants, and insist on integrity, ethical behavior and respect for diversity. We will allocate resources to ensure effective and efficient delivery of high quality services, allocating our limited resources among competing high priorities. We will ensure our county government's capacity to provide high quality service that achieves community priorities.

**Public Safety.** We will ensure continuing trust and confidence in the safety of our community by providing the flexibility for leaders to adjust to changing threats. Our public safety forces will be trained, equipped and deployed to help citizens, preserving life and property through prompt and skillful all-hazard emergency response, incident prevention, education, and community engagement.

**Infrastructure Investment.** We will prioritize, plan and invest in critical infrastructure that responds to past and future changes and improves our capacity to serve community needs.

**Growth Management.** We will attend to and further our rural quality of life through a clear vision of the Spotsylvania of tomorrow, providing a balance between commercial and residential development that also recognizes the dynamic relationship between revenue and expenses as our community grows, and fostering an environment that honors our heritage while enhancing our future through the well-being of our people and the quality of our services.

**Environmental Stewardship.** We will thoughtfully protect and manage Spotsylvania County's ecosystems and natural resources in both our rural and our developed areas to safeguard the quality of life of current and future generations.

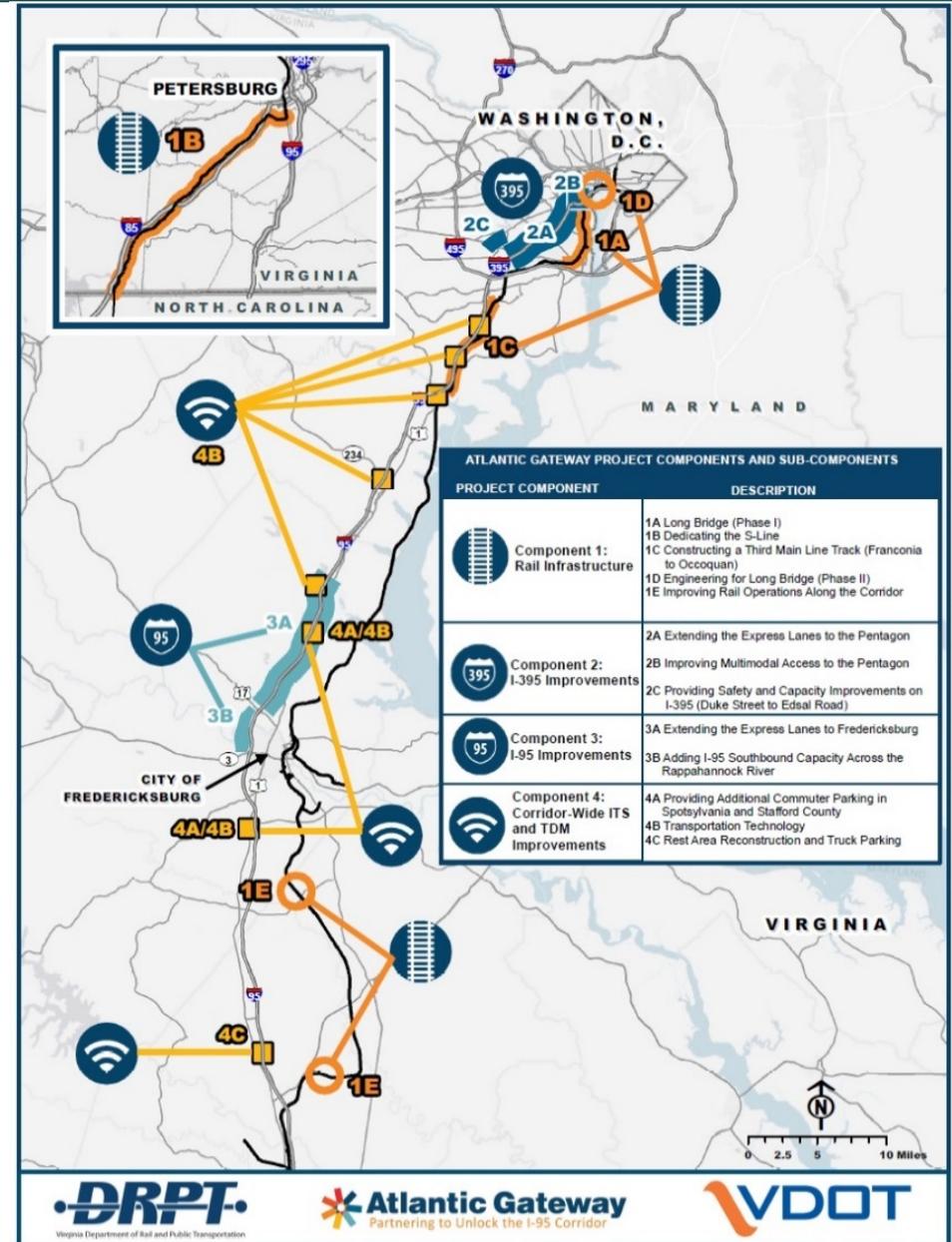
**Educational Opportunity.** We will foster a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands.

**Economic Prosperity.** We will foster a community environment that stimulates diversified job creation, capital investments, and tax revenues that support our community goals.



# Strategic Location & Transportation Network

- Spotsylvania County is located along Interstate 95, midway between the Nation's capital of Washington DC and the Commonwealth's capital of Richmond
- The Atlantic Gateway Project, a project to improve one of the nation's busiest traffic corridors
  - In 2016, Virginia was awarded a \$165 million FASTLANE Grant to reduce travel times, expand access to employment opportunities, enhance freight transport, and alleviate bottlenecks
  - In January 2018, the project was extended to include an additional \$277 million in funding to include the Northbound Rappahannock River Crossing, which is a major priority of the Spotsylvania region
- In the Spotsylvania area, the project will:
  - Extend the I-95 Express Lanes north and south;
  - Build a new northbound and southbound I-95 bridge over the Rappahannock River, to enhance traffic flow;
  - Upgrade the I-95 corridor from the Potomac River to Fredericksburg;
  - Expand commuter bus service; and,
  - Add 14 miles of new track to existing rail service.

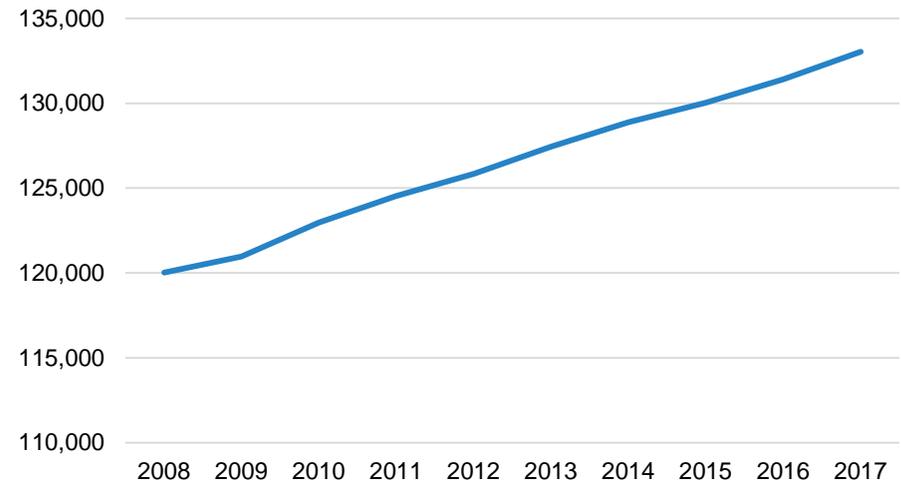




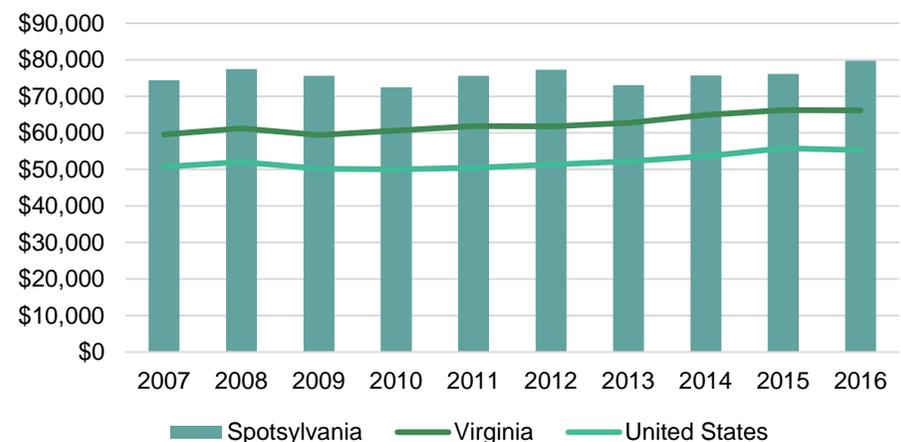
# Strong Demographics

- The County has continued to see consistent population growth
  - Population has grown 10.8% in the last 10 years
  - Averaging 1.1% growth every year
- The County has maintained Median Household Income that exceeds both the Commonwealth of Virginia and the United States

## Population



## Median Household Income





# Low Tax Rates & High Quality Services

County/City	2018 Real Estate Rate
Prince William	\$1.2112
Richmond	1.2000
Fairfax	1.1635
Alexandria	1.1300
Loudoun	1.0850
Arlington	1.0060
Stafford	0.9900
Chesterfield	0.9500
Henrico	0.8700
Spotsylvania	0.8330
Caroline	0.8300
Hanover	0.8100
Fredericksburg	0.8000

## Selected County Services:

- 31 public schools, most with School Resource Officers
- 13 convenience centers with 1 landfill
- 12 parks with 131 miles of trails and 212 athletic fields
- 11 fire/rescue stations, all with 24/7 ALS coverage

## Regional Services:

- Animal Shelter
- Bus – FRED
- Commuter rail - VRE
- Health Department
- Libraries - CRRL
- Jail
- Juvenile Detention



# Tourism

- Given its relative size and importance within the local economy, tourism is one of the County's primary markets
- The County estimates that over 700,000 people stayed overnight in the County in 2017 and more than 1 million visits were recorded at local attractions
- Primary attractions include:
  - National Battlefield Parks
  - The Virginia Renaissance Faire
  - Wineries and Distilleries
  - Lake Anna State Park
- In addition, with the Virginia Youth Soccer Association, sports tourism plays a role in the local economy as well





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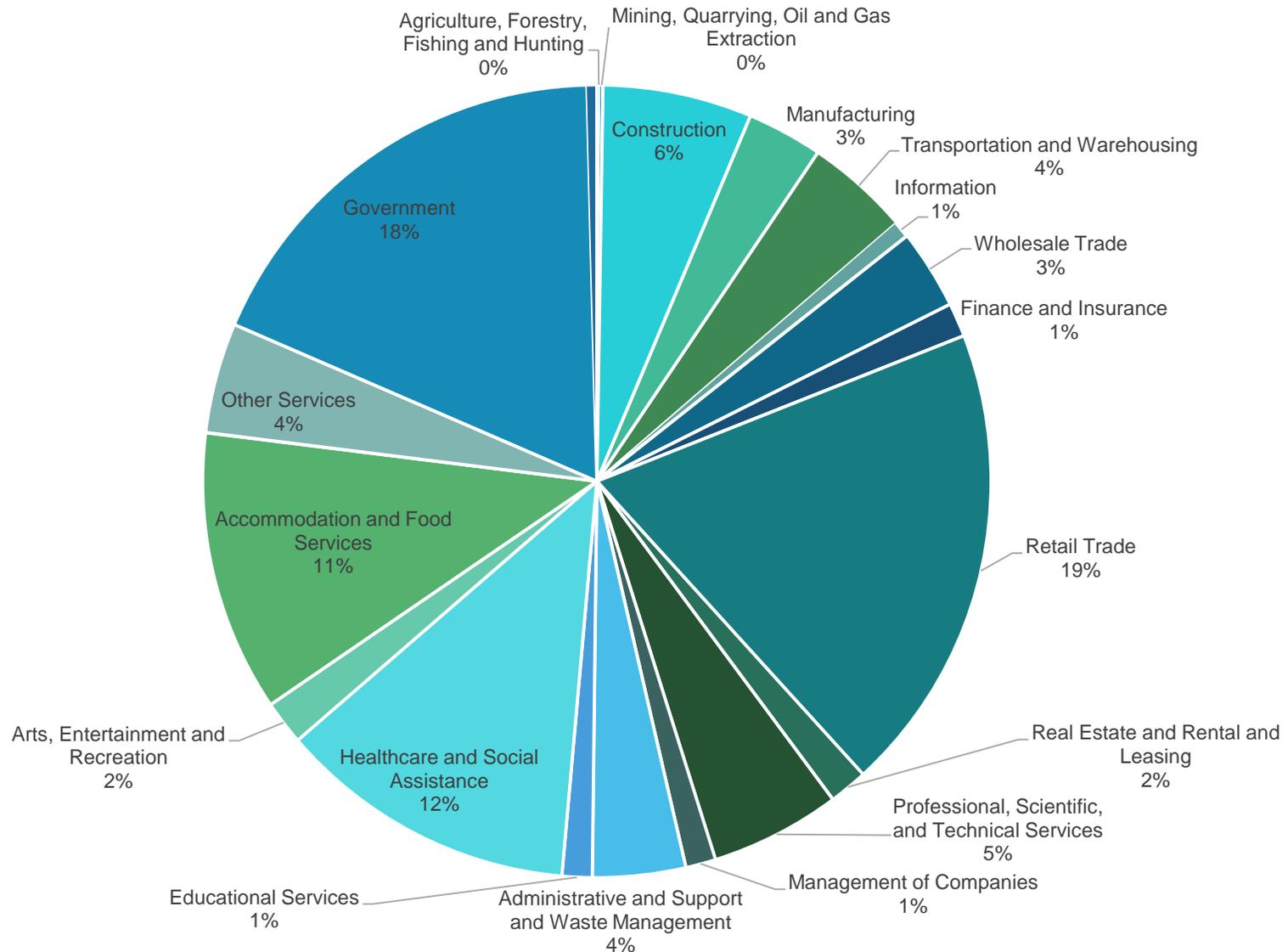
## II. Economic Development Update

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# Diversifying Business Environment

**Spotsylvania County is home to over 2,973 business.**





# Diversifying Business Environment

Industry	Average Establishments	YoY Change	Average Employment	YoY Change	Average Weekly Wage	YoY Change
Healthcare & Social Assistance	642	(38)	4,607	(61)	\$884	\$69
Other Services (except Public Administration)	397	82	1,610	63	\$585	\$21
Retail Trade	379	(1)	6,867	(173)	\$626	\$13
Construction	298	1	2,243	(8)	\$1,359	\$423
Professional, Scientific & Technical Services	262	(7)	1,912	84	\$1,705	(\$22)
Accommodation & Food Service	187	(3)	4,108	(134)	\$323	(\$9)
Administrative, Support & Waste Management	128	3	1,445	(12)	\$591	\$34
Real Estate, Rental & Leasing	117	4	568	35	\$770	\$54
Wholesale Trade	111	(5)	1,164	(19)	\$1,107	\$78
Finance & Insurance	94	(5)	499	(11)	\$1,036	\$88
Transportation & Warehousing	70	2	1,579	90	\$875	\$65
Manufacturing	64	7	1,108	9	\$1,062	(\$82)
Public Administration	37	1	1,097	(30)	\$962	\$58
Arts, Entertainment & Recreation	36	2	722	(67)	\$332	\$23
Educational Services	30	3	5,179	217	\$762	(\$2)
Information	28	1	323	(11)	\$978	\$30
Management of Companies & Enterprises	20	-	442	25	\$1,393	\$7
Utilities	8	1	Data not available (N/A)			
Agriculture, Forestry, Fishing & Hunting	8	-	52	(6)	\$440	\$37
Mining, Quarrying, & Oil/Gas Extraction	3	1	37	N/A	\$1,417	N/A
Unclassified Establishments	54	10	142	68	\$699	\$238
Total	2,973	59	35,791	68	\$811	\$50



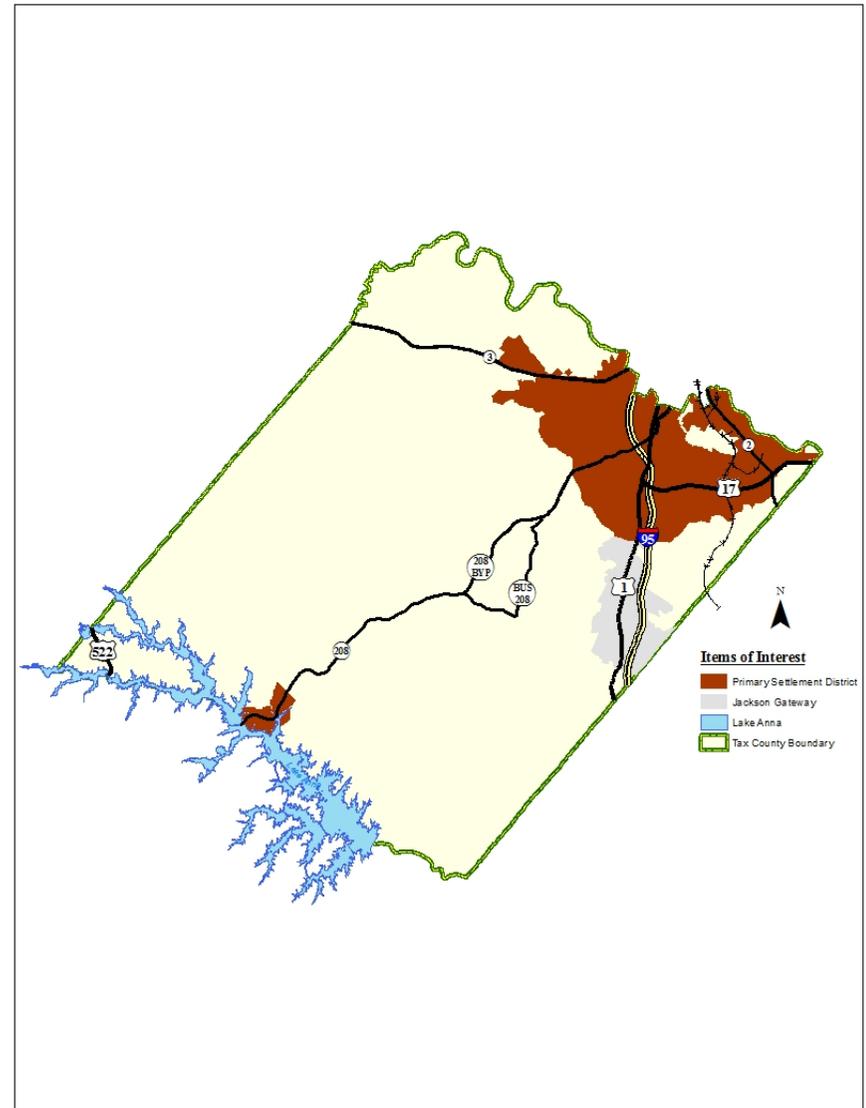
# Top 20 Employers within the County

Name	Nature of Business	Employee Range
Spotsylvania County Schools	Education	1,000+
Spotsylvania County Government	Local Government	1,000+
HCA Virginia Health System	Hospital – Spotsylvania Regional Medical Center	500-999
Wal-Mart	Retail	250-499
CVS Pharmacy	Pharmacy Distribution Warehouse	250-499
Lidl US Operations	Grocery Distribution Center	250-499
Germanna Community College	Education	250-499
Weis Markets	Grocery	250-499
McDonald's	Restaurant	250-499
United Parcel Service	Package Delivery Services	250-499
Kaeser Compressors	Air Compressor Manufacturer	100-249
Target Corporation	Retail	100-249
Carmax	Automotive Dealer	100-249
Costco	Retail	100-249
Giant Food	Grocery	100-249
Rappahannock Goodwill Industries	Rehabilitation Services	100-249
A-T Solutions, Inc.	Support to Counterterrorist Activities	100-249
Radley Honda	Automotive Dealer	100-249
Simmons Bedding Company	Bedding Manufacturer	100-249
EOIR Technologies, Inc.	Engineering and Construction Services	100-249



# Economic Development Marketing Strengths

- Location
  - Interstate proximity
  - Close to nation's capital
- Infrastructure and investment in key areas
  - Water and Sewer
  - Fiber and dark fiber
- Business friendly culture
  - Low tax rates
  - Fast-tracked permitting
  - Comparatively low water/sewer fees
- Educated workforce (partnerships with high schools and community colleges)
- High value community for citizens





# Planned and Approved New Developments

## Residential Projects with Future Buildout

Date Approved	Project Name	Type	Unbuilt Residential Units				Proposed Commercial SF Components	Site Work or Construction Occurring as of July 2018
			SFD	SFA	MF	AR		
	Fawn Lake	R	505	0	0	0	N/A	X
	Estates of Chancellorsville*	R	56	0	0	0	N/A	X
	Estates of Elys Ford*	R	231	0	0	0	N/A	
	Saw Hill*	R	43	0	0	0	N/A	X
8/13/2002	Pamunkey Point	R	20	0	0	0	N/A	
11/26/2002	Lee's Parke	MU	447	0	0	168	700,000 sf office, retail, assisted living	X
2/25/2003	Sunrise Bay	R	34	0	0	0	N/A	X
11/9/2004	Regency at Chancellorsville	R	0	0	0	128	N/A	X
12/14/2004	Glenhaven/River Glen	R	34	0	0	0	N/A	X
11/14/2006	Reserve at C'ville (Crossing at C'ville)	R	98	0	0	0	N/A	X
1/16/2008	Estates at Buckingham*	R	42	0	0	0	N/A	
4/22/2009	Anna Vista Sec 2*	R	10	0	0	0	N/A	X
7/14/2009	Mallard Landing	R	0	99	0	0	N/A	X
11/10/2009	Spring Arbor (River Crossing)	MU	0	0	0	6	30,000 sf office, retail	X
12/8/2009	Summerfield	R	45	21	0	0	N/A	X
2/2/2011	Pelhams East*	R	1	0	0	0	N/A	
4/12/2011	Keswick	R	150	90	240	184	N/A	X
10/11/2011	Ni Village	MU	0	164	773	0	100,000 sf office, retail, restaurant	
2/14/2012	Lakeside	R	0	26	0	0	N/A	X
8/14/2012	Brooks	R	0	2	0	0	N/A	
10/9/2012	Estates at Terry's Run	R	10	0	0	0	N/A	X

**KEY:** SFD = Single Family Detached; SF = Single Family Attached; MF = Multi-Family (apartments); AR = Age Restricted Units (any type)  
 MU = Mixed Use; R = Residential

**Notes:** Does not include new by-right subdivisions of fewer than 10 lots, family divisions, or annual divisions  
 Does not include existing by-right lots outside of subdivisions

\*By-right subdivisions



# Planned and Approved New Developments, Cont.

2/20/2013	Whitehall*	R	60	0	0	0	N/A	
2/20/2013	Tanglewood Estates*	R	2	0	0	0	N/A	
7/9/2013	Spotsylvania Cthse Village	MU	358	198	834	50	536,000 sf - office, retail	X
8/13/2013	Crossroads Station Apt	MU	0	0	610	0	950,000 sf - office, retail, hotel	X
9/10/2013	New Post	MU	219	104	102	0	160,000 sf - office, retail, hotel	X
9/24/2013	Fortune's Landing	R	45	0	0	0	N/A	X
10/2/2013	The Estates at Kingswood*	R	28	0	0	0	N/A	X
1/14/2014	Villas at Harrison Crossing (Barley Woods)	R	0	0	0	130	N/A	X
1/28/2014	Heritage Woods	R	697	180	183	0	N/A	
6/24/2014	Courtland Park	MU	89	0	0	0	75,000 sf - office, church, daycare	X
6/24/2014	Southpoint Landing	MU	0	0	550	0	1.15M sf - retail, restaurant, office	X
9/9/2014	Legends of Chancellorsville	R	218	0	0	0	N/A	
12/9/2014	Wheatland	R	0	98	0	0	N/A	X
12/9/2014	Thorburn Estates	R	59	0	0	0	N/A	
6/23/2015	Jackson Village	MU	0	596	1289	385	298,000 sf - commerical/office	X
10/21/2015	Breckenridge Farms*	R	50	0	0	0	N/A	X
11/12/2015	Retreat at Chancellorsville	R	0	0	0	192	N/A	
12/8/2015	Alexander's Crossing	MU	518	971	888	230	1.558M sf - office, hotel, grocery	
1/12/2016	Avalon Woods*	R	98	0	0	0	N/A	X
1/26/2016	Plantation Woods	R	132	0	0	0	N/A	
3/14/2016	Pennington Estates*	R	12	0	0	0	N/A	X
5/24/2016	Goodwin Cove	R	35	0	0	0	N/A	
3/14/2017	Cedar Forest	R	29	0	0	0	N/A	
3/14/2017	Summit Crossing Estates	R	70	0	0	0	N/A	
9/12/2017	Barrington	R	39	0	0	0	N/A	
12/12/2017	Afton	R	29	0	0	0	N/A	
6/12/2018	Roseland	R	0	14	0	0	N/A	
			<b>4517</b>	<b>2563</b>	<b>5469</b>	<b>1473</b>		
			<b>14,022</b>					

**KEY:** SFD = Single Family Detached; SF = Single Family Attached; MF = Multi- Family (apartments); AR = Age Restricted Units (any type)  
 MU = Mixed Use; R = Residential

**Notes:** Does not include new by-right subdivisions of fewer than 10 lots, family divisions, or annual divisions  
 Does not include existing by-right lots outside of subdivisions

\*By-right subdivisions



# Economic Development Vision

- The County has identified four targeted industries:
  - Manufacturing
  - Defense / IT / Cyber
  - Healthcare
  - Tourism
- Emphasis on businesses that “do real things” and hire new employees at salaries greater than the county average
- Getting talent off of I-95 and into jobs in Spotsylvania and promotion of the reverse commute





# Economic Development Highlights



**RPI GROUP**  
Powered by Experience

**Una-Dyn**  
A Piovan Company



## CY2017 Announcements Summary

Announcements	6
Jobs (created or saved)	403
Investment	\$10.95M
Square Footage	~600,000



# Economic Development Highlights

- **Universal Dynamics, Inc.**
  - Designs, manufactures and installs plastics products.
  - Relocated 120 full-time employees from Woodbridge to Spotsylvania. Intends to add 50 more full-time employees over next 10 years.
  - Making \$4M in capital improvements to existing 88,000 sq. ft. facility and will add \$1M in personal property investment, as well.
  
- **idX**
  - Manufactures space designs/signage for the retail, financial, hospitality, restaurant and point-of-sale markets.
  - Relocated business from Baltimore to the 250,000 sq. ft. former GM plant in Spotsylvania. This plant had been vacant since approximately 2010.
  - Making \$7.2M in capital improvements to renovate, expand, and equip the facility.
  - Intends to hire 175 full-time employees.

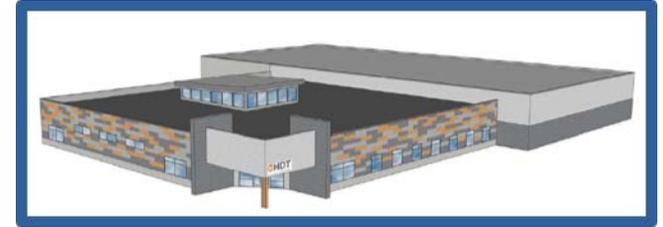




# Economic Development Highlights

- **HDT Expeditionary Systems, Inc.**

- Performs military systems research, product development, and engineering services.
- Operates within Spotsylvania, but expanding to a leased 40,000 sq. ft. facility currently under construction. Occupancy expected in November 2018.
- Maintains 30 employees in Spotsylvania, but intends to add 20 additional full-time employees in its first year and increase by 5% each year for 10 years.



- **Flatter & Associates, Inc.**

- Is a government contractor with core competencies in program management, acquisition support, software development, training and education, leadership development, and quality assurance/testing among others.
- Relocated corporate headquarters from the City of Fredericksburg to a new 3,500 sq. ft. office building in Spotsylvania.
- The company maintains 11 employees moved from the City office and will add 10 new full-time employees by 2019.





# Economic Development Highlights

- **RPI Group, Inc.**

- Is in the business of cyber security, secure wireless solutions, systems engineering and technical assistance, and defense research and development.
- Relocated operations within Spotsylvania.
- Anticipates expanding from 32 full-time employees to 40 full-time employees over the next two years.



- **Publix**

- New to the Spotsylvania grocery market.
- Opening July 25, 2018.
- Approximately 140 employees anticipated.
- Has already partnered with the Spotsylvania-based Virginia Youth Soccer Association to name the Spotsylvania soccer facility the Publix Virginia Soccer Training Center.





# Lidl



## Through CY2017

- **Regional Distribution Center:**

- Investment = \$125.3M
- Full-time jobs = 86
- Average salary = \$95,524
- Hourly jobs = 174
- Hrly rates = \$14.50 - \$28.54

## CY 2018

- 1 store location

## Add'l Planned in County

- 1 additional store location



# Retail and Mixed-Use Developments

- **Spotsylvania Courthouse Village –**
  - Combines a commercial and residential streetscape
  - In 2017, construction was completed on five retail buildings which range in size from 1,000 to 7,000 sq. ft.
  - The project developer envisions that the Village could eventually include 500,000 sq. ft. of office, retail and civic uses, as well as 1,500 residential units
  - Hanover House, a five-story mixed-use building, was completed in 2018. Apartments and retail spaces are now being leased
  - The developer has plans to build another mixed-use building and hotel in the Village





# Retail and Mixed-Use Developments

- **Spotsylvania Towne Centre –**

- ~1.6 million sq. ft. development
- \$80 million renovation completed in 2012
- Open air premier shopping, dining and entertainment



- **Southpoint Landing –**

- Final area within Southpoint's 335 acres to be developed
- Construction on 48,000 sq. ft. 3-story office building is ongoing
- Project is anticipated to have more than 1 million sq. ft., developer is in discussion with several national retailers and a hotel, with plans for additional mixed-used buildings
- Includes Abberly at Southpoint, an already completed 280-unit apartment complex

- **Southpoint I & II –**

- 256-acre development includes 1.2 million+ sq. ft. of mixed-use retail and commercial space
- Offers wide variety of retail, restaurants, office and professional office space





# Retail and Mixed-Use Developments

- **Cosner's Corner –**

- ~980,000 sq. ft. retail and office development
- Newest complex is the Silver Collection at Cosner's Corner, a \$75 million complex containing 274 apartments, a clubhouse, and 10,000 sq. ft. of amenity space
- Station Square at Cosner's Corner completed phase 2 of the development plans, adding 120 new units housed in 4 buildings to their existing 260-unit complex



- **Thornburg –**

- VDOT has begun work on a \$22.4 million road improvement project at Exit 118, including widening the Mudd Tavern bridge over I-95, adding new turn lanes and installing new traffic lights
- Road improvements and the opening of Dominion Raceway are anticipated to be catalysts for development ... significant interest in this area

- **Harrison Crossing –**

- 70-acre, 600,000 sq. ft. development
- Home to a variety of services, shops and restaurants
- New Lidl grocery store began operations in 2018
- Pad sites are still available for growth





# Future Opportunities

- “GO Virginia” Sites Targeted by our state for economic development
- Spotsylvania County has a Cluster of Sites South of Fredericksburg on the I-95 Corridor
- Convergence of:
  - Available Land
  - 60-1,000 acre sites
  - Major Highway Corridors
  - Fiber & Dark Fiber Connectivity
  - Low Taxes
  - Water & Sewer Availability
  - Natural Gas Availability
  - Low Utility Rates
  - Close to Rail Service
  - Business-Friendly Zoning
  - Fast & Simple Development Process
  - Available Workforce
- The Spotsylvania Cluster offers the closest travel time to Washington, D.C. for business development in the I-95 Corridor





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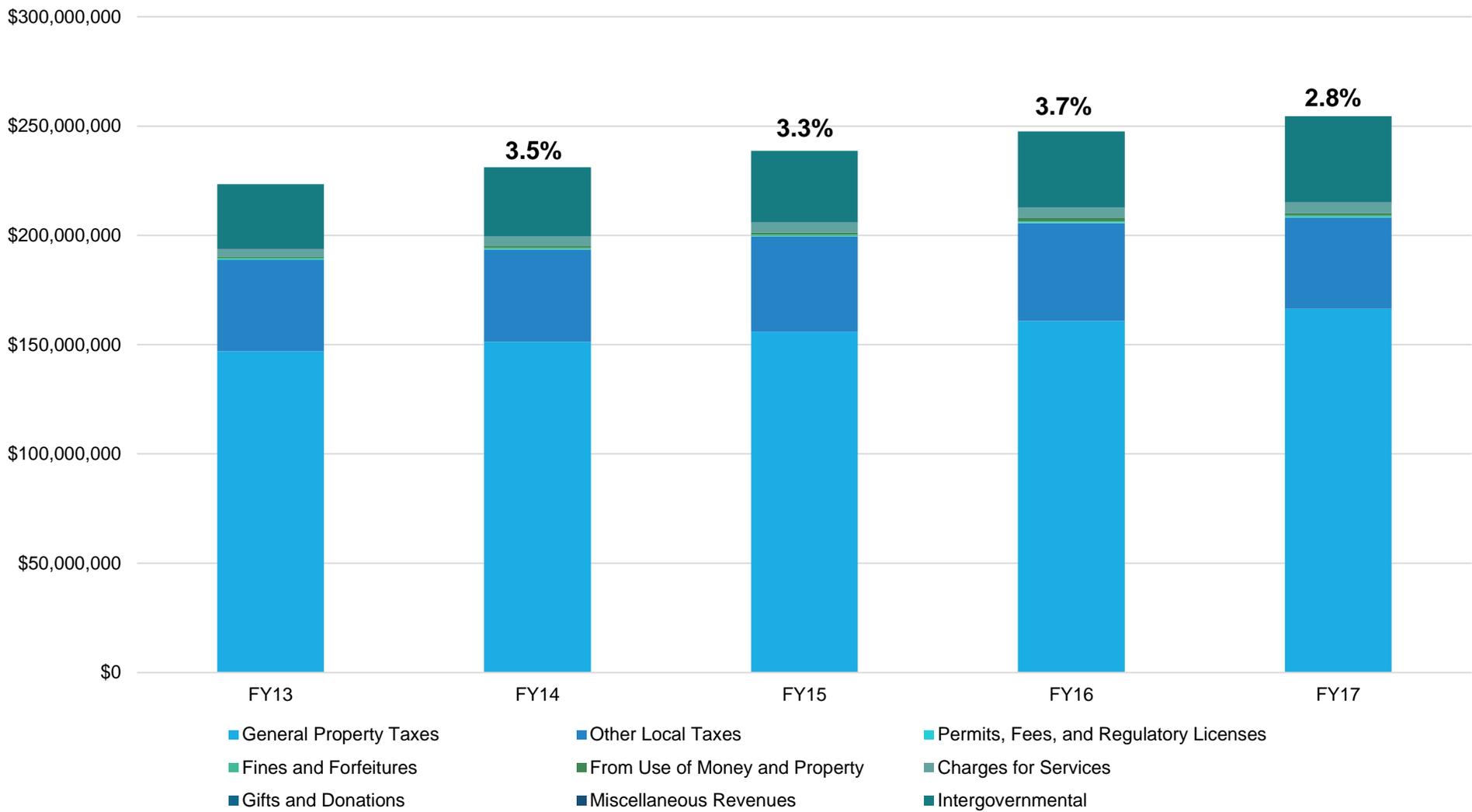
## III. Financial Update

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# General Fund Revenues

**General Fund Revenues have increased steadily since FY 2013.**

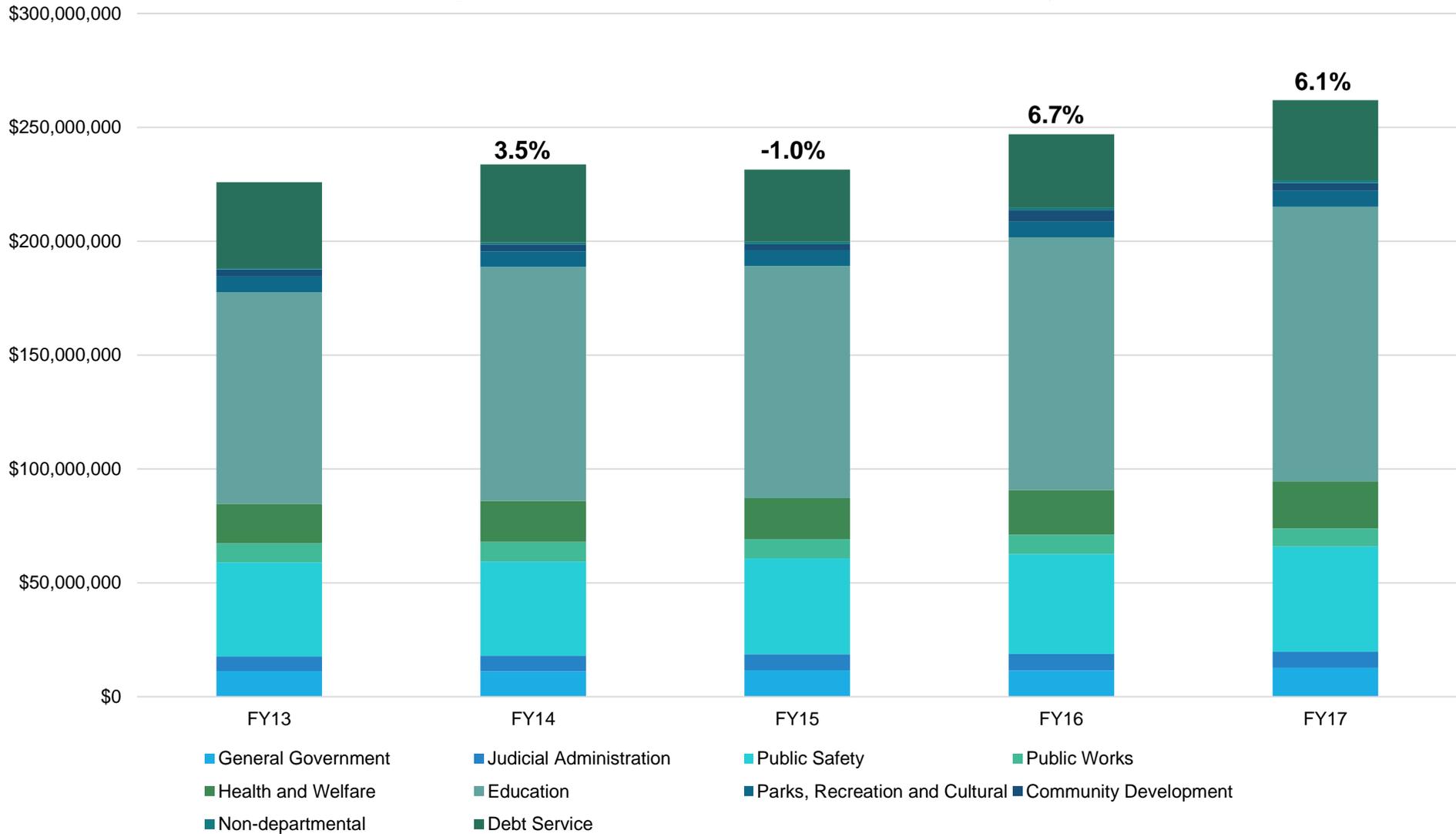


Source: County's CAFRS, Exhibit IV, does not include net transfers.



# General Fund Expenditures

**General Fund Expenditures have increased steadily since FY 2013.**

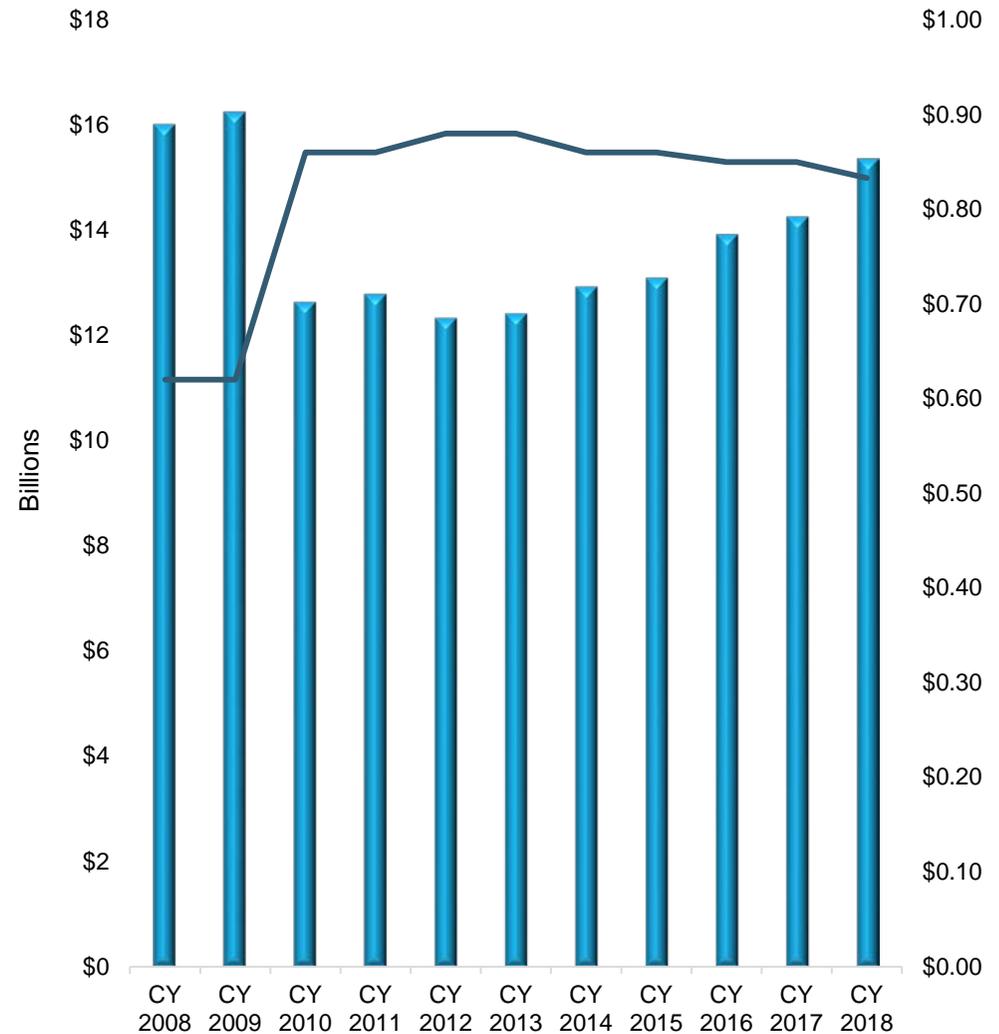


Source: County's CAFRS, Exhibit IV, does not include net transfers.



# Real Estate Assessed Value and Tax Rate

- At 83.3 cents per \$100 assessed valuation today, the County compares favorably with its peers
- Conservative budgeting methodologies requires the County to operate within reasonable parameters
- Property tax collections have averaged 99.4% of original levy the past five years
- Personal property tax rates have been decreased 3 times in the last 5 years, most recently to \$3.26<sup>1</sup>



<sup>1</sup>This is the effective rate because the personal property tax rate is based on 50% of the value. Adopted rate is \$6.52.



# Fiscal Year 2017 Results

- General Fund revenues (\$254 million) approximately 1.4% over FY17 Final Budget
  - General Property taxes exceeded budget by 1.5%
  - Charges for services exceeded budget by 5.2%
- General Fund expenditures approximately 3.1% under FY17 Final Budget
- General Fund Balance increased by \$3.5 million



# Fund Balance Policy Compliance

## The County maintains four strong fund balance policies:

1. The County will commit within its General Fund balance at the close of each fiscal year a reserve equal to no less than 11% of General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget
2. The County will maintain a self-insured health insurance reserve equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three years' experiences
3. The County will maintain a Budget Stabilization Reserve to address potential revenue declines or other economic stress placed on the budget. In FY 2016, the Budget Stabilization Reserve will start with a balance of \$1.0 million. Each year thereafter, an amount equal to 0.25% of General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget will be added until such time as the Budget Stabilization Reserve reaches \$5.0 million. Thereafter, this reserve will be maintained at \$5.0 million
4. The County will establish an Economic Opportunities Reserve for the purpose of funding matches to State grants and to provide other up-front incentives to substantial economic development opportunities, funded at \$2,000,000 and will be reserved as part of the assigned General Fund balance.

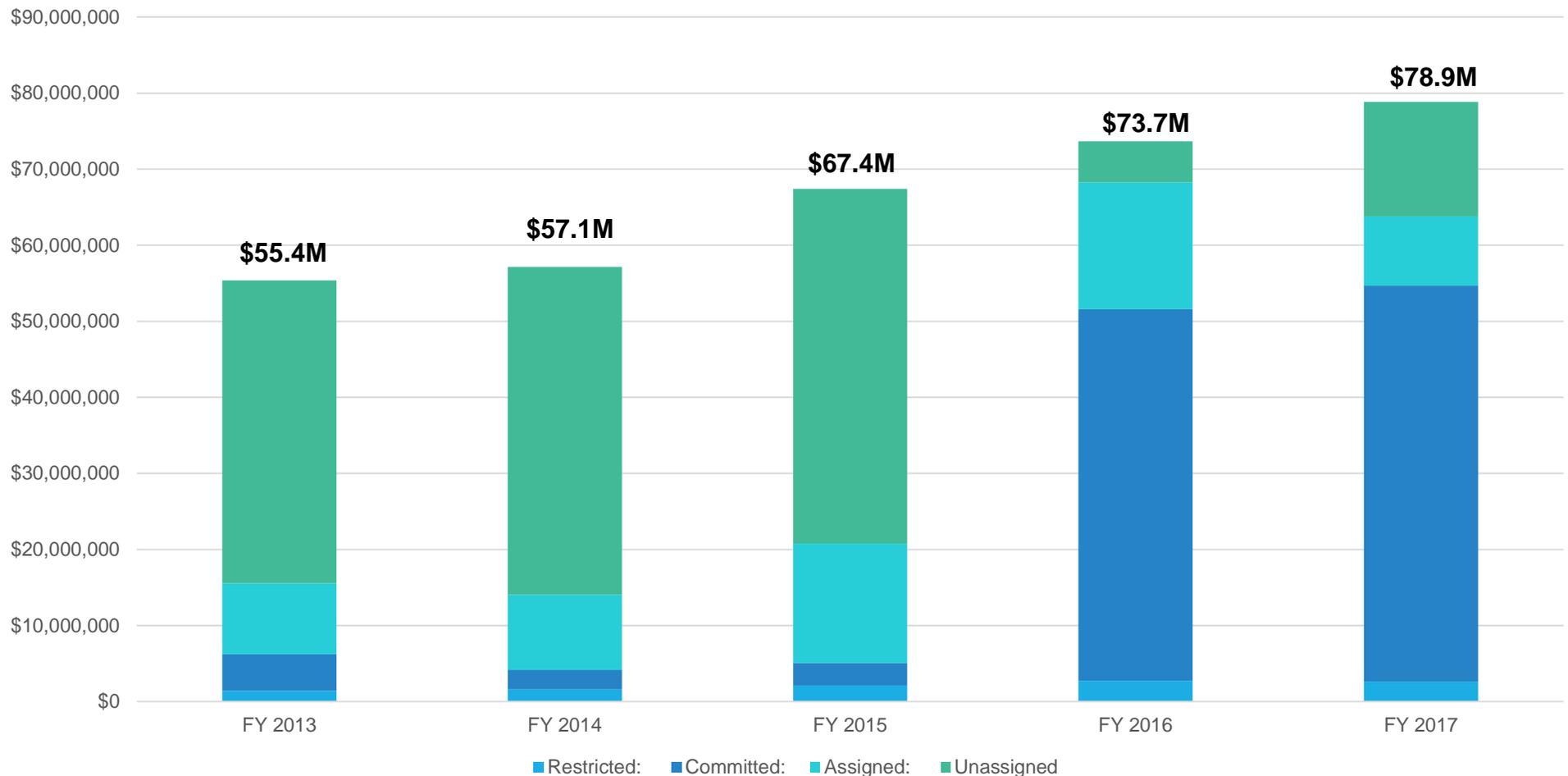
## Fund Balance Policy Reserve Balance as of June 30, 2017

Policy 1: Fiscal Stability Reserve	
Fiscal Stability Reserve Balance	\$45,243,039
Est. Subsequent Year Operating Revenues	411,300,355
Available Fund Balance as a % of Operating Revenues	11.0%
Policy Requirement	11.0%
Policy 2: Self-Insurance Health Insurance Reserve	
Health Insurance Reserve	3,991,639
Policy 3: Budget Stabilization Reserve	
2018 Budget Stabilization Reserve	3,057,114
Policy Goal	5,000,000
Policy 4: Economic Opportunities Reserve	
Economic Opportunities Reserve	2,000,000
Policy Goal	2,000,000



# General Fund Balance

**The County's General Fund Balance has grown steadily since FY 2013. In FY 2016, the County reclassified its Fiscal Stability Reserve and Health Insurance Reserve into the Committed Fund Balance.**



FY13-FY17 includes the EDO Fund Balances. FY17 includes the LOSAP Trust in the amount of ~\$1.7 million.



# Cash Flexibility Available Beyond the General Fund Balance & Reserves

	FY17
<b>General Fund Balance:</b>	
Unassigned	\$15.1m
Assigned	\$9.1m
Committed	\$52.0m
<b>Total Available GF Balance</b>	<b>\$76.2m</b>
<b>Reserves Outside of the General Fund:</b>	
Capital Projects Fund (Cash)	\$22.9m
Transportation Fund (Cash)	\$4.7m
<b>Total Available Non-General Fund Balance</b>	<b>\$27.6m</b>
<b>FY17 Year Operating Revenues*</b>	<b>\$399.3m</b>
<b>Total Available GF Balance as a % of Operating Revenues</b>	<b>19.1%</b>
<b>Total Available GF + Non-GF Balance as a % of Operating Revenues</b>	<b>26.0%</b>

\*Note this value is the actual FY17 value, which differs from the estimated FY18 value used to calculate the County's Fund Balance policy requirements.



# Projected Fiscal Year 2018 Results

- As of 3<sup>rd</sup> quarter, General Fund revenues projected to exceed budget by \$6.4 million
  - \$1.5 million related to increases in real estate tax base
  - \$1.5 million related to increases DSS/CSA revenue based on increased reimbursable program costs
  - \$1.2 million is attributable to adoption of 2018 real estate tax rate at 1.66 pennies greater than equalization
  - \$0.9 million in increased Personal Property revenue
- As of 3<sup>rd</sup> quarter, General Fund expenditures projected to be \$0.9 million below budget
- As of 3<sup>rd</sup> quarter, expecting to add \$1.3 million to fund balance
  - Budget assumed use of \$6.0 million for one-time items
  - However, we're now projecting revenue will exceed budget by \$6.4M and expenditures will be \$0.9 million less than budget
- 3<sup>rd</sup> quarter report available [here](#)



# FY 2019 Adopted Budget

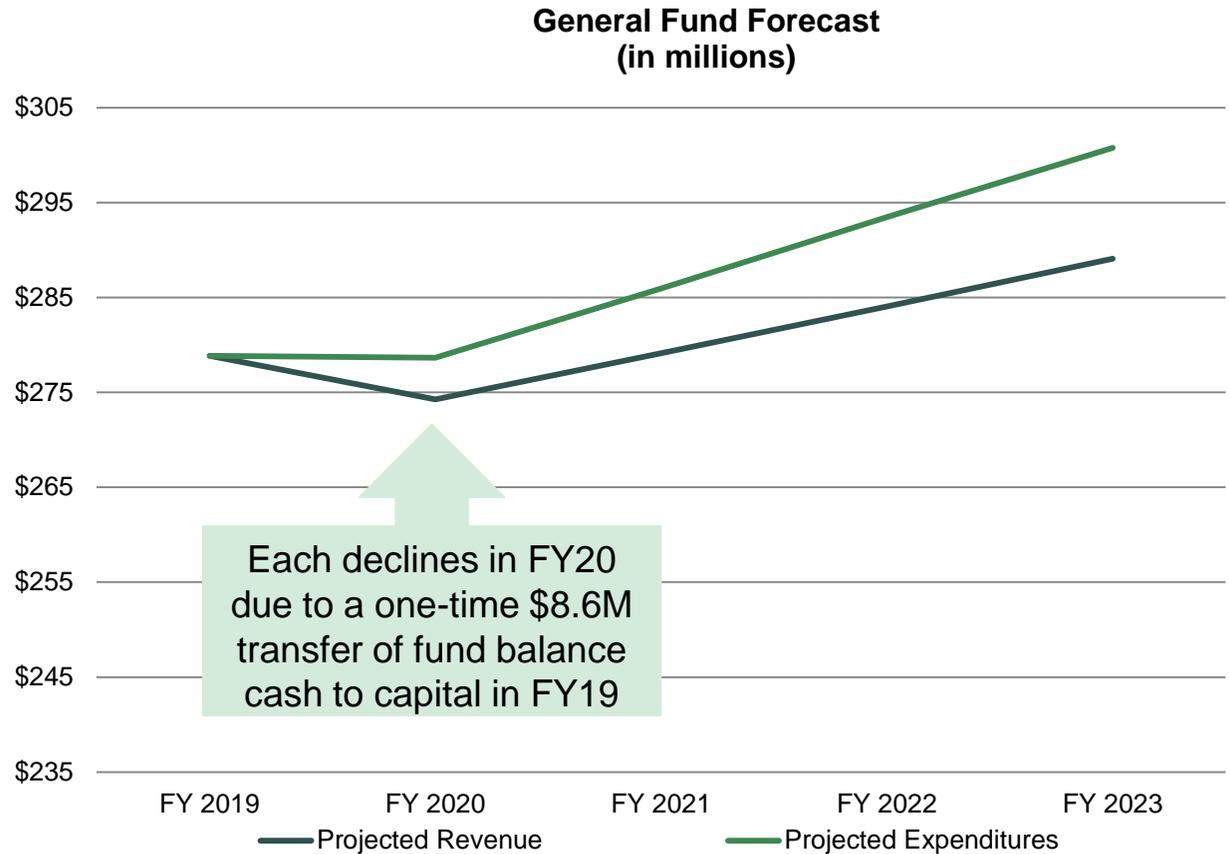
- The FY 2019 Adopted General Fund Budget totals \$130.5 million, a 4.8% increase over FY 2018 Adopted General Fund Budget
- All fiscal policy guidelines are maintained
- Real property tax rate approved at \$0.833, slightly above the equalized \$0.8164 rate
- Cash transfer to the CIP is increased by \$1.0 million to meet the 3.75% policy level transfer. The County adds 0.25% each year until it reaches the 5% policy goal
- In addition to the policy level requirement of \$9.8 million, an additional \$8.595 million is transferred from the General Fund balance to cash fund additional capital projects, reducing the need to borrow for those projects
- A net increase of 35.22 new positions of which 25.33 FTEs are added public safety positions



# Multi-Year Financial Forecast

## Key Assumptions:

- Equalized real estate rate in reassessment years
- 1.3% annual adjustment for inflation materials and supplies
- 2.0% annual compensation adjustment for employees
- Transfers to other funds based upon current practices/fiscal policy guidelines
- Additional transfer from the General Fund to the Transportation Fund resumes in FY 2020.
- Local transfer to Schools is based on 100% of projected Schools' debt service plus an adjusted cost per pupil amount of 2.0% COLA, and 1.3% CPI
- Includes operating costs of projects in the adopted CIP to include \$1.3M for staffing of a new Fire/Rescue station in FY 2023.



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Incremental Tax Rate to Balance	\$0.000	\$0.030	\$0.015	\$0.016	\$0.013



# County's Pension: Virginia Retirement System ("VRS")

- The County and the School Board participate in the Virginia Retirement System (VRS) Political Subdivision Retirement Plan. Additionally, the School Board participates in a separate cost-sharing multiple employer VRS Teacher Retirement Plan
- The contribution rates for the County's and School Board's VRS Political Subdivision Retirement Plan for the fiscal year ended June 30, 2017 were 9.51% and 6.62% of their annual covered payrolls, respectively. The contribution for the School Board's VRS Teacher Retirement Plan was 14.66% of annual covered payroll.

Pension Funding Plan		
Fiscal Year End	Contractually Required Employer Contribution	Percentage of Contractually Required Contribution Paid
<b>County Pension Trend</b>		
June 30, 2015	\$4,631,470	100%
June 30, 2016	\$4,879,034	100%
June 30, 2017	\$4,435,973	100%
<b>Schools Pension Trend</b>		
June 30, 2015	\$18,328,293	100%
June 30, 2016	\$18,038,014	100%
June 30, 2017	\$18,745,914	100%



# Other Post Employment Benefits (“OPEB”)

- As the number of County retirees increases and healthcare costs continue to rise, the County is faced with how to fund its other postemployment benefit plans (OPEB)
- Effective in FY 2016, the Board kicked off a phased-in funding plan to reserve 100% of the General Fund’s annual required contribution within eight years

County OPEB Funding Trend			
Actuarial Valuation Date	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
June 30, 2015	\$5,582,664	21.5%	\$29,779,443
June 30, 2016	\$5,935,006	21.8%	\$34,419,152
June 30, 2017	\$8,844,645	16.4%	\$41,810,153

School Board OPEB Funding Trend			
Actuarial Valuation Date	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
June 30, 2015	\$18,733,000	42.2%	\$97,397,237
June 30, 2016	\$17,963,000	28.9%	\$110,163,447
June 30, 2017	\$18,559,000	29.3%	\$123,278,110



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## IV. Capital Improvement Program and Debt Management

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# Capital Improvement Program

## Adopted Capital Improvement Plan - Uses of Funds

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5-Yr Totals
<b>General Capital Projects</b>						
General Government	\$11,049,892	\$17,639,170	\$13,704,782	\$10,308,613	\$13,363,474	\$66,065,931
Solid Waste	840,975	3,365,000	1,449,050	7,297,667	1,392,383	14,345,075
Parks & Recreation	786,500	40,000	380,000	630,000	1,254,000	3,090,500
Fire/Rescue	3,731,647	6,300,963	7,650,311	7,223,232	4,518,431	29,424,584
Transportation	5,916,053	1,000,000	5,073,850	18,232,520	6,657,500	36,879,923
<b>Total General Capital Projects</b>	<b>\$22,325,067</b>	<b>\$28,345,133</b>	<b>\$28,257,993</b>	<b>\$43,692,032</b>	<b>\$27,185,788</b>	<b>\$149,806,013</b>
<b>Schools' Capital Projects</b>	<b>\$30,799,918</b>	<b>\$27,812,036</b>	<b>\$10,862,949</b>	<b>\$7,983,613</b>	<b>\$7,828,030</b>	<b>\$85,286,546</b>
<b>TOTAL USES OF FUNDS</b>	<b>\$53,124,985</b>	<b>\$56,157,169</b>	<b>\$39,120,942</b>	<b>\$51,675,645</b>	<b>\$35,013,818</b>	<b>\$235,092,559</b>

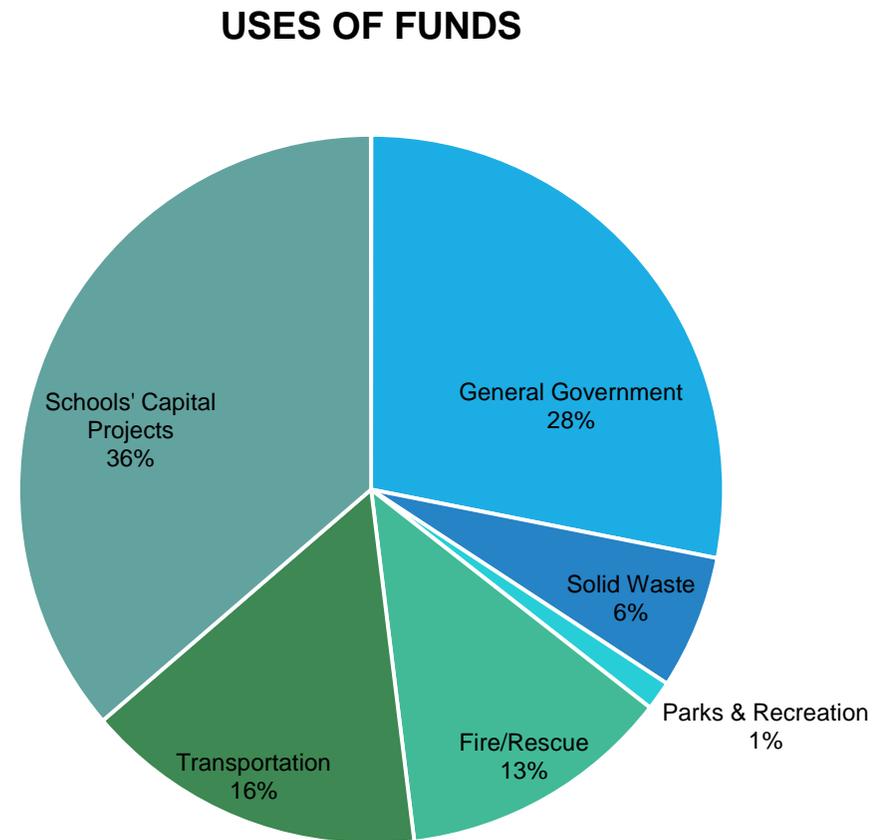
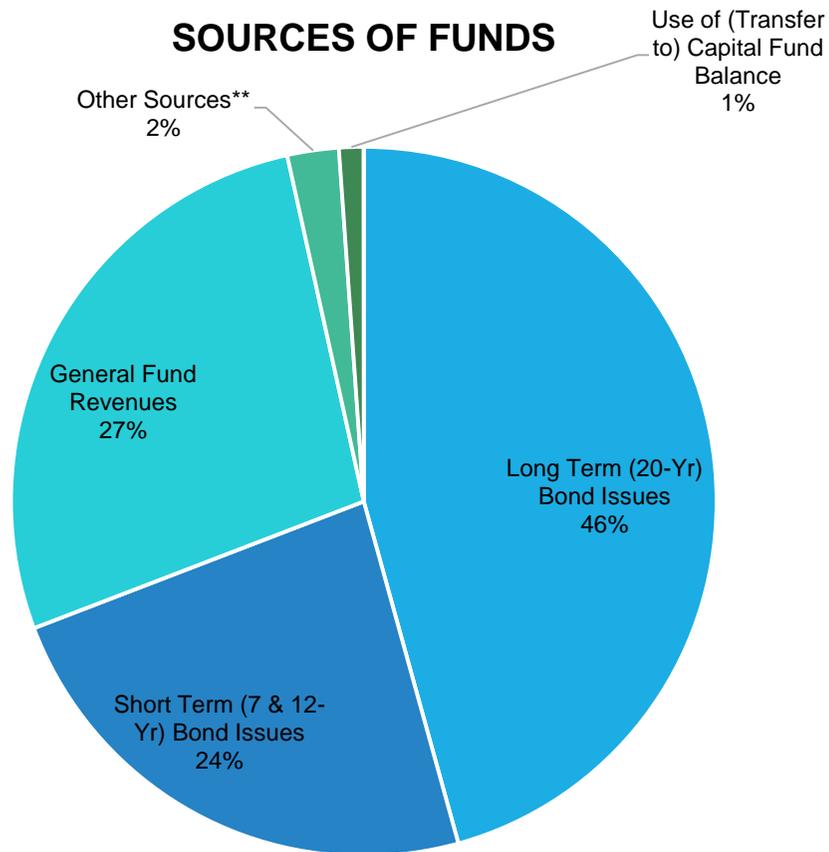
## Adopted Capital Improvement Plan - Sources of Funds

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5-Yr Totals
<b>General Capital Projects</b>						
Long Term (20-Yr) Bond Issues	\$6,015,412	\$3,498,070	\$13,923,850	\$29,763,735	\$12,204,340	\$65,405,407
Short Term (7 & 12-Yr) Bond Issues	572,651	6,254,551	2,650,311	2,473,232	0	11,950,745
General Fund Revenues	18,081,730	10,269,551	11,094,872	11,964,214	12,860,819	64,271,186
Other Sources	994,421	2,401,455	464,741	1,247,738	434,893	5,543,248
Use of (Transfer to) Capital Fund Balance	-3,339,147	5,921,506	124,219	-1,756,887	1,685,736	2,635,427
<b>Total General Capital Projects</b>	<b>\$22,325,067</b>	<b>\$28,345,133</b>	<b>\$28,257,993</b>	<b>\$43,692,032</b>	<b>\$27,185,788</b>	<b>\$149,806,013</b>
<b>Schools Capital Projects</b>						
Long Term (15 & 20-Yr) Bond Issues	22,565,000	17,433,000	1,735,000	55,000	175,000	41,963,000
Short Term (5, 7, & 12-Yr) Bond Issues	8,234,918	10,379,036	9,127,949	7,928,613	7,653,030	43,323,546
<b>Total Schools Capital Projects</b>	<b>\$30,799,918</b>	<b>\$27,812,036</b>	<b>\$10,862,949</b>	<b>\$7,983,613</b>	<b>\$7,828,030</b>	<b>\$85,286,546</b>
<b>TOTAL REVENUE</b>	<b>\$53,124,985</b>	<b>\$56,157,169</b>	<b>\$39,120,942</b>	<b>\$51,675,645</b>	<b>\$35,013,818</b>	<b>\$235,092,559</b>



# Capital Improvement Plan

**31% of the CIP, excluding utilities, is funded with equity.**



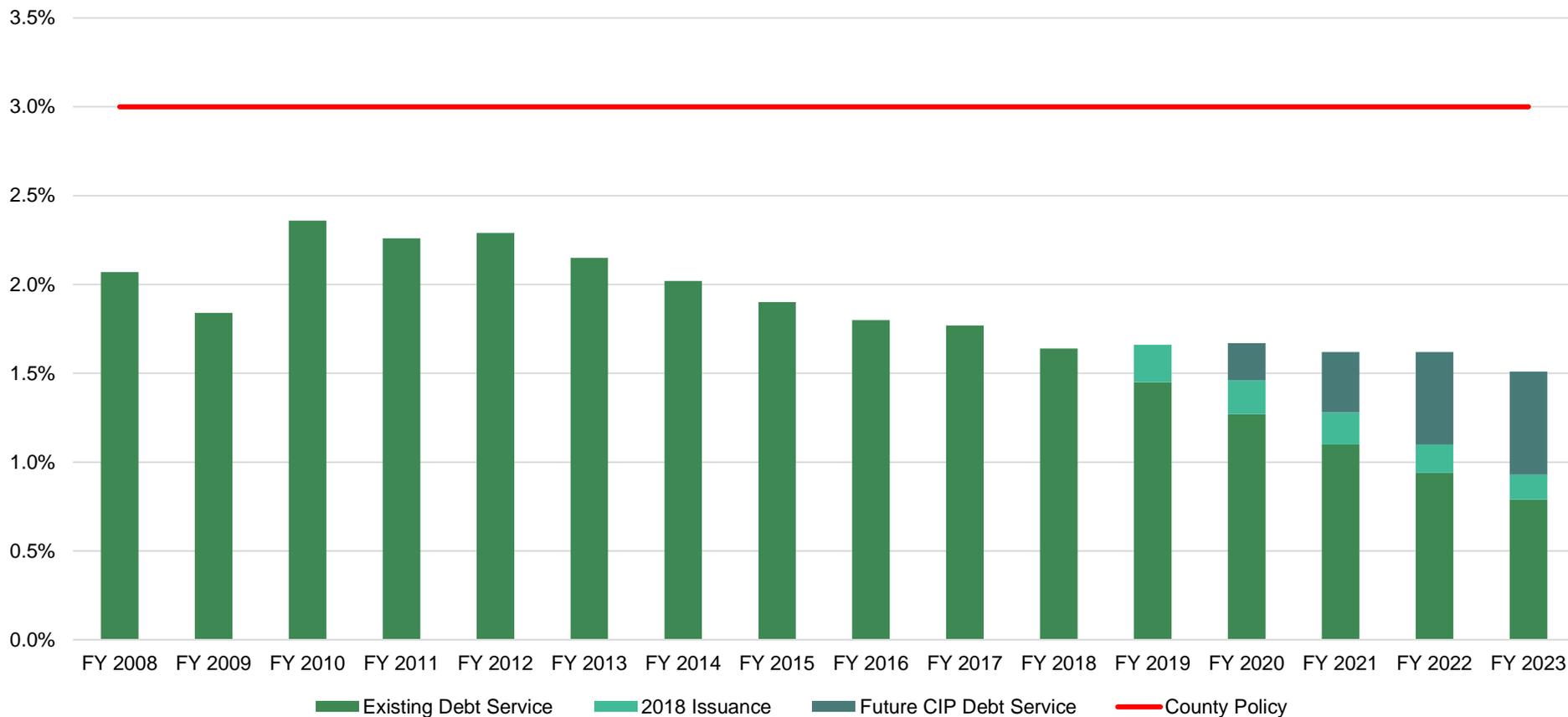
\*\* Includes transfers from other funds, proffers and interest earnings.



# Debt Management Policies Debt to Assessed Value

**Net debt as a percentage of estimated market value should not exceed 3%.**

**Debt vs. Assessed Value**

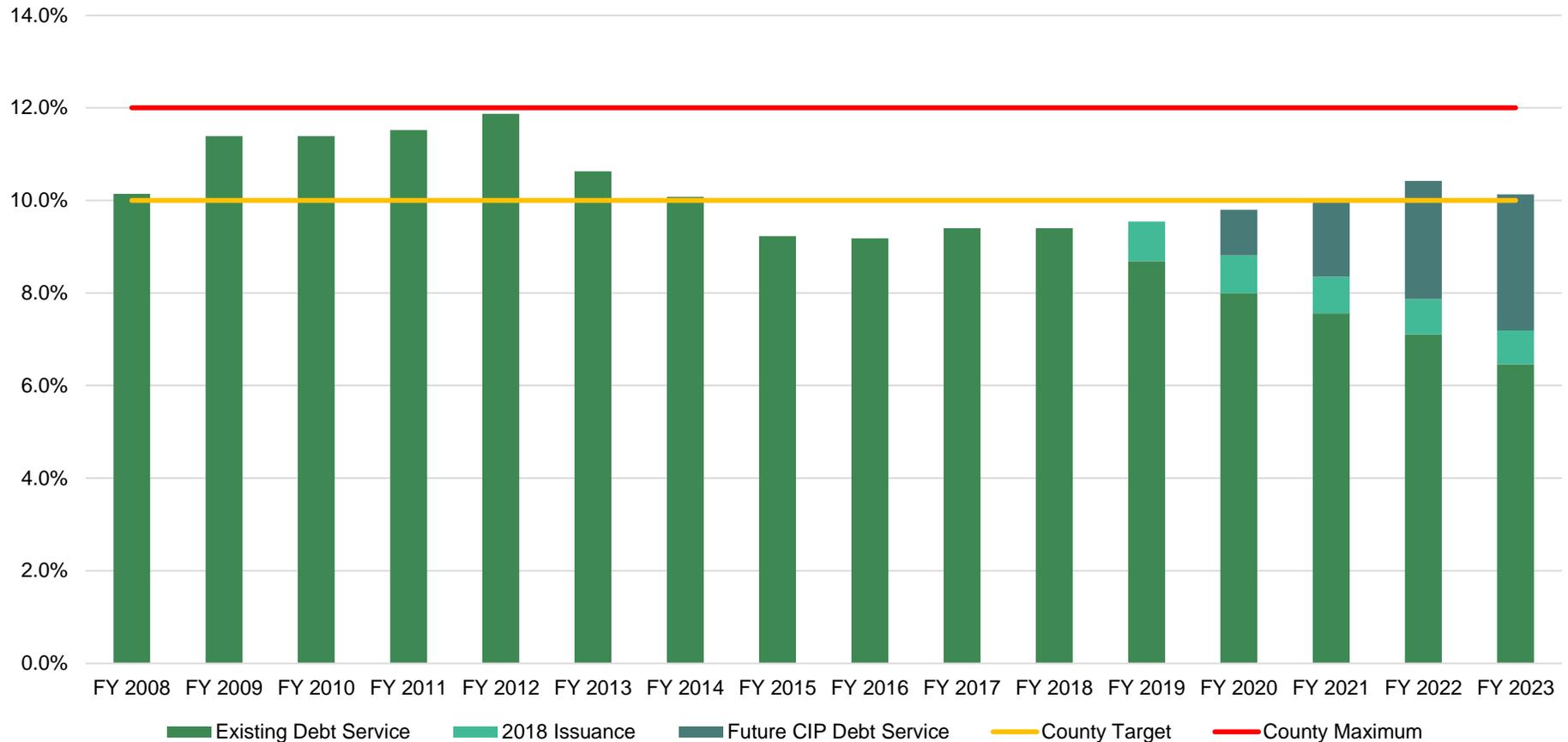




# Debt Management Policies Debt Service to Expenditures

The ratio of debt service expenditures as a percentage of governmental fund expenditures should not exceed 12%, with a goal of not more than 10% by 2025.

### Debt Service vs. Governmental Funds Expenditures





# Debt Management Policies Payout Ratio

**The 10-year tax-supported debt payout ratio should be maintained at or above 65% at the end of each 5-year CIP.**

Fiscal Year	Total Tax-Supported Debt Service			Plus Series 2018 New Bond Bonds			New & Existing Debt Service			
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Payout Ratio
2019	\$26,933,594	\$10,869,980	\$37,803,574	\$0	\$585,217	\$585,217	\$26,933,594	\$11,455,197	\$38,388,791	8.96%
2020	25,441,459	9,737,081	35,178,540	2,280,000	1,310,606	3,590,606	27,721,459	11,047,687	38,769,146	18.19%
2021	25,228,974	8,631,883	33,860,857	2,275,000	1,253,681	3,528,681	27,503,974	9,885,564	37,389,538	27.35%
2022	24,966,000	7,489,354	32,455,354	2,275,000	1,185,431	3,460,431	27,241,000	8,674,785	35,915,785	36.41%
2023	23,636,999	6,356,394	29,993,393	2,270,000	1,117,256	3,387,256	25,906,999	7,473,650	33,380,649	45.04%
2024	20,488,000	5,302,245	25,790,245	2,260,000	1,049,306	3,309,306	22,748,000	6,351,551	29,099,551	52.61%
2025	20,261,000	4,390,830	24,651,830	2,005,000	965,281	2,970,281	22,266,000	5,356,111	27,622,111	60.02%
2026	20,140,000	3,627,620	23,767,620	2,005,000	865,031	2,870,031	22,145,000	4,492,651	26,637,651	67.39%
2027	20,206,000	2,923,788	23,129,788	1,775,000	774,969	2,549,969	21,981,000	3,698,757	25,679,757	74.71%
2028	13,840,999	2,058,407	15,899,406	1,770,000	695,206	2,465,206	15,610,999	2,753,613	18,364,612	79.90%
2029	12,308,999	1,553,985	13,862,984	1,765,000	611,256	2,376,256	14,073,999	2,165,241	16,239,240	84.59%
2030	10,255,999	1,088,921	11,344,920	1,765,000	523,006	2,288,006	12,020,999	1,611,927	13,632,926	88.59%
2031	7,579,999	752,064	8,332,063	1,765,000	434,756	2,199,756	9,344,999	1,186,820	10,531,819	91.70%
2032	4,480,000	503,604	4,983,604	1,330,000	357,381	1,687,381	5,810,000	860,985	6,670,985	93.63%
2033	3,560,000	350,296	3,910,296	1,330,000	304,181	1,634,181	4,890,000	654,477	5,544,477	95.26%
2034	3,000,000	226,237	3,226,237	1,330,000	264,281	1,594,281	4,330,000	490,518	4,820,518	96.70%
2035	2,275,000	115,162	2,390,162	1,245,000	224,878	1,469,878	3,520,000	340,040	3,860,040	97.87%
2036	815,000	42,606	857,606	1,245,000	177,413	1,422,413	2,060,000	220,019	2,280,019	98.56%
2037	600,000	18,751	618,751	1,245,000	124,500	1,369,500	1,845,000	143,251	1,988,251	99.17%
2038	0	0	0	1,245,000	74,700	1,319,700	1,245,000	74,700	1,319,700	99.59%
2039	0	0	0	1,245,000	24,900	1,269,900	1,245,000	24,900	1,269,900	100.00%
<b>Total</b>	<b>\$266,018,022</b>	<b>\$66,039,208</b>	<b>\$332,057,230</b>	<b>\$34,425,000</b>	<b>\$12,923,239</b>	<b>\$47,348,239</b>	<b>\$300,443,022</b>	<b>\$78,962,447</b>	<b>\$379,405,469</b>	



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## V. Series 2018 Bonds and Conclusion

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# 2018 General Obligation Bonds

- Issuance estimated at \$34.4 million new money bonds to generate \$37.4 million in proceeds for schools, transportation and public safety
- Ratings requested by Friday, August 3<sup>rd</sup>
- Competitive Bond Sale scheduled for Tuesday, August 14<sup>th</sup>
- Bond Closing scheduled for Tuesday, August 28<sup>th</sup>





# General Obligation Bond Authorizations

General Obligation Bonds			
Type of Project	Project Description	Amortization	Amount
Public Safety	CAD System	7 Years	\$572,651
Public Safety	Animal Shelter Expansion/Renovation	20 Years	\$361,589
Schools	Technology	5 Years	\$1,311,580
Schools	Technology	7 Years	\$1,094,000
Schools	Bus replacements	12 Years	\$4,258,838
Schools	Capital maintenance	12 Years	\$1,570,500
Schools	Technology	15 Years	\$450,000
Schools	Capital maintenance	15 Years	\$1,000,000
Schools	Capital maintenance	20 Years	\$2,925,000
Schools	Courtland HS Renovations	20 Years	\$18,190,000
Transportation	Improvements at Exit 118	20 Years	\$3,053,823
Transportation	Removal of Rt. 3 Bumpouts	20 Years	\$1,000,000
Transportation	Roundabout at Old Plank & Chancellor	20 Years	\$1,000,000
Transportation	Bloomsbury Road Improvements	20 Years	\$600,000
<b>Total</b>			<b>\$37,387,981</b>