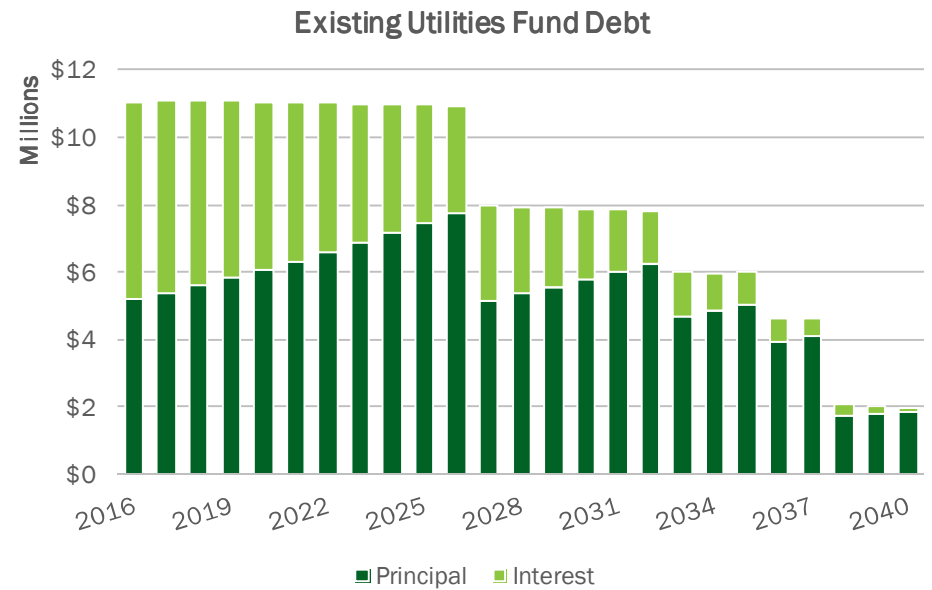


Existing Debt – Utilities Fund



Existing Utilities Fund Debt				
FY	Principal	Interest	Total	Payout Ratio
2016	\$5,197,000	\$5,867,176	\$11,064,176	3.92%
2017	5,397,000	5,670,538	11,067,538	7.99%
2018	5,636,000	5,456,457	11,092,457	12.25%
2019	5,855,000	5,213,505	11,068,505	16.66%
2020	6,088,000	4,974,270	11,062,270	21.26%
2021	6,301,000	4,722,935	11,023,935	26.01%
2022	6,583,000	4,439,350	11,022,350	30.98%
2023	6,860,000	4,139,927	10,999,927	36.16%
2024	7,157,000	3,825,912	10,982,912	41.56%
2025	7,468,000	3,508,281	10,976,281	47.19%
2026	7,767,000	3,175,263	10,942,263	53.05%
2027	5,145,000	2,806,825	7,951,825	56.93%
2028	5,357,000	2,569,978	7,926,978	60.98%
2029	5,577,000	2,331,016	7,908,016	65.18%
2030	5,790,000	2,086,966	7,876,966	69.55%
2031	6,017,000	1,836,102	7,853,102	74.09%
2032	6,257,000	1,572,352	7,829,352	78.82%
2033	4,685,000	1,301,370	5,986,370	82.35%
2034	4,864,000	1,092,664	5,956,664	86.02%
2035	5,057,000	951,713	6,008,713	89.84%
2036	3,925,000	725,836	4,650,836	92.80%
2037	4,100,000	519,611	4,619,611	95.89%
2038	1,750,000	314,581	2,064,581	97.21%
2039	1,815,000	216,371	2,031,371	98.58%
2040	1,880,000	114,525	1,994,525	100.00%
Total	\$132,528,000	\$69,433,526	\$201,961,526	



Potential Water & Sewer Refinancings (All Callable Maturities)



Summary of Bonds Refunded

Series	2005 W&S	2007 W&S
Coupon(s)	5.000%	4.50 - 5.00%
Maturities Refunded	2016-2026	2018-2037
Par Refunded	\$24,800,000	\$32,115,000
Call Date	Anytime	6/1/2017

Summary of Refunding Results

Series	2005 W&S	2007 W&S
Gross Savings	\$3,165,140	\$368,494
Present Value Savings	\$2,613,965	\$274,867
Percent Savings	10.55%	0.86%
Negative Arbitrage	\$83,149	\$1,721,844

Series 2015 Water & Sewer Refinancing

Fiscal Year	Prior Debt Service	Refunding Debt Service	Net Budgetary Savings
2016	\$4,536,263	\$4,267,388	\$268,875
2017	4,538,763	4,231,535	307,228
2018	5,536,763	5,224,835	311,928
2019	5,520,263	5,216,235	304,028
2020	5,522,263	5,215,085	307,178
2021	5,501,513	5,193,085	308,428
2022	5,508,763	5,201,685	307,078
2023	5,507,263	5,198,935	308,328
2024	5,507,013	5,197,035	309,978
2025	5,512,513	5,206,835	305,678
2026	5,503,013	5,198,585	304,428
2027	2,528,763	2,512,385	16,378
2028	2,527,513	2,511,985	15,528
2029	2,530,513	2,510,360	20,153
2030	2,530,138	2,514,360	15,778
2031	2,526,388	2,509,363	17,025
2032	2,529,263	2,513,563	15,700
2033	2,528,313	2,509,563	18,750
2034	2,528,550	2,512,563	15,988
2035	2,529,275	2,509,494	19,781
2036	2,530,250	2,512,919	17,331
2037	2,530,500	2,512,425	18,075
Total	\$86,513,850	\$82,980,216	\$3,533,634

Assumes Public Market Issuance Closing August 13, 2015 and estimated market rates as of June 24, 2015. Assumes escrow is funded with SLGS.

All numbers are preliminary, subject to change and net of estimated local costs of issuance plus an underwriter's discount of \$7.50 per bond.

Potential Water & Sewer Refinancings (Select Maturities)



Summary of Bonds Refunded

Series	2005 W&S	2007 W&S
Coupon(s)	5.000%	4.50 - 5.00%
Maturities Refunded	2016-2026	2018-2027
Par Refunded	\$24,800,000	\$12,375,000
Call Date	Anytime	6/1/2017

Summary of Refunding Results

Series	2005 W&S	2007 W&S
Gross Savings	\$3,078,790	\$632,900
Present Value Savings	\$2,643,741	\$541,480
Percent Savings	10.55%	4.40%
Negative Arbitrage	\$65,780	\$501,509

Series 2015 Water & Sewer Refinancings

Fiscal Year	Prior Debt Service	Refunding Debt Service	Net Budgetary Savings
2016	\$3,608,750	\$3,310,960	\$297,790
2017	3,611,250	3,272,550	338,700
2018	4,609,250	4,272,850	336,400
2019	4,592,750	4,257,100	335,650
2020	4,594,750	4,254,100	340,650
2021	4,574,000	4,241,500	332,500
2022	4,581,250	4,249,300	331,950
2023	4,579,750	4,242,050	337,700
2024	4,579,500	4,243,750	335,750
2025	4,585,000	4,247,150	337,850
2026	4,575,500	4,240,400	335,100
2027	1,601,250	1,549,600	51,650
Total	\$50,093,000	\$46,381,310	\$3,711,690

Assumes Public Market Issuance closing August 13, 2015 and estimated market rates as of June 24, 2015.

Assumes escrow is funded with SLGS.

All numbers are preliminary, subject to change and net of estimated local costs of issuance plus an underwriter's discount of \$7.50 per bond.

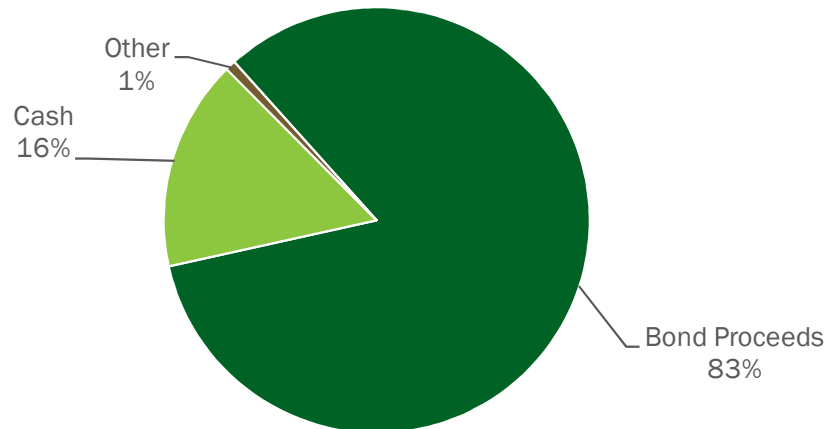
Adopted Utilities Capital Improvement Plan – Sources of Funds



Adopted Capital Improvement Plan - Sources of Funds

	2016	2017	2018	2019	2020	Total
Utilities Fund Sources						
Cash	\$8,142,828	\$2,000,000	\$1,000,000	\$1,000,000	\$0	\$12,142,828
Other	569,672	16,394	0	0	0	586,066
<u>Bond Proceeds</u>	<u>0</u>	<u>17,518,607</u>	<u>22,340,000</u>	<u>23,140,000</u>	<u>0</u>	<u>62,998,607</u>
Total Utilities Fund Sources	\$8,712,500	\$19,535,001	\$23,340,000	\$24,140,000	\$0	\$75,727,501

Sources of Funds



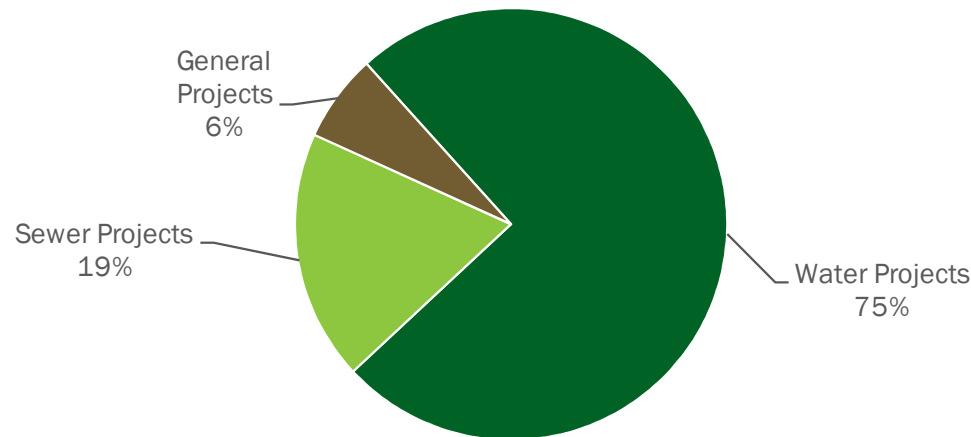
Adopted Utilities Capital Improvement Plan – Uses of Funds



Adopted Capital Improvement Plan - Uses of Funds

	2016	2017	2018	2019	2020	Total
Utilities Fund Projects						
General Projects	\$400,000	\$4,550,000	\$0	\$0	\$0	\$4,950,000
Water Projects	4,180,000	9,775,000	19,290,000	23,340,000	0	56,585,000
Sewer Projects	4,132,500	5,210,000	4,050,000	800,000	0	14,192,500
Total Utilities Fund Projects	\$8,712,500	\$19,535,000	\$23,340,000	\$24,140,000	\$0	\$75,727,500

Uses of Funds



Utilities Fund Policy Guidelines



Spotsylvania County adopted the following guidelines in January 2010.

- Maintain Utilities Fund Financial Independence from General Fund by:
 - Issuing Revenue Bonds for the Utilities Fund in lieu of General Obligation Bonds; and
 - Avoiding the need for any General Fund Revenues for Utilities Operations and Debt Service.
- Maintain a Utilities Fund Balance of at least 100% of the Average for the Last Three Years of Total Revenues. Total Revenues is defined as all revenues including User Fees and Availability Fees. Fund balance is defined as "Equity in Pooled Cash and Investments" from the schedule of net assets for the Utilities Fund in the Comprehensive Annual Financial Report (CAFR).
- Target net revenues after operational expenditures to be at least 1.3 times debt service requirements. The excess revenues will be available to first maintain the Utilities Fund Balance and second to cash fund future Utilities capital projects.
- The County will work toward reducing the reliance on Availability Fee Revenue for operations and debt service by increasing total operating revenues (which do not include Availability Fees) for the Utilities Fund over the next five years (the fifth year being FY2015) to a level that will support 100% of operational expenditures and 100% of debt service costs of the Utilities Fund. The level of all fees and charges will be set such that the County meets its legal requirements under any Revenue Bond Documents.
- In addition, in FY 2015, the County will evaluate a policy goal of total operating revenues supporting a percentage of depreciation. (Note: the County intends to take up consideration of this item when they convene in the fall to work on the recommendations for multi-year rates and fees.)

Historical Customer Connections



As of June 30	Total Active	Increase	Annual Growth
2010	28,574	288	1.02%
2011	28,801	227	0.79%
2012	29,015	214	0.74%
2013	29,315	300	1.03%
2014	29,702	387	1.32%
2015*	30,054	352	1.19%

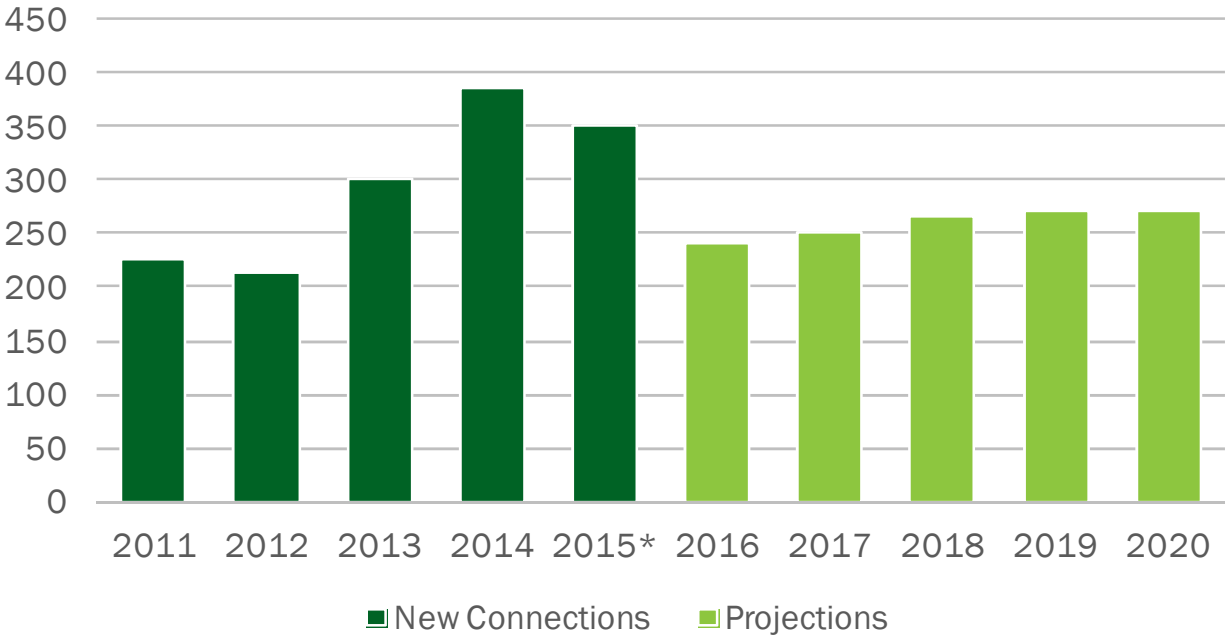


*Note: Data as of June 19, 2015.

New Accounts



Utilities New Connections



*Note: Data as of June 19, 2015.

Largest Accounts



Largest Utility Customers

Customer	Type of Business	Fiscal Year 2014 Billing	Percent of Total Taxable Assessed Value
Horning Brothers*	Apartment Building	\$233,626	0.82%
Greens of Salem Run	Apartment Building	205,570	0.72%
Salem Run Apartments	Apartment Building	164,801	0.58%
Breezewood Apt Association LP	Apartment Building	145,842	0.51%
Spotsylvania Regional Hospital	Hospital	144,693	0.51%
Bouwfonds Kilburn Crossing LP	Apartment Building	143,389	0.50%
Timber Ridge Townhomes	Rental Property	126,485	0.44%
Mark Apts Assoc LLC	Apartment Building	112,488	0.40%
Hospitality Management Group**	Hotel	109,123	0.38%
<u>Nirvi Enterprises</u>	Hotel	<u>99,225</u>	<u>0.35%</u>
TOTAL		\$1,485,242	5.21%

*Note: Formerly Brittany Limited Partnership.

**Note: Formerly Supertel Hospitality Inc.

City of Fredericksburg Usage



Fiscal Year	Gallons Used	Revenues Received*
2010	981,788,566	\$1,208,989
2011	974,208,388	1,037,412
2012	1,061,068,609	1,166,461
2013	1,131,527,533	1,214,909
2014	1,266,243,806	1,213,767
2015 est.	1,222,382,821	1,291,527

*Note: Agreement with City is in perpetuity. City is billed its pro-rated share of operating expenses at Motts and a 10% markup. Changes in revenues received may not tie directly to fluctuation in gallons used.

Adopted Utility Rates and Fees



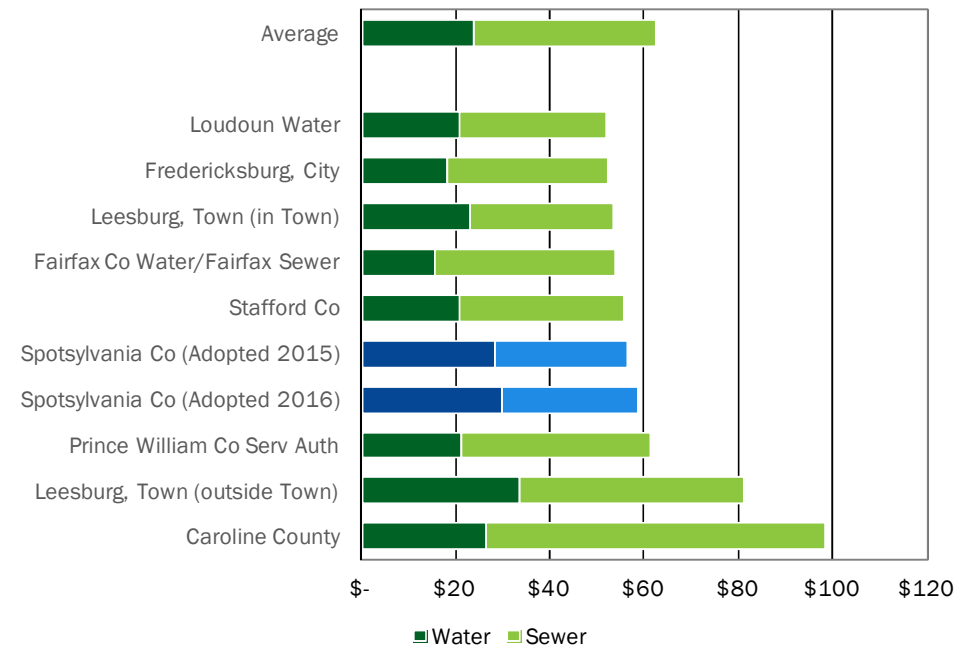
		Adopted Rates		
		2014	2015	2016
User Rates Based on per 1,000 gallon usage	<u>Water - 5/8 inch meter</u>			
	Tier 1 0 - 2,000 gals	\$1.17	\$1.20	\$1.22
	Tier 2 2,001 - 7,500 gals	5.73	5.96	6.20
	Tier 3 7,501 - 12,000	7.54	7.84	8.16
	Tier 4 12,001+ gals	9.35	9.72	10.11
	<u>Sewer - 5/8 inch</u>			
	Tier 1 0 - 2,000 gals	\$2.24	\$2.29	\$2.33
Tier 2 2,001 - 7,500 gals	4.89	5.08	5.29	
Tier 3 7,501+ gals	5.24	5.45	5.67	
Base Fees	Debt Service Fee - Water	\$4.10	\$5.60	\$6.13
	Debt Service Fee - Sewer	4.10	5.60	6.13
	Admin Fee	4.88	4.85	4.81
	Total Base Fee	\$13.08	\$16.05	\$17.07

Comparison of Rates



Monthly User Charges Selected Jurisdictions as of 2014 Assumes 5,000 gallons of usage per month			
Provider	Water	Sewer	Total
Caroline County	\$26.51	\$71.52	\$98.03
Leesburg, Town (outside Town)	33.59	47.28	80.87
Prince William Co Serv Auth	21.00	40.25	61.25
Spotsylvania Co (Adopted 2016)	29.58	29.07	58.64
Spotsylvania Co (Adopted 2015)	28.31	27.85	56.15
Stafford Co	20.90	34.74	55.64
Fairfax Co Water/Fairfax Sewer	15.37	38.39	53.76
Leesburg, Town (in Town)	23.10	30.05	53.15
Fredericksburg, City	18.31	33.99	52.29
Loudoun Water	20.71	31.20	51.91
Average	\$23.74	\$38.43	\$62.17

Comparative Water & Sewer Charges



Historical Utilities Operating Fund Financials



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	2015 Budget	2015 Projections
Operating Revenues:							
Charges for Services	\$22,645,295	\$24,019,140	\$24,452,733	\$25,944,221	\$26,648,567	\$29,163,574	\$28,406,806
Miscellaneous	<u>\$1,039,152</u>	<u>\$1,275,035</u>	<u>\$1,233,150</u>	<u>\$1,734,946</u>	<u>\$1,771,135</u>	<u>\$1,368,670</u>	<u>\$1,521,878</u>
Total Operating Revenue	\$23,684,447	\$25,294,175	\$25,685,883	\$27,679,167	\$28,419,702	\$30,532,244	\$29,928,684
Operating Expenditures:							
Personal Services/Fringe Benefits	\$8,224,072	\$8,132,584	\$8,503,883	\$9,057,723	\$9,146,476	\$9,478,018	\$9,616,501
Depreciation	\$8,987,601	\$9,272,953	\$9,278,290	\$9,601,025	\$10,079,272	\$1,000,000	\$1,000,000
Other	<u>\$6,136,288</u>	<u>\$7,356,780</u>	<u>\$8,046,325</u>	<u>\$7,387,536</u>	<u>\$7,063,572</u>	<u>\$8,916,814</u>	<u>\$8,325,767</u>
Total Operating Expenditures	\$23,347,961	\$24,762,317	\$25,828,498	\$26,046,284	\$26,289,320	\$19,394,832	\$18,942,268
Operating income (loss)	\$336,486	\$531,858	(\$142,615)	\$1,632,883	\$2,130,382	\$11,137,412	\$10,986,416
Plus: Depreciation	<u>\$8,987,601</u>	<u>\$9,272,953</u>	<u>\$9,278,290</u>	<u>\$9,601,025</u>	<u>\$10,079,272</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>
Net Revenue	\$9,324,087	\$9,804,811	\$9,135,675	\$11,233,908	\$12,209,654	\$12,137,412	\$11,986,416
Availability Fees	\$3,517,875	\$2,186,696	\$3,214,569	\$2,894,710	\$3,776,270	\$2,407,800	\$3,300,000
BAB Subsidy	\$0	\$413,276	\$539,056	\$515,607	\$500,244	\$500,244	\$499,704
Interest Income	<u>\$829,776</u>	<u>\$917,622</u>	<u>\$435,164</u>	<u>\$276,256</u>	<u>\$378,430</u>	<u>\$305,000</u>	<u>\$129,416</u>
Total Non-Operating Revenues	\$4,347,651	\$3,517,594	\$4,188,789	\$3,686,573	\$4,654,944	\$3,213,044	\$3,929,120
Revenue Available for Debt Service	\$13,671,738	\$13,322,405	\$13,324,464	\$14,920,481	\$16,864,598	\$15,350,456	\$15,915,536
Less: Debt Service	\$8,967,278	\$8,401,799	\$10,506,975	\$10,294,078	\$10,607,112	\$11,585,656	\$10,632,128
Net Surplus after Debt Service	\$4,704,460	\$4,920,606	\$2,817,489	\$4,626,403	\$6,257,486	\$3,764,800	\$5,283,408
Coverage Ratio	1.52	1.59	1.27	1.45	1.59	1.32	1.50
Coverage Ratio (No Availability Fees)	1.13	1.33	0.96	1.17	1.23	1.12	1.19

Note: Data primarily from annual CAFR schedule C-2.

Debt Service from annual CAFR exhibit VII, but adjusted to net out capitalized interest.

Utilities Fund Balance



Fiscal Year	Historical Cash & Investments	Operating Revenues Plus Connection Fees	Policy Level 3 Year Rolling Average
2005	\$50,438,485	\$28,566,798	\$23,625,674
2006	58,086,506	26,425,629	27,496,214
2007	65,800,695	28,046,432	27,679,620
2008	67,792,686	27,606,630	27,359,564
2009	64,824,029	25,836,688	27,163,250
2010	64,902,218	27,760,441	27,067,920
2011	64,387,707	27,536,622	27,044,584
2012	65,930,482	28,900,452	28,065,838
2013	64,571,210	30,625,942	29,021,005
2014	67,938,802	32,201,649	30,576,014
2015 est	66,316,107	33,228,684	32,018,758

