



# Debt Service Fund





### Debt Service Fund

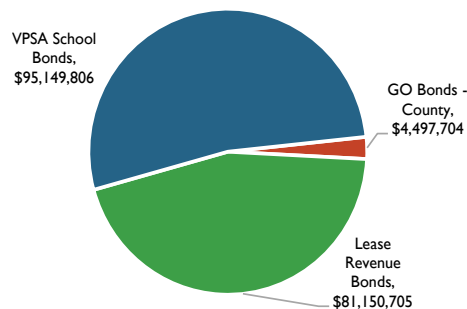
The Constitution of Virginia and the Public Finance Act of 1991 provide the authority for a county to issue general obligation debt secured solely by the pledge of its full faith and credit. A county also is authorized to issue debt secured solely by the revenues of the system for which the bonds are issued. There is no limitation imposed by state law or local ordinance on the amount of general obligation debt that a county may issue; however, with certain exceptions, all debt which is either directly or indirectly secured by the general obligation of a county must be approved at public referendum prior to issuance. Debt secured solely by the revenues generated by the system for which the bonds were issued may be issued in any amount without public referendum. The County has bond ratings on outstanding lease revenue bonds as follows: Standard & Poor's AA, Moody's Investor Services Aa2, and Fitch AA.

#### Debt Issuance to Date

As of June 30, 2016, the County of Roanoke had \$180,798,215 in outstanding long-term debt. This balance is comprised of:

General Obligation Bonds—County	\$ 4,497,704
Lease Revenue Bonds	81,150,705
VPSA School Bonds	<u>95,149,806</u>
Total County Obligations	\$ 180,798,215
Less: Bond Premium <sup>1</sup>	<u>(10,500,000)</u>
 Total County Debt	 \$ 170,298,215

**County Long-Term Debt Obligations: \$180,798,215**  
(as of June 30, 2016)



<sup>1</sup> Due to GASB regulations, bond premiums are considered long-term obligations, but are not payable by the County.



As part of the Adopted Fiscal Year 2018-2027 Capital Improvement Program, a total of \$8,675,000 in Lease/Revenue Bonds have been proposed to support projects in the FY 2018 Capital Year Budget. Those projects, with Lease/Revenue Bond amounts are as follows:

<b>Project</b>	<b>Amount</b>
Explore Park	\$4,400,000
Public Safety Radio Replacement	\$1,675,000
Self-Contained Breathing Apparatus Replacement	\$1,600,000
Public Service Center	<u>\$1,000,000</u>
<b>Total</b>	<b>\$8,675,000</b>

Additionally, Roanoke County Public Schools (RCPS) has proposed \$30,000,000 in Virginia Public School Authority (VPSA) Bonds to support the Cave Spring High School project.

Both Lease/Revenue and VPSA Bonds are subject to approval and appropriation by the Board of Supervisors.



### Debt Service Fund

The Debt Service Fund accounts for all debt service associated with Roanoke County Public Schools (RCPS) and Roanoke County Government debt service payments, and individual bonds. Total debt service payments for both RCPS and the County will total \$18,851,613 in FY 2018. Of that total, \$6,988,354 (plus the appropriation of \$268,885 in year-end balance) is included in the County portion of the Summary of All Funds in the Financial Summaries of this document. The RCPS portion of \$11,863,259 in FY 2018 will be shown as part of the Component Unit Schools budget line once RCPS submits the FY 2018 budget which will subsequently be approved by the Board of Supervisors.

As previously mentioned, there is no limitation imposed by state law or local ordinance on the amount of debt that a County may issue; however, all debt that is secured by the general obligation of a County must be approved by referendum. Given this fact, the County must be acutely aware that as debt levels increase, expenditure flexibility is decreased. Bond rating agencies recommend a maximum debt service level of 10% of general fund expenditures and maximum long-term debt of 5% of assessed valuation.

Roanoke County's debt policy states debt service to general fund expenditures should not exceed 10%, net debt to assessed valuation should not exceed 3%, and net debt to bonded debt per capita should not exceed \$2,500. Debt service to general fund expenditures is projected to be 6.87% in FY 2017 and 6.65% in FY 2018. Debt as a percentage of taxable assessed value is projected to be 1.80% in FY 2017 and 2.05% in FY 2018. Net bonded per capita debt is projected to be \$1,796 in FY 2017 and \$2,073 in FY 2018. All of these ratios fall comfortably below County limits. In general terms, these ratios indicate that the County's current debt requirements will not adversely affect funding for future generations. However, it is extremely important to monitor fiscal position, give the debt requirements to which the County has committed.

County Debt Fund Appropriations					
Description	Actual FY 2016	Adopted FY 2017	Adopted FY 2018	\$ Change FY 17-18	% Change FY 17-18
Personnel	-	-	-	-	-
Non-Personnel	5,546,864	7,108,548	7,257,239	148,691	2.1%
Transfers & Other	-	-	-	-	-
<b>Total</b>	<b>5,546,864</b>	<b>7,108,548</b>	<b>7,257,239</b>	<b>148,691</b>	<b>2.1%</b>
<b>Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>



**Debt Service Fund**

<b>Revenue and Expenditure Summary</b>				
	<b>Actual FY 2016</b>	<b>Adopted FY 2017</b>	<b>Adopted FY 2018</b>	<b>Inc/(Dec)</b>
<b>Revenue</b>				
From Local Sources				
Locality Compensation Payment	\$ 124,624	\$ 124,301	\$ 125,284	\$ 983
Miscellaneous	113,443	-	-	-
Interest Income	7	-	-	-
<b>Total</b>	<b>238,074</b>	<b>124,301</b>	<b>125,284</b>	<b>983</b>
Transfers from Other Funds				
County General Fund	16,037,546	14,897,786	14,575,266	(322,520)
School Operating Fund	4,125,340	4,125,345	4,125,345	-
County General Fund - DSS Bldg.	81,703	-	-	-
<b>Total Transfers</b>	<b>20,244,589</b>	<b>19,023,131</b>	<b>18,700,611</b>	<b>(322,520)</b>
<b>Total Revenues</b>	<b>20,482,663</b>	<b>19,147,432</b>	<b>18,825,895</b>	<b>(321,537)</b>
Fund Balance - Beginning	203,734	203,734	294,603	90,869
<b>Total Expenditures &amp; Fund Balance</b>				
<b>Balance</b>	<b>\$ 20,686,397</b>	<b>\$ 19,351,166</b>	<b>\$ 19,120,498</b>	<b>\$ (230,668)</b>
<b>Expenditures</b>				
County Debt Service Payments				
General Obligation Bonds	961,439	963,814	962,414	(1,400)
Lease Purchases	779,912	-	-	-
Lease Revenue Bonds	3,505,553	5,848,604	5,987,282	138,678
Miscellaneous	5,357	87,548	38,658	(48,890)
<b>Total Debt Service - County</b>	<b>5,252,261</b>	<b>6,899,966</b>	<b>6,988,354</b>	<b>88,388</b>
School Debt Service Payments				
VPSA Bonds	13,269,850	12,210,713	11,750,915	(459,798)
Literary Loan Payments	1,862,433	-	-	-
Miscellaneous	7,250	31,905	112,344	80,439
<b>Total Debt Service - Schools</b>	<b>15,139,533</b>	<b>12,242,618</b>	<b>11,863,259</b>	<b>(379,359)</b>
<b>Total Expenditures</b>	<b>20,391,794</b>	<b>19,142,584</b>	<b>18,851,613</b>	<b>(290,971)</b>
Fund Balance - Ending	294,603	208,582	268,885	60,303
<b>Total Expenditures &amp; Fund Balance</b>				
<b>Balance</b>	<b>\$ 20,686,397</b>	<b>\$ 19,351,166</b>	<b>\$ 19,120,498</b>	<b>\$ (230,668)</b>



## Other Long-Term Obligations

### Roanoke Regional Airport Commission

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On July 1, 1987, the Board of Supervisors committed to participation in the Roanoke Regional Airport Commission with the City of Roanoke. The Commission was established by legislative act of the Commonwealth of Virginia to own and operate the Roanoke Regional Airport. As of July 1, 1987, under agreement between the City of Roanoke and the County of Roanoke, the City transferred to the Commission airport real estate, personal property, and funds to pay unexpended balances from outstanding obligations. The Commission itself, issued \$7.3 million in revenue bonds in 1988 for the construction, expansion and equipment for a new airport terminal. These bonds have been retired in total. The Commission is responsible for paying all outstanding debt. The City and County, however, are responsible for their prorated share of any year-end operating deficits. The prorated share is based on the proportionate share of residents utilizing the airport facility from each locality. Roanoke County also paid a base service fee of \$264,640 each year through FY 1997. To date, the airport has not incurred any year-end operating deficits for which the City or County would be responsible.

### Roanoke Valley Resource Authority

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Roanoke County is also a member of the Roanoke Valley Resource Authority. The Authority is the successor to the Roanoke County Resource Authority and was chartered by the State Corporation Commission on January 10, 1992. The Charter members of the Authority include the County of Roanoke, the City of Roanoke, the Town of Vinton, and added in 2016, the City of Salem. The purpose of the Authority is to develop a regional solid waste disposal facility to dispose of non-hazardous solid waste generated within the Member jurisdictions. The Member Use Agreement has a minimum term of fifty years. It provides the Roanoke Valley Resource Authority with administrative responsibility for the regional waste disposal system. These responsibilities include development, construction, operation and maintenance of the Landfills in Roanoke County and the Transfer Station in Roanoke City.

Charter Members are required to make up any annual operating deficit of the Authority on a prorated basis. The prorated amount is based on each locality's population at the close of the preceding fiscal year. Initially, each Charter Member's prorated share was as follows: County of Roanoke, 40.78%; City of Roanoke, 54.86%; and the Town of Vinton, 4.36%. These percentages will be updated with the City of Salem joining the Authority beginning in 2016.

After the first full year of operations, the Members Use Agreement requires the Authority to pay an annual community fee (host fee) to the County of Roanoke and the City of Roanoke \$300,000 and \$100,000 respectively. The County's host fee will increase by \$50,000 in FY 2018. These payments are made in consideration of the Landfill's location in the County and the Transfer Station's location in the City. The new regional waste disposal began operations in May 1994.

### Regional Center for Animal Care and Protection

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The Regional Center for Animal Care and Protection (the Regional Pound) was created by an intergovernmental agreement dated December 11, 2012 between the charter members of the County, City of Roanoke, Town of Vinton, and Botetourt County pursuant to code section



3.26546 of the Code of Virginia which requires the governing body of each county, town, or city to maintain or cause a “pound” to be maintained and allows one or more local governing bodies to operate a single “pound” in conjunction with one another. This agreement established a format to transition the management of the “pound” from the Roanoke Valley Society for the Prevention of Cruelty to Animals to the governing localities and also established the County of Roanoke as the fiscal agent effective July 1, 2013. Participating localities are responsible for their pro-rata share of the operating budget, which is billed on a monthly basis. The County’s contribution in FY 2018 to the Regional Pound is estimated at \$265,000. In addition, the City of Roanoke issued \$1,829,500 in bonds on November 1, 2013 to purchase the property and equipment from the Roanoke Valley Society for the Prevention of Cruelty to Animals on behalf of the Regional Pound. Participating localities are responsible for their pro-rata share of the outstanding debt, which is billed on a quarterly basis. The County’s contribution for this debt for the fiscal year ending June 30, 2016 was \$311,979. The Regional Pound’s total FY 2018 budget was not finalized at the time this document was published, and will be included as part of the adopted operating budget document.

### **Western Virginia Water Authority**

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The Western Virginia Water Authority (the WVWA) was created by the County and the City of Roanoke on July 1, 2004. The WVWA is a full service authority that provides water and wastewater treatment to both County and City citizens. The WVWA is governed by a seven member board of which two are appointed by the County Board of Supervisors. The County has no financial responsibility for the debt issued by the WVWA.

In November 2007, the Board approved a three party agreement between the WVWA, Franklin County, and the County. The agreement is to provide for the construction of a water line in the Route 220 corridor from Clearbrook in Roanoke County to the Wirtz Plateau in Franklin County. The WVWA designed, constructed, and issued revenue bonds for this \$5.5 million project. Roanoke County’s contribution to this project is approximately \$2.3 million payable over 20 years, beginning in FY 2009. The County’s contribution to the WVWA for this project in FY 2017 is estimated at \$182,940.

### **Western Virginia Regional Jail Authority**

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The Counties of Roanoke, Franklin, Montgomery, and the City of Salem formed the Western Virginia Regional Jail Authority (WVRJA) in June 2005 for the purpose of developing and operating a regional jail authority for the benefit of the Member Jurisdictions. The Board consists of three representatives from each of the Member Jurisdictions. The Member Jurisdictions will each be responsible for a per diem cost based on their prisoner days used. The County’s contribution to the WVRJA based on current per diem rates and debt service in FY 2018 is estimated at \$3,005,110.





**COUNTY OF ROANOKE, VIRGINIA  
SUMMARY SCHEDULE OF NET FUTURE DEBT REQUIREMENTS  
BY FISCAL YEAR**

Fiscal Year	General Obligation Serial Bonds		Virginia Public School Authority Bonds		Lease Revenue Bonds		Total Government Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	856,769	107,045	8,664,170	4,051,613	2,967,050	3,108,604	12,487,989	7,267,262
2018	875,760	86,654	8,612,694	3,643,291	3,232,050	2,982,282	12,720,504	6,712,227
2019	898,188	65,811	8,626,925	3,226,472	2,887,050	2,862,229	12,412,163	6,154,512
2020	918,865	44,434	7,995,492	2,840,204	3,002,050	2,743,416	11,916,407	5,628,054
2021	948,122	22,565	7,656,346	2,487,241	3,119,193	2,623,197	11,723,661	5,133,003
2022-2026	-	-	30,062,489	7,784,366	17,846,320	10,944,397	47,908,809	18,728,763
2027-2031	-	-	19,152,141	2,295,942	21,381,400	6,643,219	40,533,541	8,939,161
2032-2036	-	-	4,379,549	261,872	202,59808	2,810,413	24,639,357	3,072,285
2037-2038	-	-	-	-	6,455,784	223,039	6,455,784	223,039
<b>Total</b>	<b>4,497,704</b>	<b>\$ 326,509</b>	<b>\$ 95,149,806</b>	<b>\$ 26,591,001</b>	<b>\$ 81,150,705</b>	<b>\$ 34,940,796</b>	<b>\$ 180,798,215</b>	<b>\$ 61,858,306</b>

\*Information above is as presented in the 2016 Comprehensive Annual Financial Report (CAFR).



## Debt Policy and Projected Debt Ratios

One of the characteristics of a fiscally well-managed locality is the adoption of formal fiscal policies. On December 7, 2004, the County Board of Supervisors revised the debt policy which establishes guidelines and limitations for the issuance of debt. The documentation of these procedures gives rating agencies and County citizens the assurance that the issuance of debt is a well-planned transaction. In addition, this document sets forth three ratios that will monitor the affordability of the County's debt level.

The County will measure its level of debt through three ratios:

1. **Net Bonded Debt Per Capita** – This is the outstanding debt principal<sup>1</sup> divided by the population. The debt policy states that the County's net debt per capita should not exceed \$2,500. The County's net debt per capita is projected to be \$1,796 in FY 2017 and \$2,073 in FY 2018.
2. **Net Debt to Assessments** – This is the outstanding debt principal<sup>1</sup> divided by the market value assessment of all the property (real and personal) and located in the County. The debt policy states that the net debt to assessments ratio should not exceed 3%. The County's ratio is projected to be 1.80% in FY 2017 and 2.05% in FY 2018.
3. **Debt Service to General Fund Expenditures** – This is the debt service (principal and interest) paid in a year divided by the total general and school expenditures. The debt policy states that the debt service to general fund expenditures ratio should not exceed 10%. The County's net debt per capita is projected to be 6.87% in FY 2017 and 6.65% in FY 2018.

Net Debt is the amount of bonded debt that is payable from the general fund. The rating agencies are concerned with net debt because the citizens' ability to pay, the tax rate, and the assessed values impact it.

The debt policy also states that the Capital Improvement Plan will include a ten-year projection of the County debt ratios. This projection of ratios can be used to determine the County's ability to issue new debt. The attached schedules show a ten-year history of significant debt ratios.

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<sup>1</sup> This includes debt to be paid from general tax dollars.



**COUNTY OF ROANOKE, VIRGINIA**  
**Ratios of General Bonded Debt Outstanding**  
**(Unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding						Total	Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Debt	Lease Revenue Bonds	VPSA School Bonds	State Literary Bonds					
2007	19,040,454	24,724,570	60,490,721	6,038,498			110,294,243	1.37%	1,213
2008	16,825,346	82,989,144	78,376,947	5,211,866			183,403,303	2.11%	2,028
2009	14,560,238	80,954,308	120,748,501	4,524,181			220,787,228	2.48%	2,430
2010	12,645,130	78,700,454	115,035,423	4,064,860			210,445,867	2.33%	2,312
2011	10,655,022	76,376,966	107,150,919	3,617,042			197,799,949	2.18%	2,141
2012	8,584,914	73,969,030	109,290,686	3,169,225			195,013,855	2.16%	2,104
2013	6,416,798	71,455,422	100,944,620	2,721,409			181,538,249	2.00%	1,947
2014	6,150,390	79,182,582	92,638,652	2,273,592			180,245,216	1.97%	1,944
2015	5,332,236	76,949,408	104,311,123	1,825,775			188,418,542	1.94%	2,014
2016	4,497,704	81,150,705	95,149,806	-			180,798,215	1.83%	1,928

\*Information above is as presented in the 2016 Comprehensive Annual Financial Report (CAFR).



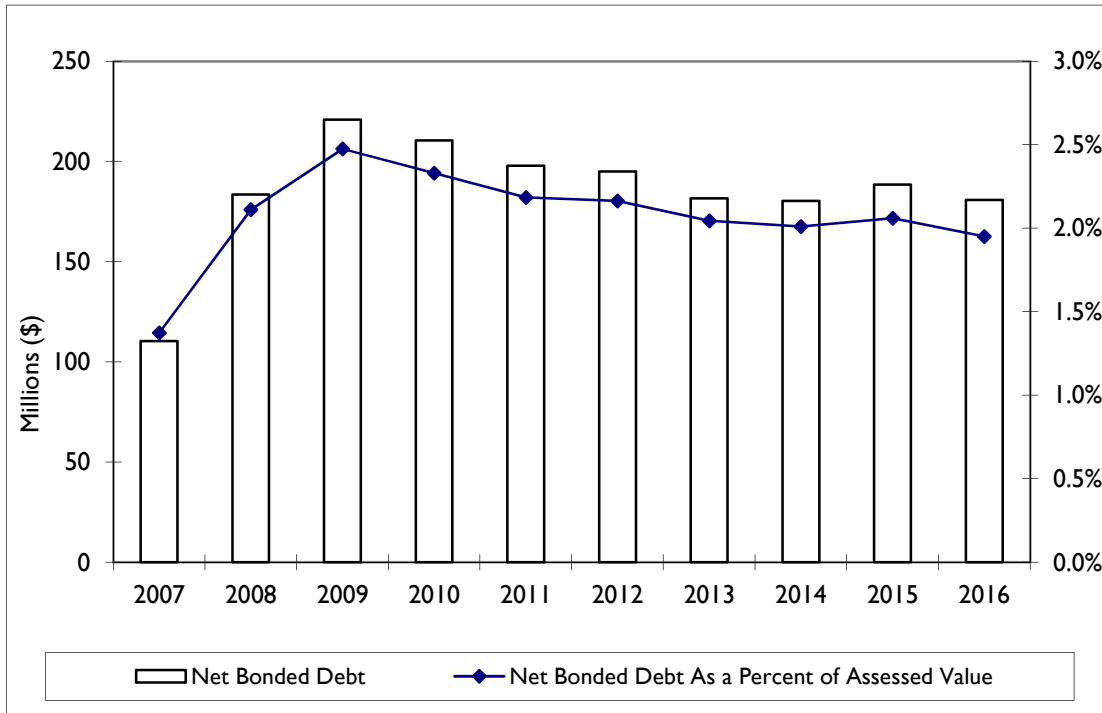
COUNTY OF ROANOKE, VIRGINIA  
Debt Policy Information  
(Unaudited)  
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General bonded debt outstanding										
General Obligation Bonds	\$ 4,497,704	\$ 5,332,236	\$ 6,150,390	\$ 6,416,798	\$ 8,584,914	\$ 10,655,022	\$ 12,645,130	\$ 14,560,238	\$ 16,825,346	\$ 19,040,454
Lease Revenue Bonds	81,150,705	76,949,408	79,182,582	71,455,422	73,969,030	76,376,966	78,700,454	80,954,238	82,989,144	24,724,570
VPSA School Bonds	95,149,806	104,311,123	92,638,652	100,944,620	109,290,686	107,150,919	115,035,423	120,748,501	78,376,947	60,490,721
State Literary Bonds	-	1,825,775	2,273,592	2,721,409	3,169,225	3,617,042	4,064,860	4,524,181	5,211,866	6,038,498
Total net debt applicable to debt limits	\$ 180,798,215	\$ 188,418,542	\$ 180,245,216	\$ 181,538,249	\$ 195,013,855	\$ 197,799,949	\$ 210,445,867	\$ 220,787,158	\$ 183,403,303	\$ 110,294,243
Ratio of net debt to assessed taxable property value	1.95%	2.06%	2.01%	2.04%	2.16%	2.18%	2.33%	2.48%	2.11%	1.37%
Debt limit per policy for property value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Per capita	\$ 1,928	\$ 2,014	\$ 1,944	\$ 1,947	\$ 2,104	\$ 2,141	\$ 2,312	\$ 2,430	\$ 2,028	\$ 1,213
Debt limit per policy for per capita	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Debt service to general governmental expenditures	7.57%	7.14%	7.20%	8.51%	8.29%	8.51%	7.79%	7.30%	5.29%	5.48%
Debt limit per policy for general governmental expenditures	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

\*Information above is as presented in the 2016 Comprehensive Annual Financial Report (CAFR).



### Net Bonded Debt

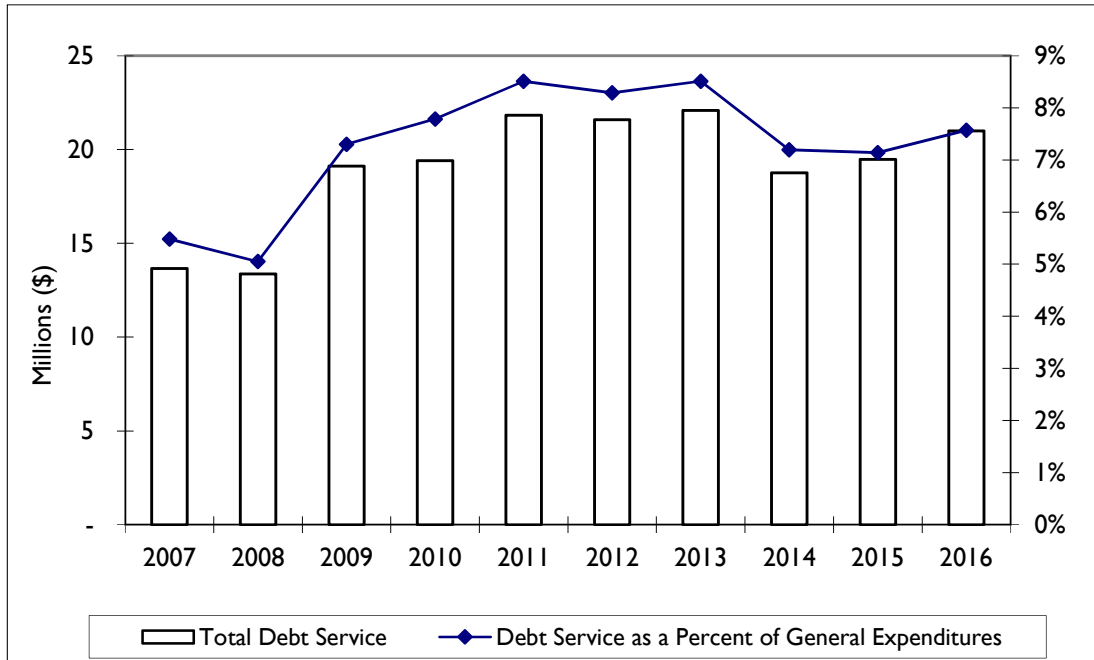


<b>Fiscal Year</b>	<b>Net Bonded Debt</b>	<b>Assessed Value</b>	<b>Net Bonded Debt As a Percent of Assessed Value</b>
2007	110,294,243	8,033,935,397	1.37%
2008	183,403,303	8,684,704,122	2.11%
2009	220,787,158	8,920,149,879	2.48%
2010	210,445,867	9,034,534,055	2.33%
2011	197,799,949	9,059,274,545	2.18%
2012	195,013,855	9,015,598,460	2.16%
2013	181,538,249	8,881,396,900	2.04%
2014	180,245,216	8,963,207,870	2.01%
2015	188,418,542	9,130,102,050	2.06%
2016	180,798,215	9,275,943,131	1.95%

\*Net bonded debt from the 2016 Comprehensive Annual Financial Report (CAFR).



### Debt Service as a Percent of General Expenditures



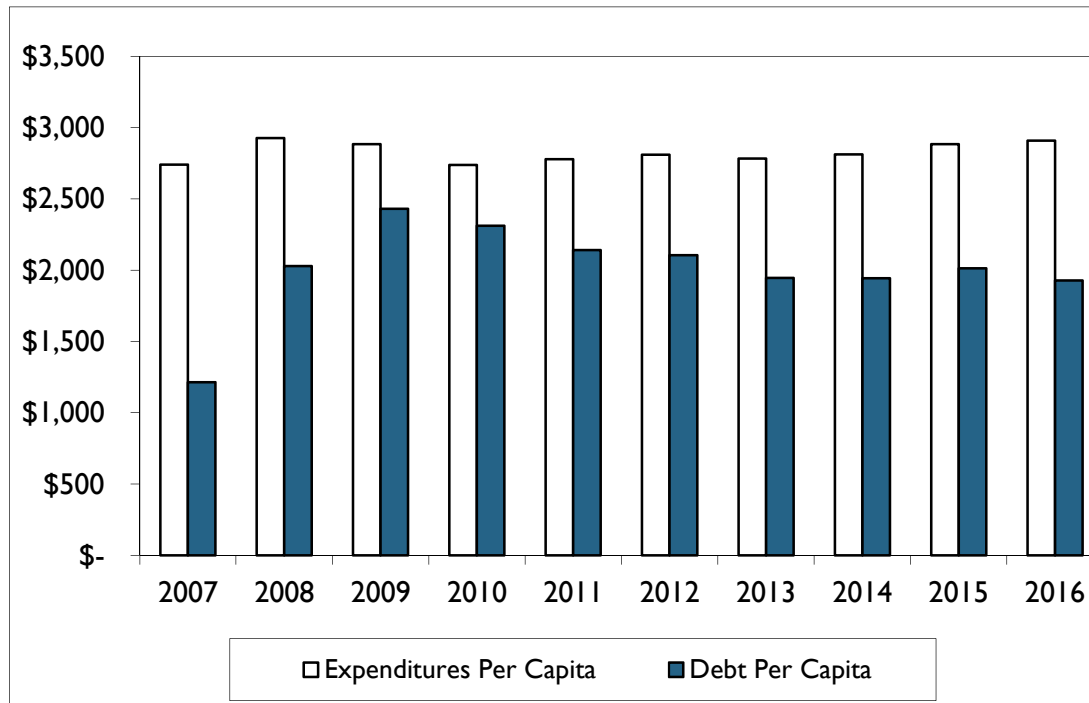
<b>Fiscal Year</b>	<b>Total Debt Service</b>	<b>Total General Government Expenditures</b>	<b>Debt Service as a Percent of General Expenditures</b>
2007	13,655,117	249,160,213	5.48%
2008	13,364,984	264,653,129	5.05%
2009	19,122,916	262,011,427	7.30%
2010	19,401,848	249,134,370	7.79%
2011	21,832,457	256,591,051	8.51%
2012	21,585,152	260,467,376	8.29%
2013	22,082,701	259,471,652	8.51%
2014	18,761,096	260,674,387	7.20%
2015	19,479,629	269,891,195	7.14%
2016	20,996,153	272,818,478	7.57%

Notes:

The County does not have any overlapping debt. General Government expenditures include the General Fund and Component Unit (School) data.



### Debt and Expenditures Per Capita



Fiscal Year	Population	Total General Government Expenditures	Expenditures Per Capita	Net Bonded Debt	Debt Per Capita
2007	90,902	249,160,213	2,741	110,294,243	1,213
2008	90,420	264,653,129	2,927	183,403,303	2,028
2009	90,867	262,011,427	2,883	220,787,158	2,430
2010	91,011	249,134,370	2,737	210,445,867	2,312
2011	92,376	256,591,051	2,778	197,799,949	2,141
2012	92,687	260,467,376	2,810	195,013,855	2,104
2013	93,256	259,471,652	2,782	181,538,249	1,947
2014	92,703	260,674,387	2,812	180,245,216	1,944
2015	93,569	269,891,195	2,884	188,418,542	2,014
2016	93,775	272,818,478	2,909	180,798,215	1,928

\*Population from VaStat, a service of the Weldon Cooper Center for Public Service.

\*\*Net bonded debt from the 2016 Comprehensive Annual Financial Report (CAFR).

