

# Fund 200/201

## County and School Debt Service

<b>FY 2008 Adopted Budget Plan</b>	
<b>Fund 200/201, County and School Debt Service</b>	
<b>Total Expenditures:</b>	\$266,867,991
<b>Revenue:</b>	
General Fund Support	\$261,232,837
Bond Revenue	\$990,420
Other Revenue	\$4,644,734
<b>Total Revenue</b>	<b>\$266,867,991</b>

Note: Revenues for the debt service funds are derived principally from a transfer from the General Fund. The County makes a significant General Fund transfer to Fairfax County Public Schools (FY 2008) for its operations. In FY 2008, the operating transfer to FCPS was \$1.586 billion and \$147,858,704 was also given for School Debt Service to fund over \$1.2 billion in outstanding school construction debt as of June 30, 2007.

### ► Summary of Program

The Consolidated Debt Service Fund accounts for the general obligation bond debt service of the County as well as general obligation bond debt and loans of the Literary Funds of Virginia for the Fairfax County Public Schools (FCPS). In addition, debt service expenditures are included for the Economic Development Authority Lease Revenue bonds and Certificates of Participation (COPS) associated with County government and School facilities and payments for Fairfax County Redevelopment and Housing Authority (FCRHA) Lease Revenue bonds. Revenues for the debt service funds are derived principally from a transfer from the General Fund. It should be noted that debt service on sewer revenue bonds is reflected in the Enterprise Funds.

Funding of \$266,867,991 includes an amount of \$256,442,638 from the General Fund, \$3,775,373 from the School Operating Fund Transfer \$103,498 in revenue from Fairfax City, FCRHA Lease Revenue \$4,790,199, Park Authority Transfer \$765,863, and bond proceeds to offset the cost of issuance \$990,420.

### ► Funding Availability and Future Considerations

Funding requirements are the legal obligations of the County for the General Obligation bonds issued by the Board of Supervisors. As a result of the strong financial condition and management of the County, bond interest costs are minimized. Based on the County's Triple-A bond rating from each of the three major rating agencies, it is estimated that since 1978 through 2007 the County has saved over \$346.31million.

### ► Status of Program

The Board of Supervisors has adopted specific debt indicators within the Ten Principles of Sound Financial Management to effectively manage the County's bonded indebtedness. The Ten Principles state that the County's debt ratios shall be maintained at the following levels:

- Net debt as a percentage of estimated market value should always remain less than 3.0 percent.

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- The ratio of debt service expenditures as a percentage of Combined General Fund disbursements should remain under 10.0 percent. To this end, for planning purposes, the target on annual sales will be \$275 million or \$1.375 billion over a five-year period, with a technical limit of \$300 million in any given year. This planning limit shall exist even though the ratio of debt to taxable property value remains less than 3.0 percent and the ratio of debt service to Combined General Fund disbursements remains less than 10.0 percent.

The Board of Supervisors annually reviews the cash requirements for capital project financing to determine the capacity to incur additional debt for construction of currently funded projects as well as capital projects in the early planning stages. In FY 1992 and FY 1994, bond projects were deferred in order to reduce planned sales and remain within capacity guidelines.

The following are ratios and annual sales reflecting debt indicators for FY 2004 - FY 2008:

### Net Debt as a Percentage of Market Value of Taxable Property

<u>Fiscal Year Ending</u>	<u>Net Bonded Indebtedness<sup>1</sup></u>	<u>Estimated Market Value<sup>2</sup></u>	<u>Percentage</u>
2004	1,814,517,662	143,225,100,000	1.27%
2005	1,931,008,940	158,261,300,000	1.22%
2006	1,963,217,876	192,187,300,000	1.02%
2007 (est.)	2,057,354,681	232,437,000,000	0.89%
2008 (est.)	2,145,370,511	240,962,900,000	0.89%

<sup>1</sup> The amount includes outstanding General Obligation Bonds and other tax supported debt obligations as of June 30 in the year shown and is from the Fairfax County Department of Management and Budget.

<sup>2</sup> Source: Fairfax County Department of Tax Administration and the Department of Management and Budget.

### Debt Service as a Percentage of Combined General Fund Disbursements

<u>Fiscal Year Ending</u>	<u>Debt Service Requirements<sup>1</sup></u>	<u>General Fund Disbursements<sup>2</sup></u>	<u>Percentage</u>
2004	213,027,136	2,597,650,034	8.2%
2005	224,543,583	2,799,591,368	8.0%
2006	234,392,854	3,113,897,426	7.5%
2007 (est.)	262,973,348	3,288,997,359	8.0%
2008 (est.)	265,877,571	3,317,406,413	8.0%

<sup>1</sup> The amount includes debt service expenditures from July 1-June 30 for each year shown above, excluding bond issuance costs and other expenses and is from the Fairfax County Department of Management and Budget.

<sup>2</sup> Source: Fairfax County Department of Tax Administration and the Department of Management and Budget.

### ► Mandate Information

There is no federal or state mandate for this LOB.