

Discussion Materials

Essex County, Virginia



May 15, 2018

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Topics for Discussion



- Capital Improvement Plan Overview and Initiatives

- Tax Supported Debt Profile
 - Key Debt Ratios
 - Debt Capacity
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- Key Next Steps



Capital Improvement Plan Overview and Initiatives

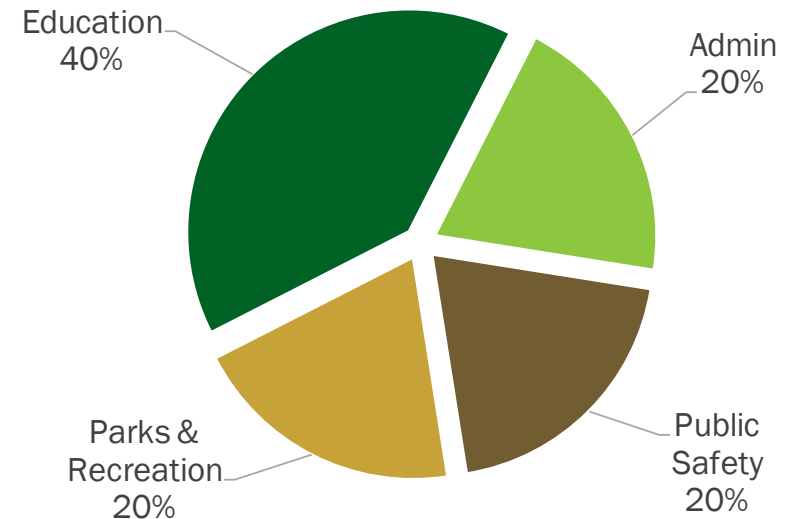
Capital Improvement Plan Overview



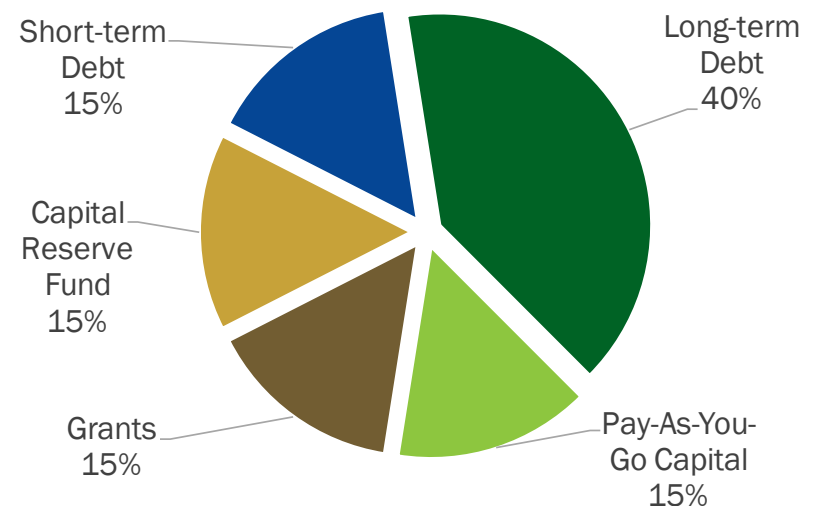
Developing a Multi-Year Capital Improvement Plan (“CIP”)

- Identify realistic capital and maintenance needs (not a wish list) including:
 - One-time and major capital items;
 - Ongoing capital needs (i.e., annual maintenance, rolling stock, etc.); and
 - Related operational costs.
- Assigning funding sources for all projects with a balanced approach of pay-as-you-go cash, grants, reserves and debt.
- Analyzing potential operating budget impacts associated with planned capital projects and identify existing revenues available:
 - Current Budgeted Debt Service Levels;
 - Annual recurring funding for vehicles, equipment, information technology, etc.;
 - Establish (or create) reserves/surpluses to be utilized to supplement or defray near-term (one to multiple years) of “peak requirements” that may only temporarily exceed current funding levels; and
 - Identifying and preserving current expenditures that will step-down in future years such that these are not absorbed into the operational-side of the budget.
- Coordinating the responsibilities and efforts of the Planning Commission, County Staff, and the County Board of Supervisors.
- Revisiting this process at regular intervals.
- Adopting a plan at the governing level.

Sample 5 Year CIP: Uses of Funds



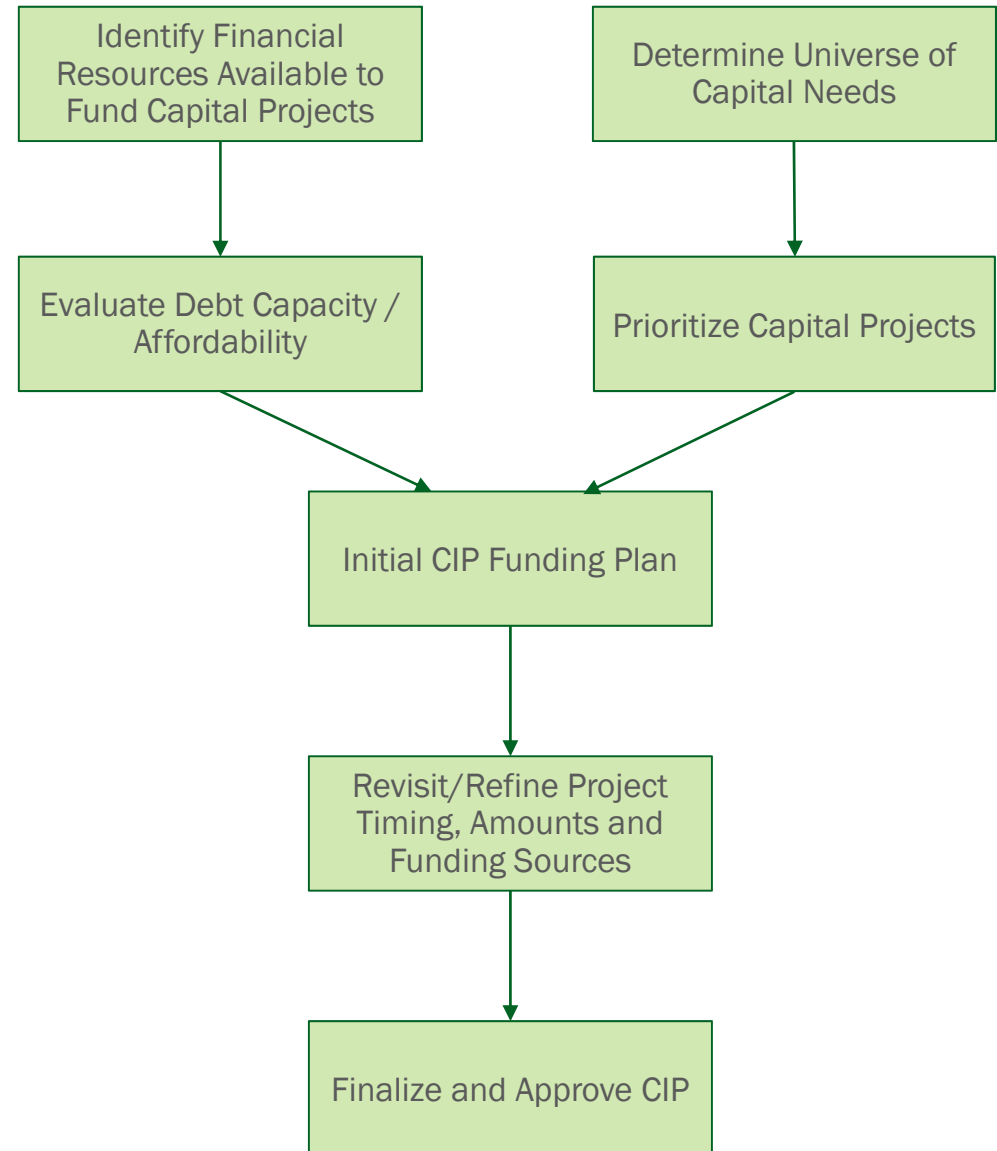
Sample 5 Year CIP: Sources of Funds



Capital Improvement Plan Initiatives



- The County is currently in the process of evaluating a long-term Capital Improvement Plan to identify and address future capital needs.
- The County could consider implementing a multi-step CIP Development process in order to achieve a balanced & fully funded CIP that addresses identified capital needs:
 1. Identify financial resources available to fund capital projects.
 2. Identify capital needs for the next 5-10 years.
 3. Determine funding capacity/affordability.
 4. Develop an initial CIP and Funding Plan.
 5. Revise CIP to maximize project funding within identified resources.
 6. Finalize and approve the CIP.
 7. Revisit CIP on an annual basis.



Sample Project Request Document

Project Summary Form



Project Title: _____
 Department: _____
 Project Manager: _____

Project Description: **Comments:**
 Describe the project in as much detail as possible. Include such information as the proposed use(s), location, size (sq feet), land acreage need for the facility or structure, and the estimated life of the project.

Project Justification: **Comments:**
 Explain in detail why the project is needed. In preparing this section you should consider the following questions (as applicable) as a guide. Please be specific with detailed facts and figures. Also indicate the source of your data.

1. What problem or service deficiency is this project designed to alleviate? To what extent will it alleviate the problem? Will it improve efficiency or effectiveness?

2. What segment and size of the population will this project serve?

3. Will this project reduce or increase your annual operating cost in some way?

4. Is this project required by federal, state or local legislation?

5. Why is your proposed timetable appropriate? What effect could changing your timetable have on this project?

Project Alternatives: **Comments:**
 List any alternatives to this project that your department considered and rejected in favor of this project. Why did you reject them?

Project Status/Updated: **Comments:**
 This section is for ongoing projects formally approved by the Board of Supervisors. Provide any pertinent information about the status of an existing project, whether it is changing or not. If changes, why the change is occurring and what it will enhance.

Relationship to other projects: **Comments:**
 Identify and explain any relationship this project has to the success of other projects. Indicate if this project is necessary to complete or make fully usable another major public improvement. Note if the schedule for completing this project is crucial to the success of another project.

Explanation of Annual Operating Costs and Operations Related to Project: **Comments:**
 Explain the operating impact (costs and savings) that you indicate on the Project Cost Form above.

Sample Project Request Document

Project Cost Form



	Current	1	2	3	4	5	6	7	8	9	10	Total
Project Cost Estimates	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
Planning												\$0
Land Acquisition												\$0
Construction												\$0
Equip/Furnishings												\$0
Other												\$0
Contingencies												\$0
Project Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Operating Impact												
Personnel												\$0
Utilities												\$0
Operating Costs												\$0
Capital												\$0
Minus Savings												\$0
Net Additional Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Minus New Revenues												\$0
Operating Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Funding Available												
Grants												\$0
Donations												\$0
Other (Specify)												\$0
Funding Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Project Title:

Start Date/Comp. Date:

Department:

Project Manager:

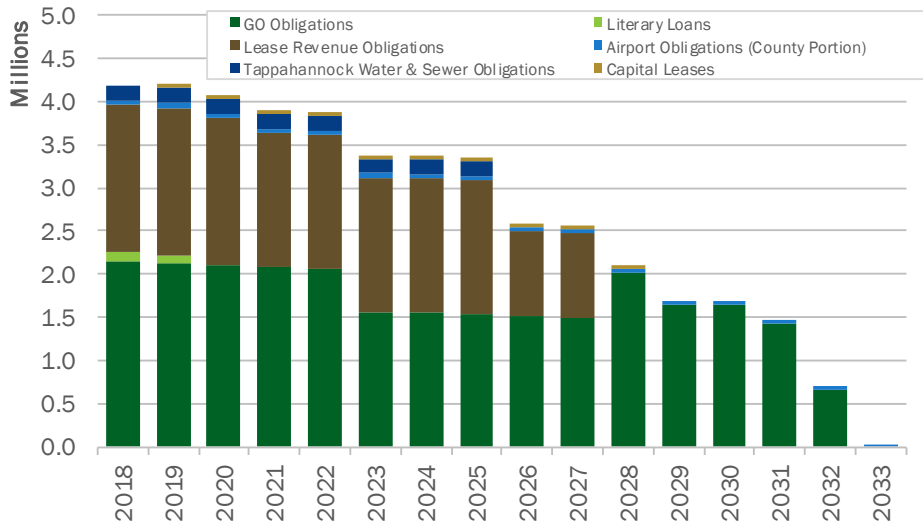


Tax Supported Debt Profile

Existing Tax Supported Debt



Tax Supported Debt Service



Tax Supported Debt Service

FY	Principal	Interest	Total	10-yr Payout
Total	32,194,809	11,024,835	43,219,644	
2018	2,925,996	1,261,122	4,187,118	81.8%
2019	3,006,179	1,190,434	4,196,612	85.3%
2020	2,973,953	1,106,022	4,079,975	88.1%
2021	2,874,736	1,026,724	3,901,461	91.7%
2022	2,933,771	946,962	3,880,733	96.5%
2023	2,516,302	868,139	3,384,441	99.9%
2024	2,579,385	792,699	3,372,084	100.0%
2025	2,642,045	713,304	3,355,350	100.0%
2026	1,932,695	650,883	2,583,577	100.0%
2027	1,961,347	606,313	2,567,660	100.0%
2028	1,555,313	561,719	2,117,032	100.0%
2029	1,166,847	523,611	1,690,458	100.0%
2030	1,193,752	498,240	1,691,992	100.0%
2031	1,215,748	260,679	1,476,427	100.0%
2032	692,283	17,424	709,707	100.0%
2033	24,456	560	25,016	100.0%

Par Outstanding – Estimated as of 6/30/2017⁽³⁾

Type	Par Amount
School G.O. & Lit Loan Obligations	\$17,214,729
School Lease Revenue Obligations	8,103,030
County Lease Revenue Obligations	4,804,970
County Obligations (Tappahannock-Essex Airport Authority)	551,957
County Obligations (Tappahannock Water & Sewer)	1,151,407
County Capital Leases	368,716
Total	\$32,194,809

Notes:

- 2011 VPSA QSCB debt service is shown per sinking fund requirements, gross of earnings and with gross interest expense. At 12/15/2011, the published QTCB (subsidy) rates were above/in-line with the stated coupon rate of 4.25%. Therefore, at issue, interest expense should be fully subsidized by the Federal Government. However, due to sequestration, a reduction in subsidy was implemented. Currently, the sequester reduction is 6.6%; subject to County confirmation of actual subsidy receipts.
- County debt obligations related to Tappahannock-Essex County Airport Authority and Tappahannock Water & Sewer are reflected in the Debt Profile based upon previous discussions with the County.
- Includes debt service payments related to the September 1, 2017 Lease Purchase Agreement for Mobile Radio System.
- As it relates to the County's debt service obligation for the VPSA 2012B bonds, VPSA refunded these Pooled Bonds in August 2017. The County will still pay the gross debt service per the 2012 Local School Bond (as reflected in the existing debt profile above), but will receive Refunding Credits by wire on or after August 1 of each year through final maturity of 2031. On average, the Refunding Credits will be about \$14,700; these Refunding Credits are reflected in the Affordability Analysis contained herein.

Source: CAFR, Closing Memos, and other financing documents.

Key Debt Ratio: Tax Supported Payout Ratio

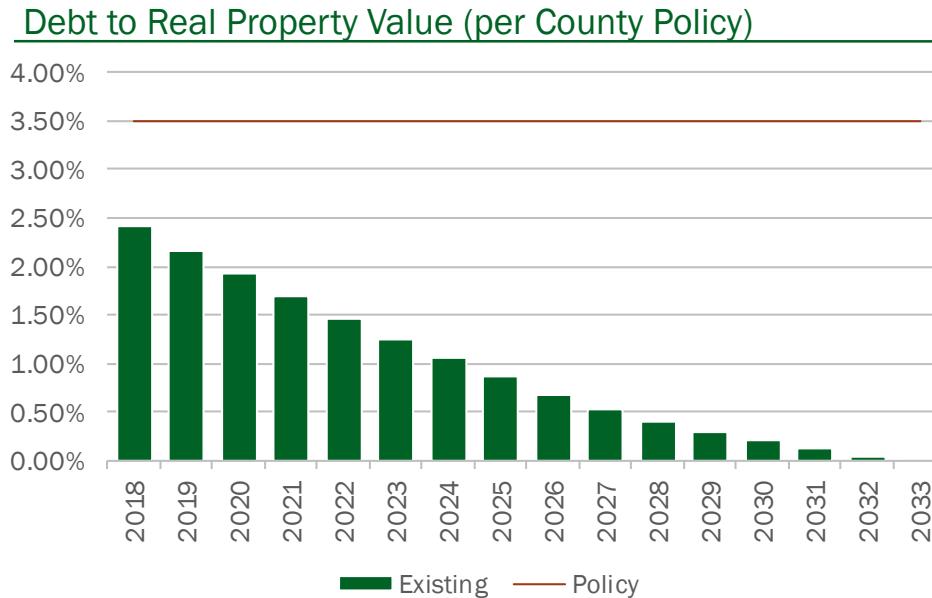


10-Year Payout Ratio



- Existing 10-year Payout Ratio
 - FY 2018: 81.8%
- The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10 years.
- This ratio is an important metric that indicates whether or not a locality is back-loading its debt.
- The 10-Year Payout Ratio for all County debt shall target a minimum of 55% of total principal outstanding.

Key Debt Ratio: Debt to Assessed Value



- Existing Debt to Real Property Value
 - FY 2018: 2.4%
- Existing Debt to Total Assessed Value
 - FY 2018: 2.3%
- Assumed Future Growth Rates
 - 2017 Real Property Value: \$1,320,834,772
 - 2018 & Beyond: 1.0%
 - 5 Yr. Avg. Growth -3.0%
 - 10Yr. Avg. Growth 4.0%
- Outstanding debt of the County whether general obligation, lease revenue or subject to annual appropriation, shall not exceed 3.5% of the assessed valuation of real property.

Key Debt Ratio: Debt Service vs. Expenditures



Debt Service vs. Governmental Expenditures



- Existing Debt Service vs. Expenditures

- FY 2018: 12.2%

- Assumed Future Growth Rates

- 2017 Adjusted Expenditures: \$29,776,577
 - 2018 & Beyond 1.0%
 - 5 Yr. Avg. Growth 2.4%
 - 10Yr. Avg. Growth 2.0%

- The County established a Financial Policy target of 10% and a maximum of 12% Debt Service vs. Expenditures ratio.

Note: Governmental Expenditures represent the ongoing operating expenditures of the County and School Board (net of transfers). In this analysis, debt service and capital outlay expenditures are excluded.

Source: CAFR, Closing Memos, and other financing documents.

Debt Affordability Analysis

Existing Debt



A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Debt Service Requirements				Revenue Available for DS					Debt Service Cash Flow Surplus (Deficit)					
FY	Existing Debt Service	Gross 2011 QSCBs Debt Service	Total	General Fund Budgeted Debt Service	Credits for Series 2011 QSCBs	Transfer: Debt Service Reserve	VPSA Schedule of Expected Credits 2017B Refunding	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	Debt Service Funds Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Debt Service Funds
2017														1,700,064
2018	2,962,118	1,225,000	4,187,118	3,296,555	396,950		-	3,693,505	(493,613)	-	(493,613)	-	-	1,206,451
2019	2,971,612	1,225,000	4,196,612	3,296,555	396,950		11,596	3,705,101	(491,511)	-	(491,511)	-	-	714,940
2020	2,854,975	1,225,000	4,079,975	3,296,555	396,950		15,700	3,709,205	(370,770)	-	(370,770)	-	-	344,170
2021	2,676,461	1,225,000	3,901,461	3,296,555	396,950		15,700	3,709,205	(192,256)	-	(192,256)	-	-	151,914
2022	2,655,733	1,225,000	3,880,733	3,296,555	396,950	19,614	15,700	3,728,819	(151,914)	-	(151,914)	-	-	0
2023	2,403,885	980,556	3,384,441	3,296,555	396,950		15,700	3,709,205	324,764	-	-	324,764	-	324,764
2024	2,391,529	980,556	3,372,084	3,296,555	396,950		15,700	3,709,205	337,121	-	-	337,121	-	661,885
2025	2,374,794	980,556	3,355,350	3,296,555	396,950		15,700	3,709,205	353,855	-	-	353,855	-	1,015,740
2026	1,603,022	980,556	2,583,577	3,296,555	396,950		15,700	3,709,205	1,125,628	-	-	1,125,628	-	2,141,368
2027	1,587,104	980,556	2,567,660	3,296,555	396,950		15,700	3,709,205	1,141,545	-	-	1,141,545	-	3,282,913
2028	1,136,477	980,556	2,117,032	3,296,555	396,950		15,700	3,709,205	1,592,173	-	-	1,592,173	-	4,875,086
2029	709,903	980,556	1,690,458	3,296,555	396,950		11,150	3,704,655	2,014,197	-	-	2,014,197	-	6,889,282
2030	711,437	980,556	1,691,992	3,296,555	396,950		16,650	3,710,155	2,018,163	-	-	2,018,163	-	8,907,445
2031	708,372	768,056	1,476,427	3,296,555	198,475		12,300	3,507,330	2,030,903	-	-	2,030,903	-	10,938,348
2032	709,707	-	709,707	3,296,555	-		13,225	3,309,780	2,600,073	-	-	2,600,073	-	13,538,422
2033	25,016	-	25,016	3,296,555	-		-	3,296,555	3,271,539	-	-	3,271,539	-	16,809,960
Total	28,482,144	14,737,500	43,219,644	52,744,880	5,358,825	19,614	206,221	58,329,540	Total		(1,700,064)	Total Tax Effect	0.00¢	

Note: 2011 VPSA QSCB debt service is shown per sinking fund requirements, gross of earnings and with gross interest expense. At 12/15/2011, the published QTCB (subsidy) rates were above/in-line with the stated coupon rate of 4.25%. Therefore, at issue, interest expense should be fully subsidized by the Federal Government. However, due to sequestration, a reduction in subsidy was implemented. Currently, the sequester reduction is 6.6%; subject to County confirmation of actual subsidy receipts.

- Assumed FY2018 Value of a Penny ⁽¹⁾: \$125,100
- Assumed Growth Rate: 1.00%

Based upon current Debt Service Budgeting Practices, the County does not have any "Natural" Debt Affordability until FY 2023; unless other Revenues are identified as being "Available" to supplement the County's Debt Service Budget.

⁽¹⁾ Obtained from FY 2018 budget document.

Key Next Steps



- Distribute Project Request Document(s) / Form(s) to Department Heads, including guidelines for qualifying Capital Projects.
- Department Heads provide list of Capital Needs to County Management / Finance Department / Planning Commission.
- Capital Needs are reviewed and discussed with Department Heads.
- Capital needs are discussed with the County Planning Commission in conjunction with an initial Debt Capacity / Debt Affordability Analysis.
- Based upon results of the discussions with the County Planning Commission, the updated Capital needs are then discussed with the County Board of Supervisors in conjunction with the related Debt Capacity / Debt Affordability Analysis.
- Capital needs are further prioritized, funding sources are identified, and the initial 5-Year CIP is developed.
- Review the CIP and Debt Capacity / Debt Affordability analysis with the County Board of Supervisors as necessary.
- Finalize, Adopt, and Fund the CIP.



Appendix A

Existing Tax Supported Debt Details

Existing Tax Supported Debt



Total Tax Supported Debt Service

FY	Principal	Interest	Total
Total	32,194,809	11,024,835	43,219,644
2018	2,925,996	1,261,122	4,187,118
2019	3,006,179	1,190,434	4,196,612
2020	2,973,953	1,106,022	4,079,975
2021	2,874,736	1,026,724	3,901,461
2022	2,933,771	946,962	3,880,733
2023	2,516,302	868,139	3,384,441
2024	2,579,385	792,699	3,372,084
2025	2,642,045	713,304	3,355,350
2026	1,932,695	650,883	2,583,577
2027	1,961,347	606,313	2,567,660
2028	1,555,313	561,719	2,117,032
2029	1,166,847	523,611	1,690,458
2030	1,193,752	498,240	1,691,992
2031	1,215,748	260,679	1,476,427
2032	692,283	17,424	709,707
2033	24,456	560	25,016

Existing Tax Supported Debt



GO Obligations

FY	Principal	Interest	Total
Total	17,034,729	8,563,204	25,597,933
2018	1,367,311	787,924	2,155,235
2019	1,372,167	758,867	2,131,034
2020	1,377,279	729,556	2,106,835
2021	1,380,311	702,324	2,082,635
2022	1,383,502	674,932	2,058,434
2023	912,093	652,298	1,564,391
2024	913,987	635,404	1,549,390
2025	917,353	617,038	1,534,390
2026	920,895	598,496	1,519,391
2027	924,622	579,769	1,504,390
2028	1,473,545	549,810	2,023,355
2029	1,125,556	514,870	1,640,426
2030	1,150,556	491,404	1,641,959
2031	1,170,556	255,839	1,426,394
2032	645,000	14,674	659,674
2033	-	-	-

Literary Loans

FY	Principal	Interest	Total
Total	180,000	10,800	190,800
2018	90,000	7,200	97,200
2019	90,000	3,600	93,600
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-

Lease Revenue Obligations

FY	Principal	Interest	Total
Total	12,908,000	1,924,968	14,832,968
2018	1,321,000	389,041	1,710,041
2019	1,359,000	346,290	1,705,290
2020	1,403,000	303,188	1,706,188
2021	1,292,000	259,942	1,551,942
2022	1,339,000	216,815	1,555,815
2023	1,384,000	170,275	1,554,275
2024	1,434,000	121,840	1,555,840
2025	1,482,000	71,476	1,553,476
2026	936,000	34,509	970,509
2027	958,000	11,592	969,592
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-

Existing Tax Supported Debt



Airport Obligations (County Portion)

FY	Principal	Interest	Total
Total	551,958	223,551	775,508
2018	25,241	24,792	50,033
2019	26,388	23,645	50,033
2020	27,589	22,444	50,033
2021	28,846	21,186	50,033
2022	30,163	19,870	50,033
2023	31,541	18,492	50,033
2024	32,985	17,048	50,033
2025	34,496	15,537	50,033
2026	36,079	13,954	50,033
2027	37,737	12,296	50,033
2028	39,473	10,560	50,033
2029	41,292	8,741	50,033
2030	43,197	6,836	50,033
2031	45,192	4,841	50,033
2032	47,283	2,750	50,033
2033	24,456	560	25,016

Tappahannock Water & Sewer Obligations

FY	Principal	Interest	Total
Total	1,151,407	234,578	1,385,985
2018	122,444	52,165	174,609
2019	126,741	46,270	173,011
2020	133,185	40,089	173,274
2021	139,630	33,577	173,206
2022	146,074	26,732	172,806
2023	152,518	19,579	172,098
2024	161,111	12,065	173,176
2025	169,704	4,102	173,805
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-

Capital Leases

FY	Principal	Interest	Total
Total	368,716	67,733	436,449
2018	-	-	-
2019	31,883	11,762	43,645
2020	32,900	10,745	43,645
2021	33,949	9,695	43,645
2022	35,032	8,612	43,645
2023	36,150	7,495	43,645
2024	37,303	6,342	43,645
2025	38,493	5,152	43,645
2026	39,721	3,924	43,645
2027	40,988	2,657	43,645
2028	42,296	1,349	43,645
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-

General Obligations



\$1,800,000

State Literary Fund Loan, 1999

FY	Coupon	Principal	Interest	Total
Total		180,000	10,800	190,800
2018	4.000%	90,000	7,200	97,200
2019	4.000%	90,000	3,600	93,600
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				

Dated Date: 2/15/1999 Next Call: TBD
 Purpose: Schools Insurance: N/A
 Coupon Dates: Feb 15, Aug 15 Maturity Date: 2/15/2019

\$4,340,228

School Financing Bonds, Series 2001B (VPSA)

FY	Coupon	Principal	Interest	Total
Total		1,135,574	129,425	1,264,999
2018	5.100%	223,763	47,637	271,400
2019	5.100%	226,033	36,167	262,200
2020	5.100%	228,422	24,578	253,000
2021	3.100%	228,590	15,210	243,800
2022	5.100%	228,766	5,834	234,600
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				

Dated Date: 11/15/2001 Next Call: Current
 Purpose: Schools Insurance: N/A
 Coupon Dates: Jan 15, Jul 15 Maturity Date: 7/15/2021

\$6,919,103

School Financing Bonds, Series 2007B (VPSA Subsidy)

FY	Coupon	Principal	Interest	Total
Total		3,929,155	1,103,344	5,032,499
2018	5.100%	343,548	188,952	532,500
2019	5.100%	346,134	171,366	517,500
2020	5.100%	348,857	153,643	502,500
2021	5.100%	351,721	135,778	487,499
2022	5.100%	354,736	117,764	472,500
2023	4.350%	356,537	100,963	457,500
2024	5.100%	358,431	84,069	442,500
2025	5.100%	361,797	65,703	427,500
2026	5.100%	365,339	47,161	412,500
2027	5.100%	369,066	28,434	397,500
2028	5.100%	372,989	9,511	382,500
2029				
2030				
2031				
2032				

Dated Date: 11/8/2007 Next Call: 8/1/2017
 Purpose: Schools Insurance: N/A
 Coupon Dates: Jan 15, Jul 15 Maturity Date: 7/15/2027

General Obligations



\$10,000,000
School Tax Credit Bonds (QSCB), Series 2011-2 (VPSA)

FY	Coupon	Principal	Interest	Total
Total		9,000,000	5,737,500	14,737,500
2018	4.250%	800,000	425,000	1,225,000
2019	4.250%	800,000	425,000	1,225,000
2020	4.250%	800,000	425,000	1,225,000
2021	4.250%	800,000	425,000	1,225,000
2022	4.250%	800,000	425,000	1,225,000
2023	4.250%	555,556	425,000	980,556
2024	4.250%	555,556	425,000	980,556
2025	4.250%	555,556	425,000	980,556
2026	4.250%	555,556	425,000	980,556
2027	4.250%	555,556	425,000	980,556
2028	4.250%	555,556	425,000	980,556
2029	4.250%	555,556	425,000	980,556
2030	4.250%	555,556	425,000	980,556
2031	4.250%	555,556	212,500	768,056
2032				

Dated Date: 12/15/2011 Next Call: N/A
 Purpose: Schools Insurance: N/A
 Coupon Dates: Jun 1, Dec 1 Maturity Date: 12/1/2030

\$2,970,000
School Financing Bonds, Series 2012 (VPSA)

FY	Coupon	Principal	Interest	Total
Total		2,970,000	1,592,935	4,562,935
2018		-	126,335	126,335
2019		-	126,335	126,335
2020		-	126,335	126,335
2021		-	126,335	126,335
2022		-	126,335	126,335
2023		-	126,335	126,335
2024		-	126,335	126,335
2025		-	126,335	126,335
2026		-	126,335	126,335
2027		-	126,335	126,335
2028	4.050%	545,000	115,299	660,299
2029	5.050%	570,000	89,870	659,870
2030	3.050%	595,000	66,404	661,404
2031	4.550%	615,000	43,339	658,339
2032	4.550%	645,000	14,674	659,674

Dated Date: 5/10/2012 Next Call: 8/1/2022
 Purpose: Schools Insurance: N/A
 Coupon Dates: Jan 1, 5 Jul 15 Maturity Date: 7/15/2031

Lease Revenue Obligations



\$6,275,000

Virginia Pooled Financing Program, Series 2011B (VRA)

FY	Coupon	Principal	Interest	Total
Total		4,300,000	841,800	5,141,800
2018	4.825%	550,000	190,056	740,056
2019	3.721%	570,000	166,181	736,181
2020	4.428%	595,000	142,403	737,403
2021	4.426%	465,000	118,941	583,941
2022	5.125%	490,000	96,094	586,094
2023	5.125%	515,000	70,341	585,341
2024	5.125%	545,000	43,178	588,178
2025	5.125%	570,000	14,606	584,606
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 10/16/2011 Next Call: 11/1/2021
 Closing Date: 11/16/2011 100%
 Purpose: Schools/Gen. Gov't Insurance: N/A
 (68.61% / 31.39%)
 Coupon Dates: Apr 1, Oct 1 Maturity Date: 10/1/2024

\$4,778,000 (of \$9,310,000)

2016 Lease Revenue BB&T (Refunds 2011A SunTrust)

FY	Coupon	Principal	Interest	Total
Total		4,418,000	555,850	4,973,850
2018	2.420%	396,000	102,124	498,124
2019	2.420%	405,000	92,432	497,432
2020	2.420%	415,000	82,510	497,510
2021	2.420%	425,000	72,346	497,346
2022	2.420%	435,000	61,940	496,940
2023	2.420%	446,000	51,280	497,280
2024	2.420%	456,000	40,366	496,366
2025	2.420%	468,000	29,185	497,185
2026	2.420%	480,000	17,714	497,714
2027	2.420%	492,000	5,953	497,953
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 3/24/2016 Next Call: 12/15/2016
 Purpose: Schools (Refunds 2011A) Par Call: 12/15/2021
 100%
 Coupon Dates: Jun 15, Dec 15 Maturity Date: 12/15/2026

\$796,000 (of \$9,310,000)

2016 Lease Revenue BB&T (Refunds 2011B Bank of Lancaster)

FY	Coupon	Principal	Interest	Total
Total		736,000	92,759	828,759
2018	2.420%	66,000	17,013	83,013
2019	2.420%	67,000	15,403	82,403
2020	2.420%	69,000	13,758	82,758
2021	2.420%	70,000	12,076	82,076
2022	2.420%	73,000	10,346	83,346
2023	2.420%	74,000	8,567	82,567
2024	2.420%	76,000	6,752	82,752
2025	2.420%	78,000	4,888	82,888
2026	2.420%	81,000	2,965	83,965
2027	2.420%	82,000	992	82,992
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 3/24/2016 Next Call: 12/15/2016
 Purpose: Schools (Refunds 2011B) Par Call: 12/15/2021
 100%
 Coupon Dates: Jun 15, Dec 15 Maturity Date: 12/15/2026

Lease Revenue Obligations



\$1,008,000 (of \$9,310,000)

2016 Lease Revenue BB&T (Refunds 2008 Motorola Lease)

FY	Coupon	Principal	Interest	Total
Total		932,000	117,322	1,049,322
2018	2.420%	83,000	21,550	104,550
2019	2.420%	85,000	19,517	104,517
2020	2.420%	88,000	17,424	105,424
2021	2.420%	90,000	15,270	105,270
2022	2.420%	92,000	13,068	105,068
2023	2.420%	94,000	10,817	104,817
2024	2.420%	96,000	8,518	104,518
2025	2.420%	99,000	6,159	105,159
2026	2.420%	101,000	3,739	104,739
2027	2.420%	104,000	1,258	105,258
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 3/24/2016 Next Call: 12/15/2016
 Purpose: Equipment (Refunds 2008) Par Call: 101%
 Coupon Dates: Jun 15, Dec 15 Maturity Date: 12/15/2021

\$1,789,000 (of \$9,310,000)

2016 Lease Revenue BB&T (E-911 Communications)

FY	Coupon	Principal	Interest	Total
Total		1,654,000	208,120	1,862,120
2018	2.420%	148,000	38,236	186,236
2019	2.420%	152,000	34,606	186,606
2020	2.420%	155,000	30,891	185,891
2021	2.420%	159,000	27,092	186,092
2022	2.420%	163,000	23,196	186,196
2023	2.420%	167,000	19,203	186,203
2024	2.420%	171,000	15,113	186,113
2025	2.420%	175,000	10,926	185,926
2026	2.420%	180,000	6,631	186,631
2027	2.420%	184,000	2,226	186,226
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 3/24/2016 Next Call: 12/15/2016
 Purpose: E-911 Communications Par Call: 101%
 Coupon Dates: Jun 15, Dec 15 Maturity Date: 12/15/2021

\$939,000 (of \$9,310,000)

2016 Lease Revenue BB&T (Land Acquisition)

FY	Coupon	Principal	Interest	Total
Total		868,000	109,118	977,118
2018	2.420%	78,000	20,062	98,062
2019	2.420%	80,000	18,150	98,150
2020	2.420%	81,000	16,202	97,202
2021	2.420%	83,000	14,218	97,218
2022	2.420%	86,000	12,173	98,173
2023	2.420%	88,000	10,067	98,067
2024	2.420%	90,000	7,913	97,913
2025	2.420%	92,000	5,711	97,711
2026	2.420%	94,000	3,461	97,461
2027	2.420%	96,000	1,162	97,162
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 3/24/2016 Next Call: 12/15/2016
 Purpose: Land Acquisition Par Call: 101%
 Coupon Dates: Jun 15, Dec 15 Maturity Date: 12/15/2021

Airport Obligations – County Portion



\$446,286 (County Portion) of \$1,272,000 Aggregate

VRA Airports Revolving Fund Revenue Bonds Series 2007 Taxable (04a)

FY	Coupon	Principal	Interest	Total
Total		345,261	160,145	505,406
2018	5.150%	15,017	17,590	32,607
2019	5.150%	15,800	16,807	32,607
2020	5.150%	16,624	15,983	32,607
2021	5.150%	17,491	15,115	32,607
2022	5.150%	18,404	14,203	32,607
2023	5.150%	19,364	13,243	32,607
2024	5.150%	20,374	12,233	32,607
2025	5.150%	21,437	11,170	32,607
2026	5.150%	22,555	10,052	32,607
2027	5.150%	23,731	8,875	32,607
2028	5.150%	24,969	7,637	32,607
2029	5.150%	26,272	6,335	32,607
2030	5.150%	27,642	4,965	32,607
2031	5.150%	29,084	3,523	32,607
2032	5.150%	30,601	2,006	32,607
2033	5.150%	15,894	409	16,303

Dated Date: 3/21/2007 Next Call: 8/1/2017
 with VRA consent 100%
 Purpose: Airport (County portion) Insurance: N/A
 Coupon Dates: Jan 1, Jul 1 Maturity Date: 7/1/2032

\$232,571 (County Portion) of \$1,272,000 Aggregate

VRA Airports Revolving Fund Revenue Bonds Series 2007 Taxable (04b)

FY	Coupon	Principal	Interest	Total
Total		171,184	52,069	223,254
2018	3.500%	8,486	5,918	14,403
2019	3.500%	8,785	5,618	14,403
2020	3.500%	9,095	5,308	14,403
2021	3.500%	9,417	4,987	14,403
2022	3.500%	9,749	4,654	14,403
2023	3.500%	10,093	4,310	14,403
2024	3.500%	10,450	3,954	14,403
2025	3.500%	10,818	3,585	14,403
2026	3.500%	11,200	3,203	14,403
2027	3.500%	11,596	2,808	14,403
2028	3.500%	12,005	2,398	14,403
2029	3.500%	12,429	1,974	14,403
2030	3.500%	12,868	1,536	14,403
2031	3.500%	13,322	1,081	14,403
2032	3.500%	13,793	611	14,403
2033	3.500%	7,078	124	7,202

Dated Date: 3/21/2007 Next Call: 8/1/2017
 with VRA consent 100%
 Purpose: Airport (County portion) Insurance: N/A
 Coupon Dates: Jan 1, Jul 1 Maturity Date: 7/1/2032

\$48,000 (County Portion) of \$1,272,000 Aggregate

VRA Airports Revolving Fund Revenue Bonds Series 2007 Taxable (04c)

FY	Coupon	Principal	Interest	Total
Total		35,513	11,336	46,849
2018	3.660%	1,738	1,284	3,022
2019	3.660%	1,803	1,220	3,023
2020	3.660%	1,869	1,153	3,023
2021	3.660%	1,938	1,084	3,022
2022	3.660%	2,010	1,013	3,023
2023	3.660%	2,084	938	3,022
2024	3.660%	2,161	861	3,022
2025	3.660%	2,241	782	3,022
2026	3.660%	2,324	699	3,023
2027	3.660%	2,410	613	3,022
2028	3.660%	2,499	524	3,022
2029	3.660%	2,591	432	3,023
2030	3.660%	2,687	336	3,023
2031	3.660%	2,786	237	3,022
2032	3.660%	2,889	134	3,022
2033	3.660%	1,484	27	1,511

Dated Date: 3/21/2007 Next Call: 8/1/2017
 with VRA consent 100%
 Purpose: Airport (County portion) Insurance: N/A
 Coupon Dates: Jan 1, Jul 1 Maturity Date: 7/1/2032

Tappahannock Water & Sewer Debt – County Portion



Town of Tappahannock W&S Debt

FY	Coupon	Principal	Interest	Total
Total	<i>Estimated</i>	1,151,407	234,578	1,385,985
2018	4.531%	122,444	52,165	174,609
2019	4.497%	126,741	46,270	173,011
2020	4.443%	133,185	40,089	173,274
2021	4.366%	139,630	33,577	173,206
2022	4.247%	146,074	26,732	172,806
2023	4.051%	152,518	19,579	172,098
2024	3.647%	161,111	12,065	173,176
2025	2.417%	169,704	4,102	173,805
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: [Unknown](#) Next Call: [Unknown](#)
 Purpose: [W&S](#) Insurance: [Unknown](#)
 Coupon Dates: [3/25, 9/25](#) Maturity Date: [3/25/2025](#)

Capital Lease



\$368,716.06

2017 Lease Purchase Agreement (Tax-Exempt Leasing Corp.)

FY	Coupon	Principal	Interest	Total
Total		368,716	67,733	436,449
2018				
2019	3.190%	31,883	11,762.04	43,645
2020	3.190%	32,900	10,744.98	43,645
2021	3.190%	33,949	9,695.47	43,645
2022	3.190%	35,032	8,612.48	43,645
2023	3.190%	36,150	7,494.95	43,645
2024	3.190%	37,303	6,341.76	43,645
2025	3.190%	38,493	5,151.79	43,645
2026	3.190%	39,721	3,923.86	43,645
2027	3.190%	40,988	2,656.76	43,645
2028	3.190%	42,296	1,349.25	43,645
2029				
2030				
2031				
2032				
2033				

Dated Date: 9/1/2017 30 days notice/Purchase Option Price in Exhibit B
 9/1/17-9/1/24 3.50%
 Purpose: Mobile Radio System 9/1/24-9/1/2025 3.00%
 9/1/2025 & after 2.50%
 Coupon Dates: Sep 1 Maturity Date: 9/1/2027



Appendix B

Fund Balance

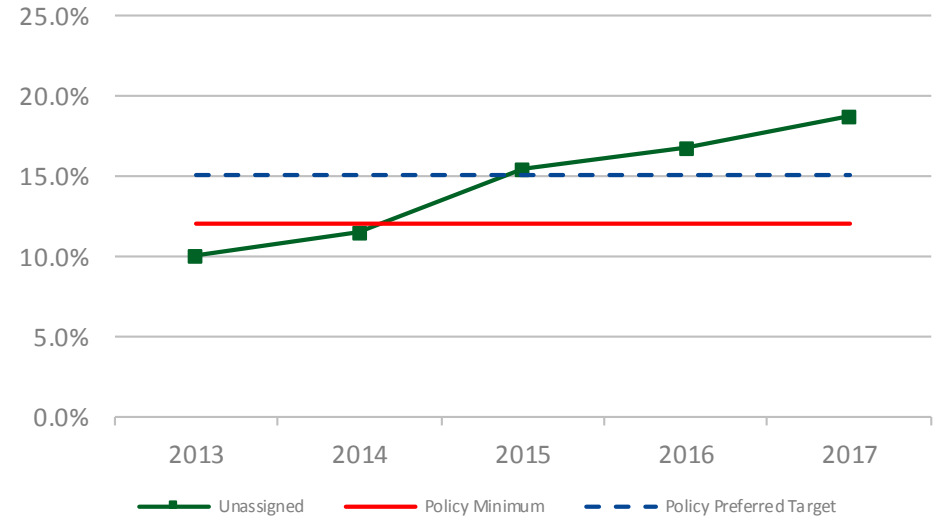
General Fund Balance (per County Policy)



General Fund Balance (per County Policy)

	2013	2014	2015	2016	2017
1 Expenditures (per County Policy)					
2 Total Governmental Funds	28,526,023	28,466,218	21,103,961	23,682,412	23,990,248
3 Total School Funds	16,087,809	16,141,932	17,189,325	17,575,065	17,674,852
4 Total IDA Fund	-	1,345	92,484	89,031	38,250
5 Less: Local Contribution	(5,650,918)	(6,132,678)	(6,436,477)	(7,102,072)	(7,514,243)
6 Less: Capital Projects	(9,332,322)	(8,352,355)	(544,641)	(125,425)	(693,396)
7 Adjusted Expenditures (per County Policy)	29,630,592	30,124,462	31,404,652	34,119,011	33,495,711
8					
9 General Fund Balance					
10 Nonspendable	-	-	-	-	-
11 Restricted	112,635	71,647	-	-	-
12 Committed	-	-	-	-	-
13 Assigned	-	-	-	-	-
14 Unassigned	2,957,184	3,441,687	4,844,163	5,701,534	6,257,528
15 Total	3,069,819	3,513,334	4,844,163	5,701,534	6,257,528
16					
17 General Fund Balance Ratios (per County Policy)					
18 Unassigned as a % of Expenditures	10.0%	11.4%	15.4%	16.7%	18.7%
19 Other Fund Balance					
20 School Construction	8,679,141	335,703	-	-	-
21 Capital Projects	-	-	-	2,864,317	2,291,849
22 Other Governmental	94,329	89,919	300,833	189,874	194,043
23 Debt Service Funds	640,064	640,064	640,064	1,400,064	1,700,064
24 Total	9,413,534	1,065,686	940,897	4,454,255	4,185,956
25					
26 GRAND TOTAL	12,483,353	4,579,020	5,785,060	10,155,789	10,443,484

General Fund Balance as a % of Expenditures



Unassigned Fund Balance Policy

- i. The County shall maintain an unassigned fund balance at fiscal year-end for the purposes of unanticipated expenditures, to provide for cash flow reserves during the fiscal year due to the timing difference between the receipt of revenues and disbursement of expenditures, and to meet reserve policies and bond covenants.
- ii. The County shall endeavor to achieve and thereafter maintain to the extent practicable a year-end balance at an amount equal to a **minimum of 12%** of governmental fund expenditures, with a **preferred target of 15%** of governmental fund expenditures, less any Capital Outlay projects funded with Bond Proceeds.

Fiscal Year End 2017

Based upon the Policy Minimum of 12%, the County has an excess of \$2,238,043 in Unassigned Fund Balance.

Based upon the Preferred Target of 15%, the County has an excess of \$1,233,171 in Unassigned Fund Balance.



Appendix C

Financial Policies

Financial Policies

Accounting Policy

1. General

- a. an accounting policy addresses the accounting methods utilized in the different fund types for revenues, expenditures, assets, liabilities, and fund equity;
- b. An accounting policy also addresses the process through which revenues are collected and disbursements made.

2. Standards

- a. Generally Accepted Accounting Principles (GAAP)
- b. Governmental Accounting Standards Board (GASB)
- c. Code of Virginia
- d. Commonwealth of Virginia's Library and Archives Public Records Management
- e. Auditor of Public Accounts Uniform Financial Reporting Manual

3. Financial Statements

- a. All activities for which the county exercises oversight responsibility are incorporated into the financial statements to form the reporting entity.
- b. Include legally separate organizations which:
 - i. The County appoints a majority of the governing board and either
 - ii. The County can impose its will
 - iii. Or there exists a financial benefit or burden
 - iv. Or there is a fiscal dependence
- c. The School Board and all of its funds (School Operating, Grants, Child Nutrition) are classified as a Component Unit of the County.
- d. EDA
- e. Airport Authority
- f. The County's Comprehensive Annual Financial Report (CAFR) will be prepared at the conclusion of the County audit.

4. Fund Accounting

- a. Accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity.
- b. Operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equities, revenues, and expenditures or expenses as appropriate.
- c. Modified accrual basis of accounting will be followed by the governmental funds and agency funds with revenues recognized when measurable and available and expenditures recognized when incurred, with the exception of interest on long-term debt, which is recognized when due.

- d. Proprietary fund types will follow accrual basis of accounting with revenues recognized when due.
- e. Purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

5. Fixed Assets

- a. Fixed assets shall be capitalized for individual items greater than \$5,000, with the exception of buildings, building improvements, construction in progress, intangible assets and land.
- b. Buildings, building improvements, construction in progress and tangible assets shall be capitalized for units greater than \$50,000.
- c. Land shall be capitalized regardless of cost.
- d. Fixed assets shall be depreciated over the estimated useful life of the asset. Enterprise funds will recognize depreciation expense.

Audit Policy

1. General

Audit policy provides guidance on the selection of an independent accounting firm to provide opinions and/or reports on the County's financial statements and internal controls in compliance with Federal and State Standards.

2. Standards

- a. General Accepted Auditing Standards (GAAS).
- b. Governmental Auditing Standards issued by the Comptroller General of the United States.
- c. Specifications for Audit of Counties, Cities, and the Commonwealth of Virginia.
- d. Office of Management and Budget (OMB) Circular 133-A Audits of States and Local Governments and Non-Profit Organizations.
- e. Code of Virginia.

3. Planning and Performance

- a. To obtain reasonable assurance as to whether the financial statements are free of material misstatement by examining on a test basis evidence supporting the amounts and disclosures in the financial statements.
- b. To maintain compliance with the Single Audit Act.
- c. To perform additional audits of County, School Board and Constitutional Officer activities based upon risk assessment of activity, function or process.

4. Selection of Auditors

- a. Auditors will be selected to perform annual audits through a request for proposal (RFP) process every five years, unless otherwise approved by the Board of Supervisors. The selection of the auditors will be made jointly between the County and Schools.

Budget Policy

1. General

- a. The County's budget policy will address the processes by which a budget is formulated from departmental requests to Board of Supervisors' adoption and other issues presented to the Board of Supervisors during the budget process.
- b. A budget policy addresses the authorization levels for the approval of the annual budget and all budget adjustments for revenues and expenditures of all funds.
- c. The state code requires that the School Board present a balanced budget, in which revenues equal expenditures, to the county on or before April 1. This budget document covers the period from July 1 through June 30.
 - d. There are three primary phases in the budget development process: 1) Superintendent's Proposed Operating Budget (administrative recommendation presented to the School Board), 2) School Board Proposed Budget (School Board recommendation to the County Board of Supervisors, and 3) School Board Adopted Budget (School Board adopted operating budget based on funding authorization/appropriation by County).
 - i. The county approves the appropriation for the school system generally no later than May 15. Following the approval of total budget appropriation, the School Board makes the necessary adjustments to their budget proposal and adopts a final budget.
 - ii. The County is responsible in setting the overall (lump sum) appropriation and does not exercise "line-item" authority over the School Budget, this is vested with the School Board. Therefore, the remainder of this policy does not apply to the School
- d. To maintain a budgeting control system that helps the County adhere to the budget, with monthly status reports comparing actual revenues and expenditures to budgeted amounts.
- e. To establish a risk management program to safeguard public assets held in trust and to minimize the financial liability arising from accidental injury or death.

- f. To provide for adequate maintenance of capital plant and equipment and develop a capital asset replacement schedule from the fixed asset inventory records.
- g. To remain current in payments to the Virginia Retirement System and to pursue legislative options that reduce or eliminate unfunded pension liabilities.
- h. To annually increase the proportion of expenditures providing direct services to total budgeted expenditures and to annually decrease the proportion of expenditures supporting administration or other non-direct service activities.
- i. To finance recurring expenses from recurring revenue sources and to not develop a dependency, within the operating budget, on nonrecurring revenue sources.

2. Standards

- a. Generally Accepted Accounting Principles (GAAP)
- b. Uniform Financial Reporting Model of the Auditor of Public Accounts of the Commonwealth of Virginia.
- c. Code of Virginia.

3. Budget Objectives

- a. The County Administrator will identify proposed budget objectives and budget schedule to be presented to the Board of Supervisors.
- b. The budget objectives will be used as the foundation in the formulation of the County Administrator's Recommended Budget and the Budget Schedule will identify important dates throughout the budget preparation and adoption period.
- c. At least once every four years, the County will reassess services and service levels.
- d. The following objectives shall be reviewed during the annual budget process:
 - i. Anticipated property tax rate and assessment changes.
 - ii. Provision of adequate employee compensation.
 - iii. Compliance with financial policies.
 - iv. Vehicle replacement programs.
 - v. Reserve for contingencies within the budget year will be appropriated in the General Fund at an amount equal to at least 0.5 of the General Fund budget whenever practicable.
 - viii. Enterprise funds will be self-supporting through revenues generated from their enterprise activities.

e. The following items will occur in conjunction with the budget preparation and adoption process unless it has been determined that the proposed item is needed in a more expedited manner, in which case the Board of Supervisors approval is required.

- i. Ordinance change involving fee/rate changes.
- ii. New positions or changes to existing positions.
- iii. Requests for bond referendums for which the results of the referendum will occur prior to the appropriating of bond proceeds and expenditures.
- iv. Reimbursement resolutions for debt financed capital projects that would allow certain appropriated expenditures to occur prior to the receipt of debt proceeds.
- v. Acquisition of vehicles.
- vi. Assessment of property values for tax purposes by the Commissioner of the Revenue.
- vii. Estimate of year-end fund balances by the Treasurer.

4. Budget Preparation

- a. The County Administrator will establish a budget schedule by the second Tuesday in October, which will include important dates throughout the budget preparation period.
- b. All departments, excluding the School Board will submit their requested budget to the County Administrator by February 1 or as soon as practicable thereafter, with the requested budget providing detail to personnel, operating and capital requests, including five-year capital improvement program requests, and performance objectives as well as capital improvement needs through the next ten years that are anticipated to be considered for inclusion in the CIP in five years.
- c. County Commissions, Volunteer Organization, and Other Organizations.
 - d. All community organizations shall submit their requests for contributions to the County Administrator's office.
 - ii. The volunteer fire departments and EMS shall assist in the formation of the Fire and EMS budgets.
 - iii. The Community Services Board and Social Services Board shall approve the departmental budget of their respective organizations prior to submission to the County Administrator's Office.
- d. At a meeting of the Board of Supervisors in March, the County Administrator shall submit to the Board of Supervisors a proposed budget, which includes proposed expenditures, segregated at the departmental level between personal services, operating expenditures and capital outlay, and a means of financing the expenditures for the fiscal year commencing July 1.
- e. A consolidated Public Hearing on the budget, ordinance changes, and personal property tax rates with a separate public hearing on the real property tax rate change, if applicable, shall be held no later than five weeks after the County Administrator submits the proposed budget.

- f. The consolidated Public Hearing notices shall appear at least seven days prior to the Public Hearing date, or such period of time as is required by law.
- g. The proposed budget summary shall be placed on the County's web page.

5. Budget Adoption

- a. As soon as practicable following the Public Hearing, the Board of Supervisors will adopt a balanced budget.
- b. The budget is legally enacted through passage of an Appropriations Resolution for all governmental and proprietary fund types that places legal restrictions on expenditures at the function level or category level.
- c. Although legal restrictions on expenditures are established at the function or activity level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.
- d. At all times and notwithstanding anything in these policies to the contrary, the County will maintain compliance with the Code of Virginia in appropriating funds, advertising public notices, ordinance changes, requests for referendums, and any other legal restrictions imposed upon localities.
- e. Included with the budget resolutions is approval for the re-appropriation of all encumbered balances and capital project unencumbered balances at fiscal year-end.
- f. The Adopted Budget Document will be placed on the County's web page.

6. Budget Amendments

- a. Any additional appropriation which increases the total budget by more than 1% of the total budget will be advertised for a Public Hearing at least seven days prior to the Board of Supervisors' approval of transfer, or as otherwise required by the Code of Virginia.
- b. All transfers requiring Board of Supervisors' approvals that have been initiated from Social Services must have the Social Services Board approve the transfer prior to presentation to the Board of Supervisors.
- c. If deficits appear to be forthcoming within a fiscal year the County Administrator will recommend spending reduction to be approved by the Board during the fiscal year in order to sufficiently offset the deficit.

7. Budgetary Accounting

- a. Budgets are adopted on a basis consistent with GAAP for all government funds.
- b. Budgets for the propriety funds are also adopted in accordance with GAAP, with the exception that a budget provision is made for the payment of debt principal, reduction of refundable developer capacity fees credits and rebates, and depreciation is not budgeted.
- c. All budget data in the Comprehensive Annual Financial Report represents the revised budget (adopted budget, re-appropriations and budget transfers).

Fund Balance Policy

1. General

- a. The County desires to maintain the financial operation of the County in a manner consistent with sound financial management principles including guidelines and criteria established by bond rating agencies and the Governmental Accounting Standards Board (GASB).
- b. Sound financial management principles include the establishment of unassigned fund balances sufficient to maintain required cash flows and provide reserve for unanticipated expenditures, revenue shortfalls and other specific uses.
- c. The County will endeavor to maintain balances at such a level that it will not regularly incur short-term borrowings as a means to fund operations.

2. Standards

- a. Governmental Accounting Standards Board (GASB)

3. Planning and Performance

- a. Classifications of Fund Balance. The County will classify fund balances in the following manner consistent with the requirements of GASB 54:
 - i. Non-Spendable Fund Balance
 - a. The portion of fund balance that are not in cash or readily convertible to cash in the short term.
 - b. Inventory balances at fiscal year-end that represent amounts invested in inventory and not available for appropriation.
 - c. Advances to other funds at fiscal year-end that are currently not available for appropriation.
 - ii. Restricted Fund Balance
 - a. Funds only able to be spent for specific purposes as stipulated by contributors outside the County government.
 - b. Includes items such as restricted grants, unspent categorical state funds
 - iii. Committed Fund Balance
 - a. Funds available for a specific use as designated by action of the Board of Supervisors
 - b. Outstanding encumbrances (i.e., purchase orders, contracts and other commitments at fiscal year-end
 - c. Funds re-appropriated to a subsequent year's budget
 - iv. Assigned Fund Balance

- a. Funds intended for a specific use as designated by the County Administrator
 - b. Fund balances in all funds except the general fund are assigned.
 - v. Unassigned Fund Balance
 - a. All balances not restricted in use to another category.
- b. Order of use
- i. It is the policy of Essex County to use funds from the fund balance categories in order of most restrictive to least restrictive, as appropriate. For example, for an allowable expenditure, restricted fund balances will be spent before committed, and committed before assigned fund balances when funds designated for the same purposes are available in multiple categories.
- c. Re-appropriations of capital project funds
- i. The County Administrator shall have the authority to re-appropriate unencumbered balances to continue appropriated capital projects into the next fiscal year.
- d. Unassigned Fund Balance
- i. The County shall maintain an unassigned fund balance at fiscal year-end for the purposes of unanticipated expenditures, to provide for cash flow reserves during the fiscal year due to the timing difference between the receipt of revenues and disbursement of expenditures, and to meet reserve policies and bond covenants.
 - ii. The County shall endeavor to achieve and thereafter maintain to the extent practicable a year-end balance at an amount equal to a minimum of 12% of governmental fund expenditures, with a preferred target of 15% of governmental fund expenditures, less any Capital Outlay projects funded with Bond Proceeds.

Debt Policies

1. The County will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues except where approved justification is provided.

2. The County will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.
3. When the County finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt ratios will be annually calculated and included in the review of financial trends.
4. Outstanding debt of the County whether general obligation, lease revenue or subject to annual appropriation, shall not exceed 3.5% of the assessed valuation of real property. Annual debt service spending should target 10% or less and shall not exceed 12% of total annual general fund expenditures net of interfund transfers and inclusive of Essex County School Board's expenditures. The ten-year payout ratio for all County debt shall target a minimum of 55% of total principal outstanding. These ratios will be measured annually.
5. Where feasible, the County will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
6. The County will only issue tax anticipation debt due to unforeseen circumstances and where cash flow projections identify an absolute need, and will retire any such tax anticipation debt annually. Bond anticipation debt will be retired within six months after completion of the project or upon availability of permanent financing.

Reserve Policies

1. The County Board may, from time-to-time, appropriate unassigned fund balances that will reduce available fund balances below the 12% minimum unassigned fund balance for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County. In such circumstances, the Board will adopt a plan to restore the available fund balances to the policy level within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.
2. In recognition of the incremental costs of capital improvements and their future maintenance and replacement costs, the County will establish a Capital Improvements Reserve Fund. The level of the Fund will be determined on an annual basis and incorporated into the County's Annual Operating Budget. This Fund will be initially established at some minimum level based upon a further evaluation of future capital improvements needs (inclusive of pay-go capital).

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