VIRGINIA: A SCHEDULED SPECIAL MEETING OF THE SURRY COUNTY BOARD OF SUPERVISORS HELD IN THE AUXILLARY CONFERENCE ROOM OF THE GOVERNMENT CENTER ON WEDNESDAY, APRIL 23, 2025 AT 5:00 P.M.

PRESENT: SUPERVISOR ROBERT ELLIOTT, JR.
SUPERVISOR BREYON PIERCE
SUPERVISOR WILLIAM (TIM) CALHOUN
SUPERVISOR WALTER HARDY

ABSENT: SUPERVISOR AMY DREWERY

ALSO
PRESENT: MS. LOLA PERKINS, COUNTY ATTORNEY
MS. MELISSA ROLLINS, COUNTY ADMINISTRATOR
MR. DAVID HARRISON, DEPUTY COUNTY ADMINISTRATOR
MR. DELON BROWN, DEPUTY COUNTY ADMINISTRATOR OF OPERATIONS & INFRASTRUCTURE
MS RENEE CHAPLINE, ECONOMIC DEVELOPMENT DIRECTOR
MS. SHARNA WHITE, REGISTRAR

**Call to Order**

*Chairperson Elliott called the meeting to order.*

**Discussion**

Davenport & Company presented an analysis of Surry County's financial position to include comparisons with several Peer communities. A hybrid financing strategy was presented using a phased approach for the Board of Supervisors' consideration and planning for the YMCA project: Interim Financing for the initial planning and development phase of $10.0 million followed by permanent financing.

Chairman Elliott inquired as to the current status with the YMCA: Ms. Perkins, County Attorney, advised that the Letter of Intent had been previously executed, and the Lease Agreement will require a public hearing.

County Administrator, Melissa Rollins advised that a public information session (TBA) will be scheduled prior to the public hearing.

Supervisor Pierce made the motion to authorize Davenport and Company to proceed with next steps for the interim financing. Supervisor Hardy seconded the motion.

Vote:
Chairman Elliott, Aye
Vice Chairman Pierce, Aye
Supervisor Hardy, Aye
Supervisor Calhoun, Aye

## **Adjournment**

*There being no further business before the Board, Chairman Elliott adjourned the meeting until May 1st at 6 p.m.*

The meeting adjourned at 6:45 PM.

# YMCA Capital Planning Analysis & Financial Update

Surry County, Virginia

April 23, 2025

DAVENPORT & COMPANY

Member NYSE | FINRA | SIPC

# Introduction

- Davenport & Company LLC ("Davenport"), in our role as Financial Advisor to the County of Surry, Virginia (the "County"), was asked to provide a Capital Planning Analysis with regards to the YMCA Project and a general financial update of the County.

- At this time, the County is in the preliminary planning stages for the FY 2026 Budget and a series of potential upcoming capital projects, including but not limited to the YMCA Project.
  - The YMCA Project will allow the County to enhance its Parks, Recreation, and Cultural opportunities within the County as a whole.

- The County has also recently decided to change the collection of Personal Property Taxes to June of each calendar year.

- As further described on the following page, the over-arching goal of the discussion presented herein is to identify strategies to maintain the financial strength and stability of the General Fund, while also funding the County's important capital needs in a sustainable and financially responsible manner.

# Goals and Objectives

- As part of the discussion presented herein, Davenport intends to accomplish the following:

1. Review the County's Fund Balance levels with respect to its adopted Financial Policy Guidelines and neighboring localities;

2. Review the County's existing Debt Profile and comparatives to neighboring localities;

3. Identify the expected one-time revenue influx from the Personal Property Tax collection switch and present a preliminary Plan of Finance and Capital Planning Analysis to evaluate the County's strategy/ability to fund the YMCA Project in a financially responsible manner (per direction from County Staff); and,

4. Present a proposed Financing Schedule for the YMCA Project.

# Fund Balance & Peer Comparatives

# Historical Financials - Key Observations

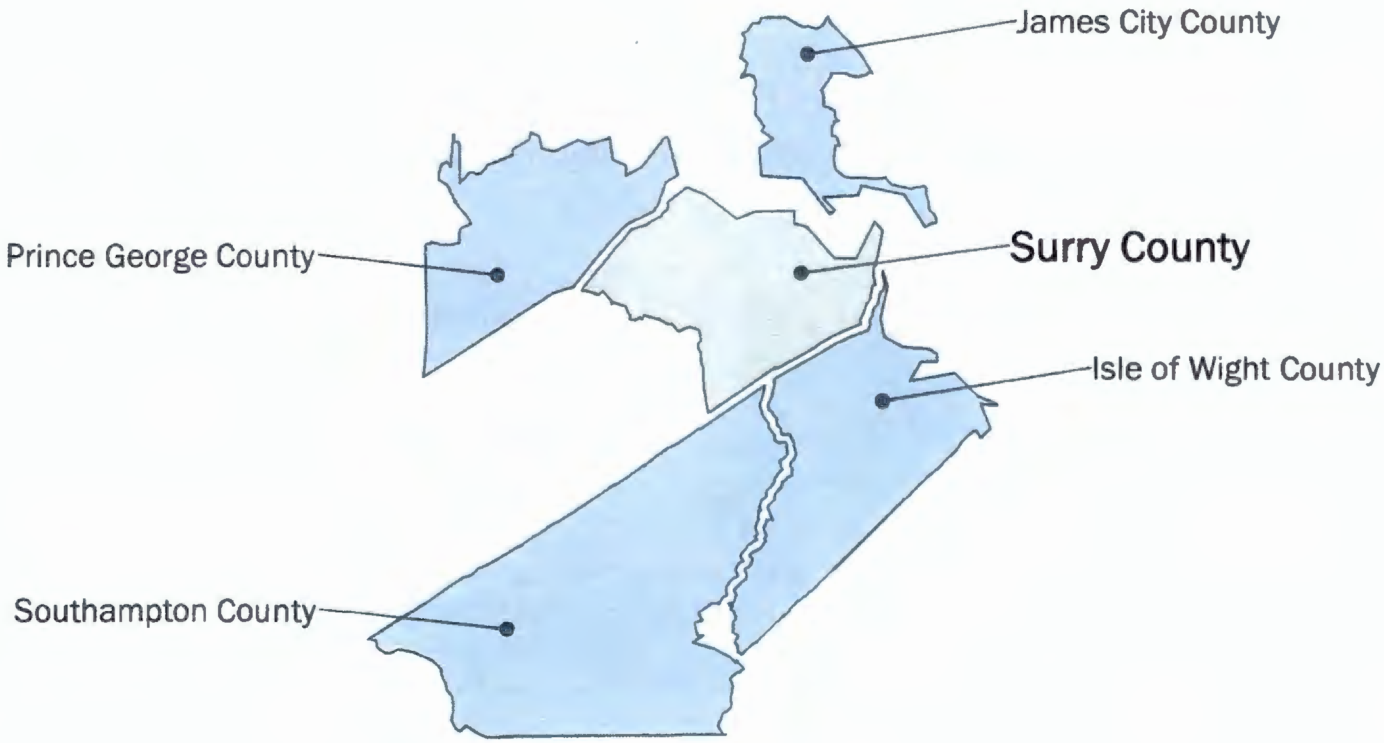
- The County's fund balance metrics compare favorably to other well run local governments and neighboring peers and is in compliance with all of its adopted financial policy guidelines.

- Fund Balance is arguably the most important financial metric when assessing the financial strength and stability of a local government such as the County.
  - Unlike many of its peers, the County is unique in that its tax base and revenue stream are highly dependent on a single entity (i.e. the Dominion Surry Power Station, the "Power Plant").
  - This dependence on a single entity and concentration of tax base makes Fund Balance an even more critical component of the County's finances.

- Overall, the County has historically been well run from a financial perspective. The County has a history of producing annual operating surpluses, maintaining strong reserve levels, and cash funding a portion of its capital program.

# Peer Comparative Group - Overview

- Davenport has served as Financial Advisor to a vast majority of Surry County's neighboring counties.



# General Fund Balance Trends

- The County adopted the following financial policy guidelines in regard to Fund Balance ("FB"):
  1. Establish a General Fund Assigned Fund Balance equal to or greater than 25% of the following fiscal year's budgeted General Fund and School Operating budgets, net of transfers.
  2. Maintain a General Fund Unassigned Fund Balance in an amount equal to or greater than 15% of the following fiscal year's budgeted General Fund and School Operating budgets, net of transfers.

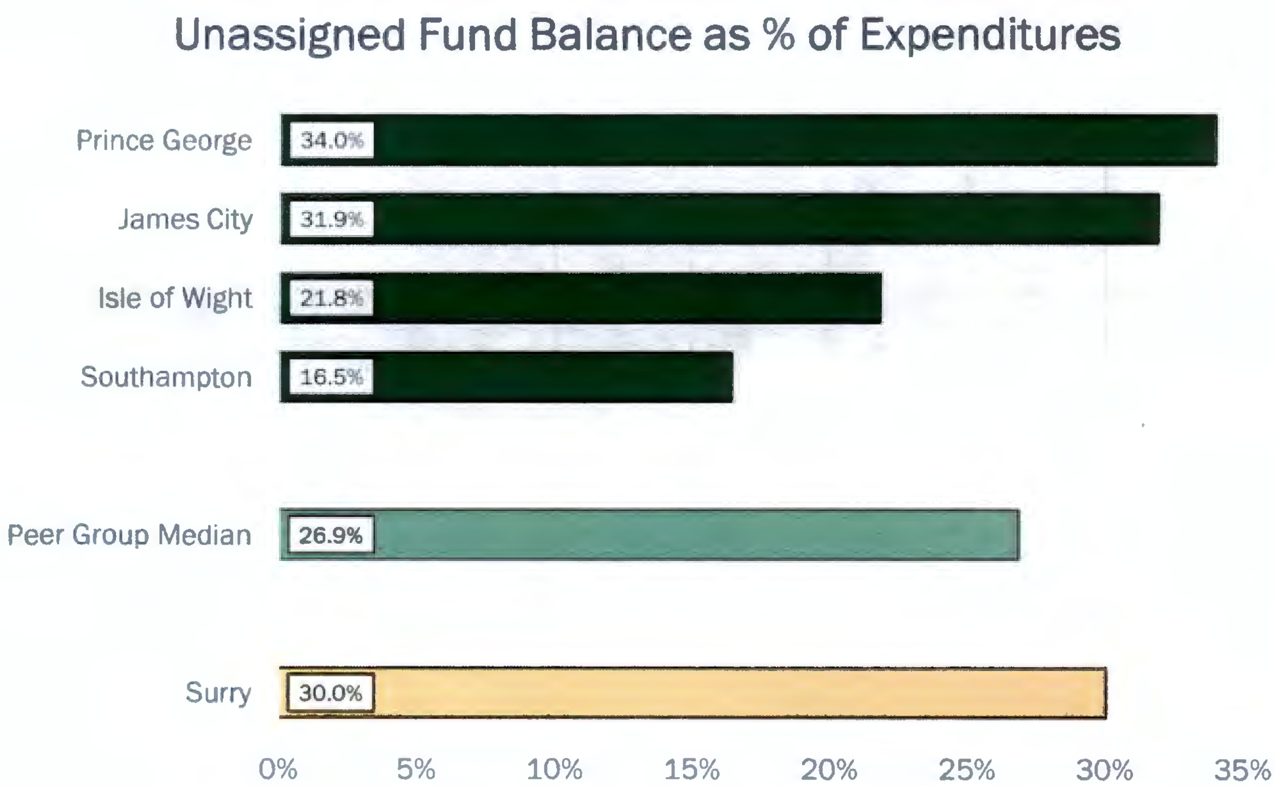
- The County is currently in compliance with its FB policies and increased its Total FB in FY 2023.

| | Fiscal Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| 1 | Governmental Expenditures | $32,121,428 | $32,795,696 | $32,565,483 | $37,045,903 | $35,634,057 |
| 2 | | | | | | |
| 3 | General Fund Balance | | | | | |
| 4 | Committed | $9,900,350 | $11,093,362 | $8,130,065 | $12,313,115 | $ - |
| 5 | Assigned | - | - | - | - | 9,700,787 |
| 6 | Unassigned | 10,494,377 | 7,881,289 | 10,096,160 | 7,077,703 | 10,700,901 |
| 7 | Total Fund Balance | $20,394,727 | $18,974,651 | $18,226,225 | $19,390,818 | $20,401,688 |
| 8 | | | | | | |
| 9 | General Fund Balance Ratios | | | | | |
| 10 | Unassigned as a % of Expenditures (15% Policy) | 32.7% | 24.1% | 31.0% | 19.1% | 30.0% |
| 11 | Assigned / Committed as a % of Expenditures (25% Policy) | 30.8% | 33.8% | 25.0% | 33.2% | 27.3% |
| 12 | Total FB as a % of Expenditures | 63.5% | 57.9% | 56.0% | 52.3% | 57.3% |

Note: General Government Expenditures are calculated using the following Fiscal Year's Budgeted General Fund Expenditures plus School Operating Expenditures less Local Government Contributions.

Source: 2019-2023 Audits, 2020-2024 Budgets.

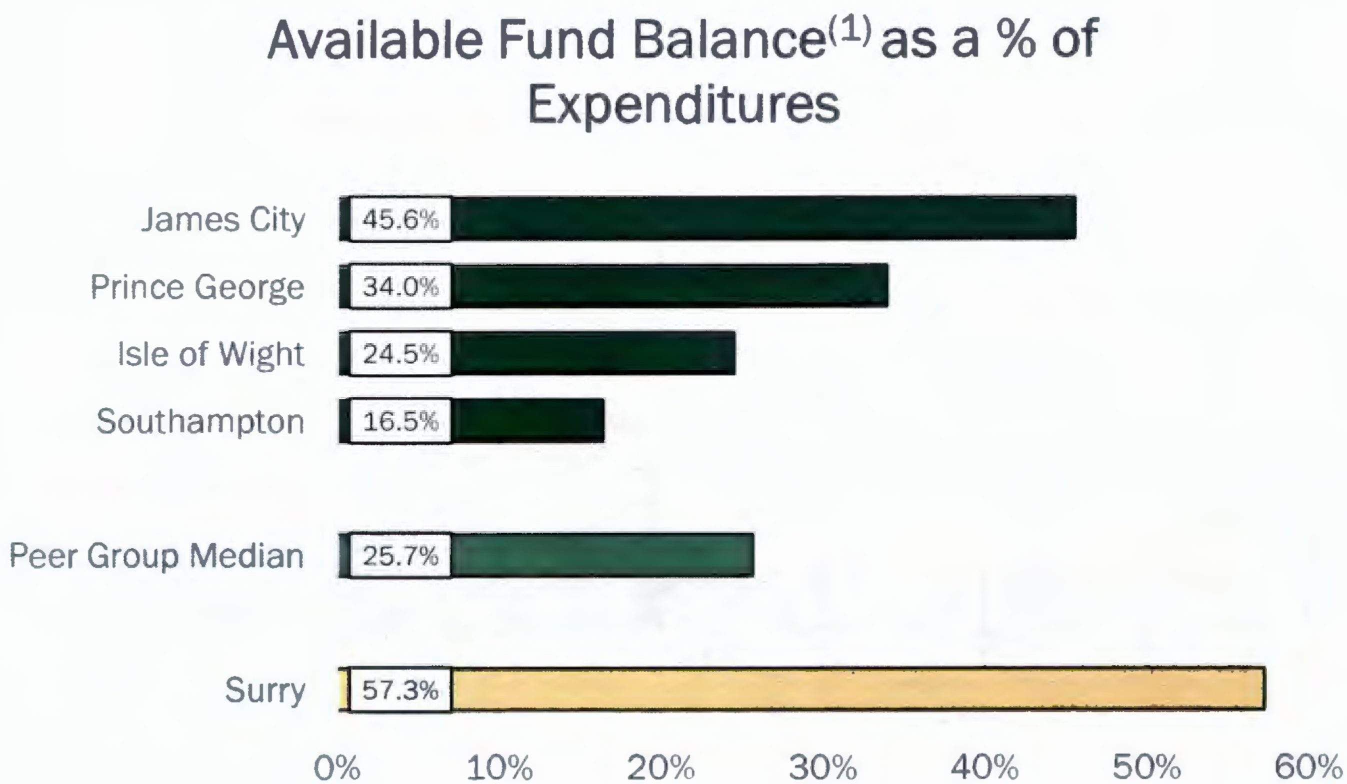
# Peer Comparative – Unassigned Fund Balance as % of Expenditures




Note: Surry County General Government Expenditures are calculated using the following Fiscal Year's Budgeted General Fund Expenditures plus School Operating Expenditures less Local Government Contributions. Peer locality Expenditures are calculated using their FY 2023 Audit.

Source: Surry County FY 2024 Budget, FY 2023 County Audits.

# Peer Comparative – Available Fund Balance as a % of Expenditures




(1) Available FB consists of Unassigned, Assigned, and Committed FB.

Note: Surry County General Government Expenditures are calculated using the following Fiscal Year's Budgeted General Fund Expenditures plus School Operating Expenditures less Local Government Contributions. Peer locality Expenditures are calculated using their FY 2023 Audit.

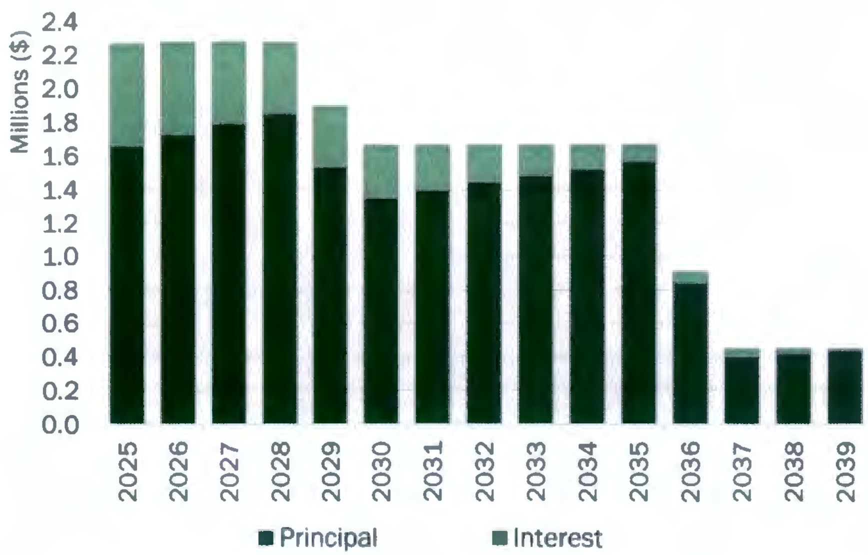
Source: FY 2024 Surry County Budget, FY 2023 County Audits.

# Existing Debt Profile

# Existing Tax-Supported Debt Service

- The County's Existing Tax-Supported Debt Service is shown as of 06/30/2024 (FY 2025).

- The County pays off its debt quickly, with a 10 Year Payout Ratio of 81%.

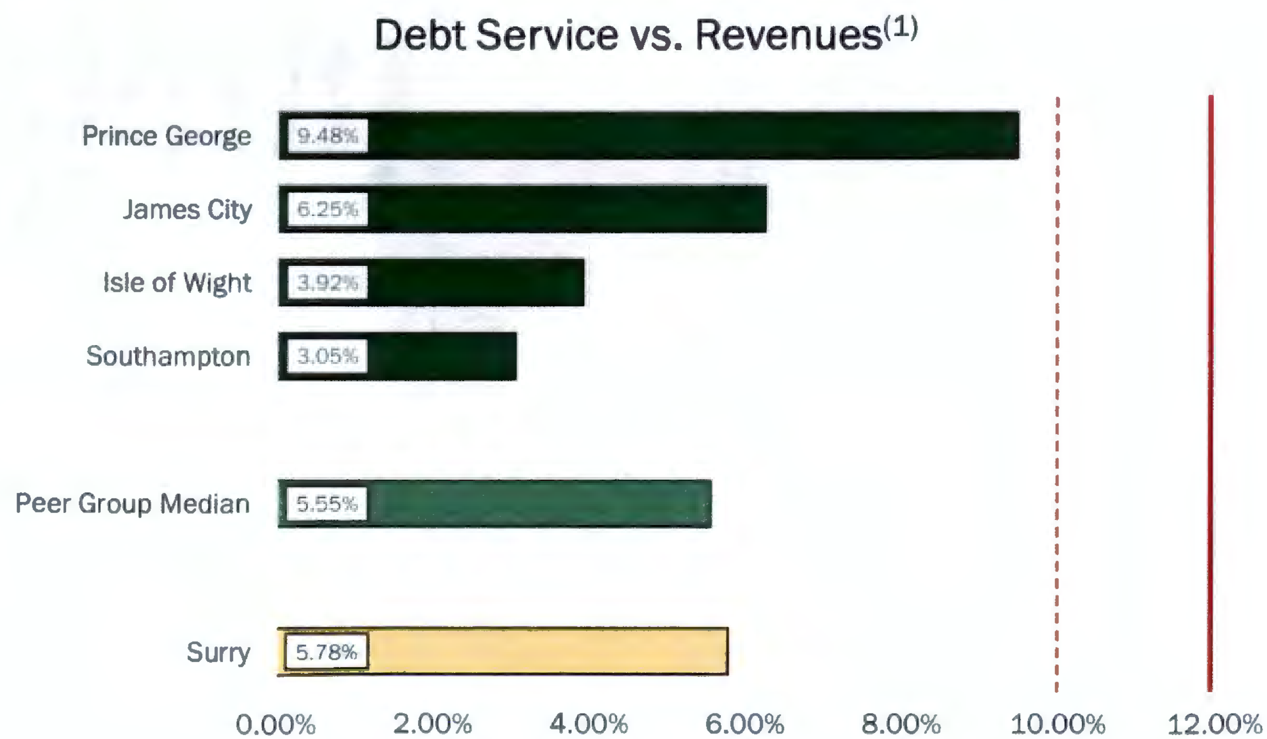



**Total Tax-Supported Debt Service**

| FY | Principal | Interest | Total |
|---|---|---|---|
| **Total** | **19,465,000** | **3,818,063** | **23,283,063** |
| 2025 | 1,660,000 | 612,024 | 2,272,024 |
| 2026 | 1,730,000 | 552,167 | 2,282,167 |
| 2027 | 1,795,000 | 489,997 | 2,284,997 |
| 2028 | 1,855,000 | 425,660 | 2,280,660 |
| 2029 | 1,535,000 | 365,201 | 1,900,201 |
| 2030 | 1,350,000 | 315,098 | 1,665,098 |
| 2031 | 1,400,000 | 268,179 | 1,668,179 |
| 2032 | 1,445,000 | 222,582 | 1,667,582 |
| 2033 | 1,485,000 | 181,485 | 1,666,485 |
| 2034 | 1,525,000 | 141,314 | 1,666,314 |
| 2035 | 1,570,000 | 99,265 | 1,669,265 |
| 2036 | 845,000 | 65,066 | 910,066 |
| 2037 | 405,000 | 44,034 | 449,034 |
| 2038 | 425,000 | 26,916 | 451,916 |
| 2039 | 440,000 | 9,075 | 449,075 |

# Peer Comparative – Debt Service vs. Revenues

County Policy: Annual debt service requirements should target 10% or less and shall not exceed 12% of total operating revenues, including revenues allocated to Surry County for public education.

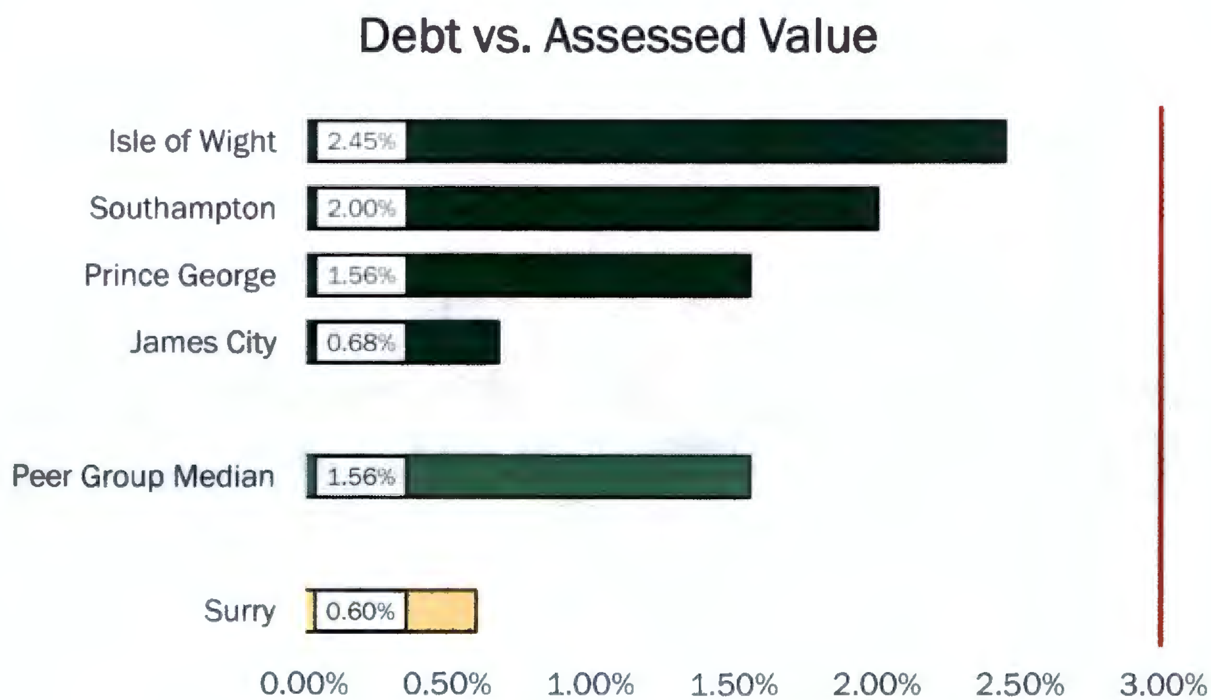



(1) Revenues are calculated by using General Government Revenues plus School Operating Revenues less Local Contributions.

Source: FY 2023 County Audits.

# Peer Comparative –Debt Outstanding vs. Assessed Value

County Policy: Outstanding debt shall not exceed 3% of the assessed valuation of real and personal property.




Source: FY 2023 County Audits.

# Plan of Finance

# Overview| YMCA Project

- The County has asked Davenport to develop a Plan of Finance for the potential YMCA Project.

- On the following pages, Davenport has outlined a financing strategy and estimated project timeline.
  - The final total cost of the YMCA project is still under discussion and fine-tuning due to various factors (capital campaign, engineering costs, etc.). Given this, the strategy outlined herein contemplates an estimated project amount in the range of $20 - 24 million.

- Given the County's strong fund balance levels at present, the County could consider using the "One-Time" Personal Property Tax revenue influx to help offset associated borrowing costs related to the YMCA Project.
  - Note: County Staff have indicated that this amount is projected to be in the range of $2.3 million.

- Davenport has also assessed and analyzed the County's ability to maintain its financial strength while issuing debt for the YMCA Project.

Note: Potential borrowings are contingent upon Board of Supervisors' final decisions.

# Hybrid Financing Strategy | YMCA Project

- Davenport proposes breaking up the debt issuance for the YMCA project into two tranches:

1. In the Spring/Summer of 2025, obtain credit facility/interim financing of $10 million of the $20 - 24 million:

   ➤ This will provide the County flexibility in paying initial planning costs associated with the project (i.e. design). This flexible tranche can be paid down when the County better knows:

   ✓ Final cost of the project;

   ✓ How many dollars the YMCA raises through its capital campaign;

   ✓ How much cash (i.e. fund balance) the County would want to contribute to the project; and

   ✓ Any other additional revenues the County may realize in the upcoming years.

2. In the Spring/Summer of 2026, obtain permanent financing for the balance of project costs – in the range of $10 - 14 million:

   ➤ Lock-in a fixed long term rate for a bulk of the projected costs that the County will likely need to cover on a permanent basis. This permanent tranche can be obtained when the County better knows the finalized project costs.

# Hybrid Financing Strategy | YMCA Project (cont.)

- As outlined on the previous page, issuing debt in two separate tranches will provide the following benefits to the County:

1. **Obtain Flexible Credit Facility** - putting in place a flexible credit facility/interim financing before the permanent financing ensures the County has access to funds for initial planning costs related to the YMCA project.

2. **Flexible Prepayment Provisions** – once the total project cost is finalized, flexible prepayment provisions will allow the County to only borrow on a long-term permanent basis for what is needed as well as use any identified sources to lower the borrowing costs.

3. **Interest Earnings** - borrowing for the YMCA Project while rates remain favorable can help the County to conserve its Fund Balance that can in-turn generate interest income. Also, interest income can be generated from proceeds of the borrowings to reduce the debt service burden.

4. **Lock-in Long Term Funding** – once the total project cost is finalized, borrowing on a permanent basis for roughly half of the project will lock in funding for a large portion of project.

5. **Minimize Debt Service Impact** – debt service on the credit facility/interim financing component will only require interest payments for the life of the loan, until termed-out (permanently financed), or paid down.

# Hybrid Financing Strategy | YMCA Project (cont.)

**YMCA Project**

$20 - 24 Million

(Estimated Project Cost)

**Credit Facility/Interim Financing**

Up to $10 Million

(5-year term)

- Flexible prepayment provisions
- Interest-only payments
- Term-out balance – if any – in around FY 2030

**Permanent Financing**

In the range of $10 - 14 Million

(20 or 30-year term)

- Long-term funding for the Project
- Interest & principal payments* (3-years of interest-only)

*Estimates are conducted assuming three years of interest-only payments for both the 20-year or 30-year scenarios. Principal begins in FY 2030.

# Potential Issuance Recommendation | YMCA Project

- Davenport recommends that the County consider issuing debt through the following options for each tranche:

1. **The Credit Facility/Interim Financing tranche is recommended to be issued through a competitively bid Direct Bank Loan due to the prepayment flexibility component.**

2. **The Permanent Financing tranche could be issued through any of the following options:**
   - Competitively bid Direct Bank Loan;
   - Virginia Resources Authority (VRA) Pooled Financing Program; or
   - Public sale in the Credit Markets with Initial County Credit Ratings.

# Capital Funding Analysis

# Capital Funding Analysis – Overview

- The County has identified potential borrowing needs in the range of $20 – 24 million for the YMCA project. Davenport has undergone the following analysis to demonstrate the potential impact of the hybrid plan of finance structure mentioned in the previous section given the various recommended financing options.

- The following scenarios have been considered in the analysis:
  - Issuance of interim financing and permanent financing in FY 2025 and FY 2026, respectively; with debt service payments for the interim financing and the permanent financing beginning in FY 2026 and FY 2027, respectively.
  - Planning interest rates for permanent and interim financings: VRA & Bank Loan (5.00%).
  - Permanent Financing Term: VRA or Bank Loan (20-year), and VRA (30-year).
  - Credit Facility/Interim Financing Term: 5-year.

- It is important to note that this analysis is demonstrating the financial impact with the use of only the $2.3 million "One-Time" Personal Property Tax revenue influx to create a capital reserve. No other use of fund balance, capital contributions, or other revenue sources from the County or YMCA is factored into this analysis.

- Other considerations will need to be taken into account to determine the optimal financing pathway for the County, and the estimates herein should be viewed as planning estimates (does not incorporate any revenue/penny growth).

Note: Potential borrowings are contingent upon Board of Supervisors' final decisions.

# Capital Funding Analysis – Overview (cont.)

- The $2.3 million "One-Time" Personal Property Tax revenue influx is used to create a capital reserve that is strategically utilized to help offset the debt service impact.

- The initial impact of undertaking up to $24 million is estimated to be in the range of 2¢ - 4¢ on the real estate tax rate.

**Estimated Real Estate Penny Equivalent Impact**

| Project Size | $20,000,000 | | $24,000,000 | |
|---|---|---|---|---|
| Permanent Financing Loan Structure | 20 year amortization | 30 year amortization | 20 year amortization | 30 year amortization |
| FY 2026 | 0¢ | 0¢ | 0¢ | 0¢ |
| **FY 2027** | **1.0¢** | **1.0¢** | **1.0¢** | **1.0¢** |
| **FY 2028** | **1.0¢** | **1.0¢** | **1.0¢** | **1.0¢** |
| FY 2029 | 0¢ | 0¢ | 0¢ | 0¢ |
| FY 2030 | 0¢ | 0¢ | 0¢ | 0¢ |
| **FY 2031*** | **0.5¢** | 0¢ | **2.0¢** | **1.0¢** |
| **Total** | **2.5¢** | **2.0¢** | **4.0¢** | **3.0¢** |

- The County is projected to remain in compliance with all of its self imposed debt-related financial policy guidelines under all scenarios**.

- Should the YMCA capital campaign, or other revenue sources from the County or YMCA be used to reduce the borrowing amount/debt service, the penny impact could be even lower.

*Fiscal Year 2031 Budget Impact assumes the County will term out the full $10 million interim financing on a permanent basis which may not be necessary if it is paid off with other available funds (i.e., YMCA Capital Campaign, grants, fund balance, etc.).

**For Planning Purposes, Revenues and Assessed Value for Debt Ratios are assumed to grow 1% year-on-year. Beginning FY 2024.

# Capital Funding Analysis – Overview (cont.)

- The $2.3 million "One-Time" Personal Property Tax revenue influx is used to create a capital reserve that is strategically utilized to help offset the debt service impact.

- The initial impact of undertaking up to $24 million is estimated to be in the range of 2¢ - 4¢ on the real estate tax rate.

**Incremental Additional Annual Revenue Required[1]**

| Project Size | $20,000,000 | | $24,000,000 | |
|---|---|---|---|---|
| Permanent Financing Loan Structure | 20 year amortization | 30 year amortization | 20 year amortization | 30 year amortization |
| FY 2026 | $ - | $ - | $ - | $ - |
| FY 2027 | 384,000 | 384,000 | 384,000 | 384,000 |
| FY 2028 | 384,000 | 384,000 | 384,000 | 384,000 |
| FY 2029 | - | - | - | - |
| FY 2030 | - | - | - | - |
| FY 2031 | 192,000 | - | 768,000 | 384,000 |

- The County is projected to remain in compliance with all of its self imposed debt-related financial policy guidelines under all scenarios**.

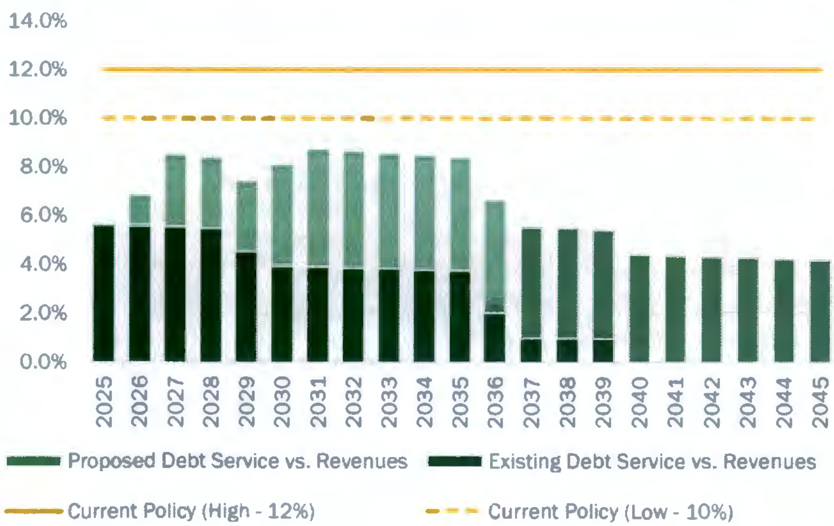
- Should the YMCA capital campaign, or other revenue sources from the County or YMCA be used to reduce the borrowing amount/debt service, the penny impact could be even lower.

(1) Figures are based on establishing a capital reserve of $2.3 million and the penny value no less than $384,000.
*Fiscal Year 2031 Budget Impact assumes the County will term out the full $10 million interim financing on a permanent basis which may not be necessary if it is paid off with other available funds (i.e., YMCA Capital Campaign, grants, fund balance, etc.).
**For Planning Purposes, Revenues and Assessed Value for Debt Ratios are assumed to grow 1% year-on-year. Beginning FY 2024.

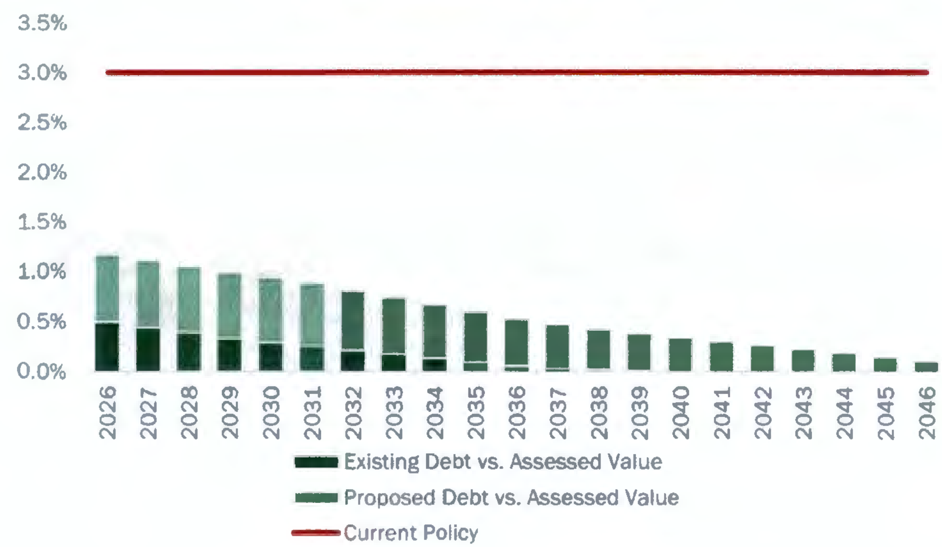
# Capital Funding Analysis - Debt Ratios

- The County is projected to remain in compliance with all of its self imposed debt-related financial policy guidelines under the most conservative scenario (i.e., $24 million project costs, 20-year amortization for Permanent Financing).

### Debt Service vs. Revenues[1]




### Debt vs. Assessed Value




(1) Revenues are calculated by using General Government Revenues plus School Operating Revenues less Local Contributions.
Note: Debt Ratios reflect Scenario 3: $24 million project costs, 20-year amortization for Permanent Financing, and 5-year Interim Financing followed by 20-year amortization Term-Out Permanent Financing in Fiscal Year 2030; For Planning Purposes, Revenues and Assessed Value for Debt Ratios are assumed to grow 1% year-on-year. Beginning FY 2024.

# Interest Rate Environment | Tax-Exempt


***Interest rates for tax-exempt borrowings are at historically favorable levels.***

The 20-year interest rates above show the Bond Buyer's "20-Bond Index" which consists of 20 tax-exempt bonds with an average rating of 'Aa2'/'AA' (Moody's / S&P) that mature in 20 years. The 20-Bond Index serves as a general indicator of prevailing interest rates for tax-exempt borrowers. Updated as of 04/10/2025.

# Next Steps

# Next Steps

| Timing | Action |
|---|---|
| Wednesday, April 23 | <u>Special-Called Board of Supervisors Meeting:</u><br>▪ Davenport to present Plan of Finance to Board of Supervisors for 2025 Lease Revenue Interim Financing ("2025 Interim Financing").<br>▪ At the direction of BOS, Davenport to initiate issuance process for the 2025 Interim Financing. |
| Balance of Fiscal Year 2025 | ▪ County continues working on FY 2026 Budget and identifies any additional capital needs. |
| Balance of April/Early May | ▪ Davenport distributes Direct Bank Loan RFP to local, regional, and national banking institutions to solicit proposals for the 2025 Interim Financing. |
| Month of May | <u>Special Called EDA Meeting:</u><br>▪ Davenport to present educational presentation of the EDA's role in the 2025 Interim Financing. |
| Late May/Early June | ▪ Direct Bank Loan RFP responses due to Davenport. |
| Month of June | <u>Regular Board of Supervisors Meeting:</u><br>▪ Davenport presents results of the Direct Bank Loan RFP process for the 2025 Interim Financing.<br>▪ BOS considers approval of the 2025 Interim Financing and the winning bidder via financing documents provided by Bond Counsel.<br><u>Special Called EDA Meeting:</u><br>▪ EDA considers approval of financing documents provided by Bond Counsel. |
| Month of July | ▪ Close on the 2025 Interim Financing. Funds in hand. |

# Appendix

# Capital Funding Analysis – $20 million Project Size

- Factoring in the potential use of the $2.3 million capital reserve, the impact of undertaking $20 million is estimated to be in the range of 2¢ - 2.5¢ on the real estate tax rate.

| | Scenario 1 | | Scenario 2 | |
|---|---|---|---|---|
| **Capital Projects Funded** | Permanent Financing (Bank Loan/VRA) | Credit Facility/Interim Financing | Permanent Financing (VRA) | Credit Facility/Interim Financing |
| **Project Size** | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 |
| **Estimated Interest Rate** | 5.00% | 5.00% | 5.00% | 5.00% |
| **Loan Structure*** | 20 year Level Debt Service (3 Years Interest-Only & 17 Years Full Principal & Interest) | 5 years of Interest-Only | 30 year Level Debt Service (3 Years Interest-Only & 27 Years Full Principal & Interest) | 5 years of Interest-Only |
| **Fiscal Year of Issuance** | FY 2026 (1st Payment in FY 2027) | FY 2025 (1st Payment in FY 2026) | FY 2026 (1st Payment in FY 2027) | FY 2025 (1st Payment in FY 2026) |
| **Final Maturity/Term** | FY 2046 | FY 2030 | FY 2056 | FY 2030 |
| **Use of $2.3 Million in Capital Reserve** | Yes | | Yes | |
| **Approximate Avg. Annual Payment** | Interest-Only: $510 Thousand<br>Principal & Interest: $900 Thousand | Interest-Only: $510 Thousand | Interest-Only: $510 Thousand<br>Principal & Interest: $695 Thousand | Interest-Only: $510 Thousand |
| **Estimated Real Estate Penny Equivalent Impact*** | | | | |
| FY 2026 | 0¢ | | 0¢ | |
| FY 2027 | **1.0¢** | | **1.0¢** | |
| FY 2028 | **1.0¢** | | **1.0¢** | |
| FY 2029 | 0¢ | | 0¢ | |
| FY 2030 | 0¢ | | 0¢ | |
| FY 2031 | **0.5¢** | | 0¢ | |
| **Total** | **2.5¢** | | **2.0¢** | |
| **Projected Maximum Debt Metrics** | | | | |
| Debt Service vs. Revenues (Fiscal Year) Policy 10-12% | 8.02% (FY 2027) | | 8.02% (FY 2027) | |
| Outstanding Debt vs. Assessed Value (Fiscal Year) Policy 3% | 1.06% (FY 2026) | | 1.06% (FY 2026) | |

Note: The value of 1¢ on the Real Estate Tax rate is assumed to equal approximately $384,000. No growth in the value of 1¢ is contemplated in this analysis. Scenarios assume the County maintains and budgets for its current FY 2025 debt service payment ($2,272,024). Preliminary, and Subject to Change. For Planning Purposes Only.
*For the permanent financing, principal begins in FY 2030. Term-out of the Interim Financing occurs in FY 2030 (with principal and interest payments beginning in FY 2031).

# Capital Funding Analysis – $24 million Project Size

- Factoring in the potential use of the $2.3 million capital reserve, the impact of undertaking $24 million is estimated to be in the range of 3¢ - 4¢ on the real estate tax rate.

| | Scenario 3 | | Scenario 4 | |
|---|---|---|---|---|
| **Capital Projects Funded** | Permanent Financing (Bank Loan/VRA) | Credit Facility/Interim Financing | Permanent Financing (VRA) | Credit Facility/Interim Financing |
| **Project Size** | $14,000,000 | $10,000,000 | $14,000,000 | $10,000,000 |
| **Estimated Interest Rate** | 5.00% | 5.00% | 5.00% | 5.00% |
| **Loan Structure*** | 20 year Level Debt Service (3 Years Interest-Only & 17 Years Full Principal & Interest) | 5 years of Interest-Only | 30 year Level Debt Service (3 Years Interest-Only & 27 Years Full Principal & Interest) | 5 years of Interest-Only |
| **Fiscal Year of Issuance** | FY 2026 (1st Payment in FY 2027) | FY 2025 (1st Payment in FY 2026) | FY 2026 (1st Payment in FY 2027) | FY 2025 (1st Payment in FY 2026) |
| **Final Maturity/Term** | FY 2046 | FY 2030 | FY 2056 | FY 2030 |
| **Use of $2.3 Million in Capital Reserve** | Yes | | Yes | |
| **Approximate Avg. Annual Payment** | Interest-Only: $710 Thousand<br>Principal & Interest: $1.26 Million | Interest-Only: $510 Thousand | Interest-Only: $710 Thousand<br>Principal & Interest: $970 Thousand | Interest-Only: $510 Thousand |
| **Estimated Real Estate Penny Equivalent Impact*** | | | | |
| FY 2026 | 0¢ | | 0¢ | |
| FY 2027 | 1.0¢ | | 1.0¢ | |
| FY 2028 | 1.0¢ | | 1.0¢ | |
| FY 2029 | 0¢ | | 0¢ | |
| FY 2030 | 0¢ | | 0¢ | |
| FY 2031 | 2.0¢ | | 1.0¢ | |
| **Total** | **4.0¢** | | **3.0¢** | |
| **Projected Maximum Debt Metrics** | | | | |
| Debt Service vs. Revenues (Fiscal Year) Policy 10-12% | 8.77% (FY 2031) | | 8.52% (FY 2027) | |
| Outstanding Debt vs. Assessed Value (Fiscal Year) Policy 3% | 1.17% (FY 2026) | | 1.17% (FY 2026) | |

Note: The value of 1¢ on the Real Estate Tax rate is assumed to equal approximately $384,000. No growth in the value of 1¢ is contemplated in this analysis. Scenarios assume the County maintains and budgets for its current FY 2025 debt service payment ($2,272,024). Preliminary, and Subject to Change. For Planning Purposes Only.

*For the permanent financing, principal begins in FY 2030. Term-out of the Interim Financing occurs in FY 2030 (with principal and interest payments beginning in FY 2031).

# Capital Funding Analysis – Capital Reserve Scenario

- The $24 million project cost, 20 Year Permanent Financing, and 5-Year Credit Facility/Interim Financing scenario is shown on the following slides to demonstrate how the capital reserve fund is being strategically used to offset the increase in debt service in FY 2026.

| | A | B | C | D | E = D - C | F | G | H = G + D |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Existing Debt Service | Total Proposed Debt Service | Total Capital Requirements | FY 2025 Debt Service Level | Additional Revenue Required | Incremental Equivalent Real Estate Tax Increase | Revenue from Real Estate Tax Increase | Total Available Revenues |
| 2025 | 2,272,024 | 0 | 2,272,024 | 2,272,024 | -- | - | 0 | 2,272,024 |
| 2026 | 2,282,167 | 507,500 | 2,789,667 | 2,272,024 | 517,643 | - | 0 | 2,272,024 |
| 2027 | 2,284,997 | 1,218,000 | 3,502,997 | 2,272,024 | 1,230,973 | *1.0¢* | 384,000 | 2,656,024 |
| 2028 | 2,280,660 | 1,218,000 | 3,498,660 | 2,272,024 | 1,226,636 | *1.0¢* | 768,000 | 3,040,024 |
| 2029 | 1,900,201 | 1,218,000 | 3,118,201 | 2,272,024 | 846,177 | - | 768,000 | 3,040,024 |
| 2030 | 1,665,098 | 1,767,915 | 3,433,013 | 2,272,024 | 1,160,989 | - | 768,000 | 3,040,024 |
| 2031 | 1,668,179 | 2,086,913 | 3,755,092 | 2,272,024 | 1,483,068 | *2.0¢* | 1,536,000 | 3,808,024 |
| 2032 | 1,667,582 | 2,086,913 | 3,754,495 | 2,272,024 | 1,482,471 | - | 1,536,000 | 3,808,024 |
| 2033 | 1,666,485 | 2,086,913 | 3,753,399 | 2,272,024 | 1,481,375 | - | 1,536,000 | 3,808,024 |
| 2034 | 1,666,314 | 2,086,913 | 3,753,228 | 2,272,024 | 1,481,204 | - | 1,536,000 | 3,808,024 |
| 2035 | 1,669,265 | 2,086,913 | 3,756,178 | 2,272,024 | 1,484,154 | - | 1,536,000 | 3,808,024 |
| 2036 | 910,066 | 2,086,913 | 2,996,979 | 2,272,024 | 724,955 | - | 1,536,000 | 3,808,024 |
| 2037 | 449,034 | 2,086,913 | 2,535,948 | 2,272,024 | 263,924 | - | 1,536,000 | 3,808,024 |
| 2038 | 451,916 | 2,086,913 | 2,538,829 | 2,272,024 | 266,805 | - | 1,536,000 | 3,808,024 |
| 2039 | 449,075 | 2,086,913 | 2,535,988 | 2,272,024 | 263,964 | - | 1,536,000 | 3,808,024 |

Note: The value of 1¢ on the Real Estate Tax rate is assumed to equal approximately $384,000. No growth in the value of 1¢ is contemplated in this analysis. Scenarios assume the County maintains and budgets for its current FY 2025 debt service payment ($2,272,024). Preliminary, and Subject to Change. For Planning Purposes Only.

# Capital Funding Analysis – Capital Reserve Scenario

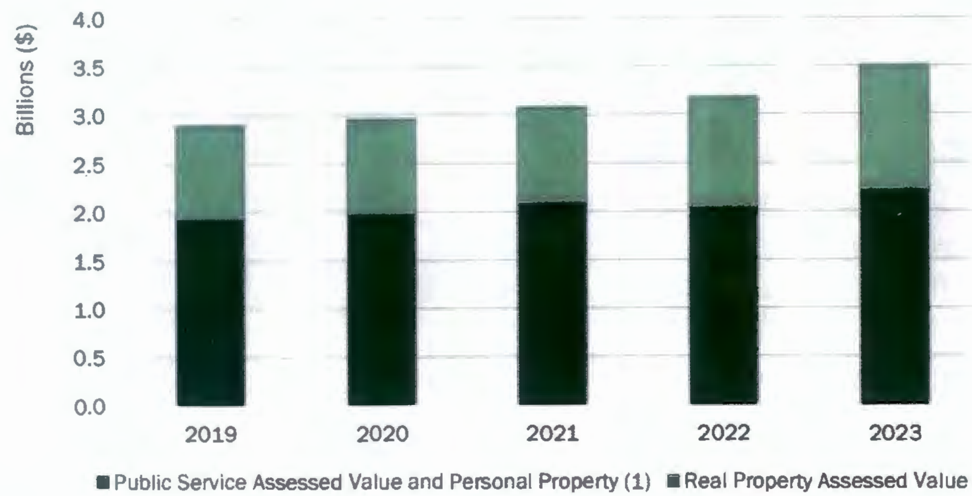
- The capital reserve fund is assumed to start with a $2.3 million balance in this scenario.

| | I | J = C | K = I - J | L | M = K - L | N |
|---|---|---|---|---|---|---|
| Fiscal Year | Total Available Revenues | Total Proposed Debt Service | Surplus/(Deficit) | Capital Reserve Fund used for Debt Service | Surplus/(Deficit) after use of Capital Reserve Fund | Capital Reserve Fund Balance |
| 2025 | 2,272,024 | 2,272,024 | 0 | 0 | 0 | 2,300,000 |
| 2026 | 2,272,024 | 2,789,667 | (517,643) | (517,643) | 0 | 1,782,357 |
| 2027 | 2,656,024 | 3,502,997 | (846,973) | (846,973) | 0 | 935,384 |
| 2028 | 3,040,024 | 3,498,660 | (458,636) | (458,636) | 0 | 476,747 |
| 2029 | 3,040,024 | 3,118,201 | (78,177) | (78,177) | 0 | 398,570 |
| 2030 | 3,040,024 | 3,433,013 | (392,989) | (392,989) | 0 | 5,582 |
| 2031 | 3,808,024 | 3,755,092 | 52,932 | 0 | 52,932 | 58,513 |
| 2032 | 3,808,024 | 3,754,495 | 53,529 | 0 | 53,529 | 112,042 |
| 2033 | 3,808,024 | 3,753,399 | 54,625 | 0 | 54,625 | 166,667 |
| 2034 | 3,808,024 | 3,753,228 | 54,796 | 0 | 54,796 | 221,463 |
| 2035 | 3,808,024 | 3,756,178 | 51,846 | 0 | 51,846 | 273,309 |
| 2036 | 3,808,024 | 2,996,979 | 811,045 | 0 | 811,045 | 1,084,354 |
| 2037 | 3,808,024 | 2,535,948 | 1,272,076 | 0 | 1,272,076 | 2,356,430 |
| 2038 | 3,808,024 | 2,538,829 | 1,269,195 | 0 | 1,269,195 | 3,625,625 |
| 2039 | 3,808,024 | 2,535,988 | 1,272,036 | 0 | 1,272,036 | 4,897,661 |

Note: The value of 1¢ on the Real Estate Tax rate is assumed to equal approximately $384,000. No growth in the value of 1¢ is contemplated in this analysis. Scenarios assume the County maintains and budgets for its current FY 2025 debt service payment ($2,272,024). Preliminary, and Subject to Change. For Planning Purposes Only.

# Assessed Value Trends

- The County's Assessed Value increased by roughly 13% in Taxable Property excluding Public Service values, and Total Assessed Value in the County grew approximately 10% as a result of the recent reassessment.




| | A | | B | | C = A + B | |
|---|---|---|---|---|---|---|
| Fiscal Year | Public Service Assessed Value and Personal Property (1) | *Growth* | Real Property Assessed Value | *Growth* | Total Assessed Value | *Growth* |
| 2019 | 1,951,900,468 | *-2%* | 949,954,600 | *2%* | 2,901,855,068 | *0%* |
| 2020 | 1,997,767,048 | *2%* | 960,993,500 | *1%* | 2,958,760,548 | *2%* |
| 2021 | 2,112,648,814 | *6%* | 964,999,000 | *0%* | 3,077,647,814 | *4%* |
| 2022 | 2,066,387,391 | *-2%* | 1,112,727,900 | *15%* | 3,179,115,291 | *3%* |
| 2023 | 2,249,912,877 | *9%* | 1,252,461,000 | *13%* | 3,502,373,877 | *10%* |

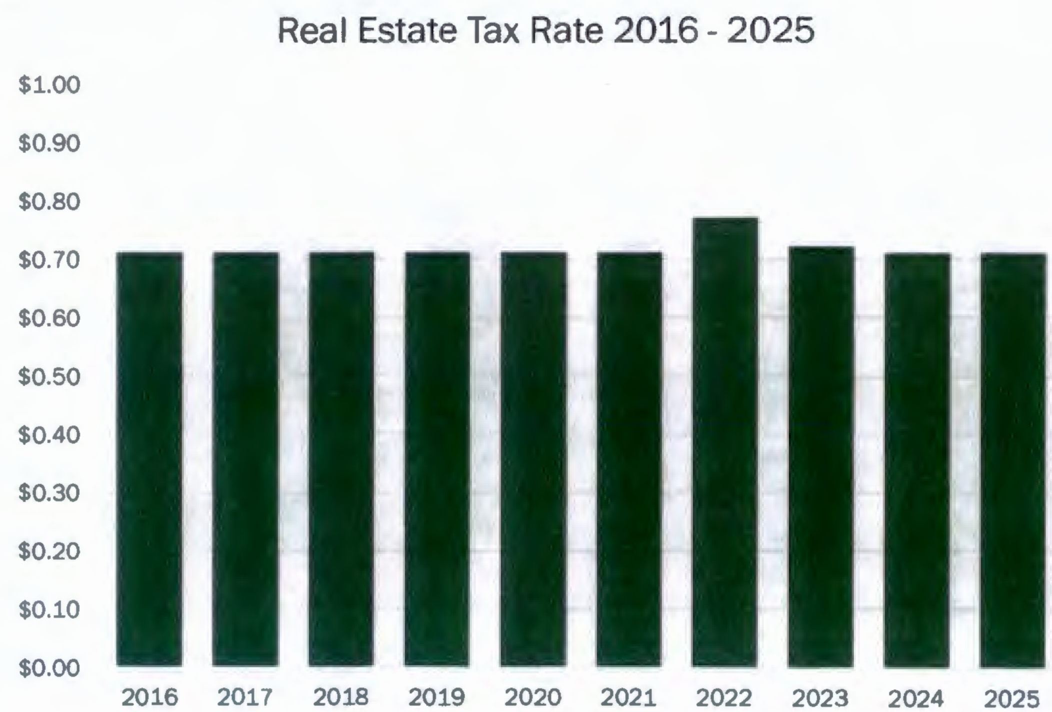
(1) Includes Machinery and Tools, and Aircraft Assessed Values.

Source: County Audits.

# Real Estate Tax Rate – Historic Trend

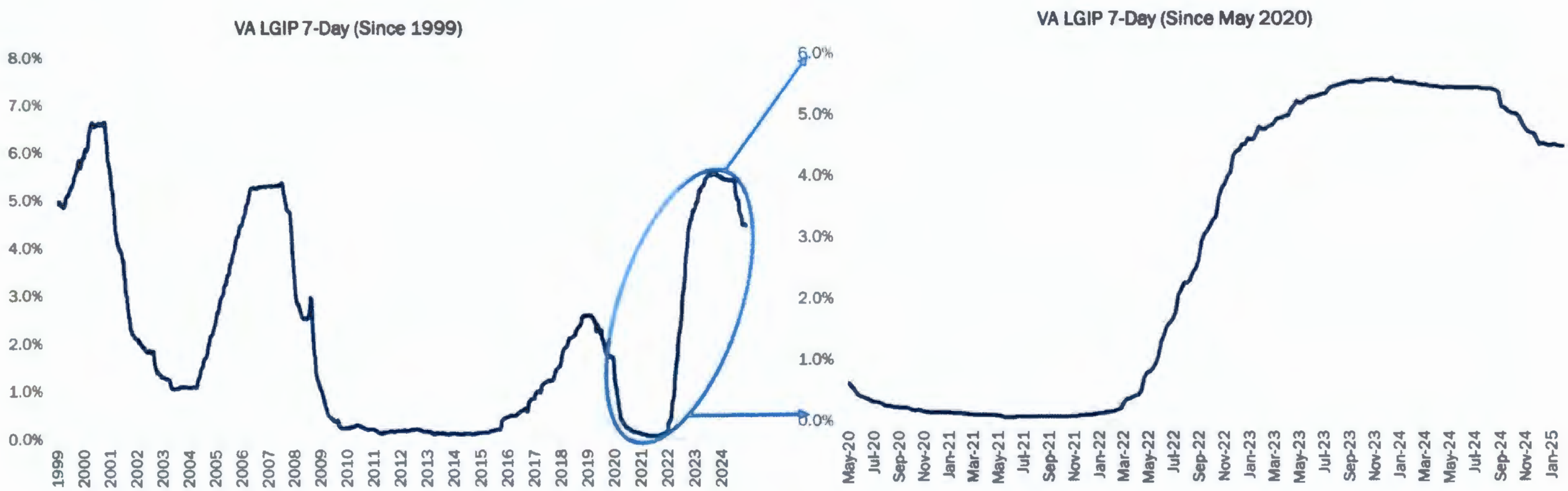
- The County reduced its Real Estate Tax Rate from 77¢ to 72¢ in FY 2023 with an additional reduction of 1¢ in FY 2024.

| Fiscal Year | Tax Rate (per $100 of AV) |
|---|---|
| 2016 | 0.71 |
| 2017 | 0.71 |
| 2018 | 0.71 |
| 2019 | 0.71 |
| 2020 | 0.71 |
| 2021 | 0.71 |
| 2022 | 0.77 |
| 2023 | 0.72 |
| 2024 | 0.71 |
| 2025 | 0.71 |




Source: Information from County Staff and County Audits.

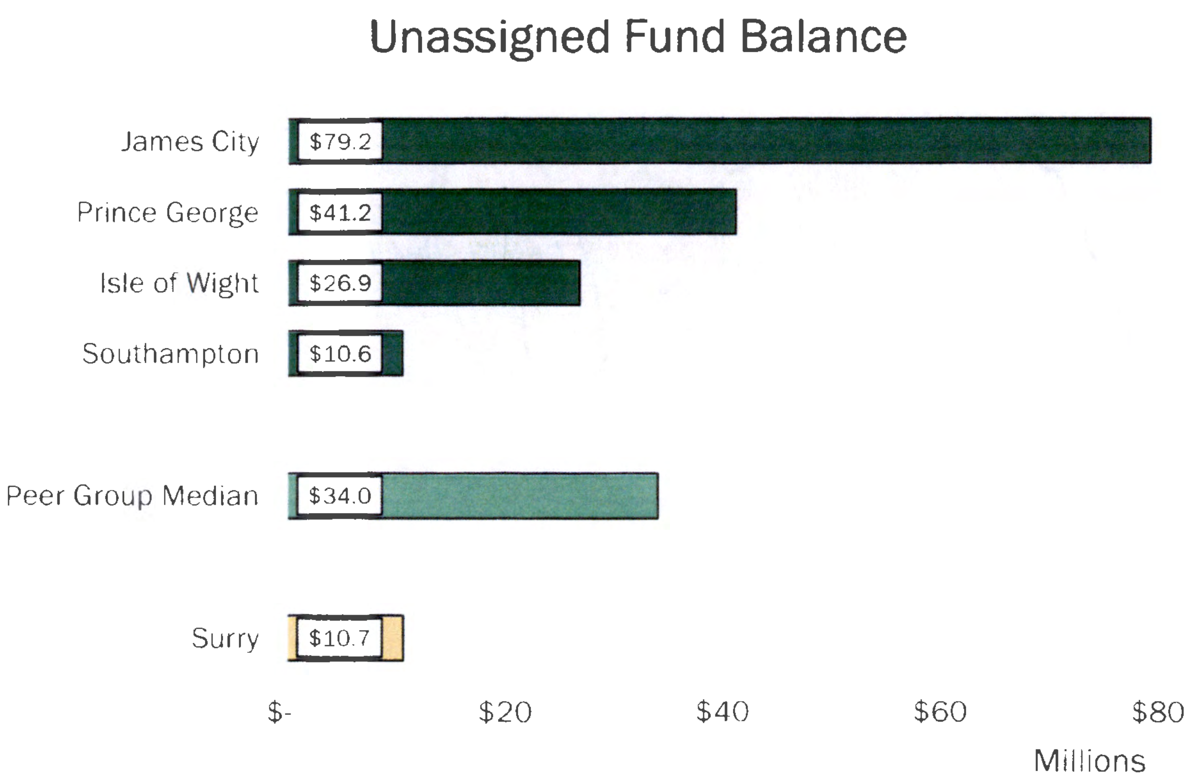
# Reinvestment Rate Trends | LGIP 7-Day Rate




Short-term reinvestment rates have increased to levels last seen over a decade ago.

The above charts show VA-LGIP 7 Day rate data as of 02/20/2025.

# Peer Comparative – Unassigned Fund Balance




Source: FY 2023 County Audits.

# Operating Overview | General Fund

| | | | 2019 Audited | 2020 Audited | 2021 Audited | 2022 Audited | 2023 Audited |
|---|---|---|---|---|---|---|---|
| 1 | **Revenues** | | | | | | |
| 2 | General Property Taxes | | $21,600,237 | $22,023,784 | $23,138,148 | $24,650,281 | $26,112,350 |
| 3 | Other Local Taxes | | 1,126,200 | 1,118,145 | 1,057,335 | 1,445,077 | 1,701,749 |
| 4 | Permits, Privilege Fees, and Regulatory Licenses | | 57,890 | 38,408 | 79,962 | 185,901 | 482,391 |
| 5 | Fines and Forfeitures | | 59,254 | 31,272 | 35,900 | 42,752 | 51,006 |
| 6 | Revenue from the Use of Money and Property | | 538,259 | 314,222 | 137,296 | 159,770 | 576,921 |
| 7 | Charges for Services | | 266,638 | 229,217 | 225,173 | 243,449 | 199,025 |
| 8 | Miscellaneous | | 100,120 | 158,822 | 145,039 | 221,791 | 404,639 |
| 9 | Recovered Costs | | 23,781 | 35,967 | 58,622 | 65,545 | 155,742 |
| 10 | Intergovernmental Revenue | | | | | | |
| 11 | Commonwealth | | 2,393,823 | 2,629,458 | 2,606,002 | 2,762,364 | 2,933,368 |
| 12 | Federal | | 921,798 | 1,107,833 | 2,081,867 | 1,192,346 | 1,206,052 |
| 13 | **Total Revenues** | | **$27,088,000** | **$27,687,128** | **$29,565,344** | **$30,969,276** | **$33,823,243** |
| 14 | | Growth | 2.28% | 2.21% | 6.78% | 4.75% | 9.22% |
| 15 | **Expenditures** | | | | | | |
| 16 | Current Operating: | | | | | | |
| 17 | General Government Administration | | $1,815,006 | $1,858,332 | $2,030,298 | $2,658,554 | $3,205,228 |
| 18 | Judicial Administration | | 625,561 | 660,930 | 707,203 | 747,537 | 779,714 |
| 19 | Public Safety | | 3,398,314 | 3,543,384 | 3,557,728 | 3,807,481 | 4,229,664 |
| 20 | Public Works | | 1,554,097 | 1,564,133 | 1,650,682 | 1,596,296 | 1,613,048 |
| 21 | Health and Welfare | | 2,433,879 | 3,029,935 | 3,573,667 | 3,024,030 | 3,043,022 |
| 22 | Education | | 12,138,405 | 12,106,306 | 11,926,855 | 12,429,222 | 12,864,200 |
| 23 | Parks, Recreation, and Cultural | | 692,578 | 628,855 | 515,986 | 468,228 | 538,986 |
| 24 | Community Development | | 697,807 | 728,830 | 681,520 | 851,757 | 922,539 |
| 25 | Capital Projects | | 23,976 | 0 | 0 | 0 | 0 |
| 26 | Debt Service: | | | | | | |
| 27 | Principal Retirement | | 1,055,000 | 1,165,000 | 1,225,000 | 1,510,000 | 1,565,000 |
| 28 | Interest and Other Fiscal Charges | | 840,248 | 933,265 | 2,282,753 | 770,040 | 720,505 |
| 29 | **Total Expenditures** | | **$25,274,871** | **$26,218,970** | **$28,151,692** | **$27,863,145** | **$29,481,906** |
| 30 | | Growth | 0.59% | 3.74% | 7.37% | -1.02% | 5.81% |
| 31 | **Revenues Over (Under) Expenditures** | | **$1,813,129** | **$1,468,158** | **$1,413,652** | **$3,106,131** | **$4,341,337** |
| 32 | | | | | | | |
| 33 | **Other Sources (Uses)** | | | | | | |
| 34 | Transfers In | | $0 | $0 | $96,450 | $0 | $0 |
| 35 | Transfers Out | | (1,574,135) | (2,888,233) | (3,708,528) | (1,941,538) | (3,261,193) |
| 36 | Net Issuance of Bonds | | 0 | 0 | 1,450,000 | 0 | 0 |
| 37 | **Total Other Sources (Uses)** | | **($1,574,135)** | **($2,888,233)** | **($2,162,078)** | **($1,941,538)** | **($3,261,193)** |
| 38 | | | | | | | |
| 39 | **Change in Fund Balance** | | **$238,994** | **($1,420,075)** | **($748,426)** | **$1,164,593** | **$1,080,144** |
| 40 | | | | | | | |
| 41 | **Fund Balance Beginning** | | **$20,155,733** | **$20,394,726** | **$18,974,651** | **$18,226,225** | **$19,390,818** |
| 42 | **Fund Balance Ending** | | **$20,394,727** | **$18,974,651** | **$18,226,225** | **$19,390,818** | **$20,470,962** |

FY 2023 Net increase in Fund Balance of roughly $1 million.



Source: 2019-2023 Audits.

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