

## **Debt Management**

The Franklin County Board of Supervisors adopted the following debt policy on October 10, 1994:

1. Financing should be considered for County assets that are designed to serve the citizens for a period of time in excess of five years with debt issued for a similar period and designed to spread the cost of the asset to all users, both current and future, unless a more feasible alternative exists (grants, gifts, etc.); and
2. Debt issued for the purpose of financing water and sewer projects or other enterprise fund projects will primarily be supported by revenues generated by those projects; and
3. County debt as a percentage of assessments will not exceed 3.5%; and
4. The County's debt service as a percentage of general government expenditures will not exceed 10%; and
5. The County's debt per capita will not exceed \$1,500 per capita; and
6. Capital leases of longer than three (3) years duration will be included as debt for the purpose of computing the ratios expressed herein.

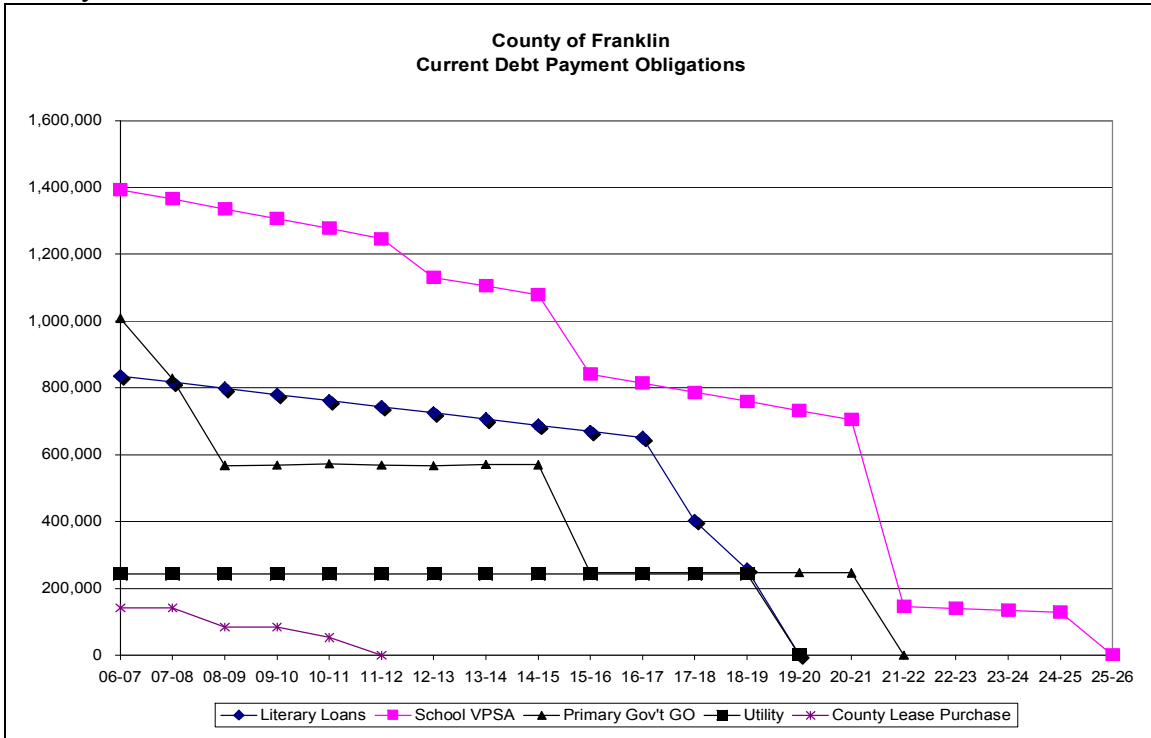
Debt Service Requirements on Currently Outstanding General Obligation Bonds and School Literary Loans as of June 30, 2005:

<b><u>Fiscal Year</u></b> <b><u>Ending June 30,</u></b>	<b><u>General Obligation Bonds</u></b>		<b><u>Literary Fund Loans</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2006	\$983,952	\$778,572	\$686,750	\$242,160
2007	1,005,081	705,804	613,750	221,558
2008	1,031,575	654,382	613,750	203,145
2009	1,054,219	600,355	613,750	184,732
2010	1,083,094	543,913	613,750	166,320
2011-2015	5,601,962	1,816,450	3,068,750	555,413
2016-2020	3,225,654	705,789	1,861,500	119,797
2021-2025	1,166,160	85,084	0	0
Total	<u>\$15,151,697</u>	<u>\$5,890,349</u>	<u>\$8,072,000</u>	<u>\$1,693,125</u>

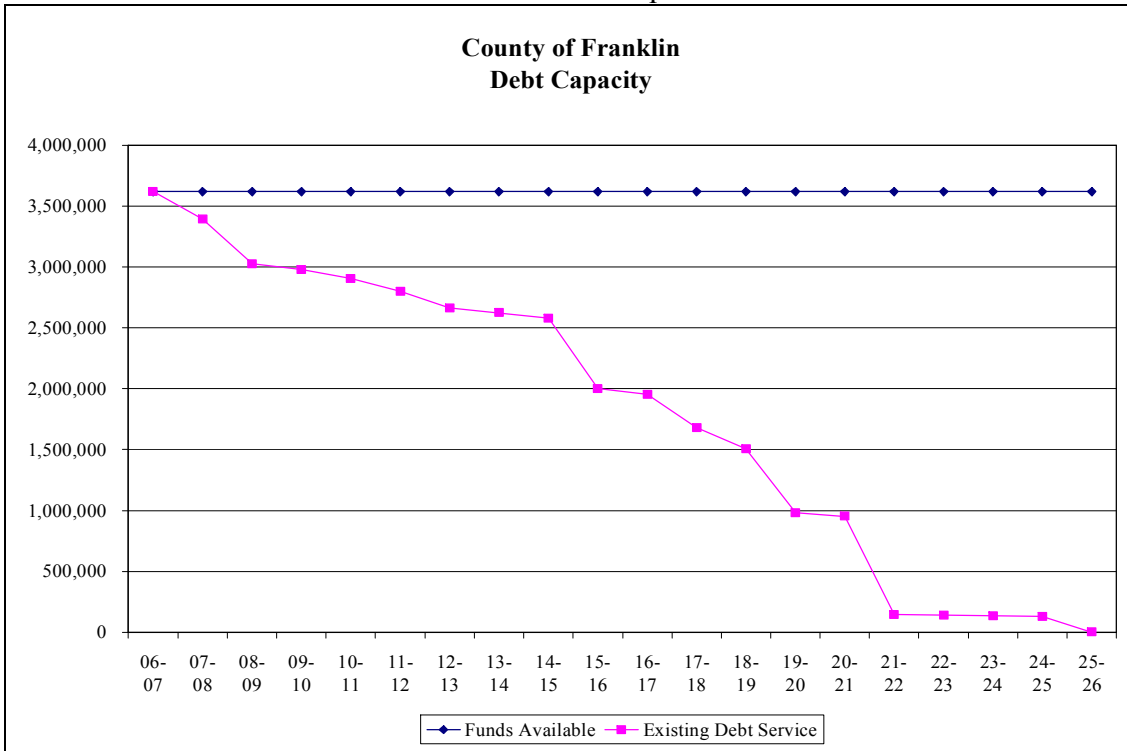
As of June 30, 2005, the County has issued and outstanding \$15,151,697 in general obligation bonds, \$8,072,000 in State Literary Loans and \$397,165 in capital leases.

## Debt Capacity

The following chart shows the County's current debt payment obligations by type and fiscal year.



The next chart examines the County of Franklin's ability to borrow in future years based upon the amount of annual debt service retired that year. This capacity assumes that total debt service will not exceed FY2007 levels nor require increases in future tax rates.



The current level of debt per capita at June 30, 2005 for the County of Franklin is \$485. The median for the Commonwealth of Virginia is approximately \$1,000. Franklin County's debt to assessed value at June 30, 2005 is 0.46% with the Virginia median being slightly less than 2.00%. Debt service as a percentage of expenditures was 3.02% for the fiscal year ended June 30, 2005. The County is in good financial position to borrow in the future should the need arise.

**Net Bonded Debt Per Capita**

