

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD WORK SESSION ON MONDAY, JANUARY 12, 2015 @ 9:00 A.M., LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE B-75, ROCKY MOUNT, VIRGINIA.

THERE WERE PRESENT: Cline Brubaker, Chairman  
Charles Wagner, Vice-Chairman  
Bob Camicia  
Ronnie Thompson  
C. B. Reynolds  
Bobby Thompson  
Leland Mitchell

OTHERS PRESENT: Richard E. Huff, II, County Administrator  
Christopher Whitlow, Deputy Co. Administrator  
Sharon K. Tudor, MMC, Clerk

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Cline Brubaker, Chairman, called the meeting to order.

\*\*\*\*\*

**ANNUAL FINANCIAL REVIEW & CAPITAL FUNDING STRATEGIES**

David Rose, Davenport & Company, stated this County has excellent staff and the County is in great financial shape. Mr. Rose shared with the Board with the following PowerPoint:

## Annual Financial Review and Updated Capital Funding Strategies

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Franklin County, Virginia



January 12, 2015

**DAVENPORT & COMPANY**  
Member NYSE|FINRA|SIPC

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## Goals and Objectives



- Review the County's upcoming proposed multi-year Capital Projects to be funded and provide an initial perspective on **Debt Capacity** and **Debt Affordability**.
  - Debt Capacity** is defined as the "relative level(s) of debt a local government can reasonably take on over a period of years and remain comparable to its peers."
  - Debt Affordability** is defined as the "cash-flow impact to a locality when taking on a certain level(s) of debt on your current and future annual budgets."
- Provide/examine a set of **Peer Comparatives** to understand how the County's Existing and Proposed Debt Profile and Key Financial Metrics compare to its National and Virginia peers.
- Present an overview of the **County's Existing Tax-Supported Debt Profile**.

## Goals and Objectives (cont.)



4. Present an overview of potential Capital Funding Options for meeting the County's Capital Planning Needs and their equivalent tax impacts.
  - Highlight the Key Financial Ratios so as to better understand the County's compliance with its Financial Policies.
  
5. Outline "Next Steps" to be considered, including:
  - Taking full advantage of the County's excellent credit ratings;
  - "Economies of Scale" – Recognizing that the County has more than one financing requirement in the coming Fiscal Years;
  - Recognize that interest rates are still near historic lows; and
  - Consider both Public and Private Financing Providers to achieve the County's Goals and Objectives, including but not limited to State and Federal Programs.

## Peer Group Overview

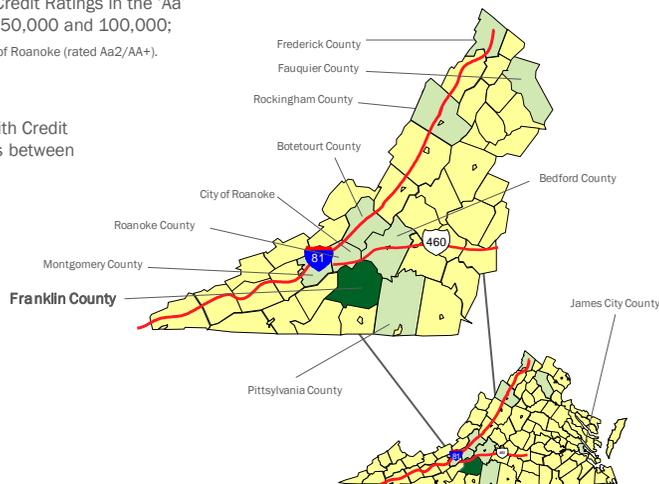


- The following pages show a series of peer comparisons versus the following:

a) Selected Virginia Counties with Credit Ratings in the 'Aa' range and populations between 50,000 and 100,000;  
 Note: This peer group also includes the City of Roanoke (rated Aa2/AA+).

b) Medians of National Counties with Credit Ratings of 'Aa1' and populations between 50,000 and 100,000; and

c) Medians of National Counties with Credit Ratings of 'Aa2' and populations between 50,000 and 100,000.



# Franklin County's Credit Rating History



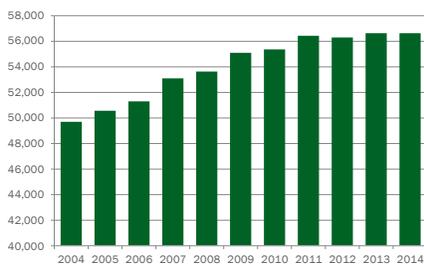
## Overview of Credit Rating Scale

	Moody's	S&P	
Top Tier "Highest Possible Rating"	Aaa	AAA	
2 <sup>nd</sup> Tier "Very Strong"	Aa1	AA+ (Highest)	Current County Ratings
	Aa2	AA (Middle)	
	Aa3	AA- (Lowest)	
3 <sup>rd</sup> Tier "Strong"	A1	A+ (Highest)	Initial County Ratings
	A2	A (Middle)	
	A3	A- (Lowest)	
4 <sup>th</sup> Tier "Adequate Capacity to Repay"	Baa1	BBB+ (Highest)	Considered Investment Grade
	Baa2	BBB (Middle)	
	Baa3	BBB- (Lowest)	
5 <sup>th</sup> - 10 <sup>th</sup> Tiers "Below Investment Grade"	BB, B, CCC, CC, C, D		Below Investment Grade

# Population and Credit Ratings

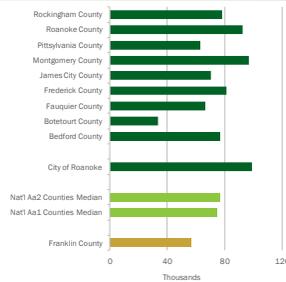


## Historical County Population



Fiscal Year*	Population	Growth
2004	49,668	1.13%
2005	50,528	1.73%
2006	51,245	1.42%
2007	53,072	3.56%
2008	53,611	1.02%
2009	55,056	2.70%
2010	55,357	0.55%
2011	56,387	1.86%
2012	56,300	-0.15%
2013	56,616	0.56%
2014	56,574	-0.07%
Avg. Annual Growth Rate '04-'14		1.30%

## Population Comparison



Locality	Credit Rating (Moody's/S&P)	Population (FY14 Estimate)*
Rockingham County	Aa2/AAA	78,102
Roanoke County	Aa1/AA+	92,703
Pittsylvania County	Aa3/AA-	63,167
Montgomery County	Aa2/AA	96,867
James City County	Aa1/AAA	70,231
Frederick County	Aa2/NR	81,207
Fauquier County	Aa1/AA+	66,573
Botetourt County	Aa2/AA+	33,423
Bedford County	Aa3/NR	76,309
City of Roanoke	Aa2/AA+	98,913
Nat'l Aa2 Counties Median	Aa2	76,610
Nat'l Aa1 Counties Median	Aa1	74,583
<b>Franklin County</b>	<b>Aa2/AA+</b>	<b>56,574</b>

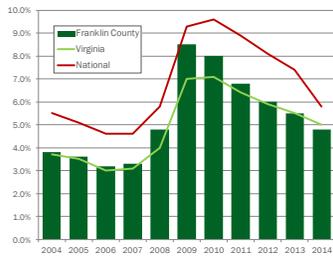
Source: Weldon Cooper Center.  
\*FY 2014 estimate from July 1, 2013; FY 2013 estimate from July 1, 2012; etc.

Source: Moody's MFRA database; Weldon Cooper Center.  
\*FY 2014 estimates from July 1, 2013 for VA local governments.  
National Aa1 and Aa2 medians from FY 2013 financials.

# Unemployment Rate



## Historical County Unemployment Rate



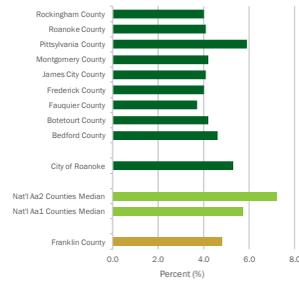
Calendar Year	Franklin County	Virginia	National
2004	3.8%	3.7%	5.5%
2005	3.6%	3.5%	5.1%
2006	3.2%	3.0%	4.6%
2007	3.3%	3.1%	4.6%
2008	4.8%	4.0%	5.8%
2009	8.5%	7.0%	9.3%
2010	8.0%	7.1%	9.6%
2011	6.8%	6.4%	8.9%
2012	6.0%	5.9%	8.1%
2013	5.5%	5.5%	7.4%
2014*	4.8%	5.0%	5.8%

Sources: Franklin County data from Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS). Virginia and National data from Bureau of Labor Statistics.  
\*2014 shows monthly data from November 2014.

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## Unemployment Rate Comparison\*\*



Locality	Unemployment Rate
Rockingham County	4.0%
Roanoke County	4.1%
Pittsylvania County	5.9%
Montgomery County	4.2%
James City County	4.1%
Frederick County	4.0%
Fauquier County	3.7%
Botetourt County	4.2%
Bedford County	4.6%
City of Roanoke	5.3%
Nat'l Aa2 Counties Median	7.2%
Nat'l Aa1 Counties Median	5.7%
<b>Franklin County</b>	<b>4.8%</b>

Sources: Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS); Moody's MFRA database.  
\*\*Unemployment rate for National Aa1 and Aa2 derived from FY 2013 financials. Franklin County and other peers shown as monthly data from November 2014.

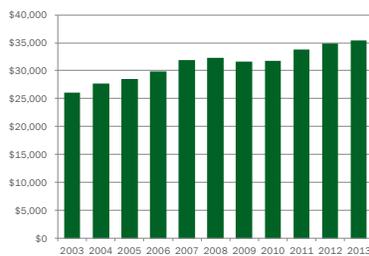
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# Income Per Capita



## Historical County Personal Income Per Capita



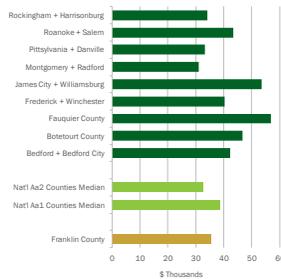
Fiscal Year	Per Capita Personal Income	% Change
2003	\$26,104	3.74%
2004	27,715	6.17%
2005	28,496	2.82%
2006	29,845	4.73%
2007	31,837	6.67%
2008	32,267	1.35%
2009	31,688	-1.79%
2010	31,715	0.09%
2011	33,830	6.67%
2012	34,933	3.26%
2013	35,374	1.26%

Source: Bureau of Economic Analysis (BEA).

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## Personal Income Per Capita Comparison - CY 2013



Locality	Per Capita Personal Income
Rockingham + Harrisonburg	\$34,166
Roanoke + Salem	43,418
Pittsylvania + Danville	33,244
Montgomery + Radford	31,168
James City + Williamsburg	53,571
Frederick + Winchester	40,394
Fauquier County	56,814
Botetourt County	46,664
Bedford + Bedford City	42,314
Nat'l Aa2 Counties Median	32,481
Nat'l Aa1 Counties Median	38,545
<b>Franklin County</b>	<b>35,374</b>

Source: Bureau of Economic Analysis (BEA); Moody's MFRA database.

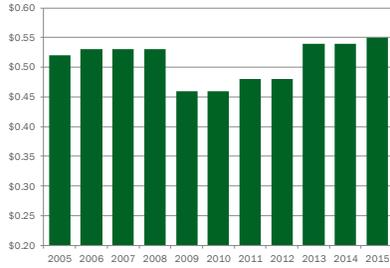
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# Real Estate Tax Rate

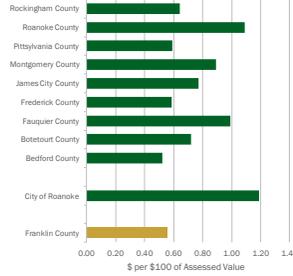


## Historical County Tax Rate



Fiscal Year	Real Estate Tax Rate
2005	\$0.52
2006	0.53
2007	0.53
2008	0.53
2009	0.46
2010	0.46
2011	0.48
2012	0.48
2013	0.54
2014	0.54
2015	0.55

## Tax Rate Comparison



Locality	Tax Rate (per \$100)
Rockingham County	\$0.64
Roanoke County	1.09
Pittsylvania County	0.59
Montgomery County	0.89
James City County	0.77
Frederick County	0.585
Fauquier County	0.992
Botetourt County	0.72
Bedford County	0.52
City of Roanoke	1.19
<b>Franklin County</b>	<b>\$0.55</b>

Sources: FY 2014 CAFR (2004-2014), County Staff.

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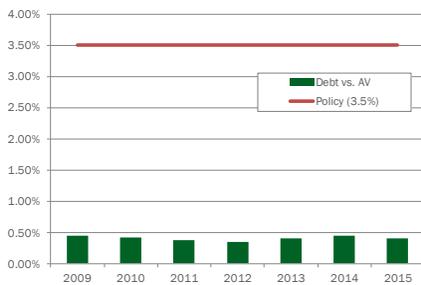
Sources: County Staff, Local Assessor's Offices.

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# Debt vs. Total Assessed Value

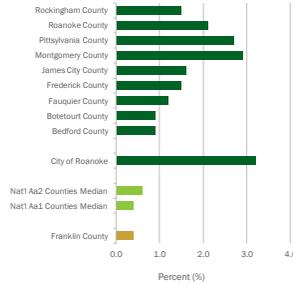


## Historical County Debt to Assessed Value



FY	Outstanding Debt	Total AV	Debt vs. AV
2009	\$36,418,271	\$8,292,525,331	0.44%
2010	34,807,635	8,363,776,434	0.42%
2011	31,900,271	8,406,494,817	0.38%
2012	29,042,189	8,493,026,694	0.34%
2013	29,212,112	7,311,819,908	0.40%
2014	33,164,494	7,377,048,819	0.45%
2015	30,101,465	7,450,819,307	0.40%

## Tax-Supported Debt to AV Comparison\*



Locality	Debt vs. Assessed Value
Rockingham County	1.5%
Roanoke County	2.1%
Pittsylvania County	2.7%
Montgomery County	2.9%
James City County	1.6%
Frederick County	1.5%
Fauquier County	1.2%
Botetourt County	0.9%
Bedford County	0.9%
City of Roanoke	3.2%
Nat'l Aa2 Counties Median	0.6%
Nat'l Aa1 Counties Median	0.4%
<b>Franklin County</b>	<b>0.4%</b>

Sources: 2009-2014 Outstanding Debt and Assessed Value from FY 2014 CAFR; 2015 Outstanding Debt per County Staff/Davenport model. 2015 Assessed Value based on 1% growth from 2014 Assessed Value.

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Source: Moody's MFRA database; Davenport model.

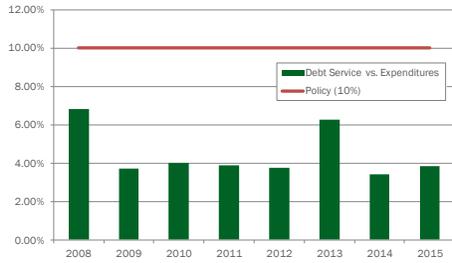
\*Franklin County ratio estimated for FY 2015; includes only County and Schools debt. All other ratios derived from FY 2013 financials.

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# Debt Service vs. Governmental Expenditures

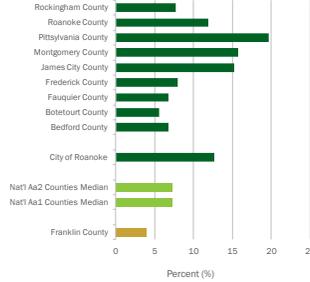


Historical County Debt Service vs. Expenditures



FY	General Gov't Debt Service	Adjusted* Expenditures	Debt Service vs. Expenditures
2008	\$7,438,078	\$108,982,467	6.83%
2009	4,409,762	119,620,058	3.69%
2010	4,621,790	114,961,020	4.02%
2011	4,484,346	115,584,016	3.88%
2012	4,321,896	114,804,280	3.76%
2013	7,360,044	117,568,321	6.26%
2014	4,095,573	119,489,463	3.43%
2015	4,638,585	120,684,358	3.84%

Debt Service vs. Expenditures Comparison\*\*



Locality	Debt Service vs. Expenditures
Rockingham County	7.7%
Roanoke County	11.9%
Pittsylvania County	19.7%
Montgomery County	15.7%
James City County	15.2%
Frederick County	8.0%
Fauquier County	6.8%
Botetourt County	5.6%
Bedford County	6.8%
City of Roanoke	12.7%
Nat'l Aa2 Counties Median	7.2%
Nat'l Aa1 Counties Median	7.2%
<b>Franklin County</b>	<b>3.8%</b>

Sources: FY 2008 - FY 2014 CAFRs; Moody's MFRA database.

\*Adjusted Expenditures represent the ongoing operating expenditures of the County. Adjusted Expenditures include (a) expenditures of Governmental Funds and (b) expenditures of the School Operating Fund net of (c) transfers from Governmental Funds to the School Operating Fund, (d) debt service expenditures, (e) costs of debt issuance, and (f) capital project expenditures.

\*\*Franklin County ratio estimated for FY 2015. FY 2015 adjusted expenditures based on 1% growth rate from adjusted expenditures per FY 2014 CAFR. FY 2015 debt service per Davenport model. Peer ratios derived from FY 2013 financials.

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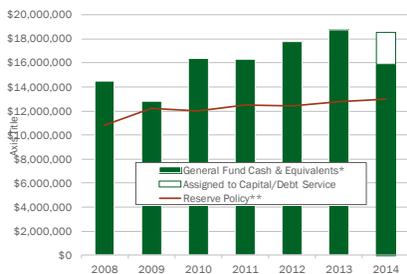
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# Fund Balance/Reserve Levels

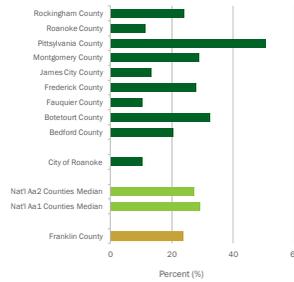


Historical Gen. Fund Cash & Equivalents vs. Policy



Fiscal Year	General Fund Cash and Equivalents*	General FB Assigned to Capital/DS	Reserve Policy Target**
2008	\$14,465,292		\$10,826,653
2009	12,807,029		12,208,699
2010	16,361,637		11,973,622
2011	16,336,916		12,523,500
2012	17,738,188		12,409,412
2013	18,754,050		12,775,745
2014	15,853,033	2,681,011	12,962,385

Unassigned Fund Balance vs. Revenues Comparison \*\*\*



Locality	General Fund UAFB as a % of Revenues
Rockingham County	24.1%
Roanoke County	11.5%
Pittsylvania County	50.6%
Montgomery County	28.9%
James City County	13.2%
Frederick County	27.8%
Fauquier County	10.1%
Botetourt County	32.6%
Bedford County	20.6%
City of Roanoke	10.2%
Nat'l Aa2 Counties Median	27.3%
Nat'l Aa1 Counties Median	29.2%
<b>Franklin County***</b>	<b>23.7%</b>

Sources: FY 2008 - FY 2014 CAFRs.

\*General Fund Cash and Cash Equivalents shown net of General Fund Balance classified as Restricted in FY 2011 - FY 2014 or Reserved in FY 2008 - FY 2010.

\*\*Two months of General Fund revenues (i.e. 1/6 of annual revenues) per County policy.

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Source: Moody's MFRA database; FY 2014 CAFR.

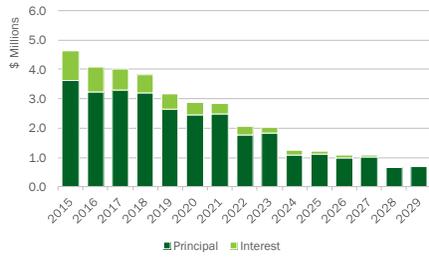
\*\*\*Franklin County ratio derived from FY 2014 General Fund UAFB of \$18,430,083 and Revenues of \$77,774,308. Peer ratios derived from FY 2013 financials.

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## Existing County and Schools Debt



### County and Schools Debt Service



### County and Schools Debt Service

FY	Principal	Interest	Total	10-yr Payout Ratio
<b>Total</b>	<b>\$30,101,465</b>	<b>\$5,482,004</b>	<b>\$35,583,469</b>	
2015	3,635,068	1,003,517	4,638,585	85%
2016	3,230,202	841,285	4,071,487	87%
2017	3,285,579	732,250	4,017,829	90%
2018	3,206,471	622,997	3,829,468	93%
2019	2,646,837	524,377	3,171,214	96%
2020	2,439,455	435,961	2,875,416	100%
2021	2,492,477	349,363	2,841,840	100%
2022	1,781,295	278,110	2,059,405	100%
2023	1,823,322	221,910	2,045,232	100%
2024	1,080,279	164,498	1,244,777	100%
2025	1,102,079	125,991	1,228,070	100%
2026	1,000,334	89,423	1,089,757	100%
2027	1,022,067	54,785	1,076,852	100%
2028	669,000	28,091	697,091	100%
2029	687,000	9,446	696,446	100%

### Par Outstanding – Estimated as of 6/30/2014

Type	Par Amount
County Debt	\$14,663,750
Schools Debt	15,437,715
<b>Total</b>	<b>\$30,101,465</b>

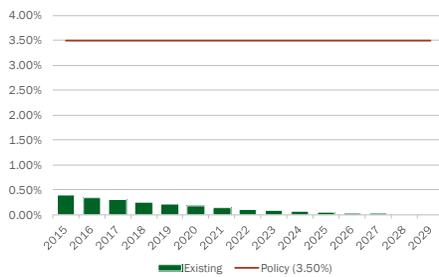
- The County's Tax Supported payout is rapid with over 85% of principal repaid in 10 years.

Sources: County Staff; Davenport estimates from bond documentation and County spreadsheets.  
 Note: Davenport's estimate of School debt service is greater than County Staff's figure (per County capital funding spreadsheet) by a total of \$57,021 from FY 2015 through FY 2018. Davenport and County Staff's numbers match in FY 2019 and thereafter. Needs clarification.

## Key Debt Ratios



### Debt to Assessed Value



### Debt to Assessed Value

- Existing Debt to Assessed Value**
  - FY 2015: **0.40%**
- Outstanding Debt**
  - FY 2015<sup>(1)</sup>: **\$30,101,465**
- Assessed Value**
  - FY 2014<sup>(2)</sup>: **\$7,377,048,819**
  - Growth Rate (FY15 & Beyond): **1.00%**
- Moody's Criteria for General Obligation Credits defines categories of Debt to Assessed Values as<sup>(3)</sup>:**
  - Very Strong (Aaa): **< 0.75%**
  - Strong (Aa): **0.75% - 1.75%**
  - Moderate (A): **1.75% - 4.00%**
  - Weak - Very Poor (Baa and below): **> 4.00%**

Sources:  
 (1) County Staff, Davenport estimates.  
 (2) Fiscal Year 2014 CAFR.  
 (3) Moody's Investors Service.

## Key Debt Ratios



### Debt Service vs. Expenditures



Sources:  
 (1) County Staff, Davenport estimates.  
 (2) Fiscal Year 2014 CAFR.  
 (3) Standard & Poor's: U.S. Local Governments General Obligation Ratings: Methodology and Assumptions.

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### Debt Service vs. Expenditures

- Existing Debt Service vs. Expenditures
  - FY 2015: **3.84%**
- Existing Debt Service
  - FY 2015<sup>(1)</sup>: \$4,638,585
- Adjusted Expenditures\*
  - FY 2014<sup>(2)</sup>: \$119,381,443
  - Growth Rate (FY15 & Beyond): 1.00%
- Standard & Poor's Criteria for General Obligation Credits defines categories of Debt Service as % of Governmental Expenditures as<sup>(3)</sup>:
 

- Very Strong	< 8%
- Strong:	8% - 15%
- Adequate:	15% - 25%
- Weak:	25% - 35%
- Very Weak:	> 35%

\*Adjusted Expenditures represent the ongoing operating expenditures of the County. Adjusted Expenditures include (a) expenditures of Governmental Funds and (b) expenditures of the School Operating Fund net of (c) transfers from Governmental Funds to the School Operating Fund, (d) debt service expenditures, (e) costs of debt issuance, and (f) capital project expenditures.

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## Key Debt Ratios



### 10-Year Payout Ratio



Sources:  
 (1) County Staff, Davenport estimates.

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### 10-Year Payout Ratio

- Existing 10-Year Payout Ratio<sup>(1)</sup>
  - FY 2015: **85%**
- 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 demonstrates how quickly a local government pays off its debt.

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## Key Debt Ratios



### Debt as a % of Revenues



### Debt as a % of Revenues

- Existing Debt as a % of Governmental Revenues
  - FY 2015: **23.49%**
- Outstanding Debt
  - FY 2015<sup>(1)</sup>: \$30,101,465
- Adjusted Revenues\*
  - FY 2014<sup>(2)</sup>: \$126,896,540
  - Growth Rate (FY15 & Beyond): 1.00%
- Recently, both Moody's and Standard and Poor's have emphasized the Net Direct Debt as a % of Governmental Revenues metric as part of a revised Rating Methodology.
- Moody's Criteria for General Obligation Credits defines categories of Debt to Governmental Revenues as<sup>(3)</sup>:
 

- Very Strong (Aaa):	< 33%
- Strong (Aa):	33% - 67%
- Moderate (A):	67% - 300%
- Weak - Very Poor (Baa and below):	> 300%

Sources:  
 (1) County Staff, Davenport estimates.  
 (2) Fiscal Year 2014 CAFR.  
 (3) Moody's Investors Service.

\*Adjusted Revenues include revenues of Governmental Funds plus revenues of the School Operating Fund net of the transfer from the General Fund to the School Operating Fund.

## Key Assumptions



Project / Fiscal Year of Debt Issuance	Amount	Interest Rate	Amortization (Years)	Average Annual Debt Service
<b>2016</b>				
Radio System	\$13,100,000	3.75%	10	\$1,255,784
Business Park	9,000,000	4.25%	20	\$676,979
	<b>\$22,100,000</b>			
<b>2017</b>				
Career and Technical Center*	\$50,000,000	5.00%	25	\$3,547,623
	<b>\$50,000,000</b>			
<b>2018</b>				
Landfill Borrowing #1	\$3,750,000	5.00%	12	\$423,095
	<b>\$3,750,000</b>			
<b>2022</b>				
Landfill Borrowing #2	\$5,300,000	5.00%	10	\$686,374
	<b>\$5,300,000</b>			
<b>2029</b>				
Landfill Borrowing #3	\$9,800,000	5.00%	7	\$1,694,844
	<b>\$9,800,000</b>			
<b>GRAND TOTAL</b>	<b>\$90,950,000</b>			

Source: County Staff.  
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\*For purposes of this table, assumes the full \$50 million project cost of the Career and Technical Center is financed with a Level Debt Service payment structure.

## Overview of Capital Funding Analysis



- Davenport has analyzed the projected impact of identified County Capital Projects on:
  - Debt Affordability (i.e. Real Estate Tax Equivalent impact); and
  - Key Debt Ratios, including the County’s Financial Policies.
  
- Davenport understands that the County may be able to take advantage of a one-time windfall of \$18 million in tax revenue resulting from the County’s transition to twice-a-year tax collection.
  - Davenport has prepared a series of analyses in which the \$18 million windfall is used to either:
    - A. Reduce the borrowing amount required for Capital Funding; OR
    - B. Strategically establish a Capital Reserve Fund.
  
- Davenport has also analyzed the impact of strategically structuring payments on long-term financing to limit cash-flow impact while maintaining an aggregate payout ratio of 50% or above.
  
- Results of the analyses are summarized on the following pages.

## Capital Funding Assumptions



	Case 1A	Case 1B	Case 2A	Case 2B
<b>Total Projects Financed</b>	\$72,950,000	\$72,950,000	\$90,950,000	\$90,950,000
<b>Deposit to Capital Reserve Fund (FY16)</b>	\$0	\$0	\$18,000,000	\$18,000,000
<b>Utilizes Strategic Debt Structuring</b>	No	Yes	No	Yes
<b>Real Estate Tax Equivalent Impact</b>				
Fiscal Year	Case 1A	Case 1B	Case 2A	Case 2B
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	2.00¢	2.00¢	2.00¢	2.00¢
2019	2.00¢	1.00¢	1.00¢	-
<b>Total</b>	<b>4.00¢</b>	<b>3.00¢</b>	<b>3.00¢</b>	<b>2.00¢</b>

# Penny Analysis – Case 1A



<b>Case 1A</b>	
<b>Total Projects Financed</b>	\$72,950,000
<b>Deposit to Capital Reserve Fund (FY16)</b>	\$0
<b>Utilizes Strategic Debt Structuring</b>	No
<b>Total Real Estate Tax Equivalent Impact</b>	4.00¢

FY	Existing Debt Service and Available Funds			Future Proposed Borrowings							Surplus/ (Deficit)	Tax Increase	Revenue from Tax Increase	Funds Available:			Capital Reserve Deposit/ (Draw)	Capital Reserve Fund Balance
	Total Existing Debt Service	Recurring Debt Reserve	Debt Service Budget	Landfill	Radio System Capital and Maintenance	Career and Technical Center	Business Park	Total Proposed Debt Service	Total Existing and Proposed Debt Service	Budget plus Revenue from Tax Increase				Adjusted Surplus/ (Deficit)	Capital Reserve			
2015	4,610,232	211,866	4,822,098	-	-	-	-	-	4,822,098	-	-	-	4,822,098	-	211,866	2,852,877		
2016	4,052,525	521,981	4,574,506	-	-	-	-	-	4,574,506	(247,592)	-	-	4,574,506	-	521,981	3,414,858		
2017	4,008,336	1,224,551	5,232,887	-	1,606,543	-	676,979	2,283,522	6,291,858	(1,058,971)	-	-	5,232,887	(1,058,971)	(1,058,971)	2,355,887		
2018	3,829,286	1,403,601	5,232,887	-	1,606,543	2,270,479	676,979	4,554,001	8,383,287	(3,150,400)	2.00¢	1,271,548	6,504,435	(1,878,852)	(1,878,852)	477,036		
2019	3,171,216	2,081,671	5,232,887	423,095	1,606,543	2,270,479	676,979	4,977,096	8,148,332	(2,815,425)	2.00¢	2,343,096	7,775,983	(322,329)	(322,329)	104,107		
2020	2,875,419	2,357,468	5,232,887	423,095	1,606,543	2,270,479	676,979	4,977,096	7,852,515	(2,619,628)	-	-	2,543,096	7,775,983	(76,532)	28,175		
2021	2,841,841	2,391,046	5,232,887	423,095	1,606,543	2,270,479	676,979	4,977,096	7,818,937	(2,886,090)	-	-	2,543,096	7,775,983	(42,954)	(42,954)	(14,779)	
2022	2,059,405	3,173,482	5,232,887	423,095	1,606,543	2,270,479	676,979	4,977,096	7,038,501	(1,803,614)	-	-	2,543,096	7,775,983	739,462	739,462	724,703	
2023	2,045,233	3,187,654	5,232,887	1,109,470	1,606,543	2,270,479	676,979	5,663,470	7,708,703	(2,475,816)	-	-	2,543,096	7,775,983	67,280	67,280	791,983	
2024	1,244,776	3,988,111	5,232,887	1,109,470	1,606,543	2,270,479	676,979	5,663,470	6,908,246	(1,675,359)	-	-	2,543,096	7,775,983	867,737	867,737	1,669,720	
2025	1,228,070	4,004,817	5,232,887	1,109,470	1,606,543	2,270,479	676,979	5,663,470	6,891,540	(1,688,653)	-	-	2,543,096	7,775,983	884,443	884,443	2,544,163	
2026	1,089,758	4,143,129	5,232,887	1,109,470	1,606,543	2,270,479	676,979	5,663,470	6,753,228	(1,520,341)	-	-	2,543,096	7,775,983	1,022,755	1,022,755	3,566,918	
2027	1,076,853	4,156,034	5,232,887	1,109,470	350,759	2,270,479	676,979	4,407,686	5,484,539	(251,622)	-	-	2,543,096	7,775,983	2,291,444	2,291,444	5,858,362	
2028	897,091	4,535,796	5,232,887	1,109,470	350,759	2,270,479	676,979	4,407,686	5,104,777	128,110	-	-	2,543,096	7,775,983	2,671,206	2,671,206	8,529,569	
2029	696,446	4,536,441	5,232,887	1,109,470	350,759	2,270,479	676,979	4,407,686	5,104,132	128,755	-	-	2,543,096	7,775,983	2,671,206	2,671,206	11,200,774	
2030	-	5,232,887	5,232,887	2,804,313	350,759	2,270,479	676,979	6,102,530	6,102,530	(669,643)	-	-	2,543,096	7,775,983	1,673,453	1,673,453	12,874,673	
2031	-	5,232,887	5,232,887	2,381,218	350,759	2,270,479	676,979	5,679,434	5,679,434	(446,547)	-	-	2,543,096	7,775,983	2,096,549	2,096,549	14,971,422	
2032	-	5,232,887	5,232,887	2,381,218	350,759	2,270,479	676,979	5,679,434	5,679,434	(446,547)	-	-	2,543,096	7,775,983	2,096,549	2,096,549	17,067,971	
2033	-	5,232,887	5,232,887	1,694,844	350,759	2,270,479	676,979	4,993,060	4,993,060	239,627	-	-	2,543,096	7,775,983	2,782,923	2,782,923	19,850,894	
2034	-	5,232,887	5,232,887	1,694,844	350,759	2,270,479	676,979	4,993,060	4,993,060	239,627	-	-	2,543,096	7,775,983	2,782,923	2,782,923	22,633,816	
2035	-	5,232,887	5,232,887	1,694,844	350,759	2,270,479	676,979	4,993,060	4,993,060	239,627	-	-	2,543,096	7,775,983	2,782,923	2,782,923	25,416,739	
2036	-	-	5,232,887	1,694,844	350,759	2,270,479	676,979	4,993,060	4,993,060	239,627	-	-	2,543,096	7,775,983	2,782,923	2,782,923	28,199,662	
2037	-	-	5,232,887	-	350,759	2,270,479	-	2,621,238	2,621,238	2,611,649	-	-	2,543,096	7,775,983	5,154,745	5,154,745	33,354,408	
2038	-	-	5,232,887	-	350,759	2,270,479	-	2,621,238	2,621,238	2,611,649	-	-	2,543,096	7,775,983	5,154,745	5,154,745	38,509,153	
2039	-	-	5,232,887	-	350,759	2,270,479	-	2,621,238	2,621,238	2,611,649	-	-	2,543,096	7,775,983	5,154,745	5,154,745	43,663,898	
2040	-	-	5,232,887	-	350,759	2,270,479	-	2,621,238	2,621,238	2,611,649	-	-	2,543,096	7,775,983	5,154,745	5,154,745	48,818,644	
2041	-	-	5,232,887	-	350,759	2,270,479	-	2,621,238	2,621,238	2,611,649	-	-	2,543,096	7,775,983	5,154,745	5,154,745	53,973,389	
2042	-	-	5,232,887	-	350,759	2,270,479	-	2,621,238	2,621,238	2,611,649	-	-	2,543,096	7,775,983	5,154,745	5,154,745	59,128,134	
<b>Total</b>	<b>35,526,487</b>	<b>73,294,970</b>	<b>208,246,310</b>	<b>23,804,794</b>	<b>25,886,686</b>	<b>56,761,966</b>	<b>13,539,570</b>	<b>119,993,016</b>	<b>156,253,350</b>	<b>Total</b>	<b>4.00¢</b>	-	-	-	-	-		

- Value of a Penny on the Real Estate Tax: \$635,774
- Assumed Growth Rate of Penny Value: 0%

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 25

# Penny Analysis – Case 1B



<b>Case 1B</b>	
<b>Total Projects Financed</b>	\$72,950,000
<b>Deposit to Capital Reserve Fund (FY16)</b>	\$0
<b>Utilizes Strategic Debt Structuring</b>	Yes
<b>Total Real Estate Tax Equivalent Impact</b>	3.00¢

FY	Existing Debt Service and Available Funds			Future Proposed Borrowings							Surplus/ (Deficit)	Tax Increase	Revenue from Tax Increase	Funds Available:			Capital Reserve Deposit/ (Draw)	Capital Reserve Fund Balance
	Total Existing Debt Service	Recurring Debt Reserve	Debt Service Budget	Landfill	Radio System Capital and Maintenance	Career and Technical Center	Business Park	Total Proposed Debt Service	Total Existing and Proposed Debt Service	Budget plus Revenue from Tax Increase				Adjusted Surplus/ (Deficit)	Capital Reserve			
2015	4,610,232	211,866	4,822,098	-	-	-	-	-	4,822,098	-	-	-	4,822,098	-	211,866	2,852,877		
2016	4,052,525	521,981	4,574,506	-	-	-	-	-	4,574,506	(247,592)	-	-	4,574,506	-	521,981	3,414,858		
2017	4,008,336	1,224,551	5,232,887	-	1,606,543	-	676,979	2,283,522	6,291,858	(1,058,971)	-	-	5,232,887	(1,058,971)	(1,058,971)	2,355,887		
2018	3,829,286	1,403,601	5,232,887	-	1,606,543	1,750,000	676,979	4,033,522	7,862,808	(2,629,921)	2.00¢	1,271,548	6,504,435	(1,358,373)	(1,358,373)	997,514		
2019	3,171,216	2,081,671	5,232,887	423,095	1,606,543	1,787,500	676,979	4,411,117	7,845,333	(2,612,446)	1.00¢	1,907,322	7,140,209	(605,124)	(605,124)	492,980		
2020	2,875,419	2,357,468	5,232,887	423,095	1,606,543	1,783,750	676,979	4,490,367	7,385,788	(2,132,899)	-	-	1,907,322	7,140,209	(225,577)	(225,577)	266,813	
2021	2,841,841	2,391,046	5,232,887	423,095	1,606,543	1,798,750	676,979	4,505,367	7,347,208	(2,114,321)	-	-	1,907,322	7,140,209	(206,999)	(206,999)	59,814	
2022	2,059,405	3,173,482	5,232,887	423,095	1,606,543	1,812,500	676,979	4,519,117	6,578,522	(1,345,835)	-	-	1,907,322	7,140,209	561,687	561,687	621,500	
2023	2,045,233	3,187,654	5,232,887	1,109,470	1,606,543	1,875,000	676,979	5,287,991	7,313,224	(2,080,337)	-	-	1,907,322	7,140,209	(173,015)	(173,015)	448,485	
2024	1,244,776	3,988,111	5,232,887	1,109,470	1,606,543	2,033,750	676,979	5,428,741	6,671,517	(1,438,630)	-	-	1,907,322	7,140,209	468,692	468,692	917,177	
2025	1,228,070	4,004,817	5,232,887	1,109,470	1,606,543	2,208,750	676,979	5,601,741	6,629,811	(1,598,924)	-	-	1,907,322	7,140,209	310,398	310,398	1,227,574	
2026	1,089,758	4,143,129	5,232,887	1,109,470	1,606,543	2,217,750	676,979	5,666,741	6,756,499	(1,522,612)	-	-	1,907,322	7,140,209	383,710	383,710	1,611,284	
2027	1,076,853	4,156,034	5,232,887	1,109,470	350,759	2,433,750	676,979	4,570,957	5,647,810	(414,923)	-	-	1,907,322	7,140,209	1,492,399	1,492,399	3,103,683	
2028	897,091	4,535,796	5,232,887	1,109,470	350,759	2,583,750	676,979	4,720,957	5,418,048	(185,161)	-	-	1,907,322	7,140,209	1,722,161	1,722,161	4,825,844	
2029	696,446	4,536,441	5,232,887	1,109,470	350,759	2,732,750	676,979	4,880,957	5,557,403	(124,516)	-	-	1,907,322	7,140,209	1,582,806	1,582,806	6,408,650	
2030	-	5,232,887	5,232,887	2,804,313	350,759	2,853,750	676,979	6,685,801	6,685,801	(1,452,914)	-	-	1,907,322	7,140,209	454,408	454,408	6,863,058	
2031	-	5,232,887	5,232,887	2,381,218	350,759	2,873,750	676,979	6,282,706	6,282,706	(1,049,819)	-	-	1,907,322	7,140,209	857,503	857,503	7,720,561	
2032	-	5,232,887	5,232,887	2,381,218	350,759	2,788,750	676,979	6,197,706	6,197,706	(964,819)	-	-	1,907,322	7				

# Penny Analysis – Case 2A



<b>Case 2A</b>	
<b>Total Projects Financed</b>	\$90,950,000
<b>Deposit to Capital Reserve Fund (FY16)</b>	\$18,000,000
<b>Utilizes Strategic Debt Structuring</b>	No
<b>Total Real Estate Tax Equivalent Impact</b>	3.00¢

Existing Debt Service and Available Funds				Future Proposed Borrowings										Funds Available:				
FY	Total Existing Debt Service	Recuming Debt Reserve	Debt Service Budget	Landfill	Radio System Capital and Maintenance	Career and Technical Center	Business Park	Total Proposed Debt Service	Total Existing and Proposed Debt Service	Surplus/ (Deficit)	Tax Increase	Revenue from Tax Increase	Revenue from Tax Increase	Adjusted Surplus/ (Deficit)	Capital Reserve Deposit/ (Draw)	Capital Reserve Fund Balance		
2015	4,610,232	211,886	4,822,098	-	-	-	-	-	4,822,098	-	-	-	-	4,822,098	-	2,892,877		
2016	4,052,525	521,981	4,574,506	-	-	-	-	-	4,574,506	(247,592)	-	-	-	4,574,506	-	2,144,858		
2017	4,008,336	1,224,551	5,232,887	-	1,606,543	-	676,979	2,283,522	6,291,858	(1,058,971)	-	-	-	5,232,887	(1,058,971)	20,355,887		
2018	3,629,286	1,403,601	5,232,887	-	1,606,543	3,547,823	676,979	5,831,145	9,660,431	(4,427,544)	2.00¢	1,271,548	6,504,435	(3,155,996)	(3,155,996)	17,199,891		
2019	3,171,216	2,061,671	5,232,887	423,095	1,606,543	3,547,823	676,979	6,254,240	9,425,456	(3,192,669)	1.00¢	1,907,322	7,140,209	(2,285,247)	(2,285,247)	14,914,644		
2020	2,875,419	2,357,488	5,232,887	423,095	1,606,543	3,547,823	676,979	6,254,240	9,129,659	(3,886,772)	-	1,907,322	7,140,209	(1,989,450)	(1,989,450)	12,925,194		
2021	2,841,841	2,391,046	5,232,887	423,095	1,606,543	3,547,823	676,979	6,254,240	9,096,081	(3,883,194)	-	1,907,322	7,140,209	(1,995,872)	(1,995,872)	10,969,322		
2022	2,059,405	3,173,462	5,232,887	423,095	1,606,543	3,547,823	676,979	6,254,240	8,313,645	(3,080,758)	-	1,907,322	7,140,209	(1,173,436)	(1,173,436)	9,795,886		
2023	2,045,233	3,187,654	5,232,887	1,109,470	1,606,543	3,547,823	676,979	6,940,614	8,985,847	(3,752,960)	-	1,907,322	7,140,209	(1,845,638)	(1,845,638)	7,950,248		
2024	1,244,776	3,988,111	5,232,887	1,109,470	1,606,543	3,547,823	676,979	6,940,614	8,185,390	(2,952,503)	-	1,907,322	7,140,209	(1,045,181)	(1,045,181)	6,905,067		
2025	1,228,070	4,004,817	5,232,887	1,109,470	1,606,543	3,547,823	676,979	6,940,614	8,168,884	(2,955,737)	-	1,907,322	7,140,209	(1,028,475)	(1,028,475)	5,876,591		
2026	1,086,758	4,143,129	5,232,887	1,109,470	1,606,543	3,547,823	676,979	6,940,614	8,036,372	(2,797,485)	-	1,907,322	7,140,209	(890,163)	(890,163)	4,988,426		
2027	1,076,853	4,156,034	5,232,887	1,109,470	350,759	3,547,823	676,979	5,684,830	6,761,683	(1,528,796)	-	1,907,322	7,140,209	378,526	378,526	5,364,954		
2028	897,091	4,535,796	5,232,887	1,109,470	350,759	3,547,823	676,979	5,684,830	6,381,921	(1,149,034)	-	1,907,322	7,140,209	758,288	758,288	6,123,242		
2029	686,446	4,936,441	5,232,887	1,109,470	350,759	3,547,823	676,979	5,684,830	6,381,276	(1,148,369)	-	1,907,322	7,140,209	758,693	758,693	6,892,175		
2030	-	5,232,887	5,232,887	2,804,313	350,759	3,547,823	676,979	7,379,674	7,379,674	(2,146,787)	-	1,907,322	7,140,209	(239,465)	(239,465)	6,642,710		
2031	-	5,232,887	5,232,887	2,381,218	350,759	3,547,823	676,979	6,956,579	6,956,579	(1,723,692)	-	1,907,322	7,140,209	183,630	183,630	6,826,341		
2032	-	5,232,887	5,232,887	2,381,218	350,759	3,547,823	676,979	6,956,579	6,956,579	(1,723,692)	-	1,907,322	7,140,209	183,630	183,630	7,009,971		
2033	-	5,232,887	5,232,887	1,694,844	350,759	3,547,823	676,979	6,270,204	6,270,204	(1,037,317)	-	1,907,322	7,140,209	870,005	870,005	7,879,976		
2034	-	5,232,887	5,232,887	1,694,844	350,759	3,547,823	676,979	6,270,204	6,270,204	(1,037,317)	-	1,907,322	7,140,209	870,005	870,005	8,749,980		
2035	-	5,232,887	5,232,887	1,694,844	350,759	3,547,823	676,979	6,270,204	6,270,204	(1,037,317)	-	1,907,322	7,140,209	870,005	870,005	9,619,985		
2036	-	-	5,232,887	1,694,844	350,759	3,547,823	676,979	6,270,204	6,270,204	(1,037,317)	-	1,907,322	7,140,209	870,005	870,005	10,489,990		
2037	-	-	5,232,887	-	350,759	3,547,823	-	3,898,382	3,898,382	1,334,505	-	1,907,322	7,140,209	3,241,827	3,241,827	13,731,817		
2038	-	-	5,232,887	-	350,759	3,547,823	-	3,898,382	3,898,382	1,334,505	-	1,907,322	7,140,209	3,241,827	3,241,827	16,973,644		
2039	-	-	5,232,887	-	350,759	3,547,823	-	3,898,382	3,898,382	1,334,505	-	1,907,322	7,140,209	3,241,827	3,241,827	20,215,471		
2040	-	-	5,232,887	-	350,759	3,547,823	-	3,898,382	3,898,382	1,334,505	-	1,907,322	7,140,209	3,241,827	3,241,827	23,457,298		
2041	-	-	5,232,887	-	350,759	3,547,823	-	3,898,382	3,898,382	1,334,505	-	1,907,322	7,140,209	3,241,827	3,241,827	26,699,125		
2042	-	-	5,232,887	-	350,759	3,547,823	-	3,898,382	3,898,382	1,334,505	-	1,907,322	7,140,209	3,241,827	3,241,827	29,940,953		
<b>Total</b>	<b>35,526,487</b>	<b>73,294,970</b>	<b>208,246,310</b>	<b>23,804,794</b>	<b>25,886,686</b>	<b>89,690,572</b>	<b>13,539,570</b>	<b>151,921,621</b>	<b>188,181,955</b>	<b>Total</b>	<b>3.00¢</b>							

- Value of a Penny on the Real Estate Tax: \$635,774
- Assumed Growth Rate of Penny Value: 0%

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 27

# Penny Analysis – Case 2B



<b>Case 2B</b>	
<b>Total Projects Financed</b>	\$90,950,000
<b>Deposit to Capital Reserve Fund (FY16)</b>	\$18,000,000
<b>Utilizes Strategic Debt Structuring</b>	Yes
<b>Total Real Estate Tax Equivalent Impact</b>	2.00¢

Existing Debt Service and Available Funds				Future Proposed Borrowings										Funds Available:				
FY	Total Existing Debt Service	Recuming Debt Reserve	Debt Service Budget	Landfill	Radio System Capital and Maintenance	Career and Technical Center	Business Park	Total Proposed Debt Service	Total Existing and Proposed Debt Service	Surplus/ (Deficit)	Tax Increase	Revenue from Tax Increase	Revenue from Tax Increase	Adjusted Surplus/ (Deficit)	Capital Reserve Deposit/ (Draw)	Capital Reserve Fund Balance		
2015	4,610,232	211,886	4,822,098	-	-	-	-	-	4,822,098	-	-	-	-	4,822,098	-	2,892,877		
2016	4,052,525	521,981	4,574,506	-	-	-	-	-	4,574,506	(247,592)	-	-	-	4,574,506	-	2,144,858		
2017	4,008,336	1,224,551	5,232,887	-	1,606,543	-	676,979	2,283,522	6,291,858	(1,058,971)	-	-	-	5,232,887	(1,058,971)	20,355,887		
2018	3,629,286	1,403,601	5,232,887	-	1,606,543	3,550,000	676,979	5,833,522	9,662,808	(4,429,921)	2.00¢	1,271,548	6,504,435	(3,156,373)	(3,156,373)	17,197,514		
2019	3,171,216	2,061,671	5,232,887	423,095	1,606,543	3,552,500	676,979	6,259,117	9,425,333	(3,192,669)	-	1,271,548	6,504,435	(2,920,888)	(2,920,888)	14,776,616		
2020	2,875,419	2,357,488	5,232,887	423,095	1,606,543	3,550,000	676,979	6,259,117	9,134,538	(3,901,649)	-	1,271,548	6,504,435	(2,630,101)	(2,630,101)	11,646,515		
2021	2,841,841	2,391,046	5,232,887	423,095	1,606,543	3,544,500	676,979	6,251,117	9,092,858	(3,880,071)	-	1,271,548	6,504,435	(2,588,523)	(2,588,523)	9,657,992		
2022	2,059,405	3,173,462	5,232,887	423,095	1,606,543	3,544,000	676,979	6,250,617	8,310,023	(3,077,135)	-	1,271,548	6,504,435	(1,805,587)	(1,805,587)	7,252,404		
2023	2,045,233	3,187,654	5,232,887	1,109,470	1,606,543	3,550,000	676,979	6,943,491	8,988,724	(3,755,837)	-	1,271,548	6,504,435	(2,484,289)	(2,484,289)	4,768,115		
2024	1,244,776	3,988,111	5,232,887	1,109,470	1,606,543	3,543,500	676,979	6,936,491	8,181,267	(2,948,380)	-	1,271,548	6,504,435	(1,676,832)	(1,676,832)	3,091,283		
2025	1,228,070	4,004,817	5,232,887	1,109,470	1,606,543	3,543,500	676,979	6,936,491	8,184,561	(2,931,674)	-	1,271,548	6,504,435	(1,660,126)	(1,660,126)	1,431,156		
2026	1,086,758	4,143,129	5,232,887	1,109,470	1,606,543	3,450,000	676,979	6,841,961	7,932,749	(2,699,862)	-	1,271,548	6,504,435	(1,428,314)	(1,428,314)	2,942		
2027	1,076,853	4,156,034	5,232,887	1,109,470	350,759	3,227,500	676,979	5,364,707	6,441,560	(1,208,873)	-	1,271,548	6,504,435	62,875	62,875	65,717		
2028	897,091	4,535,796	5,232,887	1,109,470	350,759	3,512,500	676,979	6,649,707	6,346,798	(1,113,911)	-	1,271,548	6,504,435	157,637	157,637	223,354		
2029	686,446	4,936,441	5,232,887	1,109,470	350,759	3,510,000	676,979	6,707,207	6,403,653	(1,170,766)	-	1,271,548	6,504,435	100,782	100,782	324,136		
2030	-	5,232,887	5,232,887	2,804,313	350,759	2,990,500	676,979	6,822,551	6,822,551	(1,589,694)	-	1,271,548	6,504,435	(318,116)	(318,116)	6,020		
2031	-	5,232,887	5,232,887	2,381,218	350,759	3,050,500	676,979	6,459,456	6,459,456	(1,226,589)	-	1,271,548	6,504,435	44,979	44,979	50,999		
2032	-	5,232,887	5,232,887	2,381,218	350,759	3,129,250	676,979	6,538,206	6,538,206	(1,305,319)	-	1,271,548	6,504,435	(33,771)	(33,771)	17,228		
2033	-	5,232,887	5,232,887	1,694,844	350,759	3,705,800	676,979	6,493,061	6,493,061	(1,195,194)	-	1,271,548	6,504,435	76,354				

## Debt Issuance Assumptions – Case 1A



### Proposed Debt Service



### Borrowing Assumptions

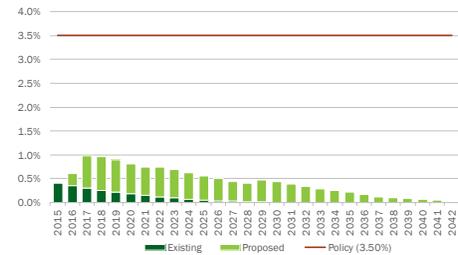
- Career and Technical Center Debt
  - Amount Financed: **\$32,000,000**
  - Interest Rate: 5.00%
  - Amortization: **25 Year Level Debt Service**
  - Issue Date: FY 2017
  - First Interest: FY 2018
  - First Principal: FY 2018

Note: Excludes Radio System's annual maintenance expense of \$350,759 which is included in tax impact analyses.

## Key Debt Ratios – Case 1A



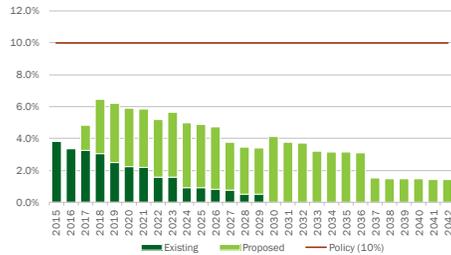
### Debt to Assessed Value



### Debt to Assessed Value

- Debt to Assessed Value
  - FY 2017: 0.98%
  - Existing Debt: 0.31%
  - Proposed Debt: 0.68%

### Debt Service vs. Expenditures



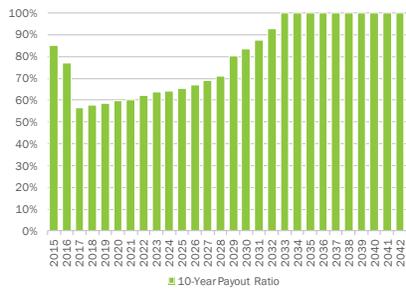
### Debt Service vs. Expenditures

- Debt Service vs. Expenditures
  - FY 2018: 6.46%
  - Existing Debt Service: 3.08%
  - Proposed Debt Service: 3.38%

## Key Debt Ratios – Case 1A



### 10-Year Payout Ratio

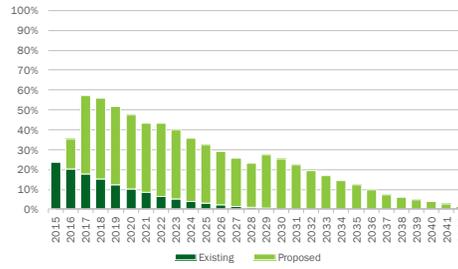


■ 10-Year Payout Ratio

– FY 2017: 57%

Fiscal Year	10-Year Payout Ratio
2015	85%
2016	77%
2017	57%
2018	58%
2019	59%
2020	60%
2021	60%
2022	62%

### Debt as a % of Revenues



■ Debt as a % of Revenues

– FY 2017: 57.02%

– Existing Debt: 17.77%

– Proposed Debt: 39.25%

## Debt Issuance Assumptions – Case 1B



### Proposed Debt Service



### Borrowing Assumptions

■ Career and Technical Center Debt

– Amount Financed: **\$32,000,000**

– Interest Rate: 5.00%

– Amortization: **25 Year Structured Debt Service**

– Issue Date: FY 2017

– First Interest: FY 2018

– First Principal: FY 2018

Note: Excludes Radio System's annual maintenance expense of \$350,759 which is included in tax impact analysis.

## Key Debt Ratios – Case 1B



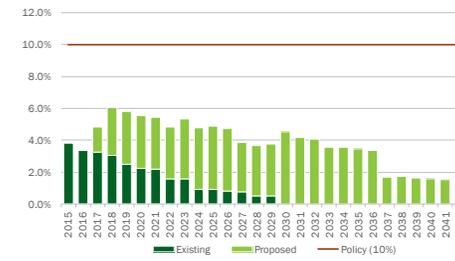
### Debt to Assessed Value



#### Debt to Assessed Value

- FY 2017: 0.98%
- Existing Debt: 0.31%
- Proposed Debt: 0.68%

### Debt Service vs. Expenditures



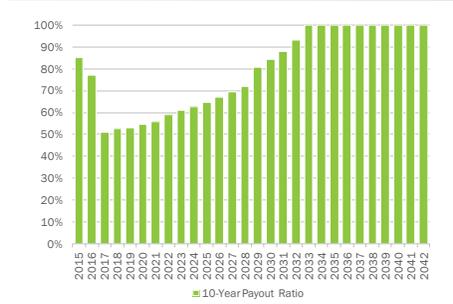
#### Debt Service vs. Expenditures

- FY 2018: 6.04%
- Existing Debt Service: 3.08%
- Proposed Debt Service: 2.96%

## Key Debt Ratios – Case 1B



### 10-Year Payout Ratio



#### 10-Year Payout Ratio

- FY 2017: 51%

Fiscal Year	10-Year Payout Ratio
2015	85%
2016	77%
2017	51%
2018	52%
2019	53%
2020	55%
2021	56%
2022	59%

### Debt as a % of Revenues



#### Debt as a % of Revenues

- FY 2017: 57.02%
- Existing Debt: 17.77%
- Proposed Debt: 39.25%

## Key Debt Ratios – Case 2A



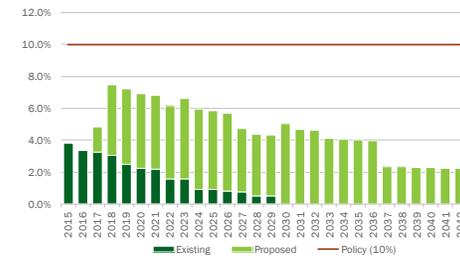
Debt to Assessed Value



■ Debt to Assessed Value

- FY 2017: 1.22%
- Existing Debt: 0.31%
- Proposed Debt: 0.91%

Debt Service vs. Expenditures



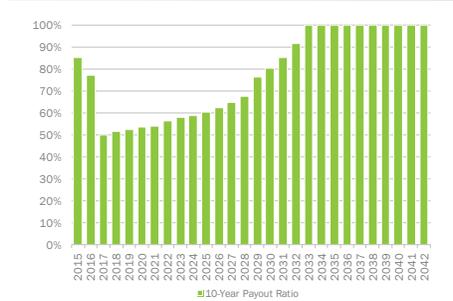
■ Debt Service vs. Expenditures

- FY 2018: 7.49%
- Existing Debt Service: 3.08%
- Proposed Debt Service: 4.41%

## Key Debt Ratios – Case 2A



10-Year Payout Ratio



■ 10-Year Payout Ratio

- FY 2017: 50%

Fiscal Year	10-Year Payout Ratio
2015	85%
2016	77%
2017	50%
2018	52%
2019	52%
2020	53%
2021	54%
2022	56%

Debt as a % of Revenues



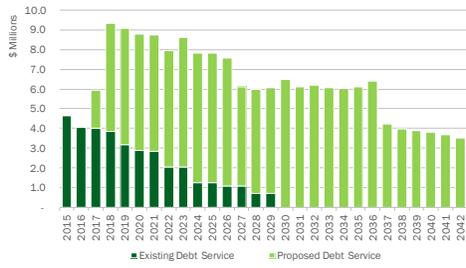
■ Debt as a % of Revenues

- FY 2017: 70.79%
- Existing Debt: 17.77%
- Proposed Debt: 53.02%

## Debt Issuance Assumptions – Case 2B



### Proposed Debt Service



### Borrowing Assumptions

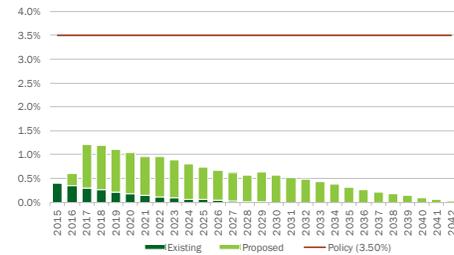
- Career and Technical Center Debt
  - Amount Financed: **\$50,000,000**
  - Interest Rate: 5.00%
  - Amortization: **25 Year Structured Debt Service**
  - Issue Date: FY 2017
  - First Interest: FY 2018
  - First Principal: FY 2018

Note: Excludes Radio System's annual maintenance expense of \$350,759 which is included in tax impact analysis.

## Key Debt Ratios – Case 2B



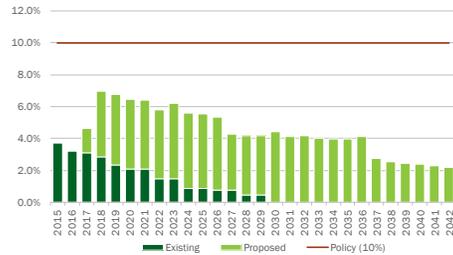
### Debt to Assessed Value



### Debt to Assessed Value

- Debt to Assessed Value
  - FY 2017: 1.22%
  - Existing Debt: 0.31%
  - Proposed Debt: 0.91%

### Debt Service vs. Expenditures



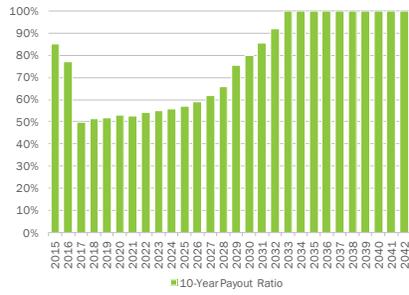
### Debt Service vs. Expenditures

- Debt Service vs. Expenditures
  - FY 2018: 7.49%
  - Existing Debt Service: 3.08%
  - Proposed Debt Service: 4.41%

## Key Debt Ratios – Case 2B



### 10-Year Payout Ratio



■ 10-Year Payout Ratio

– FY 2017: 50%

Fiscal Year	10-Year Payout Ratio
2015	85%
2016	77%
2017	50%
2018	51%
2019	52%
2020	53%
2021	53%
2022	54%

### Debt as a % of Revenues



■ Debt as a % of Revenues

– FY 2017: 70.79%

– Existing Debt: 17.77%

– Proposed Debt: 53.02%

## Key Debt Ratios – Case 2B



### 10-Year Payout Ratio

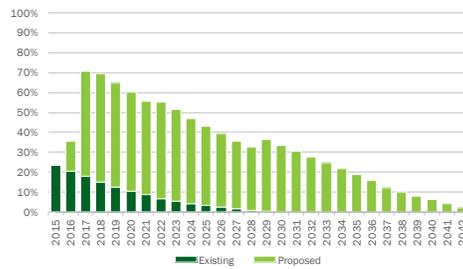


■ 10-Year Payout Ratio

– FY 2017: 50%

Fiscal Year	10-Year Payout Ratio
2015	85%
2016	77%
2017	50%
2018	51%
2019	52%
2020	53%
2021	53%
2022	54%

### Debt as a % of Revenues



■ Debt as a % of Revenues

– FY 2017: 70.79%

– Existing Debt: 17.77%

– Proposed Debt: 53.02%

## Next Steps



- Wednesday, January 7, 2015
  - Davenport distributes Request for Proposal (“RFP”) to local, regional, and national banking institutions to solicit funding for the for the Radio System Project.
  
- Monday, January 12, 2015
  - **Meeting of the County Board of Supervisors**  
Davenport presents Financial Review/Capital Funding Strategies and Special Tax Districts presentations to the County Board.
  
- Thursday, January 22, 2015
  - Davenport receives responses to the Radio System RFP from banking institutions.
  
- January 22 – February 13, 2015
  - Review RFP responses and compare bank proposals to develop a recommendation. Develop financing documents.
  
- Tuesday, February 17, 2015
  - **Meeting of the County Board of Supervisors**  
County Board considers approval of Radio System financing documents and, if necessary, selects the winning bidder.
  
- On or before February 28, 2015
  - Close on Radio System financing.

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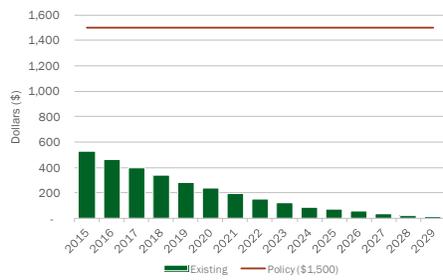
January 12, 2015

Franklin County, VA 46

## Debt Per Capita



**Existing Debt Per Capita**



**Existing Debt Per Capita**

■ Existing Debt Per Capita	
– FY 2015	\$527
■ Population <sup>(1)</sup>	
– FY 2014	56,574
– Growth Rate (FY15 & Beyond)	1.00%
– FY 2015	57,140
■ Outstanding Debt <sup>(2)</sup>	
– FY 2015	\$30,101,465

**Sources:**

(1) FY 2014 Population estimate from Weldon Cooper Center for July 1, 2013.  
 (2) County Staff, Davenport estimates.

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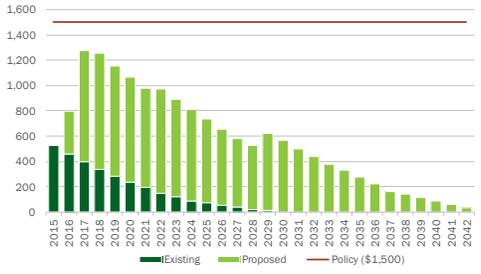
January 12, 2015

Franklin County, VA 48

## Debt Per Capita



Debt Per Capita - Case 1A



Debt Per Capita	
- FY 2017:	\$1,279
- Existing Debt	\$399
- Proposed Debt	\$880

Debt Per Capita - Case 1B

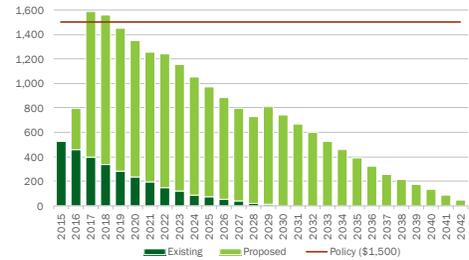


Debt Per Capita	
- FY 2017:	\$1,279
- Existing Debt	\$399
- Proposed Debt	\$880

## Debt Per Capita

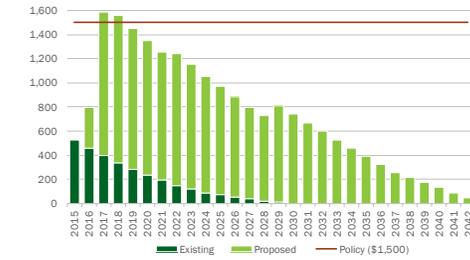


Debt Per Capita - Case 2A



Debt Per Capita	
- FY 2017:	\$1,588
- Existing Debt	\$399
- Proposed Debt	\$1,189

Debt Per Capita - Case 2B



Debt Per Capita	
- FY 2017:	\$1,588
- Existing Debt	\$399
- Proposed Debt	\$1,189

# Existing Tax Supported Debt Summary



County Debt Service Fund			
FY	Principal	Interest	Total
<b>Total</b>	<b>\$14,863,750</b>	<b>\$2,512,325</b>	<b>\$17,376,075</b>
2015	1,552,105	414,085	1,966,191
2016	1,326,505	329,570	1,656,075
2017	1,360,612	297,455	1,658,067
2018	1,260,941	264,480	1,525,421
2019	1,294,952	232,451	1,527,403
2020	1,066,395	202,388	1,268,784
2021	1,097,364	174,318	1,271,682
2022	911,932	147,898	1,059,830
2023	937,944	123,186	1,061,130
2024	599,000	97,776	696,776
2025	616,000	81,070	697,070
2026	634,000	63,883	697,883
2027	650,000	46,228	696,228
2028	669,000	28,091	697,091
2029	687,000	9,446	696,446
2030	-	-	-

School Debt			
FY	Principal	Interest	Total
<b>Total</b>	<b>\$15,437,715</b>	<b>\$2,989,879</b>	<b>\$18,427,594</b>
2015	2,082,963	589,431	2,672,394
2016	1,903,697	511,715	2,415,412
2017	1,924,967	434,795	2,359,762
2018	1,945,531	368,517	2,304,047
2019	1,351,885	291,926	1,643,811
2020	1,373,060	233,573	1,606,633
2021	1,395,113	175,045	1,570,159
2022	869,363	130,212	999,575
2023	885,378	98,724	984,102
2024	481,279	66,721	548,000
2025	486,079	44,921	531,000
2026	366,334	25,541	391,875
2027	372,067	8,558	380,625
2028	-	-	-
2029	-	-	-
2030	-	-	-

Total County and School Debt			
FY	Principal	Interest	Total
<b>Total</b>	<b>\$30,101,465</b>	<b>\$5,482,004</b>	<b>\$35,583,469</b>
2015	3,635,068	1,003,517	4,638,585
2016	3,230,202	841,285	4,071,487
2017	3,285,579	732,250	4,017,829
2018	3,206,471	622,997	3,829,468
2019	2,646,837	524,377	3,171,214
2020	2,439,455	435,961	2,875,416
2021	2,492,477	349,363	2,841,840
2022	1,781,295	278,110	2,059,405
2023	1,823,322	221,910	2,045,232
2024	1,080,279	164,498	1,244,777
2025	1,102,079	125,991	1,228,070
2026	1,000,334	89,423	1,089,757
2027	1,022,067	54,785	1,076,852
2028	669,000	28,091	697,091
2029	687,000	9,446	696,446
2030	-	-	-

IDA Debt			
FY	Principal	Interest	Total
<b>Total</b>	<b>\$5,204,188</b>	<b>\$1,622,187</b>	<b>\$6,826,355</b>
2015	356,473	200,738	557,211
2016	364,646	187,984	552,630
2017	375,789	173,953	549,742
2018	387,056	159,019	546,075
2019	398,450	143,549	541,999
2020	409,972	124,069	534,042
2021	254,408	114,458	368,866
2022	263,660	104,381	368,042
2023	273,828	93,890	367,719
2024	285,062	82,906	367,968
2025	296,365	71,410	367,775
2026	307,737	59,396	367,133
2027	319,181	46,849	366,030
2028	330,699	33,764	364,463
2029	345,142	20,075	365,217
2030	233,700	5,746	239,446

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January 12, 2015

Note: IDA Debt excluded from Tax Supported Debt totals used in Capital Funding and Debt Affordability analyses.

Franklin County, VA 51

# County Debt



\$1,491,706

B of A 2010 Refunding of 1998 First National Bank Loan (G Portion)			
FY	Coupon	Principal	Interest
<b>Total</b>	-	<b>306,332</b>	<b>2,474</b>
2015	1.615%	306,332	2,474
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-

\$1,362,697

BB&T 2013 Amendment to 2011 Refunding of 2005 Promissory Note			
FY	Coupon	Principal	Interest
<b>Total</b>	-	<b>179,820</b>	<b>28,892</b>
2015	2.270%	179,820	28,892
2016	2.270%	184,557	24,757
2017	2.270%	189,418	20,512
2018	2.270%	194,408	16,156
2019	2.270%	199,529	11,684
2020	2.270%	204,785	7,095
2021	2.270%	210,180	2,386
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-

\$3,130,131

BB&T 2013 Amendment to 2011 Refunding of 2007B			
FY	Coupon	Principal	Interest
<b>Total</b>	-	<b>2,855,998</b>	<b>382,500</b>
2015	2.580%	282,141	73,685
2016	2.580%	290,382	66,406
2017	2.580%	298,849	58,914
2018	2.580%	307,533	51,203
2019	2.580%	316,423	43,269
2020	2.580%	325,610	35,105
2021	2.580%	335,184	26,705
2022	2.580%	344,932	18,057
2023	2.580%	354,944	9,158
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-

Dated Date: 6/24/2010  
 Next Call:  
 Purpose: General Govt. Projects  
 Insurance: N/A  
 Coupon Dates: Jan 15/Jul 15  
 Maturity Date: Jul 15

Dated Date: 8/25/2011  
 Next Call: Payment Date at 101%  
 Purpose: Workforce/Radio System  
 Insurance: N/A  
 Coupon Dates: Jan 15/Jul 15  
 Maturity Date: Jul 15

Dated Date: 8/25/2011  
 Next Call: Payment Date at 101%  
 Purpose: Government Center  
 Insurance: N/A  
 Coupon Dates: Jan 15/Jul 15  
 Maturity Date: Jul 15

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 52

County Debt



\$8,518,000

2013A Lease Revenue Bond - Long Term County Projects

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>8,518,000</b>	<b>1,932,726</b>	<b>10,450,726</b>
2015	2.750%	423,000	274,627	697,627
2016	2.750%	479,000	216,026	695,026
2017	2.750%	493,000	202,661	695,661
2018	2.750%	508,000	188,898	696,898
2019	2.750%	522,000	174,735	696,735
2020	2.750%	536,000	160,188	696,188
2021	2.750%	552,000	145,228	697,228
2022	2.750%	567,000	129,841	696,841
2023	2.750%	583,000	114,029	697,029
2024	2.750%	599,000	97,776	696,776
2025	2.750%	616,000	81,070	697,070
2026	2.750%	634,000	63,883	697,883
2027	2.750%	650,000	46,228	696,228
2028	2.750%	669,000	28,091	697,091
2029	2.750%	687,000	9,446	696,446

Dated Date: 11/20/13      Next Call: Anytime @ 100%  
 Purpose: Public Improvements      Insurance: n/a  
 Coupon Dates: Feb 1/Aug 1      Maturity Date: Aug 1  
 Note: Lender = Carter Bank & Trust.

\$1,226,000

2013B Lease Revenue Bond - Short Term Leases

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>1,226,000</b>	<b>72,429</b>	<b>1,298,429</b>
2015	2.150%	231,000	29,074	260,074
2016	2.150%	241,000	18,802	259,802
2017	2.150%	246,000	13,567	259,567
2018	2.150%	251,000	8,224	259,224
2019	2.150%	257,000	2,763	259,763
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-

Dated Date: 11/20/13      Next Call: Anytime @ 100%  
 Purpose: Capital Leases      Insurance: n/a  
 Coupon Dates: Feb 1/Aug 1      Maturity Date: Aug 1  
 Note: Lender = Carter Bank & Trust.

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 53

County Debt



\$655,000

Landfill Equipment

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>394,723</b>	<b>10,715</b>	<b>405,437</b>
2015	1.351%	129,812	5,333	135,146
2016	1.351%	131,566	3,579	135,146
2017	1.351%	133,344	1,802	135,146
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-

Dated Date:      Next Call:  
 Purpose:      Insurance:  
 Coupon Dates:      Maturity Date:

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 54

## County Debt



\$1,000,000  
WVCC Note

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>500,000</b>	<b>-</b>	<b>500,000</b>
2015	0.000%	100,000	-	100,000
2016	0.000%	100,000	-	100,000
2017	0.000%	100,000	-	100,000
2018	0.000%	100,000	-	100,000
2019	0.000%	100,000	-	100,000
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-

Dated Date: 12/15/09      Next Call:  
 Purpose: General Govt. Projects      Insurance:  
 Coupon Dates:      Maturity Date:

DAVENPORT & COMPANY

Note: Excluded in accordance with County Staff debt schedule.

January 12, 2015

Franklin County, VA 55

## Schools Debt



\$4,595,000

March 1997 Lit Loans (5)

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>919,000</b>	<b>55,140</b>	<b>974,140</b>
2015	3.000%	229,750	24,124	253,874
2016	3.000%	229,750	17,231	246,981
2017	3.000%	229,750	10,339	240,089
2018	3.000%	229,750	3,446	233,196
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-

Dated Date: 3/17/1997      Next Call:  
 Purpose: Schools      Insurance: N/A  
 Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15

\$210,000

September 1997 Lit Loan (1)

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>42,000</b>	<b>2,520</b>	<b>44,520</b>
2015	3.000%	10,500	1,103	11,603
2016	3.000%	10,500	788	11,288
2017	3.000%	10,500	473	10,973
2018	3.000%	10,500	158	10,658
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-

Dated Date: 9/15/1997      Next Call:  
 Purpose: Schools      Insurance: N/A  
 Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 56

Schools Debt



\$2,470,000

October 1997 Lit Loans (3)

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>494,000</b>	<b>29,640</b>	<b>523,640</b>
2015	3.000%	123,500	12,968	136,468
2016	3.000%	123,500	9,263	132,763
2017	3.000%	123,500	5,558	129,058
2018	3.000%	123,500	1,853	125,353
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-

\$5,000,000

July 1998 Lit Loan (1)

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>1,000,000</b>	<b>60,000</b>	<b>1,060,000</b>
2015	3.000%	250,000	26,250	276,250
2016	3.000%	250,000	18,750	268,750
2017	3.000%	250,000	11,250	261,250
2018	3.000%	250,000	3,750	253,750
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-

Dated Date: 10/7/1997

Next Call:

Purpose: Schools

Insurance: N/A

Coupon Dates: Jan 15/Jul 15

Maturity Date: Jul 15

Dated Date: 7/16/1998

Next Call:

Purpose: Schools

Insurance: N/A

Coupon Dates: Jan 15/Jul 15

Maturity Date: Jul 15

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 57

Schools Debt



\$6,790,943

2006A VPSA

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>4,477,284</b>	<b>1,348,341</b>	<b>5,825,625</b>
2015	5.100%	318,330	197,295	515,625
2016	5.100%	323,446	180,929	504,375
2017	5.100%	328,829	164,296	493,125
2018	4.225%	332,998	148,877	481,875
2019	4.350%	336,093	134,532	470,625
2020	4.350%	339,538	119,837	459,375
2021	4.350%	343,136	104,989	448,125
2022	4.600%	347,338	89,537	436,875
2023	4.400%	351,817	73,808	425,625
2024	4.475%	356,279	58,096	414,375
2025	4.475%	361,079	42,046	403,125
2026	4.600%	366,334	25,541	391,875
2027	4.600%	372,067	8,558	380,625
2028	-	-	-	-

\$2,500,000

2004 VPSA

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>1,375,000</b>	<b>351,547</b>	<b>1,726,547</b>
2015	5.100%	125,000	62,719	187,719
2016	5.100%	125,000	56,344	181,344
2017	5.100%	125,000	49,969	174,969
2018	5.100%	125,000	43,594	168,594
2019	5.100%	125,000	37,219	162,219
2020	5.100%	125,000	30,844	155,844
2021	4.100%	125,000	25,094	150,094
2022	4.225%	125,000	19,891	144,891
2023	4.600%	125,000	14,375	139,375
2024	4.600%	125,000	8,625	133,625
2025	4.600%	125,000	2,875	127,875
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-

\$3,400,000

2000 VPSA

FY	Coupon	Principal	Interest	Total
<b>Total</b>		<b>1,190,000</b>	<b>233,240</b>	<b>1,423,240</b>
2015	5.600%	170,000	61,880	231,880
2016	5.600%	170,000	52,360	222,360
2017	5.600%	170,000	42,840	212,840
2018	5.600%	170,000	33,320	203,320
2019	5.600%	170,000	23,800	193,800
2020	5.600%	170,000	14,280	184,280
2021	5.600%	170,000	4,760	174,760
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-

Dated Date: 11/9/06

Next Call:

Purpose: Schools

Insurance: N/A

Coupon Dates: Jan 15/Jul 15

Maturity Date: Jul 15

Dated Date: 11/10/04

Next Call:

Purpose: Schools

Insurance: N/A

Coupon Dates: Jan 15/Jul 15

Maturity Date: Jul 15

Dated Date: 5/15/00

Next Call:

Purpose: Schools

Insurance: N/A

Coupon Dates: Jan 15/Jul 15

Maturity Date: Jul 15

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 58

Schools Debt



\$6,285,526 2000B VPSA					\$3,603,071 BB&T 2013 Amendment to 2011 Refunding of 2007A (Windy Gap)					\$1,491,706 S of A 2010 Refunding of 1998 First National Bank Loan (Schools Portion)				
FY	Coupon	Principal	Interest	Total	FY	Coupon	Principal	Interest	Total	FY	Coupon	Principal	Interest	Total
Total		2,453,274	447,350	2,900,624	Total		3,287,489	440,290	3,727,778	Total		199,668	1,612	201,280
2015	5.100%	331,460	116,665	448,125	2015	2.580%	324,755	84,817	409,572	2015	1.615%	199,668	1,612	201,280
2016	5.100%	337,263	99,612	436,875	2016	2.580%	334,238	76,439	410,676	2016	-	-	-	-
2017	5.100%	343,369	82,256	425,625	2017	2.580%	344,019	67,815	411,834	2017	-	-	-	-
2018	5.100%	349,794	64,581	414,375	2018	2.580%	353,989	58,940	412,928	2018	-	-	-	-
2019	5.100%	356,556	46,569	403,125	2019	2.580%	364,236	49,807	414,043	2019	-	-	-	-
2020	5.100%	363,672	28,203	391,875	2020	2.580%	374,850	40,409	415,259	2020	-	-	-	-
2021	5.100%	371,160	9,465	380,625	2021	2.580%	385,817	30,738	416,555	2021	-	-	-	-
2022	-	-	-	-	2022	2.580%	397,025	20,784	417,809	2022	-	-	-	-
2023	-	-	-	-	2023	2.580%	408,561	10,541	419,102	2023	-	-	-	-
2024	-	-	-	-	2024	-	-	-	-	2024	-	-	-	-
2025	-	-	-	-	2025	-	-	-	-	2025	-	-	-	-
2026	-	-	-	-	2026	-	-	-	-	2026	-	-	-	-
2027	-	-	-	-	2027	-	-	-	-	2027	-	-	-	-
2028	-	-	-	-	2028	-	-	-	-	2028	-	-	-	-

Dated Date: 11/16/00      Next Call:      Dated Date: 8/25/11      Next Call:      Dated Date: 6/24/10      Next Call:

Purpose: Schools      Insurance: N/A      Purpose: Schools      Insurance: N/A      Purpose: General Govt. Projects      Insurance: N/A

Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15      Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15      Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15

Note: Lender is BB&T.      Note: Lender = Bank of America.

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 59

Schools Debt



\$6,285,526 2000B VPSA					\$3,603,071 BB&T 2013 Amendment to 2011 Refunding of 2007A (Windy Gap)					\$1,491,706 S of A 2010 Refunding of 1998 First National Bank Loan (Schools Portion)				
FY	Coupon	Principal	Interest	Total	FY	Coupon	Principal	Interest	Total	FY	Coupon	Principal	Interest	Total
Total		2,453,274	447,350	2,900,624	Total		3,287,489	440,290	3,727,778	Total		199,668	1,612	201,280
2015	5.100%	331,460	116,665	448,125	2015	2.580%	324,755	84,817	409,572	2015	1.615%	199,668	1,612	201,280
2016	5.100%	337,263	99,612	436,875	2016	2.580%	334,238	76,439	410,676	2016	-	-	-	-
2017	5.100%	343,369	82,256	425,625	2017	2.580%	344,019	67,815	411,834	2017	-	-	-	-
2018	5.100%	349,794	64,581	414,375	2018	2.580%	353,989	58,940	412,928	2018	-	-	-	-
2019	5.100%	356,556	46,569	403,125	2019	2.580%	364,236	49,807	414,043	2019	-	-	-	-
2020	5.100%	363,672	28,203	391,875	2020	2.580%	374,850	40,409	415,259	2020	-	-	-	-
2021	5.100%	371,160	9,465	380,625	2021	2.580%	385,817	30,738	416,555	2021	-	-	-	-
2022	-	-	-	-	2022	2.580%	397,025	20,784	417,809	2022	-	-	-	-
2023	-	-	-	-	2023	2.580%	408,561	10,541	419,102	2023	-	-	-	-
2024	-	-	-	-	2024	-	-	-	-	2024	-	-	-	-
2025	-	-	-	-	2025	-	-	-	-	2025	-	-	-	-
2026	-	-	-	-	2026	-	-	-	-	2026	-	-	-	-
2027	-	-	-	-	2027	-	-	-	-	2027	-	-	-	-
2028	-	-	-	-	2028	-	-	-	-	2028	-	-	-	-

Dated Date: 11/16/00      Next Call:      Dated Date: 8/25/11      Next Call:      Dated Date: 6/24/10      Next Call:

Purpose: Schools      Insurance: N/A      Purpose: Schools      Insurance: N/A      Purpose: General Govt. Projects      Insurance: N/A

Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15      Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15      Coupon Dates: Jan 15/Jul 15      Maturity Date: Jul 15

Note: Lender is BB&T.      Note: Lender = Bank of America.

DAVENPORT & COMPANY

January 12, 2015

Franklin County, VA 59

IDA Debt



\$2,700,000 Phase I Water Project					\$3,129,300 220 Water Line					\$1,555,000 Burnt Chimney Water Line				
FY	Coupon	Principal	Interest	Total	FY	Coupon	Principal	Interest	Total	FY	Coupon	Principal	Interest	Total
Total		950,068	117,476	1,067,543	Total		2,696,100	1,170,286	3,866,386	Total		1,555,000	334,425	1,889,425
2015		150,308	36,396	186,705	2015	3.542%	119,700	124,844	244,544	2015	2.540%	86,465	39,497	125,962
2016		153,435	30,079	183,513	2016	4.349%	122,550	120,605	243,155	2016	2.540%	88,961	37,301	125,962
2017		156,626	23,629	180,256	2017	4.711%	128,250	115,275	243,525	2017	2.540%	90,913	35,049	125,962
2018		159,884	17,046	176,930	2018	4.764%	133,950	109,233	243,183	2018	2.540%	93,222	32,740	125,962
2019		163,210	10,326	173,535	2019	4.816%	139,650	102,852	242,502	2019	2.540%	95,590	30,372	125,962
2020		166,604	-	166,604	2020	4.900%	145,350	96,126	241,476	2020	2.540%	98,018	27,944	125,962
2021		-	-	-	2021	4.889%	153,900	89,004	242,904	2021	2.540%	100,508	25,454	125,962
2022		-	-	-	2022	4.933%	159,600	81,480	241,080	2022	2.540%	103,060	22,901	125,962
2023		-	-	-	2023	4.936%	168,150	73,607	241,757	2023	2.540%	105,678	20,284	125,962
2024		-	-	-	2024	4.948%	176,700	65,307	242,007	2024	2.540%	108,362	17,599	125,962
2025		-	-	-	2025	4.962%	185,250	56,563	241,813	2025	2.540%	111,115	14,847	125,962
2026		-	-	-	2026	4.981%	193,800	47,371	241,171	2026	2.540%	113,937	12,025	125,962
2027		-	-	-	2027	5.000%	202,350	37,718	240,068	2027	2.540%	116,831	9,131	125,962
2028		-	-	-	2028	5.048%	210,900	27,601	238,501	2028	2.540%	119,799	6,163	125,962
2029		-	-	-	2029	5.042%	222,300	16,955	239,255	2029	2.540%	122,842	3,120	125,962
2030		-	-	-	2030	2.459%	233,700	5,748	239,448	2030	-	-	-	-

Dated Date: 6/12/2009	Next Call:	Dated Date:	Next Call:	Dated Date:	Next Call:
Purpose: Water	Insurance: N/A	Purpose:	Insurance:	Purpose:	Insurance:
Coupon Dates: Apr 1/Oct 1	Maturity Date: Oct 1	Coupon Dates:	Maturity Date:	Coupon Dates:	Maturity Date:

DAVENPORT & COMPANY Note: IDA Debt excluded from Tax Supported Debt totals used in Capital Funding and Debt Affordability analyses.  
 January 12, 2015 Franklin County, VA 60

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DAVENPORT & COMPANY Franklin County, VA  
 January 12, 2015

\*\*\*\*\*

**SPECIAL TAX DISTRICTS**

David Rose, Davenport & Associates Company, shared with the Board an overview of special tax districts, as follows:

## Overview of Special Tax Districts

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### Franklin County, Virginia



January 12, 2015

**DAVENPORT & COMPANY**  
Member NYSE|FINRA|SIPC

### Special Tax District Financings in Virginia



- Over the past two decades or so, the Virginia Legislature expanded the powers of localities to enhance the financing options that allow Local Governments to provide targeted Capital Improvements without the use of a Local Government's "General Fund Money" only.
- These financing options are essentially a "revenue based" approach whereby bonds are issued to finance infrastructure projects as well as any required Reserve Funds and Costs of Issuance.
- In Virginia, the term "Special Tax District" is essentially a generic one. There are basically two types of financing options. They are:
  - Community Development Authorities ("CDAs"); and
  - Service Districts.
- The following pages will summarize each of these financing vehicles.

## Benefits of CDAs and Service Districts



- Practical tool for development of limited areas.
- No direct burden to larger community or tax base.
- No use of general fund money.
- Potential to encourage infrastructure development and increase the tax base.
- Quicker build-out of infrastructure - developer can provide projects up front instead of piece meal.
- Can assist in meeting municipality's future plans or encourage development consistent with Locality's goals.
- Developer can borrow at lower tax-exempt, fixed rates for a longer time than in the commercial market.
- Limited personal liability to developer.
- Project appeal is improved to future tenants due to upfront infrastructure; potentially eases developer commitment requirements.

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## What are CDAs? / Procedures to Create One



### What are CDAs?

- Political Subdivision of a Municipality formed at the request of property owners.
- Formed to fund improvements in a defined district through the issuance of revenue bonds.
- Historically has been a practical tool to finance development in limited areas.
- Assessments or special taxes are charged only on properties in the District which derive benefit from the projects financed.
- No direct burden to the larger community or tax base.

### Procedures to Create One

- Towns and Counties must first adopt an ordinance after public hearing electing to consider petitions by landowners.
- Locality must adopt ordinance/resolution creating CDA.
- Ordinance/Resolution may contain statement that locality may not pay CDA debt from any sources other than special tax/assessment.
- Petition - owners of at least 51% of land area or assessment value.

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## How Does a CDA Work?



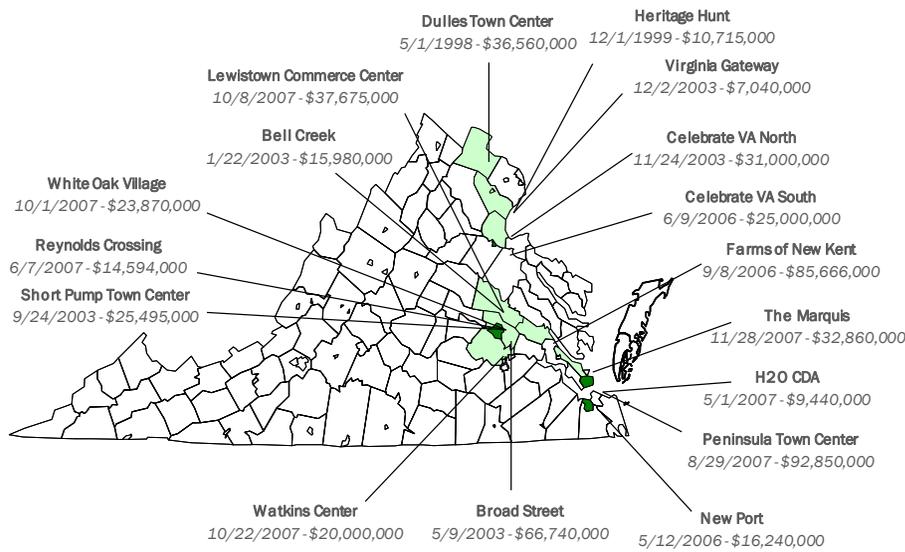
- Bonds are issued by the CDA to finance public Infrastructure Projects, Reserve Funds and Costs of Issuance.
- Bonds are secured only by assessment/special taxes levied in the CDA. Foreclosure is only remedy.
- Two methods to pay for debt service on Revenue Bonds:
  - Special Tax
    - Limited to .25/\$100 of assessment value, unless 100% of landowners in CDA District agree to increased rate.
  - Special Assessment
    - Paid back up to 40 years in an annual amount calculated to cover debt service and administration costs.
    - Full amount of assessment is levied on all property based on equitable apportionment.
- No access to General Fund or general property tax revenues.
- The tax proceeds are to be kept in a separate account and may be used only for CDA's purposes.
- All revenues received by the locality from the special tax must be paid over to the CDA for its use, subject to annual appropriation.
- No other funds of the locality may be loaned or paid to the CDA without initial approval of the local governing body.

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Franklin County, VA 4

## Virginia CDAs



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## Selected CDAs



- Davenport has assisted in the creation of CDAs in Loudoun, Henrico, and New Kent Counties, as summarized below and on the following page:

- **Dulles Town Center CDA – Loudoun County (1998)**

- \$36,560,000 Special Assessment Bonds.
- Financed the design and construction of roads and other public infrastructure at Dulles Town Center.
- The CDA entered into a Memorandum of Understanding with Loudoun County to undertake construction of the Route 7/ Algonkian Parkway interchange using a portion of Bond proceeds and any other funds provided by the County.
- Bonds are to be repaid by special assessments on the Dulles Town Center tract.
- At the time of the financing, all property in the district was owned by entities affiliated with the Lerner Companies.

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## Selected CDAs (cont.)



- **Short Pump Town Center CDA – Henrico County (2003)**

- \$25,495,000 Special Assessment Bonds.
- Financed public infrastructure improvements and a \$20 million incentive to bring a mall to Henrico County.
- Repayment secured by Special Assessment Revenues and a TIF component to the Developer.

- **Farms of New Kent CDA – New Kent County (2003)**

- \$85,666,000 Special Assessment Bonds.
- Financed public infrastructure improvements, including a wastewater treatment capacity project, at a mixed-use development. Included housing, commercial properties, golf course, and a vineyard.
- Repayment secured by Special Assessment Revenue.

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## Service Districts



### General Overview

- Service Districts are created pursuant to Va. Code §15.2-2400, to provide additional, more complete, or more timely services of government than are desired in the locality as a whole.
  - Service Districts are a suitable financing vehicle for projects that promote recreational and cultural activities. This includes Community Centers, Exhibit Halls, or Music Venues (see Appendix for a more detailed listing of projects eligible for financing through creation of a Service District).
- Service Districts can be created by ordinance of the local government at its discretion upon determination of a benefit.
- Requires a public hearing following notice published once a week for three consecutive weeks.
- Districts are formed to provide services or infrastructure, including utility projects that will be paid for by those who benefit from the services or infrastructure.
- No direct burden to the larger community or tax base.

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Franklin County, VA 8

## Service Districts (cont.)



### Ability to Raise Revenue

- The local government is authorized to levy and collect an annual tax on property in the district.
- The annual tax may be based on the full assessed value of the taxable property within the Service District.
- The tax is based on an amount per \$100, similar to ad valorem tax.
- The tax collected will fluctuate with the assessed value of the property.
- The local government has the ability to adjust the tax rate on an annual basis.
- Proceeds from the annual tax must be segregated in order to be spent only in the district in which raised.

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## Utilization of Service Districts



- Virginia localities have utilized Service Districts to pay for infrastructure improvements for specific areas.
  
- A Service District does not have the power to issue debt to finance improvements.
  
- Debt must be issued by the local government or a related entity (e.g. Industrial Development Authority) and repaid from taxes in the Service District.

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## Considerations of Service Districts



- Locality will be required to collect special taxes on behalf of the District and may require additional staff time.
  
- Potential credit considerations.
  
- Impact on Bank Qualified debt.
  
- Concern over security of development, in particular during the early stages of the development.
  
- Utilization of debt secured by Service District taxes can be a challenge. Impacted by:
  - Limited pledge of revenues (only the special tax generated in the district);
  - Taxes generated are subject to fluctuations in real estate value;
  - Value of the land within the district; and
  - Progress of any proposed development within the district.
  
- The local government can alleviate some marketing issues surrounding the debt by agreeing to pay any shortfalls in the tax collections (i.e. Moral Obligation of the local government ).

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Franklin County, VA 11

## Selected Service Districts



- Davenport assisted in the creation of several Service Districts in Spotsylvania and New Kent Counties, as summarized below and on the following page:
- **Bottoms Bridge Service District – New Kent County (2004)**
  - \$5,200,000 apportionment of a County-wide utility revenue bond issue (total amount of \$17,675,000).
  - Financed Utility Improvements. Commercial and residential developers requested that the County finance utility improvements for a newly formed planned unit development and nearby commercial store.
  - The Service District has an annual tax each year (approximately 10 cents) in addition to the regular real estate tax, that has been used by the County to pay debt service for the Service District's allocated portion of the bond issue.
- **Massaponax Service District - Spotsylvania County (2007)**
  - \$5,500,000 Note Issue.
  - Financed road improvements, 24 months of capitalized interest, and costs of issuance.
  - Silver Company was in the process of developing a 133-acre commercial development. At sale of the Note, Silver Company had approximately 95% of the development under agreement to sell or lease.

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## Selected Service Districts (cont.)



- **Harrison Crossing Service District - Spotsylvania County (2007)**
  - \$3,000,000 Note Issue.
  - Financed road improvements, 24 months of capitalized interest, and costs of issuance.
  - Silver Company was in the process of developing a 70-acre commercial development. At sale of the Note, Silver Company had approximately 75% of the development under agreement to sell or lease.
- **Lee Hill East and Lee Hill West Service Districts - Spotsylvania County (2009)**
  - \$7,000,000 25-Year General Obligation Bond Issue.
  - County is obligated to repay the bonds, but Service District revenues would offset the debt service over time.
  - Financed a bridge over I-95 for increased access to a new Spotsylvania Regional Medical Center utilizing the County's existing G.O. transportation referendum authority.
  - Initially, Lee Hill West Service District would pay a tax of \$0.75/\$100 and Lee Hill East Service District would pay a tax of \$0.75/\$100. Additionally, a Transportation Impact Fee of \$50,000/Acre upon issuance of Occupancy Permit for commercial uses.

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## Summary: CDA vs. Service District



**Primary Distinctions**

	<b>CDA</b>	<b>Service District</b>
<u>Formation:</u>	Landowner.	Local Government.
<u>Issuer of Debt:</u>	CDA.	Local Government Entity.
<u>Revenues:</u>	Special Assessment Special Tax. <sup>(1)</sup>	Special Tax (unlimited - changes with Assessed Value of the District each year).
<u>Determination of Project Components:</u>	Landowner.	Local Government.
<u>Impact on Locality's Credit:</u>	Indirect – Considered “Overlapping”.	Varies, depending upon any Moral Obligation support of Locality.
<u>Security to Bond Holders:</u>	Lien up to total debt service with Special Assessment.	Lien equal only to annual debt service.

**Preliminary Davenport recommendation for Franklin County**

- The Service District Approach is the preferred option. Primary rationale includes Issuer Control (i.e. the Franklin County Board of Supervisors would be in control of a Service District) and Project Financeability post 2008-2009 National Fiscal Crisis.

(1) Limited to \$0.25 of Assessed Value in a given year unless 100% of landowners agree otherwise



# Appendix

## Appendix – Service District Authorized Projects



- The Governing Body of a Service District is the Board of Supervisors which has broad powers with respect to the service district to construct, maintain and operate facilities and equipment including but not limited to the following items:
1. Water supply;
  2. Sewerage;
  3. Garbage removal and disposal;
  4. Heat;
  5. Light;
  6. Fire-fighting equipment;
  7. Power and gas systems;
  8. Sidewalks;
  9. Economic development services;
  10. Promotion of business and retail development services;
  11. Beautification and landscaping;
  12. Beach and shoreline management and restoration;
  13. Control of disease carrying insects and gypsy moth infestations;
  14. Public parking;
  15. Extra security;
  16. Street cleaning;
  17. Snow removal;
  18. Refuse collection services;
  19. Sponsorship and promotion of recreational and cultural activities;
  20. Other services, events or activities which will enhance the public use and enjoyment of and the public safety, public convenience, and public well-being within a district;
  21. Transportation services (including public transportation systems servicing the district, transportation management services, road construction, rehabilitation and replacement of existing transportation facilities or systems and sound walls or sound barriers; however, if such services, facilities or roadways are to be managed by VDOT, then the local governing body must be involved and VDOT requirements met;
  22. Acquire and maintain any such facilities, equipment and interest in real estate in such district and operate the same as may be necessary and desirable;
  23. Contract to provide such facilities;
  24. Require owners or tenants of any property in the district to connect with any such system or systems (owners or tenants have the right of appeal to the circuit court within ten days from action by the governing body);
  25. Levy and collect an annual tax upon any property in such district subject to local taxation;
  26. Accept funds from any source;
  27. Employ and fix compensation of any workforce;
  28. To create and terminate a development board or other body (as set forth in the ordinance);
  29. Negotiation and contract with regard to connections of any such system;
  30. Acquire title to or rights in real property of not less than five years in duration for the purposes of open space land preservation pursuant to the Open-Space Land Act (§10.1-1700 et seq.) (but these property interests may not be acquired by condemnation); and,
  31. Contract with any state agency or state or local authority for services within the power of the agency or authority related to the financing, construction or operation of the facilities and services to be provided within the district (a locality is specifically not authorized to obligate its general tax revenues or to pledge its full faith and credit).

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January 12, 2015

Franklin County, VA

General discussion ensued.

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### **911 COMMUNICATIONS STRUCTURE**

Richard E. Huff, II, County Administrator, stated over the pass years the Board has had a couple of presentations and discussions on the process of implementing emergency medical dispatch. Mr. Huff stated David Cundiff, the late Union Hall District Supervisor, had requested staff to establish a protocol to explore for the implementation of a governing board to oversee the E-911 Communications Center as established in other Virginia communities , whereby many such centers are state accredited.

Mr. Huff stated the Sheriff's Department itself has recently become state accredited, noting the significant tasks and time involved with such a process , thereby asking for Board direction before further research with this topic. . . Mr. Huff stated the trend is moving toward emergency medical dispatch services.

The Board requested staff to bring back more detailed information and explore any regional emergency medical dispatch possibilities. The Board directed staff to take a look at the proposal for emergency medical dispatch and to bring a report back to the Board for their review and consideration.

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**FY'15-16 BUDGET PREVIEW**

Vincent Copenhaver, Director of Finance, presented a PowerPoint for current year revenues and expenditures, as follows:

Franklin County  
Board of Supervisors Retreat  
January 12, 2015

**BUDGET WORK  
SESSION**



Revenues – Current Year

Real Estate Collections Trending Slightly Ahead of Last Year Through December 31

- Percent Collected on Billed: 94%
- Percent Collected on Budget: 97.2%

Last Year:

- Percent Collected on Billed: 93.3%
- Percent Collected on Budget: 96.9%

Revenues – Current Year

Personal Property Collections Also Trending Slightly Ahead of Last Year Through December 31

- Percent Collected on Billed: 86.9%
- Percent Collected on Budget: 93.8%

Last Year:

- Percent Collected on Billed: 85.5%
- Percent Collected on Budget: 91.5%

## Revenues – Current Year

### Revenue Challenges:

- State Revenues have been reduced by \$160,751
- Landfill Receipts projected to be \$100,000 short of budget from less commercial waste at the landfill
- Interest Income will be \$429,000 short from a 1% reduction in the interest rate the County earns on its' checking account.

## Revenues – Next Year (15-16)

- Overall Increase of approximately 1% or \$636,425 in total Discretionary Revenues as compared with \$1.1 million last year
- Discretionary Revenues are those revenue sources that are not ear-marked for a specific purpose. For example, Building Permit revenue would not be Discretionary since it is dedicated revenue to help offset the operations of the Building Inspections Department

## Revenues – Next Year (15-16)

Franklin County						
Discretionary Revenue Summary						
January 12, 2015						
	Adopted Budget 14-15	Projected Collections 14-15	Proposed Budget 15-16	Adopted to Proposed Increase (Decrease)	Adopted to Proposed Percent Incr/Decr	
<b>General Property Taxes:</b>						
Real Estate	35,484,134	35,566,318	35,732,596	248,462	0.70%	
Public Service Corp	872,246	966,773	969,067	96,821	11.10%	
Personal Property	9,042,197	9,346,919	9,552,887	510,690	5.65%	
Machinery and Tools	639,709	688,654	688,654	48,945	7.65%	
Merchants Capital	671,124	662,082	675,000	3,876	0.58%	
Penalties and Interest	640,000	631,753	632,000	(8,000)	-1.25%	
<b>General Property Taxes</b>	<b>47,349,410</b>	<b>47,862,499</b>	<b>48,250,204</b>	<b>900,794</b>	<b>1.90%</b>	

## Revenues – Next Year (15-16)

	Adopted Budget 14-15	Projected Collections 14-15	Proposed Budget 15-16	Adopted to Proposed Increase (Decrease)	Adopted to Proposed Percent Incr/Decr
<b>Other Local Taxes:</b>					
Sales Tax	4,003,534	4,179,067	4,125,000	121,466	3.03%
Consumer Utility Taxes	973,782	977,674	975,000	1,218	0.13%
County Business License	4,700	4,700	4,700	0	0.00%
Utility License Tax	220,000	230,923	225,000	5,000	2.27%
Communications Tax	2,271,784	2,244,962	2,244,962	(26,822)	-1.18%
Motor Vehicle License Fees	1,876,174	1,876,174	2,024,637	148,463	7.91%
Bank Stock Taxes	128,791	128,791	128,791	0	0.00%
Tax on Deeds	500,000	424,217	425,000	(75,000)	-15.00%
Hotel/Motel Trans Occ Tax 2%	32,750	34,366	34,000	1,250	3.82%
Meals Tax	980,000	1,015,706	1,000,000	20,000	2.04%
Other Local Taxes	10,991,515	11,116,580	11,187,090	195,575	1.78%
<b>Interest on Bank Deposits</b>	<b>1,029,323</b>	<b>600,000</b>	<b>600,000</b>	<b>(429,323)</b>	<b>-41.71%</b>

## Revenues – Next Year (15-16)

	Adopted Budget 14-15	Projected Collections 14-15	Proposed Budget 15-16	Adopted to Proposed Increase (Decrease)	Adopted to Proposed Percent Incr/Decr
<b>Commonwealth of Virginia Revenues:</b>					
Motor Vehicle Carriers Tax	40,962	42,797	42,500	1,538	3.75%
Mobile Home Titling Tax	110,499	75,328	75,000	(35,499)	-32.13%
Motor Vehicle Rental Tax	46,660	50,118	50,000	3,340	7.16%
Personal Property Tax Relief	2,626,618	2,626,618	2,626,618	0	0.00%
<b>Total Commonwealth Revenue</b>	<b>2,824,739</b>	<b>2,794,861</b>	<b>2,794,118</b>	<b>(30,621)</b>	<b>-1.08%</b>
<b>Total Discretionary Revenue</b>	<b>62,194,987</b>	<b>62,373,940</b>	<b>62,831,412</b>	<b>636,425</b>	<b>1.02%</b>

## Revenues – Next Year (15-16)

- Real Estate Taxes are projected to increase \$250,000 from modest building permit activity (i.e. additions, renovations).
- Personal Property Taxes projected to increase \$500,000 primarily from growth and a more thorough accounting of vehicles. The Commissioner of Revenue is able to obtain weekly DMV import files which are worked faster than prior years.
- Public Service Corporation Taxes are showing an increase of \$97,000 from stronger assessments of these utility companies.

## Revenues – Next Year (15-16)

- Other Local Taxes (Includes Sales Tax, Meals Tax, Motor Vehicle License Fees, Communication Taxes) projected to increase a total of \$195,575.
- As highlighted on a previous slide, interest income to the County will decrease \$429,000.
- Net new Discretionary Revenue is \$636,425 compared with \$1.1 million last year.
- \*\*Revenue projections are subject to change as we continue through our budget process.

## Expenditure Pressures – Next Year (15-16)

- Health Insurance: Bids for FY15-16 have been received and are being evaluated by the County's Health and Dental Consultant.
- Personnel Increases: Each One Percent (1%) increase (includes benefits) for all full and part time employees costs:

County	\$171,310
Schools	\$556,948

*\*\*Only one base raise (3%) since 2008*



## Expenditure Pressures – Next Year (15-16)

- Additional State Reductions
- Juvenile Detention Costs Trending Upward at the present time. \$50 - \$100K additional expenditures to the County if trend continues
- Additional CIP pressures and possible increased debt service expenditures
- Monitoring CSA Expenditure Pressures, Corrections, Other
- DSS positions

\$50,000 from new revenues



## Revenue Pressures – Next Year (15-16)

- Dedicated Revenues still being evaluated with some possible reductions (i.e. landfill receipts)



## Some Good News!

- As far as we know Schools will be held harmless from state budgetary reductions in next year's budget
- Adult inmate population appears to be stabilizing at this time
- Current year VRS rate improvement maybe??
- Three successful process system implementations (i.e. Public Safety, Library, Finance software)

## Next Steps

- Questions?
- Budget Calendar

March 2015							February 2015	April 2015
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday		
1	2	3 7:30PM - 9:00PM School Board Budget Public Hearing (BPMG-East Auditorium)	4	5	6	7		
8	9 7:00PM - 10:00PM Adoption of School Budget by School Board to transmit to BOS (School Board Meeting)	10 6:00PM - 8:00PM BOS to Receive School Budget (Gov. Cr. BOS Meeting Room)	11	12	13	14		
15	16	17 1:30PM - 5:00PM Board of Supervisors Meeting (Gov. Cr. BOS Meeting Room)	18	19 6:00PM - 9:00PM BOS School Board Work Session (if needed) (BOS Meeting Room)	20	21		
22	23	24 6:00PM - 9:00PM BOS School Board Work Session (if needed) (School Board Office Lower Level Board Room)	25	26 6:00PM - 9:00PM Budget Work Session (if needed) (BOS Meeting Room)	27	28		
29	30	31 6:00PM - 9:00PM BOS School Board Work Session (if needed) (Gov. Center BOS Meeting Room)	1	2 6:00PM - 9:00PM Budget Work Session (if needed) (BOS Meeting Room)	3	4		

April 2015							March 2015	May 2015
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday		
29	30	31 6:00PM - 9:00PM BOS School Board Work Session (if needed) (Gov. Center BOS Meeting Room)	1	2 6:00PM - 9:00PM Budget Work Session (if needed) (BOS Meeting Room)	3	4		
5	6	7 6:00PM - 9:00PM Budget Work Session (if needed) (BOS Meeting Room)	8 (BUDGET & TAX LEVY AD)	9	10	11		
12	13 Budget Ads to be in N...	14	15	16	17	18		
19	20 Budget Ads to be in N...	21 1:30PM - 5:30PM BOS Meeting (Gov. Cr. BOS Meeting Room) 7:00PM - 9:00PM Public Hearing (BPMG-East Auditorium)	22	23	24	25		
26	27	28 6:00PM - 9:00PM Adoption of County Budget (Gov. Cr. BOS Meeting Room)	29	30	1	2		

General discussion ensued.

The Board discussed the decline in local, discretionary revenue as related to one year ago and noted previous year percentages allocated between the school board budget and general County budget. A firmer number will be available for the January 20, 2015 meeting.

The Board was advised an RFP for County Employee Health Insurance has been received and staff would bring back numbers at a later date.

Bobby Thompson, Blue Ridge District Supervisor, expressed his support in pursuing raises for county personnel, noting it has been several years since the last across the board raise for employees.

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Richard E. Huff, II, County Administrator, asked the Board if they were in favor of allowing John S. D'Orazio, CEO, Roanoke Gas Company, to address the Board during their January 20, 2015 meeting regarding tapping into the Mountain Valley Pipe Line. The Board requested Mr. D'Orazio to address the Board.

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Chairman Brubaker adjourned the meeting.

CLINE BRUBAKER  
CHAIRMAN

SHARON K. TUDOR, MMC  
COUNTY CLERK