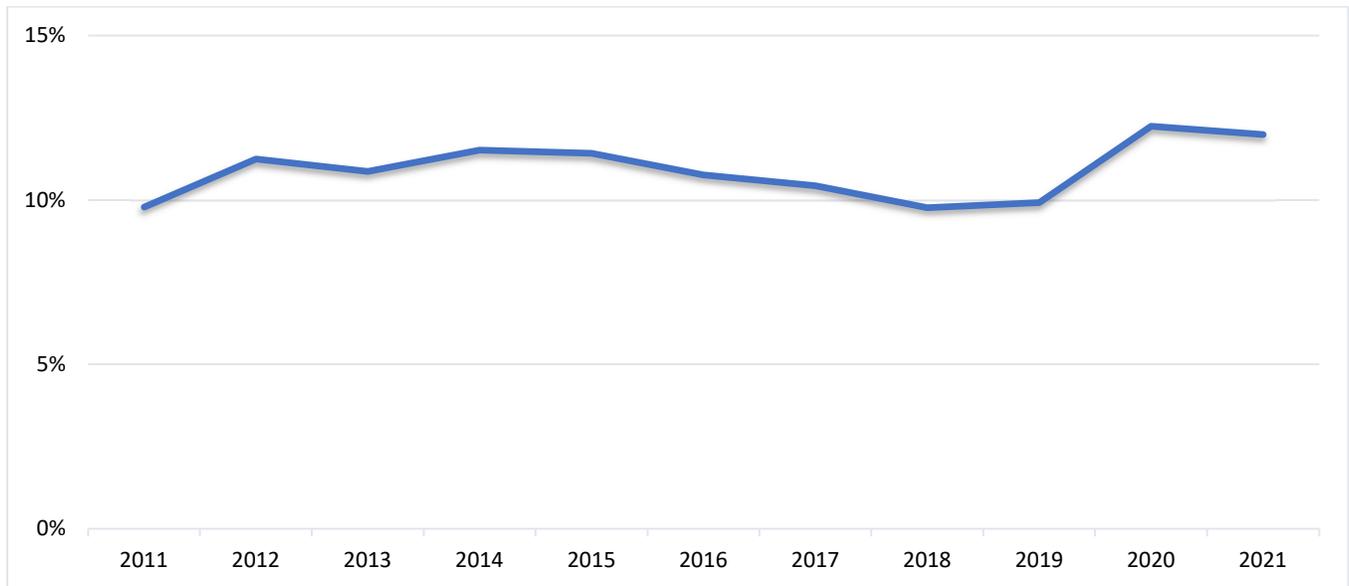


DEBT STRUCTURE INDICATORS

CURRENT LIABILITIES

(As a % of Net Operating Revenues)



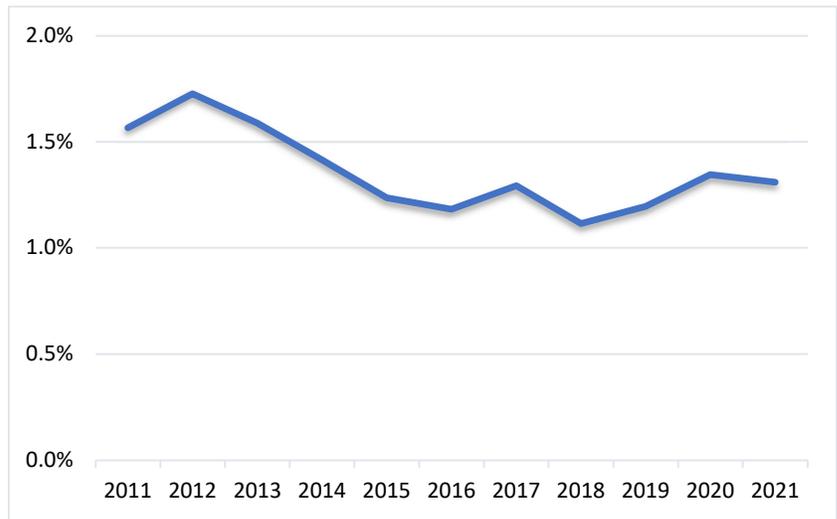
Current liabilities include short-term debt, the current debt service payments of long-term debt, accounts payable and other liabilities due within one year of the balance sheet date. A major component of current liabilities may be short-term debt in the form of bond anticipation notes. Use of short-term borrowing is an option for handling erratic flows of revenues, but an increasing amount of short-term debt outstanding at the end of successive years can indicate liquidity problems, deficit spending, or both.

Current liabilities saw a slight decline in FY21, while remaining largely consistent with those of FY20. Liabilities remain high in part due to continuing debt service payments following issuances in FY19 and FY20. **Sustained long-term increases to current liabilities could impact the County’s delivery of future services in subsequent fiscal years.** At 12.1%, current liabilities sit slightly above the 35-year average of 9.9%.

LONG TERM DEBT

(As a % of Assessed Valuation of Real Property)

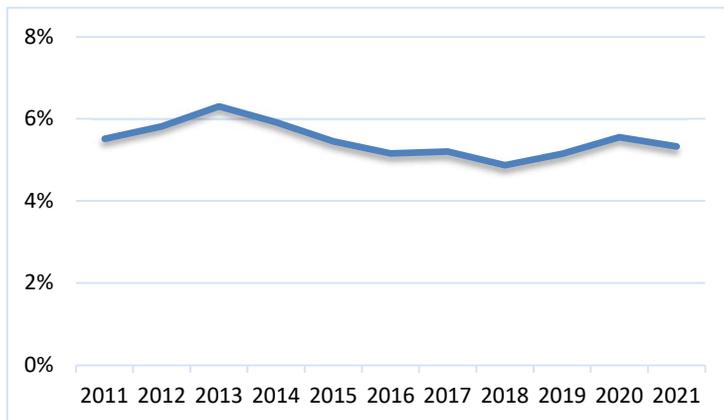
A locality's ability to repay its debt is determined by comparing net direct long-term debt (paid directly with general tax revenues) to assessed valuations. An increase in net direct long-term debt as a percentage of real property valuation can indicate that a locality's ability to repay its obligations is diminishing. The concern is that long-term debt should not exceed the locality's resources for paying the debt.



Long-term debt as a percentage of assessed value saw a small decline in FY21 following 2 years of consecutive increases; these increases were attributable to bond issuances which took advantage of low interest rates. As the County prepares to issue additional G.O. bonds, long term debt will continue to rise over fiscal years to come but are expected to remain manageable, particularly given the recent rise in assessed values of real property. **FY21 levels remain below those of FY12 and the 35-year historic average.**

DEBT SERVICE

(As a % of Net Operating Revenues)



Note: "Net Operating Revenues" includes the General, Special Revenue, and Debt Services Funds.

Debt service is the amount of principal and interest that a locality must pay each year on direct long and short-term debt. As debt service increases, it adds to a locality's obligations and reduces the locality's expenditure flexibility which may be an indication of fiscal strain. Debt service for this indicator includes principal and interest payments for General Obligation bonds, Virginia Public School Authority (VPSA) debt, Literary Loan debt, and Lease Revenue bonds. The indicator does not include Enterprise Fund debt.

Current debt service levels are 5.3% of net operating revenues, down 0.3% from FY20 and up 0.4% from FY18. As noted in the analysis of Current Liabilities and Long-Term Debt, increases in FY19 and FY20 were related to the recent issuance of low-interest debt. **Current levels are equal to the 35-year average of 5.3%.**