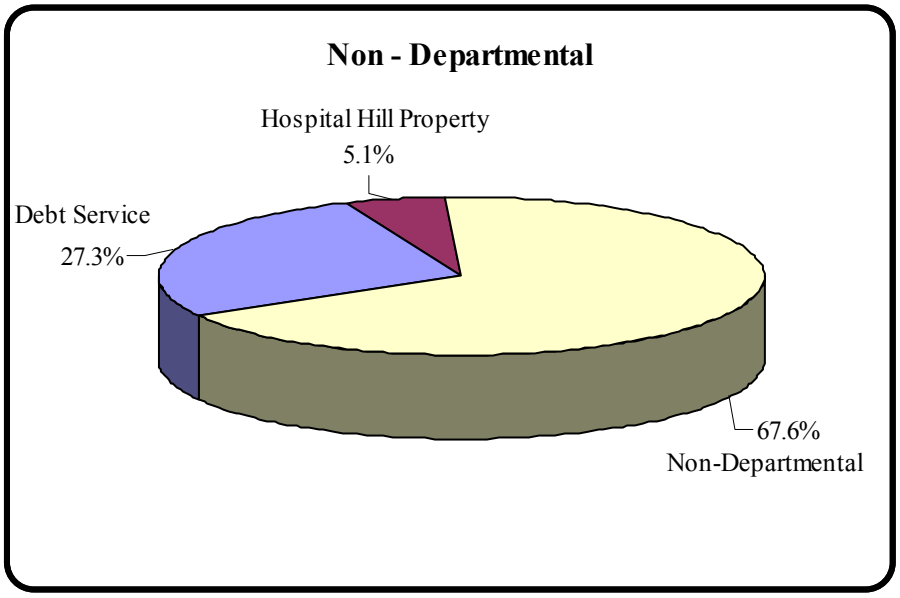
NON-DEPARTMENTAL

Debt Service	$646,345
Hospital Hill Property	$119,994
Non-Departmental	$1,599,233
	$2,365,572



DEBT SERVICE

Description:
The County has no statutory limit, or "legal debt margin", on the amount it can issue. The Board of Supervisors has adopted certain financial policies limiting the amount of annual debt service payments to no more than 10% of general County revenues. These policies also serve as a guide for a schedule of debt funded projects in the Capital Improvements Program. For FY 2003 the amount of debt service payments represent 7.1% of revenues.

Debt is considered tax supported if general tax revenues are used or if the County has made a pledge of annual appropriation to repay the debt. This debt includes general obligation debt, Virginia Public School Authority and Literary Fund loans, and capital leases.

The County is a highly rated issuer of debt securities. The County's long-term general obligation bonds carry a rating of "Aa2" from Moody's Investor Service and "AA minus" from Standard and Poor's Corporation. These ratings reflect the County's management, low debt ratios and favorable location in Northern Virginia.

Current Debt Service:
Debt Service is the County's expenditure for principal and interest payments on County debt. The County's debt consists of two elements, one of which is reflected in the General Fund and one located in the School Division's Operating Fund. Current General Fund debt includes the annual capital lease payments for the building located at 320 Hospital Hill Drive referred to as the Hospital Hill Building and the lease/purchase for the Bealeton Branch Library. The School Division's debt service includes VPSA Bonds for the refinancing of Liberty High School and the 1994A Bond, and borrowing on a New Middle School, Marshall Middle, Cedar Lee Middle, Brumfield Elementary, Pierce Elementary, Coleman Elementary and Fauquier High Schools.

GENERAL FUND
Hospital Hill Building Capital Lease

	Principal	Interest	Total
FY 2003	$ 369,717	$ 96,628	$ 466,345

Library Lease/Purchase

	Principal	Interest	Total
FY 2003	$ 180,000	$ 0	$ 180,000

SCHOOL OPERATING FUND
Virginia Public School Authority Bonds

	Principal	Interest	Total
FY 2003	$3,410,000	$2,766,496	$6,176,496

Trustee Fees and Issuance Costs

	Total
FY 2003	$ 5,000

Total Debt Service for FY 2003 **$6,827,841**

DEBT SERVICE

Future Debt Service:
The Board of Supervisors adopted FY 2003 – 2007 Capital Improvements Program (CIP) includes the debt service impact of the second of three borrowings to construct a new middle school and the installation of a new public safety communication system. The debt service for these projects will begin in FY 2004. Other planned borrowings comprise funds to complete the new middle school, renovation of Taylor and Warrenton Middle Schools, renovation of Thompson (Northwestern) Elementary, land purchase for a new high school and support for the Catlett/ Calverton sewer project.

Fauquier County Capital Improvements Program FY 2003-2007

Department	Project	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Total
CONSTRUCTION - DEBT							
	Radio System	$6,900,000					$6,900,000
	Warrenton /Taylor MS Expansion			$4,227,000			$4,227,000
	New Middle School	$6,597,000	$4,227,000				$10,824,000
	Northwestern ES Renovation		$3,143,560				$3,143,560
	New High School Land Acquisition		$1,000,000				$1,000,000
	Catlett/Calverton Sewer		$2,000,000				$2,000,000
TOTAL DEBT PROJECTS		**$13,497,000**	**$10,370,560**	**$4,227,000**	**$0**	**$0**	**$28,094,560**
DEBT SERVICE COSTS							
	Radio System		$690,000	$690,000	$690,000	$690,000	$2,760,000
	Warrenton/Taylor MS Expansion				$853,000	$853,000	$1,706,000
	New Middle School	$661,000	$1,301,700	$1,724,400	$1,724,400	$1,724,400	$7,135,900
	Northwestern ES Renovation			$314,356	$314,356	$314,356	$943,068
	New High School Land Acquisition			$100,000	$100,000	$100,000	$300,000
	Catlett/Calverton Sewer			$200,000	$200,000	$200,000	$600,000
TOTAL DEBT SERVICE COSTS		**$661,000**	**$1,991,700**	**$3,028,756**	**$3,881,756**	**$3,881,756**	**$13,444,968**

Projections of additional School Division and County construction needs within the next five years and the possibility of capital leases for equipment could result in the debt service moving close to the Board of Supervisors' policy limit of 10 percent of general fund revenues. For FY 2003 the ratio is 7.1 percent.

Bonded Debt Authorization and Issuance Policies:
The Constitution of Virginia and the Virginia Public Finance Act provide the authority for a County to issue general obligation debt secured solely by the pledge of its full faith and credit as well as debt secured by the fee revenues generated by the system for which the bonds are issued and, if necessary, by general obligation tax revenues. The County is also authorized to issue debt secured solely by the revenues of the system for which the bonds are issued. There is no limitation imposed by state law or local ordinance on the amount of general obligation debt which a County may issue; however with certain exceptions, debt which either directly or indirectly is secured by the general obligation of a County must be approved at public referendum prior to issuance. Debt secured solely by the revenues generated by the system for which the bonds were issued may be issued in any amount without a public referendum.

On June 18, 2001 the Board of Supervisors adopted a Resolution to establish a Debt Referendum Policy for Fauquier County, effective July 1, 2002.

1. All new facility construction projects or acquisitions that exceed $10,00,000 shall be subject to voter referendum regardless of financing mechanism.

2. The referendum threshold for new facility construction projects shall be lowered to $2,000,000 in the event that the County has, or through the issuance of the contemplated debt will, exceed 100% of the County's debt capacity. (Debt capacity shall be defined as 10% of the General Fund revenues committed to debt service).

3. Voter referendums shall coincide with the general election.

4. The Board of Supervisors may waive the referendum requirement, to the extent allowed by law, to meet a critical health and/or public safety need or in conjunction with a court order, by a majority vote of the Board of Supervisors at a regularly scheduled meeting.

DEBT SERVICE

Current Bond Projects	1-Jul-02 Principal Balance	FY 2003 Principal Payment	1-Jul-03 Principal Balance	FY 2004 Principal Payment	1-Jul-04 Principal Balance	FY 2005 Principal Payment
Schools						
Liberty High	1,600,000	800,000	800,000	800,000	0	0
Liberty High (Refinance)	8,495,000	80,000	8,415,000	80,000	8,335,000	885,000
1994 A Series (Refinance)	11,040,000	1,175,000	9,865,000	1,530,000	8,335,000	1,480,000
New Middle School	6,410,000	325,000	6,085,000	325,000	5,760,000	320,000
Marshall Middle	4,345,000	230,000	4,115,000	230,000	3,885,000	230,000
Brumfield Elem.	3,150,000	175,000	2,975,000	175,000	2,800,000	175,000
Cedar Lee Middle	2,800,000	175,000	2,625,000	175,000	2,450,000	175,000
Pierce, Coleman Elem. & Fauquier High	6,750,000	450,000	6,300,000	450,000	5,850,000	450,000
	44,590,000	3,410,000	41,180,000	3,765,000	37,415,000	3,715,000
General Fund						
Hospital Hill Building *	2,043,381	369,717	1,673,664	388,245	1,285,419	407,701
TOTAL	**46,633,381**	**3,779,717**	**42,853,664**	**4,153,245**	**38,700,419**	**4,122,701**

Bond Projects	1-Jul-05 Principal Balance	FY 2006 Principal Payment	1-Jul-06 Principal Balance	FY 2007 Principal Payment	1-Jul-07 Principal Balance	FY 2008 Principal Payment
Schools						
Liberty High	0	0	0	0	0	0
Liberty High (Refinance)	7,450,000	870,000	6,580,000	860,000	5,720,000	850,000
1994 A Series (Refinance)	6,855,000	1,445,000	5,410,000	1,420,000	3,990,000	1,375,000
New Middle School	5,440,000	320,000	5,120,000	320,000	4,800,000	320,000
Marshall Middle	3,655,000	230,000	3,425,000	230,000	3,195,000	230,000
Brumfield Elem.	2,625,000	175,000	2,450,000	175,000	2,275,000	175,000
Cedar Lee Middle	2,275,000	175,000	2,100,000	175,000	1,925,000	175,000
Pierce, Coleman Elem. & Fauquier High	5,400,000	450,000	4,950,000	450,000	4,500,000	450,000
	33,700,000	3,665,000	30,035,000	3,630,000	26,405,000	3,575,000
General Fund						
Hospital Hill Building *	877,718	428,132	449,586	449,586	0	0
TOTAL	**34,577,718**	**4,093,132**	**30,484,586**	**4,079,586**	**26,405,000**	**3,575,000**

*** Lender is The Fauquier Bank, a local lending agency.**
All other current debt is with Virginia Public School Authority (VPSA)

DEBT SERVICE

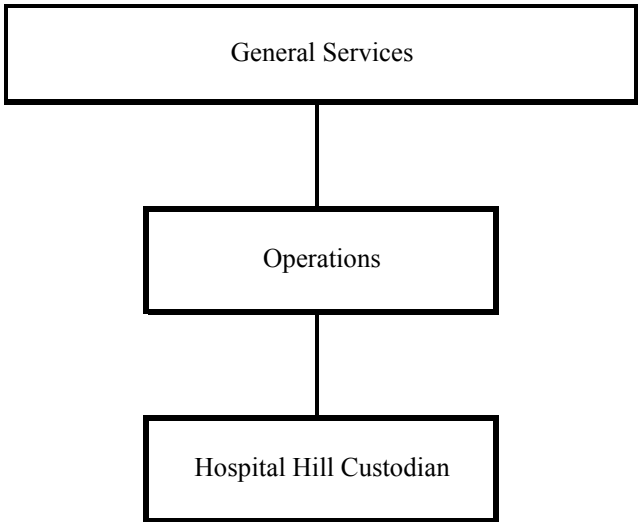
Current Bond Projects	1-Jul-08 Principal Balance	FY 2009 Principal Payment	1-Jul-09 Principal Balance	FY 2010 Principal Payment	1-Jul-10 Principal Balance	FY 2011 Principal Payment
Schools						
Liberty High	0	0	0	0	0	0
Liberty High (Refinance)	4,870,000	840,000	4,030,000	825,000	3,205,000	815,000
1994 A Series (Refinance)	2,615,000	1,305,000	1,310,000	685,000	625,000	325,000
New Middle School	4,480,000	320,000	4,160,000	320,000	3,840,000	320,000
Marshall Middle	2,965,000	230,000	2,735,000	230,000	2,505,000	230,000
Brumfield Elem.	2,100,000	175,000	1,925,000	175,000	1,750,000	175,000
Cedar Lee Middle	1,750,000	175,000	1,575,000	175,000	1,400,000	175,000
Pierce, Coleman Elem. & Fauquier High	4,050,000	450,000	3,600,000	450,000	3,150,000	450,000
TOTAL	**22,830,000**	**3,495,000**	**19,335,000**	**2,860,000**	**16,475,000**	**2,490,000**

Bond Projects	1-Jul-11 Principal Balance	FY 2012 Principal Payment	1-Jul-12 Principal Balance
Schools			
Liberty High	0	0	0
Liberty High (Refinance)	2,390,000	805,000	1,585,000
1994 A Series (Refinance)	300,000	300,000	0
New Middle School	3,520,000	320,000	3,200,000
Marshall Middle	2,275,000	230,000	2,045,000
Brumfield Elem.	1,575,000	175,000	1,400,000
Cedar Lee Middle	1,225,000	175,000	1,050,000
Pierce, Coleman Elem. & Fauquier High	2,700,000	450,000	2,250,000
TOTAL	**13,985,000**	**2,455,000**	**11,530,000**

HOSPITAL HILL PROPERTY

MISSION/PURPOSE

To provide professional and timely services for the facility and the tenants. Maintain a high state of quality of cleanliness to assure neat, clean and safe environment for everyone.



GOALS

- To maintain the facility and grounds, in such a manner as to reflect a quality image to everyone

BUDGET

	FY 2000 Actual	FY 2001 Actual	FY 2002 Adopted	FY 2003 Requested	FY 2003 Adopted
Costs:					
Personnel	$22,232	$22,502	$23,534	$25,149	$25,149
Operating	$77,714	$86,820	$96,460	$94,845	$94,845
Capital	$0	$0	$0	$0	$0
Total	**$99,946**	**$109,322**	**$119,994**	**$119,994**	**$119,994**
Revenue:	$567,926	$583,685	$376,143	$376,143	$302,045
Net Tax	**($467,980)**	**($466,939)**	**($256,149)**	**($256,149)**	**($182,051)**
Full-time Staff	1	1	1	1	1
Part-time Staff	0	0	0	0	0
Full-time Equivalents	1	1	1	1	1

Note: *Repayment of debt is located under debt service.*

NON -DEPARTMENTAL

MISSION/PURPOSE

The non-departmental category provides funds for programs that are not attributable to any one department. Included is a contingency reserve for emergency items as directed by the Board of Supervisors.

GOALS

- Maintain reserve for anticipated and unanticipated contingencies

BUDGET

	FY 2000 Actual	FY 2001 Actual	FY 2002 Adopted	FY 2003 Requested	FY 2003 Adopted
Costs:					
Personnel	$0	$0	$0	$0	$0
Operating	$463,929	$187,107	$1,758,733	$1,957,853	$1,599,233
Capital	$0	$0	$0	$0	$0
Total	**$463,929**	**$187,107**	**$1,758,733**	**$1,957,853**	**$1,599,233**
Revenue:	$0	$0	$0	$0	$0
Net Tax	**$463,929**	**$187,107**	**$1,758,733**	**$1,957,853**	**$1,599,233**
Full-time Staff	0	0	0	0	0
Part-time Staff	0	0	0	0	0
Full-time Equivalents	0	0	0	0	0