

DEBT SERVICE

Debt Service Overview

Debt Ratios

Debt Service Amortization Schedules

Capital Lease Amortization Schedules

Debt Service Overview

As part of the annual budget process, the City Council adopts a comprehensive set of Financial Policies. These policies serve to establish and document a policy framework for fiscal decision-making and to strengthen the financial management of the City. One of these policies specifically addresses Debt Service, and incorporates two subcomponents. First, debt service targets have been identified for the following: annual debt service expenditures shall be less than nine percent of annual expenditures and outstanding debt shall be less than three percent of assessed valuation. Second, the term of any bond issue shall not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

The City of Fairfax must adhere to debt limitations as outlined by the Virginia State Constitution, which requires that the City may not issue bonds in excess of 10% of assessed valuation. Per the City's FY 2021 Comprehensive Annual Financial Report (CAFR), approximately \$128.9 million of outstanding debt is applicable to the limit of 10% of assessed value (approximately \$678.4 million). Thus, the City's total net debt applicable to the limit as a percentage of the debt limit is 19.0%.

The City consults with its financial advisors and bond counsel to explore the most cost effective financing options for all debt issuances. This adherence to prudent fiscal management has allowed the City to make several long term infrastructure improvements for its residents. The City currently receives the highest bond ratings from two of the national bond rating organizations - Standard & Poor's and Moody's Investors Service.

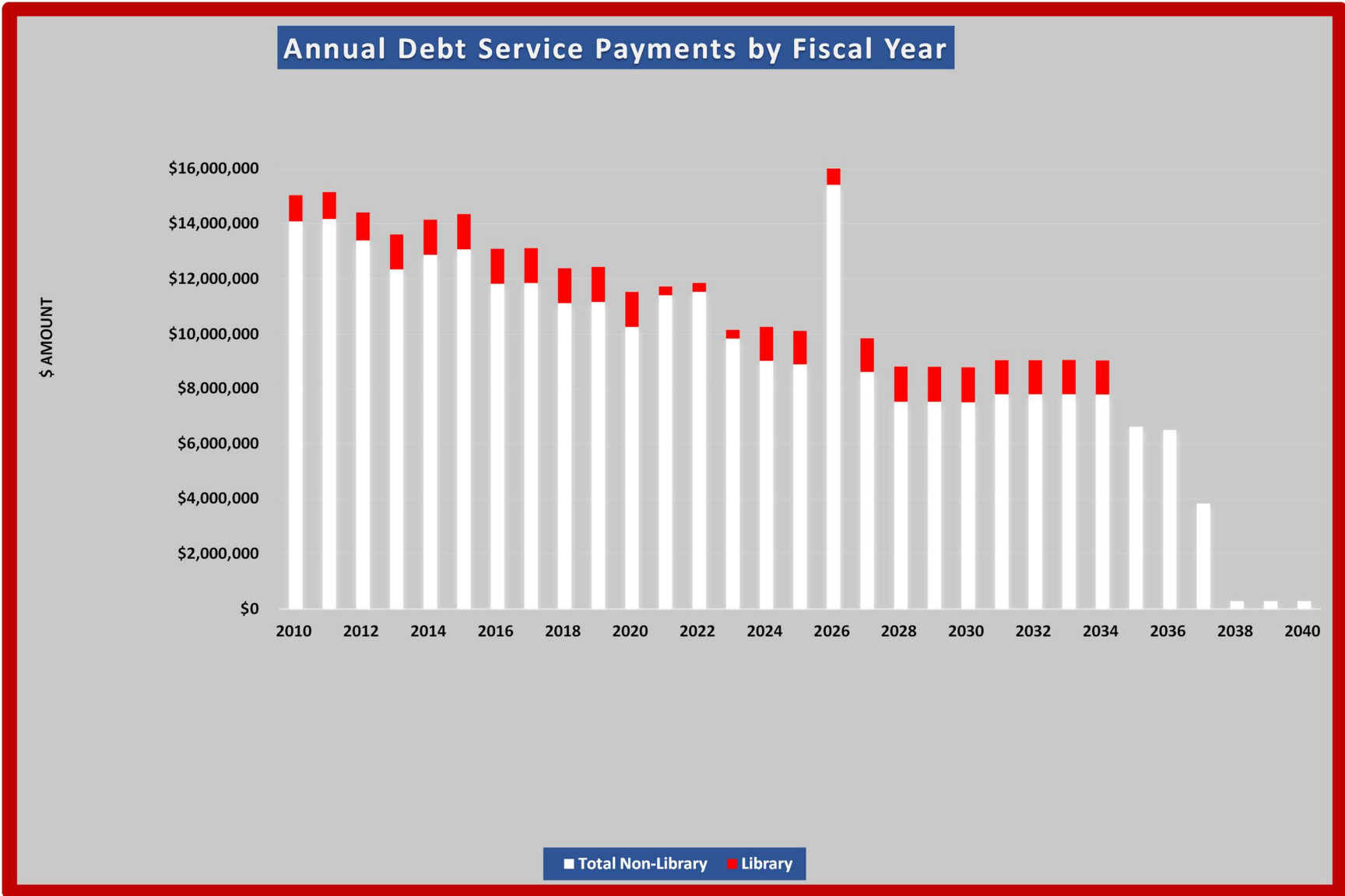
Standard and Poor's Rating Services rated the City AAA, the highest credit rating attainable, citing "...a city economic base that has remained strong throughout the current recession; the City's demonstrated ability to manage its budget effectively translating to a history of strong reserves...strong financial performance and position, aided by financial and debt policies and conservative management...". Of the 39 cities in Virginia, only nine currently carry AAA ratings: the cities of Alexandria, Charlottesville, Chesapeake, City of Fairfax, Falls Church, Poquoson, Suffolk, Virginia Beach and Winchester.

FY 2023 Adopted Budget – City of Fairfax, Virginia

The City is currently repaying bonds for projects to construct or improve City schools, the Blenheim property, streets, municipal buildings, underground utilities, construct a library, purchase and develop open space, improve storm drainage, and develop ballfields and a park. The following chart provides a summary of total debt service and capital lease payments due from the General Fund. Debt service for the Wastewater Fund is noted under the Wastewater Fund tab of this book.

Category	FY 2022 Budget	FY 2023 Adopted
General Obligation (G/O)		
General Government	\$ 1,132,484	\$ 1,130,955
Schools	4,658,470	4,615,674
Total General Obligation	\$ 5,790,954	\$ 5,746,629
Capital Lease		
General Government	\$ 5,176,687	\$ 5,174,702
Schools	566,714	555,494
Total Capital Lease	\$ 5,743,401	\$ 5,730,196
Total Payments	\$ 11,534,355	\$ 11,476,825

The chart on the following page provides a comparative view of total debt service and capital lease payments due from the General Fund for the years 2010 -2040.



FY 2023 Adopted Budget – City of Fairfax, Virginia

Debt Ratios							
CY	Net Bonded Debt (1)	Population	Assessed Value	Debt Per Capita	% of Debt to Assessed Value (2)	Direct Debt Service	Debt Service as % Gen. Fund Expen.
2009	114,767,655	22,418	5,359,097,100	5,119	2.14%	9,644,801	8.70%
2010	110,300,000	22,565	5,359,610,100	4,888	2.06%	9,568,519	7.90%
2011	106,825,000	22,940	4,972,880,538	4,657	2.15%	8,778,887	7.80%
2012	102,605,000	23,461	5,093,200,975	4,373	2.01%	8,578,460	7.30%
2013	101,361,000	23,973	5,221,856,263	4,228	1.94%	8,517,882	6.90%
2014	100,382,000	22,671	5,548,950,800	4,428	1.81%	7,884,006	6.28%
2015	95,983,000	22,671	5,693,020,000	4,234	1.69%	7,824,902	6.09%
2016	91,455,000	24,730	5,852,029,500	3,698	1.56%	7,744,376	5.94%
2017	86,764,000	24,919	5,941,884,000	3,482	1.46%	7,700,066	5.68%
2018	82,121,000	23,183	6,095,026,300	3,542	1.35%	7,487,241	5.34%
2019	77,148,000	23,257	6,204,742,000	3,317	1.24%	6,116,628	4.29%
2020	73,381,000	23,825	6,439,994,300	3,080	1.14%	6,578,763	4.53%
2021	70,578,000	24,552	6,469,649,950	2,875	1.09%	6,410,274	4.73%
2022	65,772,000	23,937	6,840,247,450	2,748	0.96%	5,911,954	3.81%
2023	61,417,000	24,209	7,328,404,200	2,537	0.84%	5,846,629	3.61%

(1) Excludes debt of self-supporting projects and non-bonded debt financing.

(2) State Limit is 10.0% of real estate assessed value which equates to \$732,840,420.

Per City Debt Policy, Outstanding Debt shall be less than 3% of Assessed Value

General Fund General Obligation Debt Services
Consolidated Debt Service Requirements

Payments During Year

YEAR ENDING		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>JUNE 30</u>				<u>REQUIREMENT</u>
2023	\$	4,550,000	\$ 1,296,629	\$ 5,846,629
2024		3,199,000	1,170,020	4,369,020
2025		3,302,000	1,077,232	4,379,232
2026		3,406,000	1,026,978	4,432,978
2027		3,447,000	975,816	4,422,816
2028		3,692,000	923,999	4,615,999
2029		3,730,000	880,403	4,610,403
2030		3,777,000	836,335	4,613,335
2031		4,639,000	791,693	5,430,693
2032		4,757,000	678,038	5,435,038
2033		4,877,000	561,491	5,438,491
2034		4,986,000	442,005	5,428,005
2035		5,119,000	319,847	5,438,847
2036		5,239,000	194,432	5,433,432
2037		2,697,000	66,077	2,763,077
Total	\$	61,417,000	\$ 11,240,995	\$ 72,657,995

General Obligation Refunding Bonds, Series 2010
(2002 General Obligation Bonds)

Principal and Interest, 7-15; Interest, 1-15

Payments During Year

YEAR ENDING					TOTAL
<u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>	<u>REQUIREMENT</u>
2023	\$	1,017,500	\$	77,885	\$ 1,095,385
2024		510,600		39,682	550,282
2025		538,350		13,459	551,809
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Total	\$	2,066,450	\$	131,026	\$ 2,197,476

Purpose: Renovation and construction of City Hall and Police Headquarters on Old Lee Hwy.

Principal Amount: Original - \$20,000,000; Refunding - \$12,017,600; Refunding - \$4,882,150

Date of Issue: Original – July 2002; Refunding – March 2010; Refunded by JP Morgan GO Bond November 2019

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2010
(2004 & 2005 School Bonds)
Principal and Interest, 7-15; Interest, 1-15

Payments During Year

YEAR ENDING					TOTAL
<u>JUNE 30</u>	<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>REQUIREMENT</u>
2023	\$ 1,732,500	\$	132,615	\$	1,865,115
2024	869,400		67,567		936,967
2025	916,650		22,916		939,566
Total	\$ 3,518,550	\$	223,098	\$	3,741,648

Purpose: Renovation and construction of Fairfax High School and Katherine Johnson Middle School.

Principal Amount: Original - \$42,000,000 & \$44,800,000; Refunding - \$20,462,400; Refunding - \$8,312,850

Date of Issue: Original – December 2004 & November 2005; Refunding – March 2010; Refunded by JP Morgan GO Bond Nov 2019

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2016B
(2004 & 2005 School Bonds)
Principal and Interest, 7-15; Interest, 1-15

Payments During Year

<u>YEAR ENDING</u>				<u>TOTAL</u>
<u>JUNE 30</u>	<u>PRINCIPAL</u>		<u>INTEREST</u>	<u>REQUIREMENT</u>
2023	\$ 44,000	\$	33,121	\$ 77,121
2024	1,484,000		24,717	1,508,717
2025	1,505,000		8,278	1,513,278
Total	\$ 3,033,000	\$	66,116	\$ 3,099,116

Purpose: Advanced refunding of a portion of the 2004 and 2005 school bonds for the renovation and construction of Fairfax High School and Katherine Johnson Middle School.

Principal Amount: \$3,415,000; Refunding – \$3,235,000

Date of Issue: November 2011; Refunding – August 2016

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, 2021 refunding of Series 2016A
(2004 & 2005 School Bonds)
Principal and Interest, 7-15; Interest, 1-15

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u> <u>REQUIREMENT</u>
2023	\$	1,608,000	\$	187,861	\$	1,795,861
2024		191,000		169,529		360,529
2025		194,000		167,352		361,352
2026		1,812,000		165,140		1,977,140
2027		1,829,000		144,484		1,973,484
2028		3,577,000		123,633		3,700,633
2029		3,612,000		82,855		3,694,855
2030		3,656,000		41,678		3,697,678
Total	\$	16,479,000	\$	1,082,532	\$	17,561,532

Purpose: Advanced refunding of a portion of the 2004 and 2005 school bonds for the renovation and construction of Fairfax High School and Katherine Johnson Middle School.

Principal Amount: \$19,346,000; Refunding 2016 - \$18,871,000; Refunding 2021 \$18,106,000

Date of Issue: June 2012; Refunding – August 2016; March 2021

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2020
(2002 General Obligation Bonds)

Interest, 7-15; Principal and Interest, 1-15

Payments During Year

YEAR ENDING					TOTAL
<u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>	<u>REQUIREMENT</u>
2023	\$	14,000	\$	21,570	\$ 35,570
2024		15,000		21,307	36,307
2025		16,000		21,026	37,026
2026		549,000		20,727	569,727
2027		557,000		10,438	567,438
Total	\$	1,151,000	\$	95,068	\$ 1,246,068

Purpose: Advanced refunding of a portion of the 2004 and 2005 school bonds for the renovation and construction of Fairfax High School and Katherine Johnson Middle School.

Principal Amount: Original \$3,202,000; Refunding - \$1,185,000

Date of Issue: September 2012; Refunding April 2020

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2020
(2004 & 2005 School Bonds)
Interest, 7-15; Principal and Interest, 1-15

Payments During Year

YEAR ENDING		PRINCIPAL		INTEREST		TOTAL
<u>JUNE 30</u>		<u> </u>		<u> </u>		<u>REQUIREMENT</u>
2023	\$	25,000	\$	36,712	\$	61,712
2024		25,000		36,243		61,243
2025		25,000		35,775		60,775
2026		935,000		35,306		970,306
2027		949,000		17,784		966,784
Total	\$	1,959,000	\$	161,820	\$	2,120,820

Purpose: Advanced refunding of a portion of the 2004 and 2005 school bonds for the renovation and construction of Fairfax High School and Katherine Johnson Middle School.

Principal Amount: Original \$3,202,000; Refunding - \$2,017,000

Date of Issue: September 2012; Refunding April 2020

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2022
(2004 & 2005 School Bonds)
Interest, 7-15; Principal and Interest, 1-15

Payments During Year

YEAR ENDING JUNE 30	<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL REQUIREMENT</u>
2023	\$	109,000	\$	806,865	\$ 915,865
2024		104,000		810,975	914,975
2025		107,000		808,426	915,426
2026		110,000		805,805	915,805
2027		112,000		803,110	915,110
2028		115,000		800,366	915,366
2029		118,000		797,548	915,548
2030		121,000		794,657	915,657
2031		4,639,000		791,693	5,430,693
2032		4,757,000		678,038	5,435,038
2033		4,877,000		561,491	5,438,491
2034		4,986,000		442,005	5,428,005
2035		5,119,000		319,847	5,438,847
2036		5,239,000		194,432	5,433,432
2037		2,697,000		66,077	2,763,077
Total	\$	33,210,000	\$	9,481,335	\$ 42,691,335

Purpose: Advanced refunding of a portion of the 2004 and 2005 school bonds for the renovation and construction of Fairfax High School and Katherine Johnson Middle School.

Principal Amount: Original \$33,210,000; Refunding - \$33,210,000

Date of Issue: September 2012; Refunding June 2022

Collateral / Property Interest: N/A

General Fund Capital Lease Schedule
Consolidated Capital Lease Payment Requirements

Payments During Year

YEAR ENDING		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u>
<u>JUNE 30</u>						<u>REQUIREMENT</u>
2023	\$	4,291,230	\$	1,438,966	\$	5,730,196
2024		4,578,679		1,314,209		5,892,888
2025		4,535,470		1,203,767		5,739,237
2026		11,174,960		1,042,027		12,216,987
2027		4,545,760		877,077		5,422,837
2028		3,410,870		766,272		4,177,142
2029		3,506,320		670,383		4,176,703
2030		3,582,000		571,086		4,153,086
2031		3,154,000		471,031		3,625,031
2032		3,246,000		376,046		3,622,046
2033		3,343,000		277,346		3,620,346
2034		3,445,000		173,914		3,618,914
2035		1,069,000		105,601		1,174,601
2036		987,000		76,144		1,063,144
2037		1,012,000		48,692		1,060,692
2038		265,000		21,285		286,285
2039		275,000		13,047		288,047
2040		280,000		4,375		284,375
Total	\$	56,701,289	\$	9,451,267	\$	66,152,556

2017 COPS Refunding B & C
Ball Fields/Schools/Transportation
Principal and Interest, 7-15 & 1-15

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u> <u>REQUIREMENT</u>
2023	\$	982,000	\$	108,487	\$	1,090,487
2024		1,013,000		87,312		1,100,312
2025		1,033,000		65,527		1,098,527
2026		1,132,000		42,886		1,174,886
2027		1,155,000		18,532		1,173,532
Total	\$	5,315,000	\$	322,744	\$	5,637,744

Purpose: Advanced refunding of the Series 2011 B & C COPS

Principal Amount: Original: \$15,800,000; Refunding \$13,738,800 (May 2011);
 Refunding \$9,552,000 (April 2017)

Date of Issue: April 2017

Collateral / Property Interest: Stafford Drive Park, Blenheim Property, Stafford East Park

Principal Amount: 2019C \$32,730,000

FY 2023 Adopted Budget – City of Fairfax, Virginia

VRA Combined Series 2012A & 2019C
(2005 Public Facility Bond - Library Project)
(2005 Public Facility Bond - Downtown Projects)
(2019 Public Facility Bond - Fire Station 33)
(2019 Public Facility Bond - Fire Truck Acquisition
Principal and Interest, 10-1; Interest, 4-1

Payments During Year

YEAR ENDING JUNE 30		PRINCIPAL		INTEREST		TOTAL REQUIREMENT
2023	\$	1,390,000	\$	839,646	\$	2,229,646
2024		2,000,000		781,708		2,781,708
2025		2,055,000		731,215		2,786,215
2026		2,110,000		676,803		2,786,803
2027		2,170,000		618,655		2,788,655
2028		2,290,000		556,109		2,846,109
2029		2,355,000		488,714		2,843,714
2030		2,420,000		417,712		2,837,712
2031		2,495,000		342,955		2,837,955
2032		2,575,000		265,104		2,840,104
2033		2,660,000		183,850		2,843,850
2034		2,745,000		98,176		2,843,176
2035		350,000		48,063		398,063
2036		250,000		37,300		287,300
2037		255,000		29,010		284,010
2038		265,000		21,285		286,285
2039		275,000		13,047		288,047
2040		280,000		4,375		284,375
Total	\$	28,940,000	\$	6,153,727	\$	35,093,727

Refund 2012A Library Project	\$14,570,962
Refund 2012A Downtown Projects	\$13,539,038
Finance 2019C Fire Truck	\$ 1,025,000
Finance 2019C Fire Station	<u>\$ 3,595,000</u>
Total	<u>\$32,730,000</u>

Date of Issue: Original Issue July 2005; 1st refunding June 2012; 2nd refunding and new money financing November, 2019

Collateral / Property Interest: City Hall & Property Yard

Energy Services Financing 2014
Principal and Interest, 7-15 & 1-15

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u> <u>REQUIREMENT</u>
2023	\$	118,380	\$	22,911	\$	141,291
2024		125,280		20,029		145,309
2025		132,470		16,979		149,449
2026		139,960		13,755		153,715
2027		147,760		10,352		158,112
2028		155,870		6,755		162,625
2029		164,320		2,964		167,284
Total	\$	984,040	\$	93,745	\$	1,077,785

Purpose: Finance the purchase and installation of energy saving equipment at various City buildings. Energy cost savings should cover debt service.

Principal Amount: \$1,708,450

Date of Issue: November 2013

Collateral / Property Interest: Equipment purchased with lease proceeds

Old Town Square Lease Financing 2014 (Part A)
Principal and Interest, 8-1; Interest, 2-1

Payments During Year

YEAR ENDING		PRINCIPAL		INTEREST		TOTAL
<u>JUNE 30</u>						<u>REQUIREMENT</u>
2023	\$	305,000	\$	61,688	\$	366,688
2024		310,000		54,093		364,093
2025		320,000		46,312		366,312
2026		325,000		38,347		363,347
2027		335,000		30,196		365,196
2028		345,000		21,798		366,798
2029		350,000		13,215		363,215
2030		360,000		4,446		364,446
Total	\$	2,650,000	\$	270,095	\$	2,920,095

Purpose: Finance the construction of a public park at North Street & University Drive, erect a pedestrian barrier at North Street and Route 123, and renovate a parking lot at East Street.

Principal Amount: \$4,570,000

Date of Issue: May 2014

Collateral / Property Interest: Park property, Old Town Hall, Police Firing Range and East Street parking lot

Police Firing Range Lease Financing 2014 (Part B)
Principal and Interest, 8-1; Interest, 2-1

Payments During Year

YEAR ENDING					TOTAL
<u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>	<u>REQUIREMENT</u>
2023	\$	280,000	\$	15,120	\$ 295,120
2024		285,000		9,187	294,187
2025		295,000		3,098	298,098
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Total	\$	860,000	\$	27,405	\$ 887,405

Purpose: Renovate the police firing range located at the City's Property Yard

Principal Amount: \$2,680,000

Date of Issue: May 2014

Collateral / Property Interest: Park property, Old Town Hall, Police Firing Range and East Street parking lot

Fire Ladder Truck
Principal and Interest, 7-15

Payments During Year

YEAR ENDING <u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u> <u>REQUIREMENT</u>
2023	\$	160,500	\$	5,852	\$	166,352
2024		163,399		2,952		166,351
Total	\$	323,899	\$	8,804	\$	332,703

Purpose: Capital lease/purchase agreement to finance the replacement of a Fire Ladder Truck.

Principal Amount: \$1,235,430

Date of Issue: November 2015

Collateral / Property Interest: Fire Ladder truck

2017 COP
Fire Station 33
Principal and Interest, 1-15; Interest, 7-15

Payments During Year

YEAR ENDING JUNE 30		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL REQUIREMENT</u>
2023	\$	742,000	\$	261,430	\$	1,003,430
2024		560,000		242,138		802,138
2025		574,000		227,578		801,578
2026		589,000		212,654		801,654
2027		605,000		197,340		802,340
2028		620,000		181,610		801,610
2029		637,000		165,490		802,490
2030		802,000		148,928		950,928
2031		659,000		128,076		787,076
2032		671,000		110,942		781,942
2033		683,000		93,496		776,496
2034		700,000		75,738		775,738
2035		719,000		57,538		776,538
2036		737,000		38,844		775,844
2037		757,000		19,682		776,682
Total	\$	10,055,000	\$	2,161,484	\$	12,216,484

Purpose: Replace existing Fire Station 33

Principal Amount: \$11,361,000

Date of Issue: May 2017

Collateral / Property Interest: Leasehold Deed of Trust, Assignment of Leases and Rents, Fixture Filing and Security Agreement

2017 Financing
Fire Truck
Principal and Interest, 7-15

Payments During Year

YEAR ENDING <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL REQUIREMENT</u>
2023	\$ 195,350	\$ 3,430	198,780
Total	\$ 195,350	\$ 3,430	198,780

Purpose: Fire Truck.

Principal Amount: \$948,100

Date of Issue: October 2017

Collateral / Property Interest: Fire Truck

2018 Lease Purchase Agreement Financing (Turf and Equipment)
Principal and Interest, 7-15; Interest, 1-15

Payments During Year

YEAR ENDING					TOTAL
<u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>	<u>REQUIREMENT</u>
2023	\$	118,000	\$	17,127	\$ 135,127
2024		122,000		13,515	135,515
2025		126,000		9,783	135,783
2026		129,000		5,945	134,945
2027		133,000		2,002	135,002
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Total	\$	628,000	\$	48,371	\$ 676,371

Purpose: Turf and Equipment

Principal Amount: \$961,000

Date of Issue: December 2019

Collateral / Property Interest: Various Vehicles/Equipment

Series 2020 Revenue Note
Principal and Interest, 7-15; Interest, 1-15

Payments During Year

YEAR ENDING		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>JUNE 30</u>				<u>REQUIREMENT</u>
2023	\$	-	\$ 103,275	\$ 103,275
2024		-	103,275	103,275
2025		-	103,275	103,275
2026		6,750,000	51,638	6,801,638
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Total	\$	6,750,000	\$ 361,463	\$ 7,111,463

Purpose: Various City projects

Principal Amount: \$6,750,000

Date of Issue: June 2020