

DEBT SERVICE

Debt Service Overview

Debt Ratios

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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 2023 Annual Comprehensive Financial Report (ACFR), approximately \$111.2 million of outstanding debt is applicable to the limit of 10% of assessed value (approximately \$784.3 million). Thus, the City's total net debt applicable to the limit as a percentage of the debt limit is 14.4%.

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.

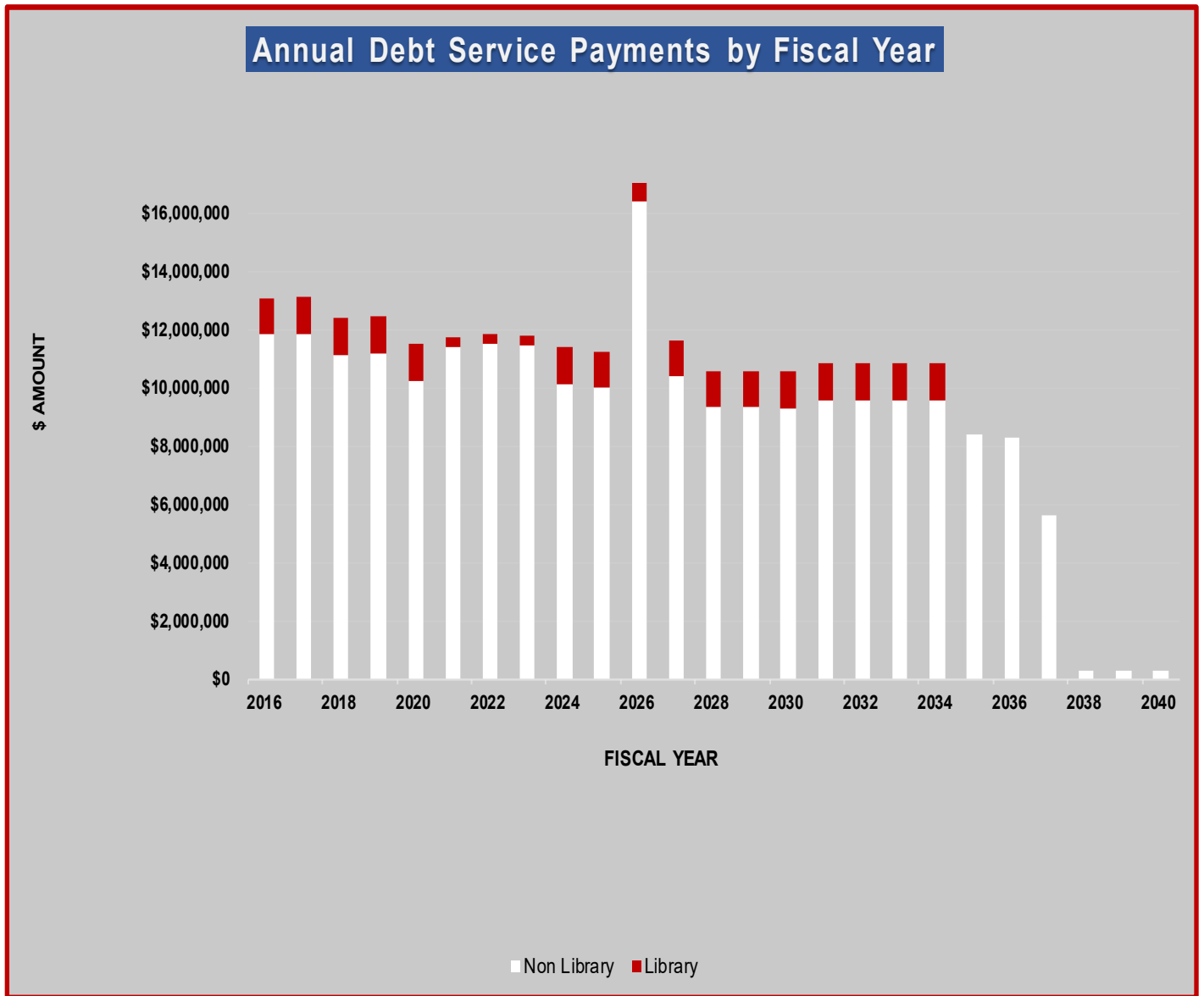
Standard and Poor's Rating Services rated the City AAA, the highest credit rating attainable, citing "...a city economic base that has remained strong throughout the current recession; the City's demonstrated ability to manage its budget effectively translating to a history of strong reserves...strong 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 2025 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 2024 Budget	FY 2025 Adopted
General Obligation (G/O)		
General Government	\$ 586,589	\$ 1,814,108
Schools	3,665,181	3,672,802
Total General Obligation	\$ 4,251,770	\$ 5,486,910
Capital Lease		
General Government	\$ 5,332,389	\$ 5,179,647
Schools	560,499	559,590
Total Capital Lease	\$ 5,892,888	\$ 5,739,237
Total Payments	\$ 10,144,658	\$ 11,226,147

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 2025 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.
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%
2024	57,000,000	24,107	7,673,822,600	2,364	0.74%	4,251,770	2.45%
2025	65,532,000	24,003	7,843,081,500	2,730	0.84%	5,486,910	3.04%

(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 \$784,308,150.

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>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2025	3,346,000	2,140,910	5,486,910
2026	3,450,000	1,954,184	5,404,184
2027	4,322,000	1,902,706	6,224,706
2028	4,607,000	1,809,063	6,416,063
2029	4,690,000	1,721,657	6,411,657
2030	4,782,000	1,631,544	6,413,544
2031	5,690,000	1,538,621	7,228,621
2032	5,841,000	1,396,779	7,237,779
2033	5,988,000	1,250,310	7,238,310
2034	6,127,000	1,099,445	7,226,445
2035	6,295,000	944,188	7,239,188
2036	6,449,000	783,820	7,232,820
2037	3,945,000	618,614	4,563,614
2038	1,420,000	500,381	1,920,381
2039	1,490,000	429,381	1,919,381
2040	1,565,000	354,881	1,919,881
2041	1,625,000	292,281	1,917,281
2042	1,695,000	225,250	1,920,250
2043	1,765,000	153,213	1,918,213
2044	1,840,000	78,200	1,918,200
Total	\$ 65,532,000	\$ 18,791,840	\$ 84,323,840

General Obligation Refunding Bonds, Series 2010
(2002 General Obligation 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>
2025	538,350	13,459	551,809
Total	\$ 538,350	\$ 13,459	\$ 551,809

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 - \$4,882,150t

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

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2025	916,650	22,916	939,566
Total	\$ 916,650	\$ 22,916	\$ 939,566

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

YEAR ENDING					
<u>JUNE 30</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>	<u>TOTAL</u>
					<u>REQUIREMENT</u>
2025		1,505,000		8,278	1,513,278
Total	\$	1,505,000	\$	8,278	\$
					1,513,278

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>
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	\$ 14,680,000	\$ 725,142	\$ 15,405,142

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 <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2025	16,000	21,026	37,026
2026	549,000	20,727	569,727
2027	557,000	10,438	567,438
Total	\$ 1,122,000	\$ 52,191	\$ 1,174,191

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 <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2025	25,000	35,775	60,775
2026	935,000	35,306	970,306
2027	949,000	17,784	966,784
Total	\$ 1,909,000	\$ 88,865	\$ 1,997,865

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 2022B
(2004 & 2005 School Bonds)
Interest, 7-15; Principal and 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>
2025	151,000	646,831	797,831
2026	154,000	643,879	797,879
2027	157,000	640,869	797,869
2028	160,000	637,799	797,799
2029	163,000	634,671	797,671
2030	166,000	631,485	797,485
2031	4,685,000	628,239	5,313,239
2032	4,781,000	536,648	5,317,648
2033	4,878,000	443,179	5,321,179
2034	4,962,000	347,814	5,309,814
2035	5,070,000	250,807	5,320,807
2036	5,164,000	151,688	5,315,688
2037	2,595,000	50,732	2,645,732
Total	\$ 33,086,000	\$ 6,244,642	\$ 39,330,642

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 Obligation Revenue Bonds, Series 2023
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>
2025	-	1,225,273	1,225,273
2026	-	1,089,131	1,089,131
2027	830,000	1,089,131	1,919,131
2028	870,000	1,047,631	1,917,631
2029	915,000	1,004,131	1,919,131
2030	960,000	958,381	1,918,381
2031	1,005,000	910,381	1,915,381
2032	1,060,000	860,131	1,920,131
2033	1,110,000	807,131	1,917,131
2034	1,165,000	751,631	1,916,631
2035	1,225,000	693,381	1,918,381
2036	1,285,000	632,131	1,917,131
2037	1,350,000	567,881	1,917,881
2038	1,420,000	500,381	1,920,381
2039	1,490,000	429,381	1,919,381
2040	1,565,000	354,881	1,919,881
2041	1,625,000	292,281	1,917,281
2042	1,695,000	225,250	1,920,250
2043	1,765,000	153,213	1,918,213
2044	1,840,000	78,200	1,918,200
Total	\$ 23,175,000	\$ 13,669,935	\$ 36,844,935

Purpose: Various City projects to include but not limited to parks, recreation and public safety

Principal Amount: \$23,175,000

Date of Issue: November 2023

Collateral / Property Interest: N/A

General Fund Capital Lease Schedule
Consolidated Capital Lease Payment Requirements

Payments During Year

YEAR ENDING				TOTAL
<u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>		<u>REQUIREMENT</u>
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	670,382		4,176,702
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	\$ 47,831,380	\$ 6,698,092		\$ 54,529,472

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

Payments During Year

YEAR ENDING				TOTAL
<u>JUNE 30</u>		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>REQUIREMENT</u>
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	\$	3,320,000	\$	126,945
				\$ 3,446,945

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

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	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL REQUIREMENT</u>
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	\$ 25,550,000 \$	4,532,373 \$	30,082,373

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

YEAR ENDING <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	TOTAL <u>REQUIREMENT</u>
2025	132,470	16,979	149,449
2026	139,960	13,755	153,715
2027	147,760	10,353	158,113
2028	155,870	6,755	162,625
2029	164,320	2,964	167,284
Total	\$ 740,380	\$ 50,805	791,185

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 <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	TOTAL <u>REQUIREMENT</u>
2025	320,000	46,313	366,313
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	\$ 2,035,000	\$ 154,313	\$ 2,189,313

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>
2025		295,000	3,098	298,098
Total	\$	295,000	\$	298,098

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

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>
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	\$ 8,753,000	\$ 1,657,916	\$ 10,410,916

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

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

Payments During Year

YEAR ENDING <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	TOTAL <u>REQUIREMENT</u>
2025	126,000	9,783	135,783
2026	129,000	5,945	134,945
2027	133,000	2,002	135,002
Total	\$ 388,000	\$ 17,729	405,729

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

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2025	-	103,275	103,275
2026	6,750,000	51,638	6,801,638
Total	\$ 6,750,000	\$ 154,913	\$ 6,904,913

Purpose: Various City projects

Principal Amount: \$6,750,000

Date of Issue: June 2020