

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 notes the City may not issue bonds in excess of 10% of assessed valuation. Per the City's FY 2016 Comprehensive Annual Financial Report (CAFR), approximately \$146.1 million of outstanding debt is applicable to the limit of 10% of assessed value (approximately \$594.8 million). Thus, the City's total net debt applicable to the limit as a percentage of the debt limit is 24.56%.

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.

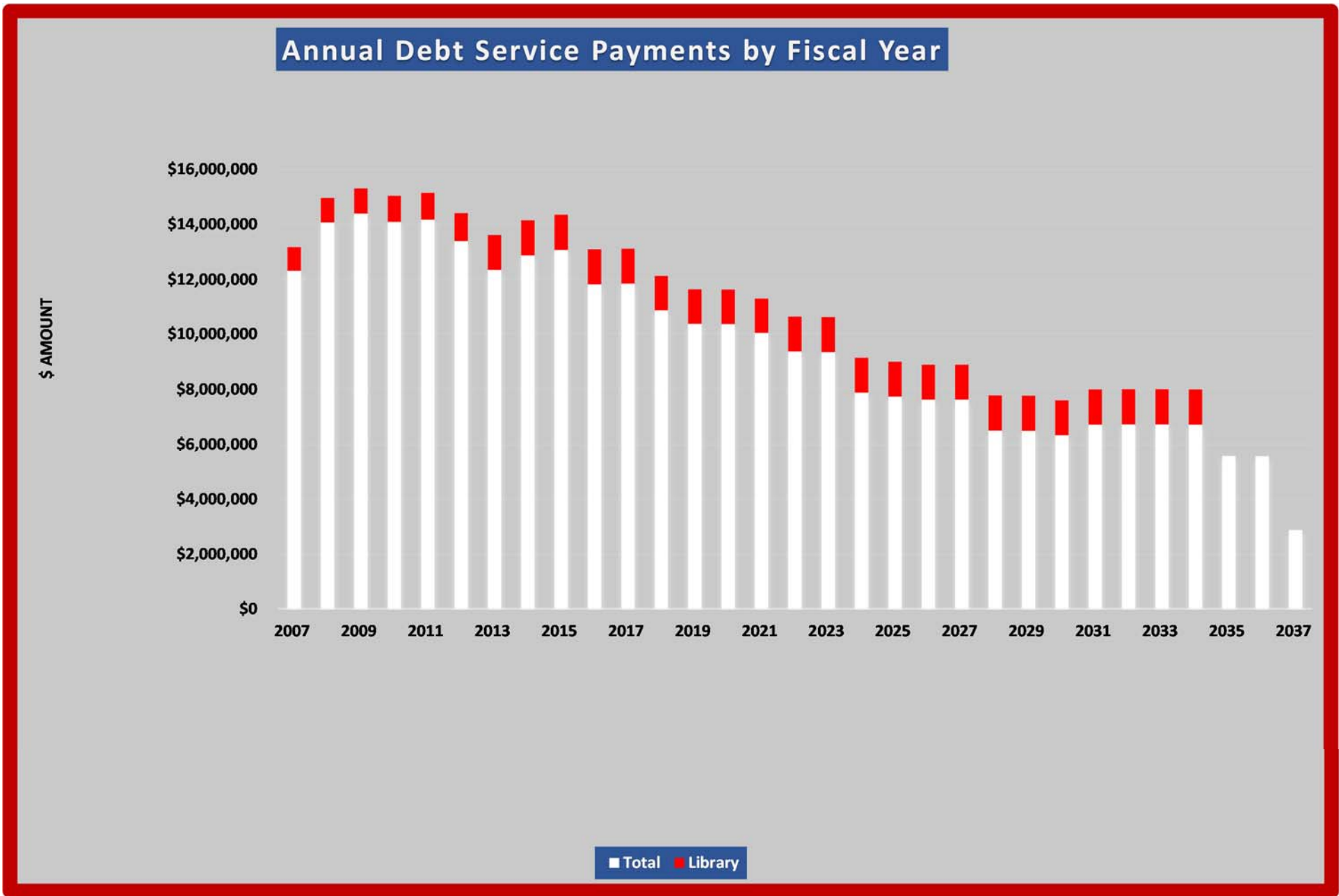
Standard and Poor's Rating Services rated the City AAA, the highest credit rating attainable, citing "...a city economic base that has remained strong throughout the current recession; the City's demonstrated ability to manage its budget effectively translating to a history of strong reserves...strong 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. In addition, Moody's has affirmed the Aaa rating for the City, that the City's underlying General Obligation credit is the highest possible. Per Moody's this rating reflects "a favorably-located tax base experiencing recessionary value declines, above-average wealth indices, stable financial operations with satisfactory reserves and a favorable debt profile."

FY 2018 Adopted Budget – City of Fairfax, Virginia

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

Category	FY 2017 Budget	FY 2018 Adopted
General Obligation (G/O)		
General Government	\$ 1,606,406	\$ 1,606,498
Schools	6,093,660	5,880,743
Total General Obligation	\$ 7,700,066	\$ 7,487,241
Capital Lease		
General Government	\$ 4,830,674	\$ 4,461,435
Schools	582,701	173,655
Total Capital Lease	\$ 5,413,375	\$ 4,635,090
Total Payments	\$ 13,113,441	\$ 12,122,331

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 2007 -2037.



FY 2018 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.
2004	43,004,995	21,160	3,852,108,402	2,032	1.12%	3,918,709	5.40%
2005	40,755,000	20,860	4,445,241,300	1,954	0.92%	4,441,388	4.60%
2006	38,390,418	21,407	5,443,890,600	1,793	0.71%	4,093,000	6.50%
2007	122,682,596	21,682	5,608,301,700	5,658	2.19%	6,385,700	9.20%
2008	119,124,230	22,112	5,637,792,000	5,387	2.11%	9,271,124	9.00%
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	24,400	5,548,950,800	4,114	1.81%	7,884,006	6.28%
2015	95,983,000	24,919	5,693,020,000	3,852	1.69%	7,824,902	5.58%
2016	91,455,000	24,314	5,852,029,500	3,761	1.56%	7,744,376	5.52%
2017	86,764,000	23,183	5,911,932,900	3,743	1.47%	7,700,066	5.49%
2018	82,121,000	23,183	6,068,943,000	3,542	1.35%	7,487,241	5.34%

(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 \$606,894,300.

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

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2018	4,973,000	2,514,241	7,487,241
2019	3,767,000	2,349,628	6,116,628
2020	4,344,000	2,232,133	6,576,133
2021	4,542,000	2,036,763	6,578,763
2022	4,222,000	1,859,364	6,081,364
2023	4,358,000	1,722,504	6,080,504
2024	3,021,000	1,582,386	4,603,386
2025	3,121,000	1,492,214	4,613,214
2026	3,259,000	1,407,631	4,666,631
2027	3,358,000	1,299,504	4,657,504
2028	3,568,000	1,227,847	4,795,847
2029	3,627,000	1,162,910	4,789,910
2030	3,696,000	1,096,898	4,792,898
2031	4,515,000	1,029,631	5,544,631
2032	4,700,000	849,031	5,549,031
2033	4,845,000	708,031	5,553,031
2034	4,980,000	562,681	5,542,681
2035	5,140,000	413,281	5,553,281
2036	5,295,000	252,656	5,547,656
2037	2,790,000	87,188	2,877,188
Total	\$ 82,121,000	\$ 25,886,522	\$ 108,007,522

Note – This schedule consolidates the debt issuances found on pages J-7 through J-12.

2005 General Obligation Refunding Bonds
(1998 School Bonds)
Principal and Interest, 4-1; Interest, 10-1

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2018	1,295,000	64,750	1,359,750
Total	\$ 1,295,000	\$ 64,750	\$ 1,359,750

Purpose: Renovation and construction of Daniels Run and Providence Elementary Schools.

Principal Amount: Original - \$25,600,000; Refunding - \$11,975,000

Date of Issue: Original - April 1998; Refunding – March 2005

Collateral / Property Interest: N/A

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>
2018	1,270,950	335,548	1,606,498
2019	1,302,400	300,126	1,602,526
2020	895,400	258,205	1,153,605
2021	941,650	212,278	1,153,928
2022	978,650	174,057	1,152,707
2023	1,017,500	133,940	1,151,440
2024	510,600	95,738	606,338
2025	538,350	69,514	607,864
2026	547,600	42,365	589,965
2027	573,500	14,338	587,838
Total	\$ 8,576,600	\$ 1,636,109	\$ 10,212,709

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

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

Date of Issue: Original – July 2002; Refunding – March 2010

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>
2018	2,164,050	571,339	2,735,389
2019	2,217,600	511,025	2,728,625
2020	1,524,600	439,646	1,964,246
2021	1,603,350	361,447	1,964,797
2022	1,666,350	296,368	1,962,718
2023	1,732,500	228,060	1,960,560
2024	869,400	163,013	1,032,413
2025	916,650	118,361	1,035,011
2026	932,400	72,135	1,004,535
2027	976,500	24,413	1,000,913
Total	\$ 14,603,400	\$ 2,785,807	\$ 17,389,207

Purpose: Renovation and construction of Fairfax High School and Lanier Middle School.

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

Date of Issue: Original – December 2004 & November 2005; Refunding – March 2010

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2011
(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 REQUIREMENT</u>
2018	41,000	35,360	76,360
2019	41,000	34,909	75,909
2020	40,000	34,463	74,463
2021	40,000	34,023	74,023
2022	40,000	33,583	73,583
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	\$ 3,235,000	\$ 238,454	\$ 3,473,454

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

Principal Amount: \$3,415,000

Date of Issue: November 2011

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2012A
(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>
2018	202,000	340,813	542,813
2019	206,000	337,137	543,137
2020	209,000	333,388	542,388
2021	212,000	329,584	541,584
2022	1,537,000	325,725	1,862,725
2023	1,564,000	297,752	1,861,752
2024	157,000	269,287	426,287
2025	161,000	266,430	427,430
2026	1,779,000	263,500	2,042,500
2027	1,808,000	231,122	2,039,122
2028	3,568,000	198,216	3,766,216
2029	3,627,000	133,279	3,760,279
2030	3,696,000	67,267	3,763,267
Total	\$ 18,726,000	\$ 3,393,499	\$ 22,119,499

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

Principal Amount: \$19,346,000

Date of Issue: June 2012

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2012B
(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>
2018	-	1,166,431	1,166,431
2019	-	1,166,431	1,166,431
2020	1,675,000	1,166,431	2,841,431
2021	1,745,000	1,099,431	2,844,431
2022	-	1,029,631	1,029,631
2023	-	1,029,631	1,029,631
2024	-	1,029,631	1,029,631
2025	-	1,029,631	1,029,631
2026	-	1,029,631	1,029,631
2027	-	1,029,631	1,029,631
2028	-	1,029,631	1,029,631
2029	-	1,029,631	1,029,631
2030	-	1,029,631	1,029,631
2031	4,515,000	1,029,631	5,544,631
2032	4,700,000	849,031	5,549,031
2033	4,845,000	708,031	5,553,031
2034	4,980,000	562,681	5,542,681
2035	5,140,000	413,281	5,553,281
2036	5,295,000	252,656	5,547,656
2037	2,790,000	87,188	2,877,188
Total	\$ 35,685,000	\$ 17,767,902	\$ 53,452,902

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

Principal Amount: \$35,685,000

Date of Issue: September 2012

Collateral / Property Interest: N/A

General Fund Capital Lease Schedule
Consolidated Capital Lease Payment Requirements

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2018	2,859,462	1,775,628	4,635,090
2019	3,771,829	1,749,525	5,521,354
2020	3,419,602	1,634,592	5,054,194
2021	3,209,743	1,521,267	4,731,010
2022	3,132,401	1,414,006	4,546,407
2023	3,225,880	1,307,005	4,532,885
2024	3,347,679	1,189,901	4,537,580
2025	3,318,470	1,065,484	4,383,954
2026	3,283,960	940,832	4,224,792
2027	3,420,760	811,217	4,231,977
2028	2,275,870	699,981	2,975,851
2029	2,369,320	605,489	2,974,809
2030	2,305,000	501,931	2,806,931
2031	2,050,000	395,113	2,445,113
2032	2,160,000	287,231	2,447,231
2033	2,275,000	173,584	2,448,584
2034	2,390,000	57,644	2,447,644
Total	\$ 48,814,976	\$ 16,130,430	\$ 64,945,406

Note – This schedule consolidates schedules found on pages J-14 through J-21.

Advanced Refunding of EDA Bond 2012
(2005 Public Facility Bond - Library Project)
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>
2018	565,007	703,369	1,268,376
2019	593,517	674,576	1,268,093
2020	622,026	644,322	1,266,348
2021	655,719	611,580	1,267,299
2022	686,821	580,248	1,267,069
2023	720,514	548,345	1,268,859
2024	754,207	511,644	1,265,851
2025	795,675	471,928	1,267,603
2026	837,143	430,087	1,267,230
2027	878,612	388,739	1,267,351
2028	920,080	348,038	1,268,118
2029	961,549	305,472	1,267,021
2030	1,008,201	257,874	1,266,075
2031	1,062,628	204,809	1,267,437
2032	1,119,647	148,888	1,268,535
2033	1,179,258	89,978	1,269,236
2034	1,238,869	29,880	1,268,749
Total	\$ 14,599,473	\$ 6,949,777	\$ 21,549,250

Purpose: Advanced refunding of the 2005 Public Facility Lease (EDA) – Library Project

Principal Amount: Library Project - \$17,160,146
 Total Refunding Principal - \$33,105,000

Date of Issue: June 2012

Collateral / Property Interest: City Hall & Property Yard

Advanced Refunding of EDA Bond 2012
(2005 Public Facility Bond - Downtown Projects)
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>
2018	524,993	653,556	1,178,549
2019	551,483	626,802	1,178,285
2020	577,974	598,691	1,176,665
2021	609,281	568,267	1,177,548
2022	638,179	539,155	1,177,334
2023	669,486	509,511	1,178,997
2024	700,793	475,409	1,176,202
2025	739,325	438,506	1,177,831
2026	777,857	399,628	1,177,485
2027	816,388	361,208	1,177,596
2028	854,920	323,390	1,178,310
2029	893,451	283,838	1,177,289
2030	936,799	239,611	1,176,410
2031	987,372	190,304	1,177,676
2032	1,040,353	138,343	1,178,696
2033	1,095,742	83,606	1,179,348
2034	1,151,131	27,764	1,178,895
Total	\$ 13,565,527	\$ 6,457,589	\$ 20,023,116

Purpose: Advanced refunding of the 2005 Public Facility Lease (EDA) – Downtown Projects

Principal Amount: Downtown Projects - \$15,944,854
 Total Refunding Principal - \$33,105,000

Date of Issue: June 2012

Collateral / Property Interest: City Hall & Property Yard

COPS Refunding Series B 2017
Ball Fields
Principal and Interest, 7-15 & 1-15

YEAR ENDING	Payments During Year		TOTAL	
	<u>JUNE 30</u>	<u>PRINCIPAL</u>		<u>INTEREST</u>
2018		56,000	73,043	129,043
2019		460,000	94,655	554,655
2020		321,000	82,968	403,968
2021		329,000	74,085	403,085
2022		349,000	64,900	413,900
2023		336,000	55,385	391,385
2024		355,000	46,008	401,008
2025		364,000	36,190	400,190
2026		514,000	25,149	539,149
2027		529,000	10,904	539,904
Total	\$	3,613,000	\$	563,285
				\$
				4,176,285

Purpose: Development of ball fields and other amenities at the Stafford Property, Draper Drive Park, Providence Park and Providence Elementary School.

Principal Amount: Original: \$5,800,000; Refunding: \$5,164,800 (April 2011);
 Refunding: 3,526,700(April 2017)

Date of Issue: Original: July 26, 2004; Refunding April 29, 2011; Refunding: April 26, 2017

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

COPS Refunding Series C 2017
Schools/Transportation

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2018	92,000	119,774	211,774
2019	660,000	155,870	815,870
2020	586,000	138,229	724,229
2021	602,000	122,004	724,004
2022	619,000	105,325	724,325
2023	636,000	88,193	724,193
2024	654,000	70,579	724,579
2025	672,000	52,470	724,470
2026	690,000	33,866	723,866
2027	714,000	9,818	723,818
Total	\$ 5,925,000	\$ 896,126	\$ 6,821,126

Purpose: Additional financing to cover the estimated funding shortfall associated with the renovation and construction of Lanier Middle School.

Principal Amount: Original: \$10,000,000; Refunding: \$8,574,000 (May 2011);
 Refunding \$5,792,000 (April 2017)

Date of Issue: Original: December 20, 2006; Refunding: May 1, 2011; Refunding: April 26, 2017

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

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>
2018	87,840	35,039	122,879
2019	93,460	32,898	126,358
2020	99,310	30,620	129,930
2021	105,400	28,200	133,600
2022	111,750	25,632	137,382
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	10,353	158,113
2028	155,870	6,755	162,625
2029	164,320	2,964	167,284
Total	\$ 1,481,800	\$ 246,135	\$ 1,727,935

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
Principal and Interest, 8-1; Interest, 2-1

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2018	265,000	96,886	361,886
2019	275,000	90,217	365,217
2020	280,000	83,363	363,363
2021	290,000	76,323	366,323
2022	295,000	69,098	364,098
2023	305,000	61,688	366,688
2024	310,000	54,093	364,093
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	\$ 4,055,000	\$ 685,983	\$ 4,740,983

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
Principal and Interest, 8-1; Interest, 2-1

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2018	255,000	43,208	298,208
2019	260,000	37,800	297,800
2020	265,000	32,288	297,288
2021	270,000	26,670	296,670
2022	275,000	20,948	295,948
2023	280,000	15,120	295,120
2024	285,000	9,188	294,188
2025	295,000	3,098	298,098
Total	\$ 2,185,000	\$ 188,320	\$ 2,373,320

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

Various Vehicle & Equipment Leases
Principal and Interest, 7-15

Payments During Year

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u> <u>REQUIREMENT</u>
2018	1,013,622	50,753	1,064,375
2019	878,369	36,707	915,076
2020	668,292	24,112	692,404
2021	348,343	14,138	362,481
2022	157,651	8,700	166,351
2023	160,500	5,852	166,352
2024	163,399	2,952	166,351
Total	\$3,390,176	\$143,214	\$3,533,390

Purpose: Various capital lease/purchase agreements to finance the replacement of vehicles and equipment.

Principal Amount: Various; payments beginning in 2017 contain projections for a potential lease in FY16 to finance the purchase of vehicles/equipment >\$100k each.

Date of Issue: Various

Collateral / Property Interest: Vehicles / Equipment / Synthetic Turf at FHS

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