

# DEBT SERVICE

Debt Service Overview

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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 2024 Annual Comprehensive Financial Report (ACFR), approximately \$127.6 million of outstanding debt is applicable to the limit of 10% of assessed value (approximately \$805.5 million). Thus, the City's total net debt applicable to the limit as a percentage of the debt limit is 15.9%.

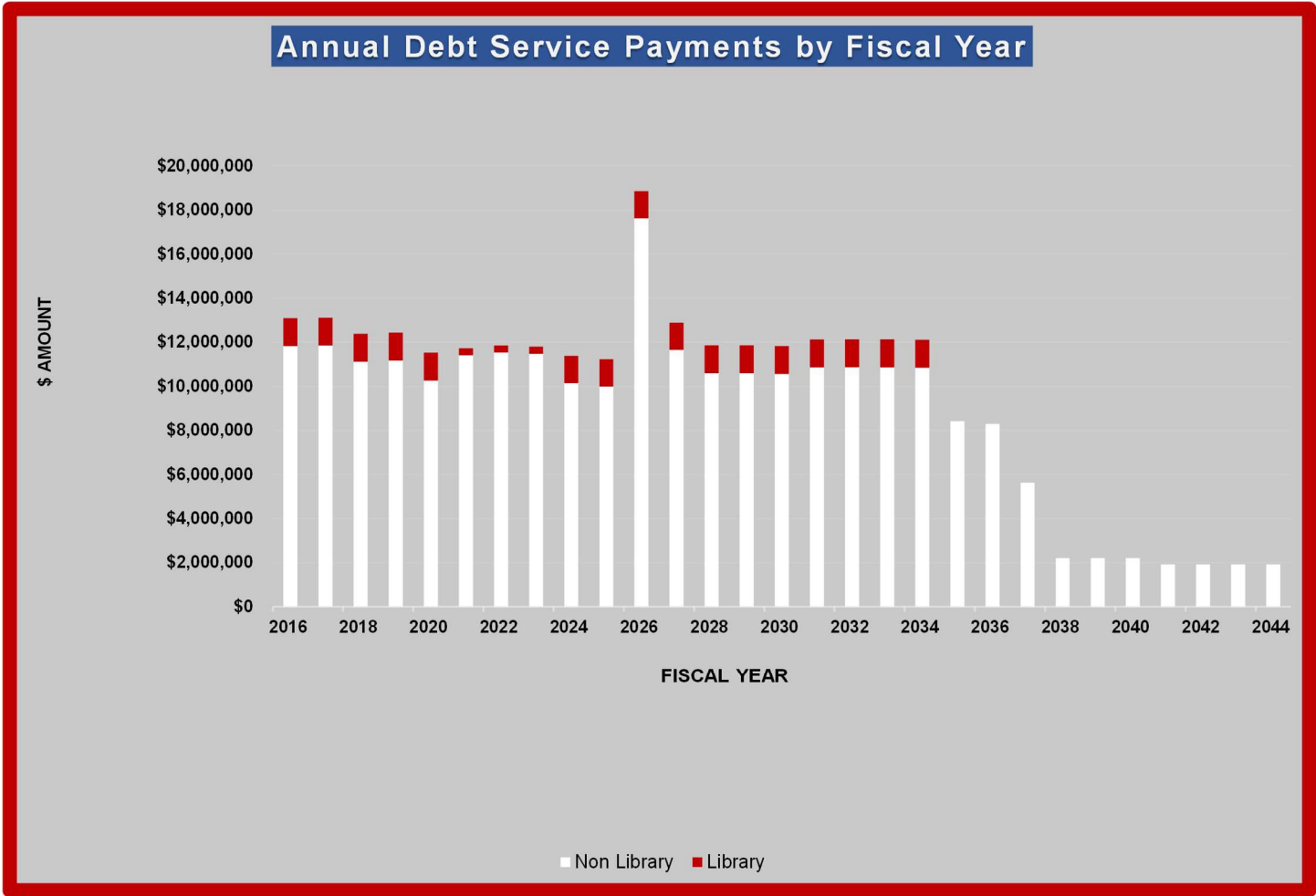
The City consults with its financial advisors and bond counsel to explore the most cost effective financing options for all debt issuances. This adherence to prudent fiscal management has allowed the City to make several long term infrastructure improvements for its residents. The City currently receives 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 "... rating affirmation reflects a growing local economy with significantly strong economic metrics when compared with national averages. In addition, conservative, well-embedded management practices support maintenance of a strong reserve positive and positive revenue trends". 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.

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 2025 Budget	FY 2026 Adopted
<b>General Obligation (G/O)</b>		
General Government	\$ 1,814,108	\$ 569,726
Schools	3,672,802	3,745,326
<b>Total General Obligation</b>	<b>\$ 5,486,910</b>	<b>\$ 4,315,052</b>
<b>Capital Lease</b>		
General Government	\$ 5,179,647	\$ 12,707,631
Schools	559,589	598,487
<b>Total Capital Lease</b>	<b>\$ 5,739,237</b>	<b>\$ 13,306,118</b>
<b>Total Payments</b>	<b>\$ 11,226,147</b>	<b>\$ 17,621,170</b>

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 -2044.



## FY 2026 Adopted Budget – City of Fairfax, Virginia

Starting in FY 2026, the City will transfer funds for debt service payments from the General Fund and Wastewater Fund to the Debt Service Fund to distribute payments and to report debt service in a consolidated report for the City.

### City of Fairfax, Virginia FY 2026 Debt Service Fund Budget Summary

	<u>FY 2024 Actual</u>	<u>FY 2025 Budget</u>	<u>FY 2025 Estimate</u>	<u>FY 2026 Adopted</u>	<u>Variance to Budget \$</u>	<u>Variance to Budget %</u>
<b>Revenues</b>						
General Fund Schools Transfers	-	-	-	4,343,813	4,343,813	0.00%
General Fund Transfers	-	-	-	13,277,357	13,277,357	0.00%
Wastewater Fund Transfer	-	-	-	2,348,109	2,348,109	0.00%
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,969,280</b>	<b>\$ 19,969,280</b>	<b>0.00%</b>
<b>Expenses</b>						
Uses on School Financing	-	-	-	576,641	576,641	0.00%
Schools Principal	-	-	-	2,901,000	2,901,000	0.00%
Schools Interest	-	-	-	844,326	844,326	0.00%
Interest on School Financing	-	-	-	21,846	21,846	0.00%
General Uses From Capital Leases	-	-	-	10,598,319	10,598,319	0.00%
General Principal	-	-	-	549,000	549,000	0.00%
General Interest	-	-	-	20,726	20,726	0.00%
General Interest on School Financing	-	-	-	2,109,312	2,109,312	0.00%
Wastewater Principapl	-	-	-	1,045,000	1,045,000	0.00%
Wastewater Interest	-	-	-	1,303,109	1,303,109	0.00%
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,969,280</b>	<b>\$ 19,969,280</b>	<b>0.00%</b>
<b>Fund Balance - 6/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		

## FY 2026 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.
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%
2026	50,411,000	24,043	7,843,081,500	2,097	0.64%	4,315,052	2.17%

(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**

<b>YEAR ENDING</b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
2026	3,450,000	865,052	4,315,052
2027	3,492,000	813,575	4,305,575
2028	3,737,000	761,432	4,498,432
2029	3,775,000	717,526	4,492,526
2030	3,822,000	673,163	4,495,163
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
<b>Total</b>	<b>\$ 50,411,000</b>	<b>\$ 6,239,855</b>	<b>\$ 56,650,855</b>

**General Obligation Refunding Bonds, 2021 refunding of Series 2016A  
(2004 & 2005 School Bonds)**

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

**Payments During Year**

<b>YEAR ENDING <u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL REQUIREMENT</u></b>
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
<b>Total</b>	<b>\$ 14,486,000</b>	<b>\$ 557,790</b>	<b>\$ 15,043,790</b>

**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**

<b><u>YEAR ENDING</u></b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
2026	549,000	20,727	569,727
2027	557,000	10,438	567,438
<b>Total</b>	<b>\$ 1,106,000</b>	<b>\$ 31,165</b>	<b>\$ 1,137,165</b>

**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**

<b><u>YEAR ENDING</u></b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
2026	935,000	35,306	970,306
2027	949,000	17,784	966,784
<b>Total</b>	<b>\$ 1,884,000</b>	<b>\$ 53,090</b>	<b>\$ 1,937,090</b>

**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**

<b><u>YEAR ENDING</u></b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
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
<b>Total</b>	<b>\$ 32,935,000</b>	<b>\$ 5,597,810</b>	<b>\$ 38,532,810</b>

**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**

<b>YEAR ENDING JUNE 30</b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL REQUIREMENT</u></b>
2026	11,174,960	2,131,158	13,306,118
2027	5,375,760	1,966,208	7,341,968
2028	4,280,870	1,813,903	6,094,773
2029	4,421,320	1,674,513	6,095,833
2030	4,542,000	1,529,467	6,071,467
2031	4,159,000	1,381,412	5,540,412
2032	4,306,000	1,236,177	5,542,177
2033	4,453,000	1,084,477	5,537,477
2034	4,610,000	925,545	5,535,545
2035	2,294,000	798,982	3,092,982
2036	2,272,000	708,275	2,980,275
2037	2,362,000	616,573	2,978,573
2038	1,685,000	521,666	2,206,666
2039	1,765,000	442,428	2,207,428
2040	1,845,000	359,256	2,204,256
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
<b>Total</b>	<b>\$ 66,470,910</b>	<b>\$ 17,938,988</b>	<b>\$ 84,409,898</b>

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

**Payments During Year**

<b><u>YEAR ENDING</u></b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
2026	1,132,000	42,886	1,174,886
2027	1,155,000	18,532	1,173,532
<b>Total</b>	<b>\$ 2,287,000</b>	<b>\$ 61,418</b>	<b>\$ 2,348,418</b>

**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**

<b>YEAR ENDING JUNE 30</b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL REQUIREMENT</u></b>
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
<b>Total</b>	<b>\$ 23,495,000 \$</b>	<b>3,801,158 \$</b>	<b>27,296,158</b>

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>
<b>Total</b>	<b><u>\$32,730,000</u></b>

**Date of Issue:** Original Issue July 2005; 1<sup>st</sup> refunding June 2012; 2<sup>nd</sup> 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**

<b><u>YEAR ENDING</u></b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
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
<b>Total</b>	<b>\$ 607,910</b>	<b>\$ 33,826</b>	<b>\$ 641,736</b>

**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**

<b>YEAR ENDING JUNE 30</b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL REQUIREMENT</u></b>
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
<b>Total</b>	<b>\$ 1,715,000</b>	<b>\$ 108,001</b>	<b>\$ 1,823,001</b>

**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



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

**Payments During Year**

<b><u>YEAR ENDING</u></b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
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
<b>Total</b>	<b>\$ 8,179,000</b>	<b>\$ 1,430,338</b>	<b>\$ 9,609,338</b>

**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**

<b>YEAR ENDING</b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b>TOTAL</b> <b><u>REQUIREMENT</u></b>
2026	129,000	5,945	134,945
2027	133,000	2,002	135,002
<hr/>			
<b>Total</b>	<b>\$ 262,000</b>	<b>\$ 7,946</b>	<b>\$ 269,946</b>

**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>
2026	6,750,000	51,638	6,801,638
Total	\$ 6,750,000	\$ 51,638	\$ 6,801,638

**Purpose:** Various City projects

**Principal Amount:** \$6,750,000

**Date of Issue:** June 2020

**2023 Public Facility Revenue Bonds**  
**Interest, 7-15; Principal and Interest, 1-15**

**Payments During Year**

<b><u>YEAR ENDING</u></b> <b><u>JUNE 30</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b> <b><u>REQUIREMENT</u></b>
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
<b>Total</b>	<b>\$ 23,175,000 \$</b>	<b>12,444,663 \$</b>	<b>35,619,663</b>

**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