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 2019 Comprehensive Annual Financial Report (CAFR), approximately $156.7 million of outstanding debt is applicable to the limit of 10% of assessed value (approximately $633.6 million). Thus, the City's total net debt applicable to the limit as a percentage of the debt limit is 24.73%.

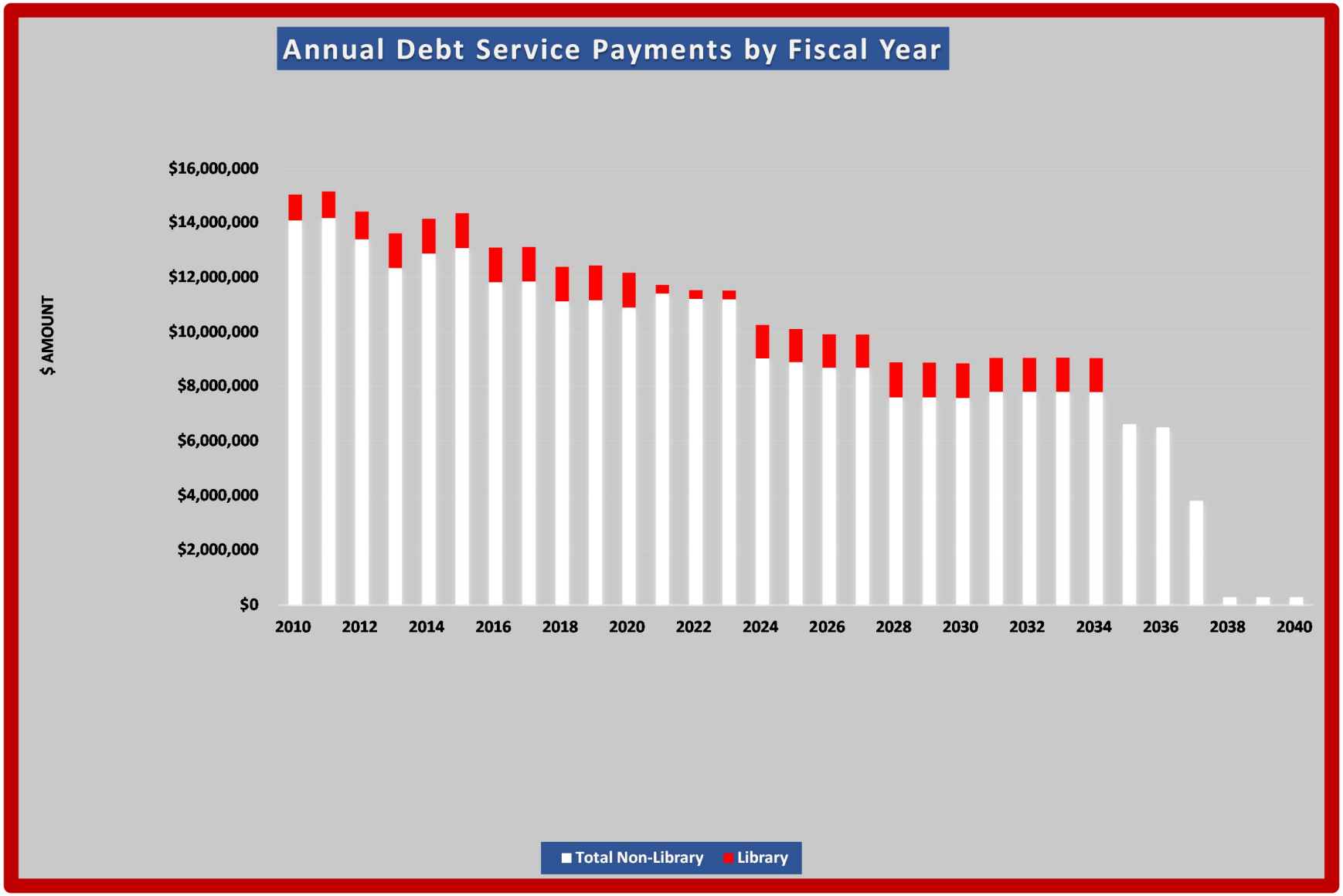
The City consults with its financial advisors and bond counsel to explore the most cost effective financing options for all debt issuances. This adherence to prudent fiscal management has allowed the City to make several long term infrastructure improvements for its residents. The City currently receives 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."

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 ball fields 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 in section E of this book (Wastewater Fund).

Category	FY 2020 Budget	FY 2021 Proposed
General Obligation (G/O)		
General Government	$ 1,153,605	$ 1,133,973
Schools	5,422,528	5,276,301
Total General Obligation	**$ 6,576,133**	**$ 6,410,274**
Capital Lease		
General Government	$ 5,293,546	$ 4,751,779
Schools	561,934	561,388
Total Capital Lease	**$ 5,855,481**	**$ 5,313,167**
Total Payments	**$ 12,431,614**	**$ 11,723,441**

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.


Annual Debt Service Payments by Fiscal Year
$ AMOUNT
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030
2032
2034
2036
2038
2040
Total Non-Library
Library

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.
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	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	6,449,759,100	3,080	1.14%	6,578,763	4.53%
2021	70,578,000	24,552	6,624,142,547	2,875	1.07%	6,410,274	4.17%

(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 $662,414,255.

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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	4,806,000	1,604,274	6,410,274
2022	4,474,000	1,437,954	5,911,954
2023	4,506,000	1,406,520	5,912,520
2024	3,165,000	1,269,778	4,434,778
2025	3,269,000	1,176,310	4,445,310
2026	3,373,000	1,125,338	4,498,338
2027	3,426,000	1,062,454	4,488,454
2028	3,683,000	998,582	4,681,582
2029	3,745,000	930,827	4,675,827
2030	3,817,000	861,924	4,678,924
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	**$ 70,578,000**	**$ 14,927,544**	**$ 85,505,544**

Note – This schedule consolidates the debt issuances found on pages J-7 through J-14.

General Obligation Refunding Bonds, Series 2010
(2002 General Obligation Bonds)
Principal and Interest, 7-15; Interest, 1-15

Payments During Year

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	941,650	156,223	1,097,873
2022	978,650	118,002	1,096,652
2023	1,017,500	77,885	1,095,385
2024	510,600	39,682	550,282
2025	538,350	13,459	551,809
Total	**$ 3,986,750**	**$ 405,251**	**$ 4,392,001**

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 Nov 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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	1,603,350	266,002	1,869,352
2022	1,666,350	200,923	1,867,273
2023	1,732,500	132,615	1,865,115
2024	869,400	67,567	936,967
2025	916,650	22,916	939,566
Total	**$ 6,788,250**	**$ 690,023**	**$ 7,478,273**

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; 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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
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	**$ 3,113,000**	**$ 133,722**	**$ 3,246,722**

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; Refunding – $3,235,000

Date of Issue: November 2011; Refunding – August 2016

Collateral / Property Interest: N/A

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

Payments During Year

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
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	**$ 18,109,000**	**$ 2,382,162**	**$ 20,491,162**

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; Refunding - $18,871,000

Date of Issue: June 2012; Refunding – August 2016

Collateral / Property Interest: N/A

General Obligation Refunding Bonds, Series 2019 (Federally Taxable)
(2004 & 2005 School Bonds)
Interest, 7-15; Principal and Interest, 1-15

Payments During Year

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	1,955,000	774,938	2,729,938
2022	214,000	700,728	914,728
Total	**$ 2,169,000**	**$ 1,475,666**	**$ 3,644,666**

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: Original $33,871,000; Taxable Refunding - $717,000

Date of Issue: September 2012; Taxable Refunding Nov. 2019

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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	20,000	16,100	36,100
2022	14,000	21,832	35,832
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	**$ 1,185,000**	**$ 133,000**	**$ 1,318,000**

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

Date of Issue: September 2012; Refunding Apr. 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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	34,000	27,404	61,404
2022	24,000	37,161	61,161
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	**$ 2,017,000**	**$ 226,385**	**$ 2,243,385**

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

Date of Issue: September 2012; Refunding Apr. 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	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
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 Lanier Middle School.

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

Date of Issue: September 2012; Refunding Nov. 2022

Collateral / Property Interest: N/A

General Fund Capital Lease Schedule
Consolidated Capital Lease Payment Requirements

Payments During Year

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	3,736,410	1,576,757	5,313,167
2022	4,177,380	1,462,747	5,640,127
2023	4,291,230	1,335,691	5,626,921
2024	4,578,679	1,210,934	5,789,613
2025	4,535,470	1,100,492	5,635,962
2026	4,424,960	990,390	5,415,350
2027	4,545,760	877,074	5,422,834
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	**$ 57,865,079**	**$ 12,129,305**	**$ 69,994,384**

Note – This schedule consolidates schedules found on pages J-16 through J-24.

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

Payments During Year

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	952,000	150,057	1,102,057
2022	983,000	129,513	1,112,513
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	**$7,250,000**	**$602,314**	**$7,852,314**

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

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
2021	1,265,000	961,636	2,226,636
2022	1,325,000	901,193	2,226,193
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	**$ 31,530,000**	**$ 8,016,556**	**$ 39,546,556**

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

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	$ 3,595,000
Total	**$32,730,000**

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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
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	10,349	158,109
2028	155,870	6,755	162,625
2029	164,320	2,964	167,284
Total	**$ 1,201,190**	**$ 147,574**	**$ 1,348,764**

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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
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	46,312	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	**$ 3,235,000**	**$ 415,516**	**$ 3,650,516**

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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	270,000	26,670	296,670
2022	275,000	20,947	295,947
2023	280,000	15,120	295,120
2024	285,000	9,187	294,187
2025	295,000	3,098	298,098
Total	**$ 1,405,000**	**$ 75,022**	**$ 1,480,022**

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

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
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	**$829,893**	**$31,642**	**$861,535**

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

2017 Financing
Fire Truck
Principal and Interest, 7-15

Payments During Year

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	188,667	10,114	198,781
2022	191,979	6,802	198,781
2023	195,350	3,430	198,780
Total	**$575,996**	**$20,346**	**$596,342**

Purpose: Fire Truck.

Principal Amount: $948,100

Date of Issue: October 2017

Collateral / Property Interest: Fire Truck

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

Payments During Year

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	206,000	285,584	491,584
2022	723,000	280,228	1,003,228
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	**$10,984,000**	**$2,727,296**	**$13,711,296**

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 JUNE 30	PRINCIPAL	INTEREST	TOTAL REQUIREMENT
2021	111,000	24,035	135,035
2022	115,000	20,634	135,634
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
Total	**$ 854,000**	**$ 93,039**	**$ 947,039**

Purpose: Turf and Equipment

Principal Amount: $961,000

Date of Issue: December 2019

Collateral / Property Interest: Various Vehicles/Equipment