



Adopted Operating and Capital Budget FY 2009

Debt Service Analysis

*Fredericksburg*<sup>TM</sup>  
**TIMELESS.**  
SPOTSYLVANIA STAFFORD FREDERICKSBURG

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ADOPTED OPERATING AND CAPITAL BUDGET FY 2009  
DEBT LIMIT TABLE

<b>Computation of Legal Debt Margin (7/01/2008)</b>	
Assessed Value of Taxable Real Estate (7/1/07)	\$4,045,740,800
Assessed Value – Public Service Real Estate	\$45,356,831
Assessed Value – Exempt Real Estate	\$740,035,700
Debt Limit – 4.8% of total assessed value	\$231,894,400
Amount of Debt applicable to debt limit	(\$81,148,448)
Debt Margin	\$150,745,952

- The limit of 4.8% of total assessed value is imposed by the City Council, and applies to the City’s General Obligation debt (including Education-related debt). Revenue bonds supported by water and wastewater user fees are not included in the debt limit.
- The City’s own policy is more restrictive than the 10% limitation against total assessed value allowed cities under the Virginia Constitution.
- The City issued an additional \$10.705 million in debt in the fall of 2007 for the purposes of building replacement water and sewer lines, as well as providing funds for the purchase of land for the proposed Riverfront Park along Sophia Street. Estimated annual debt service expense is \$844,500, allocated as follows: Water Fund – 3.67% (\$30,993); Sewer Fund – 73.12% (\$617,498); and General Fund – 23.21% (\$196,008).

## DEBT SERVICE TABLES

The following table shows debt service requirements for the period FY 2002 – FY 2015. The impact to the General Fund of the debt service for the City’s two new schools can be seen beginning in FY 2005 and FY 2006. Barring the issuance of any further debt, the City’s debt service requirements will peak in FY 2009. The debt in the Sewer Fund will fall significantly beginning in FY 2014.

The City’s Parking Fund (with the Sophia Street Parking Garage) and the Wastewater Fund (Wastewater Treatment Plant) are capital-intensive, and the debt service as a percentage of those funds is high relative to the Water Fund. The City no longer owns a water plant, and there is not as much debt service in that fund.

However, the City’s adopted capital improvements plan includes major capital projects that will be impossible to construct without some type of debt issuance. Specifically, the court project and the improvements to the wastewater treatment plant will both require major additional debt issuances to accomplish.

### Current Debt Table – Includes FY 2008 Debt

Year	General	Education	Total General (Gen + Ed)	Water Fund	Sewer Fund	Parking Fund	Total
2002	976,376	481,319	1,457,695	585,866	1,230,740	-	3,274,302
2003	2,801,922	541,720	3,343,642	585,657	1,396,644	-	5,325,944
2004	2,274,100	242,049	2,516,149	503,281	1,326,996	-	4,346,425
2005	2,372,435	1,820,716	4,193,151	430,578	1,272,137	-	5,895,867
2006	2,292,809	3,556,069	5,848,878	421,273	1,265,952	-	7,536,102
2007	2,617,147	3,550,857	6,168,004	410,163	1,257,018	284,544	8,119,729
2008	2,704,008	3,554,362	6,258,370	412,926	1,259,451	321,690	8,252,437
2009	2,585,331	3,527,406	6,112,737	416,356	1,841,740	321,492	8,692,326
2010	2,330,620	3,507,016	5,837,636	390,141	1,821,576	321,058	8,370,411
2011	2,302,018	3,502,047	5,804,065	387,906	1,819,364	320,386	8,331,721
2012	1,939,130	3,476,585	5,415,715	353,578	1,789,792	319,478	7,878,563
2013	1,695,407	3,451,943	5,147,350	317,705	1,771,022	320,268	7,556,346
2014	1,644,400	3,449,398	5,093,798	320,742	1,213,034	320,742	6,924,056
2015	1,611,793	3,445,038	5,056,831	318,964	657,504	318,964	6,327,192

#### FY 09 Debt Service as a % of Total Fund

	Total	Debt Service	% of Total
General	76,521,620	6,112,737	7.99%
Water	3,329,584	416,356	12.50%
Wastewater	5,890,907	1,841,740	31.26%
Parking	659,798	321,492	48.73%

### Debt Service Table – Principal and Interest

FY 2008 – Includes Most Recent GO Issue of \$10.705 million

<i>Fiscal Year</i>	<i>General Obligation – Principal</i>	<i>General Obligation – Interest</i>	<i>Revenue – Principal</i>	<i>Revenue – Interest</i>
<b>2008</b>	3,820,000	3,322,568	899,033	210,837
<b>2009</b>	3,875,000	3,707,456	929,860	180,010
<b>2010</b>	3,770,000	3,490,541	961,744	148,126
<b>2011</b>	3,895,000	3,326,851	994,721	115,149
<b>2012</b>	3,605,000	3,163,693	1,028,829	81,041
<b>2013</b>	3,440,000	3,006,476	1,064,107	45,763
<b>2014</b>	3,520,000	2,849,121	545,658	9,276
<b>2015</b>	3,640,000	2,687,192	-	-
<b>2016</b>	3,285,000	2,528,714	-	-
<b>2017</b>	3,435,000	2,374,644	-	-
<b>2018</b>	3,590,000	2,212,903	-	-
<b>2019</b>	3,215,000	2,041,660	-	-
<b>2020</b>	3,360,000	1,883,349	-	-
<b>2021</b>	3,520,000	1,714,626	-	-
<b>2022</b>	3,685,000	1,537,437	-	-
<b>2023</b>	3,645,000	1,356,542	-	-
<b>2024</b>	3,835,000	1,171,560	-	-
<b>2025</b>	4,025,000	976,673	-	-
<b>2026</b>	4,230,000	774,881	-	-
<b>2027</b>	3,615,000	584,884	-	-
<b>2028</b>	3,795,000	404,006	-	-
<b>2029</b>	3,130,000	235,468	-	-
<b>2030</b>	3,290,147	79,783	-	-
	<b>83,220,147</b>	<b>45,431,028</b>	<b>6,423,952</b>	<b>790,202</b>

## DEBT SERVICE CHART

The following chart shows the trend to declining debt service payments after FY 2008, and gives a sense of the relative weight of the debt in the different funds – General, Water, Sewer, and Parking. The General Fund debt includes the debt issued for education – in this case, the two new schools (the new Upper Lafayette Elementary School and the replacement James Monroe High School.)

As a note, the City intends to pay the Parking portion of the debt from surplus motor fuels taxes; however, the issue is a General Obligation issue that counts against the City’s debt limits. The Water and the Sewer obligations are considered revenue obligations, and are secured by the City’s water and sewer rates. These issues are not considered General Obligations of the City, and are not calculated against the debt service limits of the City.

