City of Alexandria, Virginia
FY 2026 Proposed Operating Budget & CIP
Budget Questions & Answers

March 12, 2025

Question:
What would the impact be on the CIP (or otherwise) if Council shifted some of ACPS' FY 2026 $2.3M increase for Debt Service to Operating? How might it impact debt ratios if $500k or $1M of the total proposed increase were shifted from one category to the other?

Response:
The FY 2026 proposed budget includes $47.8 million for debt service on bonds used to finance ACPS capital projects. All but $1.1 million is for bonds that have already been issued. The City is obligated to pay the interest and principal payments on those bonds, so that amount of debt service cannot be reduced. The remaining $1.1 million is for bonds to be issued to fund the George Mason Elementary School modernization and other non-capacity maintenance projects. Withdrawing that funding would remove financing for those projects. Also, to reduce debt service to the lowest possible amounts, staff structures the bond issuance to repay for costs already incurred to a small extent. A portion of this $1.1 million may be for spending that has already occurred and would need another source (cash capital) if bonds are not issued.