

Debt Service

GOALS

The Debt Service Fund accounts for the payment of principal and interest on areawide general obligation debt for education and general government construction, and non-areawide general obligation debt for Solid Waste transfer station improvements. Under Alaska law, the Borough may issue general obligation bonds, revenue bonds, and assessment bonds. General obligation bonds may be issued without limitation upon approval by a majority of Borough voters. There are no constitutional or statutory debt limitations under Alaska law, but the voters must approve all general obligation debt.

Total debt service, debt service payment schedules, debt service summary by project, debt service summary by series, and a schedule of school debt entitlement may be found on subsequent pages in this section.

It is the Borough's debt policy to only submit debt to the voters for approval for projects of a long-term nature for which reserve funds are not available.

FY 2003 AND BEYOND

The ratio of outstanding debt of the Borough to assessed real property values was 2.79% at June 30, 2001. The ratio of debt per capita was \$1,411. The Borough issues General Obligation bonds for school construction, renovation, and major maintenance projects. The State of Alaska reimburses debt service on schools at 70%, thus, minimizing the impact to taxpayers. The Borough has also been careful to structure debt repayments over the life of the bonds to be relatively level over time in an effort to minimize the swings in annual debt payments.

A total of \$76.53 million of bonds were authorized in 1993 and 1996 to finance various school construction and rehabilitation projects, in conjunction with certain state grant funds. This school construction program will upgrade and renovate existing facilities as well as provide classroom space for increasing student enrollments well into this century. Most of the debt service on this new debt is eligible for 70% reimbursement under the State's School Construction Program and the remainder is match for State grants. Sale of \$16.32 million of these bonds took place in the fall of 1996. The second issue of \$34 million took place in the fall of 1997. The remaining \$26.21 million was issued in the spring of 1999. General Obligation bonds, voter authorized in 1995, for a Library expansion were issued in the fall of 1997 for \$1.25 million.

The 1998 legislature authorized up to \$57 million of school bonds that can be issued as 70% reimbursable debt by the Borough. This authorization will lapse on June 30, 2003. The School Board has approved and submitted to the State its \$57 million capital projects list. Voters approved \$29.45 million in the October 2000 election. The Capital Projects list includes new schools, deferred maintenance, renovations/upgrades and improvement of school facility sites, playground safety upgrades, and technology upgrades for schools within the Fairbanks North Star Borough. Sale of \$9 million and \$9.05 million of these bonds took place in December 2000 and January 2001, respectively. We anticipate the balance of the bonds will be sold in the Fall of 2003.

SIGNIFICANT BUDGET CHANGES

The FY 2003 budget reflects increases in principal and interest due to the recent bond sales. Paying agent fees have been changed to reflect current estimates.

AREAWIDE DEBT SERVICE

With the exception of the Noel Wien Library, all areawide bonded indebtedness of the Borough is for school construction, renovation, and/or major repairs.

All bonds are the general obligation of the Borough. To secure payment of the bonds the Borough has the power, and is obligated, to levy ad valorem taxes without limitation as to rate or amount upon all taxable

Debt Service

AREAWIDE DEBT SERVICE (continued)

property in the Borough sufficient to pay principal and interest on the bonds. The State of Alaska reimburses municipalities for debt service on bonds used for construction of state-approved school projects. The level of state reimbursement varies depending on authorization and issue dates. The Borough's bonds fall into three reimbursement categories: 90 percent for bonds issued after December 31, 1981, and authorized before July 1, 1983; 80 percent for bonds authorized after June 30, 1983, and before March 31, 1990; and 70% for bonds authorized for projects approved after April 30, 1993.

Reimbursement of all issues is paid in the fiscal year that the Borough makes the debt service payment. A portion of 1996 Series U (47.479%), 1997 Series A (96.4539%) and 1999 Series B (96.3433%) bonds will be reimbursed at the 70% rate.

During FY 1998, the Borough retired the debt associated with the 1988 Series R – school facilities issue. In FY 2000, the Borough retired the debt associated with the 1988 Refunding Series. Under the current areawide debt service payment schedules outstanding General Obligation Bonds will total \$109,755,000 at June 30, 2002, and \$102,595,000 at June 30, 2003.

In FY 2001, the Borough received \$7,904,023 under the State's reimbursement program. An estimated \$8,965,590 will be received in FY 2002, and \$9,523,795 in FY 2003. *

NON-AREAWIDE DEBT SERVICE

On October 2, 1990, the voters of the Fairbanks North Star Borough approved a bond issue proposition for solid waste transfer stations totaling \$2,000,000. Authorization for the \$2,000,000 General Obligation Transfer Station Bond, 1994 Series T, was adopted by the Borough Assembly on February 24, 1994. Sale date for the Bonds was March 24, 1994. Maturity date is April 1, 1995 through 2004, and is not subject to redemption prior to stated maturities. The sale of the bonds was handled by the Alaska Municipal Bond Bank through its offering of General Obligation Bonds, 1994 Series A.

The Series T Bond is a general obligation of the Borough and the full faith and credit of the Borough are pledged for the punctual payment of the principal and interest on the bonds. The Borough is obligated to levy ad valorem taxes upon all non-areawide taxable property in the Borough for payment of the principal and interest on the bonds. These bonds do not qualify for reimbursement from the State of Alaska.

Debt service payments for Series T began October 1, 1994. Total outstanding debt at June 30, 2002 will be \$475,000. Outstanding debt at June 30, 2003, for Series T will be \$245,000.

*All numbers include cash payments.

**FY 2002-2003 Budget
Fairbanks North Star Borough**

Debt Service

EXPENDITURE SUMMARY						
	1999/00 Actual	2000/01 Actual	2001/02 Approved	2001/02 Revised	2002/03 Recommended	2002/03 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	3,907	3,864	4,680	4,680	5,180	5,180
Other Contractual Services	14,296,467	11,535,731	13,127,860	13,127,860	13,126,310	13,126,310
GRAND TOTAL	14,300,374	11,539,595	13,132,540	13,132,540	13,131,490	13,131,490

FY 2003 DEBT SERVICE			
	Principal	Interest	Total
Areawide	7,160,000	5,710,890	12,870,890
Non-Areawide	230,000	25,420	255,420
Total Principal & Interest	7,390,000	5,736,310	13,126,310
Paying Agent & Other Fees	-	-	5,180
Total Debt Service	7,390,000	5,736,310	13,131,490

AREAWIDE DEBT SERVICE						
	1999/00 Actual	2000/01 Actual	2001/02 Approved	2001/02 Revised	2002/03 Recommended	2002/03 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	3,907	3,864	4,680	4,680	5,180	5,180
Other Contractual Services	14,035,897	11,278,161	12,871,000	12,871,000	12,870,890	12,870,890
GRAND TOTAL	14,039,804	11,282,025	12,875,680	12,875,680	12,876,070	12,876,070

NON-AREAWIDE DEBT SERVICE						
	1999/00 Actual	2000/01 Actual	2001/02 Approved	2001/02 Revised	2002/03 Recommended	2002/03 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	-	-	-	-	-	-
Other Contractual Services	260,570	257,570	256,860	256,860	255,420	255,420
GRAND TOTAL	260,570	257,570	256,860	256,860	255,420	255,420

**Debt Service Summary
By Series**

Series	Amount Issued	Outstanding 6-30-02	Principal Payment	Outstanding 6-30-03	Interest Payment	Total Payment (Prin. & Int.)
1993 Series S	42,615,000	23,165,000	3,900,000	19,265,000	1,247,168	5,147,168
1994 Series T	2,000,000	475,000	230,000	245,000	25,420	255,420
1996 Series U	16,320,000	13,725,000	600,000	13,125,000	744,000	1,344,000
1997 Series A	35,250,000	31,350,000	1,150,000	30,200,000	1,630,000	2,780,000
1999 Series B	26,210,000	23,800,000	925,000	22,875,000	1,160,121	2,085,121
2000 Series C	9,000,000	8,940,000	295,000	8,645,000	481,503	776,503
2001 Series D	9,050,000	8,775,000	290,000	8,485,000	448,094	738,094
TOTALS	140,445,000	110,230,000	7,390,000	102,840,000	5,736,306	13,126,306

NOTES:

Series S retired portions of Series P, Q and R

Series T is an obligation of the Non-Areawide Fund. All remaining debt is an obligation of the General Fund

FY 2002-2003 Budget
Fairbanks North Star Borough

Debt Service By Project

Authorization Year	Project Names	Original Issue	Series	State Reimbursement Rate
1985	Renovation/Repairs to eight schools	\$ 6,300,000	P (1)	90%
1985	Alternative Junior/Senior High School	\$ 6,475,000	Q,R (2,3)	80%
1985	Lathrop High School Physical Education Addition	\$ 5,538,000	Q,R (2,3)	80%
1985	One elementary school plus districtwide repairs (Reduced by Ordinance No. 87-009)	\$13,800,000	Q,R (2,3)	80%
1987	Renovation and/or additions to Joy, University Park, Hunter, Birch and Two Rivers Elementary Schools	\$16,000,000	R (3)	80%
1993	Early retirement of a portion of Series P, Q, and R	\$ 42,615,000	S	80% to 90%
1994	Solid Waste Transfer Stations, Non-Areawide	\$ 2,000,000	T (4)	N/A
1996	Anne Hopkins Wien Elementary and Lathrop High School and 1996 School Facilities Projects, Phase I	\$16,320,000	U (5)	70%
1997	1996 School Facilities Projects, Phase II, and addition to Noel Wien Library	\$35,250,000	A (6)	70%
1999	1996 School Facilities Projects, Phase III, and district-wide technology upgrades to school facilities	\$26,210,000	B (7)	70%
2000	2000 School Facilities Projects for Renovation and/or additions and land acquisitions for various projects	\$29,450,000	C & D (8)	70%

(1) Series S retired \$5,150,000 of the outstanding debt of Series P, the remainder of Series P was retired in FY 95.
(2) Series S retired \$11,050,000 of the outstanding debt of Series Q, the remainder of Series Q was retired in FY 95.
(3) Series S retired \$21,650,000 of the outstanding debt of Series R, the remainder of Series R was retired in FY 98.
(4) Obligation of the Non-Areawide fund
(5) 47.479% of Series U is subject to 70% reimbursement broken down as follows: 30.43% of \$12,320,000 for Anne Wien & Lathrop (\$3,748,571) and 100% of the 1996 School Facilities Projects, Phase I (\$4,000,000).
(6) 100% of the \$34,000,000 attributable to the 1996 School Facilities Projects, Phase II is subject to 70% reimbursement. The remaining \$1,250,000 for the Library is not eligible for reimbursement.
(7) Series B includes \$958,500 local match for state grant which is not eligible for reimbursement. The remaining \$25,251,500 is subject to 70% reimbursement.
(8) Series C (\$9,000,000) and Series D (\$9,050,000) represent partial sale of the October School Bonds which authorized \$29,450,000. No date has been set for the issuance of the balance of \$11,400,000

FY 2002-2003 Budget
Fairbanks North Star Borough

Areawide Debt Service Payment Schedule

Fiscal Year		1993 Series S	1996 Series U	1997 Series A	1999 Series B	2000 Series C	2001 Series D	Total
<u>2003</u>	Principal	3,900,000	600,000	1,150,000	925,000	295,000	290,000	7,160,000
	Interest	<u>1,247,168</u>	<u>744,000</u>	<u>1,630,000</u>	<u>1,160,121</u>	<u>481,503</u>	<u>448,094</u>	<u>5,710,886</u>
	Total	5,147,168	1,344,000	2,780,000	2,085,121	776,503	738,094	12,870,886
<u>2004</u>	Principal	4,185,000	625,000	1,250,000	990,000	310,000	305,000	7,665,000
	Interest	<u>1,044,368</u>	<u>695,000</u>	<u>1,564,000</u>	<u>1,102,309</u>	<u>459,000</u>	<u>427,794</u>	<u>5,292,471</u>
	Total	5,229,368	1,320,000	2,814,000	2,092,309	769,000	732,794	12,957,471
<u>2005</u>	Principal	4,460,000	675,000	1,350,000	1,045,000	325,000	320,000	8,175,000
	Interest	<u>822,563</u>	<u>643,000</u>	<u>1,490,813</u>	<u>1,040,434</u>	<u>435,188</u>	<u>406,444</u>	<u>4,838,441</u>
	Total	5,282,563	1,318,000	2,840,813	2,085,434	760,188	726,444	13,013,441
<u>2006</u>	Principal	4,755,000	700,000	1,500,000	1,090,000	340,000	340,000	8,725,000
	Interest	<u>581,723</u>	<u>588,000</u>	<u>1,403,250</u>	<u>998,634</u>	<u>410,250</u>	<u>384,044</u>	<u>4,365,901</u>
	Total	5,336,723	1,288,000	2,903,250	2,088,634	750,250	724,044	13,090,901
<u>2007</u>	Principal	2,830,000	750,000	1,600,000	1,140,000	355,000	355,000	7,030,000
	Interest	<u>322,575</u>	<u>539,375</u>	<u>1,302,500</u>	<u>953,944</u>	<u>384,188</u>	<u>360,244</u>	<u>3,862,825</u>
	Total	3,152,575	1,289,375	2,902,500	2,093,944	739,188	715,244	10,892,825
<u>2008</u>	Principal	3,035,000	775,000	1,700,000	1,190,000	375,000	370,000	7,445,000
	Interest	<u>166,925</u>	<u>499,375</u>	<u>1,195,250</u>	<u>882,694</u>	<u>356,813</u>	<u>334,950</u>	<u>3,436,007</u>
	Total	3,201,925	1,274,375	2,895,250	2,072,694	731,813	704,950	10,881,007
<u>2009</u>	Principal		825,000	1,800,000	1,245,000	390,000	385,000	4,645,000
	Interest		<u>459,375</u>	<u>1,095,000</u>	<u>832,119</u>	<u>328,125</u>	<u>308,588</u>	<u>3,023,207</u>
	Total		1,284,375	2,895,000	2,077,119	718,125	693,588	7,668,207
<u>2010</u>	Principal		875,000	1,900,000	1,300,000	410,000	405,000	4,890,000
	Interest		<u>416,875</u>	<u>1,002,500</u>	<u>768,312</u>	<u>298,125</u>	<u>281,156</u>	<u>2,766,968</u>
	Total		1,291,875	2,902,500	2,068,312	708,125	686,156	7,656,968
<u>2011</u>	Principal		925,000	2,000,000	1,360,000	430,000	425,000	5,140,000
	Interest		<u>371,875</u>	<u>905,000</u>	<u>706,562</u>	<u>269,850</u>	<u>252,300</u>	<u>2,505,587</u>
	Total		1,296,875	2,905,000	2,066,562	699,850	677,300	7,645,587
<u>2012</u>	Principal		1,000,000	2,100,000	1,425,000	450,000	445,000	5,420,000
	Interest		<u>323,750</u>	<u>802,500</u>	<u>641,962</u>	<u>246,825</u>	<u>234,769</u>	<u>2,249,806</u>
	Total		1,323,750	2,902,500	2,066,962	696,825	679,769	7,669,806

FY 2002-2003 Budget
Fairbanks North Star Borough

Areawide Debt Service Payment Schedule

Fiscal Year		1993 Series S	1996 Series U	1997 Series A	1999 Series B	2000 Series C	2001 Series D	Total
<u>2013</u>	Principal		1,050,000	2,200,000	1,490,000	475,000	465,000	5,680,000
	Interest		<u>272,500</u>	<u>695,000</u>	<u>574,275</u>	<u>226,013</u>	<u>216,413</u>	<u>1,984,200</u>
	Total		1,322,500	2,895,000	2,064,275	701,013	681,413	7,664,200
<u>2014</u>	Principal		1,125,000	2,350,000	1,565,000	495,000	485,000	6,020,000
	Interest		<u>218,125</u>	<u>581,250</u>	<u>503,500</u>	<u>204,188</u>	<u>197,232</u>	<u>1,704,295</u>
	Total		1,343,125	2,931,250	2,068,500	699,188	682,232	7,724,295
<u>2015</u>	Principal		1,175,000	2,450,000	1,640,000	525,000	510,000	6,300,000
	Interest		<u>160,625</u>	<u>461,250</u>	<u>429,163</u>	<u>181,238</u>	<u>177,225</u>	<u>1,409,501</u>
	Total		1,335,625	2,911,250	2,069,163	706,238	687,225	7,709,501
<u>2016</u>	Principal		1,275,000	2,500,000	1,715,000	550,000	540,000	6,580,000
	Interest		<u>99,375</u>	<u>337,500</u>	<u>351,263</u>	<u>157,050</u>	<u>156,188</u>	<u>1,101,376</u>
	Total		1,374,375	2,837,500	2,066,263	707,050	696,188	7,681,376
<u>2017</u>	Principal		1,350,000	2,700,000	1,800,000	580,000	565,000	6,995,000
	Interest		<u>33,750</u>	<u>207,500</u>	<u>269,800</u>	<u>131,625</u>	<u>133,238</u>	<u>775,913</u>
	Total		1,383,750	2,907,500	2,069,800	711,625	698,238	7,770,913
<u>2018</u>	Principal			2,800,000	1,890,000	610,000	595,000	5,895,000
	Interest			<u>70,000</u>	<u>184,300</u>	<u>104,850</u>	<u>109,225</u>	<u>468,375</u>
	Total			2,870,000	2,074,300	714,850	704,225	6,363,375
<u>2019</u>	Principal				1,990,000	640,000	625,000	3,255,000
	Interest				<u>94,525</u>	<u>76,725</u>	<u>83,938</u>	<u>255,188</u>
	Total				2,084,525	716,725	708,938	3,510,188
<u>2020</u>	Principal					675,000	655,000	1,330,000
	Interest					<u>47,138</u>	<u>57,375</u>	<u>104,513</u>
	Total					722,138	712,375	1,434,513
<u>2021</u>	Principal					710,000	695,000	1,405,000
	Interest					<u>15,975</u>	<u>29,538</u>	<u>45,513</u>
	Total					725,975	724,538	1,450,513
TOTALS		<u>27,350,322</u>	<u>19,790,000</u>	<u>46,093,313</u>	<u>35,293,917</u>	<u>13,754,666</u>	<u>13,373,751</u>	<u>155,655,969</u>

FY 2002-2003 Budget
Fairbanks North Star Borough

**Non-Areawide Debt Service
Payment Schedule**

Fiscal Year	Date	Principal	Interest	Total	Annual
<u>2003</u>	10/01/2002		12,710	12,710	
	04/01/2003	230,000	12,710	242,710	255,420
<u>2004</u>	10/01/2003		6,615	6,615	
	04/01/2004	245,000	6,615	251,615	258,230
		<u>475,000</u>	<u>38,650</u>	<u>513,650</u>	<u>513,650</u>

FY 2002-2003 Budget
Fairbanks North Star Borough

**Debt Service
Payments and Reimbursements
Fiscal Year 2003**

Payment Date	Principal	Interest	Total	Percent Eligible	Eligible Amount	Reimbursement Rate	Reimbursement Amount
1993 Series S							
9/1/02		66,533	66,533	100.00%	66,533	90.00%	59,879
9/1/02		136,414	136,414	100.00%	136,414	80.00%	109,131
9/1/02		420,638	420,638	100.00%	420,638	80.00%	336,510
Sub-total		623,584	623,584		623,584		505,519
3/1/03	565,000	66,533	631,533	100.00%	631,533	90.00%	568,379
3/1/03	1,155,000	136,414	1,291,414	100.00%	1,291,414	80.00%	1,033,131
3/1/03	2,180,000	420,638	2,600,638	100.00%	2,600,638	80.00%	2,080,510
Sub-total	3,900,000	623,584	4,523,584		4,523,584		3,682,021
Total	3,900,000	1,247,168	5,147,168		5,147,168		4,187,540
1996 Series U							
11/1/02	600,000	384,000	984,000	47.48%	467,193	70.00%	327,035
5/1/03		360,000	360,000	47.48%	170,924	70.00%	119,648
Total	600,000	744,000	1,344,000		638,118		446,683
1997 Series A							
11/1/02	1,150,000	830,813	1,980,813	96.45%	1,910,571	70.00%	1,337,400
5/1/03		799,188	799,188	96.45%	770,848	70.00%	539,594
Total	1,150,000	1,630,001	2,780,001		2,681,420		1,876,994
1999 Series B							
10/1/02		580,061	580,061	96.34%	558,848	70.00%	391,193
4/1/03	925,000	580,061	1,505,061	96.34%	1,450,021	70.00%	1,015,014
Total	925,000	1,160,121	2,085,121		2,008,868		1,406,207
2000 Series C							
12/1/02	295,000	246,191	541,191	100.00%	541,191	70.00%	378,833
6/1/03		235,313	235,313	100.00%	235,313	70.00%	164,719
Total	295,000	481,503	776,503		776,503		543,552
2001 Series D							
8/1/02		224,047	224,047	100.00%	224,047	70.00%	156,832
2/1/03	290,000	224,047	514,047	100.00%	514,047	70.00%	359,833
Total	290,000	448,094	738,094		738,094		516,665
1994 Series T							
10/1/02		12,710	12,710	N/A			
4/1/03	230,000	12,710	242,710	N/A			
Total	230,000	25,420	255,420				
Total Debt Service	7,390,000	5,736,307	13,126,307		11,990,171		8,977,640
Net State Reimbursement							8,977,640