

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 2004 AND BEYOND

The ratio of outstanding debt of the Borough to assessed real property values was 2.41% at June 30, 2002. The ratio of debt per capita was \$1,330. 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. 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 and the remaining \$11.4 million was issued in December 2002. Voters approved \$42.26 million in the October 2002 election. Sale of \$2.6 million and \$13.5 million of these bonds took place in December 2002 and March 2003, respectively.

SIGNIFICANT BUDGET CHANGES

The FY 2004 budget reflects increases in principal and interest due to the recent bond sales. Paying agent fees have been changed to reflect current estimates.

Debt Service

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 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 \$130,340,000 at June 30, 2003, and \$122,050,000 at June 30, 2004.

In FY 2002, the Borough received \$9,290,359 under the State's reimbursement program. An estimated \$9,302,410 will be received in FY 2003, and \$10,256,920 in FY 2004. *

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, 2003, for Series T will be \$245,000.

*All numbers include cash payments.

**FY 2003-2004 Budget
Fairbanks North Star Borough**

Debt Service

EXPENDITURE SUMMARY						
	2000/01 Actual	2001/02 Actual	2002/03 Approved	2002/03 Revised	2003/04 Recommended	2003/04 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	3,864	3,215	5,180	5,180	6,307	6,307
Other Contractual Services	11,535,731	13,127,856	13,126,310	13,126,310	14,900,053	14,900,053
GRAND TOTAL	11,539,595	13,131,071	13,131,490	13,131,490	14,906,360	14,906,360

FY 2004 DEBT SERVICE			
	Principal	Interest	Total
Areawide	8,045,000	6,596,823	14,641,823
Non-Areawide	245,000	13,230	258,230
Total Principal & Interest	8,290,000	6,610,053	14,900,053
Paying Agent & Other Fees	-	-	6,307
Total Debt Service	8,290,000	6,610,053	14,906,360

AREAWIDE DEBT SERVICE						
	2000/01 Actual	2001/02 Actual	2002/03 Approved	2002/03 Revised	2003/04 Recommended	2003/04 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	3,864	3,215	5,180	5,180	6,307	6,307
Other Contractual Services	11,278,161	12,870,996	12,870,890	12,870,890	14,641,823	14,641,823
GRAND TOTAL	11,282,025	12,874,211	12,876,070	12,876,070	14,648,130	14,648,130

NON-AREAWIDE DEBT SERVICE						
	2000/01 Actual	2001/02 Actual	2002/03 Approved	2002/03 Revised	2003/04 Recommended	2003/04 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	-	-	-	-	-	-
Other Contractual Services	257,570	256,860	255,420	255,420	258,230	258,230
GRAND TOTAL	257,570	256,860	255,420	255,420	258,230	258,230

Debt Service Summary By Series

Series	Amount Issued	Outstanding 6-30-03	Principal Payment	Outstanding 6-30-04	Interest Payment	Total Payment (Prin. & Int.)
1993 Series S	42,615,000	19,265,000	4,185,000	15,080,000	1,044,368	5,229,368
1994 Series T	2,000,000	245,000	245,000	-	13,230	258,230
1996 Series U	16,320,000	13,125,000	625,000	12,500,000	695,000	1,320,000
1997 Series A	35,250,000	30,200,000	1,250,000	28,950,000	1,564,000	2,814,000
1999 Series B	26,210,000	22,875,000	990,000	21,885,000	1,102,309	2,092,309
2000 Series C	9,000,000	8,645,000	310,000	8,335,000	459,000	769,000
2001 Series D	9,050,000	8,485,000	305,000	8,180,000	427,794	732,794
2002 Series E	14,000,000	14,000,000	380,000	13,620,000	659,752	1,039,752
2003 Series F	13,500,000	13,500,000	-	13,500,000	644,600	644,600
TOTALS	167,945,000	130,340,000	8,290,000	122,050,000	6,610,053	14,900,053

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 2003-2004 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	N/A	S	N/A
1994	Solid Waste Transfer Stations, Non-Areawide	\$ 2,000,000	T (4)	N/A
1993	Anne Hopkins Wien Elementary and Lathrop High School	\$12,320,000	U (5)	70%
1995	Addition to Noel Wien Library	\$ 1,250,000	A (6)	N/A
1996	School Facilities Projects	\$64,210,000	U, A, B (5),(7)	70%
2000	School Facilities Projects for Renovation and/or additions and land acquisitions for various projects	\$29,450,000	C, D, E (8)	70%
2002	Capital Improvements to School Facilities and design, demolition, construction, and equipping a new Denali Elementary School and a new Nordale Elementary School	\$42,264,000	E,F (9)	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)
- (6) Noel Wien Library is not eligible for reimbursement.
- (7) 1996 School facilities projects, Phase I Series U \$4,000,000, Phase II Series A \$34,000,000 and 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 a partial sale of the October School Bonds which authorized \$29,450,000. The remaining \$11,400,000 were issued in 2002 with Series E.
- (9) Series E totals \$2,600,000 and Series F totals \$13,500,000. No date has been set for the issuance of the balance of \$26,164,000.

FY 2003-2004 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	2002 Series E	2003 Series F	Total
<u>2004</u>	Principal	4,185,000	625,000	1,250,000	990,000	310,000	305,000	380,000	-	8,045,000
	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>659,752</u>	<u>644,600</u>	<u>6,596,823</u>
	Total	5,229,368	1,320,000	2,814,000	2,092,309	769,000	732,794	1,039,752	644,600	14,641,823
<u>2005</u>	Principal	4,460,000	675,000	1,350,000	1,045,000	325,000	320,000	470,000	465,000	9,110,000
	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>579,035</u>	<u>637,600</u>	<u>6,055,076</u>
	Total	5,282,563	1,318,000	2,840,813	2,085,434	760,188	726,444	1,049,035	1,102,600	15,165,076
<u>2006</u>	Principal	4,755,000	700,000	1,500,000	1,090,000	340,000	340,000	485,000	480,000	9,690,000
	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>559,935</u>	<u>623,000</u>	<u>5,548,836</u>
	Total	5,336,723	1,288,000	2,903,250	2,088,634	750,250	724,044	1,044,935	1,103,000	15,238,836
<u>2007</u>	Principal	2,830,000	750,000	1,600,000	1,140,000	355,000	355,000	500,000	500,000	8,030,000
	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>540,235</u>	<u>606,400</u>	<u>5,009,460</u>
	Total	3,152,575	1,289,375	2,902,500	2,093,944	739,188	715,244	1,040,235	1,106,400	13,039,460
<u>2008</u>	Principal	3,035,000	775,000	1,700,000	1,190,000	375,000	370,000	520,000	515,000	8,480,000
	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>519,835</u>	<u>587,100</u>	<u>4,542,942</u>
	Total	3,201,925	1,274,375	2,895,250	2,072,694	731,813	704,950	1,039,835	1,102,100	13,022,942
<u>2009</u>	Principal		825,000	1,800,000	1,245,000	390,000	385,000	545,000	540,000	5,730,000
	Interest		<u>459,375</u>	<u>1,095,000</u>	<u>832,119</u>	<u>328,125</u>	<u>308,588</u>	<u>498,535</u>	<u>565,400</u>	<u>4,087,142</u>
	Total		1,284,375	2,895,000	2,077,119	718,125	693,588	1,043,535	1,105,400	9,817,142
<u>2010</u>	Principal		875,000	1,900,000	1,300,000	410,000	405,000	565,000	565,000	6,020,000
	Interest		<u>416,875</u>	<u>1,002,500</u>	<u>768,312</u>	<u>298,125</u>	<u>281,156</u>	<u>476,335</u>	<u>541,600</u>	<u>3,784,903</u>
	Total		1,291,875	2,902,500	2,068,312	708,125	686,156	1,041,335	1,106,600	9,804,903
<u>2011</u>	Principal		925,000	2,000,000	1,360,000	430,000	425,000	595,000	590,000	6,325,000
	Interest		<u>371,875</u>	<u>905,000</u>	<u>706,562</u>	<u>269,850</u>	<u>252,300</u>	<u>453,135</u>	<u>515,900</u>	<u>3,474,622</u>
	Total		1,296,875	2,905,000	2,066,562	699,850	677,300	1,048,135	1,105,900	9,799,622
<u>2012</u>	Principal		1,000,000	2,100,000	1,425,000	450,000	445,000	620,000	615,000	6,655,000
	Interest		<u>323,750</u>	<u>802,500</u>	<u>641,962</u>	<u>246,825</u>	<u>234,769</u>	<u>428,835</u>	<u>488,500</u>	<u>3,167,141</u>
	Total		1,323,750	2,902,500	2,066,962	696,825	679,769	1,048,835	1,103,500	9,822,141
<u>2013</u>	Principal		1,050,000	2,200,000	1,490,000	475,000	465,000	650,000	645,000	6,975,000
	Interest		<u>272,500</u>	<u>695,000</u>	<u>574,275</u>	<u>226,013</u>	<u>216,413</u>	<u>403,110</u>	<u>459,200</u>	<u>2,846,510</u>
	Total		1,322,500	2,895,000	2,064,275	701,013	681,413	1,053,110	1,104,200	9,821,510
<u>2014</u>	Principal		1,125,000	2,350,000	1,565,000	495,000	485,000	680,000	675,000	7,375,000
	Interest		<u>218,125</u>	<u>581,250</u>	<u>503,500</u>	<u>204,188</u>	<u>197,232</u>	<u>375,845</u>	<u>427,800</u>	<u>2,507,940</u>
	Total		1,343,125	2,931,250	2,068,500	699,188	682,232	1,055,845	1,102,800	9,882,940

FY 2003-2004 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	2002 Series E	2003 Series F	Total
<u>2015</u> Principal		1,175,000	2,450,000	1,640,000	525,000	510,000	715,000	710,000	7,725,000
Interest		<u>160,625</u>	<u>461,250</u>	<u>429,163</u>	<u>181,238</u>	<u>177,225</u>	<u>347,248</u>	<u>394,200</u>	<u>2,150,949</u>
Total		1,335,625	2,911,250	2,069,163	706,238	687,225	1,062,248	1,104,200	9,875,949
<u>2016</u> Principal		1,275,000	2,500,000	1,715,000	550,000	540,000	755,000	745,000	8,080,000
Interest		<u>99,375</u>	<u>337,500</u>	<u>351,263</u>	<u>157,050</u>	<u>156,188</u>	<u>316,546</u>	<u>358,200</u>	<u>1,776,122</u>
Total		1,374,375	2,837,500	2,066,263	707,050	696,188	1,071,546	1,103,200	9,856,122
<u>2017</u> Principal		1,350,000	2,700,000	1,800,000	580,000	565,000	790,000	785,000	8,570,000
Interest		<u>33,750</u>	<u>207,500</u>	<u>269,800</u>	<u>131,625</u>	<u>133,238</u>	<u>283,320</u>	<u>319,600</u>	<u>1,378,833</u>
Total		1,383,750	2,907,500	2,069,800	711,625	698,238	1,073,320	1,104,600	9,948,833
<u>2018</u> Principal			2,800,000	1,890,000	610,000	595,000	835,000	825,000	7,555,000
Interest			<u>70,000</u>	<u>184,300</u>	<u>104,850</u>	<u>109,225</u>	<u>247,559</u>	<u>278,300</u>	<u>994,234</u>
Total			2,870,000	2,074,300	714,850	704,225	1,082,559	1,103,300	8,549,234
<u>2019</u> Principal				1,990,000	640,000	625,000	880,000	870,000	5,005,000
Interest				<u>94,525</u>	<u>76,725</u>	<u>83,938</u>	<u>209,180</u>	<u>234,400</u>	<u>698,768</u>
Total				2,084,525	716,725	708,938	1,089,180	1,104,400	5,703,768
<u>2020</u> Principal					675,000	655,000	925,000	915,000	3,170,000
Interest					<u>47,138</u>	<u>57,375</u>	<u>168,105</u>	<u>187,800</u>	<u>460,418</u>
Total					722,138	712,375	1,093,105	1,102,800	3,630,418
<u>2021</u> Principal					710,000	695,000	975,000	965,000	3,345,000
Interest					<u>15,975</u>	<u>29,538</u>	<u>123,918</u>	<u>138,200</u>	<u>307,631</u>
Total					725,975	724,538	1,098,918	1,103,200	3,652,631
<u>2022</u> Principal							1,030,000	1,020,000	2,050,000
Interest							<u>76,543</u>	<u>85,300</u>	<u>161,843</u>
Total							1,106,543	1,105,300	2,211,843
<u>2023</u> Principal							1,085,000	1,075,000	2,160,000
Interest							<u>26,040</u>	<u>29,000</u>	<u>55,040</u>
Total							1,111,040	1,104,000	2,215,040
TOTALS	<u>22,203,154</u>	<u>18,446,000</u>	<u>43,313,313</u>	<u>33,208,796</u>	<u>12,978,163</u>	<u>12,635,658</u>	<u>21,293,046</u>	<u>21,622,100</u>	<u>185,700,229</u>

FY 2003-2004 Budget
Fairbanks North Star Borough

**Non-Areawide Debt Service
Payment Schedule**

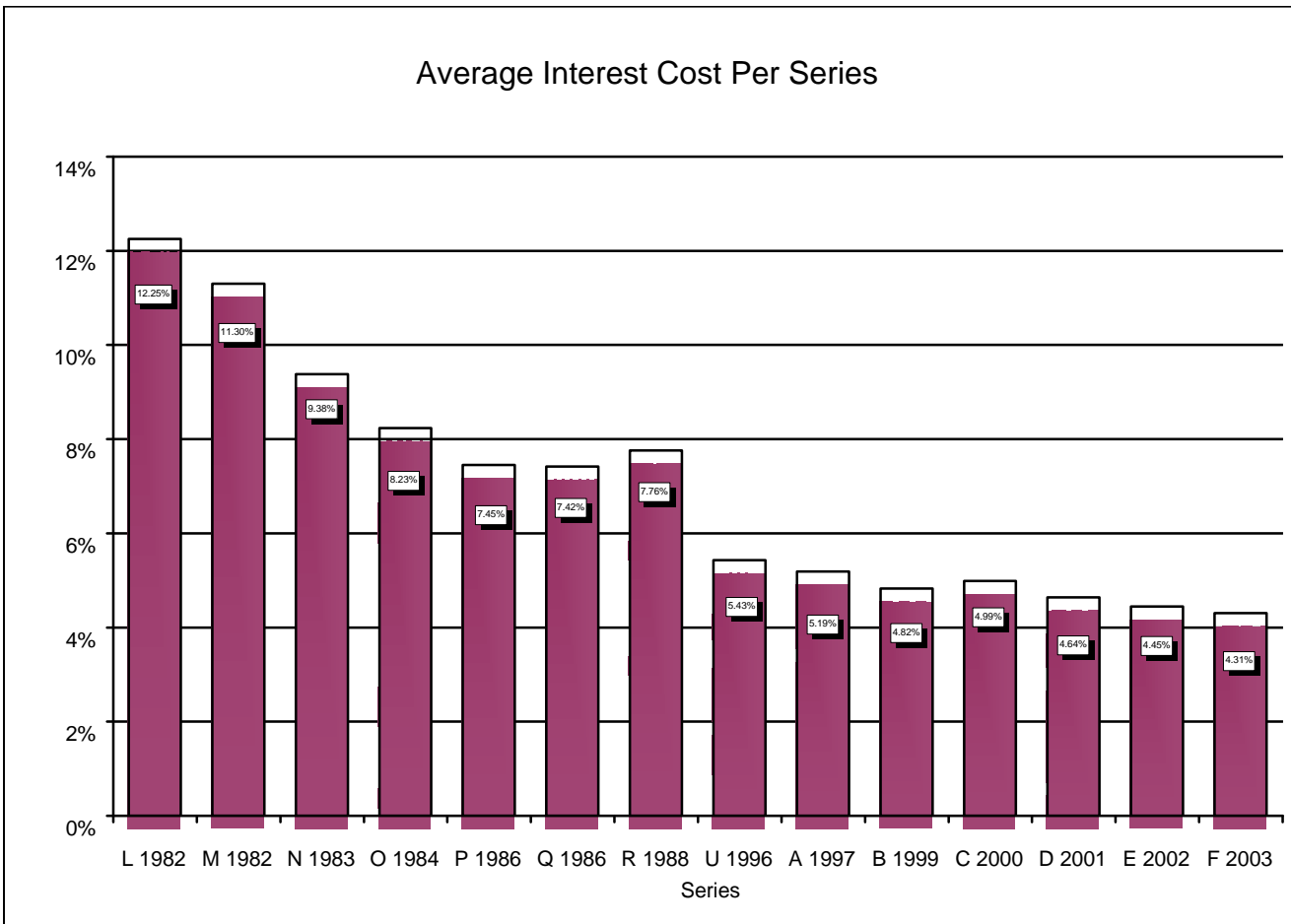
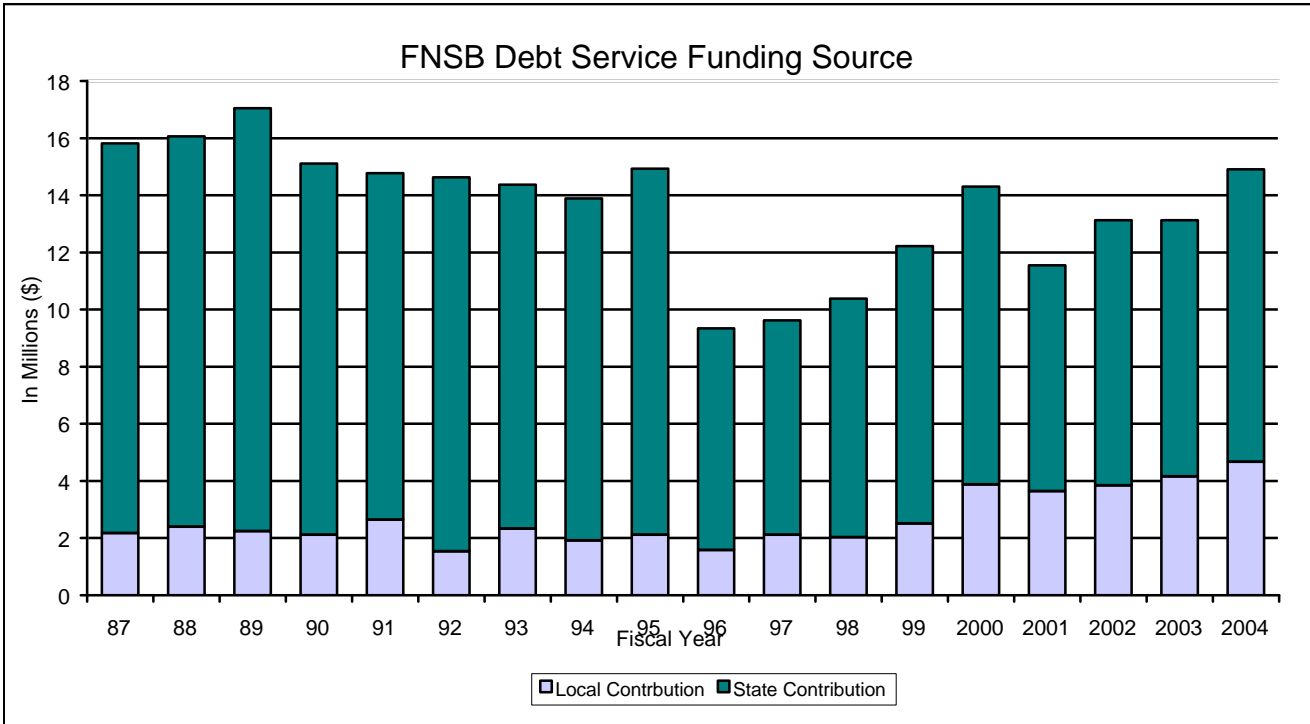
Fiscal Year	Date	Principal	Interest	Total	Annual
<u>2004</u>	10/01/2003		6,615	6,615	
	04/01/2004	245,000	6,615	251,615	258,230
		<u>245,000</u>	<u>13,230</u>	<u>258,230</u>	<u>258,230</u>

FY 2003-2004 Budget
Fairbanks North Star Borough

**Debt Service
Payments and Reimbursements
Fiscal Year 2004**

Payment Date	Principal	Interest	Total	Percent Eligible	Eligible Amount	Reimbursement Rate	Reimbursement Amount
1993 Series S							
9/1/2003		51,843	51,843	100.00%	51,843	90.00%	46,658
9/1/2003		106,384	106,384	100.00%	106,384	80.00%	85,107
9/1/2003		363,958	363,958	100.00%	363,958	80.00%	291,166
Sub-total		522,184	522,184		522,184		422,930
3/1/2004	605,000	51,843	656,843	100.00%	656,843	90.00%	591,158
3/1/2004	1,235,000	106,384	1,341,384	100.00%	1,341,384	80.00%	1,073,107
3/1/2004	2,345,000	363,958	2,708,958	100.00%	2,708,958	80.00%	2,167,166
Sub-total	4,185,000	522,184	4,707,184		4,707,184		3,831,432
Total	4,185,000	1,044,368	5,229,368		5,229,368		4,254,362
1996 Series U							
11/1/2003	625,000	360,000	985,000	47.48%	467,668	70.00%	327,367
5/1/2004		335,000	335,000	47.48%	159,055	70.00%	111,339
Total	625,000	695,000	1,320,000		626,723		438,706
1997 Series A							
11/1/2003	1,250,000	799,188	2,049,188	96.45%	1,976,522	70.00%	1,383,565
5/1/2004		764,812	764,812	96.45%	737,691	70.00%	516,384
Total	1,250,000	1,564,000	2,814,000		2,714,214		1,899,949
1999 Series B							
10/1/2003		551,155	551,155	96.34%	530,999	70.00%	371,699
4/1/2004	990,000	551,155	1,541,155	96.34%	1,484,794	70.00%	1,039,356
Total	990,000	1,102,309	2,092,309		2,015,793		1,411,055
2000 Series C							
12/1/2003	310,000	235,313	545,313	100.00%	545,313	70.00%	381,719
6/1/2004		223,687	223,687	100.00%	223,687	70.00%	156,581
Total	310,000	459,000	769,000		769,000		538,300
2001 Series D							
8/1/2003		213,897	213,897	100.00%	213,897	70.00%	149,727
2/1/2004	305,000	213,897	518,897	100.00%	518,897	70.00%	363,228
Total	305,000	427,794	732,794		732,794		512,955
2002 Series E							
8/1/2003	380,000	365,535	745,535	100.00%	745,535	70.00%	521,874
2/1/2004		294,218	294,218	100.00%	294,218	70.00%	205,952
	380,000	659,752	1,039,752		1,039,752		727,826
2003 Series F							
10/1/2003		322,300	322,300	100.00%	322,300	70.00%	225,610
4/1/2004		322,300	322,300	100.00%	322,300	70.00%	225,610
Total	-	644,600	644,600		644,600		451,219
1994 Series T							
10/1/2003		6,615	6,615	N/A			
4/1/2004	245,000	6,615	251,615	N/A			
Total	245,000	13,230	258,230				
Total Debt Service	8,290,000	6,610,053	14,900,053		13,772,243	-	10,234,372
Net State Reimbursement							10,234,372

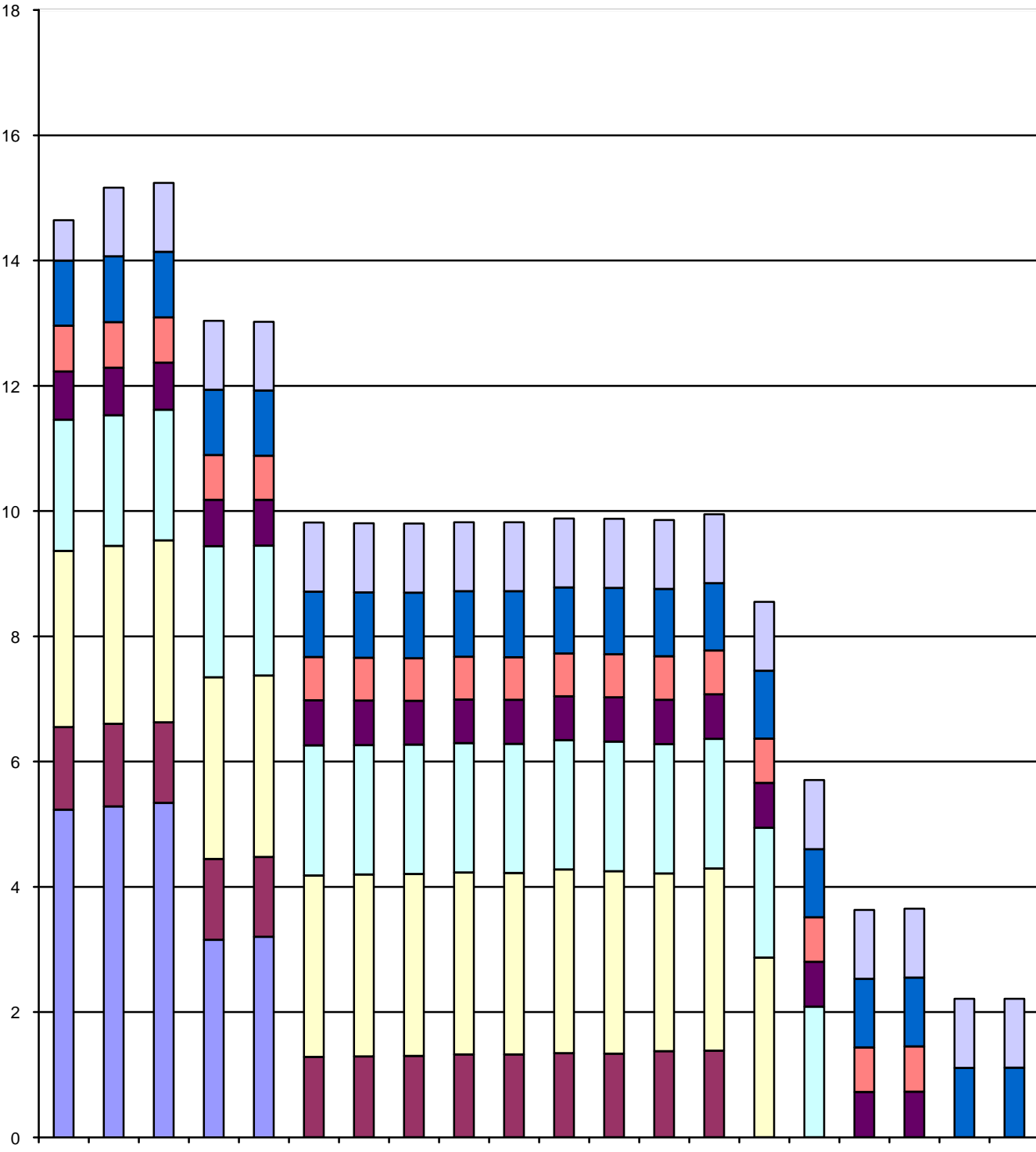
FY 2003-2004 Budget
Fairbanks North Star Borough



FY 2003-2004
Fairbanks North Star Borough

Future Debt Service Payments by Fiscal Year

In Millions (\$)



- Series S
- Series U
- Series A
- Series B
- Series C
- Series D
- Series E
- Series F

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