

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. 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 2009 AND BEYOND

The ratio of outstanding debt of the Borough to assessed real property values was 1.85% at June 30, 2008. The ratio of debt per capita was \$1,478. 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, which was sold in the following sequence \$2.6 million, \$13.5 million, \$14.164 million and \$12 million in December 2002, March 2003, March 2004 and January 2005, respectively. Voters approved \$11.5 million in the October 2004 election. Sale of \$1.750 million of these bonds took place in January 2005; the remaining \$9.75 million was sold in January 2006. Voters approved \$23.1 million in the October 2005 election. Sale of \$12 million of these bonds took place in January 2007; the remaining 11.1 was sold in January 2008.

SIGNIFICANT BUDGET CHANGES

The FY 2009 budget reflects net decrease in principal and interest due to Series S final payments made in FY 2008. 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 Borough's bonds are reimbursement at 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 1997 Series A (96.4539%) and 1999 Series B (96.3433%) bonds will be reimbursed at the 70% rate.

Under the current areawide debt service payment schedules outstanding General Obligation Bonds will total \$143,163,000 at June 30, 2008, and \$135,260,000 at June 30, 2009.

In FY 2007, the Borough received \$10,413,595 under the State's reimbursement program. An estimated \$11,450,640 will be received in FY 2008, and \$9,433,120 in FY 2009. *

*All numbers include cash payments.

**FY 2008-2009 Budget
Fairbanks North Star Borough**

Debt Service

EXPENDITURE SUMMARY						
	2005/06 Actual	2006/07 Actual	2007/08 Approved	2007/08 Revised	2008/09 Recommended	2008/09 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	4,854	433,107	5,871	5,871	5,866	5,866
Other Contractual Services	17,232,115	15,483,659	16,581,839	16,581,839	14,161,974	14,161,974
GRAND TOTAL	17,236,969	15,916,766	16,587,710	16,587,710	14,167,840	14,167,840

FY 2009 DEBT SERVICE			
	Principal	Interest	Total
Areawide	7,903,000	6,258,974	14,161,974
Total Principal & Interest	7,903,000	6,258,974	14,161,974
Paying Agent & Other Fees	-	-	5,866
Total Debt Service	7,903,000	6,258,974	14,167,840

AREAWIDE DEBT SERVICE						
	2005/06 Actual	2006/07 Actual	2007/08 Approved	2007/08 Revised	2008/09 Recommended	2008/09 Approved
EXPENDITURES:						
CONTRACTUAL SERVICES						
Professional Services	4,854	433,107	5,871	5,871	5,866	5,866
Other Contractual Services	17,232,115	15,483,659	16,581,839	16,581,839	14,161,974	14,161,974
GRAND TOTAL	17,236,969	15,916,766	16,587,710	16,587,710	14,167,840	14,167,840

FY 2008-2009 Budget
Fairbanks North Star Borough

Debt Service Summary By Series

Series	Amount Issued	Outstanding 6/30/2008	Principal Payment	Outstanding 6/30/2009	Interest Payment	Total Payment (Prin. & Int.)
1997 Series A	35,250,000	22,800,000	1,800,000	21,000,000	1,095,000	2,895,000
1999 Series B	26,210,000	17,420,000	1,245,000	16,175,000	832,119	2,077,119
2000 Series C	9,000,000	6,940,000	390,000	6,550,000	328,125	718,125
2001 Series D	9,050,000	6,795,000	385,000	6,410,000	308,588	693,588
2002 Series E	14,000,000	11,645,000	545,000	11,100,000	498,535	1,043,535
2003 Series F	13,500,000	11,540,000	540,000	11,000,000	479,625	1,019,625
2004 Series G	14,164,000	11,985,000	570,000	11,415,000	434,445	1,004,445
2005 Series H	13,750,000	12,290,000	540,000	11,750,000	484,735	1,024,735
2006 Series I	9,750,000	9,195,000	350,000	8,845,000	384,068	734,068
2007 Series J	12,000,000	11,710,000	415,000	11,295,000	494,788	909,788
2007 Series K	10,460,000	9,715,000	875,000	8,840,000	371,100	1,246,100
2008 Series L	11,128,000	11,128,000	248,000	10,880,000	547,846	795,846
TOTALS	178,262,000	143,163,000	7,903,000	135,260,000	6,258,974	14,161,974

NOTES:

Series K refunded balance of Series U

FY 2008-2009 Budget
Fairbanks North Star Borough

Debt Service By Project

Authorization Year	Project Names	Authorized Amount	Series	State Reimbursement Rate
1995	Addition to Noel Wien Library	\$ 1,250,000	A (1)	N/A
1996	School Facilities Projects	\$64,210,000	U, A, B (2)	70%
2000	School Facilities Projects for Renovation and/or additions and land acquisitions for various projects	\$29,450,000	C, D, E (3)	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,G,H (4)	70%
2004	District-wide capital maintenance and upgrades at schools in the Borough and capital improvements to Anderson Elementary School and Ben Eielson Junior-Senior High School	\$11,500,000	H, I (5)	70%
2006	Renovation of Barnette Elementary School and Ryan Middle School, and district-wide maintenance and upgrades at schools in the Borough	\$23,128,000	J,L (6)	70%
2006	Early retirement of Series U	N/A	K (7)	N/A

(1) Noel Wien Library is not eligible for reimbursement.

(2) 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.

(3) 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.

(4) Series E totals \$2,600,000, Series F totals \$13,500,000, and Series G totals \$14,164,000. The remaining balance of \$12,000,000 was issued in 2005 with Series H.

(5) The first \$1,750,000 was issued with Series H. The remaining \$9,750,000 were issued in 2006 with Series I.

(6) The first \$12,000,000 was issued with Series J and the remaining balance of \$11,128,000 was issued in 2008 with Series L.

(7) Series K retired \$10,460,000 of the outstanding debt of 1996 Series U.

FY 2008-2009 Budget
Fairbanks North Star Borough

Areawide Debt Service Payment Schedule

Fiscal Year		1997 Series A	1999 Series B	2000 Series C	2001 Series D	2002 Series E	2003 Series F	2004 Series G	2005 Series H	2006 Series I	2007 Series J	2007 Series K	2008 Series L	Total
<u>2009</u>	Principal	1,800,000	1,245,000	390,000	385,000	545,000	540,000	570,000	540,000	350,000	415,000	875,000	248,000	7,903,000
	Interest	<u>1,095,000</u>	<u>832,119</u>	<u>328,125</u>	<u>308,588</u>	<u>498,535</u>	<u>479,625</u>	<u>434,445</u>	<u>484,735</u>	<u>384,068</u>	<u>494,788</u>	<u>371,100</u>	<u>547,846</u>	<u>6,258,973</u>
	Total	2,895,000	2,077,119	718,125	693,588	1,043,535	1,019,625	1,004,445	1,024,735	734,068	909,788	1,246,100	795,846	14,161,973
<u>2010</u>	Principal	1,900,000	1,300,000	410,000	405,000	565,000	565,000	585,000	555,000	365,000	430,000	915,000	385,000	8,380,000
	Interest	<u>1,002,500</u>	<u>768,312</u>	<u>298,125</u>	<u>281,156</u>	<u>476,335</u>	<u>458,906</u>	<u>416,033</u>	<u>465,573</u>	<u>368,874</u>	<u>477,888</u>	<u>335,300</u>	<u>420,519</u>	<u>5,769,520</u>
	Total	2,902,500	2,068,312	708,125	686,156	1,041,335	1,023,906	1,001,033	1,020,573	733,874	907,888	1,250,300	805,519	14,149,520
<u>2011</u>	Principal	2,000,000	1,360,000	430,000	425,000	595,000	590,000	600,000	570,000	375,000	450,000	960,000	400,000	8,755,000
	Interest	<u>905,000</u>	<u>706,562</u>	<u>269,850</u>	<u>252,300</u>	<u>453,135</u>	<u>437,250</u>	<u>396,776</u>	<u>445,529</u>	<u>353,149</u>	<u>460,288</u>	<u>297,800</u>	<u>406,781</u>	<u>5,384,420</u>
	Total	2,905,000	2,066,562	699,850	677,300	1,048,135	1,027,250	996,776	1,015,529	728,149	910,288	1,257,800	806,781	14,139,420
<u>2012</u>	Principal	2,100,000	1,425,000	450,000	445,000	620,000	615,000	620,000	585,000	390,000	465,000	1,025,000	415,000	9,155,000
	Interest	<u>802,500</u>	<u>641,962</u>	<u>246,825</u>	<u>234,769</u>	<u>428,835</u>	<u>414,656</u>	<u>376,951</u>	<u>424,229</u>	<u>336,893</u>	<u>441,988</u>	<u>258,100</u>	<u>392,519</u>	<u>5,000,226</u>
	Total	2,902,500	2,066,962	696,825	679,769	1,048,835	1,029,656	996,951	1,009,229	726,893	906,988	1,283,100	807,519	14,155,226
<u>2013</u>	Principal	2,200,000	1,490,000	475,000	465,000	650,000	645,000	640,000	605,000	405,000	485,000	1,065,000	430,000	9,555,000
	Interest	<u>695,000</u>	<u>574,275</u>	<u>226,013</u>	<u>216,413</u>	<u>403,110</u>	<u>390,870</u>	<u>356,476</u>	<u>401,160</u>	<u>319,999</u>	<u>422,381</u>	<u>216,300</u>	<u>377,731</u>	<u>4,599,727</u>
	Total	2,895,000	2,064,275	701,013	681,413	1,053,110	1,035,870	996,476	1,006,160	724,999	907,381	1,281,300	807,731	14,154,727
<u>2014</u>	Principal	2,350,000	1,565,000	495,000	485,000	680,000	675,000	660,000	625,000	425,000	510,000	1,130,000	445,000	10,045,000
	Interest	<u>581,250</u>	<u>503,500</u>	<u>204,188</u>	<u>197,232</u>	<u>375,845</u>	<u>365,115</u>	<u>335,351</u>	<u>376,560</u>	<u>302,361</u>	<u>401,238</u>	<u>172,400</u>	<u>362,419</u>	<u>4,177,459</u>
	Total	2,931,250	2,068,500	699,188	682,232	1,055,845	1,040,115	995,351	1,001,560	727,361	911,238	1,302,400	807,419	14,222,459
<u>2015</u>	Principal	2,450,000	1,640,000	525,000	510,000	715,000	710,000	685,000	650,000	440,000	530,000	1,170,000	465,000	10,490,000
	Interest	<u>461,250</u>	<u>429,163</u>	<u>181,238</u>	<u>177,225</u>	<u>347,248</u>	<u>337,415</u>	<u>312,981</u>	<u>351,060</u>	<u>283,980</u>	<u>379,138</u>	<u>126,400</u>	<u>346,494</u>	<u>3,733,592</u>
	Total	2,911,250	2,069,163	706,238	687,225	1,062,248	1,047,415	997,981	1,001,060	723,980	909,138	1,296,400	811,494	14,223,592
<u>2016</u>	Principal	2,500,000	1,715,000	550,000	540,000	755,000	745,000	710,000	675,000	460,000	550,000	1,255,000	485,000	10,940,000
	Interest	<u>337,500</u>	<u>351,263</u>	<u>157,050</u>	<u>156,188</u>	<u>316,546</u>	<u>308,315</u>	<u>288,911</u>	<u>324,560</u>	<u>264,855</u>	<u>356,188</u>	<u>77,900</u>	<u>329,566</u>	<u>3,288,841</u>
	Total	2,837,500	2,066,263	707,050	696,188	1,071,546	1,053,315	998,911	999,560	724,855	906,188	1,332,900	814,566	14,208,841
<u>2017</u>	Principal	2,700,000	1,800,000	580,000	565,000	790,000	785,000	740,000	700,000	480,000	570,000	1,320,000	505,000	11,535,000
	Interest	<u>207,500</u>	<u>269,800</u>	<u>131,625</u>	<u>133,238</u>	<u>283,320</u>	<u>276,734</u>	<u>263,166</u>	<u>297,060</u>	<u>244,880</u>	<u>332,388</u>	<u>26,400</u>	<u>311,622</u>	<u>2,777,732</u>
	Total	2,907,500	2,069,800	711,625	698,238	1,073,320	1,061,734	1,003,166	997,060	724,880	902,388	1,346,400	816,622	14,312,732
<u>2018</u>	Principal	2,800,000	1,890,000	610,000	595,000	835,000	825,000	770,000	730,000	505,000	600,000		525,000	10,685,000
	Interest	<u>70,000</u>	<u>184,300</u>	<u>104,850</u>	<u>109,225</u>	<u>247,559</u>	<u>242,006</u>	<u>235,409</u>	<u>268,460</u>	<u>223,949</u>	<u>307,525</u>		<u>292,297</u>	<u>2,285,579</u>
	Total	2,870,000	2,074,300	714,850	704,225	1,082,559	1,067,006	1,005,409	998,460	728,949	907,525		817,297	12,970,579

FY 2008-2009 Budget
Fairbanks North Star Borough

Areawide Debt Service Payment Schedule

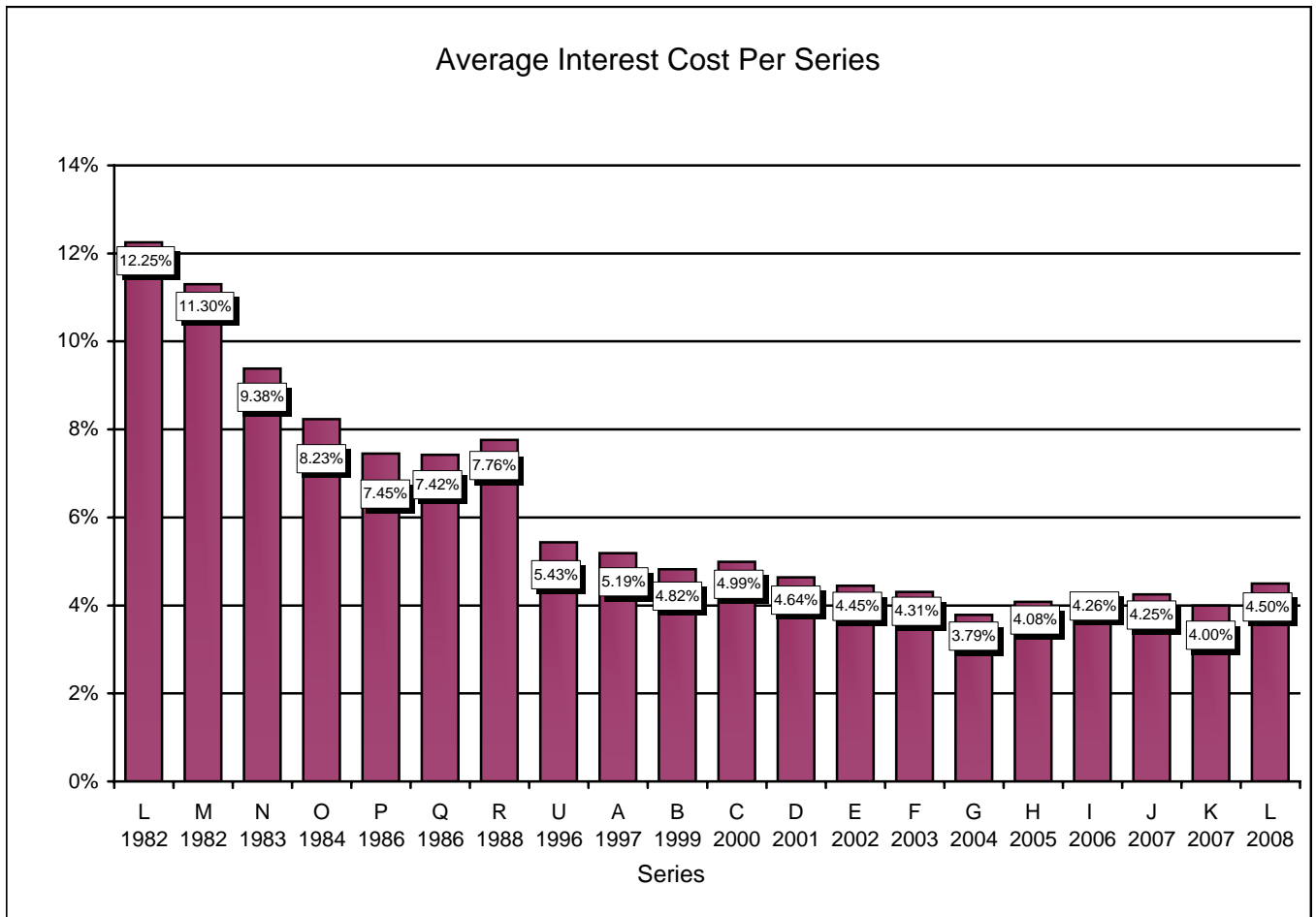
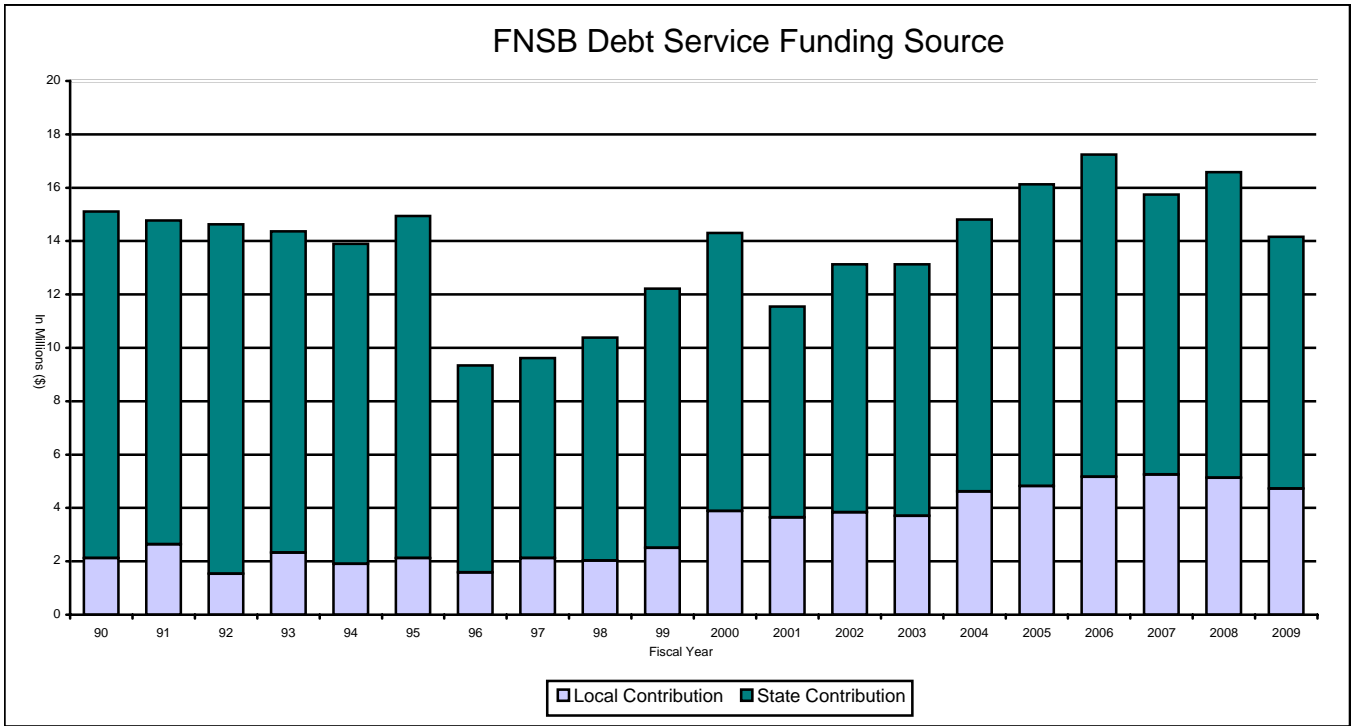
Fiscal Year	1997 Series A	1999 Series B	2000 Series C	2001 Series D	2002 Series E	2003 Series F	2004 Series G	2005 Series H	2006 Series I	2007 Series J	2007 Series K	2008 Series L	Total
<u>2019</u> Principal		1,990,000	640,000	625,000	880,000	870,000	805,000	755,000	525,000	625,000		550,000	8,265,000
Interest		<u>94,525</u>	<u>76,725</u>	<u>83,938</u>	<u>209,180</u>	<u>204,384</u>	<u>205,274</u>	<u>238,760</u>	<u>202,061</u>	<u>281,494</u>		<u>271,125</u>	<u>1,867,465</u>
Total		2,084,525	716,725	708,938	1,089,180	1,074,384	1,010,274	993,760	727,061	906,494		821,125	10,132,465
<u>2020</u> Principal			675,000	655,000	925,000	915,000	840,000	790,000	550,000	650,000		575,000	6,575,000
Interest			<u>47,138</u>	<u>57,375</u>	<u>168,105</u>	<u>164,221</u>	<u>172,776</u>	<u>207,465</u>	<u>179,218</u>	<u>254,400</u>		<u>248,625</u>	<u>1,499,323</u>
Total			722,138	712,375	1,093,105	1,079,221	1,012,776	997,465	729,218	904,400		823,625	8,074,323
<u>2021</u> Principal			710,000	695,000	975,000	965,000	880,000	825,000	580,000	680,000		600,000	6,910,000
Interest			<u>15,975</u>	<u>29,538</u>	<u>123,918</u>	<u>121,318</u>	<u>138,376</u>	<u>174,254</u>	<u>155,205</u>	<u>225,968</u>		<u>225,125</u>	<u>1,209,677</u>
Total			725,975	724,538	1,098,918	1,086,318	1,018,376	999,254	735,205	905,968		825,125	8,119,677
<u>2022</u> Principal					1,030,000	1,020,000	915,000	860,000	605,000	710,000		630,000	5,770,000
Interest					<u>76,543</u>	<u>75,033</u>	<u>101,904</u>	<u>139,501</u>	<u>130,024</u>	<u>195,816</u>		<u>200,525</u>	<u>919,346</u>
Total					1,106,543	1,095,033	1,016,904	999,501	735,024	905,816		830,525	6,689,346
<u>2023</u> Principal					1,085,000	1,075,000	960,000	900,000	635,000	740,000		660,000	6,055,000
Interest					<u>26,040</u>	<u>25,531</u>	<u>62,873</u>	<u>102,639</u>	<u>103,674</u>	<u>164,005</u>		<u>174,725</u>	<u>659,486</u>
Total					1,111,040	1,100,531	1,022,873	1,002,639	738,674	904,005		834,725	6,714,486
<u>2024</u> Principal							1,005,000	940,000	670,000	775,000		690,000	4,080,000
Interest							<u>21,356</u>	<u>63,304</u>	<u>75,943</u>	<u>130,675</u>		<u>147,725</u>	<u>439,003</u>
Total							1,026,356	1,003,304	745,943	905,675		837,725	4,519,003
<u>2025</u> Principal								985,000	700,000	805,000		725,000	3,215,000
Interest								<u>21,547</u>	<u>46,655</u>	<u>95,513</u>		<u>119,425</u>	<u>283,140</u>
Total								1,006,547	746,655	900,513		844,425	3,498,140
<u>2026</u> Principal									735,000	840,000		760,000	2,335,000
Interest									<u>15,803</u>	<u>58,500</u>		<u>89,250</u>	<u>163,553</u>
Total									750,803	898,500		849,250	2,498,553
<u>2027</u> Principal										880,000		800,000	1,680,000
Interest										<u>19,800</u>		<u>55,575</u>	<u>75,375</u>
Total										899,800		855,575	1,755,375
<u>2028</u> Principal												835,000	835,000
Interest												<u>18,788</u>	<u>18,788</u>
Total												853,788	853,788
TOTALS	<u>28,957,500</u>	<u>22,775,781</u>	<u>9,227,725</u>	<u>9,032,182</u>	<u>16,079,254</u>	<u>15,841,379</u>	<u>16,104,060</u>	<u>17,076,395</u>	<u>13,186,588</u>	<u>17,209,981</u>	<u>11,596,700</u>	<u>16,466,680</u>	<u>193,554,225</u>

FY 2008-2009 Budget
Fairbanks North Star Borough

**Debt Service
Payments and Reimbursements
Fiscal Year 2009**

Payment Date	Principal	Interest	Total	Percent Eligible	Eligible Amount	Reimbursement Rate	Reimbursement Amount
<u>1997 Series A</u>							
11/1/2008	1,800,000	570,000	2,370,000	96.45%	2,285,957	70.00%	1,600,170
5/1/2009		525,000	525,000	96.45%	506,383	70.00%	354,468
Total	1,800,000	1,095,000	2,895,000		2,792,341		1,954,638
<u>1999 Series B</u>							
10/1/2008		416,059	416,059	96.34%	400,844	70.00%	280,591
4/1/2009	1,245,000	416,059	1,661,059	96.34%	1,600,314	70.00%	1,120,221
Total	1,245,000	832,119	2,077,119		2,001,159		1,400,811
<u>2000 Series C</u>							
12/1/2008	390,000	171,375	561,375	100.00%	561,375	70.00%	392,962
6/1/2009		156,750	156,750	100.00%	156,750	70.00%	109,726
Total	390,000	328,125	718,125		718,125		502,688
<u>2001 Series D</u>							
8/1/2008		154,294	154,294	100.00%	154,294	70.00%	108,006
2/1/2009	385,000	154,294	539,294	100.00%	539,294	70.00%	377,506
Total	385,000	308,588	693,588		693,588		485,512
<u>2002 Series E</u>							
8/1/2008	545,000	254,718	799,718	100.00%	799,718	70.00%	559,802
2/1/2009		243,818	243,818	100.00%	243,818	70.00%	170,673
Total	545,000	498,535	1,043,535		1,043,535		730,475
<u>2003 Series F</u>							
10/1/2008	540,000	244,875	784,875	100.00%	784,875	70.00%	549,413
4/1/2009		234,750	234,750	100.00%	234,750	70.00%	164,325
Total	540,000	479,625	1,019,625		1,019,625		713,738
<u>2004 Series G</u>							
10/1/2008	570,000	221,676	791,676	100.00%	791,676	70.00%	554,173
4/1/2009		212,769	212,769	100.00%	212,769	70.00%	148,939
Total	570,000	434,445	1,004,445		1,004,445		703,112
<u>2005 Series H</u>							
10/1/2008	540,000	247,093	787,093	100.00%	787,093	70.00%	550,965
4/1/2009		237,643	237,643	100.00%	237,643	70.00%	166,350
Total	540,000	484,735	1,024,735		1,024,735		717,315
<u>2006 Series I</u>							
11/1/2008	190,000	105,381	295,381	100.00%	295,381	70.00%	206,767
11/1/2008	160,000	90,371	250,371	100.00%	248,665	One-year Lag	248,665
Sub-total	350,000	195,753	545,753		544,046		455,432
5/1/2009		101,344	101,344	100.00%	101,344	70.00%	70,941
5/1/2009		86,971	86,971	100.00%	90,371	One-year Lag	90,371
Sub-total		188,315	188,315		191,715		161,312
Total	350,000	384,068	734,068		735,761		616,744
<u>2007 Series J</u>							
11/1/2008	415,000	251,544	666,544	100.00%	666,544	70.00%	466,581
5/1/2009		243,244	243,244	100.00%	243,244	70.00%	170,271
Total	415,000	494,788	909,788		909,788		636,852
<u>2007 Series K Refunding</u>							
11/1/2008	875,000	194,300	1,069,300	47.48%	507,693	70.00%	355,385
5/1/2009		176,800	176,800	47.48%	83,943	70.00%	58,760
Total	875,000	371,100	1,246,100		591,636		414,145
<u>2008 Series L</u>							
11/1/2008	248,000	334,218	582,218	100.00%	582,218	70.00%	407,552
5/1/2009		213,628	213,628	100.00%	213,628	70.00%	149,540
Total	248,000	547,846	795,846		795,846		557,093
Total Debt Service	7,903,000	6,258,974	14,161,974		13,330,583		9,433,123
Net State Reimbursement							9,433,123

**FY 2008-2009 Budget
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