



# 2016 DEBT CAPACITY

## PURPOSE

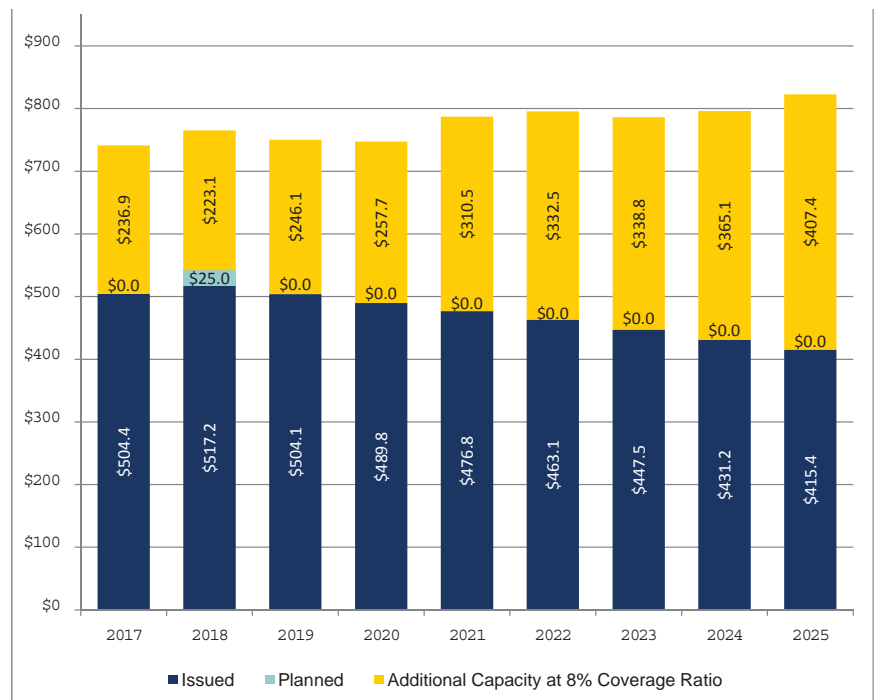
To demonstrate Northern Arizona University's ability to finance additional capital investment through debt instruments and to fund the related debt service (principal and interest).

## PROJECTED DEBT CAPACITY

<i>Maximum Projected Debt Service to Total Expenditures Excluding/Including SPEED debt</i>
5.4% / 7.4%

The maximum projected debt ratio is 5.4 percent in FY 2018, relative to the statutory debt limit of 8 percent. Outstanding debt in FY 2018 is projected to be \$517.2 million, with total annual debt service of \$30.6 million. The 5.4 percent ratio is within the range used by bond rating firms to judge an institution's creditworthiness to service debt and is below the 8 percent statutory maximum.

Currently outstanding (issued) debt declines from \$504.4 million in FY 2017 to \$415.4 million in FY 2025 as debt is retired. Outstanding planned debt includes future financing of approved, CDP, and CIP projects. Additional debt capacity represents debt that can be issued in any given year based on the statutory 8 percent debt ratio maximum



## CREDIT RATINGS

Positive rating factors include NAU's role as a large and growing public university with strong undergraduate enrollment growth over the past 12 years, conservative fixed rate debt structure and consistent growth of net tuition per student.

Offsetting factors include strong enrollment competition, sustained weak state support for operations, a high debt load and thin balance sheet resources.

Fiscal Year	Moody's		Standard & Poor's (S&P)	
	Rating	Outlook	Rating	Outlook
2011	A1	Stable	A+	Stable
2012	A1	Stable	A+	Stable
2013	A1	Stable	A+	Stable
2014	A1	Stable	A+	Stable
2015	A1	Stable	A+	Stable
2016	A1	Stable	A+	Stable

