

Appendix F

Debt Service

Debt service is the cost of repayment of debt, including principal, interest and agent fees.

The debt service included in the General Government Operating Budget typically represents debt incurred in the following ways:

- General Obligation (GO) Bonds (voter approval required to incur debt)
- Revenue Bonds (assembly approval required to incur debt)
- Lease/Purchase Agreements (assembly approval required to incur debt)
- Tax Anticipation Notes (TANs) (assembly approval required to incur debt)

GO Bonds

A GO Bond is a municipal bond backed by the full faith, credit and taxing power of the Municipality. GO bonds appear as a proposition on a general election ballot for covering the cost of capital expenditures. They require authorization by the assembly and approval by a majority of Anchorage voters as well as a majority of voters in that service area. The debt is repaid by property tax payers in that service area.

The Municipality generally issues 20 year bonds but makes sure that there is sufficient principal being paid off to cover the shorter useful life assets in the bond package.

The amount of GO bond debt that the Municipality can incur is limited only by GO bond amounts approved by voters. GO bond debt service is included in the Tax Cap Calculation for the 5 Major Funds - the mill rate for these funds is increased to accommodate the GO bond debt service. The debt service for service areas that set their own mill rate must fall within the maximum mill rate for the service area in which the debt is incurred, unless an increase for debt service payment is approved by voters on the bond proposition.

The Municipality's GO Bond Ratings are:

Standard & Poor's	AAA stable
Fitch Ratings	AA+ stable

Revenue Bonds

A Revenue Bond is a bond supported solely by the revenues generated from a specific project or enterprise. These are not supported by the full taxing power of the Municipality. An example would be the Alaska Center for the Performing Arts where ticket surcharges pay for that facilities' debt service on the bonds issued to finance replacement of the roof in 2004.

Lease/Purchase Agreements

Agreement between the Municipality and Key Government Finance, Inc. or Sun Trust that provides market rate loans to the Municipality for the purchase and eventual ownership of specific assets. The Agreements are entered into on an as-needed basis and the loans are typically repaid over the life of the asset. The debt service related to Lease/Purchase Agreements is not limited, but must fall within the maximum mill rate for the service area in which the Lease/Purchase Agreement is made.

TANs

Tax Anticipation Notes (TANs) are short term notes issued by the Municipality for the purpose of raising funds to pay ongoing operating expenses. They are issued in anticipation of receiving property taxes and other revenues scheduled to be collected during the year. TANs are retired prior to the current year end. The debt service related to TANs is not limited but must fall within the maximum mill rate for the service area for which the TANs are made.

2015 Proposed Debt Service Budgeting Requirements

Fund Description	Principal	Interest	Total P&I	Agent Fees	Total
Voter-Approved GO Bonds Inside Tax Limit Calculation (5 Major Funds)					
101000 Emergency Ops Ctr	620,015	341,305	961,320	700	962,020
101000 Senior Center	22,921	16,395	39,316	50	39,366
101000 Cemetery	123,839	74,957	198,796	300	199,096
101000 Emergency Medical Service	486,057	324,674	810,731	650	811,381
101000 Public Facility Repair -Areawide	297,441	287,358	584,799	100	584,899
101000 Transit	381,250	195,538	576,788	400	577,188
131000 Anchorage Fire	2,368,055	1,287,627	3,655,682	3,100	3,658,782
141000 Anchorage Roads and Drainage	27,642,951	15,163,670	42,806,621	32,700	42,839,321
151000 Anchorage Police	222,297	82,535	304,832	310	305,142
161000 Anchorage Parks/Rec	2,381,071	783,991	3,165,062	2,100	3,167,162
GO Bonds Inside Tax Cap Total	34,545,897	18,558,050	53,103,947	40,410	53,144,357
Voter-Approved GO Bonds Outside Tax Limit Calculation					
106000 Girdwood Fire	21,532	1,838	23,370	20	23,390
162000 Eagle River Parks/Rec	269,615	92,031	361,646	290	361,936
GO Bonds Outside Tax Cap Total	291,147	93,869	385,016	310	385,326
GO Bonds Total	34,837,044	18,651,919	53,488,963	40,720	53,529,683
Revenue Bond - Alaska Center for the Performing Arts (ACPA)					
301000 PAC Revenue Bond	135,000	204,288	339,288	-	339,288
ACPA Revenue Bond Total	135,000	204,288	339,288	-	339,288
Lease/Purchase Agreements					
607000 IT Capital Infrastructure	1,740,092	305,978	2,046,070	15,000	2,061,070
Lease/Purchase Agreements Total	1,740,092	305,978	2,046,070	15,000	2,061,070
Tax Anticipation Notes (TANS)					
101000 Public Finance and Investment	-	267,599	267,599	1	267,600
131000 Public Finance and Investment	-	57,976	57,976	1	57,977
141000 Public Finance and Investment	-	44,602	44,602	1	44,603
151000 Public Finance and Investment	-	66,900	66,900	1	66,901
161000 Public Finance and Investment	-	8,923	8,923	1	8,924
TANS Total	-	446,000	446,000	5	446,005
Other					
141000 Public Works	-	46,105	46,105	-	46,105
Other Total	-	46,105	46,105	-	46,105
Grand Total Funded Debt Service	36,712,136	19,654,290	56,366,426	55,725	56,422,151

Municipality of Anchorage
General Obligation, General Purpose Bonds
 Combined Annual Net Debt Service Requirements
 as of September 30, 2014

Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Gross Debt Service	US Treasury Reimbursed Interest **	Total Net Debt Service
2014	441,720,000	33,395,000	20,010,222	53,405,222	(778,651)	52,626,571
2015	408,325,000	34,990,000	18,651,921	53,641,921	(778,651)	52,863,270
2016	373,335,000	36,410,000	17,232,971	53,642,971	(778,651)	52,864,320
2017	336,925,000	38,150,000	15,476,636	53,626,636	(761,567)	52,865,068
2018	298,775,000	39,935,000	13,643,488	53,578,488	(725,251)	52,853,237
2019	258,840,000	36,485,000	11,783,959	48,268,959	(685,569)	47,583,391
2020	222,355,000	37,700,000	10,160,030	47,860,030	(643,574)	47,216,456
2021	184,655,000	27,685,000	8,680,588	36,365,588	(598,582)	35,767,006
2022	156,970,000	24,475,000	7,427,812	31,902,812	(550,176)	31,352,635
2023	132,495,000	25,550,000	6,295,137	31,845,137	(498,917)	31,346,220
2024	106,945,000	24,005,000	5,112,099	29,117,099	(444,625)	28,672,474
2025	82,940,000	21,010,000	3,990,695	25,000,695	(387,133)	24,613,562
2026	61,930,000	14,735,000	2,996,745	17,731,745	(326,491)	17,405,254
2027	47,195,000	15,405,000	2,261,394	17,666,394	(262,529)	17,403,866
2028	31,790,000	11,605,000	1,479,989	13,084,989	(192,888)	12,892,101
2029	20,185,000	7,140,000	878,406	8,018,406	(117,801)	7,900,605
2030	13,045,000	7,440,000	499,295	7,939,295	(39,767)	7,899,528
2031	5,605,000	3,765,000	221,059	3,986,059	-	3,986,059
2032	1,840,000	1,840,000	92,000	1,932,000	-	1,932,000
2033	-	-	-	-	-	-
Totals		441,720,000	146,894,446	588,614,446	(8,570,824)	580,043,622

Notes:

* At the beginning of the calendar year.

** Federal reimbursement for Build America Bonds was set at 35% but was reduced by 8.7% in Oct 2012-13. For the 2013-2014 fiscal year the reduction was 7.2%. Such reductions could be extended into future years, subject to congressional appropriations.

Municipality of Anchorage
Summary of Bonds Authorized but Unissued
at September 30, 2014

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 6/1/2014
General Purpose - General Obligation			
2010	1	Anchorage Roads & Drainage Service Area	14,320,000
2011	4	Anchorage Roads & Drainage Service Area	21,455,000
2012	2	Anchorage Roads & Drainage Service Area	27,472,000
2013	3	Anchorage Roads & Drainage Service Area	20,525,000
2014	5	Anchorage Roads & Drainage Service Area	20,200,000
2011	6	Transportation -Areawide	231,000
2012	4	Transportation -Areawide	548,000
2013	2	Public Safety/Trans.-Areawide Trans.	525,000
2013	2	Public Safety/Trans.-Areawide EMS	2,095,000
2014	2	Public Transportation-Areawide	573,000
2014	6	Anchorage Fire	1,950,000
2012	3	Anchorage Parks & Recreation Service Area	2,750,000
2013	4	Anchorage Parks & Recreation Service Area	2,500,000
2014	4	Anchorage Parks & Recreation Service Area	2,550,000
2012	4	Public Safety (MICU)-Areawide	520,000
2014	2	Public Safety-(Ambulances) Areawide	520,000
2014	2	Public Safety-(General) Areawide	700,000
2014	7	Anchorage Police	650,000
Total General Purpose - General Obligation			120,084,000