

## **Appendix F**

### **Debt Service**

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

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)
- Short Term Borrowing Programs (STBP) (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 the respective service areas.

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 on bonds for the respective service areas does not increase unless new debt is approved by voters.

The Municipality's GO Bond Ratings and Outlook are as follows:

Standard & Poor's	AAA	Outlook: Stable
Fitch Ratings	AA+	Outlook: 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.

#### **Short Term Borrowing Programs (STBP)**

Short Term Borrowing Programs are similar to a bank loan or credit line, used to offer interim financing under flexible terms until they are paid off, or refunded, generally with Revenue Bonds.

#### **Lease/Purchase Agreements**

Agreement between the Municipality and Key Government Finance, Inc. 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 useful life of the asset.

## **Appendix F**

### **Debt Service**

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#### **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.

## 2019 Proposed Debt Service Budgeting Requirements

Fund Description	Principal	Interest	Total P&I	Agent Fees	Total
<b>Voter-Approved GO Bonds Inside Tax Limit Calculation (5 Major Funds)</b>					
101000 Public Facility Repair -Areawide	429,405	307,770	737,175	220	737,395
101000 Emergency Ops Ctr	693,379	254,574	947,953	700	948,653
101000 Senior Center	17,404	7,652	25,056	50	25,106
101000 Cemetery	106,835	38,877	145,712	100	145,812
131000 Anchorage Fire	2,278,487	1,281,073	3,559,560	3,500	3,563,060
101000 Emergency Medical Service	610,306	607,826	1,218,132	660	1,218,792
151000 Anchorage Police	145,823	213,326	359,149	475	359,624
161000 Anchorage Parks/Rec	1,718,349	1,113,646	2,831,995	2,510	2,834,505
101000 Transit	361,037	196,144	557,181	550	557,731
141000 Anchorage Roads and Drainage	29,656,695	16,392,440	46,049,135	34,000	46,083,135
<b>GO Bonds Inside Tax Cap Total</b>	<b>36,017,720</b>	<b>20,413,328</b>	<b>56,431,048</b>	<b>42,765</b>	<b>56,473,813</b>
<b>Voter-Approved GO Bonds Outside Tax Limit Calculation</b>					
162000 Eagle River Parks/Rec	147,280	55,433	202,713	400	203,113
<b>GO Bonds Outside Tax Cap Total</b>	<b>147,280</b>	<b>55,433</b>	<b>202,713</b>	<b>400</b>	<b>203,113</b>
<b>GO Bonds Total</b>	<b>36,165,000</b>	<b>20,468,761</b>	<b>56,633,761</b>	<b>43,165</b>	<b>56,676,926</b>
<b>Revenue Bond - Alaska Center for the Performing Arts (ACPA)</b>					
301000 PAC Revenue Bond	140,000	162,000	302,000	-	302,000
<b>ACPA Revenue Bond Total</b>	<b>140,000</b>	<b>162,000</b>	<b>302,000</b>	<b>-</b>	<b>302,000</b>
<b>Lease/Purchase Agreements</b>					
101000 Automated Handling System (AMHS)	-	12,000	12,000	-	12,000
607000 IT Capital Infrastructure	-	1,440,513	1,440,513	3,687	1,444,200
<b>Lease/Purchase Agreements Total</b>	<b>-</b>	<b>1,452,513</b>	<b>1,452,513</b>	<b>3,687</b>	<b>1,456,200</b>
<b>Tax Anticipation Notes (TANs)</b>					
101000 Public Finance and Investment	-	466,000	466,000	1	466,001
131000 Public Finance and Investment	-	96,000	96,000	1	96,001
141000 Public Finance and Investment	-	44,000	44,000	1	44,001
151000 Public Finance and Investment	-	118,000	118,000	1	118,001
161000 Public Finance and Investment	-	14,000	14,000	1	14,001
<b>TANs Total</b>	<b>-</b>	<b>738,000</b>	<b>738,000</b>	<b>5</b>	<b>738,005</b>
<b>Grand Total Funded Debt Service</b>	<b>36,305,000</b>	<b>22,821,274</b>	<b>59,126,274</b>	<b>46,857</b>	<b>59,173,131</b>

**Municipality of Anchorage**  
**Summary of Bonds Authorized but Unissued**  
**at September 30, 2018**

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 9/30/2018
<b>General Purpose - General Obligation</b>			
2015	5	Anchorage Roads & Drainage Service Area	8,020,000
2016	5	Anchorage Roads & Drainage Service Area	15,855,000
2017	4	Anchorage Roads & Drainage Service Area	17,940,000
2018	3	Anchorage Roads & Drainage Service Area	31,390,000
2016	6	Anchorage Fire	125,000
2017	5	Anchorage Fire	675,000
2018	6	Anchorage Fire	30,000
2016	4	Anchorage Parks & Recreation Service Area	2,450,000
2017	3	Anchorage Parks & Recreation Service Area	1,215,000
2018	4	Anchorage Parks & Recreation Service Area	2,300,000
2016	7	Anchorage Police	1,640,000
2017	6	Anchorage Police	835,000
2018	5	Anchorage Police	1,050,000
2013	2	Public Safety/Trans.-Areawide EMS	475,000
2014	2	Public Safety-(General) Areawide	295,000
2015	2	Public Safety-(Ambulances) Areawide	520,000
2015	2	Public Safety-(General) Areawide	55,000
2016	3	Public Safety-Areawide	2,005,000
2018	8	Public Safety-Areawide	3,720,000
2012	4	Public Transportation -Areawide	-
2013	2	Public Safety/Trans.-Areawide Trans.	510,000
2014	2	Public Transportation-Areawide	558,000
2015	2	Public Transportation-Areawide	240,000
2018	8	Public Transportation-Areawide	1,188,000
2018	7	Public Facilities Projects-Areawide	-
<b>Total General Purpose - General Obligation</b>			<b>93,091,000</b>

**Municipality of Anchorage**  
**General Obligation, General Purpose Bonds**  
 Combined Annual Net Debt Service Requirements  
 as of September 30, 2018

<b>Fiscal Year</b>	<b>Principal Outstanding *</b>	<b>Principal Payment</b>	<b>Interest Payment</b>	<b>Gross Debt Service</b>	<b>US Treasury Reimbursed Interest **</b>	<b>Total Net Debt Service</b>
2018	392,325,000	36,550,000	18,008,553	54,558,553	(725,251)	53,833,302.00
2019	412,010,000	36,165,000	20,468,761	56,633,761	(685,569)	55,948,192.00
2020	375,845,000	35,345,000	17,974,289	53,319,289	(643,574)	52,675,715.19
2021	340,500,000	33,690,000	16,274,747	49,964,747	(598,582)	49,366,165.04
2022	306,810,000	35,230,000	14,741,227	49,971,227	(550,176)	49,421,050.53
2023	271,580,000	36,920,000	13,050,027	49,970,027	(498,917)	49,471,109.97
2024	234,660,000	31,165,000	11,257,970	42,422,970	(444,625)	41,978,344.74
2025	203,495,000	28,530,000	9,774,370	38,304,370	(387,133)	37,917,236.72
2026	174,965,000	22,650,000	8,387,095	31,037,095	(326,491)	30,710,603.63
2027	152,315,000	23,715,000	7,255,994	30,970,994	(262,529)	30,708,465.41
2028	128,600,000	20,325,000	6,064,558	26,389,558	(192,888)	26,196,670.38
2029	108,275,000	16,560,000	5,124,068	21,684,068	(117,801)	21,566,266.93
2030	91,715,000	17,315,000	4,294,807	21,609,807	(39,767)	21,570,040.09
2031	74,400,000	14,105,000	3,544,422	17,649,422	-	17,649,422.00
2032	60,295,000	12,700,000	2,898,363	15,598,363	-	15,598,363.00
2033	47,595,000	11,405,000	2,263,363	13,668,363	-	13,668,363.00
2034	36,190,000	11,960,000	1,702,650	13,662,650	-	13,662,650.00
2035	24,230,000	9,370,000	1,139,600	10,509,600	-	10,509,600.00
2036	14,860,000	5,995,000	734,600	6,729,600	-	6,729,600.00
2037	8,865,000	4,325,000	434,850	4,759,850	-	4,759,850.00
2038	4,540,000	4,540,000	218,600	4,758,600	-	4,758,600.00
<b>Totals</b>		<b>448,560,000</b>	<b>165,612,914</b>	<b>614,172,914</b>	<b>(5,473,303)</b>	<b>608,699,611</b>

**Notes:**

\* At the beginning of the calendar year. (Debt service does not change during the year unless new debt is issued or existing debt is refinanced, which it was for the MOA on June 14, 2018.

\*\* Federal reimbursement for Build America Bonds is scheduled to be cut by 6.6% starting in October 2017 and may be extended into future years subject to Congressional appropriation.