

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 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 typically over twenty years by property tax payers in that service area.

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 above the Tax Cap Calculation. The mill rate for these funds is increased to accommodate the bond debt service.

The Municipality's GO Bond Ratings are:

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

Revenue Bonds

A Revenue Bond is a municipal 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 its roof.

Lease/Purchase Agreements

Agreement between the Municipality and Key Government Finance, Inc. or Sun Trust that provides low interest 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 limited to 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 normally mature and are retired prior to the year end. The debt service related to TANs is limited to the maximum mill rate for the service area for which the TANs are made.

2012 Approved 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)					
101 Emergency Ops Ctr	629,525	419,371	1,048,896	700	1,049,596
101 Senior Center	32,510	17,239	49,749	50	49,799
101 Cemetery	177,072	89,166	266,238	300	266,538
101 Emergency Medical Service	437,816	356,575	794,391	650	795,041
101 Public Facility Repair -Areawide	271,152	313,838	584,990	100	585,090
101 Transit	348,565	231,078	579,643	400	580,043
131 Anchorage Fire	2,291,031	1,468,628	3,759,659	3,000	3,762,659
141 Anchorage Roads and Drainage	27,280,448	17,570,338	44,850,786	31,000	44,881,786
151 Anchorage Police	322,375	126,276	448,651	310	448,961
161 Anchorage Parks/Rec	2,095,198	996,783	3,091,981	2,000	3,093,981
GO Bonds Inside Tax Cap Total	33,885,692	21,589,292	55,474,984	38,510	55,513,494
Voter-Approved GO Bonds Outside Tax Limit Calculation					
106 Girdwood Fire	21,447	5,039	26,486	20	26,506
162 Eagle River Parks/Rec	232,862	125,045	357,907	290	358,197
GO Bonds Outside Tax Cap Total	254,309	130,084	384,393	310	384,703
GO Bonds Total	34,140,001	21,719,376	55,859,377	38,820	55,898,197
Revenue Bond - Alaska Center for the Performing Arts (ACPA)					
301 PAC Revenue Bond	120,000	219,613	339,613	-	339,613
ACPA Revenue Bond Total	120,000	219,613	339,613	-	339,613
Lease/Purchase Agreements					
101 Treasury AR	34,828	3,716	38,544	-	38,544
131 Fire Station 14/15 Fire Apparatus	133,355	9,287	142,642	-	142,642
181 Hansen Project	54,275	4,985	59,260	-	59,260
607 IT Capital Infrastructure	-	112,703	112,703	-	112,703
Lease/Purchase Agreements Total	222,458	130,691	353,149	-	353,149
Tax Anticipation Notes (TANS)					
101 Public Finance and Investment	-	297,000	297,000	84,360	381,360
131 Public Finance and Investment	-	33,000	33,000	9,373	42,373
141 Public Finance and Investment	-	8,250	8,250	2,343	10,593
151 Public Finance and Investment	-	61,875	61,875	17,575	79,450
161 Public Finance and Investment	-	12,375	12,375	3,516	15,891
TANS Total	-	412,500	412,500	117,167	529,667
Other					
101 CAMA	339,210	-	339,210	-	339,210
607 ERP	350,210	-	350,210	-	350,210
Other Total	689,420	-	689,420	-	689,420
Grand Total Funded Debt Service	35,171,879	22,482,180	57,654,059	155,987	57,810,046

Municipality of Anchorage
General Obligation Bonds
 Combined Annual Net Debt Service Requirements
 as of December 31, 2011

Fiscal Year	Principal	Principal Payment	Interest Payment	Gross Debt Service	US Treasury Reimbursed Interest	Total Net Debt Service
2012	484,630,000	34,140,000	21,719,376	55,859,376	(778,651)	55,080,725
2013	450,490,000	34,640,000	20,119,092	54,759,092	(778,651)	53,980,441
2014	415,850,000	37,785,000	18,608,870	56,393,870	(778,651)	55,615,219
2015	378,065,000	32,945,000	17,057,677	50,002,677	(778,651)	49,224,026
2016	345,120,000	35,210,000	15,835,673	51,045,673	(778,651)	50,267,022
2017	309,910,000	34,910,000	14,151,051	49,061,051	(761,567)	48,299,483
2018	275,000,000	35,260,000	12,443,021	47,703,021	(725,251)	46,977,769
2019	239,740,000	35,510,000	10,828,959	46,338,959	(685,569)	45,653,391
2020	204,230,000	36,675,000	9,253,780	45,928,780	(643,574)	45,285,206
2021	167,555,000	26,610,000	7,825,588	34,435,588	(598,582)	33,837,006
2022	140,945,000	23,345,000	6,626,562	29,971,562	(550,176)	29,421,385
2023	117,600,000	24,365,000	5,550,387	29,915,387	(498,917)	29,416,470
2024	93,235,000	22,760,000	4,426,599	27,186,599	(444,625)	26,741,974
2025	70,475,000	19,705,000	3,367,445	23,072,445	(387,133)	22,685,312
2026	50,770,000	13,365,000	2,438,745	15,803,745	(326,491)	15,477,254
2027	37,405,000	13,965,000	1,771,894	15,736,894	(262,529)	15,474,366
2028	23,440,000	10,095,000	1,062,489	11,157,489	(192,888)	10,964,601
2029	13,345,000	5,555,000	536,406	6,091,406	(117,801)	5,973,605
2030	7,790,000	5,775,000	236,545	6,011,545	(39,767)	5,971,778
2031	2,015,000	2,015,000	41,559	2,056,559		2,056,559
Totals		484,630,000	173,901,718	658,531,718	(10,128,126)	648,403,592

Municipality of Anchorage

Summary of Bonds Authorized but Unissued (in millions \$)

Voter Approved Year	Proposition Number	Project Description	Voter Approved Bonds 2007	Bonds Issued 8/30/2007	Remaining Authorized But Unissued 12/31/2007	Voter Approved Bonds 2008	Bonds Issued 12/11/2008	Remaining Authorized But Unissued 12/31/2008	Voter Approved Bonds 2009	Bonds Issued 2009	Remaining Authorized But Unissued 12/31/2009	Voter Approved Bonds 4/6/2010	Bonds Issued 3/18/2010	Remaining Authorized But Unissued 12/31/2010	Voter Approved Bonds 4/5/2011	Bonds Issued 6/9/2011	Remaining Authorized But Unissued 12/31/2011
2007	2	Anchorage Parks & Recreation	4,995	2,500	2,495	-	-	2,495	-	-	-	-	1,600	895	-	-	895
2007	3	Public Safety/Transportation -Areawide	5,700	5,700	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	6	Anchorage Roads & Drainage Service Area	35,550	12,615	22,935	-	15,830	7,105	-	-	-	-	5,840	1,265	-	1,265	-
2007	7	Anchorage Fire Service Area	3,075	3,075	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	1	Public Facility Repair -Areawide	-	-	-	6,900	1,500	5,400	-	-	-	-	5,400	-	-	-	-
2008	4	Anchorage Parks & Recreation-Pools	-	-	-	2,000	500	1,500	-	-	-	-	1,500	-	-	-	-
2008	5	Anchorage Roads & Drainage Service Area	-	-	-	44,800	28,690	16,110	-	-	-	-	7,188	8,922	-	4,340	4,582
2008	6	Public Safety/Transportation -Areawide	-	-	-	1,688	1,438	250	-	-	-	-	100	150	-	-	150
2008	7	Anchorage Fire Service Area	-	-	-	3,622	2,350	1,272	-	-	-	-	1,272	-	-	-	-
2009	3	Anchorage Roads & Drainage Service Area	-	-	-	-	-	-	34,225	-	34,225	-	26,000	8,225	-	4,100	4,125
2009	6	Public Safety/Transportation -Areawide	-	-	-	-	-	-	1,300	-	1,300	-	97	1,203	-	900	303
2009	7	Anchorage Fire Service Area	-	-	-	-	-	-	1,800	-	1,800	-	1,655	145	-	145	-
2010	1	Anchorage Roads & Drainage Service Area	-	-	-	-	-	-	-	-	-	37,090	-	37,090	-	14,230	22,860
2010	2	Public Safety/Ambulance-Areawide	-	-	-	-	-	-	-	-	-	250	-	250	-	250	-
2010	3	Anchorage Fire Service Area	-	-	-	-	-	-	-	-	-	1,150	-	1,150	-	-	1,150
2011	4	Anchorage Roads & Drainage Service Area	-	-	-	-	-	-	-	-	-	-	-	-	30,850	3,000	27,850
2011	6	Transportation -Areawide	-	-	-	-	-	-	-	-	-	-	-	-	421	-	421
2011	6	Public Safety-Areawide	-	-	-	-	-	-	-	-	-	-	-	-	520	520	-
2011	7	Anchorage Fire Service Area	-	-	-	-	-	-	-	-	-	-	-	-	1,150	-	1,150
2011	8	Police	-	-	-	-	-	-	-	-	-	-	-	-	250	250	-
Total General Purpose - General Obligation			49,320	23,890	25,430	59,010	50,308	34,132	37,325	-	71,457	38,490	50,652	59,295	33,191	29,000	63,486