

# Appendix F

## Debt Service

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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 by property tax payers in that service area.

The Municipality issues 20 year bonds but makes sure that there is sufficient principal being paid off to cover the shorter term assets in the bond package. The bonds are managed to be paid off at an optimal time to get the best rates and rating.

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 (upgraded from AA on 08/24/12)
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 it's 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.

## 2013 Approved 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>						
101	Emergency Ops Ctr	559,449	379,723	939,172	700	939,872
101	Senior Center	22,790	15,551	38,341	50	38,391
101	Cemetery	125,026	78,205	203,231	300	203,531
101	Emergency Medical Service	430,732	353,229	783,961	650	784,611
101	Public Facility Repair - Areawide	279,785	305,227	585,012	100	585,112
101	Transit	317,005	227,408	544,413	400	544,813
131	Anchorage Fire	1,964,451	1,410,481	3,374,932	3,100	3,378,032
141	Anchorage Roads and Drainage	23,559,962	16,781,511	40,341,473	32,700	40,374,173
151	Anchorage Police	197,482	108,055	305,537	310	305,847
161	Anchorage Parks/Rec	2,104,962	956,146	3,061,108	2,100	3,063,208
<b>GO Bonds Inside Tax Cap Total</b>		<b>29,561,644</b>	<b>20,615,536</b>	<b>50,177,180</b>	<b>40,410</b>	<b>50,217,590</b>
<b>Voter-Approved GO Bonds Outside Tax Limit Calculation</b>						
106	Girdwood Fire	19,936	2,670	22,606	20	22,626
162	Eagle River Parks/Rec	238,420	109,832	348,252	290	348,542
<b>GO Bonds Outside Tax Cap Total</b>		<b>258,356</b>	<b>112,502</b>	<b>370,858</b>	<b>310</b>	<b>371,168</b>
<b>GO Bonds Total</b>		<b>29,820,000</b>	<b>20,728,038</b>	<b>50,548,038</b>	<b>40,720</b>	<b>50,588,758</b>
<b>Revenue Bond - Alaska Center for the Performing Arts (ACPA)</b>						
301	PAC Revenue Bond	125,000	214,813	339,813	-	339,813
<b>ACPA Revenue Bond Total</b>		<b>125,000</b>	<b>214,813</b>	<b>339,813</b>	<b>-</b>	<b>339,813</b>
<b>Lease/Purchase Agreements</b>						
101	Treasury AR	37,627	917	38,544	-	38,544
181	Hansen Project	57,347	2,734	60,081	-	60,081
607	IT Capital Infrastructure	-	80,000	80,000	-	80,000
<b>Lease/Purchase Agreements Total</b>		<b>94,974</b>	<b>83,651</b>	<b>178,625</b>	<b>-</b>	<b>178,625</b>
<b>Tax Anticipation Notes (TANS)</b>						
101	Public Finance and Investment	-	7,193	7,193	15,132	22,325
131	Public Finance and Investment	-	8,300	8,300	17,460	25,760
141	Public Finance and Investment	-	1,107	1,107	2,328	3,435
151	Public Finance and Investment	-	1,107	1,107	2,328	3,435
161	Public Finance and Investment	-	37,627	37,627	79,152	116,779
<b>TANS Total</b>		<b>-</b>	<b>55,334</b>	<b>55,334</b>	<b>116,400</b>	<b>171,734</b>
<b>Other</b>						
101	CAMA	227,708	-	227,708	-	227,708
607	ERP	246,978	-	246,978	-	246,978
<b>Other Total</b>		<b>474,686</b>	<b>-</b>	<b>474,686</b>	<b>-</b>	<b>474,686</b>
<b>Grand Total Funded Debt Service</b>		<b>30,514,660</b>	<b>21,081,836</b>	<b>51,596,496</b>	<b>157,120</b>	<b>51,753,616</b>

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

<b>Fiscal Year</b>	<b>Principal</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>
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
<b>Totals</b>		<b>484,630,000</b>	<b>173,901,718</b>	<b>658,531,718</b>	<b>(10,128,126)</b>	<b>648,403,592</b>

## Municipality of Anchorage

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

Voter Approved Proposition			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
Year	Number	Project Description	2007	8/30/2007	12/31/2007	2008	12/11/2008	12/31/2008	2009	2009	12/31/2009	4/6/2010	3/18/2010	12/31/2010	4/5/2011	6/9/2011	12/31/2011
2007	2	Anchorage Parks & Recreation	4,995	2,500	2,495	-	-	2,495	-	-	2,495	-	1,600	895	-	-	895
2007	3	Public Safety/Transportation -Areawide	5,700	5,700	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	6	Achorage Roads & Drainage Service Area	35,550	12,615	22,935	-	15,830	7,105	-	-	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	-	5,400	-	-	-	-
2008	4	Anchorage Parks & Recreation-Pools	-	-	-	2,000	500	1,500	-	-	1,500	-	1,500	-	-	-	-
2008	5	Achorage Roads & Drainage Service Area	-	-	-	44,800	28,690	16,110	-	-	16,110	-	7,188	8,922	-	4,340	4,582
2008	6	Public Safety/Transportation -Areawide	-	-	-	1,688	1,438	250	-	-	250	-	100	150	-	-	150
2008	7	Anchorage Fire Service Area	-	-	-	3,622	2,350	1,272	-	-	1,272	-	1,272	-	-	-	-
2009	3	Achorage 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	Achorage 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	Achorage 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	-
<b>Total General Purpose - General Obligation</b>			<b>49,320</b>	<b>23,890</b>	<b>25,430</b>	<b>59,010</b>	<b>50,308</b>	<b>34,132</b>	<b>37,325</b>	<b>-</b>	<b>71,457</b>	<b>38,490</b>	<b>50,652</b>	<b>59,295</b>	<b>33,191</b>	<b>29,000</b>	<b>63,486</b>