

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)
- 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 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 and Outlook are as follows:

Standard & Poor's	AAA	Outlook: Negative
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, generally with Revenue Bonds.

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.

Appendix F

Debt Service

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.

2017 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)					
101000 Emergency Ops Ctr	737,599	312,600	1,050,199	700	1,050,899
101000 Senior Center	38,705	11,214	49,919	50	49,969
101000 Cemetery	192,078	49,558	241,636	100	241,736
101000 Emergency Medical Service	573,504	366,399	939,903	660	940,563
101000 Public Facility Repair -Areawide	326,570	279,984	606,554	220	606,774
101000 Transit	295,505	185,962	481,467	550	482,017
131000 Anchorage Fire	2,689,628	1,160,581	3,850,209	3,500	3,853,709
141000 Anchorage Roads and Drainage	28,836,947	15,729,309	44,566,256	34,000	44,600,256
151000 Anchorage Police	137,547	61,392	198,939	475	199,414
161000 Anchorage Parks/Rec	2,016,632	834,618	2,851,250	2,510	2,853,760
GO Bonds Inside Tax Cap Total	35,844,715	18,991,617	54,836,332	42,765	54,879,097
Voter-Approved GO Bonds Outside Tax Limit Calculation					
106000 Girdwood Fire	11,608	707	12,315	35	12,350
162000 Eagle River Parks/Rec	303,677	53,402	357,079	400	357,479
GO Bonds Outside Tax Cap Total	315,285	54,109	369,394	435	369,829
GO Bonds Total	36,160,000	19,045,726	55,205,726	43,200	55,248,926
Revenue Bond - Alaska Center for the Performing Arts (ACPA)					
301000 PAC Revenue Bond	125,000	172,200	297,200	-	297,200
ACPA Revenue Bond Total	125,000	172,200	297,200	-	297,200
Lease/Purchase Agreements					
607000 IT Capital Infrastructure	-	80,000	80,000	-	80,000
Lease/Purchase Agreements Total	-	80,000	80,000	-	80,000
Tax Anticipation Notes (TANS)					
101000 Public Finance and Investment	-	214,047	214,047	1	214,048
131000 Public Finance and Investment	-	38,021	38,021	1	38,022
141000 Public Finance and Investment	-	20,862	20,862	1	20,863
151000 Public Finance and Investment	-	53,013	53,013	1	53,014
161000 Public Finance and Investment	-	3,704	3,704	1	3,705
TANS Total	-	329,647	329,647	5	329,652
Other					
607000 ERP	-	803,680	803,680	15,000	818,680
Other Total	-	803,680	803,680	15,000	818,680
Grand Total Funded Debt Service	36,285,000	20,431,253	56,716,253	58,205	56,774,458

Municipality of Anchorage
Summary of Bonds Authorized but Unissued
at September 30, 2016

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 9/30/2016
General Purpose - General Obligation			
2011	4	Anchorage Roads & Drainage Service Area	2,405,000
2012	2	Anchorage Roads & Drainage Service Area	6,940,000
2013	3	Anchorage Roads & Drainage Service Area	5,458,000
2014	5	Anchorage Roads & Drainage Service Area	9,180,000
2015	5	Anchorage Roads & Drainage Service Area	12,280,000
2016	5	Anchorage Roads & Drainage Service Area	36,585,000
2016	6	Anchorage Fire	1,050,000
2014	4	Anchorage Parks & Recreation Service Area	650,000
2015	4	Anchorage Parks & Recreation Service Area	2,145,000
2016	4	Anchorage Parks & Recreation Service Area	3,360,000
2014	7	Anchorage Police	650,000
2016	7	Anchorage Police	3,800,000
2013	2	Public Safety/Trans.-Areawide EMS	1,175,000
2014	2	Public Safety-(General) Areawide	585,000
2015	2	Public Safety-(Ambulances) Areawide	520,000
2015	2	Public Safety-(General) Areawide	4,370,000
2016	3	Public Safety-Areawide	3,065,000
2012	4	Public Transportation -Areawide	258,000
2013	2	Public Safety/Trans.-Areawide Trans.	510,000
2014	2	Public Transportation-Areawide	558,000
2015	2	Public Transportation-Areawide	240,000
Total General Purpose - General Obligation			95,784,000

Municipality of Anchorage
General Obligation, General Purpose Bonds
 Combined Annual Net Debt Service Requirements
 as of September 30, 2016

Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Gross Debt Service	US Treasury Reimbursed Interest **	Total Net Debt Service
2016	439,950,000	36,335,000	18,892,019	55,227,019	(778,651)	54,448,368
2017	403,615,000	36,160,000	19,045,726	55,205,726	(761,567)	54,444,158
2018	367,455,000	37,790,000	17,381,628	55,171,628	(725,251)	54,446,377
2019	329,665,000	37,450,000	15,637,074	53,087,074	(685,569)	52,401,506
2020	292,215,000	38,780,000	13,899,095	52,679,095	(643,574)	52,035,521
2021	253,435,000	30,900,000	12,045,428	42,945,428	(598,582)	42,346,846
2022	222,535,000	27,790,000	10,691,095	38,481,095	(550,176)	37,930,919
2023	194,745,000	29,030,000	9,390,421	38,420,421	(498,917)	37,921,504
2024	165,715,000	27,690,000	8,001,352	35,691,352	(444,625)	35,246,726
2025	138,025,000	24,885,000	6,691,501	31,576,501	(387,133)	31,189,368
2026	113,140,000	18,835,000	5,474,726	24,309,726	(326,491)	23,983,235
2027	94,305,000	19,710,000	4,534,375	24,244,375	(262,529)	23,981,847
2028	74,595,000	16,125,000	3,543,189	19,668,189	(192,888)	19,475,301
2029	58,470,000	12,235,000	2,721,356	14,956,356	(117,801)	14,838,555
2030	46,235,000	12,790,000	2,087,495	14,877,495	(39,767)	14,837,728
2031	33,445,000	9,380,000	1,541,759	10,921,759	-	10,921,759
2032	24,065,000	7,735,000	1,131,950	8,866,950	-	8,866,950
2033	16,330,000	6,195,000	745,200	6,940,200	-	6,940,200
2034	10,135,000	6,500,000	435,450	6,935,450	-	6,935,450
2035	3,635,000	3,635,000	145,400	3,780,400	-	3,780,400
Totals		439,950,000	154,036,240	593,986,240	(7,013,522)	586,972,718

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. As of June 2016, the State of Alaska pays approximately 42% of the debt service on Anchorage General Obligation School Bonds. These payments are subject to annual appropriation by the State Legislature. In 2015 the State Legislature put a freeze on future reimbursement activities on any new school bonding).

** Federal reimbursement for Build America Bonds Subsidy (BABS) was cut by 8.7%, 7.3%, 7.2%, and 6.8% for FY 2013, 2014, 2015, and 2016 respectively.