

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: 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, 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.

2018 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	760,155	270,304	1,030,459	700	1,031,159
101000 Senior Center	35,084	8,205	43,289	50	43,339
101000 Cemetery	246,790	46,392	293,182	100	293,282
101000 Emergency Medical Service	653,182	333,816	986,998	650	987,648
101000 Public Facility Repair -Areawide	439,477	255,941	695,418	200	695,618
101000 Transit	374,297	169,691	543,988	500	544,488
131000 Anchorage Fire	2,516,741	1,063,560	3,580,301	3,500	3,583,801
141000 Anchorage Roads and Drainage	31,879,942	15,272,738	47,152,680	34,000	47,186,680
151000 Anchorage Police	134,230	83,210	217,440	450	217,890
161000 Anchorage Parks/Rec	1,479,110	922,656	2,401,766	2,500	2,404,266
GO Bonds Inside Tax Cap Total	38,519,008	18,426,513	56,945,521	42,650	56,988,171
Voter-Approved GO Bonds Outside Tax Limit Calculation					
106000 Girdwood Fire	1,655	91	1,746	30	1,776
162000 Eagle River Parks/Rec	134,337	54,836	189,173	400	189,573
GO Bonds Outside Tax Cap Total	135,992	54,927	190,919	430	191,349
GO Bonds Total	38,655,000	18,481,440	57,136,440	43,080	57,179,520
Revenue Bond - Alaska Center for the Performing Arts (ACPA)					
301000 PAC Revenue Bond	130,000	167,200	297,200	-	297,200
ACPA Revenue Bond Total	130,000	167,200	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	-	592,035	592,035	1	592,036
131000 Public Finance and Investment	-	110,888	110,888	1	110,889
141000 Public Finance and Investment	-	55,153	55,153	1	55,154
151000 Public Finance and Investment	-	147,077	147,077	1	147,078
161000 Public Finance and Investment	-	14,078	14,078	1	14,079
TANS Total	-	919,231	919,231	5	919,236
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	38,785,000	20,451,551	59,236,551	58,085	59,294,636

Municipality of Anchorage
Summary of Bonds Authorized but Unissued
at September 30, 2017

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 9/30/2017
General Purpose - General Obligation			
2015	5	Anchorage Roads & Drainage Service Area	12,280,000
2016	5	Anchorage Roads & Drainage Service Area	36,585,000
2017	4	Anchorage Roads & Drainage Service Area	36,940,000
2016	6	Anchorage Fire	1,050,000
2017	5	Anchorage Fire	2,620,000
2016	4	Anchorage Parks & Recreation Service Area	3,360,000
2017	3	Anchorage Parks & Recreation Service Area	3,665,000
2016	7	Anchorage Police	3,800,000
2017	6	Anchorage Police	1,400,000
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			112,981,000

Municipality of Anchorage
General Obligation, General Purpose Bonds
 Combined Annual Net Debt Service Requirements
 as of September 30, 2017

Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Gross Debt Service	US Treasury Reimbursed Interest **	Total Net Debt Service
2018	392,325,000	38,655,000	18,481,440	57,136,440	(725,251)	56,450,871.62
2019	353,670,000	38,360,000	16,693,637	55,053,637	(685,569)	54,410,063.10
2020	315,310,000	39,715,000	14,928,357	54,643,357	(643,574)	54,044,775.40
2021	275,595,000	31,885,000	13,027,940	44,912,940	(598,582)	44,362,763.99
2022	243,710,000	28,815,000	11,634,208	40,449,208	(550,176)	39,950,290.78
2023	214,895,000	30,105,000	10,282,284	40,387,284	(498,917)	39,942,658.25
2024	184,790,000	28,810,000	8,850,214	37,660,214	(444,625)	37,273,080.88
2025	155,980,000	26,060,000	7,484,364	33,544,364	(387,133)	33,217,872.49
2026	129,920,000	20,055,000	6,220,589	26,275,589	(326,491)	26,013,060.17
2027	109,865,000	20,990,000	5,219,238	26,209,238	(262,529)	26,016,350.34
2028	88,875,000	17,470,000	4,164,051	21,634,051	(192,888)	21,516,250.19
2029	71,405,000	13,625,000	3,298,506	16,923,506	(117,801)	16,883,738.85
2030	57,780,000	14,230,000	2,615,995	16,845,995	(39,767)	16,845,994.76
2031	43,550,000	10,870,000	2,019,859	12,889,859	-	12,889,859.38
2032	32,680,000	9,300,000	1,535,550	10,835,550	-	10,835,550.00
2033	23,380,000	7,835,000	1,070,550	8,905,550	-	8,905,550.00
2034	15,545,000	8,225,000	678,800	8,903,800	-	8,903,800.00
2035	7,320,000	5,445,000	302,500	5,747,500	-	5,747,500.00
2036	1,875,000	1,875,000	93,750	1,968,750	-	1,968,750.00
Totals		392,325,000	128,601,832	520,926,832	(5,473,304)	514,210,030

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%, 6.8% and 6.9% FY 2013, 2014, 2015, 2016, and 2017 respectively.