

Appendix F

Debt Service

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:

Voter Approval Required:

- General Obligation (GO) Bonds

Assembly Approval Required:

- Revenue Bonds
- Short Term Borrowing Programs (STBP)
- Intermediate Term Borrowing Programs (ITBP)
- Lease/Purchase Agreements
- Tax Anticipation Notes (TANs)

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 the respective service area. The debt is repaid by property tax payers in the respective service areas.

The Municipality generally issues 20 year bonds. However, the debt is structured to make 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 mill rates for GO bond debt service in other service areas does not increase unless the mill rate increase is approved by voters (language for such mill rate increases are typically included in bond propositions).

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. Revenue Bonds are not supported by the full taxing power of the Municipality. A good example of a revenue bond is the Alaska Center for the Performing Arts (ACPA); ticket surcharges pay for ACPA's 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. These programs usually have a variable rate of interest.

Intermediate Term Borrowing Programs (ITBP)

Intermediate Term Borrowing Programs are similar to revenue bonds. They are used when we want to amortize principal faster, since they usually have a maturity in the five to ten year range. These programs may have an interest rate that is a fixed rate or a variable rate.

Appendix F

Debt Service

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.

Tax Anticipation Notes (TANs)

Tax Anticipation Notes 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.

2021 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	427,120	102,890	530,010	100	530,110
101000	Senior Center	14,214	2,733	16,947	100	17,047
101000	Cemetery	93,160	19,880	113,040	100	113,140
101000	Emergency Medical Service	415,348	237,664	653,012	100	653,112
101000	E911 Areawide	227,888	200,556	428,444	100	428,544
101000	Transit	442,417	158,013	600,430	100	600,530
101000	Facilities Areawide	633,763	226,411	860,174	100	860,274
101000	AWARN Areawide	719,940	253,760	973,700	100	973,800
101000	Traffic Areawide	87,915	75,899	163,814	100	163,914
131000	Fire Service Area	2,604,118	1,065,358	3,669,476	200	3,669,676
141000	Anchorage Roads	29,134,556	13,999,850	43,134,406	2,010	43,136,416
151000	Police Service Area	286,231	214,251	500,482	100	500,582
161000	Anchorage Parks/Rec	1,823,107	1,075,333	2,898,440	190	2,898,630
GO Bonds Inside Tax Cap Total		36,909,777	17,632,598	54,542,375	3,400	54,545,775
Voter-Approved GO Bonds Outside Tax Limit Calculation						
162000	Eagle River Parks/Rec	180,838	38,010	218,848	100	218,948
GO Bonds Outside Tax Cap Total		180,838	38,010	218,848	100	218,948
Voter-Approved GO Bonds Costs of Issuances (COI) Offset with Bond Premium Revenue						
Multi	Costs of Issuances	-	-	-	340,298	340,298
GO Bonds COI Offset w/ Bond Premium Total		-	-	-	340,298	340,298
GO Bonds Subtotal		37,090,615	17,670,608	54,761,223	343,798	55,105,021
Revenue Bond						
301000	PAC Revenue Bond	150,000	147,750	297,750	-	297,750
ACPA Revenue Bond Total		150,000	147,750	297,750	-	297,750
Other Borrowing Programs or Lease/Purchase Agreements						
101000	Computer Aided Mass Appraisal (CAMA)	539,853	63,540	603,393	-	603,393
101000	Stormwater Utility	-	43,500	43,500	-	43,500
101000	Automated Handling System (AMHS)	12,000	-	12,000	-	12,000
607000	IT Capital Infrastructure	-	1,005,406	1,005,406	11,500	1,016,906
Lease/Purchase Agreements Total		551,853	1,112,446	1,664,299	11,500	1,675,799
Tax Anticipation Notes (TANs)						
101000	Public Finance and Investment	-	342,000	342,000	1	342,001
131000	Public Finance and Investment	-	63,000	63,000	1	63,001
141000	Public Finance and Investment	-	53,000	53,000	1	53,001
151000	Public Finance and Investment	-	131,000	131,000	1	131,001
161000	Public Finance and Investment	-	12,000	12,000	1	12,001
TANs Total		-	601,000	601,000	5	601,005
Grand Total Debt Service		37,792,468	19,531,804	57,324,272	355,303	57,679,575

Municipality of Anchorage

Summary of Bonds Authorized but Unissued at August 31, 2020

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 8/31/2020
General Purpose - General Obligation			
2018	3	Anchorage Roads & Drainage Service Area	4,260,000
2019	4	Anchorage Roads & Drainage Service Area	33,240,000
2020	3	Anchorage Roads & Drainage Service Area	43,000,000
2020	4	Anchorage Fire	2,050,000
2019	5	Anchorage Parks & Recreation Service Area	2,850,000
2020	5	Anchorage Parks & Recreation Service Area	3,950,000
2016	7	Anchorage Police	495,000
2017	6	Anchorage Police	835,000
2018	5	Anchorage Police	1,050,000
2019	7	Anchorage Police	3,500,000
2020	6	Anchorage Police	2,400,000
2016	3	Public Safety-Areawide	940,000
2019	2	Public Safety-Areawide	3,450,000
2020	1	Public Safety-Areawide	1,110,000
2020	8	Public Safety-Areawide	2,700,000
2020	7	Public Facilities-Areawide	5,375,000
2014	2	Public Transportation-Areawide	273,000
2015	2	Public Transportation-Areawide	250,000
2018	8	Public Transportation-Areawide	1,188,000
2019	2	Public Transportation-Areawide	1,506,000
2020	8	Public Transportation-Areawide	1,995,000
Total General Purpose - General Obligation			116,417,000

Municipality of Anchorage
General Obligation, General Purpose Bonds
 Combined Annual Net Debt Service Requirements
 as of December 31, 2020

Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Gross Debt Service	US Treasury Reimbursed Interest **	Total Net Debt Service
2021	416,180,000	36,315,000	17,670,610	53,985,610	-	53,985,610
2022	379,865,000	37,860,000	15,927,545	53,787,545	-	53,787,545
2023	342,005,000	39,715,000	14,120,694	53,835,694	-	53,835,694
2024	302,290,000	34,085,000	12,257,185	46,342,185	-	46,342,185
2025	268,205,000	31,585,000	10,699,324	42,284,324	-	42,284,324
2026	236,620,000	25,835,000	9,236,401	35,071,401	-	35,071,401
2027	210,785,000	26,975,000	8,104,448	35,079,448	-	35,079,448
2028	183,810,000	23,645,000	6,914,424	30,559,424	-	30,559,424
2029	160,165,000	19,985,000	5,976,364	25,961,364	-	25,961,364
2030	140,180,000	20,825,000	5,144,757	25,969,757	-	25,969,757
2031	119,355,000	18,075,000	4,359,729	22,434,729	-	22,434,729
2032	101,280,000	17,010,000	3,663,190	20,673,190	-	20,673,190
2033	84,270,000	15,710,000	3,037,147	18,747,147	-	18,747,147
2034	68,560,000	16,275,000	2,466,601	18,741,601	-	18,741,601
2035	52,285,000	14,095,000	1,892,963	15,987,963	-	15,987,963
2036	38,190,000	10,835,000	1,374,469	12,209,469	-	12,209,469
2037	27,355,000	9,310,000	928,625	10,238,625	-	10,238,625
2038	18,045,000	9,695,000	546,425	10,241,425	-	10,241,425
2039	8,350,000	5,305,000	170,925	5,475,925	-	5,475,925
2040	3,045,000	3,045,000	45,675	3,090,675	-	3,090,675
2041	-	-	-	-	-	-
Totals		416,180,000	124,537,500	540,717,500	-	540,717,500

Notes:

* Principal Outstanding is as 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. The most recent refinancing of existing debt was on August 19, 2020.

** Federal reimbursement for Build America Bonds (BAB) no longer applied as of October 1, 2019 due to the refunding of the 2010 Series A-2 (BABS) Bonds in 2019.