

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.

2022 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	450,836	81,599	532,435	100	532,535
101000 Senior Center	15,036	2,023	17,059	100	17,159
101000 Cemetery	98,491	15,221	113,712	100	113,812
101000 Emergency Medical Service	424,941	216,691	641,632	100	641,732
101000 E911 Areawide	237,721	191,152	428,873	100	428,973
101000 Transit	444,072	137,595	581,667	100	581,767
101000 Facilities Areawide	362,641	208,874	571,515	100	571,615
101000 AWARN Areawide	466,010	223,374	689,384	100	689,484
101000 Traffic Areawide	68,994	70,870	139,864	100	139,964
131000 Fire Service Area	2,672,595	937,128	3,609,723	150	3,609,873
141000 Anchorage Roads	30,316,292	12,618,976	42,935,268	1,900	42,937,168
151000 Police Service Area	291,624	199,364	490,988	100	491,088
161000 Anchorage Parks/Rec	1,843,688	994,582	2,838,270	200	2,838,470
GO Bonds Inside Tax Cap Total	37,692,941	15,897,449	53,590,390	3,250	53,593,640
Voter-Approved GO Bonds Outside Tax Limit Calculation					
162000 Eagle River Parks/Rec	167,066	30,104	197,170	100	197,270
GO Bonds Outside Tax Cap Total	167,066	30,104	197,170	100	197,270
Voter-Approved GO Bonds Costs of Issuances (COI) Offset with Bond Premium Revenue					
Multi Costs of Issuances	-	-	-	1,090,399	1,090,399
GO Bonds COI Offset w/ Bond Premium Total	-	-	-	1,090,399	1,090,399
GO Bonds Subtotal	37,860,007	15,927,553	53,787,560	1,093,749	54,881,309
Revenue Bond					
301000 PAC Revenue Bond	160,000	140,250	300,250	-	300,250
ACPA Revenue Bond Total	160,000	140,250	300,250	-	300,250
Other Borrowing Programs or Lease/Purchase Agreements					
101000 Computer Aided Mass Appraisal (CAMA)	367,341	63,959	431,300	10,750	442,050
101000 Automated Handling System (AMHS)	12,000	-	12,000	-	12,000
202010 Room Tax-Convention Center	-	-	-	1,000	1,000
607000 IT Capital Infrastructure	-	1,005,406	1,005,406	11,500	1,016,906
Lease/Purchase Agreements Total	379,341	1,069,365	1,448,706	23,250	1,471,956
Tax Anticipation Notes (TANs)					
101000 Public Finance and Investment	-	333,000	333,000	1	333,001
131000 Public Finance and Investment	-	62,000	62,000	1	62,001
141000 Public Finance and Investment	-	38,000	38,000	1	38,001
151000 Public Finance and Investment	-	38,000	38,000	1	38,001
161000 Public Finance and Investment	-	4,000	4,000	1	4,001
TANs Total	-	475,000	475,000	5	475,005
Grand Total Debt Service	38,399,348	17,612,168	56,011,516	1,117,004	57,128,520

Municipality of Anchorage
Summary of Bonds Authorized but Unissued
at June 30, 2021

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 6/30/2021
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
2021	5	Anchorage Roads & Drainage Service Area	36,425,000
2020	4	Anchorage Fire	2,050,000
2020	7	Anchorage Fire	1,950,000
2019	5	Anchorage Parks & Recreation Service Area	2,850,000
2020	5	Anchorage Parks & Recreation Service Area	3,950,000
2021	6	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
2019	2	Public Safety-Areawide	3,450,000
2020	1	Public Safety-Areawide	1,110,000
2020	8	Public Safety-Areawide	2,700,000
2021	3	Public Safety-Areawide	4,070,000
2020	7	Public Facilities-Areawide	5,375,000
2020	2	Public Facilities-Areawide	1,150,000
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
2021	3	Public Transportation-Areawide	1,230,000
Total General Purpose - General Obligation			164,252,000

Municipality of Anchorage
General Obligation, General Purpose Bonds
 Combined Annual Net Debt Service Requirements
 as of December 31, 2021

				Gross	US Treasury	Total
Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Debt Service	Reimbursed Interest **	Net Debt Service
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		379,865,000	106,866,891	486,731,891	-	486,731,891

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.