

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 rates for these funds are 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	AA+	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. 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

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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.

Interfund Loans

Borrowing from one municipal fund to another with terms approved by the Assembly.

2023 Approved Debt Service Budget Requirements

Fund Description	Principal	Interest	Total P&I	Agent Fees	Total
Debt Service on Voter-Approved GO Bonds Inside Tax Cap					
101000 Office of Emergency Management	478,984	57,675	536,659	50	536,709
101000 Senior Center	16,998	1,557	18,555	50	18,605
101000 Cemetery	110,283	11,726	122,009	50	122,059
101000 Fire - Emergency Medical Service	481,764	242,289	724,053	100	724,153
101000 E911 Operations - Areawide	264,567	166,261	430,828	100	430,928
101000 Transit - Areawide	484,443	131,611	616,054	100	616,154
101000 Facilities - Areawide	437,502	264,374	701,876	100	701,976
101000 AWARDN - Areawide	531,469	255,248	786,717	100	786,817
101000 Traffic - Areawide	73,263	66,182	139,445	50	139,495
131000 Fire Service Area	2,807,277	802,430	3,609,707	200	3,609,907
141000 Anchorage Roads & Drainage	33,302,206	12,196,971	45,499,177	1,900	45,501,077
151000 Police Service Area	467,660	398,254	865,914	100	866,014
161000 Parks & Recreation - Anchorage	2,019,502	922,084	2,941,586	200	2,941,786
GO Bonds Inside Tax Cap Total	41,475,918	15,516,662	56,992,580	3,100	56,995,680
Voter-Approved GO Bonds Outside Tax Limit Calculation					
162000 Parks & Recreation - Eagle River	174,082	20,087	194,169	50	194,219
GO Bonds Outside Tax Cap Total	174,082	20,087	194,169	50	194,219
GO Bonds Total	41,650,000	15,536,749	57,186,749	3,150	57,189,899
Revenue Bonds					
202010 Civic Center Revenue Bonds ¹	-	-	-	1,000	1,000
301000 Alaska Center for the Performing Arts	170,000	132,250	302,250	-	302,250
ACPA Revenue Bond Total	170,000	132,250	302,250	1,000	303,250
Lease/Purchase Agreements					
101000 Computerized Assisted Mass Apprais	799,524	134,201	933,725	10,750	944,475
106000 GBOS Fire Engine	80,000	-	80,000	-	80,000
101000 Automated Handling System (AMHS)	41,719	6,139	47,858	-	47,858
607000 IT Capital Infrastructure / SAP	-	484,208	484,208	11,500	495,708
Lease/Purchase Agreements Total	921,243	624,548	1,545,791	22,250	1,568,041
Tax Anticipation Notes (TANs), Offset with TANs Revenues					
101000 Areawide Service Area	-	1,142,000	1,142,000	138,000	1,280,000
131000 Fire Service Area	-	468,000	468,000	57,000	525,000
141000 Maintenance & Operations - ARDSA	-	102,000	102,000	12,000	114,000
151000 Police Service Area	-	714,000	714,000	86,000	800,000
161000 Anchorage Parks & Recreation SA	-	20,000	20,000	2,000	22,000
TANS Total	-	2,446,000	2,446,000	295,000	2,741,000
Cost of Issuance for Refunding Bonds, offset with Bond Premium Revenues (the cost of issuance for new bonds, offset with bond premium revenues, is posted in the respective capital funds)					
101000 Areawide Service Area	-	-	-	33,133	33,133
131000 Fire Service Area	-	-	-	28,829	28,829
141000 Maintenance & Operations - ARDSA	-	-	-	426,416	426,416
151000 Police Service Area	-	-	-	6,314	6,314
161000 Anchorage Parks & Recreation SA	-	-	-	23,382	23,382
162000 Eagle River Parks & Recreation SA	-	-	-	1,349	1,349
Cost of Issuance for Refunding Bonds	-	-	-	519,423	519,423
Debt Service Total	42,741,243	18,739,547	61,480,790	840,823	62,321,613

2023 Approved General Government Operating Budget

¹ The Civic Center revenue bond debt service is paid by a trustee, thus it is budgeted as contractual service and not debt. The payment to the trustee is as follows:

Fund Description	Principal	Interest	Total P&I
202010 Payment to Trustee	3,015,000	3,560,950	6,575,950

The Certificates of Participation (COPs) debt service is funded with transfers from the Fire and Police departments to the COPs fund 330000. The debt service is then paid from the COPs fund. The transfers to the COPs fund from the Fire and Police departments are as follows:

Fund Description	Principal	Interest	Total P&I	Agent Fees	Total
131000 Fire Transfer to COPs Fund	1,619,541	638,722	2,258,263	520	2,258,783
151000 Police Transfer to COPs Fund	2,275,459	897,406	3,172,865	730	3,173,596
Total Transfer to COPs Fund	3,895,000	1,536,128	5,431,128	1,250	5,432,379

Municipality of Anchorage
Summary of Bonds Authorized but Unissued
at August 31, 2022

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 8/31/2022
General Purpose - General Obligation			
2020	3	Anchorage Roads & Drainage Service Area	40,000,000
2021	5	Anchorage Roads & Drainage Service Area	36,425,000
2022	4	Anchorage Roads & Drainage Service Area	34,870,000
2020	4	Anchorage Fire	1,000,000
2021	7	Anchorage Fire	1,950,000
2022	6	Anchorage Fire	2,100,000
2019	5	Anchorage Parks & Recreation Service Area	850,000
2020	5	Anchorage Parks & Recreation Service Area	3,950,000
2021	6	Anchorage Parks & Recreation Service Area	3,950,000
2022	5	Anchorage Parks & Recreation Service Area	3,875,000
2020	6	Anchorage Police	2,400,000
2019	2	Public Safety-Areawide	1,900,000
2020	1	Public Safety-Areawide	1,110,000
2020	8	Public Safety-Areawide	1,300,000
2021	3	Public Safety-Areawide	4,070,000
2022	3	Public Safety-Areawide	1,180,000
2020	7	Public Facilities-Areawide	3,278,000
2021	2	Public Facilities-Areawide	1,150,000
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
2022	3	Public Transportation-Areawide	1,200,000
Total General Purpose - General Obligation			152,477,000

Municipality of Anchorage
General Obligation, General Purpose Bonds
 Combined Annual Net Debt Service Requirements
 as of December 31, 2022

				Gross	US Treasury	Total
Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Debt Service	Reimbursed Interest **	Net Debt Service
2023	390,270,000	41,650,000	15,536,749	57,186,749	-	57,186,749
2024	348,620,000	36,100,000	13,594,050	49,694,050	-	49,694,050
2025	312,520,000	33,690,000	11,950,080	45,640,080	-	45,640,080
2026	278,830,000	28,025,000	10,396,897	38,421,897	-	38,421,897
2027	250,805,000	29,260,000	9,170,608	38,430,608	-	38,430,608
2028	221,545,000	26,030,000	7,879,991	33,909,991	-	33,909,991
2029	195,515,000	22,265,000	7,050,049	29,315,049	-	29,315,049
2030	173,250,000	23,125,000	6,194,440	29,319,440	-	29,319,440
2031	150,125,000	20,405,000	5,382,420	25,787,420	-	25,787,420
2032	129,720,000	19,370,000	4,657,239	24,027,239	-	24,027,239
2033	110,350,000	18,100,000	3,997,809	22,097,809	-	22,097,809
2034	92,250,000	18,845,000	3,414,201	22,259,201	-	22,259,201
2035	73,405,000	16,770,000	2,737,763	19,507,763	-	19,507,763
2036	56,635,000	13,615,000	2,112,269	15,727,269	-	15,727,269
2037	43,020,000	12,200,000	1,555,225	13,755,225	-	13,755,225
2038	30,820,000	12,700,000	1,057,425	13,757,425	-	13,757,425
2039	18,120,000	8,435,000	561,725	8,996,725	-	8,996,725
2040	9,685,000	6,300,000	311,275	6,611,275	-	6,611,275
2041	3,385,000	3,385,000	135,400	3,520,400	-	3,520,400
2042	-	-	-	-	-	-
Totals		390,270,000	107,695,615	497,965,615	-	497,965,615

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 December 16, 2021.

** 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.