

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.

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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.

Operating Leases

Certain operating leases of nonfinancial assets. Examples include buildings, land, vehicles, and equipment. Categorized in non-labor prior to 2022, and changed to debt category per Governmental Accounting Standards Board (GASB) Statement Number 87.

2024 Approved Debt Service Budget Requirements

Fund Description	Principal	Interest	Total P&I	Fees	Total
Debt Service on Voter-Approved GO Bonds Inside Tax Cap					
101000 Office of Emergency Management	186,039	33,782	219,821	100	219,921
101000 Heath - Senior Center	3,132	708	3,840	100	3,940
101000 Parks - Cemetery	27,497	6,221	33,718	100	33,818
101000 Fire - Emergency Medical Service	502,895	293,567	796,462	100	796,562
101000 Transit - Areawide	483,460	209,196	692,656	100	692,756
131000 Fire Service Area	1,806,967	771,703	2,578,670	200	2,578,870
141000 Anchorage Roads & Drainage	31,580,319	13,081,317	44,661,636	1,900	44,663,536
151000 Police Service Area	560,628	474,215	1,034,843	100	1,034,943
161000 Parks & Recreation - Anchorage	1,908,556	1,139,206	3,047,762	200	3,047,962
101000 E911 Operations - Areawide	212,874	154,189	367,063	100	367,163
101000 Facilities - Areawide	545,279	364,431	909,710	100	909,810
101000 AWARD - Areawide	531,640	391,983	923,623	100	923,723
101000 Traffic - Areawide	105,453	103,475	208,928	100	209,028
GO Bonds Inside Tax Cap Total	38,454,739	17,023,993	55,478,732	3,300	55,482,032
Voter-Approved GO Bonds Outside Tax Limit Calculation					
162000 Parks & Recreation - Eagle River	50,261	11,407	61,668	100	61,768
GO Bonds Outside Tax Cap Total	50,261	11,407	61,668	100	61,768
GO Bonds Total	38,505,000	17,035,400	55,540,400	3,400	55,543,800
Revenue Bonds					
202010 Civic Center Revenue Bonds ¹	-	-	-	1,000	1,000
301000 Alaska Center for the Performing Arts	175,000	123,750	298,750	-	298,750
Revenue Bonds Total	175,000	123,750	298,750	1,000	299,750
Lease/Purchase Agreements					
101000 716 Building-Police Headquarters	352,327	1,007,732	1,360,059	-	1,360,059
Lease/Purchase Agreements Total	352,327	1,007,732	1,360,059	-	1,360,059
Lease/Purchase Agreements					
101000 Computerized Assisted Mass Apprais	698,743	132,614	831,357	10,750	842,107
106000 Girdwood Fire Engine	104,540	-	104,540	-	104,540
101000 Automated Handling System (AMHS)	32,232	3,662	35,894	-	35,894
607000 IT Capital Infrastructure	-	136,500	136,500	11,500	148,000
607000 IT SAP Capital Purchase	-	82,285	82,285	-	82,285
Lease/Purchase Agreements Total	835,515	355,061	1,190,576	22,250	1,212,826
Tax Anticipation Notes (TANs), Offset partially with TANs Revenues					
101000 Areawide Service Area	-	2,565,000	2,565,000	138,000	2,703,000
131000 Fire Service Area	-	641,000	641,000	57,000	698,000
141000 Maintenance & Operations - ARDSA	-	288,000	288,000	12,000	300,000
151000 Police Service Area	-	641,000	641,000	86,000	727,000
161000 Anchorage Parks & Recreation SA	-	32,000	32,000	2,000	34,000
TANS Total	-	4,167,000	4,167,000	295,000	4,462,000

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	-	-	-	40,659	40,659
131000 Fire Service Area	-	-	-	33,969	33,969
141000 Maintenance & Operations - ARDSA	-	-	-	498,222	498,222
151000 Police Service Area	-	-	-	6,716	6,716
161000 Anchorage Parks & Recreation SA	-	-	-	35,492	35,492
162000 Eagle River Parks & Recreation SA	-	-	-	1,292	1,292
Cost of Issuance for Refunding Bonds	-	-	-	616,350	616,350

Operating Leases (GASB 87)

101000 Elections	192,997	1,730	194,727	-	194,727
103000 EMS Lease Tax Levy	727,126	101,904	829,030	-	829,030
141000 Street Maintenance Operations	35,516	16,910	52,426	-	52,426
119000 Chugiak/Birchwood/Eagle River RRS,	66,338	17,460	83,798	-	83,798
151000 APD Resource Management	257,591	13,448	271,039	-	271,039
106000 Girdwood Valley Police SA	7,213	114	7,327	-	7,327
101000 Facility Leases-City Hall	1,782,811	87,902	1,870,713	-	1,870,713
101000 Facility Leases-Libraries	177,792	1,225	179,017	-	179,017
101000 Facility Leases-Traffic	47,573	427	48,000	-	48,000
101000 Facility Leases-Recreation	370,441	17,231	387,672	-	387,672
101000 Facility Leases-Permit Center	2,170,257	37,475	2,207,732	-	2,207,732
101000 Facility Leases-Police	37,592	963	38,555	-	38,555
TANS Total	5,873,247	296,789	6,170,036	-	6,170,036

Debt Service Total	45,741,089	22,985,732	68,726,821	938,000	69,664,821
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¹ The Civic Center revenue bond debt service is paid by a trustee. The Municipality pays the trustee, as a contractual service, the debt service amount required for the following year. The budgeted payment to the trustee is as follows:

Fund Description	Principal	Interest	Total P&I
202010 Payment to Trustee	3,245,000	3,410,200	6,655,200

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	Fees	Total
131000 Fire Transfer to COPs Fund	1,575,765	681,499	2,257,264	1,000	2,258,264
151000 Police Transfer to COPs Fund	2,214,235	957,630	3,171,865	1,000	3,172,865
Total Transfer to COPs Fund	3,790,000	1,639,129	5,429,129	2,000	5,431,129

Interfund Loans

Campbell Lake Sediment Project - from fund 602-General Liability & Worker's Compensation fund to 441-Anchorage Roads & Drainage Service Area Capital Improvement Projects fund. To be repaid by special assessment district 04-25. AR 2007-35(S) and AO 2011-17

Tire Shop on Fairbanks Street - from fund 221-Heritage Land Bank fund to 601-Fleet Fund. To be repaid in full over a term of not longer than twenty years. AO 2013-217

Canyon Road Areas Gas Line - from fund 603-Medical & Dental Self-Insurance fund to 101-Areawide General fund. To be repaid by special assessment district. AR 2018-279

Fund Description	Principal	Interest	Total P&I
101000 Interest Other	-	7,830	7,830

National Archive Property - from fund 602-General Liability & Workers Compensation fund to 101-Areawide General fund. To be repaid from proceeds from the sale of the property over a term of not longer than five years. AO 2017-140

Eagle River Town Center - from fund 101-Areawide General fund to 401-Areawide General Capital Improvement Projects fund. To be repaid by monthly lease payments assessed to tenants on or before December 31,2028. AO

Municipality of Anchorage
Summary of Bonds Authorized but Unissued
at August 31, 2023

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 8/31/2022
General Purpose - General Obligation			
2021	5	Anchorage Roads & Drainage Service Area	17,625,000
2022	4	Anchorage Roads & Drainage Service Area	34,870,000
2023	3	Anchorage Roads & Drainage Service Area	34,500,000
2021	7	Anchorage Fire	430,000
2022	6	Anchorage Fire	2,100,000
2023	4	Anchorage Fire	2,625,000
2021	6	Anchorage Parks & Recreation Service Area	1,260,000
2022	5	Anchorage Parks & Recreation Service Area	3,875,000
2023	A	Anchorage Parks & Recreation Service Area	3,950,000
2020	1	Public Safety-Areawide	660,000
2021	3	Public Safety-Areawide	1,305,000
2022	3	Public Safety-Areawide	880,000
2023	2	Public Safety-Areawide	3,510,000
2020	7	Public Facilities-Areawide	320,000
2021	2	Public Facilities-Areawide	1,150,000
2019	2	Public Transportation-Areawide	270,000
2020	8	Public Transportation-Areawide	1,995,000
2021	3	Public Transportation-Areawide	1,230,000
2022	3	Public Transportation-Areawide	1,200,000
2023	2	Public Transportation-Areawide	1,110,000
2023	5	Chugiak Fire Service Area	450,000
Total General Purpose - General Obligation			115,315,000

Municipality of Anchorage
General Obligation, General Purpose Bonds
 Combined Annual Net Debt Service Requirements
 as of December 31, 2023

Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Total Net Debt Service
2024	421,690,000	38,505,000	17,035,400	55,540,400
2025	383,185,000	36,215,000	15,271,180	51,486,180
2026	346,970,000	30,675,000	13,591,747	44,266,747
2027	316,295,000	32,040,000	12,232,958	44,272,958
2028	284,255,000	28,950,000	10,803,341	39,753,341
2029	255,305,000	25,330,000	9,827,399	35,157,399
2030	229,975,000	26,345,000	8,818,540	35,163,540
2031	203,630,000	23,785,000	7,845,520	31,630,520
2032	179,845,000	22,920,000	6,951,339	29,871,339
2033	156,925,000	21,830,000	6,114,409	27,944,409
2034	135,095,000	22,760,000	5,344,301	28,104,301
2035	112,335,000	20,880,000	4,472,113	25,352,113
2036	91,455,000	17,930,000	3,641,119	21,571,119
2037	73,525,000	16,730,000	2,868,325	19,598,325
2038	56,795,000	17,460,000	2,144,025	19,604,025
2039	39,335,000	13,430,000	1,410,325	14,840,325
2040	25,905,000	11,495,000	960,075	12,455,075
2041	14,410,000	8,790,000	576,400	9,366,400
2042	5,620,000	5,620,000	224,800	5,844,800
2043	-	-	-	-
Totals		421,690,000	130,133,316	551,823,316

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