

## Appendix F

### Debt Service

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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	AA-	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**

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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.

## 2025 Proposed Debt Service Budget Requirements

Fund Description	Principal	Interest	Total P&I	Fees	Total
<b>Debt Service on Voter-Approved GO Bonds Inside Tax Cap</b>					
101000 Emergency Ops Ctr	172,584	24,528	197,112	100	197,212
101000 Senior Center	3,288	552	3,840	100	3,940
101000 Cemetery	28,870	4,854	33,724	100	33,824
101000 Emergency Medical Service	502,604	271,045	773,649	100	773,749
101000 E911 Areawide	221,667	145,380	367,047	100	367,147
101000 Transit	485,857	296,391	782,248	100	782,348
101000 Facilities Areawide	599,879	391,944	991,823	100	991,923
101000 AWARD Areawide	548,237	487,271	1,035,508	100	1,035,608
101000 Traffic Areawide	161,025	200,697	361,722	100	361,822
131000 Fire Service Area	1,812,449	840,536	2,652,985	200	2,653,185
141000 Anchorage Roads	31,123,047	15,117,190	46,240,237	2,000	46,242,237
151000 Police Service Area	570,034	518,569	1,088,603	100	1,088,703
161000 Anchorage Parks/Rec	2,037,661	1,239,229	3,276,890	300	3,277,190
<b>GO Bonds Inside Tax Cap Total</b>	<b>38,267,202</b>	<b>19,538,186</b>	<b>57,805,388</b>	<b>3,500</b>	<b>57,808,888</b>
<b>Voter-Approved GO Bonds Outside Tax Limit Calculation</b>					
162000 Parks & Recreation - Eagle River	52,798	8,914	61,712	100	61,812
<b>GO Bonds Outside Tax Cap Total</b>	<b>52,798</b>	<b>8,914</b>	<b>61,712</b>	<b>100</b>	<b>61,812</b>
<b>GO Bonds Total</b>	<b>38,320,000</b>	<b>19,547,100</b>	<b>57,867,100</b>	<b>3,600</b>	<b>57,870,700</b>
<b>Revenue Bonds</b>					
202010 Civic Center Revenue Bonds <sup>1</sup>	-	-	-	1,000	1,000
301000 Alaska Center for the Performing Arts	180,000	115,000	295,000	-	295,000
<b>Revenue Bonds Total</b>	<b>180,000</b>	<b>115,000</b>	<b>295,000</b>	<b>1,000</b>	<b>296,000</b>
<b>Lease/Purchase Agreements</b>					
101000 716 Building-Police Headquarters	372,091	987,969	1,360,060	-	1,360,060
<b>Lease/Purchase Agreements Total</b>	<b>372,091</b>	<b>987,969</b>	<b>1,360,060</b>	<b>-</b>	<b>1,360,060</b>
<b>Lease/Purchase Agreements</b>					
101000 Computerized Assisted Mass Apprais	971,402	153,865	1,125,267	20,000	1,145,267
106000 Girdwood Fire Engine	104,540	-	104,540	-	104,540
101000 Automated Handling System (AMHS)	33,245	2,649	35,894	-	35,894
607000 IT Capital Infrastructure	-	116,408	116,408	11,500	127,908
607000 IT SAP Capital Purchase	-	90,877	90,877	11,500	102,377
<b>Lease/Purchase Agreements Total</b>	<b>1,109,187</b>	<b>363,799</b>	<b>1,472,986</b>	<b>43,000</b>	<b>1,515,986</b>
<b>Tax Anticipation Notes (TANs), Offset wholly with TANs Revenues</b>					
101000 Areawide Service Area	-	2,963,000	2,963,000	-	2,963,000
131000 Fire Service Area	-	740,000	740,000	-	740,000
141000 Maintenance & Operations - ARDSA	-	246,000	246,000	-	246,000
151000 Police Service Area	-	493,000	493,000	-	493,000
161000 Anchorage Parks & Recreation SA	-	-	-	-	-
<b>TANS Total</b>	<b>-</b>	<b>4,442,000</b>	<b>4,442,000</b>	<b>-</b>	<b>4,442,000</b>

**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
<b>Cost of Issuance for Refunding Bonds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>616,350</b>	<b>616,350</b>

**Operating Leases (GASB 87)**

101000 Elections	192,997	1,730	194,727	-	194,727
103000 EMS Lease Tax Levy	727,125	101,904	829,029	-	829,029
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	5,886	114	6,000	-	6,000
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	365,655	17,231	382,886	-	382,886
101000 Facility Leases-Permit Center	2,240,123	37,475	2,277,598	-	2,277,598
101000 Facility Leases-Police	37,592	963	38,555	-	38,555
<b>TANS Total</b>	<b>5,936,999</b>	<b>296,789</b>	<b>6,233,788</b>	<b>-</b>	<b>6,233,788</b>

<b>Debt Service Total</b>	<b>45,918,277</b>	<b>25,752,657</b>	<b>71,670,934</b>	<b>663,950</b>	<b>72,334,884</b>
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<sup>1</sup> The Civic Center revenue bond debt service is paid by a trustee. The Municipality pays the trustee the debt service amount required for the following year, as a contractual service, from Room Tax revenues. The budgeted payment to the trustee is as follows:

<b>Fund Description</b>	<b>Principal</b>	<b>Interest</b>	<b>Total P&amp;I</b>
202010 Payment to Trustee	3,750,000	3,073,450	6,823,450

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:

<b>Fund Description</b>	<b>Principal</b>	<b>Interest</b>	<b>Total P&amp;I</b>	<b>Fees</b>	<b>Total</b>
131000 Fire Transfer to COPs Fund	1,717,254	540,702	2,257,956	520	2,258,476
151000 Police Transfer to COPs Fund	2,412,746	759,688	3,172,434	730	3,173,164
<b>Total Transfer to COPs Fund</b>	<b>4,130,000</b>	<b>1,300,390</b>	<b>5,430,390</b>	<b>1,250</b>	<b>5,431,640</b>

**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

<b>Fund Description</b>	<b>Principal</b>	<b>Interest</b>	<b>Total P&amp;I</b>
101000 Interest Other	-	7,830	7,830

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, 2024**

Voter Approved Year	Proposition Number	Project Description	Remaining Authorized But Unissued 8/31/2024
<b>General Purpose - General Obligation</b>			
2023	3	Anchorage Roads & Drainage Service Area	15,000,000
2024	3	Anchorage Roads & Drainage Service Area	47,110,000
2023	4	Anchorage Fire	2,000,000
2022	5	Anchorage Parks & Recreation Service Area	1,300,000
2023	A	Anchorage Parks & Recreation Service Area	3,950,000
2024	4	Anchorage Parks & Recreation Service Area	4,350,000
2023	2	Public Safety-Areawide	1,710,000
2024	6	Public Safety-Areawide	2,700,000
2021	2	Public Facilities-Areawide	330,000
2021	3	Public Transportation-Areawide	1,230,000
2022	3	Public Transportation-Areawide	1,200,000
2023	2	Public Transportation-Areawide	1,110,000
2024	6	Public Transportation-Areawide	1,860,000
2024	9	Chugach State Park Access	4,000,000
2023	5	Chugiak Fire Service Area	450,000
<b>Total General Purpose - General Obligation</b>			<b>88,300,000</b>

**Municipality of Anchorage**  
**General Obligation, General Purpose Bonds**  
 Combined Annual Net Debt Service Requirements  
 as of December 31, 2024

<b>Fiscal Year</b>	<b>Principal Outstanding *</b>	<b>Principal Payment</b>	<b>Interest Payment</b>	<b>Total Net Debt Service</b>
2025	464,470,000	38,320,000	19,547,100	57,867,100
2026	426,150,000	33,275,000	17,373,697	50,648,697
2027	392,875,000	34,770,000	15,884,908	50,654,908
2028	358,105,000	31,815,000	14,318,791	46,133,791
2029	326,290,000	28,340,000	13,199,599	41,539,599
2030	297,950,000	29,505,000	12,040,240	41,545,240
2031	268,445,000	27,100,000	10,909,220	38,009,220
2032	241,345,000	26,400,000	9,849,289	36,249,289
2033	214,945,000	25,485,000	8,838,359	34,323,359
2034	189,460,000	26,600,000	7,885,501	34,485,501
2035	162,860,000	24,910,000	6,821,313	31,731,313
2036	137,950,000	22,165,000	5,788,819	27,953,819
2037	115,785,000	21,175,000	4,804,275	25,979,275
2038	94,610,000	22,125,000	3,857,725	25,982,725
2039	72,485,000	18,330,000	2,890,775	21,220,775
2040	54,155,000	16,640,000	2,195,525	18,835,525
2041	37,515,000	14,190,000	1,554,600	15,744,600
2042	23,325,000	11,290,000	933,000	12,223,000
2043	12,035,000	5,900,000	481,400	6,381,400
2044	6,135,000	6,135,000	245,400	6,380,400
<b>Totals</b>		<b>464,470,000</b>	<b>159,419,536</b>	<b>623,889,536</b>

**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.