

SCOMM

9:88



ALASKA MUNICIPAL BOND BANK AUTHORITY

509 West Third Avenue
Anchorage, Alaska 99501 907-274-7366

October 1, 1977

CHAIRMAN:

NORMAN J. LEVESQUE

BOARD MEMBERS:

STERLING GALLAGHER

LEE MCANERNEY

LANCE ANDERSON

JAMES R. EIDE

EXECUTIVE DIRECTOR:

DAVID A. ROSE

The Honorable Jay S. Hammond
Governor of the State of Alaska

The Honorable John L. Rader
President of the Alaska State Senate

The Honorable Hugh Malone
Speaker of the Alaska State House of Representatives

Gentlemen:

This Second Annual Report of the activities of the Alaska Municipal Bond Bank Authority is submitted in accordance with AS 44.58.100.

The Alaska Bond Bank is the newest public corporation of its kind in the United States and is rapidly gaining country-wide recognition as perhaps the strongest -- from a technical and security standpoint -- of all municipal bond banks. During its first two years, the Alaska Bond Bank has clearly demonstrated that it is fulfilling its major purpose of meeting the capital debt needs of small communities at low interest rates and with minimal cost to the municipalities involved.

BONDS ISSUED

In Fiscal Year 1977, the Bank issued four series of bonds in a total amount of \$13,275,000. The bonds of six participating cities were purchased with \$12,645,000 of these funds and the residual of \$630,000 was added to the capitalized-reserve fund.

PARTICIPATING CITIES AND THEIR PROJECTS

During the year, the Authority purchased debt as follows:

<u>Governmental Unit</u>	<u>Amount</u>	<u>Purpose</u>
Matanuska-Susitna Borough	\$6,900,000	Schools
City of Homer	410,000	Public Safety Bldg.
City of Nome	350,000	Library Expansion and Fire Station
City of Soldotna	300,000	Sewer Expansion
City and Borough of Juneau	4,310,000	Fire Stations
City of Ketchikan	375,000	Port Construction

During Fiscal Year 1976, the Authority issued one series of bonds in a total amount of \$3,150,000. The bonds of two cities were purchased with \$3,000,000 of these funds. The remaining \$150,000 was added to the capitalized reserve fund. The cities and their projects were:

<u>Government Unit</u>	<u>Amount</u>	<u>Purpose</u>
City of Seward	\$1,200,000	Sewer System
City of Kodiak	1,800,000	Roads and Drainage and Fire Apparatus

FUNDING

In Fiscal Year 1976 the State Legislature appropriated \$3,000,000 to the Authority's Statutory Reserve Fund. In Fiscal Year 1978 an additional \$1,000,000 was appropriated. These funds serve as security for bonds issued and permit the issuance of a total of \$40,000,000 of Authority debt.

Fiscal Year 1977 operations were funded by a State General Fund appropriation of \$60,000, bond premiums of \$34,500 and interest income of \$188,400. Total expenditures for operations were \$199,300. A first-year organizational loan to fund Authority startup operations and organization of \$83,300 was fully repaid during Fiscal Year 1977. The year end operating surplus of \$45,972 will be turned back to the State General Fund. Financial Statements with Accountant's report therein for Fiscal Year 1977 is attached as part of this report.

In Fiscal Year 1978 no General Fund Appropriation has been made for operations. The Authority will be self-supporting from interest income receipts. Similarly, no Fiscal Year 1979 appropriation for operations has been requested.

SECURITY FOR BONDS

The Authority operates under a General Bond Resolution which sets forth the technical financing structure of the Authority and the security mechanisms to protect bondholders. The security features of the Resolution are summarized below:

- Alaska Municipal Bond Bank Authority bonds are supported by the General Obligation bonds of the cities involved. The municipal bonds are supported by the full faith and credit of the respective communities.
- Alaska Municipal Bond Bank Authority bonds are supported by a "payover" procedure. If a municipality defaults on its principal and/or interest payments, the Authority must levy on the State of Alaska and the State of Alaska must payover to the Authority all funds due the defaulting municipality from the State in an amount sufficient to clear the default.
- Alaska Municipal Bond Bank Authority bonds are supported by a ten percent cash reserve placed by the Authority with a trustee. This ten percent reserve, a strong provision which is unique to the Alaska Bond Bank, is made possible by the original \$3,000,000 State appropriation.
- Alaska Municipal Bond Bank Authority bonds are supported by a five percent capitalized reserve. When Authority bonds are sold a total of five percent more bonds are sold than is required to purchase the bonds of municipalities. This extra five percent remains with the trustee during the life of the bonds and is repaid in the final maturity year. Although the Authority must pay interest on these monies, the principal is invested in Federal Securities with a higher yield than that which must be paid by the Authority. Thus, not only is an additional reserve of five percent provided but legally allowable arbitrage earnings as well.

BOND RATINGS

The following ratings have been received on Authority issues:

<u>Issue</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
1976 Series A	A	A
1976 Series B	A	A
1976 Series C	A	A
1977 Series A	A	A
1977 Series B	A	A

ANNUAL AUDIT AND FINANCIAL STATEMENTS

The Accounting Firm of Peat, Marwick & Mitchell was retained to audit the financial activity of the Authority for Fiscal Year 1977. Copies of the Audit are attached to this report.

POST FISCAL YEAR ACTIVITY

Subsequent to the close of Fiscal Year 1977, the Authority engaged in activity to advance refund 1976 Series A (Kodiak and Seward). It is believed that substantial savings can occur through refunding and that savings can be passed through to the cities involved. Additionally, the Authority will sell bonds to cover bond anticipation notes issued by the City of Bethel. The Bethel municipal

building was originally financed by the city at the annual rate of 10 1/2 percent. The Authority has arranged for bond anticipation temporary refinancing at less than five percent and expects to permanently fund the Bethel debt at approximately 5 3/4 percent. Both the advance refunding and the Bethel financing is expected to take place during the latter part of October 1977 with delivery of funds in late November.

THE FUTURE

The Board of Directors is enthusiastic about the future of the Bond Bank and believes that it has compiled an impressive record of accomplishment during its short existence. Bond Bank structure and activities have been the subject of seminars and publications in several forums this past year. As knowledge of the Bank increases, so will the strength of our primary and secondary markets. Attached is an example of the type of information being disseminated. (ALASKA - THE FUTURE, John Nuveen & Co., Incorporated, Nuveen Research, 1977).

The Authority is currently limited only to the purchase of general obligation debt of municipalities. The Board believes that community development needs can be met on a broader scale if the Authority was authorized to purchase municipal revenue debt as well. It will request the Governor to ask for introduction of amendatory legislation to provide for purchase of revenue bonds during the 1978 session of the Legislature.

The Board of Directors has adopted a policy whereby the Authority will attempt to bear as much of the cost of municipal bond issuance as possible out of the operating fund. This will reduce the burden on participating communities and will end the Authority practice of selling bonds at premium to recover other than underwriter costs.

LITIGATION

As of the date of this report, the Authority finds it is unable to receive "clean" bond counsel opinions on Alaskan municipal bonds as defined in AS 44.58.410. Consequently, the Authority is temporarily unable to issue debt and purchase bonds of any Alaskan entity other than second class cities. We do not expect activity to resume until after a Supreme Court Decision in the case of North Slope Borough vs. Sterling Gallagher, et al.

Sincerely,

Norman J. Levesque
Norman J. Levesque
Chairman of the Board

NJL/DR/fm
Attachments

ALASKA

the future

The Alaska Municipal Bond Bank Authority

The Alaskan Municipal Bond Bank Authority was created by an act of the 1975 Legislature. The Authority is empowered to issue bonds the proceeds of which are used to purchase debt of Alaska municipalities.

From funds received from its initial financing in 1976, the Authority made loans to the cities of Seward and Kodiak. In September, 1976 the Authority issued a total of \$7,675,000 in bonds to finance loans to the Matanuska-Susitna Borough and the City of Homer. Initially, the State of Alaska appropriated \$3 million to fund the Authority's debt service reserve, of which \$1,031,500 has already been transferred to a reserve account, together with \$515,000 of bond proceeds.

The Authority has two features which render it somewhat unique among bond bank ventures and greatly enhance the bondholder's security. First, the Bond Bank Act provides that in order to assure maintenance of the required debt service reserve, the State Legislature may appropriate annually, for deposit in the reserve account, the sum necessary to restore the reserve account to the amount required. Although not a legally enforceable obligation, it allows the State to support the Authority's debt service reserve. Second, should a municipality default to the Authority, any State aid payable to that municipality will be interrupted and made payable directly to the Authority. Since State aid comprises on average 70 percent of school district revenues, and a large portion of city revenues, this provision greatly enhances the security of Alaska Municipal Bond Bank obligations.

→ Both provisions ultimately depend on the financial integrity of the State of Alaska

nuveen

research

ALASKA MUNICIPAL BOND BANK AUTHORITY

Financial Statements

June 30, 1977 and 1976

(With Accountants' Report Thereon)



Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

THE FINANCIAL PLAZA

601 WEST 5TH AVENUE, SUITE 700

ANCHORAGE, ALASKA 99501

Board of Directors
Alaska Municipal Bond Bank Authority:

We have examined the balance sheets of the various funds of the Alaska Municipal Bond Bank Authority as of June 30, 1977 and 1976, and the related statements of revenues, expenditures and transfer, and fund balance (deficit) for the periods then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Alaska Municipal Bond Bank Authority at June 30, 1977 and 1976, and the results of its operations for the periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co

August 5, 1977

ALASKA MUNICIPAL BOND BANK AUTHORITY

Operating Fund

Balance Sheets

June 30, 1977 and 1976

	<u>Assets</u>	<u>1977</u>	<u>1976</u>
Cash		\$ 50,060	61,007
Due from Statutory Reserve Fund		<u>39,865</u>	<u>40,037</u>
		<u>\$ 89,925</u>	<u>101,044</u>
	<u>Liabilities and Fund Deficit</u>		
Accounts payable		2,791	52,448
Accrued payroll payable		1,856	2,851
Due to Statutory Reserve Fund		39,306	83,350
Payable to State of Alaska		<u>45,972</u>	<u>-</u>
Total liabilities		89,925	138,649
Fund balance (deficit)		<u>-</u>	<u>(37,605)</u>
		<u>\$ 89,925</u>	<u>101,044</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Operating Fund

Statements of Budgeted and Actual Revenues, Expenditures and Transfer

For the year ended June 30, 1977 and
For the period August 1975 (date of inception) to June 30, 1976

	1977			1976		
	<u>Budget</u>	<u>Actual</u>	Actual over (under) <u>budget</u>	<u>Budget</u>	<u>Actual</u>	Actual over (under) <u>budget</u>
Revenues:						
State appropriation	\$ 60,000	60,000	-	24,600	24,600	-
Fees on bond sale and interest income	36,000	34,463	(1,537)	-	21,000	21,000
Transferred from Statutory Reserve Fund	<u>158,740</u>	<u>188,423</u>	<u>29,683</u>	<u>-</u>	<u>41,087</u>	<u>41,087</u>
Total revenues and transfer	<u>254,740</u>	<u>282,886</u>	<u>28,146</u>	<u>24,600</u>	<u>86,687</u>	<u>62,087</u>
Expenses:						
Personal services	60,200	45,240	(14,960)	36,800	31,566	(5,234)
Travel	6,500	6,535	35	7,500	3,770	(3,730)
Contractual services	100,000	81,090	(18,910)	79,000	67,490	(11,510)
Office	17,400	12,267	(5,133)	500	1,925	1,425
Office equipment	1,100	1,159	59	1,200	963	(237)
Board travel and per diem	6,000	3,535	(2,465)	5,000	4,184	(816)
Office rent	10,000	7,285	(2,715)	-	3,997	3,997
Printing	41,800	41,767	(33)	-	9,724	9,724
Advertising	-	431	431	-	673	673
Total expenses	<u>243,000</u>	<u>199,309</u>	<u>(43,691)</u>	<u>130,000</u>	<u>124,292</u>	<u>(5,708)</u>
Excess (deficiency) of revenues and transfer over expenses	\$ <u>11,740</u>	<u>83,577</u>	<u>71,837</u>	<u>(105,400)</u>	<u>(37,605)</u>	<u>(67,795)</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Operating Fund

Statements of Changes in Fund Balance (Deficit)

Years ended June 30, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Fund balance (deficit), beginning of year	\$ (37,605)	-
Excess (deficiency) of revenues over expenses	<u>83,577</u>	<u>(37,605)</u>
	45,972	(37,605)
Payable to State of Alaska	<u>(45,972)</u>	<u>-</u>
Fund balance (deficit), end of year	\$ <u>-</u>	<u>(37,605)</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Debt Service Fund

Balance Sheets

June 30, 1977 and 1976

	<u>Assets</u>	<u>1977</u>	<u>1976</u>
Cash		\$ 4,892	483
Cash with fiscal agent		376,421	-
Bonds receivable (notes 4 and 5)		15,560,000	3,000,000
Accrued interest receivable		<u>247,921</u>	<u>18,678</u>
		\$ <u>16,189,234</u>	<u>3,019,161</u>
	<u>Liabilities</u>		
Due to Statutory Reserve Fund		1,753	483
Matured interest coupons payable		376,421	-
Accrued interest payable		251,060	18,678
Bonds payable (notes 4 and 5)		<u>15,560,000</u>	<u>3,000,000</u>
		\$ <u>16,189,234</u>	<u>3,019,161</u>

Statements of Revenue and Expense Years ended June 30, 1977 and 1976

Interest revenue	\$ 677,027	-
Interest expense	<u>677,027</u>	<u>-</u>
Excess of revenue over expense	\$ <u>-</u>	<u>-</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Statutory Reserve Fund

Balance Sheets

June 30, 1977 and 1976

	<u>Assets</u>	<u>1977</u>	<u>1976</u>
Custodian Account:			
Cash		\$ 3,430	16,823
Investments		1,372,735	2,611,921
Accrued interest receivable		36,250	28,387
Due from Operating Fund		39,306	83,350
Total Custodian Account assets		<u>1,451,721</u>	<u>2,740,481</u>
Reserve Fund:			
Ordinary Reserve Account:			
Cash		7,764	-
Investments		768,673	150,560
Accrued interest receivable		18,385	2,976
Due from Debt Service Fund		1,753	483
Total Ordinary Reserve Account assets		<u>796,575</u>	<u>154,019</u>
Special Reserve Account:			
Cash		4,350	2,914
Investments		1,555,759	296,058
Accrued interest receivable		29,617	1,634
Total Special Reserve Account assets		<u>1,589,726</u>	<u>300,606</u>
		<u>\$ 3,838,022</u>	<u>3,195,106</u>
<u>Liabilities, Deferred Credit and Fund Balance</u>			
Ordinary Reserve Account - cash overdraft		-	3,113
Accrued interest payable		11,502	906
Due to Operating Fund		39,865	40,037
Bonds payable (note 5)		780,000	150,000
Deferred credit - premium on bonds		2,623	1,050
Total liabilities and deferred credit		<u>833,990</u>	<u>195,106</u>
Fund balance (note 2):			
Custodian Account:			
State of Alaska appropriation		1,444,000	2,700,000
Transfer from Ordinary Reserve Account		4,032	-
Special Reserve Account		1,556,000	300,000
Total fund balance		<u>3,004,032</u>	<u>3,000,000</u>
Commitment and subsequent event (notes 6 and 7)			
		<u>\$ 3,838,022</u>	<u>3,195,106</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Statutory Reserve Fund

Statements of Revenues, Expenditures and Transfer

For the year ended June 30, 1977 and
For the period August 1975 (date of inception) to
June 30, 1976

	<u>1977</u>	<u>1976</u>
Revenues:		
State appropriation	\$ -	3,000,000
Interest income	<u>223,062</u>	<u>60,247</u>
Total revenues	<u>223,062</u>	<u>3,060,247</u>
Expenditures:		
Fees and charges	201	60
Interest expense	30,406	19,100
Transferred to Operating Fund	<u>188,423</u>	<u>41,087</u>
Total expenditures and transfer	<u>219,030</u>	<u>60,247</u>
Excess of revenues over expenditures and transfer	\$ <u>4,032</u>	<u>3,000,000</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Statutory Reserve Fund

Statements of Changes of Fund Balances

Years ended June 30, 1977 and 1976

		<u>Custodian Account</u>		<u>Special</u>	<u>Ordinary</u>	
		<u>Appropriated</u>	<u>Transfer</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Total</u>
				<u>Account</u>	<u>Account</u>	
Fund balance August 1975	\$	-	-	-	-	-
Excess of revenues over expenditures and transfer		3,000,000	-	-	-	3,000,000
Transfer during period		<u>(300,000)</u>		<u>300,000</u>		-
Fund balance June 30, 1976		2,700,000	-	300,000	-	3,000,000
Excess of revenues over expenditures and transfer		-	-	-	4,032	4,032
Transfers during year		<u>(1,256,000)</u>	<u>4,032</u>	<u>1,256,000</u>	<u>(4,032)</u>	-
Fund balance June 30, 1977	\$	<u>1,444,000</u>	<u>4,032</u>	<u>1,556,000</u>	<u>-</u>	<u>3,004,032</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

June 30, 1977 and 1976

(1) Historical

The Alaska Municipal Bond Bank Authority was created pursuant to the Alaska Statutes, Chapter 58, Title 44, as amended, (ACT) as a public corporation and instrumentality of the State of Alaska, but with a legal existence independent of and separate from the State. The Authority was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of the issuance of bonds by the Authority and the use of proceeds from such bonds to purchase from the municipalities their general obligation bonds. The Authority commenced operations in August 1975.

The bonds are obligations of the Authority, payable only from revenues or funds of the Authority, and the State of Alaska is not obligated to pay the principal or interest thereon, and neither the faith and credit, nor the taxing power of the State, is pledged to the bonds. The municipal bonds and the municipal bond payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the bond resolution to be held by the trustee, are pledged and assigned for the payment of the bonds.

(2) Significant Accounting Policies

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant of such policies.

Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. The purposes of the various funds are described in the following paragraphs:

Operating Fund

The Operating Fund is the fund established to account for the ordinary operations of the Authority. Monies are derived from the following sources: (1) amounts appropriated by the Legislature; (2) amounts in the Statutory Reserve Fund in excess of (a) the required debt service reserve; (b) appropriations by the Legislature residing in the Custodian Account, and (c) income on nonlegislature-appropriated funds; (3) fees and charges collected; (4) any other monies made available for purposes of the Operating Fund from any other source. Amounts in the Operating Fund may be used to pay (1) administrative expenses of the Authority; (2) fees and expenses of the trustee and paying agents;

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

(3) financing costs incurred with respect to the issuance of bonds; (4) any expenses in carrying out any other purpose then authorized by the Act.

Debt Service Fund

The Debt Service Fund is established to account for the portion of bond sale proceeds used to purchase obligations of the municipalities and for the payment of interest and principal on all bonds of the Authority. The Fund is comprised of an "Interest Account" and a "Principal Account," both of which are maintained by a trustee. The receipts of interest and principal from the municipalities and the Statutory Reserve Fund are deposited in these accounts and used to pay the interest and principal on the Authority's bonds.

Statutory Reserve Fund

The Statutory Reserve Fund is established to account for (1) a debt service reserve which is to be used in the case of a deficiency in the Debt Service Fund and (2) the monies available to fund debt service reserves required by future bond sales. The Fund is comprised of the Reserve Fund and the Custodian Account. The amount on deposit in the Reserve Fund is to be the greater of the maximum annual debt service requirement or 15% of all municipal loan obligations outstanding.

The Reserve Fund is comprised of the Ordinary Reserve Account and the Special Reserve Account, both of which are maintained by a trustee.

The Ordinary Reserve Account is created as a result of the Authority increasing each bond issue by the amount necessary to fund one-third of the required debt service reserve.

The Special Reserve Account is created at an amount equal to two-thirds of the required debt service reserve from monies made available by the State of Alaska.

The Custodian Account is established to account for the appropriations by the State of Alaska Legislature available to fund the Special Reserve Account.

Amounts in the Statutory Reserve Fund in excess of (1) the required debt service reserve, (2) appropriations by the Legislature residing in the Custodian Account and (3) income on nonlegislature-appropriated funds are transferred to the Operating Fund. Income on nonlegislature-appropriated funds, representing the excess of revenues over expenditures of the Ordinary Reserve Account, is transferred to the Custodian Account and is available to fund the Special Reserve Account.

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

Basis of Accounting

The accrual basis of accounting, under which expenditures are recorded when the liability is incurred and revenues are recorded when measurable and available to finance the Authority's operations, is followed for the various funds.

Investments

Investments are valued at the lower of cost or quoted market value. Premium or discount on investments is amortized over the life of the investment.

Premium or Discount on Bonds Sold

Premium or discount on the Authority's portion of bonds sold is amortized over the life of the bonds. Remaining premium or discount on bonds sold is passed through to the governmental unit for whom the bonds were sold.

Retirement Plan

The Executive Director is the sole employee of the Authority and participates in the State of Alaska Public Employees' Retirement System (PERS). The Authority's policy is to fund pension cost accrued.

(3) Retirement Plan

Total retirement plan expense under PERS for the periods ended June 30, 1977 and 1976 was \$4,301 and \$1,152, respectively, representing 9.5% and 8.32% of gross covered payroll.

(4) Bonds Receivable

Bonds receivable, with interest rates equaling the interest rates on bonds payable in the Debt Service Fund (see note 5), mature in varying annual installments as follows:

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

	<u>1978-1982</u>	<u>1983-1987</u>	<u>1988-1992</u>	<u>1993-1997</u>	<u>Total</u>
City of Seward	\$ 180,000	255,000	350,000	385,000	1,170,000
City of Kodiak	320,000	425,000	480,000	520,000	1,745,000
Matanuska-Susitna Borough	700,000	1,400,000	2,300,000	2,500,000	6,900,000
City of Homer	170,000	240,000	-	-	410,000
City of Nome	150,000	200,000	-	-	350,000
City of Soldotna	105,000	195,000	-	-	300,000
City of Ketchikan	55,000	75,000	105,000	140,000	375,000
City and Borough of Juneau	<u>660,000</u>	<u>880,000</u>	<u>1,185,000</u>	<u>1,585,000</u>	<u>4,310,000</u>
	\$ <u>2,340,000</u>	<u>3,670,000</u>	<u>4,420,000</u>	<u>5,130,000</u>	<u>15,560,000</u>

Bonds receivable are pledged as security for bonds payable.

(5) Bonds Payable

Bonds payable are as follows:

<u>Issue</u>	<u>Debt Service Fund</u>		<u>Statutory Reserve Fund- Ordinary Reserve Account</u>	
	<u>Interest rate</u>	<u>Principal outstanding</u>	<u>Interest rate</u>	<u>Principal outstanding</u>
1976 Series A:				
City of Kodiak	7-8%	1,745,000	7.25%	\$ 150,000
City of Seward	7-8%	1,170,000		
1976 Series B -				
Matanuska-Susitna Borough	6-8%	6,900,000	6.75%	345,000
1976 Series C -				
City of Homer	5-8%	410,000	6%	20,000

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

1977 Series A:

City of Nome	4.85-7%	350,000	5.5%	\$ 30,000
City of Soldotna	4.85-7%	300,000		

1977 Series B:

City of Ketchikan	5.2-6.5%	375,000		
City and Borough of Juneau	5.2-6.5%	<u>4,310,000</u>	6.1%	<u>235,000</u>
		\$ <u>15,560,000</u>		\$ <u>780,000</u>

The bonds are secured by bonds receivable (see note 4) and by amounts in the Reserve Fund. The Act further provides that if a municipality defaults on its principal and/or interest payments, upon written notice by the Authority, the State of Alaska must pay to the Authority all funds due the defaulting municipality from the State in an amount sufficient to clear the default.

The above bonds mature in varying annual installments as follows:

<u>Year ending June 30</u>	<u>Debt Service Fund</u>	<u>Statutory Reserve Fund - Ordinary Reserve Account</u>
1978	\$ 385,000	\$ -
1979	410,000	-
1980	425,000	-
1981	545,000	-
1982	575,000	-
1983-1987	3,670,000	50,000
1988-1992	4,420,000	-
<u>1993-1997</u>	<u>5,130,000</u>	<u>730,000</u>
	\$ <u>15,560,000</u>	\$ <u>780,000</u>

(6) Commitment

Under terms of an agreement between the Authority and the City of Bethel, the Authority within 270 days from June 1, 1977 will sell bonds in an amount sufficient to provide proceeds to purchase \$795,000 City of Bethel bonds.

(7) Subsequent Event

Subsequent to year-end, the Authority received \$1,000,000 representing an appropriation by the Alaska State Legislature to the Authority's Statutory Reserve Fund Custodian Account.