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ANNUAL REPORT
1993



1993 Annual Report

550 West Seventh Avenue, Suite 1325
Anchorage, Alaska 99501

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Forwarding Letter



ALASKA MUNICIPAL BOND BANK AUTHORITY

550 West Seventh Avenue, Suite 1325 • Anchorage, Alaska 99501
(907) 274-7366 • FAX (907) 276-1691

August 31, 1993

The Honorable Walter J. Hickel
Governor of the State of Alaska

Dear Governor Hickel:

The FY93 report of the activities and financial condition of the Alaska Municipal Bond Bank Authority (Bond Bank) is submitted in accordance with Alaska Statute 44.85.100.

In June 1993 the Bond Bank sold \$39,000,000 in General Obligation Refunding Bonds and \$7,695,000 in Revenue Refunding Bonds which were issued in July 1993. These sales affected communities throughout Alaska by producing substantial debt service savings.

Our financial position remains strong. The Bond Bank will remit \$1,007,077 to the State of Alaska General Fund from its Fiscal Year 93 operations. Since 1977 the Bond Bank will have paid \$17,806,604 to the State which represents over 96% of the original State of Alaska capital appropriation of \$18,601,413.

We are proud of the Bond Bank's accomplishments in FY93 and we are pleased to share them with you.

Sincerely,

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

The Bond Bank Authority

Assisting Alaskan Communities

The Bond Bank was established to assist small Alaska municipalities that have difficulty financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors and docks.

It was created because these communities often are at a disadvantage in the financial markets. They may have low bond ratings or, although credit worthy, have not issued bonds or notes, have little outstanding debt, and lack investor familiarity.

Generally, the Bond Bank sells its bonds on the national bond market and utilizes the proceeds of its sales to purchase the bonds of Alaskan municipalities thereby providing these municipalities with the funds for the construction or purchase of their capital projects.

Because the Bond Bank has received an "A" rating from both Moody's and Standard & Poor's, it is able to borrow money at lower interest rates.

As municipalities pay principal and interest to the Bond Bank to liquidate their debt, the Bond Bank utilizes these payments to liquidate its debt to its bondholders.

Getting the Most Out of Every Dollar

Between 1976 and 1986 the State of Alaska has invested \$18,601,413 in the Bond Bank. This appropriation, by law, is utilized solely to establish debt reserve funds for the Bank's issues thereby enhancing the security of the bonds outstanding. In return the Bond Bank has:

- Purchased over \$235 million in General Obligation Bonds and \$48 million in Revenue Bonds for construction of sewers, schools, roads, docks and other projects throughout Alaska;
- Paid \$17.8 million to the State of Alaska General Fund from investment earnings;
- and,
- Established an 11 to 1 leveraging ratio giving the Bond Bank the ability to issue over \$100 million in additional capital financing.

The Bond Bank Authority

Specializing in Individual Service

The Bond Bank is organized to work with all Alaska municipalities and especially new and infrequent issuers of debt for capital projects. From the time a municipality contacts the Bond Bank, legal and financial professionals with extensive experience in Alaska financing begin working with municipal managers to develop the most advantageous financing program for the community.

If it becomes clear that debt financing through the Bond Bank is neither possible nor appropriate, for any particular municipality, the Bond Bank will continue to work with the municipality's administration to find other means or ways of meeting its financial objectives.

In some instances the Bond Bank is also able to relieve municipalities from paying certain costs of issuing bonds, such as official statement printing, trustee and paying agency fees.

The Bond Bank is proud of the individual service it offers to municipalities and believes this service is the primary reason the Bond Bank has been so successful.

Organized as a Public/Private Partnership

The Bond Bank is a public corporation created by State Law. Bonds issued by the Bond Bank are obligations of the Bond Bank and are payable solely from Bond Bank funds. It has a legal existence independent of and separate from the State; the full faith and credit of the State is not pledged to secure bonds issued by the Bond Bank. The State has pledged its moral obligation for the maintenance of a debt service reserve for the majority of the Bond Bank's bonds.

The powers of the Bond Bank are vested in its Board of Directors. The membership of the Bond Bank Board consists of five Directors representing both the public and private sector. The three private sector Board members are appointed by the Governor and serve four-year terms. They are joined on the Board by the Commissioner of Revenue and the Commissioner of Community and Regional Affairs.

The Board of Directors operate in accordance with the Bond Bank Act (AS 44.85), its published regulations and its by-laws.

The Board of Directors appoint an Executive Director to manage the business of the Bond Bank.

Introducing the Board

The Board of Directors

Norman Levesque - Chairman. Term expires July 15, 1995. Mr. Levesque was named to the Board of the Bond Bank when it was established in 1975 and served until 1980. He is an Assemblyman for the Matanuska-Susitna Borough in his second term and is also an elected Board member of the Alaska Municipal League. Mr. Levesque has held numerous management and administrative positions including Chief Fiscal Officer of the Municipality of Anchorage, Deputy Director of Bonding for the Alaska Industrial Development Authority, and Manager of the Matanuska-Susitna Borough. Mr. Levesque was appointed Executive Director of the Bond Bank effective September 1, 1993.

Robert Nelson - Vice Chairman. Term expires July 15, 1994. Mr. Nelson was appointed to the Board August 5, 1992. A life-long Alaskan, Mr. Nelson has more than 25 years of financial management in Alaska State and local government. He served 18 years as Chief Financial Officer, Director of Finance and Controller for the Municipality of Anchorage. He directed the Municipalities Capital financing program involving approximately 75 issues totaling in excess of \$1.5 billion. He has served on the Board of Directors of the Alaska Municipal Finance Officers Association, the Anchorage Police and Retirement System and the Anchorage Parking Authority.

Perry Eaton - Term expires July 15, 1993. Mr. Eaton has served on the Board since 1989. He is President and CEO, Community Enterprise Development Corporation, and Chairman of the Board, Alaska Rural Investments, the ninth largest Alaska-owned company in the State. A life-long Alaskan, Mr. Eaton serves on several state and national boards, including the National Rural Development Finance Corporation. He has served as Chairman of the Alaska Housing Finance Corporation and Alaska Renewable Resources.

Darrel Rexwinkel - Commissioner, Department of Revenue, ex-officio Director. Mr. Rexwinkel was appointed Commissioner February 15, 1991. He served as Chief Fiscal Officer with the Municipality of Anchorage and Controller of the Alaska International Airport System. Prior to entering public service, Mr. Rexwinkel was Vice President, Finance and Administration, for Frontier Company of Alaska and Calista Corporation.

Edgar Blatchford - Commissioner, Department of Community and Regional Affairs, ex-officio Director. Mr. Blatchford was appointed Commissioner on December 21, 1990. He previously served as the elected chairman of the Board of Chugach Alaska Corporation. A life-long Alaskan, Mr. Blatchford is from Seward and is currently on leave as editor and publisher of several rural Alaska newspapers.

Introducing the Management

The Professional Staff

The Bond Bank employs an Executive Director, Judith Brady, and an Administrative Assistant, Toni Phillips. All other professional work is contracted for on an "as needed" basis.

Judith Brady - Executive Director. Ms. Brady was appointed by the Directors effective January 6, 1989. She also serves as Secretary and Treasurer of the Bond Bank. Prior to her appointment Ms. Brady served two years as Commissioner of Natural Resources for the State and eight years as Chief Administrative Judge of a federal appeals board. Ms. Brady was appointed to the Bond Bank Board of Directors effective September 1, 1993. Term expires July 15, 1995.

Financial Advisor

Lehman Brothers
John Moore, Managing Director

Provides loan analysis service, including recommendations as to the adequacy of loan applications, credit worthiness, projected capability to repay, and the overall effect a proposed loan will have on the credit of the Bond Bank. Assists in preparation of the Official Statements, recommends as to type and timing of bond sales, negotiates with underwriters and assists with investment of various funds. Also coordinates financial reviews with bond rating houses and prepares other general financial reviews and analysis required by the Bond Bank.

Bond Counsel

Wohlforth, Argetsinger, Johnson and Brecht
Tom Klinkner, Shareholder

Prepares for the authorization, sale, issuance and delivery of Bond Bank bonds. Prepares series resolutions, notices of sale; assists in preparation of the Official Statement; renders necessary opinions as required; and provides other general legal services required by the Bond Bank.

Trustee/Paying Agent

Seafirst Bank
Michael Jones, Account Executive

Acts as custodian of the bond proceeds and supervises the investment of the funds for the purposes specified in the bond resolutions. The trustee oversees Debt Service Funds and maintenance of certain reserve accounts required in the contract with the bondholders. As paying agent, makes all necessary interest and principal payments to the bondholders.

Trustee/Custodian Account

Bank of America
Kim Brewington, Trust Officer

Acts as custodian of reserves that are not held by the Bond Trustee /Paying Agent. Custodian Account money includes State appropriations not pledged to meet the Reserve Fund requirements for any Bond Bank obligations. The trustee manages the investment of these funds and prepares reports on a regular basis.

Current Financing

Bond Sales which closed July 8, 1993

\$39,000,000 General Obligation Refunding Bonds, 1993 Series A dated July 8, 1993

		Total Debt Service Principal & Interest	Prior Debt Service Principal & Interest	Cumulative Interest Savings
Anchorage	1986C	\$ 5,403,897.89	\$ 5,517,490.00	\$ 113,592.11
Bristol Bay Borough	1986C	1,850,656.74	1,875,390.00	24,733.26
Kenai	1986A	1,944,213.28	1,997,862.50	53,649.22
Ketchikan	1978A	1,813,051.01	1,845,100.00	32,048.99
Ketchikan	1986A	4,732,166.84	4,897,103.75	164,936.91
Mat-Su Borough	1979B	1,109,645.33	1,147,140.00	37,494.67
Nenana	1987A	1,270,058.98	1,307,937.50	37,878.52
Palmer	1979C	1,081,534.08	1,137,053.75	55,519.67
Petersburg	1986A	932,271.22	955,187.50	22,916.28
Petersburg	1989A	1,828,877.23	1,888,452.50	59,575.27
Seward	1986A	5,536,596.34	5,708,650.00	172,053.66
Seward	1987A	3,105,581.12	3,296,020.00	190,438.88
Seward	1990A	2,564,422.72	2,638,131.25	73,708.53
Sitka	1978B	1,296,455.06	1,331,116.25	34,661.19
Sitka	1979C	385,849.77	403,857.50	18,007.73
Sitka	1986C	2,588,486.98	2,627,940.00	39,453.02
Soldotna	1979B	685,295.15	703,275.00	17,979.85
Unalaska	1980A	686,308.52	747,775.00	61,466.48
Wrangell	1986A	7,914,262.85	8,157,287.50	243,024.65
Wrangell	1986A-2nd Issue	957,716.88	986,416.25	28,699.37
		<u>\$ 47,687,347.99</u>	<u>\$ 49,169,186.25</u>	<u>\$ 1,481,838.26</u>

Moody's A; Standard & Poor's A;
Negotiated; John Nuveen & Co.
True Interest Cost: 5.224%

\$7,695,000 Revenue Refunding Bonds, 1993 Series A dated July 8, 1993

Anchorage Parking Authority	<u>\$ 10,843,359.65</u>	<u>\$ 11,229,469.38</u>	<u>\$ 386,109.73</u>
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Moody's Aaa; Standard & Poor's AAA; Fitch AAA; FGIC Insured;
Negotiated; John Nuveen & Co.
True Interest Cost: 5.316%

Summary

National bond sales used to advance refund prior municipal bonds	\$ 46,695,000
National bond sales used to fund reserve account	-
Total financings in Fiscal Year	<u>\$ 46,695,000</u>

Bond Bank Projects in Alaska

As of June 30, 1993 the Bond Bank had \$131,784,128 of its bonds outstanding in order to provide funds for the purchase of municipal bonds sold to finance the projects in the following communities.

Airport/Dock/Port

Aleutians East Borough
Ketchikan Gateway Borough
City of False Pass
City of Homer
City of Ketchikan
City of Kodiak
City of Nenana
City of Sand Point
City of St. Paul
City of Seward
City of Unalaska

School Construction

Bristol Bay Borough
City & Borough of Juneau
Kodiak Island Borough
Matanuska-Susitna Borough
City & Borough of Sitka
City of Cold Bay
City of King Cove
City of Nelson Lagoon
City of Nome
City of Petersburg
City of St. Paul
City of Wrangell
City of Unalaska

Water/Electric/Telephone

Municipality of Anchorage
City & Borough of Sitka
City of Fairbanks
City of Homer
City of Ketchikan
City of Palmer
City of Yakutat

Power Distribution & Transmission

Municipality of Anchorage
City of Seward
City of St. Paul
City of Yakutat

Sewer/Solid Waste Treatment

Kenai Peninsula Borough
City & Borough of Sitka
City of Cordova
City of Fairbanks
City of Haines
City of Ketchikan
City of Palmer
City of Petersburg
City of Seward
City of Soldotna
City of Yakutat

Public Safety/Garage & Library Building

Municipality of Anchorage
City & Borough of Juneau
City of Bethel
City of Homer
City of Kenai
City of Ketchikan
City of Nome
City of Seward
City of Soldotna

Elderly Housing

City of Petersburg

Streets/Paving

City & Borough of Sitka
City of Homer
City of Kodiak
City of Palmer
City of Seward
City of Yakutat

Hospital Construction

Kenai Peninsula Borough
City & Borough of Sitka
City of Ketchikan

How the Bond Program Works

General Obligation Bonds - The Mainstream Program

Municipal general obligation bonds are usually issued to finance facilities that do not generate revenue, such as schools, roads, public safety and municipal buildings. They are issued with the approval of the municipal voters and are secured by the full faith and credit of the municipality. Municipalities within the State of Alaska have NO taxing limitations for debt service requirements.

The Bond Bank's mainstream program was created in 1976 by its General Bond Resolution (issuance of Bond Bank General Obligation Bonds) .

A total of 34 general obligation bond series have been issued in order to secure funds to purchase \$217,000,000 in municipal debt.

Bonds issued by the Bond Bank to purchase municipal general obligation bonds are secured by:

- Full faith and credit of each respective community with no taxing limitation for the general bonded debt issued to the Bond Bank.
- The debt service reserve fund under the bond resolution for that issue of Bond Bank bonds. The reserve fund generally is funded in an amount equal to maximum annual debt service on the Bond Bank bonds.
- The statutory Bond Bank reserve fund monies available and not pledged to bond issues, which may be used to restore the debt service reserve fund under the bond resolution to an amount equal to maximum annual debt service on the Bond Bank bonds.
- The statutory right of the Bond Bank, in the event of default, to demand and receive from a state agency any funds held by that agency which are payable to the defaulting municipality.
- The moral obligation of the State of Alaska to maintain the debt service reserves at their required levels.

How the Bond Program Works

Revenue Bonds - Projects That Pay Their Own Way

Revenue Bonds are used to finance revenue-producing capital improvements such as utility or port facilities. These bonds are secured by a pledge of the revenues from the facility itself. Because they are not secured by a municipality's taxing power, they do not normally require municipal voter approval.

Bonds issued by the Bond Bank to purchase municipal revenue bonds are secured by:

- A pledge of the revenues from the facility being financed;
- The municipalities' reserve fund under their bond resolutions. The reserve fund generally is funded in an amount equal to maximum annual debt service on the municipalities' bonds.
- The Bond Bank reserve fund under the bond resolution for that issue. The reserve fund generally is funded in an amount equal to maximum annual debt service on the Bond Bank bonds.
- The statutory Bond Bank reserve fund monies available and not pledged to bond issues, which may be used to restore the debt service reserve fund under the bond resolution to an amount equal to maximum annual debt service on the Bond Bank bonds.
- The statutory right of the Bond Bank, in the event of a default, to demand and receive from a state agency any funds held by that state agency which are payable to the defaulting municipality.

Bond Bank bonds issued to purchase municipal revenue bonds are as follows:

1980 Revenue Bonds - \$410,000 - Ketchikan Gateway Borough

To remodel and renovate the Ketchikan International Airport.

1986 Series A - \$10,859,000 - Anchorage Parking Authority

To refinance bonds to benefit the Anchorage Parking Authority

1987 Series A - \$15,030,000 - City of Ketchikan

To refund a portion of the Utility System Revenue Bonds, 1982 Series P, City of Ketchikan.

1988 Revenue Bonds - \$4,500,000 - City of Kodiak

To design, construct and equip extension of Pier II of the City of Kodiak's port facilities.

1989 Series A - \$2,550,000 - City of Homer

To design, construct and equip a 345 foot long deep-water dock and to refund outstanding water revenue bonds.

1990 Series A - \$1,195,000 - City of Yakutat

To purchase a private electric utility.

How the Bond Program Works

Coastal Energy Impact Program Loan Fund

<u>Purchased</u>	<u>Interest Rate</u>	<u>Amount Outstanding at June 30, 1993</u>
City of Seward	7%	\$ 970,000
Kenai Peninsula Borough		
Central Hospital District (1)	7	2,030,000
City of Nome		
Sewer Bonds	9	381,250
Port Authority Bonds (2)	8.5	5,000,000
City of St. Paul		
Fuel Tank Farm	5	6,562,878
TOTAL		\$ 14,944,128

- (1) *Refunded by Kenai Peninsula Borough. Payments are being made from a trust set up to pay the bonds.*
- (2) *In Default. The loan payable does not represent a general obligation of the Bond Bank Authority as it is payable only from proceeds received from the City of Nome. The City of Nome is currently negotiating with NOAA to modify the terms of repayment.*

Coastal Energy Impact Program Loan Bonds - A Special Program

This program was established and is administered by the U.S. Department of Commerce to financially assist coastal states and municipalities facing impacts from offshore oil development.

Under this program the Bond Bank issues bonds to provide loans to qualifying municipalities for improved public facilities or services. All Coastal Energy Impact Program (CEIP) Loan Bonds are issued to the United States Government in exchange for federal CEIP funds, based on agreements between the United States, the Bond Bank and the borrowing municipality.

The Bond Bank did not establish a reserve fund for Coastal Energy Bonds and no State funds have been committed to support these bonds.

Under a separate bond resolution, the Bond Bank issued \$3,755,000 1979 A Coastal Energy Reserve Bonds, to purchase revenue bonds of the Municipality of Anchorage Water Utility. These bonds were secured by a reserve fund equal to 100% of their principal amount. Funding for the reserve fund was obtained from a separate CEIP loan from the United States.

The Bond Bank Pays Its Own Way

Operating Funds Out of Earnings

Operations of the Bond Bank are funded through fees, charges and interest earnings on investments. The Legislature does review and approve the operational budget, but the Bond Bank pays its own way; operations are not funded by the State of Alaska General Fund. Earnings over and above costs of operating the Bond Bank are paid to the State's General Fund. Since 1977 the Bond Bank has paid to the State of Alaska excess earnings as follows:

Earnings in Excess of Operating Costs Paid to the State of Alaska

FY-1977 earnings paid to State	\$ 45,872
FY-1978 earnings paid to State	143,833
FY-1979 earnings paid to State	140,759
FY-1980 earnings paid to State	460,649
FY-1981 earnings paid to State	1,140,697
FY-1982 earnings paid to State	1,411,783
FY-1983 earnings paid to State	1,207,647
FY-1984 earnings paid to State	1,334,313
FY-1985 earnings paid to State	1,827,815
FY-1986 earnings paid to State	2,610,971
FY-1987 earnings paid to State	1,187,900
FY-1988 earnings paid to State	1,096,377
FY-1989 earnings paid to State	1,212,152
FY-1990 earnings paid to State	1,086,220
FY-1991 earnings paid to State	995,019
FY-1992 earnings paid to State	897,420
FY-1993 earnings due to State	<u>1,007,077</u>

Net Earnings Paid to the State of Alaska Since Inception **\$ 17,806,604**

Bond Bank Credit Ratings

Each individual issue of the Bond Bank is reviewed by Moody's Investors Service and Standard & Poor's.

Because the Bond Bank has received an "A" rating from these two major national bond rating agencies, it is able to borrow money at lower interest rates than most Alaskan municipalities.

In addition, when it is economical and cost effective to do so, the Bond Bank obtains bond insurance for its bonds. The Bond Bank's insured bonds have "AAA" ratings.

Getting the Most Out of the Dollar

Capital Funds - Leveraging State Dollars

An important reason for the Bond Bank's favorable bond rating and lower borrowing costs is that it secures many of its bonds with a reserve fund supported by the "moral obligation" of the State of Alaska.

The reserve fund is available to cure defaults, should they occur. At least two-thirds of the reserve is funded from State appropriations; the remainder is funded from proceeds of the Bond Bank's bonds, known as Reserve Fund obligations.

Through the leverage provided by the Bond Bank's programs, a relatively small amount of State appropriated money supports a much greater amount for financing of local government capital projects.

The reserve fund is normally used to leverage debt at better than an eleven to one ratio. For every \$1 million placed in the reserve fund, more than \$11 million of outside capital is attracted to the State.

Using a 11:1 leveraging factor, the Bond Bank has enough unpledged reserves on hand to issue over \$100,000,000 of bonds under the 1976 Resolution.

Capital Appropriations from the General Fund for Funds Leveraging

<u>Year</u>	<u>Appropriation</u>	<u>On Deposit</u>
FY-1976	\$ 3,000,000	\$ 3,000,000
FY-1977	1,000,000	1,000,000
FY-1978	500,000	500,000
FY-1980	1,500,000	1,500,000
FY-1980	2,997,242	2,997,242
FY-1981	3,000,000	3,000,000
FY-1983	54,171	54,171
FY-1984	1,800,000	1,800,000
FY-1985	4,000,000	4,000,000
FY-1986	750,000	750,000
As of June 30, 1993	<u>\$ 18,601,413</u>	<u>\$ 18,601,413</u>

Summary of Debt Service

Schedule of Total Debt Service by Classification at June 30, 1993

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1976 Series B	\$ 2,345,000	351,381	\$ 2,696,381
1977 Series B	350,000	17,940	367,940
1977 Series C	850,000	114,878	964,878
1978 Series A	2,215,000	369,775	2,584,775
1978 Series B	1,495,000	293,798	1,788,798
1978 Series C	980,000	200,505	1,180,505
1979 Series A	770,000	196,323	966,323
1979 Series B	2,235,000	548,775	2,783,775
1979 Series C	1,490,000	406,496	1,896,496
1980 Series A	1,755,000	1,154,880	2,909,880
1983 Series C	250,000	12,500	262,500
1983 Series D	120,000	5,400	125,400
1984 Series A	1,345,000	135,938	1,480,938
1986 Series A - 1st Issue	13,090,000	7,127,525	20,217,525
1986 Series A - 2nd Issue	4,955,000	2,510,800	7,465,800
1986 Series B	2,010,000	272,690	2,282,690
1986 Series C	11,570,000	3,651,290	15,221,290
1987 Series A	4,020,000	2,408,775	6,428,775
1989 Series A	3,785,000	2,119,780	5,904,780
1989 Series B	7,905,000	2,091,358	9,996,358
1989 Series C & D	4,100,000	2,859,797	6,959,797
1990 Series A	2,295,000	1,645,746	3,940,746
1990 Series B	4,935,000	1,441,845	6,376,845
1991 Series A	2,525,000	779,650	3,304,650
1992 Series A	7,200,000	2,211,896	9,411,896
1992 Series B	2,170,000	1,790,635	3,960,635
Total 1976 Bond Resolution Fund	86,760,000	34,720,376	121,480,376
Ketchikan Airport Revenue Bond Fund	250,000	104,975	354,975
1982 General Revenue Bond Resolution Fund	8,880,000	4,600,498	13,480,498
1987 General Revenue Bond Resolution Fund	11,660,000	3,888,957	15,548,957
1988 General Revenue Bond Resolution Fund	3,700,000	1,758,674	5,458,674
1989 General Revenue Bond Resolution Fund	2,475,000	1,867,856	4,342,856
1990 General Revenue Bond Resolution Fund	1,155,000	1,143,022	2,298,022
Coastal Energy Reserve Bond Fund	1,960,000	66,780	2,026,780
Coastal Energy Reserve Loan Fund	14,944,128	12,864,183	27,808,311
Total Debt Service	\$ <u>131,784,128</u>	<u>61,015,321</u>	\$ <u>192,799,449</u>

Summary of Debt Service

Summary of Total Debt Service Requirements by Fiscal Year:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1994	\$ 13,490,000	10,963,501	\$ 24,453,501
1995	11,427,500	7,880,843	19,308,343
1996	11,830,000	7,152,671	18,982,671
1997	12,507,500	6,349,175	18,856,675
1998-2018	82,529,128	28,669,131	111,198,259
Total Debt Service	<u>\$131,784,128</u>	<u>61,015,321</u>	<u>\$ 192,799,449</u>

Financial Statements And Auditor's Report

June 30, 1992

Independent Auditors' Report

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Independent Auditors' Report

KPMG Peat Marwick

Certified Public Accountants
601 West Fifth Avenue
Suite 700
Anchorage, AK 99501-2258

Independent Auditors' Report

The Board of Directors
Alaska Municipal Bond Bank Authority:

We have audited the accompanying financial statements of the funds of the Alaska Municipal Bond Bank Authority, as listed in the accompanying table of contents, as of June 30, 1993 and for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alaska Municipal Bond Bank Authority as of June 30, 1993, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

KPMG Peat Marwick

August 13, 1993

Operating Fund

Balance Sheet

June 30, 1993

Assets

Cash	\$ 8,099
Prepaid expenses	3,500
Accounts receivable	18,191
Due from Statutory Reserve Funds:	
Custodian account	2,049,774
Ketchikan Airport Revenue Bond	1,810
1982 General Revenue Bond Resolution	13,456
1987 General Revenue Bond Resolution	27,661
1988 Kodiak Revenue Bond Resolution	42,076
1989 Homer Revenue Bond Resolution	4,039
1990 Yakutat Revenue Bond Resolution	2,801
	<u>\$ 2,171,407</u>

Liabilities

Interest arbitrage rebate payable	178,350
Accounts payable	69,430
Accrued payroll	19,131
Payable to State of Alaska (note 2):	
1993 excess revenues	1,007,077
1992 excess revenues	897,419
	<u>\$ 2,171,407</u>

Statement of Revenues and Expenditures

Year ended June 30, 1993

Revenues:

Income transferred from Statutory Reserve Funds:

Custodian account	\$ 293,510
1976 General Bond Resolution	653,603
Ketchikan Airport Revenue Bond	264
1982 General Revenue Bond Resolution	53,108
1987 General Revenue Bond Resolution	82,220
1988 Kodiak Revenue Bond Resolution	30,773
1989 Homer Revenue Bond Resolution	13,545
1990 Yakutat Revenue Bond Resolution	6,541
	<u>1,133,564</u>
Interest arbitrage rebate credit	203,101
Net total revenues	<u>1,336,665</u>

See accompanying notes to financial statements.

Operating Fund

Expenditures:

Personal services	\$ 136,901
Professional services:	
Bond rating, trust and delivery	73,168
Bond counsel	49,750
Financial advisor	7,731
Accounting and auditing fees	23,496
Office rental	10,993
Printing and advertising	7,964
Equipment	6,104
Administrative travel	4,699
Telephone	3,833
Contract secretary	3,047
Office expense	1,902
Total expenditures	<u>329,588</u>

Excess of revenues over expenditures

\$ 1,007,077

Statement of Expenditures -Budget and Actual

Year ended June 30, 1993

	Budget	Actual	Variance favorable (unfavorable)
Personal services	\$149,100	136,901	12,199
Professional services:			
Bond rating trust and delivery	127,000	73,168	53,832
Bond counsel	71,600	49,750	21,850
Financial advisor	71,600	7,731	63,869
Accounting and auditing fees	35,000	23,496	11,504
Office rental	10,000	10,993	(993)
Printing and advertising	30,000	7,964	22,036
Equipment	-	6,104	(6,104)
Administrative travel	8,300	4,699	3,601
Telephone	5,000	3,833	1,167
Contract secretary	-	3,047	(3,047)
Office expense	3,700	1,902	1,798
Training	400	-	400
	<u>\$511,700</u>	<u>329,588</u>	<u>182,112</u>

Statement of Changes in Fund Balance

Year ended June 30, 1993

Fund balance at June 30, 1992	\$ -
Excess of revenues over expenditures	1,007,077
Payable to State of Alaska (note 2)	<u>1,007,077</u>
Fund balance at June 30, 1993	<u>\$ -</u>

Debt Service Funds

Balance Sheet

June 30, 1993

<u>Assets</u>	<u>1976 General</u>	<u>Ketchikan Airport Revenue</u>	<u>Coastal Energy Reserve</u>
Cash	\$ -	126	-
Cash with fiscal agent	218,346	-	-
Bonds and notes receivable (notes 3 and 4)	82,595,000	250,000	980,000
Accrued interest receivable	1,626,311	3,207	25,970
Due from other funds	-	625	-
	<u>\$ 84,439,657</u>	<u>253,958</u>	<u>1,005,970</u>
<u>Liabilities and Fund Balances (Deficit)</u>			
Due to other funds	5,829	-	-
Matured interest coupons payable	218,346	-	-
Accrued interest payable	1,625,382	3,958	25,970
Bonds and notes payable (notes 3 and 4)	82,595,000	250,000	980,000
	<u>84,444,557</u>	<u>253,958</u>	<u>1,005,970</u>
Fund balances (deficit)	(4,900)	-	-
	<u>\$ 84,439,657</u>	<u>253,958</u>	<u>1,005,970</u>

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Year ended June 30, 1993

	<u>1976 General</u>	<u>Ketchikan Airport Revenue</u>	<u>Coastal Energy Reserve</u>
Revenues:			
Interest income	\$ 5,909,782	21,677	51,940
Contribution from Statutory Reserve Funds - special interest subsidy account	-	4,062	-
Total revenues	<u>5,909,782</u>	<u>25,739</u>	<u>51,940</u>
Expenditures - interest	<u>5,904,424</u>	<u>25,739</u>	<u>51,940</u>
Excess of revenues over expenditures	5,358	-	-
Fund balances (deficit) at June 30, 1992	(10,258)	-	-
Fund balances (deficit) at June 30, 1993	<u>\$ (4,900)</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

Debt Service Funds

Bond Resolutions					
1982 General Revenue	1987 General Revenue	1988 Kodiak Revenue	1989 Homer Revenue	1990 Yakutat Revenue	Coastal Energy Loan
-	286	-	-	-	-
-	-	-	-	-	-
8,880,000	11,660,000	3,700,000	2,475,000	1,155,000	14,944,128
50,204	57,144	69,274	46,991	14,388	93,557
-	-	-	-	-	-
<u>8,930,204</u>	<u>11,717,430</u>	<u>3,769,274</u>	<u>2,521,991</u>	<u>1,169,388</u>	<u>15,037,685</u>
-	-	-	-	-	-
-	-	-	-	-	-
50,204	57,430	69,274	46,991	14,388	93,557
8,880,000	11,660,000	3,700,000	2,475,000	1,155,000	14,944,128
8,930,204	11,717,430	3,769,274	2,521,991	1,169,388	15,037,685
-	-	-	-	-	-
<u>8,930,204</u>	<u>11,717,430</u>	<u>3,992,904</u>	<u>2,557,638</u>	<u>1,189,620</u>	<u>15,731,598</u>

Bond Resolutions					
1982 General Revenue	1987 General Revenue	1988 Kodiak Revenue	1989 Homer Revenue	1990 Yakutat Revenue	Coastal Energy Loan
612,306	706,155	280,726	189,905	86,791	610,530
-	-	-	-	-	-
<u>612,306</u>	<u>706,155</u>	<u>280,726</u>	<u>189,905</u>	<u>86,791</u>	<u>610,530</u>
612,306	706,155	280,726	189,905	86,791	610,530
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Statutory Reserve Funds

Balance Sheet

June 30, 1993

	<u>Custodian Account</u>	<u>1976 General</u>
Assets		
Custodian account:		
Cash	\$ 2,685,710	-
Investments, at cost, with a market value of \$15,499,571	15,441,032	-
Accrued interest receivable	152,520	-
	<u>18,279,262</u>	<u>-</u>
Ordinary reserve account:		
Cash	-	348,131
Investments, at cost, with a market value of \$5,284,450	-	4,216,376
Accrued interest receivable	-	62,311
Due from other funds	-	311,505
	<u>-</u>	<u>4,938,323</u>
Special reserve accounts:		
Cash	-	383,993
Investments, at cost, with a market value of \$13,480,185	-	9,820,568
Accrued interest receivable	-	108,979
Due from other funds	-	-
	<u>-</u>	<u>10,313,540</u>
Special interest subsidy account:		
Cash	-	-
Investments, at cost, which approximates market	-	-
Accrued interest receivable	-	-
	<u>-</u>	<u>-</u>
	<u>\$ 18,279,262</u>	<u>15,251,863</u>
Liabilities and Fund Balances		
Custodian account - due to other funds	2,191,191	-
Ordinary reserve account:		
Accrued interest payable	-	90,127
Bonds and note payable (note 4)	-	4,165,000
	<u>-</u>	<u>4,255,127</u>
Special reserve account - due to other funds	-	164,259
Special interest subsidy account - due to other funds	-	-
Fund balances:		
Custodian account:		
Appropriated funds	4,995,251	-
Unreserved investment earnings	11,092,820	-
Ordinary reserve account	-	683,196
Special reserve account	-	10,149,281
Special interest subsidy account	-	-
Total fund balances	<u>16,088,071</u>	<u>10,832,477</u>
	<u>\$ 18,279,262</u>	<u>15,251,863</u>

See accompanying notes to financial statements.

Statutory Reserve Funds

Bond Resolutions						
<u>Kechikan Airport Revenue</u>	<u>Coastal Energy Reserve</u>	<u>1982 General Revenue</u>	<u>1987 General Revenue</u>	<u>1988 Kodiak Revenue</u>	<u>1989 Homer Revenue</u>	<u>1990 Yakutat Revenue</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,232	-	-	-	-	-
-	974,800	-	-	-	-	-
-	27,609	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>1,009,641</u>	-	-	-	-	-
1,924	-	11,748	16,579	1	2,721	4,140
5,000	-	1,054,433	1,506,936	485,202	295,000	116,355
19	-	12,650	23,960	6,873	2,260	1,806
1,117	-	-	-	-	-	-
<u>8,060</u>	-	<u>1,078,831</u>	<u>1,547,475</u>	<u>492,076</u>	<u>299,981</u>	<u>122,301</u>
1,747	-	-	-	-	-	-
11,700	-	-	-	-	-	-
185	-	-	-	-	-	-
<u>13,632</u>	-	-	-	-	-	-
<u>21,692</u>	<u>2,187,927</u>	<u>1,078,831</u>	<u>154,475</u>	<u>492,076</u>	<u>299,981</u>	<u>122,301</u>
-	-	-	-	-	-	-
-	29,641	-	-	-	-	-
-	980,000	-	-	-	-	-
-	<u>1,009,641</u>	-	-	-	-	-
1,810	-	13,456	27,661	42,076	4,039	2,801
1,742	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,250	-	1,065,375	1,519,814	450,000	295,942	119,500
11,890	-	-	-	-	-	-
<u>18,140</u>	-	<u>1,065,375</u>	<u>1,519,814</u>	<u>450,000</u>	<u>295,942</u>	<u>119,500</u>
<u>21,692</u>	<u>2,187,927</u>	<u>1,078,831</u>	<u>1,547,475</u>	<u>492,076</u>	<u>299,981</u>	<u>122,301</u>

Statutory Reserve Funds

Statement of Revenues, Expenditures and Transfers

Year ended June 30, 1993

	<u>Custodian Account</u>	<u>1976 General</u>
Custodian account:		
Revenues - interest income	\$ 883,359	-
Transfers to Operating Fund	<u>293,510</u>	-
Net custodian account	<u>589,849</u>	-
Ordinary reserve account:		
Revenues from interest account	-	323,843
Expenditures - interest expense	<u>-</u>	<u>286,473</u>
Net ordinary reserve account	<u>-</u>	<u>37,370</u>
Special reserve account:		
Revenues from interest income	-	653,603
Transfers to Operating Fund	<u>-</u>	<u>653,603</u>
Net special reserve account	<u>-</u>	<u>-</u>
Special interest subsidy account:		
Revenues from interest income	-	-
Expenditures - contribution to Debt Service Fund	<u>-</u>	<u>-</u>
Net special interest subsidy account	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and transfers	\$ <u>589,849</u>	<u>37,370</u>

See accompanying notes to financial statements.

Statutory Reserve Funds

Bond Resolutions						
<u>Ketchikan Airport Revenue</u>	<u>Coastal Energy Reserve</u>	<u>1982 General Revenue</u>	<u>1987 General Revenue</u>	<u>1988 Kodiak Revenue</u>	<u>1989 Homer Revenue</u>	<u>1990 Yakutat Revenue</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	55,218	-	-	-	-	-
-	55,218	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
264	-	53,108	82,220	30,773	13,545	6,541
264	-	53,108	82,220	30,773	13,545	6,541
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,356	-	-	-	-	-	-
4,062	-	-	-	-	-	-
<u>(2,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Statutory Reserve Funds

Statement of Changes in Fund Balances

Year ended June 30, 1993

	Custodian Account		1976 General	
	Appropriated	Unreserved investment earnings	Special reserve account	Ordinary reserve account
Fund balances at June 30, 1992	\$ 5,363,809	10,502,971	9,780,098	645,826
Excess (deficiency) of revenues over expenditures and transfers	-	589,849	-	37,370
Transfers from (to) other funds	(368,558)	-	369,183	-
Fund balances at June 30, 1993	<u>\$ 4,995,251</u>	<u>11,092,820</u>	<u>10,149,281</u>	<u>683,196</u>

See accompanying notes to financial statements.

Statutory Reserve Funds

Bond Resolutions						
Ketchikan Airport Revenue	Special interest subsidy account	1982 General Revenue- Special reserve account	1987 General Revenue- Special reserve account	1988 Kodiak Revenue- Special reserve account	1989 Homer Revenue- Special reserve account	1990 Yakutat Revenue- Special reserve account
6,875	14,596	1,065,375	1,519,814	450,000	295,942	119,500
-	(2,706)	-	-	-	-	-
(625)	-	-	-	-	-	-
<u>6,250</u>	<u>11,890</u>	<u>1,065,375</u>	<u>1,519,814</u>	<u>450,000</u>	<u>295,942</u>	<u>119,500</u>

Notes to Financial Statements

(1) History

The Alaska Municipal Bond Bank Authority (Authority) was created pursuant to Alaska Statute, Chapter 85, 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 moneys to finance their capital projects or for other authorized purposes by means of issuance of bonds by the Authority and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue 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 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 municipal bond payments, investments thereof and proceeds of such investments, if any, and all funds and accounts established by the bond resolution to be held by the trustee (with the exception of the Coastal Energy Loan Debt Service Fund, which is administered by the Authority) are pledged and assigned for the payment of bonds.

(2) Summary of Significant Accounting Policies

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental entities. 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. 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 ordinary operations of the Authority. Moneys are derived from the following sources: (a) amounts appropriated by the Legislature, (b) fees and charges collected, (c) income on investments of Statutory Reserve Funds in excess of required debt service reserves required by bond resolutions and (d) any other moneys made available for purposes of the Operating Fund from any other source.

Amounts in the Operating Fund may be used to pay (a) administrative expenses of the Authority, (b) fees and expenses of the trustee and paying agents, (c) financing costs incurred with respect to issuance of bonds and (d) any expenses in carrying out any other purpose then authorized by the Act. Excess revenues of the Operating Fund are returned to the State of Alaska.

Debt Service Funds

Separate Debt Service Funds have been established for each bond resolution 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 issued under the eight resolutions. Each 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 Funds are deposited in these accounts and are used to pay interest and principal on the Authority bonds. Two additional Debt Service Funds have been established to account for transactions not involving bond resolutions. These were the Coastal Energy Loan and Nenana Loan Debt Service Funds. The Coastal Energy Loan Debt Service Fund is not maintained by a trustee. Payments of interest and principal by municipalities having coastal energy loans are made directly to the federal government by the municipalities and are accounted for in the Coastal Energy Loan Debt Service Fund. In 1981, the Alaska Legislature appropriated \$2,500,000 to the Authority for a loan to the Municipality of Nenana.

Notes to Financial Statements

Nenana has since repaid this loan, with interest. During 1992 this Fund was closed and the balance in the Fund including interest was transferred to the Custodian Account (unreserved investment earnings account).

Statutory Reserve Funds

The Statutory Reserve Funds are established to account for (a) moneys available to fund debt service reserves required by future bond sales under various bond resolutions (Custodian Account) and (b) debt service reserves which have already been established under various bond resolutions which are to be used in the case of a deficiency in a Debt Service Fund in accordance with its respective bond resolution (reserve funds). Separate reserve funds exist under each bond resolution as follows:

Custodian Account - The Custodian Account is established to account for the appropriations by the State of Alaska Legislature available to fund special reserve accounts.

1976 General Bond Resolution - The amount on deposit in the reserve fund is to be the greater of the maximum annual debt service requirement or 10% of all municipal loan obligations outstanding. The reserve fund is comprised of the ordinary reserve account and a special reserve account. Both 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 or with a transfer from the Custodian Account unreserved investment earnings account. The special reserve account is created at an amount equal to two thirds of the required debt service reserve from moneys made available by legislative appropriation residing in the Custodian Account.

Ketchikan Airport Revenue Bond - Under this resolution a special reserve account and an interest subsidy account are established. Additionally, the Ketchikan Gateway Borough is required to maintain certain internal reserves.

Coastal Energy Reserve Bond - Under this resolution, only an ordinary reserve is established. It contains a 100% reserve against debt outstanding as a result of issuance of the 1979 Series A Coastal Energy Reserve Bonds.

1982 General Revenue Bond Resolution - Under this resolution a special reserve account was created at an amount equal to the maximum annual debt service of municipal loan obligations outstanding from moneys made available by legislative appropriation residing in the Custodian Account.

1987 General Revenue Bond Resolution - Under this resolution a special reserve account was created at an amount equal to the maximum annual debt service of municipal loan obligations outstanding from moneys made available by legislative appropriation residing in the Custodian Account.

1988 Revenue Bond Resolution - Under this resolution a special reserve account was created at an amount equal to the lesser of 10% of proceeds and average annual debt service of municipal loan obligations outstanding from moneys made available by legislative appropriation residing in the Custodian Account.

1989 Revenue Bond Resolution - Under this resolution a special reserve account was created at an amount equal to the maximum annual debt service of municipal loan obligations outstanding from moneys made available by legislative appropriation residing in the Custodian Account.

1990 Revenue Bond Resolution - Under this resolution a special reserve account was created at an amount equal to the maximum annual debt service of municipal obligations outstanding from moneys made available by legislative appropriation residing in the Custodian Account.

Amounts in the Statutory Reserve Funds in excess of (a) required debt service reserves, (b) appropriations by the legislature residing in the Custodian Account and (c) income on nonlegislature-

Notes to Financial Statements

appropriated funds are transferred to the Operating Fund. Income on nonlegislature-appropriated funds, representing excess of revenues over expenditures of the ordinary reserve accounts and interest earned on the unreserved investment earnings account is accumulated in the Custodian Account and is available to fund the special reserve account.

Basis of Accounting

The accrual basis of accounting is followed for the various funds.

Investments - Statutory Reserve Funds

Investments consist of marketable debt securities, primarily U.S. Government Securities, and cash equivalents and are carried at amortized cost. Cost of investments in the Custodian Account approximates market value. Investments in the other reserve accounts are purchased in conjunction with bond issues and are generally held to bond call dates or until such time as reduced reserve requirements permit their sale. Premium or discount on investments is amortized using an effective yield method over the lives of the investments.

Interest Arbitrage Rebate

Bonds issued after August 15, 1986 are subject to Internal Revenue Service income tax regulations which require rebates to the U.S. Government of interest income earned on investments purchased with the proceeds from the bonds or any applicable reserves in excess of the yield of the issue.

Income Taxes

The Authority is exempt from paying federal and state income taxes.

Retirement Plan

The executive director and an administrative assistant are the only employees of the Authority and participate in the State of Alaska Public Employees' Retirement System. The Authority's policy is to fund pension cost accrued.

Notes to Financial Statements

(3) Bonds and Notes Receivable

Bonds and notes receivable as of June 30, 1993 mature in varying annual installments as follows:

Bond Resolutions

Year ending June 30	1976 General	Ketchikan Airport Revenue	Coastal Energy Reserve	1982 General Revenue	1987 General Revenue	1988 Kodiak Revenue	1989 Homer Revenue	1990 Yakutat Revenue	Coastal Energy Loan
1994	\$ 8,680,000	25,000	840,000	460,000	850,000	230,000	35,000	25,000	5,740,000
1995	8,450,000	30,000	140,000	485,000	905,000	250,000	35,000	25,000	797,500
1996	8,735,000	30,000	-	510,000	960,000	265,000	115,000	30,000	860,000
1997	9,540,000	35,000	-	545,000	1,025,000	285,000	125,000	30,000	142,500
1998	8,300,000	40,000	-	580,000	1,095,000	305,000	130,000	30,000	150,000
1999-2003	28,605,000	90,000	-	3,525,000	6,825,000	1,895,000	810,000	200,000	1,734,500
2004-2008	8,610,000	-	-	2,775,000	-	470,000	830,000	290,000	1,452,750
2009-2013	1,490,000	-	-	-	-	-	395,000	420,000	1,785,000
2014-2019	185,000	-	-	-	-	-	-	105,000	2,281,878
	<u>\$ 82,595,000</u>	<u>250,000</u>	<u>980,000</u>	<u>8,880,000</u>	<u>11,660,000</u>	<u>3,700,000</u>	<u>2,475,000</u>	<u>1,155,000</u>	<u>14,944,128</u>

Under the Coastal Energy Loan fund, the Authority issued \$5,000,000 1986 Series A Coastal Energy Bonds (Bonds) payable to the National Oceanic and Atmospheric Administration (NOAAA). The proceeds of these bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome is currently in default on its bonds payable to the Authority as the City has not made either principal or interest payments of approximately \$3.5 million since May 1987. The related loan payable does not represent a general obligation of the Authority as it is payable only from proceeds received from the City of Nome.

Notes to Financial Statements

(4) Bonds and Notes Payable

Bonds and notes payable at June 30, 1993 are as follows:

Issue	Debt Service Funds		Statutory Reserve Funds Ordinary Reserve Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
1976 General Bond Resolution Fund:				
1976 Series B - Matanuska-Susitna Borough	6%-8%	\$2,000,000	6.75%	\$ 345,000
1977 Series B:	5.2%-6.5%	115,000	6.1%	235,000
City of Ketchikan				
City and Borough of Juneau				
1977 Series C:	5%-8%	705,000	5.9%	145,000
City of Bethel				
City of Kodiak and City of Seward				
1978 Series A - City of Ketchikan	5.5%-7.5%	1,950,000	5.5%	265,000
1978 Series B - City and Borough of Sitka	5.5%-7.5%	1,325,000	6%	170,000
1978 Series C - City and Borough of Juneau	5.5%-7.5%	880,000	6%	100,000
1979 Series A - City of Wrangell	5.9%-7.5%	695,000	6.6%	75,000
1979 Series B:	6%-8%	1,980,000	6%	255,000
City of Fairbanks				
Matanuska-Susitna Borough				
City of Soldotna				
1979 Series C:	6.2%-8%	1,355,000	6.9%	135,000
City of Palmer				
City and Borough of Sitka				
1980 Series A:	7.3%-9%	985,000	8%	770,000
City of Kenai				
City of Unalaska				
City of Homer				
Kodiak Island Borough				
City of Fairbanks				
1983 Series C:	9.5%-10.25%	250,000	-	-
City of Ketchikan				
City of Wrangell				
1983 Series D - City of Soldotna	9%-10.5%	120,000	-	-
1984 Series A:	9.5%-12.5%	1,345,000	-	-
City of Kenai				
City of Petersburg				
City of Seward				
City of Wrangell				
1986 Series A - First Issue	4.5%-7%	13,090,000	-	-

(Continued)

Notes to Financial Statements

	Debt Service Funds		Statutory Reserve Funds Ordinary Reserve Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
City of Kenai				
City of Petersburg				
City of Seward				
City of Wrangell				
1986 Series A - Second Issue:	4.5%-7%	\$ 4,955,000	-	\$ -
City of Wrangell				
City of Ketchikan				
1986 Series B - City of Nome	4.5%-6.9%	2,010,000	-	-
1986 Series C:	4%-7%	11,080,000	7%	490,000
Bristol Bay Borough				
City and Borough of Sitka				
Municipality of Anchorage				
1987 Series A:	5.5%-8.25%	3,850,000	8.25%	170,000
City of Nenana				
City of Seward				
1989 Series A:	7.3%-7.9%	3,585,000	7.9%	200,000
City of Haines				
City of Petersburg				
City of Sitka				
1989 Series B:	6.2%-8.2%	7,715,000	8.2%	190,000
City of Petersburg				
City of Unalaska				
1989 Series C and D - City of Homer	5.9%-6.95%	4,100,000	-	-
1990 Series A:	6.25%-7.5%	2,295,000	-	-
City of Seward				
City of Soldotna				
1990 Series B:	7.25%	4,715,000	7.25%	220,000
Aleutians East Borough				
Kenai Peninsula Borough				
1991 Series A:	6.3%	2,475,000	6.3%	50,000
Aleutians East Borough				
1992 Series A:	4.60%-6%	6,870,000	6%	330,000
City & Borough of Sitka				
Aleutians East Borough				

(Continued)

Notes to Financial Statements

	Debt Service Funds		Statutory Reserve Funds Ordinary Reserve Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
1992 Series B:	3.5%-6.625%	\$ 2,150,000	6.625%	\$ 20,000
City of Cordova				
City of Petersburg				
		<u>82,595,000</u>		<u>4,165,000</u>
Ketchikan Airport Revenue Bond Fund-				
Ketchikan Gateway Borough	9.5%	250,000	-	-
Coastal Energy Reserve Bond Fund-				
Coastal Energy Reserve	5.25%-5.9%	980,000	5.25%-5.9%	980,000
1982 General Revenue Bond Resolution Fund-				
Anchorage Parking Authority	4%-7.125%	8,880,000	-	-
1987 General Revenue Bond Resolution Fund-				
City of Ketchikan	3.75%-6.2%	11,660,000	-	-
1988 Kodiak Revenue Bond Resolution Fund -				
Kodiak	6%-7.875%	3,700,000	-	-
1989 Homer Revenue Bond Resolution Fund -				
Homer	7.687%	2,475,000	-	-
1990 Yakutat Revenue Bond Resolution Fund -				
Yakutat	7%-7.7%	1,155,000	-	-
Coastal Energy Reserve Loan Fund:				
City of Seward	7%	970,000	-	-
Kenai Peninsula Borough central hospital district	7%	2,030,000	-	-
City of Nome water and sewer revenue bond	9%	381,250	-	-
City of Nome port facility revenue bond	8.5%	5,000,000	-	-
City of St. Paul - fuel dock	5%	6,562,878	-	-
		<u>44,044,128</u>		<u>980,000</u>
		<u>\$ 126,639,128</u>		<u>\$ 5,145,000</u>

Notes to Financial Statements

General obligation bonds are secured by bonds receivable 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. Loans made under the Coastal energy Loan Fund are payable only from proceeds received from the municipalities to which the loans are made.

The above bonds mature in varying annual installments and at June 30, 1993 are as follows:

Bond Resolutions

Year Ending June 30	1976 General		Ketchikan	Coastal Energy Reserve		1982	1987	1988	1989	1990	Coastal
	Debt Service	Reserve	Airport Revenue	Debt Service	Reserve	General Revenue	General Revenue	Kodiak Revenue	Homer Revenue	Yakutat Revenue	Energy Loan
1994	\$ 8,680,000	-	25,000	840,000	-	460,000	850,000	230,000	35,000	25,000	5,740,000
1995	8,450,000	-	30,000	140,000	840,000	485,000	905,000	250,000	35,000	25,000	797,500
1996	8,735,000	145,000	30,000	-	140,000	510,000	960,000	265,000	115,000	30,000	860,000
1997	9,540,000	580,000	35,000	-	-	545,000	1,025,000	285,000	125,000	30,000	142,500
1998	8,300,000	265,000	40,000	-	-	580,000	1,095,000	305,000	130,000	30,000	150,000
1999-2003	28,690,000	2,785,000	90,000	-	-	3,525,000	6,825,000	1,895,000	810,000	200,000	1,734,500
2004-2008	8,525,000	370,000	-	-	-	2,775,000	-	470,000	830,000	290,000	1,452,750
2009-2013	1,490,000	-	-	-	-	-	-	-	395,000	420,000	1,785,000
2014-2019	185,000	20,000	-	-	-	-	-	-	-	105,000	2,281,878
	<u>\$ 82,595,000</u>	<u>4,165,000</u>	<u>250,000</u>	<u>980,000</u>	<u>980,000</u>	<u>8,880,000</u>	<u>11,660,000</u>	<u>3,700,000</u>	<u>2,475,000</u>	<u>1,155,000</u>	<u>14,944,128</u>

Working Together Pays Off

The Bond Bank - An Idea That Works

Discussions regarding the need for an Alaskan Municipal Bond Bank were started 18 years ago by members of the Alaska Municipal League who saw a need - and did something about it.

The desired goal was to develop a way for smaller, well-run municipalities to borrow money at the same interest rates obtained by larger municipalities.

Why should successful municipalities like Seward, Petersburg or Kodiak have to pay more interest on public loans to build docks, schools, roads or water systems?

The Alaska Municipal League believed that if a community had the capacity to repay a loan, it should not have to pay more to borrow money because it was smaller or an infrequent borrower.

Out of these discussions, the Alaska Municipal Bond Bank Authority was created through the passage of the Alaska Bond Bank Act (AS 44.85).

Smaller Alaskan communities borrowing through the Bond Bank pay similar interest rates as any larger Alaskan municipality or any larger city in the nation marketing "A" rated bonds. The interest savings to Alaskan municipalities have been in the millions.

The Bond Bank was an idea that worked and is still working.