

**1/31/11**  
**DEPARTMENT OF**  
**REVENUE :**  
**OVERVIEW OF**  
**STATE SAVINGS**  
**ACCOUNTS AND**  
**BUDGET RESERVES**

<TARGET><BILL></BILL><SUBJECT>1-31-11 DEPARTMENT OF  
REVENUE OVERVIEW OF STATE SAVINGS ACCOUNTS AND BUDGET  
RESERVES</SUBJECT><COMM>SFIN27</COMM></TARGET>

# ALASKA STATE LEGISLATURE

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## AGENDA

Monday, January 31, 2011

9:00 AM

Overview by Department of Revenue:  
State Savings Account and Budget Reserves



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**State of Alaska**  
**An Update on the State's Savings Accounts**

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**January 31, 2011**

**Department of Revenue**  
**Treasury Division**

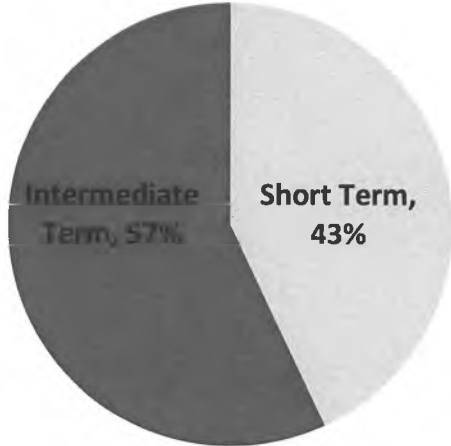
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# **1: Comparative Analysis of State Operating and Savings Funds**

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# General Fund and other non segregated investments

Fiduciary oversight: Commissioner of Revenue

		General Fund (and other nonsegregated investments)	
Investment Objective		Moderate Risk, Short to Intermediate investment horizon	
Target Asset Allocation		<p style="text-align: center;"><b>100% Fixed Income</b></p>  <p style="text-align: center;">Intermediate Term, 57%      Short Term, 43%</p>	
		Actuals	Benchmark
Market Value (in 000s)	12/31/2008	\$7,466,400	
	12/31/2009	\$6,184,600	
	12/31/2010	\$6,589,600	
Returns (12/31/10)	YTD	2.44%	2.01%
	FYTD	0.67%	0.39%
	3 Year Actuals	3.37%	2.86%
	5 Year Actuals	4.26%	3.98%
	<b>FORECAST</b>	<b>3.44%</b>	

# Constitutional Budget Reserve Fund (main & sub)

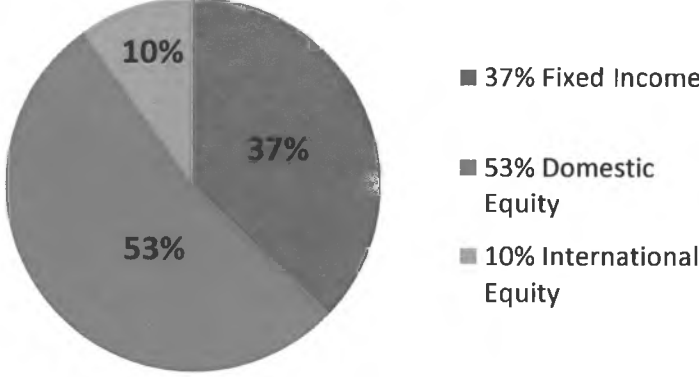
Fiduciary oversight: Commissioner of Revenue

		Constitutional Budget Reserve (main fund)		Constitutional Budget Reserve (sub fund)	
Investment Objective		Moderate Risk, Intermediate investment horizon		High Risk, Moderately Long investment horizon	
Target Asset Allocation		<p><b>100% Fixed Income</b></p>			
		Actuals	Benchmark	Actuals	Benchmark
Market Value (in 000s)	12/31/2008	\$3,240,800		\$3,590,800	
	12/31/2009	\$4,231,100		\$4,427,300	
	12/31/2010	\$5,029,000		\$4,928,400	
Returns (12/31/10)	YTD	4.23%	3.77%	11.32%	11.21%
	FYTD	0.99%	0.69%	15.56%	15.08%
	3 Year Actuals	4.71%	4.32%	-1.02%	0.75%
	5 Year Actuals	5.11%	4.98%	3.20%	4.26%
	<b>FORECAST</b>	<b>3.84%</b>		<b>6.96%</b>	

\*1% of Fixed Income is allocated to Int. Fixed Income

# Power Cost Equalization Fund

Fiduciary oversight: Commissioner of Revenue

		Power Cost Equalization Fund	
Investment Objective		High Risk, Moderately Long investment horizon	
Target Asset Allocation		 <p>           ■ 37% Fixed Income            ■ 53% Domestic Equity            ■ 10% International Equity         </p>	
		Actuals	Benchmark
Market Value (in 000s)	12/31/2008	\$288,800	
	12/31/2009	\$329,400	
	12/31/2010	\$352,600	
Returns (12/31/10)	YTD	12.92%	11.81%
	FYTD	15.95%	15.53%
	3 Year Actuals	1.78%	0.95%
	5 Year Actuals	5.05%	4.61%
	<b>FORECAST</b>	<b>7.00%</b>	

# Public School Trust Fund (Principle and Income accounts)

Fiduciary oversight: Commissioner of Revenue

		Public School Trust Fund (Principle)		Public School Trust Fund (Income)	
Investment Objective		Moderate Risk, Long Term investment horizon		Low Risk, Short investment horizon	
Target Asset Allocation		<p>■ 57% Fixed Income ■ 43% Domestic Equity</p>		<p>■ 100% Short-Term Fixed Income</p>	
		Actuals	Benchmark	Actuals	Benchmark
Market Value (in 000s)	12/31/2008	\$311,100		\$18,700	
	12/31/2009	\$365,100		\$15,200	
	12/31/2010	\$407,600		\$15,700	
Returns (12/31/10)	YTD	12.32%	12.41%	0.55%	0.13%
	FYTD	12.01%	11.77%	0.24%	0.08%
	3 Year Actuals	3.42%	2.98%	1.20%	0.79%
	5 Year Actuals	5.10%	4.83%	2.73%	2.43%
	<b>FORECAST</b>	<b>6.38%</b>		<b>3.03%</b>	

# PERS & TRS

Fiduciary oversight: Alaska Retirement Management Board

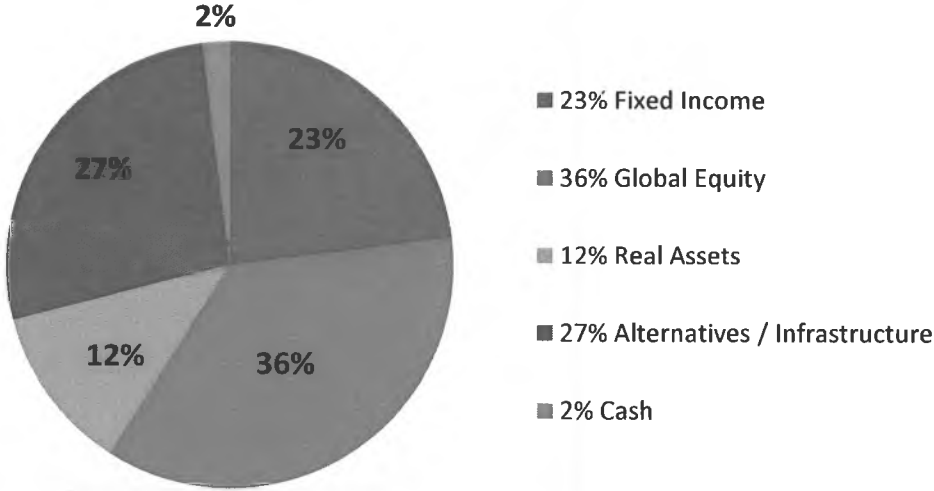
**PERS Retirement Defined Benefit Pension**

**TRS Retirement Defined Benefit Pension**

Investment Objective		Moderate Risk, Long Term investment horizon		Moderate Risk, Long Term investment horizon	
Target Asset Allocation		<ul style="list-style-type: none"> <li>■ 19% Fixed Income</li> <li>■ 29% Domestic Equity</li> <li>■ 23% International / Global Equity</li> <li>■ 16% Real Assets</li> <li>■ 12% Alternatives / Infrastructure</li> <li>■ 1% Cash</li> </ul>		<ul style="list-style-type: none"> <li>■ 19% Fixed Income</li> <li>■ 29% Domestic Equity</li> <li>■ 23% International / Global Equity</li> <li>■ 16% Real Assets</li> <li>■ 12% Alternatives / Infrastructure</li> <li>■ 1% Cash</li> </ul>	
		Actuals	Benchmark	Actuals	Benchmark
Market Value (in 000s)	12/31/2008	\$8,359,800		\$3,705,800	
	12/31/2009	\$9,551,100		\$4,194,600	
	12/31/2010	\$10,901,800		\$4,603,700	
Returns (12/31/10)	YTD	11.97%	12.50%	12.11%	12.50%
	FYTD	14.08%	16.26%	14.15%	16.26%
	3 Year Actuals	-1.44%	0.45%	-1.49%	0.45%
	5 Year Actuals	4.04%	4.69%	4.01%	4.69%
	<b>FORECAST</b>	<b>8.25%</b>		<b>8.25%</b>	

# APFC

Fiduciary oversight: Alaska Permanent Fund Corporation Board

		<b>Alaska Permanent Fund Corporation</b>	
Investment Objective		Long term Investment Goal is to achieve a real rate of return of 5% per year	
Target Asset Allocation		 <ul style="list-style-type: none"> <li>■ 23% Fixed Income</li> <li>■ 36% Global Equity</li> <li>■ 12% Real Assets</li> <li>■ 27% Alternatives / Infrastructure</li> <li>■ 2% Cash</li> </ul>	
		Actuals	Benchmark
Market Value (in 000s)	12/31/2008	\$28,839,500	
	12/31/2009	\$34,617,900	
	12/31/2010*	\$38,425,100	
Returns (12/31/10)	YTD	11.92%	11.77%
	FYTD	14.45%	16.62%
	3 Year Actuals	-0.33%	-1.20%
	5 Year Actuals	4.14%	3.79%
	<b>FORECAST</b>	<b>7.75%</b>	
<i>* 12/31/2010 data is preliminary and unaudited, and includes some estimates</i>			

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## **2: FY2011 Investment Revenue Forecast**

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## FY2011 Investment Revenue Forecast

All Amounts in \$ Millions

Prepared January 21, 2011 by the State of Alaska - Department of Revenue

<b>FY 2010 Actuals</b>	
	Actual through 06-30-10
<b>UNRESTRICTED</b>	
Investments	179.1
Interest Paid by Others	4.9
<b>TOTAL UNRESTRICTED</b>	<b>184.0</b>
<b>RESTRICTED</b>	
Investments - Designated GF	13.6
Investments - Other Restricted	27.4
<i>CBRF - Main Account</i>	223.0
<i>CBRF - Special Sub Account</i>	468.1
<b>CBRF - Total</b>	<b>691.1</b>
Other Treasury Managed Funds	42.6
Alaska Permanent Fund	3,517.3
<b>TOTAL RESTRICTED</b>	<b>4,292.0</b>
<b>GRAND TOTAL</b>	<b>4,476.0</b>

<b>FY 2011 Forecast - Based on actuals through Dec 31, 2010</b>			
	Actual through 12-31-10	Forecast through 06-30-11	Total FY 11
<b>UNRESTRICTED</b>			
Investments	39.3	95.2	134.5
Interest Paid by Others	0.2	2.0	2.2
<b>TOTAL UNRESTRICTED</b>	<b>39.5</b>	<b>97.2</b>	<b>136.7</b>
<b>RESTRICTED</b>			
Investments - Designated GF	3.3	7.9	11.2
Investments - Other Restricted	6.8	16.0	22.8
<i>CBRF - Main Account</i>	43.7	97.4	141.1
<i>CBRF - Special Sub Account</i>	663.5	174.0	837.5
<b>CBRF - Total</b>	<b>707.2</b>	<b>271.4</b>	<b>978.6</b>
Other Treasury Managed Funds	45.3	12.1	57.4
Alaska Permanent Fund	4,806.6	982.4	5,789.0
<b>TOTAL RESTRICTED</b>	<b>5,569.2</b>	<b>1,289.8</b>	<b>6,859.0</b>
<b>GRAND TOTAL</b>	<b>5,608.7</b>	<b>1,387.0</b>	<b>6,995.7</b>

### Notes:

FY2011 investment forecasts include actual data through Dec 31, 2010 and projections for the remainder of FY2011.

Due to financial market volatility, forecasts shown are subject to review and adjustment.

## Constitutional Budget Reserve Fund

Preliminary December 31, 2010 results

Account	Balance	Combined YTD Income Stmt		Performance Forecast	3yr Prfrmnc Act (as of 12.31.10)
Corpus	\$ 5,028,977,276	\$ 8,663,871,924	7.1.10 Balance	3.84%	4.71%
Sub	4,928,418,040	586,375,139	Net Cont(draw)*	6.96%	-1.02%
		707,148,253	Income (Loss)		
<b>Total</b>	<b>\$ 9,957,395,316</b>	<b>\$ 9,957,395,316</b>	Balance		

Account	Balance	Asset Allocation	Actual Alloc	YTD Income Statement	
<b>Corpus (AKSAS FU 33040)</b>					
Broad Market Fixed Income	\$ 980,574,236	20% ± 8%	19.50%	\$ 4,398,917,318	7.1.10 Balance
Intermediate-Term Fixed Income	3,507,885,968	71% ± 8%	69.75%	586,375,139	Net Cont(draw)*
Short-Term Fixed Income	540,517,072	9% ± 5%	10.75%	43,684,819	Income (Loss)
<b>Total</b>	<b>\$ 5,028,977,276</b>		<b>100.00%</b>	<b>\$ 5,028,977,276</b>	Balance

<b>Sub (AKSAS FU 33042)</b>						YTD Income Statement
Domestic Equity	\$ 2,557,686,292	52% ± 7%	51.90%			
International Equity	647,489,558	9% ± 5%	13.14%			
US Treasury Fixed Income	128,252,506	3% ± 2%	2.60%			
Broad Market Fixed Income	1,502,585,411	35% ± 7%	30.49%	\$ 4,264,954,606	7.1.10 Balance	
Emerging Income Plus Fund	92,404,218	1% -1%/+3%	1.87%	-	Net Cont(draw)*	
Short-Term Fixed Income	55	0% + 2%	0.00%	663,463,434	Income (Loss)	
<b>Total</b>	<b>\$ 4,928,418,040</b>		<b>100.00%</b>	<b>\$ 4,928,418,040</b>	Balance	

\* Net Contributions and withdrawals are calculated on a cash basis. Some activity in FY11 is due to FY10 appropriations.

Total Fixed Income Investments	\$ 6,752,219,466	67.81%
Total Equity Investments	3,205,175,850	32.19%
<b>Total Equity and Fixed Income Investments</b>	<b>\$ 9,957,395,316</b>	<b>100.00%</b>

## Sub funds of the General Fund and Defined Benefit Retirement Funds

Preliminary December 31, 2010 results

Account	Balance	3yr Prfrmnc Act (as of 12.31.10)	AKSAS Fund #	Notes
AHFC Capital Fund (Type 1)	\$ 365,868,667	3.37%	34076	
Railbelt Energy Fund (Type 1)	\$ 110,439,876	3.37%	11123	
Alaska Capital Income Fund (Type 2)	\$ 221,104,397	3.37%	11185	Amaranda Hess AS 37.13.145(d)
Public Education Fund (Type 2)	\$ 1,754,883,320	3.37%	11184	
Statutory Budget Reserve (Type 2)	\$ 1,000,000,000	3.37%	11115	Funded 12.17.08

DB Retirement Plans	Balance	Forecast	3yr Prfrmnc Act (as of 12.31.10)
PERS	\$ 10,901,792,145	8.25%	-1.44%
TRS	4,603,709,667	8.25%	-1.49%
JRS	126,007,231	8.25%	-2.15%
MRS	32,790,838		2.77%
<b>Total</b>	<b>\$ 15,664,299,881</b>		

Note: Sub fund performance rates are for the GeFonsi, which includes the Sub funds.