

State of Alaska FY2011 Governor's Operating Budget

Department of Revenue AMBBA Operations RDU/Component Budget Summary

RDU/Component: AMBBA Operations

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

The mission of the Alaska Municipal Bond Bank is to provide municipalities with financing options for capital projects.

Core Services

- Issue bonds to make loans to municipalities for capital projects at lower rates than the municipalities would incur elsewhere
- Help municipalities gain experience in financial markets and establish a positive credit history
- Monitor opportunities to issue bonds to refinance existing debt

Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

END RESULT A: Municipalities will lower their cost of financing.

- Savings were achieved in each of the two issues of the bond bank and each one of the six loans made with those funds and one additional loan made directly from the Alaska Municipal Bond Bank Authority. Savings aggregated \$5.87 million. AMBBA has achieved its target of 100% for the past five years.
- There were no advance refinancings in FY2009.
- There were no current refinancing issues in FY2009.

Status of Strategies to Achieve End Result

- 95% of municipalities with less than A2 ratings were financed by the Bond Bank.

Key Component Challenges

- FY2009 saw a continuation of heightened borrowing/lending activity of the AMBBA. From FY2008 to FY2009 outstanding debt increased by \$49.4 million or 1.19% to an outstanding balance of \$587.2 million on June 30, 2009. Over the prior five fiscal years outstanding debt has increased by \$253.7 million representing an average increase of \$50.7 million. The \$587.2 million in outstanding bonds leaves \$162.8 million that the AMBBA can issue under its statutory limitation of \$750 million.
- The AMBBA will continue to seek to maintain the diversity of the municipalities in the pool, including attempts to attract stronger municipalities with stronger credit ratings, and a broader array of municipal enterprise credits. Having a portfolio of borrowers that represents a diversity of regions and economic activity helps ensure the Bond Bank maintains its favorable credit rating.

Significant Changes in Results to be Delivered in FY2011

No changes in results delivered.

Major Component Accomplishments in 2009

- During 2009 the AMBBA completed three bond issues for a total of \$76.7 million to fund projects or provide debt service savings in the City of Seward, City of Kodiak, Kodiak Island Borough, City of Skagway, City of Unalaska, City of Cordova, City of Nome, and the City & Borough of Sitka. These communities are estimated to have saved over \$6.8 million in reduced issuance costs and lower interest expense.
- The new general obligation master indenture created in 2005 to allow community revenue bonds to be pooled with other revenue bonds or general obligation bonds continued to increased program efficiency. In 2009 this indenture eliminated the need for two additional bond issues that would have been required prior to 2005. In 2009 the Bond Bank achieved a rating upgrade on the 2005 program to AA- from Fitch Ratings.

Statutory and Regulatory Authority

AS 44.85 Alaska Municipal Bond Bank Authority

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**AMBBA Operations
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	115.3	122.1	129.4
72000 Travel	6.5	10.1	10.1
73000 Services	411.8	692.1	686.0
74000 Commodities	3.1	3.8	3.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	536.7	828.1	829.3
Funding Sources:			
1104 Alaska Municipal Bond Bank Receipts	536.7	828.1	829.3
Funding Totals	536.7	828.1	829.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Authorized	FY2011 Governor
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Municipal Bond Bank Receipts	51417	536.7	0.0	0.0	828.1	829.3
Restricted Total		536.7	0.0	0.0	828.1	829.3
Total Estimated Revenues		536.7	0.0	0.0	828.1	829.3

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	0.0	0.0	828.1	828.1
Adjustments which will continue current level of service:				
-FY2011 Health Insurance Cost Increase Non-Covered Employees	0.0	0.0	1.2	1.2
FY2011 Governor	0.0	0.0	829.3	829.3

**AMBBA Operations
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2010 Management Plan	FY2011 Governor		
Full-time	1	1	Annual Salaries	89,906
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	39,572
			<i>Less 0.06% Vacancy Factor</i>	(78)
			Lump Sum Premium Pay	0
Totals	1	1	Total Personal Services	129,400

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
State Investment Officer II	0	0	1	0	1
Totals	0	0	1	0	1

Component Detail All Funds
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	115.3	117.4	117.4	122.1	129.4	7.3	6.0%
72000 Travel	6.5	10.1	10.1	10.1	10.1	0.0	0.0%
73000 Services	411.8	696.8	696.8	692.1	686.0	-6.1	-0.9%
74000 Commodities	3.1	3.8	3.8	3.8	3.8	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	536.7	828.1	828.1	828.1	829.3	1.2	0.1%
Fund Sources:							
1104 MBB Rcpts	536.7	828.1	828.1	828.1	829.3	1.2	0.1%
General Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	536.7	828.1	828.1	828.1	829.3	1.2	0.1%
Positions:							
Permanent Full Time	1	1	1	1	1	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee												
ConfCom		828.1	117.4	10.1	696.8	3.8	0.0	0.0	0.0	1	0	0
1104 MBB Rcpts		828.1										
Subtotal		828.1	117.4	10.1	696.8	3.8	0.0	0.0	0.0	1	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
ADN 0401019 Adjust Allocation of Costs												
LIT		0.0	4.7	0.0	-4.7	0.0	0.0	0.0	0.0	0	0	0
Subtotal		0.0	4.7	0.0	-4.7	0.0	0.0	0.0	0.0	0	0	0
Additional funds are needed in the personal services line to correctly allocate the Municipal Bond Bank's portion of the cost of the debt manager and one accountant position shared with the Treasury Division. Historically, an amount sufficient to cover this transfer lapses in the contractual services line. Current year projections also indicate that actual expenditures for services will be less than the amount budgeted and therefore available for transfer.												
Subtotal		828.1	122.1	10.1	692.1	3.8	0.0	0.0	0.0	1	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
Adjust Allocation of Costs												
LIT		0.0	6.1	0.0	-6.1	0.0	0.0	0.0	0.0	0	0	0
Subtotal		0.0	6.1	0.0	-6.1	0.0	0.0	0.0	0.0	0	0	0
Additional funds are needed in the personal services line to correctly allocate the Alaska Municipal Bond Bank's portion of the cost of the Debt Manager and one Accountant IV position shared with the Treasury Division.												
FY2011 Health Insurance Cost Increase Non-Covered Employees												
SalAdj		1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1104 MBB Rcpts		1.2										
Costs associated with Health Insurance Increases: \$1.2												
Totals		829.3	129.4	10.1	686.0	3.8	0.0	0.0	0.0	1	0	0

Personal Services Expenditure Detail
Department of Revenue

Scenario: FY2011 Governor (7749)
Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount	
04-5007	Accountant IV	FT	A	GP	Juneau	2A	20K / L	3.0	*	20,463	0	0	9,572	30,035	0	
04-5025	State Investment Officer II	FT	A	XE	Juneau	AA	22 /	6.6	**	69,443	0	0	30,000	99,443	0	
													Total Salary Costs:	89,906		
													Total COLA:	0		
													Total Premium Pay::	0		
													Total Benefits:	39,572		
Total Positions		New	Deleted													
Full Time Positions:		1	0	0												
Part Time Positions:		0	0	0												
Non Permanent Positions:		0	0	0												
Positions in Component:		1	0	0												
Total Component Months:		9.6														
													Total Pre-Vacancy:	129,478		
													Minus Vacancy Adjustment of 0.06%:	(78)		
													Total Post-Vacancy:	129,400		
													Plus Lump Sum Premium Pay:	0		
													Personal Services Line 100:	129,400		

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1104 Alaska Municipal Bond Bank Receipts	129,478	129,400	100.00%
Total PCN Funding:	129,478	129,400	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Revenue
Travel

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel		6.5	10.1	10.1
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			6.5	10.1	10.1
72100	Instate Travel	Instate airfare, surface transportation, lodging, meals & incidentals	3.8	5.9	5.9
72400	Out Of State Travel	Out of state airfare, surface transportation, lodging, meals & incidentals	0.7	3.9	3.9
72900	Other Travel Costs	Other miscellaneous travel expenses not covered elsewhere	2.0	0.3	0.3

Line Item Detail
Department of Revenue
Services

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Line Number	Line Name			FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services			411.8	692.1	686.0
Expenditure Account				FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Expenditure Account	Servicing Agency	Explanation		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals				411.8	692.1	686.0
73052	Mgmt/Consulting (Non IA Svcs Financial)	Accounting, auditing, management and consulting services		385.1	662.8	656.7
73450	Advertising & Promos	Advertising		2.7	3.2	3.2
73756	Print/Copy/Graphics	Printing of AMBBA annual report		13.5	14.5	14.5
73805	IT-Non-Telecommnctns	Admin	Computer services provided by ETS	0.5	0.6	0.6
73806	IT-Telecommunication	Admin	Telecommunications services provided by ETS	0.9	0.9	0.9
73809	Mail	Admin	Central mailroom services including pick up and delivery of U.S. mail, postage, mailing of state warrants	0.1	0.1	0.1
73810	Human Resources	Admin	Human resource and payroll services provided by the Division of Personnel	0.8	0.8	0.8
73814	Insurance	Admin	Risk Management	0.1	0.1	0.1
73815	Financial	Admin	Division of Finance AKSAS/AKPAY	0.2	0.2	0.2
73816	ADA Compliance	Labor	Share of cost for ADA compliance	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	Admin	State Travel Office fees	0.2	0.1	0.1
73979	Mgmt/Consulting (IA Svcs)	Revenue-CO	Support services provided by the Commissioner's Office	1.8	1.5	1.5
73979	Mgmt/Consulting (IA Svcs)	Revenue-ASD	Administrative services provided by the Administrative Services Division, including IT, fiscal, budget, contract management, procurement, and legislative support	5.8	7.2	7.2

Line Item Detail
Department of Revenue
Commodities

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		3.1	3.8	3.8
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000 Commodities Detail Totals			3.1	3.8	3.8
74229	Business Supplies	Office supplies	0.6	2.3	2.3
74233	Info Technology Equip	Info Technology Equipment	0.4	0.0	0.0
74236	Subscriptions	Subscriptions	2.1	1.5	1.5

Restricted Revenue Detail
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51417	Municipal Bond Bank Receipts	536.7	828.1	829.3

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51417	Muni Bond Bank Rec		4802000	11100	536.7	828.1	829.3

Inter-Agency Services
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010			
				FY2009 Actuals	Management Plan	FY2011 Governor	
73805	IT-Non-Telecommnctns	Computer services provided by ETS	Inter-dept	Admin	0.5	0.6	0.6
73805 IT-Non-Telecommnctns subtotal:					0.5	0.6	0.6
73806	IT-Telecommunication	Telecommunications services provided by ETS	Inter-dept	Admin	0.9	0.9	0.9
73806 IT-Telecommunication subtotal:					0.9	0.9	0.9
73809	Mail	Central mailroom services including pick up and delivery of U.S. mail, postage, mailing of state warrants	Inter-dept	Admin	0.1	0.1	0.1
73809 Mail subtotal:					0.1	0.1	0.1
73810	Human Resources	Human resource and payroll services provided by the Division of Personnel	Inter-dept	Admin	0.8	0.8	0.8
73810 Human Resources subtotal:					0.8	0.8	0.8
73814	Insurance	Risk Management	Inter-dept	Admin	0.1	0.1	0.1
73814 Insurance subtotal:					0.1	0.1	0.1
73815	Financial	Division of Finance AKSAS/AKPAY	Inter-dept	Admin	0.2	0.2	0.2
73815 Financial subtotal:					0.2	0.2	0.2
73816	ADA Compliance	Share of cost for ADA compliance	Inter-dept	Labor	0.1	0.1	0.1
73816 ADA Compliance subtotal:					0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	State Travel Office fees	Inter-dept	Admin	0.2	0.1	0.1
73819 Commission Sales (IA Svcs) subtotal:					0.2	0.1	0.1
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Commissioner's Office	Intra-dept	Revenue-CO	1.8	1.5	1.5
73979	Mgmt/Consulting (IA Svcs)	Administrative services provided by the Administrative Services Division, including IT, fiscal, budget, contract management, procurement, and legislative support	Intra-dept	Revenue-ASD	5.8	7.2	7.2
73979 Mgmt/Consulting (IA Svcs) subtotal:					7.6	8.7	8.7
AMBBA Operations total:					10.5	11.6	11.6
Grand Total:					10.5	11.6	11.6