



**ALASKA HOUSING CAPITAL CORPORATION  
ANNUAL MEETING OF THE BOARD OF DIRECTORS**

**APRIL 24, 2024 – 9:30 A.M.  
ANCHORAGE/JUNEAU/FAIRBANKS**

**AGENDA**

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. MINUTES: APRIL 26, 2023
- IV. PUBLIC COMMENTS
- V. ORGANIZATION OF BOARD
  - A. BOARD MEMBERS' OATHS OF OFFICE
  - B. ELECTION OF OFFICERS
- VI. NEW BUSINESS
  - A. OVERVIEW OF AHCC APPROPRIATIONS AND FUND BALANCE
  - B. RESOLUTION NO. 2024-01: APPROVAL OF FISCAL YEAR 2023 ANNUAL REPORT
  - C. OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD
- VII. ADJOURNMENT

*The Chair may announce changes in the order of business during the meeting.*



## MINUTES

### ALASKA HOUSING CAPITAL CORPORATION BOARD OF DIRECTORS

#### REGULAR MEETING

April 26, 2023

9:34 a.m.

Anchorage/Juneau/Fairbanks

The Board of Directors of Alaska Housing Capital Corporation met April 26, 2023, in the AHFC Board Room, 4300 Boniface Parkway in Anchorage, Alaska, at 9:34 a.m. Board members present in the room and via teleconference were:

**BRENT LEVALLEY**  
via teleconference

**Chair**  
**Member of the Board**

**JESS HALL**

**Member of the Board**

**VIVIAN STIVER**

**Member of the Board**

**FADIL LIMANI**

**Designee for Commissioner**  
Department of Revenue  
**Member of the Board**

**JULIE SANDE**  
via teleconference

**Commissioner**  
Department of Commerce, Commerce,  
Community &  
Economic Development  
**Member of the Board**

**HEIDI HEDBERG**  
via teleconference

**Commissioner**  
Department of Health  
**Member of the Board**

- I. **ROLL CALL.** Chair LeValley called the meeting to order. A quorum was declared present, and the meeting was duly and properly convened for the transaction of business. Also present were various personnel of the Alaska Housing Finance Corporation (AHFC) including but not limited to Bryan Butcher, Gerry Deta, and Kayla Richardson.
- II. **APPROVAL OF AGENDA.** Chair LeValley proposed the agenda as presented. JESS HALL moved to approve the agenda as presented. VIVIAN STIVER seconded the



motion. Hearing no objections, the agenda was approved as presented.

III. **MINUTES OF MAY 18, 2022.** Chair LeValley proposed the minutes as presented. JESS HALL moved to approve the May 18, 2022, minutes as presented. FADIL LIMANI seconded the motion. Hearing no objections, the meeting minutes were approved as presented.

IV. **PUBLIC COMMENTS.** There were no public comments.

V. **ORGANIZATION OF THE BOARD.**

A. **BOARD MEMBERS' OATH OF OFFICE.** Bryan Butcher introduced the item and staff member Kayla Richardson read the Oath of Office into the record. All directors verbally confirmed their oath with a roll call.

B. **ELECTION OF OFFICERS.** Chair LeValley announced the current officers: Brent LeValley, Chair, Bryan Butcher, President, Mike Strand, Vice President, and Jess Hall, Secretary/Treasurer. VIVIAN STIVER moved to maintain the officers as presented. JESS HALL seconded the motion. All seats were unanimously elected by roll call vote. (6-0)

VI. **NEW BUSINESS.**

A. **OVERVIEW OF AHCC APPROPRIATIONS AND FUND BALANCE.** Bryan Butcher introduced the item and Gerry Deta presented. Mr. Deta reported there were no new projects during fiscal year 2022 and a variety of departments still have active appropriations remaining with AHCC funds. The AHCC cash account has a balance just under \$2.5 million, of which \$1.8 million was previously appropriated but not yet drawn. The State has approximately \$600,000 available for future appropriations.

B. **RESOLUTION NO. 2023-01: APPROVAL OF FISCAL YEAR 2022 ANNUAL REPORT.** Gerry Deta introduced Chris Matika and Kevin Smith of Eide Bailly to present the annual report. Mr. Smith gave an overview of the Audit Wrap-Up Report to the Board. Seeing and hearing no questions, Chair LeValley asked for a motion to approve the Fiscal Year 2022 Annual Report.



JESS HALL moved to approve Resolution 2023-01. VIVIAN STIVER seconded. A roll call vote was taken, and the resolution was approved unanimously. (6-0)**RESOLUTION NO. 2023-01 RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA HOUSING CAPITAL CORPORATION APPROVING THE ANNUAL BUDGET FOR THE FISCAL YEAR ENDED JUNE 30, 2022.**

**C. OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD.** Chair LeValley asked if there were any other matters to come before the Board. There were no other matters brought to the Board.

**VII. ADJOURNMENT.** Chair LeValley stated that with no other matters to consider, he asked for a motion to adjourn. JESS HALL moved to adjourn. VIVIAN STIVER seconded.

Chair LeValley adjourned the meeting at 9:47 a.m.

ATTESTED:

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Brent LeValley  
Board Chair

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Bryan Butcher  
CEO/Executive Director



**MEMORANDUM**

**DATE:** April 24, 2024  
**TO:** Board of Directors  
**FROM:** Staff  
**RE:** Oath of Office

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***Issue:***

The Alaska Constitution requires all public officers to take and subscribe to the Alaska Oath of Office.

***Recommendation and requested action:***

The Alaska Oath of Office shall be read into record as follows and each director shall affirm at the present meeting that he/she takes and subscribes thereto:

“I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of Alaska, and that I will faithfully discharge my duties as a member of the Board of Directors of the Alaska Housing Capital Corporation to the best of my ability.”



## MEMORANDUM

**DATE:** April 24, 2024  
**TO:** Board of Directors  
**FROM:** Staff  
**RE:** Election of Officers

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***Issue:***

The By-Laws provide for an election of officers for the Board of Directors at the Annual Meeting. The officers to be elected are as follows:

Chair  
President  
Vice President  
Secretary  
Treasurer

Current officers: Brent LeValley, Chair  
Bryan Butcher, President  
Michael Strand, Vice President  
Jess Hall, Secretary/Treasurer

***Recommendation and requested action:***

The Board is requested to elect officers for the above-listed positions.



## MEMORANDUM

**DATE:** April 24, 2024  
**TO:** Board of Directors  
**FROM:** Staff  
**RE:** Overview of Appropriations and Fund Balance

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***Issue:***

Attached is a worksheet detailing appropriations made against AHCC funds to date, the recipient and status of each, and the remaining funds available for future appropriations.

***Recommendation and requested action:***

This item is for informational purposes only. No Board action is required.

# Alaska Housing Capital Corporation

## Summary of Appropriations and Expenditures

APPROPRIATION RECIPIENT	PROJECT	APPROPRIATION	ADJUST/REAPP	EXPENDED	REMAINING
Education and Early Development	Alaska Education Grants and/or Performance Scholarships	400,000,000.00	-	(400,000,000.00)	-
Education and Early Development	Alaska Performance Scholarship Awards	3,100,000.00	-	(3,100,000.00)	-
Alaska Gasline Development Corporation	In-State Gas Pipeline Project	21,000,000.00	-	(21,000,000.00)	-
Alaska Energy Authority (via DCCED)	Susitna-Watana Hydroelectric Project	95,200,000.00	(970,900.72)	(94,229,099.28)	-
Alaska Gasline Development Corporation	In-State Gas Pipeline Project	330,000,000.00	-	(330,000,000.00)	-
Alaska Gasline Development Corporation	In-State Gas Pipeline Project	25,000,000.00	-	(25,000,000.00)	-
Alaska Railroad Corporation (via DCCED)	Positive Train Control Project	19,100,000.00	-	(19,100,000.00)	-
Education and Early Development	State Library, Archives, and Museum Facility Construction	22,500,000.00	(2,920,000.00)	(19,558,143.99)	21,856.01
University of Alaska	UAA Engineering Building	40,600,000.00	-	(40,600,000.00)	-
Alaska Capital Income Fund	Fund Transfer	37,467,500.00	-	(37,467,500.00)	-
Alaska Energy Authority (via DCCED)	Electrical Emergencies	-	330,000.00	(330,000.00)	-
Corrections	Underground Storage Tank Upgrades	-	1,850,000.00	(1,502,461.48)	347,538.52
Corrections	Maintenance, Renovation, Repair - Ketchikan Elevator	-	490,000.00	(454,709.19)	35,290.81
Corrections	Maintenance, Renovation, Repair - Nome Water Line	-	250,000.00	(230,649.24)	19,350.76
Alaska Housing Finance Corporation	Facility Maintenance Program	3,000,000.00	-	(3,000,000.00)	-
Alaska Housing Finance Corporation	Senior Citizens Housing Development Program	760,700.00	-	(760,700.00)	-
Alaska Housing Finance Corporation	Supplemental Housing Development Program	3,000,000.00	-	(3,000,000.00)	-
Alaska Housing Finance Corporation	Weatherization Program	3,000,000.00	-	(3,000,000.00)	-
Education and Early Development	Major Maintenance Grant Fund (AS 14.11.007)	4,203,372.00	-	(4,203,372.00)	-
Transportation and Public Facilities	Federal Aid Highway State Match	7,848,000.00	-	(7,540,298.45)	307,701.55
Labor and Workforce Development	Alaska Technical and Vocational Education Program	750,000.00	-	(750,000.00)	-
		<u>1,016,529,572.00</u>	<u>(970,900.72)</u>	<u>(1,014,826,933.63)</u>	<u>731,737.65</u>
			February 29, 2024	Cash Balance:	\$1,985,606.55
				Expenditures in Transit:	-
				Remaining Appropriations:	<u>(731,737.65)</u>
				Amount Available for Appropriation:	\$1,253,868.90





## MEMORANDUM

**DATE:** April 24, 2024  
**TO:** Board of Directors  
**FROM:** Staff  
**RE:** Authorization of Annual Report

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***Issue:***

Article VII, Section (I) of the Articles of Incorporation requires that the Corporation be audited annually and any financial reports required of the Corporation be prepared in accordance with generally accepted accounting principles. Article III, Section 10, of the By-Laws requires that such annual reports be entered into the minutes of, and filed with the records of, the Corporation at its annual meeting.

***Recommendation and requested action:***

In accordance with the By-Laws and Articles of Incorporation, the Board is requested to authorize the attached annual report for FY 2023.



**RESOLUTION NO. 2024-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA HOUSING CAPITAL CORPORATION APPROVING THE ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023.**

**RESOLVED**, that the Board of Directors of the Alaska Housing Capital Corporation hereby approves the Annual Report for the fiscal year ended June 30, 2023, a copy of which has been presented to, and is made a part of the record of, this meeting.

DATED this 24<sup>th</sup> day of April, 2024.

By: \_\_\_\_\_  
Brent LeValley  
Chair

# **Alaska Housing Capital Corporation**

**a component unit of the State of Alaska**

## **Financial Statements**

**June 30, 2023**

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## Independent Auditor's Report

To the Board of Directors  
Alaska Housing Capital Corporation  
Anchorage, Alaska

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of the Alaska Housing Capital Corporation (the Corporation) a blended component unit of the State of Alaska, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Corporation, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities of the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Eide Bailly LLP*

Boise, Idaho  
October 20, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion and analysis is an overview and analysis of the financial activities of Alaska Housing Capital Corporation (the “Corporation”) for the fiscal year ended June 30, 2023. This information should be read in conjunction with the Independent Auditor’s Report, financial statements and accompanying notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The Corporation is a component unit of the State of Alaska (the “State”) and is presented as a blended component of the general fund in the State’s financial statements.

**FINANCIAL HIGHLIGHTS**

- During the fiscal year ended June 30, 2023, \$1,789,000 was paid for fiscal year 2023 expenses. An additional \$150,000 of fiscal year 2023 expenses were accrued.
- In fiscal year 2019, the Corporation advanced \$9,761,000 to the Alaska Housing Finance Corporation (“AHFC”) for major maintenance of AHFC’s affordable housing portfolio. As of June 30, 2023, \$1,582,000 of the advance remained unspent by AHFC.
- As of June 30, 2023, the Corporation’s net position decreased by \$1,851,000 due to expenses exceeding investment interest of \$88,000

**CONDENSED FINANCIAL INFORMATION**

	2023	2022	Increase (Decrease)
Total assets	\$ 4,067	\$ 5,836	\$ (1,769)
Total liabilities	150	68	82
Total net position	<u>3,917</u>	<u>5,768</u>	<u>(1,851)</u>
Total revenues	88	-	88
Total expenses	1,939	3,499	(1,560)
Change in net position	(1,851)	(3,499)	1,648
Beginning net position	5,768	9,267	(3,499)
Ending net position	<u>\$ 3,917</u>	<u>\$ 5,768</u>	<u>\$ (1,851)</u>

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Corporation’s annual financial statements consist of two parts: Management’s Discussion and Analysis and the basic financial statements. The financial statements are intended to facilitate and enhance the understanding of the Corporation’s financial position and results of operations for the current year. The basic financial statements include government-wide presentation, governmental fund presentation and Notes to Financial Statements.

The government-wide financial statements of the Corporation, which include the *Statement of Net Position* (Exhibit A) and the *Statement of Activities* (Exhibit B), display information about the Corporation as a whole, using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The governmental fund financial statements of the Corporation, which include the *Governmental Funds Balance Sheet* (Exhibit A), and the *Statement of Governmental Fund Revenues, Expenditures and Changes in Fund*



MANAGEMENT'S DISCUSSION AND ANALYSIS

*Balances* (Exhibit B) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period and expenditures are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental fund financial statements.

The *Statement of Net Position / Governmental Fund Balance Sheet* (Exhibit A) answers the question, "How is the Corporation's financial health at the end of the year?" This statement includes all assets and liabilities. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Activities / Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance* (Exhibit B) accounts for all of the revenues and expenses. This statement measures the success of the Corporation's operations over the past year and can be used to determine whether the Corporation has successfully recovered all of its costs through its revenue sources. This statement helps answer the question "Is the Corporation as a whole better off or worse off as a result of the year's activities?"

The *Notes to Financial Statements* provide additional information that is essential to obtain a full understanding of the data provided in the government-wide financial statements.

**GENERAL FUND**

The general fund is the operating fund of the Corporation and represents all of the Corporation's activities.

**CONTACTING ALASKA HOUSING CAPITAL CORPORATION'S FINANCIAL MANAGEMENT**

For inquiries about this report or to request additional financial information please call (907) 330-8322 or email [finance@ahfc.us](mailto:finance@ahfc.us).

**ALASKA HOUSING CAPITAL CORPORATION****EXHIBIT A**

(A Component Unit of the State of Alaska)

**GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION**

June 30, 2023

*(in thousands of dollars)*

	<u>General Fund</u>	<u>Statement of Net Position Total</u>
<b>ASSETS</b>		
Investments	\$ 2,367	\$ 2,367
Interest receivable	9	9
Prepaid expenses	1,691	1,691
Total Assets	<u>4,067</u>	<u>4,067</u>
<b>LIABILITIES</b>		
Due to State of Alaska	150	150
Total Liabilities	<u>150</u>	<u>150</u>
<b>FUND BALANCES</b>		
Fund balances:		
Nonspendable - Prepaids	1,691	
Committed to State Library and Archives	190	
Committed to Department of Corrections	398	
Committed to Department of Transportation	458	
Unassigned	1,180	
Total Fund Balances	<u>3,917</u>	
Total Liabilities and Fund Balances	<u>\$ 4,067</u>	
<b>NET POSITION</b>		
Unrestricted		3,917
Total Net Position		<u>\$ 3,917</u>

*See accompanying notes to the financial statements.*

**ALASKA HOUSING CAPITAL CORPORATION****EXHIBIT B**

(A Component Unit of the State of Alaska)

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2023

*(in thousands of dollars)*

	<b>General Fund</b>	<b>Statement of Activities</b>
<b>GENERAL REVENUES</b>		
Investment interest	\$ 88	\$ 88
Total revenues	<u>88</u>	<u>88</u>
<b>EXPENDITURES/EXPENSES</b>		
UAA Engineering Building project	425	425
State Library and Archives project	845	845
Department of Corrections projects	122	122
Department of Transportation Federal match	196	196
Alaska Housing Finance Corporation project	351	351
Total expenditures/expenses	<u>1,939</u>	<u>1,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,851)</u>	<u>(1,851)</u>
Net change in fund balances	(1,851)	
Change in net position		(1,851)
<b>FUND BALANCES and NET POSITION</b>		
Beginning of year	5,768	5,768
End of year	<u>\$ 3,917</u>	<u>\$ 3,917</u>

*See accompanying notes to the financial statements.*

## **FOOTNOTE INDEX**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
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Notes to Financial Statements

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE A: ALASKA HOUSING CAPITAL CORPORATION**

The Alaska Housing Capital Corporation (the "Corporation") is a non-profit corporation. It was incorporated on May 23, 2006, under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Statutes creating the Alaska Housing Capital Corporation (AS18.56), as amended. The Corporation was formed as an affiliate of Alaska Housing Finance Corporation ("AHFC") in accordance with the Legislature's intent. The Corporation is legally independent and separate from AHFC, and there is no financial accountability between the Corporation and AHFC.

The Board of Directors of the Corporation is comprised of the Commissioners of the Alaska Departments of Revenue; Health & Social Services; and Commerce, Community & Economic Development, or their designees, and four independent members of the public. The Corporation is a government instrumentality of the State but has legal existence independent of and separate from the State. The Corporation is a component unit of the State of Alaska (the "State") and is presented as a component of the State's financial statements.

The Corporation was formed for the purpose set forth in AS 18.56.086 identified as financing various capital projects of the State of Alaska and financing expenses via enacted legislative action. The State of Alaska can add or withdraw funds through future legislative action.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Corporation's annual financial statements include a Management's Discussion and Analysis (MD&A) section and basic financial statements. The basic financial statements include a Governmental Funds Balance Sheet / Statement of Net Position, a Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances / Statement of Activities, and Notes to Financial Statements.

The Statement of Net Position and the Statement of Activities report information on all of the activities of the Corporation. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are provided for governmental funds.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Corporation considers revenues to be available if collected within 60 days of fiscal year end. Expenditures generally are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental-fund financial statements.

**NOTE C: ASSETS AND FUND EQUITY**

***Investments***

All investments are stated at fair value and are invested in the State of Alaska's internally managed investment pool.

Notes to Financial Statements

**Fund Balances and Net Position**

The Corporation's financial resources are used for the specific purpose established when it was incorporated, that of financing various Alaskan capital projects. Once resources designated by the legislature are received, amounts are further appropriated by the legislature for specific projects, with the remainder unassigned for future needs. To identify the constraints on the funding, the General Fund has fund balance categories of Nonspendable (items not convertible to cash, i.e., prepaid expenses of appropriations already distributed to recipients), Committed (appropriations yet to be distributed to recipients), and the remainder is Unassigned until a project is decided with further legislation. Net position is separated into restricted and unrestricted. There is no formal policy for the order in which the Corporation spends restricted, committed, and unassigned funds.

**NOTE D: INVESTMENTS**

The Alaska State Department of Revenue, Treasury Division (the "Treasury") has created a pooled environment by which it manages the investments under the fiduciary oversight of the Commissioner. Actual investing is performed by investment officers in the Treasury or by contracted external investment managers. The Corporation invests in the State's internally managed General Fund and Other Non-Segregated Investments Pool ("GeFONSI"). The GeFONSI consists of investments in the State's internally managed Short-term Fixed Income Pool, the Short-term Liquidity Fixed Income Pool and the Intermediate-term Fixed Income Pool. The complete financial activity of the fund is shown in the Annual Comprehensive Financial Report (ACFR) available from the Department of Administration, Division of Finance.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service.

GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to pool participants daily on a pro rata basis.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at: <http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>.

At June 30, 2023, the Corporation's share of pool investments was as follows (in thousands):

<u>State of Alaska Investment Pool</u>	<u>June 30, 2023</u>
Short-Term Fixed Income Pool	\$ 2,367
Total	<u>\$ 2,367</u>

**Concentration of Credit Risk**

The Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds of any one company or affiliated group.

At June 30, 2023, the fund did not have more than five percent of its investments in any one company or affiliated group.

**NOTE E: DUE TO STATE**

Expenses totaling \$150,000 were incurred in fiscal year 2023, but paid in fiscal year 2024. The expenses are accrued as additional fiscal year 2023 expenses, and as a liability due to the State on the Corporation's Statement of Net Position and Governmental Funds Balance Sheet.



October 20, 2023

To the Board of Directors  
Alaska Housing Capital Corporation  
Anchorage, Alaska

We have audited the financial statements of the Alaska Housing Capital Corporation (the Corporation) for the year ended June 30, 2023 and have issued our report thereon dated, October 20, 2023. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated April 12, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

As stated in our auditor’s report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks”. We have identified the following as significant risks.

### *Risk of Management Override of Internal Control*

Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Corporation may have the ability to override controls that the organization has implemented. Management may override the organization’s controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the Corporation’s financial performance or with the intent of concealing fraudulent transactions.

## **Qualitative Aspects of the Entity’s Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Corporation is included in Note B to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. No such significant accounting estimates were identified.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Corporation’s financial statements relate to:

The disclosure in Note D to the financial statements over investment valuation and credit risk.

The disclosure in Note E to the financial statements over amounts due to the State of Alaska.



### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify and circumstances that affect the form and content of the auditor's report.

### **Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated October 20, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Corporation we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Corporation's auditors.

This information is intended solely for the use of Board of Directors and management of Alaska Housing Finance Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Eide Bailly LLP*

Boise, Idaho