NEW ISSUE FULL BOOK-ENTRY

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

$60,000,000
ALASKA HOUSING FINANCE CORPORATION
Collateralized Bonds
(Veterans Mortgage Program)

$48,655,000 2019 First Series (Non-AMT)	$11,345,000 2019 Second Series (Non-AMT)

Dated	Date of Delivery.
Due	As shown on the inside cover page.
Price	As shown on the inside cover page.
Tax Exemption	In the opinions of Co-Bond Counsel, interest on the 2019 Bonds (A) assuming compliance with certain covenants designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing laws, regulations, rulings and judicial decisions, (i) is excluded from gross income for federal income tax purposes and (ii) is not a specific preference item for purposes of the federal alternative minimum tax imposed under the Code; and (B) is free from taxation by the State of Alaska under existing law (*except* that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death). Co-Bond Counsel express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds. See "Tax Matters."
Redemption	The 2019 Bonds are subject to redemption prior to maturity at 100% of their principal amount under the circumstances described herein. See "REDEMPTION OF THE 2019 BONDS."
Security	**Principal of and interest on the 2019 Bonds are unconditionally guaranteed by the State of Alaska. The 2019 Bonds will be primarily secured by Program Obligations (as defined in this Official Statement) initially consisting of conventional, single-family residential mortgage loans that are either guaranteed by the Department of Veterans Affairs or the Rural Housing Service (formerly, the Farmers' Home Administration) or insured by the Federal Housing Administration (the "Mortgage Loans") and securities backed by Mortgage Loans ("Mortgage Certificates"). The Mortgage Certificates will be issued or guaranteed by GNMA, FNMA or FHLMC (as defined herein) and will be held by the Trustee. The 2019 Bonds will also be secured by the Pledged Revenues (as defined in this Official Statement) and by all assets held in any fund or account established under the Indenture. The Mortgage Loans will consist of Mortgage Loans that the Corporation has purchased from qualifying lending institutions located in the State of Alaska that originated such Mortgage Loans (the "Purchased Mortgage Loans") and Mortgage Loans that the Corporation will purchase in the future from qualifying lending institutions located in the State of Alaska that originate such Mortgage Loans. See "THE PROGRAM OBLIGATION FUND — The Special Mortgage Loan Purchase Program" and "MORTGAGES AND MORTGAGE SERVICING — Purchased Mortgage Loans Data" herein. Each Mortgage Loan will be secured by a first mortgage lien on residential property located in the State of Alaska. THE CORPORATION HAS NO TAXING POWER. THE 2019 BONDS ARE GENERAL OBLIGATIONS OF THE CORPORATION FOR WHICH ITS FULL FAITH AND CREDIT ARE PLEDGED, SUBJECT TO AGREEMENTS MADE AND TO BE MADE WITH THE HOLDERS OF OTHER OBLIGATIONS OF THE CORPORATION PLEDGING PARTICULAR REVENUES AND ASSETS NOT PLEDGED TO THE 2019 BONDS AND TO THE EXCLUSION OF MONEY IN THE CORPORATION'S HOUSING DEVELOPMENT FUND.**
Interest Payment Dates	December 1, 2019, and on each June 1 and December 1 thereafter.
Denominations	$5,000 or any integral multiple thereof.
Closing Date	Expected on or about March 21, 2019.
Co-Bond Counsel	Kutak Rock LLP and the Law Office of Kenneth E. Vassar, LLC.
Disclosure Counsel	Hawkins Delafield & Wood LLP.
Trustee	U.S. Bank National Association.
Financial Advisor	Hilltop Securities Inc.
Book-Entry System	The Depository Trust Company. See "DESCRIPTION OF THE 2019 BONDS — Book-Entry Only System."

The 2019 Bonds are offered when, as and if issued, subject to the approval of legality by Co-Bond Counsel and to the confirmation of certain tax matters by Co-Bond Counsel.

Sale Date: March 6, 2019

Maturity Schedule

$60,000,000
Collateralized Bonds
(Veterans Mortgage Program)

$48,655,000 2019 First Series (Non-AMT)

$28,410,000 Serial Bonds

Maturity Date	Principal Amount	Interest Rate	CUSIP†	Maturity Date	Principal Amount	Interest Rate	CUSIP†
June 1, 2020	$ 640,000	1.60%	011839RY5	June 1, 2029	$ 770,000	2.70%	011839SS7
December 1, 2020	645,000	1.65	011839RZ2	December 1, 2029	780,000	2.75	011839ST5
June 1, 2021	650,000	1.70	011839SA6	June 1, 2030	795,000	2.80	011839SU2
December 1, 2021	655,000	1.75	011839SB4	December 1, 2030	805,000	2.85	011839SV0
June 1, 2022	660,000	1.80	011839SC2	June 1, 2031	820,000	2.90	011839SW8
December 1, 2022	665,000	1.85	011839SD0	December 1, 2031	830,000	2.95	011839SX6
June 1, 2023	670,000	1.90	011839SE8	June 1, 2032	845,000	3.00	011839SY4
December 1, 2023	675,000	1.95	011839SF5	December 1, 2032	855,000	3.05	011839SZ1
June 1, 2024	680,000	2.00	011839SG3	June 1, 2033	875,000	3.10	011839TA5
December 1, 2024	695,000	2.05	011839SH1	December 1, 2033	885,000	3.15	011839TB3
June 1, 2025	700,000	2.15	011839SJ7	June 1, 2034	900,000	3.20	011839TC1
December 1, 2025	710,000	2.20	011839SK4	December 1, 2034	915,000	3.25	011839TD9
June 1, 2026	715,000	2.30	011839SL2	June 1, 2035	935,000	3.30	011839TE7
December 1, 2026	725,000	2.35	011839SM0	December 1, 2035	950,000	3.35	011839TF4
June 1, 2027	730,000	2.45	011839SN8	June 1, 2036	965,000	3.40	011839TG2
December 1, 2027	740,000	2.50	011839SP3	December 1, 2036	985,000	3.45	011839TH0
June 1, 2028	755,000	2.60	011839SQ1	June 1, 2037	1,005,000	3.50	011839TJ6
December 1, 2028	765,000	2.65	011839SR9	December 1, 2037	1,020,000	3.55	011839TK3

$4,285,000 3.60% Term Bonds due December 1, 2039 — CUSIP† 011839TP2

$2,440,000 3.65% Term Bonds due December 1, 2041 — CUSIP† 011839TT4

$2,655,000 3.70% Term Bonds due December 1, 2043 — CUSIP† 011839TX5

$4,375,000 3.75% Term Bonds due December 1, 2046 — CUSIP† 011839UD7

$6,490,000 3.85% Term Bonds due December 1, 2049 — CUSIP† 011839UK1

Price of All 2019 First Series Bonds: 100%

$11,345,000 2019 Second Series (Non-AMT)

$11,345,000 4.00% Term Bonds due December 1, 2048 (PAC Bonds)
Price: 107.763% — CUSIP† 011839UL9

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. This CUSIP number has been assigned by an independent company not affiliated with the Corporation and is included solely for the convenience of the registered owners of the applicable 2019 Bonds. The Corporation and the Underwriter are not responsible for the selection or uses of the CUSIP number, and no representation is made as to its correctness by the Corporation or the Underwriter on the 2019 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance.

The distribution of this Official Statement has been authorized by the Alaska Housing Finance Corporation. The material contained herein was compiled by officers of the Corporation, with the advice and assistance of Hilltop Securities Inc., financial advisor to the Corporation, Kutak Rock LLP and the Law Office of Kenneth E. Vassar, LLC, Co-Bond Counsel to the Corporation, and Hawkins Delafield & Wood LLP, disclosure counsel to the Corporation. Data has been obtained from official sources, so far as possible, and otherwise from sources which are believed to be reliable. The accuracy and completeness of the information derived from these sources is not guaranteed. Estimates and forecasts are necessarily approximate and subject to change. Detailed financial reports from which summaries contained herein have been taken are on file at the offices of the Corporation and at the offices of the relevant state agency.

No dealer, broker, salesman or other person has been authorized by the Alaska Housing Finance Corporation or by the State Bond Committee of the State of Alaska to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offer made by this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Alaska Housing Finance Corporation or by the State Bond Committee of the State of Alaska. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Alaska Housing Finance Corporation or the State of Alaska since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2019 Bonds, in any jurisdiction in which such offer, solicitation or sale is not authorized under the securities laws of such jurisdiction.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CORPORATION, THE STATE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS SUBMITTED BY THE ALASKA HOUSING FINANCE CORPORATION IN CONNECTION WITH THE SALE OF THE 2019 BONDS REFERRED TO HEREIN AND MAY NOT BE PRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

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OFFICIAL STATEMENT
OF
ALASKA HOUSING FINANCE CORPORATION

RELATING TO

$60,000,000
ALASKA HOUSING FINANCE CORPORATION
Collateralized Bonds
(Veterans Mortgage Program)

$48,655,000	**$11,345,000**
2019 First Series (Non-AMT)	**2019 Second Series (Non-AMT)**

INTRODUCTION

This Official Statement is being distributed by the Alaska Housing Finance Corporation (the "Corporation") to furnish pertinent information to all who may become holders of its Collateralized Bonds (Veterans Mortgage Program), 2019 First Series (Non-AMT) (the "2019 First Series Bonds") or its Collateralized Bonds (Veterans Mortgage Program), 2019 Second Series (Non-AMT) (the "2019 Second Series Bonds"; together with the 2019 First Series Bonds, the "2019 Bonds"). The 2019 Bonds are authorized to be issued pursuant to Chapter 56 of Title 18 of the Alaska Statutes, as amended (the "Act"), an Indenture (the "Master Indenture") dated as of October 1, 1999, as amended, and a 2019 First and Second Series Supplemental Indenture (the "2019 Supplemental Indenture"), dated as of March 1, 2019 (together with the Master Indenture, the "Indenture"), to be entered into between the Corporation and U.S. Bank National Association, as trustee (the "Trustee").

The 2019 First Series Bonds and the 2019 Second Series Bonds are the twelfth and thirteenth series of bonds, respectively, issued under the Indenture (the "Bonds"). As of January 31, 2019, the Corporation had issued prior series Bonds in the aggregate principal amount of $732,885,000. The Corporation is permitted to issue additional Bonds (including refunding Bonds) pursuant to and secured under the Indenture ("Additional Bonds"), subject to certain conditions. See "SECURITY FOR THE 2019 BONDS — Additional Bonds." The 2019 Bonds will be secured on a parity with the prior series Bonds and with any Additional Bonds.

The proceeds of the 2019 Bonds will be used to provide funds to make or purchase Mortgage Loans (as defined below) or to reimburse the Corporation for such purchases. See "ESTIMATED SOURCES AND USES OF FUNDS."

Principal of and interest on the Bonds is unconditionally guaranteed by the State of Alaska (the "State"). The full faith, credit and resources of the State are pledged to the payment of principal of and interest on the 2019 Bonds, and the payment of the principal of and interest on the 2019 Bonds is secured by the general obligation of the State. A total amount of $3,300,000,000 of State-guaranteed veterans bonds have been authorized to be issued by the Corporation by six statewide voted bond propositions. A total of $2,655,385,000 in bonds has been issued by the Corporation under such authorizations (excluding the 2019 Bonds), of which approximately $47,480,000 is outstanding as of January 31, 2019.

On January 30, 2019, the State Bond Committee approved by resolution the timing and amount of the 2019 Bonds sale.

The Corporation and the State intend to enter into agreements to provide continuing disclosure to permit the purchaser to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

All capitalized terms used in this Official Statement that are defined in the Indenture (unless otherwise herein defined) shall have the same meanings as in the Indenture. See "DESCRIPTION OF THE INDENTURE" herein.

The summaries and references herein to the Act, the 2019 Bonds, the Indenture and other documents and materials are brief outlines of certain provisions contained therein and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the 2019 Bonds, the Indenture and such other documents and materials for the complete provisions thereof, copies of which will be furnished by the Corporation upon request. See "THE CORPORATION — General" for the Corporation's address and telephone number.

ESTIMATED SOURCES AND USES OF FUNDS

The expected sources and uses of funds in connection with the 2019 Bonds are set forth in the following table:

SOURCES	
2019 Bonds Par Amount	$60,000,000.00
2019 Second Series Bonds Premium	880,712.35
Transfers from the Corporation	1,841,907.28
Total Sources	$62,722,619.63
USES	
Program Obligation Fund[1]	$60,880,712.35
Underwriter's Fees	479,227.28
Other Costs of Issuance	250,000.00
Debt Service Account[2]	1,112,680.00
Total Uses	$62,722,619.63

1 The acquisition of the initial portfolio of Program Obligations (as defined below under "SECURITY FOR THE 2019 BONDS — General") with 2019 Bond proceeds is expected to be completed by September 1, 2019. Mortgage Loans acquired by the Corporation from the proceeds of the 2019 Bonds are expected to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder. See "TAX MATTERS."

2 The Corporation may contribute additional amounts to the Debt Service Account if necessary to provide sufficient cash flow for payment of the 2019 Bonds.

SECURITY FOR THE 2019 BONDS

General

The 2019 Bonds are general obligations of the Corporation payable out of any of its revenues, moneys or assets, subject to agreements heretofore or hereafter made with the holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof and subject to the exclusion of money in the Corporation's Housing Development Fund.

The 2019 Bonds will be primarily secured by certain program obligations (the "Program Obligations") initially consisting of conventional, single-family residential mortgage loans (the "Mortgage Loans") that are either guaranteed by the Department of Veterans Affairs ("VA") or the USDA Rural Development ("RD") (formerly, the Farmers' Home Administration), or insured by the

Federal Housing Administration ("FHA") or through private mortgage insurance. The Mortgage Loans will consist of first mortgage loans for single-family residences in the State that the Corporation has purchased from qualifying lending institutions that originated such Mortgage Loans (the "Purchased Mortgage Loans") and first mortgage loans for single-family residences in the State that the Corporation will purchase in the future from qualifying lending institutions that originate such Mortgage Loans. See "THE PROGRAM OBLIGATION FUND — The Special Mortgage Loan Purchase Program" and "MORTGAGES AND MORTGAGE SERVICING — Purchased Mortgage Loans Data" herein. Each Mortgage Loan will be secured by a first mortgage lien on residential property located in the State. Under the Indenture, Program Obligations may also include Mortgage Certificates (as defined below) and, if the Rating Agencies (as defined below) shall have previously informed the Corporation and the Trustee in writing that there would be no adverse effect on the credit ratings previously assigned by them to the Bonds, other mortgage instruments. Mortgage certificates (the "Mortgage Certificates"), if any, will be issued or guaranteed, as the case may be, by the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC"). The Program Obligations, together with the payments thereon, will be pledged to the Trustee under the Indenture.

A portion of the proceeds of the 2019 Bonds will be used to purchase recently-originated Purchased Mortgage Loans financed on a temporary basis with Corporation funds with an approximate aggregate principal balance of $36.2 million as of January 31, 2019. The balance of the proceeds of the 2019 Bonds will be used to finance new Mortgage Loans following the issuance of the 2019 Bonds. The Corporation may exchange certain of such Mortgage Loans for Mortgage Certificates. For a more complete description of the Mortgage Certificates, see "THE PROGRAM OBLIGATION FUND — Mortgage Certificates" herein. The Corporation expects to complete its acquisition of Mortgage Loans and, if applicable, Mortgage Certificates with proceeds of the 2019 Bonds by September 1, 2019.

Mortgage Loans purchased from 2019 Bond proceeds will be limited to Mortgage Loans made to qualifying veterans which are secured by a first lien on residential, single family homes and which bear interest at a fixed rate. Such Mortgage Loans will provide for approximately equal monthly installments of principal and interest for an initial term of at least 15 years, but no more than 30 years, from the date of origination. For a more complete description of the Mortgage Loans, see "MORTGAGES AND MORTGAGE SERVICING — The Mortgages" and "CERTAIN LEGAL ASPECTS OF THE MORTGAGE LOANS."

No representation is made as to the percentage of the Program Obligation Fund with respect to the 2019 Bonds under the Indenture (the "Program Obligation Fund") which will be invested initially in Purchased Mortgage Loans, Mortgage Certificates or other permitted investments.

Pledged Revenues

In addition, the 2019 Bonds will be secured by a pledge of the Corporation's rights under the pledged Program Obligations and the various insurance policies and guaranty agreements provided with respect to the pledged Program Obligations, and by a pledge of the Pledged Revenues under the Indenture and all assets held in any fund or account established under the Indenture (except any Rebate Fund and any account within either a Credit Enhancement Fund or a Liquidity Facility Fund that is used exclusively to reimburse the credit enhancer or liquidity facility provider pursuant to the terms of the Credit Enhancement or Liquidity Facility). Pledged Revenues include (i) payments of principal and interest on the Pledged Program Obligations deposited with the Trustee and all other net proceeds of such Pledged Program Obligations and (ii) investment earnings on Investment Securities held by the Trustee as security for the Bonds and the net gain realized on the sale or other disposition of such Investment Securities.

Pledged Revenues do not include earnings or payments on amounts on deposit in the Rebate Fund or the Over Collateralization Requirement Fund for the 2019 Bonds (the "OCR Fund").

OCR Fund

If amounts in the Interest Account of the Revenue Fund and the Principal Account and General Account of the Redemption Fund are insufficient to pay debt service on the Bonds, amounts in the OCR Fund are available for such payment if there is an insufficient amount to pay such deficiency in the Debt Service Account. The OCR Fund may consist of certain mortgage loans, cash and other assets contributed to it by the Corporation. The Corporation will deposit mortgage loans, mortgage certificates and/or cash into the OCR Fund in an amount sufficient to satisfy the OCR Fund Requirement.

Sufficiency of Pledged Revenues

The completed initial portfolio of Program Obligations, as described in the third paragraph under "SECURITY FOR THE 2019 BONDS — General" above, and all other Program Obligations, will be pledged to the payment of the 2019 Bonds and all other Bonds on a parity basis. Revenues received in respect of such Program Obligations and any other Program Obligations subsequently acquired, including amounts attributable to prepayments, are required to be deposited in the Revenue Fund and will be applied (unless used to purchase additional Program Obligations), together with amounts available from investment earnings, to meet interest payments, sinking fund redemption requirements, principal maturities and other redemption provisions of the Bonds. The cash flow from such Mortgage Loans and other Program Obligations and any subsequent Mortgage Loans or other Program Obligations, together with investment income and the Debt Service Account, is expected to be sufficient for all required principal (including sinking fund) and interest payments on the Bonds.

State Guaranty

Principal of and interest on all Bonds are unconditionally guaranteed by the State of Alaska. The full faith, credit and resources of the State are pledged to the payment of principal of and interest on all Bonds, and payment of the principal of and interest on all Bonds are secured by the general obligation of the State of Alaska.

Debt Service Account

The Corporation will establish by a cash transfer from its unrestricted general funds a Debt Service Account in approximately the amount of $1.1 million in order to assure the availability of moneys for the payment of debt service on the Bonds. The Corporation may deposit additional amounts in the Debt Service Account to the extent necessary to provide adequate cash flow to pay the Bonds. Under the terms of the Indenture, any deficiency in the minimum required deposit of amounts in the Interest Account, Principal Account and General Account with respect to payment of interest, principal or sinking fund payments on the Bonds three business days prior to any Interest Payment Date must be immediately satisfied with a withdrawal from the Debt Service Account and, if amounts therein shall be insufficient, from any other funds of the Corporation available therefor, including amounts in the OCR Fund. On the first Interest Payment Date next following the acquisition of the initial portfolio of Program Obligations with proceeds of the 2019 Bonds, in the event the Corporation has filed with the Trustee a Bond Coverage Certificate (as defined below) demonstrating Bond Coverage (as defined below) after giving effect to such withdrawal, the balance remaining in the Debt Service Account in excess of the Minimum Debt Service Account Requirement may be withdrawn by the Corporation to the extent that all debt service on all Outstanding Bonds then due shall have been paid as of such Interest Payment Date or as of the most recent applicable Interest Payment Date for such Bonds and to the extent that certain other tests are met.

Any amounts remaining in the Debt Service Account five days after such Interest Payment Date in excess of the Minimum Debt Service Account Requirement shall be transferred by the Trustee to the Revenue Fund. On future Interest Payment Dates, the Trustee shall transfer any amounts in the Debt Service Account that are in excess of the Minimum Debt Service Account Requirement to the Revenue Fund.

Additional Bonds

Additional Bonds (including refunding Bonds) may be issued pursuant to the Master Indenture upon compliance with the provisions thereof, which include the requirement that no Additional Bonds may be issued (i) without the delivery of a Bond Coverage Certificate (as defined below) to the Trustee and (ii) unless the ratings then assigned by the Rating Agencies to the then Outstanding Bonds without regard to any bond insurance or any other form of credit enhancement will not be reduced as a result of the issuance of such Additional Bonds. The Bonds issued under the Indenture will rank on a parity with each other; therefore, the availability of money for repayment of the 2019 Bonds could be significantly affected by the issuance of Additional Bonds. The Corporation is also permitted to issue bonds which are separately secured and bonds which are also general obligations of the Corporation.

DESCRIPTION OF THE 2019 BONDS

The 2019 Bonds will be dated, will be issued in the denominations, and interest thereon will be payable on the dates, as set forth on the cover page. The 2019 Bonds will mature on the dates and in the amounts, and will bear interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) from their dated dates to their maturity dates at the applicable rates, as set forth on the inside cover page.

All 2019 Bonds will be issued only in fully-registered form and will be initially offered only in book-entry form, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the 2019 Bonds. See "DESCRIPTION OF THE 2019 BONDS — Book-Entry Only System" herein. The 2019 Bonds are issuable in minimum denominations of $5,000 or any integral multiple thereof. For so long as Cede & Co. remains the registered owner of the 2019 Bonds, payments of principal of and interest on the 2019 Bonds will be made by the Trustee directly to DTC or Cede & Co., as the nominee of DTC. DTC procedures provide for DTC to remit such payments to banks, brokers and dealers who are, or who act through, participants of DTC ("DTC Participants") and for such payments to thereafter be paid by DTC Participants to the Beneficial Owners (as defined below). For payment if the 2019 Bonds are no longer held in book-entry-only system, see "Delivery of Bond Certificates" below.

Book-Entry Only System

The 2019 Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the 2019 Bonds. Purchasers of such 2019 Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the 2019 Bonds are immobilized in the custody of DTC, references to holders or owners of 2019 Bonds mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Corporation nor the Underwriter takes responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully registered securities in the name of Cede & Co., DTC's partnership nominee ("Cede"), or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019 Bond certificate will be issued for each maturity of each Series thereof set forth on the inside cover page in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com (information on the DTC website is not a part of this Official Statement).

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the

2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds of a Series and maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede's consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Corporation, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2019 BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE 2019 BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2019 BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

DTC may discontinue providing its services as securities depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2019 Bond certificates are required to be printed and delivered as described in the Indenture.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

Payments of Principal and Interest

For so long as Cede & Co. is the registered owner of the 2019 Bond, payments of principal and interest with respect to the 2019 Bonds will be paid by the Trustee directly to DTC or its nominee, Cede & Co. DTC procedures provide for DTC to remit such payments to the DTC Participants and such payments to thereafter be paid by DTC Participants to Beneficial Owners. NO ASSURANCE CAN BE GIVEN BY THE CORPORATION THAT DTC AND DTC PARTICIPANTS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO BENEFICIAL OWNERS. THE CORPORATION IS NOT RESPONSIBLE OR LIABLE FOR PAYMENT BY DTC OR DTC PARTICIPANTS OR FOR SENDING TRANSACTION STATEMENTS OR FOR MAINTAINING, SUPERVISING OR REVIEWING RECORDS MAINTAINED BY DTC OR DTC PARTICIPANTS OR FOR ANY OTHER ACTION TAKEN OR NOT TAKEN BY DTC OR DTC PARTICIPANTS. THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM DTC, AND THE CORPORATION TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNER MAY BE CHARGED A SUM SUFFICIENT TO COVER ANY TAX, FEE OR OTHER GOVERNMENTAL CHARGE THAT MAY BE IMPOSED FOR EVERY TRANSFER AND EXCHANGE OF THE 2019 BONDS.

Delivery of Bond Certificates

In the event the Corporation, in its sole discretion, determines that the Beneficial Owners should obtain bond certificates, the Corporation may, at its own expense, execute and deliver 2019 Bonds in the form of fully registered certificates, which would be available for distribution to Beneficial Owners or their nominees. In such event, principal and interest with respect to the 2019 Bonds will be payable to the holders of the 2019 Bonds in accordance with the terms of the Indenture. DTC also may discontinue providing its services with respect to the 2019 Bonds by giving notice to the Corporation and discharging its responsibilities under applicable law.

If bond certificates are issued as provided above, the principal and interest due upon maturity or redemption of any of the 2019 Bonds (or earlier payment in full) will be payable at the office of the Trustee, as Paying Agent, in St. Paul, Minnesota, upon presentation and surrender of such 2019 Bonds by the registered owner thereof on or after the date of maturity or redemption, as the case may be. Payment of the interest on each 2019 Bond (prior to the maturity or earlier redemption thereof) will be made by the Trustee to the registered owner of such 2019 Bond by check mailed by first-class mail on the Interest Payment Date to such registered owner as of the Record Date at the address appearing on the registration books relating to such 2019 Bonds. A registered owner of $1,000,000 or more in principal amount of Bonds shall be paid interest by wire transfer to an account in the United States if the registered owner makes a written request to the Trustee prior to the Record Date specifying the account address.

If certificates are issued as provided above, the 2019 Bonds may be transferred and exchanged by the registered owner thereof or the registered owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the registered owner's duly authorized attorney at the office of the Trustee in Seattle, Washington. For every such exchange or transfer the Corporation or the Trustee may charge the transferee to reimburse it for its fees and expenses in connection with the transfer and any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee is not obligated to make any such transfer or exchange during the 15 days next preceding an Interest Payment

Date on any 2019 Bond or next preceding any selection of any 2019 Bond to be redeemed, or to transfer or exchange any 2019 Bond previously called for redemption except to the extent of any unredeemed portion thereof. If any 2019 Bond is mutilated, lost, stolen or destroyed, the Trustee may execute and deliver a new 2019 Bond of the same maturity, interest rate and principal amount as the 2019 Bond so mutilated, lost, stolen or destroyed, provided that such 2019 Bond is surrendered to the Trustee, or evidence of loss, destruction or theft, together with satisfactory indemnity, is provided to the Trustee. The fees and expenses of the Corporation and the Trustee in connection with such replacement shall be paid by the holder of the 2019 Bond.

Notices to Beneficial Owners

Each Beneficial Owner will receive any notices of redemption and other notices only through the DTC Participant from which each Beneficial Owner acquired its interest in the 2019 Bonds, who, in turn, will receive such notices through the facilities of DTC.

Neither the Trustee nor the Corporation shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2019 Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner of 2019 Bonds with respect to: the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any DTC Participant of any amount in respect of the principal of or interest on the 2019 Bonds; any notice which is permitted or required to be given to holders of the 2019 Bonds under the Indenture; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the 2019 Bonds; or any consent given or other action taken by DTC as the registered owner of the 2019 Bonds.

Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant, an Indirect Participant or otherwise) to notify the Beneficial Owner of any such notice and its contents or effect will not affect the validity of the redemption or of any other action premised on such notice.

When reference is made to any action which is required or permitted to be taken by the owners, such reference will only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such owners for such purposes.

REDEMPTION OF THE 2019 BONDS

Special Redemption

The 2019 Bonds are subject to redemption, at the option of the Corporation, in whole or in part on a pro rata basis from among all outstanding maturities of the 2019 Bonds unless the Corporation directs the Trustee otherwise, on any date on or after December 1, 2019 (which date shall be determined by the Corporation, subject to the provisions of, and in accordance with, the Indenture and when so determined or selected shall be deemed as the redemption date), from amounts in the Program Obligation Fund which have not been expended for the purchase of Program Obligations at a price equal to 100% of the original issue price thereof plus accrued interest to the redemption date. Amounts available to redeem 2019 Bonds as described in this paragraph may be applied at the direction of the Corporation to any maturity of the 2019 Bonds, provided that the ratio of 2019 Second Series Bonds maturing December 1, 2048 (the "PAC Bonds") Outstanding to all 2019 Bonds Outstanding immediately following such redemption may not be less than such ratio immediately prior to such redemption.

The 2019 Bonds are also subject to redemption, at the option of the Corporation, in whole or part on a pro rata basis from among all outstanding maturities of the 2019 Bonds unless the Corporation directs the Trustee otherwise, on any date beginning December 1, 2019 at a price equal to 100% of their principal amount plus accrued interest to the redemption date, from amounts available for such purpose in the Redemption Fund; *provided* that such amounts may be applied to redeem PAC Bonds only if and to the extent that the principal amount of such Bonds Outstanding exceeds the PAC Outstanding Amount (set forth below) for the related period, unless otherwise required by the Code or if no other 2019 Bonds remain Outstanding. Such amounts are expected to be generated primarily from repayments and prepayments of principal on Mortgage Loans represented by (or held directly as) Program Obligations, but may, at the discretion of the Corporation, include excess revenues relating to Mortgage Loans financed by the Corporation with proceeds of the 2019 Bonds ("2019 Bonds Mortgage Loans"), any previously issued Bonds or any Additional Bonds, and amounts in the Debt Service Account in excess of 2% of the outstanding balance of Mortgage Loans (exclusive of Mortgage Loans that have been exchanged for Mortgage Certificates). If the Corporation elects to redeem the 2019 Bonds other than on a pro rata basis pursuant to this paragraph (except with respect to the PAC Bonds as aforesaid), the Corporation shall file a Bond Coverage Certificate with the Trustee demonstrating Bond Coverage after giving effect to such redemptions.

The Corporation may elect in lieu of the redemption described in the preceding paragraph to transfer such amounts to the Program Obligation Fund for the purchase of new Program Obligations, subject to the limitations described below under "Special Mandatory Redemption of PAC Bonds" and "ASSUMPTIONS REGARDING THE 2019 BONDS STRUCTURE." Amounts so transferred to the Program Obligation Fund which are not used for the purchase of new Program Obligations shall under certain circumstances be applied by the Corporation to the aforesaid redemption of 2019 Bonds.

Special Mandatory Redemption of PAC Bonds

The PAC Bonds are subject to mandatory redemption, at 100% of the principal amount thereof, plus accrued interest to the redemption date, from amounts deposited in the Redemption Fund or any other source of funds available therefor, on December 1, 2019 and thereafter on each June 1 and December 1, in an amount equal to the lesser of (i) prepayments and principal repayments of 2019 Bonds Mortgage Loans received as of the 60th day prior to such date (except to the extent needed to pay scheduled principal and sinking fund payments of 2019 Bonds) and (ii) the amount by which the principal amount of PAC Bonds then Outstanding exceeds the PAC Outstanding Amount (set forth below and subject to adjustment as described below) for the related period.

Period Ending	PAC Outstanding Amount
December 1, 2019	$11,120,000
June 1, 2020	10,595,000
December 1, 2020	10,190,000
June 1, 2021	9,715,000
December 1, 2021	9,215,000
June 1, 2022	8,695,000
December 1, 2022	7,920,000
June 1, 2023	6,930,000
December 1, 2023	5,970,000
June 1, 2024	5,045,000
December 1, 2024	4,145,000
June 1, 2025	3,275,000
December 1, 2025	2,430,000
June 1, 2026	1,615,000
December 1, 2026	830,000
June 1, 2027	70,000
December 1, 2027 and thereafter	0

The PAC Outstanding Amounts are based on assumptions (the "PAC Assumptions") that include, among other assumptions, receipt of principal prepayments on 2019 Bonds Mortgage Loans in an amount equal to 50 percent of the Securities Industry and Financial Markets Association's (formerly known as the Bond Market Association and prior to that as the Public Securities Association) standard prepayment speed assumption model ("PSA") for 30-year mortgage loans (as further described below). If PAC Bonds are redeemed as described above in the first paragraph under "Special Redemption" (an "Unexpended Proceeds Redemption"), then each PAC Outstanding Amount will be recalculated to be an amount equal to the product of (i) the original PAC Outstanding Amount and (ii) the fraction whose numerator is the remainder of (a) the original principal amount of PAC Bonds less (b) the cumulative principal amount of PAC Bonds redeemed pursuant to all such Unexpended Proceeds Redemptions, and whose denominator is the original principal amount of PAC Bonds.

The PAC Assumptions may differ from the assumptions made in establishing the dates and amounts of the Sinking Fund Payments and maturities of the 2019 Bonds. See "ASSUMPTIONS REGARDING THE 2019 BONDS STRUCTURE." The Corporation makes no representation that actual experience will conform to the PAC Assumptions. If actual experience differs from the PAC Assumptions, the principal amount of PAC Bonds actually redeemed in each semiannual period pursuant to the provision described under this subheading may differ from that derived from the PAC Outstanding Amounts.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The PSA model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. PSA does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the 2019 Bonds Mortgage Loans. One hundred percent PSA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent PSA assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate series; e.g., 200 percent PSA assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter.

The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid, weighted by the amount of such installment. The weighted average life of PAC Bonds will be influenced by, among other factors, the rate at which principal prepayments on 2019 Bonds Mortgage Loans are received.

Set forth in the following table are the projected weighted average lives (in years) of PAC Bonds, based upon various rates of prepayment of the 2019 Bonds Mortgage Loans expressed as percentages of the PSA standard prepayment model. The numbers set forth in the following table have not been independently verified or audited by a third party and the Corporation does not make any representation or warranty as to the accuracy of such information. The Corporation has made no projections as to the weighted average lives of PAC Bonds at rates of prepayment of the 2019 Bonds Mortgage Loans exceeding 1,000 percent of PSA. The table assumes, among other things, that (i) all 2019 Bonds Mortgage Loans will be acquired on or before September 1, 2019, (ii) all 2019 Bonds Mortgage Loans are prepaid at the percentage of PSA indicated on the table, (iii) all prepayments and scheduled principal repayments of 2019 Bonds Mortgage Loans are timely received and the Corporation experiences no foreclosure losses thereon, (iv) there will be no optional redemption of 2019 Bonds, (v) amounts available under the Indenture to be applied to the special redemption of Bonds will only be used to redeem Bonds of the related Series, (vi) amounts available under the Indenture to be applied to the special redemption of 2019 Bonds other than PAC Bonds will be applied pro rata to such other 2019 Bonds then Outstanding, and (vii) the remaining Bonds of a Series will not be redeemed as a consequence of the aggregate principal amount of such Bonds then Outstanding becoming equal to or less than 15% of the original aggregate principal amount of such Bonds. Some or all of such assumptions are unlikely to reflect actual experience.

Prepayment Speed (expressed as a percentage of PSA)	**Projected Weighted Average Life (in years)**
0%	12.1
25	7.1
50	5.0
75	5.0
100	5.0
200	5.0
300	5.0
400	5.0
500	5.0
600	5.0
700	5.0
1,000	3.3

The PSA model does not purport to be a prediction of the anticipated rate of prepayment of the 2019 Bonds Mortgage Loans, and there is no assurance that such principal prepayments will conform to any of the assumed prepayment rates. No representation is made as to the percentage of the principal balance of the 2019 Bonds Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment.

Redemption When 2019 Bonds Outstanding Are 15% or Less of Initial Principal Amount

The 2019 Bonds are subject to redemption at 100% of the principal amount thereof, plus accrued interest to the redemption date, in whole on any date at the option of the Corporation, from any source of funds, if, in the case of the 2019 First Series Bonds, the aggregate principal amount of then Outstanding 2019 First Series Bonds (reduced by any 2019 First Series Bonds otherwise to be redeemed on such date) is less than or equal to 15% of the aggregate initial principal amount of the 2019 First Series Bonds ($7,298,250) and, in the case of the 2019 Second Series Bonds, the aggregate principal amount of then Outstanding 2019 Second Series Bonds (reduced by any 2019 Second Series Bonds otherwise to be redeemed on such date) is less than or equal to 15% of the aggregate initial principal amount of the 2019 Second Series Bonds ($1,701,750).

Sinking Fund Redemption

The 2019 Bonds which are term bonds are also subject to redemption in part by lot within a maturity at 100% of the principal amount thereof plus interest accrued to the redemption date from mandatory sinking fund payment on the dates and in the principal amounts of such 2019 Bonds specified for each of the years shown below:

Sinking Fund Payment Schedules

2019 First Series Bonds maturing December 1, 2039

Sinking Fund Payment Date	Principal Amount
June 1, 2038	$1,040,000
December 1, 2038	1,065,000
June 1, 2039	1,080,000
December 1, 2039 (maturity)	1,100,000

2019 First Series Bonds maturing December 1, 2041

Sinking Fund Payment Date	Principal Amount
June 1, 2040	$595,000
December 1, 2040	605,000
June 1, 2041	615,000
December 1, 2041 (maturity)	625,000

2019 First Series Bonds maturing December 1, 2043

Sinking Fund Payment Date	Principal Amount
June 1, 2042	$645,000
December 1, 2042	655,000
June 1, 2043	670,000
December 1, 2043 (maturity)	685,000

2019 First Series Bonds maturing December 1, 2046

Sinking Fund Payment Date	Principal Amount
June 1, 2044	$685,000
December 1, 2044	710,000
June 1, 2045	720,000
December 1, 2045	735,000
June 1, 2046	755,000
December 1, 2046 (maturity)	770,000

2019 First Series Bonds maturing December 1, 2049

Sinking Fund Payment Date	Principal Amount
June 1, 2047	$ 785,000
December 1, 2047	800,000
June 1, 2048	820,000
December 1, 2048	835,000
June 1, 2049	1,610,000
December 1, 2049 (maturity)	1,640,000

2019 Second Series Bonds maturing December 1, 2048

Sinking Fund Payment Date	Principal Amount
June 1, 2040	$530,000
December 1, 2040	540,000
June 1, 2041	550,000
December 1, 2041	560,000
June 1, 2042	575,000
December 1, 2042	585,000
June 1, 2043	595,000
December 1, 2043	605,000
June 1, 2044	625,000
December 1, 2044	635,000
June 1, 2045	650,000
December 1, 2045	660,000
June 1, 2046	670,000
December 1, 2046	685,000
June 1, 2047	700,000
December 1, 2047	715,000
June 1, 2048	725,000
December 1, 2048 (maturity)	740,000

Optional Redemption

The 2019 First Series Bonds maturing on or after June 1, 2029, are redeemable, at the option of the Corporation, on or after December 1, 2028, in whole or in part, at any time from any moneys made available for such purpose, at 100% of the principal amount of the 2019 First Series Bonds to be redeemed, plus interest, if any, accrued to the redemption date.

The 2019 Second Series Bonds are redeemable, at the option of the Corporation, on or after December 1, 2028, in whole or in part, at any time from any moneys made available for such purpose, at 100% of the original issue price of the 2019 Second Series Bonds to be redeemed, plus interest, if any, accrued to the redemption date.

General Provisions

The Corporation may from time to time, prior to notice of redemption, purchase 2019 Bonds from moneys held for redemption at a price not in excess of the applicable Redemption Price plus accrued interest.

Any 2019 Bonds to be redeemed shall be redeemed in accordance with the requirements of the Indenture, and any such redemption (other than a sinking fund redemption) shall be credited against future Sinking Fund Payments applicable to the 2019 Bonds being redeemed on a pro rata basis, unless the Corporation directs the Trustee to credit otherwise.

Subject to applicable law, notwithstanding the maximum purchase price, if at any time the investment earnings on the moneys available for such purchase shall be less than the interest accruing on the 2019 Bond to be redeemed, then the Trustee may pay a purchase price for any such 2019 Bond in excess of the Redemption Price that would be payable on the next redemption date to the Owner of such 2019 Bond, if the Corporation certifies to the Trustee that the amount paid in excess of said Redemption Price is less than the interest that is to accrue on said 2019 Bond less any investment earnings on such available moneys for the period from the settlement date of the proposed purchase to the redemption date.

Notice of the call for any redemption, identifying the 2019 Bonds or portion thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each 2019 Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds.

THE PROGRAM OBLIGATION FUND

The Trustee has established a Program Obligation Fund for the 2019 Bonds. The Trustee shall deposit amounts available as a result of issuance of the 2019 Bonds in the 2019 Bond Proceeds Account of the Program Obligation Fund. The Corporation also may deposit additional funds and Program Obligations to the Program Obligation Fund during the initial acquisition period to satisfy the Bond Coverage requirements under the Indenture. Any Mortgage Loan represented by a Program Obligation purchased entirely with funds contributed by the Corporation need not comply with the mortgage requirements of the Code summarized hereafter.

The Trustee may disburse amounts held in the Program Obligation Fund as follows:

(a) at the written direction of the Corporation, against delivery of Program Obligations to the Trustee for deposit in the Program Obligation Fund, assuming compliance with the cash flow and Bond Coverage calculations referred to under "ASSUMPTIONS REGARDING THE 2019 BONDS STRUCTURE";

(b) at the written direction of the Corporation, to purchase Investment Securities;

(c) to the Interest Account or the Principal Account either (i) as directed in the most recently delivered Bond Coverage Certificate, or (ii) at the written direction of the Corporation to the extent necessary in the opinion of the Corporation to prevent a default in the payment of principal of or interest on the Bonds;

(d) on the date or dates specified in the 2019 Supplemental Indenture to the General Account, any moneys then remaining in the applicable Bond Proceeds Account for the 2019 Bonds unexpended for the purchase of Program Obligations for certain transfers for redemption or recycling;

(e) on any Interest Payment Date for the 2019 Bonds, as applicable, following completion of the purchase of the initial Program Obligation portfolio for the 2019 Bonds, as applicable, in an amount as certified to the Trustee in writing by an Authorized Officer, from the Accounts for the 2019 Bonds, as applicable, in the Program Obligation Fund, as applicable, to the Corporation free and clear of the lien and pledge of the Indenture but only upon receipt by the Trustee from the Corporation of a Bond Coverage Certificate demonstrating Bond Coverage after giving effect to the disbursement; or

(f) on any date, at the written direction of the Corporation, to the General Account, all or any portion of the moneys then on deposit in the Recycling Account.

The Corporation may acquire Program Obligations from moneys initially deposited in the Program Obligation Fund if it extends the Program Obligation acquisition period pursuant to the terms of the Indenture, upon filing with the Trustee a Bond Coverage Certificate, including confirmation from the Rating Agencies that such extension will not cause a reduction in the ratings on the Bonds then in effect.

"Bond Coverage Certificate" means a Certificate establishing Bond Coverage as of a specified date of certification. "Bond Coverage" means a condition which shall be deemed to exist as of any date of certification if either the test set forth in paragraph (i) below or the test set forth in paragraph (ii) below is met as of such date:

> (i) the Corporation delivers to the Trustee a Certificate certifying (A) that the Over Collateralization Requirement has been met and that the Minimum Debt Service Account Requirement has been met and (B) that the schedules attached thereto show receipt and application of Eligible Funds which are in any Fund sufficient and available to provide timely payment of the principal of and interest on the Bonds of each Series on each Debt Service Payment Date and Program Expenses, up to the amount permitted to be paid out of the Operating Account within the Redemption Fund pursuant to the Indenture, from (and including) the first interest payment date that is or that follows the date of certification to the maturity of the Bonds; or
>
> (ii) the Corporation delivers to the Trustee a Bond Coverage Certificate certifying as to another calculation (including, without limitation, any definition or component thereof) that is of Rating Quality. The Trustee is entitled to rely on the Certificate as to Rating Quality.

"Rating Quality" means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of "Rating Quality" will not, as confirmed in writing received by the Trustee from each of the Rating Agencies, impair the ability of the Corporation to obtain the ratings from the Rating Agencies initially anticipated to be received with respect to such Bonds as described in the Supplemental Indenture authorizing such Bonds and, if the Bonds have been rated, will not cause any such Rating Agency to lower or withdraw the rating it has assigned to the Bonds of such Series or to any other Outstanding Bonds.

The Corporation expects that the funds deposited into the Program Obligation Fund on the date of issuance of the 2019 Bonds will be disbursed to it against the deposit of Program Obligations. It is expected that the cash flow from such Program Obligations, together with other Pledged Revenues (including investment income) and moneys from the Debt Service Account, will be sufficient to pay the principal of and interest on the Bonds.

Program Obligations are expected to consist of Mortgage Loans to be or which have been originated under the Corporation's ongoing Veterans Mortgage Program. See "THE CORPORATION — Lending Activities" for a description of the Veterans Mortgage Program.

Under certain circumstances the Indenture permits the Corporation to withdraw amounts held in the Program Obligation Fund free and clear of the lien of the Indenture. Any such withdrawal must be accompanied by a Bond Coverage Certificate demonstrating the sufficiency of revenues to pay principal and interest on the Bonds, notwithstanding such withdrawal, under certain assumptions set forth in the Indenture.

The Special Mortgage Loan Purchase Program

The Special Mortgage Loan Purchase Program, under which the Veterans Mortgage Program is operated, was established by the Corporation in 1980 in connection with a major expansion of the Corporation's functions by the State Legislature. Since June 1980, the Special Mortgage Loan Purchase Program has been a significant funding source for financing owner occupied housing in the State. Under the Special Mortgage Loan Purchase Program, the Corporation purchases first mortgage loans in amounts not in excess of those established for the State by FNMA (except for 1 unit single family mortgage loans, which may not exceed 110% of such FNMA limits). The Corporation's mortgage loan limits are currently $799,178 for single family loans, $930,300 for duplexes, $1,124,475 for a triplex, and $1,397,400 for a four-plex in the State of Alaska. The loan to value ratio may not exceed 95% for a single-family, 90% for a duplex, or 80% for a triplex or four-plex (except for federally guaranteed or insured mortgage loans, which may have a loan to value ratio in excess of 100% if acceptable to the guarantor or insurer).

Under the Special Mortgage Loan Purchase Program, all prospective residential mortgage loans submitted to the Corporation are subject to review pursuant to its delegated underwriting procedures and all loans with loan to value ratios in excess of 80% be insured through private mortgage insurance or federal insurance or guarantee.

The Corporation's approval of property and credit for residential loans generally follows a procedure which complies with FHLMC and FNMA guidelines and applicable federal and state laws and regulations. The mortgage loans must have been originated by an approved seller ("Seller") having experienced and qualified underwriters and utilizing appraisers and credit reporting agencies acceptable and/or approved by the Corporation. The Seller is required to provide the Corporation with a description of the prospective borrower's financial condition, including their current verified annual income and credit score. The Seller obtains a factual data credit report which summarizes the borrower's credit history with local and non-local creditors, as well as a search of the public records for suits, liens, judgments and bankruptcies. In addition, the Seller obtains from the borrower's employer information with respect to length of employment, current salary and expectations of continued employment. Self-employed applicants are required to provide copies of income tax returns as well as certain other financial data sufficient to determine reliability and adequacy of income. The Seller also verifies from all creditors the repayment history, opening balances and adequacy of repayment of all installment debt shown on the credit report and application. Verifications of deposit are secured for all financial institutions disclosed by the borrower. At present, Sellers are generally required to follow FNMA or FHLMC lending guidelines and use automated underwriting.

The Seller causes an appraisal to be made on each home to be financed. Such appraisal presently is made by an independent appraiser who holds a current general or residential certification and is approved by the Seller. In order to avoid undue influence by the buyer, the seller, or the listing or selling real estate agent, arrangements for the appraisal are made by the Seller/Servicer.

When a loan to be purchased by the Corporation is the first permanent financing on the structure, with the construction financing appraisal having been based on plans and building specifications, a recertification of value by the original appraiser is required prior to the closing of the permanent mortgage. A copy of this recertification must be maintained the Seller's records. The recertification confirms that the home was completed in accordance with the original plans and specifications and that the value is, at a minimum, equal to the original appraised value.

Mortgage Certificates

The Bonds may also be secured by Mortgage Certificates that the Corporation may acquire in exchange for certain Mortgage Loans. The Mortgage Certificates will consist of "fully modified pass through" mortgage backed certificates (the "GNMA Certificates"), guaranteed by GNMA and/or by Guaranteed Mortgage Pass Through Certificates (the "FNMA MBSs") issued by FNMA and/or by Guaranteed Mortgage Pass Through Participation Certificates (the "FHLMC PCs") issued by FHLMC (GNMA Certificates, FNMA MBSs and FHLMC PCs being hereafter referred to as "Mortgage Certificates"). The guaranty of the GNMA Certificates will be backed by the full faith and credit of the United States. The FHLMC PCs will not be backed directly or indirectly by the full faith and credit of the United States but by the credit of FHLMC, a federally chartered, stockholder owned corporation. The FNMA MBSs will not be backed directly or indirectly by the full faith and credit of the United States but by the credit of FNMA, a federally chartered, stockholder owned corporation. No agreement presently exists between FNMA or FHLMC and the Corporation (and none is expected) for the acquisition of FNMA MBSs or FHLMC PCs.

MORTGAGES AND MORTGAGE SERVICING

The Mortgages

The Mortgage Loans related to the proceeds of the 2019 Bonds will be made to "qualified veterans." Currently, "qualified veteran" means any veteran (i) who served on active duty and (ii) who applied for financing before the date 25 years after the last date on which such veteran left active service. In general, and subject to certain limitations in the federal law, a person who has served on active duty in the Armed Forces and who was discharged or released therefrom under conditions other than dishonorable will qualify as a veteran. Discharge includes completion of the original period of duty. Included in the definition of veteran, in addition to those who have served on full time duty in the Army, Air Force, Navy, Marine Corps or Coast Guard, including the reserve components thereof, will be certain commissioned officers of the Public Health Service, National Oceanic and Atmospheric Administration, and Coast and Geodetic Survey and certain cadets and midshipmen.

Each of the Mortgage Loans will be a “single family” mortgage loan secured by a first mortgage lien on residential property located in the State. The term “single family” mortgage loan as used herein means a permanent loan (as opposed to a construction or land development loan) secured by a mortgage on owner occupied, one to four family units, as well as individual condominiums and other separate dwelling units even when located in buildings containing more than two units.

The Mortgage Loans may be prepaid, in whole or in part, at any time without penalty or charge. Revenues received in respect of Program Obligations, including amounts attributable to Mortgage Loan prepayments (unless transferred to the Program Obligation Fund and used to purchase additional Program Obligations), are required to be deposited in the Revenue Fund and will be applied, together with amounts available from scheduled mortgage payments, investment earnings and other revenues, to, among other things, meet annual sinking fund redemption requirements, principal maturities and special redemption of Bonds.

In purchasing the Mortgage Loans, the Corporation requires the originating institution to furnish to the Corporation the original mortgage note and a title insurance policy in an amount equal to the unpaid principal due on the mortgage. The Corporation also requires generally that all taxes, assessments and water and sewage charges have been duly paid and that a hazard insurance policy exists in an amount equal to the unpaid principal due on the mortgage.

Mortgage Servicing on Single Family Loans

The Servicers approved by the Corporation service the mortgage loan for a fee. As compensation, the Servicers service the mortgage loan for a fee that is captured from the borrower’s monthly payment. The annual fee amount is generally equal to 3/8 of 1% of the unpaid balance due on such mortgage loan. These fees are payable to the Servicer from the time of loan purchase by the Corporation until the loan is paid in full or for as long as the Servicer collects the loan payments. The Corporation has adopted standards for qualifying eligible servicing institutions and underwriting and servicing guidelines with respect to the record of and collection of principal and interest on the mortgage loans and the rendering to the Corporation of an accounting of funds collected. The servicing of a mortgage loan includes the responsibility for foreclosure, but not the bearing of any expenses thereof. The Servicers are required to work with borrowers to cure any default in scheduled mortgage payments including any advances, and is required to pay from scheduled mortgage payments, taxes, assessments, levies and charges, and premiums for hazard insurance and mortgage insurance, as they may become due.

Regularly scheduled principal and interest payments on the mortgage loans are required to be deposited by the Servicers with the Corporation’s correspondent bank. Such funds (net of applicable servicing fees are remitted to the Corporation’s correspondent bank by the Servicer by the next business day following receipt where net collections exceed $5,000. The balance of such monthly payments, representing payments for such items as property taxes and mortgage insurance, are retained by the Seller/Servicer and applied as necessary. The funds are held in a custodial account and invested for the benefit of the Trustee pending their transfer once a month to the Trustee.

The Corporation maintains detailed mortgage loan collection information on its internal data processing system. The Corporation’s system generates the collection reports and consolidates actual collections by individual bond series.

The Corporation reviews individual Servicer reports to ascertain the extent of mortgagor payment delinquencies and servicer processing delays in order to determine the appropriate corrective action, if any, to be taken by the Corporation through the Servicer. The Servicer is expected to maintain delinquency rates on loans owned by the Corporation at a level below or comparable with other Servicers. Under the Corporation's monitoring system, if the Servicer's delinquency rate, either in total or for a program exceeds 1.5 times the Corporation's delinquency rate for three consecutive months, the Servicer is subject to suspension from further participation in one or more of the Corporation's loan programs.

Insurance

The following description of certain mortgage insurance policies and guarantees is only a brief outline and does not purport to summarize or describe all of the provisions thereof.

Private Mortgage Insurance, FHA Insurance, and VA, RD, and HUD-184 Guarantees

Any Purchased Mortgage Loan which has an original principal amount exceeding 80% of the value of the mortgaged property is required to be (a) insured by FHA, (b) guaranteed by VA, RD, or the Department of Housing and Urban Development ("HUD") under Section 184 of the Housing and Community Development Act of 1992 ("HUD-184"), or (c) insured under a private mortgage insurance policy in the amount (i) equal to 12% of the Mortgage Loan if the loan to value ratio is 85% or less or (ii) equal to 25% of the Mortgage Loan if the loan to value ratio is 90% or less or (iii) equal to 30% of the Mortgage Loan if the loan-to-value exceeds 90%. The only Mortgage Loans which the Corporation is presently purchasing at a loan to value ratio which exceeds 95% are federally insured or guaranteed Mortgage Loans. FHA insurance coverage and RD and HUD-184 guarantees will equal 100% of the outstanding principal balance of all FHA insured, RD or HUD-184 guaranteed Mortgage Loans. The RD guarantee covers the lesser of (a) any loss up to 90% of the original principal amount of the Mortgage Loan or (b) 100% of any loss up to 35% of the original principal amount of the Mortgage Loan plus 85% on any additional loss up to 65% of the principal advanced. For all VA guaranteed Mortgage Loans, the VA guarantee plus the down payment must be at least 25% of the original Mortgage Loan amount. The FHA insurance or VA guarantee are required to be maintained for the entire period during which the Corporation owns an interest in the Mortgage Loan. FHA regulations do not permit the inclusion of the "due-on-sale" provision in the form specified in the Corporation's Regulations. The private mortgage insurance policy will be maintained in force and effect (a) for the period during which the Corporation owns an interest in the Mortgage Loan or (b) until the outstanding principal amount of the Mortgage Loan is reduced to 80% of the lesser of the original appraised value of the mortgaged property or the original sale price of the mortgaged property and the loan is current. The cost of any such insurance or guarantee will be paid by the mortgagor. Streamlined Mortgage Loans will also be insured to the extent the original loan at the time of refinancing requires such insurance. No representation is made as to whether or not any Transferred Mortgage Loan satisfies any of the requirements set forth above.

In general, FHA, VA, RD, and HUD-184 regulations and private mortgage insurance contracts provide for the payment of insurance or guarantee benefits to a mortgage lender upon the failure of a mortgagor to make any payment or to perform any obligation under the insured or guaranteed mortgage loan and the continuance of such failure for a stated period. In order to receive payment of insurance or guarantee benefits, a mortgage lender, such as the Corporation, normally must acquire title to the property, either through foreclosure or conveyance in lieu of foreclosure, and convey such title to the insurer or guarantor. Alternatively, where it is determined that the default was caused by circumstances beyond the control of the mortgagor, and foreclosure or conveyance in lieu of foreclosure is completed, the Servicer files a claim for the insurance payment. In general, private mortgage insurance benefits, as limited by the amount of coverage indicated above, are based upon the unpaid principal amount of the mortgage loan at the date of institution of foreclosure proceedings or the acquisition of the property after default, as the case may be, adjusted to reflect certain payments paid or received by the mortgage lender. Where property to be conveyed to an insurer or guarantor has been damaged, it is generally required, as a condition to payment of an insurance or guarantee claim, that such property be restored to its original condition (reasonable wear and tear excepted) by the mortgage lender prior to such conveyance or assignment.

Standard Homeowner Insurance Policies

Each mortgagor will be required to maintain for the mortgaged property a standard homeowner's insurance policy must at least equal the lesser of 100% of (i) the maximum insurable value of the mortgaged property or (ii) the unpaid principal amount of the mortgage loan. The insurance policy will be written by an insurance company qualified to do business in the State of Alaska and qualified to provide insurance on or in connection with mortgages purchased by FHLMC or FNMA. The mortgagor will pay the cost of the standard homeowner insurance policy.

In general, a standard homeowner's form of fire with extended coverage policy insures against physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike, and civil commotion, subject to the conditions and exclusions particularized in each policy. Policies typically exclude physical damage resulting from the following: war, revolution, governmental action, floods and other water related causes, earth movement (including earthquakes, landslides and mud slides), nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft, and, in certain cases, vandalism.

Historical Veterans Mortgage Program Data

As of January 31, 2019, there were Pledged Mortgage Loans with an approximate outstanding aggregate principal balance of approximately $47,703,199, with a weighted average yield of approximately 3.752% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 4.005% per annum and a weighted average remaining term of approximately 301 months.

The following information is based on the Corporation's total portfolios of the types of loans described therein. It should not be regarded as indicative of the final composition of the Program Obligation portfolio.

The following tables show the property types, insurance types, property locations, and interest rates applicable to the Mortgage Loans pledged under the Indenture as of the date of origination for loans outstanding as of January 31, 2019. No representation is made as to the current loan-to-value ratios of these loans.

Pledged Mortgage Loans Dwelling Type

Property Type	**Outstanding Principal Balance**	**Percentage by Principal Balance**
Single-Family Dwellings	$44,146,453	92.5%
Condominiums	2,695,867	5.7
2-4 Unit Dwellings	860,879	1.8
TOTAL	$47,703,199	100.0%

Pledged Mortgage Loans Primary Insurance

Insurance Type	Outstanding Principal Balance	Percentage by Principal Balance
Federally Insured – VA	$41,274,612	86.6%
Uninsured	4,257,268	8.9
Private Mortgage Insurance	1,822,459	3.8
Federally Insured – FHA	348,860	0.7
Federally Insured – HUD 184	0	0.0
Federally Insured – RD	0	0.0
TOTAL	$47,703,199	100.0%

Pledged Mortgage Loans Geographic Distribution

Property Location	Outstanding Principal Balance	Percentage by Principal Balance
Fairbanks/North Pole	$12,183,771	25.5%
Wasilla/Palmer	12,530,146	26.4
Anchorage	10,954,492	23.0
Eagle River/Chugiak	7,080,931	14.8
Kodiak Island	608,549	1.3
Juneau/Ketchikan	1,208,550	2.5
Kenai/Soldotna/Homer	640,320	1.3
Other Geographic Region	2,496,440	5.2
TOTAL	$47,703,199	100.0%

Purchased Mortgage Loans Data

As of January 31, 2019, there were Purchased Mortgage Loans with an approximate outstanding aggregate principal balance of $36,195,680, bearing interest at a weighted average yield of approximately 5.045% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 4.141% per annum and a weighted average remaining term of 351 months.

The following tables show the property types, insurance types, property locations, and applicable to the Mortgage Loans already purchased by the Corporation and available for funding with the proceeds of the 2019 Bonds, but not presently pledged under the Indenture described as the initial portfolio. No proceeds of previously issued Bonds remain unexpended for the purchase of Mortgage Loans.

Purchased Mortgage Loans Dwelling Type

Property Type	Outstanding Principal Balance	Percentage by Principal Balance
Single-Family Dwellings	$32,666,345	90.3%
Condominiums	1,854,192	5.1
2-4 Unit Dwelling	1,675,143	4.6
TOTAL	$36,195,680	100.0%

Purchased Mortgage Loans Primary Insurance

Insurance Type	Outstanding Principal Balance	Percentage by Principal Balance
Federally Insured – VA	$26,484,196	73.2%
Uninsured	6,238,248	17.2
Private Mortgage Insurance	3,311,838	9.2
Federally Insured – FHA	0	0.0
Federally Insured – HUD 184	0	0.0
Federally Insured – RD	161,398	0.4
TOTAL	$36,195,680	100.0%

Purchased Mortgage Loans Geographic Distribution

Property Location	Outstanding Principal Balance	Percentage by Principal Balance
Anchorage	$9,547,250	26.4%
Fairbanks/North Pole	9,261,693	25.6
Wasilla/Palmer	7,575,357	20.9
Eagle River/Chugiak	6,236,147	17.2
Juneau/Ketchikan	640,728	1.8
Kenai/Soldotna/Homer	198,412	0.5
Kodiak Island	1,069,897	3.0
Other Geographic Region	1,666,196	4.6
TOTAL	$36,195,680	100.0%

CERTAIN LEGAL ASPECTS OF THE MORTGAGE LOANS

Pledge of Mortgage Loans

The form of assignment to the Corporation of each mortgage deed of trust relating to Mortgage Loans purchased from the proceeds of the Bonds or originated from surplus revenues will expressly recite the interest of the Trustee on behalf of the holders of outstanding bonds of the Corporation in the mortgaged property. That assignment will be recorded with the appropriate real property recording office for the jurisdiction in which the property is located. The Indenture pledges to the Trustee and the holders of the Bonds, the Mortgage Loans, Deeds of Trust, Pledged Revenues and any and all assets held in any fund or account under the Indenture. Section 18.56.120 of the Act provides that such a pledge is valid and binding from the time the pledge is made and, further, that any assets or revenues so pledged are immediately subject to the lien of the pledge without physical delivery or any further act and without regard to whether any third party has notice of the lien of the pledge. Physical custody of each mortgage note is retained by the Corporation and the related deed of trust is retained by the originating lending institution. Notwithstanding the fact that the Trustee does not have physical possession of those instruments, and while Bond Counsel is unaware of any controlling judicial precedent, it is the opinion of Bond Counsel that the effect of (i) recording the assignment in the form described, (ii) execution and delivery of the Indenture and (iii) the statutory provisions referred to above afford the Trustee (on behalf of holders of Bonds of the Corporation) priority as against any competing claimants alleging any financial interest in the Mortgage Loans which have been so assigned.

Alaska Foreclosure Laws

The real estate security instrument customarily used in the State is the deed of trust. The parties to the deed of trust are the trustor (debtor), trustee and beneficiary (lender). Trustees are commonly title insurance companies. Both summary and judicial foreclosure proceedings are permitted. The deed of trust does not effect a conveyance of legal title, which remains in the trustor. The beneficiary acquires a security interest (lien) which may be enforced in accordance with the terms of the deed of trust and State statutes. Failure of the trustor to perform any of the covenants of the deed of trust generally constitutes an event of default entitling the beneficiary to declare a default and exercise its right of foreclosure.

Summary foreclosure may be used if provided for in the deed of trust. All deeds of trust securing loans to be funded from the proceeds of the Bonds contain provisions which permit summary foreclosure. Following a default by the trustor, upon request of the beneficiary and not less than 90 days before the sale, the trustee must record a notice of default in the recording district in which the property is located. Within 10 days after recording the notice of default, the trustee must mail a copy of the notice of default to the trustor, any successors in interest to the trustor, anyone in possession or occupying the property, and anyone who has an interest subsequent to the interest of the trustee in the deed of trust. If the default may be cured by the payment of money, the trustor may cure the default at any time prior to sale by payment of the sum in default without acceleration of the principal which would not then be due in the absence of default, plus actual costs and attorney's fees due to the default. If default has been cured under the same deed of trust after notice of default two or more times, the trustee may elect to refuse payment and continue the foreclosure proceeding to sale. Notice of the sale must be posted in three public places within five miles of where the sale is to be held, not less than 30 days before the day of sale and by publishing a copy of the notice four times, once a week for four successive weeks, in a newspaper of general circulation published nearest the place of sale and by publishing notice of the sale on an internet website at least 45 days before the date of the sale. The sale must be made at public auction at a courthouse of the superior court in the judicial district where the property is located, unless the deed of trust provides for a different place. After the sale, an affidavit of mailing the notice of default and an affidavit of publication of the notice must be recorded in the recording district where the property is located. The foreclosure sale and conveyance transfers all the title and interest which the trustor had in the property sold at the time of the execution of the deed of trust plus all interest the trustor may have acquired before the sale and extinguishes all junior liens. There is no right of redemption unless otherwise provided by the deed of trust. A deficiency judgment is prohibited where summary foreclosure is utilized.

Judicial foreclosure is also permitted. A deficiency judgment is allowed where judicial foreclosure is utilized, but judicial foreclosure is much more time-consuming than summary foreclosure. The judgment debtor under a judicial foreclosure proceeding has the right to redeem the property within 12 months from the order of confirmation. If the judgment debtor redeems the property, the foreclosure proceeding is terminated. Otherwise, within 60 days after the order confirming the foreclosure sale, any subsequent lien creditor can redeem the property. There can be as many redemptions as there are subsequent lien creditors. Upon expiration of the redemption period, the purchaser or redeemer is entitled to a conveyance of the property.

ASSUMPTIONS REGARDING THE 2019 BONDS STRUCTURE

The Corporation will use 2019 Bond proceeds to purchase Program Obligations which, together with investment earnings thereon, are expected to be sufficient to pay the debt service on the 2019 Bonds. The Program Obligations consisting of Mortgage Certificates and Mortgage Loans are expected to provide for level monthly payments of principal and interest.

The Corporation has determined that it may reduce its future financing requirements by hereafter acquiring Mortgage Loans or other Program Obligations representing new Mortgage Loans from revenues which are expected to be generated primarily from repayments and prepayments of principal on Mortgage Loans represented by (or held directly as) Program Obligations. The Indenture requires that all such excess revenues be used either to redeem Bonds or purchase Program Obligations upon delivery to the Trustee of the Bond Coverage Certificate. The 2019 Bonds have been structured to mature no later than December 1, 2049, in order to permit the Corporation to acquire future Program Obligations through recycling of loan repayments and prepayments. However, should the Corporation elect not to recycle, it is expected that a substantial portion of the 2019 Bonds would be redeemed prior to their scheduled maturity. The Corporation's election to purchase new Program Obligations will depend on various factors not now determinable, including the level of future interest rates and the availability of tax-exempt financing.

Upon each purchase of new Program Obligations, the Corporation will deliver to the Trustee a Bond Coverage Certificate which is designed to determine that, using various assumptions as to prepayments of principal and interest on such Program Obligations and investment earnings thereon at assumed rates, revenues will be sufficient to pay the principal and interest on the Bonds. The Corporation may in the future use a method of calculation other than the method specified in the Indenture if the new method will not cause any bond rating agency (which the Corporation has requested issue a rating on the Bonds) to lower or withdraw the ratings it has assigned to the Bonds.

Upon each purchase of new Mortgage Loans not exchanged for Mortgage Certificates, the Corporation will deliver to the Trustee a certification to the effect that the Over Collateralization Requirement established with respect to the proposed delivery of such Mortgage Loans has been satisfied through the contribution by the Corporation of additional Program Obligations, Investment Securities or funds to the OCR Fund. The Over Collateralization Requirement established with respect to a delivery of Mortgage Loans not exchanged for Mortgage Certificates will vary as a percentage of such Mortgage Loans to be acquired based upon the mix of particular mortgage loan characteristics including loan to value ratio, type and amount of mortgage insurance and property type. The Corporation may be required to deliver additional Program Obligations, Investment Securities or funds to the OCR Fund in an amount equal to the Over Collateralization Requirement each time the Trustee disburses Bond proceeds to acquire Mortgage Loans not exchanged for Mortgage Certificates. The OCR Fund was established to mitigate potential losses, if any, on Mortgage Loans that have not been converted to Mortgage Certificates, but will only be used to supplement revenues in the event that funds on deposit in the Revenue Fund and the Redemption Fund are insufficient to meet a Debt Service Payment on the Bonds. The Corporation may in the future use a different method of satisfying the Over Collateralization Requirement or change the method of calculation thereof if such difference or change will not adversely affect the current ratings assigned to the Bonds without regard to bond insurance or any other form of credit enhancement by any bond rating agency (which the Corporation has requested issue a rating on the Bonds).

A number of factors, including general economic conditions, changing mortgage market interest rates and homeowner mobility, will affect the prepayment experience with respect to the Mortgage Loans pledged to secure the Bonds and, therefore, the average life of the 2019 Bonds. Among the principal other factors which could affect the average life of the 2019 Bonds are:

(a) The refinancing of Mortgage Loans currently held by the Corporation may continue to represent a substantial future activity. Refinancing may involve the prepayment of outstanding Mortgage Loans and the possible redemption of Bonds at par or prepayment of bonds and notes originally issued to finance the purchase of the Mortgage Loans. Accordingly, prepayment of the Mortgage Loans securing the Bonds could result from future refinancing programs offered by the Corporation. Conversely, if the

Corporation's refinancing program were to cease, prepayments of the Corporation's Mortgage Loans might decline significantly.

(b) Mortgage Loan delinquencies can lead to foreclosures that result in prepayments. At January 31, 2019, approximately 5.06% of the Corporation's Pledged Mortgage Loans were reported as delinquent or in foreclosure. The Corporation foreclosed on $144,288 of Pledged Mortgage Loans in the 7 months ended January 31, 2019. In view of the time required to complete foreclosure proceedings and other uncertainties inherent in the foreclosure process, such delinquencies and foreclosures will not necessarily result in a rapid prepayment of the Mortgage Loans.

(c) Provisions of the current form of a Mortgage Loan financed by the Corporation permitting the assumption of such loans by eligible mortgagors will affect the Corporation's prepayment experience. When a mortgage loan is assumed by the purchaser of the related property, the existing mortgage loan is not prepaid. Future changes in this form may also affect its prepayment experience.

(d) The Indenture permits the Corporation to deliver a variety of Program Obligations, including but not limited to Mortgage Loans and Mortgage Certificates. The new Program Obligations may have original terms ranging from not less than 15 years to not more than 30 years. Existing Program Obligations may have shorter remaining terms. Shorter loan terms may result in a shorter average life of the 2019 Bonds than if the 2019 Bonds were secured exclusively by new Program Obligations representing 30-year Mortgage Loans.

(e) The Corporation has not retired any veterans program debt obligations from excess revenues (including prepayments of the principal on Mortgage Loans), prior to their stated maturity, during the 7 months ended January 31, 2019.

(f) There is no assurance that Program Obligations will be purchased within the estimated time, and if they are not purchased, a certain amount of unexpended moneys may be used to redeem the 2019 Bonds.

For these reasons, the Corporation cannot offer any assurances as to the rate at which Mortgage Loans will be acquired from 2019 Bond proceeds, the rate at which such Mortgage Loans will be prepaid, sold or assigned or the rate at which the Corporation may acquire new Mortgage Loans or other Program Obligations during the life of the Bond issue.

THE CORPORATION

Certain Definitions

"Authority" means the Alaska State Housing Authority.

"Board" means the Board of Directors of the Corporation.

"Department" means the former Department of Community and Regional Affairs.

"Dividend Plan" means the dividend plan adopted by the Board in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State.

"Division" means The Public Housing Division of the Corporation.

"HUD" means the U.S. Department of Housing and Urban Development.

"Self-Liquidity Bonds" means, collectively, the Corporation's $33,000,000 Governmental Purpose Bonds (University of Alaska), 1997 Series A; the Corporation's $170,170,000 Governmental Purpose Bonds, 2001 Series A and B; the Corporation's $60,250,000 State Capital Project Bonds, 2002 Series C; the Corporation's $150,000,000 State Capital Project Bonds II, 2017 Series B; and the Corporation's $90,000,000 State Capital Project Bonds II, 2018 Series A.

General

The Corporation was established in 1971 as a non-stock, public corporation and government instrumentality of the State. The Corporation currently functions as a major source of residential mortgage loan financing and capital project financing in the State. The Corporation's programs were originally established to take advantage of tax-exempt financing permitted under federal income tax law. Mortgages which meet applicable federal income tax requirements are financed by selling tax-exempt bonds. All other mortgages generally are financed through the issuance of taxable bonds or from internal funds. Since 1972, the Corporation has acquired mortgage loans by appropriation from the State and by purchase from independent originating lending institutions operating throughout the State. On July 1, 1992, the Corporation succeeded to the public housing functions of the Authority and the rural housing and residential energy functions of the Department pursuant to legislation enacted in the State's 1992 legislative session. As a result, the rights and obligations created by bonds and notes that were previously issued by the Authority became rights and obligations of the Corporation.

The Corporation prepares and publishes on its website a monthly Mortgage and Bond Disclosure Report containing detailed information concerning characteristics of the Corporation's mortgage loan portfolios and outstanding bond issues, including bond redemptions and mortgage prepayments. The Corporation presently intends to continue to provide such information, but is not legally obligated to do so. Certain financial and statistical information relating to the Corporation and its programs under the subheadings "Activities of the Corporation," "Financial Results of Operations" and "Legislative Activity/Transfers to the State — Dividend to the State of Alaska" below was obtained from the January 2019 Mortgage and Bond Disclosure Report of the Corporation and the audited financial statements of the Corporation as of and for the year ended June 30, 2018. Copies of such financial statements and disclosure report may be obtained upon request from the Corporation. The Corporation's main office is located at 4300 Boniface Parkway, Anchorage, Alaska 99504, and its telephone number is (907) 338-6100. Electronic versions of the financial statements and disclosure reports are available at the Corporation's website.

Board of Directors, Staff and Organization

The Corporation is required by law to comply (except for the procurement provisions of the Alaska Executive Budget Act), and does comply, with the State budget process. The Corporation administratively operates within the State Department of Revenue. The Board of Directors of the Corporation is comprised of the Commissioner of Revenue, the Commissioner of Commerce, Community and Economic Development and the Commissioner of Health and Social Services, as well as four members from the following sectors of the general public appointed by the Governor to serve two-year terms: one member with expertise or experience in finance or real estate; one member who is a rural resident of the State or who has expertise or experience with a regional housing authority; one member who has expertise or experience in residential energy efficient home-building or weatherization; and one member who has expertise or experience in the provision of senior or low-income housing. The powers of the Corporation are vested in and exercised by a majority of its Board of Directors then in office, who may delegate such powers and duties as appropriate and permitted under the Act. The Corporation's current members of its Board of Directors are as follows:

Name	Location
Mr. Brent LeValley Chair	Senior Vice President (Ret.) Denali State Bank Fairbanks, Alaska
Mr. Alan Wilson Vice Chair	President Alaska Renovators, Inc. Juneau, Alaska
Mr. Haven Harris	Vice President St. George Tanaq Corporation Anchorage, Alaska
Mr. Olen Harris	Executive Director North Pacific Rim Housing Authority Anchorage, Alaska
Mr. Bruce Tangeman Commissioner Alaska Department of Revenue	**Mr. Greg Samorajski (**designee) Deputy Commissioner Alaska Department of Revenue Anchorage, Alaska
Mr. Adam Crum Commissioner Alaska Department of Health and Social Services	**Mr. Albert Wall** (designee) Deputy Commissioner Alaska Department of Health and Social Services Anchorage, Alaska
Ms. Julie Anderson Commissioner Alaska Department of Commerce, Community and Economic Development	**Mr. Jon Faulkner** (designee) Deputy Commissioner Alaska Department of Commerce, Community and Economic Development Anchorage, Alaska

The following sub-committees of the Board of Directors have been established: Audit Committee, Investment Advisory Committee, Housing Budget and Policy Committee, and the Personnel Committee.

The Corporation's staff consists of employees organized into the following departments: Accounting, Administrative Services, Audit, Budget, Construction, Finance, Governmental Relations and Public Affairs, Human Resources, Information Services, Mortgage, Planning, Public Housing, Research and Rural Development, Risk Management and Sourcing and Contract Compliance. Principal financial officers of the Corporation are as follows:

Bryan D. Butcher - Chief Executive Officer/Executive Director. Mr. Butcher rejoined the Corporation on August 7, 2013. Prior to his appointment as Chief Executive Officer/Executive Director, Mr. Butcher served as Commissioner of the Alaska Department of Revenue from January 2011 to August 2013, as the Corporation's director of governmental relations and public affairs from 2003 to 2011, and as a senior aide to the House and Senate Finance Committees of the Alaska Legislature for 12 years. Mr. Butcher holds a Bachelor of Science degree from the University of Oregon.

Mark Romick - Deputy Executive Director. Mr. Romick has been with the Corporation since July 1992 and previously served as the Director of Planning and Program Development. He previously worked for the Alaska State Housing Authority and the Alaska Housing Market Council. Mr. Romick holds a Master's degree in Economics from the University of Alaska.

Michael L. Strand - Chief Financial Officer/Finance Director. Mr. Strand joined the Corporation in 2001, and previously served as Senior Finance Officer, Finance Officer and Financial Analyst II. Prior to joining the Corporation, he served as a budget analyst for Anchorage Municipal Light and Power and as a financial analyst for VECO Alaska. Mr. Strand is a graduate of the University of Alaska, Anchorage, with Bachelor of Business Administration degrees in finance and economics.

Gerard Deta - Senior Finance Officer. Mr. Deta has been with the Corporation since 2001, and previously served as Finance Officer and Financial Analyst II. Prior to joining the Corporation, he served as an auditor with Deloitte & Touche LLP. Mr. Deta is a graduate of Southern Utah University with Bachelor of Science degrees in finance and accounting.

Activities of the Corporation

The principal activity of the Corporation is the purchase of residential mortgage loans. This activity has been supplemented by the merger with the Authority under which the Corporation assumed responsibility for the public housing functions of the Authority and its assumption of the rural housing and residential energy functions of the Department. See "THE CORPORATION — General."

Financing Activities

The Corporation is authorized by the State Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as the Corporation deems necessary to provide sufficient funds for carrying out its purpose.

Pursuant to State law, the maximum amount of bonds that the Corporation may issue during any fiscal year (the Corporation's fiscal years end on June 30) is $1.5 billion. Bonds issued to refund outstanding bonds and to refinance outstanding obligations of the Corporation are not counted against the maximum annual limit.

Since 1986, implementation of refinancing programs by the Corporation has resulted in the prepayment of outstanding mortgage loans with a corresponding redemption at par of substantial amounts of the Corporation's notes or bonds secured by such mortgage loans.

Since 1997, the Corporation has issued certain Self-Liquidity Bonds, which are variable rate demand obligations with weekly interest rate resets. If these bonds are tendered or deemed tendered, the Corporation has the obligation to purchase any such bonds that cannot be remarketed. This general obligation is not secured by any particular funds or assets, including any assets that may be held under the related indentures. The Corporation may issue additional bonds for which it will provide liquidity support, similar to that which it currently provides for the Self-Liquidity Bonds.

Between July 1, 2008 and October 21, 2008, certain of the Corporation's variable rate demand obligations (including Self-Liquidity Bonds) tendered or deemed tendered were purchased upon remarketing and held by the Alaska Housing Capital Corporation ("AHCC"), a subsidiary of the Corporation. No Corporation obligations are currently held by AHCC.

Other variable rate demand obligations issued by the Corporation are the subject of liquidity facilities provided by third-party liquidity providers in the form of standby bond purchase agreements. If such obligations are tendered or deemed tendered, the related liquidity provider is obligated to purchase any such obligations that cannot be remarketed. Such purchase obligation also arises in connection with the expiration of such facility in the absence of a qualifying substitute therefor. Bonds so purchased and held by third-party liquidity providers will thereupon begin to bear higher rates of interest and be subject to accelerated mandatory redemption by the Corporation, in each case in accordance with and secured by the related indenture.

Between July 1, 2008 and May 26, 2009, certain third-party liquidity providers purchased and held pursuant to the related liquidity facilities certain variable rate demand obligations of the Corporation that were tendered or deemed tendered and not remarketed. No Corporation obligations are currently held by third-party liquidity providers.

The following table sets forth certain information regarding the Corporation's variable rate demand obligations as of January 31, 2019:

Bond Series	Amount Outstanding	Liquidity Provider (or Self-Liquidity)	Facility Expiration Date
Governmental Purpose Bonds, 1997 Series A	$ 14,600,000	Self-Liquidity	NA†
Governmental Purpose Bonds, 2001 Series A and B	93,640,000	Self-Liquidity	NA†
State Capital Project Bonds, 2002 Series C	23,155,000	Self-Liquidity	NA†
Home Mortgage Revenue Bonds, 2002 Series A	35,110,000	JPMorgan Chase Bank, N.A.	December 31, 2019
Home Mortgage Revenue Bonds, 2007 Series A, B and D	229,170,000	Federal Home Loan Bank- Des Moines	May 25, 2021
Home Mortgage Revenue Bonds, 2009 Series A	80,880,000	Wells Fargo Bank, N.A.	December 6, 2021
Home Mortgage Revenue Bonds, 2009 Series B	80,880,000	Wells Fargo Bank, N.A.	December 6, 2021
Home Mortgage Revenue Bonds, 2009 Series D	80,870,000	Bank of America, N.A.	May 8, 2020
State Capital Project Bonds II, 2017 Series B	150,000,000	Self-Liquidity	NA†
State Capital Project Bonds II, 2018 Series A	90,000,000	Self-Liquidity	NA†
	$878,305,000		

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† The Corporation's obligation to purchase Self-Liquidity Bonds tendered or deemed tendered remains in effect so long as the related variable rate bonds are outstanding or until a qualifying third-party liquidity facility has replaced it.

The Corporation's financing activities include, in addition to the issuance of Bonds under the Indenture, recurring long-term debt issuances under established bond indentures described below. Such issuances constitute the majority of the Corporation's financing activities.

Mortgage Revenue Bonds. The Corporation funds its Tax-Exempt First-Time Homebuyer Program with the proceeds of Mortgage Revenue Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Mortgage Revenue Bonds. Mortgage Revenue Bonds are also general obligations of the Corporation.

Home Mortgage Revenue Bonds. The Corporation funds its Rural and Taxable Programs with the proceeds of Home Mortgage Revenue Bonds. Mortgage loans and/or mortgage-backed securities are pledged as collateral for the Home Mortgage Revenue Bonds. Home Mortgage Revenue Bonds are also general obligations of the Corporation.

Collateralized Bonds. The Corporation funds its Veterans Mortgage Program with the proceeds of State-guaranteed Collateralized Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Collateralized Bonds. Collateralized Bonds are also general obligations of the Corporation and general obligations of the State.

General Mortgage Revenue Bonds II. The Corporation issues General Mortgage Revenue Bonds II to finance the purchase of mortgage loans or to refund other obligations of the Corporation. Mortgage loans and other assets are pledged as collateral for the General Mortgage Revenue Bonds II. General Mortgage Revenue Bonds II are general obligations of the Corporation.

Governmental Purpose Bonds. The Corporation issues Governmental Purpose Bonds to finance capital expenditures of the State for governmental purposes, with certain proceeds available for general corporate purposes. Governmental Purpose Bonds are general obligations of the Corporation.

State Capital Project Bonds and State Capital Project Bonds II. The Corporation issues State Capital Project Bonds and State Capital Project Bonds II to finance designated capital projects of State agencies and the Corporation and to refund other obligations of the Corporation. State Capital Project Bonds and State Capital Project Bonds II are also used to finance building purchases that may or may not be secured by lease agreements between the Corporation and the State of Alaska. State Capital Project Bonds and State Capital Project Bonds II are general obligations of the Corporation.

The following tables set forth certain information as of January 31, 2019 regarding bonds issued under the above-described financing programs and the Bonds issued under the Indenture:

Bonds Issued and Remaining Outstanding by Program

Bond Program	**Issued through 1/31/2019**	**Issued During Seven Months Ended 1/31/2019**	**Outstanding as of 1/31/2019**
Home Mortgage Revenue Bonds	$ 1,262,675,000	$ 0	$ 506,910,000
Mortgage Revenue Bonds	1,449,010,353†	0	197,850,000
State Capital Project Bonds	680,190,000	0	27,685,000
State Capital Project Bonds II	1,352,530,000	0	1,130,475,000
General Mortgage Revenue Bonds II	463,670,000	167,780,000	353,700,000
Governmental Purpose Bonds	973,170,000	0	108,240,000
Veterans Collateralized Bonds	1,950,385,000	0	47,480,000
Other Bonds	10,937,173,769	0	0
Total Bonds	$19,068,804,122	$167,780,000	$2,372,340,000

† Includes release of proceeds of $193,100,000 Mortgage Revenue Bonds originally issued in 2009.

Summary of Bonds Issued and Remaining Outstanding

	Issued through 1/31/2019	Issued during Seven Months Ended 1/31/2019	Outstanding as of 1/31/2019
Tax-Exempt Bonds	$14,003,544,122[†]	$167,780,000	$1,992,340,000
Taxable Bonds	5,065,260,000	0	380,000,000
Total Bonds	$19,068,804,122	$167,780,000	$2,372,340,000
Self-Liquidity Bonds[††]	$984,620,000	$ 0	$371,395,000

[†] Includes release of proceeds of $193,100,000 Mortgage Revenue Bonds originally issued in 2009.
[††] For information only. These amounts are already included in the categories above.

The Corporation's financing activities also include recurring short-term debt issuances under established programs or agreements. The proceeds of such issuances may be used for any lawful purpose of the Corporation; however, the Corporation has in the past used and intends to continue to use such proceeds to temporarily refund outstanding tax-exempt obligations prior to their permanent refunding through the issuance of tax-exempt bonds.

Commercial Paper Notes Program. On June 13, 2007, the Corporation's Board of Directors authorized a domestic Commercial Paper Notes Program with a major dealer under which the maximum principal amount of notes outstanding at any one time shall not exceed $150,000,000. The Commercial Paper Notes Program is rated "P-1" by Moody's, "A-1+" by S&P, and "F1+" by Fitch.

Reverse Repurchase Agreements. The Corporation may enter into reverse repurchase agreements in such amounts as it deems necessary for carrying out its purpose.

TBA Markets. From time to time, in lieu of utilizing the proceeds of bond issues to finance certain federally insured or guaranteed mortgage loans, the Corporation pools those mortgage loans into GNMA Mortgage-Backed Securities and sells the securities into the national TBA ("To Be Announced") future delivery market.

Lending Activities

The Corporation finances its lending activities with a combination of general operating funds, bond proceeds, and loan prepayments and earnings derived from the permitted spread between borrowing and lending rates. The Corporation acquires mortgage loans after they have been originated and closed by direct lenders, which normally are financial institutions or mortgage companies with operations in the State. Under many of the Corporation's programs, the originating lender continues to service the mortgage loan on behalf of the Corporation. The Corporation also makes available a streamlined refinance option that allows applicants to obtain new financing secured by property that is currently financed by the Corporation without income, credit, or appraisal qualifications.

In addition to the lending programs described below, the Corporation funded a loan totaling approximately $145 million ($50 million on November 20, 2013; $24 million on July 29, 2016; $46 million on June 9, 2017; and $25 million on January 12, 2018) for the construction and rehabilitation of rental housing on two United States Army bases in the State, Fort Wainwright and Fort Greely, bearing interest at a rate of 6.625% per annum and amortizing over a 40-year term maturing April 15, 2058, with a 35-year lockout for prepayment. As of January 31, 2019, the remaining principal balance on this this loan was $143,173,582.

Following are brief descriptions of the Corporation's lending programs:

Tax-Exempt First-Time Homebuyer Program. The Tax -Exempt First-Time Homebuyer Program offers lower interest rates to eligible borrowers who meet income, purchase price, and other requirements of the Code.

Veterans Mortgage Program. The Veterans Mortgage Program offers a reduced interest rate to qualified veterans who purchase or construct owner-occupied single-family residences or, with certain restrictions, who purchase a duplex, triplex, or fourplex.

Taxable First-Time Homebuyer. The Taxable First-Time Homebuyer Program offers a reduced interest rate to first-time homebuyers whose loans do not meet the Code requirements of the Tax-Exempt First-Time Homebuyer Program.

Rural Loan Program. The Rural Loan Program offers financing to purchase, construct, or renovate owner occupied and non-owner occupied housing in small communities. The Rural interest rate is one percent below the calculated cost of funds established for the Corporation's Taxable Program and is applied to the first $250,000 of the loan only. The balance of the loan is at the Rural interest rate plus 1%.

Taxable Program. The Taxable Program is available statewide for applicants or properties not meeting requirements of other Corporation programs. Borrowers and properties must meet the Corporation's general financing requirements. This program also includes non-conforming loans for certain properties for which financing may not be obtained through private, state or federal mortgage programs.

Multi-Family Loan Purchase Program. The Corporation participates with approved lenders to provide financing for the acquisition, rehabilitation, and refinancing of multi-family housing (buildings with at least five units and designed principally for residential use) as well as certain special-needs and congregate housing facilities.

The following tables set forth certain information as of January 31, 2019 regarding the mortgage loans financed under the above-described lending programs:

Mortgage Purchases by Program

Loan Program	Original Principal Balance of Mortgage Loans Purchased during FY 2018	Original Principal Balance of Mortgage Loans Purchased during the Seven Months Ended 1/31/2019
Taxable Other	$190,986,573	$134,728,943
Tax-Exempt First-Time Homebuyer	115,273,019	82,182,487
Taxable First-Time Homebuyer	93,977,887	65,897,120
Multi-Family and Special Needs	53,636,450	11,358,825
Rural	54,494,346	42,979,373
Veterans Mortgage Program	34,921,525	30,525,445
Total Mortgage Purchases	$543,289,800	$367,672,193
Percentage of Original Principal Balance of Total Mortgage Purchases during Period Representing Streamline Refinance Loans	0.4%	0.1%

Mortgage Portfolio Summary

	As of 6/30/2018	As of 1/31/2019
Mortgages and Participation Loans	$3,097,658,824	$3,303,223,938
Unconventional Loans	75,409,323	66,288,002
Real Estate Owned and Insurance Receivables	5,538,446	5,830,190
Total Mortgage Portfolio	$3,178,606,593	$3,375,342,130

Mortgage Insurance Summary[†]

Type	Outstanding Principal Balance as of 1/31/2019	Percentage of Total Mortgage Loans by Outstanding Principal Balance
Uninsured[††]	$1,830,998,741	54.2%
Private Mortgage Insurance[†††]	855,879,117	25.4
Federally Insured – FHA	241,513,477	7.2
Federally Insured – VA	181,484,377	5.4
Federally Insured – RD	139,461,735	4.1
Federally Insured – HUD 184	126,004,683	3.7
TOTAL	$3,375,342,130	100.0%

[†] This table contains information regarding the types of primary mortgage insurance coverage applicable to the Corporation's mortgage loans at their respective originations. No representation is made as to the current status of primary mortgage insurance coverage.

[††] Uninsured Mortgage Loans represent loans for which the original loan-to-value ratio was not in excess of 80% (90% for loans in rural areas) and insurance coverage was therefore not required. No representation is made as to current loan-to-value ratios.

[†††] The following table sets forth information with respect to the providers of such private mortgage insurance. No representation is made as to the amount of private mortgage insurance coverage provided by carriers whose claims-paying ability is rated investment grade or better by Moody's, S&P or Fitch.

PMI Provider	Outstanding Principal Balance as of 1/31/2019	Percentage of Total Mortgage Loans by Outstanding Principal Balance
Radian Guaranty	$268,138,170	7.9%
CMG Mortgage Insurance	156,208,312	4.6
Mortgage Guaranty	134,399,918	4.0
Essent Guaranty	163,756,246	4.9
United Guaranty	76,025,485	2.3
Genworth GE	55,158,944	1.6
PMI Mortgage Insurance	715,373	0.0
National Mortgage Insurance	1,082,796	0.1
Commonwealth	393,873	0.0
TOTAL	$855,879,117	25.4%

Mortgage Delinquency and Foreclosure Summary

	As of 6/30/2018	As of 1/31/2019
Delinquent 30 Days	1.77%	1.91%
Delinquent 60 Days	0.84	0.82
Delinquent 90 Days or More	0.80	0.65
Total Mortgage Delinquency	3.41%	3.38%

	As of 6/30/2018	Seven Months Ended 1/31/2019
Total Foreclosures	$10,348,869	$5,357,977

Public Housing Activities

The Corporation performs certain public housing functions in the State through the Division. The Division operates Low Rent and Section 8 New Construction/Additional Assistance housing to serve low-income families, disabled persons and seniors in several communities throughout Alaska. The Division also administers the rent subsidies for numerous families located in private-sector housing through vouchers, certificates, and coupons issued pursuant to Section 8 of the United States Housing Act of 1937. The Division's operating budget is funded primarily through contracts with HUD. The Division is engaged in a number of multifamily renovation and new construction projects throughout the State.

Financial Results of Operations

The following is a summary of revenues, expenses and changes in net position of the Corporation for each of its five most recent fiscal years, which have been derived from Note 24 to the Corporation's audited annual financial statements dated June 30, 2018, contained in Appendix A — "Financial Statements of the Corporation."

Summary of Revenues, Expenses and Changes in Net Position
(000's)

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Total Assets and Deferred Outflows	$4,101,560	$3,939,741	$3,930,554	$3,916,302	$4,055,203
Total Liabilities and Deferred Inflows	2,562,864	2,426,113	2,431,021	2,430,821	2,545,295
Total Net Position	1,538,696	1,513,628	1,499,533	1,485,481	1,509,908
Total Operating Revenues	246,280	249,479	274,180	290,099	308,086
Total Operating Expenses	212,697	235,134	259,979	281,594	311,471
Operating Income (Loss)	22,583	14,345	14,201	8,505	(3,385)
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Special Item	0	0	0	0	0
Change in Net Position	$33,458	$14,095	$14,052	$4,680	$(4,765)

Legislative Activity/Transfers to the State

Prior Transfers to the State

The Board adopted the Dividend Plan in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State. Under the Dividend Plan, in 1991 the Corporation transferred a total of $114,324,000 to the State. Additionally, in 1995, the Board voted to make a one-time payment to the State in the amount of $200,000,000. On April 27, 1995, the Corporation agreed to make a one-time transfer of $50,000,000 to the State and close the Dividend Plan. In 1997, the Corporation transferred to the State's general fund $20,000,000 made available as a consequence of certain bond retirements.

The Current Transfer Plan

In the fiscal year 1996 capital appropriation bill (the April 27, 1995 agreement referred to in the immediately preceding paragraph and the 1996 capital appropriation bill, as amended, collectively, the "Transfer Plan") the Legislature expressed its intent that the Corporation transfer to the State (or expend on its behalf) amounts not to exceed $127,000,000 in fiscal year 1996 and $103,000,000 in each fiscal year from 1997 to 2000, but that, "[T]o ensure the prudent management of [the Corporation and] to protect its excellent debt rating …" in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year.

The 1998 Legislature adopted legislation (the "1998 Act") authorizing the Corporation to finance state capital projects through the issuance of up to $224,000,000 in bonds. The 1998 Act also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed $103,000,000 in each fiscal year through fiscal year

2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year.

The 2000 Legislature adopted legislation (the "2000 Act") authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008.

The 2002 Legislature adopted legislation (the "2002 Act") authorizing the issuance of $60,250,000 in capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities.

The 2004 Legislature adopted legislation (the "2004 Act") authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, $60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and $45,000,000 principal amount of State Capital Project Bonds pursuant to the 2004 Act, and has completed its issuance authority under the Acts. Payment of principal and interest on these bonds is categorized as a transfer pursuant to the Transfer Plan and is included in the Corporation's capital budget.

The 2003 Legislature enacted Chapter 76 SLA 2003, subsequently amended by Chapter 120 SLA 2004, Chapter 7 SLA 2006 and Chapter 35 SLA 2010 (as so amended, the "2003 Act"), which modified and incorporated provisions of the Transfer Plan. The Corporation views the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. The 2003 Act provides that the amount transferred by the Corporation to the State in fiscal years 2004, 2005, and 2006 shall not exceed $103,000,000 (in each case, less debt service on certain State Capital Project Bonds and any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget).

The 2003 Act further provides that the amount transferred by the Corporation to the State in each fiscal year beginning with fiscal year 2007 shall not exceed:

(i) the lesser of (A) $103,000,000 and (B) the respective percentage of adjusted change in net assets for the fiscal year two years prior thereto (the "base fiscal year") for such fiscal year set forth in the table below, less

(ii) debt service on certain State Capital Project Bonds, less

(iii) any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget.

Fiscal Year	Percentage of Adjusted Change in Net Assets
2007	95%
2008	85%
2009 and thereafter	75%

Under the 2003 Act, "adjusted change in net assets" means the change in net assets for a base fiscal year as reflected in the Corporation's financial statements, adjusted for capital expenditures incurred during such year and, effective June 20, 2010, temporary market value adjustments to assets and liabilities made during such year.

Dividend to the State of Alaska

Following are the details of the Corporation's dividend to the State as of June 30, 2018 (in thousands).

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	$ 794,648	$ (788,948)	$ 5,700
State Capital Projects Debt Service	458,877	(446,871)	12,006
State of Alaska Capital Projects	255,761	(249,534)	6,227
Corporation Capital Projects	509,792	(469,752)	38,040
Total	$2,019,078	$(1,955,105)	$61,973

Corporation Budget Legislation

The Corporation's fiscal year 2019 operating budget was approved by the Legislature during the fiscal year 2018 legislative session. Consistent with the Transfer Plan, the enacted fiscal year 2019 operating budget estimated that $29.4 million would be available from the adjusted change in net position for payment of debt service and appropriation for capital projects.

There can be no assurance that the Legislature or the Governor of the State will not seek and/or enact larger dividends or other transfers of Corporation assets by legislative enactment or other means in the future.

Litigation

There are no threatened or pending cases in which the Corporation is or may be a defendant which the Corporation feels have merit and which it feels could give rise to materially negative economic consequences.

DESCRIPTION OF THE INDENTURE

Following is a summary of certain provisions of the Indenture. It is not comprehensive. Reference should be made to the full text of the Indenture.

All capitalized terms hereinafter used under this caption have the same meanings as in the Indenture if not otherwise defined herein.

Certain Definitions

"Bondholder" or "holder" or words of similar import, when used with reference to a Bond or Bonds, shall mean any person who shall be the bearer of any Outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any Outstanding Bond or Bonds at the time registered other than to bearer.

"Bond Proceeds Account" shall mean, for any Series, the Bond Proceeds Account established within the Program Obligation Fund for such Series.

"Certificate" shall mean a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined by an authorized officer pursuant to the Indenture; every certificate of the Corporation with respect to compliance with any agreement, condition, covenant or term contained in the Indenture shall include (1) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or term and the definitions in the Indenture relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, such person has made or caused to be made such examination or investigation as is necessary to enable such person to express an informed opinion with respect to the subject matter referred to in the instrument to which such person's signature is affixed; and (4) a statement as to whether, in the opinion of such person, the Corporation has complied with such provision.

"Counsel's Opinion" shall mean an unqualified opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to state and municipal financing (who may be counsel to the Corporation) selected by the Corporation.

"Credit Enhancement" shall mean a letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of principal and interest of the Bonds of such Series but does not include any Liquidity Facility.

"Credit Enhancement Fund" shall mean a Fund or Account authorized to be created by the Corporation pursuant to a Supplemental Indenture authorizing the issuance of a Series of Bonds for the purposes of holding and disbursing the proceeds of, or holding only, Credit Enhancement securing such Series.

"Debt Service Payment" shall mean any scheduled payment of principal of or interest on Bonds and any payment of the Redemption Price of and accrued interest on any Bonds that are redeemed.

"Debt Service Payment Date" shall mean any date on which any Debt Service Payment shall be due, including any redemption date for any Bonds.

"Eligible Funds" shall mean (1) any Pledged Revenues and Bond proceeds, (2) any moneys or Investment Securities which are not the proceeds of the Bonds and which are at any time on deposit in any Fund other than the Debt Service Account and the OCR Fund and (3) any moneys, Investment Securities or other assets on deposit in the Debt Service Account but excluding any amounts that may be received pursuant to the guaranty of the Bonds by the State of Alaska. Notwithstanding the above, moneys, Investment Securities or other assets that are not (i) Pledged Revenues, (ii) Bonds proceeds or (iii) contributions by the Corporation shall not be "Eligible Funds" until such moneys, Investment Securities or other assets shall have been on deposit hereunder for at least 93 days during which no proceeding by or against the payer of such moneys, Investment Securities or other assets shall have been commenced under the United States Bankruptcy Code or successor statute.

"General Account" shall mean, for any Series, the General Account established within the Redemption Fund for such Series.

"Interest Payment Date" shall mean, for any Series, any date upon which interest on the Bonds of such Series is payable in accordance with their terms and the terms of the Master Indenture or the Supplemental Indenture authorizing the issuance of such Series. "Interest Payment Date" for the 2019 Bonds shall mean December 1, 2019, and on each June 1 and December 1 thereafter.

"Investment Agreement" shall mean a guaranteed investment contract which may be entered into among the Corporation or the Trustee and any corporation (including the Trustee) meeting the requirements established in the Indenture.

"Liquidity Facility" shall mean an agreement or other instrument or arrangement to further secure the payment of the purchase price of any Bonds in connection with a tender of such Bonds pursuant to the terms thereof and the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Liquidity Facility Fund" shall mean a Fund or Account authorized to be created by the Trustee pursuant to a Supplemental Indenture authorizing the issuance of a Series of Bonds for the purposes of holding and disbursing the proceeds of, or holding only, a Liquidity Facility relating to such Series.

"Minimum Debt Service Account Requirement" shall mean 2% of the outstanding aggregate principal balance of the Mortgage Loans excluding Mortgage Loans that have been exchanged for Mortgage Certificates.

"Outstanding," when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(a) Any Bonds canceled by the Corporation or the Trustee at or prior to such date;

(b) Bonds (or portions of Bonds) for the payment or redemption of which there shall be held in trust hereunder and set aside moneys or Investment Securities that are either direct obligations of the United States or of agencies or instrumentalities thereof that are guaranteed by the United States, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited at the same time, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date (whether at or prior to the maturity or redemption date) and, if such Bonds are to be redeemed, for which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(d) Bonds deemed to have been paid as provided in the Indenture.

"Over Collateralization Requirement" shall mean the "OCR" as set forth in the Indenture.

"Pledged Program Obligation" shall mean all Pledged Mortgage Loans and Pledged Mortgage Certificates and all other Program Obligations acquired with amounts disbursed pursuant to the Indenture.

"Pledged Revenues" shall mean (i) all payments of principal of and interest on Pledged Program Obligations immediately upon receipt thereof by the Corporation or any Depository or the Trustee (including payments representing prepayments of Mortgage Loans and any payments received from

FNMA pursuant to its guarantee of the FNMA MBSs and from GNMA pursuant to its guarantee of the GNMA Certificates and from FHLMC pursuant to its guarantee of the FHLMC Certificates) and all other net proceeds of such Pledged Program Obligations, and (ii) amounts required to be deposited as Pledged Revenues pursuant to the Indenture.

"Program Expenses" shall mean all the Corporation's expenses in carrying out and administering the Program and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, insurance premiums, legal, accounting, management, consulting and banking services and expenses, the fees and expenses of the Trustee, any Credit Enhancement Agency, any Liquidity Facility Provider, the Depositories and the Paying Agents, Costs of Issuance not paid from proceeds of Bonds, and payments for pension, retirement, health and hospitalization and life and disability insurance benefits, all to the extent properly allocable to the Program.

"Rating Agencies" shall mean any national securities rating service requested by the Corporation to rate the Bonds and which, at the time of consideration, provides a published rating for the Bonds.

"Record Date" shall mean the twentieth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day, for the 2019 Bonds.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond or the Indenture or any Supplemental Indenture.

"Series" shall mean all the Bonds authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated as a Series therein and any Bonds thereafter authenticated and delivered upon the transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Indenture, regardless of variations in maturity, interest rate, Sinking Fund Payments, or other provisions. Except as otherwise provided in the 2019 Supplemental Indenture, the 2019 Bonds are a "Series" for the purposes of the definition of such term in the Indenture.

"Sinking Fund Payment" shall mean, as of any particular date of calculation and with respect to the Outstanding Bonds of any Series, the amount required to be paid at all events by the Corporation on a single future date for the retirement of Bonds of such Series which mature after said future date, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

"Supplemental Indenture" shall mean an indenture supplemental to or amendatory of the Indenture, adopted by the Corporation and effective as provided in the Indenture.

Guaranty by the State

The following statement in the form set forth below will be on each Bond and constitutes the unconditional guaranty by the State of the payment of the principal and interest on the Bond according to its terms:

> The payment of this Bond as to principal and interest according to its terms is hereby unconditionally guaranteed by the State of Alaska. The full faith, credit and resources of the State of Alaska are pledged to the payment of the principal and interest on this Bond, and the principal and interest on this Bond are secured by the general obligation of the State of Alaska.

Revenues

The Corporation will establish a Revenue Fund for the 2019 Bonds. The Revenue Fund will have the following accounts:

Interest Account
Debt Service Account
Capitalized Interest Account
Recycling Account.

The Corporation will establish a Redemption Fund for the 2019 Bonds. The Redemption Fund will have the following accounts:

Principal Account
Operating Account
General Account.

The Trustee will distribute and apply the Pledged Revenues in the following order of priorities:

FIRST, to the Interest Account of the Revenue Fund the amount required, together with other amounts on deposit in the Interest Account, to pay the interest on any Series of Bonds on the next Interest Payment Date or to reimburse any amounts drawn for such purpose under any Credit Enhancement or Liquidity Facility. The Trustee will apply funds in the Interest Account to payment of interest on such Bonds or to make such reimbursement on the due dates.

SECOND, to the Redemption Fund the remaining Pledged Revenues. The Trustee will deposit and apply the funds in the Redemption Fund as follows: to the Principal Account the amount necessary to pay all Principal Installments for each Series of Bonds Outstanding coming due on the next Principal Installment date for each Series; to the Debt Service Account, the amount required, if any, to increase the balance to the Minimum Debt Service Account Requirement; to the Operating Account, the amount required to pay or reimburse the Corporation for the payment of Program Expenses, but in no event may such amount in any semi-annual interest period exceed .055% of the outstanding principal balance of the Program Obligations held in the Program Obligation Fund as of the date of determination as determined by the Corporation; and to the General Account, together with certain other amounts to be deposited in the General Account pursuant to the Indenture, for application to the special redemption of the Bonds pursuant to the provisions of the Supplemental Indenture authorizing the issuance of such Bonds, except that under certain circumstances the Corporation may direct these amounts to be transferred to the Recycling Account of the Program Obligation Fund.

The Corporation may establish an OCR Fund in order to meet the Over Collateralization Requirement with respect to Mortgage Loans not exchanged for Mortgage Certificates that are to be deposited in the Program Obligation Fund.

If three Business Days preceding any Interest Payment Date the amount on deposit, or to be deposited on such Interest Payment Date, in the Interest Account of the Revenue Fund and the Principal Account and the General Account of the Redemption Fund shall be less than the amount required to pay interest, principal or Sinking Fund Payments on the Bonds of any Series on such Interest Payment Date, any such deficiency shall be immediately satisfied with a transfer of Eligible Funds from the Debt Service Account to the applicable Account, or, if insufficient, by a deposit to the applicable Account of any other funds of the Corporation available therefor, including amounts available in the OCR Fund.

Issuance of Additional Bonds

The Master Indenture authorizes additional bonds to be issued from time to time, subject to the terms, conditions and limitations set forth therein. The additional bonds are to be executed by the Corporation and delivered to the Trustee for authentication and delivery only upon receipt by the Trustee of:

(a) a Counsel's Opinion to the effect, among other things, that such additional bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including the Act as amended to the date of such opinion, and in accordance with the Indenture;

(b) a written order as to the authentication and delivery of such additional bonds;

(c) executed counterparts of the Master Indenture;

(d) an executed original of the Supplemental Indenture authorizing such Series;

(e) the amount of proceeds of such Series to be deposited in any Fund or Account;

(f) a Certificate of an Authorized Officer stating that the Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture;

(g) a Bond Coverage Certificate;

(h) written verification from the Rating Agencies that the issuance of such Series of Bonds will not, in and of itself, cause a withdrawal or reduction in the rating assigned by the Rating Agencies to any Outstanding Bonds of any prior Series;

(i) if such Series of Bonds is to have the benefit of a Liquidity Facility or be secured by Credit Enhancement, the executed Liquidity Facility or Credit Enhancement or evidence that all conditions precedent to the issuance of such Liquidity Facility or Credit Enhancement have been met as of the date of issuance of such Series of Bonds; and

(j) such further documents and moneys as set forth in the Master Indenture or any Supplemental Indenture.

One or more Series of additional bonds ("Refunding Bonds") may be issued pursuant to the Master Indenture to refund any Outstanding Bonds. Refunding Bonds may be issued only upon receipt by the Trustee of the documents and moneys, if any, referred to in the preceding paragraph and irrevocable instructions to the Trustee to give any required notices with respect to the refunded Bonds, and upon receipt by the Trustee of either (a) moneys sufficient to effect payment of the Bonds to be refunded, or (b) direct obligations of the United States or of agencies and instrumentalities thereof that are guaranteed by the United States of America the principal of and interest on which when due, together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date.

The Trustee will establish a Program Obligation Fund for the 2019 Bonds and a Rebate Fund for the 2019 Bonds, if necessary. The Trustee shall establish within any Account such additional subaccounts for the purposes of such Account as the Corporation shall determine by Supplemental Indenture.

Rebate

The Corporation will establish a Rebate Fund for the 2019 Bonds if necessary to hold moneys required to be rebated to the federal government which shall not be subject to the lien and pledge of the Indenture.

Investments

Except as otherwise provided in the Indenture, all amounts held under the Indenture by the Trustee or any Depository shall be invested continuously and fully in Investment Securities for the benefit of the Corporation and the holders of the Bonds. "Investment Securities" are limited to: (a) direct obligation of or obligations insured or guaranteed by the United States or agencies or instrumentalities of the United States; (b) demand and time deposits in, certificates of deposit of, banker acceptances issued by, or federal funds sold by, any bank or trust company organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal and/or state banking authorities, or any foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof or under the laws of a country the Moody's sovereign rating for bank deposits in respect of which is "Aaa," so long as at the time of such investment (i) the unsecured debt obligations of such bank or trust company have credit ratings from each Rating Agency at least equal to the then existing ratings of the Bonds; or (ii) the investment matures in six months or less and such bank or trust company has outstanding commercial paper rated "A-1+" by Standard & Poor's and "P-1" by Moody's and having comparable ratings from (or otherwise acceptable to) Fitch and from any other Rating Agency and has outstanding debt obligations rated as least "Aa" by Moody's; (c) repurchase obligations held by the Trustee or a third party acting as agent for the Trustee with a maturity date not in excess of 30 days with respect to (i) any security described in paragraph (a) or (ii) any other security issued or guaranteed by an agency or instrumentality of the United States of America, in either case entered into with the Trustee or any other bank or trust company (acting as principal) that has outstanding commercial paper rated "A-1+" by Standard & Poor's and "P-1" by Moody's and having comparable ratings from (or otherwise acceptable to) Fitch and from any other Rating Agency and that has outstanding debt obligations rated at least "Aa2" by Moody's; (d) securities (other than securities of the types described in the other paragraphs under this definition of "Investment Securities") which at the time of such investment have ratings from Standard & Poor's and Moody's at least equal to the highest ratings available from Standard & Poor's and Moody's for obligations similar to the Bonds and having comparable ratings from (or otherwise acceptable to) Fitch and from any other Rating Agency and which evidence a debt of any corporation incorporated under the laws of the United States of America or any state thereof; provided, however, that such securities issued by any particular corporation will not be Investment Securities to the extent that investment therein will cause the then outstanding principal amount of securities issued by such corporation and held under the Indenture to exceed 10% of the aggregate outstanding principal balances and amounts of all Mortgage Loans and Investment Securities held under the Indenture; (e) commercial paper with a maturity date not in excess of 270 days rated "A-1+" by Standard & Poor's and "P-1" by Moody's and having comparable ratings from (or otherwise acceptable to) Fitch and from any other Rating Agency at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof or under the laws of a country the Moody's sovereign rating for bank deposits in respect of which is "Aa"; provided, however, that at the time of such investment the issuer of such commercial paper shall also have outstanding debt obligations rated at least "Aa2" by Moody's; (f) an Investment Agreement; (g) money market funds rated "AAAm" or "AAAm-G" by Standard & Poor's and "Aaa-mf" by Moody's and having comparable ratings from (or otherwise acceptable to) any other Rating Agency then rating that fund; and (h) any other investment that is of Rating Quality and that is not unacceptable to the Trustee upon written direction to the Issuer.

Powers of Amendment

A Supplemental Indenture may be adopted at any time or from time to time, without the consent of any holder of the Bonds, upon filing with the Trustee, in order to: (a) close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; (b) add other covenants and agreements to be observed by the Corporation not contrary to or inconsistent with the Indenture; (c) add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Corporation which are not inconsistent with the Indenture; (d) surrender any right, power or privilege of the Corporation, by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture; (e) authorize bonds of a Series and, in connection therewith (i) to specify and determine certain matters and things referred to as being matters or things to be determined or specified in a Supplemental Indenture authorizing a Series of Bonds and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, (ii) to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds, or (iii) to add such provisions to the Indenture and, if necessary, amend the provisions of the Indenture as may be necessary to permit and provide for the issuance of such Bonds as bearer Bonds; (f) confirm any pledge under, or the subjection to any lien or pledge created by, the Indenture; (g) modify any of the provisions of the Indenture in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the effective date of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; and (h) to make such additions, deletions or modifications as may be necessary to assure compliance with the Code or to obtain a satisfactory rating on a Series of Bonds from a Rating Agency, provided that no such additions, deletions or modifications intended to obtain a satisfactory rating shall cause a reduction in any ratings assigned by a Rating Agency to Bonds then Outstanding. A Supplemental Indenture may also be adopted at any time or from time to time, without the consent of Bondholders, upon filing with the Trustee and upon consent of the Trustee to: (a) cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision; (b) insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect; (c) provide for additional duties of the Trustee in connection with the Mortgage Loans and Mortgage Certificates; or (d) make any other changes not materially adverse to the interests of the Bondholders.

Any modification or amendment of any provision of the Indenture or of the rights and obligations of the Corporation and of the holders of the Bonds may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture (i) of the holders of at least two-thirds in principal amount of the Bonds Outstanding, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of at least two-thirds in principal amount of the bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such

Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Indenture. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest rate thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For these purposes, a Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Corporation and all holders of Bonds.

Events of Default

Each of the following events is an "Event of Default": (a) the Corporation defaults in the payment of the principal (including Sinking Fund Payments) or Redemption Price, if any, of any Bond within two Business Days after the same becomes due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds is not made within two Business Days after the same becomes due; (c) the Corporation fails or refuses to comply with the provisions of the Indenture or defaults in the performance or observance of any of the covenants, agreements or conditions contained therein or in any Supplemental Indenture or the Bonds, and such failure, refusal or default continues for a period of 45 days after written notice thereof by the Trustee or the holders of not less than 25% in principal amount of the Outstanding Bonds; or (d) any Event of Default as designated by a Supplemental Indenture occurs and remains uncured.

Remedies

Upon the happening and continuance of any Event of Default specified in clause (a) or (b) above, the Trustee will proceed, or upon the happening and continuance of any Event of Default specified in clause (c) or (d) above, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds, subject to certain provisions relating to the Trustee (except that, with respect to an Event of Default specified in clause (c) or (d) above, the provisions of the Supplemental Indenture to which such Event of Default relates may direct the Trustee to so proceed without regard to Bondholder request or to proceed or not proceed upon the occurrence of other conditions set forth in such Supplemental Indenture), will proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Corporation to receive and collect revenues and assets adequate to carry out the covenants and agreements as to, and pledge of, such revenues and assets, and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act; (b) by bringing suit upon the Bonds; (c) by action or suit in equity, require the Corporation to account as if it were the trustee of an express trust for the holders of the Bonds; (d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; or (e) by taking possession of and retaining the Program Obligations for the benefit of Bondholders.

Trustee

U.S. Bank National Association is appointed as the Trustee. The Trustee shall be removed by the Corporation if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation, and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation. Except during the existence of an Event of Default by the Corporation, the Corporation may remove the Trustee at any time for such cause as shall be determined by the Corporation. Any successor to the Trustee is required to be a trust company or bank having the powers of a trust company within or outside the State of Alaska and having capital and surplus aggregating at least $25,000,000. The Corporation will pay to the Trustee reasonable compensation for all services rendered.

Defeasance

If the Corporation pays or causes to be paid to the holders of the Bonds the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any revenues and assets thereby pledged and all other rights granted thereby will be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys have been set aside and held in trust by fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise), at the maturity or redemption date thereof, will be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Outstanding Bonds will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation gives to the Trustee in form satisfactory to it irrevocable instructions to provide notice of redemption of the Bonds, (b) there has been deposited with the Trustee either moneys in an amount which are sufficient, or Investment Securities which are direct obligations of the United States or of agencies or instrumentalities thereof that are guaranteed by the United States the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient, to pay when due the principal or redemption price, if any, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event the Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Corporation gives the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the holders of such Bonds stating that the deposit required by (b) above has been made with the Trustee and that the Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of the Bonds. Neither the Investment Securities nor the moneys so deposited with the Trustee nor principal or interest payments on any such Investment Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on the bonds, but any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, will, be reinvested to the extent practicable in those Investment Securities described above maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on the bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments will be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

TAX MATTERS

Opinions of Co-Bond Counsel

In the opinions of Co-Bond Counsel, to be delivered on the date of issuance of the 2019 Bonds, assuming compliance with certain covenants which are designed to meet the requirements of the Code, under existing laws, regulations, rulings and judicial decisions, interest on the 2019 Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not a specific preference item for purposes of the alternative minimum tax provisions imposed by the Code.

In the opinions of Co-Bond Counsel, interest on the 2019 Bonds is free from taxation by the State under existing law (except that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

General

The requirements of applicable federal tax law must be satisfied with respect to the 2019 Bonds in order that interest on such Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Code provides that interest on obligations of a governmental unit such as the Corporation issued to finance, or to refund bonds issued to finance, single family residences for qualified veterans (such as the 2019 Bonds) is not included in gross income for federal income tax purposes only if certain requirements are met with respect to the terms, amount and purpose of the obligations and the use of the funds generated by the issuance of the obligations, the nature of the residences and the mortgages, and the eligibility of the borrowers executing the mortgages.

Loan Eligibility Requirements Imposed by the Code

The Code contains the following loan eligibility requirements that are applicable to Mortgage Loans financed with proceeds attributable to the 2019 Bonds in order that interest on the 2019 Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof.

Qualifying Veterans and Residence Requirement

The Code requires that 95% of the net proceeds of the 2019 Bonds be used to provide residences for qualified veterans. In addition, the Code requires that each of the premises financed with proceeds of qualified veterans' mortgage bonds be a residence located within the jurisdiction of the issuer which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided. Certain documents adopted by the Corporation that establish procedures to be followed in connection with the financing of Mortgage Loans with amounts attributable to the 2019 Bonds in order to assure that interest paid on the 2019 Bonds not be included in gross income for federal income tax purposes under the Code (the "Program Documents") require each mortgagor to submit an affidavit stating such person's intention to occupy the premises as his principal residence within 60 days after closing of the Mortgage Loan.

New Mortgage Requirement

The Code requires that, with certain limited exceptions, the lendable proceeds of qualified veterans' mortgage bonds finance new mortgage loans only and that no proceeds may be used to acquire or replace an existing mortgage loan, which would include the refinancing of a pre-existing mortgage loan. The Corporation will verify compliance with the new mortgage requirement by requiring each mortgagor and the seller of the residence to certify, subject to such exceptions, that no refinancing of a prior mortgage loan is being effected.

Good Faith Efforts to Comply with Mortgage Eligibility Requirements

An issue of bonds is treated as meeting the loan eligibility requirements of the Code if (i) the issuer in good faith attempted to meet all the loan eligibility requirements before the mortgage loans were executed, (ii) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered, and (iii) 95% or more of the proceeds of the issue used to make mortgage loans was used to finance residences that met all such requirements at the time the mortgage loans were executed. In determining whether 95% or more of the proceeds has been so used, the Code permits the Corporation to rely on certain documentation provided by the mortgagor and the seller even though the relevant information in such documentation should ultimately prove to be untrue, unless the Corporation or the Mortgage Lender knows or has reason to believe that such information is false.

Other Requirements Imposed by the Code

General

The Code provides that gross income for federal income tax purposes does not include interest on a mortgage revenue bond if it is a qualified veterans' mortgage bond. A qualified veterans' mortgage bond is a part of an issue of a state or political subdivision 95% of the proceeds of which (net of amounts applied to fund a reasonably required reserve) are used to finance, or to refund bonds issued to finance, owner-occupied residences and that meets certain (i) general requirements, (ii) arbitrage restrictions on the use and investment of proceeds of the issue, and (iii) loan eligibility requirements set forth in the Code and as more fully described above under "Tax Matters — Loan Eligibility Requirements Imposed by the Code."

The first general requirement of the Code applicable to the Corporation's Program for qualified veterans' mortgage bonds is that the aggregate amount of such bonds that may be issued by the Corporation in any calendar year must not exceed the limit set forth in the Code, which is $100,000,000 for the State of Alaska. The 2019 Bonds are within the applicable limit for the Corporation.

The Code requires the issuer of qualified veterans' mortgage bonds to file with the Internal Revenue Service reports on the issuance of its qualified veterans' mortgage bonds following such issuance, as well as an annual qualified veterans' mortgage loan information report. The Corporation has covenanted to file, as required, such reports with respect to the mortgage loans financed by the 2019 Bonds.

The Code requires that the effective interest rate on mortgage loans financed with the lendable proceeds of qualified veterans' mortgage bonds (such as the 2019 Bonds) may not exceed the yield on the composite issue of 2019 Bonds by more than 1.125 percentage points. With respect to the 2019 Bonds, the Code requires that certain investment earnings on non-mortgage investments, calculated based upon the extent such investment earnings exceed the amount that would have been earned on such investments if the investments were invested at a yield equal to the yield on the issue, be rebated to the United States or credited to mortgagors. The Corporation has covenanted to comply with these requirements and has established procedures to determine the amount of excess earnings, if any, that must be rebated to the United States or credited to mortgagors.

Compliance

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2019 Bonds, including compliance with restrictions on the yield of mortgage loans and non-mortgage investments and periodic rebate payments to the federal government, as well as restrictions on the type of Mortgage Loans financed. The Corporation will deliver concurrently with the delivery the 2019 Bonds, a Tax Regulatory Agreement and No Arbitrage Certificate which contains provisions and procedures relating to compliance with such requirements of the Code, and the Corporation has included provisions in the Program Documents that establish procedures, including receipt of certain affidavits and warranties from Mortgage Lenders and mortgagors, in order to assure compliance with the loan eligibility requirements and other requirements that must be satisfied subsequent to the date of issuance of the 2019 Bonds. The Corporation also has covenanted in the Indenture to do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid on the 2019 Bonds shall not be included in gross income for federal income tax purposes and, for such purpose, to adopt and maintain appropriate procedures. Failure to comply with these covenants may result in interest on the 2019 Bonds being included in gross income for federal income tax purposes from their date of issuance. The opinions of Co-Bond Counsel assume the Corporation is in compliance with these covenants. Co-Bond Counsel are not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. However, Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2019 Bonds may affect the tax status of interest on the 2019 Bonds.

Original Issue Discount

Bonds sold at an initial public offering price that is less than the stated amount to be paid at maturity constitute "Discount Bonds." The difference between the initial public offering prices of any such Discount Bond and the stated amount to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on such Bond.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period and properly adjusted for the length of the accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium

2019 Bonds sold at an initial public offering price that is greater than the stated amount to be paid at maturity constitute “Premium Bonds.” An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the 2019 Bonds under the Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2019 Bonds is subject to information reporting in a manner similar to that with respect to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2019 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Certain Additional Federal Tax Consequences

The foregoing is a brief discussion of certain federal and state income tax matters with respect to the 2019 Bonds under existing statutes. It does not purport to deal with all aspects of federal or state taxation that may be relevant to a particular owner of 2019 Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the 2019 Bonds.

Although Co-Bond Counsel will each render an opinion that interest on the 2019 Bonds will be excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2019 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Co-Bond Counsel express no opinion regarding any such consequences. Purchasers of the 2019 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the 2019 Bonds.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2019 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2019 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2019 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2019 Bonds, and Co-Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the 2019 Bond purchasers in complying with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 as the same may be amended from time to time (the "Rule"), the Corporation and the State will enter into separate written agreements (collectively, the "Agreement") for the benefit of the holders of the 2019 Bonds to provide continuing disclosure, which are anticipated to be in substantially the forms set forth in Appendix D hereto. The State and the Corporation will undertake to provide the Municipal Securities Rulemaking Board (the "MSRB") on an annual basis commencing on January 31, 2020 for the State and on or before 180 days after the end of each fiscal year for the Corporation, commencing the fiscal year ending June 30, 2019, the financial and operating data concerning the State and the Corporation outlined in the Agreement. In addition, the State and the Corporation will undertake, for the benefit of the beneficial owners and holders of the 2019 Bonds, to provide to the MSRB, in a timely manner, the notices described in the Agreement.

The sole and exclusive remedy for breach or default under the Agreement to provide continuing disclosure described above is an action to compel specific performance of the undertakings of the State and/or the Corporation, and no person, including a holder of the 2019 Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the Agreement shall not constitute an Event of Default under the Indenture. In addition, if all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Agreement, insofar as the provision of the Rule no longer in effect required the provision of such information, will no longer be required to be provided.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the Agreement do not anticipate that it often will be necessary to amend the informational undertakings. The Agreement, however, may be amended or modified under certain circumstances set forth therein. Copies of the Agreement are attached hereto as Appendix D.

On August 14, 2014, the State filed a material event notice with the MSRB stating that the State filed its Certified Annual Financial Report ("CAFR") for fiscal year 2010 16 days later than required, the CAFR for 2010 was not linked by CUSIP numbers to certain of the State's outstanding certificates of participation, the State filed its fiscal year 2009 and 2010 annual financial information for certain of its Sport Fishing Revenue Bonds later than required, and the State did not link its fiscal year 2009 annual financial information for certain Alaska Housing Finance Corporation Collateralized Veterans Mortgage Program bonds with respect to which the State is an obligated person. The State subsequently filed all required annual financial information and linked it to all outstanding bonds and certificates of participation for which the State was an issuer or obligated person.

On August 14, 2014, the State also filed a material event notice with the MSRB stating that the State did not file certain notices of listed events relating to the downgrades of insurers of its outstanding bonds and certificates of participation and the State did not file certain notices of rating changes (increases) attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds and certificates of participation.

On January 29, 2016, the State filed a notice with the MSRB that the State had not provided its CAFR for Fiscal Year 2015 with respect to certain bonds and certificates of participation as required by continuing disclosure certificates of the State. The notice stated that the Fiscal Year 2015 CAFR was delayed due to time required to assess the application of GASB 68, and that it expected to file the report within seven days of the original continuing disclosure deadline. The State released the Annual Report on February 1, 2016.

While the State does not believe that any of the foregoing were material failures to comply with its undertakings, the State has adopted procedures to assure future compliance with its continuing disclosure undertakings.

RATINGS

The 2019 Bonds have been initially rated "AAA" by S&P and "Aaa" by Moody's. The ratings of "AAA" and "Aaa" are the highest ratings that S&P and Moody's, respectively, assign to bonds. A security rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Any further explanation of the significance of these ratings should be obtained directly from the appropriate rating agency.

FINANCIAL STATEMENTS

The unaudited financial statements of the Corporation as of and for the six months ended December 31, 2018, included in Appendix B to this Official Statement, appear without review or audit by an independent accountant.

The Corporation's financial statements as of and for the year ended June 30, 2018, included in Appendix B to this Official Statement, have been audited by BDO USA, LLP, independent auditors, as stated in their report appearing herein.

Copies of the Corporation's annual financial statements as of and for the year ended June 30, 2018, the unaudited financial statements of the Corporation as of and for the six months ended December 31, 2018, and the Corporation's current annual report will be mailed to any Beneficial Owner who shall have filed his name and address with the Corporation for such purpose.

LITIGATION

There is no controversy or litigation of any material nature now pending or threatened to restrain or enjoin the issuance, sale, execution, authentication, or delivery of the 2019 Bonds, or in any way contesting or affecting the validity of such 2019 Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of such 2019 Bonds, or the existence or powers of the Corporation.

LEGAL MATTERS

All legal matters incident to the authorization, sale and delivery of the 2019 Bonds and certain federal and state tax matters are subject to the approval of Kutak Rock LLP and the Law Office of Kenneth E. Vassar, LLC, Anchorage, Alaska, Co-Bond Counsel to the Corporation.

LEGALITY FOR INVESTMENT

Subject to any applicable federal requirements or limitations, the 2019 Bonds are eligible for investment by all public officers and public bodies of Alaska and its political subdivisions, and, to the extent controlled by Alaska law, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, in the 2019 Bonds.

UNDERWRITING

On March 6, 2019, the Corporation received bids for the 2019 First Series Bonds and the 2019 Second Series Bonds pursuant to competitive bidding. The 2019 First Series Bonds have been sold at public sale by the Corporation to Fidelity Capital Markets (the "2019 First Series Original Purchaser"), on the basis of lowest true interest cost. The 2019 Second Series Bonds have been sold at public sale by the Corporation to J.P. Morgan Securities LLC (the "2019 Second Series Original Purchaser"; together with the 2019 First Series Original Purchaser, the "Original Purchasers"), on the basis of lowest true interest cost. The 2019 First Series Original Purchaser agreed, subject to certain conditions, to purchase the 2019 First Series Bonds at a purchase price equal to the applicable initial offering prices shown on the inside cover page hereof, upon receipt of an underwriter's fee of $476,391.03. The 2019 Second Series Original Purchaser agreed, subject to certain conditions, to purchase the 2019 Second Series Bonds at a purchase price equal to the applicable initial offering price shown on the inside cover page hereof, upon receipt of an underwriter's fee of $2,836.25. The Original Purchasers have supplied the information as to the initial offering prices on the 2019 Bonds set forth on the inside cover of this Official Statement. The 2019 First Series Original Purchaser may offer to sell the 2019 First Series Bonds to certain dealers and others at prices lower than initial offering prices, and the public offering prices may be changed from time to time by the 2019 First Series Original Purchaser. The 2019 Second Series Original Purchaser may offer to sell the 2019 Second Series Bonds to certain dealers and others at prices lower than initial offering prices, and the public offering prices may be changed from time to time by the 2019 Second Series Original Purchaser.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("Hilltop") is employed as Financial Advisor to the Corporation in connection with the issuance of the 2019 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the 2019 Bonds is contingent upon the issuance and delivery of the 2019 Bonds. Hilltop has agreed, in its Financial Advisory contract, not to bid for the 2019 Bonds, either independently or as a member of a syndicate organized to submit a bid for the 2019 Bonds. Hilltop, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2019 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Corporation has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Corporation and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS

The following statements are made as contemplated by the provisions of the Private Securities Litigation Reform Act of 1995: If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, general economic and business conditions relating to the Corporation and the housing industry in general, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Official Statement. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ADDITIONAL INFORMATION

All quotations from and summaries and explanations of the Act and the Indenture contained herein do not purport to be complete, and reference is made to the Act and the Indenture for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Act and the Indenture (the 2019 Supplemental Indenture, in preliminary form, and the Master Indenture) may be obtained during the offering period upon request directed to the Corporation, Post Office Box 101020, Anchorage, Alaska 99510, or to the Financial Advisor, Hilltop Securities Inc., 485 Madison Avenue, Suite 1800, New York, New York 10019.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation and the owner of any 2019 Bond.

APPENDIX A

INFORMATION CONCERNING THE STATE OF ALASKA

The information of the State of Alaska (the "State") set forth in this Appendix is dated as of the date of the Official Statement. The information contained herein is subject in all respects to the complete text of the financial reports referenced. The information contained herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy.

General

Alaska is a sovereign state of the United States of America, located in the far northwest of North America to the west of Canada, with its southeastern border approximately 500 miles north of the State of Washington. Alaska became a state in 1959. The State's population increased approximately 7.7 percent between fiscal year 2008 and fiscal year 2016, however since 2016 the population has contracted by approximately 0.46 percent with a population estimate as of June 30, 2018 of 736,239 (Alaska Department of Labor and Workforce Development, Research & Analysis Section). The State's fiscal year is July 1 to June 30.

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state of the United States (roughly equivalent in size to one-fifth of all of the other 49 states combined). Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners. As described below, most of the State's revenue is derived from resources owned by the State itself, including petroleum and minerals extracted from State-owned lands and investment income on securities in funds owned by the State.

State Government

Alaska became the 49th state in 1959 pursuant to the Alaska Statehood Act, which was enacted by the United States Congress in 1958 (the "Statehood Act"). The Alaska Constitution was adopted by the Constitutional Convention on February 5, 1956, ratified by the people of Alaska on April 24, 1956, and became operative with the formal proclamation of statehood on January 3, 1959.

Alaska government has three branches: legislative, executive and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40 (the "Legislature"). The executive power of the State is vested in the Governor. The judicial power of the State is vested in a supreme court, a superior court and the courts established by the Legislature. The jurisdiction of courts and judicial districts is prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides or funds a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements and general administrative services.

There are 19 organized boroughs in Alaska and 145 cities, 49 of which are located within an organized borough and 96 of which are located within the unorganized borough. Of these, 15 boroughs and 21 cities impose property taxes and 9 boroughs and 107 cities impose general sales taxes.

State Revenues

The State does not currently impose personal income taxes and has never imposed statewide general sales taxes. The State does, however, impose a number of business-related taxes that, together with rents and royalties and fines and fees, represented nearly 100 percent of designated and unrestricted non-investment General Fund revenue in fiscal year 2018. Grants, contributions and other revenue from the federal government and interest and investment income represent the remaining portions of State revenue.

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood and tourism. Approximately 24.6 percent of the State's total nonfarm employment is derived from Government (including Federal, State, and Local). Other major industries in Alaska include the education and health services industry, and trade, transportation, and utilities, making up 15.1 percent and 19.7 percent of total nonfarm employment, respectively. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock and crab), coal, gold, silver, zinc and other minerals (Alaska Department of Labor and Workforce Development, Research & Analysis, Employment Statistics; 2017 Annual Average).

The Department of Revenue – Tax Division (the "Tax Division") produces a semi-annual revenue sources book. The Fall Revenue Sources Book is the comprehensive annual forecast released in December, and the Spring Revenue Sources Book is an annual, partial update of the Fall forecast. The most recent revenue forecast comes from the Fall 2018 Revenue Forecast, which was released by the Tax Division on December 14, 2018.

Senate Bill 26 ("SB26"), relating, in part, to the earnings of the Permanent Fund, was approved and became law in 2018. The law adjusted the transfer from the earnings reserve of the Permanent Fund to an amount determined by taking 5.25% of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended. Effective July 1, 2021, the amount determined for transfer from the earnings reserve of the Permanent Fund is reduced to 5.00% of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended. As described below in "Government Funds — The Alaska Permanent Fund," this calculation does not include the principal attributable to the settlement of *State v. Amerada Hess*. This transfer is made from the earnings reserve to the General Fund as unrestricted General Fund revenue in fiscal year 2019 in the amount of approximately $2.7 billion. The Alaska Permanent Fund Corporation ("APFC") projects this annual transfer of unrestricted General Fund revenue to the State's General Fund in their monthly history and projections report, as reflected in Table 2. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted has been incorporated into the State's Fall 2018 Revenue Sources Book Forecasts. For fiscal year 2019 this legislation resulted in a transfer of $2.7 billion from the Permanent Fund's earnings reserve to unrestricted general fund revenue, and the fiscal year 2020 transfer is projected at $2.9 billion. The Alaska Permanent Fund Dividend may be paid out of this transfer, and any residual revenue is available for other appropriation. In fiscal year 2019 the Alaska Permanent Fund Dividend appropriation was $1,023.5 million and the Governor's proposed fiscal year 2020 operating budget has a Permanent Fund Dividend appropriation of $1,944.0 million.

In the Fall 2018 Revenue Forecast, the general purpose unrestricted revenue forecast for fiscal year 2019 was $5,495.0 million compared to unrestricted revenue generation in fiscal year 2018 of $2,424.1 million, and $1,354.6 million in fiscal year 2017. The primary reason for this increase was investment income increasing from $16.3 million to $2,795.4 million as the result of a structured draw from the Permanent Fund Earnings Reserve to the general fund authorized in Senate Bill 26.

Approximately 80% of the fiscal year 2018 unrestricted General Fund revenue was generated from petroleum, while the projection for fiscal year 2019 reflects this percentage diminishing to approximately 40%. The implementation of SB26 is the primary driver behind the reduction in the percentage of unrestricted general fund revenue generated by petroleum. The Fall 2018 Revenue Forecast estimates for Alaska North Slope ("ANS") oil prices in fiscal year 2019 will be $67.96 compared to actual prices of $63.61 in fiscal year 2018 and $49.43 in fiscal year 2017. The estimate for ANS production in fiscal year 2019 is approximately 526.8 thousand barrels of oil per day compared to 518.4 thousand barrels of oil per day in 2018 and 526.4 thousand barrels of oil per day in fiscal year 2017. The Fall 2018 Revenue Forecast includes the State's forecast for ANS oil price through fiscal year 2028 ($64.0 is forecasted for fiscal year 2020 and $66.00 is forecasted for fiscal year 2021). The Fall 2018 Revenue Forecast includes the State's forecast for general purpose unrestricted revenue through fiscal year 2028 ($5,198.0 million is forecasted for fiscal year 2020 and $5,393.8 million is forecasted for fiscal year 2021).

The State of Alaska, Department of Revenue, Tax Division's Spring 2019 Revenue Forecast is expected to be released by the end of March 2019. The Spring 2019 forecast will provide updates to the Fall 2018 Revenue Sources Book based on additional information and data received since publication.

Forecast information is derived from a number of sources and is based upon a variety of assumptions, many of which themselves are based upon other forecasts and assumptions and most of which are not within the State's control. Actual budgets, plans and results may differ materially from the plans, budgets and results described herein. As described below, the State's 2018 Fall Revenue Forecast for unrestricted revenue available for General Fund appropriation has increased in fiscal year 2019.

Although historically petroleum-related revenue was the largest source of unrestricted revenue for the State's General Fund, in fiscal year 2019 the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue, diminishing the percentage of unrestricted revenue that petroleum-related revenue represents from 80% in fiscal year 2018 to 40% in fiscal year 2019. Other revenues customarily treated as restricted, but available for appropriation for any purpose, include investment earnings and settlement revenue of the Constitutional Budget Reserve Fund (the "CBRF"), royalty revenue deposited in the Permanent Fund beyond the 25 percent constitutional dedication, and certain revenues deposited in subaccounts of the General Fund. See "Government Budgets and Appropriations" and "Revenue Forecasts" below.

Oil and Gas Revenues. The State's unrestricted General Fund revenues have historically been generated primarily from petroleum production activities. The State receives petroleum revenues (some of which are restricted) from five sources: oil and gas property taxes, oil and gas production taxes, bonuses and rents, oil and gas royalties, and corporate income taxes.

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are the Trans-Alaska Pipeline System, including the terminal at Valdez ("TAPS") and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax was $28.2 billion as of January 1, 2018, $28.4 billion as of January 1, 2017, $27.7 billion as of January 1, 2016, $28.6 billion as of January 1, 2015, $27.4 billion as of January 1, 2014, $28.6 billion as of January 1, 2013, and $24.5 billion as of January 1, 2012.

Property taxes on exploration property are based upon estimated market value of the property. For property taxes on production property, values are based upon replacement cost, less depreciation based on the economic life of the proven reserves (or the economic limit in the case of taxes on offshore platforms or onshore facilities). The amount collected from property taxes on existing production property is expected to decrease in the future. For property taxes on pipeline transportation property (primarily TAPS property), values are determined based upon the economic value, taking into account the estimated life of the proven reserves of gas or unrefined oil expected to be transported by the pipeline and replacement cost, less depreciation based on the economic life of the reserves.

Local governments also may levy a property tax on oil and gas properties at individual mill rates up to 20 mills using the assessed values determined by the State. Taxpayers receive a credit against the State oil and gas property tax for property taxes paid to municipalities on such property up to the amount of State tax that would otherwise be due. Effective July 1, 2014, the State increased one of the limits on the total amount of taxes that may be levied by local governments if the mill rate is less than 20 mills. In support of the Governor's proposed budget, the Governor has proposed legislation to remove the authority for local governments to levy and collect this tax. See "Government Budgets and Appropriations – General Appropriations" below. Of the $562.6 million of gross tax collected in fiscal year 2018 on oil and gas property in the State, the State's share was approximately $121.6 million. In the Fall 2018 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately $126.1 million in fiscal year 2019, and $119.0 million in fiscal year 2020.

Revenue from oil and gas property taxes is deposited in the General Fund; however, the State Constitution requires that settlement payments received by the State after a property tax assessment dispute be deposited in the CBRF. Per the Fall 2018 Revenue Forecast, $481.9 million in total settlements were deposited into the CBRF for fiscal year 2017, $121.3 million for fiscal year 2018, and is forecasted to be $125 million for fiscal year 2019 and $150 million for fiscal year 2020. See "Government Funds – The Constitutional Budget Reserve Fund" below.

Oil and Gas Production Taxes. The State levies a tax on oil and gas production income generated from production activities in the State. The tax on production is levied on sales of all onshore oil and gas production, except for federal and State royalty shares and on offshore developments within three miles of shore.

The oil and gas production tax can be a significant source of revenue and in many past years has been the State's single largest source of revenue. The production tax is levied differently based upon the type of production (oil versus gas) and the geographical location (North Slope versus Cook Inlet, the State's two producing petroleum basins).

For North Slope and export gas, the tax uses the concept of "Production Tax Value" ("PTV"), which is gross value at the point of production minus lease expenditures. PTV is similar in concept to net profit, but different in that all lease expenditures can be deducted in the year incurred; that is, capital expenditures are not subject to a depreciation schedule. The production tax rate is 35 percent of PTV, with an alternative minimum tax of 0 percent to 4 percent of gross value, with the 4 percent minimum tax applying when oil prices for the year exceed $25 per barrel.

Several tax credits and other mechanisms are available for North Slope oil production to provide incentives for additional investment. A per-taxable-barrel credit is available, which is reduced progressively from $8 per barrel to $0 as wellhead values increase from $80 per barrel to $150 per barrel. This credit cannot be applied against the gross minimum tax. This results in a flattening of the production tax revenue decline at prices lower than $80 per barrel. An additional incentive applies for qualifying new production areas on the North Slope. The so-called "Gross Value Reduction" (the "GVR") permits a company to exclude 20 percent or 30 percent of the gross value for that production from the tax calculation. Qualifying production includes areas surrounding a currently producing area that may not be commercial to develop, as well as new oil pools that have not been discovered or developed. Oil that qualifies for this GVR receives a flat $5 per taxable barrel credit rather than the sliding-scale credit available for most other North Slope production. As a further incentive, this $5 per taxable barrel credit can be applied against the minimum tax. Effective January 1, 2017, the GVR is available for only seven years of production and ends early if ANS prices exceed $70 per barrel for any three years.

Effective January 1, 2022, for North Slope export gas, the tax rate will be 13 percent of gross value at point of production. Currently there is only a very small amount of gas that is technically export gas, sold for field operations in federal offshore leases. However, this tax rate would apply to a major gas export project.

For the North Slope, a Net Operating Loss ("NOL") credit in the amount of 35 percent of losses is available. This credit can be carried forward to a future tax liability or in some cases transferred or repurchased by the State.

For Cook Inlet oil production, the tax rate officially is 35 percent of PTV. Prior to January 1, 2017, however, the tax was limited to a maximum of zero dollars per barrel; after January 1, 2017, the tax is limited to a maximum of $1.00 per barrel.

For Cook Inlet gas production, the tax rate is 35 percent of PTV, and the tax is limited to a maximum value averaging 17.7 cents per thousand cubic feet. This rate also applies to North Slope gas used for qualifying in-State uses, commonly referred to as "non-export gas."

Taxpayers are required to make monthly estimated payments, based upon activities of the preceding month. These payments are due on the last day of the following month, and taxpayers are required to file an annual tax return to "true up" any tax liabilities or overpayments made during the year. From fiscal year 2007 through fiscal year 2017, as an incentive for new exploration, companies without tax liability against which to apply credits could apply for a refund of the value of most of the credits, subject to appropriation. In fiscal year 2016, the State credited for potential purchase $498 million from companies claiming such credits. For fiscal year 2017, the State appropriated the minimum provided for in the statutorily based formula of $32.7 million for payments of such credits. In the Fall 2018 Revenue Sources Book and Forecast, the State estimated that as of June 30, 2019, approximately $690 million of outstanding tax credits are available for State repurchase. Payments of these credits are subject to future fiscal year appropriation.

In 2017, HB 111 was signed into law making multiple changes to Alaska's oil and gas production tax and tax credit statutes. Following passage of this legislation most new credits will no longer be eligible for cash repurchase. Instead, companies will retain their credits until such time as they owe a tax liability to the State, at which time the credits could be used to offset the company's oil and gas production taxes.

All unrestricted revenue generated by the oil and gas production taxes ($4.1 billion in fiscal year 2013, $2.6 billion in fiscal year 2014, $0.4 billion in fiscal year 2015, $0.2 billion in fiscal year 2016, $0.1 billion in fiscal year 2017, $0.7 billion in fiscal year 2018, and projected in the Fall 2018 Revenue Forecast to be $0.8 billion in fiscal year 2019) is deposited in the General Fund, except that any payments received as a result of an audit assessment under the oil and gas production tax or as a result of litigation with respect to the tax are deposited into the CBRF. See Table 1.

Oil and Gas Royalties, Rents and Bonuses. In fiscal year 2018, approximately 97 percent of all current oil production in the State, including the reserves at Prudhoe Bay, was from State land leased for exploration and development. As the land owner, through the Department of Natural Resources ("DNR"), the State earns revenue from leasing as (i) upfront bonuses, (ii) annual rent charges and (iii) retained royalty interests in the oil and gas production. State land historically has been leased largely based on a competitive bonus bid system. Under this system, the State retains a statutorily prescribed minimum royalty interest of at least 12.5 percent on oil and gas production from land leased from the State, although some leases contain royalty rates of 16.67 percent and some also include a net profit-share or sliding scale component. Under all lease contracts the State has ever written, the State reserves the right to switch between taking its royalty in-kind or in cash (in cash royalty is valued according to a formula based upon the contract prices received by the producers, net of transportation charges). When the State elects to take its royalty share in-kind, the State becomes responsible for selling and transporting that royalty share, which means establishing complex contracts to accomplish these tasks. The State regularly negotiates these contracts and has historically sold roughly 95% of North Slope oil royalties in this way. State royalty revenue from production on State land that is not obligated to the Permanent Fund or Public School Trust Fund is unrestricted revenue that is available for general appropriations.

In addition to royalties from production on State land, the State receives 50 percent of royalties and lease bonuses and rents received by the federal government from leases of federal lands in the National Petroleum Reserve Alaska (the "NPR-A"). The State is required to deposit its entire share of lease bonuses, rents and royalties from oil activity in the NPR-A in the NPR-A Special Revenue Fund, from which a portion is used to make grants to municipalities that demonstrate present or future impact from oil development in the NPR-A. Of the revenue in the NPR-A Special Revenue Fund that is not appropriated to municipalities, 50 percent is to be deposited to the Permanent Fund, with up to 0.5 percent to the Public School Trust Fund and then to the Power Cost Equalization Fund. Any remaining amount is then available for General Fund appropriations. The State also receives a portion of revenues from federal royalties and bonuses on all other federal lands located within State borders and from certain federal waters.

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Table 1 summarizes the sources and initial applications of oil and other petroleum-related revenue for fiscal years 2008 through 2018.

Table 1

Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2009 – 2018
($ millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018[5]
Oil Revenue to the General Fund										
Property Tax......	$ 111.2	$ 118.8	$ 110.6	$ 111.2	$ 99.3	$ 128.1	$ 125.2	$ 111.7	$ 120.4	$ 121.6
Corporate Income Tax [1]	492.2	446.1	542.1	568.8	434.6	307.6	94.8	(58.8)	(59.4)	67.9
Production Tax ..	3,112.0	2,871.0	4,552.9	6,146.1	4,050.3	2,614.7	389.7	186.0	134.4	749.9
Royalties (including bonuses, rents and interest) [2][3]	1,465.6	1,477.0	1,843.3	2,031.7	1,767.8	1,712.4	1,078.2	870.6	681.5	1,002.3
Subtotal............	$ 5,181.0	$ 4,912.9	$ 7,048.9	$ 8,857.8	$ 6,352.0	$ 4,762.8	$ 1,687.9	$ 1,109.5	$ 877.0	$ 1,941.7
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund [2][3]	$ 670.8	$ 707.2	$ 870.9	$ 919.6	$ 855.9	$ 786.2	$ 518.3	$ 396.9	$ 340.0	$ 363.1
Tax settlements to CBRF...............	202.6	552.7	167.3	102.8	357.4	177.4	149.9	119.1	481.9	121.3
NPR-A royalties, rents and bonuses [4]..........	14.8	21.3	3.0	4.8	3.6	6.8	3.2	1.8	1.4	23.7
Subtotal............	888.2	1,281.2	1,041.2	1,027.2	1,216.9	970.4	671.4	517.8	823.3	508.1
Total Oil Revenue	$ 6,069.2	$ 6,194.1	$ 8,090.1	$ 9,885.0	$ 7,568.9	$ 5,733.2	$ 2,359.3	$ 1,627.3	$ 1,700.3	$ 2,449.8

(1) Corporate income tax collections for fiscal years 2016 and 2017 were negative due to large refunds of prior-year estimated taxes and low estimated taxes for fiscal year 2016 and 2017.

(2) Net of deposits in the Permanent Fund and the CBRF. The State Constitution requires the State to deposit at least 25 percent in the Permanent Fund, and between 1980 and 2003, State statutes required the State to deposit at least 50 percent in the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. In fiscal year 2018, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. In fiscal year 2019, only the constitutionally required 25 percent of royalties are forecasted to be deposited into the Permanent Fund. See "Government Funds – The Alaska Permanent Fund" below.

(3) Includes proceeds of royalties taken in-kind.

(4) By federal statute, the State receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.

(5) All values for fiscal year 2018 are based on the Fall 2018 Revenue Sources Book released December 14, 2018.

Source: 2008 through 2018 Revenue Sources Books, Tax Division.

Corporate Income Tax. The State levies a corporate income tax on Alaska taxable net income of corporations doing business in Alaska (other than certain qualified small businesses and income received by certain corporations from the sale of salmon or salmon eggs). Corporate income tax rates are graduated and range from zero percent to 9.4 percent of income earned in Alaska. Taxable income generally is calculated using the provisions of the federal Internal Revenue Code, and the calculation of Alaska taxable income varies, depending upon whether the corporation does business solely in Alaska, does business both inside and outside Alaska or is part of a group of corporations that operate as a unit in the conduct of a single business (a "unitary" or "combined" group). Oil and gas companies are combined on a world-wide basis, although for other industries only the companies doing business in the United

States are combined. Taxpayers may claim all federal incentive credits, but federal credits that refund other federal taxes are not allowed as credits against State corporate income taxes. In addition to the federal incentive credits, the State provides additional incentives, including an education credit for contributions made to accredited State universities or colleges for education purposes, a minerals exploration incentive, an oil and gas exploration incentive and a gas exploration and development tax credit.

Most corporate net income tax collections are deposited in the General Fund, although collections from corporate income tax audit assessments of oil and gas corporations are deposited in the CBRF.

Non-Oil Revenues. The State also receives unrestricted and restricted General Fund revenues from activities unrelated to petroleum. The State receives revenues from corporate income taxes paid by corporations other than petroleum producers, cigarette/tobacco (and beginning in fiscal year 2017, marijuana) excise taxes, motor fuel taxes, alcoholic beverage taxes, fishery business taxes, electric and telephone cooperative taxes, insurance premium taxes, commercial passenger vessel excise taxes and service charges, permit fees, fines and forfeitures, mining license taxes and miscellaneous revenues. A number of these non-oil tax, license and fee revenues (but not investment income and federal revenue) are shared with municipalities. In fiscal year 2018 unrestricted revenues unrelated to petroleum production (excluding investment income and federal revenues) was $466.1 million, and in the Fall 2018 Revenue Forecast the State forecasts the fiscal year 2019 value to be $488.5 million and the fiscal year 2020 value to be $493.6 million. Contained in the non-oil figures is the minerals industry, which contributes State revenue in the form of corporate income tax, mining license tax, and mining rents and royalties.

Federal Revenue. The federal government is a significant employer in Alaska, directly and indirectly, in connection with its military bases and as a result of procurement contracts, grants and other spending. In addition to expenditures in connection with federal military bases and other activities in Alaska, the State receives funding from the federal government, approximately $2.5 billion in fiscal year 2014, $2.5 billion in fiscal year 2015, $2.6 billion in fiscal year 2016, $3.2 billion in fiscal year 2017, and approximately $3.1 billion in fiscal year 2018. In the Fall 2018 Revenue Forecast, the State forecasts restricted federal revenue to be approximately $3.8 billion in fiscal year 2019 and $3.8 billion in fiscal year 2020. The forecasts represent total budgeted spending authority for federal receipts, and actual federal receipts are subject to change. The federal funds are used primarily for road and airport improvements, aid to schools and Medicaid payments, all of which are restricted by legislative appropriation to specific uses. Federal funds are most often transferred to the State on a reimbursement basis, and all transfers are subject to federal and State audit. Most federal funding requires State matching. The State match for federal spending in fiscal year 2018 was approximately $736 million for the operating budget and $82 million for the capital budget.

Investment Revenues. The State earns unrestricted and restricted by custom investment earnings from a number of internal funds. Two primary sources of investment income for the State are the two constitutionally-mandated funds, the Permanent Fund and the CBRF. The Permanent Fund had a fund balance (principal and the earnings reserve) of approximately $64.9 billion as of June 30, 2018, which includes the value of the fiscal year 2019 General Fund transfer commitment of $2.7 billion. The Permanent Fund had a fund balance of $59.8 billion as of June 30, 2017, $52.8 billion as of June 30, 2016, $52.8 billion as of June 30, 2015, $51.2 billion as of June 30, 2014, and $44.9 billion as of June 30, 2013. The CBRF had an asset balance of approximately $2.4 billion as of June 30, 2018. The CBRF had an asset balance of approximately $3.9 billion as of June 30, 2017, $7.3 billion as of June 30, 2016, $10.1 billion as of June 30, 2015, $12.8 billion as of June 30, 2014, and $11.6 billion as of June 30, 2013. Restricted investment revenue from the CBRF was $47.2 million in fiscal year 2018. In the Fall 2018 Revenue Sources Book, restricted investment revenue from the CBRF is forecasted to be $51 million in fiscal year 2019, and $74.5 million in fiscal year 2020. The earnings reserve balance in the Permanent

Fund is available for appropriation with a majority vote of the Legislature, while appropriation of the Permanent Fund's principal balance requires amendment of the State Constitution. The balance of the CBRF is available for appropriation with a three-fourths vote of each house of the Legislature, and as described below, the State has historically borrowed from the CBRF when needed to address mismatches between revenue receipts and expenditures in the General Fund and/or to balance the budget at the end of the fiscal year.

As previously described, Senate Bill 26 ("SB26"), relating to the earnings of the Permanent Fund, was approved and became law in 2018. The Alaska Permanent Fund Corporation ("APFC") projects this annual transfer of unrestricted General Fund revenue to the State's General Fund in their monthly history and projections report, as reflected in Table 2. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted has been incorporated into the State's Fall 2018 Revenue Sources Book Forecasts.

Table 2

State of Alaska
Transfer from the Earnings Reserve of the Permanent Fund
to the State's General Fund for the Fiscal Year Ending June 30, 2019
APFC FORECAST for Fiscal Years Ending June 30, 2020 – 2028
($ in millions)

Fiscal Year	Transfer Amount
2019	$ 2,723
Projected [1]	
2020	2,933
2021	3,090
2022	3,091
2023	3,254
2024	3,361
2025	3,432
2026	3,505
2027	3,578
2028	3,652

[1] APFC transfer projections as of January 31, 2019, and subject to change.

General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. All CBRF values for fiscal year 2018 stated above are asset values. See "Government Funds – The Constitutional Budget Reserve Fund" and "– The Alaska Permanent Fund" below.

In the past, the State has also received earnings on the Statutory Budget Reserve Fund (the "SBRF"). Earnings on the SBRF are considered General Fund unrestricted revenue unless otherwise appropriated back to the fund. Article IX, Section 17(d), of the Alaska Constitution, provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the CBRF until the amount appropriated is repaid. For fiscal year 2016, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of $288 million. The available fund balance of the SBRF peaked at $4.7 billion as of June 30, 2013, and by June 30, 2016 had diminished to zero where it remains through June 30, 2018. See "Government Funds – The Statutory Budget Reserve Fund" below.

In addition to investment income from the above-described funds, the State receives investment income (including interest paid) from investment of other unrestricted funds ($16.3 million in fiscal year 2018, $17.3 million in fiscal year 2017, $22.5 million in fiscal year 2016, $47.9 million in fiscal year 2015, and $130.2 million in fiscal year 2014). In the Fall 2018 Revenue Forecast, the State forecasts investment revenue of other unrestricted funds to be approximately $72.4 million in fiscal year 2019 and $82.4 million in fiscal year 2020. See "Government Funds" below.

Major Components of State Revenues. Table 3 summarizes the sources of unrestricted and restricted revenues available to the State in fiscal years 2013 through 2018, with a forecast for fiscal years 2019 and 2020 from the Fall 2018 Revenue Forecast.

Table 3

Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2013 – 2018
FORECAST for Fiscal Years Ended and Ending June 30, 2019 – 2020
($ millions)

	2013	2014	2015	2016	2017	2018	2019[2]	2020[2]
Revenue Source								
Unrestricted								
Oil Revenue	$6,352.0	$4,762.8	$1,687.9	$1,109.5	$877.0	$1,941.7	$2,211.1	$1,688.9
Non-Oil Revenue	548.4	497.1	520.5	400.7	460.3	466.1	488.5	493.6
Investment Earnings	28.1	130.2	47.9	22.5	17.3	16.3	2,795.4	3,015.5
Subtotal	$6,928.5	$5,390.1	$2,256.3	$1,532.7	$1,354.6	$2,424.1	$5,495.0	$5,198.0
Restricted								
Oil Revenue[1]	$1,036.1	$934.4	$670.5	$517.8	$823.8	$508.1	$503.3	$555.9
Non-Oil Revenue	485.0	473.5	491.2	647.5	656.3	698.0	662.2	668.8
Investment Earnings[3]	4,977.8	7,927.7	2,603.4	556.0	6,832.2	5,616.4	977.7	1,269.8
Federal Revenue	2,383.2	2,511.9	2,512.7	2,640.1	3,198.2	3,098.9	3,780.8	3,780.8
Subtotal	8,882.1	11,847.5	6,277.8	4,361.4	11,510.5	9,921.4	5,924.0	6,275.3
Total	$15,810.6	$17,237.6	$8,534.1	$5,894.1	$12,865.1	$12,345.5	$11,419.0	$11,473.3

(1) "Restricted Oil Revenue" includes oil revenue for the State of Alaska's share of rents, royalties, and bonuses from the National Petroleum Reserve – Alaska, shared by the federal government.

(2) Forecast for fiscal years 2019 and 2020 include a projection for the transfer from the Permanent Fund Earnings Reserve to the General Fund for Unrestricted General Fund expenditures, including the dividend, based on Senate Bill 26 ('SB 26'). All values for fiscal year 2019 and 2020 are based on projections as of the release of the Fall 2018 Revenue Sources Book, and are subject to change.

(3) A portion of the Restricted investment earnings starting in fiscal year 2019 consist of Permanent Fund unrealized gains and realized gains, less the transfer to the general fund classified as unrestricted per SB 26.

Source: *2013 through 2018 Fall Revenue Sources Books, Tax Division.*

Government Budgets and Appropriations

The Legislature is responsible for enacting the laws of the State, including laws that impose State taxes, and for appropriating money to operate the government. The State is limited by the State Constitution and statutes, and also by policy in how it manages its funds and, as in other states, no funds, regardless of source, may be spent without a valid appropriation from the Legislature. The 2019 Legislature was convened on January 15, 2019. The Legislature has a 90-day statutory time limit that for 2019 ends on April 14, 2019, and a constitutional time limit of 120 days that for 2019 ends on May 15, 2019 with an allowance for up to an additional 10 days to May 25, 2019, to approve a budget. The Alaska House of Representatives was unable to elect a Speaker of the House to appoint committee assignments until February 14, 2019 which delayed the process of reviewing proposed legislation, including the budget. If the Legislature fails to approve a budget, or if other limited purpose legislation needs to be considered, the Governor or Legislature may call a special session to consider such matters. See "General Appropriations" below.

Budgets. The State's fiscal year begins on July 1 and ends on the following June 30, and the Legislature meets in regular session beginning on the fourth Monday of January in each year. The Governor is required by AS 37.07.020(a) to prepare (1) a statutorily conforming budget for the succeeding fiscal year, including capital, operating and mental health budgets, setting forth all proposed expenditures (including expenditures of federal and other funds not generated by the State) and anticipated income of all departments, offices and agencies of the State; (2) a general appropriation bill to authorize proposed expenditures; and (3) in the case of proposed new or additional revenues, one or more bills containing recommendations for such new or additional revenues. In accordance with AS 37.07.020(b), the Governor also is required to prepare a six-year capital budget covering the succeeding six fiscal years and a 10-year fiscal plan. To assist the Governor in preparing budgets, proposed appropriation bills and fiscal plans, the Tax Division prepares forecasts of annual revenues in December and April of each year. See "State Revenues" above and "General Appropriations," Table 4, "Government Funds" and "Revenue Forecasts" below.

The State Constitution prohibits the withdrawal from the treasury of nearly all funds, regardless of source, without an appropriation. As a consequence, the Governor's proposed budget and the Legislature's appropriation bills include federal and other funds as well as funds from the State and, by practice, funds that may be available for withdrawal without an appropriation. The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation.

General Appropriations. The Governor is required by State law to submit the three budgets—an operating budget, a mental health budget and a capital budget—by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. These three budgets then to go the House Finance Committee and are voted upon by the House of Representatives. The three budgets then go to the Senate Finance Committee, are voted upon by the full Senate and may go to a conference committee to work out differences between the House and Senate versions (and then be submitted to both houses for final votes). Bills passed by both houses are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a "line-item veto") or may sign the bill or permit the bill to become law without a signature or veto. The Legislature may override a veto by the Governor (by a vote of three-fourths of the members of each house of the Legislature in the case of appropriation bills and by a vote of two-thirds of the members of each house in the case of other bills). Either the Governor or the Legislature may initiate supplemental appropriations during the fiscal year to deal with new or changed revenue receipts, to correct errors or for any other reason. An appropriation is an authorization to spend, not a requirement to spend. Enacted budget appropriations may be expended beginning July 1.

The Governor is permitted to prioritize or restrict expenditures, to redirect funds within an operating appropriation to fund core services and to expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized operating and capital expenditures during years in which actual revenues were less than forecast and budgeted. Such expenditure restrictions have included deferring capital expenditures, State employment hiring and compensation freezes, lay-offs and furloughs and restrictions on non-core operating expenses. As described below, unrestricted General Fund revenues began declining after the end of fiscal year 2012, increased in fiscal year 2018, and are projected to increase over the forecast period after fiscal year 2020. See Tables 4 and 5 below. Operating and capital expenditures have generally declined over the same time-period through, among other actions, use of administrative restrictions on spending. See "Public Debt and Other Obligations of the State" below.

Additional options for the State to manage budget funding include reducing State expenditures, transferring spending authority among line items, providing additional incentives to develop petroleum or mining resources, reinstituting a State personal income tax or imposing other broad-based statewide taxes, such as a sales tax. Most of these options, including the imposition of personal income taxes or other taxes, would require action by the Legislature.

Governor Dunleavy was elected in November 2018 and took office in December 2018. Governor Dunleavy introduced an amended budget proposal for fiscal year 2020 on February 13, 2019. The Governor provided a balanced budget, which aligns state revenues with expenditures without the use of reserve funds, while providing a statutory permanent fund dividend, and not making any adjustment to or implementation of any taxes. With projections of revenue in the Fall 2018 Revenue Sources Book and the statutory dividend disbursement calculation of approximately $1.9 billion, $1.6 billion in state budget reduction is proposed in the amended Governor's budget proposal for fiscal year 2020. Unrestricted General Fund reductions proposed in the Governor's budget include a $325 million or 24.3% reduction to the Department of Education and Early Development's budget, most of which is attributable to diminished funding of local school district operating expenses, a $61.2 million or 33% reduction to the Department of Transportation attributable to diminished funding of the Alaska Marine Highway System, a $155.6 million or 44.6% reduction in University of Alaska funding, a $364.7 million or 31% reduction to the Health and Social Services budget primarily related to Medicare reductions, and a $114.8 million or 53% reduction to debt service which is attributable to state reimbursement programs for municipal general obligation bonds issued for school construction and other municipal projects. The Alaska Legislature has been, and will continue to hold hearings and consider the Governor's budget proposal for the rest of the 2019 legislative session. As a result, the enacted budget may differ materially from the Governor's proposed budget.

In support of his budget, the Governor has proposed legislation to remove the authority for a municipality to levy and collect a tax on oil, gas and pipeline property. This change would increase the State's oil and gas property tax revenue by approximately $420.4 million in fiscal year 2020. Municipalities that currently collect this revenue would no longer have the legal right to do so if this legislation is approved.

In support of his budget, the Governor has proposed legislation to remove the allocation of fisheries business tax allocations to local governments as well as repealing revenue sharing for the fishery resources landing tax. This change would increase the State's fisheries tax revenue by approximately $29.1 million in fiscal year 2020. Municipalities that currently receive this revenue would no longer have the legal right to do so if this legislation is approved.

In support of his budget, the Governor has proposed legislation to repeal statute related to state aid for costs of school construction debt. This change would eliminate the school debt reimbursement program and the statutory authorization and structure for ongoing payments to municipalities for authorized school construction related general obligation debt.

On January 30, 2019 Governor Dunleavy introduced 3 constitutional amendments, one to add the requirement for a statutory permanent fund dividend distribution from Alaska's Permanent Fund, one to add a requirement for voter approval for new or increased taxes, and one to place a cap on annual growth in state expenditures and prioritize the deposit of any fiscal year's unappropriated state general fund surplus to the Permanent Fund. These proposals will be considered independently, and to be implemented, must receive a two-thirds vote of approval from both the State of Alaska's House of Representatives and Senate followed by approval in a state-wide election.

Appropriations for Debt and Appropriations for Subject-to-Appropriation Obligations. The Governor's proposed appropriations bills include separate subsections for appropriations for State debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. For the State's outstanding, voter-approved general obligation bonds and bond anticipation notes and for revenue anticipation notes to which the State's full faith and credit are pledged, money is appropriated from the General Fund and if necessary, to the General Fund from other funds, including the Permanent Fund, to the State Bond Committee to make all required payments of principal, interest and redemption premium. For these full faith and credit obligations, the State legally is required to raise taxes if State revenues are not sufficient to make the required payments.

The Governor's proposed appropriation bills also include separate subsections for appropriations for subject-to-appropriation obligations, such as outstanding capital leases and lease-purchase financings authorized by law, and for State "moral obligation" debt, appropriations to replenish debt service reserves in the event of a deficiency. Such appropriations are made from the General Fund or from appropriations transferring to the General Fund money available in other funds such as the CBRF, the Power Cost Equalization Fund, unencumbered funds of the State's public corporations and the Permanent Fund Earnings Reserve.

Appropriation Limits. The State Constitution does not limit expenditures but does provide for an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because State appropriations have never approached the limit, the reservation for capital projects and loan appropriations has not been a constraint. The appropriation limit does not include appropriations for Permanent Fund dividends described below, appropriations of revenue bond proceeds, appropriations to pay general obligation bonds or appropriations of funds received in trust from a non-State source for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds. In general, under the State Constitution, appropriations that do not qualify for an exception may not exceed $2.5 billion by more than the cumulative change, derived from federal indices, in population and inflation since July 1, 1981. For fiscal year 2018, the Office of Management and Budget estimated the limit to be approximately $10.1 billion. The fiscal year 2018 budget passed by the legislature after vetoes was $5.1 billion (unrestricted General Fund revenues only), or $5.0 billion less than the constitutional spending limit.

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As shown in Table 4, State Unrestricted General Fund Revenue decreased from $1.53 billion in fiscal year 2016 to $1.35 billion in fiscal year 2017, and increased to $2.42 billion in fiscal year 2018. State Unrestricted General Fund Revenue is projected to be approximately $5.50 billion in fiscal year 2019 per the Fall 2018 Revenue Forecast. In fiscal year 2019, the state began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue and will significantly diminish the percentage of unrestricted revenue that petroleum-related revenue represents. The enacted fiscal year 2019 budget includes $2.7 billion in transfers, including the dividend, from the Permanent Fund Earnings Reserve account to the General Fund as unrestricted revenue. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted has been incorporated into the State's revenue projections in Table 4. The Tax Division incorporated these changes in future year forecasts in the Fall 2018 Revenue Sources Book, released December 14, 2018.

Table 4

State of Alaska
Total Unrestricted General Fund Revenue, ANS West Coast Oil Price, and ANS Oil Production
Fiscal Years Ended June 30, 2007 – 2018 and
FORECAST for Fiscal Years Ending June 30, 2019 – 2027

FY	**Total Unrestricted General Fund Revenue** ($ mil)	**Oil Price** ($/barrel)	**ANS Oil Production** (thousands of barrels per day)
2007	$ 5,159	$61.60	734.2
2008	10,735	96.51	715.4
2009	5,838	68.34	692.8
2010	5,513	74.90	642.6
2011	7,673	94.49	599.9
2012	9,485	112.65	579.3
2013	6,929	107.57	531.6
2014	5,390	107.57	531.1
2015	2,257	72.58	501.5
2016	1,533	43.18	514.7
2017	1,355	49.43	526.5
2018	2,424	63.61	518.4
Projected(1)			
2019	5,495	67.96	526.8
2020	5,198	64.00	533.2
2021	5,394	66.00	514.2
2022	5,345	67.00	493.2
2023	5,500	69.00	476.7
2024	5,596	70.00	470.0
2025	5,670	72.00	472.7
2026	5,865	74.00	484.1
2027	6,074	75.00	493.4

(1) The values for fiscal years 2019 through 2027 use the projections included in the Fall 2018 Revenue Forecast, and are subject to change. The Enacted fiscal year 2019 budget also included $2.7 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as Unrestricted Revenue, those projections are included in Table 2. Forecast period includes a projection for the transfer from the Permanent Fund Earnings Reserve to the General Fund for Unrestricted General Fund expenditures, including the dividend, based on Senate Bill 26 ('SB 26').

Source: *2007 through 2018; Fall Revenue Sources Books; Tax Division.*

The State has historically provided fiscal stability by forward funding or endowing programs, including the method used by the State to fund K-12 education. The State's constitutionally based obligation for K-12 education has been one of the largest single recurring budget line items in the State's budget. The Governor's proposed fiscal year 2020 operating budget diminishes state funding of K-12 education by approximately 24%. See "Public Debt and Other Obligations of the State – State-Supported Debt – State-Supported Municipal Debt Eligible for State Reimbursement" below.

The enacted fiscal year 2019 budget includes approximately $5.1 billion in Unrestricted General Fund State Revenues, and approximately $4.7 billion in total Unrestricted General Fund operating and capital budget appropriations. The enacted fiscal year 2019 budget includes $2.7 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. Of the $2.7 billion in transfers for fiscal year 2019, approximately $1.0 billion has been appropriated for the Permanent Fund dividend transfer, and approximately $1.7 billion has been appropriated for governmental use. In fiscal year 2019, as a result of the use of Permanent Fund earnings authorized in SB26, the deficit was projected to decrease to approximately $700 million (based on information available as of the Spring 2018 Revenue Forecast prior to the release of enacted fiscal year 2019 budget; Source: Office of Management and Budget, Enacted FY2019 Fiscal Summary, June 13, 2018). The unrestricted state general fund capital budget in the enacted fiscal year 2019 budget is approximately $189.5 million and the total capital budget is approximately $1.5 billion. Fiscal year 2019 marked the fourth consecutive fiscal year that unrestricted state general fund capital budget appropriations have been under $200 million, compared to $608 million in fiscal year 2015. The Governor's proposed fiscal year 2020 unrestricted state general fund capital budget is $95.8 million, and a total capital budget of $1.3 billion.

Government Funds

Because the State is dependent upon taxes, royalties, fees and other revenues that can be volatile, the State has developed a framework of constitutionally and statutorily restricted revenue that is held in a variety of reserve funds to provide long-term and short-term options to address cash flow mismatches and budgetary deficits. The State Constitution provides that with three exceptions, the proceeds of State taxes or licenses "shall not be dedicated to any special purpose." The three exceptions are when required by the federal government for State participation in federal programs, any dedication existing before statehood, and when provided by the State Constitution, such as restricted for savings in the Permanent Fund or the CBRF.

Current State funding options available on a statutory basis include unrestricted revenue of the General Fund (which now includes an annual transfer from the Permanent Fund Earnings Reserve pursuant to SB26), use of the earnings or the principal balance of the SBRF, borrowing restricted earnings revenue or principal balance from the CBRF, use of the statutorily restricted oil revenue currently flowing to the Permanent Fund, and use of the unrestricted earnings revenue of the Permanent Fund. To balance revenues and expenditures in a time of financial stress, each of these funds can be drawn upon, following various protocols. The CBRF may be accessed with a majority vote of the Legislature following a year-over-year total decline in total revenue available for appropriation, or in any year by a three-quarters vote of both houses of the Legislature. A simple majority vote is needed to appropriate from the SBRF and from the Permanent Fund Earnings Reserve.

The General Fund. Unrestricted State revenue is annually deposited in the General Fund, which serves as the State's primary operating fund and accounts for most of the State's unrestricted financial resources. The State has, however, created more than approximately 55 subfunds and "cash pools" within the General Fund to account for funds allocated to particular purposes or reserves, including the CBRF, the SBRF, an Alaska Capital Income Fund, and a debt retirement fund. In terms of long-term and short-term financial flexibility, the CBRF and the SBRF (subfunds within the General Fund) have been of particular importance to the State.

The Constitutional Budget Reserve Fund. The State Constitution requires that oil and gas and mineral dispute-related revenue be deposited in the CBRF. The State Constitution provides that other than money required to be deposited in the Permanent Fund and the Public School Trust Fund, all money received by the State after July 1, 1990 as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses or involving taxes imposed on mineral income, production or property, are required to be deposited in the CBRF. Money in the CBRF may be appropriated (i) for any public purpose, upon the affirmative vote of three-fourths of the members of each house of the Legislature; or (ii) if the amount available to the State for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year; however, the amount appropriated may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year. The State Constitution also provides that until the amount appropriated from the CBRF is repaid, excess money in the General Fund at the end of each fiscal year must be deposited in the CBRF.

The fiscal year 2015 capital budget approved by the Legislature included a $3 billion transfer from the CBRF to the Public Employees Retirement System ("PERS") and Teachers Retirement System ("TRS"). PERS received $1 billion and TRS received $2 billion.

The State historically has borrowed from the CBRF as part of its cash management plan to address timing mismatches between revenues and disbursements within a fiscal year and also to balance the budget when necessary at the end of the fiscal year. Prior to draws in fiscal years 2015, 2016, 2017, and 2018, the Legislature last appropriated funds from the CBRF in fiscal year 2005. All borrowing from the CBRF was completely repaid in fiscal year 2010 and no borrowing activity from the CBRF occurred during fiscal years 2011, 2012, 2013, or 2014. The $3 billion transfer from the CBRF to PERS and TRS in fiscal year 2015 resulted in a liability of the general fund. Additional amounts were appropriated from the CBRF to the general fund during fiscal years 2016, 2017, and 2018, to fund shortfalls between state revenue and general fund appropriations. The total net amount appropriated from the CBRF since fiscal year 2015 as of June 30, 2018 was $9.9 billion. The amount due to be repaid to the CBRF was diminished by $1.17 billion in the State's fiscal year 2018 CAFR due to a legal determination that Federal Regulatory Commission disputes were erroneously deposited into the CBRF as they do not qualify as litigation involving production tax or royalty.

The asset balance in the CBRF as of June 30, 2018, was approximately $2.4 billion, including earnings of $47.2 million. General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. Per the State of Alaska's fiscal year 2018 CAFR, the June 30, 2018 unassigned fund balance of the CBRF was approximately $3.1 billion. As of June 30, 2017, the asset balance was approximately $3.9 billion, with earnings of approximately $94.2 million; as of June 30, 2016, the asset balance was approximately $7.3 billion, with earnings of approximately $138.3 million; as of June 30, 2015, the asset balance was approximately $10.1 billion, with earnings of approximately $197.7 million; and as of June 30, 2014, the asset balance was approximately $12.8 billion, with earnings of approximately $1.0 billion.

The Statutory Budget Reserve Fund. The SBRF has existed in the State's accounting structure since 1986. When funded, the SBRF is available for use for legal purposes with a simple majority vote of the Legislature and with approval by the Governor. If the unrestricted amount available for appropriation in the fiscal year was insufficient to cover General Fund appropriations, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund was appropriated from the SBRF to the General Fund. For fiscal year 2015, this resulted in a year-end transfer from the SBRF to the General Fund of approximately $2.5 billion. As of June 30, 2015, the SBRF held approximately $288 million. Article IX, Section 17(d), of the Alaska Constitution, provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the CBRF until the amount appropriated is repaid. For fiscal year 2016, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of $288 million. The available fund balance of the SBRF, as of June 30, 2018, was zero. Any earnings on the SBRF are considered unrestricted investment revenue and flow to the General Fund.

The Alaska Permanent Fund. The Permanent Fund was established by a voter-approved constitutional amendment that took effect February 21, 1977. The amendment provides that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments" and that "all income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law."

In 1980, legislation was enacted that provided for the management of the Permanent Fund by the Alaska Permanent Fund Corporation, a public corporation within the DOR, managed by a board of trustees. The same legislation modified the contribution rate to the Permanent Fund from 25 percent (the minimum constitutionally mandated contribution) to 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares, federal mineral revenue sharing payments and bonuses received by the State from mineral leases issued after December 1, 1979 or, in the case of bonuses, after May 1, 1980. The statutory contribution rate was changed back to 25 percent by legislation as of July 1, 2003 but then returned to 50 percent as of October 1, 2008. In fiscal year 2018, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. In fiscal year 2019, only the constitutionally required 25 percent of royalties are forecasted to be deposited into the Permanent Fund. For fiscal year 2018, State oil and mineral revenues deposited in the Permanent Fund were $353 million, compared to $365 million in fiscal year 2017, $284 million in fiscal year 2016 and $600 million in fiscal year 2015. In addition to these constitutionally and statutorily mandated transfers to the Permanent Fund the Legislature has made special appropriations from the State's General Fund to the Permanent Fund several times, totaling in the aggregate approximately $2.7 billion as of June 30, 2018.

The Permanent Fund tracks earnings on a basis compliant with statements pronounced by the Governmental Accounting Standards Board ("GASB") in the compilation of the financial statements of the Permanent Fund. Fund balance consists of two parts: (1) principal, which is non-spendable, and (2) earnings reserve, which is spendable with an appropriation by the Legislature. By statute, only realized gains are deposited in the earnings reserve. Unrealized gains and losses associated with principal remain allocated to principal. Because realized gains deposited in the earnings reserve are invested alongside the principal, however, the unrealized gains and losses associated with the earnings reserve are spendable with an appropriation of the Legislature.

Pursuant to legislation enacted in 1982, annual appropriations are made from the earnings reserve of the Permanent Fund, first for dividends to qualified Alaska residents and then for inflation-proofing. Between 1982 and 2018, $24.7 billion of dividends were paid to Alaska residents and $16.2 billion of Permanent Fund income has been added to principal for inflation proofing purposes; for fiscal year 2015, the inflation proofing transfer was $624 million, up from the fiscal year 2014 amount of $546 million. For fiscal year 2016, 2017, and 2018 there were no appropriations and therefore no transfers from the earnings reserve to principal for inflation-proofing. The amount calculated under statute for fiscal year 2019 inflation proofing, estimated to be $942 million, provided for in the enacted fiscal year 2019 operating budget, is appropriated from the Earnings Reserve to the Principal of the Alaska Permanent Fund to offset the effect of inflation on the Principal for the fiscal year ending June 30, 2019. The 2018 dividend paid in fiscal year 2019 was $1,600 per person. In addition to the statutorily directed inflation proofing transfers, the Legislature has made special appropriations from the earnings reserve account of the Permanent Fund to the principal balance of the Permanent Fund, totaling approximately $4.2 billion as of June 30, 2018.

If any income remains after these transfers (except the portion transferred to the Alaska Capital Income Fund as described below), it remains in the Permanent Fund Earnings Reserve as undistributed income. The Legislature may appropriate funds from the earnings reserve at any time for any other lawful purpose. The principal portion of the Permanent Fund, approximately $46.0 billion as of June 30, 2018, down from approximately $47.0 billion as of June 30, 2017, may not be spent without amending the State Constitution. The earnings reserve portion of the Permanent Fund, approximately $18.9 billion as of June 30, 2018 (this amount includes $2.7 billion committed to the State's General Fund for fiscal year 2019), up from approximately $12.8 billion as of June 30, 2017, may be spent with a simple majority vote of the Legislature. The Permanent Fund balance as of June 30, 2018 was approximately $64.9 billion, including the $2.7 billion commitment to the State's General Fund classified as unrestricted revenue for fiscal year 2019.

During fiscal years 1990 through 1999, the Permanent Fund received dedicated State revenues from settlements of a number of North Slope royalty cases (known collectively as State v. Amerada Hess). The total of the settlements and retained income thereon, as of June 30, 2018, was approximately $424 million. Earnings on the settlements are excluded from the dividend calculation in accordance with State law and beginning in 2005, the settlement earnings have been appropriated to the Alaska Capital Income Fund, a subfund within the General Fund. Funds in the Alaska Capital Income Fund and interest thereon, approximately $46.0 million as of June 30, 2018, up from approximately $25.1 million as of June 30, 2017, are unrestricted and have been appropriated for capital expenditures.

As previously discussed, SB26 created a percent of market value ("POMV") to provide a sustainable draw on the earnings reserve account for transfer to the General Fund as unrestricted revenue.

Table 5

State of Alaska
Available Funds and Recurring and Discretionary General Fund Expenditures
Fiscal Years Ended June 30, 2007 – 2017 and
FORECAST for Fiscal Year Ended June 30, 2018

Fiscal Year	General Purpose Unrestricted Revenue ($ mil)	Recurring & Discretionary General Fund Expenditures ($ mil)	Unrestricted Revenue Surplus/ (Deficit) ($ mil)	Ending SBRF Reserves Available Balance ($ mil)	Ending CBRF Reserves Available Balance ($ mil) (1)	Permanent Fund Earnings Reserve Balance ($ mil)	Oil Price ($/barrel)	ANS Oil Production (thousands of barrels per day)
2007	$ 5,159	$4,272	$ 886	$ –	$ 2,549	$ 4,132	$ 61.60	734.2
2008	10,749	5,473	5,256	1,000	5,601	4,969	96.51	715.4
2009	5,831	6,000	(169)	1,000	7,114	4,401	68.34	692.8
2010	5,515	4,995	520	1,000	8,664	1,210	74.90	642.6
2011	7,673	6,355	1,318	1,248	10,330	2,308	94.49	599.9
2012	9,485	7,252	2,233	2,683	10,642	2,081	112.65	579.3
2013	6,929	7,455	(526)	4,711 (2)	11,564	4,054	107.57	531.6
2014	5,394	7,314	(1,920)	2,791 (2)	12,780	6,211	107.57	531.1
2015	2,257	4,760	(2,503) (3)	288 (2)	10,101	7,162	72.58	501.5
2016	1,533	5,213	(3,680) (3)	0 (2)	7,331	8,570	43.18	514.9
2017	1,354	4,498	(3,144) (3)	0 (2)	3,896	12,816	49.43	526.5
2018	2,424	4,489	(2,065) (3)	0 (2)	2,360	18,864 (4)	63.61	518.4

(1) The CBRF available balance represents the historical asset values.

(2) Includes available balance through net transfer from the SBRF to the General Fund reconciled at the release of the State of Alaska CAFR for fiscal years 2013 through 2018.

(3) The SBRF was used to balance the fiscal year 2015 deficit, with $288 million remaining as of June 30, 2015. Article IX, Section 17(d), of the Alaska Constitution, provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the CBRF until the amount appropriated is repaid. The available fund balance of the SBRF as of June 30, 2018 was zero.

(4) Includes amount committed for the fiscal year 2019 general fund transfer pursuant to SB 26

Source: State of Alaska Department of Revenue.

Revenue Forecasts

The State regularly prepares revenue forecasts for planning and budgetary purposes. Of necessity, such forecasts include assumptions about events that are not within the State's control. The forecast oil production volumes include only production expected from projects currently under development or evaluation. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Portions of TAPS are located in areas that have experienced and may in the future again experience major earthquakes. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. The State's most recent forecast is set forth in the Fall 2018 Revenue Forecast. The State will next update its forecast in the Spring 2019 Revenue Sources Book, updating the prior Fall forecast, and is anticipated to be released in April 2019. The State has provided certain estimates for fiscal year 2019 and 2020 based on information available as of the Fall 2018 Revenue Forecast, released December 14, 2018. See "Government Funds" above for a description of some of the actions the State can take when revenues prove to be lower than expected.

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The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation. Table 6 provides a summary of the State's most recent forecast for revenues subject to appropriation in fiscal years 2019 through 2024.

Table 6

State of Alaska Revenues Subject to Appropriation
Forecast Summary for Fiscal Years 2019 through 2024 (1)
(millions)

	2019	2020	2021	2022	2023	2024
Petroleum Revenue						
Unrestricted General Fund(3)	$ 2,211.1	$ 1,688.9	$ 1,717.8	$ 1,657.1	$ 1,642.0	$ 1,620.8
Royalties to Alaska Permanent Fund beyond 25% dedication (2)	0.0	69.4	65.6	63.1	70.5	86.9
Tax and Royalty Settlements to CBRF	125.0	150.0	125.0	100.0	75.0	50.0
Subtotal Petroleum Revenue	$ 2,336.1	$ 1,908.3	$ 1,908.4	$ 1,820.1	$ 1,787.5	$ 1,757.7
Non-Petroleum Revenue						
Unrestricted General Fund(3)	$ 488.5	$ 493.6	$ 502.3	$ 511.6	$ 517.7	$ 526.5
Designated General Fund	379.5	382.5	383.7	385.1	386.9	388.2
Royalties to Alaska Permanent Fund beyond 25% dedication (2)	0.0	3.7	3.8	4.1	4.5	4.6
Tax and Royalty Settlements to CBRF	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal Non-Petroleum Revenue	$ 867.9	$ 879.8	$ 889.8	$ 900.8	$ 909.1	$ 919.3
Investment Revenue						
Unrestricted General Fund	$ 2,795.4	$ 3,015.5	$ 3,173.7	$ 3,176.1	$ 3,340.5	$ 3,449.0
Designated General Fund	21.2	47.5	47.6	47.8	47.9	48.0
Constitutional Budget Reserve Fund	51.0	74.5	82.5	88.3	93.4	98.0
Subtotal Investment Revenue	$ 2,867.6	$ 3,137.5	$ 3,303.8	$ 3,312.2	$ 3,481.8	$ 3,595.0
Total Revenue Subject to Appropriation	$ 6,071.6	$ 5,925.6	$ 6,102.0	$ 6,033.1	$ 6,178.4	$ 6,272.1

(1) This table presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the State accounting system would likely reveal additional revenues subject to appropriation beyond those identified here.
(2) Estimated based on deposit in Permanent Fund minus 25 percent of total royalties. In fiscal year 2018, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. In fiscal year 2019, only the constitutionally required 25 percent of royalties are forecasted to be deposited into the Permanent Fund.
Source: *Fall 2018 Revenue Forecast, Tax Division*

Public Debt and Other Obligations of the State

State debt includes general obligation bonds and revenue anticipation notes, and State-supported debt includes lease-purchase financings and revenue bonds. The State also provides guarantees and other support for certain debt and operates a School Debt Reimbursement Program and Transportation and Infrastructure Debt Service Reimbursement Authorization. Other than the Veterans' Mortgage Program, these programs do not constitute indebtedness of the State but do provide, annually on a subject-to-appropriation basis, financial support for general obligation bonds of local governments, and obligations of State agencies.

Outstanding State Debt. State debt includes general obligation bonds and revenue anticipation notes. The State Constitution provides that general obligation bonds must be authorized by law and be ratified by the voters and permits authorization of general obligation bonds only for capital improvements. The amount and timing of a bond sale must be approved by the State Bond Committee. For both general obligation bonds and revenue anticipation notes, the full faith, credit and resources of the

State are pledged to the payment of principal and interest. If future State revenues are insufficient to make the required principal and interest payments, the State is legally required to raise taxes to provide sufficient funds for this purpose. Approximately $724.4 million of general obligation bonds were outstanding as of June 30, 2018. See "Summary of Outstanding Debt" and Tables 7 and 8 below.

On November 6, 2012, voters approved $453,499,200 in general obligation bonds for the purpose of design and construction of State transportation projects. To date, the State has obtained $343,150,958 in funding under the $453,499,200 authorization, leaving $110,348,242 of unissued authority. The State does not anticipate utilizing the remaining authority until after fiscal year 2019.

The following other debt and debt programs of the State were outstanding as of June 30, 2018, except as otherwise noted.

State Guaranteed Debt. The only purpose for which State guaranteed debt may be issued is for payment of principal and interest on revenue bonds issued for the Veterans Mortgage Program by the Alaska Housing Finance Corporation ("AHFC") for the purpose of purchasing mortgage loans made for residences of qualifying veterans. These bonds are also general obligation bonds of the State, and they must be authorized by law, ratified by the voters and approved by the State Bond Committee. On November 7, 2010, the voters approved an additional $600 million of State guaranteed veterans' mortgage bonds, and the total unissued authorization was $644.6 million as of June 30, 2018. As of June 30, 2018, approximately $48.1 million of State guaranteed debt was outstanding. During fiscal year 2017, the AHFC issued $50 million aggregate principal amount of State-guaranteed bonds to purchase additional mortgage loans and to refund a portion of the guaranteed bonds that remained outstanding.

State-Supported Debt. State-supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-supported debt, but another public issuer may have pledged its full faith and credit to it. State-supported debt is not considered "debt" under the State Constitution, because the State's payments on this debt are subject to annual appropriation by the Legislature. Voter approval of such debt is not required. State-supported debt includes lease-purchase financing obligations (structured as certificates of participation ("COPs")) and capital leases the State has entered into with respect to the Linny Pacillo Parking Garage (with AHFC), and the Goose Creek Correctional Center (with the Matanuska-Susitna Borough). Approximately $226.7 million of State-supported debt was outstanding as of June 30, 2018.

State-Supported Unfunded Actuarially Assumed Liability (UAAL). In 2008, Senate Bill 125 became law, requiring that the State fund any actuarially determined employer contribution rate above 22 percent for the Public Employees' Retirement System ("PERS") or 12.56 percent for the Teachers' Retirement System ("TRS") out of the State's General Fund, to the extent the actuarially determined employer contribution rate exceeds payment of (i) the employer normal cost and (ii) required employer contributions for retiree major medical insurance, health reimbursement arrangement plans and occupational death and disability benefits. This change was designed to address stress municipal employers were experiencing due to high actuarially determined percentage of payroll amounts to pay for actuarially assumed unfunded liabilities of the retirement systems. In 2015, General Accounting Standards Board Statement 68 (GASB 68) was enacted, updating reporting and disclosure requirements related to pension-related liabilities. One of the key changes was requiring a government that is committed to making payments on a pension system's unfunded actuarially assumed liability ("UAAL") on behalf of another entity to record the liability as a debt of the government making the payment. As a result of GASB 68, $5.8 billion of long-term debt was reflected in the State's CAFR for fiscal year 2015 for a total of $6.0 billion of UAAL owed by the State.

This debt will be paid through fiscal year 2039 with annual payments determined based on a variety of actuarial assumptions, and the evolving experience as it occurs. As of June 30, 2018, the estimated result of a one percent reduction in the rate of return on investments increases the PERS liability by $2,662,649,000 and TRS liability by $1,251,335,000. Both the current balance of liabilities as well as the magnitude in change in liability from future outcomes highlight the impact that PERS and TRS funding needs have on the State of Alaska. Effective January 11, 2019, the Alaska Retirement Management Board voted to change the actuarially assumed rate of investment return from 8% down to 7.38% along with several other actuarial assumptions. This 0.62% change will increase the liabilities of PERS and TRS.

As long as the Senate Bill 125 statutory framework is in place, the State is statutorily obligated to obtain amounts required to meet all actuarially determined employer contribution rates for PERS employers above 22 percent and TRS employers above 12.56 percent (subject to the exceptions described above). This payment is subject to annual appropriation. The State GASB determined long-term debt for PERS and TRS UAAL as of June 30, 2017, was approximately $6.9 billion, based on the most recent PERS and TRS June 30, 2017 actuarial valuation reports.

State-Supported Municipal Debt Eligible for State Reimbursement. The State administers two programs that reimburse municipalities for municipal debt: the School Debt Reimbursement Program ("SDRP") and the Transportation and Infrastructure Debt Service Reimbursement Program ("TIDSRP"). These programs provide for State reimbursement of annual debt service on general obligation bonds of municipalities for the SDRP and a combination of general obligation and revenue bonds of authorized participants in the TIDSRP. The State may choose not to fund these programs in part or whole. Most recently in fiscal year 2017, the SDRP was funded at 75% of the authorized amount. The SDRP was funded at 100% of the authorized amount for fiscal year 2018 and 2019, but the Governor's proposed fiscal year 2020 budget reduces funding to zero.

The Department of Education and Early Development ("DEED") administers the SDRP, which was created by law in 1970. The SDRP allows municipalities to apply, and if structured correctly be eligible for reimbursement on up to 100 percent of the debt service on general obligation bonds issued for school construction. All municipal bonds are required to be authorized as general obligation bonds of the municipality, providing the ultimate source of payment commitment. The SDRP has been partially funded in a number of years. Access to the SDRP was restricted during the 1990s due to State budgetary pressure. Beginning in the early 2000s, and through 2014, the program was generally available for any qualified municipal project at reimbursement rates of 60 to 70 percent of debt service. In 2015, the Legislature passed a moratorium on State school debt reimbursement and eliminated DEED's authority to issue agreements to reimburse debt from school bonds that voters approved after January 1, 2015, and before July 1, 2020. In addition, in June 2016, the Governor signed the fiscal year 2017 budgets transmitted by the Legislature and exercised his line-item veto authority to reduce the fiscal year 2017 appropriations by approximately $1.29 billion, including a 25 percent reduction in the SDRP. The Governor's proposed fiscal year 2020 operating budget eliminates all funding for the SDRP. As of June 30, 2018, State-supported SDRP debt was $769.0 million.

The Department of Transportation and Public Facilities and the Alaska Energy Authority administer TIDSRP. The program currently includes University of Alaska revenue bonds, seven municipalities' general obligation bonds and two electric associations' revenue bonds. There are no additional authorized participants in TIDSRP and no efforts have been made to add to the program since creation in 2002. The Governor's proposed fiscal year 2020 operating budget eliminates all funding for the TIDSRP. As of June 30, 2018, State-supported TIDSRP debt was approximately $26.1 million.

State-Supported Toll Revenue Bonds. House Bill 23 was approved in the 2014 Legislative Session authorizing the funding of the proposed Knik Arm Crossing with a combination of (i) up to $300 million of State-supported toll revenue bonds subordinated to a Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan, (ii) a maximized loan under TIFIA of not less than $300 million and estimated to be approximately $350 million and (iii) up to $300 million of appropriations of additional Federal Highway Administration funds to the project. The State expected to pay debt service on the State toll revenue bonds using a combination of annual State appropriations and toll collections that exceeded the TIFIA loan payment. As of July 2016, all spending on the Knik Arm Crossing was discontinued.

State Moral Obligation Debt. State moral obligation debt consists of bonds issued by certain State agencies or authorities that are secured, in part, by a debt service reserve fund benefited by a discretionary replenishment provision that permits, but does not legally obligate, the Legislature to appropriate to the particular State agency or authority the amount necessary to replenish the debt service reserve fund up to its funding requirement (generally the maximum amount of debt service required in any year). State moral obligation debt is payable in the first instance by revenues generated from loan repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue State moral obligation debt are: Alaska Aerospace Development Corporation ("AADC"), which has not issued any debt; Alaska Energy Authority ("AEA"); AHFC; Alaska Industrial Development and Export Authority ("AIDEA"); Alaska Municipal Bond Bank Authority ("AMBBA"); and Alaska Student Loan Corporation ("ASLC"). Approximately $1,289.3 million of State moral obligation debt was outstanding as of June 30, 2018.

State and University Revenue Debt. This type of debt is issued by the State or by the University of Alaska but is secured only by revenues derived from projects financed from bond proceeds. Revenue debt is not a general obligation of the State or of the University and does not require voter approval. Such debt is authorized by law and issued by the State Bond Committee or the University of Alaska for projects approved by the Commissioner of Transportation and Public Facilities or the University of Alaska. This type of debt includes Sportfish Revenue Bonds, International Airports Revenue Bonds, various University Revenue Bonds, Notes and Contracts, Clean Water and Drinking Water Fund Bonds, and Toll Facilities Revenue Bonds. As of June 30, 2018, there was $692.3 million of State and University Revenue Debt outstanding, consisting of $299.9 million of University of Alaska Revenue Bonds, Notes and Contracts, $16.9 million of Sportfish Revenue Bonds and $375.5 million of International Airports Revenue Bonds.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. As of June 30, 2018, there was $480.8 million aggregate principal amount of State agency debt outstanding, consisting of $53.4 million of AHFC obligations, $10.0 million of Bond Bank Coastal Energy Impact Program Bonds payable to the National Oceanic and Atmospheric Administration, $113.1 million of Alaska Railroad Notes, and $304.3 million of obligations of the Northern Tobacco Securitization Corporation.

State Agency Collateralized or Insured Debt. As security for State agency collateralized or insured debt, the particular State agency pledges mortgage loans or other securities as primary security which, in turn, may be 100 percent insured or guaranteed by another party with a superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost and makes it less likely that the State will assume responsibility for the debt. As of June 30, 2018, the total principal amount outstanding of State agency collateralized or insured debt was approximately $2,309.9 million, consisting of approximately $2,207.2 million issued by AHFC and $102.7 million issued by AIDEA.

Potential State-Supported Pension Obligation Bonds. Through the Alaska Pension Obligation Bond Corporation (the "Corporation"), a public corporation created in 2008 within the DOR, the State initially authorized the issuance of up to $5.0 billion of bonds and/or enter into contracts with governmental employers to finance the payment by governmental employers of their shares of the unfunded accrued actuarial liabilities of the State retirement systems. Senate Bill 97 was enacted by the Legislature in 2018, and changed the authorization to $1.5 billion. The State is required by Senate Bill 125 enacted in 2008 to make supplemental contributions to the State retirement system defined benefit plans to reduce the plans' unfunded actuarial liabilities. In 2016, the Board of Directors of the Corporation authorized the Corporation to issue up to $3.5 billion of pension obligation bonds to finance for the State a portion of its statutorily required contributions to PERS and TRS. The Corporation has not issued bonds, and there is no current plan to issue bonds at this time. If the Corporation were to issue pension obligation bonds, such bonds would be payable from payments to be made by the State, acting by and through the Department of Administration, which would be subject to annual appropriation by the Legislature.

Potential State-Supported Tax Credit Certificate Bonds. In 2018, AS 37.18.010 was enacted creating the Alaska Tax Credit Certificate Bond Corporation (the "ATCCBC"), for the purpose of selling bonds for up to $1 billion to provide for the purchase of certain State tax credits. The ATCCBC bonds would be considered State-supported debt as they would be secured by agreements entered into by other State agencies that are subject to annual appropriation. The legislation authorizing the ATCCBC is subject to a legal challenge, which will need to be satisfactorily resolved prior to any bond issuance. The ATCCBC has not issued any bonds.

Summary of Outstanding Debt. Table 7 lists, by type, the outstanding State-related debt as of June 30, 2018, except as otherwise noted.

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Table 7

State of Alaska Debt and State-Related Debt by Type as of June 30, 2018

($ millions)

	principal outstanding	interest to maturity	total debt service to maturity
State Debt			
State of Alaska General Obligation Bonds	724.4	313.4	1,037.8
State Guaranteed Debt			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	48.1	16.3	64.4
State Supported Debt			
Certificates of Participation	24.2	7.6	31.8
Lease Revenue Bonds with State Credit Pledge and Payment	202.5	83.5	286.0
Total State Supported Debt	226.7	91.1	317.8
State Supported Municipal Debt			
State Reimbursement of Municipal School Debt Service	769.0	231.5	1,000.5
State Reimbursement of capital projects	26.1	10.7	36.8
Total State Supported Municipal Debt	795.1	242.2	1,037.3
Pension System Unfunded Actuarial Accrued Liability (UAAL)[3]			
Public Employees' Retirement System UAAL	5,094.0	N/A	5,094.0
Teachers' Retirement System UAAL	1,831.0	N/A	1,831.0
Total UAAL	6,925.0	N/A	6,925.0
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
2005, 2010, & 2016 General Resolution General Obligation Bonds	1,141.7	569.1	1,710.8
Alaska Energy Authority:			
Power Revenue Bonds #1 through #8	85.2	36.2	121.4
Alaska Student Loan Corporation			
Student Loan Revenue Bonds	6.9	0.1	7.0
Education Loan Backed Notes	55.5	3.2	58.7
Total State Moral Obligation Debt	1,289.3	608.6	1,897.9
State Revenue Debt			
Sportfish Revenue Bonds	16.9	2.6	19.5
International Airports Revenue Bonds	375.5	187.0	562.5
University of Alaska Debt			
University of Alaska Revenue Bonds	283.4	157.2	440.6
University Lease Liability and Notes Payable	16.3	4.2	20.5
Installment Contracts	0.2	0.0	0.2
Total University of Alaska Debt	299.9	161.4	461.3
Total State Revenue and University Debt	692.3	351.0	1,043.3
State Agency Debt			
Alaska Housing Finance Corporation:			
Commercial Paper	53.4	N/A	53.4
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	10.0	2.2	12.2
Alaska Railroad	113.1	14.5	127.6
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds[1]	304.3	402.1	706.4
Total State Agency Debt	480.8	418.8	899.6
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Collateralized Home Mortgage Revenue Bonds & Mortgage Revenue Bonds:			
2002 Through 2011 (First Time Homebuyer Program)	718.9	341.8	1,060.7
General Mortgage Revenue Bonds II -2012 & 2016	201.0	77.6	278.6
Government Purpose Bonds 1997 & 2001	111.3	25.0	136.3
State Capital Project Bonds, 2002-2011[2]	35.4	3.8	39.2
State Capital Project Bonds, II 2012-2018[2]	1,140.6	473.4	1,614.0
Alaska Industrial Development and Export Authority:			
Revolving Fund Bonds	43.0	13.3	56.3
Power Revenue Bonds, 2015 Series (Snettisham Hydro Project)	59.7	27.6	87.3
Total State Agency Collateralized or Insured Debt	2,309.9	962.5	3,272.4
Total State and State Agency Debt	13,491.6		

Table 7 (Continued)

State of Alaska Debt and State-Related Debt by Type as of June 30, 2018
($ millions)

	principal outstanding	interest to maturity	total debt service to maturity
Municipal Debt			
School G.O. Debt	1,141.0	N/A	N/A
Other G.O. Debt[4]	1,006.5	N/A	N/A
Revenue Debt[4]	941.1	N/A	N/A
Total Municipal Debt	3,088.6		
Debt Reported in More than One Category			
Less: State Reimbursable Municipal Debt and Capital Leases *	-228.6		
Less: State Reimbursable Municipal School G.O. Debt	-766.6		
Less: Alaska Municipal Bond Bank debt included in University debt *	-86.1		
Less: Alaska Municipal Bond Bank debt included in Municipal debt *	-917.7		
Total Deductions Due to Reporting in More than One Category	-1,999.0		
Total Alaska Public Debt	**$ 14,581.2**		

NOTES
1. "Interest to Maturity" and "Total Debt Service to Maturity" includes accreted interest due at matuirty of $125.2 million
2. Does not include defeased bonds
3. From most recent 6/30/2017 actuarial valuation. See table 5.3 for a summary of the Retirement System's Funding Levels
4. 'Other G.O. Debt' and "Revenue Debt" derived from 6/30/2017 information, values subject to change upon release of fiscal year 2018 Alaska Taxable report.

Sources: Annual reports and financial statements of AHFC, AMBBA, AIDEA, AEA, UofA, AKRR, AIAS, and directly from state agencies

General Fund Supported Obligations. General Fund support is pledged and required for only a portion of the total outstanding public debt. General obligation bonds are unconditionally supported, and COPs and capital Leases are subject-to-appropriation commitments with associated obligations. The SDRP and TIDSRP provide discretionary annual payments to municipal issuers for qualified general obligation bonds of the municipalities that are eligible by statute to participate in the programs. Table 8 sets forth existing debt service on outstanding State-supported debt the State has provided from the General Fund for these outstanding obligations and the forecast support required to retire the outstanding obligations into the future. If the Governor’s fiscal year 2020 budget proposal is approved the SDRP and TIDSRP columns would be reduced to zero.

Table 8

State of Alaska
Payments on General Fund Paid Debt as of June 30, 2018
($ millions)

fiscal year	state G.O.*	lease / purchase	Capital Leases[1]	school debt reimbursement[2]	Capital Project Reimbursements	Statutory Debt Payment to PERS/TRS[3]	total debt service
2018	89.7	2.9	19.7	111.7	4.6	184.3	412.9
2019	89.3	2.9	19.7	104.3	4.5	263.4	484.0
2020	77.8	2.9	19.7	96.4	4.5	300.7	502.0
2021	77.0	2.9	19.5	94.2	3.6	311.4	508.6
2022	66.5	2.9	19.5	81.3	3.6	300.1	473.9
2023	66.4	2.9	19.5	82.3	3.6	306.3	481.0
2024	66.2	2.9	19.5	66.9	3.6	314.1	473.3
2025	61.3	2.9	19.5	57.2	3.6	322.9	467.4
2026	61.1	2.9	19.5	46.4	2.8	333.2	465.9
2027	60.6	2.9	20.9	41.8	2.6	344.7	473.5
2028	59.7	2.9	20.9	39.1	2.2	358.9	483.7
2029	58.8	2.9	17.6	34.3	0.9	372.8	487.3
2030	58.1	-	17.6	31.7	0.9	387.1	495.4
2031	45.8	-	17.6	29.3	0.4	403.9	497.0
2032	45.4	-	17.6	26.0	-	421.1	510.1
2033	45.0	-	17.6	20.6	-	439.9	523.2
2034	44.5	-	-	18.1	-	460.7	523.4
2035	20.9	-	-	13.0	-	483.3	517.2
2036	20.9	-	-	5.4	-	507.8	534.2
2037	0.5	-	-	0.4	-	534.6	535.5
2038	12.2	-	-	-	-	566.2	578.4
2039	-	-	-	-	-	641.4	641.4
2040	-	-	-	-	-	-	-

(1) A prison and a parking garage have been financed with capital leases.
(2) Fiscal year 2019-2037 payments are based on actual bond repayment schedules on file with DEED as of June 30, 2018.
(3) Based on PERS and TRS Actuarial Valuation Reports as of June 30, 2017, and subject to change. The ARMB held a meeting on January 11, 2019, and voted to approve changes to the annual Statutory Debt Payment to PERS / TRS.
(*) State G.O. debt service is net of federal subsidies on interest expense through 2038.
Source: *2018 – 2019 Alaska Public Debt Book, State of Alaska*

Payment History. The State has never defaulted on its general obligation bond obligations nor has it ever failed to appropriate funds for any State-supported outstanding securitized lease obligations.

State Debt Capacity. The State has historically used the ratio of debt service to revenue as a guideline for determining debt capacity of the State. This policy was established due to the State's relatively small population and high per capita revenue due to oil resource-generated revenue. Historically the State's policy has been that debt service should not exceed five percent of unrestricted revenue when considering only general obligation bonds and COPs that are State-supported. More recently, the State has included more discretionary General Fund supported obligations and programs, including the SDRP, TIDSRP and certain capital leases. With the more inclusive funding, the State's policy allows the annual payments on these items to range up to seven percent of unrestricted revenue.

Table 9

State of Alaska
Debt Service on Outstanding Obligations to Unrestricted Revenues
Fiscal Years Ended June 30, 1996 – 2018
FORECAST FOR Fiscal Years Ending June 30, 2019 – 2028

Fiscal Year	Unrestricted Revenues [1]	State G.O. Debt Service	State Supported Debt Service	Total State Debt Service	School Debt Reimburse-ments	Statutory Payment to PERS/TRS	Total Payments to Revenues
	($Millions)	%	%	%	%	%	%
1996	2,133.3	1.0	0.5	1.4	3.7		5.2
1997	2,494.9	0.7	0.4	1.0	2.5		3.5
1998	1,825.5	0.8	0.6	1.3	3.4		4.7
1999	1,348.4	0.7	1.1	1.8	4.6		6.3
2000	2,081.7	0.1	0.9	1.0	3.1		4.1
2001	2,281.9	0.0	0.7	0.7	2.3		3.0
2002	1,660.3	0.0	1.3	1.3	3.3		4.5
2003	1,947.6	0.0	1.1	1.1	2.7		3.7
2004	2,345.6	0.8	0.9	1.7	2.6		4.3
2005	3,188.8	1.5	0.7	2.2	2.2		4.4
2006	4,200.4	1.1	0.6	1.7	1.9		3.6
2007	5,158.6	0.9	0.5	1.4	1.7		3.1
2008	10,728.2	0.4	0.3	0.6	0.8		1.4
2009	5,838.0	0.8	0.6	1.3	1.6		2.9
2010	5,512.7	0.9	0.8	1.7	1.7		3.4
2011	7,673.0	0.7	0.6	1.3	1.3		2.6
2012	9,485.2	0.8	0.4	1.3	1.1		2.3
2013	6,928.5	1.1	0.6	1.7	1.6		3.3
2014	5,390.0	1.4	0.7	2.1	2.0		4.1
2015	2,256.0	3.3	1.6	4.9	5.2		10.1
2016	1,533.0	4.0	2.3	6.3	7.6		13.9
2017	1,355.0	6.1	2.3	8.3	6.7		15.0
2018	2,424.1	3.7	1.1	4.8	4.6		9.4
projected							
2019	5,495.0	1.6	0.5	2.1	1.9	4.8	8.8
2020	5,198.0	1.5	0.5	2.0	1.9	5.8	9.7
2021	5,393.8	1.4	0.5	1.9	1.7	5.8	9.4
2022	5,344.8	1.2	0.5	1.7	1.5	5.6	8.9
2023	5,500.2	1.2	0.5	1.7	1.5	5.6	8.7
2024	5,596.3	1.2	0.5	1.6	1.2	5.6	8.5
2025	5,670.4	1.1	0.5	1.5	1.0	5.7	8.2
2026	5,864.9	1.0	0.4	1.5	0.8	5.7	7.9
2027	6,074.3	1.0	0.4	1.4	0.7	5.7	7.8
2028	6,320.7	0.9	0.4	1.4	0.6	5.7	7.7

(1) Unrestricted revenue projection for fiscal years 2019 through 2028 is based on the Fall 2018 Revenue Sources Book. Debt service is based on June 30, 2018 balances. The Unrestricted Revenue Forecast includes the transfer from the Permanent Fund Earnings Reserve pursuant to SB 26, and includes the annual dividend distribution.

Source: *2018 – 2019 Alaska Public Debt Book, State of Alaska*

APPENDIX B

Financial Statements of the Corporation

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Alaska Housing

FINANCE CORPORATION

a component unit of the State of Alaska

Quarterly Unaudited Financial Statements

December 31, 2018

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FINANCIAL STATEMENTS

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This publication of Alaska Housing Finance Corporation. For comments or questions
Website: https://www.ahfc.us/pros/investors/financials-histori/ or
E-Mail: nmeyers@ahfc.us

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
As of 12/31/2018
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
ASSETS				
Current				
Cash	$ 30,864	$ 5,204	$ 96	$ 28,994
Investments	413,775	-	121,041	1,243
Accrued interest receivable	3,585	-	10,614	108
Inter-fund due (to)/from	(21,485)	(4,416)	28,837	(2,870)
Mortgage loans, notes and other loans	5,292	67	85,780	1,273
Net investment in direct financing lease	-	-	2,312	-
Other assets	3,418	3,443	-	1,380
Intergovernmental receivable	4,856	4,784	-	13
Total Current	**440,305**	**9,082**	**248,680**	**30,141**
Non Current				
Investments	9	-	-	-
Inter-fund due (to)/from	-	1,425	-	-
Mortgage loans, notes and other loans	166,120	1,130	2,999,566	41,981
Net investment in direct financing lease	-	-	22,468	-
Capital assets - non-depreciable	2,917	-	-	13,647
Capital assets - depreciable, net	17,091	25	-	59,874
Other assets	4,559	-	510	-
Total Non Current	**190,696**	**2,580**	**3,022,544**	**115,502**
Total Assets	**631,001**	**11,662**	**3,271,224**	**145,643**
DEFERRED OUTFLOW OF RESOURCES	**5,226**	**-**	**131,265**	**-**
LIABILITIES				
Current				
Bonds payable	-	-	73,305	-
Short term debt	20,589	-	-	-
Accrued interest payable	2,473	-	9,725	-
Other liabilities	20,129	5	778	952
Intergovernmental payable	-	-	96	-
Total Current	**43,191**	**5**	**83,904**	**952**
Non Current				
Bonds payable	-	-	2,376,114	-
Other liabilities	1,675	-	-	-
Derivative instrument - interest rate swaps	-	-	108,847	-
Pension & OPEB liability	41,425	-	-	-
Total Non Current	**43,100**	**-**	**2,484,961**	**-**
Total Liabilities	**86,291**	**5**	**2,568,865**	**952**
DEFERRED INFLOW OF RESOURCES	**7,582**	**-**	**-**	**-**
NET POSITION				
Net investment in capital assets	20,008	25	-	73,521
Restricted by bond resolutions	-	-	624,672	-
Restricted by contractual or statutory agreements	110,113	16,943	-	71,334
Unrestricted or (deficit)	412,233	(5,311)	208,952	(164)
Total Net Position	**$ 542,354**	**$ 11,657**	**$ 833,624**	**$ 144,691**

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total December 31, 2018
$ 65,158	$ 7,541	$ 72,699
536,059	-	536,059
14,307	82	14,389
66	(66)	-
92,412	-	92,412
2,312	-	2,312
8,241	189	8,430
9,653	-	9,653
728,208	**7,746**	**735,954**
9	-	9
1,425	(1,425)	-
3,208,797	12,458	3,221,255
22,468	-	22,468
16,564	3,667	20,231
76,990	-	76,990
5,069	1	5,070
3,331,322	**14,701**	**3,346,023**
4,059,530	**22,447**	**4,081,977**
136,491	**-**	**136,491**
73,305	-	73,305
20,589	-	20,589
12,198	-	12,198
21,864	-	21,864
96	-	96
128,052	**-**	**128,052**
2,376,114	-	2,376,114
1,675	337	2,012
108,847	-	108,847
41,425	-	41,425
2,528,061	**337**	**2,528,398**
2,656,113	**337**	**2,656,450**
7,582	**-**	**7,582**
93,554	3,667	97,221
624,672	-	624,672
198,390	18,486	216,876
615,710	(43)	615,667
$ 1,532,326	**$ 22,110**	**$ 1,554,436**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Six Months Ending 12/31/2018
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
OPERATING REVENUES				
Mortgage and loan revenue	$ 4,773	$ -	$ 66,226	$ 734
Investment interest	4,742	4	3,734	57
Net change in the fair value of investments	(40)	-	(50)	-
Net change of hedge termination	-	-	(35)	-
Total Investment Revenue	4,702	4	3,649	57
Grant revenue	-	31,219	-	711
Housing rental subsidies	-	-	-	5,504
Rental revenue	249	-	-	5,513
Other revenue	1,894	866	63	93
Total Operating Revenues	**11,618**	**32,089**	**69,938**	**12,612**
OPERATING EXPENSES				
Interest	268	-	37,376	-
Mortgage and loan costs	944	-	5,218	68
Bond financing expenses	467	-	2,623	-
Provision for loan loss	762	15	(2,830)	(6)
Operations and administration	7,907	5,714	2,271	7,600
Rental housing operating expenses	245	-	-	6,101
Grant expense	-	35,817	-	-
Total Operating Expenses	**10,593**	**41,546**	**44,658**	**13,763**
Operating Income (Loss)	**1,025**	**(9,457)**	**25,280**	**(1,151)**
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	(66)	-	-	-
Transfers - Internal	(8,369)	7,606	48	715
Change in Net Position	(7,410)	(1,851)	25,328	(436)
Net position at beginning of year	549,764	13,508	808,296	145,127
Net Position at End of Period	**$ 542,354**	**$ 11,657**	**$ 833,624**	**$ 144,691**

See accompanying notes to the financial statements.

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total December 31, 2018
$ 71,733	$ 68	$ 71,801
8,537	5	8,542
(90)	-	(90)
(35)	-	(35)
8,412	5	8,417
31,930	24	31,954
5,504	-	5,504
5,762	130	5,892
2,916	10	2,926
126,257	**237**	**126,494**
37,644	-	37,644
6,230	-	6,230
3,090	-	3,090
(2,059)	2	(2,057)
23,492	126	23,618
6,346	-	6,346
35,817	-	35,817
110,560	**128**	**110,688**
15,697	**109**	**15,806**
(66)	-	(66)
-	-	-
15,631	109	15,740
1,516,695	22,001	1,538,696
$ 1,532,326	**$ 22,110**	**$ 1,554,436**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
For the Six Months Ended December 31, 2018
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 2,357	$ -	$ 60,320	$ 666
Principal payments received on mortgages and loans	3,383	-	144,278	1,891
Disbursements to fund mortgages and loans	(336,047)	-	-	-
Receipt (payment) for loan transfers between funds	126,183	-	(123,715)	(2,468)
Mortgage and loan proceeds	215,152	-	-	-
Payment of mortgage and loan proceeds to funds	(216,345)	-	-	-
Payments to employees and other payroll disbursements	(11,151)	(2,384)	-	(4,494)
Payments for goods and services	(10,163)	(1,088)	-	(7,428)
Cash received for externally funded programs	-	21,289	-	6,719
Cash received for Federal HAP subsidies	-	18,280	-	-
Payments for Federal HAP subsidies	-	(17,849)	-	-
Interfund receipts (payments)	(1,946)	(699)	-	2,642
Grant payments to other agencies	-	(19,017)	-	-
Other operating cash receipts	20,538	906	96	5,162
Other operating cash payments	(6)	(28)	(161)	(66)
Net cash provided by (used for) operating activities	(208,045)	(590)	80,818	2,624
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	175,668	-
Principal paid on bonds	-	-	(44,666)	-
Payment of bond issuance costs	-	-	(1,260)	-
Interest paid	-	-	(40,082)	-
Proceeds from issuance of short term debt	108,417	-	-	-
Payment of short term debt	(141,366)	-	-	-
Contributions to the State of Alaska or other State agencies	(64)	-	(4,494)	-
Transfers (to) from other funds	150,572	-	(150,572)	-
Other cash payments	(119)	-	-	-
Net cash provided by (used for) noncapital financing activities	117,440	-	(65,406)	-
Cash flows from capital financing activities:				
Acquisition of capital assets	(7)	-	-	(80)
Proceeds from the disposal of capital assets	-	-	-	89
Principal paid on capital notes	-	-	(2,984)	-
Interest paid on capital notes	-	-	(743)	-
Proceeds from direct financing leases	-	-	3,303	-
Net cash provided by (used for) capital financing activities	(7)	-	(424)	9
Cash flows from investing activities:				
Purchase of investments	(1,209,446)	-	(645,031)	(2,847)
Proceeds from maturity of investments	1,296,221	-	627,455	2,730
Interest received from investments	4,799	3	2,523	50
Net cash provided by (used for) investing activities	91,574	3	(15,053)	(67)
Net Increase (decrease) in cash	962	(587)	(65)	2,566
Cash at the beginning of year	29,902	5,791	161	26,428
Cash at the end of period	$ 30,864	$ 5,204	$ 96	$ 28,994
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,025	$ (9,457)	$ 25,280	$ (1,151)
Adjustments:				
Depreciation expense	542	7	-	2,804
Provision for loan losses	762	15	(2,830)	(6)
Net change in the fair value of investments	(40)	-	(49)	-
Transfers between funds for operating activity	(8,369)	7,606	51	715
Interest received from investments	(4,799)	(3)	(2,523)	(50)
Interest paid	-	-	40,082	-
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	(46,096)	10	(266,692)	(641)
Net increase (decrease) in assets, liabilities, and deferred resources	(151,070)	1,232	287,499	953
Net cash provided by (used for) operating activities	$ (208,045)	$ (590)	$ 80,818	$ 2,624
Noncash investing, capital and financing activities:				
Asset transfers				
Contributions to Alaska Housing Capital Corporation				
Deferred outflow of resources-derivatives			88,550	
Derivative instruments liability			89,650	
Net change of hedge termination			6,275	

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total December 31, 2018
$ 63,343	$ -	$ 63,343
149,552	-	149,552
(336,047)	-	(336,047)
-	-	-
215,152	-	215,152
(216,345)	-	(216,345)
(18,029)	(72)	(18,101)
(18,679)	(13)	(18,692)
28,008	-	28,008
18,280	-	18,280
(17,849)	-	(17,849)
(3)	3	-
(19,017)	-	(19,017)
26,702	314	27,016
(261)	(24)	(285)
(125,193)	208	(124,985)
175,668	-	175,668
(44,666)	-	(44,666)
(1,260)	-	(1,260)
(40,082)	-	(40,082)
108,417	-	108,417
(141,366)	-	(141,366)
(4,558)	-	(4,558)
-	-	-
(119)	-	(119)
52,034	-	52,034
(87)	-	(87)
89	-	89
(2,984)	-	(2,984)
(743)	-	(743)
3,303	-	3,303
(422)	-	(422)
(1,857,324)	-	(1,857,324)
1,926,406	-	1,926,406
7,375	6	7,381
76,457	6	76,463
2,876	214	3,090
62,282	7,327	69,609
$ 65,158	$ 7,541	$ 72,699
$ 15,697	$ 109	$ 15,806
3,353	-	3,353
(2,059)	2	(2,057)
(89)	-	(89)
3	-	3
(7,375)	(6)	(7,381)
40,082	-	40,082
(313,419)	(24)	(313,443)
138,614	127	138,741
$ (125,193)	$ 208	$ (124,985)

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FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation") or ("AHFC"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "Legislature") to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development ("HUD"), Energy ("DOE"), and Health and Human Services ("HHS"), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has subsidiaries incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Each subsidiary issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The subsidiaries are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature. https://www.ahfc.us/about-us/subsidiaries/ntsc/ntsc-financial-statements/
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill No. 232 of the 2006 Legislature. https://www.ahfc.us/about-us/subsidiaries/ahcc/ahcc-financial-statements/
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill No. 119 of the 2011 Legislature. https://www.ahfc.us/about-us/subsidiaries/alaska-corporation-affordable-housing-acah/acah-financial-statements/

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other subsidiaries of AHFC are not closely related, nor financially integrated with AHFC. There is no financial accountability for the other subsidiaries by AHFC. They are not component units of AHFC, thus not included in these financial statements. Those subsidiaries are component units of the State.

Neither AHFC nor the State is liable for any debt issued by the subsidiaries of AHFC. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

Basis of Presentation
The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplemental section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Funds and Programs column representing an aggregate of AHFC amounts and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit
The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

Administrative Fund: This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation not accounted for in other funds.

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provides resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: Includes the Low Rent program and other affordable housing for low income families managed under contract with HUD, owned by AHFC. Also includes the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

Component unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of the financial statements.

Restricted Net Position
The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 18 State Authorizations and Commitments for further details) and resources of the Affordable Housing Development Program. The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond indentures, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net position balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The major estimate for the Corporation is the allowance for loan losses.

Investments
All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost.

Accrued Interest Receivable on Loans and Real Estate Owned
Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses
Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Once monies have been disbursed the mortgage loans are recorded.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate Owned

Real estate owned consists principally of properties acquired through foreclosure or repossession and is carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation

Depreciation and amortization of buildings, equipment, and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization threshold is $5,000.

Bonds

The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method.

Deferred Debt Refunding Expenses

Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Based on the amount of unamortized discount or premium from the original bond issue, the net effect of the change is immaterial to the financial statements.

Other Post-Employment Benefits

Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Derivative Instruments-Interest Rate Swaps

The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The swap agreements are negotiated to achieve the financing objectives of the Corporation. The swaps are stated at fair value. The change in the fair value of the swaps is recorded as deferred inflows of resources or deferred outflows of resources or as investment revenue.

Operating Revenues and Expenses

The Corporation was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Corporation into mortgage loans to qualified housing sponsors and to certain individuals. The Corporation's primary purpose is to borrow funds in the bond market and to use those funds to make single-family and multi-family mortgages and loans. Its primary operating revenue is derived from the interest income and fees from those mortgages and loans and on the invested proceeds from the bond issues. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes

The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits, and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	December 31, 2018
Restricted cash	$ 52,991
Unrestricted cash	19,708
Carrying amount	$ 72,699
Bank balance	$ 73,108

Investment Valuation

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

AHFC measures its investments using quoted market prices (Level 1 inputs).

Investment Maturities

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (In Years)				
	Year	1-5 Years	6-10 Years	Years	December 31, 2018
Securities of U.S. Government agencies and corporations	$ -	$ 9	$ -	$ -	$ 9
Commercial paper & medium-term notes	353,204	-	-	-	353,204
Corporate Certificate of Deposit	6,133	-	-	-	6,133
Money market funds	175,279	-	-	-	175,279
Total not including GeFONSI	$ 534,616	$ 9	$ -	$ -	$ 534,625
GeFONSI pool					1,443
Total AHFC Investment Portfolio					$ 536,068

Restricted Investments

A large portion of the Corporation's investments, $122,370,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, $413,698,000, is unrestricted.

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

	December 31, 2018	
Ending unrealized holding gain	$	2,355
Beginning unrealized holding gain		2,395
Net change in unrealized holding gain		(40)
Net realized gain (loss)		(50)
Net increase (decrease) in fair value	$	(90)

Deposit and Investment Policies
The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

The following securities are eligible for investment under the Corporation's Fiscal Policies:

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises ("GSEs") and federal agencies not backed by the full faith and credit of the United States;
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAmmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank, the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements ("repos") where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association ("SIFMA"); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;

- Asset-backed securities, other than asset-backed commercial paper, rated at least “AA+” by S&P or “Aa1” by Moody's or “AA+” by Fitch; and
- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments (“GeFONSI”) pool.

Credit Risk
Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation’s investments as of December 31, 2018, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	$ 9
Commercial paper, medium-term notes and Certificates of Deposit:	AAA	Aaa	103
	AA+	Aaa	280
	AA	Aa1	252
	AA	Aa2	250
	AA	A1	249
	AA-	Aa1	980
	AA-	Aa2	250
	AA-	Aa3	-
	AA-	A1	-
	A+	A1	751
	A+	A2	358
	A+	Aa2	601
	A+	Aa3	-
	A+	P-1	410
	A	A1	999
	A	A2	499
	A-	A2	-
	A-1+	P-1	194,263
	A-1	P-1	158,842
	A-1	NA	-
	A-2	P-1	-
	NA	P-1	250
			359,337
Money market funds:	AAAm	Aaa	175,279
			$ 534,625

Concentration Risk
Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The

following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's Fiscal Policies. Under certain conditions, the Fiscal Policies permit investments in excess of these limits. For more information, please see the Corporation's Fiscal Policies at: http://www.ahfc.us/pros/investors/fiscal-policies

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%
World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio
The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation’s Fiscal Policies and trusted investments which have no established concentration limits. As of December 31, 2018, the Corporation had investment balances greater than 5 percent of the Corporation’s total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
Goldman Sachs	$ 175,529	32.74%
The Toronto Dominion Bank	$ 77,862	14.52%

Custodial Credit Risk
The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation’s deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. The Corporation has not established a formal custodial credit risk policy for its investments.

Of the Corporation’s $73,108,000 bank balance at December 31, 2018, cash deposits in the amount of $892,000 were uninsured and uncollateralized.

Interest Rate Risk
Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

Modified Duration
Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation’s trusted and non-trusted investments (in thousands, net of GeFONSI holdings) with their modified duration as of December 31, 2018:

	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	$ 9	0.569
Certificate of deposit	6,133	0.423
Commercial paper & medium-term notes:		
Commercial paper discounts	347,936	0.274
Medium-term notes	5,268	0.280
Money market funds	175,279	0.000
Portfolio modified duration	$ 534,625	

Investment in GeFONSI Pool
The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFONSI pool in which the Corporation participates is itself comprised of investment shares of the State's Short-term Fixed Income, Short-term Liquidity Fixed Income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State's investment pools is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the investment income and 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 the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool is $1,443,000.

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.

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance as of December 31, 2018, is shown below (in thousands):

Due To \ Due From	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
Administrative Fund	$ -	$ 7,380	$ -	$ 3,523	$ 66	$ 10,969
Grant Programs	2,965	-	-	-	1,425	4,390
Mortgage or Bond Progra	28,837	-	-	-	-	28,837
Other Funds or Programs	652	-	-	-	-	652
Alaska Corporation for Affordable Housing	-	-	-	-	-	-
Total	$ 32,454	$ 7,380	$ -	$ 3,523	$ 1,491	$ 44,848

The balance due to the Mortgage or Bond programs from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance due to the Administrative Fund from Grant Programs, Other Funds or Programs, and ACAH resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

The balance due from ACAH to the Grant Programs is the result of a repayable grant to ACAH for the purchase of land.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans is shown below (in thousands):

		December 31, 2018
Mortgage loans	$	2,815,873
Multifamily loans		469,414
Other notes receivable		80,562
		3,365,849
Less:		
Allowance for losses		(52,182)
Net Mortgages, Notes & other	$	3,313,667

Of the $3,365,849,000 mortgage loans, notes, and other loans, $92,412,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of $13,690,000. Included in the allowance for losses is $1,232,000 for ACAH's notes receivable bringing ACAH's net notes receivable to $12,458,000.

Other supplemental loan information is summarized in the following table (in thousands):

		December 31, 2018
Loans Delinquent 30 days or more	$	105,489
Foreclosures during reporting period		4,811
Loans in foreclosure process		10,568
Mortgage-related commitments:		
To purchase mortgage loans	$	143,223

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 DIRECT FINANCING LEASE

In July 1997, the Corporation purchased an office building (the "Atwood Office Building") in downtown Anchorage for approximately $26 million. The Atwood Office Building was originally purchased with proceeds from the issuance of the Corporation's State Building Lease Bonds Series 1999, which were refunded by General Housing Purpose Bonds 2005 Series C, which were subsequently refunded in March 2015, by its State Capital Project Bonds II, 2015 Series A. The Atwood Office Building was part of the Corporation's State Building Lease Program and was leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The lease of the building to the State was recorded as a direct financing lease. The lease expired on June 1, 2017. The State exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, with an assessed value of $70.5 million, for $1 and ownership transferred from the Corporation to the State on December 15, 2017. Block 102, containing lots the State is not currently transferring but may take ownership of at a later date, is reported as a Corporation asset at the assessed value of $4,175,000, in the Other Non-Current Assets section of the financial statements, pending potential future transfers.

In fiscal year 2007, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage was $44,000,000, and it was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage for $1 after December 1, 2027, which is the end of the lease. In June and December 2015, the Corporation issued its State Capital Project Bonds II, 2015 Series B and C, respectively, to partially refund its State Capital Project Bonds, 2007 Series A, which were originally issued in September 2007 to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

The following table lists the components of the net investment in direct financing lease and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

Future Minimum Payments Due

Twelve Months Ending December 31,	Parking Garage
2019	$ 3,304
2020	3,304
2021	3,304
2022	3,304
2023	3,304
Thereafter	13,211
Gross payments due	29,731
Less: Unearned revenue	(4,951)
Net investment in direct financing lease	$ 24,780

8 CAPITAL ASSETS

Capital assets activity for the six months ended December 31, 2018, and a summary of balances is shown below (in thousands):

	June 30, 2018	Additions	Reductions	December 31, 2018
Non-Depreciable Capital Assets:				
Land	$ 20,247	$ -	$ (16)	$ 20,231
Construction in progress	-	-	-	-
Total Non-Depreciable	20,247	-	(16)	20,231
Depreciable Capital Assets:				
Buildings	246,086	-	-	246,086
Computers & Equipment	2,691	44	-	2,735
Vehicles	2,264	74	(19)	2,319
Less: Accumulated depreciation				
Buildings	(166,663)	(3,177)	-	(169,840)
Computers & Equipment	(2,291)	(102)	-	(2,393)
Vehicles	(1,862)	(74)	19	(1,917)
Total Depreciable, Net	80,225	(3,235)	-	76,990
Total Capital Assets, Net	$ 100,472	$ (3,235)	$ (16)	$ 97,221

The above capital assets include $3,667,000 of land and land improvements that belong to ACAH.

Depreciation expense charged by the Corporation was $3,353,000 for the six months ended December 31, 2018.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was $6,980,000 at December 31, 2018.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at December 31, 2018, were interest rate swap derivatives of $107,533,000, deferred debt refunding expense of $23,733,000, pension deferred outflows of $4,033,000, and other post employment benefits deferred outflows of $1,192,000 for a total of $136,491,000.

10 BONDS PAYABLE

All of the bonds are general obligations of the Corporation for which its full faith and credit are pledged. All of the bonds are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. In the event that the Corporation cannot make the Veterans Mortgage Program Bond payments, the State will pay the principal and interest payments.

Bonds outstanding as of December 31, 2018, are shown on the next two pages (in thousands):

	Original Amount	December 31, 2018
First-Time Home Buyer Program:		
Mortgage Revenue Bonds, Tax-Exempt:		
● 2009 Series A-1; 3.07%, due 2027-2041	$ 64,350	$ 40,410
● 2009 Series A-2; 2.32%, due 2026-2041	128,750	69,550
● 2010 Series A; 3.00%-4.00%, due 2019-2027	43,130	24,315
Unamortized discount		(94)
● 2010 Series B; 3.00% to 4.625%, due 2019-2040	35,680	29,415
● 2011 Series B; 3.00% to 4.05%, due 2019-2026	71,360	34,160
Total Mortgage Revenue Bonds	343,270	197,756
Home Mortgage Revenue Bonds, Tax-Exempt:		
● 2002 Series A; Floating Rate*; 1.79% at December 31, 2018, due 2032-2036	170,000	35,110
Unamortized swap termination penalty		(1,937)
● 2007 Series A; Floating Rate*; 1.71% at December 31, 2018, due 2019-2041	75,000	71,815
● 2007 Series B; Floating Rate*; 1.71% at December 31, 2018, due 2019-2041	75,000	71,815
● 2007 Series D; Floating Rate*; 1.65% at December 31, 2018, due 2019-2041	89,370	85,540
● 2009 Series A; Floating Rate*; 1.65% at December 31, 2018, due 2020-2040	80,880	80,880
● 2009 Series B; Floating Rate*; 1.65% at December 31, 2018, due 2020-2040	80,880	80,880
● 2009 Series D; Floating Rate*; 1.68% at December 31, 2018, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	504,973
Veterans Mortgage Program Bonds:		
Collateralized State Guaranteed Bonds, Tax-Exempt:		
● 2016 First and Second Series; 0.95% to 3.20%, due 2019-2046	50,000	47,480
Other Housing Bonds:		
General Mortgage Revenue Bonds, Tax-Exempt:		
● 2012 Series A; 2.13%-4.25%, due 2019-2040	145,890	95,305
Unamortized discount		(449)
Unamortized premium		-
● 2016 Series A; 0.90%-3.50%, due 2019-2046	100,000	91,000
Unamortized premium		830
● 2018 Series A; 1.55%-4.00%, due 2019-2048	109,260	108,875
Unamortized premium		2,303
● 2018 Series B; 3.45%-5.00%, due 2031-2035	58,520	58,520
Unamortized premium		4,737
Governmental Purpose Bonds, Tax-Exempt:		
● 1997 Series A; Floating Rate*, monthly payments, 1.65% at December 31, 2018, due 2027	33,000	14,600
● 2001 Series A; Floating Rate*; 1.65% at December 31, 2018, due 2019-2030	76,580	42,140
Unamortized swap termination penalty		(4,210)
● 2001 Series B; Floating Rate*; 1.72% at December 31, 2018, due 2019-2030	93,590	51,500
Total Other Housing Bonds	616,840	465,151

Note: Debt service payments on the above-mentioned bonds are semi-annual unless otherwise mentioned.
*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.
**Interest rates on the indexed floating rate bonds are established monthly based on an index and a prescribed spread in the underlying bond documents.

	Original Amount	December 31, 2018
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
● 2002 Series C; Floating Rate*; 1.65% at December 31, 2018, due 2019-2022	60,250	26,191
● 2011 Series A; 5.00%, due 2019- 2020	105,185	4,530
Unamortized premium		57
● 2012 Series A; 3.25% to 5.00%, due 2019-2032	99,360	42,510
Unamortized discount		(88)
Unamortized premium		1,912
● 2013 Series A; 4.00% to 5.00%, due 2019-2032	86,765	62,385
Unamortized premium		3,538
● 2014 Series A; 4.00% to 5.00%, due 2019-2033	95,115	81,895
Unamortized discount		(51)
Unamortized premium		4,114
● 2014 Series B; 5.00%, due 2019-2029	29,285	24,420
Unamortized premium		2,153
● 2014 Series D; 3.00% to 5.00%, due 2019-2029	78,105	77,770
Unamortized premium		8,229
● 2015 Series A; 3.00% to 5.00%, due 2019-2030	111,535	99,935
Unamortized premium		10,448
● 2015 Series B; 3.00% to 5.00%, due 2019-2036	93,365	91,145
Unamortized discount		(188)
Unamortized premium		5,297
● 2015 Series C; 5.00%, due 2019-2035	55,620	49,155
Unamortized premium		5,805
● 2017 Series A; 4.00% to 5.00%, due 2019-2032	143,955	141,835
Unamortized premium		20,035
● 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		7,467
● 2018 Series B; 3.125% to 5.00%, due 2019-2038	35,570	35,570
Unamortized discount		(79)
Unamortized premium		4,214
State Capital Project Bonds, Taxable:		
● 2014 Series C; Indexed Floating Rate**, 2.849% at December 31, 2018, due 2029	140,000	140,000
● 2017 Series B; Floating Rate*; 2.42% at December 31, 2018, due 2047	150,000	150,000
● 2018 Series A; Floating Rate*; 2.41% at December 31, 2018, due 2031-2043	90,000	90,000
Total Non-Housing Bonds	1,417,965	1,234,059
Total Bonds Payable	$ 3,080,075	$ 2,449,419

Redemption Provisions
The bonds are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once the outstanding amount falls below 15% of the total issuance.

During the six months ended December 31, 2018, the Corporation made special revenue redemptions in the amount of $18,250,000.

Advance Refundings
In the fiscal year ending June 30, 2018, the Corporation effected advanced refundings where the proceeds of issued bonds were used to defease outstanding debt of the Corporation.

A summary of all defeased debt, as of December 31, 2018, follows (in thousands):

	Date Defeased	December, 2018
State Capital Project Bonds, 2011 Series A	September 2017	$ 63,705
State Capital Project Bonds, 2012 Series A	December 2017	29,795
State Capital Project Bonds, 2013 Series A	December 2017	16,345
		$ 109,845

Debt Service Requirements**
For all bonds in the preceding schedules, the Corporation's debt service requirements through 2023 and in five year increments thereafter to maturity are shown below (in thousands):

	Total Debt Service		
Twelve Months Ended December 31,	Principal	Interest*	Total
2019	$ 73,305	$ 87,906	$ 161,211
2020	91,860	83,292	175,152
2021	94,100	79,523	173,623
2022	100,665	75,560	176,225
2023	99,595	71,525	171,120
2024-2028	542,580	292,783	835,363
2029-2033	682,835	166,012	848,847
2034-2038	280,575	82,342	362,917
2039-2043	230,330	39,620	269,950
2044-2048	179,530	15,024	194,554
	$ 2,375,375	$ 993,587	$ 3,368,962

* Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at December 31, 2018.
** Also see Note 11 – Derivatives

Conduit Debt
From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements.

A summary of all conduit debt as of December 31, 2018, follows (in thousands):

	Maximum Issue Amount	Balance at December 31, 2018
Revenue Bonds, 2018 (Hampstead Heath Apartments)	$ 7,600	$ 5,918
Revenue Bonds, 2018 (Marina Karina Project)	4,400	3,624
Revenue Bonds, 2017 (Grass Creek North II LP)	8,200	518

11 DERIVATIVES

The Corporation entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether or not the derivatives constitute effective hedges. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risks, position size, transaction and financing costs, and the use of capital profit. The fair value represents the current price to settle swap assets or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of December 31, 2018, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of December 31, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating[7]
GP01A[1]	12/01/08	2.4530%	67% of 1M LIBOR[4]	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427%	67% of 1M LIBOR	12/01/30	AA/Aa3
E021A1[2]	10/09/08	2.9800%	70% of 3M LIBOR[5]	06/01/32	AA-/Aa2
SC02C[3]	12/05/02	4.3030%	SIFMA[6] + 0.115%	07/01/22	A+/Aa1
E071AB	05/31/07	3.7345%	70% of 3M LIBOR	12/01/41	AA-/Aa2
E071BD	05/31/07	3.7200%	70% of 3M LIBOR	12/01/41	A+/Aa1
E091A	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	A+/Aa1
E091B	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	AA-/Aa2
E091ABD	05/28/09	3.7400%	70% of 3M LIBOR	12/01/40	A+/Aa1

1. Governmental Purpose Bonds
2. Home Mortgage Revenue Bonds
3. State Capital Project Bonds
4. London Interbank Offered Rate ("LIBOR") 1 month
5. London Interbank Offered Rate 3 month
6. Securities Industry and Financial Markets Municipal Swap Index
7. Standard & Poor's/Moody's

The change in fair value and ending balance of the hedging derivatives as of December 31, 2018, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values December 31, 2018	Fair Values June 30, 2018	Change in Fair Value
GP01A	$ 42,140	$ 44,031	$ (1,891)	$ (1,577)	$ (314)
GP01B	51,500	59,155	(7,655)	(7,526)	(129)
E021A1	35,110	37,782	(2,672)	(2,439)	(233)
SC02C	26,190	27,309	(1,119)	(1,342)	223
E071AB	137,502	164,986	(27,484)	(26,448)	(1,036)
E071AD	91,668	109,799	(18,131)	(17,373)	(758)
E091A	72,789	87,666	(14,877)	(14,372)	(505)
E091B	72,789	87,349	(14,560)	(13,997)	(563)
E091ABD	97,052	116,196	(19,144)	(18,321)	(823)
Total	$ 626,740	$ 734,273	$ (107,533)	$(103,395)	$ (4,138)

As of December 31, 2018, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2019	$ 9,655	$ 5,253	$ 5,491	$ 20,399
2020	23,310	10,260	10,702	44,272
2021	27,780	9,838	10,227	47,845
2022	29,230	9,369	9,701	48,300
2023	27,175	8,873	9,147	45,195
2024-2028	135,915	37,809	39,100	212,824
2029-2033	141,590	25,569	26,844	194,003
2034-2038	134,850	14,578	15,456	164,884
2039-2043	97,235	2,958	3,126	103,319
	$ 626,740	$ 124,507	$ 129,794	$ 881,041

Credit Risk

As of December 31, 2018, the Corporation was not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The Corporation currently has swap agreements with five separate counterparties. Approximately 39.2% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34.3% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa1". Of the remaining swaps, one counterparty is rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 11.6%, 8.2%, and 6.7% respectively, of the total notional amount of the swaps.

Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, the Corporation's net payment on the swaps increases.

Basis Risk

All of the Corporation's variable-rate bond interest payments related to interest rate swaps are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of December 31, 2018, SIFMA was 1.71% and 1-month LIBOR was 2.50%, resulting in a SIFMA/LIBOR ratio of 68.33%. The 3-month LIBOR was 2.81%, resulting in a SIFMA/LIBOR ratio of 60.91%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk
Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

Rollover Risk
Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The Home Mortgage Revenue Bonds, 2002 Series A swaps were set up in several tranches of various sizes that could be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped portion of the debt.

Investment Derivative
The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap is no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of the Corporation's investment derivative as of December 31, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.7700%	70% of 1M LIBOR	07/01/24	A+/Aa1

The change in fair value of the investment derivatives as of December 31, 2018, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values December 31, 2018	Fair Values June 30, 2018	Change in Fair Value
SC02B	$ 14,555	$ 15,869	$ (1,314)	$ (1,280)	$ (34)

Credit Risk
As of December 31, 2018, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The counterparty on this swap is rated "A+/Aa1".

12 LONG TERM LIABILITIES
The activity for the six months ended December 31, 2018, is summarized in the following schedule (in thousands):

	June 30, 2018	Additions	Reductions	December 31, 2018	Due Within One Year
Total bonds and notes payable	$ 2,328,487	$ 174,999	$ (54,067)	$ 2,449,419	$ 73,305
Pension liability	35,660	-	-	35,660	-
OPEB liability	5,765	-	-	5,765	-
Compensated absences	4,263	1,287	(1,476)	4,074	2,399
Other liabilities	-	141	(141)	-	-
Total long-term liabilities	$ 2,374,175	$ 176,427	$ (55,684)	$ 2,494,918	$ 75,704

13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is $150,000,000. The lowest yield during the six months ended December 31, 2018, was 2.12% and the highest, 2.70%.

Short term debt activity for the six months ended December 31, 2018, is summarized in the following schedule (in thousands):

	June 30, 2018	Additions	Reductions	December 31, 2018
Commercial paper	$ 53,377	$ 108,671	$ (141,366)	$ 20,682
Unamortized discount	(108)	(313)	328	(93)
Commercial paper, net	$ 53,269	$ 108,358	$ (141,038)	$ 20,589

14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. AHFC's pension deferred inflows of resources at December 31, 2018, totaling $4,467,000, represent the difference between projected and actual investment earnings in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at December 31, 2018, represent the difference between expected and actual experience, the difference between projected and actual investment earnings, and changes in prportion and differences between employer contributions in the OPEB plan of $3,115,000.

15 TRANSFERS

Transfers for the six months ended December 31, 2018, are summarized in the following schedule (in thousands):

		From					
		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
To	Administrative Fund	$ -	$ 88	$ 128,010	$ 2,467	$ 35	130,600
	Grant Programs	7,695	-	-	-	-	7,695
	Mortgage or Bond Programs	128,057	-	-	-	-	128,057
	Other Funds or Programs	3,182	-	-	-	-	3,182
	Alaska Corporation for Affordable Housing	35	-	-	-	-	35
	Total	$ 138,969	$ 88	$ 128,010	$ 2,467	$ 35	269,569

Transfers are used to:
(1) move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements;
(2) move mortgages between the Administrative Fund and the Mortgage or Bond Programs;
(3) record expenditures paid on behalf of the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund;
(4) move cash and mortgages between various Mortgage or Bond Programs; or

(5) record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

16 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations with which it has entered into standby bond purchase agreements to provide liquidity in the event of un-remarked tenders and/or bond insurance contracts to guarantee the payment of debt service. Furthermore, the Corporation entered into a separate revolving credit facility in 2017 with the Industrial and Commercial Bank of China LTD, New York Branch, to provide up to $300,000,000 of additional liquidity for the Corporation's State Capital Project Bonds and State Capital Project Bonds II indentures, and the Commercial Paper Notes program. At December 31, 2018, the Corporation had unused standby bond purchase agreements of $506,910,000 and revolving credit of $300,000,000.

17 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds.

Non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. As investment rates change over time, it is sometimes possible to recoup previous rebate payments. With respect to the Corporation's Governmental Purpose Bonds, 2001 Series A and B, prior payments totaled $1,343,000, but rebate liability as of December 31, 2018, was $833,000, resulting in $510,000 due to the Corporation.

18 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995.

> "The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year."

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". Following are the details of AHFC's dividend to the State as of December 31, 2018, (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	$ 797,343	$ (788,948)	$ 8,395
State Capital Projects Debt Service	470,877	(452,874)	18,003
State of Alaska Capital Projects	255,761	(249,599)	6,162
AHFC Capital Projects	532,092	(475,184)	56,908
Total	$ 2,056,073	$ (1,966,605)	$ 89,468

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to $224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed $103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, $60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and $45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003 Act') which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of the adjusted change in net position for the fiscal year two years prior to the current fiscal year or $103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

19 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	December 31, 2018
AMHTA Scholarships	$ 6
Beneficiaries and Special Needs Housing	717
Continuum of Care Homeless Assistance	896
Domestic Violence	705
Discharge Incentive grant	75
Drug Elimination	21
Emergency Shelter Grant (ESG)	38
Energy Efficiency Monitoring Research	388
Energy Efficient Home Program	168
HOME Investment Partnership	2,734
Homeless Assistance Program	2,616
Housing Choice Vouchers	16,041
Housing Loan Program	38
Housing Opportunities for Persons with AIDS	242
Housing Trust Fund	1,935
Low Income Weatherization Assistance	3,334
Low Income Home Energy Assistance	359
Non-Elderly Disabled (NED)	119
Parolees (TBRA)	181
Section 811 Rental Housing Assistance	13
Section 8 Rehabilitation	248
Senior Citizen Housing Development Grant	1,903
Supplemental Housing Grant	2,064
Technical Assistance Grant	1
Veterans Affairs Supportive Housing	918
Youth (TBRA)	57
Total Housing Grants and Subsidies Expenses	$ 35,817

In addition to grant payments made, the Corporation had advanced grant funds of $3,036,000 and committed to third parties a sum of $10,923,000 in grant awards as of December 31, 2018.

20 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of December 31, 2018, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees.

PERS audited financial statements are available at www.doa.alaska.gov/drb.

Defined Benefit ("DB") Pension and Post-Employment Healthcare Plans *(Employees hired prior to July 1, 2006)*

Employee Benefits:
Employees hired prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and provides death and disability benefits.

Employees hired between July 1, 1986, and June 30, 1996, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between July 1, 1996, and June 30, 2006, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

This plan was closed to new entrants as of June 30, 2006.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Funding Policy:

Under State law, covered employees are required to contribute 6.75% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan.

Under State law, the Corporation is required to contribute 22.00% of annual covered salary. For fiscal year 2019, 16.17% of covered salary is for the pension plan and 5.83% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 5.58%, the difference between the actuarial required contribution of 27.58% for fiscal year 2019 and the employer rate of 22.00%.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the six months ended December 31, 2018, totaled $342,000, and for the years ended June 30, 2018, and June 30, 2017, totaled $613,000 and $973,000, respectively.

Pension Liabilities:
The pension liability for the six months ended December 31, 2018, is not available at this time.

At June 30, 2018, the Corporation reported a liability for its proportionate share to the net pension liability of $35,660,000. This amount reflected State pension support provided to the Corporation of $13,285,000. The total net pension liability associated with the Corporation was $48,945,000.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017.

Pension Expense:

The pension expense for the six months ended December 31, 2018, is not available at this time.

For the year ended June 30, 2018, the Corporation recognized pension expense of $769,000 and revenue of $651,000 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
The Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for the six months ended December 31, 2018, is not available at this time.

As of June 30, 2018, the Corporation's deferred outflows of resources related to pension expense of $4,034,000 were due to a change in its proportionate share of contributions to the pension plan of $145,000, a difference between projected and actual investment earnings of $957,000 and contributions to the pension plan subsequent to the measurement date of $2,932,000. The Corporation's deferred inflows of resources related to pension of $4,467,000 were due to a difference between expected and actual experience of $641,000 and changes in proportion and differences between employer contributions of $3,826,000.

The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2019	$ (206)	$ (1,116)	$ (1,322)
2020	2,113	(1,117)	996
2021	1,564	(1,117)	447
2022	563	(1,117)	(554)
	$ 4,034	$ (4,467)	$ (433)

Pension Actuarial Assumptions:
The total pension liability for the fiscal year ending June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The valuation was prepared assuming an inflation rate of 3.12%. Salary increases were determined by grading by age and service to range from 4.34% to 8.55%. The investment rate of return was calculated at 8.00%, net of pension plan investment expenses, based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

Mortality rates were based on the RP-2000 table, 2000 Base Year projected to 2018 with Projection scale BB.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

Pension Discount rate:
The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:
The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1% lower (7%) or 1% higher (9%), (in thousands).

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net pension liability	$46,843	$35,660	$26,217

Defined Contribution ("DC") Pension and Post-Employment Healthcare Plans *(Employees hired on or after July 1, 2006):*

Employee Benefits
Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan ("ODD"), and the Retiree Medical Plan ("RM"). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employee's contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service.

Funding Policy
Under State law, covered employees are required to contribute 8% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan. Employer contribution rates for the year ended December 31, 2018, were as follows:

	Other Tier IV
Retiree medical plan	0.94%
Occupational death and disability benefits	0.26%
Total Contribution Rates	1.20%

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2019, 6.20% of covered salary is split between 5.26% for the pension plan and 0.94% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of $2,102.88, representing 3% of total annual covered compensation in the Plan for each full-time employee, and $1.35 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

Additionally, if the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the six months ended December 31, 2018, the Corporation paid additional contributions of $555,000. These contributions equal $408,000 for the defined benefit pension as of December 31, 2018, and $147,000 for the defined benefit post-employment healthcare plans as of December 31, 2018.

The contributions to the pension plan for the six months ended December 31, 2018, by the employees totaled $352,000 and by the Corporation totaled $231,000.

The Corporation contributed $189,000 to a Health Reimbursement Arrangement for the six months ended December 31, 2018.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html.

Other Post-Employment Benefits ("OPEB") Defined Benefit and Defined Contribution Plans

OPEB Employer Contribution Rate:
In 2018, the Corporation was credited with the following contributions to the OPEB plan:

	Measurement Period Corporation FY17	Corporation FY16
Employer contributions DB	$ 1,261,000	$ 1,634,000
Employer contributions DC RM	86,000	107,000
Employer contributions DC ODD	12,000	14,000
Nonemployer contributions (on-behalf)	-	-
Total Contributions	**$ 1,359,000**	**$ 1,755,000**

Changes in Benefit Provisions Since the Prior Valuation of OPEB:
There have been no changes in the benefit provisions effective since the prior valuation for the Defined Benefit OPEB plan.

OPEB healthcare cost trend rates:
Healthcare Reform legislation passed on March 23, 2010. There is no change due to this legislation, because the State plan is retiree-only. Actuaries determined the impact to be less than $775,000 (0.01%) of the projected June 30, 2016 healthcare actuarial accrued liability for the defined benefit plans due to cost plan excise tax (Cadillac tax). Impact on Healthcare Cost Rate Data Source or Assumption Change from 2016 to 2015 is negligible due to: claim lag specific to medical and prescription experience, individual claims level data, explicit TPA fees, actual RDS payments received; as well as a loss due to aggregate claims data and a small gain due to updated census data.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:
Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability are amortized over a closed 25-year period (established June 30, 2014) as a level percentage of payroll amount. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for pension benefits (constant dollar amount for healthcare benefits) from the assumed entry age to the assumed retirement age, were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate that is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members, and disabled members not yet receiving benefits, was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members. The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:
Major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 Members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service, and any disabled member, receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.56% and 2.24% respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA).

OPEB Liabilities:
The OPEB liabilities for the six months ended December 31, 2018 are not available at this time.

At June 30, 2018, the total net OPEB liability associated with the Corporation was $5,765,000.

At June 30, 2018, the Corporation reported a liability for its proportionate share of the net OPEB liabilities ("NOL") that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

Corporation's proportionate share Net OPEB Liabilities:		2018
Corporation's proportionate share of NOL – DB	$	5,828,000
Corporation's proportionate share of NOL – DC RM		37,000
Corporation's proportionate share of NOL – DC ODD		(100,000)
State's proportionate share of the NOL associated with the Corporation		-
Total Net OPEB Liabilities	$	5,765,000

The net OPEB liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

Corporation's proportionate share of the net OPEB liabilities:	**June 30, 2016 Measurement Date Employer Proportion**	**June 30, 2017 Measurement Date Employer Proportion**	**Change**
DB	0.85265%	0.68992%	-0.16273%
DC RM	0.66252%	0.70310%	0.04058%
DC ODD	0.66252%	0.70310%	0.04058%

Changes in Benefit Provisions Since Prior Valuation of OPEB:
For Defined Contribution Retiree Medical OPEB ("DC RM") and Defined Contribution - Occupational Death & Disability ("DC ODD") plans there were the following updates: actuaries updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible; and updated factors used to adjust the defined benefit plan costs to reflect adopted DCR plan design.

OPEB Expense:
The OPEB expense for the six months ended December 31, 2018 is not available at this time.

For the year ended June 30, 2018, the Corporation recognized negative pension expense of $704,000 and no support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:
At June 30, 2018, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ -	$ (317)
Difference between projected and actual investment earnings	-	(1,850)
Changes in proportion and difference between employer contributions	3	(948)
Total Deferred Inflows/Outflows	$ 3	$ (3,115)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		Total
2019	$	(1,161)
2020		(1,021)
2021		(463)
2022		(463)
2023		(1)
Thereafter		(3)
	$	(3,112)

OPEB Actuarial Assumptions:
The total OPEB liability for the year ended June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level percentage of payroll.
Inflation	3.12%
Salary increases	Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039.
Investment Return / Discount Rate	8.00%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time for others.
	Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return	
Domestic Equity	8.83	%
Global Equity (non-U.S.)	7.79	%
Intermediate Treasuries	1.29	%
Opportunistic	4.76	%
Real Estate	4.94	%
Absolute return	4.76	%
Private Equity	12.02	%
Cash equivalents	0.63	%

OPEB Discount rate:
The discount rate used to ensure the total OPEB liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

Sensitivity of the Corporation's proportionate share of the net OPEB liability to changes in the discount rate:
The following presents the Corporations proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1-percentage-point (7%) lower or 1-percentage-point higher (9%), (in thousands).

Corporation's proportionate share of the net OPEB liabilities:	Proportional Share	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
DB plan	0.68992%	$ 12,473	$ 5,828	$ 239
DC RM plan	0.70310%	$ 172	$ 37	$ (69)
DC ODD plan	0.70310%	$ (90)	$ 100	$ (108)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:
The following presents the Corporation's net OPEB liability using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

Corporation's proportionate share of the net OPEB liabilities:	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
DB plan	0.68992%	$ (647)	$ 5,828	$ 13,612
DC RM plan	0.70310%	$ (91)	$ 37	$ 207
DC ODD plan	0.70310%	n/a	$ 100	n/a

OPEB plan's fiduciary net position:
All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Healthcare cost trend rates:
Conduent determined the impact to be less than $350,000 (0.50%) on DC RM liability due to the high cost plan excise tax (Cadillac tax). Due to the lack of experience, from actuarial perspective, for the DC RM and DC ODD retiree health plans, base claims costs are based on those described in the actuarial valuation as of June 30, 2016, for the Defined Benefit (DB) retiree healthcare plan. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DC medical plans and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, upcoming FY17 claims costs were reduced 3.1% for medical and 11.2% for prescription drugs. In addition, to account for the difference in Medicare coordination, upcoming FY17 medical claims costs for Medicare eligible retirees were further reduced 33.75%. The health care trend rate used for the DB health benefits was reduced 0.2% each year for the DC health benefits to reflect the fact that the retiree healthcare benefits to be offered to DC members will have annual indexing of member cost sharing features.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." The healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:
Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for retiree medical benefits, from the assumed entry age to the last age with a future benefit were applied to the projected benefits to determine the normal cost (the portion of the total cost of the Plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total DC RM Plan payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the Plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for beneficiaries and disability members currently receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:
Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service. No subsidized retiree medical benefits are provided until normal retirement eligibility. The member’s and any covered dependent premium is 100% until the member is Medicare eligible. Upon the member’s Medicare-eligibility, the required contribution will follow the service based schedule. Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements. The medical plan’s coverage is supplemental to Medicare. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to that amount. Starting in 2018, the prescription drug coverage is a Medicare Part D Employer Group Waiver Plan (EGWP) arrangement. The premium for Medicare-eligible retirees will be based on the member’s years of service. The premium for dependents who are not eligible for Medicare aligns with the member’s subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Members have a separate defined contribution HRA account that can be used to pay for premiums or other medical expenses. Coverage will continue for surviving spouses of covered retired members.

Annual Postemployment Healthcare Cost
The annual postemployment healthcare cost for the six months ended December 31, 2018 is not available at this time.

In 2018, the Corporation recognized $354,000 in DC OPEB costs. These amounts were recognized as expense.

Presentation of Transition for OPEB for Defined Benefit and Defined Contributions Plans:
Beginning deferred outflows for DB and both DC plans were zero. The restatement of all prior periods is not practical and the data is not available from the State of Alaska actuary, therefore only the cumulative effect is reported as a

restatement of beginning net position of $8,392,000, the total cumulative effect for all three plans. By plan it was $8,516,000 for DB, negative $25,000 for DC RM, and negative $99,000 for DC ODD. There have been no changes in the benefit provisions effective since the prior valuation.

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to $175,000 per employee per year. The Corporation has provided for an estimate of the Incurred but Not Reported (“IBNR”) liability in the amount of $5,361,000 as of December 31, 2018.

Lease Obligations

The Corporation leases the land at its Anchorage Family Investment Center located at 440 E. Benson Blvd., Anchorage, Alaska for $7,000 per month. Lease expense for the six months ended December 31, 2018, totaled $42,000.

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation’s financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management’s opinion, disallowance, if any, will be immaterial.

Subsequent Events

On November 2, 2018, the Corporation entered into a forward delivery interest rate swap agreement with a June 1, 2019, effective date and December 1, 2029, maturity date. The $140,000,000 notional amount swap agreement will be an effective hedging instrument relating to the Corporation’s $140,000,000 State Capital Project Bonds II, 2014 Series C, variable rate bonds. The Corporation will pay a 3.222% fixed rate in exchange for receiving a 1-month LIBOR variable rate. As of November 2, 2018, the swap counterparty was rated AA-/Aa2 by S&P Global Ratings and Moody’s Investors Service, respectively. Consistent with the Corporation’s existing interest rate swaps, the new agreement requires that if the ratings on the associated bonds fall to “BBB+/Baa1”, the Corporation would have to post collateral of up to 100 percent of the swap’s fair value.

22 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party with which the Corporation is doing business. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first-in-line in case of a loss. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

23 FIVE YEAR FINANCIAL INFORMATION

Entity-wide amounts at year-end are presented below for informational purposes (in thousands):

	June 30, 2018	2017	2016	2015	2014
Assets					
Cash	$ 69,609	$ 66,343	$ 70,104	$ 50,348	$ 77,026
Investments	596,133	618,544	615,588	816,244	1,063,200
Accrued interest receivable	14,115	12,771	12,325	11,606	12,357
Mortgage loans, notes and other loans	3,132,437	2,910,332	2,817,494	2,662,893	2,536,596
Net investment in direct financing lease	27,003	29,142	34,555	39,732	44,664
Capital assets, net	100,472	106,762	109,821	116,057	120,248
Other assets	28,684	23,171	35,746	47,982	44,533
Total Assets	3,968,453	3,767,065	3,695,633	3,744,862	3,898,624
Deferred Outflow of Resources	133,107	172,676	234,921	171,440	156,579
Liabilities					
Bonds and notes payable	2,328,487	2,124,637	2,083,582	2,201,527	2,308,710
Short term debt	53,269	82,526	71,589	16,899	64,993
Accrued interest payable	9,984	9,622	9,628	9,397	10,147
Other liabilities	58,868	63,894	55,009	49,522	21,079
Derivative instrument - interest rate swaps	104,674	144,903	210,543	150,199	140,366
Total Liabilities	2,555,282	2,425,582	2,430,351	2,427,544	2,545,295
Deferred Inflow of Resources	7,582	531	670	3,277	-
Total Net Position	$ 1,538,696	$ 1,513,628	$ 1,499,533	$ 1,485,481	$ 1,509,908
Operating Revenues					
Mortgage and loans revenue	$ 135,055	$ 130,538	$ 128,942	$ 126,140	$ 120,740
Investment interest	6,273	4,727	3,595	4,388	6,532
Net change in fair value of investments	2,967	1,899	2,754	1,627	2,450
Net change of hedge termination	760	1,028	(552)	11	37
Total Investment Revenue	10,000	7,654	5,797	6,026	9,019
Externally funded programs	86,844	96,081	123,782	146,236	163,739
Rental	11,305	11,155	10,707	9,342	8,951
Other	3,076	4,051	4,952	2,355	5,637
Total Operating Revenues	246,280	249,479	274,180	290,099	308,086
Operating Expenses					
Interest	71,246	69,890	70,357	75,349	81,184
Mortgage and loan costs	11,452	10,843	10,836	11,327	9,442
Financing expenses	5,027	4,512	3,556	5,064	4,415
Provision for loan loss	(4,560)	(5,584)	(5,831)	(5,741)	(5,688)
Operations and administration	46,127	56,867	58,373	53,287	58,771
Rental housing operating expenses	15,091	14,296	15,634	17,086	14,159
Housing grants and subsidies	68,314	84,310	107,054	125,222	149,188
Total Operating Expenses	212,697	235,134	259,979	281,594	311,471
Operating Income (Loss)	33,583	14,345	14,201	8,505	(3,385)
Non-Operating & Special Item					
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Change in Net Position	$ 33,458	$ 14,095	$ 14,052	$ 4,680	$ (4,765)

Schedule of the Corporation's Proportionate Share of the Net Pension Liability (in thousands):

	2018	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.689820%	0.852380%	0.780600%	0.608214%	0.598696%
The Corporation's proportionate share of the net pension liability (asset)	$ 35,660	$ 47,645	$ 37,859	$ 28,368	$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	13,285	6,003	10,856	22,644	26,434
Total	$ 48,945	$ 53,648	$ 48,715	$ 51,012	$ 57,874
The Corporation's covered employee payroll	$ 13,817	$ 15,252	$ 16,314	$ 17,189	$ 17,815
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	258.10%	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	63.37%	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Schedule of the Corporation's Contributions (in thousands):

	2018	2017	2016	2015	2014
Contractually required contributions	$ 2,932	$ 2,679	$ 2,475	$ 2,403	$ 2,128
Contributions in relation to the contractually required contributions	2,932	2,679	2,475	2,403	2,128
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The Corporation's covered employee payroll	12,583	13,817	15,252	16,314	17,189
percentage of covered-employee payroll	23.30%	19.39%	16.23%	14.73%	12.38%

This table reports the Corporation's pension contributions to PERS during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands):

	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.68992000%	0.85265000%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plans)	0.70310000%	0.66252000%
The Corporation's proportionate share of the net OPEB liability (asset)	$ 5,765	$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	2,173	-
Total	$ 7,939	$ 9,752
The Corporation's covered employee payroll	$ 21,133	$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

– Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.

– Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

Schedule of the Corporation's Contributions (in thousands)

	2018	2017
Contractually required contributions	$ 1,189	$ 1,593
Contributions in relation to the contractually required contributions	$ 1,189	$ 1,593
Contribution deficiency (excess)	-	-
The Corporation's covered employee payroll	20,629	21,133
Contributions as a percentage of covered-employee payroll	5.76%	7.54%

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

– Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.

– Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
COMBINED - ALL FUNDS
As of 12/31/2018
(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Current				
Cash	$ 30,864	$ -	$ -	$ -
Investments	413,775	9,172	65,477	1,655
Accrued interest receivable	3,585	736	2,512	206
Inter-fund due (to)/from	(21,485)	2,662	8,047	822
Mortgage loans, notes and other loans	5,292	6,016	19,975	1,846
Net investment in direct financing lease	-	-	-	-
Other assets	3,418	-	-	-
Intergovernmental receivable	4,856	-	-	-
Total Current	**440,305**	**18,586**	**96,011**	**4,529**
Non Current				
Investments	9	-	-	-
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	166,120	237,202	708,053	59,702
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	17,091	-	-	-
Other assets	4,559	-	-	-
Total Non Current	**190,696**	**237,202**	**708,053**	**59,702**
Total Assets	**631,001**	**255,788**	**804,064**	**64,231**
DEFERRED OUTFLOW OF RESOURCES	**5,226**	**-**	**103,831**	**-**
LIABILITIES				
Current				
Bonds payable	-	8,615	5,480	1,280
Short term debt	20,589	-	-	-
Accrued interest payable	2,473	522	1,605	98
Other liabilities	20,129	69	218	17
Intergovernmental payable	-	-	-	-
Total Current	**43,191**	**9,206**	**7,303**	**1,395**
Non Current				
Bonds payable	-	189,141	499,493	46,200
Other liabilities	1,675	-	-	-
Derivative instrument - interest rate swaps	-	-	96,868	-
Pension & OPEB liability	41,425	-	-	-
Total Non Current	**43,100**	**189,141**	**596,361**	**46,200**
Total Liabilities	**86,291**	**198,347**	**603,664**	**47,595**
DEFERRED INFLOW OF RESOURCES	**7,582**	**-**	**-**	**-**
NET POSITION				
Net investment in capital assets	20,008	-	-	-
Restricted by bond resolutions	-	57,441	304,231	16,636
Restricted by contractual or statutory agreements	110,113	-	-	-
Unrestricted or (deficit)	412,233	-	-	-
Total Net Position	**$ 542,354**	**$ 57,441**	**$ 304,231**	**$ 16,636**

See accompanying notes to the financial statements.

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ -	$ 96	$ 41,739	$ 72,699
24,472	20,265	1,243	536,059
1,925	5,235	190	14,389
5,513	11,793	(7,352)	-
19,745	38,198	1,340	92,412
-	2,312	-	2,312
-	-	5,012	8,430
-	-	4,797	9,653
51,655	**77,899**	**46,969**	**735,954**
-	-	-	9
-	-	-	-
661,320	1,333,289	55,569	3,221,255
-	22,468	-	22,468
-	-	17,314	20,231
-	-	59,899	76,990
510	-	1	5,070
661,830	**1,355,757**	**132,783**	**3,346,023**
713,485	**1,433,656**	**179,752**	**4,081,977**
10,662	**16,772**	**-**	**136,491**
16,035	41,895	-	73,305
-	-	-	20,589
2,932	4,568	-	12,198
154	320	957	21,864
-	96	-	96
19,121	**46,879**	**957**	**128,052**
449,116	1,192,164	-	2,376,114
-	-	337	2,012
9,546	2,433	-	108,847
-	-	-	41,425
458,662	**1,194,597**	**337**	**2,528,398**
477,783	**1,241,476**	**1,294**	**2,656,450**
-	**-**	**-**	**7,582**
-	-	77,213	97,221
246,364	-	-	624,672
-	-	106,763	216,876
-	208,952	(5,518)	615,667
$ 246,364	**$ 208,952**	**$ 178,458**	**$ 1,554,436**

ALASKA HOUSING FINANCE CORPORATION **Schedule 2**
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
ADMINISTRATIVE FUND
As of 12/31/2018
(in thousands of dollars)

	Administrative Fund
ASSETS	
Current	
Cash	$ 30,864
Investments	413,775
Accrued interest receivable	3,585
Inter-fund due (to)/from	(21,485)
Mortgage loans, notes and other loans	5,292
Net investment in direct financing lease	-
Other assets	3,418
Intergovernmental receivable	4,856
Total Current	**440,305**
Non Current	
Investments	9
Inter-fund due (to)/from	-
Mortgage loans, notes and other loans	166,120
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	17,091
Other assets	4,559
Total Non Current	**190,696**
Total Assets	**631,001**
DEFERRED OUTFLOW OF RESOURCES	**5,226**
LIABILITIES	
Current	
Bonds payable	-
Short term debt	20,589
Accrued interest payable	2,473
Other liabilities	20,129
Intergovernmental payable	-
Total Current	**43,191**
Non Current	
Bonds payable	-
Other liabilities	1,675
Derivative instrument - interest rate swaps	-
Pension & OPEB liability	41,425
Total Non Current	**43,100**
Total Liabilities	**86,291**
DEFERRED INFLOW OF RESOURCES	**7,582**
NET POSITION	
Net investment in capital assets	20,008
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	110,113
Unrestricted or (deficit)	412,233
Total Net Position	**$ 542,354**

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION **Schedule 3**
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
FIRST TIME HOMEBUYERS PROGRAM
MORTGAGE REVENUE BONDS
As of 12/31/2018
(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
ASSETS			
Current			
Cash	$ -	$ -	$ -
Investments	4,098	5,074	9,172
Accrued interest receivable	330	406	736
Inter-fund due (to)/from	1,204	1,458	2,662
Mortgage loans, notes and other loans	2,460	3,556	6,016
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	**8,092**	**10,494**	**18,586**
Non Current			
Investments	-	-	-
Inter-fund due (to)/from	-	-	-
Mortgage loans, notes and other loans	97,479	139,723	237,202
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Total Non Current	**97,479**	**139,723**	**237,202**
Total Assets	**105,571**	**150,217**	**255,788**
DEFERRED OUTFLOW OF RESOURCES	**-**	**-**	**-**
LIABILITIES			
Current			
Bonds payable	3,455	5,160	8,615
Short term debt	-	-	-
Accrued interest payable	285	237	522
Other liabilities	30	39	69
Intergovernmental payable	-	-	-
Total Current	**3,770**	**5,436**	**9,206**
Non Current			
Bonds payable	90,591	98,550	189,141
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension & OPEB liability	-	-	-
Total Non Current	**90,591**	**98,550**	**189,141**
Total Liabilities	**94,361**	**103,986**	**198,347**
DEFERRED INFLOW OF RESOURCES	**-**	**-**	**-**
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,210	46,231	57,441
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	**$ 11,210**	**$ 46,231**	**$ 57,441**

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
FIRST TIME HOMEBUYERS PROGRAM
HOME MORTGAGE REVENUE BONDS
As of 12/31/2018
(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
ASSETS				
Current				
Cash	$ -	$ -	$ -	$ -
Investments	11,254	5,298	6,177	11,189
Accrued interest receivable	302	280	277	374
Inter-fund due (to)/from	1,805	485	818	973
Mortgage loans, notes and other loans	1,920	2,355	2,261	2,846
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	**15,281**	**8,418**	**9,533**	**15,382**
Non Current				
Investments	-	-	-	-
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	74,455	82,200	78,197	102,198
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Total Non Current	**74,455**	**82,200**	**78,197**	**102,198**
Total Assets	**89,736**	**90,618**	**87,730**	**117,580**
DEFERRED OUTFLOW OF RESOURCES	**2,672**	**15,591**	**15,578**	**18,434**
LIABILITIES				
Current				
Bonds payable	-	1,720	1,720	2,040
Short term debt	-	-	-	-
Accrued interest payable	92	231	231	272
Other liabilities	26	27	24	32
Intergovernmental payable	-	-	-	-
Total Current	**118**	**1,978**	**1,975**	**2,344**
Non Current				
Bonds payable	33,173	70,095	70,095	83,500
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	2,672	14,354	14,342	16,919
Pension & OPEB liability	-	-	-	-
Total Non Current	**35,845**	**84,449**	**84,437**	**100,419**
Total Liabilities	**35,963**	**86,427**	**86,412**	**102,763**
DEFERRED INFLOW OF RESOURCES	**-**	**-**	**-**	**-**
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	56,445	19,782	16,896	33,251
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	**$ 56,445**	**$ 19,782**	**$ 16,896**	**$ 33,251**

See accompanying notes to the financial statements.

Schedule 4

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
$ -	$ -	$ -	$ -
9,253	10,554	11,752	65,477
419	391	469	2,512
1,179	1,388	1,399	8,047
3,424	3,614	3,555	19,975
-	-	-	-
-	-	-	-
-	-	-	-
14,275	**15,947**	**17,175**	**96,011**
-	-	-	-
-	-	-	-
116,399	124,228	130,376	708,053
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
116,399	**124,228**	**130,376**	**708,053**
130,674	**140,175**	**147,551**	**804,064**
17,477	**17,161**	**16,918**	**103,831**
-	-	-	5,480
-	-	-	-
259	259	261	1,605
35	34	40	218
-	-	-	-
294	**293**	**301**	**7,303**
80,880	80,880	80,870	499,493
-	-	-	-
16,473	16,156	15,952	96,868
-	-	-	-
97,353	**97,036**	**96,822**	**596,361**
97,647	**97,329**	**97,123**	**603,664**
-	**-**	**-**	**-**
-	-	-	-
50,504	60,007	67,346	304,231
-	-	-	-
-	-	-	-
$ 50,504	**$ 60,007**	**$ 67,346**	**$ 304,231**

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ALASKA HOUSING FINANCE CORPORATION **Schedule 5**
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
VETERANS MORTGAGE PROGRAM
BONDS - STATE GUARANTEED
As of 12/31/2018
(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
ASSETS	
Current	
Cash	$ -
Investments	1,655
Accrued interest receivable	206
Inter-fund due (to)/from	822
Mortgage loans, notes and other loans	1,846
Net investment in direct financing lease	-
Other assets	-
Intergovernmental receivable	-
Total Current	**4,529**
Non Current	
Investments	-
Inter-fund due (to)/from	-
Mortgage loans, notes and other loans	59,702
Net investment in direct financing lease	-
Capital assets - non-depreciable	-
Capital assets - depreciable, net	-
Other assets	-
Total Non Current	**59,702**
Total Assets	**64,231**
DEFERRED OUTFLOW OF RESOURCES	**-**
LIABILITIES	
Current	
Bonds payable	1,280
Short term debt	-
Accrued interest payable	98
Other liabilities	17
Intergovernmental payable	-
Total Current	**1,395**
Non Current	
Bonds payable	46,200
Other liabilities	-
Derivative instrument - interest rate swaps	-
Pension & OPEB liability	-
Total Non Current	**46,200**
Total Liabilities	**47,595**
DEFERRED INFLOW OF RESOURCES	**-**
NET POSITION	
Net investment in capital assets	-
Restricted by bond resolutions	16,636
Restricted by contractual or statutory agreements	-
Unrestricted or (deficit)	-
Total Net Position	**$ 16,636**

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
OTHER HOUSING BONDS
As of 12/31/2018
(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A
ASSETS				
Current				
Cash	$ -	$ -	$ -	$ -
Investments	4,186	2,469	6,301	2,391
Accrued interest receivable	385	220	540	216
Inter-fund due (to)/from	1,834	462	1,453	(8)
Mortgage loans, notes and other loans	4,911	2,769	5,649	636
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	**11,316**	**5,920**	**13,943**	**3,235**
Non Current				
Investments	-	-	-	-
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	161,271	89,515	182,666	20,571
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	7
Total Non Current	**161,271**	**89,515**	**182,666**	**20,578**
Total Assets	**172,587**	**95,435**	**196,609**	**23,813**
DEFERRED OUTFLOW OF RESOURCES	**1,116**	**-**	**-**	**-**
LIABILITIES				
Current				
Bonds payable	3,960	4,165	1,710	-
Short term debt	-	-	-	-
Accrued interest payable	288	190	2,168	19
Other liabilities	35	23	49	-
Intergovernmental payable	-	-	-	-
Total Current	**4,283**	**4,378**	**3,927**	**19**
Non Current				
Bonds payable	90,896	87,665	172,725	14,600
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Pension & OPEB liability	-	-	-	-
Total Non Current	**90,896**	**87,665**	**172,725**	**14,600**
Total Liabilities	**95,179**	**92,043**	**176,652**	**14,619**
DEFERRED INFLOW OF RESOURCES	**-**	**-**	**-**	**-**
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	78,524	3,392	19,957	9,194
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	**$ 78,524**	**$ 3,392**	**$ 19,957**	**$ 9,194**

See accompanying notes to the financial statements.

Schedule 6

Governmental Purpose Bonds 2001 A & B	Other Housing Bonds Combined Total
$ -	$ -
9,125	24,472
564	1,925
1,772	5,513
5,780	19,745
-	-
-	-
-	-
17,241	**51,655**
-	-
-	-
207,297	661,320
-	-
-	-
-	-
503	510
207,800	**661,830**
225,041	**713,485**
9,546	**10,662**
6,200	16,035
-	-
267	2,932
47	154
-	-
6,514	**19,121**
83,230	449,116
-	-
9,546	9,546
-	-
92,776	**458,662**
99,290	**477,783**
-	**-**
-	-
135,297	246,364
-	-
-	-
$ 135,297	**$ 246,364**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
NON-HOUSING BONDS
As of 12/31/2018
(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B
ASSETS					
Current					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	5,576	62	528	924	1,909
Accrued interest receivable	190	35	212	322	529
Inter-fund due (to)/from	231	54	1,088	501	1,327
Mortgage loans, notes and other loans	810	67	986	1,699	3,296
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	**6,807**	**218**	**2,814**	**3,446**	**7,061**
Non Current					
Investments	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	-
Mortgage loans, notes and other loans	30,008	6,847	51,567	74,246	124,422
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total Non Current	**30,008**	**6,847**	**51,567**	**74,246**	**124,422**
Total Assets	**36,815**	**7,065**	**54,381**	**77,692**	**131,483**
DEFERRED OUTFLOW OF RESOURCES	**1,119**	**-**	**-**	**-**	**-**
LIABILITIES					
Current					
Bonds payable	6,135	1,490	4,720	4,515	6,860
Short term debt	-	-	-	-	-
Accrued interest payable	755	19	153	236	439
Other liabilities	14	2	11	15	35
Intergovernmental payable	-	-	-	-	-
Total Current	**6,904**	**1,511**	**4,884**	**4,766**	**7,334**
Non Current					
Bonds payable	20,055	3,097	39,614	61,408	105,672
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,433	-	-	-	-
Pension & OPEB liability	-	-	-	-	-
Total Non Current	**22,488**	**3,097**	**39,614**	**61,408**	**105,672**
Total Liabilities	**29,392**	**4,608**	**44,498**	**66,174**	**113,006**
DEFERRED INFLOW OF RESOURCES	**-**	**-**	**-**	**-**	**-**
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	8,542	2,457	9,883	11,518	18,477
Total Net Position	**$ 8,542**	**$ 2,457**	**$ 9,883**	**$ 11,518**	**$ 18,477**

See accompanying notes to the financial statements.

State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
$ -	$ -	$ -	$ -	$ 96	$ -	$ -	$ -	$ 96
20	357	1,598	2,034	5	10	651	6,591	20,265
819	459	426	266	815	512	245	405	5,235
2,296	1,200	1,312	407	892	1,394	349	742	11,793
7,666	3,362	3,175	1,729	4,387	5,119	1,619	4,283	38,198
-	-	-	-	2,312	-	-	-	2,312
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
10,801	**5,378**	**6,511**	**4,436**	**8,507**	**7,035**	**2,864**	**12,021**	**77,899**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
255,419	116,972	103,644	56,354	141,835	181,151	52,349	138,475	1,333,289
-	-	-	-	22,468	-	-	-	22,468
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
255,419	**116,972**	**103,644**	**56,354**	**164,303**	**181,151**	**52,349**	**138,475**	**1,355,757**
266,220	**122,350**	**110,155**	**60,790**	**172,810**	**188,186**	**55,213**	**150,496**	**1,433,656**
-	**4,281**	**4,108**	**1,574**	**5,530**	**-**	**160**	**-**	**16,772**
2,740	4,390	3,015	2,795	4,150	-	-	1,085	41,895
-	-	-	-	-	-	-	-	-
667	380	343	205	572	296	183	320	4,568
69	35	30	16	2	48	11	32	320
-	-	-	-	96	-	-	-	96
3,476	**4,805**	**3,388**	**3,016**	**4,820**	**344**	**194**	**1,437**	**46,879**
223,259	105,993	93,239	52,165	157,720	150,000	51,322	128,620	1,192,164
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,433
-	-	-	-	-	-	-	-	-
223,259	**105,993**	**93,239**	**52,165**	**157,720**	**150,000**	**51,322**	**128,620**	**1,194,597**
226,735	**110,798**	**96,627**	**55,181**	**162,540**	**150,344**	**51,516**	**130,057**	**1,241,476**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
39,485	15,833	17,636	7,183	15,800	37,842	3,857	20,439	208,952
$ 39,485	**$ 15,833**	**$ 17,636**	**$ 7,183**	**$ 15,800**	**$ 37,842**	**$ 3,857**	**$ 20,439**	**$ 208,952**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
OTHER PROGRAM FUNDS
As of 12/31/2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
ASSETS				
Current				
Cash	$ 976	$ 4,225	$ 3	$ 5,204
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due (to)/from	297	(3,674)	(1,039)	(4,416)
Mortgage loans, notes and other loans	-	-	67	67
Net investment in direct financing lease	-	-	-	-
Other assets	499	408	2,536	3,443
Intergovernmental receivable	1,062	13	3,709	4,784
Total Current	**2,834**	**972**	**5,276**	**9,082**
Non Current				
Investments	-	-	-	-
Inter-fund due (to)/from	-	-	1,425	1,425
Mortgage loans, notes and other loans	-	-	1,130	1,130
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	25	-	25
Other assets	-	-	-	-
Total Non Current	**-**	**25**	**2,555**	**2,580**
Total Assets	**2,834**	**997**	**7,831**	**11,662**
DEFERRED OUTFLOW OF RESOURCES	**-**	**-**	**-**	**-**
LIABILITIES				
Current				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	-	5	-	5
Intergovernmental payable	-	-	-	-
Total Current	**-**	**5**	**-**	**5**
Non Current				
Bonds payable	-	-	-	-
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Pension & OPEB liability	-	-	-	-
Total Non Current	**-**	**-**	**-**	**-**
Total Liabilities	**-**	**5**	**-**	**5**
DEFERRED INFLOW OF RESOURCES	**-**	**-**	**-**	**-**
NET POSITION				
Net investment in capital assets	-	25	-	25
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	4,605	2,139	10,199	16,943
Unrestricted or (deficit)	(1,771)	(1,172)	(2,368)	(5,311)
Total Net Position	**$ 2,834**	**$ 992**	**$ 7,831**	**$ 11,657**

See accompanying notes to the financial statements.

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ 15,631	$ 13,363	$ -	$ -	$ 28,994	$ 7,541	$ 41,739
-	-	995	248	1,243	-	1,243
-	-	28	80	108	82	190
(2,427)	(1,096)	50	603	(2,870)	(66)	(7,352)
-	-	344	929	1,273	-	1,340
-	-	-	-	-	-	-
1,185	195	-	-	1,380	189	5,012
11	2	-	-	13	-	4,797
14,400	**12,464**	**1,417**	**1,860**	**30,141**	**7,746**	**46,969**
-	-	-	-	-	-	-
-	-	-	-	-	(1,425)	-
-	-	11,122	30,859	41,981	12,458	55,569
-	-	-	-	-	-	-
12,518	1,129	-	-	13,647	3,667	17,314
44,683	15,191	-	-	59,874	-	59,899
-	-	-	-	-	1	1
57,201	**16,320**	**11,122**	**30,859**	**115,502**	**14,701**	**132,783**
71,601	**28,784**	**12,539**	**32,719**	**145,643**	**22,447**	**179,752**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
728	215	2	7	952	-	957
-	-	-	-	-	-	-
728	**215**	**2**	**7**	**952**	**-**	**957**
-	-	-	-	-	-	-
-	-	-	-	-	337	337
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**337**	**337**
728	**215**	**2**	**7**	**952**	**337**	**1,294**
-	**-**	**-**	**-**	**-**	**-**	**-**
57,201	16,320	-	-	73,521	3,667	77,213
-	-	-	-	-	-	-
13,836	12,249	12,537	32,712	71,334	18,486	106,763
(164)	-	-	-	(164)	(43)	(5,518)
$ 70,873	**$ 28,569**	**$ 12,537**	**$ 32,712**	**$ 144,691**	**$ 22,110**	**$ 178,458**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
COMBINED - ALL FUNDS
For the Six Months Ending 12/31/2018
(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds
OPERATING REVENUES		
Mortgage and loan revenue	$ 4,773	$ 4,997
Investment interest	4,742	277
Net change in the fair value of investments	(40)	(3)
Net change of hedge termination	-	-
Total Investment Revenue	4,702	274
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	249	-
Other revenue	1,894	-
Total Operating Revenues	**11,618**	**5,271**
OPERATING EXPENSES		
Interest	268	3,245
Mortgage and loan costs	944	478
Bond financing expenses	467	9
Provision for loan loss	762	(735)
Operations and administration	7,907	250
Rental housing operating expenses	245	-
Grant expense	-	-
Total Operating Expenses	**10,593**	**3,247**
Operating Income (Loss)	**1,025**	**2,024**
NON-OPERATING EXPENSES AND TRANSFERS		
Contributions to the State of Alaska or other State agencies	(66)	-
Transfers - Internal	(8,369)	(2,011)
Change in Net Position	(7,410)	13
Net position at beginning of year	549,764	57,428
Net Position at End of Period	**$ 542,354**	**$ 57,441**

See accompanying notes to the financial statements.

Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds	Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ 16,266	$ 1,226	$ 10,631	$ 33,106	$ 802	$ 71,801
731	54	698	1,974	66	8,542
(3)	(1)	(6)	(37)	-	(90)
-	-	-	(35)	-	(35)
728	53	692	1,902	66	8,417
-	-	-	-	31,954	31,954
-	-	-	-	5,504	5,504
-	-	-	-	5,643	5,892
-	-	63	-	969	2,926
16,994	**1,279**	**11,386**	**35,008**	**44,938**	**126,494**
9,293	588	6,805	17,445	0	37,644
1,501	110	963	2,166	68	6,230
1,081	2	1,177	354	0	3,090
(1,353)	-	650	(1,392)	11	(2,057)
647	38	471	865	13,440	23,618
-	-	-	-	6,101	6,346
-	-	-	-	35,817	35,817
11,169	**738**	**10,066**	**19,438**	**55,437**	**110,688**
5,825	**541**	**1,320**	**15,570**	**(10,499)**	**15,806**
-	-	-	-	-	(66)
1,287	(248)	4,697	(3,677)	8,321	-
7,112	293	6,017	11,893	(2,178)	15,740
297,119	16,343	240,347	197,059	180,636	1,538,696
$ 304,231	**$ 16,636**	**$ 246,364**	**$ 208,952**	**$ 178,458**	**$ 1,554,436**

ALASKA HOUSING FINANCE CORPORATION **Schedule 10**
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ADMINISTRATIVE FUNDS
For the Six Months Ending 12/31/2018
(in thousands of dollars)

	Administrative Fund
OPERATING REVENUES	
Mortgage and loan revenue	$ 4,773
Investment interest	4,742
Net change in the fair value of investments	(40)
Net change of hedge termination	-
Total Investment Revenue	4,702
Grant revenue	-
Housing rental subsidies	-
Rental revenue	249
Other revenue	1,894
Total Operating Revenues	**11,618**
OPERATING EXPENSES	
Interest	268
Mortgage and loan costs	944
Bond financing expenses	467
Provision for loan loss	762
Operations and administration	7,907
Rental housing operating expenses	245
Grant expense	-
Total Operating Expenses	**10,593**
Operating Income (Loss)	**1,025**
NON-OPERATING EXPENSES AND TRANSFERS	
Contributions to the State of Alaska or other State agencies	(66)
Transfers - Internal	(8,369)
Change in Net Position	(7,410)
Net position at beginning of year	549,764
Net Position at End of Period	**$ 542,354**

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM MORTGAGE REVENUE BONDS

For the Six Months Ending 12/31/2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
OPERATING REVENUES			
Mortgage and loan revenue	$ 2,173	$ 2,824	$ 4,997
Investment interest	125	152	277
Net change in the fair value of investments	(2)	(1)	(3)
Net change of hedge termination	-	-	-
Total Investment Revenue	123	151	274
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
Total Operating Revenues	**2,296**	**2,975**	**5,271**
OPERATING EXPENSES			
Interest	1,753	1,492	3,245
Mortgage and loan costs	204	274	478
Bond financing expenses	4	5	9
Provision for loan loss	(293)	(442)	(735)
Operations and administration	101	149	250
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
Total Operating Expenses	**1,769**	**1,478**	**3,247**
Operating Income (Loss)	**527**	**1,497**	**2,024**
NON-OPERATING EXPENSES AND TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(721)	(1,290)	(2,011)
Change in Net Position	(194)	207	13
Net position at beginning of year	11,404	46,024	57,428
Net Position at End of Period	**$ 11,210**	**$ 46,231**	**$ 57,441**

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FIRST TIME HOMEBUYERS PROGRAM HOME MORTGAGE REVENUE BONDS
For the Six Months Ending 12/31/2018
(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
OPERATING REVENUES				
Mortgage and loan revenue	$ 1,988	$ 1,899	$ 1,871	$ 2,439
Investment interest	132	69	74	122
Net change in the fair value of investments	1	-	-	(1)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	133	69	74	121
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	**2,121**	**1,968**	**1,945**	**2,560**
OPERATING EXPENSES				
Interest	641	1,334	1,333	1,576
Mortgage and loan costs	184	187	174	219
Bond financing expenses	63	153	153	191
Provision for loan loss	(247)	(124)	(119)	(234)
Operations and administration	102	81	72	93
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	**743**	**1,631**	**1,613**	**1,845**
Operating Income (Loss)	**1,378**	**337**	**332**	**715**
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	156	157	149	190
Change in Net Position	1,534	494	481	905
Net position at beginning of year	54,911	19,288	16,415	32,346
Net Position at End of Period	**$ 56,445**	**$ 19,782**	**$ 16,896**	**$ 33,251**

See accompanying notes to the financial statements.

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
$ 2,484	$ 2,661	$ 2,924	$ 16,266
100	113	121	731
(1)	(1)	(1)	(3)
-	-	-	-
99	112	120	728
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,583	**2,773**	**3,044**	**16,994**
1,403	1,594	1,412	9,293
227	243	267	1,501
162	119	240	1,081
(144)	(175)	(310)	(1,353)
90	100	109	647
-	-	-	-
-	-	-	-
1,738	**1,881**	**1,718**	**11,169**
845	**892**	**1,326**	**5,825**
-	-	-	-
210	200	225	1,287
1,055	1,092	1,551	7,112
49,449	58,915	65,795	297,119
$ 50,504	**$ 60,007**	**$ 67,346**	**$ 304,231**

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ALASKA HOUSING FINANCE CORPORATION
Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Six Months Ending 12/31/2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
OPERATING REVENUES	
Mortgage and loan revenue	$ 1,226
Investment interest	54
Net change in the fair value of investments	(1)
Net change of hedge termination	-
Total Investment Revenue	53
Grant revenue	-
Housing rental subsidies	-
Rental revenue	-
Other revenue	-
Total Operating Revenues	**1,279**
OPERATING EXPENSES	
Interest	588
Mortgage and loan costs	110
Bond financing expenses	2
Provision for loan loss	-
Operations and administration	38
Rental housing operating expenses	-
Grant expense	-
Total Operating Expenses	**738**
Operating Income (Loss)	**541**
NON-OPERATING EXPENSES AND TRANSFERS	
Contributions to the State of Alaska or other State agencies	-
Transfers - Internal	(248)
Change in Net Position	293
Net position at beginning of year	16,343
Net Position at End of Period	**$ 16,636**

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER HOUSING BONDS
For the Six Months Ending 12/31/2018
(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A
OPERATING REVENUES				
Mortgage and loan revenue	$ 2,897	$ 1,667	$ 2,418	$ 298
Investment interest	125	66	212	29
Net change in the fair value of investments	-	(1)	(2)	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	125	65	210	29
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	1
Total Operating Revenues	**3,022**	**1,732**	**2,628**	**328**
OPERATING EXPENSES				
Interest	1,742	1,065	1,993	108
Mortgage and loan costs	252	175	227	-
Bond financing expenses	4	3	1,109	13
Provision for loan loss	(937)	(22)	1,902	-
Operations and administration	102	82	145	-
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	**1,163**	**1,303**	**5,376**	**121**
Operating Income (Loss)	**1,859**	**429**	**(2,748)**	**207**
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(18,126)	86	22,705	5
Change in Net Position	(16,267)	515	19,957	212
Net position at beginning of year	94,791	2,877	-	8,982
Net Position at End of Period	**$ 78,524**	**$ 3,392**	**$ 19,957**	**$ 9,194**

See accompanying notes to the financial statements.

Schedule 14

Governmental Purpose Bonds 2001 A & B	Other Housing Bonds Combined Total
$ 3,351	$ 10,631
266	698
(3)	(6)
-	-
263	692
-	-
-	-
-	-
62	63
3,676	**11,386**
1,897	6,805
309	963
48	1,177
(293)	650
142	471
-	-
-	-
2,103	**10,066**
1,573	**1,320**
-	-
27	4,697
1,600	6,017
133,697	240,347
$ 135,297	**$ 246,364**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-HOUSING BONDS
For the Six Months Ending 12/31/2018
(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
OPERATING REVENUES				
Mortgage and loan revenue	$ 803	$ 210	$ 1,461	$ 2,046
Investment interest	54	10	29	46
Net change in the fair value of investments	-	-	(1)	(1)
Net change of hedge termination	(35)	-	-	-
Total Investment Revenue	19	10	28	45
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	**822**	**220**	**1,489**	**2,091**
OPERATING EXPENSES				
Interest	712	121	647	965
Mortgage and loan costs	66	11	85	106
Bond financing expenses	13	-	1	2
Provision for loan loss	(102)	(76)	(331)	(315)
Operations and administration	41	13	28	34
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	**730**	**69**	**430**	**792**
Operating Income (Loss)	**92**	**151**	**1,059**	**1,299**
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	589	815	(67)	(1,415)
Change in Net Position	681	966	992	(116)
Net position at beginning of year	7,861	1,491	8,891	11,634
Net Position at End of Period	**$ 8,542**	**$ 2,457**	**$ 9,883**	**$ 11,518**

See accompanying notes to the financial statements.

Schedule 15

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
$ 3,295	$ 5,619	$ 2,892	$ 2,665	$ 1,505	$ 4,794	$ 3,672	$ 1,414	$ 2,730	$ 33,106
85	109	56	48	39	1,128	60	26	284	1,974
-	(2)	(1)	(1)	-	(1)	(1)	-	(29)	(37)
-	-	-	-	-	-	-	-	-	(35)
85	107	55	47	39	1,127	59	26	255	1,902
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
3,380	**5,726**	**2,947**	**2,712**	**1,544**	**5,921**	**3,731**	**1,440**	**2,985**	**35,008**
1,992	3,078	1,511	1,605	817	2,151	1,631	637	1,578	17,445
226	491	229	191	100	4	350	78	229	2,166
3	76	3	2	1	4	73	1	175	354
(296)	(101)	(137)	(27)	(20)	93	(218)	(1)	139	(1,392)
87	198	101	90	58	2	119	27	67	865
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,012	**3,742**	**1,707**	**1,861**	**956**	**2,254**	**1,955**	**742**	**2,188**	**19,438**
1,368	**1,984**	**1,240**	**851**	**588**	**3,667**	**1,776**	**698**	**797**	**15,570**
-	-	-	-	-	-	-	-	-	-
116	(1,005)	(55)	(66)	64	32	198	(210)	(2,673)	(3,677)
1,484	979	1,185	785	652	3,699	1,974	488	(1,876)	11,893
16,993	38,506	14,648	16,851	6,531	12,101	35,868	3,369	22,315	197,059
$ 18,477	**$ 39,485**	**$ 15,833**	**$ 17,636**	**$ 7,183**	**$ 15,800**	**$ 37,842**	**$ 3,857**	**$ 20,439**	**$ 208,952**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER PROGRAM FUNDS
For the Six Months Ending 12/31/2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
OPERATING REVENUES				
Mortgage and loan revenue	$ -	$ -	$ -	$ -
Investment interest	1	3	-	4
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	3	-	4
Grant revenue	4,213	20,372	6,634	31,219
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	4	862	866
Total Operating Revenues	**4,214**	**20,379**	**7,496**	**32,089**
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	15	15
Operations and administration	1,274	2,826	1,614	5,714
Rental housing operating expenses	-	-	-	-
Grant expense	4,249	18,269	13,299	35,817
Total Operating Expenses	**5,523**	**21,095**	**14,928**	**41,546**
Operating Income (Loss)	**(1,309)**	**(716)**	**(7,432)**	**(9,457)**
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,016	122	5,468	7,606
Change in Net Position	707	(594)	(1,964)	(1,851)
Net position at beginning of year	2,127	1,586	9,795	13,508
Net Position at End of Period	**$ 2,834**	**$ 992**	**$7,831**	**$ 11,657**

See accompanying notes to the financial statements.

Schedule 16

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ -	$ -	$ 145	$ 589	$ 734	$ 68	$ 802
13	12	9	23	57	5	66
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13	12	9	23	57	5	66
711	-	-	-	711	24	31,954
4,402	1,102	-	-	5,504	-	5,504
4,345	1,168	-	-	5,513	130	5,643
93	-	-	-	93	10	969
9,564	**2,282**	**154**	**612**	**12,612**	**237**	**44,938**
-	-	-	-	-	-	-
-	-	13	55	68	-	68
-	-	-	-	-	-	-
-	-	(8)	2	(6)	2	11
6,052	1,522	6	20	7,600	126	13,440
5,118	983	-	-	6,101	-	6,101
-	-	-	-	-	-	35,817
11,170	**2,505**	**11**	**77**	**13,763**	**128**	**55,437**
(1,606)	**(223)**	**143**	**535**	**(1,151)**	**109**	**(10,499)**
-	-	-	-	-	-	-
551	124	7	33	715	-	8,321
(1,055)	(99)	150	568	(436)	109	(2,178)
71,928	28,668	12,387	32,144	145,127	22,001	180,636
$ 70,873	**$ 28,569**	**$ 12,537**	**$ 32,712**	**$ 144,691**	**$ 22,110**	**$ 178,458**

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
COMBINED - ALL FUNDS
For the Six Months Ended December 31, 2018
(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 2,357	$ 4,598	$ 14,968	$ 1,124
Principal payments received on mortgages and loans	3,383	16,386	41,662	3,391
Disbursements to fund mortgages and loans	(336,047)	-	-	-
Receipt (payment) for loan transfers between funds	126,183	(8,017)	1,673	(3,492)
Mortgage and loan proceeds	215,152	-	-	-
Payment of mortgage and loan proceeds to funds	(216,345)	-	-	-
Payments to employees and other payroll disbursements	(11,151)	-	-	-
Payments for goods and services	(10,163)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(1,946)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	20,538	-	-	-
Other operating cash payments	(6)	-	-	-
Net cash provided by (used for) operating activities	(208,045)	12,967	58,303	1,023
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(10,630)	(3,485)	(640)
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(3,261)	(8,798)	(588)
Proceeds from issuance of short term debt	108,417	-	-	-
Payment of short term debt	(141,366)	-	-	-
Contributions to the State of Alaska or other State agencies	(64)	-	-	-
Transfers (to) from other funds	150,572	(2,493)	-	(207)
Other cash payments	(119)	-	-	-
Net cash provided by (used for) noncapital financing activities	117,440	(16,384)	(12,283)	(1,435)
Cash flows from capital financing activities:				
Acquisition of capital assets	(7)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	(7)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(1,209,446)	(46,457)	(122,433)	(8,350)
Proceeds from maturity of investments	1,296,221	49,592	75,750	8,711
Interest received from investments	4,799	282	663	51
Net cash provided by (used for) investing activities	91,574	3,417	(46,020)	412
Net Increase (decrease) in cash	962	-	-	-
Cash at the beginning of year	29,902	-	-	-
Cash at the end of period	$ 30,864	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,025	$ 2,024	$ 5,825	$ 541
Adjustments:				
Depreciation expense	542	-	-	-
Provision for loan losses	(40)	(735)	(1,354)	-
Net change in the fair value of investments	762	(2)	(3)	(1)
Transfers between funds for operating activity	(8,369)	(2,010)	1,288	(248)
Interest received from investments	(4,799)	(282)	(663)	(51)
Interest paid	-	3,261	8,798	588
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	(46,096)	6,723	37,856	(30)
Net increase (decrease) in assets, liabilities and deferred resources	(151,070)	3,988	6,556	224
Net cash provided by (used for) operating activities	$ (208,045)	$ 12,967	$ 58,303	$ 1,023

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ 9,750	$ 29,880	$ 666	$ 63,343
25,046	57,793	1,891	149,552
-	-	-	(336,047)
(47,549)	(66,330)	(2,468)	-
-	-	-	215,152
-	-	-	(216,345)
-	-	(6,950)	(18,101)
-	-	(8,529)	(18,692)
-	-	28,008	28,008
-	-	18,280	18,280
-	-	(17,849)	(17,849)
-	-	1,946	-
-	-	(19,017)	(19,017)
-	96	6,382	27,016
-	(161)	(118)	(285)
(12,753)	21,278	2,242	(124,985)
175,508	160	-	175,668
(18,130)	(11,781)	-	(44,666)
(1,100)	(160)	-	(1,260)
(4,688)	(22,747)	-	(40,082)
-	-	-	108,417
-	-	-	(141,366)
-	(4,494)	-	(4,558)
(144,899)	(2,973)	-	-
-	-	-	(119)
6,691	(41,995)	-	52,034
-	-	(80)	(87)
-	-	89	89
-	(2,984)	-	(2,984)
-	(743)	-	(743)
-	3,303	-	3,303
-	(424)	9	(422)
(264,770)	(203,021)	(2,847)	(1,857,324)
270,145	223,257	2,730	1,926,406
687	840	59	7,381
6,062	21,076	(58)	76,463
-	(65)	2,193	3,090
-	161	39,546	69,609
$ -	$ 96	$ 41,739	$ 72,699
$ 1,320	$ 15,570	$ (10,499)	$ 15,806
-	-	2,811	3,353
650	(1,391)	11	(2,859)
(6)	(37)	-	713
4,698	(3,677)	8,321	3
(687)	(840)	(59)	(7,381)
4,688	22,747	-	40,082
(170,426)	(140,815)	(655)	(313,443)
147,010	129,721	2,312	138,741
$ (12,753)	$ 21,278	$ 2,242	$ (124,985)

ALASKA HOUSING FINANCE CORPORATION ***Schedule 18***

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

ADMINISTRATIVE FUND

For the Six Months Ended December 31, 2018

(in thousands of dollars)

		Administrative Fund
Cash flows from operating activities:		
Interest income on mortgages and loans	$	2,357
Principal payments received on mortgages and loans		3,383
Disbursements to fund mortgages and loans		(336,047)
Receipt (payment) for loan transfers between funds		126,183
Mortgage and loan proceeds		215,152
Payment of mortgage and loan proceeds to funds		(216,345)
Payments to employees and other payroll disbursements		(11,151)
Payments for goods and services		(10,163)
Cash received for externally funded programs		-
Cash received for Federal HAP subsidies		-
Payments for Federal HAP subsidies		-
Interfund receipts (payments)		(1,946)
Grant payments to other agencies		-
Other operating cash receipts		20,538
Other operating cash payments		(6)
Net cash provided by (used for) operating activities		(208,045)
Cash flows from noncapital financing activities:		
Proceeds from the issuance of bonds		-
Principal paid on bonds		-
Payment of bond issuance costs		-
Interest paid		-
Proceeds from issuance of short term debt		108,417
Payment of short term debt		(141,366)
Contributions to the State of Alaska or other State agencies		(64)
Transfers (to) from other funds		150,572
Other cash payments		(119)
Net cash provided by (used for) noncapital financing activities		117,440
Cash flows from capital financing activities:		
Acquisition of capital assets		(7)
Proceeds from the disposal of capital assets		-
Principal paid on capital notes		-
Interest paid on capital notes		-
Proceeds from direct financing leases		-
Net cash provided by (used for) capital financing activities		(7)
Cash flows from investing activities:		
Purchase of investments		(1,209,446)
Proceeds from maturity of investments		1,296,221
Interest received from investments		4,799
Net cash provided by (used for) investing activities		91,574
Net Increase (decrease) in cash		962
Cash at the beginning of year		29,902
Cash at the end of period	$	30,864
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating Income (Loss)		1,025
Adjustments:		
Depreciation		542
Net change in the fair value of investments		(40)
Provision for loan loss		762
Transfers - Internal		(8,369)
Interest received from investments		(4,799)
Interest paid		-
Changes in assets, liabilities and deferred resources:		
For the Six Months Ended December 31, 2018		(46,096)
Net increase (decrease) in assets, liabilities and deferred resources		(151,070)
Net cash provided by (used for) operating activities	$	(208,045)

ALASKA HOUSING FINANCE CORPORATION ***Schedule 19***
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYERS PROGRAM
MORTGAGE REVENUE BONDS
For the Six Months Ended December 31, 2018
(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
Cash flows from operating activities:			
Interest income on mortgages and loans	$ 2,005	$ 2,593	$ 4,598
Principal payments received on mortgages and loans	6,696	9,690	16,386
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(4,684)	(3,333)	(8,017)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	4,017	8,950	12,967
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(2,685)	(7,945)	(10,630)
Payment of bond issuance costs	-	-	-
Interest paid	(1,750)	(1,511)	(3,261)
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	(1,035)	(1,458)	(2,493)
Net cash provided by (used for) noncapital financing activities	(5,470)	(10,914)	(16,384)
Cash flows from capital financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
Cash flows from investing activities:			
Purchase of investments	(18,404)	(28,053)	(46,457)
Proceeds from maturity of investments	19,732	29,860	49,592
Interest received from investments	125	157	282
Net cash provided by (used for) investing activities	1,453	1,964	3,417
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
Cash at the end of period	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	527	1,497	$ 2,024
Adjustments:			
Depreciation	-	-	-
Provision for loan loss	(293)	(442)	(735)
Net change in the fair value of investments	(1)	(1)	(2)
Transfers - Internal	(720)	(1,290)	(2,010)
Interest received from investments	(125)	(157)	(282)
Interest paid	1,750	1,511	3,261
Changes in assets, liabilities and deferred resources:			
Net (increase) decrease in mortgages and loans	1,289	5,434	6,723
Net increase (decrease) in assets, liabilities and deferred resources	1,590	2,398	3,988
Net cash provided by (used for) operating activities	$ 4,017	$ 8,950	$ 12,967

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 1,847	$ 1,727	$ 1,737	$ 2,256
Principal payments received on mortgages and loans	5,557	3,708	4,519	8,550
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	115	144	504
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	7,404	5,550	6,400	11,310
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(830)	(830)	(830)	(995)
Payment of bond issuance costs	-	-	-	-
Interest paid	(510)	(1,272)	(1,271)	(1,503)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,340)	(2,102)	(2,101)	(2,498)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(21,988)	(11,903)	(13,209)	(20,845)
Proceeds from maturity of investments	15,804	8,390	8,840	11,926
Interest received from investments	120	65	70	107
Net cash provided by (used for) investing activities	(6,064)	(3,448)	(4,299)	(8,812)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,378	$ 337	$ 332	$ 715
Adjustments:				
Depreciation	-	-	-	-
Provision for loan loss	(248)	(124)	(119)	(234)
Net change in the fair value of investments	1	-	-	(1)
Transfers - Internal	157	157	149	190
Interest received from investments	(120)	(65)	(70)	(107)
Interest paid	510	1,272	1,271	1,503
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	5,312	2,890	3,895	7,425
Net increase (decrease) in assets, liabilities and deferred resources	414	1,083	942	1,819
Net cash provided by (used for) operating activities	$ 7,404	$ 5,550	$ 6,400	$ 11,310

	Bonds 2009 A		Bonds 2009 B		Bonds 2009 D		Home Mortgage Revenue Bonds Combined Total
$	2,271	$	2,451	$	2,679	$	14,968
	5,658		6,377		7,293		41,662
	-		-		-		-
	198		449		263		1,673
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	8,127		9,277		10,235		58,303
	-		-		-		-
	-		-		-		(3,485)
	-		-		-		-
	(1,411)		(1,411)		(1,420)		(8,798)
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	(1,411)		(1,411)		(1,420)		(12,283)
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	(15,961)		(18,727)		(19,800)		(122,433)
	9,154		10,758		10,878		75,750
	91		103		107		663
	(6,716)		(7,866)		(8,815)		(46,020)
	-		-		-		-
	-		-		-		-
$	-	$	-	$	-	$	-
$	845	$	892	$	1,326	$	5,825
	-		-		-		-
	(144)		(175)		(310)		(1,354)
	(1)		(1)		(1)		(3)
	210		200		225		1,288
	(91)		(103)		(107)		(663)
	1,411		1,411		1,420		8,798
	5,521		5,948		6,865		37,856
	376		1,105		817		6,556
$	8,127	$	9,277	$	10,235	$	58,303

ALASKA HOUSING FINANCE CORPORATION ***Schedule 21***

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Six Months Ended December 31, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
Cash flows from operating activities:	
Interest income on mortgages and loans	$ 1,124
Principal payments received on mortgages and loans	3,391
Disbursements to fund mortgages and loans	-
Receipt (payment) for loan transfers between funds	(3,492)
Mortgage and loan proceeds	-
Payment of mortgage and loan proceeds to funds	-
Payments to employees and other payroll disbursements	-
Payments for goods and services	-
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	-
Grant payments to other agencies	-
Other operating cash receipts	-
Other operating cash payments	-
Net cash provided by (used for) operating activities	1,023
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds	-
Principal paid on bonds	(640)
Payment of bond issuance costs	-
Interest paid	(588)
Proceeds from issuance of short term debt	-
Payment of short term debt	-
Contributions to the State of Alaska or other State agencies	-
Transfers (to) from other funds	(207)
Other cash payments	-
Net cash provided by (used for) noncapital financing activities	(1,435)
Cash flows from capital financing activities:	
Acquisition of capital assets	-
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	-
Cash flows from investing activities:	
Purchase of investments	(8,350)
Proceeds from maturity of investments	8,711
Interest received from investments	51
Net cash provided by (used for) investing activities	412
Net Increase (decrease) in cash	-
Cash at the beginning of year	-
Cash at the end of period	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	$ 541
Adjustments:	
Depreciation	-
Provision for loan loss	-
Net change in the fair value of investments	(1)
Transfers - Internal	(248)
Interest received from investments	(51)
Interest paid	588
Changes in assets, liabilities and deferred resources:	
Net (increase) decrease in mortgages and loans	(30)
Net increase (decrease) in assets, liabilities and deferred resources	224
Net cash provided by (used for) operating activities	$ 1,023

ALASKA HOUSING FINANCE CORPORATION *Schedule 22*

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Six Months Ended December 31, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
Cash flows from operating activities:						
Interest income on mortgages and loans	$ 2,740	$ 1,509	$ 2,109	$ 305	$ 3,087	$ 9,750
Principal payments received on mortgages and loans	6,090	3,112	3,153	617	12,074	25,046
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,272)	(900)	(28,269)	-	(13,108)	(47,549)
Mortgage and loan proceeds	-	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-	-
Payments for goods and services	-	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-	-
Other operating cash payments	-	-	-	-	-	-
Net cash provided by (used for) operating activities	3,558	3,721	(23,007)	922	2,053	(12,753)
Cash flows from noncapital financing activities:						
Proceeds from the issuance of bonds	-	-	175,508	-	-	175,508
Principal paid on bonds	(11,800)	(2,915)	(385)	-	(3,030)	(18,130)
Payment of bond issuance costs	-	-	(1,100)	-	-	(1,100)
Interest paid	(1,801)	(1,165)	(4)	(103)	(1,615)	(4,688)
Proceeds from issuance of short term debt	-	-	-	-	-	-
Payment of short term debt	-	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers (to) from other funds	11	-	(144,910)	-	-	(144,899)
Other cash payments	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(13,590)	(4,080)	29,109	(103)	(4,645)	6,691
Cash flows from capital financing activities:						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-	-	-
Cash flows from investing activities:						
Purchase of investments	(15,548)	(9,848)	(189,984)	(4,349)	(45,041)	(264,770)
Proceeds from maturity of investments	25,444	10,143	183,681	3,503	47,374	270,145
Interest received from investments	136	64	201	27	259	687
Net cash provided by (used for) investing activities	10,032	359	(6,102)	(819)	2,592	6,062
Net Increase (decrease) in cash	-	-	-	-	-	-
Cash at the beginning of year	-	-	-	-	-	-
Cash at the end of period	$ -	$ -	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	$ 1,859	$ 429	$ (2,748)	$ 207	$ 1,573	$ 1,320
Adjustments:						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(937)	(22)	1,902	-	(293)	650
Net change in the fair value of investments	-	(1)	(2)	-	(3)	(6)
Transfers - Internal	(18,125)	86	22,705	5	27	4,698
Interest received from investments	(136)	(64)	(201)	(27)	(259)	(687)
Interest paid	1,801	1,165	4	103	1,615	4,688
Changes in assets, liabilities and deferred resources:						
Net (increase) decrease in mortgages and loans	17,656	2,190	(188,315)	618	(2,575)	(170,426)
Net increase (decrease) in assets, liabilities and deferred resources	1,440	(62)	143,648	16	1,968	147,010
Net cash provided by (used for) operating activities	$ 3,558	$ 3,721	$ (23,007)	$ 922	$ 2,053	$ (12,753)

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
NON-HOUSING BONDS
For the Six Months Ended December 31, 2018
(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D
Cash flows from operating activities:						
Interest income on mortgages and loans	$ 755	$ 207	$ 1,384	$ 1,984	$ 2,811	$ 4,064
Principal payments received on mortgages and	4,590	335	1,884	2,799	7,230	10,723
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	(950)	(4,612)	(15,061)
Mortgage and loan proceeds	-	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-	-
Payments for goods and services	-	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-	-
Other operating cash payments	-	-	-	-	-	-
Net cash provided by (used for) operating activities	5,345	542	3,268	3,833	5,429	(274)
Cash flows from noncapital financing activities:						
Proceeds from the issuance of bonds	-	-	-	-	-	-
Principal paid on bonds	(208)	(1,483)	(2,255)	(1,755)	(3,305)	(60)
Payment of bond issuance costs	-	-	-	-	-	-
Interest paid	(54)	(136)	(972)	(1,459)	(2,719)	(3,821)
Proceeds from issuance of short term debt	-	-	-	-	-	-
Payment of short term debt	-	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	(4,494)	-	-	-	-	-
Transfers (to) from other funds	700	804	-	(804)	(2,660)	1,172
Other cash payments	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(4,056)	(815)	(3,227)	(4,018)	(8,684)	(2,709)
Cash flows from capital financing activities:						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	(2,762)	(222)	-	-	-	-
Interest paid on capital notes	(723)	(20)	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-	-
Net cash provided by (used for) capital financing activities	(3,485)	(242)	-	-	-	-
Cash flows from investing activities:						
Purchase of investments	(9,987)	(2,976)	(3,752)	(5,143)	(10,350)	(24,468)
Proceeds from maturity of investments	12,130	3,480	3,685	5,286	13,528	27,359
Interest received from investments	53	11	26	42	77	92
Net cash provided by (used for) investing activities	2,196	515	(41)	185	3,255	2,983
Net Increase (decrease) in cash	-	-	-	-	-	-
Cash at the beginning of year	-	-	-	-	-	-
Cash at the end of period	$ -	$ -	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	$ 92	$ 151	$ 1,059	$ 1,299	$ 1,368	$ 1,984
Adjustments:						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(101)	(76)	(331)	(315)	(296)	(101)
Net change in the fair value of investments	-	-	(1)	(1)	-	(2)
Transfers - Internal	589	815	(67)	(1,415)	116	(1,005)
Interest received from investments	(53)	(11)	(26)	(42)	(77)	(92)
Interest paid	54	136	972	1,459	2,719	3,821
Changes in assets, liabilities and deferred resources:						
Net (increase) decrease in mortgages and loans	4,248	(141,858)	2,348	1,293	4,372	5,540
Net increase (decrease) in assets, liabilities and deferred resources	516	141,385	(686)	1,555	(2,773)	(10,419)
Net cash provided by (used for) operating activities	$ 5,345	$ 542	$ 3,268	$ 3,833	$ 5,429	$ (274)

ALASKA HOUSING FINANCE CORPORAT *Schedule 23*

(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
NON-HOUSING BONDS
For the Six Months Ended December 31, 2018
(in thousands of dollars)

	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
Cash flows from operating activities:								
Interest income on mortgages and loans	$ 2,729	$ 2,508	$ 1,425	$ 4,791	$ 3,344	$ 1,406	$ 2,472	$ 29,880
Principal payments received on mortgages and	6,119	5,993	3,474	706	7,415	2,535	3,990	57,793
Disbursements to fund mortgages and loans	-	-	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(4,761)	(5,003)	(1,801)	(4,448)	(9,391)	(2,358)	(17,945)	(66,330)
Mortgage and loan proceeds	-	-	-	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-	-	-	-
Payments for goods and services	-	-	-	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-	-	-	-
Other operating cash receipts	-	-	-	96	-	-	-	96
Other operating cash payments	-	-	-	(161)	-	-	-	(161)
Net cash provided by (used for) operating activities	4,087	3,498	3,098	984	1,368	1,583	(11,483)	21,278
Cash flows from noncapital financing activities:								
Proceeds from the issuance of bonds	-	-	-	-	-	-	160	160
Principal paid on bonds	(1,595)	-	-	(1,120)	-	-	-	(11,781)
Payment of bond issuance costs	-	-	-	-	-	-	(160)	(160)
Interest paid	(2,311)	(2,056)	(1,229)	(3,444)	(1,572)	(1,096)	(1,878)	(22,747)
Proceeds from issuance of short term debt	-	-	-	-	-	-	-	-
Payment of short term debt	-	-	-	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-	-	(4,494)
Transfers (to) from other funds	-	-	-	-	-	789	(2,974)	(2,973)
Other cash payments	-	-	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(3,906)	(2,056)	(1,229)	(4,564)	(1,572)	(307)	(4,852)	(41,995)
Cash flows from capital financing activities:								
Acquisition of capital assets	-	-	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-	-	-	(2,984)
Interest paid on capital notes	-	-	-	-	-	-	-	(743)
Proceeds from direct financing leases	-	-	-	3,303	-	-	-	3,303
Net cash provided by (used for) capital financing activities	-	-	-	3,303	-	-	-	(424)
Cash flows from investing activities:								
Purchase of investments	(8,076)	(8,651)	(12,061)	(7,837)	(8,864)	(10,196)	(90,660)	(203,021)
Proceeds from maturity of investments	7,843	7,164	10,158	8,007	9,011	8,894	106,712	223,257
Interest received from investments	52	45	34	42	57	26	283	840
Net cash provided by (used for) investing activities	(181)	(1,442)	(1,869)	212	204	(1,276)	16,335	21,076
Net Increase (decrease) in cash	-	-	-	(65)	-	-	-	(65)
Cash at the beginning of year	-	-	-	161	-	-	-	161
Cash at the end of period	$ -	$ -	$ -	$ 96	$ -	$ -	$ -	$ 96
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities								
Operating income (loss)	$ 1,240	$ 851	$ 588	$ 3,667	$ 1,776	$ 698	$ 797	$ 15,570
Adjustments:								
Depreciation	-	-	-	-	-	-	-	-
Provision for loan loss	(137)	(27)	(20)	93	(218)	(1)	139	(1,391)
Net change in the fair value of investments	(1)	(1)	-	(1)	(1)	-	(29)	(37)
Transfers - Internal	(55)	(66)	64	32	198	(210)	(2,673)	(3,677)
Interest received from investments	(52)	(45)	(34)	(42)	(57)	(26)	(283)	(840)
Interest paid	2,311	2,056	1,229	3,444	1,572	1,096	1,878	22,747
Changes in assets, liabilities and deferred resources:								
Net (increase) decrease in mortgages and loans	839	1,088	1,296	(3,640)	(2,616)	63	(13,788)	(140,815)
Net increase (decrease) in assets, liabilities and deferred resources	(58)	(358)	(25)	(2,569)	714	(37)	2,476	129,721
Net cash provided by (used for) operating activities	$ 4,087	$ 3,498	$ 3,098	$ 984	$ 1,368	$ 1,583	$ (11,483)	$ 21,278

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER PROGRAM FUNDS
For the Six Months Ended December 31, 2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
Cash flows from operating activities:				
Interest income on mortgages and loans	$ -	$ -	$ -	$ -
Principal payments received on mortgages and loans	-	-	-	-
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(182)	(1,844)	(358)	(2,384)
Payments for goods and services	(403)	(148)	(537)	(1,088)
Cash received for externally funded programs	8,180	2,092	11,017	21,289
Cash received for Federal HAP subsidies	-	18,280	-	18,280
Payments for Federal HAP subsidies	-	(17,849)	-	(17,849)
Interfund receipts (payments)	(1,631)	(706)	1,638	(699)
Grant payments to other agencies	(5,963)	(420)	(12,634)	(19,017)
Other operating cash receipts	-	32	874	906
Other operating cash payments	-	(28)	-	(28)
Net cash provided by (used for) operating activities	1	(591)	-	(590)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	-	3	-	3
Net cash provided by (used for) investing activities	-	3	-	3
Net Increase (decrease) in cash	1	(588)	-	(587)
Cash at the beginning of year	975	4,813	3	5,791
Cash at the end of period	$ 976	$ 4,225	$ 3	$ 5,204
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating Income (Loss)	$ (1,309)	$ (716)	$ (7,432)	$ (9,457)
Adjustments:				
Depreciation expense	-	7	-	7
Provision for loan loss	-	-	15	15
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,016	122	5,468	7,606
Interest received from investments	-	(3)	-	(3)
Interest paid	-	-	-	-
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	-	-	10	10
Net increase (decrease) in assets, liabilities and deferred resources	(706)	(1)	1,939	1,232
Net cash provided by (used for) operating activities	$ 1	$ (591)	$ -	$ (590)

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ -	$ -	$ 129	$ 537	$ 666	$ -	$ 666
-	-	596	1,295	1,891	-	1,891
-	-	-	-	-	-	-
-	-	262	(2,730)	(2,468)	-	(2,468)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,660)	(834)	-	-	(4,494)	(72)	(6,950)
(6,281)	(1,147)	-	-	(7,428)	(13)	(8,529)
5,617	1,102	-	-	6,719	-	28,008
-	-	-	-	-	-	18,280
-	-	-	-	-	-	(17,849)
1,966	676	-	-	2,642	3	1,946
-	-	-	-	-	-	(19,017)
4,003	1,159	-	-	5,162	314	6,382
(48)	(18)	-	-	(66)	(24)	(118)
1,597	938	987	(898)	2,624	208	2,242
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(80)	-	-	-	(80)	-	(80)
89	-	-	-	89	-	89
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9	-	-	-	9	-	9
-	-	(993)	(1,854)	(2,847)	-	(2,847)
-	-	-	2,730	2,730	-	2,730
12	10	6	22	50	6	59
12	10	(987)	898	(67)	6	(58)
1,618	948	-	-	2,566	214	2,193
14,013	12,415	-	-	26,428	7,327	39,546
$ 15,631	$ 13,363	$ -	$ -	$ 28,994	$ 7,541	$ 41,739
$ (1,606)	$ (223)	$ 143	$ 535	$ (1,151)	$ 109	$ (10,499)
2,196	608	-	-	2,804	-	2,811
-	-	(8)	2	(6)	2	11
-	-	-	-	-	-	-
551	124	7	33	715	-	8,321
(12)	(10)	(6)	(22)	(50)	(6)	(59)
-	-	-	-	-	-	-
-	-	830	(1,471)	(641)	(24)	(655)
468	439	21	25	953	127	2,312
$ 1,597	$ 938	$ 987	$ (898)	$ 2,624	$ 208	$ 2,242

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Alaska Housing FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements

And Independent Auditor's Report

June 30, 2018

With Summarized Financial Information for
June 30, 2017

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This publication of Alaska Housing Finance Corporation. For comments or questions
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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Board of Directors
Alaska Housing Finance Corporation
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying statements of net position, revenues, expenses and change in net position and cash flows of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation (Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 23 to the financial statements, in 2018 the Corporation adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement Number 75. Accounting and Financial Reporting for Employment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 9 and the schedules of net pension liability, net OPEB liability, pension contributions and OPEB contributions on pages 47 and 50 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the Alaska Housing Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alaska Housing Finance Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alaska Housing Finance Corporation's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 2, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation (the "Corporation") consists of three sections: Management's Discussion and Analysis, the Basic Financial Statements, and Supplementary Schedules. The Corporation's operations are business-type activities and follow enterprise fund accounting rules. The Corporation is a component unit of the State of Alaska (the "State") and is discretely presented in the State's financial statements. The Corporation's Basic Financial Statements include: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows, and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and grouped by program or function. Summarized financial information for fiscal year 2018 is also presented in Management's Discussion and Analysis to facilitate and enhance the understanding of the Corporation's financial position and the results of operations for the current fiscal year in comparison to the prior fiscal year.

Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2018. This information is presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements

The *Statement of Net Position (Exhibit A)* helps answer the question: "How is the Corporation's financial health at the end of the year?" The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Corporation, both financial and capital, short-term and long-term. It uses the accrual basis of accounting and economic resources measurement focus. The accrual basis of accounting is used by most private-sector companies. The resulting net position presented in the Statement of Net Position is characterized as restricted or unrestricted. Assets are restricted when their use is subject to external limits or rules such as bond resolutions, legal agreements, or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or declining.

The *Statement of Revenues, Expenses and Changes in Net Position (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the operating income or (loss) and change in net position. It can be used to determine whether the Corporation has successfully recovered all of its expenses through mortgage and loan interest, investment interest, externally funded programs and other revenue sources. The Statement of Revenues, Expenses and Changes in Net Position helps answer the question: "Is the Corporation as a whole better or worse off as a result of the year's activities?"

The primary purpose of the *Statement of Cash Flows (Exhibit C)* is to provide information about the sources and uses of the Corporation's cash and the components of the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operations, non-capital and capital financing and investing activities. It provides answers to such questions as: "Where did cash come from?"; "What was cash used for?" and "What was the change in the cash balance during the reporting period?"

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements. The *Notes to Financial Statements* follow *Exhibit C*.

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

For fiscal year 2018, the Corporation reports the following major funds:

The *Administrative Fund* is the main operating fund of the Corporation. It represents all of the Corporation's activity not presented in other funds. The resources in this fund:

- provide for general working capital requirements of the Corporation;
- fund program requirements;
- are available to meet outstanding obligations and to fund continuing appropriations;
- are available to absorb future loan foreclosure losses; and
- are the source of legislatively authorized transfers to and from the State of Alaska and debt service payments for debt issued on behalf of the State.

As of June 30, 2018, the Administrative Fund reported a net position of $549.8 million, a decrease of $20.3 million from June 30, 2017. The decrease in net position is the result of net internal transfers out to other funds of $13.1 million and the $8.4 million cumulative effect of an accounting change required by the Government Accounting Standards Board ("GASB") Statement No. 75. GASB Statement No. 75 requires government entities to record the net liability associated with Other Post-Employment Benefits ("OPEB") included in their pension plan. When recording the Net OPEB Liability ("NOL"), governments are required to restate prior year financial results, hence the adjustment to net position. Transfers were made from the Administrative Fund to the Grant Programs in the amount of $34.8 million; the Mortgage or Bond Funds of $605.0 million; and to Other Funds or Programs of $15.3 million. The $605.0 million transferred from the Administrative Fund to the Mortgage or Bond Funds was used to fund mortgage loans and includes bond proceeds from new bond issuances. See Financial Highlights for more on the 2018 bond issuances. Approximately $20.5 million, or 3.7%, of the Administrative Fund's net position is invested in capital assets; $73.1 million, or 13.3% of the total net position, is restricted by contractual or statutory agreements; and $456.1 million, or 83.0%, is unrestricted, and may be used for operations and to meet the continuing obligations of the Corporation. The change in unrestricted net position represents a decrease of 3.6% from unrestricted net position as of June 30, 2017.

The *Grant Programs* include resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families and to assist in improving the energy efficiency of Alaskan homes, as well as tenant-based rental assistance programs for families in the private market that are administered by the Corporation under contract with HUD. These programs include the Energy Programs, the Section 8 Voucher Programs, and Other Grants. As of June 30, 2018, the net position for these three programs combined was $13.5 million, an increase of $4.6 million from June 30, 2017.

The *Mortgage and Bond Funds* include resources used to assist in the financing of loan programs or to fund legislative appropriations. This fund includes the First Time Homebuyer Program Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, and Non-Housing Bonds.

As of June 30, 2018, the Mortgage and Bond Funds reported a net position of $808.3 million, an increase of $45.7 million from the prior year. Net operating income was $41.3 million, the primary reason for the increase in net position. In fiscal year 2017, the net operating income was $40.6 million, and there were transfers from the Administrative Fund of $121.2 million to fund mortgages and investments that contributed to the increase in net position in 2017. In 2018, mortgage loans increased by $302.5 million and in 2017, the increase was $177.9 million. Approximately $611.2 million, or 75.6%, of the fund's net position is restricted by bond resolutions, compared to $579.0 million and 75.9% in 2017. Unrestricted net position increased by $13.4 million in fiscal year 2018.

The *Other Funds and Programs* include AHFC-owned housing for low income families that is managed under contract with HUD as well as other programs that are not specifically grants or bond funds. These programs include the Low Rent Program, the Market Rate Rental Housing Program, the Home Ownership Fund and the Senior Housing Revolving Loan Fund. Between fiscal year 2018 and fiscal year 2017, operating results were essentially the same with no significant changes in net position. Overall, the fund had an operating loss of $3.6 million and received transfers from the Administrative Fund of $15.3 million.

The *Alaska Corporation for Affordable Housing ("ACAH")* is a non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major blended component unit for the benefit of users of the financial statements. ACAH's net position at June 30, 2018, was $22.0 million, a $227,000 increase from June 30, 2017. ACAH had an operating income of $227,000 for fiscal year 2018. The net income is the product of rental income on both housing and non-housing properties.

FINANCIAL HIGHLIGHTS

- Operating income for the Corporation for fiscal year 2018 was $33.6 million, an increase over fiscal year 2017 of $19.3 million.
- The Corporation's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2018, by $1.54 billion (net position), an increase over 2017 of $25.0 million.
- During the fiscal year ended June 30, 2018, the investment portfolio earned approximately 1.25% overall, as compared with 0.69% for the fiscal year ended June 30, 2017.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2018, the mortgage loan portfolio increased by 7.6%, and the bond portfolio used to finance the loans increased by 9.6%.
- On September 6, 2017, the Corporation issued $143,955,000 in State Capital Project Bonds II, 2017 Series A. Net proceeds of the bonds totaled $167,578,000, including a premium of $23,975,000. Proceeds were used to refund $38,423,000 of the Corporation's outstanding State Capital Project Bonds, 2007 Series A and 2007 Series B, and other outstanding State Capital Project Bonds, as well as a portion of the interest due on December 1, 2017. Additional proceeds were used to defease $63,100,000 of the Corporation's outstanding State Capital Project Bonds, 2011 Series A bonds, to pay $40,475,000 of Commercial Paper, and to pay $17,980,000 for certain capital expenditures. The bonds are general obligations of the Corporation, tax-exempt and bear interest at fixed rates between 2.0% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2032.

- On December 7, 2017, the Corporation issued $150,000,000 in State Capital Project Bonds II, 2017 Series B, which were used to refund $50,000,000 of State Capital Project Bonds II, 2013 Series B. The remainder of the proceeds were for other authorized purposes of the Corporation. The Bonds are general obligations of the Corporation and are taxable. The Bonds bear interest at variable rates, with a final maturity date of December 1, 2047.

- On December 21, 2017, the Corporation issued $43,855,000 in State Capital Project Bonds II, 2017 Series C. Bond proceeds included a premium of $8,421,000. Proceeds were used to defease $29,795,000 of State Capital Project Bonds II, 2012 Series A and $16,345,000 of 2013 Series A bonds. The bonds are general obligations of the Corporation, tax-exempt and bear interest at the fixed rate of 5.0%, payable on each June 1 and December 1 with a final maturity date of December 1, 2032.

- On May 22, 2018, the Corporation issued $125,570,000 in State Capital Project Bonds II, 2018 Series A and 2018 Series B. Net proceeds of the bonds totaled $129,806,000 including a premium of $4,428,000. The bonds are general obligations of the Corporation. The 2018 Series A bonds are taxable and bear interest at variable rates, with a final maturity of December 1, 2043. The 2018 Series B bonds are tax-exempt and bear interest at fixed rates between 3.125% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2038.
- As of June 30, 2018, the weighted average interest rate on the mortgage portfolio was 4.54% and the weighted average interest rate on the bond portfolio was 3.65%, yielding a net interest margin of 0.89%.
- Governmental Accounting Standards Board ("GASB") Statement No. 75 was effective beginning fiscal year 2018. The Statement changes how governmental employers report other post-employment benefits

("OPEB") liability and expense. GASB required the Corporation to report the cumulative effect on prior periods as the result of the application of GASB Statement No. 75. Beginning net position of the Corporation was reduced by $8.4 million accordingly. Other effects included the increase of deferred outflows of $1.2 million, the increase of deferred inflows of $3.1 million, and the increase in liabilities of $5.8 million.

CONDENSED STATEMENT OF NET POSITION

The following table presents condensed information about the financial position of the Corporation as of June 30, 2018 and 2017, and changes in the balances during the fiscal year ended June 30, 2018 (in thousands):

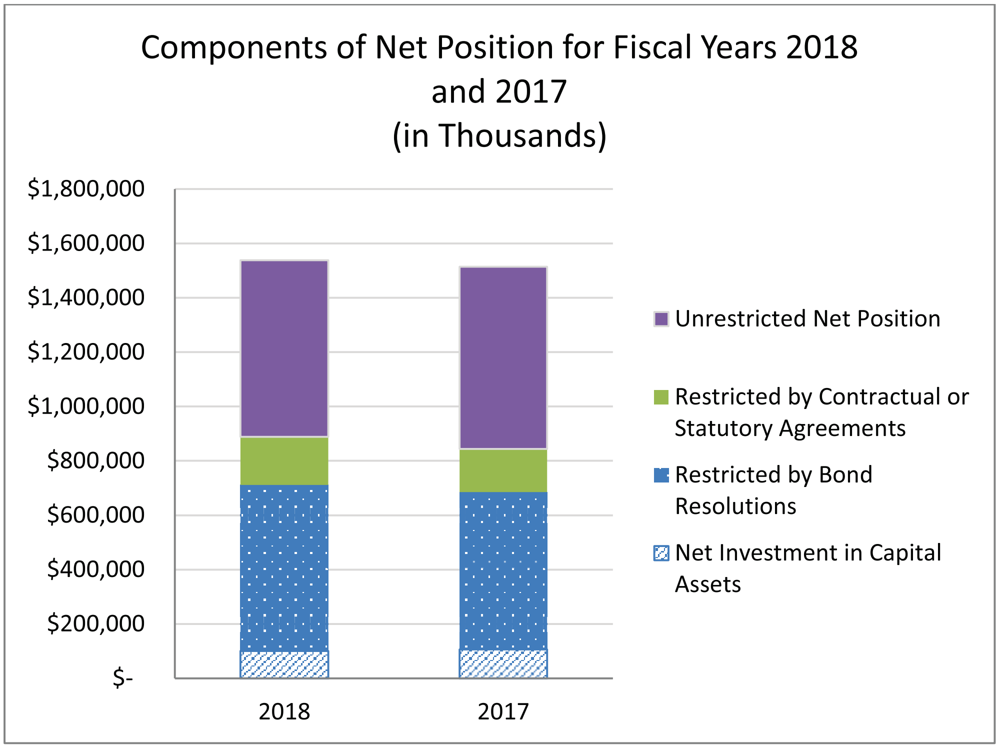
Condensed Statement of Net Position

	2018	2017	Increase/(Decrease)	
Cash and investments	$ 665,742	$ 684,887	$ (19,145)	-2.8%
Mortgage loans, notes and other loans, net	3,132,437	2,910,332	222,105	7.6%
Capital assets, net	100,472	106,762	(6,290)	-5.9%
Other assets	69,802	65,084	4,718	7.2%
Total Assets	3,968,453	3,767,065	201,388	5.3%
Deferred outflow of resources	133,107	172,676	(39,569)	-22.9%
Bonds and notes payable, net	2,328,487	2,124,637	203,850	9.6%
Short term debt	53,269	82,526	(29,257)	-35.5%
Accrued interest payable	9,984	9,622	362	3.8%
Derivatives	104,674	144,903	(40,229)	-27.8%
Pension and OPEB liabilities	41,425	47,645	(6,220)	-13.1%
Other liabilities	17,443	16,249	1,194	7.3%
Total liabilities	2,555,282	2,425,582	129,700	5.3%
Deferred inflow of resources	7,582	531	7,051	1327.9%
Total net position	$ 1,538,696	$ 1,513,628	$ 25,068	1.7%

The increase in total assets during FY 2018 can be attributed primarily to an increase in mortgage loans due to competitive mortgage rates, expanded loan parameters and increased outreach to our industry partners. The increase in mortgage loans was made possible by the additional capital from the increase in the bond portfolio. The fair value of the derivative portfolio also increased substantially due to the rise in interest rates, which resulted in a decrease to deferred outflows.

Total liabilities increased by $129.7 million. See the description of new bond issuances in fiscal year 2018 in the Financial Highlights section of this report. Total net pension liability as of June 30, 2018, included in other liabilities above, decreased by $12.0 million in 2018 and totaled $35.7 million as of June 30, 2018. The pension liability was determined by actuarial valuation. Short-term debt decreased by $29.3 million. The major factor in the increase of total liabilities was the increase in bonds payable. See the Debt Administration section of this report for more information on the bonds and notes payable.

The chart on the next page shows the various components of net position in fiscal years 2018 and 2017.



CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table presents condensed information about the revenues, expenses and changes in net position for the fiscal years ended June 30, 2018 and 2017, and the variances from the prior fiscal year (in thousands):

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2018	2017	Increase/(Decrease)	
Mortgage and loan revenue	$ 135,055	$ 130,538	$ 4,517	3.5%
Investment interest income	6,273	4,727	1,546	32.7%
Net change in fair value of investments	3,727	1,899	1,828	96.3%
Externally funded programs	86,844	96,081	(9,237)	-9.6%
Rental and other revenue	14,381	16,234	(1,853)	-11.4%
Total operating revenue	246,280	249,479	(3,199)	-1.3%
Interest expense	71,246	69,890	1,356	1.9%
Mortgage and loan costs	6,892	5,259	1,633	31.1%
Bond financing expenses	5,027	4,512	515	11.4%
Operations and administration	46,127	56,867	(10,740)	-18.9%
Housing grants and subsidies	83,405	98,606	(15,201)	-15.4%
Total operating expense	212,697	235,134	(22,437)	-9.5%
Operating income(loss)	33,583	14,345	19,238	134.1%
Contributions to the State of Alaska	(125)	(250)	125	-50.0%
Cumulative effect of accounting change	(8,390)	-	(8,390)	
Change in net position	$ 25,068	$ 14,095	$ 10,973	77.9%

Total operating revenues decreased by $3.2 million, or 1.3%, during fiscal year 2018 due primarily to decreases in externally funded program revenue.

Total decrease in operating expenses in fiscal year 2018 was $22.4 million, or 9.5%, due primarily to decreases in administrative and grant expenses.

As shown in the table on the preceding page, the net effect of changes in operating revenues and expenses was very different in fiscal years 2018 and 2017. In 2018 there was a net increase in operating income of $19.2 million, or 134.1%. This was largely due to both an increase in mortgage revenue and investment income, and a decrease in administrative expenses and grant expenses. Government funding for many grants has been decreasing over the past several years.

In fiscal year 2018, the Corporation continued its series of annual transfers to the State of Alaska and State agencies. Contributions to the State for fiscal year 2018 were $125,000 compared to those of fiscal year 2017 of $250,000. See Footnote No. 18 for more details about the Transfer Plan.

As stated in the Financial Highlights, the application of GASB Statement No. 75 required the Corporation to restate beginning net position. The result was a decrease in beginning net position of $8.4 million.

DEBT ADMINISTRATION

As of June 30, 2018, the Corporation had $2.3 billion in outstanding bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's general obligation is rated by three major rating agencies as follows.

Rating Category	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Long Term	AA+	Aa2	AA+
Short Term	F1+	P-1	A-1+

Significant debt activity during the year included the following:

- Issued $463.4 million of bonds;
- Redeemed bonds through special redemption provisions of their respective indentures in the amount of $144.4 million.

Additional information on the Corporation's long-term debt can be found in the Notes to Financial Statements.

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

The primary business activity of the Corporation is providing a secondary market for the purchase of single-family and multi-family mortgage loans. The Corporation's mortgage financing activities are sensitive to changes in interest rates, the spread between the rate on the Corporation's loans and those available in the conventional mortgage markets, and the availability of affordable housing in the State. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

The Corporation's main sources of revenue include mortgage loan activity, investment interest income and externally funded grants and subsidies. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates.

Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses these prepayments to redeem higher rate bonds, thus lowering the interest expense incurred on the Corporation's overall portfolio, or to recycle mortgages to obtain the maximum allowable spread.

Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives during the periods reported. For inquiries about this report or to request additional financial information please call (907) 330-8322 or email finance@ahfc.us.

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ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
As of June 30, 2018
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
ASSETS				
Current				
Cash	$ 29,902	$ 5,791	$ 161	$ 26,428
Investments	500,382	-	94,613	1,125
Accrued interest receivable	3,373	-	10,563	113
Inter-fund due to/from	(27,714)	(9,815)	38,441	(878)
Mortgage loans, notes and other loans	3,449	68	81,813	1,254
Net investment in direct financing lease	-	-	2,223	-
Other assets	3,814	4,738	-	769
Intergovernmental receivable	208	13,341	-	514
Total Current	513,414	14,123	227,814	29,325
Non Current				
Investments	13	-	-	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	121,867	1,145	2,869,048	41,359
Net investment in direct financing lease	-	-	24,780	-
Capital assets - non-depreciable	2,917	-	-	13,663
Capital assets - depreciable, net	17,626	32	-	62,567
Other assets	4,521	-	447	-
Total Non Current	146,944	2,602	2,894,275	117,589
Total Assets	660,358	16,725	3,122,089	146,914
DEFERRED OUTFLOW OF RESOURCES	5,226	-	127,881	-
LIABILITIES				
Current				
Bonds payable	-	-	65,355	-
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	-	7,511	-
Other liabilities	8,810	3,218	841	1,361
Intergovernmental payable	-	-	161	424
Total Current	64,552	3,218	73,868	1,785
Non Current				
Bonds payable	-	-	2,263,132	-
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	104,674	-
Pension and OPEB liability	41,425	-	-	-
Total Non Current	43,687	-	2,367,806	-
Total Liabilities	108,239	3,218	2,441,674	1,785
DEFERRED INFLOW OF RESOURCES	7,582	-	-	-
NET POSITION				
Net investment in capital assets	20,543	32	-	76,230
Restricted by bond resolutions	-	-	611,237	-
Restricted by contractual or statutory agreements	73,121	16,386	-	69,438
Unrestricted or (deficit)	456,099	(2,911)	197,059	(539)
Total Net Position	$ 549,763	$ 13,507	$ 808,296	$ 145,129

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
$ 62,282	$ 7,327	$ 69,609
596,120	-	596,120
14,049	66	14,115
34	(34)	-
86,584	-	86,584
2,223	-	2,223
9,321	331	9,652
14,063	-	14,063
784,676	7,690	792,366
13	-	13
1,425	(1,425)	-
3,033,419	12,434	3,045,853
24,780	-	24,780
16,580	3,667	20,247
80,225	-	80,225
4,968	1	4,969
3,161,410	14,677	3,176,087
3,946,086	22,367	3,968,453
133,107	-	133,107
65,355	-	65,355
53,269	-	53,269
9,984	-	9,984
14,230	5	14,235
585	-	585
143,423	5	143,428
2,263,132	-	2,263,132
2,262	361	2,623
104,674	-	104,674
41,425	-	41,425
2,411,493	361	2,411,854
2,554,916	366	2,555,282
7,582	-	7,582
96,805	3,667	100,472
611,237	-	611,237
158,945	18,363	177,308
649,708	(29)	649,679
$ 1,516,695	$ 22,001	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2018
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
OPERATING REVENUES				
Mortgage and loans revenue	$ 10,934	$ -	$ 122,426	$ 1,558
Investment interest	1,854	7	4,347	55
Net change in the fair value of investments	3,023	-	(56)	-
Net change of hedge termination	-	-	760	-
Total Investment Revenue	4,877	7	5,051	55
Grant revenue	-	72,781	-	-
Housing rental subsidies	-	-	-	14,063
Rental revenue	456	-	-	10,590
Other revenue	2,005	758	223	22
Total Operating Revenues	18,272	73,546	127,700	26,288
OPERATING EXPENSES				
Interest	931	-	70,314	1
Mortgage and loan costs	1,688	-	9,617	147
Bond financing expenses	467	-	4,560	-
Provision for loan loss	(1,019)	(1,212)	(2,298)	(21)
Operations and administration	14,214	12,035	4,230	15,391
Rental housing operating expenses	724	-	-	14,367
Grant expense	-	68,314	-	-
Total Operating Expenses	17,005	79,137	86,423	29,885
Operating Income (Loss)	1,267	(5,591)	41,277	(3,597)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	10,163	4,389	(1,497)
Change in Net Position	(11,913)	4,572	45,666	(5,094)
Net position at beginning of year	570,066	8,935	762,630	150,223
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	8,935	762,630	150,223
Net Position at End of Period	$ 549,763	$ 13,507	$ 808,296	$ 145,129

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
$ 134,918	$ 137	$ 135,055
6,263	10	6,273
2,967	-	2,967
760	-	760
9,990	10	10,000
72,781	-	72,781
14,063	-	14,063
11,046	259	11,305
3,008	68	3,076
245,806	474	246,280
71,246	-	71,246
11,452	-	11,452
5,027	-	5,027
(4,550)	(10)	(4,560)
45,870	257	46,127
15,091	-	15,091
68,314	-	68,314
212,450	247	212,697
33,356	227	33,583
(125)	-	(125)
-	-	-
33,231	227	33,458
1,491,854	21,774	1,513,628
(8,390)	-	(8,390)
1,483,464	21,774	1,505,238
$ 1,516,695	$ 22,001	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 7,109	$ -	$ 112,830	$ 1,422
Principal payments received on mortgages and loans	11,175	-	295,054	3,400
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	-	(322,741)	(4,087)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	(5,617)	-	(10,029)
Payments for goods and services	(10,482)	(1,986)	-	(11,124)
Cash received for externally funded programs	-	32,126	-	13,562
Cash received for Federal HAP subsidies	-	37,846	-	-
Payments for Federal HAP subsidies	-	(36,140)	-	-
Interfund receipts (payments)	(7,757)	8,364	-	(554)
Grant payments to other agencies	-	(33,643)	-	-
Other operating cash receipts	30,722	2,036	161	10,485
Other operating cash payments	(5)	(1,398)	(478)	(1,175)
Net cash provided by (used for) operating activities	(217,591)	1,588	84,826	1,900
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	450,838	-
Principal paid on bonds	-	-	(113,593)	-
Payment to defease bonds	(676)	-	(122,459)	-
Payment of bond issuance costs	-	-	(1,412)	-
Interest paid	-	-	(76,116)	-
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	-	(277,759)	(1,528)
Net cash provided by (used for) noncapital financing activities	248,743	-	(140,501)	(1,528)
Cash flows from capital financing activities:				
Acquisition of capital assets	(330)	-	-	(119)
Proceeds from the disposal of capital assets	-	4	-	18
Principal paid on capital notes	-	-	(5,663)	-
Interest paid on capital notes	-	-	(1,743)	-
Proceeds from direct financing leases	-	-	3,304	-
Net cash provided by (used for) capital financing activities	(330)	4	(4,102)	(101)
Cash flows from investing activities:				
Purchase of investments	(7,099,040)	-	(1,316,675)	(6,165)
Proceeds from maturity of investments	7,067,601	-	1,372,737	6,926
Interest received from investments	1,676	7	3,114	54
Net cash provided by (used for) investing activities	(29,763)	7	59,176	815
Net Increase (decrease) in cash	1,059	1,599	(601)	1,086
Cash at the beginning of year	28,843	4,192	762	25,342
Cash at the end of period	$ 29,902	$ 5,791	$ 161	$ 26,428
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,267	$ (5,591)	$ 41,277	$ (3,597)
Adjustments:		-	-	-
Depreciation expense	1,087	15	-	5,649
Provision for loan losses	(1,019)	(1,212)	(2,298)	(21)
Net change in the fair value of investments	(3,023)	-	56	-
Transfers between funds for operating activity	(13,055)	10,163	4,389	(1,514)
Interest received from investments	(1,676)	(7)	(3,114)	(54)
Interest paid	-	-	76,116	-
Changes in assets, liabilities and deferred resources:		-	-	-
Net (increase) decrease in mortgages and loans	81,919	-	(248,595)	(459)
Net increase (decrease) in assets, liabilities, and deferred resources	(283,091)	(1,780)	216,995	1,896
Net cash provided by (used for) operating activities	$ (217,591)	$ 1,588	$ 84,826	$ 1,900
Noncash investing, capital and financing activities:				
Deferred outflow of resources-derivatives			39,468	
Derivative instruments liability			40,229	
Net change of hedge termination			1,746	

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
$ 121,361	$ 23	$ 121,384
309,629	164	309,793
(564,200)	-	(564,200)
-	-	-
442,112	-	442,112
(431,945)	-	(431,945)
(36,794)	(157)	(36,951)
(23,592)	(59)	(23,651)
45,688	-	45,688
37,846	-	37,846
(36,140)	-	(36,140)
53	(53)	-
(33,643)	-	(33,643)
43,404	194	43,598
(3,056)	-	(3,056)
(129,277)	112	(129,165)
450,838	-	450,838
(113,593)	-	(113,593)
(123,135)	-	(123,135)
(1,412)	-	(1,412)
(76,116)	-	(76,116)
437,453	-	437,453
(467,214)	-	(467,214)
(107)	-	(107)
-	-	-
106,714	-	106,714
(449)	-	(449)
22	-	22
(5,663)	-	(5,663)
(1,743)	-	(1,743)
3,304	-	3,304
(4,529)	-	(4,529)
(8,421,880)	-	(8,421,880)
8,447,264	-	8,447,264
4,851	11	4,862
30,235	11	30,246
3,143	123	3,266
59,139	7,204	66,343
$ 62,282	$ 7,327	$ 69,609
$ 33,356	$ 227	$ 33,583
-	-	-
6,751	-	6,751
(4,550)	(10)	(4,560)
(2,967)	-	(2,967)
(17)	-	(17)
(4,851)	(11)	(4,862)
76,116	-	76,116
-	-	-
(167,135)	104	(167,031)
(65,980)	(198)	(66,178)
$ (129,277)	$ 112	$ (129,165)

NOTE DISCLOSURES INDEX

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FOR THE TWELVE MONTHS ENDED JUNE 30, 2018

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation") or ("AHFC"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "Legislature") to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development ("HUD"), Energy ("DOE"), and Health and Human Services ("HHS"), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has subsidiaries incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Each subsidiary issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The subsidiaries are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature. https://www.ahfc.us/about-us/subsidiaries/ntsc/ntsc-financial-statements/
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill No. 232 of the 2006 Legislature. https://www.ahfc.us/about-us/subsidiaries/ahcc/ahcc-financial-statements/
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill No. 119 of the 2011 Legislature. https://www.ahfc.us/about-us/subsidiaries/alaska-corporation-affordable-housing-acah/acah-financial-statements/

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other subsidiaries of AHFC are not closely related, nor financially integrated with AHFC. There is no financial accountability for the other subsidiaries by AHFC. They are not component units of AHFC, thus not included in these financial statements. Those subsidiaries are component units of the State.

Neither AHFC nor the State is liable for any debt issued by the subsidiaries of AHFC. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

Basis of Presentation
The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplemental section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Funds and Programs column representing an aggregate of AHFC amounts and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit
The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

Administrative Fund: This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation not accounted for in other funds.

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provides resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: Includes the Low Rent program and other affordable housing for low income families managed under contract with HUD, owned by AHFC. Also includes the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

Component unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of the financial statements.

Restricted Net Position
The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 18 State Authorizations and Commitments for further details) and resources of the Affordable Housing Development Program. The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond indentures, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net position balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The major estimate for the Corporation is the allowance for loan losses.

Investments
All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost.

Accrued Interest Receivable on Loans and Real Estate Owned
Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses
Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Once monies have been disbursed the mortgage loans are recorded.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate Owned
Real estate owned consists principally of properties acquired through foreclosure or repossession and is carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation
Depreciation and amortization of buildings, equipment, and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization threshold is $5,000.

Bonds
The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method.

Deferred Debt Refunding Expenses
Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Based on the amount of unamortized discount or premium from the original bond issue, the net effect of the change is immaterial to the financial statements.

Other Post-Employment Benefits
Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Derivative Instruments-Interest Rate Swaps
The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The swap agreements are negotiated to achieve the financing objectives of the Corporation. The swaps are stated at fair value. The change in the fair value of the swaps is recorded as deferred inflows of resources or deferred outflows of resources or as investment revenue.

Operating Revenues and Expenses
The Corporation was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Corporation into mortgage loans to qualified housing sponsors and to certain individuals. The Corporation's primary purpose is to borrow funds in the bond market and to use those funds to make single-family and multi-family mortgages and loans. Its primary operating revenue is derived from the interest income and fees from those mortgages and loans and on the invested proceeds from the bond issues. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and

externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes

The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits, and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	June 30, 2018
Restricted cash	$ 50,855
Unrestricted	18,754
Carrying amount	$ 69,609
Bank Balance	$ 70,038

Investment Valuation

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

AHFC measures its investments using quoted market prices (Level 1 inputs).

Investment Maturities

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (In Years)				
	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	June 30, 2018
Securities of U. S. Government agencies and corporations	$ 16,000	$ 13	$ -	$ -	$ 16,013
Commercial paper & medium-term notes	399,219	-	-	-	399,219
Corporate Certificate of Deposit	9,166	-			9,166
Money market funds	170,310		-	-	170,310
Subtotal	$ 594,695	$ 13	$ -	$ -	$ 594,708
GeFONSI Pool					1,425
Total AHFC Investment Portfolio					$ 596,133

Restricted Investments

A large portion of the Corporation's investments, $95,800,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, $500,333,000, is unrestricted.

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

Ending unrealized holding gain	$	2,395
Beginning unrealized holding gain		32,528
Net change in unrealized holding gain		(30,133)
FV of investments transferred from GeFONSI to US Bank		33,158
Net realized gain (loss)		(58)
Net increase (decrease) in fair value	$	2,967

Deposit and Investment Policies
The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

The following securities are eligible for investment under the Corporation's Fiscal Policies:

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises ("GSEs") and federal agencies not backed by the full faith and credit of the United States;
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAmmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank, the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements ("repos") where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association ("SIFMA"); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities, other than asset-backed commercial paper, rated at least "AA+" by S&P or "Aa1" by Moody's or "AA+" by Fitch; and

- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments ("GeFONSI") pool.

Credit Risk
Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation's investments as of June 30, 2018, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	$ 16,013
Commercial paper, medium-term notes and Certificates of Deposit:	AAA	Aaa	249
	AA	Aa1	252
	AA	Aa2	250
	AA-	Aa2	501
	AA-	Aa3	900
	AA-	A1	612
	A+	A1	755
	A+	A2	623
	A+	Aa2	402
	A+	Aa3	501
	A	A1	747
	A	A2	1,999
	A-	A2	250
	A-1+	P-1	190,155
	A-1	P-1	209,343
	A-2	P-1	250
	NA	P-1	345
	NA	NA	250
			408,384
Money market funds:	AAAm	--	170,310
			594,707

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's Fiscal Policies. Under certain conditions, the Fiscal Policies permit investments in excess of these limits. For more information, please see the Corporation's Fiscal Policies at: http://www.ahfc.us/pros/investors/fiscal-policies

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%

World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio
The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 2018, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
Goldman Sachs	$ 170,310	28.57%
The Toronto Dominion Bank	$ 73,801	12.38%

Custodial Credit Risk
The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. The Corporation has not established a formal custodial credit risk policy for its investments.

Of the Corporation's $70,038,000 bank balance at June 30, 2018, cash deposits in the amount of $559,000 were uninsured and uncollateralized.

Interest Rate Risk
Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

Modified Duration
Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands, net of GeFONSI holdings) with their modified duration as of June 30, 2018:

	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	$ 16,013	0.771
Certificate of deposit	9,166	0.266
Commercial paper & medium-term notes:		
Commercial paper discounts	391,678	0.339
Medium-term notes	7,540	0.460
Money market funds	170,310	0.000
Portfolio modified duration	$ 594,707	
		0.253

Investment in GeFONSI Pool
The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFONSI pool in which the Corporation participates is itself comprised of investment shares of the State's Short-term Fixed Income, Short-term Liquidity Fixed Income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State's investment pools is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the investment income and 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 the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool is $1,425,000.

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.

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance as of June 30, 2018, is shown below (in thousands):

Due To \ Due From	Adminitrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
Administrative Fund	$ -	$ 9,815	$ -	$ 1,568	$ 34	$ 11,417
Grant Programs	-	-	-	-	1,425	1,425
Mortagage or Bond Programs	38,441	-	-	-	-	38,441
Other Funds or Programs	690	-	-	-	-	690
Alaska Corporation for Affordable Housing	-	-	-	-	-	-
Total	$ 39,131	$ 9,815	$ -	$ 1,568	$ 1,459	$ 51,973

The balance due to the Mortgage or Bond programs from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance due to the Administrative Fund from Grant Programs, Other Funds or Programs, and ACAH resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

The balance due from ACAH to the Grant Programs is the result of a repayable grant to ACAH for the purchase of land.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans is shown below (in thousands):

	June 30, 2018
Mortgage loans	$ 2,629,496
Multifamily loans	468,158
Other notes receivable	89,039
	3,186,693
Less:	
Allowance for losses	(54,256)
Net Mortgages, Notes & other	$ 3,132,437

Of the $3,186,693,000 mortgage loans, notes, and other loans, $86,584,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of $13,664,000. Included in the allowance for losses is $1,230,000 for ACAH's notes receivable bringing ACAH's net notes receivable to $12,434,000.

Other supplemental loan information is summarized in the following table (in thousands):

		June 30, 2018
Loans Delinquent 30 days or more	$	105,712
Foreclosures during reporting period		10,524
Loans in foreclosure process		14,048
Mortgage-related commitments:		
To purchase mortgage loans	$	142,774

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 DIRECT FINANCING LEASE

In July 1997, the Corporation purchased an office building (the "Atwood Office Building") in downtown Anchorage for approximately $26 million. The Atwood Office Building was originally purchased with proceeds from the issuance of the Corporation's State Building Lease Bonds Series 1999, which were refunded by General Housing Purpose Bonds 2005 Series C, which were subsequently refunded in March 2015, by its State Capital Project Bonds II, 2015 Series A. The Atwood Office Building was part of the Corporation's State Building Lease Program and was leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The lease of the building to the State was recorded as a direct financing lease. The lease expired on June 1, 2017. The State exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, with an assessed value of $70.5 million, for $1 and ownership transferred from the Corporation to the State on December 15, 2017. Block 102, containing lots the State is not currently transferring but may take ownership of at a later date, was booked as a Corporation asset at the assessed value of $4,175,000, and identified as Property for Resale pending potential future transfers.

In fiscal year 2007, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage was $44,000,000, and it was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage for $1 after December 1, 2027, which is the end of the lease. In June and December 2015, the Corporation issued its State Capital Project Bonds II, 2015 Series B and C, respectively, to partially refund its State Capital Project Bonds, 2007 Series A, which were originally issued in September 2007 to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

The following table lists the components of the net investment in direct financing lease and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

Future Minimum Payments Due

Year Ending June 30,		Parking Garage
2018	$	3,304
2019		3,304
2020		3,304
2021		3,304
2022		3,304
Thereafter		16,515
Gross payments due		33,035
Less: Unearned revenue		(6,031)
Net investment in direct financing lease	$	27,003

8 CAPITAL ASSETS

Capital assets activity for the twelve months ended June 30, 2018, and a summary of balances is shown below (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
Non-Depreciable Capital Assets:				
Land	$ 20,247	$ -	$ -	$ 20,247
Total Non-Depreciable	20,247	-	-	20,247
Depreciable Capital Assets:				
Buildings	246,070	16	-	246,086
Computers & Equipment	2,356	335	-	2,691
Vehicles	2,296	110	(142)	2,264
Less: Accumulated depreciation				
Buildings	(160,259)	(6,404)	-	(166,663)
Computers & Equipment	(2,088)	(203)	-	(2,291)
Vehicles	(1,860)	(144)	142	(1,862)
Total Depreciable, Net	86,515	(6,290)	-	80,225
Total Capital Assets, Net	$ 106,762	$ (6,290)	$ -	$ 100,472

The above capital assets include $3,667,000 of land and land improvements that belong to ACAH.

Depreciation expense charged by the Corporation was $6,751,000 for the twelve months ended June 30, 2018.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was $7,373,000 at June 30, 2018.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at June 30, 2018, were interest rate swap derivatives of $103,394,000, deferred debt refunding expense of $24,487,000, pension deferred outflows of $4,034,000, and other post employment benefits deferred outflows of $1,192,000.

10 BONDS PAYABLE

All of the bonds are general obligations of the Corporation for which its full faith and credit are pledged. All of the bonds are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. In the event that the Corporation cannot make the Veterans Mortgage Program Bond payments, the State will pay the principal and interest payments.

Bonds outstanding as of June 30, 2018, are shown on the next two pages (in thousands):

	Original Amount	June 30, 2018
First-Time Home Buyer Program:		
Mortgage Revenue Bonds, Tax-Exempt:		
● 2009 Series A-1; 3.07%, due 2027-2041	$ 64,350	$ 41,400
● 2009 Series A-2; 2.32%, due 2026-2041	128,750	73,340
● 2010 Series A; 2.75%-4.00%, due 2018-2027	43,130	25,585
Unamortized discount		(104)
● 2010 Series B; 2.75% to 4.625%, due 2018-2040	35,680	29,840
● 2011 Series B; 2.80% to 4.05%, due 2018-2026	71,360	38,315
Total Mortgage Revenue Bonds	343,270	208,376
Home Mortgage Revenue Bonds, Tax-Exempt:		
● 2002 Series A; Floating Rate*; 1.61% at June 30, 2018, due 2032-2036	170,000	35,940
Unamortized swap termination penalty		(2,057)
● 2007 Series A; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
● 2007 Series B; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
● 2007 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2018-2041	89,370	86,535
● 2009 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
● 2009 Series B; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
● 2009 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	508,338
Veterans Mortgage Program Bonds:		
Collateralized State Guaranteed Bonds, Tax-Exempt:		
● 2016 First and Second Series; 0.90% to 3.20%, due 2018-2046	50,000	48,120
Other Housing Bonds:		
General Mortgage Revenue Bonds, Tax-Exempt:		
● 2012 Series A; 1.95%-4.25%, due 2018-2040	145,890	107,105
Unamortized discount		(525)
Unamortized premium		124
● 2016 Series A; 0.75%-3.50%, due 2018-2046	100,000	93,915
Unamortized premium		926
Governmental Purpose Bonds, Tax-Exempt:		
● 1997 Series A; Floating Rate*, monthly payments, 1.47% at June 30, 2018 due 2027	33,000	14,600
● 2001 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2018-0	76,580	43,505
Unamortized swap termination penalty		(4,527)
● 2001 Series B; Floating Rate*; 1.46% at June 30, 2018, due 2018-0	93,590	53,165
Total Other Housing Bonds	$ 449,060	$ 308,288

Note: Debt service payments on the above-mentioned bonds are semi-annual unless otherwise mentioned.
*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

**Interest rates on the indexed floating rate bonds are established monthly based on an index and a prescribed spread in the underlying bond documents.

	Original Amount	June 30, 2018
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
● 2002 Series C; Floating Rate*; 1.47% at June 30, 2018, due 2018-2022	$ 60,250	$ 29,160
● 2011 Series A; 5.00%, due 2018- 2020	105,185	6,235
Unamortized premium		84
● 2012 Series A; 3.25% to 5.00%, due 2018-2032	99,360	44,765
Unamortized discount		(92)
Unamortized premium		2,232
● 2013 Series A; 4.00% to 5.00%, due 2018-2032	86,765	64,140
Unamortized premium		4,024
● 2014 Series A; 4.00% to 5.00%, due 2018-2033	95,115	84,375
Unamortized discount		(53)
Unamortized premium		4,597
● 2014 Series B; 5.00%, due 2018-2029	29,285	25,245
Unamortized premium		2,387
● 2014 Series D; 3.00% to 5.00%, due 2018-2029	78,105	77,830
Unamortized premium		9,026
● 2015 Series A; 3.00% to 5.00%, due 2018-2030	111,535	101,530
Unamortized premium		11,422
● 2015 Series B; 3.00% to 5.00%, due 2019-2036	93,365	91,145
Unamortized discount		(196)
Unamortized premium		5,873
● 2015 Series C; 5.00%, due 2019-2035	55,620	49,155
Unamortized premium		6,264
● 2017 Series A; 2.00% to 5.00%, due 2018-2032	143,955	142,955
Unamortized premium		21,525
● 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		7,935
● 2018 Series B; 3.125% to 5.00%, due 2019-2038	35,570	35,570
Unamortized discount		(82)
Unamortized premium		4,459
State Capital Project Bonds, Taxable:		
● 2014 Series C; Indexed Floating Rate**, 2.482% at June 30, 2018, due 2029	140,000	140,000
● 2017 Series B; Floating Rate*; 2.03% at June 30, 2018, due 2047	150,000	150,000
● 2018 Series A; Floating Rate*; 2.00% at June 30, 2018, due 2031-2043	90,000	90,000
Total Non-Housing Bonds	1,417,965	1,255,365
Total Bonds Payable	$ 2,912,295	$ 2,328,487

Redemption Provisions
The bonds are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once the outstanding amount falls below 15% of the total issuance.

During the twelve months ended June 30, 2018, the Corporation made special revenue redemptions in the amount of $144,425,000.

Advance Refundings
In the twelve months ending June 30, 2018, the Corporation effected advanced refundings where the proceeds of issued bonds were used to defease outstanding debt of the Corporation.

A summary of all defeased debt, as of June 30, 2018, follows (in thousands):

	Date Defeased	June, 2018
State Capital Project Bonds, 2011 Series A	September 2017	$ 63,705
State Capital Project Bonds, 2012 Series A	December 2017	29,795
State Capital Project Bonds, 2013 Series A	December 2017	16,345
		$ 109,845

Debt Service Requirements**
For all bonds in the preceding schedules, the Corporation's debt service requirements through 2023 and in five year increments thereafter to maturity are shown below (in thousands):

	Total Debt Service		
Year Ended June 30, 2018	Principal	Interest*	Total
2019	$ 65,355	$ 81,960	$ 147,315
2020	80,835	79,309	160,144
2021	91,760	75,875	167,635
2022	95,200	72,062	167,262
2023	92,345	68,002	160,347
2024-2028	522,095	277,342	799,437
2029-2033	651,710	156,756	808,466
2034-2038	267,900	76,547	344,447
2039-2043	142,035	34,937	176,972
2044-2048	246,010	14,972	260,982
	$ 2,255,245	$ 937,762	$ 3,193,007

* Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at June 30, 2018.
** Also see Note 11 – Derivatives

Conduit Debt
From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements.

A summary of all conduit debt as of June 30, 2018, follows (in thousands):

	Maximum Issue Amount	Balance at June 30, 2018
Revenue Bonds, 2016 (Muldoon Garden Project)	$ 3,920	$ 3,916
Revenue Bonds, 2017 (Grass Creek North II LP)	$ 8,200	$ 6,972

11 DERIVATIVES

The Corporation entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether or not the derivatives constitute effective hedges. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risks, position size, transaction and financing costs, and the use of capital profit. The fair value represents the current price to settle swap assets or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2018, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
GP01A[1]	12/01/08	2.4530%	67% of 1M LIBOR[4]	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427%	67% of 1M LIBOR	12/01/30	AA/Aa3
E021A1[2]	10/09/08	2.9800%	70% of 3M LIBOR[5]	06/01/32	AA-/Aa2
SC02C[3]	12/05/02	4.3030%	SIFMA[6] + 0.115%	07/01/22	A+/Aa2
E071AB	05/31/07	3.7345%	70% of 3M LIBOR	12/01/41	AA-/Aa2
E071BD	05/31/07	3.7200%	70% of 3M LIBOR	12/01/41	A+/Aa2
E091A	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	A+/Aa1
E091B	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	AA-/Aa2
E091ABD	05/28/09	3.7400%	70% of 3M LIBOR	12/01/40	A+/Aa2

1. Governmental Purpose Bonds
2. Home Mortgage Revenue Bonds
3. State Capital Project Bonds
4. London Interbank Offered Rate ("LIBOR") 1 month
5. London Interbank Offered Rate 3 month
6. Securities Industry and Financial Markets Municipal Swap Index
7. Standard & Poor's/Moody's

The change in fair value and ending balance of the hedging derivatives as of June 30, 2018, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2018	Fair Values June 30, 2017	Change in Fair Value
GP01A	$ 43,505	$ 45,082	$ (1,577)	$ (3,267)	$ 1,690
GP01B	53,165	60,691	(7,526)	(10,488)	2,962
E021A1	35,940	38,379	(2,439)	(4,153)	1,714
SC02C	29,160	30,502	(1,342)	(2,545)	1,203
E071AB	139,095	165,543	(26,448)	(35,626)	9,178
E071AD	92,730	110,103	(17,373)	(23,509)	6,136
E091A	72,789	87,161	(14,372)	(19,228)	4,856
E091B	72,789	86,786	(13,997)	(18,810)	4,813
E091ABD	97,052	115,373	(18,321)	(24,748)	6,427
Total	$ 636,225	$ 739,620	$ (103,395)	$(142,374)	$ 38,979

As of June 30, 2018, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2019	19,140	9,321	13,067	41,528
2020	23,310	9,058	12,648	45,016
2021	27,780	8,709	12,102	48,591
2022	29,230	8,293	11,494	49,017
2023	27,175	7,853	10,856	45,884
2024-2028	135,915	33,454	46,424	215,793
2029-2033	141,590	22,608	31,866	196,064
2034-2038	134,850	12,884	18,333	166,067
2039-2043	97,235	2,613	3,709	103,557
	$ 636,225	$ 114,793	$ 160,499	$ 911,517

Credit Risk
As of June 30, 2018, the Corporation was not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The Corporation currently has swap agreements with five separate counterparties. Approximately 39% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34.4% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa2". Of the remaining swaps, one counterparty are rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 11.4%, 8.4%, and 6.8% respectively, of the total notional amount of the swaps.

Interest Rate Risk
The Corporation is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, the Corporation's net payment on the swaps increases.

Basis Risk
All of the Corporation's variable-rate bond interest payments related to interest rate swaps are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2018, SIFMA was 1.51%

and 1-month LIBOR was 2.09%, resulting in a SIFMA/LIBOR ratio of 72.24%. The 3-month LIBOR was 2.34%, resulting in a SIFMA/LIBOR ratio of 64.65%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk
Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in the Corporation making termination payments totaling $22,181,000 to the counterparties. The Corporation replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps. An additional payment of $150,000 was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

Rollover Risk
Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The Home Mortgage Revenue Bonds, 2002 Series A swaps were set up in several tranches of various sizes that could be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped portion of the debt.

Investment Derivative

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap is no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of the Corporation's investment derivative as of June 30, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.7700%	70% of 1M LIBOR	07/01/24	A+/Aa2

The change in fair value of the investment derivatives as of June 30, 2018, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2018	Fair Values June 30, 2017	Change in Fair Value
SC02B	$ 14,555	$ 15,835	$ (1,280)	$ (2,040)	$ 760

Credit Risk
As of June 30, 2018, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The counterparty on this swap is rated "A+/Aa2".

12 LONG TERM LIABILITIES

The activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Total bonds and notes payable	$ 2,124,637	$ 500,008	$ (296,158)	$ 2,328,487	$ 65,355
Pension liability	47,645	-	(11,985)	35,660	-
OPEB liability	-	5,765	-	5,765	-
Compensated absences	4,184	2,837	(2,758)	4,263	2,002
Other liabilities	-	51	(51)	-	-
Total long-term liabilities	$ 2,176,466	$ 508,661	$ (310,952)	$ 2,374,175	$ 67,357

13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is $150,000,000. The lowest yield during the twelve months ended June 30, 2018, was 1.17% and the highest, 2.30%.

Short term debt activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
Commercial paper	$ 82,600	$ 437,991	$ (467,214)	$ 53,377
Unamortized discount	$ (74)	$ (906)	$ 872	(108)
Commercial paper, net	$ 82,526	$ 437,085	$ (466,342)	$ 53,269

14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. AHFC's pension deferred inflows of resources at June 30, 2018, totaling $4,467,000, represent the difference between projected and actual investment earnings in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at June 30, 2018, represent the difference between expected and actual experience, the difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions in the OPEB plan of $3,115,000.

15 TRANSFERS

Transfers for the twelve months ended June 30, 2018, are summarized in the following schedule (in thousands):

		From					
		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
To	Administrative Fund	$ -	$ 24,591	$ 600,580	$ 16,763	$ 174	$ 642,108
	Grant Programs	34,754	-	-	-	-	34,754
	Mortgage or Bond Programs	604,969	-	-	-	-	604,969
	Other Funds or Programs	15,266	-	-	-	-	15,266
	Alaska Corporation for Affordable Housing	174	-	-	-	-	174
	Total	$ 655,163	$ 24,591	$ 600,580	$ 16,763	$ 174	$ 1,297,271

Transfers are used to:

(1) move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements;
(2) move mortgages between the Administrative Fund and the Mortgage or Bond Programs;
(3) record expenditures paid on behalf of the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund;

(4) move cash and mortgages between various Mortgage or Bond Programs; or
(5) record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

16 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations with which it has entered into standby bond purchase agreements to provide liquidity in the event of un-remarked tenders and/or bond insurance contracts to guarantee the payment of debt service. Furthermore, the Corporation entered into a separate revolving credit facility in 2017 with the Industrial and Commercial Bank of China LTD, New York Branch, to provide up to $300,000,000 of additional liquidity for the Corporation's State Capital Project Bonds and State Capital Project Bonds II indentures, and the Commercial Paper Notes program. At June 30, 2018, the Corporation had unused standby bond purchase agreements of $510,395,000 and revolving credit of $300,000,000.

17 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds.

Non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. As investment rates change over time, it is sometimes possible to recoup previous rebate payments. With respect to the Corporation's Governmental Purpose Bonds, 2001 Series A and B, prior payments totaled $1,318,000, but rebate liability as of June 30, 2018, was $870,000, resulting in $448,000 due to the Corporation.

18 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995.

> "The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year."

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". Following are the details of AHFC's dividend to the State as of June 30, 2018, (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	$ 794,648	$ (788,948)	$ 5,700
State Capital Projects Debt Service	458,877	(446,871)	12,006
State of Alaska Capital Projects	255,761	(249,534)	6,227
AHFC Capital Projects	509,792	(469,752)	38,040
Total	$ 2,019,078	$ (1,955,105)	$ 61,973

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to $224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed $103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, $60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and $45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003 Act') which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of the adjusted change in net position for the fiscal year two years prior to the current fiscal year or $103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

19 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	June 30, 2018
Beneficiaries and Special Needs Housing	$ 1,698
Continuum of Care Homeless Assistance	2,200
Domestic Violence	1,298
Discharge Incentive grant	176
Drug Elimination	50
Emergency Shelter Grant (ESG)	234
Energy Efficiency Monitoring Research	986
Energy Efficient Home Program	1,954
HOME Investment Partnership	2,850
Homeless Assistance Program	6,825
Housing Choice Vouchers	32,161
Housing Loan Program	1,471
Housing Opportunities for Persons with AIDS	587
Low Income Weatherization Assistance	7,858
Low Income Home Energy Assistance	750
Non-Elderly Disabled (NED)	274
Parolees (TBRA)	453
Section 8 Project-based Grants	-
Section 8 Rehabilitation	488
Senior Citizen Housing Development Grant	1,535
Supplemental Housing Grant	2,326
Technical Assistance Grant	19
Utility Allowance Payments for Low Rent	-
Veterans Affairs Supportive Housing	1,992
Youth (TBRA)	129
Total Housing Grants and Subsidies Expenses	**$ 68,314**

In addition to grant payments made, the Corporation had advanced grant funds of $4,329,000 and committed to third parties a sum of $15,164,000 in grant awards as of June 30, 2018.

20 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of June 30, 2018, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public

Employees' Retirement System Defined Benefit Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees.

PERS audited financial statements are available at www.doa.alaska.gov/drb.

Defined Benefit ("DB") Pension and Post-Employment Healthcare Plans *(Employees hired prior to July 1, 2006)*

Employee Benefits:
Employees hired prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and provides death and disability benefits.

Employees hired between July 1, 1986, and June 30, 1996, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between July 1, 1996, and June 30, 2006, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

This plan was closed to new entrants as of June 30, 2006.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Funding Policy:

Under State law, covered employees are required to contribute 6.75% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan.

Under State law, the Corporation is required to contribute 22.00% of annual covered salary. For fiscal year 2018, 17.12% of covered salary is for the pension plan and 4.88% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 3.01%, the difference between the actuarial required contribution of 25.01% for fiscal year 2018 and the employer rate of 22.00%.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the twelve months ended June 30, 2018, totaled $613,000, and for the years ended June 30, 2017, and June 30, 2016, totaled $973,000 and $1,334,000, respectively.

Pension Liabilities:
At June 30, 2018, the Corporation reported a liability for its proportionate share to the net pension liability of $35,660,000. This amount reflected State pension support provided to the Corporation of $13,285,000. The total net pension liability associated with the Corporation was $48,945,000.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017.

Pension Expense:

For the year ended June 30, 2018, the Corporation recognized pension expense of $769,000 and revenue of $651,000 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
As of June 30, 2018, the Corporation's deferred outflows of resources related to pension expense of $4,034,000 were due to a change in its proportionate share of contributions to the pension plan of $145,000, a difference between projected and actual investment earnings of $957,000 and contributions to the pension plan subsequent to the measurement date of $2,932,000. The Corporation's deferred inflows of resources related to pension of $4,467,000 were due to a difference between expected and actual experience of $641,000 and changes in proportion and differences between employer contributions of $3,826,000.

The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2019	$ (206)	$ (1,116)	$ (1,322)
2020	2,113	(1,117)	996
2021	1,564	(1,117)	447
2022	563	(1,117)	(554)
	$ 4,034	$ (4,467)	$ (433)

Pension Actuarial Assumptions: The total pension liability for the fiscal year ending June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The valuation was prepared assuming an inflation rate of 3.12%. Salary increases were determined by grading by age and service to range from 4.34% to 8.55%. The investment rate of return was calculated at 8.00%, net of pension plan investment expenses, based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

Mortality rates were based on the RP-2000 table, 2000 Base Year projected to 2018 with Projection scale BB.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return	
Domestic Equity	8.83	%
Global Equity (non-U.S.)	7.79	%
Intermediate Treasuries	1.29	%
Opportunistic	4.76	%
Real Estate	4.94	%
Absolute return	4.76	%
Private Equity	12.02	%
Cash equivalents	0.63	%

Pension Discount rate:
The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:
The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1% lower (7%) or 1% higher (9%), (in thousands).

	1% Decrease (7%)	**Current Discount Rate (8%)**	**1% Increase (9%)**
Corporation's proportionate share of the net pension liability	$46,843	$35,660	$26,217

Defined Contribution ("DC") Pension and Post-Employment Healthcare Plans *(Employees hired on or after July 1, 2006):*

Employee Benefits
Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan ("ODD"), and the Retiree Medical Plan ("RM"). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employee's contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service.

Funding Policy

Under State law, covered employees are required to contribute 8% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan. Employer contribution rates for the year ended June 30, 2018, were as follows:

	Other Tier IV
Retiree medical plan	1.03%
Occupational death and disability benefits	0.16%
Total Contribution Rates	1.19%

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2018, 6.19% of covered salary is split between 5.16% for the pension plan and 1.03% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of $2,084.16, representing 3% of total annual covered compensation in the Plan for each full-time employee, and $1.34 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

Additionally, if the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the twelve months ended June 30, 2018, the Corporation paid additional contributions of $1,002,000 and for June 30, 2017, $900,000. These contributions equal $780,000 for the defined benefit pension as of June 30, 2018, and $612,000 as of June 30, 2017, and $222,000 and $288,000 for the defined benefit post-employment healthcare plans as of June 30, 2018 June 30, 2017, respectively.

The contributions to the pension plan for the twelve months ended June 30, 2018, by the employees totaled $644,000 and by the Corporation totaled $415,000. The contributions to the pension plan for the twelve months ended June 30, 2017, by the employees totaled $585,000, and by the Corporation, $378,000.

The Corporation contributed $354,000 to a Health Reimbursement Arrangement for the twelve months ended June 30, 2018, and $332,000 as of June 30, 2017.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Other Post-Employment Benefits ("OPEB") Defined Benefit and Defined Contribution Plans
OPEB Employer Contribution Rate:
In 2018, the Corporation was credited with the following contributions to the OPEB plan:

	Measurement Period Corporation FY17	Corporation FY16
Employer contributions DB	$ 1,261,000	$ 1,634,000
Employer contributions DC RM	86,000	107,000
Employer contributions DC ODD	12,000	14,000
Nonemployer contributions (on-behalf)	-	-
Total Contributions	**$ 1,359,000**	**$ 1,755,000**

Changes in Benefit Provisions Since the Prior Valuation of OPEB:
There have been no changes in the benefit provisions effective since the prior valuation for the Defined Benefit OPEB plan.

OPEB healthcare cost trend rates:
Healthcare Reform legislation passed on March 23, 2010. There is no change due to this legislation, because the State plan is retiree-only. Actuaries determined the impact to be less than $775,000 (0.01%) of the projected June 30, 2016 healthcare actuarial accrued liability for the defined benefit plans due to cost plan excise tax (Cadillac tax). Impact on Healthcare Cost Rate Data Source or Assumption Change from 2016 to 2015 is negligible due to: claim lag specific to medical and prescription experience, individual claims level data, explicit TPA fees, actual RDS payments received; as well as a loss due to aggregate claims data and a small gain due to updated census data.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability are amortized over a closed 25-year period (established June 30, 2014) as a level percentage of payroll amount. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for pension benefits (constant dollar amount for healthcare benefits) from the assumed entry age to the assumed retirement age, were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate that is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members, and disabled members not yet receiving benefits, was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members. The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:
Major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 Members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service, and any disabled member, receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.56% and 2.24% respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA).

OPEB Liabilities:
At June 30, 2018, the total net OPEB liability associated with the Corporation was $5,765,000.

At June 30, 2018, the Corporation reported a liability for its proportionate share of the net OPEB liabilities (“NOL”) that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

	2018
Corporation’s proportionate share of NOL – DB	$ 5,828,000
Corporation’s proportionate share of NOL – DC RM	37,000
Corporation’s proportionate share of NOL – DC ODD	(100,000)
State’s proportionate share of the NOL associated with the Corporation	-
Total Net OPEB Liabilities	$ 5,765,000

The net OPEB liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017.

The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
Corporation's proportionate share of the net OPEB liabilities:			
DB	0.85265%	0.68992%	-0.16273%
DC RM	0.66252%	0.70310%	0.04058%
DC ODD	0.66252%	0.70310%	0.04058%

Changes in Benefit Provisions Since Prior Valuation of OPEB:
For Defined Contribution Retiree Medical OPEB ("DC RM") and Defined Contribution - Occupational Death & Disability ("DC ODD") plans there were the following updates: actuaries updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible; and updated factors used to adjust the defined benefit plan costs to reflect adopted DCR plan design.

OPEB Expense:
For the year ended June 30, 2018, the Corporation recognized negative pension expense of $704,000 and no support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:
At June 30, 2018, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (317)
Difference between projected and actual investment earnings	-	(1,850)
Changes in proportion and difference between employer contributions	3	(948)
Total Deferred Inflows/Outflows	$ 3	$ (3,115)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Total
2019	$ (1,161)
2020	(1,021)
2021	(463)
2022	(463)
2023	(1)
Thereafter	(3)
	$ (3,112)

OPEB Actuarial Assumptions:
The total OPEB liability for the year ended June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level percentage of payroll.
Inflation	3.12%
Salary increases	Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039.
Investment Return / Discount Rate	8.00%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time for others. Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

OPEB Discount rate:
The discount rate used to ensure the total OPEB liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

Sensitivity of the Corporation's proportionate share of the net OPEB liability to changes in the discount rate:
The following presents the Corporations proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1-percentage-point (7%) lower or 1-percentage-point higher (9%), (in thousands).

	Proportional Share	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net OPEB liabilities:				
DB plan	0.68992%	$ 12,473	$ 5,828	$ 239
DC RM plan	0.70310%	$ 172	$ 37	$ (69)
DC ODD plan	0.70310%	$ (90)	$ 100	$ (108)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:
The following presents the Corporation's net OPEB liability using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
Corporation's proportionate share of the net OPEB liabilities:				
DB plan	0.68992%	$ (647)	$ 5,828	$ 13,612
DC RM plan	0.70310%	$ (91)	$ 37	$ 207
DC ODD plan	0.70310%	n/a	$ 100	n/a

OPEB plan's fiduciary net position:
All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Healthcare cost trend rates:
Conduent determined the impact to be less than $350,000 (0.50%) on DC RM liability due to the high cost plan excise tax (Cadillac tax). Due to the lack of experience, from actuarial perspective, for the DC RM and DC ODD retiree health plans, base claims costs are based on those described in the actuarial valuation as of June 30, 2016, for the Defined Benefit (DB) retiree healthcare plan. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DC medical plans and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, upcoming FY17 claims costs were reduced 3.1% for medical and 11.2% for prescription drugs. In addition, to account for the difference in Medicare coordination, upcoming FY17 medical claims costs for Medicare eligible retirees were further reduced 33.75%. The health care trend rate used for the DB health benefits was reduced 0.2% each year for the DC health benefits to reflect the fact that the retiree healthcare benefits to be offered to DC members will have annual indexing of member cost sharing features.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." The healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:
Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for retiree medical benefits, from the assumed entry age to the last age with a future benefit were applied to the projected benefits to determine the normal cost (the portion of the total cost of the Plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total DC RM Plan payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the Plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for beneficiaries and disability members currently receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:
Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service. No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's and any covered dependent premium is 100% until the member is Medicare eligible. Upon the member's Medicare-eligibility, the required contribution will follow the service based schedule. Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements. The medical plan's coverage is supplemental to Medicare. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to that amount. Starting in 2018, the prescription drug coverage is a Medicare Part D Employer Group Waiver Plan (EGWP) arrangement. The premium for Medicare-eligible retirees will be based on the member's years of service. The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Members have a separate defined contribution HRA account that can be used to pay for premiums or other medical expenses. Coverage will continue for surviving spouses of covered retired members.

Annual Postemployment Healthcare Cost
In 2018, the Corporation recognized $354,000 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

Presentation of Transition for OPEB for Defined Benefit and Defined Contributions Plans:
Beginning deferred outflows for DB and both DC plans were zero. The restatement of all prior periods is not practical and the data is not available from the State of Alaska actuary, therefore only the cumulative effect is reported as a restatement of beginning net position of $8,392,000, the total cumulative effect for all three plans. By plan it was $8,516,000 for DB, negative $25,000 for DC RM, and negative $99,000 for DC ODD. There have been no changes in the benefit provisions effective since the prior valuation.

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance
During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to $175,000 per employee per year. The Corporation has provided for an estimate of the Incurred but Not Reported ("IBNR") liability in the amount of $4,902,000 as of June 30, 2018.

Lease Obligations
The Corporation leases the land at its Anchorage Family Investment Center located at 440 E. Benson Blvd., Anchorage, AK for $7,000 per month. Lease expense for the twelve months ended June 30, 2018, totaled $84,000.

Litigation
The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

The Corporation delivered its $167,780,000 General Mortgage Revenue Bonds II, 2018 Series A and B, on August 28, 2018. The Series A Bonds are $109,260,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2048. The Series B Bonds are $58,520,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2035. Interest on the Series A and B Bonds is payable each June 1 and December 1 at fixed rates ranging from 1.55% to 5.00%. Proceeds of the Series A and B Bonds will be used to finance mortgage loans, to refund certain outstanding obligations of the Corporation, to finance additional authorized activities of the Corporation, and to pay certain costs of issuance of the Bonds.

In August of 2018, the Corporation closed a $5,000,000 conduit bond issuance for Marina and Karina Park Project, a 21-unit multi-family rental facility in Anchorage, Alaska. The conduit bonds will not constitute an indebtedness of the Corporation or the State of Alaska, but will instead be payable solely by the borrower.

22 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party with which the Corporation is doing business. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first-in-line in case of a loss. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

23 CUMULATIVE EFFECT OF ACCOUNTING CHANGE

The AHFC participates in a multi-employer defined benefit plan: The Alaska Public Retirement System (PERS) plan. In 2018, AHFC adopted the provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which, among other accounting and reporting criteria, requires AHFC to recognize its proportional share of the Net OPEB Liability (and related deferred inflow/outflow accounts), as of the beginning of AHFC's fiscal year. As a result of the implementation of this statement, AHFC has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening net position, as originally presented	Change in accounting principle adjustment	Opening net position, as restated
Administrative Fund	$ 570,066	$ (8,390)	$ 561,676

24 FIVE YEAR FINANCIAL INFORMATION

Entity-wide amounts at year-end are presented below for informational purposes (in thousands):

	June 30, 2018	2017	2016	2015	2014
Assets					
Cash	$ 69,609	$ 66,343	$ 70,104	$ 50,348	$ 77,026
Investments	596,133	618,544	615,588	816,244	1,063,200
Accrued interest receivable	14,115	12,771	12,325	11,606	12,357
Mortgage loans, notes and other loans	3,132,437	2,910,332	2,817,494	2,662,893	2,536,596
Net investment in direct financing lease	27,003	29,142	34,555	39,732	44,664
Unamortized bond issuance costs	-	-	-	-	0
Capital assets, net	100,472	106,762	109,821	116,057	120,248
Other assets	28,684	23,171	35,746	47,982	44,533
Derivative instrument - interest rate swaps	-	-	-	-	-
Total Assets	3,968,453	3,767,065	3,695,633	3,744,862	3,898,624
Deferred Outflow of Resources	133,107	172,676	234,921	171,440	156,579
Liabilities					
Bonds and notes payable	2,328,487	2,124,637	2,083,582	2,201,527	2,308,710
Short term debt	53,269	82,526	71,589	16,899	64,993
Accrued interest payable	9,984	9,622	9,628	9,397	10,147
Other liabilities	58,868	63,894	55,009	49,522	21,079
Derivative instrument - interest rate swaps	104,674	144,903	210,543	150,199	140,366
Total Liabilities	2,555,282	2,425,582	2,430,351	2,427,544	2,545,295
Deferred Inflow of Resources	7,582	531	670	3,277	-
Total Net Position	$ 1,538,696	$ 1,513,628	$ 1,499,533	$ 1,485,481	$ 1,509,908
Operating Revenues					
Mortgage and loans revenue	$ 135,055	$ 130,538	$ 128,942	$ 126,140	$ 120,740
Investment interest	6,273	4,727	3,595	4,388	6,532
Net change in fair value of investments	2,967	1,899	2,754	1,627	2,450
Net change of hedge termination	760	1,028	(552)	11	37
Total Investment Revenue	10,000	7,654	5,797	6,026	9,019
Externally funded programs	86,844	96,081	123,782	146,236	163,739
Rental	11,305	11,155	10,707	9,342	8,951
Other	3,076	4,051	4,952	2,355	5,637
Total Operating Revenues	246,280	249,479	274,180	290,099	308,086
Operating Expenses					
Interest	71,246	69,890	70,357	75,349	81,184
Mortgage and loan costs	11,452	10,843	10,836	11,327	9,442
Operations and administration	5,027	4,512	58,373	53,287	58,771
Financing expenses	(4,560)	(5,584)	3,556	5,064	4,415
Provision for loan loss	46,127	56,867	(5,831)	(5,741)	(5,688)
Housing grants and subsidies	15,091	14,296	107,054	125,222	149,188
Rental housing operating expenses	68,314	84,310	15,634	17,086	14,159
Total Operating Expenses	212,697	235,134	259,979	281,594	311,471
Operating Income (Loss)	33,583	14,345	14,201	8,505	(3,385)
Non-Operating & Special Item					
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Special item	-	-	-	-	-
Change in Net Position	$ 33,458	$ 14,095	$ 14,052	$ 4,680	$ (4,765)

Schedule of the Corporation's Proportionate Share of the Net Pension Liability (in thousands):

	2018	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.689820%	0.852380%	0.780600%	0.608214%	0.598696%
The Corporation's proportionate share of the net pension liability (asset)	$ 35,660	$ 47,645	$ 37,859	$ 28,368	$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	13,285	6,003	10,856	22,644	26,434
Total	$ 48,945	$ 53,648	$ 48,715	$ 51,012	$ 57,874
The Corporation's covered employee payroll	$ 13,817	$ 15,252	$ 16,314	$ 17,189	$ 17,815
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	258.10%	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	63.37%	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Schedule of the Corporation's Contributions (in thousands)

	2018	2017	2016	2015	2014
Contractually required contributions	$ 2,932	$ 2,679	$ 2,475	$ 2,403	$ 2,128
Contributions in relation to the contractually required contributions	2,932	2,679	2,475	2,403	2,128
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The Corporation's covered employee payroll	12,583	13,817	15,252	16,314	17,189
Contributions as a percentage of covered-employee payroll	23.30%	19.39%	16.23%	14.73%	12.38%

This table reports the Corporation's pension contributions to PERS during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands):

	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.68992000%	0.85265000%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plans)	0.70310000%	0.66252000%
The Corporation's proportionate share of the net OPEB liability (asset)	$ 5,765	$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	2,173	-
Total	$ 7,939	$ 9,752
The Corporation's covered employee payroll	$ 21,133	$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

– Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.

– Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

Schedule of the Corporation's Contributions (in thousands)

	2018	2017
Contractually required contributions	$ 1,189	$ 1,593
Contributions in relation to the contractually required contributions	$ 1,189	$ 1,593
Contribution deficiency (excess)	-	-
The Corporation's covered employee payroll	20,629	21,133
Contributions as a percentage of covered-employee payroll	5.76%	7.54%

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- – Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- – Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Current				
Cash	$ 29,902	$ -	$ -	$ -
Investments	500,382	12,306	18,796	2,099
Accrued interest receivable	3,373	812	2,675	210
Inter-fund due to/from	(27,714)	3,369	12,603	753
Mortgage loans, notes and other loans	3,449	6,237	21,139	1,846
Net investment in direct financing lease	-	-	-	-
Other assets	3,814	-	-	-
Intergovernmental receivable	208	-	-	-
Total Current	513,414	22,724	55,213	4,908
Non Current				
Investments	13	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	121,867	243,704	744,745	59,672
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	17,626	-	-	-
Other assets	4,521	-	-	-
Total Non Current	146,944	243,704	744,745	59,672
Total Assets	660,358	266,428	799,958	64,580
DEFERRED OUTFLOW OF RESOURCES	5,226	-	100,090	-
LIABILITIES				
Current				
Bonds payable	-	8,655	5,360	1,280
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	548	1,405	98
Other liabilities	8,810	76	236	19
Intergovernmental payable	-	-	-	-
Total Current	64,552	9,279	7,001	1,397
Non Current				
Bonds payable	-	199,721	502,978	46,840
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	92,950	-
Pension and OPEB liability	41,425	-	-	-
Total Non Current	43,687	199,721	595,928	46,840
Total Liabilities	108,239	209,000	602,929	48,237
DEFERRED INFLOW OF RESOURCES	7,582	-	-	
NET POSITION				
Net investment in capital assets	20,543	-	-	-
Restricted by bond resolutions	-	57,428	297,119	16,343
Restricted by contractual or statutory agreements	73,121	-	-	-
Unrestricted or (deficit)	456,099	-	-	-
Total Net Position	$ 549,763	$ 57,428	$ 297,119	$ 16,343

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ -	$ 161	$ 39,546	$ 69,609
29,853	31,559	1,125	596,120
1,485	5,381	179	14,115
6,085	15,631	(10,727)	-
14,606	37,985	1,322	86,584
-	2,223	-	2,223
-	-	5,838	9,652
-	-	13,855	14,063
52,029	92,940	51,138	792,366
-	-	-	13
-	-	-	-
496,033	1,324,894	54,938	3,045,853
-	24,780	-	24,780
-	-	17,330	20,247
-	-	62,599	80,225
447	-	1	4,969
496,480	1,349,674	134,868	3,176,087
548,509	1,442,614	186,006	3,968,453
10,245	17,546	-	133,107
14,100	35,960	-	65,355
-	-	-	53,269
836	4,624	-	9,984
181	329	4,584	14,235
-	161	424	585
15,117	41,074	5,008	143,428
294,188	1,219,405	-	2,263,132
-	-	361	2,623
9,102	2,622	-	104,674
-	-	-	41,425
303,290	1,222,027	361	2,411,854
318,407	1,263,101	5,369	2,555,282
	-	-	7,582
-	-	79,929	100,472
240,347	-	-	611,237
-	-	104,187	177,308
-	197,059	(3,479)	649,679
$ 240,347	$ 197,059	$ 180,637	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
ADMINISTRATIVE FUND
As of June 30, 2018
(in thousands of dollars)

	Administrative Fund
ASSETS	
Current	
Cash	$ 29,902
Investments	500,382
Accrued interest receivable	3,373
Inter-fund due to/from	(27,714)
Mortgage loans, notes and other loans	3,449
Net investment in direct financing lease	-
Other assets	3,814
Intergovernmental receivable	208
Total Current	513,414
Non Current	
Investments	13
Inter-fund due to/from	-
Mortgage loans, notes and other loans	121,867
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	17,626
Other assets	4,521
Total Non Current	146,944
Total Assets	660,358
DEFERRED OUTFLOW OF RESOURCES	5,226
LIABILITIES	
Current	
Bonds payable	-
Short term debt	53,269
Accrued interest payable	2,473
Other liabilities	8,810
Intergovernmental payable	-
Total Current	64,552
Non Current	
Bonds payable	-
Other liabilities	2,262
Derivative instrument - interest rate swaps	-
Pension and OPEB liability	41,425
Total Non Current	43,687
Total Liabilities	108,239
DEFERRED INFLOW OF RESOURCES	7,582
NET POSITION	
Net investment in capital assets	20,543
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	73,121
Unrestricted or (deficit)	456,099
Total Net Position	$ 549,763

ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
ASSETS			
Current			
Cash	$ -	$ -	$ -
Investments	5,426	6,880	12,306
Accrued interest receivable	349	463	812
Inter-fund due to/from	1,446	1,923	3,369
Mortgage loans, notes and other loans	2,507	3,730	6,237
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	9,728	12,996	22,724
Non Current			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	98,721	144,983	243,704
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Total Non Current	98,721	144,983	243,704
Total Assets	108,449	157,979	266,428
DEFERRED OUTFLOW OF RESOURCES	-	-	-
LIABILITIES			
Current			
Bonds payable	3,410	5,245	8,655
Short term debt	-	-	-
Accrued interest payable	292	256	548
Other liabilities	32	44	76
Intergovernmental payable	-	-	-
Total Current	3,734	5,545	9,279
Non Current			
Bonds payable	93,311	106,410	199,721
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension and OPEB liability	-	-	-
Total Non Current	93,311	106,410	199,721
Total Liabilities	97,045	111,955	209,000
DEFERRED INFLOW OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,404	46,024	57,428
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	$ 11,404	$ 46,024	$ 57,428

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
FIRST TIME HOMEBUYERS PROGRAM
HOME MORTGAGE REVENUE BONDS
As of June 30, 2018
(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
ASSETS				
Current				
Cash	$ -	$ -	$ -	$ -
Investments	5,068	1,784	1,811	2,271
Accrued interest receivable	304	297	292	417
Inter-fund due to/from	1,842	1,367	1,562	2,445
Mortgage loans, notes and other loans	2,085	2,444	2,380	3,073
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	9,299	5,892	6,045	8,206
Non Current				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	79,602	85,001	81,973	109,396
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Total Non Current	79,602	85,001	81,973	109,396
Total Assets	88,901	90,893	88,018	117,602
DEFERRED OUTFLOW OF RESOURCES	2,439	15,083	15,066	17,769
LIABILITIES				
Current				
Bonds payable	-	1,680	1,680	2,000
Short term debt	-	-	-	-
Accrued interest payable	81	202	202	240
Other liabilities	26	28	26	38
Intergovernmental payable	-	-	-	-
Total Current	107	1,910	1,908	2,278
Non Current				
Bonds payable	33,883	70,965	70,965	84,535
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	2,439	13,813	13,796	16,212
Pension and OPEB liability	-	-	-	-
Total Non Current	36,322	84,778	84,761	100,747
Total Liabilities	36,429	86,688	86,669	103,025
DEFERRED INFLOW OF RESOURCES	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	54,911	19,288	16,415	32,346
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	$ 54,911	$ 19,288	$ 16,415	$ 32,346

Schedule 4

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
$ -	$ -	$ -	$ -
2,445	2,587	2,830	18,796
426	441	498	2,675
1,414	2,087	1,886	12,603
3,593	3,796	3,768	21,139
-	-	-	-
-	-	-	-
-	-	-	-
7,878	8,911	8,982	55,213
-	-	-	-
-	-	-	-
121,751	129,994	137,028	744,745
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
121,751	129,994	137,028	744,745
129,629	138,905	146,010	799,958
16,926	16,552	16,255	100,090
-	-	-	5,360
-	-	-	-
290	99	291	1,405
37	38	43	236
-	-	-	-
327	137	334	7,001
80,880	80,880	80,870	502,978
-	-	-	-
15,899	15,525	15,266	92,950
-	-	-	-
96,779	96,405	96,136	595,928
97,106	96,542	96,470	602,929
-	-	-	-
-	-	-	-
49,449	58,915	65,795	297,119
-	-	-	-
-	-	-	-
$ 49,449	$ 58,915	$ 65,795	# $ 297,119

ALASKA HOUSING FINANCE CORPORATION

Schedule 5

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
ASSETS	
Current	
Cash	$ -
Investments	2,099
Accrued interest receivable	210
Inter-fund due to/from	753
Mortgage loans, notes and other loans	1,846
Net investment in direct financing lease	-
Other assets	-
Intergovernmental receivable	-
Total Current	4,908
Non Current	
Investments	-
Inter-fund due to/from	-
Mortgage loans, notes and other loans	59,672
Net investment in direct financing lease	-
Capital assets - non-depreciable	-
Capital assets - depreciable, net	-
Other assets	-
Total Non Current	59,672
Total Assets	64,580
DEFERRED OUTFLOW OF RESOURCES	-
LIABILITIES	
Current	
Bonds payable	1,280
Short term debt	-
Accrued interest payable	98
Other liabilities	19
Intergovernmental payable	-
Total Current	1,397
Non Current	
Bonds payable	46,840
Other liabilities	-
Derivative instrument - interest rate swaps	-
Pension and OPEB liability	-
Total Non Current	46,840
Total Liabilities	48,237
DEFERRED INFLOW OF RESOURCES	-
NET POSITION	
Net investment in capital assets	-
Restricted by bond resolutions	16,343
Restricted by contractual or statutory agreements	-
Unrestricted or (deficit)	-
Total Net Position	$ 16,343

ALASKA HOUSING FINANCE CORPORATION

Schedule 6

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
ASSETS					
Current					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	14,083	2,764	1,545	11,461	29,853
Accrued interest receivable	450	236	221	578	1,485
Inter-fund due to/from	2,412	463	-	3,210	6,085
Mortgage loans, notes and other loans	5,405	2,834	655	5,712	14,606
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	22,350	6,297	2,421	20,961	52,029
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	178,433	91,640	21,170	204,790	496,033
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	6	441	447
Total Non Current	178,433	91,640	21,176	205,231	496,480
Total Assets	200,783	97,937	23,597	226,192	548,509
DEFERRED OUTFLOW OF RESOURCES	1,144	-	-	9,101	10,245
LIABILITIES					
Current					
Bonds payable	3,860	4,140	-	6,100	14,100
Short term debt	-	-	-	-	-
Accrued interest payable	325	194	15	302	836
Other liabilities	107	25	-	49	181
Intergovernmental payable	-	-	-	-	-
Total Current	4,292	4,359	15	6,451	15,117
Non Current					
Bonds payable	102,844	90,701	14,600	86,043	294,188
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	9,102	9,102
Pension and OPEB liability	-	-	-	-	-
Total Non Current	102,844	90,701	14,600	95,145	303,290
Total Liabilities	107,136	95,060	14,615	101,596	318,407
DEFERRED INFLOW OF RESOURCES	-	-	-	-	
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	94,791	2,877	8,982	133,697	240,347
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total Net Position	$ 94,791	$ 2,877	$ 8,982	$ 133,697	$ 240,347

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of June 30, 2018

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
ASSETS					
Current					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	3,226	-	567	461	1,066
Accrued interest receivable	206	-	37	225	362
Inter-fund due to/from	638	-	105	384	1,393
Mortgage loans, notes and other loans	939	-	75	1,066	1,746
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	5,009	-	784	2,136	4,567
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	34,127	-	7,055	53,835	75,492
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total Non Current	34,127	-	7,055	53,835	75,492
Total Assets	39,136	-	7,839	55,971	80,059
DEFERRED OUTFLOW OF RESOURCES	1,342	-	-	-	-
LIABILITIES					
Current					
Bonds payable	6,005	-	1,705	4,620	3,505
Short term debt	-	-	-	-	-
Accrued interest payable	820	-	26	162	243
Other liabilities	15	-	2	13	18
Intergovernmental payable	-	-	-	-	-
Total Current	6,840	-	1,733	4,795	3,766
Non Current					
Bonds payable	23,155	-	4,615	42,285	64,659
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,622	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
Total Non Current	25,777	-	4,615	42,285	64,659
Total Liabilities	32,617	-	6,348	47,080	68,425
DEFERRED INFLOW OF RESOURCES	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	7,861	-	1,491	8,891	11,634
Total Net Position	$ 7,861	$ -	$ 1,491	$ 8,891	$ 11,634

Schedule 7

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
$ -	$ -	$ -	$ -	$ -	$ 161	$ -	$ -	$ -	$ 161
1,743	984	124	112	132	177	160	136	22,671	31,559
554	827	470	438	273	799	505	306	379	5,381
2,324	2,799	1,795	1,365	766	866	1,834	712	650	15,631
3,355	7,621	3,392	3,208	1,768	4,277	5,047	1,621	3,870	37,985
-	-	-	-	-	2,223	-	-	-	2,223
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7,976	12,231	5,781	5,123	2,939	8,503	7,546	2,775	27,570	92,940
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	138,305	178,607	52,410	125,100	1,324,894
-	-	-	-	-	24,780	-	-	-	24,780
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	163,085	178,607	52,410	125,100	1,349,674
134,033	266,046	123,562	109,822	60,550	171,588	186,153	55,185	152,670	1,442,614
-	-	4,460	4,225	1,622	5,728	-	169	-	17,546
6,695	120	3,790	3,015	2,795	3,170	-	-	540	35,960
-	-	-	-	-	-	-	-	-	-
453	614	385	343	205	574	238	182	379	4,624
37	70	37	30	17	-	47	14	29	329
-	-	-	-	-	161	-	-	-	161
7,185	804	4,212	3,388	3,017	3,905	285	196	948	41,074
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,219,405
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2,622
-	-	-	-	-	-	-	-	-	-
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,222,027
117,040	227,540	113,374	97,196	55,641	165,215	150,285	51,985	130,355	1,263,101
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
16,993	38,506	14,648	16,851	6,531	12,101	35,868	3,369	22,315	197,059
$ 16,993	$ 38,506	$ 14,648	$ 16,851	$ 6,531	$ 12,101	$ 35,868	$ 3,369	$ 22,315	$ 197,059

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
OTHER PROGRAM FUNDS
As of June 30, 2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
ASSETS					
Current					
Cash	$ 975	$ 4,813	$ 3	$ 5,791	$ 14,013
Investments	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Inter-fund due to/from	(2,854)	(3,923)	(3,038)	(9,815)	(1,127)
Mortgage loans, notes and other loans	-	-	68	68	-
Net investment in direct financing lease	-	-	-	-	-
Other assets	516	410	3,812	4,738	700
Intergovernmental receivable	5,029	265	8,047	13,341	515
Total Current	3,666	1,565	8,892	14,123	14,101
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	1,425	1,425	-
Mortgage loans, notes and other loans	-	-	1,145	1,145	-
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	12,533
Capital assets - depreciable, net	-	32	-	32	46,768
Other assets	-	-	-	-	-
Total Non Current	-	32	2,570	2,602	59,301
Total Assets	3,666	1,597	11,462	16,725	73,402
DEFERRED OUTFLOW OF RESOURCES	-	-	-	-	-
LIABILITIES					
Current					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	1,539	11	1,668	3,218	1,049
Intergovernmental payable	-	-	-	-	424
Total Current	1,539	11	1,668	3,218	1,473
Non Current					
Bonds payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
Total Non Current	-	-	-	-	-
Total Liabilities	1,539	11	1,668	3,218	1,473
DEFERRED INFLOW OF RESOURCES	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	32	-	32	59,301
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	3,692	2,399	10,295	16,386	13,167
Unrestricted or (deficit)	(1,565)	(845)	(501)	(2,911)	(539)
Total Net Position	$ 2,127	$ 1,586	$ 9,794	$ 13,507	$ 71,929

Schedule 8

Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ 12,415	$ -	$ -	$ 26,428	$ 7,327	$ 39,546
-	2	1,123	1,125	-	1,125
-	33	80	113	66	179
(442)	60	631	(878)	(34)	(10,727)
-	369	885	1,254	-	1,322
-	-	-	-	-	-
69	-	-	769	331	5,838
(1)	-	-	514	-	13,855
12,041	464	2,719	29,325	7,690	51,138
-	-	-	-	-	-
-	-	-	-	(1,425)	-
-	11,927	29,432	41,359	12,434	54,938
-	-	-	-	-	-
1,130	-	-	13,663	3,667	17,330
15,799	-	-	62,567	-	62,599
-	-	-	-	1	1
16,929	11,927	29,432	117,589	14,677	134,868
28,970	12,391	32,151	146,914	22,367	186,006
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
301	4	7	1,361	5	4,584
-	-	-	424	-	424
301	4	7	1,785	5	5,008
-	-	-	-	-	-
-	-	-	-	361	361
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	361	361
301	4	7	1,785	366	5,369
-	-	-	-	-	-
16,929	-	-	76,230	3,667	79,929
-	-	-	-	-	-
11,740	12,387	32,144	69,438	18,363	104,187
-	-	-	(539)	(29)	(3,479)
$ 28,669	$ 12,387	$ 32,144	$ 145,129	$ 22,001	$ 180,637

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
OPERATING REVENUES				
Mortgage and loans revenue	$ 10,934	$ 10,536	$ 32,693	$ 2,333
Investment interest	1,854	410	890	168
Net change in the fair value of investments	3,023	1	13	(3)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	4,877	411	903	165
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	456	-	-	-
Other revenue	2,005	-	-	-
Total Operating Revenues	18,272	10,947	33,596	2,498
OPERATING EXPENSES				
Interest	931	6,897	20,287	1,184
Mortgage and loan costs	1,688	1,010	3,011	204
Bond financing expenses	467	32	2,820	8
Provision for loan loss	(1,019)	(1,452)	(1,596)	169
Operations and administration	14,214	526	1,315	75
Rental housing operating expenses	724	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	17,005	7,013	25,837	1,640
Operating Income (Loss)	1,267	3,934	7,759	858
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	(5,488)	13,925	2,402
Change in Net Position	(11,913)	(1,554)	21,684	3,260
Net position at beginning of year	570,066	58,982	275,435	13,083
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	58,982	275,435	13,083
Net Position at End of Period	$ 549,763	$ 57,428	$ 297,119	$ 16,343

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ 17,105	$ 59,759	$ 1,695	$ 135,055
932	1,947	72	6,273
(102)	35	-	2,967
-	760	-	760
830	2,742	72	10,000
-	-	72,781	72,781
-	-	14,063	14,063
-	-	10,849	11,305
223	-	848	3,076
18,158	62,501	100,308	246,280
10,591	31,355	1	71,246
1,517	3,875	147	11,452
152	1,548	-	5,027
(284)	865	(1,243)	(4,560)
685	1,629	27,683	46,127
-	-	14,367	15,091
-	-	68,314	68,314
12,661	39,272	109,269	212,697
5,497	23,229	(8,961)	33,583
-	-	-	(125)
3,396	(9,846)	8,666	-
8,893	13,383	(295)	33,458
231,454	183,676	180,932	1,513,628
-	-	-	(8,390)
231,454	183,676	180,932	1,505,238
$ 240,347	$ 197,059	$ 180,637	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

ADMINISTRATIVE FUND

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund
OPERATING REVENUES	
Mortgage and loans revenue	$ 10,934
Investment interest	1,854
Net change in the fair value of investments	3,023
Net change of hedge termination	-
Total Investment Revenue	4,877
Grant revenue	-
Housing rental subsidies	-
Rental revenue	456
Other revenue	2,005
Total Operating Revenues	18,272
OPERATING EXPENSES	
Interest	931
Mortgage and loan costs	1,688
Bond financing expenses	467
Provision for loan loss	(1,019)
Operations and administration	14,214
Rental housing operating expenses	724
Grant expense	-
Total Operating Expenses	17,005
Operating Income (Loss)	1,267
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	(125)
Transfers - Internal	(13,055)
Change in Net Position	(11,913)
Net position at beginning of year	570,066
Cumulative effect of accounting change	(8,390)
Revised net position at beginning of year	561,676
Net Position at End of Period	$ 549,763

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	$ 4,572	$ 5,964	$ 10,536
Investment interest	160	250	410
Net change in the fair value of investments	2	(1)	1
Net change of hedge termination	-	-	-
Total Investment Revenue	162	249	411
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
Total Operating Revenues	4,734	6,213	10,947
OPERATING EXPENSES			
Interest	3,635	3,262	6,897
Mortgage and loan costs	427	583	1,010
Bond financing expenses	13	19	32
Provision for loan loss	(606)	(846)	(1,452)
Operations and administration	207	319	526
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
Total Operating Expenses	3,676	3,337	7,013
Operating Income (Loss)	1,058	2,876	3,934
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(1,354)	(4,134)	(5,488)
Change in Net Position	(296)	(1,258)	(1,554)
Net position at beginning of year	11,700	47,282	58,982
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	11,700	47,282	58,982
Net Position at End of Period	$ 11,404	$ 46,024	$ 57,428

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FIRST TIME HOMEBUYERS PROGRAM
HOME MORTGAGE REVENUE BONDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
OPERATING REVENUES				
Mortgage and loans revenue	$ 4,312	$ 3,769	$ 3,773	$ 4,976
Investment interest	96	116	113	132
Net change in the fair value of investments	3	1	1	2
Net change of hedge termination	-	-	-	-
Total Investment Revenue	99	117	114	134
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	4,411	3,886	3,887	5,110
OPERATING EXPENSES				
Interest	2,291	2,784	2,784	3,308
Mortgage and loan costs	392	368	346	457
Bond financing expenses	549	292	281	333
Provision for loan loss	(450)	(148)	(146)	(240)
Operations and administration	223	157	145	194
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	3,005	3,453	3,410	4,052
Operating Income (Loss)	1,406	433	477	1,058
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	10,691	663	(243)	649
Change in Net Position	12,097	1,096	234	1,707
Net position at beginning of year	42,814	18,192	16,181	30,639
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	42,814	18,192	16,181	30,639
Net Position at End of Period	$ 54,911	$ 19,288	$ 16,415	$ 32,346

Schedule 12

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
$ 4,865	$ 5,211	$ 5,787	$ 32,693
141	147	145	890
2	2	2	13
-	-	-	-
143	149	147	903
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,008	5,360	5,934	33,596
3,099	2,908	3,113	20,287
442	477	529	3,011
468	385	512	2,820
(75)	(138)	(399)	(1,596)
178	197	221	1,315
-	-	-	-
-	-	-	-
4,112	3,829	3,976	25,837
896	1,531	1,958	7,759
-	-	-	-
782	512	871	13,925
1,678	2,043	2,829	21,684
47,771	56,872	62,966	275,435
-	-	-	-
47,771	56,872	62,966	275,435
$ 49,449	$ 58,915	$ 65,795	$ 297,119

ALASKA HOUSING FINANCE CORPORATION

Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
OPERATING REVENUES	
Mortgage and loans revenue	$ 2,333
Investment interest	168
Net change in the fair value of investments	(3)
Net change of hedge termination	-
Total Investment Revenue	165
Grant revenue	-
Housing rental subsidies	-
Rental revenue	-
Other revenue	-
Total Operating Revenues	2,498
OPERATING EXPENSES	
Interest	1,184
Mortgage and loan costs	204
Bond financing expenses	8
Provision for loan loss	169
Operations and administration	75
Rental housing operating expenses	-
Grant expense	-
Total Operating Expenses	1,640
Operating Income (Loss)	858
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	-
Transfers - Internal	2,402
Change in Net Position	3,260
Net position at beginning of year	13,083
Cumulative effect of accounting change	-
Revised net position at beginning of year	13,083
Net Position at End of Period	$ 16,343

ALASKA HOUSING FINANCE CORPORATION

Schedule 14

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
OPERATING REVENUES					
Mortgage and loans revenue	$ 6,330	$ 3,305	$ 584	$ 6,886	$ 17,105
Investment interest	233	276	54	369	932
Net change in the fair value of investments	1	(108)	3	2	(102)
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	234	168	57	371	830
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	6	217	223
Total Operating Revenues	6,564	3,473	647	7,474	18,158
OPERATING EXPENSES					
Interest	4,030	2,243	160	4,158	10,591
Mortgage and loan costs	544	346	-	627	1,517
Bond financing expenses	9	12	14	117	152
Provision for loan loss	351	166	(173)	(628)	(284)
Operations and administration	237	160	2	286	685
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	5,171	2,927	3	4,560	12,661
Operating Income (Loss)	1,393	546	644	2,914	5,497
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	3,563	243	(122)	(288)	3,396
Change in Net Position	4,956	789	522	2,626	8,893
Net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Cumulative effect of accounting change	-	-	-	-	-
Revised net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Net Position at End of Period	$ 94,791	$ 2,877	$ 8,982	$ 133,697	$ 240,347

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

NON-HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B
OPERATING REVENUES						
Mortgage and loans revenue	$ 1,853	$ 150	$ 1,362	$ 4,012	$ 5,710	$ 6,767
Investment interest	36	1,171	25	37	55	88
Net change in the fair value of investments	(1)	-	-	-	-	-
Net change of hedge termination	760	-	-	-	-	-
Total Investment Revenue	795	1,171	25	37	55	88
Grant revenue	-	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Operating Revenues	2,648	1,321	1,387	4,049	5,765	6,855
OPERATING EXPENSES						
Interest	1,649	1,141	879	1,937	2,711	4,024
Mortgage and loan costs	151	11	92	229	371	482
Bond financing expenses	39	1	3	4	6	7
Provision for loan loss	(166)	(303)	(930)	(1,013)	(1,397)	(626)
Operations and administration	86	3	22	64	93	178
Rental housing operating expenses	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-
Total Operating Expenses	1,759	853	66	1,221	1,784	4,065
Operating Income (Loss)	889	468	1,321	2,828	3,981	2,790
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS						
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers - Internal	354	(6,527)	(13,125)	(3,823)	(9,820)	122
Change in Net Position	1,243	(6,059)	(11,804)	(995)	(5,839)	2,912
Net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Cumulative effect of accounting change	-	-	-	-	-	-
Revised net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Net Position at End of Period	$ 7,861	$ -	$ 1,491	$ 8,891	$ 11,634	$ 16,993

State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
$ 12,037	$ 5,920	$ 5,382	$ 3,104	$ 7,399	$ 3,919	$ 1,500	$ 644	$ 59,759
125	63	60	46	163	34	19	25	1,947
-	-	-	-	-	-	-	36	35
-	-	-	-	-	-	-	-	760
125	63	60	46	163	34	19	61	2,742
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,162	5,983	5,442	3,150	7,562	3,953	1,519	705	62,501
5,136	3,029	3,207	1,652	3,533	1,449	681	327	31,355
928	477	389	215	17	375	84	54	3,875
12	6	5	3	586	417	208	251	1,548
(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
397	215	189	119	11	182	38	32	1,629
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,762	3,443	3,758	1,955	7,038	4,044	1,557	1,967	39,272
6,400	2,540	1,684	1,195	524	(91)	(38)	(1,262)	23,229
-	-	-	-	-	-	-	-	-
(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(44,508)	2,587	824	1,369	12,101	35,868	3,369	22,315	13,383
83,014	12,061	16,027	5,162	-	-	-	-	183,676
-	-	-	-	-	-	-	-	-
83,014	12,061	16,027	5,162	-	-	-	-	183,676
$ 38,506	$ 14,648	$ 16,851	$ 6,531	$ 12,101	$ 35,868	$ 3,369	$ 22,315	$ 197,059

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
OPERATING REVENUES				
Mortgage and loans revenue	$ -	$ -	$ -	$ -
Investment interest	1	6	-	7
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	6	-	7
Grant revenue	11,902	43,938	16,941	72,781
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	13	745	758
Total Operating Revenues	11,903	43,957	17,686	73,546
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	(1,212)	(1,212)
Operations and administration	3,152	5,689	3,194	12,035
Rental housing operating expenses	-	-	-	-
Grant expense	11,549	36,794	19,971	68,314
Total Operating Expenses	14,701	42,483	21,953	79,137
Operating Income (Loss)	(2,798)	1,474	(4,267)	(5,591)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,412	(751)	8,502	10,163
Change in Net Position	(386)	723	4,235	4,572
Net position at beginning of year	2,513	863	5,559	8,935
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	2,513	863	5,559	8,935
Net Position at End of Period	$ 2,127	$ 1,586	$ 9,794	$ 13,507

Schedule 16

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ -	$ -	$ 332	$ 1,226	$ 1,558	$ 137	$ 1,695
12	11	14	18	55	10	72
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12	11	14	18	55	10	72
-	-	-	-	-	-	72,781
11,809	2,254	-	-	14,063	-	14,063
8,317	2,273	-	-	10,590	259	10,849
16	6	-	-	22	68	848
20,154	4,544	346	1,244	26,288	474	100,308
1	-	-	-	1	-	1
-	-	32	115	147	-	147
-	-	-	-	-	-	-
-	-	7	(28)	(21)	(10)	(1,243)
12,284	3,053	14	40	15,391	257	27,683
12,157	2,210	-	-	14,367	-	14,367
-	-	-	-	-	-	68,314
24,442	5,263	53	127	29,885	247	109,269
(4,288)	(719)	293	1,117	(3,597)	227	(8,961)
-	-	-	-	-	-	-
(39)	17	14	(1,489)	(1,497)	-	8,666
(4,327)	(702)	307	(372)	(5,094)	227	(295)
76,256	29,371	12,080	32,516	150,223	21,774	180,932
-	-	-	-	-	-	-
76,256	29,371	12,080	32,516	150,223	21,774	180,932
$ 71,929	$ 28,669	$ 12,387	$ 32,144	$ 145,129	$ 22,001	$ 180,637

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
COMBINED - ALL FUNDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 7,109	$ 9,595	$ 30,042	$ 2,175
Principal payments received on mortgages and loans	11,175	30,601	93,618	8,354
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	(16,867)	(126,548)	(21,718)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	-	-	-
Payments for goods and services	(10,482)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(7,757)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	30,722	-	-	-
Other operating cash payments	(5)	-	(326)	-
Net cash provided by (used for) operating activities	(217,591)	23,329	(3,214)	(11,189)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(18,325)	(22,980)	(1,280)
Payment to defease bonds	(676)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(6,918)	(19,049)	(1,184)
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	(5,940)	6,831	-
Net cash provided by (used for) noncapital financing activities	248,743	(31,183)	(35,198)	(2,464)
Cash flows from capital financing activities:				
Acquisition of capital assets	(330)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	(330)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(7,099,040)	(156,270)	(368,547)	(57,079)
Proceeds from maturity of investments	7,067,601	163,335	406,067	70,551
Interest received from investments	1,676	407	862	181
Net cash provided by (used for) investing activities	(29,763)	7,472	38,382	13,653
Net Increase (decrease) in cash	1,059	(382)	(30)	-
Cash at the beginning of year	28,843	382	30	-
Cash at the end of period	$ 29,902	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,267	$ 3,934	$ 7,759	$ 858
Adjustments:				
Depreciation expense	1,087	-	-	-
Provision for loan losses	(1,019)	(1,452)	(1,596)	169
Net change in the fair value of investments	(3,023)	(1)	(13)	3
Transfers between funds for operating activity	(13,055)	(5,488)	13,925	2,402
Interest received from investments	(1,676)	(407)	(862)	(181)
Interest paid	-	6,918	19,049	1,184
Changes in assets, liabilities and deferred resources:		-	-	-
Net (increase) decrease in mortgages and loans	81,919	11,645	(34,522)	(16,422)
Net increase (decrease) in assets, liabilities and deferred resources	(283,091)	8,180	(6,954)	798
Net cash provided by (used for) operating activities	$ (217,591)	$ 23,329	$ (3,214)	$ (11,189)

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ 15,557	$ 55,461	$ 1,445	$ 121,384
51,333	111,148	3,564	309,793
-	-	-	(564,200)
(65,899)	(91,709)	(4,087)	-
-	-	-	442,112
-	-	-	(431,945)
-	-	(15,803)	(36,951)
-	-	(13,169)	(23,651)
-	-	45,688	45,688
-	-	37,846	37,846
-	-	(36,140)	(36,140)
-	-	7,757	-
-	-	(33,643)	(33,643)
-	161	12,715	43,598
-	(152)	(2,573)	(3,056)
991	74,909	3,600	(129,165)
-	450,838	-	450,838
(17,575)	(53,433)	-	(113,593)
-	(122,459)	-	(123,135)
-	(1,412)	-	(1,412)
(10,068)	(38,897)	-	(76,116)
-	-	-	437,453
-	-	-	(467,214)
-	-	-	(107)
248	(278,898)	(1,528)	-
(27,395)	(44,261)	(1,528)	106,714
-	-	(119)	(449)
-	-	22	22
-	(5,663)	-	(5,663)
-	(1,743)	-	(1,743)
-	3,304	-	3,304
-	(4,102)	(97)	(4,529)
(319,638)	(415,141)	(6,165)	(8,421,880)
344,938	387,846	6,926	8,447,264
906	758	72	4,862
26,206	(26,537)	833	30,246
(198)	9	2,808	3,266
198	152	36,738	66,343
$ -	$ 161	$ 39,546	$ 69,609
$ 5,497	$ 23,229	$ (8,961)	$ 33,583
-	-	5,664	6,751
(284)	865	(1,243)	(4,560)
102	(35)	-	(2,967)
3,396	(9,846)	8,649	(17)
(906)	(758)	(72)	(4,862)
10,068	38,897	-	76,116
-	-	-	
(17,518)	(191,778)	(355)	(167,031)
636	214,335	(82)	(66,178)
$ 991	$ 74,909	$ 3,600	$ (129,165)

ALASKA HOUSING FINANCE CORPORATION ***Schedule 18***

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

ADMINISTRATIVE FUND

For the Year Ended June 30, 2018

(in thousands of dollars)

		Administrative Fund
Cash flows from operating activities:		
Interest income on mortgages and loans	$	7,109
Principal payments received on mortgages and loans		11,175
Disbursements to fund mortgages and loans		(564,200)
Receipt (payment) for loan transfers between funds		326,828
Mortgage and loan proceeds		442,112
Payment of mortgage and loan proceeds to funds		(431,945)
Payments to employees and other payroll disbursements		(21,148)
Payments for goods and services		(10,482)
Cash received for externally funded programs		-
Cash received for Federal HAP subsidies		-
Payments for Federal HAP subsidies		-
Interfund receipts (payments)		(7,757)
Grant payments to other agencies		-
Other operating cash receipts		30,722
Other operating cash payments		(5)
Net cash provided by (used for) operating activities		(217,591)
Cash flows from noncapital financing activities:		
Proceeds from the issuance of bonds		-
Principal paid on bonds		-
Payment to defease bonds		(676)
Payment of bond issuance costs		-
Interest paid		-
Proceeds from issuance of short term debt		437,453
Payment of short term debt		(467,214)
Contributions to the State of Alaska or other State agencies		(107)
Transfers (to) from other funds		279,287
Net cash provided by (used for) noncapital financing activities		248,743
Cash flows from capital financing activities:		
Acquisition of capital assets		(330)
Proceeds from the disposal of capital assets		-
Principal paid on capital notes		-
Interest paid on capital notes		-
Proceeds from direct financing leases		-
Net cash provided by (used for) capital financing activities		(330)
Cash flows from investing activities:		
Purchase of investments		(7,099,040)
Proceeds from maturity of investments		7,067,601
Interest received from investments		1,676
Net cash provided by (used for) investing activities		(29,763)
Net Increase (decrease) in cash		1,059
Cash at the beginning of year		28,843
Cash at the end of period	$	29,902
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	$	1,267
Adjustments:		
Depreciation expense		1,087
Provision for loan losses		(1,019)
Net change in the fair value of investments		(3,023)
Transfers between funds for operating activity		(13,055)
Interest received from investments		(1,676)
Changes in assets, liabilities and deferred resources:		
For the Year Ended June 30, 2018		81,919
Net increase (decrease) in assets, liabilities and deferred resources		(283,091)
Net cash provided by (used for) operating activities	$	(217,591)

ALASKA HOUSING FINANCE CORPORATION *Schedule 19*

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
Cash flows from operating activities:			
Interest income on mortgages and loans	$ 4,160	$ 5,435	$ 9,595
Principal payments received on mortgages and loans	10,994	19,607	30,601
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(5,897)	(10,970)	(16,867)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	9,257	14,072	23,329
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(6,340)	(11,985)	(18,325)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(3,631)	(3,287)	(6,918)
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	(1,421)	(4,519)	(5,940)
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	(11,392)	(19,791)	(31,183)
Cash flows from capital financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
Cash flows from investing activities:			
Purchase of investments	(60,542)	(95,728)	(156,270)
Proceeds from maturity of investments	62,518	100,817	163,335
Interest received from investments	159	248	407
Net cash provided by (used for) investing activities	2,135	5,337	7,472
Net Increase (decrease) in cash	-	(382)	(382)
Cash at the beginning of year	-	382	382
Cash at the end of period	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	$ 1,058	$ 2,876	$ 3,934
Adjustments:			
Depreciation expense	-	-	-
Provision for loan losses	(606)	(846)	(1,452)
Net change in the fair value of investments	(2)	1	(1)
Transfers between funds for operating activity	(1,354)	(4,134)	(5,488)
Interest received from investments	(159)	(248)	(407)
Interest paid	3,631	3,287	6,918
Changes in assets, liabilities and deferred resources:			
Net (increase) decrease in mortgages and loans	4,451	7,194	11,645
Net increase (decrease) in assets, liabilities and deferred resources	2,238	5,942	8,180
Net cash provided by (used for) operating activities	$ 9,257	$ 14,072	$ 23,329

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYERS PROGRAM
HOME MORTGAGE REVENUE BONDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 3,983	$ 3,442	$ 3,476	$ 4,585
Principal payments received on mortgages and loans	11,617	11,539	10,610	14,086
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,577)	(15,635)	(12,334)	(20,407)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	(326)	-	-	-
Net cash provided by (used for) operating activities	9,697	(654)	1,752	(1,736)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(17,890)	(1,590)	(1,590)	(1,910)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,261)	(2,744)	(2,745)	(3,254)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	10,147	(244)	(1,016)	(682)
Net cash provided by (used for) noncapital financing activities	(9,004)	(4,578)	(5,351)	(5,846)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(40,434)	(51,058)	(47,536)	(56,018)
Proceeds from maturity of investments	39,620	56,176	51,026	63,468
Interest received from investments	91	114	109	132
Net cash provided by (used for) investing activities	(723)	5,232	3,599	7,582
Net Increase (decrease) in cash	(30)	-	-	-
Cash at the beginning of year	30	-	-	-
Cash at the end of period	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,406	$ 433	$ 477	$ 1,058
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(450)	(148)	(146)	(240)
Net change in the fair value of investments	(3)	(1)	(1)	(2)
Transfers between funds for operating activity	10,691	663	(243)	649
Interest received from investments	(91)	(114)	(109)	(132)
Interest paid	1,261	2,744	2,745	3,254
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	6,258	(4,152)	(1,356)	(7,780)
Net increase (decrease) in assets, liabilities and deferred resources	(9,375)	(79)	385	1,457
Net cash provided by (used for) operating activities	$ 9,697	$ (654)	$ 1,752	$ (1,736)

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
$ 4,489	$ 4,780	$ 5,287	$ 30,042
14,373	16,405	14,988	93,618
-	-	-	-
(24,399)	(25,116)	(23,080)	(126,548)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	(326)
(5,537)	(3,931)	(2,805)	(3,214)
-	-	-	-
-	-	-	(22,980)
-	-	-	-
-	-	-	-
(3,010)	(3,010)	(3,025)	(19,049)
-	-	-	-
-	-	-	-
-	-	-	-
(308)	(870)	(196)	6,831
(3,318)	(3,880)	(3,221)	(35,198)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(52,321)	(60,976)	(60,204)	(368,547)
61,043	68,644	66,090	406,067
133	143	140	862
8,855	7,811	6,026	38,382
-	-	-	(30)
-	-	-	30
$ -	$ -	$ -	$ -
$ 896	$ 1,531	$ 1,958	$ 7,759
-	-	-	-
(75)	(138)	(399)	(1,596)
(2)	(2)	(2)	(13)
782	512	871	13,925
(133)	(143)	(140)	(862)
3,010	3,010	3,025	19,049
(10,169)	(9,125)	(8,198)	(34,522)
154	424	80	(6,954)
$ (5,537)	$ (3,931)	$ (2,805)	$ (3,214)

ALASKA HOUSING FINANCE CORPORATION *Schedule 21*
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED
For the Year Ended June 30, 2018
(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
Cash flows from operating activities:	
Interest income on mortgages and loans	$ 2,175
Principal payments received on mortgages and loans	8,354
Disbursements to fund mortgages and loans	-
Receipt (payment) for loan transfers between funds	(21,718)
Mortgage and loan proceeds	-
Payment of mortgage and loan proceeds to funds	-
Payments to employees and other payroll disbursements	-
Payments for goods and services	-
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	-
Grant payments to other agencies	-
Other operating cash receipts	-
Other operating cash payments	-
Net cash provided by (used for) operating activities	(11,189)
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds	-
Principal paid on bonds	(1,280)
Payment to defease bonds	-
Payment of bond issuance costs	-
Interest paid	(1,184)
Proceeds from issuance of short term debt	-
Payment of short term debt	-
Contributions to the State of Alaska or other State agencies	-
Transfers (to) from other funds	-
Net cash provided by (used for) noncapital financing activities	(2,464)
Cash flows from capital financing activities:	
Acquisition of capital assets	-
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	-
Cash flows from investing activities:	
Purchase of investments	(57,079)
Proceeds from maturity of investments	70,551
Interest received from investments	181
Net cash provided by (used for) investing activities	13,653
Net Increase (decrease) in cash	-
Cash at the beginning of year	-
Cash at the end of period	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	$ 858
Adjustments:	
Depreciation expense	-
Provision for loan losses	169
Net change in the fair value of investments	3
Transfers between funds for operating activity	2,402
Interest received from investments	(181)
Interest paid	1,184.00
Changes in assets, liabilities and deferred resources:	
Net (increase) decrease in mortgages and loans	(16,422)
Net increase (decrease) in assets, liabilities and deferred resources	798
Net cash provided by (used for) operating activities	$ (11,189)

ALASKA HOUSING FINANCE CORPORATION *Schedule 22*

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
Cash flows from operating activities:					
Interest income on mortgages and loans	$ 5,663	$ 2,959	$ 595	$ 6,340	$ 15,557
Principal payments received on mortgages and loans	19,353	4,351	1,077	26,552	51,333
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(11,071)	(20,401)	(5,794)	(28,633)	(65,899)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-
Other operating cash payments	-	-	-	-	-
Net cash provided by (used for) operating activities	13,945	(13,091)	(4,122)	4,259	991
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(7,150)	(4,560)	-	(5,865)	(17,575)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(4,049)	(2,380)	(155)	(3,484)	(10,068)
Proceeds from issuance of short term debt	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers (to) from other funds	248	-	-	-	248
Net cash provided by (used for) noncapital financing activities	(10,951)	(6,940)	(155)	(9,349)	(27,395)
Cash flows from capital financing activities:					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-	-
Cash flows from investing activities:					
Purchase of investments	(85,016)	(82,030)	(12,539)	(140,053)	(319,638)
Proceeds from maturity of investments	81,800	101,626	16,761	144,751	344,938
Interest received from investments	222	277	55	352	906
Net cash provided by (used for) investing activities	(2,994)	19,873	4,277	5,050	26,206
Net Increase (decrease) in cash	-	(158)	-	(40)	(198)
Cash at the beginning of year	-	158	-	40	198
Cash at the end of period	$ -	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	$ 1,393	$ 546	$ 644	$ 2,914	$ 5,497
Adjustments:					
Depreciation expense	-	-	-	-	-
Provision for loan losses	351	166	(173)	(628)	(284)
Net change in the fair value of investments	(1)	108	(3)	(2)	102
Transfers between funds for operating activity	3,563	243	(122)	(288)	3,396
Interest received from investments	(222)	(277)	(55)	(352)	(906)
Interest paid	4,049	2,380	155	3,484	10,068
Changes in assets, liabilities and deferred resources:					
Net (increase) decrease in mortgages and loans	4,601	(16,390)	(4,747)	(982)	(17,518)
Net increase (decrease) in assets, liabilities and deferred resources	211	133	179	113	636
Net cash provided by (used for) operating activities	$ 13,945	$ (13,091)	$ (4,122)	$ 4,259	$ 991

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
NON-HOUSING BONDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
Cash flows from operating activities:					
Interest income on mortgages and loans	$ 1,717	$ (17)	$ 1,326	$ 3,943	$ 5,020
Principal payments received on mortgages and loans	4,764	480	3,767	6,288	9,884
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	(1,762)	(2,646)	(6,452)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	83	-	-	-
Other operating cash payments	-	(152)	-	-	-
Net cash provided by (used for) operating activities	6,481	394	3,331	7,585	8,452
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(403)	(28,475)	(2,110)	(4,420)	(3,225)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(70)	(672)	(344)	(2,834)	(3,966)
Proceeds from issuance of short term debt	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers (to) from other funds	226	25,286	-	78	(372)
Net cash provided by (used for) noncapital financing activities	(247)	(3,861)	(2,454)	(7,176)	(7,563)
Cash flows from capital financing activities:					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	(5,348)	-	(315)	-	-
Interest paid on capital notes	(1,715)	-	(28)	-	-
Proceeds from direct financing leases	-	3,304	-	-	-
Net cash provided by (used for) capital financing activities	(7,063)	3,304	(343)	-	-
Cash flows from investing activities:					
Purchase of investments	(13,362)	(4,452)	(13,644)	(16,580)	(27,692)
Proceeds from maturity of investments	14,156	4,458	13,084	16,134	26,747
Interest received from investments	35	5	26	37	56
Net cash provided by (used for) investing activities	829	11	(534)	(409)	(889)
Net Increase (decrease) in cash	-	(152)	-	-	-
Cash at the beginning of year	-	152	-	-	-
Cash at the end of period	$ -	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	$ 889	$ 468	$ 1,321	$ 2,828	$ 3,981
Adjustments:					
Depreciation expense	-	-	-	-	-
Provision for loan losses	(166)	(303)	(930)	(1,013)	(1,397)
Net change in the fair value of investments	1	-	-	-	-
Transfers between funds for operating activity	354	(6,527)	(13,125)	(3,823)	(9,820)
Interest received from investments	(35)	(5)	(26)	(37)	(56)
Interest paid	70	672	344	2,834	3,966
Changes in assets, liabilities and deferred resources:					
Net (increase) decrease in mortgages and loans	4,604	4,845	77,546	39,437	78,551
Net increase (decrease) in assets, liabilities and deferred resources	764	1,244	(61,799)	(32,641)	(66,773)
Net cash provided by (used for) operating activities	$ 6,481	$ 394	$ 3,331	$ 7,585	$ 8,452

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
$ 6,336	$ 11,295	$ 5,485	$ 5,048	$ 2,913	$ 6,745	$ 3,921	$ 1,273	$ 456	$ 55,461
16,629	25,493	11,896	12,362	7,691	1,367	6,287	3,152	1,088	111,148
-	-	-	-	-	-	-	-	-	-
(10,192)	(29,190)	(9,094)	(12,485)	(4,919)	(3,889)	(6,359)	(3,330)	(1,391)	(91,709)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	78	-	-	-	161
-	-	-	-	-	-	-	-	-	(152)
12,773	7,598	8,287	4,925	5,685	4,301	3,849	1,095	153	74,909
-	-	-	-	-	168,153	100,259	52,374	130,052	450,838
(6,390)	(115)	(3,530)	(730)	(3,035)	(1,000)	-	-	-	(53,433)
-	-	-	-	-	(70,496)	-	(51,963)	-	(122,459)
-	-	-	-	-	(575)	(385)	(205)	(247)	(1,412)
(5,667)	(6,635)	(4,709)	(4,149)	(2,579)	(5,086)	(1,211)	(975)	-	(38,897)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
931	-	-	-	-	(95,121)	(102,383)	(207)	(107,336)	(278,898)
(11,126)	(6,750)	(8,239)	(4,879)	(5,614)	(4,125)	(3,720)	(976)	22,469	(44,261)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(5,663)
-	-	-	-	-	-	-	-	-	(1,743)
-	-	-	-	-	-	-	-	-	3,304
-	-		-	-	-	-	-	-	(4,102)
(42,324)	(56,823)	(30,502)	(29,394)	(20,760)	(101,609)	(14,580)	(7,137)	(36,282)	(415,141)
40,589	55,857	30,391	29,288	20,643	101,432	14,418	7,001	13,648	387,846
88	118	63	60	46	162	33	17	12	758
(1,647)	(848)	(48)	(46)	(71)	(15)	(129)	(119)	(22,622)	(26,537)
-	-	-	-	-	161	-	-	-	9
-	-	-	-	-	-	-	-	-	152
$ -	$ -	$ -	$ -	$ -	$ 161	$ -	$ -	$ -	$ 161
$ 2,790	$ 6,400	$ 2,540	$ 1,684	$ 1,195	$ 524	$ (91)	$ (38)	$ (1,262)	$ 23,229
-	-	-	-	-	-	-	-	-	-
(626)	(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
-	-	-	-	-	-	-	-	(36)	(35)
122	(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(88)	(118)	(63)	(60)	(46)	(162)	(33)	(17)	(12)	(758)
5,667	6,635	4,709	4,149	2,579	5,086	1,211	975	-	38,897
13,552	94,170	2,596	119	2,039	(142,582)	(183,654)	(54,031)	(128,970)	(191,778)
(8,644)	(47,870)	(1,258)	(75)	(222)	126,967	148,836	50,253	105,553	214,335
$ 12,773	$ 7,598	$ 8,287	$ 4,925	$ 5,685	$ 4,301	$ 3,849	$ 1,095	$ 153	$ 74,909

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER PROGRAM FUNDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
Cash flows from operating activities:				
Interest income on mortgages and loans	$ -	$ -	$ -	$ -
Principal payments received on mortgages and loans	-	-	-	-
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(653)	(4,038)	(926)	(5,617)
Payments for goods and services	(793)	(354)	(839)	(1,986)
Cash received for externally funded programs	11,987	6,131	14,008	32,126
Cash received for Federal HAP subsidies	-	37,846	-	37,846
Payments for Federal HAP subsidies	-	(36,140)	-	(36,140)
Interfund receipts (payments)	1,047	(789)	8,106	8,364
Grant payments to other agencies	(11,602)	(851)	(21,190)	(33,643)
Other operating cash receipts	9	1,282	745	2,036
Other operating cash payments	-	(1,398)	-	(1,398)
Net cash provided by (used for) operating activities	(5)	1,689	(96)	1,588
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	4	-	4
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	4	-	4
Cash flows from investing activities:				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	1	6	-	7
Net cash provided by (used for) investing activities	1	6	-	7
Net Increase (decrease) in cash	(4)	1,699	(96)	1,599
Cash at the beginning of year	979	3,114	99	4,192
Cash at the end of period	$ 975	$ 4,813	$ 3	$ 5,791
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ (2,798)	$ 1,474	$ (4,267)	$ (5,591)
Adjustments:				
Depreciation expense	-	15	-	15
Provision for loan losses	-	-	(1,212)	(1,212)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,412	(751)	8,502	10,163
Interest received from investments	(1)	(6)	-	(7)
Interest paid	-	-	-	-
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	382	957	(3,119)	(1,780)
Net cash provided by (used for) operating activities	$ (5)	$ 1,689	$ (96)	$ 1,588

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ -	$ -	$ 301	$ 1,121	$ 1,422	$ 23	$ 1,445
-	-	$ 1,456	$ 1,944	3,400	164	3,564
-	-	-	-	-	-	-
-	-	$ (2,127)	$ (1,960)	(4,087)	-	(4,087)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(8,268)	(1,761)	-	-	(10,029)	(157)	(15,803)
(9,395)	(1,729)	-	-	(11,124)	(59)	(13,169)
11,308	2,254	-	-	13,562	-	45,688
-	-	-	-	-	-	37,846
-	-	-	-	-	-	(36,140)
(188)	(366)	-	-	(554)	(53)	7,757
-	-	-	-	-	-	(33,643)
8,206	2,279	-	-	10,485	194	12,715
(1,153)	(22)	-	-	(1,175)	-	(2,573)
510	655	(370)	1,105	1,900	112	3,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
(119)	-	-	-	(119)	-	(119)
12	6	-	-	18	-	22
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(107)	6	-	-	(101)	-	(97)
-	-	(1,727)	(4,438)	(6,165)	-	(6,165)
-	-	2,083	4,843	6,926	-	6,926
11	11	14	18	54	11	72
11	11	370	423	815	11	833
414	672	-	-	1,086	123	2,808
13,599	11,743	-	-	25,342	7,204	36,738
$ 14,013	$ 12,415	$ -	$ -	$ 26,428	$ 7,327	$ 39,546
$ (4,288)	$ (719)	$ 293	$ 1,117	$ (3,597)	$ 227	$ (8,961)
4,433	1,216	-	-	5,649	-	5,664
-	-	7	(28)	(21)	(10)	(1,243)
-	-	-	-	-	-	-
(39)	-	14	(1,489)	(1,514)	-	8,649
(11)	(11)	(14)	(18)	(54)	(11)	(72)
-	-	-	-	-	-	-
-	-	(651)	192	(459)	104	(355)
415	169	(19)	1,331	1,896	(198)	(82)
$ 510	$ 655	$ (370)	$ 1,105	$ 1,900	$ 112	$ 3,600

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APPENDIX C

FORM OF OPINIONS OF CO-BOND COUNSEL

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, AK 99504

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska (the "State") and a record of proceedings relating to the issuance of $48,655,000 aggregate principal amount of Collateralized Bonds (Veterans Mortgage Program), 2019 First Series (the "2019 First Series Bonds") and $11,345,000 aggregate principal amount of Collateralized Bonds (Veterans Mortgage Program), 2019 Second Series (the "2019 Second Series Bonds"; together with the 2019 First Series Bonds, the "2019 Bonds") of the Alaska Housing Finance Corporation (the "Corporation"), a public corporation and government instrumentality of the State created by and existing under Alaska Statutes 18.55 and 18.56, as amended (the "Act").

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The 2019 Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted February 27, 2019, and are issued pursuant to the Indenture authorized by said resolution by and between the Corporation and U.S. Bank Trust National Association, as predecessor trustee, dated as of October 1, 1999, as amended, and the 2019 First and Second Series Supplemental Indenture, by and between the Corporation and U.S. Bank National Association, as successor trustee (the "Trustee") dated as of March 1, 2019, executed pursuant to said Indenture (together, the "Indenture").

The 2019 Bonds mature and are subject to redemption as provided in the Indenture.

Capitalized terms used herein and not defined herein are used as defined in the Indenture.

Applicable federal tax law establishes certain requirements that must be met subsequent to the issuance of the 2019 Bonds in order for interest on the 2019 Bonds not to be included in gross income for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation has covenanted that it will comply with such requirements and that it will do all things necessary to ensure that interest on the 2019 Bonds will be, and remain, not included in gross income for federal income tax purposes, under Section 103 of the Code. We have examined the program documentation adopted by the Corporation, which, in our opinion, establishes procedures and covenants under which, if followed, such requirements can be met. In rendering this opinion, we have assumed compliance with, and enforcement of, the provisions of such program procedures and covenants.

As to any facts material to our opinion, we have relied upon various statements and representations of officers and other representatives of the Corporation including without limitation those contained in the Indenture, the Corporation's Certificate as to matters affecting the tax-exempt status of the 2019 Bonds, the Corporation's Regulations and Program Materials and the certified proceedings and other certifications of public officials and certifications by officers of the Corporation furnished to us (which are material to the opinion expressed below) without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State of Alaska (the "State"), the Corporation has been duly created, organized, and validly exists as a public corporation and government instrumentality in good standing under the laws of the State, performing an essential public function with full corporate power and authority under the Act, among other things, to enter into, and to perform its obligations under the terms and conditions of, the Indenture.

2. The Indenture has been duly authorized, executed and delivered, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect).

3. The 2019 Bonds have been duly and validly authorized, sold and issued by the Corporation in accordance with the Indenture and Constitution and laws of the State, including the Act and, pursuant to the Act, are issued by a public corporation and government instrumentality of the State for an essential public and governmental purpose.

4. The 2019 Bonds are valid and legally binding general obligations of the Corporation for the payment of which, in accordance with their terms, the full faith and credit of the Corporation have been legally and validly pledged.

5. The 2019 Bonds are valid and legally binding general obligations of the State of Alaska for the payment of which, in accordance with their terms, the full faith and credit of the State have been legally and validly pledged, are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

6. The 2019 Bonds are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates a valid pledge of and lien on all funds established by the Indenture and moneys and securities therein which the Indenture purports to create, to the extent and on the terms provided therein.

7. Under existing laws, regulations, rulings and judicial decisions, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes.

8. Interest on the 2019 Bonds is not treated as a preference item for purposes of calculating the alternative minimum tax imposed under the Code.

9. Under existing laws, interest on the 2019 Bonds is free from taxation of every kind by the State, and by municipalities and all other political subdivisions of the State (except that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

10. Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, upon the advice or with the opinion of counsel. Except to the extent of our concurrence therewith, we express no opinion as to any 2019 Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Sincerely,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Alaska Housing Finance Corporation (the “Corporation”) in connection with the issuance of $48,655,000 aggregate principal amount of its Collateralized Bonds (Veterans Mortgage Program) 2019 First Series (the “2019 First Series Bonds”) and $11,345,000 aggregate principal amount of its Collateralized Bonds (Veterans Mortgage Program) 2019 Second Series (the “2019 Second Series Bonds”; together with the 2019 First Series Bonds, the “Bonds”). The Bonds are being issued pursuant to an Indenture by and between the Corporation and U.S. Bank National Association (formerly known as U.S. Bank Trust National Association), as trustee (the “Trustee”), dated as of October 1, 1999, as amended (the “Master Indenture”), and a 2019 First and Second Series Supplemental Indenture thereto, by and between the Corporation and the Trustee dated as of March 1, 2019 (the “Supplemental Indenture”) (together with the Master Indenture, the “Indenture’). The Corporation covenants and agrees with the registered owners and the beneficial owners of the Bonds as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Corporation for the sole and exclusive benefit of the registered owners and beneficial owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Corporation pursuant to, and as described in, Sections 3 and 4 of this Certificate.

“Disclosure Representative” shall mean the Chief Executive Officer/Executive Director of the Corporation or his or her designee.

“Financial Obligation” shall mean “financial obligation” as such term is used in the Rule, as evidenced by SEC Release No. 34-83885 (August 20, 2018).

“Fiscal Year” shall mean any twelve-month period ending on June 30 or on such other date as the Corporation may designate from time to time.

“Listed Events” shall mean any of the events listed in Section 5 of this Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

“Official Statement” shall mean the Corporation’s final Official Statement with respect to the Bonds, dated March 6, 2019.

“Rule” shall mean Rule 15c2 12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports. The Corporation shall provide to the MSRB an Annual Report for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2019) which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 180 days after the Fiscal Year to which it relates. The Annual Report may be submitted as a single document or as separate documents constituting a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Corporation may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date. The Corporation shall, in a timely manner, file notice with the MSRB of any failure to file an Annual Report by the date specified in this Section 3. Such notice shall be in the form attached as Exhibit A to this Certificate, subject to Section 9 of this Certificate.

SECTION 4. Content of Annual Reports. The Corporation's Annual Report shall include (i) the Corporation's audited financial statements for the Fiscal Year ended on the previous June 30, prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board, if available, or unaudited financial statements for such Fiscal Year, (ii) an update of the financial information and operating data contained in the Official Statement under the caption "The Corporation," (iii) the amount and type of the investments (and cash) in the accounts and subaccounts established in the Indenture, (iv) the outstanding principal balances of each maturity of the Bonds and the sinking fund installment amounts, as applicable, and (v) financial information and operating data with respect to any other series of Bonds.

If not provided as part of the Annual Report by the date required (as described above under "Provision of Annual Reports"), the Corporation shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be incorporated by specific reference to other documents (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

SECTION 5. Reporting of Significant Events.

This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Bonds or any other bonds of the Corporation;

2. Non-payment related defaults under the Indenture and any supplemental indenture, if material;

3. Unscheduled draws on debt service reserve reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances of Bonds;

10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes for the Bonds;

12. Bankruptcy, insolvency, receivership or similar event[†] of the Corporation;

13. The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Corporation, any of which affect Bondholders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Corporation, any of which reflect financial difficulties.

Upon the occurrence of a Listed Event, the Corporation shall file a notice of such occurrence with the MSRB and the Trustee in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event. Each notice of a Listed Event hereunder shall indicate that it is a notice of a Listed Event.

SECTION 6. Termination of Reporting Obligation. The Corporation's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Corporation may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Corporation under this Certificate, and revoke or modify any such designation.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Corporation may amend this Certificate if the following conditions are met:

[†] Note to Paragraph 12: For the purposes of the event identified in Paragraph 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof or a change in the identity, nature or status of the Corporation or the type of business conducted thereby;

(b) The Certificate, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds as determined either by a party unaffiliated with the Corporation (such as Bond Counsel) or by approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the Indenture.

The Corporation shall deliver a copy of any such amendment to the MSRB.

To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first annual financial information provided thereafter will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Default. Except as described in this paragraph, the provisions of this Certificate will create no rights in any other person or entity. The obligation of the Corporation to comply with the provisions of this Certificate are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any beneficial owner of Outstanding Bonds, or by the Trustee on behalf of the registered owners of Outstanding Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on behalf of the registered owners of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the registered owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the Corporation or the Trustee to comply with this Certificate shall be an action to compel performance.

SECTION 11. Governing Law. This Certificate shall be construed and interpreted in accordance with the laws of the State of Alaska, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State, provided that, to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Corporation, and the registered owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 21, 2019

ALASKA HOUSING FINANCE CORPORATION

By: ____________________________________

BRYAN D. BUTCHER
Chief Executive Officer/Executive Director

Exhibit A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alaska Housing Finance Corporation (the "Corporation")

Name of Bond Issue: $48,655,000 Collateralized Bonds (Veterans Mortgage Program), 2019 First Series and $11,345,000 Collateralized Bonds (Veterans Mortgage Program), 2019 Second Series.

Date of Issuance: March 21, 2019

NOTICE IS HEREBY GIVEN that the Corporation has not provided an Annual Report with respect to the above-named bond issue as required by the certificate of the Corporation.

Dated: _______________________________

ALASKA HOUSING FINANCE CORPORATION

By: __________________________________

FORM OF

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is executed and delivered by the State of Alaska, acting by and through its State Bond Committee (the "State") in connection with the issuance of $48,655,000 aggregate principal amount of Collateralized Bonds (Veterans Mortgage Program) 2019 First Series (the "2019 First Series Bonds") and $11,345,000 aggregate principal amount of Collateralized Bonds (Veterans Mortgage Program) 2019 Second Series (the "2019 Second Series Bonds"; together with the 2019 First Series Bonds, the "Bonds") of the Alaska Housing Finance Corporation (the "Corporation"). The Bonds are being issued pursuant to an Indenture by and between the Corporation and U.S. Bank National Association (formerly U.S. Bank Trust National Association), as trustee (the "Trustee"), dated as of October 1, 1999, as amended, and a 2019 First and Second Series Supplemental Indenture thereto, by and between the Corporation and the Trustee, dated as of March 1, 2019 (collectively referred to herein as the "Indenture"). The State guarantees payment of principal of and interest on the Bonds. The State and the Trustee covenant and agree with the registered owners and beneficial owners of the Bonds as follows:

SECTION 1. Purpose of the Agreement. This Agreement is being executed and delivered by the State for the sole and exclusive benefit of the registered owners and beneficial owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the State pursuant to, and as described in, Sections 3 and 4 of this Agreement.

"Disclosure State Representative" shall mean the Chairman of the State Bond Committee of the State or his or her designee.

"Financial Obligation" shall mean "financial obligation" as such term is used in the Rule, as evidenced by SEC Release No. 34-83885 (August 20, 2018).

"Fiscal Year" shall mean the fiscal year of the State (currently the 12-month period ending June 30, as such fiscal year may be changed from time to time as required by State law).

"Listed Events" shall mean any of the events listed in Section 5 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

"Official Statement" shall mean the Corporation's final Official Statement with respect to the Bonds, dated March 6, 2019.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The State shall provide to the MSRB an Annual Report for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2019) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report shall be provided not later than January 31 of each year the Bonds are outstanding, commencing January 31, 2020. The State may adjust the Report Date if the State changes its Fiscal Year, by providing written notice of the change of Fiscal Year and the new Report Date to the MSRB; provided that the new Report Date shall be seven months after the end of the new Fiscal Year, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration. At the same time the Annual Report is provided to the MSRB, the State shall provide the Annual Report to the Trustee. The Annual Report may be submitted as a single document or as separate documents constituting a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that the audited financial statements of the State may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date.

(b) If, within 15 Business Days after the date specified in subsection (a) for providing the Annual Report to the MSRB, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the State to determine if the State is in compliance with subsection (a).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit A to this Agreement, subject to Section 9 of this Agreement.

SECTION 4. Content of Annual Reports. The State's Annual Report shall be substantially in the form of the Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2018, and the Alaska Public Debt 2018 - 2019 report (together, the "Annual Report"). The Annual Report shall contain historical operating data and financial information of the type contained in Appendix A to the Official Statement. The financial statements of the State contained in the Annual Report will be prepared in conformity with generally accepted accounting principles established by the Governmental Accounting Standards Board, if available, or unaudited financial statements for such year as in effect from time to time.

If not provided as part of the Annual Report by the date required (as described under "Provisions of Annual Reports"), the State shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be incorporated by specific reference to other documents (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

SECTION 5. Reporting of Significant Events.

This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Bonds or any other bonds of the State;

2. Non-payment related defaults under the Indenture and any supplemental indenture, if material;

3. Unscheduled draws on debt service reserve reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances of Bonds;

10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes for the Bonds;

12. Bankruptcy, insolvency, receivership or similar event[†] of the State;

13. The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect Bondholders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties.

[†] Note to Paragraph 12: For the purposes of the event identified in Paragraph 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

Upon the occurrence of a Listed Event, the State shall as soon as possible file notice of such occurrence with the MSRB and the Trustee in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event. Each notice of a Listed Event hereunder shall indicate that it is a notice of a Listed Event.

Notwithstanding the foregoing, no notice of a Listed Event need be given by the State if notice has theretofore been given by the Corporation.

SECTION 6. Termination of Reporting Obligation. The State's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The State may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the State under this Agreement, and revoke or modify any such designation.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the State may amend this Agreement if the following conditions are met:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof or a change in the identity, nature or status of the State or the type of business conducted thereby;

(b) The Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds as determined either by a party unaffiliated with the State (such as Bond Counsel) or by approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the Indenture.

The State shall deliver a copy of any such amendment to the MSRB.

To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first annual financial information provided thereafter will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Default. Except as described in this paragraph, the provisions of this Agreement will create no rights in any other person or entity. The obligation of the State to comply with the provisions of this Agreement are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any beneficial owner of Outstanding Bonds, or by the Trustee on behalf of the registered owners of Outstanding Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on behalf of the registered owners of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the registered owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the State or the Trustee to comply with this Agreement shall be an action to compel performance.

SECTION 11. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Alaska, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State, provided that, to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Corporation, the State, and the registered owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: March 21, 2019

STATE OF ALASKA

By: ____
Deputy Commissioner
Department of Revenue

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By ____
Vice President

Exhibit A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alaska Housing Finance Corporation (the "Corporation")

Name of Bond Issue: $48,655,000 Collateralized Bonds (Veterans Mortgage Program), 2019 First Series and $11,345,000 Collateralized Bonds (Veterans Mortgage Program), 2019 Second Series

Date of Issuance: March 21, 2019

NOTICE IS HEREBY GIVEN that ____ as required by the agreement between the State and the Trustee.

Dated: ____________________

STATE OF ALASKA

By: ______________________

ALASKA HOUSING FINANCE CORPORATION • Collateralized Bonds (Veterans Mortgage Program), 2019 First Series (Non-AMT) and 2019 Second Series (Non-AMT)

Alaska Housing
FINANCE CORPORATION

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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