

The logo consists of three blue, stylized, upward-pointing chevrons of varying lengths, stacked vertically. The top chevron is the longest, the middle is shorter, and the bottom is the shortest. They are all filled with a solid blue color.

**Alaska**  
**Housing**  
**FINANCE CORPORATION**

*a component unit of the State of Alaska*

**Financial Statements**

**And Independent Auditor's Report**

**June 30, 2017**

**With Summarized Financial Information for  
June 30, 2016**

# Table of Contents

	<u>PAGE NUMBER</u>
<b>FINANCIAL STATEMENTS</b>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis [MD & A].....	3
<u>EXHIBITS</u>	
A Statement of Net Position.....	10
B Statement of Revenues, Expenses, and Changes in Net Position.....	12
C Statement of Cash Flows.....	14
Note to the Financial Statements.....	16
<b>Required Supplemental Information</b>	
Schedule of AHFC's Proportionate Share of the Net Pension Liability.....	41
Schedule of AHFC's Contributions to the Pension Plan.....	42
<b>Supplementary Information</b>	
<u>SCHEDULES</u>	
Statement of Net Position	
1 All Funds.....	43
2 Administrative Fund.....	45
3 Mortgage Revenue Bonds.....	46
4 Home Mortgage Revenue Bonds.....	47
5 Veterans Mortgage Program Bonds.....	49
6 Other Housing Bonds.....	50
7 Non-Housing Bonds.....	51
8 Other Program Funds.....	53
Statement of Revenues, Expenses, and Changes in Net Position	
9 All Funds.....	55
10 Administrative Fund.....	57
11 Mortgage Revenue Bonds.....	58
12 Home Mortgage Revenue Bonds.....	59
13 Veterans Mortgage Program Bonds.....	61
14 Other Housing Bonds.....	62
15 Non-Housing Bonds.....	63
16 Other Program Funds.....	65
Statement of Cash Flows	
17 All Funds.....	67
18 Administrative Fund.....	69
19 Mortgage Revenue Bonds.....	70
20 Home Mortgage Revenue Bonds.....	71
21 Veterans Mortgage Program Bonds.....	73
22 Other Housing Bonds.....	74
23 Non-Housing Bonds.....	75
24 Other Program Funds.....	77



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3601 C Street, Suite 600  
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## 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, 2017, 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, 2017, 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.

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## **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, and pension contributions on pages 41 and 42 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 6, 2017 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 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 6, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

## 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 2017 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, 2017. 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 2017, the Corporation reports the following major funds:

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017, the Administrative Fund reported a net position of \$570.1 million, a decrease of \$138.0 million from June 30, 2016. The decrease in net position is the net result of an operating loss of \$9.3 million and internal transfers out to other funds of \$128.7 million. Transfers were made from the Administrative Fund to the Grant Programs in the amount of \$4.0 million; the Mortgage or Bond Funds of \$121.2 million; Other Funds or Programs of \$3.5 million. The \$121.2 million transferred from the Administrative Fund to the Mortgage or Bond Funds was used primarily for the funding of mortgage loans. Approximately \$21.3 million, or 3.7%, of the Administrative Fund's net position is invested in capital assets; \$61.2 million, or 10.7% of the total net position, is restricted by contractual or statutory agreements; and \$487.6 million, or 85.6%, 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 22.6% from unrestricted net position as of June 30, 2016.

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, 2017, the net position for these three programs combined was \$8.9 million, a decrease of \$10.7 million from June 30, 2016. This was primarily due to the termination of the Energy Rebate grant from the State of Alaska, but other grants have experienced decreases in funding as well. The fund had an operating loss of \$14.7 million for fiscal year 2017, and \$4.0 million in transfers from the Administrative Fund. As the result of lower funding and fewer transfers from the Administrative Fund, there was a significant decrease in operating results between fiscal years 2017 and 2016.

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, 2017, the Mortgage and Bond Funds reported a net position of \$762.6 million, an increase of \$161.7 million from the June 30, 2016, net position of \$600.9 million. The Mortgage and Bond Funds had a net operating income of \$40.6 million in fiscal year 2017, very close to the 2016 net operating income of \$39.0 million. In 2017, mortgage loans increased by \$177.9 million and investments increased by \$29.3 million. In 2016, the net income accounted for the majority of the increase in net position. In 2017, it was transfers in from the Administrative Fund of \$121.2 million to fund mortgages and investments that contributed largely to the \$161.7 million increase in net position. Approximately \$579.0 million, or 75.9%, of the fund's net position is restricted by bond resolutions, compared to \$552.3 million, or 91.9% in fiscal year 2016. Unrestricted net position increased by \$135.1 million, or 278.4% in fiscal year 2017.

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 aren't 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 2017 and fiscal year 2016, operating results were essentially the same with no significant changes in net position. Overall, the fund had an operating loss of \$3.3 million and received transfers from the Administrative Fund in the amount of \$3.7 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017, was \$21.8 million, a \$0.8 million increase from June 30, 2016. ACAH had an operating income of \$1.0 million for fiscal year 2017, as compared to an operating loss of \$189,000 for fiscal year 2016. In fiscal year 2017, \$392,000 in developer fee income was received.

## FINANCIAL HIGHLIGHTS

- Operating income for fiscal year 2017 compared to fiscal year 2016 for the Corporation as a whole was almost the same -- \$14.3 million compared to \$14.2 million, respectively.
- While operating results were similar, the components of those results differed from 2017 to 2016. Even though externally funded program revenue decreased in fiscal year 2017 by \$27.7 million, or 22.4%, total housing and grant expense decreased by \$22.7 million. Rental housing expenses and operations and administration expenses for the Corporation as a whole also decreased. Rental housing expenses were \$1.3 million less than 2016, and operations and administration expenses decreased by \$1.5 million. Total operating revenues decreased by 9.0%, and total operating expenses decreased by 9.6%.
- The Corporation's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2017, by \$1.5 billion (net position).
- During the fiscal year ended June 30, 2017, the investment portfolio earned approximately 0.69% overall, as compared with 0.60% for the fiscal year ended June 30, 2016.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2017, the mortgage loan portfolio increased by 7.2%, and the bond portfolio used to finance the loans increased by 2.0%.
- As of June 30, 2017, the weighted average interest rate on the mortgage portfolio was 4.60% and the weighted average interest rate on the bond portfolio was 3.67%, yielding a net interest margin of 0.93%.
- During the fiscal year ended June 30, 2017, the Corporation's total assets increased by \$71.4 million, or 1.9%, and deferred outflows decreased by \$62.2 million, or 26.5%, totaling a net increase in assets and deferred outflows of \$9.2 million. Total liabilities decreased by \$4.8 million, and deferred inflows decreased by \$139,000, totaling a net decrease in liabilities and deferred inflows of \$4.9 million, or 0.2%.
- On July 26, 2016, the Corporation defeased the remaining \$11,585,000 of Collateralized Bonds, 2007 First Series, and redeemed them on the first optional redemption date of June 1, 2017.
- In July 2016, the Corporation issued \$50,000,000 of Collateralized Bonds (Veterans Mortgage Program), 2016 First and Second Series. The bonds are general obligations of the Corporation, but principal and interest on the bonds are also unconditionally guaranteed by the State of Alaska. The 2016 Collateralized Bonds are tax-exempt and bear interest at fixed rates between 0.65% and 3.20%, payable on each June 1 and December 1 with a final maturity of December 1, 2046.
- In August 2016, the Corporation issued \$100,000,000 in General Mortgage Revenue Bonds II 2016 Series A. Net proceeds of the bonds totaled \$101,133,000, including a premium of \$1,133,000. The bonds are general obligations of the Corporation. The 2016 Series A bonds are tax-exempt and bear interest at fixed rates between 0.45% and 3.50%, payable on each June 1 and December 1 with a final maturity of December 1, 2046.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CONDENSED STATEMENT OF NET POSITION**

The following table presents condensed information about the financial position of the Corporation as of June 30, 2017 and 2016, and changes in the balances during the fiscal year ended June 30, 2017 (in thousands):

	2017	2016	Increase/(Decrease)	
Cash and investments	\$ 684,887	\$ 685,692	\$ (805)	-0.1%
Mortgage loans, notes and other loans, net	2,910,332	2,817,494	92,838	3.3%
Capital assets, net	106,762	109,821	(3,059)	-2.8%
Other assets	65,084	82,626	(17,542)	-21.2%
<b>Total Assets</b>	<b>3,767,065</b>	<b>3,695,633</b>	<b>71,432</b>	<b>1.9%</b>
Deferred outflow of resources	172,676	234,921	(62,245)	-26.5%
Bonds and notes payable, net	2,124,637	2,083,582	41,055	2.0%
Short term debt	82,526	71,589	10,937	15.3%
Accrued interest payable	9,622	9,628	(6)	-0.1%
Derivatives	144,903	210,543	(65,640)	-31.2%
Other liabilities	63,894	55,009	8,885	16.2%
<b>Total liabilities</b>	<b>2,425,582</b>	<b>2,430,351</b>	<b>(4,769)</b>	<b>-0.2%</b>
Deferred inflow of resources	531	670	(139)	-20.7%
<b>Total net position</b>	<b>\$ 1,513,628</b>	<b>\$ 1,499,533</b>	<b>\$ 14,095</b>	<b>0.9%</b>

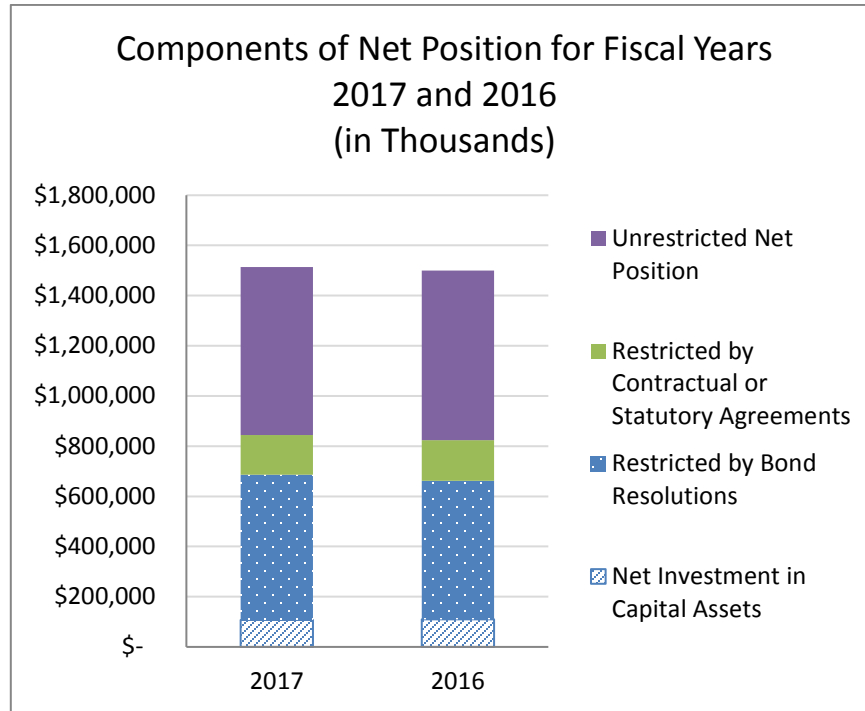
The increase in total assets during FY 2017 can be attributed largely to an increase in mortgage loans. Because of the low short-term rate environment, the Corporation used some of its liquid cash to purchase longer term assets. The increase in mortgage loans was largely due to more competitive mortgage rates, expanded loan parameters and increased outreach to our industry partners.

Total liabilities decreased by \$4.8 million. Total net pension liability as of June 30, 2017, included in other liabilities above, was \$47.6 million and as of June 30, 2016, was \$37.8 million. The pension liability was determined by actuarial valuation. Short term debt increased by \$10.9 million. The major factor in the decrease of total liabilities was the decrease in derivatives. The notional amount of the swaps decreased \$22.6 million due to bond maturities and special redemptions on the related bonds. Market swap rates also increased significantly, which caused the underlying values of the derivatives to decrease correspondingly, for a total decrease of \$65.6 million. 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 change in the various components of net position from fiscal year 2016 to fiscal year 2017.



MANAGEMENT'S DISCUSSION AND ANALYSIS



**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, 2017 and 2016, and the variances from the prior fiscal year (in thousands):

	2017	2016	Increase/(Decrease)	
Mortgage and loan revenue	\$ 130,538	\$ 128,942	\$ 1,596	1.2%
Investment interest income	4,727	3,595	1,132	31.5%
Net change in fair value of investments	1,899	2,202	(303)	-13.8%
Externally funded programs	96,081	123,782	(27,701)	-22.4%
Rental and other revenue	16,234	15,659	575	3.7%
<b>Total operating revenue</b>	<b>249,479</b>	<b>274,180</b>	<b>(24,701)</b>	<b>-9.0%</b>
Interest expense	69,890	70,357	(467)	-0.7%
Mortgage and loan costs	5,259	5,005	254	5.1%
Bond financing expenses	4,512	3,556	956	26.9%
Operations and administration	56,867	58,373	(1,506)	-2.6%
Housing grants and subsidies	98,606	122,688	(24,082)	-19.6%
<b>Total operating expense</b>	<b>235,134</b>	<b>259,979</b>	<b>(24,845)</b>	<b>-9.6%</b>
Operating income(loss)	14,345	14,201	144	-1.0%
Contributions to the State of Alaska	(250)	(149)	(101)	67.8%
<b>Change in net position</b>	<b>\$ 14,095</b>	<b>\$ 14,052</b>	<b>\$ 43</b>	<b>-0.3%</b>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$24.7 million, or 9.0%, during fiscal year 2017 primarily due to decreases in externally funded program revenue.

Total operating expenses decreased by a greater amount in 2017. The total decrease was \$24.8 million, or 9.6%, during fiscal year 2017. The decreases were in administrative and interest expenses, as well as grant expenses.

As shown in the table on the preceding page, the net effect of changes in operating revenues and expenses was very similar in fiscal years 2017 and 2016. There was a \$144,000 increase, or 1.0%, in operating income.

The change in net position was an increase in fiscal year 2017 of \$43,000, or 0.3%.

In fiscal year 2017, the Corporation continued its series of annual transfers to the State of Alaska and State agencies. Contributions to the State for fiscal year 2017 were \$250,000 compared to those of fiscal year 2016 of \$149,000. See Footnote No. 18 for more details about the Transfer Plan calculation.

### DEBT ADMINISTRATION

As of June 30, 2017, the Corporation had \$2.1 billion in 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 \$150.0 million of bonds;
- Redeemed bonds through special revenue redemption provisions of their respective indentures in the amount of \$31.9 million. Refundings for fiscal year 2017 totaled \$11.1 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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](mailto:finance@ahfc.us).

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

As of June 30, 2017

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 28,843	\$ 4,192	\$ 762	\$ 25,342
Investments	464,332	-	123,909	1,886
Accrued interest receivable	3,055	-	9,543	107
Inter-fund due to/from	(31,086)	(6,275)	38,009	(595)
Mortgage loans, notes and other loans	5,943	-	75,226	1,241
Net investment in direct financing lease	-	-	2,138	-
Other assets	4,389	3,618	-	1,069
Intergovernmental receivable	246	9,985	-	14
<b>Total Current</b>	<b>475,722</b>	<b>11,520</b>	<b>249,587</b>	<b>29,064</b>
<b>Non Current</b>				
Investments	1,522	-	26,895	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	201,292	-	2,573,179	40,913
Net investment in direct financing lease	-	-	27,004	-
Capital assets - non-depreciable	2,917	-	-	13,663
Capital assets - depreciable, net	18,363	47	-	68,105
Other assets	3,482	-	225	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>227,576</b>	<b>1,472</b>	<b>2,627,303</b>	<b>122,681</b>
<b>Total Assets</b>	<b>703,298</b>	<b>12,992</b>	<b>2,876,890</b>	<b>151,745</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>9,269</b>	<b>-</b>	<b>163,407</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	-	61,832	-
Short term debt	82,526	-	-	-
Accrued interest payable	2,473	-	7,149	-
Other liabilities	7,308	4,057	826	1,107
Intergovernmental payable	-	-	152	415
<b>Total Current</b>	<b>92,307</b>	<b>4,057</b>	<b>69,959</b>	<b>1,522</b>
<b>Non Current</b>				
Bonds payable	-	-	2,062,805	-
Other liabilities	2,018	-	-	-
Derivative instrument - interest rate swaps	-	-	144,903	-
Intergovernmental payable	-	-	-	-
Pension liability	47,645	-	-	-
<b>Total Non Current</b>	<b>49,663</b>	<b>-</b>	<b>2,207,708</b>	<b>-</b>
<b>Total Liabilities</b>	<b>141,970</b>	<b>4,057</b>	<b>2,277,667</b>	<b>1,522</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>531</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	21,280	47	-	81,768
Restricted by bond resolutions	-	-	578,954	-
Restricted by contractual or statutory agreements	61,200	10,476	-	68,652
Unrestricted or (deficit)	487,586	(1,588)	183,676	(197)
<b>Total Net Position</b>	<b>\$ 570,066</b>	<b>\$ 8,935</b>	<b>\$ 762,630</b>	<b>\$ 150,223</b>

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2017
\$ 59,139	\$ 7,204	\$ 66,343
590,127	-	590,127
12,705	66	12,771
53	(53)	-
82,410	-	82,410
2,138	-	2,138
9,076	142	9,218
10,245	-	10,245
<u>765,893</u>	<u>7,359</u>	<u>773,252</u>
28,417	-	28,417
1,425	(1,425)	-
2,815,384	12,538	2,827,922
27,004	-	27,004
16,580	3,667	20,247
86,515	-	86,515
3,707	1	3,708
-	-	-
-	-	-
<u>2,979,032</u>	<u>14,781</u>	<u>2,993,813</u>
<u>3,744,925</u>	<u>22,140</u>	<u>3,767,065</u>
<u>172,676</u>	<u>-</u>	<u>172,676</u>
61,832	-	61,832
82,526	-	82,526
9,622	-	9,622
13,298	6	13,304
567	-	567
<u>167,845</u>	<u>6</u>	<u>167,851</u>
2,062,805	-	2,062,805
2,018	360	2,378
144,903	-	144,903
-	-	-
47,645	-	47,645
<u>2,257,371</u>	<u>360</u>	<u>2,257,731</u>
<u>2,425,216</u>	<u>366</u>	<u>2,425,582</u>
<u>531</u>	<u>-</u>	<u>531</u>
103,095	3,667	106,762
578,954	-	578,954
140,328	18,154	158,482
669,477	(47)	669,430
<u>\$ 1,491,854</u>	<u>\$ 21,774</u>	<u>\$ 1,513,628</u>

# 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, 2017

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 10,884	\$ -	\$ 117,985	\$ 1,553
Investment interest	1,030	5	3,658	24
Net change in the fair value of investments	1,811	-	88	-
Net change of hedge termination	-	-	1,028	-
Total Investment Revenue	2,841	5	4,774	24
Externally funded programs	-	81,885	-	13,804
Rental	291	18	-	10,587
Other	2,397	654	697	5
<b>Total Operating Revenues</b>	16,413	82,562	123,456	25,973
<b>OPERATING EXPENSES</b>				
Interest	901	-	68,989	-
Mortgage and loan costs	1,247	-	9,451	145
Bond financing expenses	341	-	4,171	-
Provision for loan loss	(1,573)	-	(4,004)	(2)
Operations and administration	24,769	12,428	4,230	15,370
Rental housing operating expenses	48	543	-	13,703
Housing grants and subsidies	-	84,284	-	26
<b>Total Operating Expenses</b>	25,733	97,255	82,837	29,242
<b>Operating Income (Loss)</b>	(9,320)	(14,693)	40,619	(3,269)
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(128,694)	4,013	121,151	3,730
Change in Net Position	(138,264)	(10,680)	161,770	461
Net position at beginning of year	708,330	19,615	600,860	149,762
<b>Net Position at End of Period</b>	\$ 570,066	\$ 8,935	\$ 762,630	\$ 150,223

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2017
\$ 130,422	\$ 116	\$ 130,538
4,717	10	4,727
1,899	-	1,899
1,028	-	1,028
7,644	10	7,654
95,689	392	96,081
10,896	259	11,155
3,753	298	4,051
248,404	1,075	249,479
69,890	-	69,890
10,843	-	10,843
4,512	-	4,512
(5,579)	(5)	(5,584)
56,797	70	56,867
14,294	2	14,296
84,310	-	84,310
235,067	67	235,134
13,337	1,008	14,345
(250)	-	(250)
-	-	-
200	(200)	-
13,287	808	14,095
1,478,567	20,966	1,499,533
\$ 1,491,854	\$ 21,774	\$ 1,513,628

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2017

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	\$ 14,060	\$ -	\$ 112,730	\$ 1,419
Principal payments received on mortgages and loans	18,658	-	340,931	3,182
Disbursements to fund mortgages and loans	(464,195)	-	-	-
Receipt (payment) for loan transfers between funds	363,806	-	(359,692)	(4,114)
Mortgage and loan proceeds	474,482	-	-	-
Payment of mortgage and loan proceeds to funds	(477,039)	-	-	-
Payments to employees and other payroll disbursements	(28,833)	(6,048)	-	(9,930)
Payments for goods and services	(17,157)	(2,349)	(140)	(10,935)
Cash received for externally funded programs	-	52,364	-	13,758
Cash received for Federal HAP subsidies	-	41,087	-	-
Payments for Federal HAP subsidies	-	(39,034)	-	-
Interfund receipts (payments)	14,529	(3,383)	-	(1,362)
Grant payments to other agencies	-	(45,533)	-	-
Other operating cash receipts	16,684	893	152	10,171
Other operating cash payments	(636)	-	(134)	(117)
<b>Net cash provided by (used for) operating activities</b>	<b>(85,641)</b>	<b>(2,003)</b>	<b>93,847</b>	<b>2,072</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	150,633	-
Principal paid on bonds	-	-	(83,356)	-
Payment to defease bonds	-	-	(11,585)	-
Payment of bond issuance costs	-	-	(1,169)	-
Interest paid	(452)	-	(78,002)	-
Proceeds from issuance of short term debt	614,696	-	-	-
Payment of short term debt	(603,759)	-	-	-
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Transfers (to) from other funds	39,604	-	(38,604)	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>49,839</b>	<b>-</b>	<b>(62,083)</b>	<b>-</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(183)	(19)	-	(197)
Proceeds from the disposal of capital assets	-	-	-	4
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(5,424)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(2,426)	-
Proceeds from direct financing leases	-	-	6,771	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(183)</b>	<b>(19)</b>	<b>(1,079)</b>	<b>(193)</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(3,343,382)	-	(1,438,663)	(4,617)
Proceeds from maturity of investments	3,374,759	-	1,406,730	4,116
Interest received from investments	901	5	1,876	23
<b>Net cash provided by (used for) investing activities</b>	<b>32,278</b>	<b>5</b>	<b>(30,057)</b>	<b>(478)</b>
Net Increase (decrease) in cash	(3,707)	(2,017)	628	1,401
Cash at the beginning of year	32,550	6,209	134	23,941
<b>Cash at the end of period</b>	<b>\$ 28,843</b>	<b>\$ 4,192</b>	<b>\$ 762</b>	<b>\$ 25,342</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (9,320)	\$ (14,693)	\$ 40,619	\$ (3,269)
<i>Adjustments:</i>				
Depreciation expense	999	15	-	5,787
Provision for loan losses	(1,573)	-	(4,004)	(2)
Net change in the fair value of investments	(1,811)	-	110	-
Transfers between funds for operating activity	(128,694)	4,013	121,151	3,730
Interest received from investments	(901)	(5)	(1,876)	(23)
Interest paid	452	-	79,958	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	82,777	-	(177,932)	(2,330)
Net increase (decrease) in assets, liabilities, and deferred resources	(27,570)	8,667	35,821	(1,821)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (85,641)</b>	<b>\$ (2,003)</b>	<b>\$ 93,847</b>	<b>\$ 2,072</b>
<b>Noncash investing, capital and financing activities:</b>				
Deferred outflow of resources-derivatives			71,514	
Acquisition of capital assets through foreclosures	3,343			
Derivative instruments liability			(65,640)	
Net change of hedge termination			1,243	

See accompanying notes to the financial statements.



Exhibit C

Total Programs and Funds		Alaska Corporation for Affordable Housing	Total June 30, 2017
\$	128,209	\$ -	\$ 128,209
	362,771	4,811	367,582
	(464,195)	(62)	(464,257)
	-	-	-
	474,482	-	474,482
	(477,039)	-	(477,039)
	(44,811)	(47)	(44,858)
	(30,581)	(25)	(30,606)
	66,122	-	66,122
	41,087	-	41,087
	(39,034)	-	(39,034)
	9,784	(9,746)	38
	(45,533)	-	(45,533)
	27,900	5,694	33,594
	(887)	-	(887)
	8,275	625	8,900
	150,633	-	150,633
	(83,356)	-	(83,356)
	(11,585)	-	(11,585)
	(1,169)	-	(1,169)
	(78,454)	-	(78,454)
	614,696	-	614,696
	(603,759)	-	(603,759)
	(250)	-	(250)
	1,000	(1,000)	-
	-	-	-
	(12,244)	(1,000)	(13,244)
	(399)	-	(399)
	4	298	302
	-	-	-
	(5,424)	-	(5,424)
	-	-	-
	(2,426)	-	(2,426)
	6,771	-	6,771
	-	-	-
	(1,474)	298	(1,176)
	(4,786,662)	-	(4,786,662)
	4,785,605	-	4,785,605
	2,805	11	2,816
	1,748	11	1,759
	(3,695)	(66)	(3,761)
	62,834	7,270	70,104
\$	59,139	\$ 7,204	\$ 66,343
\$	13,337	\$ 1,008	\$ 14,345
	-	-	-
	6,801	-	6,801
	(5,579)	(5)	(5,584)
	(1,701)	-	(1,701)
	200	(200)	-
	(2,805)	(11)	(2,816)
	80,410	-	80,410
	-	-	-
	(97,485)	4,647	(92,838)
	15,097	(4,814)	10,283
\$	8,275	\$ 625	\$ 8,900

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**NOTE DISCLOSURES INDEX**

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number</u>
1	Authorizing Legislation and Funding .....	17
2	Summary of Significant Accounting Policies .....	17
3	Cash and Investments .....	20
4	Interfund Receivable/Payable.....	24
5	Mortgage Loans, Notes and Other Loans .....	24
6	Insurance Agreements.....	25
7	Direct Financing Leases .....	25
8	Capital Assets.....	26
9	Deferred Outflows of Resources .....	26
10	Bonds Payable.....	26
11	Derivatives .....	30
12	Long Term Liabilities.....	33
13	Short Term Debt .....	33
14	Deferred Inflows of Resources .....	33
15	Transfers.....	33
16	Other Credit Arrangements.....	34
17	Yield Restriction and Arbitrage Rebate .....	34
18	State Authorizations and Commitments .....	34
19	Housing Grants and Subsidies Expenses .....	35
20	Pension and Post Employment Healthcare Plans.....	35
21	Other Commitments and Contingencies.....	38
22	Risk Management.....	39
23	Five Year Financial Information .....	40

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2017**

**1 AUTHORIZING LEGISLATION AND FUNDING**

The Alaska Housing Finance Corporation (the "Corporation"), 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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 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.

**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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

### 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, 2017	
Restricted cash	\$ 46,969
Unrestricted	19,374
Carrying amount	<u>\$ 66,343</u>
Bank Balance	<u>\$ 67,061</u>

#### 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.

	Less Than		More Than		June 30, 2017
	1	1-5	6-10	10	
U. S. Treasury securities	\$ 130	\$ -	\$ -	\$ -	130
Securities of U. S. Government agencies and corporations	-	20	-	-	20
Commercial paper & medium-term notes	102,503	1,500	-	26,896	130,899
Money market funds	203,362	-	-	-	203,362
Subtotal	<u>\$ 305,995</u>	<u>\$ 1,520</u>	<u>\$ -</u>	<u>\$ 26,896</u>	334,411
GeFONSI pool					<u>284,133</u>
Total AHFC Portfolio					<u>\$ 618,544</u>

#### Restricted Investments

A large portion of the Corporation's investments, \$203,444,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$415,100,000, 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):

June 30, 2017	
Ending unrealized holding gain	\$ 32,528
Beginning unrealized holding gain	<u>30,617</u>
Net change in unrealized holding gain	1,911
Net realized gain (loss)	<u>(12)</u>
Net increase (decrease) in fair value	<u>\$ 1,899</u>

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

The credit quality ratings of the Corporation's investments as of June 30, 2017, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). The Corporation's investments included \$130,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government and are not considered to have credit risk and therefore, are not included in the summary.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	\$ 20
Commercial paper, medium-term notes:	AA-	A1	1,301
	AA-	Aa2	751
	AA-	Aa3	783
	A+	A1	712
	A	A1	499
	A	A2	2,384
	A+	A2	100
	A-1+	P-1	56,612
	A-1+	N/A	249
	A-1	P-1	31,355
	Aa2	AA-	120
	Aa3	AA-	721
	N/A	Aa2e	250
	N/A	AA2	26,896
			122,733
Money market funds:	AAAm	--	203,362
Unrated investments:			
Commercial paper, medium term notes	N/A	N/A	8,166
			\$ 334,281

**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



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**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, 2017, 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
State of Alaska	\$ 284,133	45.94 %
Goldman Sachs	203,362	32.88

**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 \$67,061,000 bank balance at June 30, 2017, cash deposits in the amount of \$1,711,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$39,260,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

**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) with their modified duration as of June 30, 2017:

U. S. Treasury securities:		
Treasury coupon securities	\$ 130	0.358
Securities of U. S. Government agencies and corporations:		
Federal agency pass through securities	20	1.205
Commercial paper & medium-term notes:		
Commercial paper discounts	86,560	0.071
Penn Housing Bonds	26,895	0.471
Medium-term notes	17,444	0.053
Money market funds	203,362	0.000
	\$ 334,411	
Portfolio modified duration		0.032

**Investment in GeFONSI Pool**

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

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

NOTE DISCLOSURES  
 TO THE FINANCIAL STATEMENTS

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 \$284,133,000.

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 is shown below (in thousands):

D u e T o	Due From						Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing		
Administrative Fund	\$ -	\$ 6,275	\$ -	\$ 595	\$ 53	\$ -	\$ 6,923
Grant Programs	-	-	-	-	1,425	-	1,425
Mortgage or Bond Programs	38,009	-	-	-	-	-	38,009
Other Funds or Programs	-	-	-	-	-	-	-
Alaska Corporation for Affordable Housing	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 38,009</b>	<b>\$ 6,275</b>	<b>\$ -</b>	<b>\$ 595</b>	<b>\$ 1,478</b>	<b>\$ -</b>	<b>\$ -</b>

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 the Grant Programs and the Other Funds or Programs 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.

#### 5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2017
Mortgage loans	\$ 2,448,535
Multifamily loans	425,514
Other notes receivable	95,216
	<u>2,969,265</u>
Less:	
Allowance for losses	(58,933)
Net Mortgage loans, notes and other loans	<u>\$ 2,910,332</u>

Of the \$2,969,265,000 mortgage loans, notes, and other loans, \$82,410,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies that weren't expended by grant recipients and notes receivable due to ACAH of \$13,778,000. Included in the allowance for losses is \$1,240,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$12,538,000.

NOTE DISCLOSURES  
 TO THE FINANCIAL STATEMENTS

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

		June 30, 2017
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$	111,143
Foreclosures during period		9,198
Loans in foreclosure process		12,571
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans		57,556

## 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 LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately \$26 million. The funding to purchase the building was originally from State Building Lease Bonds Series 1999, which were refunded by General Housing Purpose Bonds 2005 Series C, which were lastly refunded in March 2015, when the Corporation issued the State Capital Project Bonds, 2015 Series A. The Atwood Office Building is part of the Corporation's State Building Lease Program and has been 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 is exercising the option to purchase the Atwood Office Building and associated land, identified as Block 79, with a municipality assessed value of \$70.5 million, for \$1; the title is in the process of being transferred from the Corporation to the State. Block 102, containing lots the State currently has chosen not to transfer but has reserved the right to take ownership at a later date, was booked as a corporate asset at the assessed value of \$4,175,000, and identified as Property for Resale pending the Corporation determining next steps.

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 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 December 2015, and June 2015, the Corporation issued the State Capital Project Bonds, 2015 Series C and the State Capital Project Bonds, 2015 Series B, respectively, to partially refund the 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 leases and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

<u>Future Minimum Payments Due</u>		
<u>Year Ending June 30,</u>	<u>Parking Garage</u>	
2018	\$	3,304
2019		3,304
2020		3,304
2021		3,304
2022		3,304
Thereafter		19,819
Gross payments due		36,339
Less: Unearned revenue		(7,197)
Net investment in direct financing lease	\$	29,142

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 8 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, and a summary of balances are shown below (in thousands):

	June 30, 2016	Additions	Reductions	June 30, 2017
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 19,812	\$ 435	\$ -	\$ 20,247
Construction in progress	-	-	-	-
Total Non-Depreciable	19,812	435	-	20,247
<b>Depreciable Capital Assets:</b>				
Buildings	243,097	2,973	-	246,070
Computers & Equipment	2,252	119	(15)	2,356
Vehicles	2,116	215	(35)	2,296
Less: Accumulated depreciation				
Buildings	(153,801)	(6,457)	-	(160,258)
Computers & Equipment	(1,883)	(221)	15	(2,089)
Vehicles	(1,772)	(123)	35	(1,860)
Total Depreciable, Net	90,009	(3,494)	-	86,515
<b>Total Capital Assets, Net</b>	<b>\$ 109,821</b>	<b>\$ (3,059)</b>	<b>\$ -</b>	<b>\$ 106,762</b>

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

The depreciation expense charged by the Corporation was \$6,801,000 for the year ended June 30, 2017.

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 \$4,591,000 at June 30, 2017.

## 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, 2017, were interest rate swap derivatives of \$142,863,000, deferred debt refunding expense of \$20,544,000, and pension deferred outflows of \$9,269,000.

## 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, 2017 are shown on the next two pages (in thousands):

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Original Amount	June 30, 2017
<b>First-Time Home Buyer Program:</b>		
<b>Mortgage Revenue Bonds, Tax-Exempt:</b>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 44,430
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	79,520
• 2010 Series A; 2.45% to 4.00%, due 2017-2027	43,130	28,070
Unamortized discount		(123)
• 2010 Series B; 2.45% to 4.625%, due 2017-2040	35,680	30,665
• 2011 Series B; 2.50% to 4.05%, due 2017-2026	71,360	43,740
<b>Mortgage Revenue Bonds, Taxable:</b>		
• 2011 Series A; 2.80% due 2017-2026	28,945	380
Total Mortgage Revenue Bonds	<u>372,215</u>	<u>226,682</u>
<b>Home Mortgage Revenue Bonds, Tax-Exempt:</b>		
• 2002 Series A; Floating Rate*; 0.93% at June 30, 2017, due 2032-2036	170,000	53,830
Unamortized swap termination penalty		(3,144)
• 2007 Series A; Floating Rate*; 0.87% at June 30, 2017, due 2017-2041	75,000	74,235
• 2007 Series B; Floating Rate*; 0.87% at June 30, 2017, due 2017-2041	75,000	74,235
• 2007 Series D; Floating Rate*; 0.87% at June 30, 2017, due 2017-2041	89,370	88,445
• 2009 Series A; Floating Rate*; 0.87% at June 30, 2017, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*; 0.87% at June 30, 2017, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 0.91% at June 30, 2017, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	<u>652,000</u>	<u>530,231</u>
<b>Veterans Mortgage Program Bonds:</b>		
<b>Collateralized State Guaranteed Bonds, Tax-Exempt:</b>		
• 2016 First & Second Series; 0.70% to 3.20%, due 2017-2046	50,000	49,400
<b>Other Housing Bonds:</b>		
<b>General Mortgage Revenue Bonds, Tax-Exempt:</b>		
• 2012 Series A; 1.65% to 4.25%, due 2017-2040	145,890	114,255
Unamortized discount		(567)
Unamortized premium		223
• 2016 Series A; 0.50% to 3.50%, due 2017-2046	100,000	98,475
Unamortized premium		1,059
<b>Governmental Purpose Bonds, Tax-Exempt:</b>		
• 1997 Series A; Floating Rate*, monthly payments, 0.87% at June 30, 2017, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 0.87% at June 30, 2017, due 2017-2030	76,580	46,145
Unamortized swap termination penalty		(5,186)
• 2001 Series B; Floating Rate*; 0.91% at June 30, 2017, due 2017-2030	93,590	56,390
Total Other Housing Bonds	<u>449,060</u>	<u>325,394</u>

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Original Amount	June 30, 2017
<b>Non-Housing Bonds:</b>		
<b>State Capital Project Bonds, Tax-Exempt:</b>		
• 2002 Series C; Floating Rate*, 0.88% at June 30, 2017, due 2017-2022	60,250	34,910
• 2007 Series A & B; 4.00% to 5.25%, due 2017-2029	95,525	28,475
Unamortized discount		(29)
Unamortized premium		304
• 2011 Series A; 4.25% to 5.00%, due 2017-2027	105,185	72,365
Unamortized discount		(59)
Unamortized premium		782
• 2012 Series A; 3.25% to 5.00%, due 2017-2032	99,360	78,980
Unamortized discount		(100)
Unamortized premium		6,568
• 2013 Series A; 4.00% to 5.00%, due 2017-2032	86,765	83,710
Unamortized premium		7,190
• 2014 Series A; 4.00% to 5.00%, due 2017-2033	95,115	89,175
Unamortized discount		(58)
Unamortized premium		5,700
• 2014 Series B; 5.00%, due 2017-2029	29,285	26,835
Unamortized premium		2,907
• 2014 Series D; 3.00% to 5.00%, due 2017-2029	78,105	77,945
Unamortized premium		10,631
• 2015 Series A; 3.00% to 5.00%, due 2017-2030	111,535	105,060
Unamortized premium		13,447
• 2015 Series B; 3.00% to 5.00%, due 2017-2036	93,365	91,875
Unamortized discount		(211)
Unamortized premium		7,062
• 2015 Series C; 4.00% to 5.00%, due 2017-2035	55,620	52,190
Unamortized premium		7,276
<b>State Capital Project Bonds, Taxable:</b>		
• 2013 Series B; Indexed Floating Rate**, monthly payments 1.85050% at June 30, 2017, due 2043	50,000	50,000
• 2014 Series C; Indexed Floating Rate**, 1.55100% at June 30, 2017, due 2029	140,000	140,000
Total Non-Housing Bonds	1,100,110	992,930
<b>Total Bonds Payable</b>	<b>\$ 2,623,385</b>	<b>\$ 2,124,637</b>

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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**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 year ended June 30, 2017, the Corporation made special revenue redemptions in the amount of \$43,060,000.

**Advance Refundings**

In the fiscal years ending June 30, 2015, and June 30, 2016, 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, 2017, follows (in thousands):

	Date Defeased	June 30, 2017
State Capital Project Bonds, 2007 Series A and B	June 2015	\$ 34,230
State Capital Project Bonds, 2007 Series B	December 2015	3,765
		<u>\$ 37,995</u>

**Debt Service Requirements\*\***

For all bonds in the preceding schedules, the Corporation's debt service requirements through 2021 and in five year increments thereafter to maturity are shown below (in thousands):

Year Ended June 30	Total Debt Service		
	Principal	Interest*	Total
2018	\$ 61,832	\$ 75,795	\$ 137,627
2019	64,170	73,643	137,813
2020	78,110	71,155	149,265
2021	114,970	67,196	182,166
2022	89,115	62,933	152,048
2023-2027	468,135	257,286	725,421
2028-2032	650,095	150,123	800,218
2033-2037	300,615	68,831	369,446
2038-2042	185,680	22,110	207,790
2043-2047	58,243	1,644	59,887
	<u>\$ 2,070,965</u>	<u>\$ 850,716</u>	<u>\$ 2,921,681</u>

\* 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, 2017.

\*\* 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

A summary of all conduit debt as of June 30, 2017 follows (in thousands):

	Maximum Issue Amount	Balance at June 30, 2017
Revenue Bonds, 2016 (Muldoon Garden Project)	\$ 3,920	\$ 2,187

## 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 the derivative was hedgeable or not. 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, 2017, 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, 2017, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap	
				Termination Date	Counterparty Credit Rating <sup>7</sup>
GP01A <sup>1</sup>	12/01/08	2.4530	67% of 1M LIBOR <sup>4</sup>	12/01/30	A-/A3
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	AA/Aa3
E021A <sup>1 2</sup>	10/09/08	2.9800	70% of 3M LIBOR <sup>5</sup>	06/01/32	AA-/Aa2
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	AA/Aa3
SC02C <sup>3</sup>	12/05/02	4.3030	SIFMA <sup>6</sup> +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	AA-/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



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 2017, 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		Change in Fair Value
			June 30, 2017	June 30, 2016	
GP01A	\$ 46,145	\$ 49,412	\$ (3,267)	\$ (6,015)	\$ 2,748
GP01B	56,390	66,878	(10,488)	(15,029)	4,541
E021A1	37,540	41,693	(4,153)	(6,789)	2,636
E021A2	16,290	16,778	(488)	(1,102)	614
SC02C	34,910	37,455	(2,545)	(4,423)	1,878
E071AB	142,149	177,775	(35,626)	(50,897)	15,271
E071BD	94,766	118,275	(23,509)	(33,699)	10,190
E091A	72,789	92,017	(19,228)	(27,504)	8,276
E091B	72,789	91,599	(18,810)	(26,721)	7,911
E091ABD	97,052	121,800	(24,748)	(35,295)	10,547
Total	\$ 670,820	\$ 813,682	\$ (142,862)	\$(207,474)	\$ 64,612

As of June 30, 2017, 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
2018	\$ 18,705	\$ 5,870	\$ 18,427	\$ 43,002
2019	19,560	5,703	17,895	43,158
2020	23,740	5,528	17,340	46,608
2021	28,230	5,302	16,616	50,148
2022	29,750	5,049	15,811	50,610
2023-2027	136,545	21,579	67,705	225,829
2028-2032	152,050	15,099	48,060	215,209
2033-2037	135,305	8,933	28,814	173,052
2038-2042	126,935	2,591	8,380	137,906
	\$ 670,820	\$ 75,654	\$ 239,048	\$ 985,522

#### Credit Risk

As of June 30, 2017, the Corporation is 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 38% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa2". Of the remaining swaps, one counterparty is rated "AA/Aa3", another counterparty is rated "AA-/Aa1", and the remaining counterparty is rated "A-/A3", approximating 11%, 11%, and 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, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2017, SIFMA was 0.91% and 1-month LIBOR was 1.22611%, resulting in a SIFMA/LIBOR ratio of 74.2%. The 3-month LIBOR was 1.29639%, resulting in a SIFMA/LIBOR ratio of 70.2%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**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 can 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, 2017, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap	
				Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.77%	70% of 1M LIBOR	07/01/24	A+/Aa2

The change in fair value of the investment derivatives as of June 30, 2017, 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		Change in Fair Value
			June 30, 2017	June 30, 2016	
SC02B	\$ 14,555	\$ 16,595	\$ (2,040)	\$ (3,069)	\$ 1,029

**Credit Risk**

As of June 30, 2017, 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".

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2017, is summarized in the following schedule (in thousands):

	June 30, 2016	Additions	Reductions	June 30, 2017	Due Within One Year
Total bonds and notes payable	\$ 2,083,582	\$ 151,133	\$ (110,078)	\$ 2,124,637	\$ 61,832
Compensated absences	4,338	2,639	(2,793)	4,184	2,167
Other liabilities	812	213	(1,025)	-	-
Total long-term liabilities	<u>\$ 2,088,732</u>	<u>\$ 153,985</u>	<u>\$ (113,896)</u>	<u>\$ 2,128,821</u>	<u>\$ 63,999</u>

## 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 fiscal year ended June 30, 2017 has been 0.45% and the highest 1.17%.

Short term debt activity for the year ended June 30, 2017, is summarized in the following schedule (in thousands):

	June 30, 2016	Additions	Reductions	June 30, 2017
Commercial paper	\$ 71,600	\$ 615,207	\$ (604,207)	\$ 82,600
Unamortized discount	(11)	(498)	435	(74)
Commercial paper, net	<u>\$ 71,589</u>	<u>\$ 614,709</u>	<u>\$ (603,772)</u>	<u>\$ 82,526</u>

## 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 deferred inflows of resources at June 30, 2017, represent the difference between projected and actual investment earnings in State of Alaska's Public Employees' Retirement System Defined Benefit Retirement Plan of \$531,000.

## 15 TRANSFERS

Transfers for the year ended June 30, 2017, are summarized in the following schedule (in thousands):

	From					Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Administrative Fund	\$ -	\$ 43,290	\$ 400,994	\$ 13,504	\$ 262	\$ 458,050
Grant Programs	47,303	-	-	-	-	47,303
T Mortgage or Bond Programs	522,145	-	-	-	-	522,145
o Other Funds or Programs	17,234	-	-	-	-	17,234
Alaska Corporation for Affordable Housing	62	-	-	-	-	62
Total	<u>\$ 586,744</u>	<u>\$ 43,290</u>	<u>\$ 400,994</u>	<u>\$ 13,504</u>	<u>\$ 262</u>	<u>\$ -</u>

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.

NOTE DISCLOSURES  
 TO THE FINANCIAL STATEMENTS

## 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-remarketed tenders and/or bond insurance contracts to guarantee the payment of debt service. At June 30, 2017, the Corporation had unused standby bond purchase agreements of \$533,375,000 and bond insurance of \$28,475,000.

## 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. Most of the 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. It is possible to overestimate liability, and therefore overpayments result in a receivable from the government. Such is the case with the latest calculation. Prior payments totaled \$1,235,000; however the latest rebate liability reserve requirement is \$1,010,000. The amount of arbitrage due to the Corporation as of June 30, 2017 is \$225,000.

## 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, 2017, (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	\$ 794,648	\$ (788,948)	\$ 5,700
State Capital Projects Debt Service	446,870	(434,866)	12,004
State of Alaska Capital Projects	253,761	(249,410)	4,351
AHFC Capital Projects	492,353	(463,656)	28,697
Total	<u>\$ 1,987,632</u>	<u>\$ (1,936,880)</u>	<u>\$ 50,752</u>

### 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

NOTE DISCLOSURES  
 TO THE FINANCIAL STATEMENTS

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):

	<b>June 30, 2017</b>
Affordable Housing Development Program	\$ 1
Beneficiaries and Special Needs Housing	2,302
Continuum of Care Homeless Assistance	1,822
Domestic Violence	1,527
Drug Elimination	41
Emergency Shelter Grant (ESG)	212
Energy Efficiency Monitoring Research	1,003
Energy Efficient Home Program	8,211
HOME Investment Partnership	4,128
Homeless Assistance Program	8,625
Housing Choice Vouchers	33,054
Housing Loan Program	4,142
Housing Opportunities for Persons with AIDS	588
Low Income Weatherization Assistance	7,151
Low Income Home Energy Assistance	300
Non-Elderly Disabled (NED)	264
Parolees (TBRA)	841
Section 8 Rehabilitaton	460
Senior Citizen Housing Development Grant	2,209
Supplemental Housing Grant	5,466
Technical Assistance Grant	6
Utility Allowance Payments for Low Rent	25
Veterans Affairs Supportive Housing	1,791
Youth (TBRA)	141
<b>Total Housing Grants and Subsidies Expenses</b>	<b>\$ 84,310</b>

In addition to grant payments made, the Corporation had advanced grant funds of \$3,334,000 and committed to third parties a sum of \$35,307,000 in grant awards as of June 30, 2017.

## 20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

### Description of Plans

As of June 30, 2017, 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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](http://www.doa.alaska.gov/drb).

**Defined Benefit Pension and Post Employment Health Care 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 also 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.

*Funding Policy:*

Under State law, covered employees are required to contribute 6¾% 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% of annual covered salary. For fiscal year 2017, 14.96% of covered salary is for the pension plan and 7.04% of covered salary is for the post-employment healthcare plan.

Under AS39.35.255, the difference between the actuarial required contribution of 26.14% for fiscal year 2017 and the employer rate of 22% is funded by the State.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the year ended June 30, 2017, totaled \$973,000, and for the years ended June 30, 2016, and June 30, 2015, totaled \$1,334,000 and \$1,543,000, respectively.

*Pension Liabilities:*

At June 30, 2017, the Corporation reported a liability for its proportionate share to the net pension liability in the amount of \$47,645,000. This amount reflected State pension support provided to the Corporation in the amount of \$6,003,000. The total net pension liability associated with the Corporation was \$53,648,000.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2015 and rolled forward to June 30, 2016.

*Pension Expense:*

For the year ended June 30, 2017, the Corporation recognized pension expense of \$9,606,000 and revenue of \$917,000 for support provided by the State.

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*

As of June 30, 2017, the Corporation's deferred outflows of resources related to pensions of \$9,269,000 were due to a change in its proportionate share of contributions to the pension plan of \$1,683,000, a difference between projected and actual investment earnings of \$4,683,000, a difference between expected and actual experience of \$4,000, changes in assumptions of \$220,000 and contributions to the pension plan subsequent to the measurement date of \$2,679,000. This amount will be recognized as a reduction in the net pension liability in the next fiscal year. The Corporation's deferred inflows of resources related to pension of \$531,000 were due to a difference between projected and actual investment earnings.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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
2018	\$ 2,178	\$ (132)	\$ 2,046
2019	996	(133)	863
2020	2,047	(133)	1,914
2021	1,369	(133)	1,236
	<u>\$ 6,590</u>	<u>\$ (531)</u>	<u>\$ 6,059</u>

*Actuarial Assumptions:*

The total pension liability for fiscal year ended June 30, 2017, was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016. 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%. 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, 2015 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, 2016 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	5.35 %
Global Equity (non-U.S.)	5.55
Private Equity	6.25
Fixed Income Composite	0.80
Real Estate	3.65
Alternative Equity	4.70

*Discount rate:*

The discount rate used to ensure 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.

*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% (7%) lower 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	\$61,364	\$47,645	\$36,073

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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

**Employee 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 employees 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. Disability benefits are also provided.

**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.

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2017, 6.35% of covered salary is split 5.17% for the pension plan and 1.18% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,049.36, representing 3% of total annual covered compensation in the Plan, is deposited in an HRA Account for each covered employee.

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 year ended June 30, 2017, the Corporation paid additional contributions of \$900,000. These contributions equal \$612,000 for the defined benefit pension and \$288,000 for the defined benefit post-employment healthcare plans.

The contributions to the pension plan for the year ended June 30, 2017, by the employees totaled \$585,000 and by the Corporation totaled \$378,000.

The Corporation contributed \$332,000 to a health reimbursement arrangement for the year ended June 30, 2017.

## **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 \$3,316,000 as of June 30, 2017.

### **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**

In July 2017, per Board Resolution 2017-19, the Corporation issued \$8.2M in conduit bonds for Grass Creek North II, a 45-unit multi-family rental facility in Anchorage, Alaska. The Bond does not constitute indebtedness liability of the Corporation nor of the State of Alaska; it is payable solely by the Borrower per the Loan Agreement terms.

Also in July 2017, the Corporation sold its \$143,955,000 State Capital Project Bonds II, 2017 Series A (the "2017 Bonds"). The 2017 Bonds are tax-exempt general obligations of the Corporation with a final maturity of December 1, 2032. Interest is payable each June 1 and December 1 at fixed rates between 2% and 5%. The 2017 Bonds will be delivered on September 6, 2017. Proceeds of the 2017 Bonds will be used to reimburse the Corporation for certain capital project expenditures; to refund certain of the Corporation's outstanding taxable commercial paper notes; to fully refund on a current refunding basis the Corporation's State Capital Project Bonds, 2007 Series A and B, on December



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

1, 2017; to refund on a current refunding basis the December 1, 2017, maturities of certain of the Corporation's various State Capital Project Bonds and State Capital Project Bonds II; and to refund on an advanced refunding basis the non-December 1, 2017, maturities of the Corporation's State Capital Project Bonds, 2011 Series A (the "Defeased Bonds"). Assets and liabilities related to the Defeased Bonds will be removed from the Statement of Net Position upon delivery of the 2017 Bonds on September 6, 2017.

## **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 the Corporation is doing business with. 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 23 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2017	2016	2015	2014	2013
<b>Assets</b>					
Cash	\$ 66,343	\$ 70,104	\$ 50,348	\$ 77,026	\$ 59,207
Investments	618,544	615,588	816,244	1,063,200	1,218,693
Accrued interest receivable	12,771	12,325	11,606	12,357	11,559
Mortgage loans, notes and other loans	2,910,332	2,817,494	2,662,893	2,536,596	2,305,667
Net investment in direct financing lease	29,142	34,555	39,732	44,664	48,777
Unamortized bond issuance costs	-	-	-	-	10,855
Capital assets, net	106,762	109,821	116,057	120,248	125,483
Other assets	23,171	35,746	47,982	44,533	64,919
Derivative instrument - interest rate swaps	-	-	-	-	-
<b>Total Assets</b>	<b>3,767,065</b>	<b>3,695,633</b>	<b>3,744,862</b>	<b>3,898,624</b>	<b>3,845,160</b>
<b>Deferred Outflow of Resources</b>	<b>172,676</b>	<b>234,921</b>	<b>171,440</b>	<b>156,579</b>	<b>136,070</b>
<b>Liabilities</b>					
Bonds and notes payable	2,124,637	2,083,582	2,201,527	2,308,710	2,257,875
Short term debt	82,526	71,589	16,899	64,993	28,388
Accrued interest payable	9,622	9,628	9,397	10,147	9,947
Other liabilities	63,894	55,009	49,522	21,079	20,857
Derivative instrument - interest rate swaps	144,903	210,543	150,199	140,366	138,635
<b>Total Liabilities</b>	<b>2,425,582</b>	<b>2,430,351</b>	<b>2,427,544</b>	<b>2,545,295</b>	<b>2,455,702</b>
<b>Deferred Inflow of Resources</b>	<b>531</b>	<b>670</b>	<b>3,277</b>	<b>-</b>	<b>-</b>
<b>Total Net Position</b>	<b>\$ 1,513,628</b>	<b>\$ 1,499,533</b>	<b>\$ 1,485,481</b>	<b>\$ 1,509,908</b>	<b>\$ 1,525,528</b>
<b>Operating Revenues</b>					
Mortgage and loans revenue	\$ 130,538	\$ 128,942	\$ 126,140	\$ 120,740	\$ 125,059
Investment interest	4,727	3,595	4,388	6,532	6,385
Net change in fair value of investments	1,899	2,754	1,627	2,450	1,545
Net change of hedge termination	1,028	(552)	11	37	1,158
Total Investment Revenue	7,654	5,797	6,026	9,019	9,088
Externally funded programs	96,081	123,782	146,236	163,739	168,152
Rental	11,155	10,707	9,342	8,951	8,701
Other	4,051	4,952	2,355	5,637	4,325
<b>Total Operating Revenues</b>	<b>249,479</b>	<b>274,180</b>	<b>290,099</b>	<b>308,086</b>	<b>315,325</b>
<b>Operating Expenses</b>					
Interest	69,890	70,357	75,349	81,184	94,409
Mortgage and loan costs	10,843	10,836	11,327	9,442	10,098
Operations and administration	4,512	58,373	53,287	58,771	56,663
Financing expenses	(5,584)	3,556	5,064	4,415	12,419
Provision for loan loss	56,867	(5,831)	(5,741)	(5,688)	(4,753)
Housing grants and subsidies	14,296	107,054	125,222	149,188	150,460
Rental housing operating expenses	84,310	15,634	17,086	14,159	13,924
<b>Total Operating Expenses</b>	<b>235,134</b>	<b>259,979</b>	<b>281,594</b>	<b>311,471</b>	<b>333,220</b>
<b>Operating Income (Loss)</b>	<b>14,345</b>	<b>14,201</b>	<b>8,505</b>	<b>(3,385)</b>	<b>(17,895)</b>
<b>Non-Operating &amp; Special Item</b>					
Contribution to State or State agency	(250)	(149)	(3,825)	(1,380)	(10,720)
Special item	-	-	-	-	-
<b>Change in Net Position</b>	<b>\$ 14,095</b>	<b>\$ 14,052</b>	<b>\$ 4,680</b>	<b>\$ (4,765)</b>	<b>\$ (28,615)</b>

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.852380%	0.780600%	0.6082139%	0.59869601%
The Corporation's proportionate share of the net pension liability (asset)	\$ 47,645	\$ 37,859	\$ 28,368	\$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	6,003	10,856	22,644	26,434
<b>Total</b>	<b>\$ 53,648</b>	<b>\$ 48,715</b>	<b>\$ 51,012</b>	<b>\$ 57,874</b>
The Corporation's covered employee payroll	\$ 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	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2017, the plan measurement date is June 30, 2016.

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.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

This table reports the Corporation's pension contributions to PERS during fiscal year 2017. These contributions are reported as a deferred outflow of resources on the June 30, 2017 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.

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2017

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 28,843	\$ 382	\$ 30	\$ -
Investments	464,332	19,371	42,307	15,653
Accrued interest receivable	3,055	854	2,602	185
Inter-fund due to/from	(31,086)	4,140	9,764	1,661
Mortgage loans, notes and other loans	5,943	6,626	21,425	1,659
Net investment in direct financing lease	-	-	-	-
Other assets	4,389	-	-	-
Intergovernmental receivable	246	-	-	-
<b>Total Current</b>	<b>475,722</b>	<b>31,373</b>	<b>76,128</b>	<b>19,158</b>
<b>Non Current</b>				
Investments	1,522	-	13,994	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	201,292	254,960	709,937	43,437
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	18,363	-	-	-
Other assets	3,482	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>227,576</b>	<b>254,960</b>	<b>723,931</b>	<b>43,437</b>
<b>Total Assets</b>	<b>703,298</b>	<b>286,333</b>	<b>800,059</b>	<b>62,595</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	9,269	-	134,053	-
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	8,747	5,090	1,280
Short term debt	82,526	-	-	-
Accrued interest payable	2,473	588	1,607	99
Other liabilities	7,308	79	277	13
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>92,307</b>	<b>9,414</b>	<b>6,974</b>	<b>1,392</b>
<b>Non Current</b>				
Bonds payable	-	217,937	525,141	48,120
Other liabilities	2,018	-	-	-
Derivative instrument - interest rate swaps	-	-	126,562	-
Intergovernmental payable	-	-	-	-
Pension liability	47,645	-	-	-
<b>Total Non Current</b>	<b>49,663</b>	<b>217,937</b>	<b>651,703</b>	<b>48,120</b>
<b>Total Liabilities</b>	<b>141,970</b>	<b>227,351</b>	<b>658,677</b>	<b>49,512</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	531	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	21,280	-	-	-
Restricted by bond resolutions	-	58,982	275,435	13,083
Restricted by contractual or statutory agreements	61,200	-	-	-
Unrestricted or (deficit)	487,586	-	-	-
<b>Total Net Position</b>	<b>\$ 570,066</b>	<b>\$ 58,982</b>	<b>\$ 275,435</b>	<b>\$ 13,083</b>

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 198	\$ 152	\$ 36,738	\$ 66,343
42,353	4,225	1,886	590,127
1,435	4,467	173	12,771
6,431	16,013	(6,923)	-
14,099	31,417	1,241	82,410
-	2,138	-	2,138
-	-	4,829	9,218
-	-	9,999	10,245
64,516	58,412	47,943	773,252
12,901	-	-	28,417
-	-	-	-
479,022	1,085,823	53,451	2,827,922
-	27,004	-	27,004
-	-	17,330	20,247
-	-	68,152	86,515
225	-	1	3,708
-	-	-	-
-	-	-	-
492,148	1,112,827	138,934	2,993,813
556,664	1,171,239	186,877	3,767,065
14,954	14,400	-	172,676
12,935	33,780	-	61,832
-	-	-	82,526
836	4,019	-	9,622
178	279	5,170	13,304
-	152	415	567
13,949	38,230	5,585	167,851
312,459	959,148	-	2,062,805
-	-	360	2,378
13,756	4,585	-	144,903
-	-	-	-
-	-	-	47,645
326,215	963,733	360	2,257,731
340,164	1,001,963	5,945	2,425,582
-	-	-	531
-	-	85,482	106,762
231,454	-	-	578,954
-	-	97,282	158,482
-	183,676	(1,832)	669,430
\$ 231,454	\$ 183,676	\$ 180,932	\$ 1,513,628

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 2

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

ADMINISTRATIVE FUND

As of June 30, 2017

*(in thousands of dollars)*

	<u>Administrative Fund</u>
<b>ASSETS</b>	
<b>Current</b>	
Cash	\$ 28,843
Investments	464,332
Accrued interest receivable	3,055
Inter-fund due to/from	(31,086)
Mortgage loans, notes and other loans	5,943
Net investment in direct financing lease	-
Other assets	4,389
Intergovernmental receivable	246
<b>Total Current</b>	<u>475,722</u>
<b>Non Current</b>	
Investments	1,522
Inter-fund due to/from	-
Mortgage loans, notes and other loans	201,292
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	18,363
Other assets	3,482
Derivative instrument - interest rate swaps	-
Intergovernmental receivable	-
<b>Total Non Current</b>	<u>227,576</u>
<b>Total Assets</b>	<u>703,298</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>9,269</u>
<b>LIABILITIES</b>	
<b>Current</b>	
Bonds payable	-
Short term debt	82,526
Accrued interest payable	2,473
Other liabilities	7,308
Intergovernmental payable	-
<b>Total Current</b>	<u>92,307</u>
<b>Non Current</b>	
Bonds payable	-
Other liabilities	2,018
Derivative instrument - interest rate swaps	-
Intergovernmental payable	-
Pension liability	47,645
<b>Total Non Current</b>	<u>49,663</u>
<b>Total Liabilities</b>	<u>141,970</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>531</u>
<b>NET POSITION</b>	
Net investment in capital assets	21,280
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	61,200
Unrestricted or (deficit)	487,586
<b>Total Net Position</b>	<u>\$ 570,066</u>

**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, 2017

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ -	\$ 382	\$ 382
Investments	7,401	11,970	19,371
Accrued interest receivable	360	494	854
Inter-fund due to/from	1,643	2,497	4,140
Mortgage loans, notes and other loans	2,657	3,969	6,626
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Current</b>	<b>12,061</b>	<b>19,312</b>	<b>31,373</b>
<b>Non Current</b>			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	103,022	151,938	254,960
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Non Current</b>	<b>103,022</b>	<b>151,938</b>	<b>254,960</b>
<b>Total Assets</b>	<b>115,083</b>	<b>171,250</b>	<b>286,333</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current</b>			
Bonds payable	3,311	5,436	8,747
Short term debt	-	-	-
Accrued interest payable	307	281	588
Other liabilities	33	46	79
Intergovernmental payable	-	-	-
<b>Total Current</b>	<b>3,651</b>	<b>5,763</b>	<b>9,414</b>
<b>Non Current</b>			
Bonds payable	99,732	118,205	217,937
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Pension liability	-	-	-
<b>Total Non Current</b>	<b>99,732</b>	<b>118,205</b>	<b>217,937</b>
<b>Total Liabilities</b>	<b>103,383</b>	<b>123,968</b>	<b>227,351</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,700	47,282	58,982
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>\$ 11,700</b>	<b>\$ 47,282</b>	<b>\$ 58,982</b>



# 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, 2017

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 30	\$ -	\$ -	\$ -
Investments	3,410	5,177	3,635	7,506
Accrued interest receivable	336	281	342	387
Inter-fund due to/from	1,105	884	714	2,968
Mortgage loans, notes and other loans	2,667	2,326	2,344	2,849
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Current</b>	<b>7,548</b>	<b>8,668</b>	<b>7,035</b>	<b>13,710</b>
<b>Non Current</b>				
Investments	839	1,724	1,664	2,213
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	85,278	80,967	80,653	101,840
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>86,117</b>	<b>82,691</b>	<b>82,317</b>	<b>104,053</b>
<b>Total Assets</b>	<b>93,665</b>	<b>91,359</b>	<b>89,352</b>	<b>117,763</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	4,641	19,942	19,926	23,580
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	1,590	1,590	1,910
Short term debt	-	-	-	-
Accrued interest payable	138	230	229	269
Other liabilities	27	39	44	49
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>165</b>	<b>1,859</b>	<b>1,863</b>	<b>2,228</b>
<b>Non Current</b>				
Bonds payable	50,686	72,645	72,645	86,535
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	4,641	18,605	18,589	21,941
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
<b>Total Non Current</b>	<b>55,327</b>	<b>91,250</b>	<b>91,234</b>	<b>108,476</b>
<b>Total Liabilities</b>	<b>55,492</b>	<b>93,109</b>	<b>93,097</b>	<b>110,704</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	42,814	18,192	16,181	30,639
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>\$ 42,814</b>	<b>\$ 18,192</b>	<b>\$ 16,181</b>	<b>\$ 30,639</b>

Schedule 4

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ -	\$ -	\$ -	\$ 30
8,792	7,720	6,067	42,307
392	388	476	2,602
1,126	1,655	1,312	9,764
3,468	3,757	4,014	21,425
-	-	-	-
-	-	-	-
-	-	-	-
13,778	13,520	11,869	76,128
2,373	2,533	2,648	13,994
-	-	-	-
111,707	120,908	128,584	709,937
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
114,080	123,441	131,232	723,931
127,858	136,961	143,101	800,059
22,364	21,946	21,654	134,053
-	-	-	5,090
-	-	-	-
247	247	247	1,607
33	34	51	277
-	-	-	-
280	281	298	6,974
80,880	80,880	80,870	525,141
-	-	-	-
21,291	20,874	20,621	126,562
-	-	-	-
-	-	-	-
102,171	101,754	101,491	651,703
102,451	102,035	101,789	658,677
-	-	-	-
-	-	-	-
47,771	56,872	62,966	275,435
-	-	-	-
-	-	-	-
\$ 47,771	\$ 56,872	\$ 62,966	\$ 275,435

**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, 2017

(in thousands of dollars)

	Collateralized Bonds 2007 & 2008 First Series	Collateralized Bonds 2016 First & Second Series	Veterans Mortgage Program Bonds Combined Total
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ -	\$ -	\$ -
Investments	-	15,653	15,653
Accrued interest receivable	-	185	185
Inter-fund due to/from	-	1,661	1,661
Mortgage loans, notes and other loans	-	1,659	1,659
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Current</b>	<b>-</b>	<b>19,158</b>	<b>19,158</b>
<b>Non Current</b>			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	-	43,437	43,437
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>43,437</b>	<b>43,437</b>
<b>Total Assets</b>	<b>-</b>	<b>62,595</b>	<b>62,595</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current</b>			
Bonds payable	-	1,280	1,280
Short term debt	-	-	-
Accrued interest payable	-	99	99
Other liabilities	-	13	13
Intergovernmental payable	-	-	-
<b>Total Current</b>	<b>-</b>	<b>1,392</b>	<b>1,392</b>
<b>Non Current</b>			
Bonds payable	-	48,120	48,120
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Pension liability	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>48,120</b>	<b>48,120</b>
<b>Total Liabilities</b>	<b>-</b>	<b>49,512</b>	<b>49,512</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	-	13,083	13,083
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 13,083</b>	<b>\$ 13,083</b>

**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, 2017

(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
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ -	\$ 158	\$ -	\$ 40	\$ 198
Investments	8,088	18,021	87	16,157	42,353
Accrued interest receivable	442	199	227	567	1,435
Inter-fund due to/from	3,250	933	-	2,248	6,431
Mortgage loans, notes and other loans	5,543	2,343	512	5,701	14,099
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Current</b>	<b>17,323</b>	<b>21,654</b>	<b>826</b>	<b>24,713</b>	<b>64,516</b>
<b>Non Current</b>					
Investments	2,778	4,447	5,676	-	12,901
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	182,896	75,741	16,566	203,819	479,022
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	225	225
Derivative instrument - interest rate swaps	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Non Current</b>	<b>185,674</b>	<b>80,188</b>	<b>22,242</b>	<b>204,044</b>	<b>492,148</b>
<b>Total Assets</b>	<b>202,997</b>	<b>101,842</b>	<b>23,068</b>	<b>228,757</b>	<b>556,664</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>1,198</b>	<b>-</b>	<b>-</b>	<b>13,756</b>	<b>14,954</b>
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	3,670	3,400	-	5,865	12,935
Short term debt	-	-	-	-	-
Accrued interest payable	342	199	8	287	836
Other liabilities	107	21	-	50	178
Intergovernmental payable	-	-	-	-	-
<b>Total Current</b>	<b>4,119</b>	<b>3,620</b>	<b>8</b>	<b>6,202</b>	<b>13,949</b>
<b>Non Current</b>					
Bonds payable	110,241	96,134	14,600	91,484	312,459
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	13,756	13,756
Intergovernmental payable	-	-	-	-	-
Pension liability	-	-	-	-	-
<b>Total Non Current</b>	<b>110,241</b>	<b>96,134</b>	<b>14,600</b>	<b>105,240</b>	<b>326,215</b>
<b>Total Liabilities</b>	<b>114,360</b>	<b>99,754</b>	<b>14,608</b>	<b>111,442</b>	<b>340,164</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	89,835	2,088	8,460	131,071	231,454
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
<b>Total Net Position</b>	<b>\$ 89,835</b>	<b>\$ 2,088</b>	<b>\$ 8,460</b>	<b>\$ 131,071</b>	<b>\$ 231,454</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

### NON-HOUSING BONDS

As of June 30, 2017

(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
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ -	\$ 152	\$ -	\$ -
Investments	4,018	6	8	14
Accrued interest receivable	197	30	321	484
Inter-fund due to/from	656	45	1,697	822
Mortgage loans, notes and other loans	1,081	182	2,406	2,267
Net investment in direct financing lease	-	2,138	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Current</b>	<b>5,952</b>	<b>2,553</b>	<b>4,432</b>	<b>3,587</b>
<b>Non Current</b>				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	38,589	4,663	82,270	92,071
Net investment in direct financing lease	-	27,004	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>38,589</b>	<b>31,667</b>	<b>82,270</b>	<b>92,071</b>
<b>Total Assets</b>	<b>44,541</b>	<b>34,220</b>	<b>86,702</b>	<b>95,658</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>2,545</b>	<b>861</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	5,750	4,160	2,425	4,420
Short term debt	-	-	-	-
Accrued interest payable	956	117	297	303
Other liabilities	17	2	23	22
Intergovernmental payable	-	152	-	-
<b>Total Current</b>	<b>6,723</b>	<b>4,431</b>	<b>2,745</b>	<b>4,745</b>
<b>Non Current</b>				
Bonds payable	29,160	24,591	70,662	81,027
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	4,585	-	-	-
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
<b>Total Non Current</b>	<b>33,745</b>	<b>24,591</b>	<b>70,662</b>	<b>81,027</b>
<b>Total Liabilities</b>	<b>40,468</b>	<b>29,022</b>	<b>73,407</b>	<b>85,772</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	6,618	6,059	13,295	9,886
<b>Total Net Position</b>	<b>\$ 6,618</b>	<b>\$ 6,059</b>	<b>\$ 13,295</b>	<b>\$ 9,886</b>

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	Non-Housing Bonds Combined Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152
121	3	6	16	2	12	5	14	4,225
505	407	134	911	325	476	454	223	4,467
2,397	1,755	667	1,598	775	1,929	2,186	1,486	16,013
4,121	2,765	810	6,530	2,736	3,477	3,212	1,830	31,417
-	-	-	-	-	-	-	-	2,138
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,144	4,930	1,617	9,055	3,838	5,894	5,857	3,553	58,412
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
151,668	102,100	30,513	210,564	88,691	120,292	104,814	59,588	1,085,823
-	-	-	-	-	-	-	-	27,004
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
151,668	102,100	30,513	210,564	88,691	120,292	104,814	59,588	1,112,827
158,812	107,030	32,130	219,619	92,529	126,186	110,671	63,141	1,171,239
-	-	-	-	-	4,817	4,460	1,717	14,400
3,225	4,800	1,590	-	115	3,530	730	3,035	33,780
-	-	-	-	-	-	-	-	-
406	366	112	181	324	396	346	215	4,019
34	30	12	25	28	38	33	15	279
-	-	-	-	-	-	-	-	152
3,665	5,196	1,714	206	467	3,964	1,109	3,265	38,230
137,674	90,017	28,152	140,000	88,461	114,978	97,995	56,431	959,148
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,585
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
137,674	90,017	28,152	140,000	88,461	114,978	97,995	56,431	963,733
141,339	95,213	29,866	140,206	88,928	118,942	99,104	59,696	1,001,963
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
17,473	11,817	2,264	79,413	3,601	12,061	16,027	5,162	183,676
\$ 17,473	\$ 11,817	\$ 2,264	\$ 79,413	\$ 3,601	\$ 12,061	\$ 16,027	\$ 5,162	\$ 183,676

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2017

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 979	\$ 3,114	\$ 99	\$ 4,192
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(2,617)	(2,698)	(960)	(6,275)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Other assets	570	284	2,764	3,618
Intergovernmental receivable	5,114	120	4,751	9,985
<b>Total Current</b>	<b>4,046</b>	<b>820</b>	<b>6,654</b>	<b>11,520</b>
<b>Non Current</b>				
Investments	-	-	-	-
Inter-fund due to/from	-	-	1,425	1,425
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	47	-	47
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>47</b>	<b>1,425</b>	<b>1,472</b>
<b>Total Assets</b>	<b>4,046</b>	<b>867</b>	<b>8,079</b>	<b>12,992</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	1,533	4	2,520	4,057
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>1,533</b>	<b>4</b>	<b>2,520</b>	<b>4,057</b>
<b>Non Current</b>				
Bonds payable	-	-	-	-
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,533</b>	<b>4</b>	<b>2,520</b>	<b>4,057</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	47	-	47
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	2,769	1,561	6,146	10,476
Unrestricted or (deficit)	(256)	(745)	(587)	(1,588)
<b>Total Net Position</b>	<b>\$ 2,513</b>	<b>\$ 863</b>	<b>\$ 5,559</b>	<b>\$ 8,935</b>

Schedule 8

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
\$ 13,599	\$ 11,743	\$ -	\$ -	\$ 25,342	\$ 7,204	\$ 36,738
-	-	358	1,528	1,886	-	1,886
-	-	24	83	107	66	173
(666)	(387)	55	403	(595)	(53)	(6,923)
-	-	349	892	1,241	-	1,241
-	-	-	-	-	-	-
941	128	-	-	1,069	142	4,829
14	-	-	-	14	-	9,999
13,888	11,484	786	2,906	29,064	7,359	47,943
-	-	-	-	-	-	-
-	-	-	-	-	(1,425)	-
-	-	11,296	29,617	40,913	12,538	53,451
-	-	-	-	-	-	-
12,533	1,130	-	-	13,663	3,667	17,330
51,091	17,014	-	-	68,105	-	68,152
-	-	-	-	-	1	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
63,624	18,144	11,296	29,617	122,681	14,781	138,934
77,512	29,628	12,082	32,523	151,745	22,140	186,877
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
841	257	2	7	1,107	6	5,170
415	-	-	-	415	-	415
1,256	257	2	7	1,522	6	5,585
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	360	360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	360	360
1,256	257	2	7	1,522	366	5,945
-	-	-	-	-	-	-
63,624	18,144	-	-	81,768	3,667	85,482
-	-	-	-	-	-	-
12,824	11,232	12,080	32,516	68,652	18,154	97,282
(192)	(5)	-	-	(197)	(47)	(1,832)
\$ 76,256	\$ 29,371	\$ 12,080	\$ 32,516	\$ 150,223	\$ 21,774	\$ 180,932



# 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, 2017

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 10,884	\$ 11,464	\$ 33,047	\$ 2,277
Investment interest	1,030	282	583	128
Net change in the fair value of investments	1,811	(3)	(12)	(1)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	2,841	279	571	127
Externally funded programs	-	-	-	-
Rental	291	-	-	-
Other	2,397	-	-	-
<b>Total Operating Revenues</b>	16,413	11,743	33,618	2,404
<b>OPERATING EXPENSES</b>				
Interest	901	7,514	21,146	1,147
Mortgage and loan costs	1,247	1,094	2,950	188
Bond financing expenses	341	33	2,696	744
Provision for loan loss	(1,573)	(1,608)	(2,085)	452
Operations and administration	24,769	544	1,337	69
Rental housing operating expenses	48	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	25,733	7,577	26,044	2,600
<b>Operating Income (Loss)</b>	(9,320)	4,166	7,574	(196)
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(128,694)	(3,984)	2,356	6,712
Change in Net Position	(138,264)	182	9,930	6,516
Net position at beginning of year	708,330	58,800	265,505	6,567
<b>Net Position at End of Period</b>	<b>\$ 570,066</b>	<b>\$ 58,982</b>	<b>\$ 275,435</b>	<b>\$ 13,083</b>

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 16,675	\$ 54,522	\$ 1,669	\$ 130,538
541	2,124	39	4,727
94	10	-	1,899
-	1,028	-	1,028
635	3,162	39	7,654
-	-	96,081	96,081
-	-	10,864	11,155
697	-	957	4,051
18,007	57,684	109,610	249,479
10,508	28,674	-	69,890
1,478	3,741	145	10,843
587	111	-	4,512
1,364	(2,127)	(7)	(5,584)
688	1,592	27,868	56,867
-	-	14,248	14,296
-	-	84,310	84,310
14,625	31,991	126,564	235,134
3,382	25,693	(16,954)	14,345
-	-	-	(250)
-	-	-	-
6,629	109,438	7,543	-
10,011	135,131	(9,411)	14,095
221,443	48,545	190,343	1,499,533
\$ 231,454	\$ 183,676	\$ 180,932	\$ 1,513,628

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 10

(A Component Unit of the State of Alaska)

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****REVOLVING FUNDS**

For the Year Ended June 30, 2017

*(in thousands of dollars)*

	<b>Administrative Fund</b>
<b>OPERATING REVENUES</b>	
Mortgage and loans revenue	\$ 10,884
Investment interest	1,030
Net change in the fair value of investments	1,811
Net change of hedge termination	-
Total Investment Revenue	<u>2,841</u>
Externally funded programs	-
Rental	291
Other	<u>2,397</u>
<b>Total Operating Revenues</b>	<u>16,413</u>
<b>OPERATING EXPENSES</b>	
Interest	901
Mortgage and loan costs	1,247
Bond financing expenses	341
Provision for loan loss	(1,573)
Operations and administration	24,769
Rental housing operating expenses	48
Housing grants and subsidies	-
<b>Total Operating Expenses</b>	<u>25,733</u>
<b>Operating Income (Loss)</b>	(9,320)
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>	
Contributions to the State of Alaska or other State agencies	(250)
Special Item	-
Transfers - Internal	<u>(128,694)</u>
Change in Net Position	(138,264)
Net position at beginning of year	<u>708,330</u>
<b>Net Position at End of Period</b>	<u><u>\$ 570,066</u></u>

**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, 2017

(in thousands of dollars)

	<b>Bonds 2009 A-1 2010 A, B</b>	<b>Bonds 2009 A-2 2011 A, B</b>	<b>Mortgage Revenue Bonds Combined Total</b>
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	\$ 4,892	\$ 6,572	11,464
Investment interest	102	180	282
Net change in the fair value of investments	(1)	(2)	(3)
Net change of hedge termination	-	-	-
Total Investment Revenue	<u>101</u>	<u>178</u>	<u>279</u>
Externally funded programs	-	-	-
Rental	-	-	-
Other	-	-	-
<b>Total Operating Revenues</b>	<u>4,993</u>	<u>6,750</u>	<u>11,743</u>
<b>OPERATING EXPENSES</b>			
Interest	3,829	3,685	7,514
Mortgage and loan costs	456	638	1,094
Bond financing expenses	13	20	33
Provision for loan loss	(629)	(979)	(1,608)
Operations and administration	209	335	544
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	<u>3,878</u>	<u>3,699</u>	<u>7,577</u>
<b>Operating Income (Loss)</b>	<u>1,115</u>	<u>3,051</u>	<u>4,166</u>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Item	-	-	-
Transfers - Internal	(610)	(3,374)	(3,984)
Change in Net Position	<u>505</u>	<u>(323)</u>	<u>182</u>
Net position at beginning of year	11,195	47,605	58,800
<b>Net Position at End of Period</b>	<u>\$ 11,700</u>	<u>\$ 47,282</u>	<u>\$ 58,982</u>

# 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, 2017

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 4,805	\$ 3,870	\$ 3,901	\$ 5,023
Investment interest	88	63	61	90
Net change in the fair value of investments	(1)	(2)	(1)	(2)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	87	61	60	88
Externally funded programs	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	4,892	3,931	3,961	5,111
<b>OPERATING EXPENSES</b>				
Interest	2,697	2,905	2,904	3,403
Mortgage and loan costs	430	369	353	449
Bond financing expenses	647	182	160	224
Provision for loan loss	(471)	(208)	(161)	(344)
Operations and administration	247	160	150	193
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	3,550	3,408	3,406	3,925
<b>Operating Income (Loss)</b>	1,342	523	555	1,186
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(342)	327	21	540
Change in Net Position	1,000	850	576	1,726
Net position at beginning of year	41,814	17,342	15,605	28,913
<b>Net Position at End of Period</b>	\$ 42,814	\$ 18,192	\$ 16,181	\$ 30,639

Schedule 12

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 4,721	\$ 5,066	\$ 5,661	33,047
88	96	97	583
(2)	(2)	(2)	(12)
-	-	-	-
86	94	95	571
-	-	-	-
-	-	-	-
-	-	-	-
4,807	5,160	5,756	33,618
3,102	3,095	3,040	21,146
407	442	500	2,950
536	397	550	2,696
(193)	(251)	(457)	(2,085)
174	193	220	1,337
-	-	-	-
-	-	-	-
4,026	3,876	3,853	26,044
781	1,284	1,903	7,574
-	-	-	-
-	-	-	-
860	520	430	2,356
1,641	1,804	2,333	9,930
46,130	55,068	60,633	265,505
\$ 47,771	\$ 56,872	\$ 62,966	\$ 275,435

**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, 2017

(in thousands of dollars)

	Collateralized Bonds 2007 & 2008 First Series	Collateralized Bonds 2016 First & Second Series	Veterans Mortgage Program Bonds Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	\$ 57	\$ 2,220	2,277
Investment interest	1	127	128
Net change in the fair value of investments	-	(1)	(1)
Net change of hedge termination	-	-	-
Total Investment Revenue	1	126	127
Externally funded programs	-	-	-
Rental	-	-	-
Other	-	-	-
<b>Total Operating Revenues</b>	<b>58</b>	<b>2,346</b>	<b>2,404</b>
<b>OPERATING EXPENSES</b>			
Interest	42	1,105	1,147
Mortgage and loan costs	5	183	188
Bond financing expenses	-	744	744
Provision for loan loss	-	452	452
Operations and administration	-	69	69
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	<b>47</b>	<b>2,553</b>	<b>2,600</b>
<b>Operating Income (Loss)</b>	<b>11</b>	<b>(207)</b>	<b>(196)</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Item	-	-	-
Transfers - Internal	(6,578)	13,290	6,712
Change in Net Position	(6,567)	13,083	6,516
Net position at beginning of year	6,567	-	6,567
<b>Net Position at End of Period</b>	<b>\$ -</b>	<b>\$ 13,083</b>	<b>\$ 13,083</b>

**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, 2017

(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
<b>OPERATING REVENUES</b>					
Mortgage and loans revenue	\$ 6,330	\$ 2,498	\$ 542	\$ 7,305	16,675
Investment interest	145	122	63	211	541
Net change in the fair value of investments	(5)	108	(4)	(5)	94
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	140	230	59	206	635
Externally funded programs	-	-	-	-	-
Rental	-	-	-	-	-
Other	-	-	-	697	697
<b>Total Operating Revenues</b>	<b>6,470</b>	<b>2,728</b>	<b>601</b>	<b>8,208</b>	<b>18,007</b>
<b>OPERATING EXPENSES</b>					
Interest	4,125	1,978	97	4,308	10,508
Mortgage and loan costs	554	262	-	662	1,478
Bond financing expenses	11	441	31	104	587
Provision for loan loss	1,173	789	10	(608)	1,364
Operations and administration	243	138	-	307	688
Rental housing operating expenses	-	-	-	-	-
Housing grants and subsidies	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>6,106</b>	<b>3,608</b>	<b>138</b>	<b>4,773</b>	<b>14,625</b>
<b>Operating Income (Loss)</b>	<b>364</b>	<b>(880)</b>	<b>463</b>	<b>3,435</b>	<b>3,382</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Special Item	-	-	-	-	-
Transfers - Internal	3,583	2,968	34	44	6,629
Change in Net Position	3,947	2,088	497	3,479	10,011
Net position at beginning of year	85,888	-	7,963	127,592	221,443
<b>Net Position at End of Period</b>	<b>\$ 89,835</b>	<b>\$ 2,088</b>	<b>\$ 8,460</b>	<b>\$ 131,071</b>	<b>\$ 231,454</b>



# 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, 2017

(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
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 2,102	\$ 347	\$ 4,254	\$ 5,144
Investment interest	34	1,259	35	40
Net change in the fair value of investments	1	-	1	1
Net change of hedge termination	1,028	-	-	-
Total Investment Revenue	1,063	1,259	36	41
Externally funded programs	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>3,165</b>	<b>1,606</b>	<b>4,290</b>	<b>5,185</b>
<b>OPERATING EXPENSES</b>				
Interest	1,960	1,411	3,402	2,519
Mortgage and loan costs	172	26	326	292
Bond financing expenses	49	11	4	5
Provision for loan loss	(176)	(489)	(88)	(579)
Operations and administration	100	15	213	89
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,105</b>	<b>974</b>	<b>3,857</b>	<b>2,326</b>
<b>Operating Income (Loss)</b>	<b>1,060</b>	<b>632</b>	<b>433</b>	<b>2,859</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(845)	1,167	6,965	6,731
Change in Net Position	215	1,799	7,398	9,590
Net position at beginning of year	6,403	4,260	5,897	296
<b>Net Position at End of Period</b>	<b>\$ 6,618</b>	<b>\$ 6,059</b>	<b>\$ 13,295</b>	<b>\$ 9,886</b>

Schedule 15

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	Non-Housing Bonds Combined Total
\$ 7,471	\$ 5,250	\$ 1,638	\$ 9,526	\$ 4,299	\$ 5,954	\$ 5,434	\$ 3,103	54,522
51	45	14	43	30	494	47	32	2,124
1	1	-	1	1	1	1	1	10
-	-	-	-	-	-	-	-	1,028
52	46	14	44	31	495	48	33	3,162
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,523	5,296	1,652	9,570	4,330	6,449	5,482	3,136	57,684
3,337	3,282	810	1,716	2,290	3,057	3,217	1,673	28,674
509	384	142	382	362	499	412	235	3,741
7	5	2	8	4	7	6	3	111
(517)	(386)	(137)	424	(15)	(151)	15	(28)	(2,127)
166	111	79	131	128	232	211	117	1,592
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,502	3,396	896	2,661	2,769	3,644	3,861	2,000	31,991
4,021	1,900	756	6,909	1,561	2,805	1,621	1,136	25,693
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,490	6,438	1,841	59,039	(173)	9,416	6,644	2,725	109,438
13,511	8,338	2,597	65,948	1,388	12,221	8,265	3,861	135,131
3,962	3,479	(333)	13,465	2,213	(160)	7,762	1,301	48,545
\$ 17,473	\$ 11,817	\$ 2,264	\$ 79,413	\$ 3,601	\$ 12,061	\$ 16,027	\$ 5,162	\$ 183,676

# 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, 2017

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ -	\$ -	\$ -	-
Investment interest	1	4	-	5
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
<b>Total Investment Revenue</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>5</b>
Externally funded programs	14,653	41,692	25,540	81,885
Rental	-	18	-	18
Other	-	29	625	654
<b>Total Operating Revenues</b>	<b>14,654</b>	<b>41,743</b>	<b>26,165</b>	<b>82,562</b>
<b>OPERATING EXPENSES</b>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	3,869	5,470	3,089	12,428
Rental housing operating expenses	15	361	167	543
Housing grants and subsidies	16,665	38,078	29,541	84,284
<b>Total Operating Expenses</b>	<b>20,549</b>	<b>43,909</b>	<b>32,797</b>	<b>97,255</b>
<b>Operating Income (Loss)</b>	<b>(5,895)</b>	<b>(2,166)</b>	<b>(6,632)</b>	<b>(14,693)</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	2,163	745	1,105	4,013
Change in Net Position	(3,732)	(1,421)	(5,527)	(10,680)
Net position at beginning of year	6,245	2,284	11,086	19,615
<b>Net Position at End of Period</b>	<b>\$ 2,513</b>	<b>\$ 863</b>	<b>\$ 5,559</b>	<b>\$ 8,935</b>

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
\$ -	\$ -	\$ 369	\$ 1,184	1,553	\$ 116	1,669
5	4	3	12	24	10	39
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5	4	3	12	24	10	39
11,383	2,421	-	-	13,804	392	96,081
8,189	2,398	-	-	10,587	259	10,864
5	-	-	-	5	298	957
19,582	4,823	372	1,196	25,973	1,075	109,610
-	-	-	-	-	-	-
-	-	36	109	145	-	145
-	-	-	-	-	-	-
-	-	4	(6)	(2)	(5)	(7)
12,234	3,082	16	38	15,370	70	27,868
11,222	2,481	-	-	13,703	2	14,248
25	1	-	-	26	-	84,310
23,481	5,564	56	141	29,242	67	126,564
(3,899)	(741)	316	1,055	(3,269)	1,008	(16,954)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,710	419	16	1,585	3,730	(200)	7,543
(2,189)	(322)	332	2,640	461	808	(9,411)
78,445	29,693	11,748	29,876	149,762	20,966	190,343
\$ 76,256	\$ 29,371	\$ 12,080	\$ 32,516	\$ 150,223	\$ 21,774	\$ 180,932

**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, 2017

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 14,060	\$ 10,514	\$ 30,447	\$ 2,882
Principal payments received on mortgages and loans	18,658	37,957	114,287	10,421
Disbursements to fund mortgages and loans	(464,195)	-	-	-
Receipt (payment) for loan transfers between funds	363,806	(9,035)	(92,758)	(3,158)
Mortgage and loan proceeds	474,482	-	-	-
Payment of mortgage and loan proceeds to funds	(477,039)	-	-	-
Payments to employees and other payroll disbursements	(28,833)	-	-	-
Payments for goods and services	(17,157)	-	(140)	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	14,529	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	16,684	-	-	-
Other operating cash payments	(636)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>(85,641)</b>	<b>39,436</b>	<b>51,836</b>	<b>10,145</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	49,500
Principal paid on bonds	-	(27,660)	(11,515)	(600)
Payment to defease bonds	-	-	-	(11,585)
Payment of bond issuance costs	-	-	-	(739)
Interest paid	(452)	(7,552)	(20,126)	(1,549)
Proceeds from issuance of short term debt	614,696	-	-	-
Payment of short term debt	(603,759)	-	-	-
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Transfers (to) from other funds	39,604	(4,605)	(3,999)	(33,227)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>49,839</b>	<b>(39,817)</b>	<b>(35,640)</b>	<b>1,800</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(183)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(183)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(3,343,382)	(187,723)	(398,684)	(89,085)
Proceeds from maturity of investments	3,374,759	188,219	381,966	77,023
Interest received from investments	901	267	552	117
<b>Net cash provided by (used for) investing activities</b>	<b>32,278</b>	<b>763</b>	<b>(16,166)</b>	<b>(11,945)</b>
Net Increase (decrease) in cash	(3,707)	382	30	-
Cash at the beginning of year	32,550	-	-	-
<b>Cash at the end of period</b>	<b>\$ 28,843</b>	<b>\$ 382</b>	<b>\$ 30</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (9,320)	\$ 4,166	\$ 7,574	\$ (196)
<i>Adjustments:</i>				
Depreciation expense	999	-	-	-
Provision for loan losses	(1,573)	(1,608)	(2,085)	452
Net change in the fair value of investments	(1,811)	3	12	1
Transfers between funds for operating activity	(128,694)	(3,984)	2,356	6,712
Interest received from investments	(901)	(267)	(552)	(117)
Interest paid	452	7,552	20,126	1,549
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	82,777	27,102	14,017	(31,025)
Net increase (decrease) in assets, liabilities and deferred resources	(27,570)	6,472	10,388	32,769
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (85,641)</b>	<b>\$ 39,436</b>	<b>\$ 51,836</b>	<b>\$ 10,145</b>

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 15,748	\$ 53,139	\$ 1,419	\$ 128,209
61,414	116,852	7,993	367,582
-	-	(62)	(464,257)
(137,659)	(117,082)	(4,114)	-
-	-	-	474,482
-	-	-	(477,039)
-	-	(16,025)	(44,858)
-	-	(13,309)	(30,606)
-	-	66,122	66,122
-	-	41,087	41,087
-	-	(39,034)	(39,034)
-	-	(14,491)	38
-	-	(45,533)	(45,533)
-	152	16,758	33,594
-	(134)	(117)	(887)
(60,497)	52,927	694	8,900
101,133	-	-	150,633
(14,470)	(29,111)	-	(83,356)
-	-	-	(11,585)
(430)	-	-	(1,169)
(9,991)	(38,784)	-	(78,454)
-	-	-	614,696
-	-	-	(603,759)
-	-	-	(250)
3,086	141	(1,000)	-
-	-	-	-
79,328	(67,754)	(1,000)	(13,244)
-	-	(216)	(399)
-	-	302	302
-	-	-	-
-	(5,424)	-	(5,424)
-	-	-	-
-	(2,426)	-	(2,426)
-	6,771	-	6,771
-	-	-	-
-	(1,079)	86	(1,176)
(433,866)	(329,305)	(4,617)	(4,786,662)
414,712	344,810	4,116	4,785,605
521	419	39	2,816
(18,633)	15,924	(462)	1,759
198	18	(682)	(3,761)
-	134	37,420	70,104
\$ 198	\$ 152	\$ 36,738	\$ 66,343
\$ 3,382	\$ 25,693	\$ (16,954)	\$ 14,345
-	-	5,802	6,801
1,364	(2,127)	(7)	(5,584)
104	(10)	-	(1,701)
6,629	109,438	7,543	-
(521)	(419)	(39)	(2,816)
9,991	40,740	-	80,410
-	-	-	-
(80,606)	(107,420)	2,317	(92,838)
(840)	(12,968)	2,032	10,283
\$ (60,497)	\$ 52,927	\$ 694	\$ 8,900

**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, 2017

(in thousands of dollars)

	<u>Administrative Fund</u>
<b><u>Cash flows from operating activities:</u></b>	
Interest income on mortgages and loans	\$ 14,060
Principal payments received on mortgages and loans	18,658
Disbursements to fund mortgages and loans	(464,195)
Receipt (payment) for loan transfers between funds	363,806
Mortgage and loan proceeds	474,482
Payment of mortgage and loan proceeds to funds	(477,039)
Payments to employees and other payroll disbursements	(28,833)
Payments for goods and services	(17,157)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	14,529
Grant payments to other agencies	-
Other operating cash receipts	16,684
Other operating cash payments	(636)
<b>Net cash provided by (used for) operating activities</b>	<u>(85,641)</u>
<b><u>Cash flows from noncapital financing activities:</u></b>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	-
Payment to defease bonds	-
Payment of bond issuance costs	-
Interest paid	(452)
Proceeds from issuance of short term debt	614,696
Payment of short term debt	(603,759)
Contributions to the State of Alaska or other State agencies	(250)
Transfers (to) from other funds	39,604
Other cash payments	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<u>49,839</u>
<b><u>Cash flows from capital financing activities:</u></b>	
Acquisition of capital assets	(183)
Proceeds from the disposal of capital assets	-
Proceeds from the issuance of capital notes	-
Principal paid on capital notes	-
Payment of bond issuance costs	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Other cash payments	-
<b>Net cash provided by (used for) capital financing activities</b>	<u>(183)</u>
<b><u>Cash flows from investing activities:</u></b>	
Purchase of investments	(3,343,382)
Proceeds from maturity of investments	3,374,759
Interest received from investments	901
<b>Net cash provided by (used for) investing activities</b>	<u>32,278</u>
Net Increase (decrease) in cash	(3,707)
Cash at the beginning of year	32,550
<b>Cash at the end of period</b>	<u>\$ 28,843</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ (9,320)
<i>Adjustments:</i>	
Depreciation expense	999
Provision for loan losses	(1,573)
Net change in the fair value of investments	(1,811)
Transfers between funds for operating activity	(128,694)
Interest received from investments	(901)
Interest paid	452
<i>Changes in assets, liabilities and deferred resources:</i>	
For the Year Ended June 30, 2017	82,777
Net increase (decrease) in assets, liabilities and deferred resources	(27,570)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (85,641)</u>

## 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, 2017

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b><u>Cash flows from operating activities:</u></b>			
Interest income on mortgages and loans	\$ 4,488	\$ 6,026	\$ 10,514
Principal payments received on mortgages and loans	13,241	24,716	37,957
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(5,733)	(3,302)	(9,035)
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	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>11,996</b>	<b>27,440</b>	<b>39,436</b>
<b><u>Cash flows from noncapital financing activities:</u></b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(7,090)	(20,570)	(27,660)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(3,826)	(3,726)	(7,552)
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	(856)	(3,749)	(4,605)
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(11,772)</b>	<b>(28,045)</b>	<b>(39,817)</b>
<b><u>Cash flows from capital financing activities:</u></b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchase of investments	(63,590)	(124,133)	(187,723)
Proceeds from maturity of investments	63,270	124,949	188,219
Interest received from investments	96	171	267
<b>Net cash provided by (used for) investing activities</b>	<b>(224)</b>	<b>987</b>	<b>763</b>
Net Increase (decrease) in cash	-	382	382
Cash at the beginning of year	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ 382</b>	<b>\$ 382</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ 1,115	\$ 3,051	\$ 4,166
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(629)	(979)	(1,608)
Net change in the fair value of investments	1	2	3
Transfers between funds for operating activity	(610)	(3,374)	(3,984)
Interest received from investments	(96)	(171)	(267)
Interest paid	3,826	3,726	7,552
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	6,791	20,311	27,102
Net increase (decrease) in assets, liabilities and deferred resources	1,598	4,874	6,472
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 11,996</b>	<b>\$ 27,440</b>	<b>\$ 39,436</b>



**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, 2017

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 4,458	\$ 3,530	\$ 3,587	\$ 4,657
Principal payments received on mortgages and loans	14,397	11,430	11,945	17,496
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,390)	(8,599)	(10,412)	(15,580)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	(140)	-	-	-
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	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>13,325</b>	<b>6,361</b>	<b>5,120</b>	<b>6,573</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(9,060)	(765)	(765)	(925)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,024)	(2,839)	(2,837)	(3,322)
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	(1,085)	(350)	(678)	(423)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(12,169)</b>	<b>(3,954)</b>	<b>(4,280)</b>	<b>(4,670)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(48,030)	(42,462)	(45,250)	(58,707)
Proceeds from maturity of investments	46,819	39,996	44,352	56,722
Interest received from investments	85	59	58	82
<b>Net cash provided by (used for) investing activities</b>	<b>(1,126)</b>	<b>(2,407)</b>	<b>(840)</b>	<b>(1,903)</b>
Net Increase (decrease) in cash	30	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,342	\$ 523	\$ 555	\$ 1,186
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(471)	(208)	(161)	(344)
Net change in the fair value of investments	1	2	1	2
Transfers between funds for operating activity	(342)	327	21	540
Interest received from investments	(85)	(59)	(58)	(82)
Interest paid	2,024	2,839	2,837	3,322
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	8,367	1,817	113	2,585
Net increase (decrease) in assets, liabilities and deferred resources	2,489	1,120	1,812	(636)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 13,325</b>	<b>\$ 6,361</b>	<b>\$ 5,120</b>	<b>\$ 6,573</b>

Schedule 20

	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$	4,337	\$ 4,669	\$ 5,209	\$ 30,447
	20,110	18,727	20,182	114,287
	-	-	-	-
	(16,996)	(16,173)	(19,608)	(92,758)
	-	-	-	-
	-	-	-	-
	-	-	-	(140)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	7,451	7,223	5,783	51,836
	-	-	-	-
	-	-	-	(11,515)
	-	-	-	-
	-	-	-	-
	(3,036)	(3,026)	(3,042)	(20,126)
	-	-	-	-
	-	-	-	-
	(279)	(394)	(790)	(3,999)
	-	-	-	-
	(3,315)	(3,420)	(3,832)	(35,640)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	(65,674)	(64,019)	(74,542)	(398,684)
	61,451	60,128	72,498	381,966
	87	88	93	552
	(4,136)	(3,803)	(1,951)	(16,166)
	-	-	-	30
	-	-	-	-
\$	\$ -	\$ -	\$ -	\$ 30
\$	781	\$ 1,284	\$ 1,903	\$ 7,574
	-	-	-	-
	(193)	(251)	(457)	(2,085)
	2	2	2	12
	860	520	430	2,356
	(87)	(88)	(93)	(552)
	3,036	3,026	3,042	20,126
	1,570	2,056	(2,491)	14,017
	1,482	674	3,447	10,388
\$	\$ 7,451	\$ 7,223	\$ 5,783	\$ 51,836

## 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, 2017

(in thousands of dollars)

	Collateralized Bonds 2007 & 2008 First Series	Collateralized Bonds 2016 First & Second Series	Veterans Mortgage Program Bonds Combined Total
<b>Cash flows from operating activities:</b>			
Interest income on mortgages and loans	\$ 64	\$ 2,818	\$ 2,882
Principal payments received on mortgages and loans	411	10,010	10,421
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	-	(3,158)	(3,158)
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	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>475</b>	<b>9,670</b>	<b>10,145</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from the issuance of bonds	-	49,500	49,500
Principal paid on bonds	-	(600)	(600)
Payment to defease bonds	(11,585)	-	(11,585)
Payment of bond issuance costs	-	(739)	(739)
Interest paid	(544)	(1,005)	(1,549)
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	8,059	(41,286)	(33,227)
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(4,070)</b>	<b>5,870</b>	<b>1,800</b>
<b>Cash flows from capital financing activities:</b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(474)	(88,611)	(89,085)
Proceeds from maturity of investments	4,067	72,956	77,023
Interest received from investments	2	115	117
<b>Net cash provided by (used for) investing activities</b>	<b>3,595</b>	<b>(15,540)</b>	<b>(11,945)</b>
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ 11	\$ (207)	\$ (196)
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	-	452	452
Net change in the fair value of investments	-	1	1
Transfers between funds for operating activity	(6,578)	13,290	6,712
Interest received from investments	(2)	(115)	(117)
Interest paid	544	1,005	1,549
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	14,071	(45,096)	(31,025)
Net increase (decrease) in assets, liabilities and deferred resources	(7,571)	40,340	32,769
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 475</b>	<b>\$ 9,670</b>	<b>\$ 10,145</b>

## 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, 2017

(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
<b><u>Cash flows from operating activities:</u></b>					
Interest income on mortgages and loans	\$ 5,834	\$ 2,626	\$ 527	\$ 6,761	\$ 15,748
Principal payments received on mortgages and loans	27,382	2,601	973	30,458	61,414
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(24,375)	(82,173)	-	(31,111)	(137,659)
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	-	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>8,841</b>	<b>(76,946)</b>	<b>1,500</b>	<b>6,108</b>	<b>(60,497)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>					
Proceeds from the issuance of bonds	-	101,133	-	-	101,133
Principal paid on bonds	(7,325)	(1,525)	-	(5,620)	(14,470)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	(430)	-	-	(430)
Interest paid	(4,252)	(1,852)	(93)	(3,794)	(9,991)
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	232	4,723	(2,000)	131	3,086
Other cash payments	-	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(11,345)</b>	<b>102,049</b>	<b>(2,093)</b>	<b>(9,283)</b>	<b>79,328</b>
<b><u>Cash flows from capital financing activities:</u></b>					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Other cash payments	-	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>					
Purchase of investments	(106,042)	(157,231)	(30,399)	(140,194)	(433,866)
Proceeds from maturity of investments	108,407	132,167	30,930	143,208	414,712
Interest received from investments	139	119	62	201	521
<b>Net cash provided by (used for) investing activities</b>	<b>2,504</b>	<b>(24,945)</b>	<b>593</b>	<b>3,215</b>	<b>(18,633)</b>
Net Increase (decrease) in cash	-	158	-	40	198
Cash at the beginning of year	-	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ 158</b>	<b>\$ -</b>	<b>\$ 40</b>	<b>\$ 198</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating income (loss)	\$ 364	\$ (880)	\$ 463	\$ 3,435	\$ 3,382
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan losses	1,173	789	10	(608)	1,364
Net change in the fair value of investments	5	108	(4)	(5)	104
Transfers between funds for operating activity	3,583	2,968	34	44	6,629
Interest received from investments	(139)	(119)	(62)	(201)	(521)
Interest paid	4,252	1,852	93	3,794	9,991
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	1,453	(78,084)	(1,016)	(2,959)	(80,606)
Net increase (decrease) in assets, liabilities and deferred resources	(1,850)	(3,580)	1,982	2,608	(840)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 8,841</b>	<b>\$ (76,946)</b>	<b>\$ 1,500</b>	<b>\$ 6,108</b>	<b>\$ (60,497)</b>

**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, 2017

(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
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 3,921	\$ 331	\$ 4,448	\$ 4,857
Principal payments received on mortgages and loans	6,744	662	9,776	10,351
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(988)	(142)	(9,164)	(8,664)
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	-	152	-	-
Other operating cash payments	-	(134)	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>9,677</b>	<b>869</b>	<b>5,060</b>	<b>6,544</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(386)	(3,995)	(2,005)	(4,250)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,103)	(1,424)	(3,620)	(3,750)
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	(1,000)	1,141	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(3,489)</b>	<b>(4,278)</b>	<b>(5,625)</b>	<b>(8,000)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(5,124)	-	(300)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(1,956)	-	(470)	-
Proceeds from direct financing leases	-	3,304	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7,080)</b>	<b>3,304</b>	<b>(770)</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(22,093)	(5,501)	(27,828)	(33,082)
Proceeds from maturity of investments	22,953	5,619	29,129	34,499
Interest received from investments	32	5	34	39
<b>Net cash provided by (used for) investing activities</b>	<b>892</b>	<b>123</b>	<b>1,335</b>	<b>1,456</b>
Net Increase (decrease) in cash	-	18	-	-
Cash at the beginning of year	-	134	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ 152</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,060	\$ 632	\$ 433	\$ 2,859
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(176)	(489)	(88)	(579)
Net change in the fair value of investments	(1)	-	(1)	(1)
Transfers between funds for operating activity	(845)	1,167	6,965	6,731
Interest received from investments	(32)	(5)	(34)	(39)
Interest paid	4,059	1,424	3,620	3,750
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	5,609	29	(6,087)	(5,673)
Net increase (decrease) in assets, liabilities and deferred resources	3	(1,889)	252	(504)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 9,677</b>	<b>\$ 869</b>	<b>\$ 5,060</b>	<b>\$ 6,544</b>

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	Non-Housing Bonds Combined Total
\$ 7,156	\$ 4,913	\$ 1,508	\$ 8,486	\$ 3,957	\$ 5,535	\$ 5,098	\$ 2,929	\$ 53,139
13,801	10,686	3,788	10,979	8,793	15,531	16,211	9,530	116,852
-	-	-	-	-	-	-	-	-
(14,546)	(6,866)	(2,976)	(19,821)	(9,408)	(17,632)	(18,689)	(8,186)	(117,082)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	152
-	-	-	-	-	-	-	-	(134)
6,411	8,733	2,320	(356)	3,342	3,434	2,620	4,273	52,927
-	-	-	-	-	-	-	-	-
(3,055)	(5,940)	(1,515)	-	(110)	(4,205)	(705)	(2,945)	(29,111)
-	-	-	-	-	-	-	-	-
(4,741)	(4,540)	(1,399)	(1,647)	(3,896)	(4,820)	(4,177)	(2,667)	(38,784)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	141
-	-	-	-	-	-	-	-	-
(7,796)	(10,480)	(2,914)	(1,647)	(4,006)	(9,025)	(4,882)	(5,612)	(67,754)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(5,424)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(2,426)
-	-	-	-	-	3,467	-	-	6,771
-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,467	-	-	(1,079)
(35,384)	(32,135)	(10,718)	(34,706)	(23,351)	(43,688)	(38,187)	(22,632)	(329,305)
36,720	33,837	11,298	36,667	23,985	45,760	40,403	23,940	344,810
49	45	14	42	30	52	46	31	419
1,385	1,747	594	2,003	664	2,124	2,262	1,339	15,924
-	-	-	-	-	-	-	-	18
-	-	-	-	-	-	-	-	134
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152
\$ 4,021	\$ 1,900	\$ 756	\$ 6,909	\$ 1,561	\$ 2,805	\$ 1,621	\$ 1,136	25,693
-	-	-	-	-	-	-	-	-
(517)	(386)	(137)	424	(15)	(151)	15	(28)	(2,127)
(1)	(1)	-	(1)	(1)	(1)	(1)	(1)	(10)
9,490	6,438	1,841	59,039	(173)	9,416	6,644	2,725	109,438
(49)	(45)	(14)	(42)	(30)	(52)	(46)	(31)	(419)
4,741	4,540	1,399	1,647	3,896	4,820	4,177	2,667	40,740
(9,542)	(3,083)	(968)	(67,415)	(295)	(11,091)	(8,520)	(384)	(107,420)
(1,732)	(630)	(557)	(917)	(1,601)	(2,312)	(1,270)	(1,811)	(12,968)
\$ 6,411	\$ 8,733	\$ 2,320	\$ (356)	\$ 3,342	\$ 3,434	\$ 2,620	\$ 4,273	\$ 52,927

**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, 2017

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
<b>Cash flows from operating activities:</b>					
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	(1,034)	(4,120)	(894)	(6,048)	(8,093)
Payments for goods and services	(1,237)	(398)	(714)	(2,349)	(8,892)
Cash received for externally funded programs	17,515	5,689	29,160	52,364	11,580
Cash received for Federal HAP subsidies	-	41,087	-	41,087	-
Payments for Federal HAP subsidies	-	(39,034)	-	(39,034)	-
Interfund receipts (payments)	1,671	(4,704)	(350)	(3,383)	(809)
Grant payments to other agencies	(16,937)	(744)	(27,852)	(45,533)	-
Other operating cash receipts	-	351	542	893	7,828
Other operating cash payments	-	-	-	-	(82)
<b>Net cash provided by (used for) operating activities</b>	<b>(22)</b>	<b>(1,873)</b>	<b>(108)</b>	<b>(2,003)</b>	<b>1,532</b>
<b>Cash flows from noncapital financing activities:</b>					
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	-	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from capital financing activities:</b>					
Acquisition of capital assets	-	(19)	-	(19)	(197)
Proceeds from the disposal of capital assets	-	-	-	-	4
Proceeds from the issuance of capital notes	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Other cash payments	-	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>(19)</b>	<b>(193)</b>
<b>Cash flows from investing activities:</b>					
Purchase of investments	-	-	-	-	-
Proceeds from maturity of investments	-	-	-	-	-
Interest received from investments	1	4	-	5	5
<b>Net cash provided by (used for) investing activities</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>5</b>	<b>5</b>
Net Increase (decrease) in cash	(21)	(1,888)	(108)	(2,017)	1,344
Cash at the beginning of year	1,000	5,002	207	6,209	12,255
<b>Cash at the end of period</b>	<b>\$ 979</b>	<b>\$ 3,114</b>	<b>\$ 99</b>	<b>\$ 4,192</b>	<b>\$ 13,599</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating income (loss)	\$ (5,895)	\$ (2,166)	\$ (6,632)	\$ (14,693)	\$ (3,899)
<i>Adjustments:</i>					
Depreciation expense	-	15	-	15	4,571
Provision for loan losses	-	-	-	-	-
Net change in the fair value of investments	-	-	-	-	-
Transfers between funds for operating activity	2,163	745	1,105	4,013	1,710
Interest received from investments	(1)	(4)	-	(5)	(5)
Interest paid	-	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	-	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	3,711	(463)	5,419	8,667	(845)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (22)</b>	<b>\$ (1,873)</b>	<b>\$ (108)</b>	<b>\$ (2,003)</b>	<b>\$ 1,532</b>

Schedule 24

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
\$ -	\$ 333	\$ 1,086	\$ 1,419	\$ -	\$ 1,419
-	400	2,782	3,182	4,811	7,993
-	-	-	-	(62)	(62)
-	(768)	(3,346)	(4,114)	-	(4,114)
-	-	-	-	-	-
(1,837)	-	-	(9,930)	(47)	(16,025)
(2,043)	-	-	(10,935)	(25)	(13,309)
2,178	-	-	13,758	-	66,122
-	-	-	-	-	41,087
-	-	-	-	-	(39,034)
(553)	-	-	(1,362)	(9,746)	(14,491)
-	-	-	-	-	(45,533)
2,343	-	-	10,171	5,694	16,758
(35)	-	-	(117)	-	(117)
53	(35)	522	2,072	625	694
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(1,000)	(1,000)
-	-	-	-	-	-
-	-	-	-	(1,000)	(1,000)
-	-	-	(197)	-	(216)
-	-	-	4	298	302
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(193)	298	86
-	(737)	(3,880)	(4,617)	-	(4,617)
-	769	3,347	4,116	-	4,116
4	3	11	23	11	39
4	35	(522)	(478)	11	(462)
57	-	-	1,401	(66)	(682)
11,686	-	-	23,941	7,270	37,420
\$ 11,743	\$ -	\$ -	\$ 25,342	\$ 7,204	\$ 36,738
\$ (741)	\$ 316	\$ 1,055	\$ (3,269)	\$ 1,008	\$ (16,954)
1,216	-	-	5,787	-	5,802
-	4	(6)	(2)	(5)	(7)
-	-	-	-	-	-
419	16	1,585	3,730	(200)	7,543
(4)	(3)	(11)	(23)	(11)	(39)
-	-	-	-	-	-
-	(360)	(1,970)	(2,330)	4,647	2,317
(837)	(8)	(131)	(1,821)	(4,814)	2,032
\$ 53	\$ (35)	\$ 522	\$ 2,072	\$ 625	\$ 694