Alaska Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements

And Independent Auditor's Report

June 30, 2018

With Summarized Financial Information for June 30, 2017

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This publication of Alaska Housing Finance Corporation. For comments or questions
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Independent Auditor's Report

Board of Directors
Alaska Housing Finance Corporation
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying statements of net position, revenues, expenses and change in net position and cash flows of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation (Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 23 to the financial statements, in 2018 the Corporation adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement Number 75. Accounting and Financial Reporting for Employment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 9 and the schedules of net pension liability, net OPEB liability, pension contributions and OPEB contributions on pages 47 and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the Alaska Housing Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alaska Housing Finance Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alaska Housing Finance Corporation's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 2, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation (the "Corporation") consists of three sections: Management's Discussion and Analysis, the Basic Financial Statements, and Supplementary Schedules. The Corporation's operations are business-type activities and follow enterprise fund accounting rules. The Corporation is a component unit of the State of Alaska (the "State") and is discretely presented in the State's financial statements. The Corporation's Basic Financial Statements include: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows, and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and grouped by program or function. Summarized financial information for fiscal year 2018 is also presented in Management's Discussion and Analysis to facilitate and enhance the understanding of the Corporation's financial position and the results of operations for the current fiscal year in comparison to the prior fiscal year.

Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2018. This information is presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements

The *Statement of Net Position (Exhibit A)* helps answer the question: "How is the Corporation's financial health at the end of the year?" The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Corporation, both financial and capital, short-term and long-term. It uses the accrual basis of accounting and economic resources measurement focus. The accrual basis of accounting is used by most private-sector companies. The resulting net position presented in the Statement of Net Position is characterized as restricted or unrestricted. Assets are restricted when their use is subject to external limits or rules such as bond resolutions, legal agreements, or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or declining.

The *Statement of Revenues, Expenses and Changes in Net Position (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the operating income or (loss) and change in net position. It can be used to determine whether the Corporation has successfully recovered all of its expenses through mortgage and loan interest, investment interest, externally funded programs and other revenue sources. The Statement of Revenues, Expenses and Changes in Net Position helps answer the question: "Is the Corporation as a whole better or worse off as a result of the year's activities?"

The primary purpose of the *Statement of Cash Flows (Exhibit C)* is to provide information about the sources and uses of the Corporation's cash and the components of the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operations, non-capital and capital financing and investing activities. It provides answers to such questions as: "Where did cash come from?"; "What was cash used for?" and "What was the change in the cash balance during the reporting period?"

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements. The *Notes to Financial Statements* follow *Exhibit C*.

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

For fiscal year 2018, the Corporation reports the following major funds:

The *Administrative Fund* is the main operating fund of the Corporation. It represents all of the Corporation's activity not presented in other funds. The resources in this fund:

- provide for general working capital requirements of the Corporation;
- fund program requirements;
- are available to meet outstanding obligations and to fund continuing appropriations;
- are available to absorb future loan foreclosure losses; and
- are the source of legislatively authorized transfers to and from the State of Alaska and debt service payments for debt issued on behalf of the State.

As of June 30, 2018, the Administrative Fund reported a net position of $549.8 million, a decrease of $20.3 million from June 30, 2017. The decrease in net position is the result of net internal transfers out to other funds of $13.1 million and the $8.4 million cumulative effect of an accounting change required by the Government Accounting Standards Board ("GASB") Statement No. 75. GASB Statement No. 75 requires government entities to record the net liability associated with Other Post-Employment Benefits ("OPEB") included in their pension plan. When recording the Net OPEB Liability ("NOL"), governments are required to restate prior year financial results, hence the adjustment to net position. Transfers were made from the Administrative Fund to the Grant Programs in the amount of $34.8 million; the Mortgage or Bond Funds of $605.0 million; and to Other Funds or Programs of $15.3 million. The $605.0 million transferred from the Administrative Fund to the Mortgage or Bond Funds was used to fund mortgage loans and includes bond proceeds from new bond issuances. See Financial Highlights for more on the 2018 bond issuances. Approximately $20.5 million, or 3.7%, of the Administrative Fund's net position is invested in capital assets; $73.1 million, or 13.3% of the total net position, is restricted by contractual or statutory agreements; and $456.1 million, or 83.0%, is unrestricted, and may be used for operations and to meet the continuing obligations of the Corporation. The change in unrestricted net position represents a decrease of 3.6% from unrestricted net position as of June 30, 2017.

The *Grant Programs* include resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families and to assist in improving the energy efficiency of Alaskan homes, as well as tenant-based rental assistance programs for families in the private market that are administered by the Corporation under contract with HUD. These programs include the Energy Programs, the Section 8 Voucher Programs, and Other Grants. As of June 30, 2018, the net position for these three programs combined was $13.5 million, an increase of $4.6 million from June 30, 2017.

The *Mortgage and Bond Funds* include resources used to assist in the financing of loan programs or to fund legislative appropriations. This fund includes the First Time Homebuyer Program Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, and Non-Housing Bonds.

As of June 30, 2018, the Mortgage and Bond Funds reported a net position of $808.3 million, an increase of $45.7 million from the prior year. Net operating income was $41.3 million, the primary reason for the increase in net position. In fiscal year 2017, the net operating income was $40.6 million, and there were transfers from the Administrative Fund of $121.2 million to fund mortgages and investments that contributed to the increase in net position in 2017. In 2018, mortgage loans increased by $302.5 million and in 2017, the increase was $177.9 million. Approximately $611.2 million, or 75.6%, of the fund's net position is restricted by bond resolutions, compared to $579.0 million and 75.9% in 2017. Unrestricted net position increased by $13.4 million in fiscal year 2018.

The *Other Funds and Programs* include AHFC-owned housing for low income families that is managed under contract with HUD as well as other programs that are not specifically grants or bond funds. These programs include the Low Rent Program, the Market Rate Rental Housing Program, the Home Ownership Fund and the Senior Housing Revolving Loan Fund. Between fiscal year 2018 and fiscal year 2017, operating results were essentially the same with no significant changes in net position. Overall, the fund had an operating loss of $3.6 million and received transfers from the Administrative Fund of $15.3 million.

The *Alaska Corporation for Affordable Housing ("ACAH")* is a non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major blended component unit for the benefit of users of the financial statements. ACAH's net position at June 30, 2018, was $22.0 million, a $227,000 increase from June 30, 2017. ACAH had an operating income of $227,000 for fiscal year 2018. The net income is the product of rental income on both housing and non-housing properties.

FINANCIAL HIGHLIGHTS

- Operating income for the Corporation for fiscal year 2018 was $33.6 million, an increase over fiscal year 2017 of $19.3 million.
- The Corporation's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2018, by $1.54 billion (net position), an increase over 2017 of $25.0 million.
- During the fiscal year ended June 30, 2018, the investment portfolio earned approximately 1.25% overall, as compared with 0.69% for the fiscal year ended June 30, 2017.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2018, the mortgage loan portfolio increased by 7.6%, and the bond portfolio used to finance the loans increased by 9.6%.
- On September 6, 2017, the Corporation issued $143,955,000 in State Capital Project Bonds II, 2017 Series A. Net proceeds of the bonds totaled $167,578,000, including a premium of $23,975,000. Proceeds were used to refund $38,423,000 of the Corporation's outstanding State Capital Project Bonds, 2007 Series A and 2007 Series B, and other outstanding State Capital Project Bonds, as well as a portion of the interest due on December 1, 2017. Additional proceeds were used to defease $63,100,000 of the Corporation's outstanding State Capital Project Bonds, 2011 Series A bonds, to pay $40,475,000 of Commercial Paper, and to pay $17,980,000 for certain capital expenditures. The bonds are general obligations of the Corporation, tax-exempt and bear interest at fixed rates between 2.0% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2032.
- On December 7, 2017, the Corporation issued $150,000,000 in State Capital Project Bonds II, 2017 Series B, which were used to refund $50,000,000 of State Capital Project Bonds II, 2013 Series B. The remainder of the proceeds were for other authorized purposes of the Corporation. The Bonds are general obligations of the Corporation and are taxable. The Bonds bear interest at variable rates, with a final maturity date of December 1, 2047.
- On December 21, 2017, the Corporation issued $43,855,000 in State Capital Project Bonds II, 2017 Series C. Bond proceeds included a premium of $8,421,000. Proceeds were used to defease $29,795,000 of State Capital Project Bonds II, 2012 Series A and $16,345,000 of 2013 Series A bonds. The bonds are general obligations of the Corporation, tax-exempt and bear interest at the fixed rate of 5.0%, payable on each June 1 and December 1 with a final maturity date of December 1, 2032.
- On May 22, 2018, the Corporation issued $125,570,000 in State Capital Project Bonds II, 2018 Series A and 2018 Series B. Net proceeds of the bonds totaled $129,806,000 including a premium of $4,428,000. The bonds are general obligations of the Corporation. The 2018 Series A bonds are taxable and bear interest at variable rates, with a final maturity of December 1, 2043. The 2018 Series B bonds are tax-exempt and bear interest at fixed rates between 3.125% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2038.
- As of June 30, 2018, the weighted average interest rate on the mortgage portfolio was 4.54% and the weighted average interest rate on the bond portfolio was 3.65%, yielding a net interest margin of 0.89%.
- Governmental Accounting Standards Board ("GASB") Statement No. 75 was effective beginning fiscal year 2018. The Statement changes how governmental employers report other post-employment benefits

("OPEB") liability and expense. GASB required the Corporation to report the cumulative effect on prior periods as the result of the application of GASB Statement No. 75. Beginning net position of the Corporation was reduced by $8.4 million accordingly. Other effects included the increase of deferred outflows of $1.2 million, the increase of deferred inflows of $3.1 million, and the increase in liabilities of $5.8 million.

CONDENSED STATEMENT OF NET POSITION

The following table presents condensed information about the financial position of the Corporation as of June 30, 2018 and 2017, and changes in the balances during the fiscal year ended June 30, 2018 (in thousands):

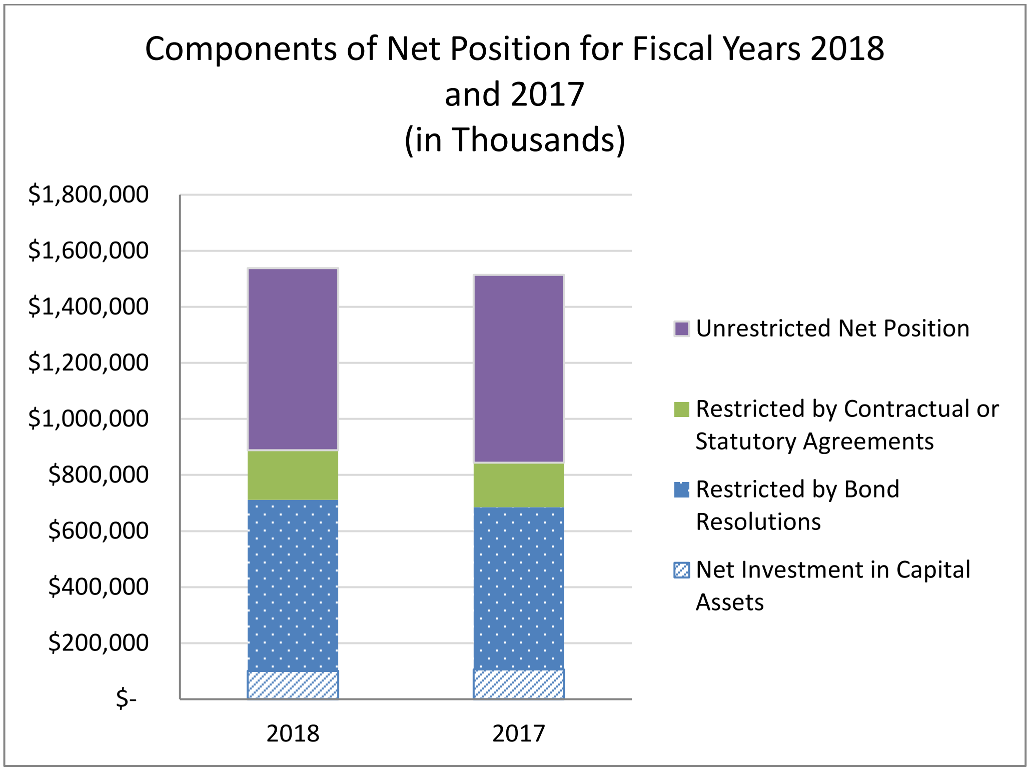
Condensed Statement of Net Position

	2018	2017	Increase/(Decrease)	
Cash and investments	$ 665,742	$ 684,887	$ (19,145)	-2.8%
Mortgage loans, notes and other loans, net	3,132,437	2,910,332	222,105	7.6%
Capital assets, net	100,472	106,762	(6,290)	-5.9%
Other assets	69,802	65,084	4,718	7.2%
Total Assets	3,968,453	3,767,065	201,388	5.3%
Deferred outflow of resources	133,107	172,676	(39,569)	-22.9%
Bonds and notes payable, net	2,328,487	2,124,637	203,850	9.6%
Short term debt	53,269	82,526	(29,257)	-35.5%
Accrued interest payable	9,984	9,622	362	3.8%
Derivatives	104,674	144,903	(40,229)	-27.8%
Pension and OPEB liabilities	41,425	47,645	(6,220)	-13.1%
Other liabilities	17,443	16,249	1,194	7.3%
Total liabilities	2,555,282	2,425,582	129,700	5.3%
Deferred inflow of resources	7,582	531	7,051	1327.9%
Total net position	$ 1,538,696	$ 1,513,628	$ 25,068	1.7%

The increase in total assets during FY 2018 can be attributed primarily to an increase in mortgage loans due to competitive mortgage rates, expanded loan parameters and increased outreach to our industry partners. The increase in mortgage loans was made possible by the additional capital from the increase in the bond portfolio. The fair value of the derivative portfolio also increased substantially due to the rise in interest rates, which resulted in a decrease to deferred outflows.

Total liabilities increased by $129.7 million. See the description of new bond issuances in fiscal year 2018 in the Financial Highlights section of this report. Total net pension liability as of June 30, 2018, included in other liabilities above, decreased by $12.0 million in 2018 and totaled $35.7 million as of June 30, 2018. The pension liability was determined by actuarial valuation. Short-term debt decreased by $29.3 million. The major factor in the increase of total liabilities was the increase in bonds payable. See the Debt Administration section of this report for more information on the bonds and notes payable.

The chart on the next page shows the various components of net position in fiscal years 2018 and 2017.



CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table presents condensed information about the revenues, expenses and changes in net position for the fiscal years ended June 30, 2018 and 2017, and the variances from the prior fiscal year (in thousands):

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2018	2017	Increase/(Decrease)	
Mortgage and loan revenue	$ 135,055	$ 130,538	$ 4,517	3.5%
Investment interest income	6,273	4,727	1,546	32.7%
Net change in fair value of investments	3,727	1,899	1,828	96.3%
Externally funded programs	86,844	96,081	(9,237)	-9.6%
Rental and other revenue	14,381	16,234	(1,853)	-11.4%
Total operating revenue	246,280	249,479	(3,199)	-1.3%
Interest expense	71,246	69,890	1,356	1.9%
Mortgage and loan costs	6,892	5,259	1,633	31.1%
Bond financing expenses	5,027	4,512	515	11.4%
Operations and administration	46,127	56,867	(10,740)	-18.9%
Housing grants and subsidies	83,405	98,606	(15,201)	-15.4%
Total operating expense	212,697	235,134	(22,437)	-9.5%
Operating income(loss)	33,583	14,345	19,238	134.1%
Contributions to the State of Alaska	(125)	(250)	125	-50.0%
Cumulative effect of accounting change	(8,390)	-	(8,390)	
Change in net position	$ 25,068	$ 14,095	$ 10,973	77.9%

Total operating revenues decreased by $3.2 million, or 1.3%, during fiscal year 2018 due primarily to decreases in externally funded program revenue.

Total decrease in operating expenses in fiscal year 2018 was $22.4 million, or 9.5%, due primarily to decreases in administrative and grant expenses.

As shown in the table on the preceding page, the net effect of changes in operating revenues and expenses was very different in fiscal years 2018 and 2017. In 2018 there was a net increase in operating income of $19.2 million, or 134.1%. This was largely due to both an increase in mortgage revenue and investment income, and a decrease in administrative expenses and grant expenses. Government funding for many grants has been decreasing over the past several years.

In fiscal year 2018, the Corporation continued its series of annual transfers to the State of Alaska and State agencies. Contributions to the State for fiscal year 2018 were $125,000 compared to those of fiscal year 2017 of $250,000. See Footnote No. 18 for more details about the Transfer Plan.

As stated in the Financial Highlights, the application of GASB Statement No. 75 required the Corporation to restate beginning net position. The result was a decrease in beginning net position of $8.4 million.

DEBT ADMINISTRATION

As of June 30, 2018, the Corporation had $2.3 billion in outstanding bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's general obligation is rated by three major rating agencies as follows.

Rating Category	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Long Term	AA+	Aa2	AA+
Short Term	F1+	P-1	A-1+

Significant debt activity during the year included the following:

- Issued $463.4 million of bonds;
- Redeemed bonds through special redemption provisions of their respective indentures in the amount of $144.4 million.

Additional information on the Corporation's long-term debt can be found in the Notes to Financial Statements.

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

The primary business activity of the Corporation is providing a secondary market for the purchase of single-family and multi-family mortgage loans. The Corporation's mortgage financing activities are sensitive to changes in interest rates, the spread between the rate on the Corporation's loans and those available in the conventional mortgage markets, and the availability of affordable housing in the State. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

The Corporation's main sources of revenue include mortgage loan activity, investment interest income and externally funded grants and subsidies. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates.

Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses these prepayments to redeem higher rate bonds, thus lowering the interest expense incurred on the Corporation's overall portfolio, or to recycle mortgages to obtain the maximum allowable spread.

Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives during the periods reported. For inquiries about this report or to request additional financial information please call (907) 330-8322 or email finance@ahfc.us.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
ASSETS				
Current				
Cash	$ 29,902	$ 5,791	$ 161	$ 26,428
Investments	500,382	-	94,613	1,125
Accrued interest receivable	3,373	-	10,563	113
Inter-fund due to/from	(27,714)	(9,815)	38,441	(878)
Mortgage loans, notes and other loans	3,449	68	81,813	1,254
Net investment in direct financing lease	-	-	2,223	-
Other assets	3,814	4,738	-	769
Intergovernmental receivable	208	13,341	-	514
Total Current	513,414	14,123	227,814	29,325
Non Current				
Investments	13	-	-	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	121,867	1,145	2,869,048	41,359
Net investment in direct financing lease	-	-	24,780	-
Capital assets - non-depreciable	2,917	-	-	13,663
Capital assets - depreciable, net	17,626	32	-	62,567
Other assets	4,521	-	447	-
Total Non Current	146,944	2,602	2,894,275	117,589
Total Assets	660,358	16,725	3,122,089	146,914
DEFERRED OUTFLOW OF RESOURCES	5,226	-	127,881	-
LIABILITIES				
Current				
Bonds payable	-	-	65,355	-
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	-	7,511	-
Other liabilities	8,810	3,218	841	1,361
Intergovernmental payable	-	-	161	424
Total Current	64,552	3,218	73,868	1,785
Non Current				
Bonds payable	-	-	2,263,132	-
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	104,674	-
Pension and OPEB liability	41,425	-	-	-
Total Non Current	43,687	-	2,367,806	-
Total Liabilities	108,239	3,218	2,441,674	1,785
DEFERRED INFLOW OF RESOURCES	7,582	-	-	-
NET POSITION				
Net investment in capital assets	20,543	32	-	76,230
Restricted by bond resolutions	-	-	611,237	-
Restricted by contractual or statutory agreements	73,121	16,386	-	69,438
Unrestricted or (deficit)	456,099	(2,911)	197,059	(539)
Total Net Position	$ 549,763	$ 13,507	$ 808,296	$ 145,129

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
$ 62,282	$ 7,327	$ 69,609
596,120	-	596,120
14,049	66	14,115
34	(34)	-
86,584	-	86,584
2,223	-	2,223
9,321	331	9,652
14,063	-	14,063
784,676	7,690	792,366
13	-	13
1,425	(1,425)	-
3,033,419	12,434	3,045,853
24,780	-	24,780
16,580	3,667	20,247
80,225	-	80,225
4,968	1	4,969
3,161,410	14,677	3,176,087
3,946,086	22,367	3,968,453
133,107	-	133,107
65,355	-	65,355
53,269	-	53,269
9,984	-	9,984
14,230	5	14,235
585	-	585
143,423	5	143,428
2,263,132	-	2,263,132
2,262	361	2,623
104,674	-	104,674
41,425	-	41,425
2,411,493	361	2,411,854
2,554,916	366	2,555,282
7,582	-	7,582
96,805	3,667	100,472
611,237	-	611,237
158,945	18,363	177,308
649,708	(29)	649,679
$ 1,516,695	$ 22,001	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
OPERATING REVENUES				
Mortgage and loans revenue	$ 10,934	$ -	$ 122,426	$ 1,558
Investment interest	1,854	7	4,347	55
Net change in the fair value of investments	3,023	-	(56)	-
Net change of hedge termination	-	-	760	-
Total Investment Revenue	4,877	7	5,051	55
Grant revenue	-	72,781	-	-
Housing rental subsidies	-	-	-	14,063
Rental revenue	456	-	-	10,590
Other revenue	2,005	758	223	22
Total Operating Revenues	18,272	73,546	127,700	26,288
OPERATING EXPENSES				
Interest	931	-	70,314	1
Mortgage and loan costs	1,688	-	9,617	147
Bond financing expenses	467	-	4,560	-
Provision for loan loss	(1,019)	(1,212)	(2,298)	(21)
Operations and administration	14,214	12,035	4,230	15,391
Rental housing operating expenses	724	-	-	14,367
Grant expense	-	68,314	-	-
Total Operating Expenses	17,005	79,137	86,423	29,885
Operating Income (Loss)	1,267	(5,591)	41,277	(3,597)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	10,163	4,389	(1,497)
Change in Net Position	(11,913)	4,572	45,666	(5,094)
Net position at beginning of year	570,066	8,935	762,630	150,223
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	8,935	762,630	150,223
Net Position at End of Period	$ 549,763	$ 13,507	$ 808,296	$ 145,129

See accompanying notes to the financial statements.

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
$ 134,918	$ 137	$ 135,055
6,263	10	6,273
2,967	-	2,967
760	-	760
9,990	10	10,000
72,781	-	72,781
14,063	-	14,063
11,046	259	11,305
3,008	68	3,076
245,806	474	246,280
71,246	-	71,246
11,452	-	11,452
5,027	-	5,027
(4,550)	(10)	(4,560)
45,870	257	46,127
15,091	-	15,091
68,314	-	68,314
212,450	247	212,697
33,356	227	33,583
(125)	-	(125)
-	-	-
33,231	227	33,458
1,491,854	21,774	1,513,628
(8,390)	-	(8,390)
1,483,464	21,774	1,505,238
$ 1,516,695	$ 22,001	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 7,109	$ -	$ 112,830	$ 1,422
Principal payments received on mortgages and loans	11,175	-	295,054	3,400
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	-	(322,741)	(4,087)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	(5,617)	-	(10,029)
Payments for goods and services	(10,482)	(1,986)	-	(11,124)
Cash received for externally funded programs	-	32,126	-	13,562
Cash received for Federal HAP subsidies	-	37,846	-	-
Payments for Federal HAP subsidies	-	(36,140)	-	-
Interfund receipts (payments)	(7,757)	8,364	-	(554)
Grant payments to other agencies	-	(33,643)	-	-
Other operating cash receipts	30,722	2,036	161	10,485
Other operating cash payments	(5)	(1,398)	(478)	(1,175)
Net cash provided by (used for) operating activities	(217,591)	1,588	84,826	1,900
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	450,838	-
Principal paid on bonds	-	-	(113,593)	-
Payment to defease bonds	(676)	-	(122,459)	-
Payment of bond issuance costs	-	-	(1,412)	-
Interest paid	-	-	(76,116)	-
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	-	(277,759)	(1,528)
Net cash provided by (used for) noncapital financing activities	248,743	-	(140,501)	(1,528)
Cash flows from capital financing activities:				
Acquisition of capital assets	(330)	-	-	(119)
Proceeds from the disposal of capital assets	-	4	-	18
Principal paid on capital notes	-	-	(5,663)	-
Interest paid on capital notes	-	-	(1,743)	-
Proceeds from direct financing leases	-	-	3,304	-
Net cash provided by (used for) capital financing activities	(330)	4	(4,102)	(101)
Cash flows from investing activities:				
Purchase of investments	(7,099,040)	-	(1,316,675)	(6,165)
Proceeds from maturity of investments	7,067,601	-	1,372,737	6,926
Interest received from investments	1,676	7	3,114	54
Net cash provided by (used for) investing activities	(29,763)	7	59,176	815
Net Increase (decrease) in cash	1,059	1,599	(601)	1,086
Cash at the beginning of year	28,843	4,192	762	25,342
Cash at the end of period	$ 29,902	$ 5,791	$ 161	$ 26,428
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,267	$ (5,591)	$ 41,277	$ (3,597)
Adjustments:		-	-	-
Depreciation expense	1,087	15	-	5,649
Provision for loan losses	(1,019)	(1,212)	(2,298)	(21)
Net change in the fair value of investments	(3,023)	-	56	-
Transfers between funds for operating activity	(13,055)	10,163	4,389	(1,514)
Interest received from investments	(1,676)	(7)	(3,114)	(54)
Interest paid	-	-	76,116	-
Changes in assets, liabilities and deferred resources:		-	-	-
Net (increase) decrease in mortgages and loans	81,919	-	(248,595)	(459)
Net increase (decrease) in assets, liabilities, and deferred resources	(283,091)	(1,780)	216,995	1,896
Net cash provided by (used for) operating activities	$ (217,591)	$ 1,588	$ 84,826	$ 1,900
Noncash investing, capital and financing activities:				
Deferred outflow of resources-derivatives			39,468	
Derivative instruments liability			40,229	
Net change of hedge termination			1,746	

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
$ 121,361	$ 23	$ 121,384
309,629	164	309,793
(564,200)	-	(564,200)
-	-	-
442,112	-	442,112
(431,945)	-	(431,945)
(36,794)	(157)	(36,951)
(23,592)	(59)	(23,651)
45,688	-	45,688
37,846	-	37,846
(36,140)	-	(36,140)
53	(53)	-
(33,643)	-	(33,643)
43,404	194	43,598
(3,056)	-	(3,056)
(129,277)	112	(129,165)
450,838	-	450,838
(113,593)	-	(113,593)
(123,135)	-	(123,135)
(1,412)	-	(1,412)
(76,116)	-	(76,116)
437,453	-	437,453
(467,214)	-	(467,214)
(107)	-	(107)
-	-	-
106,714	-	106,714
(449)	-	(449)
22	-	22
(5,663)	-	(5,663)
(1,743)	-	(1,743)
3,304	-	3,304
(4,529)	-	(4,529)
(8,421,880)	-	(8,421,880)
8,447,264	-	8,447,264
4,851	11	4,862
30,235	11	30,246
3,143	123	3,266
59,139	7,204	66,343
$ 62,282	$ 7,327	$ 69,609
$ 33,356	$ 227	$ 33,583
-	-	-
6,751	-	6,751
(4,550)	(10)	(4,560)
(2,967)	-	(2,967)
(17)	-	(17)
(4,851)	(11)	(4,862)
76,116	-	76,116
-	-	-
(167,135)	104	(167,031)
(65,980)	(198)	(66,178)
$ (129,277)	$ 112	$ (129,165)

NOTE DISCLOSURES INDEX

FOR THE TWELVE MONTHS ENDED JUNE 30, 2018

1 AUTHORIZING LEGISLATION AND FUNDING

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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

Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Real Estate Owned

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

Depreciation

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

Bonds

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

Deferred Debt Refunding Expenses

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

Pensions

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

Other Post-Employment Benefits

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

Derivative Instruments-Interest Rate Swaps

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

Operating Revenues and Expenses

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

Income Taxes

The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

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

		June 30, 2018
Restricted cash	$	50,855
Unrestricted		18,754
Carrying amount	$	69,609
Bank Balance	$	70,038

Investment Valuation

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

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

Investment Maturities

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

Investment Maturities (In Years)

	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	June 30, 2018
Securities of U. S. Government agencies and corporations	$ 16,000	$ 13	$ -	$ -	$ 16,013
Commercial paper & medium-term notes	399,219	-	-	-	399,219
Corporate Certificate of Deposit	9,166	-			9,166
Money market funds	170,310		-	-	170,310
Subtotal	$ 594,695	$ 13	$ -	$ -	$ 594,708
GeFONSI Pool					1,425
Total AHFC Investment Portfolio					$ 596,133

Restricted Investments

A large portion of the Corporation's investments, $95,800,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, $500,333,000, is unrestricted.

Realized Gains and Losses

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

Ending unrealized holding gain	$	2,395
Beginning unrealized holding gain		32,528
Net change in unrealized holding gain		(30,133)
FV of investments transferred from GeFONSI to US Bank		33,158
Net realized gain (loss)		(58)
Net increase (decrease) in fair value	$	2,967

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

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

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises ("GSEs") and federal agencies not backed by the full faith and credit of the United States;
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAmmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank, the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements ("repos") where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association ("SIFMA"); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities, other than asset-backed commercial paper, rated at least "AA+" by S&P or "Aa1" by Moody's or "AA+" by Fitch; and

- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments ("GeFONSI") pool.

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

The credit quality ratings of the Corporation's investments as of June 30, 2018, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	$ 16,013
Commercial paper, medium-term notes and Certificates of Deposit:	AAA	Aaa	249
	AA	Aa1	252
	AA	Aa2	250
	AA-	Aa2	501
	AA-	Aa3	900
	AA-	A1	612
	A+	A1	755
	A+	A2	623
	A+	Aa2	402
	A+	Aa3	501
	A	A1	747
	A	A2	1,999
	A-	A2	250
	A-1+	P-1	190,155
	A-1	P-1	209,343
	A-2	P-1	250
	NA	P-1	345
	NA	NA	250
			408,384
Money market funds:	AAAm	--	170,310
			594,707

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's Fiscal Policies. Under certain conditions, the Fiscal Policies permit investments in excess of these limits. For more information, please see the Corporation's Fiscal Policies at: http://www.ahfc.us/pros/investors/fiscal-policies

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%

World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 2018, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
Goldman Sachs	$ 170,310	28.57%
The Toronto Dominion Bank	$ 73,801	12.38%

Custodial Credit Risk

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

Of the Corporation's $70,038,000 bank balance at June 30, 2018, cash deposits in the amount of $559,000 were uninsured and uncollateralized.

Interest Rate Risk

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

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

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands, net of GeFONSI holdings) with their modified duration as of June 30, 2018:

	Investment Fair Value	**Modified Duration**
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	$ 16,013	0.771
Certificate of deposit	9,166	0.266
Commercial paper & medium-term notes:		
Commercial paper discounts	391,678	0.339
Medium-term notes	7,540	0.460
Money market funds	170,310	0.000
Portfolio modified duration	$ 594,707	
		0.253

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

The accrual basis of accounting is used for the investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool is $1,425,000.

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

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance as of June 30, 2018, is shown below (in thousands):

Due To \ Due From	Adminitrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
Administrative Fund	$ -	$ 9,815	$ -	$ 1,568	$ 34	$ 11,417
Grant Programs	-	-	-	-	1,425	1,425
Mortagage or Bond Programs	38,441	-	-	-	-	38,441
Other Funds or Programs	690	-	-	-	-	690
Alaska Corporation for Affordable Housing	-	-	-	-	-	-
Total	$ 39,131	$ 9,815	$ -	$ 1,568	$ 1,459	$ 51,973

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

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

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

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2018
Mortgage loans	$ 2,629,496
Multifamily loans	468,158
Other notes receivable	89,039
	3,186,693
Less:	
Allowance for losses	(54,256)
Net Mortgages, Notes & other	$ 3,132,437

Of the $3,186,693,000 mortgage loans, notes, and other loans, $86,584,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of $13,664,000. Included in the allowance for losses is $1,230,000 for ACAH's notes receivable bringing ACAH's net notes receivable to $12,434,000.

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

		June 30, 2018
Loans Delinquent 30 days or more	$	105,712
Foreclosures during reporting period		10,524
Loans in foreclosure process		14,048
Mortgage-related commitments:		
To purchase mortgage loans	$	142,774

6 INSURANCE AGREEMENTS

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

7 DIRECT FINANCING LEASE

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

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

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

Future Minimum Payments Due

Year Ending June 30,		Parking Garage
2018	$	3,304
2019		3,304
2020		3,304
2021		3,304
2022		3,304
Thereafter		16,515
Gross payments due		33,035
Less: Unearned revenue		(6,031)
Net investment in direct financing lease	$	27,003

8 CAPITAL ASSETS

Capital assets activity for the twelve months ended June 30, 2018, and a summary of balances is shown below (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
Non-Depreciable Capital Assets:				
Land	$ 20,247	$ -	$ -	$ 20,247
Total Non-Depreciable	20,247	-	-	20,247
Depreciable Capital Assets:				
Buildings	246,070	16	-	246,086
Computers & Equipment	2,356	335	-	2,691
Vehicles	2,296	110	(142)	2,264
Less: Accumulated depreciation				
Buildings	(160,259)	(6,404)	-	(166,663)
Computers & Equipment	(2,088)	(203)	-	(2,291)
Vehicles	(1,860)	(144)	142	(1,862)
Total Depreciable, Net	86,515	(6,290)	-	80,225
Total Capital Assets, Net	$ 106,762	$ (6,290)	$ -	$ 100,472

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

Depreciation expense charged by the Corporation was $6,751,000 for the twelve months ended June 30, 2018.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was $7,373,000 at June 30, 2018.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at June 30, 2018, were interest rate swap derivatives of $103,394,000, deferred debt refunding expense of $24,487,000, pension deferred outflows of $4,034,000, and other post employment benefits deferred outflows of $1,192,000.

10 BONDS PAYABLE

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

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

Bonds outstanding as of June 30, 2018, are shown on the next two pages (in thousands):

	Original Amount	June 30, 2018
First-Time Home Buyer Program:		
Mortgage Revenue Bonds, Tax-Exempt:		
● 2009 Series A-1; 3.07%, due 2027-2041	$ 64,350	$ 41,400
● 2009 Series A-2; 2.32%, due 2026-2041	128,750	73,340
● 2010 Series A; 2.75%-4.00%, due 2018-2027	43,130	25,585
Unamortized discount		(104)
● 2010 Series B; 2.75% to 4.625%, due 2018-2040	35,680	29,840
● 2011 Series B; 2.80% to 4.05%, due 2018-2026	71,360	38,315
Total Mortgage Revenue Bonds	343,270	208,376
Home Mortgage Revenue Bonds, Tax-Exempt:		
● 2002 Series A; Floating Rate*; 1.61% at June 30, 2018, due 2032-2036	170,000	35,940
Unamortized swap termination penalty		(2,057)
● 2007 Series A; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
● 2007 Series B; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
● 2007 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2018-2041	89,370	86,535
● 2009 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
● 2009 Series B; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
● 2009 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	508,338
Veterans Mortgage Program Bonds:		
Collateralized State Guaranteed Bonds, Tax-Exempt:		
● 2016 First and Second Series; 0.90% to 3.20%, due 2018-2046	50,000	48,120
Other Housing Bonds:		
General Mortgage Revenue Bonds, Tax-Exempt:		
● 2012 Series A; 1.95%-4.25%, due 2018-2040	145,890	107,105
Unamortized discount		(525)
Unamortized premium		124
● 2016 Series A; 0.75%-3.50%, due 2018-2046	100,000	93,915
Unamortized premium		926
Governmental Purpose Bonds, Tax-Exempt:		
● 1997 Series A; Floating Rate*, monthly payments, 1.47% at June 30, 2018 due 2027	33,000	14,600
● 2001 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2018-0	76,580	43,505
Unamortized swap termination penalty		(4,527)
● 2001 Series B; Floating Rate*; 1.46% at June 30, 2018, due 2018-0	93,590	53,165
Total Other Housing Bonds	$ 449,060	$ 308,288

Note: Debt service payments on the above-mentioned bonds are semi-annual unless otherwise mentioned.
*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

**Interest rates on the indexed floating rate bonds are established monthly based on an index and a prescribed spread in the underlying bond documents.

	Original Amount	June 30, 2018
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
● 2002 Series C; Floating Rate*; 1.47% at June 30, 2018, due 2018-2022	$ 60,250	$ 29,160
● 2011 Series A; 5.00%, due 2018- 2020	105,185	6,235
Unamortized premium		84
● 2012 Series A; 3.25% to 5.00%, due 2018-2032	99,360	44,765
Unamortized discount		(92)
Unamortized premium		2,232
● 2013 Series A; 4.00% to 5.00%, due 2018-2032	86,765	64,140
Unamortized premium		4,024
● 2014 Series A; 4.00% to 5.00%, due 2018-2033	95,115	84,375
Unamortized discount		(53)
Unamortized premium		4,597
● 2014 Series B; 5.00%, due 2018-2029	29,285	25,245
Unamortized premium		2,387
● 2014 Series D; 3.00% to 5.00%, due 2018-2029	78,105	77,830
Unamortized premium		9,026
● 2015 Series A; 3.00% to 5.00%, due 2018-2030	111,535	101,530
Unamortized premium		11,422
● 2015 Series B; 3.00% to 5.00%, due 2019-2036	93,365	91,145
Unamortized discount		(196)
Unamortized premium		5,873
● 2015 Series C; 5.00%, due 2019-2035	55,620	49,155
Unamortized premium		6,264
● 2017 Series A; 2.00% to 5.00%, due 2018-2032	143,955	142,955
Unamortized premium		21,525
● 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		7,935
● 2018 Series B; 3.125% to 5.00%, due 2019-2038	35,570	35,570
Unamortized discount		(82)
Unamortized premium		4,459
State Capital Project Bonds, Taxable:		
● 2014 Series C; Indexed Floating Rate**, 2.482% at June 30, 2018, due 2029	140,000	140,000
● 2017 Series B; Floating Rate*; 2.03% at June 30, 2018, due 2047	150,000	150,000
● 2018 Series A; Floating Rate*; 2.00% at June 30, 2018, due 2031-2043	90,000	90,000
Total Non-Housing Bonds	1,417,965	1,255,365
Total Bonds Payable	$ 2,912,295	$ 2,328,487

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

During the twelve months ended June 30, 2018, the Corporation made special revenue redemptions in the amount of $144,425,000.

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

A summary of all defeased debt, as of June 30, 2018, follows (in thousands):

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

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

	Total Debt Service		
Year Ended June 30, 2018	Principal	Interest*	Total
2019	$ 65,355	$ 81,960	$ 147,315
2020	80,835	79,309	160,144
2021	91,760	75,875	167,635
2022	95,200	72,062	167,262
2023	92,345	68,002	160,347
2024-2028	522,095	277,342	799,437
2029-2033	651,710	156,756	808,466
2034-2038	267,900	76,547	344,447
2039-2043	142,035	34,937	176,972
2044-2048	246,010	14,972	260,982
	$ 2,255,245	$ 937,762	$ 3,193,007

* Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at June 30, 2018.

** Also see Note 11 – Derivatives

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

A summary of all conduit debt as of June 30, 2018, follows (in thousands):

	Maximum Issue Amount	Balance at June 30, 2018
Revenue Bonds, 2016 (Muldoon Garden Project)	$ 3,920	$ 3,916
Revenue Bonds, 2017 (Grass Creek North II LP)	$ 8,200	$ 6,972

11 DERIVATIVES

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

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

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

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

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2018, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2018, are shown below:

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

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

The change in fair value and ending balance of the hedging derivatives as of June 30, 2018, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2018	Fair Values June 30, 2017	Change in Fair Value
GP01A	$ 43,505	$ 45,082	$ (1,577)	$ (3,267)	$ 1,690
GP01B	53,165	60,691	(7,526)	(10,488)	2,962
E021A1	35,940	38,379	(2,439)	(4,153)	1,714
SC02C	29,160	30,502	(1,342)	(2,545)	1,203
E071AB	139,095	165,543	(26,448)	(35,626)	9,178
E071AD	92,730	110,103	(17,373)	(23,509)	6,136
E091A	72,789	87,161	(14,372)	(19,228)	4,856
E091B	72,789	86,786	(13,997)	(18,810)	4,813
E091ABD	97,052	115,373	(18,321)	(24,748)	6,427
Total	$ 636,225	$ 739,620	$ (103,395)	$(142,374)	$ 38,979

As of June 30, 2018, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2019	19,140	9,321	13,067	41,528
2020	23,310	9,058	12,648	45,016
2021	27,780	8,709	12,102	48,591
2022	29,230	8,293	11,494	49,017
2023	27,175	7,853	10,856	45,884
2024-2028	135,915	33,454	46,424	215,793
2029-2033	141,590	22,608	31,866	196,064
2034-2038	134,850	12,884	18,333	166,067
2039-2043	97,235	2,613	3,709	103,557
	$ 636,225	$ 114,793	$ 160,499	$ 911,517

Credit Risk

As of June 30, 2018, the Corporation was not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The Corporation currently has swap agreements with five separate counterparties. Approximately 39% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34.4% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa2". Of the remaining swaps, one counterparty are rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 11.4%, 8.4%, and 6.8% respectively, of the total notional amount of the swaps.

Interest Rate Risk

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

Basis Risk

All of the Corporation's variable-rate bond interest payments related to interest rate swaps are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2018, SIFMA was 1.51%

and 1-month LIBOR was 2.09%, resulting in a SIFMA/LIBOR ratio of 72.24%. The 3-month LIBOR was 2.34%, resulting in a SIFMA/LIBOR ratio of 64.65%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

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

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in the Corporation making termination payments totaling $22,181,000 to the counterparties. The Corporation replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps. An additional payment of $150,000 was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

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

Investment Derivative

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

The significant terms and credit ratings of the Corporation's investment derivative as of June 30, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.7700%	70% of 1M LIBOR	07/01/24	A+/Aa2

The change in fair value of the investment derivatives as of June 30, 2018, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2018	Fair Values June 30, 2017	Change in Fair Value
SC02B	$ 14,555	$ 15,835	$ (1,280)	$ (2,040)	$ 760

Credit Risk
As of June 30, 2018, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The counterparty on this swap is rated "A+/Aa2".

12 LONG TERM LIABILITIES

The activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Total bonds and notes payable	$ 2,124,637	$ 500,008	$ (296,158)	$ 2,328,487	$ 65,355
Pension liability	47,645	-	(11,985)	35,660	-
OPEB liability	-	5,765	-	5,765	-
Compensated absences	4,184	2,837	(2,758)	4,263	2,002
Other liabilities	-	51	(51)	-	-
Total long-term liabilities	$ 2,176,466	$ 508,661	$ (310,952)	$ 2,374,175	$ 67,357

13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is $150,000,000. The lowest yield during the twelve months ended June 30, 2018, was 1.17% and the highest, 2.30%.

Short term debt activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
Commercial paper	$ 82,600	$ 437,991	$ (467,214)	$ 53,377
Unamortized discount	$ (74)	$ (906)	$ 872	(108)
Commercial paper, net	$ 82,526	$ 437,085	$ (466,342)	$ 53,269

14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. AHFC's pension deferred inflows of resources at June 30, 2018, totaling $4,467,000, represent the difference between projected and actual investment earnings in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at June 30, 2018, represent the difference between expected and actual experience, the difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions in the OPEB plan of $3,115,000.

15 TRANSFERS

Transfers for the twelve months ended June 30, 2018, are summarized in the following schedule (in thousands):

		From					
		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
To	Administrative Fund	$ -	$ 24,591	$ 600,580	$ 16,763	$ 174	$ 642,108
	Grant Programs	34,754	-	-	-	-	34,754
	Mortgage or Bond Programs	604,969	-	-	-	-	604,969
	Other Funds or Programs	15,266	-	-	-	-	15,266
	Alaska Corporation for Affordable Housing	174	-	-	-	-	174
	Total	$ 655,163	$ 24,591	$ 600,580	$ 16,763	$ 174	$ 1,297,271

Transfers are used to:

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

(4) move cash and mortgages between various Mortgage or Bond Programs; or
(5) record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

16 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations with which it has entered into standby bond purchase agreements to provide liquidity in the event of un-remarked tenders and/or bond insurance contracts to guarantee the payment of debt service. Furthermore, the Corporation entered into a separate revolving credit facility in 2017 with the Industrial and Commercial Bank of China LTD, New York Branch, to provide up to $300,000,000 of additional liquidity for the Corporation's State Capital Project Bonds and State Capital Project Bonds II indentures, and the Commercial Paper Notes program. At June 30, 2018, the Corporation had unused standby bond purchase agreements of $510,395,000 and revolving credit of $300,000,000.

17 YIELD RESTRICTION AND ARBITRAGE REBATE

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

Non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. As investment rates change over time, it is sometimes possible to recoup previous rebate payments. With respect to the Corporation's Governmental Purpose Bonds, 2001 Series A and B, prior payments totaled $1,318,000, but rebate liability as of June 30, 2018, was $870,000, resulting in $448,000 due to the Corporation.

18 STATE AUTHORIZATIONS AND COMMITMENTS

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

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

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". Following are the details of AHFC's dividend to the State as of June 30, 2018, (in thousands):

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

Transfer Plan with the State

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

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

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

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

19 HOUSING GRANTS AND SUBSIDIES EXPENSES

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

		June 30, 2018
Beneficiaries and Special Needs Housing	$	1,698
Continuum of Care Homeless Assistance		2,200
Domestic Violence		1,298
Discharge Incentive grant		176
Drug Elimination		50
Emergency Shelter Grant (ESG)		234
Energy Efficiency Monitoring Research		986
Energy Efficient Home Program		1,954
HOME Investment Partnership		2,850
Homeless Assistance Program		6,825
Housing Choice Vouchers		32,161
Housing Loan Program		1,471
Housing Opportunities for Persons with AIDS		587
Low Income Weatherization Assistance		7,858
Low Income Home Energy Assistance		750
Non-Elderly Disabled (NED)		274
Parolees (TBRA)		453
Section 8 Project-based Grants		-
Section 8 Rehabilitation		488
Senior Citizen Housing Development Grant		1,535
Supplemental Housing Grant		2,326
Technical Assistance Grant		19
Utility Allowance Payments for Low Rent		-
Veterans Affairs Supportive Housing		1,992
Youth (TBRA)		129
Total Housing Grants and Subsidies Expenses	$	68,314

In addition to grant payments made, the Corporation had advanced grant funds of $4,329,000 and committed to third parties a sum of $15,164,000 in grant awards as of June 30, 2018.

20 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of June 30, 2018, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public

Employees' Retirement System Defined Benefit Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

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

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

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

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

Employee Benefits:

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

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

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

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

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

Funding Policy:

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

Under State law, the Corporation is required to contribute 22.00% of annual covered salary. For fiscal year 2018, 17.12% of covered salary is for the pension plan and 4.88% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 3.01%, the difference between the actuarial required contribution of 25.01% for fiscal year 2018 and the employer rate of 22.00%.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the twelve months ended June 30, 2018, totaled $613,000, and for the years ended June 30, 2017, and June 30, 2016, totaled $973,000 and $1,334,000, respectively.

Pension Liabilities:

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

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

Pension Expense:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy

Under State law, covered employees are required to contribute 8% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan. Employer contribution rates for the year ended June 30, 2018, were as follows:

	Other Tier IV
Retiree medical plan	1.03%
Occupational death and disability benefits	0.16%
Total Contribution Rates	1.19%

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2018, 6.19% of covered salary is split between 5.16% for the pension plan and 1.03% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of $2,084.16, representing 3% of total annual covered compensation in the Plan for each full-time employee, and $1.34 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

Additionally, if the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the twelve months ended June 30, 2018, the Corporation paid additional contributions of $1,002,000 and for June 30, 2017, $900,000. These contributions equal $780,000 for the defined benefit pension as of June 30, 2018, and $612,000 as of June 30, 2017, and $222,000 and $288,000 for the defined benefit post-employment healthcare plans as of June 30, 2018 June 30, 2017, respectively.

The contributions to the pension plan for the twelve months ended June 30, 2018, by the employees totaled $644,000 and by the Corporation totaled $415,000. The contributions to the pension plan for the twelve months ended June 30, 2017, by the employees totaled $585,000, and by the Corporation, $378,000.

The Corporation contributed $354,000 to a Health Reimbursement Arrangement for the twelve months ended June 30, 2018, and $332,000 as of June 30, 2017.

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

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

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

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

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

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

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

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

Key Elements of OPEB formula:

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

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

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

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

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

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

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

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

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

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

The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Annual Postemployment Healthcare Cost
In 2018, the Corporation recognized $354,000 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

Presentation of Transition for OPEB for Defined Benefit and Defined Contributions Plans:
Beginning deferred outflows for DB and both DC plans were zero. The restatement of all prior periods is not practical and the data is not available from the State of Alaska actuary, therefore only the cumulative effect is reported as a restatement of beginning net position of $8,392,000, the total cumulative effect for all three plans. By plan it was $8,516,000 for DB, negative $25,000 for DC RM, and negative $99,000 for DC ODD. There have been no changes in the benefit provisions effective since the prior valuation.

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to $175,000 per employee per year. The Corporation has provided for an estimate of the Incurred but Not Reported ("IBNR") liability in the amount of $4,902,000 as of June 30, 2018.

Lease Obligations

The Corporation leases the land at its Anchorage Family Investment Center located at 440 E. Benson Blvd., Anchorage, AK for $7,000 per month. Lease expense for the twelve months ended June 30, 2018, totaled $84,000.

Litigation

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

Contingent Liabilities

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

Subsequent Events

The Corporation delivered its $167,780,000 General Mortgage Revenue Bonds II, 2018 Series A and B, on August 28, 2018. The Series A Bonds are $109,260,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2048. The Series B Bonds are $58,520,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2035. Interest on the Series A and B Bonds is payable each June 1 and December 1 at fixed rates ranging from 1.55% to 5.00%. Proceeds of the Series A and B Bonds will be used to finance mortgage loans, to refund certain outstanding obligations of the Corporation, to finance additional authorized activities of the Corporation, and to pay certain costs of issuance of the Bonds.

In August of 2018, the Corporation closed a $5,000,000 conduit bond issuance for Marina and Karina Park Project, a 21-unit multi-family rental facility in Anchorage, Alaska. The conduit bonds will not constitute an indebtedness of the Corporation or the State of Alaska, but will instead be payable solely by the borrower.

22 RISK MANAGEMENT

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

23 CUMULATIVE EFFECT OF ACCOUNTING CHANGE

The AHFC participates in a multi-employer defined benefit plan: The Alaska Public Retirement System (PERS) plan. In 2018, AHFC adopted the provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which, among other accounting and reporting criteria, requires AHFC to recognize its proportional share of the Net OPEB Liability (and related deferred inflow/outflow accounts), as of the beginning of AHFC's fiscal year. As a result of the implementation of this statement, AHFC has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening net position, as originally presented	Change in accounting principle adjustment	Opening net position, as restated
Administrative Fund	$ 570,066	$ (8,390)	$ 561,676

24 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2018	**2017**	**2016**	**2015**	**2014**
Assets					
Cash	$ 69,609	$ 66,343	$ 70,104	$ 50,348	$ 77,026
Investments	596,133	618,544	615,588	816,244	1,063,200
Accrued interest receivable	14,115	12,771	12,325	11,606	12,357
Mortgage loans, notes and other loans	3,132,437	2,910,332	2,817,494	2,662,893	2,536,596
Net investment in direct financing lease	27,003	29,142	34,555	39,732	44,664
Unamortized bond issuance costs	-	-	-	-	0
Capital assets, net	100,472	106,762	109,821	116,057	120,248
Other assets	28,684	23,171	35,746	47,982	44,533
Derivative instrument - interest rate swaps	-	-	-	-	-
Total Assets	3,968,453	3,767,065	3,695,633	3,744,862	3,898,624
Deferred Outflow of Resources	133,107	172,676	234,921	171,440	156,579
Liabilities					
Bonds and notes payable	2,328,487	2,124,637	2,083,582	2,201,527	2,308,710
Short term debt	53,269	82,526	71,589	16,899	64,993
Accrued interest payable	9,984	9,622	9,628	9,397	10,147
Other liabilities	58,868	63,894	55,009	49,522	21,079
Derivative instrument - interest rate swaps	104,674	144,903	210,543	150,199	140,366
Total Liabilities	2,555,282	2,425,582	2,430,351	2,427,544	2,545,295
Deferred Inflow of Resources	7,582	531	670	3,277	-
Total Net Position	$ 1,538,696	$ 1,513,628	$ 1,499,533	$ 1,485,481	$ 1,509,908
Operating Revenues					
Mortgage and loans revenue	$ 135,055	$ 130,538	$ 128,942	$ 126,140	$ 120,740
Investment interest	6,273	4,727	3,595	4,388	6,532
Net change in fair value of investments	2,967	1,899	2,754	1,627	2,450
Net change of hedge termination	760	1,028	(552)	11	37
Total Investment Revenue	10,000	7,654	5,797	6,026	9,019
Externally funded programs	86,844	96,081	123,782	146,236	163,739
Rental	11,305	11,155	10,707	9,342	8,951
Other	3,076	4,051	4,952	2,355	5,637
Total Operating Revenues	246,280	249,479	274,180	290,099	308,086
Operating Expenses					
Interest	71,246	69,890	70,357	75,349	81,184
Mortgage and loan costs	11,452	10,843	10,836	11,327	9,442
Operations and administration	5,027	4,512	58,373	53,287	58,771
Financing expenses	(4,560)	(5,584)	3,556	5,064	4,415
Provision for loan loss	46,127	56,867	(5,831)	(5,741)	(5,688)
Housing grants and subsidies	15,091	14,296	107,054	125,222	149,188
Rental housing operating expenses	68,314	84,310	15,634	17,086	14,159
Total Operating Expenses	212,697	235,134	259,979	281,594	311,471
Operating Income (Loss)	33,583	14,345	14,201	8,505	(3,385)
Non-Operating & Special Item					
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Special item	-	-	-	-	-
Change in Net Position	$ 33,458	$ 14,095	$ 14,052	$ 4,680	$ (4,765)

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

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

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

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

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

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

Schedule of the Corporation's Contributions (in thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule of the Corporation's Contributions (in thousands)

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

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

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

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

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

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

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Current				
Cash	$ 29,902	$ -	$ -	$ -
Investments	500,382	12,306	18,796	2,099
Accrued interest receivable	3,373	812	2,675	210
Inter-fund due to/from	(27,714)	3,369	12,603	753
Mortgage loans, notes and other loans	3,449	6,237	21,139	1,846
Net investment in direct financing lease	-	-	-	-
Other assets	3,814	-	-	-
Intergovernmental receivable	208	-	-	-
Total Current	513,414	22,724	55,213	4,908
Non Current				
Investments	13	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	121,867	243,704	744,745	59,672
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	17,626	-	-	-
Other assets	4,521	-	-	-
Total Non Current	146,944	243,704	744,745	59,672
Total Assets	660,358	266,428	799,958	64,580
DEFERRED OUTFLOW OF RESOURCES	5,226	-	100,090	-
LIABILITIES				
Current				
Bonds payable	-	8,655	5,360	1,280
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	548	1,405	98
Other liabilities	8,810	76	236	19
Intergovernmental payable	-	-	-	-
Total Current	64,552	9,279	7,001	1,397
Non Current				
Bonds payable	-	199,721	502,978	46,840
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	92,950	-
Pension and OPEB liability	41,425	-	-	-
Total Non Current	43,687	199,721	595,928	46,840
Total Liabilities	108,239	209,000	602,929	48,237
DEFERRED INFLOW OF RESOURCES	7,582	-	-	
NET POSITION				
Net investment in capital assets	20,543	-	-	-
Restricted by bond resolutions	-	57,428	297,119	16,343
Restricted by contractual or statutory agreements	73,121	-	-	-
Unrestricted or (deficit)	456,099	-	-	-
Total Net Position	$ 549,763	$ 57,428	$ 297,119	$ 16,343

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ -	$ 161	$ 39,546	$ 69,609
29,853	31,559	1,125	596,120
1,485	5,381	179	14,115
6,085	15,631	(10,727)	-
14,606	37,985	1,322	86,584
-	2,223	-	2,223
-	-	5,838	9,652
-	-	13,855	14,063
52,029	92,940	51,138	792,366
-	-	-	13
-	-	-	-
496,033	1,324,894	54,938	3,045,853
-	24,780	-	24,780
-	-	17,330	20,247
-	-	62,599	80,225
447	-	1	4,969
496,480	1,349,674	134,868	3,176,087
548,509	1,442,614	186,006	3,968,453
10,245	17,546	-	133,107
14,100	35,960	-	65,355
-	-	-	53,269
836	4,624	-	9,984
181	329	4,584	14,235
-	161	424	585
15,117	41,074	5,008	143,428
294,188	1,219,405	-	2,263,132
-	-	361	2,623
9,102	2,622	-	104,674
-	-	-	41,425
303,290	1,222,027	361	2,411,854
318,407	1,263,101	5,369	2,555,282
	-	-	7,582
-	-	79,929	100,472
240,347	-	-	611,237
-	-	104,187	177,308
-	197,059	(3,479)	649,679
$ 240,347	$ 197,059	$ 180,637	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

ADMINISTRATIVE FUND

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund
ASSETS	
Current	
Cash	$ 29,902
Investments	500,382
Accrued interest receivable	3,373
Inter-fund due to/from	(27,714)
Mortgage loans, notes and other loans	3,449
Net investment in direct financing lease	-
Other assets	3,814
Intergovernmental receivable	208
Total Current	513,414
Non Current	
Investments	13
Inter-fund due to/from	-
Mortgage loans, notes and other loans	121,867
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	17,626
Other assets	4,521
Total Non Current	146,944
Total Assets	660,358
DEFERRED OUTFLOW OF RESOURCES	5,226
LIABILITIES	
Current	
Bonds payable	-
Short term debt	53,269
Accrued interest payable	2,473
Other liabilities	8,810
Intergovernmental payable	-
Total Current	64,552
Non Current	
Bonds payable	-
Other liabilities	2,262
Derivative instrument - interest rate swaps	-
Pension and OPEB liability	41,425
Total Non Current	43,687
Total Liabilities	108,239
DEFERRED INFLOW OF RESOURCES	7,582
NET POSITION	
Net investment in capital assets	20,543
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	73,121
Unrestricted or (deficit)	456,099
Total Net Position	$ 549,763

ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
FIRST TIME HOMEBUYERS PROGRAM
MORTGAGE REVENUE BONDS
As of June 30, 2018
(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
ASSETS			
Current			
Cash	$ -	$ -	$ -
Investments	5,426	6,880	12,306
Accrued interest receivable	349	463	812
Inter-fund due to/from	1,446	1,923	3,369
Mortgage loans, notes and other loans	2,507	3,730	6,237
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	9,728	12,996	22,724
Non Current			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	98,721	144,983	243,704
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Total Non Current	98,721	144,983	243,704
Total Assets	108,449	157,979	266,428
DEFERRED OUTFLOW OF RESOURCES	-	-	-
LIABILITIES			
Current			
Bonds payable	3,410	5,245	8,655
Short term debt	-	-	-
Accrued interest payable	292	256	548
Other liabilities	32	44	76
Intergovernmental payable	-	-	-
Total Current	3,734	5,545	9,279
Non Current			
Bonds payable	93,311	106,410	199,721
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension and OPEB liability	-	-	-
Total Non Current	93,311	106,410	199,721
Total Liabilities	97,045	111,955	209,000
DEFERRED INFLOW OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,404	46,024	57,428
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	$ 11,404	$ 46,024	$ 57,428

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
ASSETS				
Current				
Cash	$ -	$ -	$ -	$ -
Investments	5,068	1,784	1,811	2,271
Accrued interest receivable	304	297	292	417
Inter-fund due to/from	1,842	1,367	1,562	2,445
Mortgage loans, notes and other loans	2,085	2,444	2,380	3,073
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	9,299	5,892	6,045	8,206
Non Current				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	79,602	85,001	81,973	109,396
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Total Non Current	79,602	85,001	81,973	109,396
Total Assets	88,901	90,893	88,018	117,602
DEFERRED OUTFLOW OF RESOURCES	2,439	15,083	15,066	17,769
LIABILITIES				
Current				
Bonds payable	-	1,680	1,680	2,000
Short term debt	-	-	-	-
Accrued interest payable	81	202	202	240
Other liabilities	26	28	26	38
Intergovernmental payable	-	-	-	-
Total Current	107	1,910	1,908	2,278
Non Current				
Bonds payable	33,883	70,965	70,965	84,535
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	2,439	13,813	13,796	16,212
Pension and OPEB liability	-	-	-	-
Total Non Current	36,322	84,778	84,761	100,747
Total Liabilities	36,429	86,688	86,669	103,025
DEFERRED INFLOW OF RESOURCES	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	54,911	19,288	16,415	32,346
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	$ 54,911	$ 19,288	$ 16,415	$ 32,346

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
$ -	$ -	$ -	$ -
2,445	2,587	2,830	18,796
426	441	498	2,675
1,414	2,087	1,886	12,603
3,593	3,796	3,768	21,139
-	-	-	-
-	-	-	-
-	-	-	-
7,878	8,911	8,982	55,213
-	-	-	-
-	-	-	-
121,751	129,994	137,028	744,745
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
121,751	129,994	137,028	744,745
129,629	138,905	146,010	799,958
16,926	16,552	16,255	100,090
-	-	-	5,360
-	-	-	-
290	99	291	1,405
37	38	43	236
-	-	-	-
327	137	334	7,001
80,880	80,880	80,870	502,978
-	-	-	-
15,899	15,525	15,266	92,950
-	-	-	-
96,779	96,405	96,136	595,928
97,106	96,542	96,470	602,929
-	-	-	-
-	-	-	-
49,449	58,915	65,795	297,119
-	-	-	-
-	-	-	-
$ 49,449	$ 58,915	$ 65,795 #	$ 297,119

ALASKA HOUSING FINANCE CORPORATION

Schedule 5

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
ASSETS	
Current	
Cash	$ -
Investments	2,099
Accrued interest receivable	210
Inter-fund due to/from	753
Mortgage loans, notes and other loans	1,846
Net investment in direct financing lease	-
Other assets	-
Intergovernmental receivable	-
Total Current	4,908
Non Current	
Investments	-
Inter-fund due to/from	-
Mortgage loans, notes and other loans	59,672
Net investment in direct financing lease	-
Capital assets - non-depreciable	-
Capital assets - depreciable, net	-
Other assets	-
Total Non Current	59,672
Total Assets	64,580
DEFERRED OUTFLOW OF RESOURCES	-
LIABILITIES	
Current	
Bonds payable	1,280
Short term debt	-
Accrued interest payable	98
Other liabilities	19
Intergovernmental payable	-
Total Current	1,397
Non Current	
Bonds payable	46,840
Other liabilities	-
Derivative instrument - interest rate swaps	-
Pension and OPEB liability	-
Total Non Current	46,840
Total Liabilities	48,237
DEFERRED INFLOW OF RESOURCES	-
NET POSITION	
Net investment in capital assets	-
Restricted by bond resolutions	16,343
Restricted by contractual or statutory agreements	-
Unrestricted or (deficit)	-
Total Net Position	$ 16,343

ALASKA HOUSING FINANCE CORPORATION

Schedule 6

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
ASSETS					
Current					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	14,083	2,764	1,545	11,461	29,853
Accrued interest receivable	450	236	221	578	1,485
Inter-fund due to/from	2,412	463	-	3,210	6,085
Mortgage loans, notes and other loans	5,405	2,834	655	5,712	14,606
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	22,350	6,297	2,421	20,961	52,029
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	178,433	91,640	21,170	204,790	496,033
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	6	441	447
Total Non Current	178,433	91,640	21,176	205,231	496,480
Total Assets	200,783	97,937	23,597	226,192	548,509
DEFERRED OUTFLOW OF RESOURCES	1,144	-	-	9,101	10,245
LIABILITIES					
Current					
Bonds payable	3,860	4,140	-	6,100	14,100
Short term debt	-	-	-	-	-
Accrued interest payable	325	194	15	302	836
Other liabilities	107	25	-	49	181
Intergovernmental payable	-	-	-	-	-
Total Current	4,292	4,359	15	6,451	15,117
Non Current					
Bonds payable	102,844	90,701	14,600	86,043	294,188
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	9,102	9,102
Pension and OPEB liability	-	-	-	-	-
Total Non Current	102,844	90,701	14,600	95,145	303,290
Total Liabilities	107,136	95,060	14,615	101,596	318,407
DEFERRED INFLOW OF RESOURCES	-	-	-	-	
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	94,791	2,877	8,982	133,697	240,347
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total Net Position	$ 94,791	$ 2,877	$ 8,982	$ 133,697	$ 240,347

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of June 30, 2018

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
ASSETS					
Current					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	3,226	-	567	461	1,066
Accrued interest receivable	206	-	37	225	362
Inter-fund due to/from	638	-	105	384	1,393
Mortgage loans, notes and other loans	939	-	75	1,066	1,746
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	5,009	-	784	2,136	4,567
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	34,127	-	7,055	53,835	75,492
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total Non Current	34,127	-	7,055	53,835	75,492
Total Assets	39,136	-	7,839	55,971	80,059
DEFERRED OUTFLOW OF RESOURCES	1,342	-	-	-	-
LIABILITIES					
Current					
Bonds payable	6,005	-	1,705	4,620	3,505
Short term debt	-	-	-	-	-
Accrued interest payable	820	-	26	162	243
Other liabilities	15	-	2	13	18
Intergovernmental payable	-	-	-	-	-
Total Current	6,840	-	1,733	4,795	3,766
Non Current					
Bonds payable	23,155	-	4,615	42,285	64,659
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,622	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
Total Non Current	25,777	-	4,615	42,285	64,659
Total Liabilities	32,617	-	6,348	47,080	68,425
DEFERRED INFLOW OF RESOURCES	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	7,861	-	1,491	8,891	11,634
Total Net Position	$ 7,861	$ -	$ 1,491	$ 8,891	$ 11,634

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
$ -	$ -	$ -	$ -	$ -	$ 161	$ -	$ -	$ -	$ 161
1,743	984	124	112	132	177	160	136	22,671	31,559
554	827	470	438	273	799	505	306	379	5,381
2,324	2,799	1,795	1,365	766	866	1,834	712	650	15,631
3,355	7,621	3,392	3,208	1,768	4,277	5,047	1,621	3,870	37,985
-	-	-	-	-	2,223	-	-	-	2,223
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7,976	12,231	5,781	5,123	2,939	8,503	7,546	2,775	27,570	92,940
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	138,305	178,607	52,410	125,100	1,324,894
-	-	-	-	-	24,780	-	-	-	24,780
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	163,085	178,607	52,410	125,100	1,349,674
134,033	266,046	123,562	109,822	60,550	171,588	186,153	55,185	152,670	1,442,614
-	-	4,460	4,225	1,622	5,728	-	169	-	17,546
6,695	120	3,790	3,015	2,795	3,170	-	-	540	35,960
-	-	-	-	-	-	-	-	-	-
453	614	385	343	205	574	238	182	379	4,624
37	70	37	30	17	-	47	14	29	329
-	-	-	-	-	161	-	-	-	161
7,185	804	4,212	3,388	3,017	3,905	285	196	948	41,074
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,219,405
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2,622
-	-	-	-	-	-	-	-	-	-
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,222,027
117,040	227,540	113,374	97,196	55,641	165,215	150,285	51,985	130,355	1,263,101
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
16,993	38,506	14,648	16,851	6,531	12,101	35,868	3,369	22,315	197,059
$ 16,993	$ 38,506	$ 14,648	$ 16,851	$ 6,531	$ 12,101	$ 35,868	$ 3,369	$ 22,315	$ 197,059

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
OTHER PROGRAM FUNDS
As of June 30, 2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
ASSETS					
Current					
Cash	$ 975	$ 4,813	$ 3	$ 5,791	$ 14,013
Investments	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Inter-fund due to/from	(2,854)	(3,923)	(3,038)	(9,815)	(1,127)
Mortgage loans, notes and other loans	-	-	68	68	-
Net investment in direct financing lease	-	-	-	-	-
Other assets	516	410	3,812	4,738	700
Intergovernmental receivable	5,029	265	8,047	13,341	515
Total Current	3,666	1,565	8,892	14,123	14,101
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	1,425	1,425	-
Mortgage loans, notes and other loans	-	-	1,145	1,145	-
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	12,533
Capital assets - depreciable, net	-	32	-	32	46,768
Other assets	-	-	-	-	-
Total Non Current	-	32	2,570	2,602	59,301
Total Assets	3,666	1,597	11,462	16,725	73,402
DEFERRED OUTFLOW OF RESOURCES	-	-	-	-	-
LIABILITIES					
Current					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	1,539	11	1,668	3,218	1,049
Intergovernmental payable	-	-	-	-	424
Total Current	1,539	11	1,668	3,218	1,473
Non Current					
Bonds payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
Total Non Current	-	-	-	-	-
Total Liabilities	1,539	11	1,668	3,218	1,473
DEFERRED INFLOW OF RESOURCES	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	32	-	32	59,301
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	3,692	2,399	10,295	16,386	13,167
Unrestricted or (deficit)	(1,565)	(845)	(501)	(2,911)	(539)
Total Net Position	$ 2,127	$ 1,586	$ 9,794	$ 13,507	$ 71,929

Schedule 8

Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ 12,415	$ -	$ -	$ 26,428	$ 7,327	$ 39,546
-	2	1,123	1,125	-	1,125
-	33	80	113	66	179
(442)	60	631	(878)	(34)	(10,727)
-	369	885	1,254	-	1,322
-	-	-	-	-	-
69	-	-	769	331	5,838
(1)	-	-	514	-	13,855
12,041	464	2,719	29,325	7,690	51,138
-	-	-	-	-	-
-	-	-	-	(1,425)	-
-	11,927	29,432	41,359	12,434	54,938
-	-	-	-	-	-
1,130	-	-	13,663	3,667	17,330
15,799	-	-	62,567	-	62,599
-	-	-	-	1	1
16,929	11,927	29,432	117,589	14,677	134,868
28,970	12,391	32,151	146,914	22,367	186,006
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
301	4	7	1,361	5	4,584
-	-	-	424	-	424
301	4	7	1,785	5	5,008
-	-	-	-	-	-
-	-	-	-	361	361
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	361	361
301	4	7	1,785	366	5,369
-	-	-	-	-	-
16,929	-	-	76,230	3,667	79,929
-	-	-	-	-	-
11,740	12,387	32,144	69,438	18,363	104,187
-	-	-	(539)	(29)	(3,479)
$ 28,669	$ 12,387	$ 32,144	$ 145,129	$ 22,001	$ 180,637

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
OPERATING REVENUES				
Mortgage and loans revenue	$ 10,934	$ 10,536	$ 32,693	$ 2,333
Investment interest	1,854	410	890	168
Net change in the fair value of investments	3,023	1	13	(3)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	4,877	411	903	165
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	456	-	-	-
Other revenue	2,005	-	-	-
Total Operating Revenues	18,272	10,947	33,596	2,498
OPERATING EXPENSES				
Interest	931	6,897	20,287	1,184
Mortgage and loan costs	1,688	1,010	3,011	204
Bond financing expenses	467	32	2,820	8
Provision for loan loss	(1,019)	(1,452)	(1,596)	169
Operations and administration	14,214	526	1,315	75
Rental housing operating expenses	724	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	17,005	7,013	25,837	1,640
Operating Income (Loss)	1,267	3,934	7,759	858
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	(5,488)	13,925	2,402
Change in Net Position	(11,913)	(1,554)	21,684	3,260
Net position at beginning of year	570,066	58,982	275,435	13,083
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	58,982	275,435	13,083
Net Position at End of Period	$ 549,763	$ 57,428	$ 297,119	$ 16,343

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ 17,105	$ 59,759	$ 1,695	$ 135,055
932	1,947	72	6,273
(102)	35	-	2,967
-	760	-	760
830	2,742	72	10,000
-	-	72,781	72,781
-	-	14,063	14,063
-	-	10,849	11,305
223	-	848	3,076
18,158	62,501	100,308	246,280
10,591	31,355	1	71,246
1,517	3,875	147	11,452
152	1,548	-	5,027
(284)	865	(1,243)	(4,560)
685	1,629	27,683	46,127
-	-	14,367	15,091
-	-	68,314	68,314
12,661	39,272	109,269	212,697
5,497	23,229	(8,961)	33,583
-	-	-	(125)
3,396	(9,846)	8,666	-
8,893	13,383	(295)	33,458
231,454	183,676	180,932	1,513,628
-	-	-	(8,390)
231,454	183,676	180,932	1,505,238
$ 240,347	$ 197,059	$ 180,637	$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

ADMINISTRATIVE FUND

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund
OPERATING REVENUES	
Mortgage and loans revenue	$ 10,934
Investment interest	1,854
Net change in the fair value of investments	3,023
Net change of hedge termination	-
Total Investment Revenue	4,877
Grant revenue	-
Housing rental subsidies	-
Rental revenue	456
Other revenue	2,005
Total Operating Revenues	18,272
OPERATING EXPENSES	
Interest	931
Mortgage and loan costs	1,688
Bond financing expenses	467
Provision for loan loss	(1,019)
Operations and administration	14,214
Rental housing operating expenses	724
Grant expense	-
Total Operating Expenses	17,005
Operating Income (Loss)	1,267
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	(125)
Transfers - Internal	(13,055)
Change in Net Position	(11,913)
Net position at beginning of year	570,066
Cumulative effect of accounting change	(8,390)
Revised net position at beginning of year	561,676
Net Position at End of Period	$ 549,763

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	$ 4,572	$ 5,964	$ 10,536
Investment interest	160	250	410
Net change in the fair value of investments	2	(1)	1
Net change of hedge termination	-	-	-
Total Investment Revenue	162	249	411
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
Total Operating Revenues	4,734	6,213	10,947
OPERATING EXPENSES			
Interest	3,635	3,262	6,897
Mortgage and loan costs	427	583	1,010
Bond financing expenses	13	19	32
Provision for loan loss	(606)	(846)	(1,452)
Operations and administration	207	319	526
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
Total Operating Expenses	3,676	3,337	7,013
Operating Income (Loss)	1,058	2,876	3,934
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(1,354)	(4,134)	(5,488)
Change in Net Position	(296)	(1,258)	(1,554)
Net position at beginning of year	11,700	47,282	58,982
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	11,700	47,282	58,982
Net Position at End of Period	$ 11,404	$ 46,024	$ 57,428

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
OPERATING REVENUES				
Mortgage and loans revenue	$ 4,312	$ 3,769	$ 3,773	$ 4,976
Investment interest	96	116	113	132
Net change in the fair value of investments	3	1	1	2
Net change of hedge termination	-	-	-	-
Total Investment Revenue	99	117	114	134
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	4,411	3,886	3,887	5,110
OPERATING EXPENSES				
Interest	2,291	2,784	2,784	3,308
Mortgage and loan costs	392	368	346	457
Bond financing expenses	549	292	281	333
Provision for loan loss	(450)	(148)	(146)	(240)
Operations and administration	223	157	145	194
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	3,005	3,453	3,410	4,052
Operating Income (Loss)	1,406	433	477	1,058
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	10,691	663	(243)	649
Change in Net Position	12,097	1,096	234	1,707
Net position at beginning of year	42,814	18,192	16,181	30,639
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	42,814	18,192	16,181	30,639
Net Position at End of Period	$ 54,911	$ 19,288	$ 16,415	$ 32,346

Schedule 12

	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
	$ 4,865	$ 5,211	$ 5,787	$ 32,693
	141	147	145	890
	2	2	2	13
	-	-	-	-
	143	149	147	903
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	5,008	5,360	5,934	33,596
	3,099	2,908	3,113	20,287
	442	477	529	3,011
	468	385	512	2,820
	(75)	(138)	(399)	(1,596)
	178	197	221	1,315
	-	-	-	-
	-	-	-	-
	4,112	3,829	3,976	25,837
	896	1,531	1,958	7,759
	-	-	-	-
	782	512	871	13,925
	1,678	2,043	2,829	21,684
	47,771	56,872	62,966	275,435
	-	-	-	-
	47,771	56,872	62,966	275,435
	$ 49,449	$ 58,915	$ 65,795	$ 297,119

ALASKA HOUSING FINANCE CORPORATION

Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
OPERATING REVENUES	
Mortgage and loans revenue	$ 2,333
Investment interest	168
Net change in the fair value of investments	(3)
Net change of hedge termination	-
Total Investment Revenue	165
Grant revenue	-
Housing rental subsidies	-
Rental revenue	-
Other revenue	-
Total Operating Revenues	2,498
OPERATING EXPENSES	
Interest	1,184
Mortgage and loan costs	204
Bond financing expenses	8
Provision for loan loss	169
Operations and administration	75
Rental housing operating expenses	-
Grant expense	-
Total Operating Expenses	1,640
Operating Income (Loss)	858
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	-
Transfers - Internal	2,402
Change in Net Position	3,260
Net position at beginning of year	13,083
Cumulative effect of accounting change	-
Revised net position at beginning of year	13,083
Net Position at End of Period	$ 16,343

ALASKA HOUSING FINANCE CORPORATION

Schedule 14

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
OPERATING REVENUES					
Mortgage and loans revenue	$ 6,330	$ 3,305	$ 584	$ 6,886	$ 17,105
Investment interest	233	276	54	369	932
Net change in the fair value of investments	1	(108)	3	2	(102)
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	234	168	57	371	830
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	6	217	223
Total Operating Revenues	6,564	3,473	647	7,474	18,158
OPERATING EXPENSES					
Interest	4,030	2,243	160	4,158	10,591
Mortgage and loan costs	544	346	-	627	1,517
Bond financing expenses	9	12	14	117	152
Provision for loan loss	351	166	(173)	(628)	(284)
Operations and administration	237	160	2	286	685
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	5,171	2,927	3	4,560	12,661
Operating Income (Loss)	1,393	546	644	2,914	5,497
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	3,563	243	(122)	(288)	3,396
Change in Net Position	4,956	789	522	2,626	8,893
Net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Cumulative effect of accounting change	-	-	-	-	-
Revised net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Net Position at End of Period	$ 94,791	$ 2,877	$ 8,982	$ 133,697	$ 240,347

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

NON-HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B
OPERATING REVENUES						
Mortgage and loans revenue	$ 1,853	$ 150	$ 1,362	$ 4,012	$ 5,710	$ 6,767
Investment interest	36	1,171	25	37	55	88
Net change in the fair value of investments	(1)	-	-	-	-	-
Net change of hedge termination	760	-	-	-	-	-
Total Investment Revenue	795	1,171	25	37	55	88
Grant revenue	-	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Operating Revenues	2,648	1,321	1,387	4,049	5,765	6,855
OPERATING EXPENSES						
Interest	1,649	1,141	879	1,937	2,711	4,024
Mortgage and loan costs	151	11	92	229	371	482
Bond financing expenses	39	1	3	4	6	7
Provision for loan loss	(166)	(303)	(930)	(1,013)	(1,397)	(626)
Operations and administration	86	3	22	64	93	178
Rental housing operating expenses	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-
Total Operating Expenses	1,759	853	66	1,221	1,784	4,065
Operating Income (Loss)	889	468	1,321	2,828	3,981	2,790
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS						
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers - Internal	354	(6,527)	(13,125)	(3,823)	(9,820)	122
Change in Net Position	1,243	(6,059)	(11,804)	(995)	(5,839)	2,912
Net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Cumulative effect of accounting change	-	-	-	-	-	-
Revised net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Net Position at End of Period	$ 7,861	$ -	$ 1,491	$ 8,891	$ 11,634	$ 16,993

State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
$ 12,037	$ 5,920	$ 5,382	$ 3,104	$ 7,399	$ 3,919	$ 1,500	$ 644	$ 59,759
125	63	60	46	163	34	19	25	1,947
-	-	-	-	-	-	-	36	35
-	-	-	-	-	-	-	-	760
125	63	60	46	163	34	19	61	2,742
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,162	5,983	5,442	3,150	7,562	3,953	1,519	705	62,501
5,136	3,029	3,207	1,652	3,533	1,449	681	327	31,355
928	477	389	215	17	375	84	54	3,875
12	6	5	3	586	417	208	251	1,548
(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
397	215	189	119	11	182	38	32	1,629
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,762	3,443	3,758	1,955	7,038	4,044	1,557	1,967	39,272
6,400	2,540	1,684	1,195	524	(91)	(38)	(1,262)	23,229
-	-	-	-	-	-	-	-	-
(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(44,508)	2,587	824	1,369	12,101	35,868	3,369	22,315	13,383
83,014	12,061	16,027	5,162	-	-	-	-	183,676
-	-	-	-	-	-	-	-	-
83,014	12,061	16,027	5,162	-	-	-	-	183,676
$ 38,506	$ 14,648	$ 16,851	$ 6,531	$ 12,101	$ 35,868	$ 3,369	$ 22,315	$ 197,059

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER PROGRAM FUNDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
OPERATING REVENUES				
Mortgage and loans revenue	$ -	$ -	$ -	$ -
Investment interest	1	6	-	7
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	6	-	7
Grant revenue	11,902	43,938	16,941	72,781
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	13	745	758
Total Operating Revenues	11,903	43,957	17,686	73,546
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	(1,212)	(1,212)
Operations and administration	3,152	5,689	3,194	12,035
Rental housing operating expenses	-	-	-	-
Grant expense	11,549	36,794	19,971	68,314
Total Operating Expenses	14,701	42,483	21,953	79,137
Operating Income (Loss)	(2,798)	1,474	(4,267)	(5,591)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,412	(751)	8,502	10,163
Change in Net Position	(386)	723	4,235	4,572
Net position at beginning of year	2,513	863	5,559	8,935
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	2,513	863	5,559	8,935
Net Position at End of Period	$ 2,127	$ 1,586	$ 9,794	$ 13,507

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ -	$ -	$ 332	$ 1,226	$ 1,558	$ 137	$ 1,695
12	11	14	18	55	10	72
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12	11	14	18	55	10	72
-	-	-	-	-	-	72,781
11,809	2,254	-	-	14,063	-	14,063
8,317	2,273	-	-	10,590	259	10,849
16	6	-	-	22	68	848
20,154	4,544	346	1,244	26,288	474	100,308
1	-	-	-	1	-	1
-	-	32	115	147	-	147
-	-	-	-	-	-	-
-	-	7	(28)	(21)	(10)	(1,243)
12,284	3,053	14	40	15,391	257	27,683
12,157	2,210	-	-	14,367	-	14,367
-	-	-	-	-	-	68,314
24,442	5,263	53	127	29,885	247	109,269
(4,288)	(719)	293	1,117	(3,597)	227	(8,961)
-	-	-	-	-	-	-
(39)	17	14	(1,489)	(1,497)	-	8,666
(4,327)	(702)	307	(372)	(5,094)	227	(295)
76,256	29,371	12,080	32,516	150,223	21,774	180,932
-	-	-	-	-	-	-
76,256	29,371	12,080	32,516	150,223	21,774	180,932
$ 71,929	$ 28,669	$ 12,387	$ 32,144	$ 145,129	$ 22,001	$ 180,637

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
COMBINED - ALL FUNDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 7,109	$ 9,595	$ 30,042	$ 2,175
Principal payments received on mortgages and loans	11,175	30,601	93,618	8,354
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	(16,867)	(126,548)	(21,718)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	-	-	-
Payments for goods and services	(10,482)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(7,757)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	30,722	-	-	-
Other operating cash payments	(5)	-	(326)	-
Net cash provided by (used for) operating activities	(217,591)	23,329	(3,214)	(11,189)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(18,325)	(22,980)	(1,280)
Payment to defease bonds	(676)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(6,918)	(19,049)	(1,184)
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	(5,940)	6,831	-
Net cash provided by (used for) noncapital financing activities	248,743	(31,183)	(35,198)	(2,464)
Cash flows from capital financing activities:				
Acquisition of capital assets	(330)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	(330)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(7,099,040)	(156,270)	(368,547)	(57,079)
Proceeds from maturity of investments	7,067,601	163,335	406,067	70,551
Interest received from investments	1,676	407	862	181
Net cash provided by (used for) investing activities	(29,763)	7,472	38,382	13,653
Net Increase (decrease) in cash	1,059	(382)	(30)	-
Cash at the beginning of year	28,843	382	30	-
Cash at the end of period	$ 29,902	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,267	$ 3,934	$ 7,759	$ 858
Adjustments:				
Depreciation expense	1,087	-	-	-
Provision for loan losses	(1,019)	(1,452)	(1,596)	169
Net change in the fair value of investments	(3,023)	(1)	(13)	3
Transfers between funds for operating activity	(13,055)	(5,488)	13,925	2,402
Interest received from investments	(1,676)	(407)	(862)	(181)
Interest paid	-	6,918	19,049	1,184
Changes in assets, liabilities and deferred resources:		-	-	-
Net (increase) decrease in mortgages and loans	81,919	11,645	(34,522)	(16,422)
Net increase (decrease) in assets, liabilities and deferred resources	(283,091)	8,180	(6,954)	798
Net cash provided by (used for) operating activities	$ (217,591)	$ 23,329	$ (3,214)	$ (11,189)

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
$ 15,557	$ 55,461	$ 1,445	$ 121,384
51,333	111,148	3,564	309,793
-	-	-	(564,200)
(65,899)	(91,709)	(4,087)	-
-	-	-	442,112
-	-	-	(431,945)
-	-	(15,803)	(36,951)
-	-	(13,169)	(23,651)
-	-	45,688	45,688
-	-	37,846	37,846
-	-	(36,140)	(36,140)
-	-	7,757	-
-	-	(33,643)	(33,643)
-	161	12,715	43,598
-	(152)	(2,573)	(3,056)
991	74,909	3,600	(129,165)
-	450,838	-	450,838
(17,575)	(53,433)	-	(113,593)
-	(122,459)	-	(123,135)
-	(1,412)	-	(1,412)
(10,068)	(38,897)	-	(76,116)
-	-	-	437,453
-	-	-	(467,214)
-	-	-	(107)
248	(278,898)	(1,528)	-
(27,395)	(44,261)	(1,528)	106,714
-	-	(119)	(449)
-	-	22	22
-	(5,663)	-	(5,663)
-	(1,743)	-	(1,743)
-	3,304	-	3,304
-	(4,102)	(97)	(4,529)
(319,638)	(415,141)	(6,165)	(8,421,880)
344,938	387,846	6,926	8,447,264
906	758	72	4,862
26,206	(26,537)	833	30,246
(198)	9	2,808	3,266
198	152	36,738	66,343
$ -	$ 161	$ 39,546	$ 69,609
$ 5,497	$ 23,229	$ (8,961)	$ 33,583
-	-	5,664	6,751
(284)	865	(1,243)	(4,560)
102	(35)	-	(2,967)
3,396	(9,846)	8,649	(17)
(906)	(758)	(72)	(4,862)
10,068	38,897	-	76,116
-	-	-	
(17,518)	(191,778)	(355)	(167,031)
636	214,335	(82)	(66,178)
$ 991	$ 74,909	$ 3,600	$ (129,165)

ALASKA HOUSING FINANCE CORPORATION ***Schedule 18***

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

ADMINISTRATIVE FUND

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund
Cash flows from operating activities:	
Interest income on mortgages and loans	$ 7,109
Principal payments received on mortgages and loans	11,175
Disbursements to fund mortgages and loans	(564,200)
Receipt (payment) for loan transfers between funds	326,828
Mortgage and loan proceeds	442,112
Payment of mortgage and loan proceeds to funds	(431,945)
Payments to employees and other payroll disbursements	(21,148)
Payments for goods and services	(10,482)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	(7,757)
Grant payments to other agencies	-
Other operating cash receipts	30,722
Other operating cash payments	(5)
Net cash provided by (used for) operating activities	(217,591)
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds	-
Principal paid on bonds	-
Payment to defease bonds	(676)
Payment of bond issuance costs	-
Interest paid	-
Proceeds from issuance of short term debt	437,453
Payment of short term debt	(467,214)
Contributions to the State of Alaska or other State agencies	(107)
Transfers (to) from other funds	279,287
Net cash provided by (used for) noncapital financing activities	248,743
Cash flows from capital financing activities:	
Acquisition of capital assets	(330)
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	(330)
Cash flows from investing activities:	
Purchase of investments	(7,099,040)
Proceeds from maturity of investments	7,067,601
Interest received from investments	1,676
Net cash provided by (used for) investing activities	(29,763)
Net Increase (decrease) in cash	1,059
Cash at the beginning of year	28,843
Cash at the end of period	$ 29,902
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	$ 1,267
Adjustments:	
Depreciation expense	1,087
Provision for loan losses	(1,019)
Net change in the fair value of investments	(3,023)
Transfers between funds for operating activity	(13,055)
Interest received from investments	(1,676)
Changes in assets, liabilities and deferred resources:	
For the Year Ended June 30, 2018	81,919
Net increase (decrease) in assets, liabilities and deferred resources	(283,091)
Net cash provided by (used for) operating activities	$ (217,591)

ALASKA HOUSING FINANCE CORPORATION *Schedule 19*

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
Cash flows from operating activities:			
Interest income on mortgages and loans	$ 4,160	$ 5,435	$ 9,595
Principal payments received on mortgages and loans	10,994	19,607	30,601
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(5,897)	(10,970)	(16,867)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	9,257	14,072	23,329
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(6,340)	(11,985)	(18,325)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(3,631)	(3,287)	(6,918)
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	(1,421)	(4,519)	(5,940)
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	(11,392)	(19,791)	(31,183)
Cash flows from capital financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
Cash flows from investing activities:			
Purchase of investments	(60,542)	(95,728)	(156,270)
Proceeds from maturity of investments	62,518	100,817	163,335
Interest received from investments	159	248	407
Net cash provided by (used for) investing activities	2,135	5,337	7,472
Net Increase (decrease) in cash	-	(382)	(382)
Cash at the beginning of year	-	382	382
Cash at the end of period	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	$ 1,058	$ 2,876	$ 3,934
Adjustments:			
Depreciation expense	-	-	-
Provision for loan losses	(606)	(846)	(1,452)
Net change in the fair value of investments	(2)	1	(1)
Transfers between funds for operating activity	(1,354)	(4,134)	(5,488)
Interest received from investments	(159)	(248)	(407)
Interest paid	3,631	3,287	6,918
Changes in assets, liabilities and deferred resources:			
Net (increase) decrease in mortgages and loans	4,451	7,194	11,645
Net increase (decrease) in assets, liabilities and deferred resources	2,238	5,942	8,180
Net cash provided by (used for) operating activities	$ 9,257	$ 14,072	$ 23,329

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYERS PROGRAM
HOME MORTGAGE REVENUE BONDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
Cash flows from operating activities:				
Interest income on mortgages and loans	$ 3,983	$ 3,442	$ 3,476	$ 4,585
Principal payments received on mortgages and loans	11,617	11,539	10,610	14,086
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,577)	(15,635)	(12,334)	(20,407)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	(326)	-	-	-
Net cash provided by (used for) operating activities	9,697	(654)	1,752	(1,736)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(17,890)	(1,590)	(1,590)	(1,910)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,261)	(2,744)	(2,745)	(3,254)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	10,147	(244)	(1,016)	(682)
Net cash provided by (used for) noncapital financing activities	(9,004)	(4,578)	(5,351)	(5,846)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(40,434)	(51,058)	(47,536)	(56,018)
Proceeds from maturity of investments	39,620	56,176	51,026	63,468
Interest received from investments	91	114	109	132
Net cash provided by (used for) investing activities	(723)	5,232	3,599	7,582
Net Increase (decrease) in cash	(30)	-	-	-
Cash at the beginning of year	30	-	-	-
Cash at the end of period	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 1,406	$ 433	$ 477	$ 1,058
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(450)	(148)	(146)	(240)
Net change in the fair value of investments	(3)	(1)	(1)	(2)
Transfers between funds for operating activity	10,691	663	(243)	649
Interest received from investments	(91)	(114)	(109)	(132)
Interest paid	1,261	2,744	2,745	3,254
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	6,258	(4,152)	(1,356)	(7,780)
Net increase (decrease) in assets, liabilities and deferred resources	(9,375)	(79)	385	1,457
Net cash provided by (used for) operating activities	$ 9,697	$ (654)	$ 1,752	$ (1,736)

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
$ 4,489	$ 4,780	$ 5,287	$ 30,042
14,373	16,405	14,988	93,618
-	-	-	-
(24,399)	(25,116)	(23,080)	(126,548)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	(326)
(5,537)	(3,931)	(2,805)	(3,214)
-	-	-	-
-	-	-	(22,980)
-	-	-	-
-	-	-	-
(3,010)	(3,010)	(3,025)	(19,049)
-	-	-	-
-	-	-	-
-	-	-	-
(308)	(870)	(196)	6,831
(3,318)	(3,880)	(3,221)	(35,198)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(52,321)	(60,976)	(60,204)	(368,547)
61,043	68,644	66,090	406,067
133	143	140	862
8,855	7,811	6,026	38,382
-	-	-	(30)
-	-	-	30
$ -	$ -	$ -	$ -
$ 896	$ 1,531	$ 1,958	$ 7,759
-	-	-	-
(75)	(138)	(399)	(1,596)
(2)	(2)	(2)	(13)
782	512	871	13,925
(133)	(143)	(140)	(862)
3,010	3,010	3,025	19,049
(10,169)	(9,125)	(8,198)	(34,522)
154	424	80	(6,954)
$ (5,537)	$ (3,931)	$ (2,805)	$ (3,214)

ALASKA HOUSING FINANCE CORPORATION

Schedule 21

(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED
For the Year Ended June 30, 2018
(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
Cash flows from operating activities:	
Interest income on mortgages and loans	$ 2,175
Principal payments received on mortgages and loans	8,354
Disbursements to fund mortgages and loans	-
Receipt (payment) for loan transfers between funds	(21,718)
Mortgage and loan proceeds	-
Payment of mortgage and loan proceeds to funds	-
Payments to employees and other payroll disbursements	-
Payments for goods and services	-
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	-
Grant payments to other agencies	-
Other operating cash receipts	-
Other operating cash payments	-
Net cash provided by (used for) operating activities	(11,189)
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds	-
Principal paid on bonds	(1,280)
Payment to defease bonds	-
Payment of bond issuance costs	-
Interest paid	(1,184)
Proceeds from issuance of short term debt	-
Payment of short term debt	-
Contributions to the State of Alaska or other State agencies	-
Transfers (to) from other funds	-
Net cash provided by (used for) noncapital financing activities	(2,464)
Cash flows from capital financing activities:	
Acquisition of capital assets	-
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	-
Cash flows from investing activities:	
Purchase of investments	(57,079)
Proceeds from maturity of investments	70,551
Interest received from investments	181
Net cash provided by (used for) investing activities	13,653
Net Increase (decrease) in cash	-
Cash at the beginning of year	-
Cash at the end of period	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	$ 858
Adjustments:	
Depreciation expense	-
Provision for loan losses	169
Net change in the fair value of investments	3
Transfers between funds for operating activity	2,402
Interest received from investments	(181)
Interest paid	1,184.00
Changes in assets, liabilities and deferred resources:	
Net (increase) decrease in mortgages and loans	(16,422)
Net increase (decrease) in assets, liabilities and deferred resources	798
Net cash provided by (used for) operating activities	$ (11,189)

ALASKA HOUSING FINANCE CORPORATION *Schedule 22*

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
Cash flows from operating activities:					
Interest income on mortgages and loans	$ 5,663	$ 2,959	$ 595	$ 6,340	$ 15,557
Principal payments received on mortgages and loans	19,353	4,351	1,077	26,552	51,333
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(11,071)	(20,401)	(5,794)	(28,633)	(65,899)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-
Other operating cash payments	-	-	-	-	-
Net cash provided by (used for) operating activities	13,945	(13,091)	(4,122)	4,259	991
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(7,150)	(4,560)	-	(5,865)	(17,575)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(4,049)	(2,380)	(155)	(3,484)	(10,068)
Proceeds from issuance of short term debt	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers (to) from other funds	248	-	-	-	248
Net cash provided by (used for) noncapital financing activities	(10,951)	(6,940)	(155)	(9,349)	(27,395)
Cash flows from capital financing activities:					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-	-
Cash flows from investing activities:					
Purchase of investments	(85,016)	(82,030)	(12,539)	(140,053)	(319,638)
Proceeds from maturity of investments	81,800	101,626	16,761	144,751	344,938
Interest received from investments	222	277	55	352	906
Net cash provided by (used for) investing activities	(2,994)	19,873	4,277	5,050	26,206
Net Increase (decrease) in cash	-	(158)	-	(40)	(198)
Cash at the beginning of year	-	158	-	40	198
Cash at the end of period	$ -	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	$ 1,393	$ 546	$ 644	$ 2,914	$ 5,497
Adjustments:					
Depreciation expense	-	-	-	-	-
Provision for loan losses	351	166	(173)	(628)	(284)
Net change in the fair value of investments	(1)	108	(3)	(2)	102
Transfers between funds for operating activity	3,563	243	(122)	(288)	3,396
Interest received from investments	(222)	(277)	(55)	(352)	(906)
Interest paid	4,049	2,380	155	3,484	10,068
Changes in assets, liabilities and deferred resources:					
Net (increase) decrease in mortgages and loans	4,601	(16,390)	(4,747)	(982)	(17,518)
Net increase (decrease) in assets, liabilities and deferred resources	211	133	179	113	636
Net cash provided by (used for) operating activities	$ 13,945	$ (13,091)	$ (4,122)	$ 4,259	$ 991

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
NON-HOUSING BONDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
Cash flows from operating activities:					
Interest income on mortgages and loans	$ 1,717	$ (17)	$ 1,326	$ 3,943	$ 5,020
Principal payments received on mortgages and loans	4,764	480	3,767	6,288	9,884
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	(1,762)	(2,646)	(6,452)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	83	-	-	-
Other operating cash payments	-	(152)	-	-	-
Net cash provided by (used for) operating activities	6,481	394	3,331	7,585	8,452
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(403)	(28,475)	(2,110)	(4,420)	(3,225)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(70)	(672)	(344)	(2,834)	(3,966)
Proceeds from issuance of short term debt	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers (to) from other funds	226	25,286	-	78	(372)
Net cash provided by (used for) noncapital financing activities	(247)	(3,861)	(2,454)	(7,176)	(7,563)
Cash flows from capital financing activities:					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	(5,348)	-	(315)	-	-
Interest paid on capital notes	(1,715)	-	(28)	-	-
Proceeds from direct financing leases	-	3,304	-	-	-
Net cash provided by (used for) capital financing activities	(7,063)	3,304	(343)	-	-
Cash flows from investing activities:					
Purchase of investments	(13,362)	(4,452)	(13,644)	(16,580)	(27,692)
Proceeds from maturity of investments	14,156	4,458	13,084	16,134	26,747
Interest received from investments	35	5	26	37	56
Net cash provided by (used for) investing activities	829	11	(534)	(409)	(889)
Net Increase (decrease) in cash	-	(152)	-	-	-
Cash at the beginning of year	-	152	-	-	-
Cash at the end of period	$ -	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	$ 889	$ 468	$ 1,321	$ 2,828	$ 3,981
Adjustments:					
Depreciation expense	-	-	-	-	-
Provision for loan losses	(166)	(303)	(930)	(1,013)	(1,397)
Net change in the fair value of investments	1	-	-	-	-
Transfers between funds for operating activity	354	(6,527)	(13,125)	(3,823)	(9,820)
Interest received from investments	(35)	(5)	(26)	(37)	(56)
Interest paid	70	672	344	2,834	3,966
Changes in assets, liabilities and deferred resources:					
Net (increase) decrease in mortgages and loans	4,604	4,845	77,546	39,437	78,551
Net increase (decrease) in assets, liabilities and deferred resources	764	1,244	(61,799)	(32,641)	(66,773)
Net cash provided by (used for) operating activities	$ 6,481	$ 394	$ 3,331	$ 7,585	$ 8,452

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
$ 6,336	$ 11,295	$ 5,485	$ 5,048	$ 2,913	$ 6,745	$ 3,921	$ 1,273	$ 456	$ 55,461
16,629	25,493	11,896	12,362	7,691	1,367	6,287	3,152	1,088	111,148
-	-	-	-	-	-	-	-	-	-
(10,192)	(29,190)	(9,094)	(12,485)	(4,919)	(3,889)	(6,359)	(3,330)	(1,391)	(91,709)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	78	-	-	-	161
-	-	-	-	-	-	-	-	-	(152)
12,773	7,598	8,287	4,925	5,685	4,301	3,849	1,095	153	74,909
-	-	-	-	-	168,153	100,259	52,374	130,052	450,838
(6,390)	(115)	(3,530)	(730)	(3,035)	(1,000)	-	-	-	(53,433)
-	-	-	-	-	(70,496)	-	(51,963)	-	(122,459)
-	-	-	-	-	(575)	(385)	(205)	(247)	(1,412)
(5,667)	(6,635)	(4,709)	(4,149)	(2,579)	(5,086)	(1,211)	(975)	-	(38,897)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
931	-	-	-	-	(95,121)	(102,383)	(207)	(107,336)	(278,898)
(11,126)	(6,750)	(8,239)	(4,879)	(5,614)	(4,125)	(3,720)	(976)	22,469	(44,261)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(5,663)
-	-	-	-	-	-	-	-	-	(1,743)
-	-	-	-	-	-	-	-	-	3,304
-	-		-	-	-	-	-	-	(4,102)
(42,324)	(56,823)	(30,502)	(29,394)	(20,760)	(101,609)	(14,580)	(7,137)	(36,282)	(415,141)
40,589	55,857	30,391	29,288	20,643	101,432	14,418	7,001	13,648	387,846
88	118	63	60	46	162	33	17	12	758
(1,647)	(848)	(48)	(46)	(71)	(15)	(129)	(119)	(22,622)	(26,537)
-	-	-	-	-	161	-	-	-	9
-	-	-	-	-	-	-	-	-	152
$ -	$ -	$ -	$ -	$ -	$ 161	$ -	$ -	$ -	$ 161
$ 2,790	$ 6,400	$ 2,540	$ 1,684	$ 1,195	$ 524	$ (91)	$ (38)	$ (1,262)	$ 23,229
-	-	-	-	-	-	-	-	-	-
(626)	(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
-	-	-	-	-	-	-	-	(36)	(35)
122	(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(88)	(118)	(63)	(60)	(46)	(162)	(33)	(17)	(12)	(758)
5,667	6,635	4,709	4,149	2,579	5,086	1,211	975	-	38,897
13,552	94,170	2,596	119	2,039	(142,582)	(183,654)	(54,031)	(128,970)	(191,778)
(8,644)	(47,870)	(1,258)	(75)	(222)	126,967	148,836	50,253	105,553	214,335
$ 12,773	$ 7,598	$ 8,287	$ 4,925	$ 5,685	$ 4,301	$ 3,849	$ 1,095	$ 153	$ 74,909

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER PROGRAM FUNDS
For the Year Ended June 30, 2018
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
Cash flows from operating activities:				
Interest income on mortgages and loans	$ -	$ -	$ -	$ -
Principal payments received on mortgages and loans	-	-	-	-
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(653)	(4,038)	(926)	(5,617)
Payments for goods and services	(793)	(354)	(839)	(1,986)
Cash received for externally funded programs	11,987	6,131	14,008	32,126
Cash received for Federal HAP subsidies	-	37,846	-	37,846
Payments for Federal HAP subsidies	-	(36,140)	-	(36,140)
Interfund receipts (payments)	1,047	(789)	8,106	8,364
Grant payments to other agencies	(11,602)	(851)	(21,190)	(33,643)
Other operating cash receipts	9	1,282	745	2,036
Other operating cash payments	-	(1,398)	-	(1,398)
Net cash provided by (used for) operating activities	(5)	1,689	(96)	1,588
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	4	-	4
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	4	-	4
Cash flows from investing activities:				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	1	6	-	7
Net cash provided by (used for) investing activities	1	6	-	7
Net Increase (decrease) in cash	(4)	1,699	(96)	1,599
Cash at the beginning of year	979	3,114	99	4,192
Cash at the end of period	$ 975	$ 4,813	$ 3	$ 5,791
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ (2,798)	$ 1,474	$ (4,267)	$ (5,591)
Adjustments:				
Depreciation expense	-	15	-	15
Provision for loan losses	-	-	(1,212)	(1,212)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,412	(751)	8,502	10,163
Interest received from investments	(1)	(6)	-	(7)
Interest paid	-	-	-	-
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	382	957	(3,119)	(1,780)
Net cash provided by (used for) operating activities	$ (5)	$ 1,689	$ (96)	$ 1,588

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
$ -	$ -	$ 301	$ 1,121	$ 1,422	$ 23	$ 1,445
-	-	$ 1,456	$ 1,944	3,400	164	3,564
-	-	-	-	-	-	-
-	-	$ (2,127)	$ (1,960)	(4,087)	-	(4,087)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(8,268)	(1,761)	-	-	(10,029)	(157)	(15,803)
(9,395)	(1,729)	-	-	(11,124)	(59)	(13,169)
11,308	2,254	-	-	13,562	-	45,688
-	-	-	-	-	-	37,846
-	-	-	-	-	-	(36,140)
(188)	(366)	-	-	(554)	(53)	7,757
-	-	-	-	-	-	(33,643)
8,206	2,279	-	-	10,485	194	12,715
(1,153)	(22)	-	-	(1,175)	-	(2,573)
510	655	(370)	1,105	1,900	112	3,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
(119)	-	-	-	(119)	-	(119)
12	6	-	-	18	-	22
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(107)	6	-	-	(101)	-	(97)
-	-	(1,727)	(4,438)	(6,165)	-	(6,165)
-	-	2,083	4,843	6,926	-	6,926
11	11	14	18	54	11	72
11	11	370	423	815	11	833
414	672	-	-	1,086	123	2,808
13,599	11,743	-	-	25,342	7,204	36,738
$ 14,013	$ 12,415	$ -	$ -	$ 26,428	$ 7,327	$ 39,546
$ (4,288)	$ (719)	$ 293	$ 1,117	$ (3,597)	$ 227	$ (8,961)
4,433	1,216	-	-	5,649	-	5,664
-	-	7	(28)	(21)	(10)	(1,243)
-	-	-	-	-	-	-
(39)	-	14	(1,489)	(1,514)	-	8,649
(11)	(11)	(14)	(18)	(54)	(11)	(72)
-	-	-	-	-	-	-
-	-	(651)	192	(459)	104	(355)
415	169	(19)	1,331	1,896	(198)	(82)
$ 510	$ 655	$ (370)	$ 1,105	$ 1,900	$ 112	$ 3,600