



Alaska
Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements
And Independent Auditors' Report

June 30, 2008

With Summarized Financial Information for
June 30, 2007

Table of Contents

	FINANCIAL STATEMENTS	<u>PAGE NUMBER</u>
	Independent Auditors' Report.....	1 - 2
	Management's Discussion and Analysis [MD & A].....	3 - 8
<u>EXHIBITS</u>		
A	Statement of Net Assets.....	9
B	Statement of Revenues, Expenses, and Changes in Net Assets.....	10
C	Statement of Cash flows.....	11
	Notes to the Financial Statements.....	12 - 41
	Schedule of Funding Progress for PERS.....	42
<u>SCHEDULES</u>		
	Supplemental Information	
	Statement of Net Assets	
1	All Funds.....	43 - 44
2	Revolving Funds.....	45
3	First Time Homebuyer Bonds.....	46 - 47
4	Veterans Mortgage Program Bonds.....	48 - 49
5	Other Housing Bonds.....	50 - 51
6	Non-Housing Bonds.....	52 - 53
7	Other Program Funds.....	54 - 55
	Statement of Revenues, Expenses, and Changes in Net Assets	
8	All Funds.....	56 - 57
9	Revolving Funds.....	58
10	First Time Homebuyer Bonds.....	59 - 60
11	Veterans Mortgage Program Bonds.....	61 - 62
12	Other Housing Bonds.....	63 - 64
13	Non-Housing Bonds.....	65 - 66
14	Other Program Funds.....	67 - 68
	Statement of Cash flows	
15	All Funds.....	69 - 70
16	Revolving Funds.....	71
17	First Time Homebuyer Bonds.....	72 - 73
18	Veterans Mortgage Program Bonds.....	74 - 75
19	Other Housing Bonds.....	76 - 77
20	Non-Housing Bonds.....	78 - 79
21	Other Program Funds.....	80 - 81

Independent Auditor's Report

The Board of Directors
Alaska Housing Finance Corporation:

We have audited the accompanying statements of net assets, revenues, expenses, and changes in net assets and cash flows of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation (the Corporation) as of and for the year ended June 30, 2008, which collectively comprise the Corporation's basic financial statements. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2007 financial statements and in our report dated October 1, 2007, we expressed an unqualified opinion on those statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Alaska Housing Finance Corporation as of June 30, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 5, 2008, on our consideration of the 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 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 internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Board of Directors
Alaska Housing Finance Corporation:

The Management's Discussion and Analysis on pages 3-8 and the schedule of funding progress for PERS on page 43 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

Mikunda, Cottrell & Co.

Anchorage, Alaska
October 8, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation's ("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. 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 Assets; the Statement of Revenues, Expenses and Changes in Net Assets; the Statement of Cash Flows and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and programs, with a dual focus on the Corporation as a whole (entity-wide) and on its major funds. Summarized financial information for FY 2007 is also presented and is intended to facilitate and enhance understanding of the Corporation's financial position, results of operations and cash flows 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 at and for the fiscal year ended June 30, 2008. This information is being 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 Assets (Exhibit A)* answers the question, "How is our financial health at the end of the year?" This statement includes all assets and liabilities of the Corporation, both financial and capital, short-term and long-term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net assets presented in this statement are displayed as restricted or unrestricted. Assets are restricted when their use is subject to external limits such as bond resolutions, legal agreements or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

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

The 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 operating, non-capital financing, 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 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 entity-wide 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 the fiscal year 2008, 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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 and debt service payments for debt issued on behalf of the State for state capital projects

As of June 30, 2008, the Administrative Fund reported net assets of \$758 million, a decrease of \$41 million from June 30, 2007. The decrease in net assets can be primarily attributed to contributions to the State of Alaska of \$39 million, internal transfers from the Administrative fund of \$41 million offset by Operating income of \$39 million. Approximately \$96 million, or 13%, of the Administrative Fund's net assets are restricted by contractual or statutory agreements and \$661 million, or 87%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported operating income of \$39 million for FY 2008, a decrease of \$5 million from FY 2007, due primarily to a decrease in mortgage and loan revenue of \$2 million, a decrease in investment revenue of \$6 million, an increase in operations and administration expenses of \$2 million offset by a decrease in provision for loan loss of \$2 million, and a decrease in interest expense of \$3 million.

The *Housing Development Bonds Fund* accounts for debt issued and assets pledged for payment of the debt under the bond indentures for Housing Development projects.

The Corporation's *Other Non-Major Funds* include individual funds for First Time Homebuyer Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, Non-Housing Bonds, Other Program Funds and Revolving Funds. Supplementary schedules present these funds.

FINANCIAL HIGHLIGHTS

- As a result of this year's operations, the Corporation's operating income was \$35 million, down 13% from FY 2007. Profitability, based on operating income, as measured by the adjusted return on average assets (excluding the change in the fair value of investments) decreased to .7% at June 30, 2008, compared to .8% at June 30, 2007. The change in the fair value has been removed from the ratio due to the volatility of the return.
- The Corporation's assets exceeded its liabilities, as of June 30, 2008, by \$1.67 billion (net assets).
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2008, mortgage loans increased by 2.7%, due to new loan purchases exceeding collection of loan payments.
- During the fiscal year ended June 30, 2008, the Corporation's total assets increased by \$49 million due primarily to a \$92 million increase in mortgage loans offset by a \$43 million decrease in investments. Total liabilities increased by \$67 million due primarily to an increase of \$76 million in bonds payable offset by a \$7 million decrease in short term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

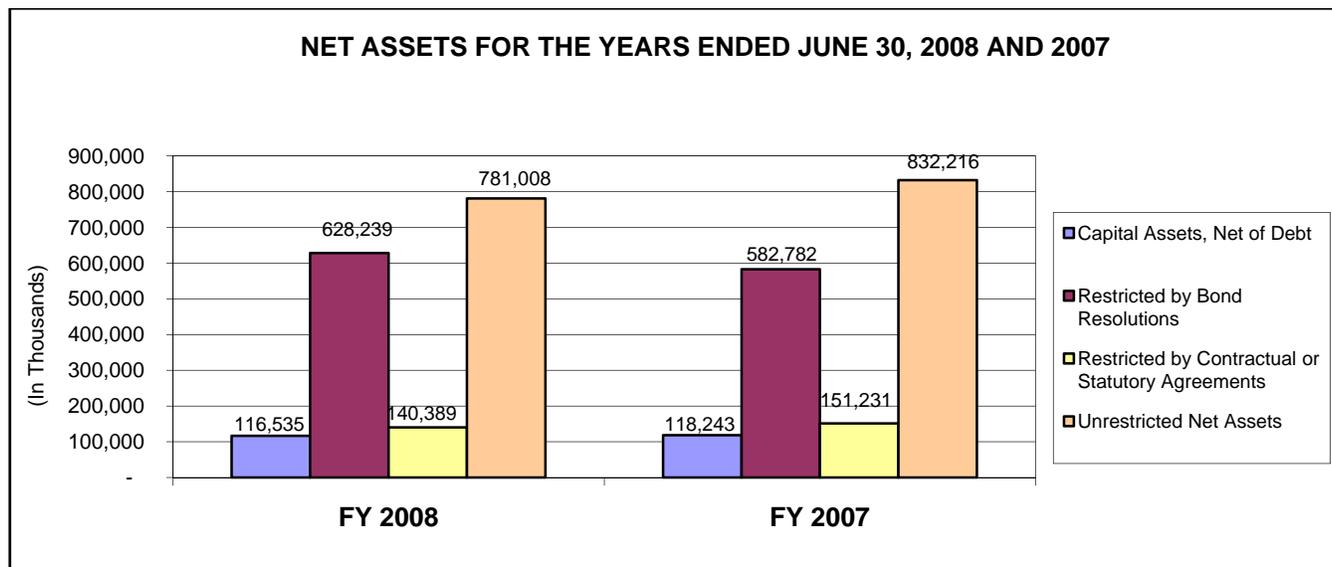
CONDENSED STATEMENT OF NET ASSETS

The following table presents condensed information about the financial position of the Corporation as of June 30, 2008 and 2007, and changes in the balances of selected items during the fiscal year ended June 30, 2008 (in thousands):

	2008	2007	Change	Increase (Decrease)
Investments	1,231,404	1,274,544	(43,140)	(3.4)%
Mortgage loans, notes and other loans, net	3,450,063	3,357,754	92,309	2.7%
Capital assets, net	116,535	118,743	(2,208)	(1.9)%
Total assets, net	4,946,119	4,896,900	49,219	1.0%
Bonds and notes, net	3,136,866	3,060,887	75,979	2.5%
Short term debt	112,159	119,726	(7,567)	(6.3)%
Total liabilities	3,279,948	3,212,428	67,520	2.1%
Total net assets, net	1,666,171	1,684,472	(18,301)	(1.1)%

As of June 30, 2008, total assets increased by \$49 million from June 30, 2007. The increase in total assets can be primarily attributed to an increase in mortgage loans of \$92 million resulting from new loan purchases exceeding collection of loan payments. The increase in total assets was offset partially by a \$43 million decrease in investments. Total liabilities increased by \$67 million from June 30, 2007. The increase in total liabilities is primarily due to an increase bond debt of \$76 million offset by a decrease in short term debt of \$7 million.

The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2008 and FY 2007.

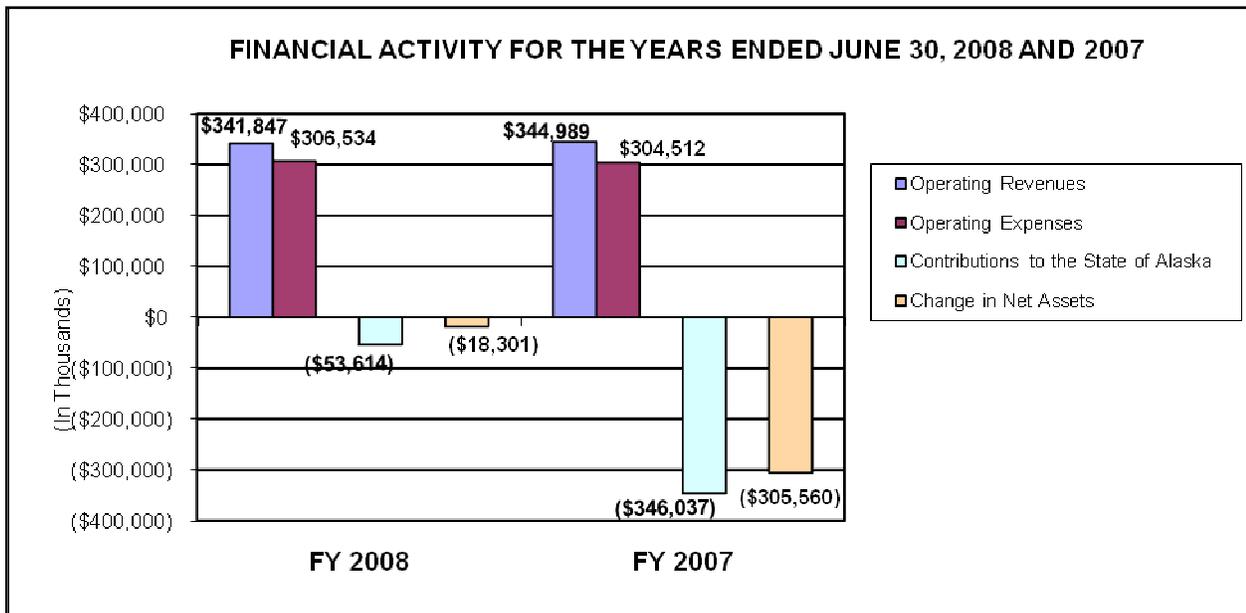


MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following table presents condensed information about the revenues, expenses and changes in net assets for the fiscal years ended June 30, 2008 and 2007, and the variance from the prior fiscal year (in thousands):

	2008	2007	Change	Increase (Decrease)
Mortgages and loan revenue	202,851	195,028	7,823	4.0%
Investment interest income	56,667	76,631	(19,964)	(26.1)%
Net change in the fair value of investment	255	2,214	(1,959)	(88.5)%
Externally funded programs	73,603	63,043	10,560	16.7%
Total operating revenues	341,847	344,989	(3,142)	(0.9)%
Interest expense	147,336	158,145	(10,809)	(6.8)%
Operations and administration	42,812	41,410	1,402	3.4%
Housing grants and subsidies	78,290	65,689	12,601	19.2%
Total operation expenses	306,534	304,512	2,022	0.7%
Operating income	35,313	40,477	(5,164)	(12.8)%
Contributions to the SOA or other	53,614	346,037	(292,423)	(84.5)%
Change in net assets	(18,301)	(305,560)	287,259	94.0%



Total operating revenues decreased by a net amount of \$3 million, or .9%, during FY 2008 primarily due to a decrease in investment revenue offset by increases mortgage and loan revenue and externally funded program revenue. Total operating expenses increased by \$2 million, or .7%. The net effect of changes in operating revenues and expenses was a \$5 million or 12.8% decrease in operating income from FY 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation continued its series of annual payments to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan during the 2004 Legislative Session, transfers to the State for FY 2008 were \$54 million and for FY 2007 was \$80 million. In FY 2008 the Transfer Plan called for payment of the lesser of \$103 million or 85% of the Corporation's adjusted net income, with this payment percentage declining to 75% in FY 2009 and in the fiscal years thereafter. Subsequent to GASB 34, the Corporation interprets net income as operating income.

The Change in Net Assets for FY 2007 was a decrease of \$305 million primarily due to the \$300 million contribution to the Alaska Housing Capital Corporation.

DEBT ADMINISTRATION

As of June 30, 2008, the Corporation had \$3 billion of bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's debt is rated by three major rating agencies. The ratings assigned to the Corporation by each of those agencies are:

Rating Category	Fitch Ratings	Moody's Investors Service	Standard & Poor's
General Obligation: Long Term Short Term	AA+ F1+	Aa2 P-1	AA A-1+
General Account Fund Rating: Credit Quality Volatility			AAAf S1

Significant debt activity during the year included the following:

- Issued \$47 million in Draw Down Bonds;
- Issued \$81 million in Tax-Exempt Home Mortgage Revenue Bonds;
- Issued \$58 million in Tax-Exempt Veterans Mortgage Revenue Bonds;
- Issued \$96 million in Tax-Exempt State Capital Project Bonds;
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of \$96 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 revenues 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 many of these prepayments to call the corresponding bond series, which lowers the interest expense incurred on the Corporation's overall bonds outstanding, 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. If you have questions about this report or need additional financial information, please visit the Corporation's web site www.ahfc.state.ak.us.

ALASKA HOUSING FINANCE CORPORATION

Exhibit A

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of June 30, 2008

(in thousands of dollars)

	Administrative Fund	Housing Development Bonds	Other Non-Major Funds	Total June 30, 2008
<u>ASSETS</u>				
Cash	9,500	-	9,534	19,034
Investments	463,728	64,443	703,233	1,231,404
Accrued interest receivable	2,753	2,013	11,968	16,734
Inter-fund due to/from	(32,653)	6,012	26,641	-
Mortgage loans, notes and other loans	535,218	338,610	2,576,235	3,450,063
Net investment in direct financing lease	-	-	65,203	65,203
Unamortized bond issuance costs	-	3,461	21,681	25,142
Capital assets - non-depreciable	139	-	13,851	13,990
Capital assets - depreciable, net	188	-	102,357	102,545
Other assets	7,052	642	13,949	21,643
Intergovernmental receivable	-	-	361	361
Total Assets	985,925	415,181	3,545,013	4,946,119
<u>LIABILITIES</u>				
Bonds and notes payable	108,965	337,425	2,690,476	3,136,866
Short term debt	112,159	-	-	112,159
Accrued interest payable	985	1,214	13,104	15,303
Other liabilities	5,874	82	6,515	12,471
Intergovernmental payable	-	-	3,149	3,149
Total Liabilities	227,983	338,721	2,713,244	3,279,948
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	327	-	116,208	116,535
Restricted by bond resolutions	-	-	628,239	628,239
Restricted by contractual or statutory agreements	96,292	-	44,097	140,389
Unrestricted net assets, (deficit)	661,323	76,460	43,225	781,008
Total Net Assets	757,942	76,460	831,769	1,666,171

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Exhibit B

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Administrative Fund	Housing Development Bonds	Other Non-Major Funds	Total June 30, 2008
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	37,518	22,661	142,672	202,851
Investment interest	14,873	4,186	37,608	56,667
Net change in the fair value of investments	(823)	14	1,064	255
Total Investment Revenue	<u>14,050</u>	<u>4,200</u>	<u>38,672</u>	<u>56,922</u>
Externally funded programs	-	-	73,603	73,603
Rental	-	-	7,695	7,695
Other	107	-	669	776
Total Operating Revenues	<u>51,675</u>	<u>26,861</u>	<u>263,311</u>	<u>341,847</u>
<u>OPERATING EXPENSES</u>				
Interest	7,648	15,338	124,350	147,336
Mortgage and loan costs	3,011	996	10,148	14,155
Financing expenses	1,145	447	4,823	6,415
Provision for loan loss	(2,923)	1,406	8,615	7,098
Operations and administration	3,485	2,250	37,077	42,812
Rental housing operating expenses	97	-	10,331	10,428
Housing grants and subsidies	16	-	78,274	78,290
Total Operating Expenses	<u>12,479</u>	<u>20,437</u>	<u>273,618</u>	<u>306,534</u>
Operating Income (Loss)	<u>39,196</u>	<u>6,424</u>	<u>(10,307)</u>	<u>35,313</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(39,415)	-	(14,199)	(53,614)
Transfers - Internal	(40,905)	17,488	23,417	-
Change in Net Assets	<u>(41,124)</u>	<u>23,912</u>	<u>(1,089)</u>	<u>(18,301)</u>
Net assets at beginning of year	799,066	52,548	832,858	1,684,472
Net Assets at End of Period	<u>757,942</u>	<u>76,460</u>	<u>831,769</u>	<u>1,666,171</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Exhibit C

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Administrative Fund	Housing Development Bonds	Other Non-Major Funds	Total June 30, 2008
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	29,564	22,347	135,319	187,230
Principal payments received on mortgages and loans	48,090	34,496	328,561	411,147
Purchases of mortgages and loans	(512,333)	-	-	(512,333)
Receipt (payment) for loan transfers between funds	530,265	(106,619)	(423,646)	-
Payments to employees and other payroll disbursements	(18,351)	-	(11,099)	(29,450)
Payments for goods and services	(13,771)	-	(8,323)	(22,094)
Cash received for externally funded programs	119	-	38,028	38,147
Cash received for Federal HAP subsidies	-	-	35,038	35,038
Payments for Federal HAP subsidies	-	-	(35,329)	(35,329)
Interfund Receipts	581,888	58,922	523,634	1,164,444
Interfund Payments	(583,596)	(57,059)	(523,789)	(1,164,444)
Grant payments to other agencies	(15,389)	-	(28,229)	(43,618)
Other operating cash receipts	1,377	1,308	9,817	12,502
Other operating cash payments	(4,593)	(1,318)	(1,623)	(7,534)
Net cash provided by (used for) operating activities	43,270	(47,923)	38,359	33,706
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	46,535	-	237,665	284,200
Principal paid on bonds	(23,825)	(8,460)	(128,945)	(161,230)
Payment to defease bonds	-	-	(44,636)	(44,636)
Payment of bond issuance costs	(839)	-	-	(839)
Interest paid	(8,214)	(15,700)	(121,861)	(145,775)
Proceeds from issuance of short term debt	1,133,512	-	-	1,133,512
Payment of short term debt	(1,140,232)	-	-	(1,140,232)
Contributions to the State of Alaska or other State agencies	(49,471)	-	(5,538)	(55,009)
Transfers (to) from other funds	82,593	(7,626)	(74,967)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	40,059	(31,786)	(138,282)	(130,009)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(2,190)	-	(1,989)	(4,179)
Proceeds from the disposal of capital assets	4	-	31	35
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(3,316)	(3,316)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(3,544)	(3,544)
Proceeds from the direct financing lease payments	-	-	4,002	4,002
Other cash payments	(2,308)	-	(22,930)	(25,238)
Net cash provided by (used for) capital financing activities	(4,494)	-	(27,746)	(32,240)
<u>Cash flows from investing activities:</u>				
Purchase of investments	(8,222,693)	(758,365)	(4,914,394)	(13,895,452)
Proceeds from maturity of investments	8,128,200	832,056	4,978,596	13,938,852
Interest received from investments	14,924	6,018	37,271	58,213
Net cash provided by (used for) investing activities	(79,569)	79,709	101,473	101,613
Net Increase (decrease) in cash	(734)	-	(26,196)	(26,930)
Cash at the beginning of year	10,234	-	35,730	45,964
Cash at the end of period	9,500	-	9,534	19,034
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	39,196	6,424	(10,307)	35,313
<i>Adjustments:</i>				
Depreciation expense	69	-	6,451	6,520
Provision for loan losses	(2,923)	1,406	8,615	7,098
Amortization of bond issuance costs	-	144	1,267	1,411
Net change in the fair value of investments	823	(14)	(1,064)	(255)
Transfers between funds for operating activity	(45,146)	3,511	41,635	-
Interest received from investments	(14,924)	(6,018)	(37,271)	(58,213)
Interest paid	8,214	15,700	125,405	149,319
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	66,022	(72,123)	(95,085)	(101,186)
Net increase (decrease) in assets and liabilities	(8,061)	3,047	(1,287)	(6,301)
Net cash provided by (used for) operating activities	43,270	(47,923)	38,359	33,706

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOOTNOTE INDEX

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number</u>
1	Authorizing Legislation and Funding	13
2	Summary of Significant Accounting Policies	13
3	Cash and Investments	16
4	Interfund Receivable/payable	21
5	Mortgage Loans, Notes and Other Loans	21
6	Insurance Agreements.....	21
7	Loan Self Insurance Program.....	21
8	Direct Financing Leases	22
9	Capital Assets.....	22
10	Bonds and Notes Payable	23
11	Derivatives	30
12	Long Term Liabilities.....	32
13	Short Term Debt	32
14	Transfers.....	33
15	Other Credit Arrangements.....	33
16	Yield Restriction and Arbitrage Rebate	33
17	State Authorizations and Commitments	34
18	Grants	35
19	Other Programs	36
20	Pension and post employment healthcare plans.....	37
21	Other Commitments and Contingencies.....	39
22	Risk Management.....	40
23	Five Year Financial Information	41

FOR THE YEAR ENDED JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (Corporation), a public corporation and government instrumentality of the State of Alaska (State), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (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 of Alaska 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 and mobile home 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 of Alaska. 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), as well as capital and operating subsidies from the Corporation's own funds.

The Northern Tobacco Securitization Corporation (NTSC) was incorporated in the State of Alaska pursuant to House Bill No. 281 of the Alaska Legislature, as a subsidiary of the Corporation. There is no financial accountability between NTSC and the Corporation. Neither the Corporation nor the State is liable for any debt issued by NTSC. NTSC is not a component unit of the Corporation and thus is not included in the Corporation's financial statements. NTSC is a government instrumentality of, but separate and apart from, the State and is reported as a blended component unit in the State's financial statements.

In accordance with the Legislature's intent, the Corporation formed a subsidiary, the Alaska Housing Capital Corporation ("AHCC"), under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. AHCC was incorporated on May 23, 2006, as a public corporation and government instrumentality of, but having a legal existence independent of and separate from, the State of Alaska. AHCC is a subsidiary of, but separate and apart from, the Corporation. There is no financial accountability between AHCC and the Corporation. AHCC is not a component unit of the Corporation and thus is not included in the Corporation's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's funds are accounted for as enterprise funds for financial reporting purposes. All funds utilize the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The Corporation applies all Governmental Accounting Standards Board (GASB) pronouncements for the Corporation's funds, as well as those Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless such pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Corporation only applies applicable GASB pronouncements.

Basis of Presentation

The Corporation's financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and non-operating revenues and expenses, a Cash Flow Statement presented using the direct method, and notes to the financial statements. The Corporation's financial statements present the Administrative Fund and the other Major Funds in separate columns. The remaining Non-Major Funds are aggregated and displayed in a single column. The total column presents the entity-wide amounts for the Corporation.

NOTES TO FINANCIAL STATEMENTS

Major and Non-Major Funds

The Corporation reports the following major and non-major funds:

Administrative Fund. This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, except those accounted for in separate funds.

Housing Development Bonds. This fund accounts for debt issued and some assets pledged for payment of the debt under the bond indentures for Housing Development Bonds.

Other Non-Major Funds. Resources to assist in the financing, development and sale of housing units, public housing assistance programs, energy programs, and home loan programs are aggregated and reported in Other Non-Major Funds.

Restricted Net Assets

The restricted net asset amounts of the Administrative Fund consist of the Corporation's remaining commitments to the State (refer to Footnote No. 17, State Authorizations and Commitments, for further details). The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond resolutions, 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 asset 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 significant 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. The Corporation does not participate in any external investment pools.

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. Mortgage loans are recorded as amounts are disbursed.

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 and Mobile Homes Owned

Real estate and mobile homes owned consist principally of properties acquired through foreclosure or repossession and are 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 floor is \$5,000.

Bonds and Notes

The Corporation issues bonds and notes to provide capital for its mortgage programs and other uses consistent with its mission. The bonds and notes are recorded at cost plus accreted interest and premiums, less discounts and deferred debt refunding expenses. Discounts and premiums are amortized using the effective interest method. Deferred debt refunding expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Interest Rate Swap

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 particulars of each swap are negotiated to achieve the financing objectives of the Corporation. Other than the net interest expense resulting from these agreements, no amounts are recorded in the Corporation's financial statements.

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.

NOTES TO FINANCIAL STATEMENTS

3 CASH AND INVESTMENTS

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

	June 30, 2008		June 30, 2007	
Restricted cash	\$	9,534	\$	35,730
Unrestricted		9,500		10,234
Carrying amount	\$	<u>19,034</u>	\$	<u>45,964</u>
Bank balance	\$	<u>21,486</u>	\$	<u>47,288</u>

Of the \$19,034,000 carrying amount at June 30, 2008, approximately \$4,027,000 is subject to various restrictions associated with the HUD Low Rent program operated by the Corporation's Public Housing Division. This restricted cash is not available to fund the Corporation's general operations.

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		More		June 30,	June 30,
	1	1-5	6-10	than 10	2008	2007
Bank investment contracts	\$ 54,432	\$ -	\$ -	\$ -	\$ 54,432	\$ 72,564
U. S. Treasury securities	293	11,453	-	-	11,746	23,587
Securities of U.S. Government agencies and corporations	167,420	6,330	-	442	174,192	153,019
Asset-backed securities	456	2,154	-	-	2,610	1,718
Certificates of deposit	1,501	-	-	-	1,501	20,000
Commercial paper and medium-term notes	758,241	4,891	283	-	763,415	636,804
Guaranteed investment contracts	206,344	-	-	-	206,344	353,707
Money market funds	17,164	-	-	-	17,164	13,145
Total AHFC portfolio	<u>\$ 1,205,851</u>	<u>\$ 24,828</u>	<u>\$ 283</u>	<u>\$ 442</u>	<u>\$ 1,231,404</u>	<u>\$ 1,274,544</u>

Restricted Investments

The carrying amount of the Corporation's investments, a majority of which are restricted by bond resolutions, contractual agreements, and statutory agreements, is shown below (in thousands):

	June 30, 2008		June 30, 2007	
Restricted investments	\$	972,934	\$	1,080,535
Unrestricted		258,470		194,009
Carrying amount	\$	<u>1,231,404</u>	\$	<u>1,274,544</u>

Included in the restricted investments are Guaranteed Investment Contracts in the Drawn Down Bond Fund Escrow Account. These investment securities are placed in a trust with an escrow agent and are reserved exclusively for future debt service payments on the Draw Down bonds.

Realized Gains and Losses

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

	June 30, 2008	June 30, 2007
Ending unrealized holding gain	\$ 1,644	\$ 1,933
Beginning unrealized holding gain	1,933	859
Net change in unrealized holding gain	(289)	1,074
Fair value of investment transferred to state agency	-	575
Net realized gain (loss)	544	565
Net increase (decrease) in fair value	\$ 255	\$ 2,214

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 trust or non-trust, and this determines the applicable investment guidelines used by staff when making investment decisions.

The Corporation's Fiscal Policies provide investment guidelines for non-trusted funds. Funds are invested according to anticipated use: those that must remain immediately available to provide working capital are invested in short-term, highly liquid securities, while those not expected to be used in the short-term are invested in longer-term securities.

The following securities are eligible for investment under the Corporation's fiscal policies:

- Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States;
- Obligations of U.S. Government-sponsored agencies, including mortgage-backed securities, that are not backed by the full faith and credit of the U.S. Government;
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (having maturities of not more than 365 days) of, and deposits with, any bank the short-term obligations of which have been rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Deposits in and investments of a commercial bank or credit union which are fully insured by the FDIC or NCUA or, to the extent not insured by the FDIC or NCUA, provide for the pledge of collateral maintained at a minimum level of 105% and valued at least monthly;
- Debt obligations, other than those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch if maturing in excess of one year, and "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Asset-backed securities, other than commercial paper and those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by 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) with a corporation or other entity which has long-term debt ratings of at least "A" by S&P or "A" by Moody's or "A" by Fitch or short-term ratings of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and where collateral is maintained at a minimum level of 102%, valued on a daily basis;
- Money market funds which are rated at least "AAm" or "AAm-G" by S&P or "Aa" by Moody's or "V-1+" by Fitch;
- Investment agreements or guaranteed investment contracts with an insurance company, bank or other financial institution having an outstanding unsecured long-term obligations rating, or a claims paying or investment agreement rating of at least "AA" by S&P or "Aa" 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 "F1" by Fitch;

NOTES TO FINANCIAL STATEMENTS

- Floating rate notes issued by entities having outstanding unsecured long-term obligations rated “AA” by S&P or “Aa” by Moody’s or “AA” by Fitch, or, if the term of the floating rate note is one year or less, having outstanding short-term obligations rated at least “A-1” by S&P or “P-1” by Moody’s or “F1” by Fitch; with interest rates subject to adjustment at least every 100 days; and with a maximum maturity of three years or less, or an optional tender available to bondholders no less frequently than every interest rate reset date;
- Adjustable rate funds, provided they are rated “AAA” credit and “S-1” volatility by S&P and “Aaa” by Moody’s;
- International Bank for Reconstruction & Development debt obligations rated “AAA” by S&P or “Aaa” by Moody’s or “AAA” by Fitch.

Trusted funds are invested according to the terms outlined in their respective indentures or governing agreements, which generally mandate the purchase of relatively short-term, high-quality, fixed income securities. In those rare instances, if any, where an indenture or governing agreement is less restrictive than the Corporation’s fiscal policies for non-trust funds, the investment will be made in accordance with the more restrictive fiscal policies.

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, 2008, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). \$11,746,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore, are not included in the summary.

	Moody’s	S & P	Investment Fair Value
Securities of U. S. Government agencies and corporations:			
	Aaa	AAA	\$ 174,192
Asset-backed securities:			
	Aaa	AAA	2,610
Commercial paper & medium-term notes:			
	Aaa	AAA	1,486
	Aa1	AA	299
	Aa1	AA-	608
	Aa1	AA+	539
	Aa2	AA	-
	Aa2	AA-	251
	Aa2	A+	-
	Aa3	AA	1,152
	Aa3	AA-	3,649
	Aa3	A+	100
	A1	AA-	-
	P-1	A-1+	710,390
	P-1	A-1	44,659
	--	A-1	-
	Baa3	BBB	282
			<u>763,415</u>
Money market funds			
	--	AAAm	17,164
<u>Unrated investments:</u>			
			54,432
			1,501
			206,344
			<u>262,277</u>
			<u>\$1,219,658</u>

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The Corporation's fiscal policies set the maximum concentration limits for non-trust investments as follows:

Investment Type	Investment Type Limit as a % of Total Portfolio	Issuer Limit as a % of Total Portfolio
General obligations of the United States	100%	100%
Securities of U.S. Government agencies and corporations	65%	35%
Corporate and non-corporate (including the following):	60%	5%
<ul style="list-style-type: none"> • Adjustable rate funds • Bank investment contracts • Certificates of deposit • Commercial paper & medium-term notes • Deposits in and investments of a commercial bank or credit union • Floating or variable rate notes • Guaranteed investment contracts • Money market funds • Repurchase agreements 		
Mortgage and asset-backed securities	20%	5%

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. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are excluded from this summary. As of June 30, 2008, 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
AIG Funding Inc	\$ 410,358	33.32 %
Citigroup Financial Products, Inc.	150,908	12.25
CFPI	109,602	8.90
Federal Home Loan Discount Notes	109,590	8.90
AEGON	74,600	6.06

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 \$21,486,000 bank balance at June 30, 2008, cash deposits in the amount of \$13,285,000 were uninsured and uncollateralized.

Of the Corporation's \$1,231,404,000 total investments at June 30, 2008, bank investment contracts in the amount of \$54,432,000 were uninsured, unregistered, and held by the counterparty or its agent, but not in the Corporation's name.

NOTES TO FINANCIAL STATEMENTS

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.

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2008:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 54,432	0.000
U.S. Treasury securities:		
Treasury coupon securities	11,746	2.175
Securities of U.S. Government agencies and corporations:		
Federal agency discounts	167,341	0.102
Federal agency coupon securities	6,179	1.725
Federal agency pass through securities	672	3.424
Asset-backed securities	2,610	1.979
Certificates of deposit	1,501	0.063
Commercial paper & medium-term notes:		
Commercial paper discounts	756,139	0.186
Corporate bonds	299	1.931
Medium-term notes	6,198	1.295
Municipal bonds	282	5.843
Floating rate notes	497	1.740
Guaranteed investment contracts	206,344	0.000
Money market funds	17,164	0.000
	<u>\$ 1,231,404</u>	
Portfolio modified duration		.426

A minimal percentage of the Corporation's total investment portfolio is municipal bonds, which are relatively more sensitive to changing interest rates than the rest of the Corporation's investment portfolio. Municipal bonds held as of June 30, 2008, are as follows (in thousands):

	Fair Value	Rate	Maturity
Northern Tobacco Securitization Corporation	\$282	4.577%	June 1, 2015

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance is shown below (in thousands):

Due To	Due From		
	Administrative Fund	Other Non Major Funds	Total
Administrative Fund	\$ -	\$ 15,970	\$ 15,970
Housing Development	6,012	-	6,012
Other Non Major Funds	42,611	-	42,611
Total	\$ 48,623	\$ 15,970	\$ 64,593

The balances of \$6,012,000 due to Housing Development and of \$42,611,000 due to the Other Non-Major Funds 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.

Of the \$15,970,000 due from the Other Non-Major Funds to the Administrative Fund, \$2,197,000 resulted from an allocation of management and bookkeeping fees mandated by HUD.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2008	June 30, 2007
Mortgage loans	\$ 3,089,782	\$ 3,139,975
Multi-family loans	386,453	238,236
Other notes receivable	77,982	74,811
	<u>3,554,217</u>	<u>3,453,022</u>
Less:		
Allowance for losses	(104,154)	(95,268)
Net Mortgage loans, notes and other loans	<u>\$ 3,450,063</u>	<u>\$ 3,357,754</u>

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

	June 30, 2008	June 30, 2007
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$ 133,345	\$ 109,641
Foreclosures during period	5,433	1,711
Loans in foreclosure process	15,839	10,584
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	114,255	116,805
To repurchase loans upon foreclosure	-	-

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 LOAN SELF INSURANCE PROGRAM

The Corporation, for the purpose of insuring itself against losses which might occur as a result of mortgages purchased under various loan programs, collects insurance premiums from the borrowers. The premiums are administered by the management of the Corporation and included in the Administrative Fund in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

8 DIRECT FINANCING LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately \$26 million. The building is part of the Corporation's State Lease Building Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The State has the option to purchase the building at the end of the lease for \$1. In December 1999, the Corporation issued the State Building Lease Bonds, Series 1999, in the amount of \$40,000,000 to finance the purchase. The lease of the building to the State has been recorded as a direct financing lease.

In May 2005, the Corporation issued its General Housing Purpose Bonds, 2005 Series C, to defease \$16,485,000 of the State Building Lease Bonds, Series 1999. As a result, the liability of these bonds has been reduced, and the lease balance was decreased by \$1,792,000.

In fiscal years 2007 and 2008, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage at the end of fiscal year 2008 was approximately \$40 million. The garage is estimated to be completed in fiscal year 2009. 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 at the end of the lease for \$1. In September 2007, the Corporation issued the State Capital Project Bonds, Series 2007 A, \$37,400,000 of this issue was to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

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

12 Months Ending June 30	Future Minimum Payments Due		
	Parking Garage	Building	Total
2009	\$ 3,304	\$ 3,467	\$ 6,771
2010	3,304	3,467	6,771
2011	3,304	3,467	6,771
2012	3,304	3,467	6,771
2013	3,304	3,467	6,771
Thereafter	49,550	13,868	63,418
Gross payments due	66,070	31,203	97,273
Less: Unearned revenue	(25,827)	(6,243)	(32,070)
Net investment in direct financing lease	\$ 40,243	\$ 24,960	\$ 65,203

9 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 and a summary of balances are shown below (in thousands):

	July 1, 2007	Additions	Reductions	June 30, 2008
NON-DEPRECIABLE CAPITAL ASSETS:				
Land	\$ 13,753	\$ -	\$ -	\$ 13,753
Construction in progress	3,668	4,139	(7,570)	237
TOTAL NON-DEPRECIABLE	17,421	4,139	(7,570)	13,990
DEPRECIABLE CAPITAL ASSETS:				
Buildings	193,470	7,572	-	201,042
Computers & Equipment	2,746	116	(1,804)	1,058
Leasehold Improvements	88	-	-	88
Vehicles	2,041	99	(54)	2,086
	198,345	7,787	(1,858)	204,274
Less: Accumulated depreciation				
Buildings	(92,727)	(6,232)	6	(98,953)
Computers & Equipment	(2,441)	(169)	1,777	(833)
Leasehold Improvements	(49)	(22)	-	(71)
Vehicles	(1,806)	(107)	41	(1,872)
	(97,023)	(6,530)	1,824	(101,729)
TOTAL DEPRECIABLE, NET	101,322	1,257	(34)	102,545
TOTAL CAPITAL ASSETS, NET	\$ 118,743	\$ 5,396	\$ (7,604)	\$ 116,535

The depreciation expense charged by the Corporation was \$6,520,000 for the year ended June 30, 2008. 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 \$3,685,000 at June 30, 2008.

10 BONDS AND NOTES PAYABLE

With the exception of the Veterans Mortgage Program Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The Veterans Mortgage Program Bonds and Notes are backed by the full faith and credit of the State. All of the bonds and notes 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 has authorization to issue Draw Down bonds in the amount of \$900,000,000 for the purpose of preserving private activity bond volume capacity and to refund certain outstanding obligations of the Corporation. Only \$300,000,000 of these bonds can be outstanding at any one time. The Series A, C, and D Bonds are limited obligations of the Corporation and are primarily secured by amounts on deposit in the Bond Escrow Fund and investment earnings thereon. The Series B bonds are general obligations of the Corporation and are primarily secured by amounts on deposit in the Bond Escrow Fund attributable to draws under the Series B Bonds. The Bond Escrow account and the Bonds are included in the Administrative Fund.

Bonds and notes outstanding are shown below (in thousands):

	Original Amount	June 30, 2008	June 30, 2007
Revolving Fund Bonds:			
Draw Down Bonds			
Tax-Exempt:			
• Series 2007 A, Floating rate*, monthly payments, 2.30% at June 30, 2008, due 2019	\$ 71,005	\$ 65,125	\$ 32,290
• Series 2007 C, Floating rate*, monthly payments, 2.20% at June 30, 2008, due 2019	29,395	29,395	29,395
• Series 2007 D, Floating rate*, monthly payments, 2.20% at June 30, 2008, due 2019	32,390	14,445	24,570
Total Revolving Fund Bonds	132,790	108,965	86,255
First-Time Home Buyer Bonds:			
Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1997 Series A, 4.9% to 6.0%, due 2037 Accreted interest Unamortized discount	160,000	20,390 9,989 (323)	35,530 8,756 (352)
• 1998 Series A, 4.65% to 5.4%, due 2008-2035	70,000	26,685	30,810
• 1999 Series A1 & A2 5.25% to 6.25%, due 2008-2031 Unamortized discount	200,000	84,280 (108)	100,210 (110)
• 2000 Series A, 5.9% to 6.0%, due 2036-2040	58,315	28,920	28,920
• 2000 Series B, 5.45%, due 2015	3,795	-	3,795
• 2000 Series C, 4.9% to 6.0% due 2008-2032 Unamortized discount	68,785	31,465	32,275 (71)
• 2001 Series A, 3.5% to 5.3%, due 2008-2031	32,740	20,645	22,405

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2008	June 30, 2007
• 2001 Series B, 4.15% to 5.45%, due 2008-2041 Unamortized premium	104,450	39,470 57	48,325 61
• 2002 Series A, Floating Rate*, 1.75% at June 30, 2008 due 2032, 2036	170,000	169,300	170,000
• 2006 Series A, 3.4% to 5.0%, due 2008-2036 Unamortized premium	98,675	90,085 900	95,360 1,045
• 2006 Series B, 3.5% to 5.0%, due 2008-2036 Unamortized premium	75,000	69,935 616	73,420 703
• 2006 Series C, 3.9% to 5.5%, due 2008-2037 Unamortized premium	75,000	71,775 1,215	74,450 1,425
• 2007 Series A, Floating Rate* 1.51% at June 30, 2008 due 2041 Deferred debt refunding	75,000	75,000 (1,941)	75,000 (2,009)
• 2007 Series B, Floating Rate* 1.40% at June 30, 2008, due 2041 Deferred debt refunding	75,000	75,000 (1,941)	75,000 (2,009)
• 2007 Series C 3.75% to 4.80%, due 2008-2038	89,370	88,665	89,370
• 2007 Series D, Floating Rate* 1.30% at June 30, 2008 due 2041 Deferred debt refunding	89,370	89,370 (2,380)	89,370 (2,462)
• 2008 Series A 2.45%-5.40% due 2009-2038	80,880	80,880	-
Taxable:			
• 2000 Series D	25,740	-	1,145
Total First-Time Homebuyer Bonds	1,552,120	1,067,949	1,050,362
Veterans Mortgage Program Bonds:			
Collateralized State Guaranteed Bonds:			
Tax-Exempt:			
• Collateralized Bonds 1997 First Series,	100,000	-	3,500
• Collateralized Bonds 1998 First and Second Series, 4.7% to 5.5%, due 2008-2040 Unamortized discount	60,000	12,770 (162)	16,400 (170)
• Collateralized Bonds 1999 First Series, 5.0% to 6.25%, due 2008-2039	110,000	34,280	41,625
• Collateralized Bonds 2000 First Series, 5.5% to 6.45%, due 2008-2039	70,000	18,270	22,065
• Collateralized Bonds 2002 First Series, 4.15% to 5.65%, due 2008-2034	50,000	19,945	23,180

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2008	June 30, 2007
• Collateralized Bonds 2005 First Series, 4.8%, due 2035	15,000	14,420	14,690
• Collateralized Bonds 2006 First Series, 3.75% to 4.9%, due 2008-2037	190,000	188,410	190,000
• Collateralized Bonds 2007 & 2008 First Series 3.25% to 5.25% due 2009-2038	57,885	57,885	-
Total Veterans Mortgage Program Bonds	<u>652,885</u>	<u>345,818</u>	<u>311,290</u>
Other Housing Bonds:			
Housing Development Bonds:			
Tax-Exempt:			
• 1997 Series A	6,510	-	125
• 1997 Series B	17,000	-	325
• 1999 Series A 4.95% to 6.3%, due 2008-2029	1,675	1,455	1,485
• 1999 Series B, 5.0% to 6.37%, due 2008-2029	5,080	4,440	4,535
• 1999 Series C, 4.875% to 6.2%, due 2008-2009	50,000	2,045	44,470
• 2000 Series B, Floating Rate*, monthly payments, 1.30% at June 30, 2008 due 2030	41,705	40,025	41,705
• 2002 Series A, 3.0% to 5.3%, due 2008-2033	8,440	2,990	3,140
• 2002 Series B, 2.85% to 5.15%, due 2008-2022	8,690	6,960	7,300
• 2002 Series C, 2.85% to 5.25%, due 2008-2032	70,000	63,135	64,470
• 2002 Series D, Floating Rate*, monthly payments, 3.00% at June 30, 2008, due 2037	37,870	34,420	35,100
• 2004 Series A, 2.0% to 4.85%, due 2008-2030	33,060	30,240	30,985
• 2004 Series B, 1.8% to 4.75%, due 2008-2032	52,025	46,935	48,340
Taxable:			
• 1997 Series C	23,895	-	380
• 2004 Series D, 3.65% to 5.6%, due 2008-2043	105,000	104,780	105,000
Sub-Total Housing Development Bonds	<u>460,950</u>	<u>337,425</u>	<u>387,360</u>
General Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1999 Series A, 4.85% to 6.05%, due 2008-2049	302,700	244,495	246,305
Unamortized deferred debt refunding expense		(1,411)	(1,543)
Unamortized discount		(1,462)	(1,490)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2008	June 30, 2007
• 2002 Series A, 3.45% to 5.0%, due 2010-2040	150,000	150,000	150,000
Unamortized deferred debt refunding expense		(1,152)	(1,195)
Unamortized premium		544	559
Government Purpose Bonds:			
Tax-Exempt:			
• 1997 Series A, Floating Rate* monthly payments, 1.30% at June 30, 2008, due 2027	33,000	23,300	23,300
• 2001 Series A, Floating Rate*, 3.00% at June 30, 2008, due 2030	76,580	65,710	67,485
2001 Series B, Floating Rate*, 3.00% at June 30, 2008, due 2030	93,590	80,300	82,465
Total Other Housing Bonds	1,116,820	897,749	953,246
Non-Housing Bonds:			
State Capital Project Bonds:			
Tax-Exempt:			
• 2002 Series A, 3.0% to 5.0%, due 2008-2011	32,905	16,240	19,855
Unamortized premium		652	791
• 2002 Series B, Floating Rate Auction Bonds**	14,555	-	14,555
• 2002 Series C, Floating Rate* 2.22% at June 30, 2008, due 2022	60,250	60,250	60,250
• 2006 Series A, 3.5% to 5%, due 2008-2040	100,890	98,590	100,040
Unamortized discount		(1,724)	(2,055)
Unamortized premium		1,856	2,157
• 2007 Series A & B 4%-5.25%, due 2008-2029	95,525	95,205	-
Unamortized discount		(74)	-
Unamortized premium		3,922	-
Unamortized deferred debt refunding expense		(3,054)	-
State Building Lease Bonds:			
Tax-Exempt:			
• 1999 Series, 4.875% to 5.8%, due 2008-2011	40,000	8,200	10,285
Unamortized discount		(69)	(71)
General Housing Purpose Bonds:			
Tax-Exempt:			
• 1992 Series A, 6.1% to 6.6%, due 2008-2023	200,000	6,550	12,780
• 2003 Series A, Floating Rate*, monthly payments, 1.30% at June 30, 2008, due 2023	143,995	120,735	126,275
• 2003 Series B, Floating Rate*, monthly payments, 1.30% at June 30, 2008, due 2023	16,095	16,095	16,095

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2008	June 30, 2007
• 2005 Series A, 2.2% to 5.25%, due 2008-2041	143,235	140,710	141,735
Unamortized premium		3,868	4,404
• 2005 Series B, 2.7% to 5.25%, due 2008-2030	147,610	137,750	141,135
Unamortized deferred debt refunding expense		(11,389)	(12,072)
Unamortized premium		5,312	6,275
• 2005 Series C, 2.7% to 5%, due 2008-2017	16,885	16,760	16,800
Total Non-Housing Bonds	1,011,945	716,385	659,234
Other Program Funds:			
Home Ownership Notes:			
Tax-Exempt:			
• Wrangell Project HUD Note	1,161	-	500
Total Other Programs	1,161	-	500
Total Bonds and Notes Payable	\$ 4,467,721	\$ 3,136,866	\$ 3,060,887

Note: Debt service payments on the above mentioned bonds and notes 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 annotated variable-rate auction bonds are established by the Auction Agents on each Auction Date.

Redemption Provisions

The bonds and notes 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 immediately redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt is included in a deferred debt refunding account 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 they reach 15% of issuance.

During the year ended June 30, 2008, the Corporation made \$95,725,000 special revenue redemptions and no current refundings. The Corporation made special revenue redemptions of \$ 180,245,000 and a current refunding of \$220,350,000 during fiscal year 2007.

Advance Refundings

In October 2007, AHFC issued \$53,110,000 in State Capital Projects Bonds, 2007 Series B. with an average interest rate of 4.77%. These bonds were issued to defease \$41,475,000 of Housing Development Bonds, 1999 Series C with an average interest rate of 6.16% and to refund certain outstanding obligations of the Corporation.

Net proceeds of the State Capital Projects Bonds, 2007 Series B totaled \$55,656,000 after a discount of \$2,891,000, a premium of \$2,000 and underwriter's fees of \$342,000. \$43,783,000 of these proceeds was deposited with an escrow agent to provide all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for the Housing Development Bonds, Series C has been removed from the Statement of Net Assets. The final redemption of these bonds will occur on December 1, 2029.

The advance refunding resulted in the recognition of debt refunding expense (representing the difference between the reacquisition price and the net carrying amount of the refunded debt) totaling \$3,161,000 which has been deferred, and will be amortized over the remaining life of the refunded debt. This advance refunding also decreased aggregate debt service payments by \$8,253,000 over the next twenty-two years. It allowed the corporation to obtain an economic gain of approximately \$5,254,000 which represents the difference between the present value of the defeased bonds' debt service payments net of related reserve funds and accrued interest, and refunding bonds.

A summary of defeased debt follows (in thousands):

	Defeased Date	June 30, 2008	June 30, 2007
State Building Lease Bonds, 1999 Series	May 2005	\$ 16,485	\$ 16,485
Housing Development Bonds 1999 Series C	October 2007	41,475	-
		<u>\$ 57,960</u>	<u>\$ 16,485</u>

NOTES TO FINANCIAL STATEMENTS

Debt Service Requirements**

For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2013 and in five year increments thereafter to maturity, categorized by each Major Fund and other Non-Major Funds in the aggregate, are shown below and continued on the following page (in thousands):

12 Months Ending June 30	Administrative Fund Bonds		Housing Development Bonds (Various Issues)		Other Non-Major Bonds	
	Principal	Interest	Principal	Interest*	Principal	Interest*
2009	\$ -	\$ 4,492	\$ 6,770	\$ 14,708	\$ 50,485	\$ 123,862
2010	-	4,500	7,060	14,465	48,620	120,994
2011	-	4,500	6,265	14,223	54,965	118,975
2012	-	4,508	6,535	13,989	59,900	116,680
2013	-	4,492	6,835	13,726	60,910	114,249
2014-2018	-	22,500	40,425	63,801	333,310	530,262
2019-2023	108,965	3,021	48,680	53,406	418,875	451,313
2024-2028	-	-	54,980	40,803	494,411	367,648
2029-2033	-	-	98,295	25,114	468,972	261,751
2034-2038	-	-	30,775	12,941	486,992	145,117
2039-2043	-	-	30,805	4,748	142,570	35,425
2044-2049	-	-	-	-	68,725	13,767
	<u>\$ 108,965</u>	<u>\$ 48,013</u>	<u>\$ 337,425</u>	<u>\$ 271,924</u>	<u>\$ 2,688,735</u>	<u>\$ 2,400,043</u>

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2008

** Also see Note 11 – Derivatives.

Total Debt Service

Principal	Interest	Total
\$ 57,255	\$ 143,062	\$ 200,317
55,680	139,959	195,639
61,230	137,698	198,928
66,435	135,177	201,612
67,745	132,467	200,212
373,735	616,563	990,298
576,520	507,740	1,084,260
549,391	408,451	957,842
567,267	286,865	854,132
517,767	158,058	675,825
173,375	40,173	213,548
68,725	13,767	82,492
\$ 3,135,125	\$ 2,719,980	\$ 5,855,105

NOTES TO FINANCIAL STATEMENTS

11 DERIVATIVES

Swap Objectives

In order to both reduce the Corporation's overall cost of borrowing long-term capital and protect against the potential of rising interest rates, AHFC entered into eight separate pay-fixed, receive-variable interest rate swap agreements at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

Swap Payments and Associated Debt

As of June 30, 2008, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their terms are displayed in the following schedule. 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
2008	\$ 5,135	\$ 11,990	\$ 14,481	\$ 31,606
2009	5,465	11,847	14,352	31,664
2010	5,710	11,696	14,216	31,622
2011	6,895	11,539	14,074	32,508
2012	12,825	11,325	13,857	38,007
2013-2017	80,465	51,657	63,938	196,060
2018-2022	117,375	40,714	51,755	209,844
2023-2027	113,465	28,659	36,953	179,077
2028-2032	115,425	16,434	22,795	154,654
2033-2037	98,595	7,522	10,586	116,703
2038-2042	53,575	1,534	2,124	57,233
	<u>\$ 614,930</u>	<u>\$ 204,917</u>	<u>\$ 259,131</u>	<u>\$ 1,078,978</u>

Significant Terms

The terms, fair values and credit ratings of the Corporation's outstanding swaps as of June 30, 2008, are included in the following schedule. Except for SC02B, where the debt has been redeemed, the notional amounts of the swaps match the principal amounts of the associated debt. These notional amounts amortize over a time period that approximates the payments the Corporation would experience with a fixed-rate, level debt service schedule and are expected to follow scheduled or anticipated reductions in the associated bonds outstanding.

Related Bond Issue	Notional Amounts	Present Values	Fair Values	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating ⁶
GP01A ¹	\$ 65,710	\$ 71,857	\$ (6,147)	08/02/01	4.1427%	67% of LIBOR ⁴	12/01/30	A/A1
GP01B	80,300	87,793	(7,493)	08/02/01	4.1427%	67% of LIBOR	12/01/30	A/A1
E021A1 ²	49,300	53,660	(4,360)	05/16/02	4.1030%	68% of LIBOR	06/01/32	AAA/Aaa
E021A2	120,000	127,942	(7,942)	05/16/02	4.3430%	68% of LIBOR	12/01/36	AAA/Aaa
SC02B ³	14,555	15,157	(602)	12/05/02	3.7700%	70% of LIBOR	07/01/24	AA-/Baa1
SC02C	60,250	63,494	(3,244)	12/05/02	4.3030%	SIFMA ⁵ +0.115%	07/01/22	AA-/Baa1
E071A1 ²	143,622	149,877	(6,255)	06/01/07	3.6720%	70% of LIBOR	12/01/41	AAA/Aaa
E071A2	95,748	99,757	(4,009)	06/01/07	3.6720%	70% of LIBOR	12/01/41	AA-/Baa1
	<u>\$ 629,485</u>	<u>\$ 669,537</u>	<u>\$ (40,052)</u>					

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

Fair Value

Due to relatively lower interest rates the Corporation's interest rate swaps had a negative fair value as of June 30, 2008. The negative fair values are countered by reductions in total interest payments required under the variable-rate bonds. Given that coupons on the Corporation's variable-rate bonds adjust to changing interest rates, the associated debt does not have corresponding increases in fair value. 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. 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 risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap liabilities in the marketplace if a swap were to be terminated.

Risks

a. Credit Risk

As of June 30, 2008, the Corporation was not exposed to credit risk on any outstanding swaps because all the swaps had negative fair values. If interest rates rise and the swaps' fair values become 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 below specific levels. The Corporation currently has swap agreements with five separate counterparties. Approximately 50% of the total notional amount of swaps is held with two separate counterparties, both of whom are rated AAA/Aaa. Of the remaining swaps, two of the counterparties are rated A/A1 while the other counterparty is rated AA-/Baa1, approximating 23% and 27%, respectively, of the total outstanding notional swap value.

b. Basis Risk

All of the Corporation's variable-rate demand obligation bond coupon payments 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 offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and, thus is not exposed to any basis risk. As of June 30, 2008, SIFMA was 1.55% and LIBOR was 2.48%, resulting in a positive .93% spread. The spread between LIBOR and SIFMA has fluctuated since the agreements became effective, but as the spread increases, so does the anticipated cost savings from the swaps.

c. 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. As the bonds mature the swaps will amortize. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed at the unswapped portion of the debt. The E021A1 and E021A2 swaps were structured with several tranches, allowing the Corporation to cancel individual tranches of the swap to match special redemptions of the bonds. The SC02B swap no longer has rollover risk since the bonds have been redeemed. The result of these swap structures is a decrease in rollover risk usually caused by rapid mortgage prepayments.

d. 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, thus, the Corporation would be exposed to interest rate risk. 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.

NOTES TO FINANCIAL STATEMENTS

12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2008 is summarized in the following schedule (in thousands):

	July 1, 2007	Additions	Reductions	June 30, 2008	Due Within One Year
Draw down bonds	\$ 86,255	\$ 46,535	\$ (23,825)	\$ 108,965	\$ -
Bonds and notes payable	2,974,632	241,731	(188,462)	3,027,901	57,255
Total bonds and notes payable	3,060,887	288,266	(\$212,287)	3,136,866	57,255
Compensated absences	3,683	2,513	(2,267)	3,929	1,832
Other liabilities	4,190	963	(4,807)	346	-
Total other long-term liabilities	7,873	3,476	(7,074)	4,275	1,832
	\$ 3,068,760	\$ 291,742	\$ (219,361)	\$ 3,141,141	\$ 59,087

13 SHORT TERM DEBT

The Corporation has a commercial paper program. Commercial paper is issued and redeemed to meet the cash flow requirements of the Corporation's activities. Individual maturities may range from 2 to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Board of Directors is \$150,000,000.

Yields issued during period	June 30, 2008	June 30, 2007
Lowest	2.35%	5.26%
Highest	5.60%	5.29%

Short term debt activity for the year ended June 30, 2008 is summarized in the following schedule (in thousands):

	July 1, 2007	Additions	Reductions	June 30, 2008
Commercial Paper	\$ 120,300	\$ 1,137,816	\$ (1,145,803)	\$ 112,313
Unamortized discount	(574)	(5,151)	5,571	(154)
Commercial paper, net	\$ 119,726	\$ 1,132,665	\$ (1,140,232)	\$ 112,159

14 TRANSFERS

Transfers for the year ended June 30, 2008 are summarized in the following schedule (in thousands):

T r a n s f e r T o	Transfer From				Total
	Administrative Fund	Housing Development Fund	Other Non-Major Funds		
Administrative Fund	\$ -	\$ 7,626	\$ 86,445	\$	94,071
Housing Development Fund	3,511	-	-		3,511
Other Non-Major Funds	53,113	-	-		53,113
Total	\$ 56,624	\$ 7,626	\$ 86,445	\$	\$150,695

Transfers are used to (1) move funds between the Administrative Fund and the other Funds of the Corporation for financing mortgage related activities and to subsidize debt service payments, (2) to move Corporate revenue to the Administrative Fund from Bond Funds, and (3) to record expenditures paid on behalf of the Bond Funds by the Administrative Fund.

15 OTHER CREDIT ARRANGEMENTS

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary to satisfy debt service or unpaid bond principal obligations. Such arrangements may contain covenants restricting the amendment of terms and redemption of bonds or notes, and setting the minimum combined fund equity of the Corporation and minimum debt service reserve fund balances. Varying commitment fees are required, generally $\frac{1}{4}$ to $\frac{1}{2}$ of 1% per annum of the aggregate liability or commitment amount.

In addition to such bond-related arrangements, the Corporation also maintains a \$200,000,000 issuer-level revolving credit facility that is unrelated to a specific bond issue. As of June 30, 2008, no draws had been made on the revolving credit facility.

The Corporation had unused liquidity facilities or similar credit enhancement agreements as shown below (in thousands):

	June 30, 2008	June 30, 2007
Bond related liquidity facilities	\$ 691,510	\$ 701,690
Revolving credit facility	200,000	200,000
Bond insurance	1,801,860	1,825,110
Total	\$ 2,693,370	\$ 2,726,800

16 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds. Most of the non-mortgage investments made under the Corporation's tax-exempt 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. Following is a summary of excess earnings recorded and paid (in thousands):

	June 30, 2008	June 30, 2007
Arbitrage expense	\$ 484	\$ 2,694
Arbitrage paid	4,309	407

NOTES TO FINANCIAL STATEMENTS

17 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”. The total state authorizations from FY1995–FY2008 were \$1,371,300,000; payments up thru June 30, 2008 were \$1,275,008,000 resulting in total remaining commitments of \$96,292,000 as of June 30, 2008.

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to \$224 million 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 million 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 \$60,250,000 in capital project bonds for the renovation and deferred maintenance of the Corporation’s Public Housing facilities. The 2004 Legislature adopted legislation 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. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

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, and \$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.

The Twenty-Third Legislature in 2003 enacted SCSBH 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, the 2003 Transfer Plan calls for annual transfers as follows (in thousands):

Fiscal Year	Transfer Plan Amount
2008	Lesser of 85% Net Income or \$103,000
2009 & Thereafter	Lesser of 75% Net Income or \$103,000

Subsequent to GASB 34, the Corporation interprets net income as operating income.

Contributions to the State of Alaska or other State agencies

Since the inception of the Corporation, the State has contributed a total of \$1,369,523,000 to the Corporation. Beginning in fiscal year 1986, the Corporation began a series of plans to transfer funds to or on behalf of the State. Following is a summary of the different types of transfers (in thousands):

	June 30, 2008	Cumulative Prior Fiscal Year	Total Payments to State
State debt repayment	\$ -	\$ 29,800	\$ 29,800
Asset purchases	-	252,300	252,300
Dividends	-	114,300	114,300
Direct cash transfers	39,150	567,503	606,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	8,661	278,680	287,341
Various bond’s proceeds disbursed	5,803	290,623	296,426
Total	\$ 53,614	\$ 1,835,860	\$ 1,889,474

18 GRANTS

The Corporation paid grants to third parties for the following programs (in thousands):

Program	June 30, 2008
<i>Administration Programs</i>	
▪ Rural Alaska Sanitation Coalition (RASC)	\$ 16
<i>Energy Programs:</i>	
▪ Energy Efficiency Monitoring Research	950
▪ Energy Efficient Home Program,	28
▪ Low-Income Home Energy Assistance	699
▪ Low Income Weatherization Assistance	5,612
	7,289
<i>Section 8 Vouchers and Contract Administration</i>	27,843
<i>Other Housing Assistance Programs</i>	
▪ AMHTA Short Term Housing Assistance	206
▪ Beneficiaries and Special Needs Housing	2,081
▪ Centers for Medicare/Medicaid Services	50
▪ Denali Commission	12,808
▪ Drug Elimination	221
▪ Grant Match Program	-
▪ HOME Investment Partnership	4,278
▪ Homeless Assistance Program	1,274
▪ Homeless Information Management System	10
▪ Housing Loan Program	4,738
▪ Housing Opportunities for Persons with AIDS	536
▪ Housing Preservation	50
▪ Resident Opportunity and Support Service	63
▪ Section 8 Contract Administration	6,026
▪ Shelter Plus Care	503
▪ Special Program for the Aging	114
▪ Senior Citizen Housing Development Grant	3,212
▪ Supportive Housing Grant Match	922
▪ Supplemental Housing Grant	5,970
▪ Technical Assistance Grant	80
	43,142
Total Housing Grant Expenses	78,290
<i>Other Program Funds:</i>	
▪ Legislative Appropriations	8,661
▪ University of Alaska FY99	-
Total Non-Housing Capital Project Grants	8,661
Total Grants	\$ 86,951

In addition to grant payments made, the Corporation has advanced grant funds of \$6,428,000 and committed to third parties a sum of \$45,193,000 in grant awards at June 30, 2008.

NOTES TO FINANCIAL STATEMENTS

19 OTHER PROGRAMS

Other programs include public-housing activities, energy conservation funded from a combination of corporate receipts and external sources and other activities not reported elsewhere.

Housing Assistance Programs

Low Rent includes the following programs for various low-income housing facilities administered by the Corporation under contract with HUD:

- Low Rent Management
- Modernization/Capital Fund Programs

Section 8 Vouchers Program includes the following programs for tenant-based rental assistance administered by the Corporation under contract with HUD:

- Section 8 Moderate Rehabilitation
- Section 8 Vouchers

Section 8 New Program consists of Corporate owned low-income housing facilities at various locations, Wrangell Market Housing, and contract administration of HUD contracts directly with landlords:

- Section 8 New Construction
- Wrangell Multi-Family Market
- Section 8 Contract Administration

Other Housing Assistance Programs include the following HUD, federal, state and privately funded activities:

- Drug Elimination Program
- Denali Commission Housing Programs
- Family Self Sufficiency Program (FSS)
- Family Investment Center Grant
- Gateway Literacy Program
- Grant Match Program
- HOME Investment Partnerships Program (HOME)
- HOME Technical Assistance
- Housing Opportunities for Persons with AIDS (HOPWA)
- Housing Preservation Grants
- Resident Opportunity and Supportive Services
- Service Coordinator for Public Housing Agencies Grant
- Shelter Plus Care Program
- Special Needs Assistance
- Supplemental Assistance for Facilities to Assist the Homeless (SAFAH)
- Supportive Housing Technical Assistance
- Teacher Health Professional and Public Safety Housing Programs

The Supplemental Housing and Senior Housing Programs are funded entirely by corporate funds.

Energy Conservation Programs

- Low-Income Weatherization Program
- Residential Energy Rehab Program (Enhanced Weatherization)
- Energy Efficiency Education
- Energy Efficient Home Program (Rebates)
- Alaska Native Tribal Health Consortium/Rural Alaska Sanitation Coalition (RASC)
- Association of Alaska Housing Authorities Grant
- Low-Income Home Energy Assistance Program (LIHEAP)
- State Energy Conservation Program and Special Projects
- Research Information Center
- Cold Climate Housing Research Center
- Alaska Building Science Network (Energy Education)

Housing Units Owned, Managed or Administered

As of June 30, 2008, the Public Housing Division of the Corporation operates the following programs in 18 Alaskan communities:

Program	Number of Units
Low Rent Conventional Housing	987
Low Rent Conventional Housing – Senior Units	343
Section 8 New Construction Housing	59
Section 8 New Construction Housing – Senior Units	268
Other Housing Units	33
Section 8 Existing – Housing Assistance:	
Housing Choice Vouchers	4,239
Single Room Occupancy	70
	<u>5,999</u>

20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of June 30, 2008, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS is an agent multiple-employer, statewide plan. 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. 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 of Alaska. 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. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0202.

Defined Benefit Plans (Employees hired prior to July 1, 2006):

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, 2¼% for the second ten years of service and 2½% for all remaining years of service. All service earned prior to July 1, 1986 will be calculated using the 2% multiplier. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and also provides death and disability benefits.

Effective with employees hired after June 30, 1986, the normal retirement age became 60 and the early retirement age became 55. Also the plan does not pay the retiree medical plan premium for retirees under the age of 60. The employee may elect to pay the full premium cost for medical coverage.

The retirement benefit calculation for employees hired after June 30, 1996 is based on the average of the member's five-year highest average monthly compensation. 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.

Defined Contribution Plan (Employees hired after July 1, 2006):

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

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 6¾% of their annual covered salary and the Corporation is required to contribute 6% of annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the Post Employment Healthcare Plan and the Corporation is required to contribute 16% of annual covered salary.

NOTES TO FINANCIAL STATEMENTS

Defined Contribution Plans

Under State law, covered employees are required to contribute 8% of their annual covered salary and the Corporation is required to contribute 5.58% of the annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the post employment healthcare plan and the Corporation is required to contribute .99% of the annual covered salary plus an annual flat dollar amount of \$1,531.27 for each covered employee.

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, the Corporation must pay that additional amount. This additional amount is used to reduce the liability of the defined benefit plans. For the year ended June 30, 2008, this amount was \$52,000.

The contributions to the pension plan for the year ended June 30, 2008 by the employees was \$59,000 and by the Corporation was \$49,000

The Corporation contributed \$62,000 to a health reimbursement arrangement for the year ended June 30, 2008.

Three-Year Trend Cost Information for Pension (in thousands):

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 1,089	100.00%	\$ -
June 30, 2007	2,077	100.00%	-
June 30, 2006	1,666	100.00%	-

Three-Year Trend Cost Information for Post Employment Healthcare (in thousands):

Year Ended	Annual Post Employment Health Cost (OPEB)	Percentage of Post Employment Health Cost Contributed	Net Post Employment Health Cost Obligation
June 30, 2008	\$ 2,869	100.00%	\$ -
June 30, 2007	1,465	100.00%	-
June 30, 2006	1,114	100.00%	-

Funding Status

The funded status of the pension plan as of June 30, 2006 was as follows.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess or (Unfunded) AAL (a) – (b)	Funded Ratio (a) / (b)	Covered Payroll (c)	Excess or (Unfunded) AAL as a Percentage of Covered Payroll ((a) – (b)) / (c)
June 30, 2006	\$ 55,301	\$ 63,612	\$ (8,311)	87%	\$ 17,588	(47%)

The funded status of the post employee healthcare plan as of June 30, 2006 was as follows.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess or (Unfunded) AAL (a) – (b)	Funded Ratio (a) / (b)	Covered Payroll (c)	(Unfunded) AAL as a Percentage of Covered Payroll ((a) – (b)) / (c)
June 30, 2006	23,670	46,162	(22,492)	51%	17,587	(128%)

Actuarial valuations of an ongoing healthcare plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Funding Progress

The Schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for pension and post employment healthcare benefits.

Actuarial Methods and Assumptions.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The current year actuarial required contribution was computed as part of an actuarial valuation as of June 30, 2005. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 8.25% per year compounded annually and (b) projected salary increases of 5.5% a year for the first ten years of employment, with distinction made between amounts for inflation (3.5%), merit (1.5%), and productivity (0.5%). The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five year period. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The excess of assets over the actuarial accrued liability is amortized over a rolling 25 years which is an open amortization period. The percentage of pay method is used for amortization purposes.

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 \$50,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of \$887,000 and \$1,149,000 as of June 30, 2008 and June 30, 2007, respectively.

Litigation

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

Contingent Liabilities

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

Subsequent Events

In June 2008 the Corporation's Board of Directors signed a contract with HUD for the Moving to Work program. This program will be implemented in fiscal year 2009. Moving to Work (MTW) is a demonstration program that allows public housing authorities (PHAs) to design and test ways to promote self-sufficiency among assisted families, to achieve programmatic efficiency and reduce costs and increase housing choice for low-income households by allowing considerable flexibility in determining how to use Federal funds. For example, funds can be combined from the public housing operating programs, the modernization programs, and the Housing Choice Voucher tenant-based rental assistance program to meet the purposes of the demonstration. Also exemptions can be granted from most existing public housing and Housing Choice Voucher program rules.

Effective July 1, 2008 the Corporation's pension and post employment health care plan, the Alaska Public Employees' Retirement System (PERS), will change from an agent multiple-employer plan to a cost sharing plan. This was brought about by Senate Bill 125 which was signed into law April 9, 2008.

On July 17, 2008, the Corporation's Board of Directors authorized the issuance of up to \$85,000,000 Home Mortgage Revenue Bonds, 2008 Series B (First Time Homebuyers Program).

NOTES TO FINANCIAL STATEMENTS

22 RISK MANAGEMENT

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

23 FIVE YEAR FINANCIAL INFORMATION

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

	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
ASSETS					
Cash	\$ 19,034	\$ 45,964	\$ 11,583	\$ 9,769	\$ 7,939
Investments	1,231,404	1,274,544	1,768,178	1,219,415	1,143,547
Accrued interest receivable	16,734	19,340	19,013	20,762	19,897
Mortgage loans, notes and other loans	3,450,063	3,357,754	3,240,209	3,325,182	3,355,300
Net investment in direct financing lease	65,203	27,085	29,110	32,843	34,547
Unamortized bond issuance costs	25,142	24,616	24,584	25,135	26,404
Capital assets, net	116,535	118,743	120,030	116,073	110,813
Other assets	22,004	28,854	16,869	13,754	10,033
Total Assets	4,946,119	\$ 4,896,900	\$ 5,229,576	\$ 4,762,933	\$ 4,708,480
LIABILITIES					
Bonds and notes payable	3,136,866	\$ 3,060,887	\$ 2,907,223	\$ 2,898,730	\$ 2,890,879
Short term debt	112,159	119,726	242,449	138,375	70,145
Accrued interest payable	15,303	14,847	17,340	14,147	14,562
Other liabilities	15,620	16,968	72,532	28,608	26,435
Total Liabilities	3,279,948	\$ 3,212,428	\$ 3,239,544	\$ 3,079,860	\$ 3,002,021
Total Fund Equity	1,666,171	\$ 1,684,472	\$ 1,990,032	\$ 1,683,073	\$ 1,706,459
OPERATING REVENUES					
Mortgage and loans revenue	\$ 202,851	\$ 195,028	\$ 193,573	\$ 201,386	\$ 206,300
Investment interest	56,667	76,631	60,220	43,162	46,358
Net change in fair value of investments	255	2,214	(1,830)	(1,653)	(9,554)
Total Investment Revenue	56,922	78,845	58,390	41,509	36,804
Externally funded programs	73,603	63,043	59,587	57,877	56,084
Rental	7,695	6,988	6,575	6,183	6,109
Other	776	1,085	807	2,252	743
Total Operating Revenues	341,847	\$ 344,989	\$ 318,932	\$ 309,207	\$ 306,040
OPERATING EXPENSES					
Interest	147,336	158,145	146,971	141,161	151,165
Mortgage and loan costs	14,155	14,034	13,133	13,130	13,059
Operations and administration	42,812	41,410	38,858	35,530	36,240
Financing expenses	6,415	8,945	4,836	11,941	6,168
Provision for loan loss	7,098	5,490	406	(103)	(1,861)
Housing grants and subsidies	78,290	65,689	56,829	56,506	48,640
Rental housing operating expenses	10,428	10,799	11,221	10,985	10,149
Total Operating Expenses	306,534	\$ 304,512	\$ 272,254	\$ 269,150	\$ 263,560
Operating Income	35,313	40,477	46,678	40,057	42,480
NON-OPERATING & SPECIAL ITEM					
Contribution from the State of Alaska	-	-	300,000	-	-
Contribution to State or State agency	(53,614)	(346,037)	(46,845)	(67,288)	(66,136)
Special item	-	-	7,126	3,845	(7,451)
Change in Net Assets	\$ (18,301)	\$ (305,560)	\$ 306,959	\$ (23,386)	\$ (31,107)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for PERS (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess or (Unfunded) AAL (a) – (b)	Funded Ratio (a) / (b)	Covered Payroll (c)	Excess or (Unfunded) AAL as a Percentage of Covered Payroll ((a) – (b)) / (c)
Pension:						
June 30, 2006	\$ 55,301	\$ 63,612	\$ (8,311)	87%	\$ 17,588	(47%)
June 30, 2005	37,227	49,251	(12,024)	76%	16,479	(73%)
June 30, 2004	35,749	46,202	(10,453)	77%	16,006	(65%)
Postretirement Health:						
June 30, 2006	23,670	46,162	(22,492)	51%	17,587	(128%)
June 30, 2005	30,879	40,851	(9,972)	76%	16,479	(61%)
June 30, 2004	25,207	32,578	(7,371)	77%	16,006	(46%)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of June 30, 2008

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
<u>ASSETS</u>				
Cash	9,838	-	-	165
Investments	474,627	102,438	112,001	277,070
Accrued interest receivable	2,754	4,659	1,829	5,097
Inter-fund due to/from	(32,653)	20,152	4,258	16,823
Mortgage loans, notes and other loans	535,218	1,082,733	338,127	1,032,413
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	8,894	2,967	7,833
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	188	-	-	-
Other assets	7,052	1,200	-	678
Intergovernmental receivable	-	-	-	-
Total Assets	997,163	1,220,076	459,182	1,340,079
<u>LIABILITIES</u>				
Bonds and notes payable	108,965	1,067,949	345,818	897,749
Short term debt	112,159	-	-	-
Accrued interest payable	985	5,075	1,430	3,622
Other liabilities	5,874	409	91	238
Intergovernmental payable	-	-	-	-
Total Liabilities	227,983	1,073,433	347,339	901,609
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	327	-	-	-
Restricted by bond resolutions	-	146,643	111,843	341,735
Restricted by contractual or statutory agreements	107,530	-	-	20,275
Unrestricted net assets, (deficit)	661,323	-	-	76,460
Total Net Assets (deficit)	769,180	146,643	111,843	438,470

Schedule 1

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
296	8,735	19,034
263,637	1,631	1,231,404
2,395	-	16,734
7,377	(15,957)	-
461,572	-	3,450,063
65,203	-	65,203
5,448	-	25,142
-	13,851	13,990
-	102,357	102,545
366	12,347	21,643
-	361	361
<u>806,294</u>	<u>123,325</u>	<u>4,946,119</u>
716,385	-	3,136,866
-	-	112,159
4,191	-	15,303
577	5,282	12,471
2,930	219	3,149
<u>724,083</u>	<u>5,501</u>	<u>3,279,948</u>
-	116,208	116,535
28,018	-	628,239
-	12,584	140,389
54,193	(10,968)	781,008
<u>82,211</u>	<u>117,824</u>	<u>1,666,171</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

REVOLVING FUNDS

As of June 30, 2008

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>ASSETS</u>			
Cash	9,500	338	9,838
Investments	463,728	10,899	474,627
Accrued interest receivable	2,753	1	2,754
Inter-fund due to/from	(32,653)	-	(32,653)
Mortgage loans, notes and other loans	535,218	-	535,218
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	188	-	188
Other assets	7,052	-	7,052
Intergovernmental receivable	-	-	-
Total Assets	985,925	11,238	997,163
<u>LIABILITIES</u>			
Bonds and notes payable	108,965	-	108,965
Short term debt	112,159	-	112,159
Accrued interest payable	985	-	985
Other liabilities	5,874	-	5,874
Intergovernmental payable	-	-	-
Total Liabilities	227,983	-	227,983
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	327	-	327
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	96,292	11,238	107,530
Unrestricted net assets, (deficit)	661,323	-	661,323
Total Net Assets (deficit)	757,942	11,238	769,180

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS**FIRST TIME HOMEBUYER BONDS**

As of June 30, 2008

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D	Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B
<u>ASSETS</u>						
Cash	-	-	-	-	-	-
Investments	5,913	3,718	9,991	8,399	3,841	23,444
Accrued interest receivable	233	164	510	264	293	753
Inter-fund due to/from	776	599	1,857	932	1,067	3,836
Mortgage loans, notes and other loans	46,209	30,587	94,625	53,963	62,904	172,089
Net investment in direct financing lease	-	-	-	-	-	-
Unamortized bond issuance costs	725	472	1,117	978	862	854
Capital assets - non-depreciable	-	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-	-
Other assets	-	-	-	100	-	219
Intergovernmental receivable	-	-	-	-	-	-
Total Assets	53,856	35,540	108,100	64,636	68,967	201,195
<u>LIABILITIES</u>						
Bonds and notes payable	30,056	26,685	84,172	60,385	60,172	169,300
Short term debt	-	-	-	-	-	-
Accrued interest payable	41	115	423	296	256	622
Other liabilities	13	11	32	16	20	154
Intergovernmental payable	-	-	-	-	-	-
Total Liabilities	30,110	26,811	84,627	60,697	60,448	170,076
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt	-	-	-	-	-	-
Restricted by bond resolutions	23,746	8,729	23,473	3,939	8,519	31,119
Restricted by contractual or statutory agreements	-	-	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-	-	-
Total Net Assets (deficit)	23,746	8,729	23,473	3,939	8,519	31,119

Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Combined Total
-	-	-	-	-	-	-	-	-
7,908	3,742	2,987	7,721	7,795	3,632	8,655	4,692	102,438
342	252	271	285	309	333	344	306	4,659
1,507	1,377	1,165	1,724	1,474	1,007	2,137	694	20,152
83,254	68,810	72,027	72,022	72,466	88,172	84,926	80,679	1,082,733
-	-	-	-	-	-	-	-	-
755	603	612	212	132	772	180	620	8,894
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	342	312	227	1,200
-	-	-	-	-	-	-	-	-
93,766	74,784	77,062	81,964	82,176	94,258	96,554	87,218	1,220,076
90,985	70,551	72,990	73,059	73,059	88,665	86,990	80,880	1,067,949
-	-	-	-	-	-	-	-	-
355	271	315	215	213	343	258	1,352	5,075
23	17	18	19	21	22	24	19	409
-	-	-	-	-	-	-	-	-
91,363	70,839	73,323	73,293	73,293	89,030	87,272	82,251	1,073,433
-	-	-	-	-	-	-	-	-
2,403	3,945	3,739	8,671	8,883	5,228	9,282	4,967	146,643
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,403	3,945	3,739	8,671	8,883	5,228	9,282	4,967	146,643

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2008

(in thousands of dollars)

	Collateralized Bonds 1997 First Series	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series
<u>ASSETS</u>				
Cash	-	-	-	-
Investments	-	7,113	4,197	2,445
Accrued interest receivable	-	101	227	126
Inter-fund due to/from	-	405	961	327
Mortgage loans, notes and other loans	-	19,973	44,043	23,324
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	275	691	383
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	-	27,867	50,119	26,605
<u>LIABILITIES</u>				
Bonds and notes payable	-	12,608	34,280	18,270
Short term debt	-	-	-	-
Accrued interest payable	-	56	172	95
Other liabilities	-	6	14	7
Intergovernmental payable	-	-	-	-
Total Liabilities	-	12,670	34,466	18,372
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	15,197	15,653	8,233
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	15,197	15,653	8,233

Schedule 4

Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
-	-	-	-	-
2,263	2,331	90,466	3,186	112,001
115	74	881	305	1,829
184	510	1,433	438	4,258
24,558	17,885	136,424	71,920	338,127
-	-	-	-	-
213	-	819	586	2,967
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
27,333	20,800	230,023	76,435	459,182
19,945	14,420	188,410	57,885	345,818
-	-	-	-	-
91	58	728	230	1,430
6	5	34	19	91
-	-	-	-	-
20,042	14,483	189,172	58,134	347,339
-	-	-	-	-
7,291	6,317	40,851	18,301	111,843
-	-	-	-	-
-	-	-	-	-
7,291	6,317	40,851	18,301	111,843

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of June 30, 2008

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>ASSETS</u>				
Cash	-	-	-	165
Investments	10,000	64,443	79,461	77,536
Accrued interest receivable	51	2,013	1,159	574
Inter-fund due to/from	75	6,012	4,676	2,561
Mortgage loans, notes and other loans	10,151	338,610	261,943	162,665
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	3,461	1,632	1,137
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	642	18	-
Intergovernmental receivable	-	-	-	-
Total Assets	20,277	415,181	348,889	244,638
<u>LIABILITIES</u>				
Bonds and notes payable	-	337,425	241,622	149,392
Short term debt	-	-	-	-
Accrued interest payable	-	1,214	1,209	596
Other liabilities	2	82	65	6
Intergovernmental payable	-	-	-	-
Total Liabilities	2	338,721	242,896	149,994
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	105,993	94,644
Restricted by contractual or statutory agreements	20,275	-	-	-
Unrestricted net assets, (deficit)	-	76,460	-	-
Total Net Assets (deficit)	20,275	76,460	105,993	94,644

Schedule 5

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
-	-	165
3,285	42,345	277,070
162	1,138	5,097
-	3,499	16,823
20,732	238,312	1,032,413
-	-	-
201	1,402	7,833
-	-	-
-	-	-
-	18	678
-	-	-
24,380	286,714	1,340,079
23,300	146,010	897,749
-	-	-
29	574	3,622
-	83	238
-	-	-
23,329	146,667	901,609
-	-	-
1,051	140,047	341,735
-	-	20,275
-	-	76,460
1,051	140,047	438,470

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of June 30, 2008

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
<u>ASSETS</u>				
Cash	-	-	-	296
Investments	16,265	29,794	1	2,659
Accrued interest receivable	235	401	226	4
Inter-fund due to/from	518	1,307	791	-
Mortgage loans, notes and other loans	39,068	78,195	53,716	-
Net investment in direct financing lease	-	-	40,243	24,960
Unamortized bond issuance costs	652	655	692	154
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	29	9	-
Intergovernmental receivable	-	-	-	-
Total Assets	56,738	110,381	95,678	28,073
<u>LIABILITIES</u>				
Bonds and notes payable	77,142	98,722	95,999	8,131
Short term debt	-	-	-	-
Accrued interest payable	1,925	367	370	107
Other liabilities	15	25	22	339
Intergovernmental payable	-	-	-	2,930
Total Liabilities	79,082	99,114	96,391	11,507
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	16,566
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	(22,344)	11,267	(713)	-
Total Net Assets (deficit)	(22,344)	11,267	(713)	16,566

Schedule 6

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	-	-	-	296
8,568	57,435	70,986	77,929	263,637
85	406	627	411	2,395
74	1,239	1,256	2,192	7,377
9,017	85,256	103,506	92,814	461,572
-	-	-	-	65,203
296	682	1,095	1,222	5,448
-	-	-	-	-
-	-	-	-	-
-	27	301	-	366
-	-	-	-	-
18,040	145,045	177,771	174,568	806,294
6,550	136,830	144,578	148,433	716,385
-	-	-	-	-
34	162	588	638	4,191
4	115	39	18	577
-	-	-	-	2,930
6,588	137,107	145,205	149,089	724,083
-	-	-	-	-
11,452	-	-	-	28,018
-	-	-	-	-
-	7,938	32,566	25,479	54,193
11,452	7,938	32,566	25,479	82,211

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2008

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>ASSETS</u>				
Cash	1	4,027	3,403	1,303
Investments	1,631	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(5,982)	(2,798)	(832)	(395)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	-	12,721	1,130	-
Capital assets - depreciable, net	-	79,637	22,649	8
Other assets	2,223	1,039	45	1
Intergovernmental receivable	179	-	-	-
Total Assets	(1,948)	94,626	26,395	917
<u>LIABILITIES</u>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	792	1,793	461	350
Intergovernmental payable	-	219	-	-
Total Liabilities	792	2,012	461	350
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	92,358	23,779	8
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	1,545	3,146	2,217	559
Unrestricted net assets, (deficit)	(4,285)	(2,890)	(62)	-
Total Net Assets (deficit)	(2,740)	92,614	25,934	567

Schedule 7

Other Programs	Combined Total
1	8,735
-	1,631
-	-
(5,950)	(15,957)
-	-
-	-
-	-
-	13,851
63	102,357
9,039	12,347
182	361
<u>3,335</u>	<u>123,325</u>
-	-
-	-
-	-
1,886	5,282
-	219
<u>1,886</u>	<u>5,501</u>
63	116,208
-	-
5,117	12,584
(3,731)	(10,968)
<u>1,449</u>	<u>117,824</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	37,518	62,206	21,078	58,856
Investment interest	15,357	5,917	6,605	14,646
Net change in the fair value of investments	(839)	4	6	(31)
Total Investment Revenue	14,518	5,921	6,611	14,615
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	107	68	-	28
Total Operating Revenues	52,143	68,195	27,689	73,499
<u>OPERATING EXPENSES</u>				
Interest	7,648	50,238	16,622	44,356
Mortgage and loan costs	3,011	4,379	1,346	3,413
Financing expenses	1,113	1,977	736	1,144
Provision for loan loss	(2,923)	2,055	2,443	6,180
Operations and administration	3,485	6,849	2,121	6,618
Rental housing operating expenses	97	-	-	-
Housing grants and subsidies	16	-	-	-
Total Operating Expenses	12,447	65,498	23,268	61,711
Operating Income (Loss)	39,696	2,697	4,421	11,788
<u>NONOPERATING EXPENSES.</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(39,415)	-	-	-
Transfers - Internal	(40,905)	13,486	(6,198)	29,186
Change in Net Assets	(40,624)	16,183	(1,777)	40,974
Net assets at beginning of year	809,804	130,460	113,620	397,496
Net Assets at End of Period	769,180	146,643	111,843	438,470

Schedule 8

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
23,193	-	202,851
13,935	207	56,667
1,128	(13)	255
<u>15,063</u>	<u>194</u>	<u>56,922</u>
-	73,603	73,603
-	7,695	7,695
-	573	776
<u>38,256</u>	<u>82,065</u>	<u>341,847</u>
28,461	11	147,336
2,006	-	14,155
1,445	-	6,415
(657)	-	7,098
2,931	20,808	42,812
-	10,331	10,428
-	78,274	78,290
<u>34,186</u>	<u>109,424</u>	<u>306,534</u>
4,070	(27,359)	35,313
(5,538)	(8,661)	(53,614)
(6,001)	10,432	-
<u>(7,469)</u>	<u>(25,588)</u>	<u>(18,301)</u>
89,680	143,412	1,684,472
<u>82,211</u>	<u>117,824</u>	<u>1,666,171</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 9

(A Component Unit of the State of Alaska)

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

For the Year Ended June 30, 2008

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>OPERATING REVENUES</u>			
Mortgage and loans revenue	37,518	-	37,518
Investment interest	14,873	484	15,357
Net change in the fair value of investments	(823)	(16)	(839)
Total Investment Revenue	14,050	468	14,518
Externally funded program	-	-	-
Rental	-	-	-
Other	107	-	107
Total Operating Revenues	51,675	468	52,143
<u>OPERATING EXPENSES</u>			
Interest	7,648	-	7,648
Mortgage and loan costs	3,011	-	3,011
Financing expenses	1,145	(32)	1,113
Provision for loan loss	(2,923)	-	(2,923)
Operations and administration	3,485	-	3,485
Rental housing operating expenses	97	-	97
Housing grants and subsidies	16	-	16
Total Operating Expenses	12,479	(32)	12,447
Operating Income (Loss)	39,196	500	39,696
<u>NONOPERATING EXPENSES.</u>			
<u>SPECIAL ITEMS & TRANSFERS</u>			
Contributions to the State of Alaska or other State agencies	(39,415)	-	(39,415)
Transfers - Internal	(40,905)	-	(40,905)
Change in Net Assets	(41,124)	500	(40,624)
Net assets at beginning of year	799,066	10,738	809,804
Net Assets at End of Period	757,942	11,238	769,180

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D	Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B
<u>OPERATING REVENUES</u>						
Mortgage and loans revenue	3,082	2,180	6,617	3,499	4,089	10,492
Investment interest	777	258	982	452	439	852
Net change in the fair value of investments	-	-	1	2	-	(3)
Total Investment Revenue	777	258	983	454	439	849
Externally funded program	-	-	-	-	-	-
Rental	-	-	-	-	-	-
Other	-	-	8	12	4	22
Total Operating Revenues	3,859	2,438	7,608	3,965	4,532	11,363
<u>OPERATING EXPENSES</u>						
Interest	2,465	1,561	5,785	3,825	3,554	7,579
Mortgage and loan costs	201	148	458	234	282	750
Financing expenses	110	37	69	74	56	622
Provision for loan loss	(377)	(123)	(431)	(79)	(340)	12
Operations and administration	289	194	599	340	398	1,088
Rental housing operating expenses	-	-	-	-	-	-
Housing grants and subsidies	-	-	-	-	-	-
Total Operating Expenses	2,688	1,817	6,480	4,394	3,950	10,051
Operating Income (Loss)	1,171	621	1,128	(429)	582	1,312
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>						
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers - Internal	418	197	611	348	406	1,550
Change in Net Assets	1,589	818	1,739	(81)	988	2,862
Net assets at beginning of year	22,157	7,911	21,734	4,020	7,531	28,257
Net Assets at End of Period	23,746	8,729	23,473	3,939	8,519	31,119

Schedule 10

Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Combined Total
4,936	3,664	3,989	4,180	4,255	4,645	5,046	1,532	62,206
383	249	149	358	361	245	374	38	5,917
-	-	1	2	2	(3)	2	-	4
383	249	150	360	363	242	376	38	5,921
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8	9	-	-	5	-	-	-	68
5,327	3,922	4,139	4,540	4,623	4,887	5,422	1,570	68,195
4,285	3,277	3,666	2,748	2,740	4,140	3,261	1,352	50,238
348	248	259	309	311	357	394	80	4,379
60	48	49	184	187	33	219	229	1,977
(31)	(86)	303	2	(141)	447	47	2,852	2,055
530	439	459	452	454	561	533	513	6,849
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,192	3,926	4,736	3,695	3,551	5,538	4,454	5,026	65,498
135	(4)	(597)	845	1,072	(651)	968	(3,456)	2,697
-	-	-	-	-	-	-	-	-
603	99	167	404	458	444	(642)	8,423	13,486
738	95	(430)	1,249	1,530	(207)	326	4,967	16,183
1,665	3,850	4,169	7,422	7,353	5,435	8,956	-	130,460
2,403	3,945	3,739	8,671	8,883	5,228	9,282	4,967	146,643

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2008

(in thousands of dollars)

	Collateralized Bonds 1997 First Series	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,008	1,358	3,233	1,747
Investment interest	406	353	295	187
Net change in the fair value of investments	(3)	1	-	-
Total Investment Revenue	<u>403</u>	<u>354</u>	<u>295</u>	<u>187</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	<u>2,411</u>	<u>1,712</u>	<u>3,528</u>	<u>1,934</u>
<u>OPERATING EXPENSES</u>				
Interest	109	798	2,319	1,279
Mortgage and loan costs	126	87	215	111
Financing expenses	344	137	63	36
Provision for loan loss	(466)	(98)	(159)	(9)
Operations and administration	-	125	275	146
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	<u>113</u>	<u>1,049</u>	<u>2,713</u>	<u>1,563</u>
Operating Income (Loss)	<u>2,298</u>	<u>663</u>	<u>815</u>	<u>371</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(43,976)	236	(507)	(514)
Change in Net Assets	<u>(41,678)</u>	<u>899</u>	<u>308</u>	<u>(143)</u>
Net assets at beginning of year	<u>41,678</u>	<u>14,298</u>	<u>15,345</u>	<u>8,376</u>
Net Assets at End of Period	<u><u>-</u></u>	<u><u>15,197</u></u>	<u><u>15,653</u></u>	<u><u>8,233</u></u>

Schedule 11

Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
1,652	1,113	7,541	2,426	21,078
114	68	5,130	52	6,605
-	1	6	1	6
114	69	5,136	53	6,611
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,766	1,182	12,677	2,479	27,689
1,190	698	8,789	1,440	16,622
103	75	478	151	1,346
12	1	24	119	736
(46)	4	1,430	1,787	2,443
153	113	856	453	2,121
-	-	-	-	-
-	-	-	-	-
1,412	891	11,577	3,950	23,268
354	291	1,100	(1,471)	4,421
-	-	-	-	-
(461)	59	19,193	19,772	(6,198)
(107)	350	20,293	18,301	(1,777)
7,398	5,967	20,558	-	113,620
7,291	6,317	40,851	18,301	111,843

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER HOUSING BONDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	45	22,661	14,374	7,285
Investment interest	1,063	4,186	3,700	3,034
Net change in the fair value of investments	(41)	14	(5)	11
Total Investment Revenue	1,022	4,200	3,695	3,045
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	28	-
Total Operating Revenues	1,067	26,861	18,097	10,330
<u>OPERATING EXPENSES</u>				
Interest	-	15,338	14,753	7,179
Mortgage and loan costs	3	996	931	492
Financing expenses	(2)	447	148	45
Provision for loan loss	3,676	1,406	(565)	576
Operations and administration	86	2,250	1,641	1,017
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	3,763	20,437	16,908	9,309
Operating Income (Loss)	(2,696)	6,424	1,189	1,021
<u>NONOPERATING EXPENSES.</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	145	17,488	(58,037)	66,864
Change in Net Assets	(2,551)	23,912	(56,848)	67,885
Net assets at beginning of year	22,826	52,548	162,841	26,759
Net Assets at End of Period	20,275	76,460	105,993	94,644

Schedule 12

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
499	13,992	58,856
133	2,530	14,646
1	(11)	(31)
<u>134</u>	<u>2,519</u>	<u>14,615</u>
-	-	-
-	-	-
-	-	28
<u>633</u>	<u>16,511</u>	<u>73,499</u>
657	6,429	44,356
-	991	3,413
57	449	1,144
-	1,087	6,180
128	1,496	6,618
-	-	-
-	-	-
<u>842</u>	<u>10,452</u>	<u>61,711</u>
(209)	6,059	11,788
-	-	-
<u>181</u>	<u>2,545</u>	<u>29,186</u>
(28)	8,604	40,974
1,079	131,443	397,496
<u>1,051</u>	<u>140,047</u>	<u>438,470</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NON-HOUSING BONDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,304	5,054	90	(1)
Investment interest	1,661	1,166	441	1,356
Net change in the fair value of investments	488	53	-	-
Total Investment Revenue	<u>2,149</u>	<u>1,219</u>	<u>441</u>	<u>1,356</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	<u>4,453</u>	<u>6,273</u>	<u>531</u>	<u>1,355</u>
<u>OPERATING EXPENSES</u>				
Interest	3,654	4,481	1,364	483
Mortgage and loan costs	212	386	9	-
Financing expenses	467	60	99	19
Provision for loan loss	(62)	(281)	606	-
Operations and administration	244	490	333	50
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	<u>4,515</u>	<u>5,136</u>	<u>2,411</u>	<u>552</u>
Operating Income (Loss)	<u>(62)</u>	<u>1,137</u>	<u>(1,880)</u>	<u>803</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(263)	-	-	-
Transfers - Internal	(12,706)	562	1,167	(817)
Change in Net Assets	<u>(13,031)</u>	<u>1,699</u>	<u>(713)</u>	<u>(14)</u>
Net assets at beginning of year	(9,313)	9,568	-	16,580
Net Assets at End of Period	<u>(22,344)</u>	<u>11,267</u>	<u>(713)</u>	<u>16,566</u>

Schedule 13

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
608	4,798	5,679	4,661	23,193
575	2,538	3,055	3,143	13,935
1	5	574	7	1,128
576	2,543	3,629	3,150	15,063
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,184	7,341	9,308	7,811	38,256
570	3,924	6,543	7,442	28,461
84	469	561	285	2,006
60	513	122	105	1,445
(49)	(636)	(50)	(185)	(657)
57	530	649	578	2,931
-	-	-	-	-
-	-	-	-	-
722	4,800	7,825	8,225	34,186
462	2,541	1,483	(414)	4,070
-	-	(5,275)	-	(5,538)
5,034	970	(1,729)	1,518	(6,001)
5,496	3,511	(5,521)	1,104	(7,469)
5,956	4,427	38,087	24,375	89,680
11,452	7,938	32,566	25,479	82,211

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	-	-	-	-
Investment interest	86	17	103	1
Net change in the fair value of investments	(13)	-	-	-
Total Investment Revenue	73	17	103	1
Externally funded program	2,321	11,736	2,304	30,763
Rental	-	5,890	1,804	1
Other	1	148	8	5
Total Operating Revenues	2,395	17,791	4,219	30,770
<u>OPERATING EXPENSES</u>				
Interest	-	9	2	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	628	11,995	2,882	3,692
Rental housing operating expenses	-	8,267	1,991	66
Housing grants and subsidies	7,289	-	-	27,843
Total Operating Expenses	7,917	20,271	4,875	31,601
Operating Income (Loss)	(5,522)	(2,480)	(656)	(831)
<u>NONOPERATING EXPENSES.</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	838	2,166	(18,462)	(93)
Change in Net Assets	(4,684)	(314)	(19,118)	(924)
Net assets at beginning of year	1,944	92,928	45,052	1,491
Net Assets at End of Period	(2,740)	92,614	25,934	567

Schedule 14

<u>Other Programs</u>	<u>Combined Total</u>
-	-
-	207
-	(13)
-	194
26,479	73,603
-	7,695
411	573
<u>26,890</u>	<u>82,065</u>
-	11
-	-
-	-
-	-
1,611	20,808
7	10,331
43,142	78,274
<u>44,760</u>	<u>109,424</u>
(17,870)	(27,359)
(8,661)	(8,661)
25,983	10,432
<u>(548)</u>	<u>(25,588)</u>
1,997	143,412
<u>1,449</u>	<u>117,824</u>

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, 2008

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds and Notes	Combined Other Housing Bonds
Cash flows from operating activities:				
Interest income on mortgages and loans	29,564	59,012	20,156	56,948
Principal payments received on mortgages and loans	48,090	129,529	35,195	135,210
Purchases of mortgages and loans	(512,333)	-	-	-
Receipt (payment) for loan transfers between funds	530,266	(149,978)	(120,852)	(259,436)
Payments to employees and other payroll disbursements	(18,351)	-	-	-
Payments for goods and services	(13,771)	-	-	-
Cash received for externally funded programs	119	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	581,888	187,477	55,830	191,190
Interfund Payments	(583,596)	(189,263)	(55,569)	(188,928)
Grant payments to other agencies	(15,389)	-	-	-
Other operating cash receipts	1,409	91	-	1,334
Other operating cash payments	(4,593)	(128)	-	(1,341)
Net cash provided by (used for) operating activities	43,303	36,740	(65,240)	(65,023)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	46,535	80,880	57,393	-
Principal paid on bonds	(23,825)	(64,400)	(23,365)	(14,210)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(839)	-	-	-
Interest paid	(8,214)	(48,174)	(16,493)	(44,550)
Proceeds from issuance of short term debt	1,133,512	-	-	-
Payment of short term debt	(1,140,232)	-	-	-
Contributions to the State of Alaska or other State agencies	(49,471)	-	-	-
Transfers (to) from other funds	82,593	(4,246)	(12,499)	(7,426)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	40,059	(35,940)	5,036	(66,186)
Cash flows from capital financing activities:				
Acquisition of capital assets	(2,190)	-	-	-
Proceeds from the disposal of capital assets	4	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(2,308)	-	-	-
Net cash provided by (used for) capital financing activities	(4,494)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(8,282,002)	(952,586)	(284,286)	(2,318,455)
Proceeds from maturity of investments	8,187,015	945,739	337,568	2,432,805
Interest received from investments	15,417	6,047	6,922	16,808
Net cash provided by (used for) investing activities	(79,570)	(800)	60,204	131,158
Net Increase (decrease) in cash	(702)	-	-	(51)
Cash at the beginning of year	10,540	-	-	216
Cash at the end of period	9,838	-	-	165
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	39,696	2,697	4,421	11,788
<i>Adjustments:</i>				
Depreciation expense	69	-	-	-
Provision for loan losses	(2,923)	2,055	2,443	6,180
Amortization of bond issuance costs	-	413	496	288
Net change in the fair value of investments	839	(4)	(6)	31
Transfers between funds for operating activity	(45,146)	9,463	3,107	9,629
Interest received from investments	(15,417)	(6,047)	(6,922)	(16,808)
Interest paid	8,214	48,174	16,493	44,550
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	66,023	(20,449)	(85,657)	(124,226)
Net increase (decrease) in assets and liabilities	(8,052)	438	385	3,545
Net cash provided by (used for) operating activities	43,303	36,740	(65,240)	(65,023)

Schedule 15

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
21,550	-	187,230
63,123	-	411,147
-	-	(512,333)
-	-	-
-	(11,099)	(29,450)
(25)	(8,298)	(22,094)
-	38,028	38,147
-	35,038	35,038
-	(35,329)	(35,329)
98,036	50,023	1,164,444
(95,946)	(51,142)	(1,164,444)
-	(28,229)	(43,618)
816	8,852	12,502
(798)	(674)	(7,534)
86,756	(2,830)	33,706
99,392	-	284,200
(34,931)	(499)	(161,230)
(44,636)	-	(44,636)
-	-	(839)
(28,291)	(53)	(145,775)
-	-	1,133,512
-	-	(1,140,232)
(5,538)	-	(55,009)
(37,412)	(21,010)	-
-	-	-
(51,416)	(21,562)	(130,009)
-	(1,989)	(4,179)
-	31	35
-	-	-
(3,316)	-	(3,316)
-	-	-
(3,544)	-	(3,544)
4,002	-	4,002
(22,930)	-	(25,238)
(25,788)	(1,958)	(32,240)
(2,051,840)	(6,283)	(13,895,452)
2,029,500	6,225	13,938,852
12,809	210	58,213
(9,531)	152	101,613
21	(26,198)	(26,930)
275	34,933	45,964
296	8,735	19,034
4,070	(27,359)	35,313
-	6,451	6,520
(657)	-	7,098
214	-	1,411
(1,128)	13	(255)
4,064	18,883	-
(12,809)	(210)	(58,213)
31,835	53	149,319
63,123	-	(101,186)
(1,956)	(661)	(6,301)
86,756	(2,830)	33,706

ALASKA HOUSING FINANCE CORPORATION

Schedule 16

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

REVOLVING FUNDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	29,564	-	29,564
Principal payments received on mortgages and loans	48,090	-	48,090
Purchases of mortgages and loans	(512,333)	-	(512,333)
Receipt (payment) for loan transfers between funds	530,265	1	530,266
Payments to employees and other payroll disbursements	(18,351)	-	(18,351)
Payments for goods and services	(13,771)	-	(13,771)
Cash received for externally funded programs	119	-	119
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	581,888	-	581,888
Interfund Payments	(583,596)	-	(583,596)
Grant payments to other agencies	(15,389)	-	(15,389)
Other operating cash receipts	1,377	32	1,409
Other operating cash payments	(4,593)	-	(4,593)
Net cash provided by (used for) operating activities	43,270	33	43,303
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	46,535	-	46,535
Principal paid on bonds	(23,825)	-	(23,825)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(839)	-	(839)
Interest paid	(8,214)	-	(8,214)
Proceeds from issuance of short term debt	1,133,512	-	1,133,512
Payment of short term debt	(1,140,232)	-	(1,140,232)
Contributions to the State of Alaska or other State agencies	(49,471)	-	(49,471)
Transfers (to) from other funds	82,593	-	82,593
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	40,059	-	40,059
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(2,190)	-	(2,190)
Proceeds from the disposal of capital assets	4	-	4
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(2,308)	-	(2,308)
Net cash provided by (used for) capital financing activities	(4,494)	-	(4,494)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(8,222,693)	(59,309)	(8,282,002)
Proceeds from maturity of investments	8,128,200	58,815	8,187,015
Interest received from investments	14,924	493	15,417
Net cash provided by (used for) investing activities	(79,569)	(1)	(79,570)
Net Increase (decrease) in cash	(734)	32	(702)
Cash at the beginning of year	10,234	306	10,540
Cash at the end of period	9,500	338	9,838
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	39,196	500	39,696
<i>Adjustments:</i>			
Depreciation expense	69	-	69
Provision for loan losses	(2,923)	-	(2,923)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	823	16	839
Transfers between funds for operating activity	(45,146)	-	(45,146)
Interest received from investments	(14,924)	(493)	(15,417)
Interest paid	8,214	-	8,214
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	66,022	1	66,023
Net increase (decrease) in assets and liabilities	(8,061)	9	(8,052)
Net cash provided by (used for) operating activities	43,270	33	43,303

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D	Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B
Cash flows from operating activities:						
Interest income on mortgages and loans	2,916	2,057	6,230	3,327	3,833	10,038
Principal payments received on mortgages and loans	7,717	4,825	14,464	8,684	8,723	26,696
Purchases of mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-	-	(32,444)
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	10,740	6,693	21,425	12,224	13,228	36,180
Interfund Payments	(10,678)	(6,912)	(20,781)	(12,055)	(12,608)	(36,887)
Grant payments to other agencies	-	-	-	-	-	-
Other operating cash receipts	-	-	3	4	6	44
Other operating cash payments	-	-	(6)	(8)	(7)	(44)
Net cash provided by (used for) operating activities:	10,695	6,663	21,335	12,176	13,175	3,583
Cash flows from noncapital financing activities:						
Proceeds from the issuance of bonds	-	-	-	-	-	-
Principal paid on bonds	(15,140)	(4,125)	(15,930)	(5,750)	(10,615)	(700)
Payment to defease bonds	-	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-	-
Interest paid	(1,272)	(1,579)	(5,859)	(3,782)	(3,604)	(7,594)
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	-	-	-	-	-	(2,263)
Other cash payments	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities:	(16,412)	(5,704)	(21,789)	(9,532)	(14,219)	(10,557)
Cash flows from capital financing activities:						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-	-	-
Other cash payments	-	-	-	-	-	-
Net cash provided by (used for) capital financing activities:	-	-	-	-	-	-
Cash flows from investing activities:						
Purchase of investments	(50,389)	(20,546)	(67,624)	(49,048)	(64,326)	(213,370)
Proceeds from maturity of investments	55,307	19,331	67,100	45,953	64,923	219,422
Interest received from investments	799	256	978	451	447	922
Net cash provided by (used for) investing activities:	5,717	(959)	454	(2,644)	1,044	6,974
Net Increase (decrease) in cash	-	-	-	-	-	-
Cash at the beginning of year	-	-	-	-	-	-
Cash at the end of period	-	-	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	1,171	621	1,128	(429)	582	1,312
<i>Adjustments:</i>						
Depreciation expense	-	-	-	-	-	-
Provision for loan losses	(377)	(123)	(431)	(79)	(340)	12
Amortization of bond issuance costs	82	33	57	66	47	18
Net change in the fair value of investments	-	-	(1)	(2)	-	3
Transfers between funds for operating activity	417	197	611	348	406	1,846
Interest received from investments	(799)	(256)	(978)	(451)	(447)	(922)
Interest paid	1,272	1,579	5,859	3,782	3,604	7,594
<i>Changes in assets and liabilities:</i>						
Net increase (decrease) in mortgages and loans	7,717	4,825	14,464	8,684	8,723	(5,748)
Net increase (decrease) in assets and liabilities	1,212	(213)	626	257	600	(532)
Net cash provided by (used for) operating activities	10,695	6,663	21,335	12,176	13,175	3,583

Schedule 17

Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Combined Total
4,634	3,456	3,743	3,931	4,007	4,347	4,733	1,760	59,012
10,818	5,688	4,280	10,694	10,123	3,928	10,911	1,978	129,529
-	-	-	-	-	-	-	-	-
(6,072)	(1,246)	-	(7,073)	(6,927)	(9,166)	(6,170)	(80,880)	(149,978)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,601	8,635	7,577	14,896	13,863	7,751	15,611	3,053	187,477
(15,515)	(9,171)	(8,052)	(14,685)	(14,188)	(8,294)	(15,690)	(3,747)	(189,263)
-	-	-	-	-	-	-	-	-
16	2	-	5	-	11	-	-	91
(16)	(5)	-	(6)	-	(23)	(13)	-	(128)
9,466	7,359	7,548	7,762	6,878	(1,446)	9,382	(77,836)	36,740
-	-	-	-	-	-	-	80,880	80,880
(5,275)	(3,485)	(2,675)	-	-	(705)	-	-	(64,400)
-	-	-	-	-	-	-	-	-
(4,451)	(3,377)	(3,888)	(2,711)	(2,704)	(4,143)	(3,210)	-	(48,174)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13	(606)	(319)	(360)	(229)	(679)	(1,421)	1,618	(4,246)
(9,713)	(7,468)	(6,882)	(3,071)	(2,933)	(5,527)	(4,631)	82,498	(35,940)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(80,157)	(49,324)	(35,328)	(86,480)	(84,171)	(47,432)	(88,454)	(15,937)	(952,586)
80,031	49,188	34,476	81,434	79,869	54,128	83,332	11,245	945,739
373	245	186	355	357	277	371	30	6,047
247	109	(666)	(4,691)	(3,945)	6,973	(4,751)	(4,662)	(800)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
135	(4)	(597)	845	1,072	(651)	968	(3,456)	2,697
-	-	-	-	-	-	-	-	-
(31)	(86)	303	2	(141)	447	47	2,852	2,055
26	21	21	2	1	28	1	10	413
-	-	(1)	(2)	(2)	3	(2)	-	(4)
590	483	486	670	688	622	779	1,320	9,463
(373)	(245)	(186)	(355)	(357)	(277)	(371)	(30)	(6,047)
4,451	3,377	3,888	2,711	2,704	4,143	3,210	-	48,174
-	-	-	-	-	-	-	-	-
4,746	4,442	4,280	3,621	3,196	(5,238)	4,741	(78,902)	(20,449)
(78)	(629)	(646)	268	(283)	(523)	9	370	438
9,466	7,359	7,548	7,762	6,878	(1,446)	9,382	(77,836)	36,740

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS AND NOTES - STATE GUARANTEED

For the Year Ended June 30, 2008

(in thousands of dollars)

	Collateralized Bonds 1997 First Series	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	1,668	1,281	3,061	1,660
Principal payments received on mortgages and loans	3,736	3,160	7,965	3,835
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	433	-	-
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	6,093	4,639	11,178	5,925
Interfund Payments	(5,429)	(4,459)	(11,072)	(5,518)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	6,068	5,054	11,132	5,902
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(3,500)	(3,630)	(7,345)	(3,795)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(125)	(806)	(2,356)	(1,299)
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	(9,831)	-	(788)	(664)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(13,456)	(4,436)	(10,489)	(5,758)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(43,368)	(40,753)	(28,620)	(16,615)
Proceeds from maturity of investments	50,326	39,772	27,679	16,286
Interest received from investments	430	363	298	185
Net cash provided by (used for) investing activities	7,388	(618)	(643)	(144)
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)	2,298	663	815	371
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(466)	(98)	(159)	(9)
Amortization of bond issuance costs	343	24	57	33
Net change in the fair value of investments	3	(1)	-	-
Transfers between funds for operating activity	(366)	236	281	149
Interest received from investments	(430)	(363)	(298)	(185)
Interest paid	125	806	2,356	1,299
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	3,736	3,593	7,965	3,835
Net increase (decrease) in assets and liabilities	825	194	115	409
Net cash provided by (used for) operating activities	6,068	5,054	11,132	5,902

Schedule 18

Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
1,558	1,048	7,425	2,455	20,156
3,214	2,820	9,314	1,151	35,195
-	-	-	-	-
-	(909)	(62,510)	(57,866)	(120,852)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,549	3,488	15,778	3,180	55,830
(4,790)	(3,881)	(16,802)	(3,618)	(55,569)
-	-	-	-	-
-	-	-	-	-
5,531	2,566	(46,795)	(54,698)	(65,240)
-	-	-	57,393	57,393
(3,235)	(270)	(1,590)	-	(23,365)
-	-	-	-	-
-	-	-	-	-
(1,205)	(699)	(8,794)	(1,209)	(16,493)
-	-	-	-	-
-	-	-	-	-
(616)	(401)	(1,849)	1,650	(12,499)
-	-	-	-	-
(5,056)	(1,370)	(12,233)	57,834	5,036
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(15,862)	(15,733)	(106,287)	(17,048)	(284,286)
15,271	14,469	159,902	13,863	337,568
116	68	5,413	49	6,922
(475)	(1,196)	59,028	(3,136)	60,204
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
354	291	1,100	(1,471)	4,421
-	-	-	-	-
(46)	4	1,430	1,787	2,443
9	-	14	16	496
-	(1)	(6)	(1)	(6)
156	117	1,513	1,021	3,107
(116)	(68)	(5,413)	(49)	(6,922)
1,205	699	8,794	1,209	16,493
3,214	1,911	(53,196)	(56,715)	(85,657)
755	(387)	(1,031)	(495)	385
5,531	2,566	(46,795)	(54,698)	(65,240)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2008

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
Cash flows from operating activities:				
Interest income on mortgages and loans	62	22,347	13,653	6,964
Principal payments received on mortgages and loans	43	34,496	45,327	18,753
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(13,870)	(106,619)	(64,558)	-
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	31	58,922	58,605	23,973
Interfund Payments	(106)	(57,059)	(58,027)	(24,529)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	1,308	17	-
Other operating cash payments	-	(1,318)	(15)	-
Net cash provided by (used for) operating activities	(13,840)	(47,923)	(4,998)	25,161
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(8,460)	(1,810)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(15,700)	(14,601)	(7,151)
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	-	(7,626)	-	200
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(31,786)	(16,411)	(6,951)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(116,156)	(758,365)	(506,222)	(712,067)
Proceeds from maturity of investments	128,918	832,056	523,534	691,001
Interest received from investments	1,078	6,018	3,881	3,021
Net cash provided by (used for) investing activities	13,840	79,709	21,193	(18,045)
Net Increase (decrease) in cash	-	-	(216)	165
Cash at the beginning of year	-	-	216	-
Cash at the end of period	-	-	-	165
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(2,696)	6,424	1,189	1,021
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	3,676	1,406	(565)	576
Amortization of bond issuance costs	-	144	45	36
Net change in the fair value of investments	41	(14)	5	(11)
Transfers between funds for operating activity	145	3,511	2,029	1,218
Interest received from investments	(1,078)	(6,018)	(3,881)	(3,021)
Interest paid	-	15,700	14,601	7,151
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	(13,827)	(72,123)	(19,231)	18,753
Net increase (decrease) in assets and liabilities	(101)	3,047	810	(562)
Net cash provided by (used for) operating activities	(13,840)	(47,923)	(4,998)	25,161

Schedule 19

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
394	13,528	56,948
1,106	35,485	135,210
-	-	-
-	(74,389)	(259,436)
-	-	-
-	-	-
-	-	-
-	-	-
-	49,659	191,190
-	(49,207)	(188,928)
-	-	-
-	9	1,334
-	(8)	(1,341)
1,500	(24,923)	(65,023)
-	-	-
-	(3,940)	(14,210)
-	-	-
-	-	-
(701)	(6,397)	(44,550)
-	-	-
-	-	-
-	-	(7,426)
-	-	-
(701)	(10,337)	(66,186)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(17,953)	(207,692)	(2,318,455)
17,018	240,278	2,432,805
136	2,674	16,808
(799)	35,260	131,158
-	-	(51)
-	-	216
-	-	165
(209)	6,059	11,788
-	-	-
-	1,087	6,180
7	56	288
(1)	11	31
181	2,545	9,629
(136)	(2,674)	(16,808)
701	6,397	44,550
1,106	(38,904)	(124,226)
(149)	500	3,545
1,500	(24,923)	(65,023)

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, 2008

(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	2,115	4,676	249	-
Principal payments received on mortgages and loans	6,010	10,554	540	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	(25)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	8,543	15,425	10,990	-
Interfund Payments	(8,161)	(15,294)	(11,782)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	814
Other operating cash payments	-	(4)	-	(747)
Net cash provided by (used for) operating activities	8,482	15,357	(3)	67
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	99,392	-
Principal paid on bonds	(14,917)	(1,450)	(320)	(2,085)
Payment to defease bonds	-	-	(44,636)	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,199)	(4,456)	(2,935)	(507)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(263)	-	-	-
Transfers (to) from other funds	(12,941)	-	(29,358)	1,939
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(29,320)	(5,906)	22,143	(653)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(3,254)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(3,119)	-	-	-
Proceeds from the direct financing lease payments	-	-	535	3,029
Other cash payments	-	-	(22,930)	-
Net cash provided by (used for) capital financing activities	(6,373)	-	(22,395)	3,029
<u>Cash flows from investing activities:</u>				
Purchase of investments	(151,930)	(214,509)	(173,832)	(9,903)
Proceeds from maturity of investments	177,221	203,875	173,833	7,471
Interest received from investments	1,920	1,183	254	10
Net cash provided by (used for) investing activities	27,211	(9,451)	255	(2,422)
Net Increase (decrease) in cash	-	-	-	21
Cash at the beginning of year	-	-	-	275
Cash at the end of period	-	-	-	296
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(62)	1,137	(1,880)	803
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(62)	(281)	606	-
Amortization of bond issuance costs	21	18	16	11
Net change in the fair value of investments	(488)	(53)	-	-
Transfers between funds for operating activity	235	562	802	57
Interest received from investments	(1,920)	(1,183)	(254)	(10)
Interest paid	4,318	4,456	2,935	507
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	6,010	10,554	540	-
Net increase (decrease) in assets and liabilities	430	147	(2,768)	(1,301)
Net cash provided by (used for) operating activities	8,482	15,357	(3)	67

Schedule 20

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
565	4,364	5,146	4,435	21,550
1,434	10,742	14,753	19,090	63,123
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(25)
-	-	-	-	-
2,052	16,025	21,276	23,725	98,036
(1,974)	(15,158)	(19,987)	(23,590)	(95,946)
-	-	-	-	-
-	-	2	-	816
(34)	(13)	-	-	(798)
2,043	15,960	21,190	23,660	86,756
-	-	-	-	99,392
(6,230)	(5,540)	(964)	(3,425)	(34,931)
-	-	-	-	(44,636)
-	-	-	-	-
(603)	(4,205)	(6,656)	(7,730)	(28,291)
-	-	-	-	-
-	-	(5,275)	-	(5,538)
4,977	-	(2,466)	437	(37,412)
-	-	-	-	-
(1,856)	(9,745)	(15,361)	(10,718)	(51,416)
-	-	-	-	-
-	-	-	-	-
-	-	(62)	-	(3,316)
-	-	-	-	-
-	-	(425)	-	(3,544)
-	-	-	438	4,002
-	-	-	-	(22,930)
-	-	(487)	438	(25,788)
(8,626)	(419,439)	(498,403)	(575,198)	(2,051,840)
7,867	410,766	489,900	558,567	2,029,500
572	2,458	3,161	3,251	12,809
(187)	(6,215)	(5,342)	(13,380)	(9,531)
-	-	-	-	21
-	-	-	-	275
-	-	-	-	296
462	2,541	1,483	(414)	4,070
-	-	-	-	-
(49)	(636)	(50)	(185)	(657)
59	14	35	40	214
(1)	(5)	(574)	(7)	(1,128)
57	970	737	644	4,064
(572)	(2,458)	(3,161)	(3,251)	(12,809)
603	4,205	7,081	7,730	31,835
1,434	10,742	14,753	19,090	63,123
50	587	886	13	(1,956)
2,043	15,960	21,190	23,660	86,756

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, 2008

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	-	-	-	-
Principal payments received on mortgages and loans	-	-	-	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	(170)	(6,188)	(1,644)	(2,460)
Payments for goods and services	(386)	(6,048)	(1,301)	(338)
Cash received for externally funded programs	2,467	12,043	2,327	3,101
Cash received for Federal HAP subsidies	-	-	-	28,175
Payments for Federal HAP subsidies	-	-	-	(28,388)
Interfund Receipts	7,660	14,227	3,355	2,799
Interfund Payments	(2,495)	(24,153)	(3,028)	(2,847)
Grant payments to other agencies	(7,106)	-	-	-
Other operating cash receipts	3	5,964	1,833	1
Other operating cash payments	-	(10)	(3)	-
Net cash provided by (used for) operating activities	(27)	(4,165)	1,539	43
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	(499)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	(53)	-
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	-	-	(21,000)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	(21,552)	-
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	(1,989)	-	-
Proceeds from the disposal of capital assets	-	23	8	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	(1,966)	8	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(6,283)	-	-	-
Proceeds from maturity of investments	6,225	-	-	-
Interest received from investments	86	17	103	4
Net cash provided by (used for) investing activities	28	17	103	4
Net Increase (decrease) in cash	1	(6,114)	(19,902)	47
Cash at the beginning of year	-	10,141	23,305	1,256
Cash at the end of period	1	4,027	3,403	1,303
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(5,522)	(2,480)	(656)	(831)
<i>Adjustments:</i>				
Depreciation expense	-	5,223	1,143	6
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	13	-	-	-
Transfers between funds for operating activity	838	1,954	631	(93)
Interest received from investments	(86)	(17)	(103)	(4)
Interest paid	-	-	53	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	4,730	(8,845)	471	965
Net cash provided by (used for) operating activities	(27)	(4,165)	1,539	43

Schedule 21

Other Programs	Combined Total
-	-
-	-
-	-
-	-
(637)	(11,099)
(225)	(8,298)
18,090	38,028
6,863	35,038
(6,941)	(35,329)
21,982	50,023
(18,619)	(51,142)
(21,123)	(28,229)
1,051	8,852
(661)	(674)
(220)	(2,830)
<hr/>	
-	-
-	(499)
-	-
-	-
-	(53)
-	-
-	-
-	-
(10)	(21,010)
-	-
(10)	(21,562)
<hr/>	
-	(1,989)
-	31
-	-
-	-
-	-
-	-
-	-
-	-
-	(1,958)
<hr/>	
-	(6,283)
-	6,225
-	210
-	152
<hr/>	
(230)	(26,198)
231	34,933
1	8,735
<hr/>	
(17,870)	(27,359)
79	6,451
-	-
-	-
-	13
15,553	18,883
-	(210)
-	53
-	-
-	-
2,018	(661)
(220)	(2,830)
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