



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

*a component unit of the State of Alaska*

**Financial Statements**  
**And Independent Auditor's Report**

**June 30, 2011**

**With Summarized Financial Information for**  
**June 30, 2010**

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## 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, 2011, 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 2010 financial statements and in our report dated September 20, 2010, 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, 2011, 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 26, 2011, 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 is not a required part of the basic financial statements but is 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  
September 26, 2011

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 2010 is also presented here in the Management's Discussion and Analysis and the footnotes to facilitate and enhance the understanding of the Corporation's financial position, and the results of operations for the current fiscal year in comparison to the prior fiscal year.

### Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2011. 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*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2011, the Corporation reports the following major funds:

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

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

As of June 30, 2011, the Administrative Fund reported net assets of \$868 million, an increase of \$48 million from June 30, 2010. The increase in net assets can be primarily attributed to Operating income of \$22 million, internal transfers to the Administrative fund of \$40 million, and a special item gain of \$3 million offset by contributions to the State of Alaska of \$17 million. Approximately \$12 million of the Administrative Fund's net assets are invested in capital assets net of related debt or 1%, \$126 million, or 15%, are restricted by contractual or statutory agreements and \$730 million, or 84%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported operating income of \$22 million for FY 2011, a \$1 million decrease from FY 2010 due primarily to a decrease of \$6 million in loan revenue offset by a increase in the fair value of investments of \$2 million and a decrease in total operating expenses of \$3 million.

The *Energy Programs* account for resources and programs used to assist in improving the energy efficiency of Alaska homes. These programs include the Weatherization and Home Energy Rebate programs.

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 loss was \$13 million.
- The Corporation's assets exceeded its liabilities, as of June 30, 2011, by \$1.6 billion (net assets).
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2011, mortgage loans decreased by 7%.
- During the fiscal year ended June 30, 2011, the Corporation's total assets decreased by \$227 million and total liabilities, without derivatives, decreased by \$197 million.
- The Corporation realized a gain of \$3 million from the sale of land.
- The Corporation purchased the Corporate headquarters building for \$12 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CONDENSED STATEMENT OF NET ASSETS**

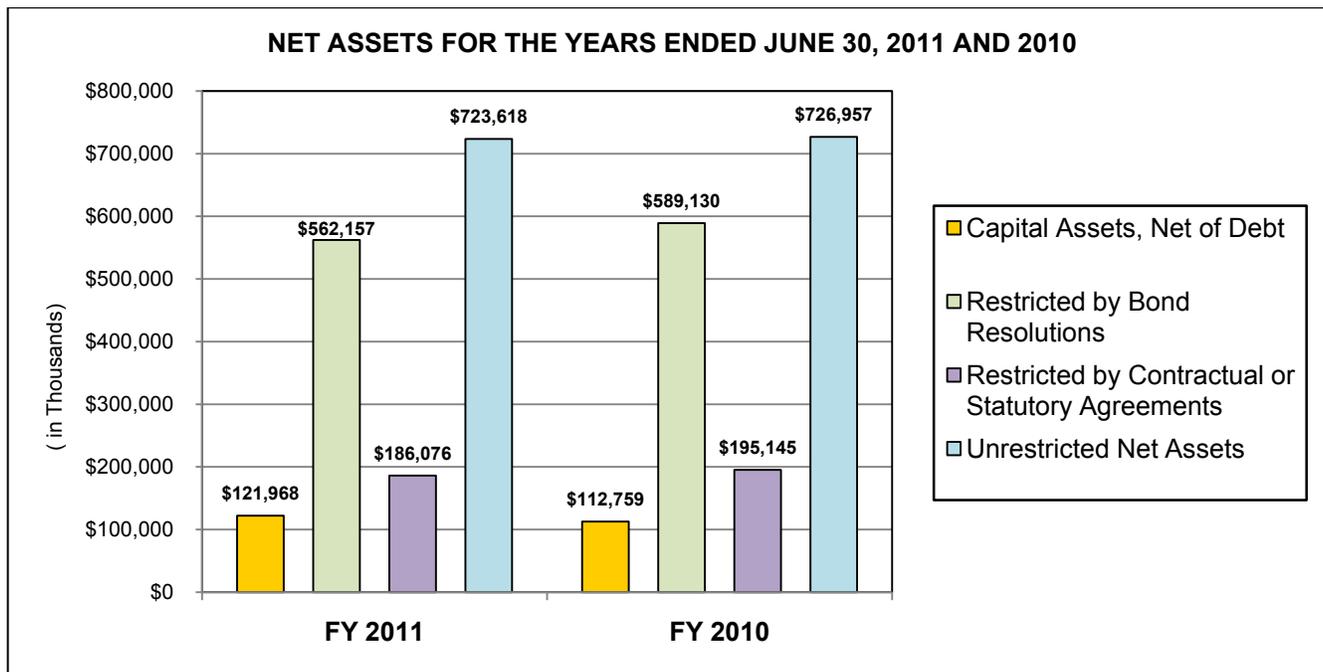
The following table presents condensed information about the financial position of the Corporation as of June 30, 2011 and 2010, and changes in the balances of selected items during the fiscal year ended June 30, 2011 (in thousands):

	2011	2010	Change (Decrease)	Increase
Investments	1,362,107	1,389,605	(27,498)	(2.0) %
Mortgage loans, notes and other loans, net	2,759,511	2,971,253	(211,742)	(7.1) %
Capital assets, net	121,968	112,759	9,209	8.2 %
Total assets, excluding deferred outflows	4,441,104	4,668,918	(227,814)	(4.9) %
Bonds and notes, net	2,721,113	2,832,647	(111,534)	(3.9) %
Short term debt	86,976	149,890	(62,914)	(42.0) %
Total liabilities, excluding derivatives	2,845,326	3,042,559	(197,233)	(6.5) %
Total net assets, net	1,593,819	1,623,991	(30,172)	(1.9) %

The decrease in total assets during FY 2011 can be primarily attributed to decreases in investments and mortgage loans. The decrease in mortgage loans resulted from collection of loan payments exceeding new loan purchases.

The decrease in total liabilities is primarily attributed to decreases in bond debt and short term debt.

The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2011 and FY 2010.

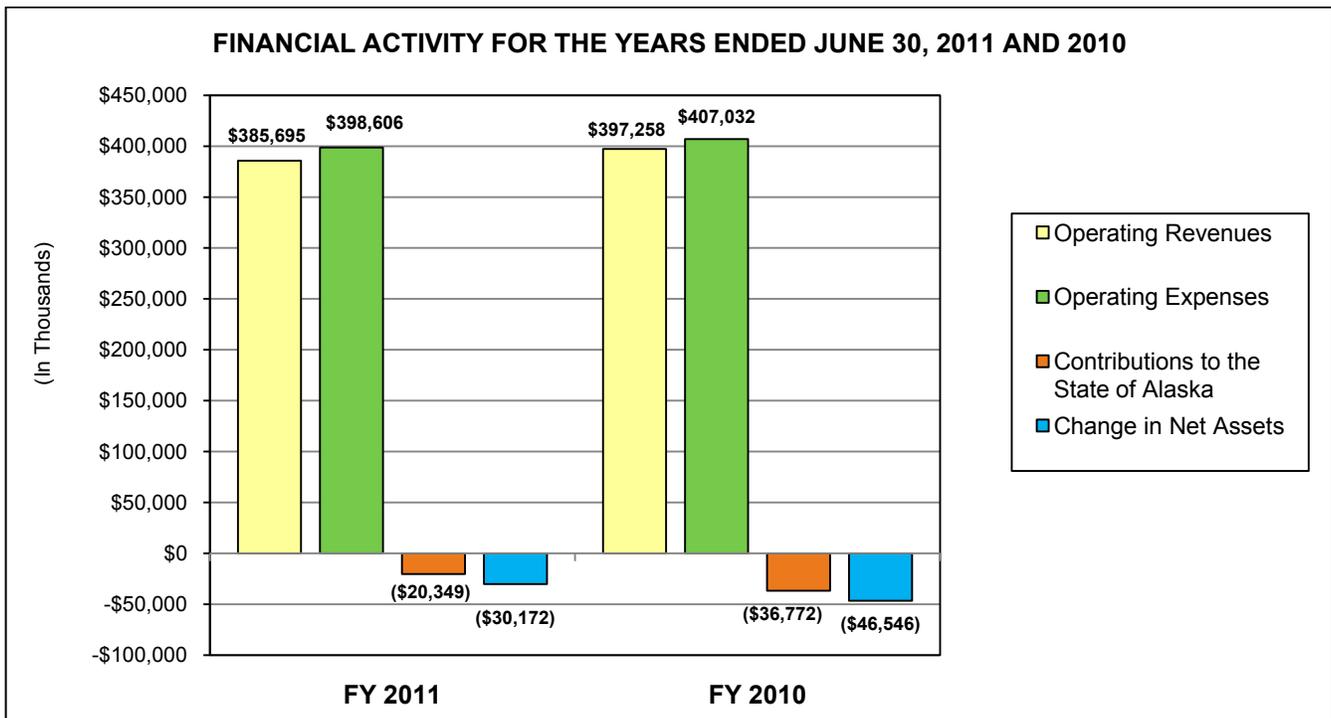


MANAGEMENT'S DISCUSSION AND ANALYSIS

**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, 2011 and 2010, and the variances from the prior fiscal year (in thousands):

	2011	2010	Change	Increase (Decrease)
Mortgage and loan revenue	164,242	177,855	(13,613)	(7.7) %
Investment interest income	8,454	11,605	(3,151)	(27.2) %
Net change in the fair value of investments	7,766	6,317	1,449	22.9 %
Externally funded programs	194,411	191,968	2,443	1.3 %
Total operating revenues	385,695	397,258	(11,563)	(2.9) %
Interest expense	122,138	130,789	(8,651)	(6.6) %
Operations and administration	54,100	49,678	4,422	8.9 %
Housing grants and subsidies	196,168	194,883	1,285	0.7 %
Total operating expenses	398,606	407,032	(8,426)	(2.1) %
Operating loss	(12,911)	(9,774)	3,137	(32.1) %
Contributions to the SOA or other State agencies	(20,349)	(36,772)	(16,423)	(44.7) %
Special item	3,088	-	3,088	100.0 %
Change in net assets	(30,172)	(46,546)	16,374	(35.2) %



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$12 million, or 3%, during FY 2011 primarily due to decreases in mortgage and loan revenue and net investment earnings.

Total operating expenses decreased by \$8 million, or 2% during FY 2011 primarily due to decreases in interest expense and loan loss offset by an increase in operations and administration expense.

The net effect of changes in operating revenues and expenses was a \$3 million or 32 % increase in operating loss from FY 2010.

During the fiscal year 2011, the Corporation recorded a gain on the sale of land in the amount of \$3 million. The land was not used in the regular course of business. Because the sale of land was unique in nature and not part of the normal operations of the Corporation, the gain on the sale was treated as a special item on the Corporation's Statement of Revenues, Expenses and Changes in Net Assets.

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 2011 were \$20 million and for FY 2010 were \$37 million. In FY 2011 the Transfer Plan called for payment of the lesser of \$103 million or 75% of the Corporation's adjusted net income. Subsequent to GASB 34, the Corporation interprets net income as operating income.

**DEBT ADMINISTRATION**

As of June 30, 2011, the Corporation had \$2.7 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	AA+	Aa2	AA+
Short Term	F1+	P-1	A-1+

Significant debt activity during the year included the following:

- Issued \$79 million in Tax-Exempt Home Mortgage Revenue Bonds;
- Issued \$105 million in State Capital Projects Bonds
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of \$253 million;
- Converted \$64 million bonds under the federal New Issue Bond Program.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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.us](http://www.ahfc.us).

**ALASKA HOUSING FINANCE CORPORATION**

Exhibit A

(A Component Unit of the State of Alaska)

**STATEMENT OF NET ASSETS**

As of June 30, 2011

*(in thousands of dollars)*

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2011
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	41,087	1,559	30,765	73,411
Investments	731,500	-	630,607	1,362,107
Accrued interest receivable	1,440	-	11,865	13,305
Inter-fund due to/from	(8,385)	(14,123)	22,508	-
Mortgage loans, notes and other loans	178,172	-	2,581,339	2,759,511
Net investment in direct financing lease	-	-	57,476	57,476
Unamortized bond issuance costs	-	-	16,880	16,880
Capital assets - non-depreciable	139	1,076	14,677	15,892
Capital assets - depreciable, net	12,160	8	93,908	106,076
Other assets	8,668	10,006	4,757	23,431
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	1,267	10,186	1,562	13,015
Deferred outflow of resources	-	-	100,936	100,936
<b>Total Assets and Deferred Outflows</b>	<b>966,048</b>	<b>8,712</b>	<b>3,567,280</b>	<b>4,542,040</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	-	-	2,721,113	2,721,113
Short term debt	86,976	-	-	86,976
Accrued interest payable	1,300	-	11,388	12,688
Other liabilities	8,875	6,270	5,011	20,156
Derivative instrument - interest rate swaps	-	-	102,895	102,895
Intergovernmental payable	1,029	-	3,364	4,393
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>98,180</b>	<b>6,270</b>	<b>2,843,771</b>	<b>2,948,221</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	12,299	1,084	108,585	121,968
Restricted by bond resolutions	-	-	562,157	562,157
Restricted by contractual or statutory agreements	125,377	1,732	58,967	186,076
Unrestricted net assets, (deficit)	730,192	(374)	(6,200)	723,618
<b>Total Net Assets</b>	<b>867,868</b>	<b>2,442</b>	<b>723,509</b>	<b>1,593,819</b>

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, 2011

*(in thousands of dollars)*

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2011
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	13,668	-	150,574	164,242
Investment interest	537	5	7,912	8,454
Net change in the fair value of investments	7,822	-	(56)	7,766
Net change of hedge termination	-	-	410	410
Total Investment Revenue	8,359	5	8,266	16,630
Externally funded programs	-	115,490	78,921	194,411
Rental	28	-	7,968	7,996
Other	1,849	2	565	2,416
<b>Total Operating Revenues</b>	<b>23,904</b>	<b>115,497</b>	<b>246,294</b>	<b>385,695</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	429	-	121,709	122,138
Mortgage and loan costs	1,394	-	10,193	11,587
Financing expenses	497	-	8,195	8,692
Provision for loan loss	(2,128)	-	(4,545)	(6,673)
Operations and administration	1,779	4,732	47,589	54,100
Rental housing operating expenses	161	331	12,102	12,594
Housing grants and subsidies	-	110,644	85,524	196,168
<b>Total Operating Expenses</b>	<b>2,132</b>	<b>115,707</b>	<b>280,767</b>	<b>398,606</b>
<b>Operating Income (Loss)</b>	<b>21,772</b>	<b>(210)</b>	<b>(34,473)</b>	<b>(12,911)</b>
<b><u>NONOPERATING EXPENSES, SPECIAL ITEM &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	(16,568)	-	(3,781)	(20,349)
Special Item (note 24)	3,088	-	-	3,088
Transfers - Internal	39,519	854	(40,373)	-
Change in Net Assets	47,811	644	(78,627)	(30,172)
Net assets at beginning of year	820,057	1,798	802,136	1,623,991
<b>Net Assets at End of Period</b>	<b>867,868</b>	<b>2,442</b>	<b>723,509</b>	<b>1,593,819</b>

*See accompanying notes to the financial statements.*

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2011

(in thousands of dollars)

Exhibit C

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2011
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	8,559	-	143,008	151,567
Principal payments received on mortgages and loans	26,135	-	587,239	613,374
Purchases of mortgages and loans	(415,918)	-	-	(415,918)
Receipt (payment) for loan transfers between funds	402,025	-	(402,025)	-
Payments to employees and other payroll disbursements	(22,171)	(1,114)	(12,361)	(35,646)
Payments for goods and services	(12,594)	(3,723)	(8,968)	(25,285)
Cash received for externally funded programs	-	114,677	44,310	158,987
Cash received for Federal HAP subsidies	-	-	38,944	38,944
Payments for Federal HAP subsidies	-	-	(37,940)	(37,940)
Interfund Receipts	1,006,742	115,579	793,904	1,916,225
Interfund Payments	(1,021,891)	(115,345)	(778,989)	(1,916,225)
Grant payments to other agencies	(12,128)	(109,664)	(36,509)	(158,301)
Other operating cash receipts	39,392	282	8,564	48,238
Other operating cash payments	(11,989)	-	(125)	(12,114)
<b>Net cash provided by (used for) operating activities</b>	<b>(13,838)</b>	<b>692</b>	<b>339,052</b>	<b>325,906</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	173,711	173,711
Principal paid on bonds	-	-	(295,748)	(295,748)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,580)	-	-	(1,580)
Interest paid	(444)	-	(118,911)	(119,355)
Proceeds from issuance of short term debt	625,296	-	-	625,296
Payment of short term debt	(688,167)	-	-	(688,167)
Contributions to the State of Alaska or other State agencies	(40,795)	-	(3,781)	(44,576)
Transfers (to) from other funds	123,839	-	(123,839)	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>18,149</b>	<b>-</b>	<b>(368,568)</b>	<b>(350,419)</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(2,199)	(1,083)	(13,098)	(16,380)
Proceeds from the disposal of capital assets	-	-	9	9
Proceeds from the issuance of capital notes	-	-	14,215	14,215
Principal paid on capital notes	-	-	(3,798)	(3,798)
Payment of bond issuance costs	(84)	-	-	(84)
Interest paid on capital notes	-	-	(3,020)	(3,020)
Proceeds from the direct financing lease payments	-	-	6,771	6,771
Other cash payments	(411)	-	-	(411)
<b>Net cash provided by (used for) capital financing activities</b>	<b>(2,694)</b>	<b>(1,083)</b>	<b>1,079</b>	<b>(2,698)</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(5,325,329)	-	(1,228,983)	(6,554,312)
Proceeds from maturity of investments	5,326,435	-	1,263,346	6,589,781
Interest received from investments	552	5	5,378	5,935
<b>Net cash provided by (used for) investing activities</b>	<b>1,658</b>	<b>5</b>	<b>39,741</b>	<b>41,404</b>
Net Increase (decrease) in cash	3,275	(386)	11,304	14,193
Cash at the beginning of year	37,812	1,945	19,461	59,218
<b>Cash at the end of period</b>	<b>41,087</b>	<b>1,559</b>	<b>30,765</b>	<b>73,411</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	21,772	(210)	(34,473)	(12,911)
<i>Adjustments:</i>				
Depreciation expense	436	4	6,670	7,110
Provision for loan losses	(2,128)	-	(4,545)	(6,673)
Amortization of bond issuance costs	-	-	4,534	4,534
Net change in the fair value of investments	(7,822)	-	56	(7,766)
Transfers between funds for operating activity	(43,019)	950	42,069	-
Interest received from investments	(552)	(5)	(5,378)	(5,935)
Interest paid	444	-	121,931	122,375
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	12,242	-	185,214	197,456
Net increase (decrease) in assets and liabilities	4,789	(47)	22,974	27,716
<b>Net cash provided by (used for) operating activities</b>	<b>(13,838)</b>	<b>692</b>	<b>339,052</b>	<b>325,906</b>
<b>Noncash investing, capital and financing activities:</b>				
Non cash transfer of capital asset	11,961	-	(11,961)	-
Non cash transfer of investments from non-major funds	42	-	(110)	-
non cash transfer of investments to other non-major funds	-	-	68	-
Deferred outflow of resources	-	-	26,964	-
Derivative instruments liability	-	-	(27,374)	-
Net change of hedge termination	-	-	410	-
Conversion of NIBP bonds to 2009 Series A-1	-	-	64,350	-
Conversion of NIBP bonds from 2009 Series A-1	-	-	(64,350)	-

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

**FOOTNOTE INDEX**

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NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2011**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2010)**

**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), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has the following subsidiaries. They were incorporated as subsidiaries of the Corporation under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended.

- The Northern Tobacco Securitization Corporation (NTSC) was incorporated on September 29, 2000 in the State of Alaska pursuant to House Bill No. 281 of the 2000 Alaska Legislature.
- The Alaska Housing Capital Corporation (AHCC) was incorporated on May 23, 2006 in the State of Alaska pursuant to Senate Bill 232 of the 2006 Alaska Legislature.
- The Alaska Gasline Development Corporation (AGDC) was incorporated on May 14, 2010 in the State of Alaska pursuant to House Bill 369 of the 2010 Alaska Legislature. AGDC had little activity during the fiscal year 2010. The initial stand alone financial statements of AGDC will be issued in fiscal year 2011 which will include activity from the inception of AGDC.

There is no financial accountability between NTSC, AHCC, or AGDC, and the Corporation. Neither the Corporation nor the State is liable for any debt issued by these subsidiaries. They are not component units of the Corporation and thus are not included in the Corporation's financial statements. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

**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 Fund 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.

*Energy Programs.* Resources and programs to assist in improving the energy efficiency of Alaska homes are aggregated and reported in Energy Programs.

*Other Non-Major Funds.* Resources to assist in the financing, development and sale of housing units, public housing assistance 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.

NOTES TO FINANCIAL STATEMENTS

**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 straight-line 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.

**Derivative Instruments-Interest Rate Swaps**

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

**Operating Revenues and Expenses**

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

**Income Taxes**

The Corporation is exempt from federal and state income taxes.

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, 2011	June 30, 2010
Restricted cash	\$ 32,325	\$ 21,407
Unrestricted	41,086	37,811
Carrying amount	<u>\$ 73,411</u>	<u>\$ 59,218</u>
Bank Balance	<u>\$ 76,107</u>	<u>\$ 62,323</u>

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)				June 30, 2011	June 30, 2010
	Less Than 1	1-5	6-10	More Than 10		
Bank investment contracts	\$ -	\$ 49,002	\$ -	\$ -	\$ 49,002	\$ 101,004
U. S. Treasury securities	12,013	5,160	-	-	17,173	22,601
Securities of U. S. Government agencies and corporations	7,758	2,328	142	7	10,235	8,336
Asset-backed securities	227	-	-	-	227	313
Certificates of deposit	3,000	-	-	-	3,000	-
Negotiable certificates of deposit	3,300	-	-	-	3,300	-
Commercial paper & medium- term notes	22,052	1,599	-	1,400	25,051	42,759
Guaranteed investment contracts	-	-	-	-	-	-
Money market funds	741,566	-	-	-	741,566	759,942
Subtotal	<u>\$ 789,916</u>	<u>\$ 58,089</u>	<u>\$ 142</u>	<u>\$ 1,407</u>	849,554	934,955
GeFONSI pool					512,553	454,650
Total AHFC Portfolio					<u>\$ 1,362,107</u>	<u>\$ 1,389,605</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, 2011	June 30, 2010
Restricted investments	\$ 755,984	\$ 800,987
Unrestricted	606,123	588,618
Carrying amount	<u>\$ 1,362,107</u>	<u>\$ 1,389,605</u>

#### Realized Gains and Losses

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

	June 30, 2011	June 30, 2010
Ending unrealized holding gain	\$ 12,971	\$ 5,265
Beginning unrealized holding gain	5,265	1,937
Net change in unrealized holding gain	7,706	3,328
Net realized gain (loss)	60	2,989
Net increase (decrease) in fair value	<u>\$ 7,766</u>	<u>\$ 6,317</u>

NOTES TO FINANCIAL STATEMENTS

**Deposit and Investment Policies**

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as 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;
- 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.

NOTES TO FINANCIAL STATEMENTS

**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, 2011, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). \$17,173,000 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.

The credit quality ratings for the Corporation's investment in the GeFONSI pool are at the end of this footnote.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AAA	\$ 6,086
Asset-backed securities:			
	Aaa	AAA	227
Negotiable certificates of deposit:			
	P-1	A-1+	-
	--	AAA	1,200
			1,200
Commercial paper, medium-term notes:			
	--	A+	1,400
	A1	AA-	264
	A1	AA+	-
	Aa1	AAA	-
	Aa1	A+	154
	Aa1	AA	-
	Aa1	AA-	-
	Aa2	AA-	106
	Aa2	AA	52
	Aa2	AA+	104
	Aa2	A+	-
	Aa3	A-	100
	Aa3	AA-	264
	Aa3	A+	158
	Aaa	AAA	1,261
	Aaa	--	253
	Aaa	A+	100
	P-1	A-1+	6,304
	P-1	A-1	13,031
			23,551
Money market funds:			
	--	AAAm	741,566
Unrated investments:			
Bank investment contracts			49,002
Certificates of deposit			3,000
Commercial paper			1,500
Negotiable certificates of deposit			2,100
U. S. government agency securities			4,149
			59,751
			\$ 832,381

NOTES TO FINANCIAL STATEMENTS

**Concentration Risk**

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

<u>Investment Type</u>	<u>Investment Issuer Limit</u>	
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"> <li>• Adjustable rate funds</li> <li>• Bank investment contracts</li> <li>• Certificates of deposit</li> <li>• Commercial paper &amp; medium-term notes</li> <li>• Deposits in and investments of a commercial bank or credit union</li> <li>• Floating or variable rate notes</li> <li>• Guaranteed investment contracts</li> <li>• Money market funds</li> <li>• Repurchase agreements</li> </ul>		
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, 2011, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

<u>Issuer</u>	<u>Investment Fair Value</u>	<u>Percentage of Total Portfolio</u>
GeFONSI Pool	\$ 512,553	37.63 %
Fidelity Prime	316,690	23.25
Federated Investment Prime	254,648	18.70
GSE Global Escrow Agreement	129,003	9.47

**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 \$76,107,000 bank balance at June 30, 2011, cash deposits in the amount of \$10,946,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$46,065,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

Of the Corporation's \$1,362,107,000 investments at June 30, 2011, investments in the amount of \$107,988,000 were uninsured, unregistered, and held by the counterparty or its agent, but not in the Corporation's name.

**Interest Rate Risk**

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

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

NOTES TO FINANCIAL STATEMENTS

**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, 2011:

	<b>Investment Fair Value</b>	<b>Modified Duration</b>
Bank investment contracts	\$ 49,002	-
U. S. Treasury securities:		
Treasury coupon securities	15,802	1.485
Treasury discounts	1,371	0.212
Securities of U. S. Government agencies and corporations:		
Federal agency discounts	6,999	0.040
Federal agency coupon securities	3,087	1.615
Federal agency pass through securities	149	3.721
Asset-backed securities	227	-
Certificates of deposit	3,000	0.391
Negotiable certificates of deposit	3,300	0.073
Commercial paper & medium-term notes:		
Commercial paper discounts	20,731	0.042
Corporate bonds	104	3.547
Medium-term notes	2,616	1.125
Municipal bonds	-	-
Floating rate notes	1,600	11.028
Banker's Acceptances	-	-
Guaranteed investment contracts	-	-
Money market funds	741,566	-
	<u>\$ 849,554</u>	
Portfolio modified duration		0.039

NOTES TO FINANCIAL STATEMENTS

**Investment in GeFonsi Pool**

The Corporation invests in the State's internally managed General Fund and Other Non Segregated Investments Pool (GeFONSI). The GeFONSI consists of investments in the State's internally managed Short-term and Intermediate-term Fixed Income Pools. Actual investing is performed by investment officers in the State's Department of Revenue, Treasury Division. The complete financial activity of the funds is shown in the Comprehensive Annual Financial Report available from the Division of Finance in the Department of Administration.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the mid-point between the bid and asked price or at prices for securities of comparable maturity, quality and type.

The accrual basis of accounting is used for investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature.

At June 30, 2011, the Corporation's share of pool investments was as follows (in thousands):

Investment Type	Fair Value		
	Short-term Fixed Income Pool	Intermediate- term Fixed Income Pool	Total
Commercial Paper	\$ 21,375	\$ 795	\$ 22,170
Corporate Bonds	94,549	40,586	135,135
Mortgage-backed	4,389	8,027	12,416
Other Asset-backed	94,861	3,772	98,633
Overnight Sweep Account (LMCS)	2,550	-	2,550
U.S. Government Agency	5,275	10,595	15,870
U.S. Gov. Agency Discount Notes	7,817	-	7,817
U.S. Treasury Bills	44,689	-	44,689
U.S. Treasury Notes	-	158,507	158,507
U.S. Treasury Strip	-	145	145
Yankees:			
Corporate	1,867	6,721	8,588
Government	-	1,796	1,796
Total Invested Assets	277,372	230,944	508,316
Pool related net assets (liabilities)	235	4,002	4,237
Net Invested Assets	\$ 277,607	\$ 234,946	\$ 512,553

**Interest Rate Risk – GeFonsi Pool**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2011, the expected average life of individual fixed rate securities ranged from one day to one year and the expected average life of floating rate securities ranged from eight days to fourteen years.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

NOTES TO FINANCIAL STATEMENTS

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

Intermediate-term Fixed Income Pool

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting effective duration of the Intermediate-term Fixed Income Pool to the following:

Intermediate-term Fixed Income Pool -  $\pm$  20% of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2011, was 2.54 years.

At June 30, 2011, the effective duration by investment type was as follows:

	<b>Intermediate-term Fixed Income Pool</b>
Commercial Paper	0.05
Corporate Bonds	2.01
Mortgage-Backed	1.52
Other Asset-Backed	1.08
U.S. Treasury Notes	3.09
U.S. Treasury Strip	6.37
U.S. Government Agency	2.65
Yankees:	
Corporate	2.28
Government	1.92
<b>Portfolio Effective Duration (in years)</b>	<b>2.53</b>

**Credit Risk – GeFonsi Pool**

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

Intermediate-term Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2011, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

<u>Investment Type</u>	<u>Rating</u>	<u>Short-term Fixed Income Pool</u>	<u>Intermediate Term Fixed Income Pool</u>
Commercial Paper	A-1	6.95 %	- %
Commercial Paper	Not Rated	0.75	0.31
Corporate Bonds	AAA	23.65	10.25
Corporate Bonds	AA	1.45	1.07
Corporate Bonds	A	3.20	3.20
Corporate Bonds	BBB	-	1.39
Corporate Bonds	Not Rated	5.78	-
Mortgage-backed	AAA	1.58	2.79
Mortgage-backed	AA	-	0.06
Mortgage-backed	A	-	0.02
Mortgage-backed	Not Rated	-	0.28
Other Asset-backed	AAA	30.49	1.32
Other Asset-backed	A	0.07	-
Other Asset-backed	CCC	-	0.02
Other Asset-backed	Not Rated	3.62	-
U.S. Government Agency	AAA	1.90	3.47
U.S. Government Agency Discount Notes	Not Rated	2.82	0.69
U.S. Treasury Bills	AAA	16.10	-
U.S. Treasury Notes	AAA	-	62.13
U.S. Treasury Strip	AAA	-	0.06
Yankees:			
Corporate	AAA	-	0.98
Corporate	AA	0.49	1.02
Corporate	A	0.11	0.40
Corporate	BBB	-	0.23
Corporate	Not Rated	0.07	-
Government	AA	-	0.65
Government	A	-	0.01
Government	Not Rated	-	0.05
No Credit Exposure		0.97	9.60
		<u>100.00 %</u>	<u>100.00 %</u>

**Concentration of Credit Risk – GeFonsi Pool**

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

At June 30, 2011, the fund did not have more than five percent of their investments in any one company or affiliated group.

NOTES TO FINANCIAL STATEMENTS

**4 INTERFUND RECEIVABLE/PAYABLE**

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

Due To	Due From			Total
	Administrative Fund	Energy Programs	Other Non Major Funds	
Administrative Fund	\$ -	\$ 14,123	\$ 27,455	\$ 41,578
Energy Programs	-	-	-	-
Other Non Major Funds	49,963	-	-	49,963
<b>Total</b>	<b>\$ 49,963</b>	<b>\$ 14,123</b>	<b>\$ 27,455</b>	<b>\$ 91,541</b>

The balance of \$49,963,000 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.

The balance of \$14,123,000 due to the Administrative Fund from the Energy Programs resulted primarily from expenditures paid by the Administrative Fund on behalf of the Energy Programs.

Of the \$27,455,000 due from the Other Non-Major Funds to the Administrative Fund, \$2,392,000 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, 2011	June 30, 2010
Mortgage loans	\$ 2,535,633	\$ 2,763,089
Multifamily loans	225,662	216,672
Other notes receivable	88,361	88,448
	<u>2,849,656</u>	<u>3,068,209</u>
Less:		
Allowance for losses	(90,145)	(96,956)
<b>Net Mortgage loans, notes and other loans</b>	<b><u>\$ 2,759,511</u></b>	<b><u>\$ 2,971,253</u></b>

Other notes receivable include monies due to AHFC for various unconventional loan programs and for monies that weren't expended by grant recipients.

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

	June 30, 2011	June 30, 2010
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$ 141,825	\$ 159,120
Foreclosures during period	16,824	13,775
Loans in foreclosure process	20,925	21,291
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	73,287	150,455

**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.

NOTES TO FINANCIAL STATEMENTS

## 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.

## 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 year 2007 the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage at June 30, 2011 was \$45,000,000. The garage was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage 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
2012	\$ 3,304	\$ 3,467	\$ 6,771
2013	3,304	3,467	6,771
2014	3,304	3,467	6,771
2015	3,304	3,467	6,771
2016	3,304	3,467	6,771
Thereafter	39,640	3,467	43,107
Gross payments due	56,160	20,802	76,962
Less: Unearned revenue	(16,559)	(2,927)	(19,486)
Net investment in direct financing lease	\$ 39,601	\$ 17,875	\$ 57,476

NOTES TO FINANCIAL STATEMENTS

**9 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2011 and a summary of balances are shown below (in thousands):

	July 1, 2010	Additions	Reductions	June 30, 2011
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 13,753	\$ -	\$ -	\$ 13,753
Construction in progress	2,714	4,131	(4,706)	2,139
Total Non-Depreciable	<u>16,467</u>	<u>4,131</u>	<u>(4,706)</u>	<u>15,892</u>
<b>Depreciable Capital Assets:</b>				
Buildings	206,786	16,700	-	223,486
Computers & Equipment	1,625	108	(90)	1,643
Leasehold Improvements	88	-	-	88
Vehicles	2,062	86	(106)	2,042
Less: Accumulated depreciation				
Buildings	(111,271)	(6,754)	-	(118,025)
Computers & Equipment	(1,150)	(250)	90	(1,310)
Leasehold Improvements	(88)	-	-	(88)
Vehicles	(1,760)	(106)	106	(1,760)
Total Depreciable, Net	<u>96,292</u>	<u>9,784</u>	<u>-</u>	<u>106,076</u>
<b>Total Capital Assets, Net</b>	<u>\$ 112,759</u>	<u>\$ 13,915</u>	<u>\$ (4,706)</u>	<u>\$ 121,968</u>

In March 2011, proceeds from the State Capital Project Bonds 2011 Series A were used to purchase the Corporation's headquarters building. The depreciable capital asset is shown in the Administrative Fund.

The depreciation expense charged by the Corporation was \$7,110,000 for the year ended June 30, 2011. 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 \$5,551,000 at June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

**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. As of June 30, 2011, there are no draw down bonds outstanding.

In December 2009, the Corporation issued Mortgage Revenue Bonds Series 2009 A in the amount of \$193,100,000. The bonds are general obligations of the Corporation secured by program obligations and by amounts on deposit in the 2009 Series A Escrow Fund. These bonds were issued under the federal New Issue Bond Program. The proceeds of the bonds are held in an escrow account until being converted into long term fixed rate bonds with the proceeds being used to buy mortgages. As of June 30, 2011, \$64,350,000 of these bonds had been converted. The original program requirements were that if the bonds have not been converted by December 31, 2010, they were subject to mandatory redemption on February 1, 2011. On September 1, 2010 the deadline for converting the bonds was extended to December 31, 2011 and the mandatory redemption date to February 1, 2012.

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

	Original Amount	June 30, 2011	June 30, 2010
<b>First-Time Home Buyer Program</b>			
<b><i>Mortgage Revenue Bonds, Tax-Exempt:</i></b>			
• 1998 Series A	\$ 70,000	\$ -	\$ 14,585
• 1999 Series A1 & A2	200,000	-	56,205
Unamortized discount		-	(53)
• 2000 Series A	58,315	-	28,920
• 2000 Series C	68,785	-	20,015
• 2001 Series A; 4.25% to 5.2%, due 2011-2031	32,740	6,040	14,665
• 2001 Series B; 5.0% to 5.23%, due 2011-2026	104,450	33,125	33,195
Unamortized premium		20	37
• 2009 Series A-1; 3.07%, due 2027-2041	64,350	64,350	-
• 2010 Series A; 0.55% to 4.0%, due 2011-2027	43,130	42,005	-
Unamortized discount		(219)	-
• 2010 Series B; 0.55% to 4.625%, due 2011-2040	35,680	35,305	-
<b><i>Mortgage Revenue Bonds, Taxable:</i></b>			
• 2009 Series A; Floating Rate*, 0.06% at June 30, 2011, due 2011		193,100	193,100
Total Mortgage Revenue Bonds	<u>870,550</u>	<u>309,376</u>	<u>360,669</u>
<b><i>Home Mortgage Revenue Bonds, Tax-Exempt:</i></b>			
• 2002 Series A; Floating Rate*; 3.0% at June 30, 2011, due 2032, 2036	170,000	165,800	167,060
Unamortized swap termination penalty		(12,130)	(12,639)
• 2006 Series A; 3.95% to 5.0%, due 2011-2036	98,675	57,135	70,790
Unamortized premium		422	586
• 2006 Series B; 4.0% to 5.0%, due 2011-2036	75,000	39,110	50,795
Unamortized premium		287	403
• 2006 Series C; 4.4% to 5.5%, due 2011-2037	75,000	42,220	53,835
Unamortized premium		682	864
• 2007 Series A, Floating Rate*; 0.07% at June 30, 2011 due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,740)	(1,807)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2011	June 30, 2010
• 2007 Series B; Floating Rate*; 0.08% at June 30, 2011, due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,740)	(1,807)
• 2007 Series C; 4.05% to 4.80% due 2011-2038	89,370	59,660	74,145
• 2007 Series D; Floating Rate*; 0.06% at June 30, 2011, due 2017-2041	89,370	89,370	89,370
Unamortized deferred debt refunding		(2,133)	(2,215)
• 2008 Series A; 2.9%-5.40%, due 2011-2038	80,880	48,890	64,415
• 2008 Series B; 2.95%-5.50%, due 2011-2038	80,880	60,880	73,845
Unamortized discount		(60)	(76)
• 2009 Series A; Floating Rate*; 0.05% at June 30, 2011, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,346)	(1,392)
• 2009 Series B; Floating Rate*; 0.05% at June 30, 2011, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,346)	(1,392)
• 2009 Series C; 1.5% to 5.35%; due 2011-2039	80,870	74,040	80,870
Unamortized discount		(37)	(42)
• 2009 Series D; Floating Rate*; 0.05% at June 30, 2011, due 2020-2040	80,870	80,870	80,870
Unamortized deferred debt refunding		(1,296)	(1,340)
Total Home Mortgage Revenue Bonds	<u>1,232,675</u>	<u>1,009,298</u>	<u>1,096,898</u>
<b>Veterans Mortgage Program Bonds and Notes:</b>			
<b><i>Collateralized State Guaranteed Bonds and Notes, Tax-Exempt:</i></b>			
• 1999 First Series	110,000	-	28,255
• 2000 First Series	70,000	-	14,545
• 2002 First Series; 4.95% to 5.55%, due 2011-2023	50,000	8,490	12,510
• 2005 First Series; 4.8% due 2011-2035	15,000	6,290	9,340
• 2006 First Series; 4.0% to 4.9%, due 2011-2037	190,000	176,760	181,005
• 2007 & 2008 First Series, 3.45% to 5.25%, due 2012-2038	57,885	53,290	54,680
Total Veterans Mortgage Program Bonds	<u>492,885</u>	<u>244,830</u>	<u>300,335</u>
<b>Other Housing Bonds:</b>			
<b><i>Housing Development Bonds, Tax-Exempt:</i></b>			
• 2002 Series A; 4.15% to 5.2%, due 2011-2022	8,440	2,510	2,675
• 2002 Series B; 4.05% to 5.15%, due 2011-2022	8,690	5,880	6,255
• 2002 Series C; 4.05% to 5.25%, due 2011-2032	70,000	58,815	60,310
• 2004 Series A; 3.55% to 4.85%, due 2011-2030	33,060	27,795	28,650
• 2004 Series B; 3.3% to 4.75%, due 2011-2032	52,025	41,045	42,565
<b><i>Housing Development Bonds, Taxable:</i></b>			
• 2004 Series D; 4.35% to 5.6%, due 2011-2043	105,000	102,080	103,040
Sub-Total Housing Development Bonds	<u>277,215</u>	<u>238,125</u>	<u>243,495</u>

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2011	June 30, 2010
<b>General Mortgage Revenue Bonds, Tax-Exempt:</b>			
• 2002 Series A; 3.7% to 5.0%, due 2011-2040	150,000	146,415	148,825
Unamortized deferred debt refunding expense		(1,021)	(1,065)
Unamortized premium		462	496
<b>Government Purpose Bonds, Tax-Exempt:</b>			
• 1997 Series A, Floating Rate*, monthly payments, 0.03% at June 30, 2011, due 2027	33,000	14,600	14,600
• 2001 Series A, Floating Rate*, 0.02% at June 30, 2011, due 2011-2030	76,580	59,945	61,950
Unamortized swap termination penalty		(7,711)	(8,108)
• 2001 Series B, Floating Rate*, 0.02% at June 30, 2011, due 2011-2030	93,590	73,255	75,700
Total Other Housing Bonds	<u>630,385</u>	<u>524,070</u>	<u>535,893</u>
<b>Non-Housing Bonds:</b>			
<b>State Capital Project Bonds, Tax-Exempt:</b>			
• 2002 Series A; 3.5% to 5.0%, due 2011	32,905	4,380	8,525
Unamortized premium		-	95
• 2002 Series C; Floating Rate*, 0.05% at June 30, 2011, due 2012-2022	60,250	60,250	60,250
• 2006 Series A; 3.5% to 5.0%, due 2012-2040	100,890	93,880	95,510
Unamortized discount		(1,334)	(1,410)
Unamortized premium		1,275	1,424
• 2007 Series A & B; 4.0% to 5.25%, due 2011-2029	95,525	88,210	91,355
Unamortized discount		(60)	(65)
Unamortized premium		2,405	2,795
Unamortized deferred debt refunding expense		(2,628)	(2,770)
• 2011 Series A; 2.0% to 5.0%, due 2011-2027	105,185	105,185	-
Unamortized discount		(119)	-
Unamortized premium		3,871	-
<b>General Housing Purpose Bonds, Tax-Exempt:</b>			
• 2005 Series A; 3.25% to 5.25%, due 2011-2041	143,235	137,450	138,570
Unamortized premium		3,142	3,296
• 2005 Series B; 3.55% to 5.25%, due 2011-2030	147,610	126,830	130,610
Unamortized deferred debt refunding expense		(9,340)	(10,023)
Unamortized premium		3,532	4,030
• 2005 Series C; 4.0% to 5.0%, due 2012-2017	16,885	16,610	16,660
Total Non-Housing Bonds	<u>702,485</u>	<u>633,539</u>	<u>538,852</u>
<b>Total Bonds and Notes Payable</b>	<u><u>\$3,928,980</u></u>	<u><u>\$2,721,113</u></u>	<u><u>\$2,832,647</u></u>

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.

NOTES TO FINANCIAL STATEMENTS

**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, 2011, the Corporation made \$253,120,000 special revenue redemptions and no current refundings. The Corporation made \$207,035,000 special revenue redemptions and \$80,870,000 current refundings during fiscal year 2010.

During the year ended June 30, 2011, the Corporation converted \$64,350,000 under the federal New Issue Bond Program, (NIBP). There were no conversions under this program during fiscal year 2010.

**Debt Service Requirements\*\***

For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2016 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending June 30	Total Debt Service		
	Principal	Interest*	Total
2012	\$ 183,095	\$ 114,554	\$ 297,649
2013	63,380	112,133	175,513
2014	61,220	109,675	170,895
2015	56,240	107,291	163,531
2016	58,315	104,943	163,258
2017-2021	372,925	482,902	855,827
2022-2026	432,545	390,701	823,246
2027-2031	550,120	276,530	826,650
2032-2036	488,810	156,997	645,807
2037-2041	459,195	42,362	501,557
2042-2043	23,430	1,005	24,435
	<u>\$2,749,275</u>	<u>\$ 1,899,093</u>	<u>\$ 4,648,368</u>

\* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2011

\*\* Also see Note 11 – Derivatives.

**Conduit Debt**

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

	June 30, 2011	June 30, 2010
<b>Revenue Bonds, 2010</b>		
Birchwood Apartments Project	\$ 1,009	\$ -

NOTES TO FINANCIAL STATEMENTS

## 11 DERIVATIVES

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

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

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 asset or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2011, the Corporation has not posted any collateral and is not required to post any collateral.

### Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2011, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating <sup>7</sup>
GP01A <sup>1</sup>	12/01/08	2.4530	67% of 1M LIBOR <sup>4</sup>	12/01/30	A+/Aa3
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	A/A2
E021A1 <sup>2</sup>	10/09/08	2.9800	70% of 3M LIBOR <sup>5</sup>	06/01/32	AAA/Aa1
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	A/A2
SC02C <sup>3</sup>	12/05/02	4.3030	SIFMA <sup>6</sup> +0.115%	07/01/22	AA-/Aa1
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa1
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	AA-/Aa1
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	A+/A1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa1
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	AA-/Aa1

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

NOTES TO FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 2011, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values	Fair Values	Change in Fair Value
			June 30, 2011	June 30, 2010	
GP01A	\$ 59,945	\$ 60,970	\$ (1,025)	\$ (2,008)	\$ 983
GP01B	73,255	85,883	(12,628)	(14,848)	2,220
E021A1	45,800	48,269	(2,469)	(3,493)	1,024
E021A2	120,000	124,797	(4,797)	(6,965)	2,168
SC02C	60,250	67,421	(7,171)	(7,669)	498
E071AB	143,622	165,440	(21,818)	(27,723)	5,905
E071BD	95,748	109,703	(13,955)	(17,879)	3,924
E091A	72,789	84,027	(11,238)	(14,293)	3,055
E091B	72,789	84,164	(11,375)	(14,462)	3,087
E091ABD	97,052	111,512	(14,460)	(18,559)	4,099
Total	\$841,250	\$ 942,186	\$ (100,936)	\$ (127,899)	\$ 26,963

As of June 30, 2011, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2012	\$ 6,895	\$ 5,308	\$ 29,230	\$ 41,433
2013	12,825	5,223	28,945	46,993
2014	13,390	5,117	28,488	46,995
2015	13,955	5,006	28,010	46,971
2016	14,565	4,891	27,513	46,969
2017-2021	117,385	22,490	127,462	267,337
2022-2026	154,055	18,296	102,685	275,036
2027-2031	175,865	12,656	75,151	263,672
2032-2036	171,565	5,708	45,682	222,955
2037-2041	152,510	351	15,803	168,664
2042	8,240	3	147	8,390
	\$ 841,250	\$ 85,049	\$ 509,116	\$ 1,435,415

Risks

a. Credit Risk

As of June 30, 2011, the Corporation is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The Corporation currently has swap agreements with five separate counterparties. Approximately 31% of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 30% of the total notional amount of the swaps is held with one counterparty rated AA-/Aa1. Of the remaining swaps, one counterparty is rated A/A2, another counterparty is rated A+/A1, and the remaining counterparty is rated A+/Aa3, approximating 23%, 9%, and 7% respectively, of the total notional amount of the swaps.

b. Interest Rate Risk

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

NOTES TO FINANCIAL STATEMENTS

**c. Basis Risk**

All of the Corporation's variable-rate bond interest 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 fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2011, SIFMA was 0.09% and 1-month LIBOR was 0.1856%, resulting in a SIFMA/LIBOR ratio of 48.5%. The 3-month LIBOR was 0.2458%, resulting in a SIFMA/LIBOR ratio of 36.6%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

**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 the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in the Corporation making termination payments totaling \$22,181,000 to the counterparties. The Corporation replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps.

**e. Rollover Risk**

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the 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 to the unswapped portion of the debt.

**Investment Derivatives**

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

The significant terms and credit ratings of the Corporation's investment derivatives as of June 30, 2011, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.77%	70% of 1M LIBOR	07/01/24	AA-/Aa1

The change in fair value of the investment derivatives as of June 30, 2011, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2011	Fair Values June 30, 2010	Change in Fair Value
SC02B	\$ 14,555	\$ 16,513	\$ (1,958)	\$ (2,368)	\$ 410

**Credit Risk**

As of June 30, 2011, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated AA-/Aa1.

NOTES TO FINANCIAL STATEMENTS

## 12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2011 is summarized in the following schedule (in thousands):

	July 1, 2010	Additions	Reductions	June 30, 2011	Due Within One Year
Total bonds and notes payable	\$ 2,832,647	\$ 252,276	\$ (363,810)	\$ 2,721,113	\$ 183,095
Compensated absences	4,641	2,840	(2,668)	4,813	2,011
Other liabilities	652	800	(313)	1,139	793
Total long-term liabilities	<u>\$ 2,837,940</u>	<u>\$ 255,916</u>	<u>\$ (366,791)</u>	<u>\$ 2,727,065</u>	<u>\$ 185,899</u>

## 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, 2011	June 30, 2010
Lowest	0.21%	0.25%
Highest	0.59%	1.25%

Short term debt activity for the year ended June 30, 2011 is summarized in the following schedule (in thousands):

	July 1, 2010	Additions	Reductions	June 30, 2011
Commercial paper	\$ 150,000	\$ 625,639	\$ (688,639)	\$ 87,000
Unamortized discount	(110)	(385)	471	(24)
Commercial paper, net	<u>\$ 149,890</u>	<u>\$ 625,254</u>	<u>\$ (688,168)</u>	<u>\$ 86,976</u>

## 14 TRANSFERS

Transfers for the year ended June 30, 2011 are summarized in the following schedule (in thousands):

	From				Total
	Administrative Fund	Energy Programs	Other Non- Major Funds		
To Administrative Fund	\$ -	\$ -	\$ 290,682		\$ 290,682
Energy Programs	950	-	-		950
Other Non-Major Funds	250,213	96	216,094		466,403
Total	<u>\$ 251,163</u>	<u>\$ 96</u>	<u>\$ 506,776</u>		<u>\$ 758,035</u>

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 mortgages from the Administrative Fund to the Bond Funds of the Corporation, (3) to move Corporate revenue to the Administrative Fund from the Energy Programs and Bond Funds, and (4) to record expenditures paid on behalf of the Energy Programs and the Bond Funds by the Administrative Fund.

NOTES TO FINANCIAL STATEMENTS

## 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.

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

	June 30, 2011	June 30, 2010
Bond related liquidity facilities	\$ 486,040	\$ 487,300
Bond insurance	1,009,750	1,067,205
	\$ 1,495,790	\$ 1,554,505

## 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, 2011	June 30, 2010
Arbitrage expense	\$ 542	\$ (572)
Arbitrage paid	85	1,061
Arbitrage rebate reimbursement	31	-

## 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–FY2011 were \$1,548,383,000; payments up thru June 30, 2011 were \$1,423,006,000, resulting in total remaining commitments of \$125,377,000 as of June 30, 2011.

### Transfer Plan with the State

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

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

NOTES TO FINANCIAL STATEMENTS

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. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

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

**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, 2011	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	-	631,653	631,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	16,568	302,325	318,893
Various bond proceeds disbursed	3,781	308,634	312,415
<b>Total</b>	<b>\$ 20,349</b>	<b>\$ 1,941,666</b>	<b>\$ 1,962,015</b>

NOTES TO FINANCIAL STATEMENTS

**18 GRANTS**

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

<b>Program</b>	<b>June 30, 2011</b>
<i>Energy Programs:</i>	
▪ ARRA State Energy Program	\$ 1,695
▪ ARRA Weatherization Assistance Program	2,025
▪ Energy Efficient Appliance Rebate	235
▪ Energy Efficiency Monitoring Research	1,188
▪ Energy Efficiency Conservation Block Grant	1,542
▪ Energy Efficient Home Program	55,000
▪ Low-Income Home Energy Assistance	700
▪ Low Income Weatherization Assistance	48,259
Total Energy Programs	110,644
<i>Section 8 Vouchers Program</i>	30,536
<i>Other Housing Assistance Programs:</i>	
▪ AMHTA Short Term Housing Assistance	-
▪ ARRA Low Income Tax Credit	2,604
▪ ARRA TCAP Home	2,789
▪ Beneficiaries and Special Needs Housing	2,781
▪ Denali Commission	3,279
▪ Drug Elimination	84
▪ Emergency Shelter Grant	213
▪ Homeless Prevention and Rapid Re-Housing	351
▪ HOME Investment Partnership	3,516
▪ Homeless Assistance Program	5,026
▪ Homeless Information Management System	19
▪ Housing Loan Program	5,845
▪ Housing Opportunities for Persons with AIDS	630
▪ Low Income Tax Credit	-
▪ Neighborhood Stabilization	4,753
▪ Resident Opportunity and Support Service	89
▪ ROSS Neighborhood Network	39
▪ Section 8 Contract Administration	6,377
▪ Senior Citizen Housing Development Grant	5,237
▪ Shelter Plus Care	689
▪ Special Needs Housing	2,123
▪ Supplemental Housing Grant	7,396
▪ Supportive Housing Grant Match	1,062
▪ Technical Assistance Grant	86
Total Other Housing Assistance Programs	54,988
<b>Total Housing Grant Expenses</b>	<b>196,168</b>
▪ Legislative Appropriations	16,568
<b>Total Non-Housing Capital Project Grants</b>	<b>16,568</b>
<b>Total Grants</b>	<b>\$ 212,736</b>

In addition to grant payments made, the Corporation has advanced grant funds of \$7,316,000 and committed to third parties a sum of \$177,484,000 in grant awards at June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

## 19 OTHER PROGRAMS

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

### 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

Affordable Housing Programs consist of Corporate owned low-income housing facilities at various locations and contract administration of HUD contracts directly with landlords:

- Project Based Section 8
- Section 8 Contract Administration

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

- Beneficiaries & Special Needs Housing
- Denali Commission Housing Programs
- Drug Elimination Program
- Family Investment Center Grant
- Family Self Sufficiency Program (FSS)
- HOME Investment Partnerships Program (HOME)
- Homeless Assistance Program Grants
- Housing Opportunities for Persons with AIDS (HOPWA)
- Housing Preservation Grants
- Low Income Tax Credit Program
- Neighborhood Stabilization Program
- Resident Opportunity and Supportive Services
- ROSS Neighborhood Networks
- Senior Citizen Housing Development Grant Program
- Shelter Plus Care Program
- Supplemental Housing Grant Program
- Supportive Housing Grant Match
- Teacher Health Professional and Public Safety Housing Programs
- Technical Assistance Grants

### Energy Conservation Programs

- Energy Efficiency Monitoring Research
- Energy Efficient Home Program (Rebates)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Low-Income Weatherization Program
- Research Information Center
- Residential Energy Rehab Program (Enhanced Weatherization)
- State Energy Program Special Projects
- State Energy Program

NOTES TO FINANCIAL STATEMENTS

**AHFC's ARRA (American Recovery & Reinvestment Act of 2009) Capital Projects**

Energy programs:

- Energy Efficiency and Conservation Block Grants
- Energy Efficient Appliance Rebate
- Energy Assurance / Smart Grid Resiliency (EA/SGR) (vetoed)
- State Energy Program
- Weatherization Program

Low rent programs:

- Capital Fund Program (CFP) - Competitive (not awarded)
- Capital Fund Program (CFP) - Formula

Other programs:

- Emergency Shelter Grants (ESG) – Homeless Prevention and Rapid Re-Housing Program
- HOME Investment Partnerships – Tax Credit Assistance Program (TCAP)
- Low-Income Housing Grants in Lieu of Tax Credits
- Project Based Rental Assistance (AHFC is not considered the Prime Recipient for this program; HUD is responsible for the Federal Report Requirements of the program.)

**Housing Units Owned, Managed or Administered**

As of June 30, 2011, the Public Housing Division of the Corporation operates the following programs in 18 Alaskan communities:

Program	Number of Units
Low Rent Conventional Housing	986
Low Rent Conventional Housing – Senior Units	343
Affordable Housing	65
Affordable Housing – Senior Units	268
Other Housing Units	33
Section 8 Vouchers – Housing Assistance:	
Housing Choice Vouchers	4,415
Single Room Occupancy	70
	6,180

**20 ENERGY AND WEATHERIZATION ENERGY EFFICIENCY PROGRAMS**

The 2008 Legislature authorized funding for the Corporation to expand the existing Weatherization program by \$200,000,000 and create the new Energy Rebate Program with \$160,000,000 to help Alaskans make their homes more energy efficient.

The Weatherization program helps homeowners with low-to-moderate incomes, living in owner-occupied homes or rental units, qualify for free weatherization upgrades performed through various providers or regional housing authorities. The Weatherization program is funded by federal, State and Corporate monies.

The Home Energy Rebate Program has no income limits and provides homeowners with reimbursements for specific energy-efficiency improvements. The more the home's energy efficiency improves, the greater the potential rebate. As of June 30, 2011 the Corporation had outstanding commitments of \$38,708,000 and had paid out \$112,706,000 in the rebate program to homeowners since the inception of the program. This commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

**21 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS**

**Plan Description**

As of June 30, 2011, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post employment healthcare plans for all employees hired on or after July 1, 2006.

NOTES TO FINANCIAL STATEMENTS

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

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

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

*Defined Contribution Plan (Employees hired on or 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 to the pension plan and are not required to contribute to the Post Employment Healthcare Plan.

Under State law the Corporation is required to contribute 22% of annual covered salary. For the fiscal year 2011, 7.64% of covered salary is for the pension plan and 14.36% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 27.96% for the fiscal year 2011 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the year ended June 30, 2011 was \$654,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2011 was \$1,403,000 and for the years ended June 30, 2010 and June 30, 2009 was \$1,452,000 and \$1,180,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2011 was \$1,006,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2011 was \$2,636,000 and for the years ended June 30, 2010 and June 30, 2009 was \$2,559,000 and \$2,740,000 respectively.

NOTES TO FINANCIAL STATEMENTS

*Defined Contribution Plans*

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2011, the Corporation is required to contribute 5.31% 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. For the fiscal year 2011, the Corporation is required to contribute 0.55% of the annual covered salary plus an annual flat dollar amount of \$1,720.70 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 Plan's unfunded liability. For the year ended June 30, 2011, the Corporation paid additional contributions of \$321,000.

The contributions to the pension plan for the year ended June 30, 2011 by the employees was \$202,000 and by the Corporation was \$134,000.

The Corporation contributed \$100,000 to a health reimbursement arrangement for the year ended June 30, 2011.

## **22 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 \$1,746,000 and \$1,235,000 as of June 30, 2011 and June 30, 2010, 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.

## **23 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.

## **24 SPECIAL ITEM**

On June 17, 2011 the Corporation sold its land on 34<sup>th</sup> Avenue, with a cost of \$1,459,000, for \$4,547,000 resulting in a special item gain of \$3,088,000.

NOTES TO FINANCIAL STATEMENTS

**25 FIVE YEAR FINANCIAL INFORMATION**

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

	June 30,				
	2011	2010	2009	2008	2007
<b><u>Assets and Deferred Outflows</u></b>					
Cash	\$ 73,411	\$ 59,218	\$ 24,720	\$ 19,034	\$ 45,964
Investments	1,362,107	1,389,605	1,247,669	1,231,404	1,274,544
Accrued interest receivable	13,305	14,647	15,854	16,734	19,340
Mortgage loans, notes and other loans	2,759,511	2,971,253	3,195,444	3,450,063	3,357,754
Net investment in direct financing lease	57,476	61,222	64,802	65,203	27,085
Unamortized bond issuance costs	16,880	19,751	23,252	25,142	24,616
Capital assets, net	121,968	112,759	113,004	116,535	118,743
Other assets	36,446	40,463	46,680	22,004	28,854
Derivative instrument - interest rate swaps	-	-	-	-	-
Deferred outflow of resources	100,936	127,899	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>4,542,040</b>	<b>4,796,817</b>	<b>4,731,425</b>	<b>4,946,119</b>	<b>4,896,900</b>
<b><u>Liabilities and Deferred Inflows</u></b>					
Bonds and notes payable	2,721,113	2,832,647	2,869,153	3,136,866	3,060,887
Short term debt	86,976	149,890	149,724	112,159	119,726
Accrued interest payable	12,688	12,770	13,715	15,303	14,847
Other liabilities	24,549	47,252	26,722	15,620	16,968
Derivative instrument - interest rate swaps	102,895	130,267	-	-	-
Deferred inflow of resources	-	-	-	-	-
<b>Total Liabilities and Deferred Inflows</b>	<b>2,948,221</b>	<b>3,172,826</b>	<b>3,059,314</b>	<b>3,279,948</b>	<b>3,212,428</b>
<b>Total Fund Equity</b>	<b>\$1,593,819</b>	<b>\$1,623,991</b>	<b>\$1,672,111 *</b>	<b>\$1,666,171</b>	<b>\$1,684,472</b>
<b>June 30,</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b><u>Operating Revenues</u></b>					
Mortgage and loans revenue	\$ 164,242	\$ 177,855	\$ 205,138	\$ 202,851	\$ 195,028
Investment interest	8,454	11,605	25,148	56,667	76,631
Net change in fair value of investments	7,766	6,317	570	255	2,214
Net change of hedge termination	410	(794)	-	-	-
<b>Total Investment Revenue</b>	<b>16,630</b>	<b>17,128</b>	<b>25,718</b>	<b>56,922</b>	<b>78,845</b>
Externally funded programs	194,411	191,968	112,587	73,603	63,043
Rental	7,996	8,697	8,577	7,695	6,988
Other	2,416	1,610	3,337	776	1,085
<b>Total Operating Revenues</b>	<b>385,695</b>	<b>397,258</b>	<b>355,357</b>	<b>341,847</b>	<b>344,989</b>
<b><u>Operating Expenses</u></b>					
Interest	122,138	130,789	149,021	147,336	158,145
Mortgage and loan costs	11,587	12,709	14,139	14,155	14,034
Operations and administration	54,100	49,678	51,421	42,812	41,410
Financing expenses	8,692	7,456	9,159	6,415	8,945
Provision for loan loss	(6,673)	515	(7,703)	7,098	5,490
Housing grants and subsidies	196,168	194,883	106,480	78,290	65,689
Rental housing operating expenses	12,594	11,002	11,480	10,428	10,799
<b>Total Operating Expenses</b>	<b>398,606</b>	<b>407,032</b>	<b>333,997</b>	<b>306,534</b>	<b>304,512</b>
<b>Operating Income (Loss)</b>	<b>(12,911)</b>	<b>(9,774)</b>	<b>21,360</b>	<b>35,313</b>	<b>40,477</b>
<b><u>Non-Operating &amp; Special Item</u></b>					
Contribution to State or State agency	(20,349)	(36,772)	(15,420)	(53,614)	(346,037)
Special item	3,088	-	-	-	-
<b>Change in Net Assets</b>	<b>\$ (30,172)</b>	<b>\$ (46,546)</b>	<b>\$ 5,940</b>	<b>\$ (18,301)</b>	<b>\$ (305,560)</b>

\*Does not reflect the FY10 cumulative effect of accounting change.

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of June 30, 2011

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	41,452	8,070	-	-
Investments	742,596	156,064	176,108	17,233
Accrued interest receivable	1,441	610	4,356	1,394
Inter-fund due to/from	(8,385)	2,129	18,216	5,078
Mortgage loans, notes and other loans	178,172	168,172	1,028,071	318,555
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	1,383	5,000	1,294
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	12,160	-	-	-
Other assets	8,668	-	32	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	1,267	-	-	-
Deferred outflow of resources	-	-	80,112	-
<b>Total Assets and Deferred Outflows</b>	<b>977,510</b>	<b>336,428</b>	<b>1,311,895</b>	<b>343,554</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	-	309,376	1,009,298	244,830
Short term debt	86,976	-	-	-
Accrued interest payable	1,300	802	3,743	970
Other liabilities	8,875	49	308	101
Derivative instrument - interest rate swaps	-	-	80,112	-
Intergovernmental payable	1,029	-	-	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>98,180</b>	<b>310,227</b>	<b>1,093,461</b>	<b>245,901</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	12,299	-	-	-
Restricted by bond resolutions	-	26,201	218,434	97,653
Restricted by contractual or statutory agreements	136,839	-	-	-
Unrestricted net assets, (deficit)	730,192	-	-	-
<b>Total Net Assets (deficit)</b>	<b>879,330</b>	<b>26,201</b>	<b>218,434</b>	<b>97,653</b>

**Schedule 1**

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	3,126	20,763	73,411
172,453	97,653	-	1,362,107
2,989	2,515	-	13,305
14,431	10,108	(41,577)	-
578,708	487,833	-	2,759,511
-	57,476	-	57,476
4,791	4,412	-	16,880
-	-	15,753	15,892
-	-	93,916	106,076
-	29	14,702	23,431
-	-	-	-
-	-	11,748	13,015
13,653	7,171	-	100,936
787,025	670,323	115,305	4,542,040
524,070	633,539	-	2,721,113
-	-	-	86,976
1,966	3,907	-	12,688
950	521	9,352	20,156
13,653	9,130	-	102,895
-	3,126	238	4,393
-	-	-	-
540,639	650,223	9,590	2,948,221
-	-	109,669	121,968
219,869	-	-	562,157
26,517	-	22,720	186,076
-	20,100	(26,674)	723,618
246,386	20,100	105,715	1,593,819

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 2

(A Component Unit of the State of Alaska)

**STATEMENT OF NET ASSETS**

REVOLVING FUNDS

As of June 30, 2011

*(in thousands of dollars)*

	<b>Administrative Fund</b>	<b>Home Ownership Fund</b>	<b>Combined Total</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>			
Cash	41,087	365	41,452
Investments	731,500	11,096	742,596
Accrued interest receivable	1,440	1	1,441
Inter-fund due to/from	(8,385)	-	(8,385)
Mortgage loans, notes and other loans	178,172	-	178,172
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	12,160	-	12,160
Other assets	8,668	-	8,668
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	1,267	-	1,267
Deferred outflow of resources	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>966,048</b>	<b>11,462</b>	<b>977,510</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>			
Bonds and notes payable	-	-	-
Short term debt	86,976	-	86,976
Accrued interest payable	1,300	-	1,300
Other liabilities	8,875	-	8,875
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	1,029	-	1,029
Deferred inflow of resources	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>98,180</b>	<b>-</b>	<b>98,180</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	12,299	-	12,299
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	125,377	11,462	136,839
Unrestricted net assets, (deficit)	730,192	-	730,192
<b>Total Net Assets (deficit)</b>	<b>867,868</b>	<b>11,462</b>	<b>879,330</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2011

(in thousands of dollars)

	Bonds 1998 A	Bonds 1999 A	Bonds 2000 A-D	Bonds 2001 A,B
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	-	-	-	8,070
Investments	-	-	-	945
Accrued interest receivable	-	-	-	233
Inter-fund due to/from	-	-	-	717
Mortgage loans, notes and other loans	-	-	-	43,558
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	512
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,035</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	-	-	-	39,185
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	168
Other liabilities	-	-	-	17
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,370</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	14,665
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
<b>Total Net Assets (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,665</b>



# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2011

(in thousands of dollars)

	<b>Bonds 2002 A,B</b>	<b>Bonds 2006 A</b>	<b>Bonds 2006 B</b>	<b>Bonds 2006 C</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	-	-	-	-
Investments	39,317	3,782	2,228	2,211
Accrued interest receivable	763	255	162	204
Inter-fund due to/from	2,010	1,088	767	1,139
Mortgage loans, notes and other loans	155,755	56,898	39,023	41,237
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	775	466	326	342
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	32	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	7,266	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>205,918</b>	<b>62,489</b>	<b>42,506</b>	<b>45,133</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	153,670	57,557	39,397	42,902
Short term debt	-	-	-	-
Accrued interest payable	731	227	152	187
Other liabilities	55	17	10	12
Derivative instrument - interest rate swaps	7,266	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>161,722</b>	<b>57,801</b>	<b>39,559</b>	<b>43,101</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	44,196	4,688	2,947	2,032
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
<b>Total Net Assets (deficit)</b>	<b>44,196</b>	<b>4,688</b>	<b>2,947</b>	<b>2,032</b>

**Schedule 4**  
*continued on next page*

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
-	-	-	-	-	-	-
19,235	18,028	2,195	20,252	2,294	2,777	19,222
271	274	259	313	234	271	344
1,151	1,069	714	1,594	1,228	698	2,345
62,103	64,465	59,225	75,636	47,515	60,035	98,632
-	-	-	-	-	-	-
197	123	474	168	331	502	227
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,394	11,354	-	13,025	-	-	12,443
94,351	95,313	62,867	110,988	51,602	64,283	133,213
73,260	73,260	59,660	87,237	48,890	60,820	79,534
-	-	-	-	-	-	-
227	229	233	273	206	257	223
22	21	18	24	15	18	25
11,394	11,354	-	13,025	-	-	12,443
-	-	-	-	-	-	-
-	-	-	-	-	-	-
84,903	84,864	59,911	100,559	49,111	61,095	92,225
-	-	-	-	-	-	-
9,448	10,449	2,956	10,429	2,491	3,188	40,988
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,448	10,449	2,956	10,429	2,491	3,188	40,988

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 4

(A Component Unit of the State of Alaska)

**STATEMENT OF NET ASSETS**

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2011

*(in thousands of dollars)*

	<b>Bonds 2009 B</b>	<b>Bonds 2009 C</b>	<b>Bonds 2009 D</b>	<b>Home Mortgage Revenue Bonds Combined Total</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	-	-	-	-
Investments	19,937	2,620	22,010	176,108
Accrued interest receivable	325	304	377	4,356
Inter-fund due to/from	1,290	875	2,248	18,216
Mortgage loans, notes and other loans	99,047	73,808	94,692	1,028,071
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	212	617	240	5,000
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	32
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	12,581	-	12,049	80,112
<b>Total Assets and Deferred Outflows</b>	<b>133,392</b>	<b>78,224</b>	<b>131,616</b>	<b>1,311,895</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	79,534	74,003	79,574	1,009,298
Short term debt	-	-	-	-
Accrued interest payable	223	281	294	3,743
Other liabilities	23	23	25	308
Derivative instrument - interest rate swaps	12,581	-	12,049	80,112
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>92,361</b>	<b>74,307</b>	<b>91,942</b>	<b>1,093,461</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	41,031	3,917	39,674	218,434
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
<b>Total Net Assets (deficit)</b>	<b>41,031</b>	<b>3,917</b>	<b>39,674</b>	<b>218,434</b>

# 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, 2011

(in thousands of dollars)

	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	-	-	-	-
Investments	-	-	301	623
Accrued interest receivable	-	-	58	37
Inter-fund due to/from	-	-	243	63
Mortgage loans, notes and other loans	-	-	13,645	10,601
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	83	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>-</b>	<b>-</b>	<b>14,330</b>	<b>11,324</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	-	-	8,490	6,290
Short term debt	-	-	-	-
Accrued interest payable	-	-	38	25
Other liabilities	-	-	4	3
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>8,532</b>	<b>6,318</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	5,798	5,006
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
<b>Total Net Assets (deficit)</b>	<b>-</b>	<b>-</b>	<b>5,798</b>	<b>5,006</b>

**Schedule 5**

<b>Collateralized Bonds 2006 First Series</b>	<b>Collateralized Bonds 2007 &amp; 2008 First Series</b>	<b>Combined Total</b>
-	-	-
12,186	4,123	17,233
1,000	299	1,394
4,000	772	5,078
228,450	65,859	318,555
-	-	-
719	492	1,294
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
246,355	71,545	343,554
176,760	53,290	244,830
-	-	-
689	218	970
73	21	101
-	-	-
-	-	-
-	-	-
177,522	53,529	245,901
-	-	-
68,833	18,016	97,653
-	-	-
-	-	-
68,833	18,016	97,653

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of June 30, 2011

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	-	-	-	-
Investments	7,008	41,191	51,696	3,763
Accrued interest receivable	94	1,257	461	132
Inter-fund due to/from	135	9,442	1,667	-
Mortgage loans, notes and other loans	19,287	218,088	160,123	17,290
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	2,526	1,002	123
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>26,524</b>	<b>272,504</b>	<b>214,949</b>	<b>21,308</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	-	238,125	145,856	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	1,013	585	1
Other liabilities	7	50	35	8
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>7</b>	<b>239,188</b>	<b>146,476</b>	<b>14,609</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	33,316	68,473	6,699
Restricted by contractual or statutory agreements	26,517	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
<b>Total Net Assets (deficit)</b>	<b>26,517</b>	<b>33,316</b>	<b>68,473</b>	<b>6,699</b>

Schedule 6

Governmental Purpose Bonds 2001 A-D	Combined Total
-	-
68,795	172,453
1,045	2,989
3,187	14,431
163,920	578,708
-	-
1,140	4,791
-	-
-	-
-	-
-	-
13,653	13,653
<u>251,740</u>	<u>787,025</u>
125,489	524,070
-	-
367	1,966
850	950
13,653	13,653
-	-
-	-
<u>140,359</u>	<u>540,639</u>
-	-
111,381	219,869
-	26,517
-	-
<u>111,381</u>	<u>246,386</u>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of June 30, 2011

(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 Capital Project Bonds 2011 A
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	-	-	394	-
Investments	12,655	5,858	11,549	5,104
Accrued interest receivable	301	443	174	556
Inter-fund due to/from	1,950	1,939	629	1,675
Mortgage loans, notes and other loans	56,234	90,678	40,369	102,535
Net investment in direct financing lease	-	-	39,601	-
Unamortized bond issuance costs	475	573	577	760
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	29	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	7,171	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>78,786</b>	<b>99,520</b>	<b>93,293</b>	<b>110,630</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	64,630	93,821	87,927	108,937
Short term debt	-	-	-	-
Accrued interest payable	1,611	351	347	411
Other liabilities	33	34	15	39
Derivative instrument - interest rate swaps	9,130	-	-	-
Intergovernmental payable	-	-	394	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>75,404</b>	<b>94,206</b>	<b>88,683</b>	<b>109,387</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	3,382	5,314	4,610	1,243
<b>Total Net Assets (deficit)</b>	<b>3,382</b>	<b>5,314</b>	<b>4,610</b>	<b>1,243</b>

Schedule 7

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	2,732	3,126
33,609	28,878	97,653
743	298	2,515
1,956	1,959	10,108
115,848	82,169	487,833
-	17,875	57,476
996	1,031	4,412
-	-	-
-	-	-
-	-	29
-	-	-
-	-	-
-	-	7,171
153,152	134,942	670,323
140,592	137,632	633,539
-	-	-
581	606	3,907
39	361	521
-	-	9,130
-	2,732	3,126
-	-	-
141,212	141,331	650,223
-	-	-
-	-	-
-	-	-
11,940	(6,389)	20,100
11,940	(6,389)	20,100

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2011

(in thousands of dollars)

	<b>Energy Programs</b>	<b>Low Rent Program</b>	<b>Affordable Housing Programs</b>	<b>Section 8 Vouchers Program</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
Cash	1,559	10,024	6,433	2,744
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(14,123)	(766)	(680)	(478)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	1,076	13,547	1,130	-
Capital assets - depreciable, net	8	71,939	21,934	35
Other assets	10,006	863	45	61
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	10,186	-	-	-
Deferred outflow of resources	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>8,712</b>	<b>95,607</b>	<b>28,862</b>	<b>2,362</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	6,270	1,172	268	241
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	238	-	-
Deferred inflow of resources	-	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>6,270</b>	<b>1,410</b>	<b>268</b>	<b>241</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	1,084	85,486	23,064	35
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	1,732	9,527	6,107	4,117
Unrestricted net assets, (deficit)	(374)	(816)	(577)	(2,031)
<b>Total Net Assets (deficit)</b>	<b>2,442</b>	<b>94,197</b>	<b>28,594</b>	<b>2,121</b>

Schedule 8

<u>Other Programs</u>	<u>Combined Total</u>
3	20,763
-	-
-	-
(25,530)	(41,577)
-	-
-	-
-	-
-	15,753
-	93,916
3,727	14,702
-	-
1,562	11,748
-	-
<u>(20,238)</u>	<u>115,305</u>
-	-
-	-
-	-
1,401	9,352
-	-
-	238
-	-
<u>1,401</u>	<u>9,590</u>
-	109,669
-	-
1,237	22,720
(22,876)	(26,674)
<u>(21,639)</u>	<u>105,715</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, 2011

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	13,668	12,967	58,294	19,655
Investment interest	556	887	350	749
Net change in the fair value of investments	7,822	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	8,378	887	350	749
Externally funded program	-	-	-	-
Rental	28	-	-	-
Other	1,851	-	-	-
<b>Total Operating Revenues</b>	<b>23,925</b>	<b>13,854</b>	<b>58,644</b>	<b>20,404</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	429	11,179	45,386	13,570
Mortgage and loan costs	1,394	937	4,103	1,371
Financing expenses	497	2,234	3,192	737
Provision for loan loss	(2,128)	730	(6,058)	(1,424)
Operations and administration	1,779	3,425	9,537	3,161
Rental housing operating expenses	161	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,132</b>	<b>18,505</b>	<b>56,160</b>	<b>17,415</b>
<b>Operating Income (Loss)</b>	<b>21,793</b>	<b>(4,651)</b>	<b>2,484</b>	<b>2,989</b>
<b><u>NONOPERATING EXPENSES.</u></b>				
<b><u>SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	(16,568)	-	-	-
Special Items	3,088	-	-	-
Transfers - Internal	39,519	(15,832)	15,721	(9,630)
Change in Net Assets	47,832	(20,483)	18,205	(6,641)
Net assets at beginning of year	831,498	46,684	200,229	104,294
<b>Net Assets at End of Period</b>	<b>879,330</b>	<b>26,201</b>	<b>218,434</b>	<b>97,653</b>

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
35,638	24,020	-	164,242
2,829	3,060	23	8,454
-	(56)	-	7,766
-	410	-	410
2,829	3,414	23	16,630
-	-	194,411	194,411
-	-	7,968	7,996
-	-	565	2,416
38,467	27,434	202,967	385,695
24,429	27,133	12	122,138
1,937	1,845	-	11,587
1,358	674	-	8,692
(1,103)	3,310	-	(6,673)
5,440	4,533	26,225	54,100
-	-	12,433	12,594
-	-	196,168	196,168
32,061	37,495	234,838	398,606
6,406	(10,061)	(31,871)	(12,911)
-	(3,781)	-	(20,349)
-	-	-	3,088
(59,827)	13,588	16,461	-
(53,421)	(254)	(15,410)	(30,172)
299,807	20,354	121,125	1,623,991
246,386	20,100	105,715	1,593,819

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 10

(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, 2011

*(in thousands of dollars)*

	Administrative Fund	Home Ownership Fund	Combined Total
<b><u>OPERATING REVENUES</u></b>			
Mortgage and loans revenue	13,668	-	13,668
Investment interest	537	19	556
Net change in the fair value of investments	7,822	-	7,822
Net change of hedge termination	-	-	-
Total Investment Revenue	8,359	19	8,378
Externally funded program	-	-	-
Rental	28	-	28
Other	1,849	2	1,851
<b>Total Operating Revenues</b>	23,904	21	23,925
<b><u>OPERATING EXPENSES</u></b>			
Interest	429	-	429
Mortgage and loan costs	1,394	-	1,394
Financing expenses	497	-	497
Provision for loan loss	(2,128)	-	(2,128)
Operations and administration	1,779	-	1,779
Rental housing operating expenses	161	-	161
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	2,132	-	2,132
<b>Operating Income (Loss)</b>	21,772	21	21,793
<b><u>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</u></b>			
Contributions to the State of Alaska or other State agencies	(16,568)	-	(16,568)
Special Items	3,088	-	3,088
Transfers - Internal	39,519	-	39,519
Change in Net Assets	47,811	21	47,832
Net assets at beginning of year	820,057	11,441	831,498
<b>Net Assets at End of Period</b>	867,868	11,462	879,330

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

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

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	<b>Bonds 1998 A</b>	<b>Bonds 1999 A</b>	<b>Bonds 2000 A-D</b>	<b>Bonds 2001 A,B</b>
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	1,111	3,305	2,293	2,828
Investment interest	99	361	130	10
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	99	361	130	10
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,210</b>	<b>3,666</b>	<b>2,423</b>	<b>2,838</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	533	2,476	2,365	2,284
Mortgage and loan costs	75	230	150	195
Financing expenses	273	795	742	139
Provision for loan loss	(539)	(1,310)	(1,470)	143
Operations and administration	114	352	226	409
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>456</b>	<b>2,543</b>	<b>2,013</b>	<b>3,170</b>
<b>Operating Income (Loss)</b>	<b>754</b>	<b>1,123</b>	<b>410</b>	<b>(332)</b>
<b><u>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(11,669)	(23,014)	(2,348)	7,192
Change in Net Assets	(10,915)	(21,891)	(1,938)	6,860
Net assets at beginning of year	10,915	21,891	1,938	7,805
<b>Net Assets at End of Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,665</b>

**Schedule 11**

<b>Bonds 2009 A</b>	<b>Bonds 2009 A-1 2010 A, B</b>	<b>Mortgage Revenue Bonds Combined Total</b>
-	3,430	12,967
217	70	887
-	-	-
-	-	-
217	70	887
-	-	-
-	-	-
-	-	-
217	3,500	13,854
321	3,200	11,179
-	287	937
190	95	2,234
-	3,906	730
1,163	1,161	3,425
-	-	-
-	-	-
1,674	8,649	18,505
(1,457)	(5,149)	(4,651)
-	-	-
-	-	-
(82)	14,089	(15,832)
(1,539)	8,940	(20,483)
4,135	-	46,684
2,596	8,940	26,201

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

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

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	<b>Bonds 2002 A,B</b>	<b>Bonds 2006 A</b>	<b>Bonds 2006 B</b>	<b>Bonds 2006 C</b>
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	9,588	3,470	2,274	2,488
Investment interest	61	14	12	13
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	61	14	12	13
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>9,649</b>	<b>3,484</b>	<b>2,286</b>	<b>2,501</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	6,573	2,966	2,067	2,414
Mortgage and loan costs	665	238	152	160
Financing expenses	685	153	131	127
Provision for loan loss	(519)	(1,489)	(1,004)	(441)
Operations and administration	1,452	526	364	385
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>8,856</b>	<b>2,394</b>	<b>1,710</b>	<b>2,645</b>
<b>Operating Income (Loss)</b>	<b>793</b>	<b>1,090</b>	<b>576</b>	<b>(144)</b>
<b><u>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	1,702	761	(303)	68
Change in Net Assets	2,495	1,851	273	(76)
Net assets at beginning of year	41,701	2,837	2,674	2,108
<b>Net Assets at End of Period</b>	<b>44,196</b>	<b>4,688</b>	<b>2,947</b>	<b>2,032</b>

**Schedule 12**  
*continued on next page*

<b>Bonds 2007 A</b>	<b>Bonds 2007 B</b>	<b>Bonds 2007 C</b>	<b>Bonds 2007 D</b>	<b>Bonds 2008 A</b>	<b>Bonds 2008 B</b>	<b>Bonds 2009 A</b>
3,514	3,753	3,444	4,443	3,011	3,672	4,604
32	29	14	31	14	13	33
-	-	-	-	-	-	-
-	-	-	-	-	-	-
32	29	14	31	14	13	33
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,546	3,782	3,458	4,474	3,025	3,685	4,637
2,862	2,858	3,175	3,404	2,908	3,495	3,038
270	281	235	340	194	239	333
171	129	141	188	128	128	74
(54)	(165)	(197)	61	(329)	(315)	(429)
573	592	559	698	448	561	905
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,822	3,695	3,913	4,691	3,349	4,108	3,921
(276)	87	(455)	(217)	(324)	(423)	716
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(49)	655	(126)	377	(264)	(469)	4,300
(325)	742	(581)	160	(588)	(892)	5,016
9,773	9,707	3,537	10,269	3,079	4,080	35,972
9,448	10,449	2,956	10,429	2,491	3,188	40,988

# ALASKA HOUSING FINANCE CORPORATION

Schedule 12

(A Component Unit of the State of Alaska)

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

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	4,568	4,490	4,975	58,294
Investment interest	35	10	39	350
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	35	10	39	350
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>4,603</b>	<b>4,500</b>	<b>5,014</b>	<b>58,644</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	3,022	3,531	3,073	45,386
Mortgage and loan costs	334	338	324	4,103
Financing expenses	76	87	974	3,192
Provision for loan loss	(419)	27	(785)	(6,058)
Operations and administration	907	693	874	9,537
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>3,920</b>	<b>4,676</b>	<b>4,460</b>	<b>56,160</b>
<b>Operating Income (Loss)</b>	<b>683</b>	<b>(176)</b>	<b>554</b>	<b>2,484</b>
<b><u>NONOPERATING EXPENSES.</u></b>				
<b><u>SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	4,068	318	4,683	15,721
Change in Net Assets	4,751	142	5,237	18,205
Net assets at beginning of year	36,280	3,775	34,437	200,229
<b>Net Assets at End of Period</b>	<b>41,031</b>	<b>3,917</b>	<b>39,674</b>	<b>218,434</b>

# 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, 2011

(in thousands of dollars)

	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	1,397	679	875	578
Investment interest	399	269	3	3
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	399	269	3	3
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,796</b>	<b>948</b>	<b>878</b>	<b>581</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	1,047	526	569	387
Mortgage and loan costs	93	44	57	40
Financing expenses	528	278	45	(202)
Provision for loan loss	(508)	(162)	(22)	(82)
Operations and administration	139	66	124	97
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,299</b>	<b>752</b>	<b>773</b>	<b>240</b>
<b>Operating Income (Loss)</b>	<b>497</b>	<b>196</b>	<b>105</b>	<b>341</b>
<b><u>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(13,246)	(7,404)	135	200
Change in Net Assets	(12,749)	(7,208)	240	541
Net assets at beginning of year	12,749	7,208	5,558	4,465
<b>Net Assets at End of Period</b>	<b>-</b>	<b>-</b>	<b>5,798</b>	<b>5,006</b>

Schedule 13

<b>Collateralized Bonds 2006 First Series</b>	<b>Collateralized Bonds 2007 &amp; 2008 First Series</b>	<b>Combined Total</b>
12,753	3,373	19,655
52	23	749
-	-	-
-	-	-
52	23	749
-	-	-
-	-	-
-	-	-
12,805	3,396	20,404
8,387	2,654	13,570
901	236	1,371
51	37	737
(1,625)	975	(1,424)
2,120	615	3,161
-	-	-
-	-	-
9,834	4,517	17,415
2,971	(1,121)	2,989
-	-	-
-	-	-
3,756	6,929	(9,630)
6,727	5,808	(6,641)
62,106	12,208	104,294
68,833	18,016	97,653

# 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, 2011

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	1,233	16,707	6,071	323
Investment interest	8	21	112	5
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	8	21	112	5
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,241</b>	<b>16,728</b>	<b>6,183</b>	<b>328</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	-	12,281	7,092	31
Mortgage and loan costs	87	673	397	-
Financing expenses	-	218	65	38
Provision for loan loss	68	(1,229)	155	-
Operations and administration	180	2,111	1,475	156
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>335</b>	<b>14,054</b>	<b>9,184</b>	<b>225</b>
<b>Operating Income (Loss)</b>	<b>906</b>	<b>2,674</b>	<b>(3,001)</b>	<b>103</b>
<b><u>NONOPERATING EXPENSES.</u></b>				
<b><u>SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	343	(5,974)	7,255	180
Change in Net Assets	1,249	(3,300)	4,254	283
Net assets at beginning of year	25,268	36,616	64,219	6,416
<b>Net Assets at End of Period</b>	<b>26,517</b>	<b>33,316</b>	<b>68,473</b>	<b>6,699</b>

Schedule 14

Governmental Purpose Bonds 2001 A-D	Combined Total
11,304	35,638
2,683	2,829
-	-
-	-
2,683	2,829
-	-
-	-
-	-
13,987	38,467
5,025	24,429
780	1,937
1,037	1,358
(97)	(1,103)
1,518	5,440
-	-
-	-
8,263	32,061
5,724	6,406
-	-
-	-
(61,631)	(59,827)
(55,907)	(53,421)
167,288	299,807
111,381	246,386

# 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, 2011

(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 Capital Project Bonds 2011 A
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	2,876	5,073	2,510	1,204
Investment interest	170	25	1,644	3
Net change in the fair value of investments	(42)	-	-	-
Net change of hedge termination	410	-	-	-
Total Investment Revenue	538	25	1,644	3
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>3,414</b>	<b>5,098</b>	<b>4,154</b>	<b>1,207</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	3,136	4,197	3,966	1,442
Mortgage and loan costs	247	413	219	82
Financing expenses	190	68	83	94
Provision for loan loss	138	666	(252)	2,550
Operations and administration	517	839	369	949
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>4,228</b>	<b>6,183</b>	<b>4,385</b>	<b>5,117</b>
<b>Operating Income (Loss)</b>	<b>(814)</b>	<b>(1,085)</b>	<b>(231)</b>	<b>(3,910)</b>
<b><u>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	(263)	(927)	-	-
Special Items	-	-	-	-
Transfers - Internal	5,171	751	733	5,153
Change in Net Assets	4,094	(1,261)	502	1,243
Net assets at beginning of year	(712)	6,575	4,108	-
<b>Net Assets at End of Period</b>	<b>3,382</b>	<b>5,314</b>	<b>4,610</b>	<b>1,243</b>

**Schedule 15**

<b>General Housing Purpose Bonds 2005 A</b>	<b>General Housing Purpose Bonds 2005 B &amp; C</b>	<b>Combined Total</b>
7,827	4,530	24,020
190	1,028	3,060
(14)	-	(56)
-	-	410
176	1,028	3,414
-	-	-
-	-	-
-	-	-
8,003	5,558	27,434
6,837	7,555	27,133
534	350	1,845
106	133	674
449	(241)	3,310
1,108	751	4,533
-	-	-
-	-	-
9,034	8,548	37,495
(1,031)	(2,990)	(10,061)
(2,591)	-	(3,781)
-	-	-
952	828	13,588
(2,670)	(2,162)	(254)
14,610	(4,227)	20,354
11,940	(6,389)	20,100

# 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, 2011

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<b><u>OPERATING REVENUES</u></b>				
Mortgage and loans revenue	-	-	-	-
Investment interest	5	5	3	10
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	5	5	3	10
Externally funded program	115,490	11,940	2,244	35,757
Rental	-	5,872	2,097	(1)
Other	2	11	-	8
<b>Total Operating Revenues</b>	<b>115,497</b>	<b>17,828</b>	<b>4,344</b>	<b>35,774</b>
<b><u>OPERATING EXPENSES</u></b>				
Interest	-	12	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	4,732	13,115	2,832	4,089
Rental housing operating expenses	331	10,072	1,922	108
Housing grants and subsidies	110,644	-	-	30,536
<b>Total Operating Expenses</b>	<b>115,707</b>	<b>23,199</b>	<b>4,754</b>	<b>34,733</b>
<b>Operating Income (Loss)</b>	<b>(210)</b>	<b>(5,371)</b>	<b>(410)</b>	<b>1,041</b>
<b><u>NONOPERATING EXPENSES,</u></b>				
<b><u>SPECIAL ITEMS &amp; TRANSFERS</u></b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	854	4,321	833	(83)
Change in Net Assets	644	(1,050)	423	958
Net assets at beginning of year	1,798	95,247	28,171	1,163
<b>Net Assets at End of Period</b>	<b>2,442</b>	<b>94,197</b>	<b>28,594</b>	<b>2,121</b>

Schedule 16

Other Programs	Combined Total
-	-
-	23
-	-
-	-
-	23
28,980	194,411
-	7,968
544	565
29,524	202,967
-	12
-	-
-	-
-	-
1,457	26,225
-	12,433
54,988	196,168
56,445	234,838
(26,921)	(31,871)
-	-
-	-
10,536	16,461
(16,385)	(15,410)
(5,254)	121,125
(21,639)	105,715

# 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, 2011

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds and Notes
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	8,559	12,019	55,009	18,760
Principal payments received on mortgages and loans	26,135	37,033	234,981	93,134
Purchases of mortgages and loans	(415,918)	-	-	-
Receipt (payment) for loan transfers between funds	402,025	(91,129)	(110,335)	(86,281)
Payments to employees and other payroll disbursements	(22,171)	-	-	-
Payments for goods and services	(12,594)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	1,006,742	48,943	294,681	115,193
Interfund Payments	(1,021,891)	(49,063)	(290,058)	(111,920)
Grant payments to other agencies	(12,128)	-	-	-
Other operating cash receipts	39,394	-	-	-
Other operating cash payments	(11,989)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>(13,836)</b>	<b>(42,197)</b>	<b>184,278</b>	<b>28,886</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	78,581	-	-
Principal paid on bonds	-	(129,920)	(88,020)	(55,505)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,580)	-	-	-
Interest paid	(444)	(11,122)	(45,216)	(13,836)
Proceeds from issuance of short term debt	625,296	-	-	-
Payment of short term debt	(688,167)	-	-	-
Contributions to the State of Alaska or other State agencies	(40,795)	-	-	-
Transfers (to) from other funds	123,839	55,726	(18,905)	(5,781)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>18,149</b>	<b>(6,735)</b>	<b>(152,141)</b>	<b>(75,122)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(2,199)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	(84)	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(411)	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(2,694)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(5,325,349)	(176,786)	(447,007)	(136,975)
Proceeds from maturity of investments	5,326,435	233,070	414,513	182,357
Interest received from investments	572	718	357	854
<b>Net cash provided by (used for) investing activities</b>	<b>1,658</b>	<b>57,002</b>	<b>(32,137)</b>	<b>46,236</b>
Net Increase (decrease) in cash	3,277	8,070	-	-
Cash at the beginning of year	38,175	-	-	-
<b>Cash at the end of period</b>	<b>41,452</b>	<b>8,070</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	21,793	(4,651)	2,484	2,989
<i>Adjustments:</i>				
Depreciation expense	436	-	-	-
Provision for loan losses	(2,128)	730	(6,058)	(1,424)
Amortization of bond issuance costs	-	2,107	895	919
Net change in the fair value of investments	(7,822)	-	-	-
Transfers between funds for operating activity	(43,019)	1,351	12,054	3,031
Interest received from investments	(572)	(718)	(357)	(854)
Interest paid	444	11,122	45,216	13,836
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	12,242	(54,096)	124,646	6,853
Net increase (decrease) in assets and liabilities	4,790	1,958	5,398	3,536
<b>Net cash provided by (used for) operating activities</b>	<b>(13,836)</b>	<b>(42,197)</b>	<b>184,278</b>	<b>28,886</b>

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
34,221	22,999	-	151,567
125,123	96,968	-	613,374
-	-	-	(415,918)
(77,128)	(37,152)	-	-
-	-	(13,475)	(35,646)
-	-	(12,691)	(25,285)
-	-	158,987	158,987
-	-	38,944	38,944
-	-	(37,940)	(37,940)
157,280	119,225	174,161	1,916,225
(157,878)	(119,992)	(165,423)	(1,916,225)
-	-	(146,173)	(158,301)
75	218	8,551	48,238
-	(61)	(64)	(12,114)
81,693	82,205	4,877	325,906
-	95,130	-	173,711
(12,230)	(10,073)	-	(295,748)
-	-	-	-
-	-	-	(1,580)
(24,092)	(24,645)	-	(119,355)
-	-	-	625,296
-	-	-	(688,167)
-	(3,781)	-	(44,576)
(64,973)	(89,906)	-	-
-	-	-	-
(101,295)	(33,275)	-	(350,419)
-	(11,961)	(2,220)	(16,380)
-	-	9	9
-	14,215	-	14,215
-	(3,798)	-	(3,798)
-	-	-	(84)
-	(3,020)	-	(3,020)
-	6,771	-	6,771
-	-	-	(411)
-	2,207	(2,211)	(2,698)
(295,563)	(172,632)	-	(6,554,312)
312,218	121,188	-	6,589,781
2,947	464	23	5,935
19,602	(50,980)	23	41,404
-	157	2,689	14,193
-	2,969	18,074	59,218
-	3,126	20,763	73,411
6,406	(10,061)	(31,871)	(12,911)
-	-	6,674	7,110
(1,103)	3,310	-	(6,673)
330	283	-	4,534
-	56	-	(7,766)
6,042	6,165	14,376	-
(2,947)	(464)	(23)	(5,935)
24,092	27,665	-	122,375
47,995	59,816	-	197,456
878	(4,565)	15,721	27,716
81,693	82,205	4,877	325,906

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

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

REVOLVING FUNDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<b><u>Cash flows from operating activities:</u></b>			
Interest income on mortgages and loans	8,559	-	8,559
Principal payments received on mortgages and loans	26,135	-	26,135
Purchases of mortgages and loans	(415,918)	-	(415,918)
Receipt (payment) for loan transfers between funds	402,025	-	402,025
Payments to employees and other payroll disbursements	(22,171)	-	(22,171)
Payments for goods and services	(12,594)	-	(12,594)
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	1,006,742	-	1,006,742
Interfund Payments	(1,021,891)	-	(1,021,891)
Grant payments to other agencies	(12,128)	-	(12,128)
Other operating cash receipts	39,392	2	39,394
Other operating cash payments	(11,989)	-	(11,989)
<b>Net cash provided by (used for) operating activities</b>	<b>(13,838)</b>	<b>2</b>	<b>(13,836)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,580)	-	(1,580)
Interest paid	(444)	-	(444)
Proceeds from issuance of short term debt	625,296	-	625,296
Payment of short term debt	(688,167)	-	(688,167)
Contributions to the State of Alaska or other State agencies	(40,795)	-	(40,795)
Transfers (to) from other funds	123,839	-	123,839
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>18,149</b>	<b>-</b>	<b>18,149</b>
<b><u>Cash flows from capital financing activities:</u></b>			
Acquisition of capital assets	(2,199)	-	(2,199)
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	(84)	-	(84)
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(411)	-	(411)
<b>Net cash provided by (used for) capital financing activities</b>	<b>(2,694)</b>	<b>-</b>	<b>(2,694)</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchase of investments	(5,325,329)	(20)	(5,325,349)
Proceeds from maturity of investments	5,326,435	-	5,326,435
Interest received from investments	552	20	572
<b>Net cash provided by (used for) investing activities</b>	<b>1,658</b>	<b>-</b>	<b>1,658</b>
Net Increase (decrease) in cash	3,275	2	3,277
Cash at the beginning of year	37,812	363	38,175
<b>Cash at the end of period</b>	<b>41,087</b>	<b>365</b>	<b>41,452</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	21,772	21	21,793
<i>Adjustments:</i>			
Depreciation expense	436	-	436
Provision for loan losses	(2,128)	-	(2,128)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(7,822)	-	(7,822)
Transfers between funds for operating activity	(43,019)	-	(43,019)
Interest received from investments	(552)	(20)	(572)
Interest paid	444	-	444
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	12,242	-	12,242
Net increase (decrease) in assets and liabilities	4,789	1	4,790
<b>Net cash provided by (used for) operating activities</b>	<b>(13,838)</b>	<b>2</b>	<b>(13,836)</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 1998 A	Bonds 1999 A	Bonds 2000 A-D	Bonds 2001 A,B
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	958	2,873	1,967	2,649
Principal payments received on mortgages and loans	3,677	9,701	7,324	8,027
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	349	229	461	90
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	4,380	13,044	10,085	10,966
Interfund Payments	(4,636)	(12,577)	(9,293)	(10,679)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>4,728</b>	<b>13,270</b>	<b>10,544</b>	<b>11,053</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(14,585)	(56,205)	(48,935)	(8,695)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(596)	(2,705)	(2,606)	(2,338)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	8,692	38,680	36,544	6,461
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(6,489)</b>	<b>(20,230)</b>	<b>(14,997)</b>	<b>(4,572)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(8,854)	(24,479)	(37,734)	(13,961)
Proceeds from maturity of investments	10,509	31,054	42,044	15,540
Interest received from investments	106	385	143	10
<b>Net cash provided by (used for) investing activities</b>	<b>1,761</b>	<b>6,960</b>	<b>4,453</b>	<b>1,589</b>
Net Increase (decrease) in cash	-	-	-	8,070
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,070</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	754	1,123	410	(332)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(539)	(1,310)	(1,470)	143
Amortization of bond issuance costs	271	789	736	134
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(525)	(1,564)	(180)	416
Interest received from investments	(106)	(385)	(143)	(10)
Interest paid	596	2,705	2,606	2,338
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,026	9,930	7,785	8,117
Net increase (decrease) in assets and liabilities	251	1,982	800	247
<b>Net cash provided by (used for) operating activities</b>	<b>4,728</b>	<b>13,270</b>	<b>10,544</b>	<b>11,053</b>

Schedule 19

Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Mortgage Revenue Bonds Combined Total
-	3,572	12,019
-	8,304	37,033
-	-	-
-	(92,258)	(91,129)
-	-	-
-	-	-
-	-	-
-	-	-
-	10,468	48,943
-	(11,878)	(49,063)
-	-	-
-	-	-
-	-	-
-	(81,792)	(42,197)
-	78,581	78,581
-	(1,500)	(129,920)
-	-	-
-	-	-
(68)	(2,809)	(11,122)
-	-	-
-	-	-
(65,637)	30,986	55,726
-	-	-
(65,705)	105,258	(6,735)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(6)	(91,752)	(176,786)
65,705	68,218	233,070
6	68	718
65,705	(23,466)	57,002
-	-	8,070
-	-	-
-	-	8,070
(1,457)	(5,149)	(4,651)
-	-	-
-	3,906	730
148	29	2,107
-	-	-
1,205	1,999	1,351
(6)	(68)	(718)
68	2,809	11,122
-	(83,954)	(54,096)
42	(1,364)	1,958
-	(81,792)	(42,197)

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	9,085	3,239	2,159	2,315
Principal payments received on mortgages and loans	28,528	11,051	11,652	9,279
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(24,500)	2,131	673	1,063
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	37,991	14,452	14,083	11,878
Interfund Payments	(37,623)	(14,293)	(13,814)	(11,597)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>13,481</b>	<b>16,580</b>	<b>14,753</b>	<b>12,938</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(1,260)	(13,655)	(11,685)	(11,615)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(5,821)	(3,184)	(2,229)	(2,648)
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	(2,638)	-	(1,134)	(595)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(9,719)</b>	<b>(16,839)</b>	<b>(15,048)</b>	<b>(14,858)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(103,766)	(17,942)	(17,840)	(15,668)
Proceeds from maturity of investments	99,940	18,186	18,123	17,575
Interest received from investments	64	15	12	13
<b>Net cash provided by (used for) investing activities</b>	<b>(3,762)</b>	<b>259</b>	<b>295</b>	<b>1,920</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	793	1,090	576	(144)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(519)	(1,489)	(1,004)	(441)
Amortization of bond issuance costs	31	130	115	110
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,227	467	367	363
Interest received from investments	(64)	(15)	(12)	(13)
Interest paid	5,821	3,184	2,229	2,648
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,028	13,182	12,325	10,342
Net increase (decrease) in assets and liabilities	1,164	31	157	73
<b>Net cash provided by (used for) operating activities</b>	<b>13,481</b>	<b>16,580</b>	<b>14,753</b>	<b>12,938</b>

**Schedule 20**  
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
3,340	3,576	3,203	4,190	2,845	3,424	4,356
20,315	15,696	11,214	18,675	14,153	12,425	22,544
-	-	-	-	-	-	-
(11,790)	(11,969)	1,853	(10,781)	1,443	1,256	(19,733)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,733	19,591	15,650	22,756	17,503	15,844	28,189
(23,661)	(19,276)	(14,420)	(22,871)	(17,002)	(15,852)	(26,906)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,937	7,618	17,500	11,969	18,942	17,097	8,450
-	-	-	-	-	-	-
-	-	(14,485)	-	(15,525)	(12,965)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,821)	(2,818)	(3,230)	(3,350)	(2,972)	(3,531)	(3,013)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,563)	(941)	(1,167)	(1,592)	(1,408)	(1,070)	(1,450)
-	-	-	-	-	-	-
(4,384)	(3,759)	(18,882)	(4,942)	(19,905)	(17,566)	(4,463)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(34,407)	(31,690)	(20,378)	(35,956)	(20,062)	(19,053)	(37,060)
26,822	27,801	21,746	28,897	21,010	19,509	33,039
32	30	14	32	15	13	34
(7,553)	(3,859)	1,382	(7,027)	963	469	(3,987)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(276)	87	(455)	(217)	(324)	(423)	716
-	-	-	-	-	-	-
(54)	(165)	(197)	61	(329)	(315)	(429)
6	4	137	6	125	125	8
-	-	-	-	-	-	-
808	795	501	947	417	516	1,039
(32)	(30)	(14)	(32)	(15)	(13)	(34)
2,821	2,818	3,230	3,350	2,972	3,531	3,013
-	-	-	-	-	-	-
8,525	3,727	13,067	7,894	15,596	13,681	2,811
139	382	1,231	(40)	500	(5)	1,326
11,937	7,618	17,500	11,969	18,942	17,097	8,450

(A Component Unit of the State of Alaska)  
**STATEMENT OF CASH FLOWS**  
 FIRST TIME HOME BUYERS PROGRAM  
 HOME MORTGAGE REVEUNE BONDS  
 For the Year Ended June 30, 2011  
 (in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	4,370	4,136	4,771	55,009
Principal payments received on mortgages and loans	24,210	4,876	30,363	234,981
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(19,875)	(1,467)	(18,639)	(110,335)
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	29,399	9,186	34,426	294,681
Interfund Payments	(28,586)	(9,015)	(35,142)	(290,058)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>9,518</b>	<b>7,716</b>	<b>15,779</b>	<b>184,278</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(6,830)	-	(88,020)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,996)	(3,548)	(3,055)	(45,216)
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	(2,149)	(441)	(2,757)	(18,905)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(5,145)</b>	<b>(10,819)</b>	<b>(5,812)</b>	<b>(152,141)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(37,767)	(14,390)	(41,028)	(447,007)
Proceeds from maturity of investments	33,359	17,483	31,023	414,513
Interest received from investments	35	10	38	357
<b>Net cash provided by (used for) investing activities</b>	<b>(4,373)</b>	<b>3,103</b>	<b>(9,967)</b>	<b>(32,137)</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	683	(176)	554	2,484
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(419)	27	(785)	(6,058)
Amortization of bond issuance costs	7	83	8	895
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	1,049	680	1,878	12,054
Interest received from investments	(35)	(10)	(38)	(357)
Interest paid	2,996	3,548	3,055	45,216
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,335	3,409	11,724	124,646
Net increase (decrease) in assets and liabilities	902	155	(617)	5,398
<b>Net cash provided by (used for) operating activities</b>	<b>9,518</b>	<b>7,716</b>	<b>15,779</b>	<b>184,278</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2011

(in thousands of dollars)

	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	1,236	601	840	560
Principal payments received on mortgages and loans	6,566	3,112	3,615	4,241
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(63)	(149)	(448)	(662)
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	8,105	3,984	4,602	4,910
Interfund Payments	(7,804)	(3,714)	(4,456)	(4,802)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>8,040</b>	<b>3,834</b>	<b>4,153</b>	<b>4,247</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(28,255)	(14,545)	(4,020)	(3,050)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,189)	(601)	(587)	(401)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	10,567	3,893	(669)	(1,183)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(18,877)</b>	<b>(11,253)</b>	<b>(5,276)</b>	<b>(4,634)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(13,994)	(6,844)	(5,619)	(5,441)
Proceeds from maturity of investments	24,377	13,952	6,739	5,825
Interest received from investments	454	311	3	3
<b>Net cash provided by (used for) investing activities</b>	<b>10,837</b>	<b>7,419</b>	<b>1,123</b>	<b>387</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	497	196	105	341
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(508)	(162)	(22)	(82)
Amortization of bond issuance costs	524	276	43	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(430)	(129)	135	198
Interest received from investments	(454)	(311)	(3)	(3)
Interest paid	1,189	601	587	401
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	6,503	2,963	3,167	3,579
Net increase (decrease) in assets and liabilities	719	400	141	(187)
<b>Net cash provided by (used for) operating activities</b>	<b>8,040</b>	<b>3,834</b>	<b>4,153</b>	<b>4,247</b>

**Schedule 21**

Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
12,265	3,258	18,760
62,601	12,999	93,134
-	-	-
(54,635)	(30,324)	(86,281)
-	-	-
-	-	-
-	-	-
-	-	-
77,202	16,390	115,193
(74,883)	(16,261)	(111,920)
-	-	-
-	-	-
-	-	-
22,550	(13,938)	28,886
-	-	-
(4,245)	(1,390)	(55,505)
-	-	-
-	-	-
(8,400)	(2,658)	(13,836)
-	-	-
-	-	-
(15,516)	(2,873)	(5,781)
-	-	-
(28,161)	(6,921)	(75,122)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(85,603)	(19,474)	(136,975)
91,158	40,306	182,357
56	27	854
5,611	20,859	46,236
-	-	-
-	-	-
-	-	-
2,971	(1,121)	2,989
-	-	-
(1,625)	975	(1,424)
42	34	919
-	-	-
2,456	801	3,031
(56)	(27)	(854)
8,400	2,658	13,836
-	-	-
7,966	(17,325)	6,853
2,396	67	3,536
22,550	(13,938)	28,886

**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, 2011

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	1,158	16,243	5,805	332
Principal payments received on mortgages and loans	4,621	45,146	27,963	1,168
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	163	(20,019)	(45,813)	-
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	6,269	57,928	34,174	-
Interfund Payments	(5,780)	(61,403)	(33,774)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	31	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>6,431</b>	<b>37,926</b>	<b>(11,645)</b>	<b>1,500</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(5,370)	(2,410)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(12,297)	(7,090)	(33)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	(1,570)	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>(19,237)</b>	<b>(9,500)</b>	<b>(33)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(6,438)	(108,821)	(56,834)	(2,406)
Proceeds from maturity of investments	-	90,111	77,859	933
Interest received from investments	7	21	120	6
<b>Net cash provided by (used for) investing activities</b>	<b>(6,431)</b>	<b>(18,689)</b>	<b>21,145</b>	<b>(1,467)</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	906	2,674	(3,001)	103
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	68	(1,229)	155	-
Amortization of bond issuance costs	-	159	56	7
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	180	2,272	1,663	180
Interest received from investments	(7)	(21)	(120)	(6)
Interest paid	-	12,297	7,090	33
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,784	25,127	(17,850)	1,168
Net increase (decrease) in assets and liabilities	500	(3,353)	362	15
<b>Net cash provided by (used for) operating activities</b>	<b>6,431</b>	<b>37,926</b>	<b>(11,645)</b>	<b>1,500</b>

Schedule 22

Governmental Purpose Bonds 2001 A-D	Combined Total
10,683	34,221
46,225	125,123
-	-
(11,459)	(77,128)
-	-
-	-
-	-
-	-
58,909	157,280
(56,921)	(157,878)
-	-
44	75
-	-
<u>47,481</u>	<u>81,693</u>
-	-
(4,450)	(12,230)
-	-
-	-
(4,672)	(24,092)
-	-
-	-
(63,403)	(64,973)
-	-
<u>(72,525)</u>	<u>(101,295)</u>
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(121,064)	(295,563)
143,315	312,218
2,793	2,947
<u>25,044</u>	<u>19,602</u>
-	-
-	-
-	-
5,724	6,406
-	-
(97)	(1,103)
108	330
-	-
1,747	6,042
(2,793)	(2,947)
4,672	24,092
34,766	47,995
3,354	878
<u>47,481</u>	<u>81,693</u>

**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, 2011

(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 Capital Project Bonds 2011 A
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	2,729	4,807	2,330	1,554
Principal payments received on mortgages and loans	12,655	20,625	11,365	4,122
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(12,151)	(18,240)	-	-
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	14,593	24,697	14,169	4,001
Interfund Payments	(15,386)	(25,437)	(13,699)	(5,676)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	144	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>2,440</b>	<b>6,452</b>	<b>14,309</b>	<b>4,001</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	95,130
Principal paid on bonds	(415)	(1,630)	(3,145)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(758)	(4,275)	(4,219)	(1,439)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(263)	(927)	-	-
Transfers (to) from other funds	4,938	-	-	(94,844)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>3,502</b>	<b>(6,832)</b>	<b>(7,364)</b>	<b>(1,153)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	(11,961)
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	14,215
Principal paid on capital notes	(3,731)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(2,600)	-	-	-
Proceeds from the direct financing lease payments	-	-	3,304	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(6,331)</b>	<b>-</b>	<b>3,304</b>	<b>2,254</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(26,369)	(26,972)	(17,484)	(18,504)
Proceeds from maturity of investments	26,579	27,327	7,364	13,399
Interest received from investments	179	25	15	3
<b>Net cash provided by (used for) investing activities</b>	<b>389</b>	<b>380</b>	<b>(10,105)</b>	<b>(5,102)</b>
Net Increase (decrease) in cash	-	-	144	-
Cash at the beginning of year	-	-	250	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>394</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(814)	(1,085)	(231)	(3,910)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	138	666	(252)	2,550
Amortization of bond issuance costs	76	32	50	17
Net change in the fair value of investments	42	-	-	-
Transfers between funds for operating activity	692	1,047	398	1,975
Interest received from investments	(179)	(25)	(15)	(3)
Interest paid	3,358	4,275	4,219	1,439
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	504	2,385	11,365	4,122
Net increase (decrease) in assets and liabilities	(1,377)	(843)	(1,225)	(2,189)
<b>Net cash provided by (used for) operating activities</b>	<b>2,440</b>	<b>6,452</b>	<b>14,309</b>	<b>4,001</b>

Schedule 23

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
7,309	4,270	22,999
23,796	24,405	96,968
-	-	-
(4,789)	(1,972)	(37,152)
-	-	-
-	-	-
-	-	-
-	-	-
33,073	28,692	119,225
(31,112)	(28,682)	(119,992)
-	-	-
-	74	218
-	(61)	(61)
<u>28,277</u>	<u>26,726</u>	<u>82,205</u>
-	-	95,130
(1,053)	(3,830)	(10,073)
-	-	-
-	-	-
(6,573)	(7,381)	(24,645)
-	-	-
-	-	-
(2,591)	-	(3,781)
-	-	(89,906)
-	-	-
<u>(10,217)</u>	<u>(11,211)</u>	<u>(33,275)</u>
-	-	(11,961)
-	-	-
-	-	14,215
(67)	-	(3,798)
-	-	-
(420)	-	(3,020)
-	3,467	6,771
-	-	-
<u>(487)</u>	<u>3,467</u>	<u>2,207</u>
(46,703)	(36,600)	(172,632)
28,928	17,591	121,188
202	40	464
<u>(17,573)</u>	<u>(18,969)</u>	<u>(50,980)</u>
-	13	157
-	2,719	2,969
-	2,732	3,126
(1,031)	(2,990)	(10,061)
-	-	-
449	(241)	3,310
33	75	283
14	-	56
1,225	828	6,165
(202)	(40)	(464)
6,993	7,381	27,665
19,007	22,433	59,816
1,789	(720)	(4,565)
<u>28,277</u>	<u>26,726</u>	<u>82,205</u>

**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, 2011

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<b><u>Cash flows from operating activities:</u></b>				
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	(1,114)	(6,960)	(1,496)	(2,889)
Payments for goods and services	(3,723)	(6,920)	(1,491)	(288)
Cash received for externally funded programs	114,677	12,560	2,244	4,222
Cash received for Federal HAP subsidies	-	-	-	31,874
Payments for Federal HAP subsidies	-	-	-	(30,894)
Interfund Receipts	115,579	14,755	2,921	3,157
Interfund Payments	(115,345)	(17,240)	(2,846)	(4,516)
Grant payments to other agencies	(109,664)	-	-	-
Other operating cash receipts	282	5,908	2,092	56
Other operating cash payments	-	(6)	(2)	(56)
<b>Net cash provided by (used for) operating activities</b>	<b>692</b>	<b>2,097</b>	<b>1,422</b>	<b>666</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(1,083)	(1,137)	-	-
Proceeds from the disposal of capital assets	-	9	-	-
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	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(1,083)</b>	<b>(1,128)</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	5	5	3	10
<b>Net cash provided by (used for) investing activities</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>10</b>
Net Increase (decrease) in cash	(386)	974	1,425	676
Cash at the beginning of year	1,945	9,050	5,008	2,068
<b>Cash at the end of period</b>	<b>1,559</b>	<b>10,024</b>	<b>6,433</b>	<b>2,744</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(210)	(5,371)	(410)	1,041
<i>Adjustments:</i>				
Depreciation expense	4	5,495	1,164	11
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	950	2,711	263	(83)
Interest received from investments	(5)	(5)	(3)	(10)
Interest paid	-	-	-	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	(47)	(733)	408	(293)
<b>Net cash provided by (used for) operating activities</b>	<b>692</b>	<b>2,097</b>	<b>1,422</b>	<b>666</b>

