

The logo consists of three blue, stylized, upward-pointing chevrons of increasing size, stacked vertically. The word "Alaska" is written in a large, bold, black serif font to the left of the chevrons. Below "Alaska" is the word "Housing" in a larger, bold, black serif font. Below "Housing" is the text "FINANCE CORPORATION" in a bold, black, all-caps sans-serif font.

Alaska
Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements
And Independent Auditors' Report

June 30, 200-

With Summarized Financial Information for
June 30, 200,

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FINANCIAL STATEMENTS

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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, 2009, 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 2008 financial statements and in our report dated October 8, 2008, 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, 2009, 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 October 8, 2009, 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
October 8, 2009

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 2008 is also presented and is intended to facilitate and enhance understanding of the Corporation's financial position, results of operations and cash flows for the current fiscal year in comparison to the prior fiscal year.

Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2009. This information is being presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements

The *Statement of Net Assets (Exhibit A)* answers the question, "How is our financial health at the end of the year?" This statement includes all assets and liabilities of the Corporation, both financial and capital, short-term and long-term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net assets presented in this statement are displayed as restricted or unrestricted. Assets are restricted when their use is subject to external limits such as bond resolutions, legal agreements or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

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

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

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

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For the fiscal year 2009, the Corporation reports the following major funds:

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

- provide for general working capital requirements of the Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As of June 30, 2009, the Administrative Fund reported net assets of \$929 million, an increase of \$171 million from June 30, 2008. The increase in net assets can be primarily attributed to internal transfers to the Administrative fund of \$141 million and by Operating income of \$38 million offset by contributions to the State of Alaska of \$8 million. Approximately \$134 million, or 14%, of the Administrative Fund's net assets are restricted by contractual or statutory agreements and \$795 million, or 86%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported no significant changes in operating income, \$38 million for FY 2009 and \$39 million for FY 2008. Total operating revenues decreased by \$4 million primarily due to the decrease in investment revenues and total operating expenses decreased by \$3 million primarily due to the decrease in interest expense.

The *Energy Programs* account for resources and programs used to assist in improving the energy efficiency of Alaska homes that includes 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 income was \$21 million, down 40% from FY 2008. Profitability, based on operating income, as measured by the adjusted return on average assets (excluding the change in the fair value of investments) decreased to 0.40% at June 30, 2009, compared to 0.70% at June 30, 2008. The net change in the fair value of investments has been removed from the ratio due to the volatility of the return.
- The Corporation's assets exceeded its liabilities, as of June 30, 2009, by \$1.67 billion (net assets).
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2009, mortgage loans decreased by 7%, due to collection of loan payments exceeding new loan purchases.
- During the fiscal year ended June 30, 2009, the Corporation's total assets decreased by \$215 million and total liabilities decreased by \$221 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

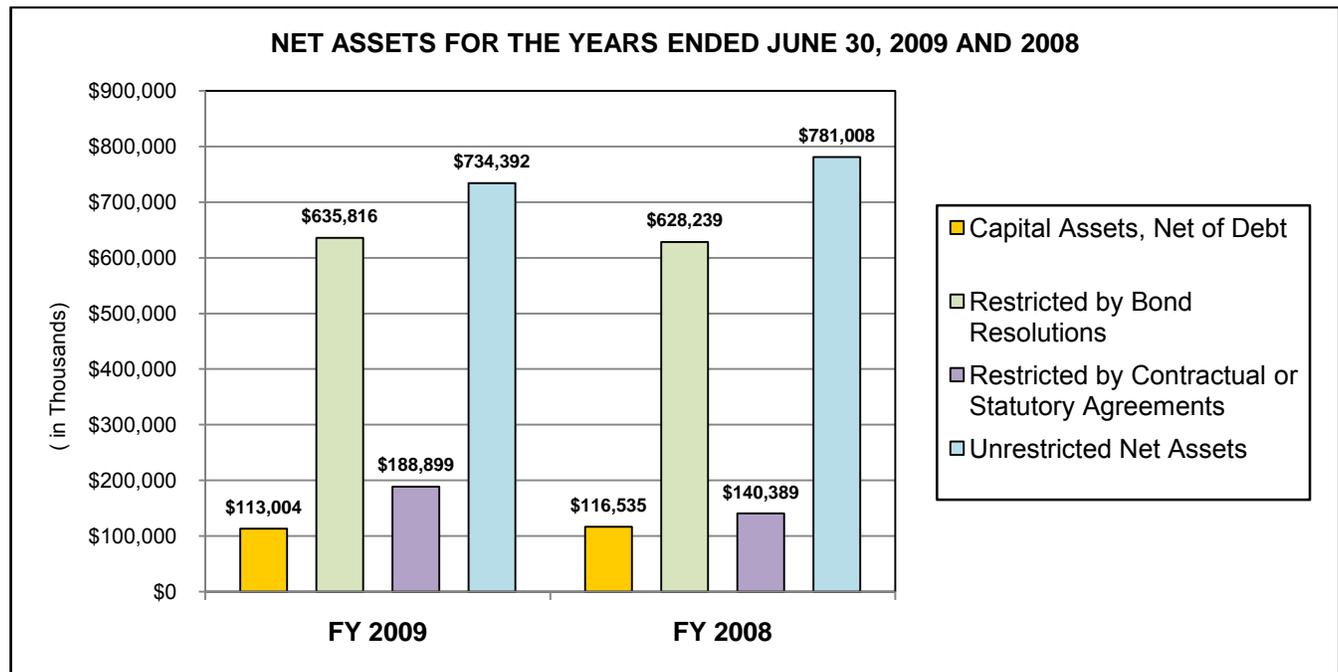
CONDENSED STATEMENT OF NET ASSETS

The following table presents condensed information about the financial position of the Corporation as of June 30, 2009 and 2008, and changes in the balances of selected items during the fiscal year ended June 30, 2009 (in thousands):

	2009	2008	Change (Decrease)	Increase
Investments	1,247,669	1,231,404	16,265	1.3 %
Mortgage loans, notes and other loans, net	3,195,444	3,450,063	(254,619)	(7.4) %
Capital assets, net	113,004	116,535	(3,531)	(3.0) %
Total assets, net	4,731,425	4,946,119	(214,694)	(4.3)
Bonds and notes, net	2,869,153	3,136,866	(267,713)	(8.5) %
Short term debt	149,724	112,159	37,565	33.5 %
Total liabilities	3,059,314	3,279,948	(220,634)	(6.7) %
Total net assets, net	1,672,111	1,666,171	5,940	0.4 %

The decrease in total assets during FY 2009 can be primarily attributed to a decrease in mortgage loans resulting from collection of loan payments exceeding new loan purchases. The decrease in total liabilities is primarily attributed to a decrease of bond debt.

The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2009 and FY 2008.

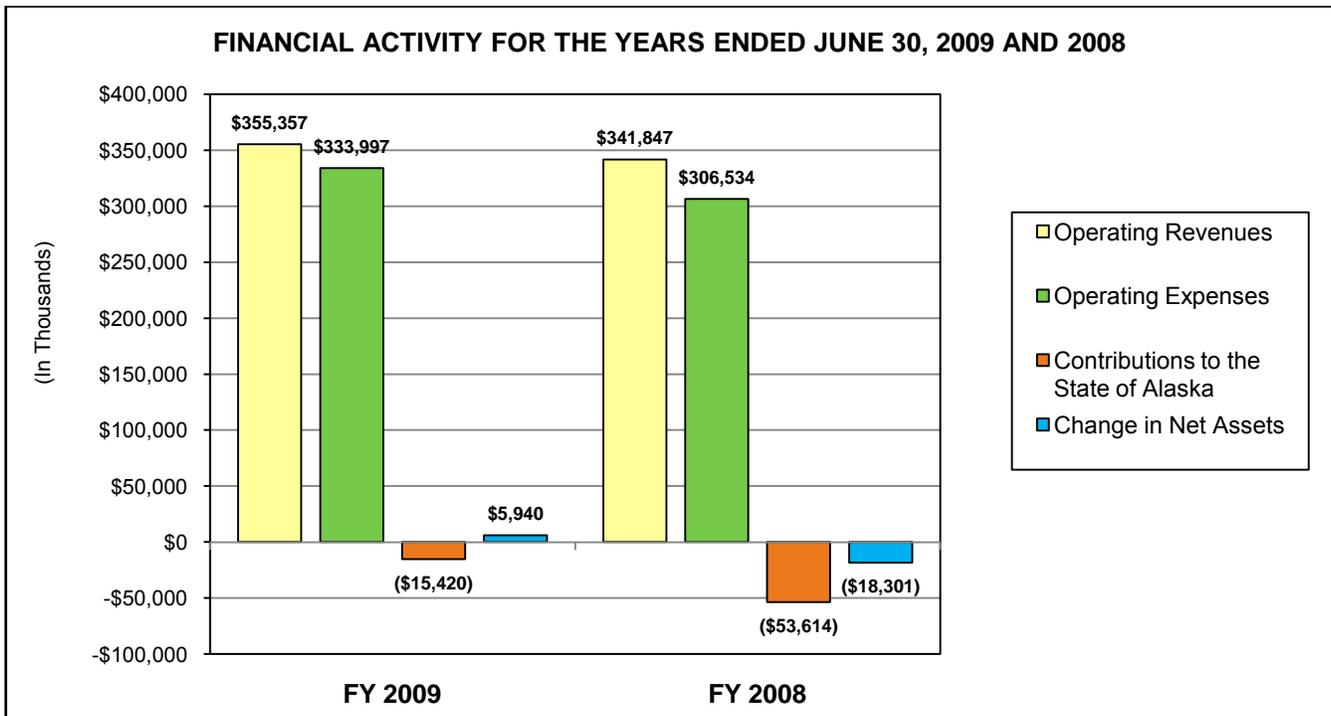


MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009 and 2008, and the variances from the prior fiscal year (in thousands):

	2009	2008	Change (Decrease)	Increase
Mortgage and loan revenue	205,138	202,851	2,287	1.1 %
Investment interest income	25,148	56,667	(31,519)	(55.6) %
Net change in the fair value of investments	570	255	315	123.5 %
Externally funded programs	112,587	73,603	38,984	53.0 %
Total operating revenues	355,357	341,847	13,510	4.0 %
Interest expense	149,021	147,336	1,685	1.1 %
Operations and administration	51,421	42,812	8,609	20.1 %
Housing grants and subsidies	106,480	78,290	28,190	36.0 %
Total operating expenses	333,997	306,534	27,463	9.0 %
Operating income	21,360	35,313	(13,953)	(39.5) %
Contributions to the SOA or other State agencies	(15,420)	(53,614)	(38,194)	(71.2) %
Change in net assets	5,940	(18,301)	24,241	132.5 %



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues increased by a net amount of \$14 million, or 4%, during FY 2009 primarily due to an increase in externally funded programs. Total operating expenses increased by \$27 million, or 9% during FY 2009 primarily due to payments out in housing grants and subsidies. The net effect of changes in operating revenues and expenses was a \$14 million or 40% decrease in operating income from FY 2008.

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 2009 were \$15 million and for FY 2008 was \$54 million. In FY 2009 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, 2009, the Corporation had \$2.9 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 \$243 million in Tax-Exempt Home Mortgage Revenue Bonds, some used to refund current debt;
- Issued \$45 million in Tax-Exempt Veterans Mortgage Revenue Bonds;
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of \$314 million;
- Current refunding of \$162 million of General Mortgage Revenue Bonds 1999 Series;
- Paid interest rate swap termination payments of \$22 million due to bankruptcy of counterparties.

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

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses many of these prepayments to call the corresponding bond series, which lowers the interest expense incurred on the Corporation's overall bonds outstanding, or to recycle mortgages to obtain the maximum allowable spread.

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

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives during the periods reported. If you have questions about this report or need additional financial information, please visit the Corporation's web site www.ahfc.state.ak.us.

ALASKA HOUSING FINANCE CORPORATION

Exhibit A

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of June 30, 2009

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2009
<u>ASSETS</u>				
Cash	9,318	-	15,402	24,720
Investments	722,376	1,605	523,688	1,247,669
Accrued interest receivable	2,245	-	13,609	15,854
Inter-fund due to/from	(35,699)	(26,177)	61,876	-
Mortgage loans, notes and other loans	380,241	-	2,815,203	3,195,444
Net investment in direct financing lease	-	-	64,802	64,802
Unamortized bond issuance costs	-	-	23,252	23,252
Capital assets - non-depreciable	138	-	13,815	13,953
Capital assets - depreciable, net	372	16	98,663	99,051
Other assets	9,092	4,285	14,134	27,511
Intergovernmental receivable	72	18,807	290	19,169
Total Assets	1,088,155	(1,464)	3,644,734	4,731,425
<u>LIABILITIES</u>				
Bonds and notes payable	-	-	2,869,153	2,869,153
Short term debt	149,724	-	-	149,724
Accrued interest payable	884	-	12,831	13,715
Other liabilities	6,885	4,027	10,744	21,656
Intergovernmental payable	1,853	-	3,213	5,066
Total Liabilities	159,346	4,027	2,895,941	3,059,314
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	510	16	112,478	113,004
Restricted by bond resolutions	-	-	635,816	635,816
Restricted by contractual or statutory agreements	133,782	2,726	52,391	188,899
Unrestricted net assets, (deficit)	794,517	(8,233)	(51,892)	734,392
Total Net Assets	928,809	(5,491)	748,793	1,672,111

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, 2009

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2009
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	38,112	-	167,026	205,138
Investment interest	5,679	44	19,425	25,148
Net change in the fair value of investments	765	(13)	(182)	570
Total Investment Revenue	<u>6,444</u>	<u>31</u>	<u>19,243</u>	<u>25,718</u>
Externally funded programs	-	42,157	70,430	112,587
Rental	-	-	8,577	8,577
Other	2,657	4	676	3,337
Total Operating Revenues	<u>47,213</u>	<u>42,192</u>	<u>265,952</u>	<u>355,357</u>
<u>OPERATING EXPENSES</u>				
Interest	3,788	-	145,233	149,021
Mortgage and loan costs	2,809	-	11,330	14,139
Financing expenses	925	-	8,234	9,159
Provision for loan loss	(736)	-	(6,967)	(7,703)
Operations and administration	2,345	4,787	44,289	51,421
Rental housing operating expenses	125	12	11,343	11,480
Housing grants and subsidies	54	41,310	65,116	106,480
Total Operating Expenses	<u>9,310</u>	<u>46,109</u>	<u>278,578</u>	<u>333,997</u>
Operating Income (Loss)	<u>37,903</u>	<u>(3,917)</u>	<u>(12,626)</u>	<u>21,360</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(7,542)	-	(7,878)	(15,420)
Transfers - Internal	140,506	1,166	(141,672)	-
Change in Net Assets	<u>170,867</u>	<u>(2,751)</u>	<u>(162,176)</u>	<u>5,940</u>
Net assets at beginning of year	757,942	(2,740)	910,969	1,666,171
Net Assets at End of Period	<u>928,809</u>	<u>(5,491)</u>	<u>748,793</u>	<u>1,672,111</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
Exhibit C

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2009

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2009
Cash flows from operating activities:				
Interest income on mortgages and loans	29,175	-	159,226	188,401
Principal payments received on mortgages and loans	89,106	-	530,802	619,908
Purchases of mortgages and loans	(357,672)	-	-	(357,672)
Receipt (payment) for loan transfers between funds	529,497	-	(529,497)	-
Payments to employees and other payroll disbursements	(19,330)	(898)	(10,934)	(31,162)
Payments for goods and services	(12,734)	(3,507)	(8,899)	(25,140)
Cash received for externally funded programs	1	23,424	35,677	59,102
Cash received for Federal HAP subsidies	-	-	35,784	35,784
Payments for Federal HAP subsidies	-	-	(34,342)	(34,342)
Interfund Receipts	935,695	43,641	703,513	1,682,849
Interfund Payments	(929,675)	(23,532)	(729,642)	(1,682,849)
Grant payments to other agencies	(15,013)	(39,221)	(18,369)	(72,603)
Other operating cash receipts	2,316	54	10,005	12,375
Other operating cash payments	(2,308)	-	(848)	(3,156)
Net cash provided by (used for) operating activities	249,058	(39)	142,476	391,495
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	287,555	287,555
Principal paid on bonds	(108,965)	-	(420,604)	(529,569)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,240)	-	-	(1,240)
Interest paid	(3,873)	-	(142,443)	(146,316)
Proceeds from issuance of short term debt	1,243,403	-	-	1,243,403
Payment of short term debt	(1,205,781)	-	-	(1,205,781)
Contributions to the State of Alaska or other State agencies	(5,690)	-	(7,878)	(13,568)
Transfers (to) from other funds	109,660	-	(109,660)	-
Other cash payments	(22,181)	-	-	(22,181)
Net cash provided by (used for) noncapital financing activities	5,333	-	(393,030)	(387,697)
Cash flows from capital financing activities:				
Acquisition of capital assets	(457)	(19)	(1,745)	(2,221)
Proceeds from the disposal of capital assets	-	-	23	23
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(3,452)	(3,452)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(3,826)	(3,826)
Proceeds from the direct financing lease payments	533	-	6,771	7,304
Other cash payments	(3,873)	-	-	(3,873)
Net cash provided by (used for) capital financing activities	(3,797)	(19)	(2,229)	(6,045)
Cash flows from investing activities:				
Purchase of investments	(4,113,299)	(4,730)	(4,881,229)	(8,999,258)
Proceeds from maturity of investments	3,856,548	4,743	5,122,274	8,983,565
Interest received from investments	5,975	44	17,607	23,626
Net cash provided by (used for) investing activities	(250,776)	57	258,652	7,933
Net Increase (decrease) in cash	(182)	(1)	5,869	5,686
Cash at the beginning of year	9,500	1	9,533	19,034
Cash at the end of period	9,318	-	15,402	24,720
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	37,903	(3,917)	(12,626)	21,360
<i>Adjustments:</i>				
Depreciation expense	119	3	6,180	6,302
Provision for loan losses	(736)	-	(6,967)	(7,703)
Amortization of bond issuance costs	-	-	2,073	2,073
Net change in the fair value of investments	(765)	13	182	(570)
Transfers between funds for operating activity	(48,587)	1,166	47,421	-
Interest received from investments	(5,975)	(44)	(17,607)	(23,626)
Interest paid	3,873	-	146,269	150,142
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	260,931	-	1,305	262,236
Net increase (decrease) in assets and liabilities	2,295	2,740	(23,754)	(18,719)
Net cash provided by (used for) operating activities	249,058	(39)	142,476	391,495
Noncash investing, capital and financing activities:				
Transfer of investments	1,132	-	(1,132)	-

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, 2009

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

NOTES TO FINANCIAL STATEMENTS

Major and Non-Major Funds

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

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

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 effective interest method. Deferred debt refunding expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Interest Rate Swap

The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The particulars of each swap are negotiated to achieve the financing objectives of the Corporation. Other than the net interest expense and the termination payments resulting from these agreements, no amounts are recorded in the Corporation's financial statements.

Operating Revenues and Expenses

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

Income Taxes

The Corporation is exempt from federal and state income taxes.

NOTES TO FINANCIAL STATEMENTS

3 CASH AND INVESTMENTS

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

	June 30, 2009	June 30, 2008
Restricted cash	\$ 15,402	\$ 9,534
Unrestricted	9,318	9,500
Carrying amount	<u>\$ 24,720</u>	<u>\$ 19,034</u>
Bank Balance	<u>\$ 25,871</u>	<u>\$ 21,486</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, 2009	June 30, 2008
	Less Than 1	1-5	6-10	More Than 10		
Bank investment contracts	\$ 88,465	\$ -	\$ -	\$ -	\$ 88,465	\$ 54,432
U. S. Treasury securities	22,905	4,553	-	-	27,458	11,746
Securities of U. S. Government agencies and corporations	1,121	4,062	87	190	5,460	174,192
Asset-backed securities	354	37	-	-	391	2,610
Certificates of deposit	10,000	-	-	-	10,000	1,501
Negotiable certificates of deposit	49,018	-	-	-	49,018	-
Commercial paper and medium- term notes	374,949	4,039	-	15,134	394,122	763,415
Guaranteed investment contracts	385	-	-	-	385	206,344
Money market funds	672,370	-	-	-	672,370	17,164
Total AHFC portfolio	<u>\$ 1,219,567</u>	<u>\$ 12,691</u>	<u>\$ 87</u>	<u>\$ 15,324</u>	<u>\$ 1,247,669</u>	<u>\$ 1,231,404</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, 2009	June 30, 2008
Restricted investments	\$ 659,075	\$ 972,934
Unrestricted	588,594	258,470
Carrying amount	<u>\$ 1,247,669</u>	<u>\$ 1,231,404</u>

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

Realized Gains and Losses

The calculation of realized gains 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, 2009	June 30, 2008
Ending unrealized holding gain	\$ 1,937	\$ 1,644
Beginning unrealized holding gain	1,644	1,933
Net change in unrealized holding gain	293	(289)
Net realized gain (loss)	277	544
Net increase (decrease) in fair value	<u>\$ 570</u>	<u>\$ 255</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, 2009, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). \$27,458,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore, are not included in the summary.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AAA	\$ 5,460
Asset-backed securities:			
	Aaa	AAA	391
Negotiable certificates of deposit:			
	P-1	A-1+	4,000
	Aa2	AA-	45,018
			49,018
Commercial paper & medium-term notes:			
	Aaa	AAA	2,929
	Aa1	AAA	-
	Aa1	AA-	427
	Aaa	AAAE	766
	Aaae	AAA	-
	Aa1	AA+	-
	Aa2	AA	15,556
	Aa2	AA-	520
	Aa2	A+	-
	Aa3	AA	538
	Aa3	AA-	1,306
	Aa3	A+	34
	A1	AA-	-
	P-1	A-1+	358,256
	P-1	A-1	13,790
	--	A-1	-
			394,122
Money market funds:			
	--	AAAm	672,370
<u>Unrated investments:</u>			
Bank investment contracts			88,465
Certificates of deposit			10,000
Guaranteed investment contracts			385
			98,850
			\$ 1,220,211

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

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

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are excluded from this summary. As of June 30, 2009, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
Fidelity Prime Domestic	\$ 668,058	53.54 %
FCAR Owner Trust	130,508	10.46
Bayerische Landesbank	88,465	7.09
Toyota Motor Credit	63,275	5.07

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 \$25,871,000 bank balance at June 30, 2009, cash deposits in the amount of \$16,311,000 were uninsured and uncollateralized.

Of the Corporation's \$1,247,669,000 investments at June 30, 2009, \$574,614,000 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.

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, 2009:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 88,465	0.000
U. S. Treasury securities:		
Treasury coupon securities	8,479	2.156
Treasury discounts	18,979	0.401
Securities of U. S. Government agencies and corporations:		
Federal agency coupon securities	5,075	1.367
Federal agency pass through securities	385	3.462
Asset-backed securities	391	1.242
Certificates of deposit	10,000	0.000
Negotiable certificates of deposit	49,018	0.394
Commercial paper & medium-term notes:		
Commercial paper	370,048	0.017
Corporate bonds	1,032	2.342
Medium-term notes	5,108	1.287
Municipal bonds	15,134	11.724
Floating rate notes	802	1.396
Banker's Acceptances	1,998	0.136
Guaranteed investment contracts	385	0.000
Money market funds	672,370	0.000
	<u>\$ 1,247,669</u>	
Portfolio modified duration		0.349

A minimal percentage of the Corporation's total investment portfolio is municipal bonds, which are relatively more sensitive to changing interest rates than the rest of the Corporation's investment portfolio. Municipal bonds held as of June 30, 2009, are as follows (in thousands):

	Fair Value	Rate	Maturity
Alaska Housing Finance Corporation	4,261	5.265	June 1, 2022
Alaska Housing Finance Corporation	4,905	5.471	December 1, 2026
Alaska Housing Finance Corporation	5,968	6.060	December 1, 2037
Total	<u>\$ 15,134</u>		

4 INTERFUND RECEIVABLE/PAYABLE

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

	Due From			
	Administrative Fund	Energy Programs	Other Non Major Funds	Total
D Administrative Fund	\$ -	\$ 26,177	\$ 12,559	\$ 38,736
u Energy Programs	-	-	-	-
e Other Non Major Funds	74,435	-	-	74,435
T Total	<u>\$ 74,435</u>	<u>\$ 26,177</u>	<u>\$ 12,559</u>	<u>\$ 113,171</u>

The balance of \$74,435,000 due to the Other Non-Major Funds from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

Of the \$12,559,000 due from the Other Non-Major Funds to the Administrative Fund, \$2,276,000 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.

NOTES TO FINANCIAL STATEMENTS

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2009	June 30, 2008
Mortgage loans	\$ 2,979,931	\$ 3,089,782
Multifamily loans	224,961	386,453
Other notes receivable	86,801	77,982
	<u>3,291,693</u>	<u>3,554,217</u>
Less:		
Allowance for losses	(96,249)	(104,154)
Net Mortgage loans, notes and other loans	<u>\$ 3,195,444</u>	<u>\$ 3,450,063</u>

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, 2009	June 30, 2008
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$146,045	\$ 133,345
Foreclosures during period	9,815	5,433
Loans in foreclosure process	17,854	15,839
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	6,102	114,255
To Repurchase loans upon foreclosure	-	-

6 INSURANCE AGREEMENTS

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

7 LOAN SELF INSURANCE PROGRAM

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

8 DIRECT FINANCING LEASES

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

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

In fiscal years 2007 and 2008, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage at June 30, 2009 was \$44,300,000. The garage was completed 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.

NOTES TO FINANCIAL STATEMENTS

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
2010	\$ 3,304	\$ 3,467	\$ 6,771
2011	3,304	3,467	6,771
2012	3,304	3,467	6,771
2013	3,304	3,467	6,771
2014	3,304	3,467	6,771
Thereafter	46,246	10,401	56,647
Gross payments due	62,766	27,736	90,502
Less: Unearned revenue	(20,679)	(5,021)	(25,700)
Net investment in direct financing lease	\$ 42,087	\$ 22,715	\$ 64,802

9 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 and a summary of balances are shown below (in thousands):

	July 1, 2008	Additions	Reductions	June 30, 2009
Non-Depreciable Capital Assets:				
Land	\$ 13,753	\$ -	\$ -	\$ 13,753
Construction in progress	237	2,325	(2,362)	200
Total Non-Depreciable	13,990	2,325	(2,362)	13,953
Depreciable Capital Assets:				
Buildings	201,042	2,383	-	203,425
Computers & Equipment	1,058	266	(8)	1,316
Leasehold Improvements	88	-	-	88
Vehicles	2,086	180	(132)	2,134
Less: Accumulated depreciation				
Buildings	(98,953)	(6,102)	-	(105,055)
Computers & Equipment	(833)	(128)	8	(953)
Leasehold Improvements	(71)	(17)	-	(88)
Vehicles	(1,872)	(76)	132	(1,816)
Total Depreciable, Net	102,545	(3,494)	-	99,051
Total Capital Assets, Net	\$ 116,535	\$ (1,169)	\$ (2,362)	\$ 113,004

The depreciation expense charged by the Corporation was \$6,302,000 for the year ended June 30, 2009. 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 \$2,075,000 at June 30, 2009.

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. The Series A, C, and D Bonds were limited obligations of the Corporation and were primarily secured by amounts on deposit in the Bond Escrow Fund and investment earnings thereon. The Series B bonds were general obligations of the Corporation and were primarily secured by amounts on deposit in the Bond Escrow Fund attributable to draws under the Series B Bonds. The Bond Escrow account and the Bonds were included in the Administrative Fund.

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

	Original Amount	June 30, 2009	June 30, 2008
Revolving Fund Bonds:			
Draw Down Bonds:			
Tax-Exempt:			
• Series 2007 A, Floating rate*, monthly payments	\$ 71,005	\$ -	\$ 65,125
• Series 2007 C, Floating rate*, monthly payments	29,395	-	29,395
• Series 2007 D, Floating rate*, monthly payments	32,390	-	14,445
Total Revolving Fund Bonds	132,790	-	108,965
First-Time Home Buyer Bonds:			
Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1997 Series A; 5.0% to 6.0%, due 2037	160,000	14,185	20,390
Accreted interest		11,298	9,989
Unamortized discount		(224)	(323)
• 1998 Series A; 4.65% to 5.4%, due 2009-2035	70,000	22,795	26,685
• 1999 Series A1 & A2; 5.25% to 6.25%, due 2009-2031	200,000	71,895	84,280
Unamortized discount		(105)	(108)
• 2000 Series A; 5.9% to 6.0%, due 2036-2040	58,315	28,920	28,920
• 2000 Series C; 4.9% to 6.0%, due 2009-2032	68,785	29,745	31,465
• 2001 Series A; 3.5% to 5.3%, due 2009-2031	32,740	18,965	20,645
• 2001 Series B; 4.15% to 5.45%, due 2009-2041	104,450	39,400	39,470
Unamortized premium		54	57
• 2002 Series A; Floating Rate*; 1.4% at June 30, 2009, due 2032, 2036	170,000	168,275	169,300
Unamortized swap termination penalty		(13,147)	-
• 2006 Series A; 3.4% to 5.0%, due 2009-2036	98,675	83,350	90,085
Unamortized premium		778	900
• 2006 Series B; 3.5% to 5.0%, due 2009-2036	75,000	65,020	69,935
Unamortized premium		540	616

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2009	June 30, 2008
• 2006 Series C; 3.9% to 5.5%, due 2009-2037	75,000	67,405	71,775
Unamortized premium		1,048	1,215
• 2007 Series A, Floating Rate*; 1.5% at June 30, 2009, due 2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,874)	(1,941)
Subtotal First-time Homebuyer Bonds	<u>1,187,965</u>	<u>683,323</u>	<u>738,355</u>
• 2007 Series B, Floating Rate*; 2.5% at June 30, 2009, due 2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,874)	(1,941)
• 2007 Series C; 3.75% to 4.80% due 2009-2038	89,370	87,215	88,665
• 2007 Series D; Floating Rate*; 2.25% at June 30, 2009, due 2041	89,370	89,370	89,370
Unamortized deferred debt refunding		(2,298)	(2,380)
• 2008 Series A; 2.45%-5.40%, due 2009-2038	80,880	80,880	80,880
• 2008 Series B; 2.00%-5.50%, due 2009-2038	80,880	80,200	-
Unamortized discount		(84)	-
• 2009 Series A; Floating Rate*; 0.14% at June 30, 2009, due 2040	80,880	80,880	-
Unamortized deferred debt refunding		(1,438)	
• 2009 Series B; Floating Rate*; 0.13% at June 30, 2009, due 2040	80,880	80,880	-
Unamortized deferred debt refunding		(1,438)	
Subtotal First-time Homebuyer Bonds	<u>577,260</u>	<u>567,293</u>	<u>329,594</u>
Total First-time Homebuyer Bonds	<u>1,765,225</u>	<u>1,250,616</u>	<u>1,067,949</u>
Veterans Mortgage Program Bonds and Notes:			
Collateralized State Guaranteed Bonds and Notes:			
Tax-Exempt:			
• Collateralized Bonds 1998 First and Second Series, 4.7% to 5.5%, due 2009-2040	60,000	12,320	12,770
Unamortized discount		(154)	(162)
• Collateralized Bonds 1999 First Series; 5.0% to 6.25%, due 2009-2039	110,000	33,320	34,280
• Collateralized Bonds 2000 First Series; 5.5% to 6.45%, due 2009-2039	70,000	17,875	18,270
• Collateralized Bonds 2002 First Series; 4.15% to 5.65%, due 2009-2034	50,000	19,495	19,945
• Collateralized Bonds 2005 First Series; 4.8% due 2035	15,000	14,140	14,420
• Collateralized Bonds 2006 First Series; 3.75% to 4.9%, due 2009-2037	190,000	185,140	188,410
• Collateralized Bonds 2007 & 2008 First Series, 3.25% to 5.25%, due 2009-2038	57,885	56,575	57,885
• Collateralized Notes 2008 Second Series; 1.10% due 2009	45,000	45,000	-
Total Veterans Mortgage Program Bonds	<u>597,885</u>	<u>383,711</u>	<u>345,818</u>

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2009	June 30, 2008
Other Housing Bonds:			
Housing Development Bonds:			
Tax-Exempt:			
• 1999 Series A; 4.95% to 6.3%, due 2009-2029	1,675	1,420	1,455
• 1999 Series B; 5.00% to 6.37%, due 2009-2029	5,080	4,340	4,440
• 1999 Series C; 4.875% to 6.2%, due 2009	50,000	1,050	2,045
• 2000 Series B, Floating Rate*, monthly payments, 0.18% at June 30, 2009, due 2030	41,705	36,485	40,025
• 2002 Series A; 3.0% to 5.3%, due 2009-2033	8,440	2,835	2,990
• 2002 Series B; 2.85% to 5.15%, due 2009-2022	8,690	6,615	6,960
• 2002 Series C; 2.85% to 5.25%, due 2009-2032	70,000	61,750	63,135
• 2002 Series D, Floating Rate*, monthly payments	37,870	-	34,420
• 2004 Series A; 2.0% to 4.85%, due 2009-2030	33,060	29,465	30,240
• 2004 Series B; 1.8% to 4.75%, due 2009-2032	52,025	45,495	46,935
Taxable:			
• 2004 Series D; 3.65% to 5.6%, due 2009-2043	105,000	103,940	104,780
Sub-Total Housing Development Bonds	413,545	293,395	337,425
General Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1999 Series A; 4.85% to 6.05%, due 2009-2049	302,700	80,870	244,495
Unamortized deferred debt refunding expense		(467)	(1,462)
Unamortized discount		(408)	(1,411)
• 2002 Series A; 3.45% to 5.0%, due 2010-2040	150,000	150,000	150,000
Unamortized deferred debt refunding expense		(1,108)	(1,152)
Unamortized premium		529	544
Government Purpose Bonds:			
Tax-Exempt:			
• 1997 Series A, Floating Rate*, monthly payments, 0.18% at June 30, 2009, due 2027	33,000	20,600	23,300
• 2001 Series A, Floating Rate*, 0.18% at June 30, 2009, due 2030	76,580	63,860	65,710
Unamortized swap termination penalty		(8,505)	-
• 2001 Series B, Floating Rate*, 0.18% at June 30, 2009, due 2030	93,590	78,040	80,300
Total Other Housing Bonds	1,069,415	676,806	897,749

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2009	June 30, 2008
Non-Housing Bonds:			
State Capital Project Bonds:			
Tax-Exempt:			
• 2002 Series A; 3.0% to 5.0%, due 2009-2011	32,905	12,475	16,240
Unamortized premium		535	652
• 2002 Series C; Floating Rate*, 0.18% at June 30, 2009, due 2022	60,250	60,250	60,250
• 2006 Series A; 3.5% to 5.0%, due 2009-2040	100,890	97,080	98,590
Unamortized discount		(1,485)	(1,724)
Unamortized premium		1,622	1,856
• 2007 Series A & B; 4.0% to 5.25%, due 2009-2029	95,525	93,320	95,205
Unamortized discount		(70)	(74)
Unamortized premium		3,308	3,922
Unamortized deferred debt refunding expense		(2,913)	(3,054)
State Building Lease Bonds:			
Tax-Exempt:			
• 1999 Series; 4.875 to 5.8%, due 2009-2011	40,000	6,005	8,200
Unamortized discount		(66)	(69)
General Housing Purpose Bonds:			
Tax-Exempt:			
• 1992 Series A	200,000	-	6,550
• 2003 Series A; Floating Rate*, monthly payments	143,995	-	120,735
• 2003 Series B; Floating Rate*, monthly payments	16,095	-	16,095
• 2005 Series A; 2.2% to 5.25%, due 2009-2041	143,235	139,655	140,710
Unamortized premium		3,450	3,868
• 2005 Series B; 2.7% to 5.25%, due 2009-2030	147,610	134,240	137,750
Unamortized deferred debt refunding expense		(10,706)	(11,389)
Unamortized premium		4,610	5,312
• 2005 Series C; 2.7% to 5%, due 2009-2017	16,885	16,710	16,760
Total Non-Housing Bonds	997,390	558,020	716,385
Total Bonds and Notes Payable	\$ 4,562,705	\$ 2,869,153	\$ 3,136,866

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, 2009, the Corporation made \$313,780,000 special revenue redemptions and \$161,760,000 current refundings. The Corporation made special revenue redemptions of \$95,725,000 and no current refundings during fiscal year 2008.

Advance Refundings

From time to time, the Corporation effects an advanced refunding where the proceeds of issued bonds are used to defease outstanding debt of the Corporation. The result is an in-substance defeasance whereby the Corporation purchases securities which are deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. A summary of the defeased debt follows (in thousands)

	Defeased Date	June 30, 2009	June 30, 2008
State Building Lease Bonds, 1999 Series	May 2005	\$ 16,485	\$ 16,485
Housing Development Bonds 1999 Series C	October 2007	41,475	41,475
		\$ 57,960	\$ 57,960

Debt Service Requirements**

For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2014 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending	Total Debt Service		
	Principal	Interest*	Total
June 30			
2010	\$ 92,945	\$ 128,739	\$ 221,684
2011	51,800	126,197	177,997
2012	57,300	123,960	181,260
2013	58,090	121,566	179,656
2014	61,205	118,992	180,197
2015-2019	326,465	552,400	878,865
2020-2024	431,380	466,949	898,329
2025-2029	562,142	374,709	936,851
2030-2034	583,361	248,299	831,660
2035-2039	528,092	110,674	638,766
2040-2044	117,600	15,418	133,018
2045-2049	19,365	3,267	22,632
	\$2,889,745	\$ 2,391,170	\$ 5,280,915

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2009

** Also see Note 11 – Derivatives.

NOTES TO FINANCIAL STATEMENTS

11 DERIVATIVES

Swap Objectives

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

Swap Terminations and Replacements

From September to December of 2008, three of the agreements were terminated because of bankruptcy events associated with the counterparties. Because the swap documents require a market termination payment when a termination event occurs, the Corporation made termination payments of \$13,444,000 and \$8,737,000 to the counterparties. After accepting bids, the Corporation subsequently replaced all three of the swaps with three separate counterparties. The new swaps contained provisions that resulted in a much lower overall cost on the underlying debt than the original agreements.

Swap Payments and Associated Debt

As of June 30, 2009, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their terms are displayed in the following schedule. As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2010	\$ 5,465	\$ 7,944	\$ 28,584	\$ 41,993
2011	5,710	7,918	28,348	41,976
2012	6,895	7,892	28,173	42,960
2013	12,825	7,842	27,899	48,566
2014	13,390	7,777	27,463	48,630
2015-2019	88,960	37,542	129,675	256,177
2020-2024	138,340	32,855	109,474	280,669
2025-2029	149,615	26,349	81,972	257,936
2030-2034	150,485	18,290	54,064	222,839
2035-2039	142,770	8,884	25,838	177,492
2040-2042	57,100	1,276	2,891	61,267
	<u>\$ 771,555</u>	<u>\$ 164,569</u>	<u>\$ 544,381</u>	<u>\$ 1,480,505</u>

Significant Terms

The terms, fair values and credit ratings of the Corporation's outstanding swaps as of June 30, 2009, are included in the following schedule. Except for SC02B, where the debt has been redeemed, and E091AB, where the 2009 Series D Bonds have not yet been issued, the notional amounts of the swaps match the principal amounts of the associated debt issuances. These notional amounts amortize over a time period that approximates the payments the Corporation would experience with a fixed-rate, level debt service schedule and are expected to follow scheduled or anticipated reductions in the associated bonds outstanding.

Related Bond Issue	Notional Amounts	Present Values	Fair Values	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating ⁶
GP01A ¹	\$ 63,860	\$ 63,333	\$ 527	12/01/08	2.4530	67% of 1M LIBOR ⁴	12/01/30	A+/Aa1
GP01B	78,040	89,946	(11,906)	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	A/A2
E021A1 ²	48,275	49,624	(1,349)	10/09/08	2.9800	70% of 3M LIBOR	06/01/32	AAA/Aa1
E021A2	120,000	122,661	(2,661)	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	A/A2
SC02B ³	14,555	16,129	(1,574)	12/05/02	3.7700	70% of 1M LIBOR	07/01/24	AA-/Aa1
SC02C	60,250	65,407	(5,157)	12/05/02	4.3030	SIFMA ⁵ +0.115%	07/01/22	AA-/Aa1
E071AB ²	143,622	162,754	(19,132)	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa1
E071BD	95,748	108,050	(12,302)	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	AA-/Aa1
E091A ²	72,789	82,422	(9,633)	05/28/09	3.7010	70% of 1M LIBOR	12/01/40	A+/A1
E091B	72,789	82,857	(10,068)	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa1
E091AB	97,052	109,899	(12,847)	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	AA-/Aa1
	<u>\$866,980</u>	<u>\$953,082</u>	<u>\$ (86,102)</u>					

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

NOTES TO FINANCIAL STATEMENTS

Fair Value

Due to historically low interest rates, all but one of the Corporation's interest rate swaps had negative fair values as of June 30, 2009. The negative fair values are countered by reductions in total interest payments required under the variable-rate bonds. Given that coupons on the Corporation's variable-rate bonds adjust to changing interest rates, the associated debt does not have corresponding increases in fair value. The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap liabilities in the marketplace if a swap were to be terminated.

Risks

a. Credit Risk

As of June 30, 2009, except for GP091A, which had a slightly positive fair value, the Corporation was not exposed to credit risk on any outstanding swaps because the swaps had negative fair values. If interest rates rise and the swaps' fair values become positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall below specific levels. The Corporation currently has swap agreements with five separate counterparties. Approximately 31% of the total notional amount of the swaps is held with one counterparty, who is rated AA-/Aa1. Another 31% of the total notional amount of the swaps is held with another counterparty who is rated AAA/Aa1. Of the remaining swaps, one counterparty is rated A/A2, another counterparty is rated A+/A1, and the remaining counterparty is rated A+/Aa1, approximating 23%, 8%, and 7% respectively, of the total notional amount of the swaps.

b. Basis Risk

All of the Corporation's variable-rate demand obligation bond coupon payments are based on the tax exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and, thus is not exposed to any basis risk. As of June 30, 2009, SIFMA was 0.3500% and 1 month LIBOR was 0.31125%, resulting in a negative 0.03875% spread. The 3 month LIBOR was 0.60438% resulting in a positive .25438% spread between SIFMA and the 3 month LIBOR. The spread between LIBOR and SIFMA is at a historically low level but has fluctuated since the agreements became effective. As the spread increases, so does the anticipated cost savings from the swaps.

c. Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. As the bonds mature the swaps will amortize. 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 at the unswapped portion of the debt. The SC02B swap no longer has rollover risk since the bonds have been redeemed. The E091AB swap has a greater notional amount than the outstanding amount of the bonds associated with it simply because the 2009 Series D Bonds will not be issued until August 26, 2009.

d. Termination Risk

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

NOTES TO FINANCIAL STATEMENTS

12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2009 is summarized in the following schedule (in thousands):

	July 1, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
Draw down bonds	\$ 108,965	\$ -	\$ (108,965)	\$ -	\$ -
Bonds and notes payable	3,027,901	292,924	(451,672)	2,869,153	92,945
Total bonds and notes payable	3,136,866	292,924	(560,637)	2,869,153	92,945
Compensated absences	3,929	2,079	(1,839)	4,169	2,096
Other liabilities	346	2,335	(389)	2,292	1,946
Total other long-term liabilities	4,275	4,414	(2,228)	6,461	4,042
	<u>\$ 3,141,141</u>	<u>\$ 297,338</u>	<u>\$ (562,865)</u>	<u>\$ 2,875,614</u>	<u>\$ 96,987</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, 2009	June 30, 2008
Lowest		0.69%	2.35%
Highest		3.30%	5.60%

Short term debt activity for the year ended June 30, 2009 is summarized in the following schedule (in thousands):

	July 1, 2008	Additions	Reductions	June 30, 2009
Commercial paper	\$ 112,313	\$ 1,246,558	\$ (1,208,871)	\$ 150,000
Unamortized discount	(154)	(3,213)	3,091	(276)
Commercial paper, net	<u>\$ 112,159</u>	<u>\$ 1,243,345</u>	<u>\$ (1,205,780)</u>	<u>\$ 149,724</u>

NOTES TO FINANCIAL STATEMENTS

14 TRANSFERS

Transfers for the year ended June 30, 2009 are summarized in the following schedule (in thousands):

	From			
	Administrative Fund	Energy Programs	Other Non-Major Funds	Total
Administrative Fund	\$ -	\$ 23	\$ 364,828	\$ 364,851
Energy Programs	1,189	-	-	1,189
Other Non-Major Funds	223,156	-	253,376	476,532
Total	<u>\$ 224,345</u>	<u>\$ 23</u>	<u>\$ 618,204</u>	<u>\$ 842,572</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.

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 ¼ to ½ of 1% per annum of the aggregate liability or commitment amount.

In addition to such bond-related arrangements, the Corporation also maintains a \$200,000,000 issuer-level revolving credit facility that is unrelated to a specific bond issue. As of June 30, 2009, no draws had been made on the revolving credit facility. This facility will terminate on August 1, 2009.

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

	June 30, 2009	June 30, 2008
Bond related liquidity facilities	\$ 407,645	\$ 691,510
Revolving credit facility	200,000	200,000
Bond insurance	1,221,925	1,801,860
	<u>\$1,829,570</u>	<u>\$ 2,693,370</u>

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, 2009	June 30, 2008
Arbitrage expense	\$ 3,349	\$ 484
Arbitrage paid	1,402	4,309

NOTES TO FINANCIAL STATEMENTS

17 STATE AUTHORIZATIONS AND COMMITMENTS

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

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

The projected amounts stated in the legislative intent language were based on the Corporation’s financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected “net income”. The total state authorizations from FY1995–FY2009 were \$1,437,151,000; payments up thru June 30, 2009 were \$1,303,369,000 resulting in total remaining commitments of \$133,782,000 as of June 30, 2009.

Transfer Plan with the State

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

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of \$60,250,000 in capital project bonds for the renovation and deferred maintenance of the Corporation’s Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

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

The Twenty-Third Legislature in 2003 enacted SCSBH 256 (the “2003” Act) which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor, the 2003 Transfer Plan calls for annual transfers as follows (in thousands):

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

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

Contributions to the State of Alaska or other State agencies

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

	June 30,	Cummulative	Total
	2009	Prior Fiscal Year	Payments to State
State debt repayment	\$ -	\$ 29,800	\$ 29,800
Asset purchases	-	252,300	252,300
Dividends	-	114,300	114,300
Direct cash transfers	-	606,653	606,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	7,243	287,341	294,584
Various bond proceeds disbursed	8,177	296,426	304,603
Total	\$ 15,420	\$ 1,889,474	\$ 1,904,894

NOTES TO FINANCIAL STATEMENTS

18 GRANTS

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

Program	June 30, 2009
<i>Administrative Programs:</i>	
▪ Energy Efficient Improvements for Non Profits	\$ 54
<i>Energy Programs:</i>	
▪ Energy Efficiency Monitoring Research	915
▪ Energy Efficient Home Program	11,610
▪ Low-Income Home Energy Assistance	558
▪ Low Income Weatherization Assistance	28,227
Total Energy Programs	41,310
<i>Section 8 Vouchers Program</i>	27,330
<i>Other Housing Assistance Programs:</i>	
▪ AMHTA Short Term Housing Assistance	162
▪ Beneficiaries and Special Needs Housing	1,295
▪ Denali Commission	9,055
▪ Drug Elimination	80
▪ HOME Investment Partnership	4,102
▪ Homeless Assistance Program	2,368
▪ Homeless Information Management System	11
▪ Housing Loan Program	4,057
▪ Housing Opportunities for Persons with AIDS	606
▪ Housing Preservation	50
▪ Resident Opportunity and Support Service	52
▪ ROSS Neighborhood Network	138
▪ Section 8 Contract Administration	6,768
▪ Senior Citizen Housing Development Grant	3,030
▪ Shelter Plus Care	445
▪ Special Program for the Aging	83
▪ Supplemental Housing Grant	4,399
▪ Supportive Housing Grant Match	982
▪ Technical Assistance Grant	103
Total Other Housing Assistance Programs	37,786
Total Housing Grant Expenses	106,480
<i>Administrative Fund:</i>	
▪ Legislative Appropriations	7,243
Total Non-Housing Capital Project Grants	7,243
Total Grants	\$ 113,723

In addition to grant payments made, the Corporation has advanced grant funds of \$11,792,000 and committed to third parties a sum of \$287,362,000 in grant awards at June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

19 OTHER PROGRAMS

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

Housing Assistance Programs

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

- Low Rent Management
- Modernization/Capital Fund Programs

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

- Section 8 Moderate Rehabilitation
- Section 8 Vouchers

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

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

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

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

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

Energy Conservation Programs

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

NOTES TO FINANCIAL STATEMENTS

Housing Units Owned, Managed or Administered

As of June 30, 2009, 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
Section 8 New Construction Housing	65
Section 8 New Construction Housing – Senior Units	268
Other Housing Units	33
Section 8 Existing – Housing Assistance:	
Housing Choice Vouchers	4,296
Single Room Occupancy	70
	6,061

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, 2009 the Corporation had outstanding commitments of \$119,119,000 and had paid out \$11,610,000 in the rebate program to homeowners during fiscal year 2009.

21 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of June 30, 2009, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State of Alaska. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0202.

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

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

NOTES TO FINANCIAL STATEMENTS

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

The retirement benefit calculation for employees hired after June 30, 1996 is based on the average of the member's five-year highest average monthly compensation. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

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

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

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 6¾% of their annual covered salary to the pension plan and are not required to contribute to the Post Employment Healthcare Plan.

Under State law, for the year ended June 30, 2009, the Corporation is required to contribute 22% of annual covered salary. Of this 6.8% of covered salary is for the pension plan and 15.2% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 35.22% 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, 2009 was \$826,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2009 was \$1,180,000 and for the years ended June 30, 2008 and June 30, 2007 was \$1,026,000 and \$2,053,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2009 was \$1,678,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2009 was \$2,740,000 and for the years ended June 30, 2008 and June 30, 2007 was \$2,770,000 and \$1,455,000 respectively.

Defined Contribution Plans

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

Under State law, covered employees are not required to contribute to the post employment healthcare plan and the Corporation is required to contribute .99% of the annual covered salary plus an annual flat dollar amount of \$1,616.81 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, 2009, the Corporation paid additional contributions of \$158,000.

The contributions to the pension plan for the year ended June 30, 2009 by the employees was \$108,000 and by the Corporation was \$77,000.

The Corporation contributed \$63,000 to a health reimbursement arrangement for the year ended June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

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 \$1,437,000 and \$887,000 as of June 30, 2009 and June 30, 2008, respectively.

Litigation

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

Contingent Liabilities

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

Subsequent Events

On August 26, 2009, the Corporation issued \$161,740,000 Home Mortgage Revenue Bonds, 2009 Series C and D. The bonds are general obligations of the Corporation. The Series C Bonds bear interest at fixed rates between 0.9% and 5.35% payable each June 1 and December 1 with a final maturity of December 1, 2039. The Series D Bonds bear interest at a floating rate payable each June 1 and December 1 with a final maturity of December 1, 2040. The 2009 Series Bonds are primarily secured by program obligations consisting of qualifying mortgage loans.

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 RELATED PARTY TRANSACTION

Beginning in September 2008 and ending in December 2008, the Corporation's subsidiary, the Alaska Housing Capital Corporation, implemented a program to temporarily purchase and hold certain variable-rate debt obligations of the Corporation. Such obligations were purchased and sold via arm's length, open-market transactions. The maximum amount of Corporation obligations held at any time by the Alaska Housing Capital Corporation totaled \$180,650,000 par value. As of June 30, 2009, no such obligations of the Corporation were held by the Alaska Housing Capital Corporation.

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,				
	2009	2008	2007	2006	2005
Assets					
Cash	\$ 24,720	\$ 19,034	\$ 45,964	\$ 11,583	\$ 9,769
Investments	1,247,669	1,231,404	1,274,544	1,768,178	1,219,415
Accrued interest receivable	15,854	16,734	19,340	19,013	20,762
Mortgage loans, notes and other loans	3,195,444	3,450,063	3,357,754	3,240,209	3,325,182
Net investment in direct financing lease	64,802	65,203	27,085	29,110	32,843
Unamortized bond issuance costs	23,252	25,142	24,616	24,584	25,135
Capital assets, net	113,004	116,535	118,743	120,030	116,073
Other assets	46,680	22,004	28,854	16,869	13,754
Total Assets	4,731,425	4,946,119	4,896,900	5,229,576	4,762,933
Liabilities					
Bonds and notes payable	2,869,153	3,136,866	3,060,887	2,907,223	2,898,730
Short term debt	149,724	112,159	119,726	242,449	138,375
Accrued interest payable	13,715	15,303	14,847	17,340	14,147
Other liabilities	26,722	15,620	16,968	72,532	28,608
Total Liabilities	3,059,314	3,279,948	3,212,428	3,239,544	3,079,860
Total Fund Equity	\$ 1,672,111	\$ 1,666,171	\$ 1,684,472	\$ 1,990,032	\$ 1,683,073
Operating Revenues					
Mortgage and loans revenue	\$ 205,138	\$ 202,851	\$ 195,028	\$ 193,573	\$ 201,386
Investment interest	25,148	56,667	76,631	60,220	43,162
Net change in fair value of investments	570	255	2,214	(1,830)	(1,653)
Total Investment Revenue	25,718	56,922	78,845	58,390	41,509
Externally funded programs	112,587	73,603	63,043	59,587	57,877
Rental	8,577	7,695	6,988	6,575	6,183
Other	3,337	776	1,085	807	2,252
Total Operating Revenues	355,357	341,847	344,989	318,932	309,207
Operating Expenses					
Interest	149,021	147,336	158,145	146,971	141,161
Mortgage and loan costs	14,139	14,155	14,034	13,133	13,130
Operations and administration	51,421	42,812	41,410	38,858	35,530
Financing expenses	9,159	6,415	8,945	4,836	11,941
Provision for loan loss	(7,703)	7,098	5,490	406	(103)
Housing grants and subsidies	106,480	78,290	65,689	56,829	56,506
Rental housing operating expenses	11,480	10,428	10,799	11,221	10,985
Total Operating Expenses	333,997	306,534	304,512	272,254	269,150
Operating Income	21,360	35,313	40,477	46,678	40,057
Non-Operating & Special Item					
Contribution from the State of Alaska	-	-	-	300,000	-
Contribution to State or State agency	(15,420)	(53,614)	(346,037)	(46,845)	(67,288)
Special item	-	-	-	7,126	3,845
Change in Net Assets	\$ 5,940	\$ (18,301)	\$ (305,560)	\$ 306,959	\$ (23,386)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of June 30, 2009

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
<u>ASSETS</u>				
Cash	9,675	-	-	-
Investments	733,438	120,655	144,169	194,069
Accrued interest receivable	2,248	5,921	1,986	3,805
Inter-fund due to/from	(35,699)	33,065	14,561	17,287
Mortgage loans, notes and other loans	380,241	1,314,435	356,598	747,278
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	9,546	2,916	6,465
Capital assets, non-depreciable	138	-	-	-
Capital assets - depreciable, net	372	-	-	-
Other assets	9,092	1,275	-	678
Intergovernmental receivable	72	-	-	-
Total Assets	1,099,577	1,484,897	520,230	969,582
<u>LIABILITIES</u>				
Bonds and notes payable	-	1,250,616	383,711	676,806
Short term debt	149,724	-	-	-
Accrued interest payable	884	4,759	1,672	2,479
Other liabilities	6,885	640	1,173	963
Intergovernmental payable	1,853	-	-	-
Total Liabilities	159,346	1,256,015	386,556	680,248
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	510	-	-	-
Restricted by bond resolutions	-	228,882	133,674	255,433
Restricted by contractual or statutory agreements	145,204	-	-	24,324
Unrestricted net assets, (deficit)	794,517	-	-	9,577
Total Net Assets (deficit)	940,231	228,882	133,674	289,334

Schedule 1

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
294	14,751	24,720
53,733	1,605	1,247,669
1,894	-	15,854
9,521	(38,735)	-
396,892	-	3,195,444
64,802	-	64,802
4,325	-	23,252
-	13,815	13,953
-	98,679	99,051
70	16,396	27,511
-	19,097	19,169
<u>531,531</u>	<u>125,608</u>	<u>4,731,425</u>
558,020	-	2,869,153
-	-	149,724
3,921	-	13,715
478	11,517	21,656
2,949	264	5,066
<u>565,368</u>	<u>11,781</u>	<u>3,059,314</u>
-	112,494	113,004
17,827	-	635,816
-	19,371	188,899
(51,664)	(18,038)	734,392
<u>(33,837)</u>	<u>113,827</u>	<u>1,672,111</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

REVOLVING FUNDS

As of June 30, 2009

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>ASSETS</u>			
Cash	9,318	357	9,675
Investments	722,376	11,062	733,438
Accrued interest receivable	2,245	3	2,248
Inter-fund due to/from	(35,699)	-	(35,699)
Mortgage loans, notes and other loans	380,241	-	380,241
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	138	-	138
Capital assets - depreciable, net	372	-	372
Other assets	9,092	-	9,092
Intergovernmental receivable	72	-	72
Total Assets	1,088,155	11,422	1,099,577
<u>LIABILITIES</u>			
Bonds and notes payable	-	-	-
Short term debt	149,724	-	149,724
Accrued interest payable	884	-	884
Other liabilities	6,885	-	6,885
Intergovernmental payable	1,853	-	1,853
Total Liabilities	159,346	-	159,346
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	510	-	510
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	133,782	11,422	145,204
Unrestricted net assets, (deficit)	794,517	-	794,517
Total Net Assets (deficit)	928,809	11,422	940,231

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS

As of June 30, 2009

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
<u>ASSETS</u>				
Cash	-	-	-	-
Investments	6,649	3,279	9,095	5,287
Accrued interest receivable	220	162	468	302
Inter-fund due to/from	1,352	572	2,051	1,652
Mortgage loans, notes and other loans	39,233	26,611	80,966	53,356
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	604	437	1,056	916
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	107	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	48,058	31,168	93,636	61,513
<u>LIABILITIES</u>				
Bonds and notes payable	25,259	22,795	71,790	58,665
Short term debt	-	-	-	-
Accrued interest payable	12	99	362	288
Other liabilities	125	10	29	19
Intergovernmental payable	-	-	-	-
Total Liabilities	25,396	22,904	72,181	58,972
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	22,662	8,264	21,455	2,541
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	22,662	8,264	21,455	2,541

Schedule 3

Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C	Home Mortgage Revenue Bonds 2007 A	Combined Total
-	-	-	-	-	-	-
4,553	17,962	6,249	7,348	8,373	5,182	73,977
275	819	362	257	257	305	3,427
1,203	4,398	1,397	2,365	996	2,331	18,317
60,010	173,872	78,751	58,727	61,623	74,968	708,117
-	-	-	-	-	-	-
814	837	729	582	591	210	6,776
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	33	-	-	96	-	236
-	-	-	-	-	-	-
66,855	197,921	87,488	69,279	71,936	82,996	810,850
58,419	155,128	84,128	65,560	68,453	73,126	683,323
-	-	-	-	-	-	-
250	726	329	252	296	299	2,913
19	53	26	17	17	21	336
-	-	-	-	-	-	-
58,688	155,907	84,483	65,829	68,766	73,446	686,572
-	-	-	-	-	-	-
8,167	42,014	3,005	3,450	3,170	9,550	124,278
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,167	42,014	3,005	3,450	3,170	9,550	124,278

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

As of June 30, 2009

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A
<u>ASSETS</u>				
Cash	-	-	-	-
Investments	4,735	8,476	5,300	11,826
Accrued interest receivable	311	342	355	339
Inter-fund due to/from	2,969	1,239	3,682	1,325
Mortgage loans, notes and other loans	75,146	81,272	88,275	71,167
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	132	746	179	601
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	221	166	-	208
Intergovernmental receivable	-	-	-	-
Total Assets	83,514	92,241	97,791	85,466
<u>LIABILITIES</u>				
Bonds and notes payable	73,126	87,215	87,072	80,880
Short term debt	-	-	-	-
Accrued interest payable	388	338	429	335
Other liabilities	22	24	27	22
Intergovernmental payable	-	-	-	-
Total Liabilities	73,536	87,577	87,528	81,237
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	9,978	4,664	10,263	4,229
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	9,978	4,664	10,263	4,229

Schedule 4

Home Mortgage Revenue Bonds 2008 B	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Combined Total
-	-	-	-
3,503	5,695	7,143	46,678
288	437	422	2,494
550	2,697	2,286	14,748
80,143	105,459	104,856	606,318
-	-	-	-
711	209	192	2,770
-	-	-	-
-	-	-	-
-	444	-	1,039
-	-	-	-
85,195	114,941	114,899	674,047
80,116	79,442	79,442	567,293
-	-	-	-
333	11	12	1,846
18	96	95	304
-	-	-	-
80,467	79,549	79,549	569,443
-	-	-	-
4,728	35,392	35,350	104,604
-	-	-	-
-	-	-	-
4,728	35,392	35,350	104,604

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, 2009

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
<u>ASSETS</u>				
Cash	-	-	-	-
Investments	11,102	10,270	8,074	5,347
Accrued interest receivable	90	219	122	92
Inter-fund due to/from	631	676	729	1,331
Mortgage loans, notes and other loans	16,131	36,727	16,773	19,559
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	253	638	353	204
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	28,207	48,530	26,051	26,533
<u>LIABILITIES</u>				
Bonds and notes payable	12,166	33,320	17,875	19,495
Short term debt	-	-	-	-
Accrued interest payable	54	167	93	89
Other liabilities	5	12	6	6
Intergovernmental payable	-	-	-	-
Total Liabilities	12,225	33,499	17,974	19,590
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	15,982	15,031	8,077	6,943
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	15,982	15,031	8,077	6,943

Schedule 5

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
-	-	-	-	-
4,167	43,351	16,799	45,059	144,169
57	890	279	237	1,986
652	6,483	4,059	-	14,561
15,341	198,223	53,844	-	356,598
-	-	-	-	-
-	805	562	101	2,916
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
20,217	249,752	75,543	45,397	520,230
14,140	185,140	56,575	45,000	383,711
-	-	-	-	-
57	717	227	268	1,672
3	1,123	18	-	1,173
-	-	-	-	-
14,200	186,980	56,820	45,268	386,556
-	-	-	-	-
6,017	62,772	18,723	129	133,674
-	-	-	-	-
-	-	-	-	-
6,017	62,772	18,723	129	133,674

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of June 30, 2009

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>ASSETS</u>				
Cash	-	-	-	-
Investments	11,802	16,935	43,344	52,885
Accrued interest receivable	60	1,622	324	490
Inter-fund due to/from	197	5,387	1,770	2,792
Mortgage loans, notes and other loans	12,269	277,422	68,553	155,284
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	3,308	510	1,104
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	224	18	-
Intergovernmental receivable	-	-	-	-
Total Assets	24,328	304,898	114,519	212,555
<u>LIABILITIES</u>				
Bonds and notes payable	-	293,395	79,995	149,421
Short term debt	-	-	-	-
Accrued interest payable	-	1,090	400	596
Other liabilities	4	836	22	33
Intergovernmental payable	-	-	-	-
Total Liabilities	4	295,321	80,417	150,050
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	34,102	62,505
Restricted by contractual or statutory agreements	24,324	-	-	-
Unrestricted net assets, (deficit)	-	9,577	-	-
Total Net Assets (deficit)	24,324	9,577	34,102	62,505

Schedule 6

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
-	-	-
1,859	67,244	194,069
149	1,160	3,805
-	7,141	17,287
19,605	214,145	747,278
-	-	-
194	1,349	6,465
-	-	-
-	-	-
-	436	678
-	-	-
21,807	291,475	969,582
20,600	133,395	676,806
-	-	-
2	391	2,479
-	68	963
-	-	-
20,602	133,854	680,248
-	-	-
1,205	157,621	255,433
-	-	24,324
-	-	9,577
1,205	157,621	289,334

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of June 30, 2009

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
<u>ASSETS</u>				
Cash	-	-	115	179
Investments	14,723	6,432	1,985	3,983
Accrued interest receivable	198	426	218	-
Inter-fund due to/from	923	2,545	867	-
Mortgage loans, notes and other loans	32,885	95,004	51,335	-
Net investment in direct financing lease	-	-	42,087	22,715
Unamortized bond issuance costs	629	638	672	141
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	29	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	49,358	105,074	97,279	27,018
<u>LIABILITIES</u>				
Bonds and notes payable	73,260	97,217	93,645	5,939
Short term debt	-	-	-	-
Accrued interest payable	1,904	361	363	79
Other liabilities	15	33	25	339
Intergovernmental payable	-	-	115	2,834
Total Liabilities	75,179	97,611	94,148	9,191
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	17,827
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	(25,821)	7,463	3,131	-
Total Net Assets (deficit)	(25,821)	7,463	3,131	17,827

Schedule 7

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	-	-	-	294
-	-	17,063	9,547	53,733
-	-	774	278	1,894
-	-	2,271	2,915	9,521
-	-	138,924	78,744	396,892
-	-	-	-	64,802
-	-	1,061	1,184	4,325
-	-	-	-	-
-	-	-	-	-
-	-	-	41	70
-	-	-	-	-
-	-	160,093	92,709	531,531
-	-	143,105	144,854	558,020
-	-	-	-	-
-	-	586	628	3,921
-	-	47	19	478
-	-	-	-	2,949
-	-	143,738	145,501	565,368
-	-	-	-	-
-	-	-	-	17,827
-	-	-	-	-
-	-	16,355	(52,792)	(51,664)
-	-	16,355	(52,792)	(33,837)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2009

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>ASSETS</u>				
Cash	-	6,253	4,360	2,428
Investments	1,605	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(26,177)	(2,080)	(763)	(371)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	-	12,485	1,330	-
Capital assets - depreciable, net	16	76,967	21,658	38
Other assets	4,285	1,851	48	4
Intergovernmental receivable	18,807	-	-	-
Total Assets	(1,464)	95,476	26,633	2,099
<u>LIABILITIES</u>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	4,027	2,277	598	408
Intergovernmental payable	-	264	-	-
Total Liabilities	4,027	2,541	598	408
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	16	89,452	22,988	38
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	2,726	4,517	3,218	1,653
Unrestricted net assets, (deficit)	(8,233)	(1,034)	(171)	-
Total Net Assets (deficit)	(5,491)	92,935	26,035	1,691

Schedule 8

Other Programs	Combined Total
1,710	14,751
-	1,605
-	-
(9,344)	(38,735)
-	-
-	-
-	-
-	13,815
-	98,679
10,208	16,396
290	19,097
<u>2,864</u>	<u>125,608</u>
-	-
-	-
-	-
4,207	11,517
-	264
<u>4,207</u>	<u>11,781</u>
-	112,494
-	-
7,257	19,371
(8,600)	(18,038)
<u>(1,343)</u>	<u>113,827</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, 2009

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	38,112	65,431	23,999	56,156
Investment interest	5,854	2,902	2,989	6,492
Net change in the fair value of investments	755	(32)	(11)	(113)
Total Investment Revenue	<u>6,609</u>	<u>2,870</u>	<u>2,978</u>	<u>6,379</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	2,657	192	49	18
Total Operating Revenues	<u>47,378</u>	<u>68,493</u>	<u>27,026</u>	<u>62,553</u>
<u>OPERATING EXPENSES</u>				
Interest	3,788	56,674	17,358	42,187
Mortgage and loan costs	2,809	4,726	1,528	3,311
Financing expenses	906	1,786	1,316	3,269
Provision for loan loss	(736)	4,895	926	(15,116)
Operations and administration	2,345	11,088	2,994	6,372
Rental housing operating expenses	125	-	-	-
Housing grants and subsidies	54	-	-	-
Total Operating Expenses	<u>9,291</u>	<u>79,169</u>	<u>24,122</u>	<u>40,023</u>
Operating Income (Loss)	<u>38,087</u>	<u>(10,676)</u>	<u>2,904</u>	<u>22,530</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(7,542)	-	-	-
Transfers - Internal	140,506	92,915	18,927	(171,666)
Change in Net Assets	<u>171,051</u>	<u>82,239</u>	<u>21,831</u>	<u>(149,136)</u>
Net assets at beginning of year	769,180	146,643	111,843	438,470
Net Assets at End of Period	<u>940,231</u>	<u>228,882</u>	<u>133,674</u>	<u>289,334</u>

Schedule 9

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
21,440	-	205,138
6,832	79	25,148
(16)	(13)	570
6,816	66	25,718
-	112,587	112,587
-	8,577	8,577
46	375	3,337
28,302	121,605	355,357
29,009	5	149,021
1,765	-	14,139
1,882	-	9,159
2,328	-	(7,703)
3,521	25,101	51,421
-	11,355	11,480
-	106,426	106,480
38,505	142,887	333,997
(10,203)	(21,282)	21,360
(7,878)	-	(15,420)
(97,967)	17,285	-
(116,048)	(3,997)	5,940
82,211	117,824	1,666,171
(33,837)	113,827	1,672,111

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, 2009

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>OPERATING REVENUES</u>			
Mortgage and loans revenue	38,112	-	38,112
Investment interest	5,679	175	5,854
Net change in the fair value of investments	765	(10)	755
Total Investment Revenue	<u>6,444</u>	<u>165</u>	<u>6,609</u>
Externally funded program	-	-	-
Rental	-	-	-
Other	2,657	-	2,657
Total Operating Revenues	<u>47,213</u>	<u>165</u>	<u>47,378</u>
<u>OPERATING EXPENSES</u>			
Interest	3,788	-	3,788
Mortgage and loan costs	2,809	-	2,809
Financing expenses	925	(19)	906
Provision for loan loss	(736)	-	(736)
Operations and administration	2,345	-	2,345
Rental housing operating expenses	125	-	125
Housing grants and subsidies	54	-	54
Total Operating Expenses	<u>9,310</u>	<u>(19)</u>	<u>9,291</u>
Operating Income (Loss)	<u>37,903</u>	<u>184</u>	<u>38,087</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>			
Contributions to the State of Alaska or other State agencies	(7,542)	-	(7,542)
Transfers - Internal	140,506	-	140,506
Change in Net Assets	<u>170,867</u>	<u>184</u>	<u>171,051</u>
Net assets at beginning of year	757,942	11,238	769,180
Net Assets at End of Period	<u>928,809</u>	<u>11,422</u>	<u>940,231</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS

For the Year Ended June 30, 2009

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,620	1,890	5,717	3,112
Investment interest	318	172	750	274
Net change in the fair value of investments	(1)	(1)	(1)	(3)
Total Investment Revenue	<u>317</u>	<u>171</u>	<u>749</u>	<u>271</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	4	10	9
Total Operating Revenues	<u>2,937</u>	<u>2,065</u>	<u>6,476</u>	<u>3,392</u>
<u>OPERATING EXPENSES</u>				
Interest	1,699	1,287	4,917	3,497
Mortgage and loan costs	172	130	394	204
Financing expenses	237	39	71	70
Provision for loan loss	(118)	(187)	(601)	308
Operations and administration	328	224	682	451
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	<u>2,318</u>	<u>1,493</u>	<u>5,463</u>	<u>4,530</u>
Operating Income (Loss)	<u>619</u>	<u>572</u>	<u>1,013</u>	<u>(1,138)</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(1,703)	(1,037)	(3,031)	(260)
Change in Net Assets	<u>(1,084)</u>	<u>(465)</u>	<u>(2,018)</u>	<u>(1,398)</u>
Net assets at beginning of year	23,746	8,729	23,473	3,939
Net Assets at End of Period	<u>22,662</u>	<u>8,264</u>	<u>21,455</u>	<u>2,541</u>

Schedule 11

Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C	Home Mortgage Revenue Bonds 2007 A	Combined Total
3,618	10,579	4,644	3,396	3,676	4,088	43,340
105	257	134	104	88	106	2,308
(2)	(9)	(3)	(1)	(1)	(3)	(25)
103	248	131	103	87	103	2,283
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6	11	22	9	26	12	109
3,727	10,838	4,797	3,508	3,789	4,203	45,732
3,043	10,920	4,038	3,105	3,543	3,031	39,080
252	717	328	249	239	297	2,982
56	346	58	46	47	140	1,110
189	961	(171)	(322)	(424)	(133)	(498)
508	1,475	669	503	523	627	5,990
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,048	14,419	4,922	3,581	3,928	3,962	48,664
(321)	(3,581)	(125)	(73)	(139)	241	(2,932)
-	-	-	-	-	-	-
(31)	14,476	727	(422)	(430)	638	8,927
(352)	10,895	602	(495)	(569)	879	5,995
8,519	31,119	2,403	3,945	3,739	8,671	118,283
8,167	42,014	3,005	3,450	3,170	9,550	124,278

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

For the Year Ended June 30, 2009

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	4,323	4,523	4,898	4,312
Investment interest	100	99	127	103
Net change in the fair value of investments	(3)	(1)	(4)	1
Total Investment Revenue	<u>97</u>	<u>98</u>	<u>123</u>	<u>104</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	8	36	18	21
Total Operating Revenues	<u>4,428</u>	<u>4,657</u>	<u>5,039</u>	<u>4,437</u>
<u>OPERATING EXPENSES</u>				
Interest	2,942	4,098	3,463	4,045
Mortgage and loan costs	314	391	354	283
Financing expenses	138	31	168	23
Provision for loan loss	(111)	(198)	(67)	(12)
Operations and administration	628	691	739	608
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	<u>3,911</u>	<u>5,013</u>	<u>4,657</u>	<u>4,947</u>
Operating Income (Loss)	<u>517</u>	<u>(356)</u>	<u>382</u>	<u>(510)</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	578	(208)	599	(228)
Change in Net Assets	<u>1,095</u>	<u>(564)</u>	<u>981</u>	<u>(738)</u>
Net assets at beginning of year	8,883	5,228	9,282	4,967
Net Assets at End of Period	<u>9,978</u>	<u>4,664</u>	<u>10,263</u>	<u>4,229</u>

Schedule 12

Home Mortgage Revenue Bonds 2008 B	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Combined Total
2,989	537	509	22,091
157	4	4	594
-	-	-	(7)
157	4	4	587
-	-	-	-
-	-	-	-
-	-	-	83
3,146	541	513	22,761
3,016	14	16	17,594
195	131	76	1,744
128	95	93	676
2,367	1,676	1,738	5,393
677	880	875	5,098
-	-	-	-
-	-	-	-
6,383	2,796	2,798	30,505
(3,237)	(2,255)	(2,285)	(7,744)
-	-	-	-
7,965	37,647	37,635	83,988
4,728	35,392	35,350	76,244
-	-	-	28,360
4,728	35,392	35,350	104,604

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, 2009

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	1,136	2,729	1,415	1,459
Investment interest	251	388	281	43
Net change in the fair value of investments	(2)	-	-	(1)
Total Investment Revenue	<u>249</u>	<u>388</u>	<u>281</u>	<u>42</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	4	-	-
Total Operating Revenues	<u>1,385</u>	<u>3,121</u>	<u>1,696</u>	<u>1,501</u>
<u>OPERATING EXPENSES</u>				
Interest	675	2,055	1,137	1,078
Mortgage and loan costs	73	182	90	91
Financing expenses	24	60	34	11
Provision for loan loss	(170)	(299)	(285)	(184)
Operations and administration	134	305	139	162
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	<u>736</u>	<u>2,303</u>	<u>1,115</u>	<u>1,158</u>
Operating Income (Loss)	<u>649</u>	<u>818</u>	<u>581</u>	<u>343</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	136	(1,440)	(737)	(691)
Change in Net Assets	<u>785</u>	<u>(622)</u>	<u>(156)</u>	<u>(348)</u>
Net assets at beginning of year	<u>15,197</u>	<u>15,653</u>	<u>8,233</u>	<u>7,291</u>
Net Assets at End of Period	<u>15,982</u>	<u>15,031</u>	<u>8,077</u>	<u>6,943</u>

Schedule 13

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
952	12,007	4,301	-	23,999
40	1,610	80	296	2,989
(1)	(6)	(1)	-	(11)
39	1,604	79	296	2,978
-	-	-	-	-
-	-	-	-	-
-	38	7	-	49
991	13,649	4,387	296	27,026
684	8,693	2,768	268	17,358
64	756	272	-	1,528
-	1,091	27	69	1,316
(199)	2,166	(103)	-	926
129	1,669	456	-	2,994
-	-	-	-	-
-	-	-	-	-
678	14,375	3,420	337	24,122
313	(726)	967	(41)	2,904
-	-	-	-	-
(613)	22,647	(545)	170	18,927
(300)	21,921	422	129	21,831
6,317	40,851	18,301	-	111,843
6,017	62,772	18,723	129	133,674

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, 2009

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	897	22,358	12,121	6,768
Investment interest	175	739	2,113	1,232
Net change in the fair value of investments	(16)	(27)	(30)	(34)
Total Investment Revenue	<u>159</u>	<u>712</u>	<u>2,083</u>	<u>1,198</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	4	8	-
Total Operating Revenues	<u>1,056</u>	<u>23,074</u>	<u>14,212</u>	<u>7,966</u>
<u>OPERATING EXPENSES</u>				
Interest	-	14,048	13,873	7,180
Mortgage and loan costs	26	1,061	808	459
Financing expenses	-	2,436	165	43
Provision for loan loss	(3,305)	(7,999)	(3,492)	297
Operations and administration	104	2,436	576	1,300
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	<u>(3,175)</u>	<u>11,982</u>	<u>11,930</u>	<u>9,279</u>
Operating Income (Loss)	<u>4,231</u>	<u>11,092</u>	<u>2,282</u>	<u>(1,313)</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(182)	(77,975)	(74,173)	(30,826)
Change in Net Assets	<u>4,049</u>	<u>(66,883)</u>	<u>(71,891)</u>	<u>(32,139)</u>
Net assets at beginning of year	<u>20,275</u>	<u>76,460</u>	<u>105,993</u>	<u>94,644</u>
Net Assets at End of Period	<u>24,324</u>	<u>9,577</u>	<u>34,102</u>	<u>62,505</u>

Schedule 14

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
365	13,647	56,156
55	2,178	6,492
(2)	(4)	(113)
<u>53</u>	<u>2,174</u>	<u>6,379</u>
-	-	-
-	-	-
-	6	18
<u>418</u>	<u>15,827</u>	<u>62,553</u>
256	6,830	42,187
-	957	3,311
36	589	3,269
-	(617)	(15,116)
161	1,795	6,372
-	-	-
-	-	-
<u>453</u>	<u>9,554</u>	<u>40,023</u>
<u>(35)</u>	<u>6,273</u>	<u>22,530</u>
-	-	-
<u>189</u>	<u>11,301</u>	<u>(171,666)</u>
<u>154</u>	<u>17,574</u>	<u>(149,136)</u>
1,051	140,047	438,470
<u>1,205</u>	<u>157,621</u>	<u>289,334</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NON-HOUSING BONDS

For the Year Ended June 30, 2009

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,003	4,784	2,877	-
Investment interest	419	564	1,476	1,222
Net change in the fair value of investments	116	(13)	-	-
Total Investment Revenue	535	551	1,476	1,222
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	22	-
Total Operating Revenues	2,538	5,335	4,375	1,222
<u>OPERATING EXPENSES</u>				
Interest	3,921	4,399	3,542	375
Mortgage and loan costs	184	363	239	-
Financing expenses	342	56	64	17
Provision for loan loss	(76)	94	103	-
Operations and administration	272	792	426	48
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,643	5,704	4,374	440
Operating Income (Loss)	(2,105)	(369)	1	782
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(905)	(3,057)	-	-
Transfers - Internal	(467)	(378)	3,843	479
Change in Net Assets	(3,477)	(3,804)	3,844	1,261
Net assets at beginning of year	(22,344)	11,267	(713)	16,566
Net Assets at End of Period	(25,821)	7,463	3,131	17,827

Schedule 15

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
245	1,965	5,677	3,889	21,440
221	687	1,262	981	6,832
(1)	(26)	(63)	(29)	(16)
220	661	1,199	952	6,816
-	-	-	-	-
-	-	-	-	-
-	-	24	-	46
465	2,626	6,900	4,841	28,302
171	2,369	6,634	7,598	29,009
20	188	530	241	1,765
296	886	120	101	1,882
(69)	(875)	3,500	(349)	2,328
15	130	1,184	654	3,521
-	-	-	-	-
-	-	-	-	-
433	2,698	11,968	8,245	38,505
32	(72)	(5,068)	(3,404)	(10,203)
-	-	(3,916)	-	(7,878)
(11,484)	(7,866)	(7,227)	(74,867)	(97,967)
(11,452)	(7,938)	(16,211)	(78,271)	(116,048)
11,452	7,938	32,566	25,479	82,211
-	-	16,355	(52,792)	(33,837)

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, 2009

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	-	-	-	-
Investment interest	44	8	26	1
Net change in the fair value of investments	(13)	-	-	-
Total Investment Revenue	31	8	26	1
Externally funded program	42,157	13,153	2,224	32,419
Rental	-	6,547	2,030	-
Other	4	356	-	12
Total Operating Revenues	42,192	20,064	4,280	32,432
<u>OPERATING EXPENSES</u>				
Interest	-	5	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	4,787	12,027	2,787	3,843
Rental housing operating expenses	12	9,412	1,856	67
Housing grants and subsidies	41,310	-	-	27,330
Total Operating Expenses	46,109	21,444	4,643	31,240
Operating Income (Loss)	(3,917)	(1,380)	(363)	1,192
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	1,166	1,701	464	(68)
Change in Net Assets	(2,751)	321	101	1,124
Net assets at beginning of year	(2,740)	92,614	25,934	567
Net Assets at End of Period	(5,491)	92,935	26,035	1,691

Schedule 16

Other Programs	Combined Total
-	-
-	79
-	(13)
-	66
22,634	112,587
-	8,577
3	375
<u>22,637</u>	<u>121,605</u>
-	5
-	-
-	-
-	-
1,657	25,101
8	11,355
37,786	106,426
<u>39,451</u>	<u>142,887</u>
(16,814)	(21,282)
-	-
14,022	17,285
<u>(2,792)</u>	<u>(3,997)</u>
1,449	117,824
<u>(1,343)</u>	<u>113,827</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2009

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds and Notes	Combined Other Housing Bonds
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	29,175	63,032	23,247	52,753
Principal payments received on mortgages and loans	89,106	188,938	98,192	170,911
Purchases of mortgages and loans	(357,672)	-	-	-
Receipt (payment) for loan transfers between funds	529,497	(244,308)	(88,992)	(95,290)
Payments to employees and other payroll disbursements	(19,330)	-	-	-
Payments for goods and services	(12,734)	-	-	-
Cash received for externally funded programs	1	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	935,695	239,165	111,220	221,687
Interfund Payments	(929,675)	(252,078)	(121,525)	(222,103)
Grant payments to other agencies	(15,013)	-	-	-
Other operating cash receipts	2,335	426	22	24
Other operating cash payments	(2,308)	(297)	(17)	(154)
Net cash provided by (used for) operating activities	249,077	(5,122)	22,147	127,828
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	242,555	45,000	-
Principal paid on bonds	(108,965)	(45,125)	(7,115)	(214,465)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,240)	-	-	-
Interest paid	(3,873)	(55,423)	(17,107)	(42,895)
Proceeds from issuance of short term debt	1,243,403	-	-	-
Payment of short term debt	(1,205,781)	-	-	-
Contributions to the State of Alaska or other State agencies	(5,690)	-	-	-
Transfers (to) from other funds	109,660	(121,625)	(13,769)	39,707
Other cash payments	(22,181)	-	-	-
Net cash provided by (used for) noncapital financing activities	5,333	20,382	7,009	(217,653)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(457)	-	-	-
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	533	-	-	-
Other cash payments	(3,873)	-	-	-
Net cash provided by (used for) capital financing activities	(3,797)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(4,124,394)	(1,029,815)	(531,476)	(2,313,248)
Proceeds from maturity of investments	3,867,470	1,011,566	499,299	2,396,134
Interest received from investments	6,148	2,989	3,021	6,774
Net cash provided by (used for) investing activities	(250,776)	(15,260)	(29,156)	89,660
Net Increase (decrease) in cash	(163)	-	-	(165)
Cash at the beginning of year	9,838	-	-	165
Cash at the end of period	9,675	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	38,087	(10,676)	2,904	22,530
<i>Adjustments:</i>				
Depreciation expense	119	-	-	-
Provision for loan losses	(736)	4,895	926	(15,116)
Amortization of bond issuance costs	-	487	153	311
Net change in the fair value of investments	(755)	32	11	113
Transfers between funds for operating activity	(48,587)	15,645	3,996	7,392
Interest received from investments	(6,148)	(2,989)	(3,021)	(6,774)
Interest paid	3,873	55,423	17,107	42,895
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	260,931	(55,370)	9,200	75,621
Net increase (decrease) in assets and liabilities	2,293	(12,569)	(9,129)	856
Net cash provided by (used for) operating activities	249,077	(5,122)	22,147	127,828

Schedule 17

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
20,194	-	188,401
72,761	-	619,908
-	-	(357,672)
(100,907)	-	-
-	(11,832)	(31,162)
(1)	(12,405)	(25,140)
-	59,101	59,102
-	35,784	35,784
-	(34,342)	(34,342)
90,885	84,197	1,682,849
(93,030)	(64,438)	(1,682,849)
-	(57,590)	(72,603)
374	9,194	12,375
(376)	(4)	(3,156)
(10,100)	7,665	391,495
-	-	287,555
(153,899)	-	(529,569)
-	-	-
-	-	(1,240)
(27,018)	-	(146,316)
-	-	1,243,403
-	-	(1,205,781)
(7,878)	-	(13,568)
(13,973)	-	-
-	-	(22,181)
(202,768)	-	(387,697)
-	(1,764)	(2,221)
-	23	23
-	-	-
(3,452)	-	(3,452)
-	-	-
(3,826)	-	(3,826)
6,771	-	7,304
-	-	(3,873)
(507)	(1,741)	(6,045)
(995,595)	(4,730)	(8,999,258)
1,204,353	4,743	8,983,565
4,615	79	23,626
213,373	92	7,933
(2)	6,016	5,686
296	8,735	19,034
294	14,751	24,720
(10,203)	(21,282)	21,360
-	6,183	6,302
2,328	-	(7,703)
1,122	-	2,073
16	13	(570)
4,567	16,987	-
(4,615)	(79)	(23,626)
30,844	-	150,142
(28,146)	-	262,236
(6,013)	5,843	(18,719)
(10,100)	7,665	391,495

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, 2009

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	29,175	-	29,175
Principal payments received on mortgages and loans	89,106	-	89,106
Purchases of mortgages and loans	(357,672)	-	(357,672)
Receipt (payment) for loan transfers between funds	529,497	-	529,497
Payments to employees and other payroll disbursements	(19,330)	-	(19,330)
Payments for goods and services	(12,734)	-	(12,734)
Cash received for externally funded programs	1	-	1
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	935,695	-	935,695
Interfund Payments	(929,675)	-	(929,675)
Grant payments to other agencies	(15,013)	-	(15,013)
Other operating cash receipts	2,316	19	2,335
Other operating cash payments	(2,308)	-	(2,308)
Net cash provided by (used for) operating activities	249,058	19	249,077
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(108,965)	-	(108,965)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,240)	-	(1,240)
Interest paid	(3,873)	-	(3,873)
Proceeds from issuance of short term debt	1,243,403	-	1,243,403
Payment of short term debt	(1,205,781)	-	(1,205,781)
Contributions to the State of Alaska or other State agencies	(5,690)	-	(5,690)
Transfers (to) from other funds	109,660	-	109,660
Other cash payments	(22,181)	-	(22,181)
Net cash provided by (used for) noncapital financing activities	5,333	-	5,333
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(457)	-	(457)
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	533	-	533
Other cash payments	(3,873)	-	(3,873)
Net cash provided by (used for) capital financing activities	(3,797)	-	(3,797)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(4,113,299)	(11,095)	(4,124,394)
Proceeds from maturity of investments	3,856,548	10,922	3,867,470
Interest received from investments	5,975	173	6,148
Net cash provided by (used for) investing activities	(250,776)	-	(250,776)
Net Increase (decrease) in cash	(182)	19	(163)
Cash at the beginning of year	9,500	338	9,838
Cash at the end of period	9,318	357	9,675
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	37,903	184	38,087
<i>Adjustments:</i>			
Depreciation expense	119	-	119
Provision for loan losses	(736)	-	(736)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(765)	10	(755)
Transfers between funds for operating activity	(48,587)	-	(48,587)
Interest received from investments	(5,975)	(173)	(6,148)
Interest paid	3,873	-	3,873
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	260,931	-	260,931
Net increase (decrease) in assets and liabilities	2,295	(2)	2,293
Net cash provided by (used for) operating activities	249,058	19	249,077

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYER BONDS

For the Year Ended June 30, 2009

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	2,463	1,766	5,372	2,960
Principal payments received on mortgages and loans	7,094	4,055	14,433	9,428
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	(8,444)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	8,993	5,853	19,633	11,685
Interfund Payments	(9,569)	(5,825)	(19,827)	(12,404)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	10	15
Other operating cash payments	-	(2)	(10)	(14)
Net cash provided by (used for) operating activities	8,981	5,847	19,611	3,226
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(6,205)	(3,890)	(12,385)	(1,720)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(319)	(1,303)	(4,975)	(3,505)
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	(2,035)	(1,265)	(3,897)	(1,391)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(8,559)	(6,458)	(21,257)	(6,616)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(28,759)	(19,206)	(54,382)	(51,594)
Proceeds from maturity of investments	28,022	19,644	55,276	54,703
Interest received from investments	315	173	752	281
Net cash provided by (used for) investing activities	(422)	611	1,646	3,390
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	619	572	1,013	(1,138)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(118)	(187)	(601)	308
Amortization of bond issuance costs	121	35	61	62
Net change in the fair value of investments	1	1	1	3
Transfers between funds for operating activity	331	228	694	546
Interest received from investments	(315)	(173)	(752)	(281)
Interest paid	319	1,303	4,975	3,505
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	7,094	4,055	14,433	984
Net increase (decrease) in assets and liabilities	929	13	(213)	(763)
Net cash provided by (used for) operating activities	8,981	5,847	19,611	3,226

Schedule 19

Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C	Home Mortgage Revenue Bonds 2007 A	Combined Total
3,441	10,042	4,340	3,172	3,475	3,920	40,951
9,653	30,126	9,146	10,643	10,732	18,145	123,455
-	-	-	-	-	-	-
(6,948)	(30,940)	(4,472)	(244)	-	(20,629)	(71,677)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,969	39,636	13,610	12,823	14,387	21,477	161,066
(13,105)	(40,198)	(13,500)	(13,811)	(14,219)	(22,085)	(164,543)
-	-	-	-	-	-	-
3	284	14	4	21	5	356
(7)	(28)	(16)	(21)	(21)	(5)	(124)
6,006	8,922	9,122	12,566	14,375	828	89,484
-	-	-	-	-	-	-
(1,750)	(1,025)	(6,735)	(4,915)	(4,370)	-	(42,995)
-	-	-	-	-	-	-
(3,053)	(10,520)	(4,186)	(3,199)	(3,729)	(2,803)	(37,592)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(600)	(3,133)	-	(952)	(979)	(676)	(14,928)
-	-	-	-	-	-	-
(5,403)	(14,678)	(10,921)	(9,066)	(9,078)	(3,479)	(95,515)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(45,214)	(256,146)	(48,636)	(43,430)	(37,084)	(46,125)	(630,576)
44,501	261,618	50,293	39,823	31,697	48,661	634,238
110	284	142	107	90	115	2,369
(603)	5,756	1,799	(3,500)	(5,297)	2,651	6,031
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(321)	(3,581)	(125)	(73)	(139)	241	(2,932)
-	-	-	-	-	-	-
189	961	(171)	(322)	(424)	(133)	(498)
48	17	26	21	21	2	414
2	9	3	1	1	3	25
568	2,414	727	530	549	908	7,495
(110)	(284)	(142)	(107)	(90)	(115)	(2,369)
3,053	10,520	4,186	3,199	3,729	2,803	37,592
2,705	(814)	4,674	10,399	10,732	(2,484)	51,778
(128)	(320)	(56)	(1,082)	(4)	(397)	(2,021)
6,006	8,922	9,122	12,566	14,375	828	89,484

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYER BONDS (continued)

For the Year Ended June 30, 2009

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	4,138	4,237	4,688	4,018
Principal payments received on mortgages and loans	15,170	7,545	19,586	9,543
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(17,677)	(262)	(22,454)	-
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	17,826	11,476	22,746	12,936
Interfund Payments	(19,322)	(11,708)	(24,290)	(13,568)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	22	22	9	17
Other operating cash payments	(24)	(110)	(16)	(21)
Net cash provided by (used for) operating activities	133	11,200	269	12,925
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(1,450)	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,726)	(4,102)	(3,260)	(5,061)
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	(572)	(906)	(498)	(840)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(3,298)	(6,458)	(3,758)	(5,901)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(39,599)	(41,801)	(123,122)	(48,666)
Proceeds from maturity of investments	42,655	36,957	126,474	41,533
Interest received from investments	109	102	137	109
Net cash provided by (used for) investing activities	3,165	(4,742)	3,489	(7,024)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	517	(356)	382	(510)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(111)	(198)	(67)	(12)
Amortization of bond issuance costs	1	26	1	19
Net change in the fair value of investments	3	1	4	(1)
Transfers between funds for operating activity	893	699	1,053	612
Interest received from investments	(109)	(102)	(137)	(109)
Interest paid	2,726	4,102	3,260	5,061
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	(2,507)	7,283	(2,868)	9,543
Net increase (decrease) in assets and liabilities	(1,280)	(255)	(1,359)	(1,678)
Net cash provided by (used for) operating activities	133	11,200	269	12,925

Schedule 20

Home Mortgage Revenue Bonds 2008 B	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Combined Total
3,132	935	933	22,081
3,449	4,575	5,615	65,483
-	-	-	-
(81,135)	(25,552)	(25,551)	(172,631)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,036	2,816	4,263	78,099
(6,586)	(5,512)	(6,549)	(87,535)
-	-	-	-
-	-	-	70
-	-	(2)	(173)
(75,104)	(22,738)	(21,291)	(94,606)
80,795	80,880	80,880	242,555
(680)	-	-	(2,130)
-	-	-	-
-	-	-	-
(2,682)	-	-	(17,831)
-	-	-	-
-	-	-	-
1,017	(52,449)	(52,449)	(106,697)
-	-	-	-
78,450	28,431	28,431	115,897
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(118,884)	(12,135)	(15,032)	(399,239)
115,381	6,439	7,889	377,328
157	3	3	620
(3,346)	(5,693)	(7,140)	(21,291)
-	-	-	-
-	-	-	-
-	-	-	-
(3,237)	(2,255)	(2,285)	(7,744)
-	-	-	-
2,367	1,676	1,738	5,393
25	1	-	73
-	-	-	7
1,388	1,749	1,756	8,150
(157)	(3)	(3)	(620)
2,682	-	-	17,831
(77,686)	(20,977)	(19,936)	(107,148)
(486)	(2,929)	(2,561)	(10,548)
(75,104)	(22,738)	(21,291)	(94,606)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS AND NOTES - STATE GUARANTEED

For the Year Ended June 30, 2009

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	1,080	2,588	1,355	1,396
Principal payments received on mortgages and loans	4,011	7,615	6,836	6,672
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	(1,488)
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	4,870	10,497	7,796	6,927
Interfund Payments	(5,096)	(10,212)	(8,198)	(8,074)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	2	-	-
Other operating cash payments	-	(2)	-	-
Net cash provided by (used for) operating activities	4,865	10,488	7,789	5,433
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(450)	(960)	(395)	(450)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(668)	(2,060)	(1,139)	(1,080)
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	-	(1,751)	(878)	(864)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,118)	(4,771)	(2,412)	(2,394)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(33,723)	(25,942)	(18,269)	(21,795)
Proceeds from maturity of investments	29,731	19,869	12,641	18,711
Interest received from investments	245	356	251	45
Net cash provided by (used for) investing activities	(3,747)	(5,717)	(5,377)	(3,039)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	649	818	581	343
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(170)	(299)	(285)	(184)
Amortization of bond issuance costs	23	53	31	9
Net change in the fair value of investments	2	-	-	1
Transfers between funds for operating activity	136	310	142	172
Interest received from investments	(245)	(356)	(251)	(45)
Interest paid	668	2,060	1,139	1,080
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,011	7,615	6,836	5,184
Net increase (decrease) in assets and liabilities	(209)	287	(404)	(1,127)
Net cash provided by (used for) operating activities	4,865	10,488	7,789	5,433

Schedule 21

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
903	11,843	4,082	-	23,247
4,739	47,759	20,560	-	98,192
-	-	-	-	-
(1,759)	(83,901)	(1,844)	-	(88,992)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,504	54,596	21,030	-	111,220
(5,647)	(59,647)	(24,651)	-	(121,525)
-	-	-	-	-
-	19	1	-	22
-	(10)	(5)	-	(17)
3,740	(29,341)	19,173	-	22,147
-	-	-	45,000	45,000
(280)	(3,270)	(1,310)	-	(7,115)
-	-	-	-	-
-	-	-	-	-
(685)	(8,704)	(2,771)	-	(17,107)
-	-	-	-	-
-	-	-	-	-
(981)	(7,737)	(1,558)	-	(13,769)
-	-	-	-	-
(1,946)	(19,711)	(5,639)	45,000	7,009
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(22,105)	(256,615)	(62,951)	(90,076)	(531,476)
20,269	303,724	49,337	45,017	499,299
42	1,943	80	59	3,021
(1,794)	49,052	(13,534)	(45,000)	(29,156)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
313	(726)	967	(41)	2,904
-	-	-	-	-
(199)	2,166	(103)	-	926
-	14	23	-	153
1	6	1	-	11
131	2,562	475	68	3,996
(42)	(1,943)	(80)	(59)	(3,021)
685	8,704	2,771	-	17,107
2,980	(36,142)	18,716	-	9,200
(129)	(3,982)	(3,597)	32	(9,129)
3,740	(29,341)	19,173	-	22,147

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, 2009

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	571	21,573	10,834	6,441
Principal payments received on mortgages and loans	1,190	38,636	46,457	33,250
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	(38,323)	(10,257)	(20,808)
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	1,640	60,638	60,226	39,557
Interfund Payments	(1,762)	(60,013)	(57,320)	(39,741)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	5	11	-
Other operating cash payments	-	(115)	(31)	-
Net cash provided by (used for) operating activities	1,639	22,401	49,920	18,699
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(44,030)	(163,625)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(14,172)	(14,509)	(7,151)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	(12,482)	89,849	(37,659)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(70,684)	(88,285)	(44,810)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(31,957)	(500,786)	(867,004)	(380,909)
Proceeds from maturity of investments	30,138	548,266	903,092	405,525
Interest received from investments	180	803	2,277	1,330
Net cash provided by (used for) investing activities	(1,639)	48,283	38,365	25,946
Net Increase (decrease) in cash	-	-	-	(165)
Cash at the beginning of year	-	-	-	165
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	4,231	11,092	2,282	(1,313)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(3,305)	(7,999)	(3,492)	297
Amortization of bond issuance costs	-	153	64	34
Net change in the fair value of investments	16	27	30	34
Transfers between funds for operating activity	(185)	3,804	(457)	1,477
Interest received from investments	(180)	(803)	(2,277)	(1,330)
Interest paid	-	14,172	14,509	7,151
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	1,190	313	36,200	12,442
Net increase (decrease) in assets and liabilities	(128)	1,642	3,061	(93)
Net cash provided by (used for) operating activities	1,639	22,401	49,920	18,699

Schedule 22

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
373	12,961	52,753
1,127	50,251	170,911
-	-	-
-	(25,902)	(95,290)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	59,626	221,687
-	(63,267)	(222,103)
-	-	-
-	8	24
-	(8)	(154)
1,500	33,669	127,828
-	-	-
(2,700)	(4,110)	(214,465)
-	-	-
-	-	-
(283)	(6,780)	(42,895)
-	-	-
-	-	-
(1)	-	39,707
-	-	-
(2,984)	(10,890)	(217,653)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(10,041)	(522,551)	(2,313,248)
11,466	497,647	2,396,134
59	2,125	6,774
1,484	(22,779)	89,660
-	-	(165)
-	-	165
-	-	-
(35)	6,273	22,530
-	-	-
-	(617)	(15,116)
7	53	311
2	4	113
189	2,564	7,392
(59)	(2,125)	(6,774)
283	6,780	42,895
1,127	24,349	75,621
(14)	(3,612)	856
1,500	33,669	127,828

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, 2009

(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	1,829	4,596	2,709	-
Principal payments received on mortgages and loans	6,259	15,530	9,671	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	(32,414)	(7,393)	-
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	7,692	18,888	12,317	-
Interfund Payments	(8,096)	(20,126)	(12,393)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	130	211
Other operating cash payments	-	(18)	(15)	(306)
Net cash provided by (used for) operating activities	7,684	(13,544)	5,026	(95)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(377)	(1,510)	(1,885)	(2,195)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(827)	(4,398)	(4,399)	(400)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(905)	(3,057)	-	-
Transfers (to) from other funds	(887)	(1,445)	-	426
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(2,996)	(10,410)	(6,284)	(2,169)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(3,389)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(3,403)	-	-	-
Proceeds from the direct financing lease payments	-	-	3,304	3,467
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(6,792)	-	3,304	3,467
<u>Cash flows from investing activities:</u>				
Purchase of investments	(45,454)	(113,512)	(28,507)	(11,446)
Proceeds from maturity of investments	47,112	136,861	26,523	10,122
Interest received from investments	446	605	53	4
Net cash provided by (used for) investing activities	2,104	23,954	(1,931)	(1,320)
Net Increase (decrease) in cash	-	-	115	(117)
Cash at the beginning of year	-	-	-	296
Cash at the end of period	-	-	115	179
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(2,105)	(369)	1	782
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(76)	94	103	-
Amortization of bond issuance costs	23	17	20	13
Net change in the fair value of investments	(116)	13	-	-
Transfers between funds for operating activity	420	1,066	502	53
Interest received from investments	(446)	(605)	(53)	(4)
Interest paid	4,230	4,398	4,399	400
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	6,259	(16,884)	2,278	-
Net increase (decrease) in assets and liabilities	(505)	(1,274)	(2,224)	(1,339)
Net cash provided by (used for) operating activities	7,684	(13,544)	5,026	(95)

Schedule 23

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
206	1,669	5,470	3,715	20,194
432	4,013	14,978	21,878	72,761
-	-	-	-	-
-	-	(53,601)	(7,499)	(100,907)
-	-	-	-	-
-	-	-	(1)	(1)
-	-	-	-	-
-	-	-	-	-
713	6,934	19,452	24,889	90,885
(639)	(5,696)	(20,468)	(25,612)	(93,030)
-	-	-	-	-
-	-	33	-	374
-	-	(35)	(2)	(376)
712	6,920	(34,171)	17,368	(10,100)
-	-	-	-	-
(6,550)	(136,830)	(992)	(3,560)	(153,899)
-	-	-	-	-
-	-	-	-	-
(205)	(2,531)	(6,631)	(7,627)	(27,018)
-	-	-	-	-
-	-	(3,916)	-	(7,878)
(2,620)	75,228	(9,052)	(75,623)	(13,973)
-	-	-	-	-
(9,375)	(64,133)	(20,591)	(86,810)	(202,768)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(63)	-	(3,452)
-	-	-	-	-
-	-	(423)	-	(3,826)
-	-	-	-	6,771
-	-	-	-	-
-	-	(486)	-	(507)
(14,212)	(188,638)	(311,692)	(282,134)	(995,595)
22,610	245,084	365,553	350,488	1,204,353
265	767	1,387	1,088	4,615
8,663	57,213	55,248	69,442	213,373
-	-	-	-	(2)
-	-	-	-	296
-	-	-	-	294
32	(72)	(5,068)	(3,404)	(10,203)
-	-	-	-	-
(69)	(875)	3,500	(349)	2,328
296	682	33	38	1,122
1	26	63	29	16
(42)	(13)	1,824	757	4,567
(265)	(767)	(1,387)	(1,088)	(4,615)
205	2,531	7,054	7,627	30,844
432	4,013	(38,623)	14,379	(28,146)
122	1,395	(1,567)	(621)	(6,013)
712	6,920	(34,171)	17,368	(10,100)

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, 2009

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	-	-	-	-
Principal payments received on mortgages and loans	-	-	-	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	(898)	(6,162)	(1,438)	(2,472)
Payments for goods and services	(3,507)	(6,778)	(1,327)	(340)
Cash received for externally funded programs	23,424	12,271	2,224	3,676
Cash received for Federal HAP subsidies	-	-	-	29,016
Payments for Federal HAP subsidies	-	-	-	(27,574)
Interfund Receipts	43,641	14,661	3,383	2,827
Interfund Payments	(23,532)	(16,946)	(3,942)	(3,999)
Grant payments to other agencies	(39,221)	-	-	-
Other operating cash receipts	54	6,884	2,031	3
Other operating cash payments	-	(3)	-	-
Net cash provided by (used for) operating activities	(39)	3,927	931	1,137
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(19)	(1,729)	-	(16)
Proceeds from the disposal of capital assets	-	20	-	3
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(19)	(1,709)	-	(13)
<u>Cash flows from investing activities:</u>				
Purchase of investments	(4,730)	-	-	-
Proceeds from maturity of investments	4,743	-	-	-
Interest received from investments	44	8	26	1
Net cash provided by (used for) investing activities	57	8	26	1
Net Increase (decrease) in cash	(1)	2,226	957	1,125
Cash at the beginning of year	1	4,027	3,403	1,303
Cash at the end of period	-	6,253	4,360	2,428
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(3,917)	(1,380)	(363)	1,192
<i>Adjustments:</i>				
Depreciation expense	3	5,101	1,074	5
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	13	-	-	-
Transfers between funds for operating activity	1,166	1,490	314	(68)
Interest received from investments	(44)	(8)	(26)	(1)
Interest paid	-	-	-	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	2,740	(1,276)	(68)	9
Net cash provided by (used for) operating activities	(39)	3,927	931	1,137

