

The logo consists of three blue, stylized, upward-pointing chevrons of varying lengths, stacked vertically, positioned to the right of the word "Alaska".

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

*a component unit of the State of Alaska*

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

**June 30, 2016**

**With Summarized Financial Information for**  
**June 30, 2015**

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This publication of Alaska Housing Finance Corporation. For comments or questions

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## Independent Auditor's Report

Board of Directors  
Alaska Housing Finance Corporation  
Anchorage, Alaska

### Report on the Financial Statements

We have audited the accompanying statements of net position, revenues, expenses and change in net position and cash flows of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation (Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements.*

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

#### *Auditor's Responsibility*

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 8 and the schedules of net pension liability, and pension contributions on pages 39 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016 on our consideration of the Alaska Housing Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alaska Housing Finance Corporation's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
November 10, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

## OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation (the "Corporation") consists of three sections: Management's Discussion and Analysis, the Basic Financial Statements, and Supplementary Schedules. The Corporation's operations are business-type activities and follow enterprise fund accounting rules. The Corporation is a component unit of the State of Alaska (the "State") and is discretely presented in the State's financial statements. The Corporation's Basic Financial Statements include: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows, and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and grouped by program or function. Summarized financial information for fiscal year 2016 is also presented in Management's Discussion and Analysis to facilitate and enhance the understanding of the Corporation's financial position and the results of operations for the current fiscal year in comparison to the prior fiscal year.

### Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2016. This information is presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

### Basic Financial Statements

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

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

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

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

### Major Funds

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

In fiscal year 2016, the Home Ownership Fund, which had previously been reported with the Administrative Fund in Revolving Funds, was moved to Other Funds or Programs. Likewise, the Senior Revolving Housing Loan Fund,

MANAGEMENT'S DISCUSSION AND ANALYSIS

which was previously included in the Mortgage or Bond Funds, was also moved to Other Funds or Programs. All comparisons between fiscal years 2016 and 2015 in this document have taken this into consideration by adjusting the originally reported 2015 amounts for these reclassifications.

For fiscal year 2016, the Corporation reports the following major funds:

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

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

As of June 30, 2016, the Administrative Fund reported a net position of \$708.3 million, a decrease of \$40.9 million from June 30, 2015. The decrease in net position is the net result of primarily an operating loss of \$10.5 million and internal transfers out to other funds of \$30.3 million. Transfers were made from the Administrative Fund to the Grant Programs in the amount of \$9.1 million; the Mortgage or Bond Funds of \$7.2 million; Other Funds or Programs of \$3.1 million; and to AHFC's subsidiary, Alaska Corporation for Affordable Housing of \$10.9 million. Approximately \$18.8 million, or 2.7%, of the Administrative Fund's net position is invested in capital assets; \$59.7 million, or 8.4% of the total net position, is restricted by contractual or statutory agreements; and \$629.9 million, or 88.9%, is unrestricted and may be used for operations and to meet the continuing obligations of the Corporation. The change in unrestricted net position represents a decrease of 8.2% from unrestricted net position as of June 30, 2015.

The *Grant Programs* include resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families and to assist in improving the energy efficiency of Alaskan homes, as well as tenant-based rental assistance programs for families in the private market that are administered by the Corporation under contract with HUD. These programs include the Energy Programs, the Section 8 Vouchers Programs, and Other Grants. As of June 30, 2016, the net position for these three programs combined was \$19.6 million, a decrease of \$0.2 million from June 30, 2015. The fund had an operating loss of \$9.3 million for fiscal year 2016, and \$9.1 million in transfers from the Administrative Fund. There was no significant change in operating results between fiscal years 2016 and 2015.

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

As of June 30, 2016, the Mortgage or Bond Funds reported a net position of \$600.9 million, an increase of \$17.2 million from the June 30, 2015, net position of \$583.7 million. The Mortgage and Bond Funds had a net operating income of \$39.0 million in fiscal year 2016, accounting for the majority of the increase in net position. The remainder of the increase in net position is from transfers from the Administrative Fund in the amount of \$7.2 million. Expenses in the Mortgage or Bond Funds decreased by \$6.6 million. The majority of the decrease (\$5.0 million or 75.8%) was due to lower interest costs. Approximately \$554.8 million, or 95%, of the fund's net position is restricted by bond resolutions.

The *Other Funds or Programs* include AHFC-owned housing for low income families that is managed under contract with HUD as well as other programs that aren't specifically grants or bond funds. These programs include the Low Rent Program, the Market Rate Rental Housing Programs, the Home Ownership Fund and the Senior Housing Revolving Loan Fund. As of June 30, 2016, there was a \$27.3 million (22.3%) increase in net position

MANAGEMENT'S DISCUSSION AND ANALYSIS

from \$122.5 million to \$149.8 million. Overall, the fund had an operating loss of \$4.8 million and received transfers from the Administrative Fund in the amount of \$3.0 million.

The *Alaska Corporation for Affordable Housing* ("ACAH") is a non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major blended component unit for the benefit of users of the financial statements.

ACAH's net position at June 30, 2016 was \$21.0 million, a \$10.7 million increase from June 30, 2015. ACAH had an operating loss of \$189,000 for fiscal year 2016, and received \$10.9 million in transfers from the Administrative Fund.

## FINANCIAL HIGHLIGHTS

- Operating income for fiscal year 2016 for the Corporation as a whole was \$14.2 million compared to \$8.5 million in fiscal year 2015. This signifies an increase of \$5.7 million, or 67.0%.
- The Corporation's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2016, by \$1.5 billion (net position). The net position for the Corporation as a whole increased by \$14.1 million.
- During the fiscal year ended June 30, 2016, the investment portfolio earned approximately 0.60% overall, as compared with 0.41% for the fiscal year ended June 30, 2015.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2016, the mortgage loan portfolio increased by 5.8%, and the bond portfolio used to finance the loans decreased by 5.4%.
- As of June 30, 2016, the weighted average interest rate on the mortgage portfolio was 4.67% and the weighted average interest rate on the bond portfolio was 3.69%, yielding a net interest margin of 0.98%.
- During the fiscal year ended June 30, 2016, the Corporation's total assets decreased by \$49.2 million, or 1.3%, and deferred outflows increased by \$63.5 million, or 37.0%, totaling a net increase in assets and deferred outflows of \$14.3 million. Total liabilities decreased by \$2.8 million, and deferred inflows increased by \$2.6 million, totaling a net decrease in liabilities and deferred inflows of \$0.2 million, or 0.1%.
- In December 2015, AHFC issued \$55,620,000 in State Capital Projects Bonds II, 2015 Series C. The bonds were issued mainly to refund \$37,420,000 of State Capital Project Bonds, 2006 Series A and \$3,765,000 of State Capital Bonds 2007 Series B. Net proceeds of the bonds totaled \$64,566,000, including a premium of \$8,946,000. \$42,335,000 of the proceeds was deposited into an irrevocable trust with an escrow agent to completely pay off the refunded bonds on the first optional redemption dates in June 2016 and December 2017. The 2006 bonds were fully redeemed in June 2016. The 2007 bonds have been legally defeased, and the trust account assets and the liability for the refunded bonds were removed from the Statement of Net Position. This advance refunding decreases debt service payments by \$10,425,000 over the next 25 years, resulting in net present value savings of \$4,310,000.

## CONDENSED STATEMENT OF NET POSITION

The following table presents condensed information about the financial position of the Corporation as of June 30, 2016 and 2015, and changes in the balances during the fiscal year ended June 30, 2016 (in thousands):

MANAGEMENT'S DISCUSSION AND ANALYSIS

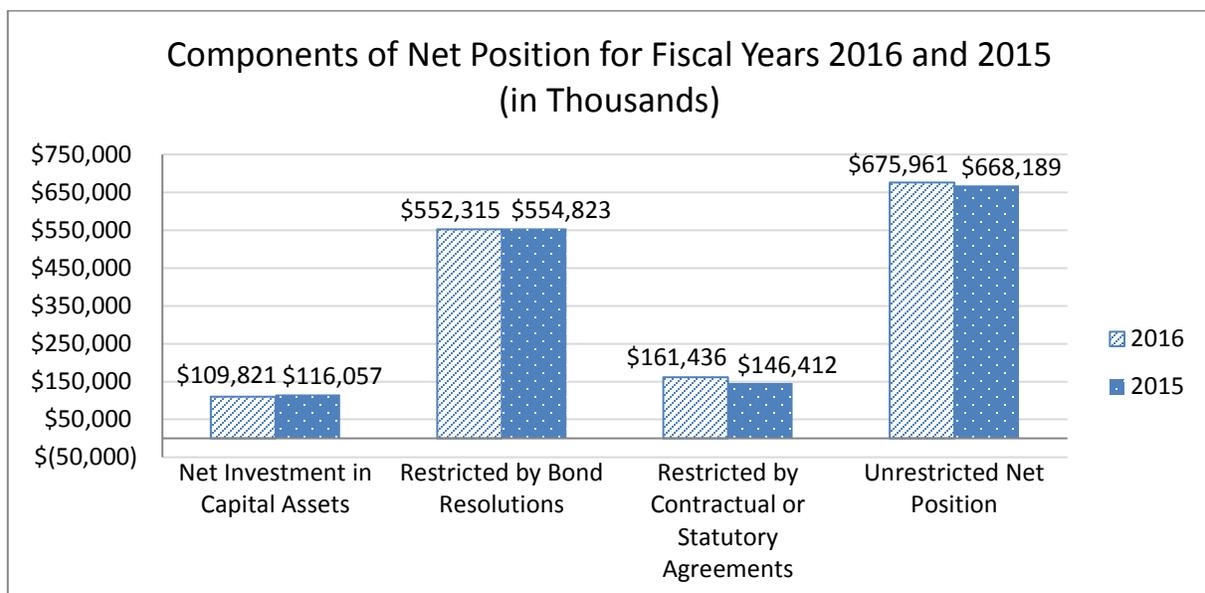
Condensed Statement of Net Position

	2016	2015	Increase/(Decrease)	
Cash and investments	\$ 685,692	\$ 866,592	\$ (180,900)	-20.9%
Mortgage loans, notes and other loans, net	2,817,494	2,662,893	154,601	5.8%
Capital assets, net	109,821	116,057	(6,236)	-5.4%
Other assets	82,626	99,320	(16,694)	-16.8%
<b>Total Assets</b>	<b>3,695,633</b>	<b>3,744,862</b>	<b>(49,229)</b>	<b>-1.3%</b>
Deferred outflow of resources	234,921	171,440	63,481	37.0%
Bonds and notes payable, net	2,083,582	2,201,527	(117,945)	-5.4%
Short term debt	71,589	16,899	54,690	323.6%
Accrued interest payable	9,628	9,397	231	2.5%
Derivatives	210,543	150,199	60,344	40.2%
Other liabilities	55,009	49,522	5,487	11.1%
<b>Total liabilities</b>	<b>2,430,351</b>	<b>2,427,544</b>	<b>2,807</b>	<b>0.1%</b>
Deferred inflow of resources	670	3,277	(2,607)	-79.6%
<b>Total net position</b>	<b>\$ 1,499,533</b>	<b>\$ 1,485,481</b>	<b>\$ 14,052</b>	<b>0.9%</b>

The decrease in total assets during FY 2016 can be attributed largely to a decrease in cash and investments. Because of the low short-term rate environment, the Corporation used some of its liquid cash to purchase longer term assets and redeem higher-rate bond debt, hence the reduction in bonds payable. The increase in mortgage loans was largely due to more competitive mortgage rates, expanded loan parameters and increased outreach to our industry partners.

Total liabilities increased slightly. Total net pension liability as of June 30, 2016, included in other liabilities above, was \$37.8 million and as of June 30, 2015, was \$29.1 million. The pension liability was determined by actuarial valuation. Short term debt and derivatives increased by \$115.0 million, whereas bonds and notes payable decreased by \$117.9 million. See the Debt Administration section of this report for more information on the bonds and notes payable.

The chart below shows the change in the various components of net position from fiscal year 2015 to fiscal year 2016.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following table presents condensed information about the revenues, expenses and changes in net position for the fiscal years ended June 30, 2016 and 2015, and the variances from the prior fiscal year (in thousands):

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

	2016	2015	Increase/(Decrease)	
Mortgage and loan revenue	\$ 128,942	\$ 126,140	\$ 2,802	2.2%
Investment interest income	3,595	4,399	(804)	-18.3%
Net change in fair value of investments	2,202	1,627	575	35.3%
Externally funded programs	123,782	146,236	(22,454)	-15.4%
Rental and other revenue	15,659	11,697	3,962	33.9%
Total operating revenue	<u>274,180</u>	<u>290,099</u>	<u>(15,919)</u>	<u>-5.5%</u>
Interest expense	70,357	75,349	(4,992)	-6.6%
Mortgage, loan and financing costs	8,561	10,650	(2,089)	-19.6%
Operations and administration	58,373	70,373	(12,000)	-17.1%
Housing grants and subsidies	122,688	125,222	(2,534)	-2.0%
Total operating expense	<u>259,979</u>	<u>281,594</u>	<u>(21,615)</u>	<u>-7.7%</u>
Operating income(loss)	14,201	8,505	5,696	-67.0%
Contributions to the State of Alaska	(149)	(3,825)	3,676	-96.1%
Cumulative effect of accounting change	-	(29,107)	29,107	-100.0%
Change in net position	<u>\$ 14,052</u>	<u>\$ (24,427)</u>	<u>\$ 38,479</u>	<u>157.5%</u>

Total operating revenues decreased by \$15.9 million, or 5.5%, during fiscal year 2016 primarily due to decreases externally funded program revenue.

Total operating expenses decreased by a greater amount in 2016. The total decrease was \$21.6 million, or 7.7%, during fiscal year 2016. The decreases were primarily in administrative and interest expenses.

The net effect of changes in operating revenues and expenses was a \$5.7 million increase, or 67.0%, in operating income.

Total net position increased in fiscal year 2016 by \$14.1 million, and it decreased by \$24.4 million in fiscal year 2015. In 2015, the decrease was largely due to the implementation of GASB Statement No. 68, which required the Corporation to recognize in its financial statements its proportionate share of the collective pension costs and obligations of the State of Alaska's multiemployer cost sharing defined benefit pension plan.

The Corporation continued its series of annual transfers to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan (explained in more detail in the Footnotes to the Financial Statements) during the 2004 Legislative Session, contributions to the State for fiscal year 2016 were \$149,000 compared to those of fiscal year 2015 of approximately \$3.8 million. See Footnote No. 18 for more details about the Transfer Plan calculation.

**DEBT ADMINISTRATION**

As of June 30, 2016, the Corporation had \$2.1 billion in bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's general obligation is rated by three major rating agencies as follows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Significant debt activity during the year included the following:

- Issued \$55.6 million of State Capital Project Bonds;
- Redeemed bonds through special revenue redemption provisions of their respective indentures in the amount of \$59.9 million. Current refundings for fiscal year 2016 totaled \$32.1 million
- Redeemed \$84.7 million of State Capital Project Bonds 2006 Series A, \$47.2 million of which were defeased in June 2015 and \$37.4 million of which were defeased in December 2015.

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

### ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

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

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

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

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

### CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

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

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

As of June 30, 2016

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 32,550	\$ 6,209	\$ 134	\$ 23,941
Investments	491,232	-	121,480	1,385
Accrued interest receivable	3,082	-	9,089	106
Inter-fund due to/from	(23,817)	(7,232)	38,947	(2,039)
Mortgage loans, notes and other loans	8,687	-	67,752	1,172
Net investment in direct financing lease	-	-	5,414	-
Other assets	4,311	6,418	-	665
Intergovernmental receivable	153	17,487	-	217
<b>Total Current</b>	<b>516,198</b>	<b>22,882</b>	<b>242,816</b>	<b>25,447</b>
<b>Non Current</b>				
Investments	1,491	-	-	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	281,325	-	2,402,721	38,652
Net investment in direct financing lease	-	-	29,141	-
Capital assets - non-depreciable	2,483	-	-	13,662
Capital assets - depreciable, net	16,270	43	-	73,696
Other assets	6,413	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>307,982</b>	<b>1,468</b>	<b>2,431,862</b>	<b>126,010</b>
<b>Total Assets</b>	<b>824,180</b>	<b>24,350</b>	<b>2,674,678</b>	<b>151,457</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>5,741</b>	<b>-</b>	<b>229,180</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	-	65,766	-
Short term debt	71,589	-	-	-
Accrued interest payable	2,473	-	7,155	-
Other liabilities	7,022	4,734	1,198	1,278
Intergovernmental payable	-	-	134	416
<b>Total Current</b>	<b>81,084</b>	<b>4,734</b>	<b>74,253</b>	<b>1,694</b>
<b>Non Current</b>				
Bonds payable	-	-	2,017,816	-
Other liabilities	1,978	1	386	1
Derivative instrument - interest rate swaps	-	-	210,543	-
Intergovernmental payable	-	-	-	-
Pension liability	37,859	-	-	-
<b>Total Non Current</b>	<b>39,837</b>	<b>1</b>	<b>2,228,745</b>	<b>1</b>
<b>Total Liabilities</b>	<b>120,921</b>	<b>4,735</b>	<b>2,302,998</b>	<b>1,695</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>670</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	18,753	43	-	87,358
Restricted by bond resolutions	-	-	552,315	-
Restricted by contractual or statutory agreements	59,693	21,033	-	63,411
Unrestricted or (deficit)	629,884	(1,461)	48,545	(1,007)
<b>Total Net Position</b>	<b>\$ 708,330</b>	<b>\$ 19,615</b>	<b>\$ 600,860</b>	<b>\$ 149,762</b>

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2016
\$ 62,834	\$ 7,270	\$ 70,104
614,097	-	614,097
12,277	48	12,325
5,859	(5,859)	-
77,611	-	77,611
5,414	-	5,414
11,394	81	11,475
17,857	-	17,857
<u>807,343</u>	<u>1,540</u>	<u>808,883</u>
1,491		1,491
1,425	(1,425)	-
2,722,698	17,185	2,739,883
29,141	-	29,141
16,145	3,667	19,812
90,009	-	90,009
6,413	1	6,414
-	-	-
-	-	-
<u>2,867,322</u>	<u>19,428</u>	<u>2,886,750</u>
<u>3,674,665</u>	<u>20,968</u>	<u>3,695,633</u>
<u>234,921</u>	<u>-</u>	<u>234,921</u>
65,766	-	65,766
71,589	-	71,589
9,628	-	9,628
14,232	2	14,234
550	-	550
<u>161,765</u>	<u>2</u>	<u>161,767</u>
2,017,816	-	2,017,816
2,366	-	2,366
210,543	-	210,543
-	-	-
37,859	-	37,859
<u>2,268,584</u>	<u>-</u>	<u>2,268,584</u>
<u>2,430,349</u>	<u>2</u>	<u>2,430,351</u>
<u>670</u>	<u>-</u>	<u>670</u>
106,154	3,667	109,821
552,315	-	552,315
144,137	17,299	161,436
675,961	-	675,961
<u>\$ 1,478,567</u>	<u>\$ 20,966</u>	<u>\$ 1,499,533</u>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

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

For the Year Ended June 30, 2016

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 11,566	\$ -	\$ 116,187	\$ 1,141
Investment interest	340	10	3,009	232
Net change in the fair value of investments	2,896	-	15	(157)
Net change of hedge termination	-	-	(552)	-
Total Investment Revenue	3,236	10	2,472	75
Externally funded programs	1,519	109,322	-	12,941
Rental	356	-	-	10,135
Other	2,535	682	-	1,686
<b>Total Operating Revenues</b>	<b>19,212</b>	<b>110,014</b>	<b>118,659</b>	<b>25,978</b>
<b>OPERATING EXPENSES</b>				
Interest	87	-	70,270	-
Mortgage and loan costs	1,446	-	9,287	103
Financing expenses	285	-	3,271	-
Provision for loan loss	1,021	-	(7,579)	257
Operations and administration	26,863	11,785	4,403	15,300
Rental housing operating expenses	22	464	-	15,134
Housing grants and subsidies	-	107,046	-	8
<b>Total Operating Expenses</b>	<b>29,724</b>	<b>119,295</b>	<b>79,652</b>	<b>30,802</b>
<b>Operating Income (Loss)</b>	<b>(10,512)</b>	<b>(9,281)</b>	<b>39,007</b>	<b>(4,824)</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(149)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(30,273)	9,109	7,225	3,027
Change in Net Position	(40,934)	(172)	46,232	(1,797)
Net position at beginning of year	749,264	19,787	554,628	151,559
<b>Net Position at End of Period</b>	<b>\$ 708,330</b>	<b>\$ 19,615</b>	<b>\$ 600,860</b>	<b>\$ 149,762</b>

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2016
\$ 128,894	\$ 48	\$ 128,942
3,591	4	3,595
2,754	-	2,754
(552)	-	(552)
5,793	4	5,797
123,782	-	123,782
10,491	216	10,707
4,903	49	4,952
273,863	317	274,180
70,357	-	70,357
10,836	-	10,836
3,556	-	3,556
(6,301)	470	(5,831)
58,351	22	58,373
15,620	14	15,634
107,054	-	107,054
259,473	506	259,979
14,390	(189)	14,201
(149)	-	(149)
-	-	-
(10,912)	10,912	-
3,329	10,723	14,052
1,475,238	10,243	1,485,481
\$ 1,478,567	\$ 20,966	\$ 1,499,533

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2016

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest income on mortgages and loans	\$ 7,211	\$ -	\$ 108,198	\$ 1,003
Principal payments received on mortgages and loans	5,947	-	323,216	1,866
Disbursements to fund mortgages and loans	(477,080)	-	-	-
Receipt (payment) for loan transfers between funds	294,146	-	(263,802)	(30,344)
Mortgage and loan proceeds	430,114	-	-	-
Payment of mortgage and loan proceeds to funds	(433,825)	-	-	-
Payments to employees and other payroll disbursements	(25,709)	(5,464)	-	(9,032)
Payments for goods and services	(8,912)	(2,419)	(139)	(12,929)
Cash received for externally funded programs	1,519	82,495	-	12,746
Cash received for Federal HAP subsidies	-	33,118	-	-
Payments for Federal HAP subsidies	-	(35,934)	-	-
Interfund receipts (payments)	(9,361)	(5,331)	(1)	4,916
Grant payments to other agencies	(232)	(66,831)	-	-
Other operating cash receipts	12,872	1,278	109	10,064
Other operating cash payments	(1,559)	(87)	(148)	(30)
<b>Net cash provided by (used for) operating activities</b>	<b>(204,869)</b>	<b>825</b>	<b>167,433</b>	<b>(21,740)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds	-	-	103,037	-
Principal paid on bonds	-	-	(208,949)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(320)	-	-	-
Interest paid	(59)	-	(75,193)	-
Proceeds from issuance of short term debt	267,508	-	-	-
Payment of short term debt	(212,847)	-	-	-
Contributions to the State of Alaska or other State agencies	(149)	-	-	-
Transfers (to) from other funds	(62)	(98)	(5,456)	16
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>54,071</b>	<b>(98)</b>	<b>(186,561)</b>	<b>16</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(693)	(23)	-	(674)
Proceeds from the disposal of capital assets	1,748	-	-	6
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(5,217)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(2,703)	-
Proceeds from direct financing leases	-	-	6,771	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>1,055</b>	<b>(23)</b>	<b>(1,149)</b>	<b>(668)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(2,688,304)	-	(1,405,170)	(29,195)
Proceeds from maturity of investments	2,845,865	-	1,423,919	56,291
Interest received from investments	390	10	1,488	367
<b>Net cash provided by (used for) investing activities</b>	<b>157,951</b>	<b>10</b>	<b>20,237</b>	<b>27,463</b>
Net Increase (decrease) in cash	8,208	714	(40)	5,071
Cash at the beginning of year	24,342	5,495	174	18,870
<b>Cash at the end of period</b>	<b>\$ 32,550</b>	<b>\$ 6,209</b>	<b>\$ 134</b>	<b>\$ 23,941</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (10,512)	\$ (9,281)	\$ 39,007	\$ (4,824)
<i>Adjustments:</i>				
Depreciation expense	606	17	450	6,374
Provision for loan losses	1,021	-	(7,579)	257
Net change in the fair value of investments	(2,896)	-	(15)	157
Transfers between funds for operating activity	(26,857)	9,207	7,685	4,653
Interest received from investments	(390)	(10)	(1,488)	(367)
Interest paid	59	-	77,896	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(176,987)	-	59,414	(28,478)
Net increase (decrease) in assets, liabilities, and deferred resources	11,087	892	(7,937)	488
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (204,869)</b>	<b>\$ 825</b>	<b>\$ 167,433</b>	<b>\$ (21,740)</b>
<b>Noncash investing, capital and financing activities:</b>				
Deferred outflow of resources-derivatives			(59,792)	
Derivative instruments liability			60,344	
Net change of hedge termination			(552)	
Transfer of direct financing lease between mortgage or bond funds			(6,565)	
Transfer of direct financing lease between mortgage or bond funds			6,565	
Transfer of building from mortgage or bond funds to the administrative fund	14,938		(14,938)	

Exhibit C

	Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2016
\$	116,412	\$ -	\$ 116,412
	331,029	1,000	332,029
	(477,080)	(10,819)	(487,899)
	-	-	-
	430,114	-	430,114
	(433,825)	-	(433,825)
	(40,205)	-	(40,205)
	(24,399)	(40)	(24,439)
	96,760	-	96,760
	33,118	-	33,118
	(35,934)	-	(35,934)
	(9,777)	9,777	-
	(67,063)	-	(67,063)
	24,323	282	24,605
	(1,824)	(1)	(1,825)
	(58,351)	199	(58,152)
	103,037	-	103,037
	(208,949)	-	(208,949)
	-	-	-
	(320)	-	(320)
	(75,252)	-	(75,252)
	267,508	-	267,508
	(212,847)	-	(212,847)
	(149)	-	(149)
	(5,600)	5,600	-
	-	-	-
	(132,572)	5,600	(126,972)
	(1,390)	-	(1,390)
	1,754	-	1,754
	-	-	-
	(5,217)	-	(5,217)
	-	-	-
	(2,703)	-	(2,703)
	6,771	-	6,771
	-	-	-
	(785)	-	(785)
	(4,122,669)	-	(4,122,669)
	4,326,075	-	4,326,075
	2,255	4	2,259
	205,661	4	205,665
	13,953	5,803	19,756
	48,881	1,467	50,348
\$	62,834	\$ 7,270	\$ 70,104
\$	14,390	\$ (189)	\$ 14,201
	7,447	-	7,447
	(6,301)	470	(5,831)
	(2,754)	-	(2,754)
	(5,312)	5,312	-
	(2,255)	(4)	(2,259)
	77,955	-	77,955
	(146,051)	(9,819)	(155,870)
	4,530	4,429	8,959
\$	(58,351)	\$ 199	\$ (58,152)

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NOTES TO FINANCIAL STATEMENTS

**FOOTNOTE INDEX**

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NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2016**

**1 AUTHORIZING LEGISLATION AND FUNDING**

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

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

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

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

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature.
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill 232 of the 2006 Legislature.
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill 119 of the 2011 Legislature.

Each subsidiary issues annual audited financial statements. Please contact AHFC to obtain a copy.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

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

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

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

**Basis of Accounting**

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

## NOTES TO FINANCIAL STATEMENTS

### **Basis of Presentation**

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

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

### **Major Funds and Component Unit**

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

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

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

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

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

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

### **Restricted Net Position**

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

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

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

### **Use of Estimates**

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

### **Investments**

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

### **Accrued Interest Receivable on Loans and Real Estate Owned**

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

### **Loans and Allowances for Estimated Loan Losses**

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

## NOTES TO FINANCIAL STATEMENTS

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

### **Real Estate Owned**

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

### **Depreciation**

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

### **Bonds**

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

### **Deferred Debt Refunding Expenses**

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

### **Pensions**

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

### **Derivative Instruments-Interest Rate Swaps**

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

### **Operating Revenues and Expenses**

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

### **Income Taxes**

The Corporation is exempt from federal and state income taxes.

### **New Accounting Pronouncements**

GASB Statement 72, Fair Value Measurement and Application, is effective for AHFC'S fiscal year 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes.

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, 2016	
Restricted cash	\$	37,554
Unrestricted		32,550
Carrying amount	\$	70,104
Bank Balance	\$	70,959

#### Investment Valuation

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

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

#### Investment Maturities

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

	Investment Maturities (In Years)					June 30, 2016
	Less Than		More Than			
	1	1-5	6-10	10		
U. S. Treasury securities	\$ 291	\$ 130	\$ -	\$ -	\$	421
Securities of U. S. Government agencies and corporations	-	58	-	-	-	58
Certificates of deposit	-	-	-	-	-	-
Negotiable Certificates of Deposit	-	-	-	-	-	-
Commercial paper & medium-term notes	192,183	1,303	-	-	-	193,486
Money market funds	84,315	-	-	-	-	84,315
Subtotal	\$ 276,789	\$ 1,491	\$ -	\$ -	-	278,280
GeFONSI pool						337,308
Total AHFC Portfolio					\$	615,588

#### Restricted Investments

A large portion of the Corporation's investments, \$168,728,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$446,860,000, is unrestricted.

#### Realized Gains and Losses

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

	June 30, 2016	
Ending unrealized holding gain	\$	30,617
Beginning unrealized holding gain		27,310
Net change in unrealized holding gain		3,307
Net realized gain (loss)		(553)
Net increase (decrease) in fair value	\$	2,754

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 trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

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

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

**Credit Risk**

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

NOTES TO FINANCIAL STATEMENTS

The credit quality ratings of the Corporation's investments as of June 30, 2016, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). The Corporation's investments included \$421,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government and are not considered to have credit risk and therefore, are not included in the summary.

	S & P	Moody's	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	AA+	Aaa	\$ 58
Commercial paper, medium-term notes:			
	AA+	Aaa	500
	AA+	Aa1	101
	AA+	A1	250
	AA	Aa2	1,461
	AA	A1	420
	AA-	A1	1,995
	AA-	--	1,000
	AA-	Aa3	350
	A+	A2	500
	A+	A1	1,055
	A	A1	1,434
	A	A2	5,295
	--	A1e	500
	A--1+	P-1	97,053
	A--1	--	1,000
	A--1	P-1	76,523
			<u>189,437</u>
Money market funds:			
	AAAm	--	<u>84,315</u>
Unrated investments:			
Commercial paper, medium term notes	--	--	<u>4,049</u>
			<u>\$ 277,859</u>

**Concentration Risk**

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

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%
World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

NOTES TO FINANCIAL STATEMENTS

**Investment Holdings Greater than Five Percent of Total Portfolio**

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 2016, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
State of Alaska	\$ 337,308	54.79 %
Goldman Sachs	84,298	13.69
Toyota Motor Credit	72,701	11.81

**Custodial Credit Risk**

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

Of the Corporation's \$70,959,000 bank balance at June 30, 2016, cash deposits in the amount of \$322,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$46,062,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

**Interest Rate Risk**

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

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

**Modified Duration**

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2016:

	Investment Fair Value	Modified Duration
U. S. Treasury securities:		
Treasury coupon securities	\$ 421	0.720
Securities of U. S. Government agencies and corporations:		
Federal agency coupon securities	-	0.000
Federal agency pass through securities	58	1.230
Certificates of deposit	-	0.000
Commercial paper & medium-term notes:		
Commercial paper interest bearing	1,250	0.372
Commercial paper discounts	173,290	0.212
Medium-term notes	18,946	0.586
Money market funds	84,315	0.000
	\$ 278,280	
Portfolio modified duration		0.080

NOTES TO FINANCIAL STATEMENTS

**Investment in GeFONSI Pool**

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

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

The accrual basis of accounting is used for the investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool is \$337,308,000.

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

**4 INTERFUND RECEIVABLE/PAYABLE**

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

Due From	Due From						Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing		
Administrative Fund	\$ -	\$ 7,232	\$ -	\$ 2,039	\$ 5,859	\$ 15,130	
Grant Programs	-	-	-	-	1,425	1,425	
Mortgage or Bond Programs	38,947	-	-	-	-	38,947	
Other Funds or Programs	-	-	-	-	-	-	
Alaska Corporation for Affordable Housing	-	-	-	-	-	-	
<b>Total</b>	<b>\$ 38,947</b>	<b>\$ 7,232</b>	<b>\$ -</b>	<b>\$ 2,039</b>	<b>\$ 7,284</b>		

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

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

The balance due to the Administrative Fund from ACAH resulted primarily from cash advanced by the Administrative Fund to ACAH.

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):

	<b>June 30, 2016</b>
Mortgage loans	\$ 2,431,930
Multifamily loans	351,086
Other notes receivable	99,065
	2,882,081
Less:	
Allowance for losses	(64,587)
Net Mortgage loans, notes and other loans	\$ 2,817,494

Of the \$2,817,494,000 mortgage loans, notes, and other loans, \$77,611,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies that weren't expended by grant recipients and notes receivable due to ACAH of \$18,430,000. Included in the allowance for losses is \$1,245,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$17,185,000.

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

	<b>June 30, 2016</b>
<u>Delinquencies and foreclosures:</u>	
Loans delinquent 30 days or more	\$ 102,887
Foreclosures during period	7,174
Loans in foreclosure process	10,315
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	90,754

## 6 INSURANCE AGREEMENTS

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

## 7 DIRECT FINANCING LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately \$26 million. The building is part of the Corporation's State Building Lease Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The State has the option to purchase the building for \$1 after June 1, 2017, which is the end of the lease. In March 2015, the Corporation issued the State Capital Project Bonds, 2015 Series A, to refund the General Housing Purpose Bonds, 2005 Series C, which were previously issued in May 2005 to refund the State Building Lease Bonds, Series 1999, which were originally issued in 1999 to finance the purchase of the office building. The lease of the building to the State has been recorded as a direct financing lease.

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

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
2017	\$ 3,304	\$ 3,467	\$ 6,771
2018	3,304	-	3,304
2019	3,304	-	3,304
2020	3,304	-	3,304
2021	3,034	-	3,034
Thereafter	23,392	-	23,392
Gross payments due	39,642	3,467	43,109
Less: Unearned revenue	(8,452)	(102)	(8,554)
Net investment in direct financing lease	\$ 31,190	\$ 3,365	\$ 34,555

## 8 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, and a summary of balances are shown below (in thousands):

	June 30, 2015	Additions	Reductions	June 30, 2016
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 19,687	\$ 134	\$ (9)	\$ 19,812
Construction in progress	156	789	(945)	-
Total Non-Depreciable	19,843	923	(954)	19,812
<b>Depreciable Capital Assets:</b>				
Buildings	242,359	853	(115)	243,097
Computers & Equipment	2,266	231	(245)	2,252
Vehicles	1,983	187	(54)	2,116
Less: Accumulated depreciation				
Buildings	(146,844)	(7,043)	86	(153,801)
Computers & Equipment	(1,850)	(278)	245	(1,883)
Vehicles	(1,700)	(126)	54	(1,772)
Total Depreciable, Net	96,214	(6,176)	(29)	90,009
<b>Total Capital Assets, Net</b>	<b>\$ 116,057</b>	<b>\$ (5,253)</b>	<b>\$ (983)</b>	<b>\$ 109,821</b>

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

The depreciation expense charged by the Corporation was \$7,447,000 for the year ended June 30, 2016.

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 \$6,465,000 at June 30, 2016.

## 9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at June 30, 2016, were interest rate swap derivatives of \$207,474,000, deferred debt refunding expense of \$21,706,000, and pension deferred outflows of \$5,741,000.

## 10 BONDS PAYABLE

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

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

NOTES TO FINANCIAL STATEMENTS

The Corporation has authorization to issue Draw Down bonds in the amount of \$900,000,000 for the purpose of preserving private activity bond volume capacity and to refund certain outstanding obligations of the Corporation. Only \$300,000,000 of these bonds can be outstanding at any one time. As of June 30, 2016, there were no draw down bonds outstanding, and the Corporation does not anticipate issuing any additional draw down bonds in the future.

Bonds outstanding are shown below (in thousands):

	Original Amount	June 30, 2016
<b>First-Time Home Buyer Program</b>		
<b>Mortgage Revenue Bonds, Tax-Exempt:</b>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 48,290
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	90,570
• 2010 Series A; 2.25% to 4.00%, due 2016-2027 Unamortized discount	43,130	30,495 (142)
• 2010 Series B; 2.25% to 4.625%, due 2016-2040	35,680	31,470
• 2011 Series B; 2.20% to 4.05%, due 2016-2026	71,360	49,375
<b>Mortgage Revenue Bonds, Taxable:</b>		
• 2011 Series A; 2.80% due 2016-2026	28,945	4,265
Total Mortgage Revenue Bonds	<u>372,215</u>	<u>254,323</u>
<b>Home Mortgage Revenue Bonds, Tax-Exempt:</b>		
• 2002 Series A; Floating Rate*; 0.50% at June 30, 2016, due 2032-2036 Unamortized swap termination penalty	170,000	62,890 (3,848)
• 2007 Series A; Floating Rate*; 0.43% at June 30, 2016, due 2017-2041	75,000	75,000
• 2007 Series B; Floating Rate*; 0.43% at June 30, 2016, due 2017-2041	75,000	75,000
• 2007 Series D; Floating Rate*; 0.39% at June 30, 2016, due 2017-2041	89,370	89,370
• 2009 Series A; Floating Rate*; 0.46% at June 30, 2016, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*, 0.39% at June 30, 2016, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 0.40% at June 30, 2016, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	<u>652,000</u>	<u>541,042</u>
<b>Veterans Mortgage Program Bonds:</b>		
<b>Collateralized State Guaranteed Bonds, Tax-Exempt:</b>		
• 2007 & 2008 First Series; 4.00% to 5.25%, due 2017-2038	57,885	11,585
<b>Other Housing Bonds:</b>		
<b>General Mortgage Revenue Bonds, Tax-Exempt:</b>		
• 2012 Series A; 1.30% to 4.30%, due 2016-2040 Unamortized discount Unamortized premium	145,890	121,580 (610) 430
<b>Governmental Purpose Bonds, Tax-Exempt:</b>		
• 1997 Series A; Floating Rate*, monthly payments, 0.42% at June 30, 2016, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 0.40% at June 30, 2016, due 2016-2030 Unamortized swap termination penalty	76,580	48,675 (5,725)
• 2001 Series B; Floating Rate*; 0.40% at June 30, 2016, due 2016-2030	93,590	59,480
Total Other Housing Bonds	<u>349,060</u>	<u>238,430</u>

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2016
<b>Non-Housing Bonds:</b>		
<b>State Capital Project Bonds, Tax-Exempt:</b>		
• 2002 Series C; Floating Rate*, 0.41% at June 30, 2016, due 2016-2022	60,250	40,420
• 2007 Series A & B; 4.00% to 5.25%, due 2016-2029	95,525	32,470
Unamortized discount		(34)
Unamortized premium		383
• 2011 Series A; 4.25% to 5.00%, due 2016-2027	105,185	74,670
Unamortized discount		(70)
Unamortized premium		1,000
• 2012 Series A; 3.00% to 5.00%, due 2016-2032	99,360	83,230
Unamortized discount		(109)
Unamortized premium		7,793
• 2013 Series A; 4.00% to 5.00%, due 2017-2032	86,765	86,765
Unamortized premium		8,613
• 2014 Series A; 3.00% to 5.00%, due 2016-2033	95,115	95,115
Unamortized discount		(63)
Unamortized premium		6,947
• 2014 Series B; 4.00% to 5.00%, due 2016-2029	29,285	28,350
Unamortized premium		3,489
• 2014 Series D; 3.00% to 5.00%, due 2016-2029	78,105	78,055
Unamortized premium		12,237
• 2015 Series A; 2.00% to 5.00%, due 2016-2030	111,535	109,265
Unamortized premium		15,559
• 2015 Series B; 3.00% to 5.00%, due 2016-2036	93,365	92,580
Unamortized discount		(226)
Unamortized premium		8,269
• 2015 Series C; 3.00% to 5.00%, due 2016-2035	55,620	55,135
Unamortized premium		8,359
<b>State Capital Project Bonds, Taxable:</b>		
• 2013 Series B; Indexed Floating Rate*, monthly payments 1.26% at June 30, 2016, due 2043	50,000	50,000
• 2014 Series C; Indexed Floating Rate*, 0.96% at June 30, 2016, due 2029	140,000	140,000
Total Non-Housing Bonds	1,100,110	1,038,202
<b>Total Bonds Payable</b>	<b>\$ 2,531,270</b>	<b>\$ 2,083,582</b>

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

NOTES TO FINANCIAL STATEMENTS

**Redemption Provisions**

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

During the year ended June 30, 2016, the Corporation made \$59,945,000 special revenue redemptions and \$32,120,000 current refundings.

**Advance Refundings**

In December 2015, AHFC issued \$55,620,000 in State Capital Projects Bonds II, 2015 Series C (the "Bonds"). The Bonds were issued mainly to refund \$37,420,000 of State Capital Project Bonds, 2006 Series A and \$3,765,000 of State Capital Bonds 2007 Series B (the "Refunded Bonds"). Net proceeds of the Bonds totaled \$64,566,000, including a premium of \$8,946,000. \$42,335,000 of the proceeds was deposited into an irrevocable trust with an escrow agent to completely pay off the Refunded Bonds on the first optional redemption dates in June 2016 and December 2017. The Refunded Bonds have been legally defeased, and the trust account assets and the liability for the Refunded Bonds have been removed from the Statement of Net Position. This advance refunding decreases debt service payments by \$10,425,000 over the next 25 years, resulting in Net Present Value savings of \$4,310,000.

In the fiscal year ended June 30, 2015, the Corporation also effected an advanced refunding where the proceeds of issued bonds were used to defease outstanding debt of the Corporation.

A summary of all defeased debt, as of June 30, 2016, follows (in thousands):

	Defeased Date	June 30, 2016
State Capital Project Bonds, 2007 Series A and B	June 2015	\$ 34,230
State Capital Project Bonds, 2007 Series B	December 2015	3,765
		<u>\$ 37,995</u>

**Debt Service Requirements\*\***

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

12 Months Ended June 30	Total Debt Service		
	Principal	Interest*	Total
2017	\$ 55,545	\$ 73,804	\$ 129,349
2018	57,665	71,832	129,497
2019	59,315	69,672	128,987
2020	73,275	67,205	140,480
2021	110,140	63,283	173,423
2022-2026	428,075	258,155	686,230
2027-2031	612,980	157,873	770,853
2032-2036	326,810	76,666	403,476
2037-2041	235,170	26,112	261,282
2042-2044	62,355	1,479	63,834
	<u>\$ 2,021,330</u>	<u>\$ 866,081</u>	<u>\$ 2,887,411</u>

\* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2016

\*\* Also see Note 11 – Derivatives

NOTES TO FINANCIAL STATEMENTS

**Conduit Debt**

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

A summary of all conduit debt follows (in thousands):

	<b>Maximum Issue Amount</b>	<b>Balance at June 30, 2016</b>
Tax Exempt Direct Purchase Bonds (ANC MV Phase I Limited Partnership Project), Series 2014	\$14,682	\$7,438
Tax Exempt Revenue Bonds 2015 (Creekview Plaza 49 Senior Housing Project)	8,500	4,721
Tax Exempt Direct Purchase Bonds (325 E. 3rd Limited Partnership), Series 2016	4,000	1,726

**11 DERIVATIVES**

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

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

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

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

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2016, the Corporation had not posted any collateral and was not required to post any collateral.

**Hedging Derivatives**

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2016, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating <sup>7</sup>
GP01A <sup>1</sup>	12/01/08	2.4530	67% of 1M LIBOR <sup>4</sup>	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	AA-/Aa3
E021A <sup>12</sup>	10/09/08	2.9800	70% of 3M LIBOR <sup>5</sup>	06/01/32	AA-/Aa2
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	AA-/Aa3
SC02C <sup>3</sup>	12/05/02	4.3030	SIFMA <sup>6</sup> +0.115%	07/01/22	A+/Aa2
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AA-/Aa2
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	A+/Aa2
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AA-/Aa1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AA-/Aa2
E091ABD	05/28/09	3.7450	70% of 3M LIBOR	12/01/40	A+/Aa2

1. Governmental Purpose Bonds

2. Home Mortgage Revenue Bonds

3. State Capital Project Bonds

4. London Interbank Offered Rate ("LIBOR") 1 month

5. London Interbank Offered Rate 3 month

6. Securities Industry and Financial Markets Municipal Swap Index

7. Standard & Poor's/Moody's

NOTES TO FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 2016, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			June 30, 2016	June 30, 2015	
GP01A	\$ 48,675	\$ 54,690	\$ (6,015)	\$ (3,732)	\$ (2,283)
GP01B	59,480	74,509	(15,029)	(12,810)	(2,219)
E021A1	39,060	45,849	(6,789)	(4,501)	(2,288)
E021A2	23,830	24,932	(1,102)	(2,508)	1,406
SC02C	40,420	44,843	(4,423)	(5,085)	662
E071AB	143,622	194,519	(50,897)	(35,022)	(15,875)
E071BD	95,748	129,447	(33,699)	(23,039)	(10,660)
E091A	72,789	100,293	(27,504)	(18,478)	(9,026)
E091B	72,789	99,510	(26,721)	(18,392)	(8,329)
E091ABD	97,052	132,347	(35,295)	(24,115)	(11,180)
Total	\$ 693,465	\$ 900,939	\$ (207,474)	\$ (147,682)	\$ (59,792)

As of June 30, 2016, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2017	\$ 15,645	\$ 2,888	\$ 22,525	\$ 41,058
2018	18,880	2,817	21,954	43,651
2019	19,735	2,737	21,315	43,787
2020	23,930	2,654	20,648	47,232
2021	28,420	2,546	19,785	50,751
2022-2026	138,505	10,961	84,968	234,434
2027-2031	156,395	7,927	61,748	226,070
2032-2036	135,535	4,853	38,111	178,499
2037-2041	148,180	1,833	14,460	164,473
2042-2045	8,240	17	135	8,392
	\$ 693,465	\$ 39,233	\$ 305,649	\$ 1,038,347

**Credit Risk**

As of June 30, 2016, the Corporation is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The Corporation currently has swap agreements with five separate counterparties. Approximately 37% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa2". Of the remaining swaps, one counterparty is rated "AA-/Aa3", another counterparty is rated "AA-/Aa1", and the remaining counterparty is rated "BBB+/A3", approximating 12%, 10 %, and 7% respectively, of the total notional amount of the swaps.

**Interest Rate Risk**

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

**Basis Risk**

All of the Corporation's variable-rate bond interest payments related to interest rate swaps are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2016, SIFMA was 0.41% and 1-month LIBOR was 0.46505%, resulting in a SIFMA/LIBOR ratio of 88.2%. The 3-month LIBOR was 0.6541%, resulting in a SIFMA/LIBOR ratio of 62.7%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

NOTES TO FINANCIAL STATEMENTS

**Termination Risk**

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

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

**Rollover Risk**

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

**Investment Derivative**

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

The significant terms and credit ratings of the Corporation's investment derivative as of June 30, 2016, are shown below:

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

The change in fair value of the investment derivatives as of June 30, 2016, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			June 30, 2016	June 30, 2015	
SC02B	\$ 14,555	\$ 17,623	\$ (3,069)	\$ (2,517)	\$ (552)

**Credit Risk**

As of June 30, 2016, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The counterparty on this swap is rated "A+/Aa2".

**12 LONG TERM LIABILITIES**

The activity for the year ended June 30, 2016 is summarized in the following schedule (in thousands):

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Total bonds and notes payable	\$ 2,201,527	\$ 64,564	\$ (182,509)	\$ 2,083,582	\$ 65,766
Pension liability	28,368	9,491	-	37,859	-
Compensated absences	4,631	2,774	(3,067)	4,338	2,360
Other liabilities	858	(550)	504	812	426
Total long-term liabilities	\$ 2,235,384	\$ 76,279	\$ (185,072)	\$ 2,126,591	\$ 68,552

NOTES TO FINANCIAL STATEMENTS

### 13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield during the year ended June 30, 2016, was 0.12% and the highest was 0.48%.

Short term debt activity for the year ended June 30, 2016, is summarized in the following schedule (in thousands):

	June 30, 2015	Additions	Reductions	June 30, 2016
Commercial paper	\$ 16,900	\$ 267,606	\$ (212,906)	\$ 71,600
Unamortized discount	(1)	(70)	60	(11)
Commercial paper, net	\$ 16,899	\$ 267,536	\$ (212,846)	\$ 71,589

### 14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. AHFC's deferred inflows of resources at June 30, 2016, represent the difference between projected and actual investment earnings in State of Alaska's Public Employees' Retirement System Defined Benefit Retirement Plan of \$670,000.

### 15 TRANSFERS

Transfers for the year ended June 30, 2016, are summarized in the following schedule (in thousands):

	From					Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Administrative Fund	\$ -	\$ 98	\$ 55,598	\$ 16	\$ -	\$ 55,712
Grant Programs	9,248	-	-	-	-	9,248
Mortgage or Bond Programs	62,823	-	5,718	-	-	68,541
Other Funds or Programs	3,002	41	-	-	-	3,043
Alaska Corporation for Affordable Housing	10,912	-	-	-	-	10,912
Total	\$ 85,985	\$ 139	\$ 61,316	\$ 16	\$ -	

Transfers are used to:

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

### 16 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations with which it has entered into standby bond purchase agreements to provide liquidity in the event of unremarketed tenders and/or bond insurance contracts to guarantee the payment of debt service. At June 30, 2016, the Corporation had unused standby bond purchase agreements of \$544,890,000 and bond insurance of \$32,470,000.

NOTES TO FINANCIAL STATEMENTS

**17 YIELD RESTRICTION AND ARBITRAGE REBATE**

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds. Most of the non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. The amount of excess earning arbitrage expensed for the year ended June 30, 2016 was (\$47,000). No arbitrage was paid for the year ended June 30, 2016.

**18 STATE AUTHORIZATIONS AND COMMITMENTS**

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

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

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected “net income”. Following are the details of AHFC’s dividend to the State as of June 30, 2016, (in thousands):

	<b>Dividend Due to State</b>	<b>Expenditures</b>	<b>Remaining Commitments</b>
State General Fund Transfers	\$ 789,698	\$ (788,948)	\$ 750
State Capital Projects Debt Service	434,866	(422,438)	12,428
State of Alaska Capital Projects	253,761	(249,159)	4,602
AHFC Capital Projects	478,858	(450,775)	28,083
Total	<u>\$ 1,957,183</u>	<u>\$ (1,911,320)</u>	<u>\$ 45,863</u>

**Transfer Plan with the State**

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

**19 HOUSING GRANTS AND SUBSIDIES EXPENSES**

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

	<b>June 30, 2016</b>
▪ Beneficiaries and Special Needs Housing	\$ 2,218
▪ Continuum of Care Homeless Assistance	2,218
▪ Domestic Violence	1,570
▪ Drug Elimination	43
▪ Emergency Shelter Grant (ESG)	214
▪ Energy Efficiency Monitoring Research	561
▪ Energy Efficient Home Program	14,658
▪ HOME Investment Partnership	2,151
▪ Homeless Assistance Program	8,582
▪ Housing Choice Vouchers	31,201
▪ Housing Loan Program	5,409
▪ Housing Opportunities for Persons with AIDS	680
▪ Low Income Home Energy Assistance	300
▪ Low Income Weatherization Assistance	22,460
▪ Non-Elderly Disabled (NED)	243
▪ Parolees (TBRA)	613
▪ Section 8 Rehabilitaton	427
▪ Senior Citizen Housing Development Grant	3,925
▪ Supplemental Housing Grant	7,690
▪ Technical Assistance Grant	17
▪ Utility Allowance Payments for Low Rent	8
▪ Veterans Affairs Supportive Housing	1,720
▪ Youth (TBRA)	146
<b>Total Housing Grants and Subsidies Expenses</b>	<u><u>\$ 107,054</u></u>

In addition to grant payments made, the Corporation had advanced grant funds of \$6,122,000 and committed to third parties a sum of \$76,416,000 in grant awards as of June 30, 2016.

**20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS**

**Description of Plans**

As of June 30, 2016, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

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

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

PERS audited financial statements are available at [www.doa.alaska.gov/drb](http://www.doa.alaska.gov/drb).

**Defined Benefit Pension and Post Employment Health Care Plans (Employees hired prior to July 1, 2006)**

*Employee Benefits:*

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

*Funding Policy:*

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

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2016, 13.25% of covered salary is for the pension plan and 8.75% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 27.19% for fiscal year 2016 and the employer rate of 22% is funded by the State.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the year ended June 30, 2016, totaled \$1,334,000, and for the years ended June 30, 2015, and June 30, 2014, totaled \$1,543,000 and \$1,953,000, respectively.

*Pension Liabilities:*

At June 30, 2016, the Corporation reported a liability for its proportionate share to the net pension liability in the amount of \$37,859,000. This amount reflected State pension support provided to the Corporation in the amount of \$10,140,000. The total net pension liability associated with the Corporation was \$47,999,000.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2014 and rolled forward to June 30, 2015.

*Pension Expense:*

For the year ended June 30, 2016, the Corporation recognized pension expense of \$7,703,000 and revenue of \$1,400,000 for support provided by the State.

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

As of June 30, 2016, the Corporation's deferred outflows of resources related to pensions of \$5,741,000 were due to a change in its proportionate share of contributions to the pension plan of \$1,008,000, a difference between expected and actual experience of \$44,000, changes in assumptions of \$2,214,000 and contributions to the pension plan subsequent to the measurement date of \$2,475,000. The Corporation's deferred inflows of resources related to pension of \$670,000 were due to a difference between projected and actual investment earnings.

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

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total</b>
2017	\$ 5,187	\$ (168)	\$ 5,019
2018	28	(167)	(139)
2019	(263)	(168)	(431)
2020	789	(167)	622
	<u>\$ 5,741</u>	<u>\$ (670)</u>	<u>\$ 5,071</u>

NOTES TO FINANCIAL STATEMENTS

*Actuarial Assumptions:*

The total pension liability for fiscal year ended June 30, 2016, was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015. The valuation was prepared assuming an inflation rate of 3.12%. Salary increases were determined by grading by age and service to range from 4.34% to 9.66%. Investment rate of return was calculated at 8.00%, net of pension plan investment expenses, based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

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

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table (note that the rates shown below exclude the inflation component):

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	5.35 %
Global Equity (non-U.S.)	5.55
Private Equity	6.25
Fixed Income Composite	0.80
Real Estate	3.65
Alternative Equity	4.70

*Discount rate:*

The discount rate used to ensure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and nonemployer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:*

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

	<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
Corporation's proportionate share of the net pension liability	\$50,330	\$37,859	\$27,560

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

*Employee Benefits*

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

## NOTES TO FINANCIAL STATEMENTS

### *Funding Policy*

Under State law, covered employees are required to contribute 8% of their annual covered salary. For fiscal year 2016, the Corporation is required to contribute 5.22% of the annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For fiscal year 2016, the Corporation is required to contribute 1.68% of the annual covered salary plus an annual flat dollar amount of \$2,004.52 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 defined benefit plan's unfunded liability. For the year ended June 30, 2016, the Corporation paid additional contributions of \$754,000. These contributions equal \$454,000 for the defined benefit pension and \$300,000 for the defined benefit post-employment healthcare plans.

The contributions to the pension plan for the year ended June 30, 2016, by the employees totaled \$510,000 and by the Corporation totaled \$333,000.

The Corporation contributed \$316,000 to a health reimbursement arrangement for the year ended June 30, 2016.

## **21 OTHER COMMITMENTS AND CONTINGENCIES**

### **Medical Self Insurance**

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$175,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported ("IBNR") liability in the amount of \$2,592,000 as of June 30, 2016.

### **Litigation**

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

### **Contingent Liabilities**

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

### **Subsequent Events**

In July 2016, the Corporation issued \$50,000,000 Collateralized Bonds (Veterans Mortgage Program) 2016 First and Second Series. The bonds are general obligations of the Corporation, but principal and interest on the bonds are also unconditionally guaranteed by the State of Alaska. The 2016 Collateralized Bonds are tax exempt and bear interest at fixed rates between 0.65% and 3.20% each June 1 and December 1 with a final maturity of December 1, 2046.

Also in July 2016, the Corporation defeased the remaining \$11,585,000 of Collateralized Bonds, 2007 First Series (the "Refunded Bonds"). Corporate funds were deposited into an irrevocable trust with an escrow agent to completely pay off the Refunded Bonds on the first optional redemption date in June 2017. The Refunded Bonds have been legally defeased, and, as of the defeasance date, the trust account assets and the liability for the Refunded Bonds have been removed from the Statement of Net Position.

In August 2016, the Corporation issued \$100,000,000 General Mortgage Revenue Bonds II 2016 Series A. The bonds are general obligations of the Corporation. The 2016 Series A bonds are tax exempt and bear interest at fixed rates between 0.45% and 3.50% payable each June 1 and December 1 with a final maturity of December 1, 2046.

## **22 RISK MANAGEMENT**

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

NOTES TO FINANCIAL STATEMENTS

**23 FIVE YEAR FINANCIAL INFORMATION**

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

	June 30,				
	2016	2015	2014	2013	2012
<b>Assets</b>					
Cash	\$ 70,104	\$ 50,348	\$ 77,026	\$ 59,207	\$ 64,631
Investments	615,588	816,244	1,063,200	1,218,693	1,231,890
Accrued interest receivable	12,325	11,606	12,357	11,559	12,423
Mortgage loans, notes and other loans	2,817,494	2,662,893	2,536,596	2,305,667	2,525,004
Net investment in direct financing lease	34,555	39,732	44,664	48,777	53,192
Unamortized bond issuance costs	-	-	-	10,855	14,110
Capital assets, net	109,821	116,057	120,248	125,483	125,366
Other assets	35,746	47,982	44,533	64,919	46,275
Derivative instrument - interest rate swaps	-	-	-	-	-
<b>Total Assets</b>	<b>3,695,633</b>	<b>3,744,862</b>	<b>3,898,624</b>	<b>3,845,160</b>	<b>4,072,891</b>
<b>Deferred Outflow of Resources</b>	<b>234,921</b>	<b>171,440</b>	<b>156,579</b>	<b>136,070</b>	<b>215,757</b>
<b>Liabilities</b>					
Bonds and notes payable	2,083,582	2,201,527	2,308,710	2,257,875	2,407,864
Short term debt	71,589	16,899	64,993	28,388	68,685
Accrued interest payable	9,628	9,397	10,147	9,947	11,323
Other liabilities	55,009	49,522	21,079	20,857	27,153
Derivative instrument - interest rate swaps	210,543	150,199	140,366	138,635	219,480
<b>Total Liabilities</b>	<b>2,430,351</b>	<b>2,427,544</b>	<b>2,545,295</b>	<b>2,455,702</b>	<b>2,734,505</b>
<b>Deferred Inflow of Resources</b>	<b>670</b>	<b>3,277</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Position</b>	<b>\$ 1,499,533</b>	<b>\$ 1,485,481</b>	<b>\$ 1,509,908</b>	<b>\$ 1,525,528</b>	<b>\$ 1,554,143</b>
<b>Operating Revenues</b>					
Mortgage and loans revenue	\$ 128,942	\$ 126,140	\$ 120,740	\$ 125,059	\$ 147,078
Investment interest	3,595	4,388	6,532	6,385	6,793
Net change in fair value of investments	2,754	1,627	2,450	1,545	7,667
Net change of hedge termination	(552)	11	37	1,158	(1,765)
Total Investment Revenue	5,797	6,026	9,019	9,088	12,695
Externally funded programs	123,782	146,236	163,739	168,152	179,704
Rental	10,707	9,342	8,951	8,701	8,554
Other	4,952	2,355	5,637	4,325	3,147
<b>Total Operating Revenues</b>	<b>274,180</b>	<b>290,099</b>	<b>308,086</b>	<b>315,325</b>	<b>351,178</b>
<b>Operating Expenses</b>					
Interest	70,357	75,349	81,184	94,409	111,558
Mortgage and loan costs	10,836	11,327	9,442	10,098	11,131
Operations and administration	58,373	53,287	58,771	56,663	57,126
Financing expenses	3,556	5,064	4,415	12,419	7,807
Provision for loan loss	(5,831)	(5,741)	(5,688)	(4,753)	(1,542)
Housing grants and subsidies	107,054	125,222	149,188	150,460	179,194
Rental housing operating expenses	15,634	17,086	14,159	13,924	16,373
<b>Total Operating Expenses</b>	<b>259,979</b>	<b>281,594</b>	<b>311,471</b>	<b>333,220</b>	<b>381,647</b>
<b>Operating Income (Loss)</b>	<b>14,201</b>	<b>8,505</b>	<b>(3,385)</b>	<b>(17,895)</b>	<b>(30,469)</b>
<b>Non-Operating &amp; Special Item</b>					
Contribution to State or State agency	(149)	(3,825)	(1,380)	(10,720)	(9,207)
Special item	-	-	-	-	-
<b>Change in Net Position</b>	<b>\$ 14,052</b>	<b>\$ 4,680</b>	<b>\$ (4,765)</b>	<b>\$ (28,615)</b>	<b>\$ (39,676)</b>

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.78060000%	0.60821387%	0.59869601%
The Corporation's proportionate share of the net pension liability (asset)	\$ 37,859	\$ 28,368	\$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	10,856	22,644	26,434
Total	<u>\$ 48,715</u>	<u>\$ 51,012</u>	<u>\$ 57,874</u>
The Corporation's covered employee payroll	\$ 15,252	\$ 16,314	\$ 17,189
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	248.22%	173.89%	182.91%
Plan fiduciary net position as a percentage of the total pension liability	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2016, the plan measurement date is June 30, 2015.

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

This table reports the Corporation's pension contributions to PERS during fiscal year 2016. These contributions are reported as a deferred outflow of resources on the June 30, 2016 basic financial statements.

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

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

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

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2016

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 32,550	\$ -	\$ -	\$ -
Investments	491,232	19,868	39,599	3,594
Accrued interest receivable	3,082	932	2,645	71
Inter-fund due to/from	(23,817)	4,368	13,011	471
Mortgage loans, notes and other loans	8,687	7,478	20,639	323
Net investment in direct financing lease	-	-	-	-
Other assets	4,311	-	-	-
Intergovernmental receivable	153	-	-	-
<b>Total Current</b>	<b>516,198</b>	<b>32,646</b>	<b>75,894</b>	<b>4,459</b>
<b>Non Current</b>				
Investments	1,491	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	281,325	281,210	724,740	13,748
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,483	-	-	-
Capital assets - depreciable, net	16,270	-	-	-
Other assets	6,413	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>307,982</b>	<b>281,210</b>	<b>724,740</b>	<b>13,748</b>
<b>Total Assets</b>	<b>824,180</b>	<b>313,856</b>	<b>800,634</b>	<b>18,207</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	5,741	-	189,851	-
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	8,976	2,455	450
Short term debt	71,589	-	-	-
Accrued interest payable	2,473	645	1,641	49
Other liabilities	7,022	88	289	6
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>81,084</b>	<b>9,709</b>	<b>4,385</b>	<b>505</b>
<b>Non Current</b>				
Bonds payable	-	245,347	538,587	11,135
Other liabilities	1,978	-	-	-
Derivative instrument - interest rate swaps	-	-	182,008	-
Intergovernmental payable	-	-	-	-
Pension liability	37,859	-	-	-
<b>Total Non Current</b>	<b>39,837</b>	<b>245,347</b>	<b>720,595</b>	<b>11,135</b>
<b>Total Liabilities</b>	<b>120,921</b>	<b>255,056</b>	<b>724,980</b>	<b>11,640</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	670	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	18,753	-	-	-
Restricted by bond resolutions	-	58,800	265,505	6,567
Restricted by contractual or statutory agreements	59,693	-	-	-
Unrestricted or (deficit)	629,884	-	-	-
<b>Total Net Position</b>	<b>\$ 708,330</b>	<b>\$ 58,800</b>	<b>\$ 265,505</b>	<b>\$ 6,567</b>

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ -	\$ 134	\$ 37,420	\$ 70,104
38,701	19,718	1,385	614,097
1,237	4,204	154	12,325
7,422	13,675	(15,130)	-
11,637	27,675	1,172	77,611
-	5,414	-	5,414
-	-	7,164	11,475
-	-	17,704	17,857
58,997	70,820	49,869	808,883
-	-	-	1,491
-	-	-	-
400,878	982,145	55,837	2,739,883
-	29,141	-	29,141
-	-	17,329	19,812
-	-	73,739	90,009
-	-	1	6,414
-	-	-	-
-	-	-	-
400,878	1,011,286	146,906	2,886,750
459,875	1,082,106	196,775	3,695,633
22,296	17,033	-	234,921
8,693	45,192	-	65,766
-	-	-	71,589
675	4,145	-	9,628
532	283	6,014	14,234
-	134	416	550
9,900	49,754	6,430	161,767
229,737	993,010	-	2,017,816
47	339	2	2,366
21,044	7,491	-	210,543
-	-	-	-
-	-	-	37,859
250,828	1,000,840	2	2,268,584
260,728	1,050,594	6,432	2,430,351
-	-	-	670
-	-	91,068	109,821
221,443	-	-	552,315
-	-	101,743	161,436
-	48,545	(2,468)	675,961
\$ 221,443	\$ 48,545	\$ 190,343	\$ 1,499,533

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 2

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

ADMINISTRATIVE FUND

As of June 30, 2016

(in thousands of dollars)

	<b>Administrative Fund</b>
<b>ASSETS</b>	
<b>Current</b>	
Cash	\$ 32,550
Investments	491,232
Accrued interest receivable	3,082
Inter-fund due to/from	(23,817)
Mortgage loans, notes and other loans	8,687
Net investment in direct financing lease	-
Other assets	4,311
Intergovernmental receivable	153
<b>Total Current</b>	<b>516,198</b>
<b>Non Current</b>	
Investments	1,491
Inter-fund due to/from	-
Mortgage loans, notes and other loans	281,325
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,483
Capital assets - depreciable, net	16,270
Other assets	6,413
Derivative instrument - interest rate swaps	-
Intergovernmental receivable	-
<b>Total Non Current</b>	<b>307,982</b>
<b>Total Assets</b>	<b>824,180</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>5,741</b>
<b>LIABILITIES</b>	
<b>Current</b>	
Bonds payable	-
Short term debt	71,589
Accrued interest payable	2,473
Other liabilities	7,022
Intergovernmental payable	-
<b>Total Current</b>	<b>81,084</b>
<b>Non Current</b>	
Bonds payable	-
Other liabilities	1,978
Derivative instrument - interest rate swaps	-
Intergovernmental payable	-
Pension liability	37,859
<b>Total Non Current</b>	<b>39,837</b>
<b>Total Liabilities</b>	<b>120,921</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>670</b>
<b>NET POSITION</b>	
Net investment in capital assets	18,753
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	59,693
Unrestricted or (deficit)	629,884
<b>Total Net Position</b>	<b>\$ 708,330</b>

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## ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2016

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ -	\$ -	\$ -
Investments	7,081	12,787	19,868
Accrued interest receivable	381	551	932
Inter-fund due to/from	1,734	2,634	4,368
Mortgage loans, notes and other loans	2,877	4,601	7,478
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Current</b>	<b>12,073</b>	<b>20,573</b>	<b>32,646</b>
<b>Non Current</b>			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	109,593	171,617	281,210
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Non Current</b>	<b>109,593</b>	<b>171,617</b>	<b>281,210</b>
<b>Total Assets</b>	<b>121,666</b>	<b>192,190</b>	<b>313,856</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current</b>			
Bonds payable	3,211	5,765	8,976
Short term debt	-	-	-
Accrued interest payable	323	322	645
Other liabilities	35	53	88
Intergovernmental payable	-	-	-
<b>Total Current</b>	<b>3,569</b>	<b>6,140</b>	<b>9,709</b>
<b>Non Current</b>			
Bonds payable	106,902	138,445	245,347
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Pension liability	-	-	-
<b>Total Non Current</b>	<b>106,902</b>	<b>138,445</b>	<b>245,347</b>
<b>Total Liabilities</b>	<b>110,471</b>	<b>144,585</b>	<b>255,056</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,195	47,605	58,800
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>\$ 11,195</b>	<b>\$ 47,605</b>	<b>\$ 58,800</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2016

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	3,039	4,437	4,403	7,737
Accrued interest receivable	395	284	301	386
Inter-fund due to/from	1,341	1,375	1,649	1,468
Mortgage loans, notes and other loans	2,547	2,385	2,352	2,936
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Current</b>	<b>7,322</b>	<b>8,481</b>	<b>8,705</b>	<b>12,527</b>
<b>Non Current</b>				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	93,765	82,725	80,758	104,338
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>93,765</b>	<b>82,725</b>	<b>80,758</b>	<b>104,338</b>
<b>Total Assets</b>	<b>101,087</b>	<b>91,206</b>	<b>89,463</b>	<b>116,865</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>7,891</b>	<b>27,983</b>	<b>27,968</b>	<b>33,175</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	765	765	925
Short term debt	-	-	-	-
Accrued interest payable	169	229	229	269
Other liabilities	62	39	34	34
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>231</b>	<b>1,033</b>	<b>1,028</b>	<b>1,228</b>
<b>Non Current</b>				
Bonds payable	59,042	74,235	74,235	88,445
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	7,891	26,579	26,563	31,454
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
<b>Total Non Current</b>	<b>66,933</b>	<b>100,814</b>	<b>100,798</b>	<b>119,899</b>
<b>Total Liabilities</b>	<b>67,164</b>	<b>101,847</b>	<b>101,826</b>	<b>121,127</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	41,814	17,342	15,605	28,913
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>\$ 41,814</b>	<b>\$ 17,342</b>	<b>\$ 15,605</b>	<b>\$ 28,913</b>

Schedule 4

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ -	\$ -	\$ -	\$ -
6,946	6,364	6,673	39,599
401	390	488	2,645
2,062	1,611	3,505	13,011
3,345	3,598	3,476	20,639
-	-	-	-
-	-	-	-
-	-	-	-
12,754	11,963	14,142	75,894
-	-	-	-
-	-	-	-
113,400	123,123	126,631	724,740
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
113,400	123,123	126,631	724,740
126,154	135,086	140,773	800,634
31,565	30,783	30,486	189,851
-	-	-	2,455
-	-	-	-
228	225	292	1,641
34	32	54	289
-	-	-	-
262	257	346	4,385
80,880	80,880	80,870	538,587
-	-	-	-
30,447	29,664	29,410	182,008
-	-	-	-
-	-	-	-
111,327	110,544	110,280	720,595
111,589	110,801	110,626	724,980
-	-	-	-
-	-	-	-
46,130	55,068	60,633	265,505
-	-	-	-
-	-	-	-
\$ 46,130	\$ 55,068	\$ 60,633	\$ 265,505

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 5

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2016

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ -	\$ -	\$ -
Investments	-	3,594	3,594
Accrued interest receivable	-	71	71
Inter-fund due to/from	-	471	471
Mortgage loans, notes and other loans	-	323	323
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Current</b>	<b>-</b>	<b>4,459</b>	<b>4,459</b>
<b>Non Current</b>			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	-	13,748	13,748
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>13,748</b>	<b>13,748</b>
<b>Total Assets</b>	<b>-</b>	<b>18,207</b>	<b>18,207</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current</b>			
Bonds payable	-	450	450
Short term debt	-	-	-
Accrued interest payable	-	49	49
Other liabilities	-	6	6
Intergovernmental payable	-	-	-
<b>Total Current</b>	<b>-</b>	<b>505</b>	<b>505</b>
<b>Non Current</b>			
Bonds payable	-	11,135	11,135
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Pension liability	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>11,135</b>	<b>11,135</b>
<b>Total Liabilities</b>	<b>-</b>	<b>11,640</b>	<b>11,640</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	-	6,567	6,567
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 6,567</b>	<b>\$ 6,567</b>

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 6

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**
**OTHER HOUSING BONDS**

As of June 30, 2016

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	13,210	6,298	19,193	38,701
Accrued interest receivable	434	211	592	1,237
Inter-fund due to/from	2,900	-	4,522	7,422
Mortgage loans, notes and other loans	5,523	482	5,632	11,637
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Current</b>	<b>22,067</b>	<b>6,991</b>	<b>29,939</b>	<b>58,997</b>
<b>Non Current</b>				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	184,369	15,580	200,929	400,878
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>184,369</b>	<b>15,580</b>	<b>200,929</b>	<b>400,878</b>
<b>Total Assets</b>	<b>206,436</b>	<b>22,571</b>	<b>230,868</b>	<b>459,875</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>1,252</b>	<b>-</b>	<b>21,044</b>	<b>22,296</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	3,470	-	5,223	8,693
Short term debt	-	-	-	-
Accrued interest payable	359	5	311	675
Other liabilities	41	3	488	532
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>3,870</b>	<b>8</b>	<b>6,022</b>	<b>9,900</b>
<b>Non Current</b>				
Bonds payable	117,930	14,600	97,207	229,737
Other liabilities	-	-	47	47
Derivative instrument - interest rate swaps	-	-	21,044	21,044
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
<b>Total Non Current</b>	<b>117,930</b>	<b>14,600</b>	<b>118,298</b>	<b>250,828</b>
<b>Total Liabilities</b>	<b>121,800</b>	<b>14,608</b>	<b>124,320</b>	<b>260,728</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	85,888	7,963	127,592	221,443
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>\$ 85,888</b>	<b>\$ 7,963</b>	<b>\$ 127,592</b>	<b>\$ 221,443</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

### NON-HOUSING BONDS

As of June 30, 2016

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ -	\$ -	\$ 134	\$ -	\$ -
Investments	4,878	-	123	1,308	1,430
Accrued interest receivable	212	-	42	309	521
Inter-fund due to/from	644	-	48	1,621	932
Mortgage loans, notes and other loans	1,253	-	(287)	2,229	2,131
Net investment in direct financing lease	-	-	2,049	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Current</b>	<b>6,987</b>	<b>-</b>	<b>2,109</b>	<b>5,467</b>	<b>5,014</b>
<b>Non Current</b>					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	44,026	-	5,161	76,360	86,534
Net investment in direct financing lease	-	-	29,141	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Non Current</b>	<b>44,026</b>	<b>-</b>	<b>34,302</b>	<b>76,360</b>	<b>86,534</b>
<b>Total Assets</b>	<b>51,013</b>	<b>-</b>	<b>36,411</b>	<b>81,827</b>	<b>91,548</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
	4,423	-	930	-	-
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	5,510	-	4,068	2,511	5,458
Short term debt	-	-	-	-	-
Accrued interest payable	1,098	-	125	306	317
Other liabilities	24	-	3	24	21
Intergovernmental payable	-	-	134	-	-
<b>Total Current</b>	<b>6,632</b>	<b>-</b>	<b>4,330</b>	<b>2,841</b>	<b>5,796</b>
<b>Non Current</b>					
Bonds payable	34,910	-	28,751	73,089	85,456
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	7,491	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Pension liability	-	-	-	-	-
<b>Total Non Current</b>	<b>42,401</b>	<b>-</b>	<b>28,751</b>	<b>73,089</b>	<b>85,456</b>
<b>Total Liabilities</b>	<b>49,033</b>	<b>-</b>	<b>33,081</b>	<b>75,930</b>	<b>91,252</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	6,403	-	4,260	5,897	296
<b>Total Net Position</b>	<b>\$ 6,403</b>	<b>\$ -</b>	<b>\$ 4,260</b>	<b>\$ 5,897</b>	<b>\$ 296</b>

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	General Housing Purpose Bonds 2005 B & C	Combined Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134
1,454	1,703	586	1,977	636	2,082	2,220	1,321	-	19,718
799	395	128	402	289	475	416	216	-	4,204
1,249	2,009	566	1,557	800	1,673	1,927	649	-	13,675
3,860	2,687	788	4,309	2,734	3,155	2,985	1,831	-	27,675
-	-	-	-	-	3,365	-	-	-	5,414
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7,362	6,794	2,068	8,245	4,459	10,750	7,548	4,017	-	70,820
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
142,387	99,095	29,567	145,370	88,398	109,523	96,521	59,203	-	982,145
-	-	-	-	-	-	-	-	-	29,141
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
142,387	99,095	29,567	145,370	88,398	109,523	96,521	59,203	-	1,011,286
149,749	105,889	31,635	153,615	92,857	120,273	104,069	63,220	-	1,082,106
-	-	-	-	-	5,173	4,694	1,813	-	17,033
4,468	7,173	2,093	-	1,703	6,300	1,888	4,020	-	45,192
-	-	-	-	-	-	-	-	-	-
386	383	118	112	325	405	348	222	-	4,145
23	28	11	38	27	38	30	16	-	283
-	-	-	-	-	-	-	-	-	134
4,877	7,584	2,222	150	2,055	6,743	2,266	4,258	-	49,754
140,910	94,826	29,746	140,000	88,589	118,524	98,735	59,474	-	993,010
-	-	-	-	-	339	-	-	-	339
-	-	-	-	-	-	-	-	-	7,491
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
140,910	94,826	29,746	140,000	88,589	118,863	98,735	59,474	-	1,000,840
145,787	102,410	31,968	140,150	90,644	125,606	101,001	63,732	-	1,050,594
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
3,962	3,479	(333)	13,465	2,213	(160)	7,762	1,301	-	48,545
\$ 3,962	\$ 3,479	\$ (333)	\$ 13,465	\$ 2,213	\$ (160)	\$ 7,762	\$ 1,301	\$ -	\$ 48,545

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2016

(in thousands of dollars)

	Energy Programs	Section 8 Vouchers Programs	Other Grants	Subtotal Grant Programs
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 1,000	\$ 5,002	\$ 207	\$ 6,209
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(3,063)	(3,050)	(1,119)	(7,232)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Other assets	621	296	5,501	6,418
Intergovernmental receivable	9,751	103	7,633	17,487
<b>Total Current</b>	<b>8,309</b>	<b>2,351</b>	<b>12,222</b>	<b>22,882</b>
<b>Non Current</b>				
Investments	-	-	-	-
Inter-fund due to/from	-	-	1,425	1,425
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	43	-	43
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>43</b>	<b>1,425</b>	<b>1,468</b>
<b>Total Assets</b>	<b>8,309</b>	<b>2,394</b>	<b>13,647</b>	<b>24,350</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	2,064	109	2,561	4,734
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>2,064</b>	<b>109</b>	<b>2,561</b>	<b>4,734</b>
<b>Non Current</b>				
Bonds payable	-	-	-	-
Other liabilities	-	1	-	1
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Total Liabilities</b>	<b>2,064</b>	<b>110</b>	<b>2,561</b>	<b>4,735</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	43	-	43
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	7,488	2,351	11,194	21,033
Unrestricted or (deficit)	(1,243)	(110)	(108)	(1,461)
<b>Total Net Position</b>	<b>\$ 6,245</b>	<b>\$ 2,284</b>	<b>\$ 11,086</b>	<b>\$ 19,615</b>

Low Rent Program	Market Rate Rental Housing Programs	Home Ownership Fund	Senior Housing Revolving Loan Fund	Subtotal Other Funds or Programs	Alaska Corporation for Affordable Housing	Combined Total
\$ 12,255	\$ 11,686	\$ -	\$ -	\$ 23,941	\$ 7,270	\$ 37,420
-	-	390	995	1,385	-	1,385
-	-	25	81	106	48	154
(1,228)	(1,130)	51	268	(2,039)	(5,859)	(15,130)
-	-	339	833	1,172	-	1,172
-	-	-	-	-	-	-
603	63	(1)	-	665	81	7,164
211	6	-	-	217	-	17,704
11,841	10,625	804	2,177	25,447	1,540	49,869
-	-	-	-	-	-	-
-	-	-	-	-	(1,425)	-
-	-	10,946	27,706	38,652	17,185	55,837
-	-	-	-	-	-	-
12,533	1,129	-	-	13,662	3,667	17,329
55,465	18,231	-	-	73,696	-	73,739
-	-	-	-	-	1	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
67,998	19,360	10,946	27,706	126,010	19,428	146,906
79,839	29,985	11,750	29,883	151,457	20,968	196,775
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
978	291	2	7	1,278	2	6,014
416	-	-	-	416	-	416
1,394	291	2	7	1,694	2	6,430
-	-	-	-	-	-	-
-	1	-	-	1	-	2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1	-	-	1	-	2
1,394	292	2	7	1,695	2	6,432
-	-	-	-	-	-	-
67,998	19,360	-	-	87,358	3,667	91,068
-	-	-	-	-	-	-
11,216	10,571	11,748	29,876	63,411	17,299	101,743
(769)	(238)	-	-	(1,007)	-	(2,468)
\$ 78,445	\$ 29,693	\$ 11,748	\$ 29,876	\$ 149,762	\$ 20,966	\$ 190,343

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

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

COMBINED - ALL FUNDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 11,566	\$ 11,904	\$ 33,656	\$ 3,645
Investment interest	340	173	287	67
Net change in the fair value of investments	2,896	3	6	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	<u>3,236</u>	<u>176</u>	<u>293</u>	<u>67</u>
Externally funded programs	1,519	-	-	-
Rental	356	-	-	-
Other	2,535	-	-	-
<b>Total Operating Revenues</b>	<u>19,212</u>	<u>12,080</u>	<u>33,949</u>	<u>3,712</u>
<b>OPERATING EXPENSES</b>				
Interest	87	8,205	21,797	2,256
Mortgage and loan costs	1,446	1,121	2,932	291
Financing expenses	285	28	2,510	7
Provision for loan loss	1,021	(1,351)	(2,190)	(1,049)
Operations and administration	26,863	532	1,278	83
Rental housing operating expenses	22	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<u>29,724</u>	<u>8,535</u>	<u>26,327</u>	<u>1,588</u>
<b>Operating Income (Loss)</b>	<u>(10,512)</u>	<u>3,545</u>	<u>7,622</u>	<u>2,124</u>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(149)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(30,273)	1,017	1,075	(29,121)
Change in Net Position	<u>(40,934)</u>	<u>4,562</u>	<u>8,697</u>	<u>(26,997)</u>
Net position at beginning of year	749,264	54,238	256,808	33,564
<b>Net Position at End of Period</b>	<u>\$ 708,330</u>	<u>\$ 58,800</u>	<u>\$ 265,505</u>	<u>\$ 6,567</u>

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 15,666	\$ 51,316	\$ 1,189	\$ 128,942
628	1,854	246	3,595
6	-	(157)	2,754
-	(552)	-	(552)
634	1,302	89	5,797
-	-	122,263	123,782
-	-	10,351	10,707
-	-	2,417	4,952
16,300	52,618	136,309	274,180
8,368	29,644	-	70,357
1,327	3,616	103	10,836
109	617	-	3,556
(676)	(2,313)	727	(5,831)
555	1,955	27,107	58,373
-	-	15,612	15,634
-	-	107,054	107,054
9,683	33,519	150,603	259,979
6,617	19,099	(14,294)	14,201
-	-	-	(149)
-	-	-	-
4,613	29,641	23,048	-
11,230	48,740	8,754	14,052
210,213	(195)	181,589	1,485,481
\$ 221,443	\$ 48,545	\$ 190,343	\$ 1,499,533

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 10

(A Component Unit of the State of Alaska)

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

Administrative Fund

For the Year Ended June 30, 2016

*(in thousands of dollars)*

	<b>Administrative Fund</b>
<b>OPERATING REVENUES</b>	
Mortgage and loans revenue	\$ 11,566
Investment interest	340
Net change in the fair value of investments	2,896
Net change of hedge termination	-
Total Investment Revenue	<u>3,236</u>
Externally funded programs	1,519
Rental	356
Other	2,535
<b>Total Operating Revenues</b>	<u>19,212</u>
<b>OPERATING EXPENSES</b>	
Interest	87
Mortgage and loan costs	1,446
Financing expenses	285
Provision for loan loss	1,021
Operations and administration	26,863
Rental housing operating expenses	22
Housing grants and subsidies	-
<b>Total Operating Expenses</b>	<u>29,724</u>
<b>Operating Income (Loss)</b>	<u>(10,512)</u>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>	
Contributions to the State of Alaska or other State agencies	(149)
Special Item	-
Transfers - Internal	(30,273)
Change in Net Position	<u>(40,934)</u>
Net position at beginning of year	749,264
<b>Net Position at End of Period</b>	<u>\$ 708,330</u>

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# ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

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

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	\$ 4,893	\$ 7,011	\$ 11,904
Investment interest	70	103	173
Net change in the fair value of investments	1	2	3
Net change of hedge termination	-	-	-
Total Investment Revenue	71	105	176
Externally funded programs	-	-	-
Rental	-	-	-
Other	-	-	-
<b>Total Operating Revenues</b>	<b>4,964</b>	<b>7,116</b>	<b>12,080</b>
<b>OPERATING EXPENSES</b>			
Interest	4,037	4,168	8,205
Mortgage and loan costs	447	674	1,121
Financing expenses	12	16	28
Provision for loan loss	(502)	(849)	(1,351)
Operations and administration	196	336	532
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	<b>4,190</b>	<b>4,345</b>	<b>8,535</b>
<b>Operating Income (Loss)</b>	<b>774</b>	<b>2,771</b>	<b>3,545</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Item	-	-	-
Transfers - Internal	523	494	1,017
Change in Net Position	1,297	3,265	4,562
Net position at beginning of year	9,898	44,340	54,238
<b>Net Position at End of Period</b>	<b>\$ 11,195</b>	<b>\$ 47,605</b>	<b>\$ 58,800</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

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

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 5,439	\$ 3,900	\$ 3,978	\$ 5,066
Investment interest	71	30	29	38
Net change in the fair value of investments	-	1	1	1
Net change of hedge termination	-	-	-	-
Total Investment Revenue	71	31	30	39
Externally funded programs	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>5,510</b>	<b>3,931</b>	<b>4,008</b>	<b>5,105</b>
<b>OPERATING EXPENSES</b>				
Interest	4,321	2,741	2,739	3,254
Mortgage and loan costs	479	366	349	436
Financing expenses	650	142	147	160
Provision for loan loss	(504)	(202)	(189)	(347)
Operations and administration	259	151	140	182
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>5,205</b>	<b>3,198</b>	<b>3,186</b>	<b>3,685</b>
<b>Operating Income (Loss)</b>	<b>305</b>	<b>733</b>	<b>822</b>	<b>1,420</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(1,273)	379	(930)	474
Change in Net Position	(968)	1,112	(108)	1,894
Net position at beginning of year	42,782	16,230	15,713	27,019
<b>Net Position at End of Period</b>	<b>\$ 41,814</b>	<b>\$ 17,342</b>	<b>\$ 15,605</b>	<b>\$ 28,913</b>

Schedule 12

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 4,643	\$ 4,983	\$ 5,647	\$ 33,656
38	40	41	287
1	1	1	6
-	-	-	-
39	41	42	293
-	-	-	-
-	-	-	-
-	-	-	-
4,682	5,024	5,689	33,949
2,922	2,911	2,909	21,797
395	425	482	2,932
463	373	575	2,510
(208)	(233)	(507)	(2,190)
161	179	206	1,278
-	-	-	-
-	-	-	-
3,733	3,655	3,665	26,327
949	1,369	2,024	7,622
-	-	-	-
-	-	-	-
809	689	927	1,075
1,758	2,058	2,951	8,697
44,372	53,010	57,682	256,808
\$ 46,130	\$ 55,068	\$ 60,633	\$ 265,505

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 13

(A Component Unit of the State of Alaska)

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

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2016

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	\$ 2,734	\$ 911	\$ 3,645
Investment interest	51	16	67
Net change in the fair value of investments	-	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	51	16	67
Externally funded programs	-	-	-
Rental	-	-	-
Other	-	-	-
<b>Total Operating Revenues</b>	<b>2,785</b>	<b>927</b>	<b>3,712</b>
<b>OPERATING EXPENSES</b>			
Interest	1,601	655	2,256
Mortgage and loan costs	219	72	291
Financing expenses	5	2	7
Provision for loan loss	(902)	(147)	(1,049)
Operations and administration	58	25	83
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	<b>981</b>	<b>607</b>	<b>1,588</b>
<b>Operating Income (Loss)</b>	<b>1,804</b>	<b>320</b>	<b>2,124</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Item	-	-	-
Transfers - Internal	(29,148)	27	(29,121)
Change in Net Position	(27,344)	347	(26,997)
Net position at beginning of year	27,344	6,220	33,564
<b>Net Position at End of Period</b>	<b>\$ -</b>	<b>\$ 6,567</b>	<b>\$ 6,567</b>

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 14

(A Component Unit of the State of Alaska)

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

OTHER HOUSING BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 6,727	\$ 493	\$ 8,446	\$ 15,666
Investment interest	61	37	530	628
Net change in the fair value of investments	2	1	3	6
Net change of hedge termination	-	-	-	-
Total Investment Revenue	63	38	533	634
Externally funded programs	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>6,790</b>	<b>531</b>	<b>8,979</b>	<b>16,300</b>
<b>OPERATING EXPENSES</b>				
Interest	4,290	18	4,060	8,368
Mortgage and loan costs	569	-	758	1,327
Financing expenses	10	37	62	109
Provision for loan loss	(53)	13	(636)	(676)
Operations and administration	235	-	320	555
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>5,051</b>	<b>68</b>	<b>4,564</b>	<b>9,683</b>
<b>Operating Income (Loss)</b>	<b>1,739</b>	<b>463</b>	<b>4,415</b>	<b>6,617</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	7,277	35	(2,699)	4,613
Change in Net Position	9,016	498	1,716	11,230
Net position at beginning of year	76,872	7,465	125,876	210,213
<b>Net Position at End of Period</b>	<b>\$ 85,888</b>	<b>\$ 7,963</b>	<b>\$ 127,592</b>	<b>\$ 221,443</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

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

### NON-HOUSING BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B
<b>OPERATING REVENUES</b>					
Mortgage and loans revenue	\$ 2,359	\$ 1,004	\$ 393	\$ 4,064	\$ 5,112
Investment interest	19	12	1,333	22	18
Net change in the fair value of investments	-	-	-	-	-
Net change of hedge termination	(552)	-	-	-	-
Total Investment Revenue	(533)	12	1,333	22	18
Externally funded programs	-	-	-	-	-
Rental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,826</b>	<b>1,016</b>	<b>1,726</b>	<b>4,086</b>	<b>5,130</b>
<b>OPERATING EXPENSES</b>					
Interest	2,259	785	1,621	3,469	2,559
Mortgage and loan costs	190	67	32	317	278
Financing expenses	62	3	15	5	5
Provision for loan loss	(123)	(630)	(282)	(119)	(581)
Operations and administration	107	20	16	657	77
Rental housing operating expenses	-	-	-	-	-
Housing grants and subsidies	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,495</b>	<b>245</b>	<b>1,402</b>	<b>4,329</b>	<b>2,338</b>
<b>Operating Income (Loss)</b>	<b>(669)</b>	<b>771</b>	<b>324</b>	<b>(243)</b>	<b>2,792</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Special Item	-	-	-	-	-
Transfers - Internal	5,312	(3,784)	270	(9,229)	4,112
Change in Net Position	4,643	(3,013)	594	(9,472)	6,904
Net position at beginning of year	1,760	3,013	3,666	15,369	(6,608)
<b>Net Position at End of Period</b>	<b>\$ 6,403</b>	<b>\$ -</b>	<b>\$ 4,260</b>	<b>\$ 5,897</b>	<b>\$ 296</b>

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	General Housing Purpose Bonds 2005 B & C	Combined Total
\$ 9,243	\$ 4,934	\$ 1,568	\$ 6,085	\$ 3,975	\$ 5,601	\$ 5,368	\$ 1,610	\$ -	\$ 51,316
23	29	10	32	16	301	28	11	-	1,854
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(552)
23	29	10	32	16	301	28	11	-	1,302
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
9,266	4,963	1,578	6,117	3,991	5,902	5,396	1,621	-	52,618
3,145	3,304	819	1,165	2,299	4,066	3,239	914	-	29,644
278	369	141	571	385	464	398	126	-	3,616
8	6	2	8	5	8	152	338	-	617
(506)	(320)	(115)	(81)	18	(197)	7	616	-	(2,313)
79	97	79	193	126	214	203	87	-	1,955
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
3,004	3,456	926	1,856	2,833	4,555	3,999	2,081	-	33,519
6,262	1,507	652	4,261	1,158	1,347	1,397	(460)	-	19,099
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
3,801	10,270	2,818	8,074	(5,947)	11,410	826	1,761	(53)	29,641
10,063	11,777	3,470	12,335	(4,789)	12,757	2,223	1,301	(53)	48,740
(6,101)	(8,298)	(3,803)	1,130	7,002	(12,917)	5,539	-	53	(195)
\$ 3,962	\$ 3,479	\$ (333)	\$ 13,465	\$ 2,213	\$ (160)	\$ 7,762	\$ 1,301	\$ -	\$ 48,545

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

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

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	Energy Programs	Section 8 Vouchers Programs	Other Grants	Subtotal Grant Programs
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ -	\$ -	\$ -	\$ -
Investment interest	2	8	-	10
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
<b>Total Investment Revenue</b>	<b>2</b>	<b>8</b>	<b>-</b>	<b>10</b>
Externally funded programs	38,987	39,046	31,289	109,322
Rental	-	-	-	-
Other	2	6	674	682
<b>Total Operating Revenues</b>	<b>38,991</b>	<b>39,060</b>	<b>31,963</b>	<b>110,014</b>
<b>OPERATING EXPENSES</b>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	4,069	5,030	2,686	11,785
Rental housing operating expenses	65	212	187	464
Housing grants and subsidies	37,979	35,921	33,146	107,046
<b>Total Operating Expenses</b>	<b>42,113</b>	<b>41,163</b>	<b>36,019</b>	<b>119,295</b>
<b>Operating Income (Loss)</b>	<b>(3,122)</b>	<b>(2,103)</b>	<b>(4,056)</b>	<b>(9,281)</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	3,627	670	4,812	9,109
Change in Net Position	505	(1,433)	756	(172)
Net position at beginning of year	5,740	3,717	10,330	19,787
<b>Net Position at End of Period</b>	<b>\$ 6,245</b>	<b>\$ 2,284</b>	<b>\$ 11,086</b>	<b>\$ 19,615</b>

Low Rent Program	Market Rate Rental Housing Programs	Home Ownership Fund	Senior Housing Revolving Loan Fund	Subtotal Other Funds or Programs	Alaska Corporation for Affordable Housing	Combined Total
\$ -	\$ -	\$ 208	\$ 933	\$ 1,141	\$ 48	\$ 1,189
2	2	85	143	232	4	246
-	-	(59)	(98)	(157)	-	(157)
-	-	-	-	-	-	-
2	2	26	45	75	4	89
10,800	2,141	-	-	12,941	-	122,263
7,772	2,363	-	-	10,135	216	10,351
1,684	2	-	-	1,686	49	2,417
20,258	4,508	234	978	25,978	317	136,309
-	-	-	-	-	-	-
-	-	21	82	103	-	103
-	-	-	-	-	-	-
-	-	113	144	257	470	727
12,191	3,072	8	29	15,300	22	27,107
12,167	2,967	-	-	15,134	14	15,612
8	-	-	-	8	-	107,054
24,366	6,039	142	255	30,802	506	150,603
(4,108)	(1,531)	92	723	(4,824)	(189)	(14,294)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,404	1,491	34	98	3,027	10,912	23,048
(2,704)	(40)	126	821	(1,797)	10,723	8,754
81,149	29,733	11,622	29,055	151,559	10,243	181,589
\$ 78,445	\$ 29,693	\$ 11,748	\$ 29,876	\$ 149,762	\$ 20,966	\$ 190,343

**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, 2016

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest income on mortgages and loans	\$ 7,211	\$ 10,963	\$ 31,216	\$ 3,571
Principal payments received on mortgages and loans	5,947	39,637	104,880	15,391
Disbursements to fund mortgages and loans	(477,080)	-	-	-
Receipt (payment) for loan transfers between funds	294,146	(35,527)	(72,186)	1,144
Mortgage and loan proceeds	430,114	-	-	-
Payment of mortgage and loan proceeds to funds	(433,825)	-	-	-
Payments to employees and other payroll disbursements	(25,709)	-	-	-
Payments for goods and services	(8,912)	1	(140)	-
Cash received for externally funded programs	1,519	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(9,361)	-	(1)	-
Grant payments to other agencies	(232)	-	-	-
Other operating cash receipts	12,872	-	-	-
Other operating cash payments	(1,559)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>(204,869)</b>	<b>15,074</b>	<b>63,769</b>	<b>20,106</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds	-	-	80,881	-
Principal paid on bonds	-	(28,815)	(105,186)	(45,270)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(320)	-	-	-
Interest paid	(59)	(8,244)	(19,900)	(2,434)
Proceeds from issuance of short term debt	267,508	-	-	-
Payment of short term debt	(212,847)	-	-	-
Contributions to the State of Alaska or other State agencies	(149)	-	-	-
Transfers (to) from other funds	(62)	72	(7,435)	19,414
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing</b>	<b>54,071</b>	<b>(36,987)</b>	<b>(51,640)</b>	<b>(28,290)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(693)	-	-	-
Proceeds from the disposal of capital assets	1,748	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>1,055</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(2,688,304)	(308,379)	(346,628)	(85,473)
Proceeds from maturity of investments	2,845,865	330,119	334,207	93,589
Interest received from investments	390	173	292	68
<b>Net cash provided by (used for) investing activities</b>	<b>157,951</b>	<b>21,913</b>	<b>(12,129)</b>	<b>8,184</b>
Net Increase (decrease) in cash	8,208	-	-	-
Cash at the beginning of year	24,342	-	-	-
<b>Cash at the end of period</b>	<b>\$ 32,550</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (10,512)	\$ 3,545	\$ 7,622	\$ 2,124
<i>Adjustments:</i>				
Depreciation expense	606	-	-	-
Provision for loan losses	1,021	(1,351)	(2,190)	(1,049)
Net change in the fair value of investments	(2,896)	(3)	(6)	-
Transfers between funds for operating activity	(26,857)	771	4,015	(258)
Interest received from investments	(390)	(173)	(292)	(68)
Interest paid	59	8,244	19,900	2,434
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(176,987)	4,110	32,694	16,535
Net increase (decrease) in assets, liabilities, and deferred resources	11,087	(69)	2,026	388
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (204,869)</b>	<b>\$ 15,074</b>	<b>\$ 63,769</b>	<b>\$ 20,106</b>

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 14,329	\$ 48,119	\$ 1,003	\$ 116,412
53,998	109,310	2,866	332,029
-	-	(10,819)	(487,899)
(45,691)	(111,542)	(30,344)	-
-	-	-	430,114
-	-	-	(433,825)
-	-	(14,496)	(40,205)
-	-	(15,388)	(24,439)
-	-	95,241	96,760
-	-	33,118	33,118
-	-	(35,934)	(35,934)
-	-	9,362	-
-	-	(66,831)	(67,063)
-	109	11,624	24,605
-	(148)	(118)	(1,825)
22,636	45,848	(20,716)	(58,152)
-	22,156	-	103,037
(12,900)	(16,778)	-	(208,949)
-	-	-	-
-	-	-	(320)
(8,132)	(36,483)	-	(75,252)
-	-	-	267,508
-	-	-	(212,847)
-	-	-	(149)
(7)	(17,500)	5,518	-
-	-	-	-
(21,039)	(48,605)	5,518	(126,972)
-	-	(697)	(1,390)
-	-	6	1,754
-	-	-	-
-	(5,217)	-	(5,217)
-	-	-	-
-	(2,703)	-	(2,703)
-	6,771	-	6,771
-	-	-	-
-	(1,149)	(691)	(785)
(260,151)	(404,539)	(29,195)	(4,122,669)
257,859	408,145	56,291	4,326,075
695	260	381	2,259
(1,597)	3,866	27,477	205,665
-	(40)	11,588	19,756
-	174	25,832	50,348
\$ -	\$ 134	\$ 37,420	\$ 70,104

\$ 6,617	\$ 19,099	\$ (14,294)	\$ 14,201
-	450	6,391	7,447
(676)	(2,313)	727	(5,831)
(6)	-	157	(2,754)
766	2,391	19,172	-
(695)	(260)	(381)	(2,259)
8,132	39,186	-	77,955
8,307	(2,232)	(38,297)	(155,870)
191	(10,473)	5,809	8,959
\$ 22,636	\$ 45,848	\$ (20,716)	\$ (58,152)

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**ALASKA HOUSING FINANCE CORPORATION**

*Schedule 18*

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

ADMINISTRATIVE FUND

For the Year Ended June 30, 2016

(in thousands of dollars)

	Administrative Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Interest income on mortgages and loans	\$ 7,211
Principal payments received on mortgages and loans	5,947
Disbursements to fund mortgages and loans	(477,080)
Receipt (payment) for loan transfers between funds	294,146
Mortgage and loan proceeds	430,114
Payment of mortgage and loan proceeds to funds	(433,825)
Payments to employees and other payroll disbursements	(25,709)
Payments for goods and services	(8,912)
Cash received for externally funded programs	1,519
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	(9,361)
Grant payments to other agencies	(232)
Other operating cash receipts	12,872
Other operating cash payments	(1,559)
<b>Net cash provided by (used for) operating activities</b>	<u>(204,869)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	-
Payment to defease bonds	-
Payment of bond issuance costs	(320)
Interest paid	(59)
Proceeds from issuance of short term debt	267,508
Payment of short term debt	(212,847)
Contributions to the State of Alaska or other State agencies	(149)
Transfers (to) from other funds	(62)
Other cash payments	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<u>54,071</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(693)
Proceeds from the disposal of capital assets	1,748
Proceeds from the issuance of capital notes	-
Principal paid on capital notes	-
Payment of bond issuance costs	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Other cash payments	-
<b>Net cash provided by (used for) capital financing activities</b>	<u>1,055</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(2,688,304)
Proceeds from maturity of investments	2,845,865
Interest received from investments	390
<b>Net cash provided by (used for) investing activities</b>	<u>157,951</u>
Net Increase (decrease) in cash	8,208
Cash at the beginning of year	24,342
<b>Cash at the end of period</b>	<u>\$ 32,550</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ (10,512)
<i>Adjustments:</i>	
Depreciation expense	606
Provision for loan losses	1,021
Net change in the fair value of investments	(2,896)
Transfers between funds for operating activity	(26,857)
Interest received from investments	(390)
Interest paid	59
<i>Changes in assets, liabilities and deferred resources:</i>	
Net (increase) decrease in mortgages and loans	(176,987)
Net increase (decrease) in assets, liabilities, and deferred resources	11,087
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (204,869)</u>

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## ALASKA HOUSING FINANCE CORPORATION

Schedule 19

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest income on mortgages and loans	\$ 4,511	\$ 6,452	\$ 10,963
Principal payments received on mortgages and loans	13,237	26,400	39,637
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(18,081)	(17,446)	(35,527)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	1	-	1
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<u>(332)</u>	<u>15,406</u>	<u>15,074</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(8,340)	(20,475)	(28,815)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(4,037)	(4,207)	(8,244)
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	91	(19)	72
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<u>(12,286)</u>	<u>(24,701)</u>	<u>(36,987)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(127,247)	(181,132)	(308,379)
Proceeds from maturity of investments	139,795	190,324	330,119
Interest received from investments	70	103	173
<b>Net cash provided by (used for) investing activities</b>	<u>12,618</u>	<u>9,295</u>	<u>21,913</u>
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
<b>Cash at the end of period</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ 774	\$ 2,771	\$ 3,545
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(502)	(849)	(1,351)
Net change in the fair value of investments	(1)	(2)	(3)
Transfers between funds for operating activity	311	460	771
Interest received from investments	(70)	(103)	(173)
Interest paid	4,037	4,207	8,244
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	(4,844)	8,954	4,110
Net increase (decrease) in assets, liabilities, and deferred resources	(37)	(32)	(69)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (332)</u>	<u>\$ 15,406</u>	<u>\$ 15,074</u>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest income on mortgages and loans	\$ 5,046	\$ 3,607	\$ 3,715	\$ 4,718
Principal payments received on mortgages and loans	15,576	12,885	11,674	16,560
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(3,154)	(10,531)	(8,411)	(12,099)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	(140)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(1)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>17,327</b>	<b>5,961</b>	<b>6,978</b>	<b>9,179</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(24,305)	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,786)	(2,673)	(2,670)	(3,175)
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	(1,495)	(554)	(1,553)	(661)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(28,586)</b>	<b>(3,227)</b>	<b>(4,223)</b>	<b>(3,836)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(68,253)	(38,605)	(36,014)	(52,654)
Proceeds from maturity of investments	79,439	35,841	33,230	47,272
Interest received from investments	73	30	29	39
<b>Net cash provided by (used for) investing activities</b>	<b>11,259</b>	<b>(2,734)</b>	<b>(2,755)</b>	<b>(5,343)</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 305	\$ 733	\$ 822	\$ 1,420
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(504)	(202)	(189)	(347)
Net change in the fair value of investments	-	(1)	(1)	(1)
Transfers between funds for operating activity	756	339	330	414
Interest received from investments	(73)	(30)	(29)	(39)
Interest paid	2,786	2,673	2,670	3,175
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	12,422	2,354	3,263	4,461
Net increase (decrease) in assets, liabilities, and deferred resources	1,635	95	112	96
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 17,327</b>	<b>\$ 5,961</b>	<b>\$ 6,978</b>	<b>\$ 9,179</b>

Schedule 20

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 4,303	\$ 4,626	\$ 5,201	\$ 31,216
15,794	16,941	15,450	104,880
-	-	-	-
(11,896)	(13,493)	(12,602)	(72,186)
-	-	-	-
-	-	-	-
-	-	-	(140)
-	-	-	-
-	-	-	-
-	-	-	(1)
-	-	-	-
-	-	-	-
8,201	8,074	8,049	63,769
-	80,881	-	80,881
-	(80,881)	-	(105,186)
-	-	-	-
-	-	-	-
(2,870)	(2,862)	(2,864)	(19,900)
-	-	-	-
-	-	-	-
(732)	(1,344)	(1,096)	(7,435)
-	-	-	-
(3,602)	(4,206)	(3,960)	(51,640)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(49,104)	(50,361)	(51,637)	(346,628)
44,466	46,452	47,507	334,207
39	41	41	292
(4,599)	(3,868)	(4,089)	(12,129)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ 949	\$ 1,369	\$ 2,024	\$ 7,622
-	-	-	-
(208)	(233)	(507)	(2,190)
(1)	(1)	(1)	(6)
700	629	847	4,015
(39)	(41)	(41)	(292)
2,870	2,862	2,864	19,900
-	-	-	-
3,898	3,448	2,848	32,694
32	41	15	2,026
\$ 8,201	\$ 8,074	\$ 8,049	\$ 63,769

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## ALASKA HOUSING FINANCE CORPORATION

Schedule 21

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2016

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest income on mortgages and loans	\$ 2,712	\$ 859	\$ 3,571
Principal payments received on mortgages and loans	11,860	3,531	15,391
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	747	397	1,144
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>15,319</b>	<b>4,787</b>	<b>20,106</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(42,070)	(3,200)	(45,270)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(1,766)	(668)	(2,434)
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	19,414	-	19,414
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(24,422)</b>	<b>(3,868)</b>	<b>(28,290)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(65,550)	(19,923)	(85,473)
Proceeds from maturity of investments	74,600	18,989	93,589
Interest received from investments	53	15	68
<b>Net cash provided by (used for) investing activities</b>	<b>9,103</b>	<b>(919)</b>	<b>8,184</b>
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ 1,804	\$ 320	\$ 2,124
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(902)	(147)	(1,049)
Net change in the fair value of investments	-	-	-
Transfers between funds for operating activity	(285)	27	(258)
Interest received from investments	(53)	(15)	(68)
Interest paid	1,766	668	2,434
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	12,607	3,928	16,535
Net increase (decrease) in assets, liabilities, and deferred resources	382	6	388
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 15,319</b>	<b>\$ 4,787</b>	<b>\$ 20,106</b>

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## ALASKA HOUSING FINANCE CORPORATION

Schedule 22

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A, B	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest income on mortgages and loans	\$ 6,158	\$ 325	\$ 7,846	\$ 14,329
Principal payments received on mortgages and loans	25,900	1,174	26,924	53,998
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(12,077)	(2,500)	(31,114)	(45,691)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>19,981</b>	<b>(1,001)</b>	<b>3,656</b>	<b>22,636</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(7,480)	-	(5,420)	(12,900)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(4,454)	(13)	(3,665)	(8,132)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	(7)	(7)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(11,934)</b>	<b>(13)</b>	<b>(9,092)</b>	<b>(21,039)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(81,965)	(38,171)	(140,015)	(260,151)
Proceeds from maturity of investments	73,859	39,149	144,851	257,859
Interest received from investments	59	36	600	695
<b>Net cash provided by (used for) investing activities</b>	<b>(8,047)</b>	<b>1,014</b>	<b>5,436</b>	<b>(1,597)</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,739	\$ 463	\$ 4,415	\$ 6,617
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(53)	13	(636)	(676)
Net change in the fair value of investments	(2)	(1)	(3)	(6)
Transfers between funds for operating activity	330	35	401	766
Interest received from investments	(59)	(36)	(600)	(695)
Interest paid	4,454	13	3,665	8,132
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	13,823	(1,326)	(4,190)	8,307
Net increase (decrease) in assets, liabilities, and deferred resources	(251)	(162)	604	191
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 19,981</b>	<b>\$ (1,001)</b>	<b>\$ 3,656</b>	<b>\$ 22,636</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**NON-HOUSING BONDS**

For the Year Ended June 30, 2016

(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest income on mortgages and loans	\$ 2,221	\$ 1,039	\$ 379	\$ 3,787	\$ 4,769
Principal payments received on mortgages and loans	7,044	3,106	1,275	10,505	6,930
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(6,467)	(4,117)	-	(8,141)	(4,130)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	-	109	-	-
Other operating cash payments	-	-	(95)	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>2,798</b>	<b>28</b>	<b>1,668</b>	<b>6,151</b>	<b>7,569</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(370)	(1,985)	(3,845)	(2,058)	(4,095)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(167)	(858)	(1,675)	(3,251)	(3,904)
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	5,280	251	-	-	-
Other cash payments	-	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>4,743</b>	<b>(2,592)</b>	<b>(5,520)</b>	<b>(5,309)</b>	<b>(7,999)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-	-
Principal paid on capital notes	(4,910)	-	-	(307)	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on capital notes	(2,217)	-	-	(486)	-
Proceeds from direct financing leases	-	-	3,304	-	-
Other cash payments	-	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7,127)</b>	<b>-</b>	<b>3,304</b>	<b>(793)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(34,965)	(13,228)	(12,081)	(32,505)	(24,526)
Proceeds from maturity of investments	34,533	15,779	12,636	32,434	24,938
Interest received from investments	18	13	6	22	18
<b>Net cash provided by (used for) investing activities</b>	<b>(414)</b>	<b>2,564</b>	<b>561</b>	<b>(49)</b>	<b>430</b>
Net Increase (decrease) in cash	-	-	13	-	-
Cash at the beginning of year	-	-	121	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 134</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating income (loss)	\$ (669)	\$ 771	\$ 324	\$ (243)	\$ 2,792
<i>Adjustments:</i>					
Depreciation expense	-	-	-	450	-
Provision for loan losses	(123)	(630)	(282)	(119)	(581)
Net change in the fair value of investments	-	-	-	-	-
Transfers between funds for operating activity	179	(183)	11	238	114
Interest received from investments	(18)	(13)	(6)	(22)	(18)
Interest paid	2,384	858	1,675	3,737	3,904
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	577	(1,011)	1,275	2,364	2,800
Net increase (decrease) in assets, liabilities, and deferred resources	468	236	(1,329)	(254)	(1,442)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 2,798</b>	<b>\$ 28</b>	<b>\$ 1,668</b>	<b>\$ 6,151</b>	<b>\$ 7,569</b>

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	General Housing Purpose Bonds 2005 B & C	Combined Total
\$ 8,950	\$ 4,659	\$ 1,459	\$ 5,564	\$ 3,608	\$ 5,221	\$ 5,085	\$ 1,378	\$ -	\$ 48,119
5,257	13,532	4,673	15,473	5,372	16,643	16,487	3,013	-	109,310
-	-	-	-	-	-	-	-	-	-
(9,736)	(13,303)	(4,256)	(19,315)	(7,133)	(17,108)	(14,733)	(3,103)	-	(111,542)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	109
-	-	-	-	-	(53)	-	-	-	(148)
4,471	4,888	1,876	1,722	1,847	4,703	6,839	1,288	-	45,848
-	-	-	-	-	-	-	22,156	-	22,156
-	-	(835)	-	(50)	(2,270)	(785)	(485)	-	(16,778)
-	-	-	-	-	-	-	-	-	-
(4,558)	(4,594)	(1,448)	(1,133)	(3,899)	(5,907)	(3,862)	(1,227)	-	(36,483)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	53	(2,610)	(20,421)	(53)	(17,500)
(4,558)	(4,594)	(2,283)	(1,133)	(3,949)	(8,124)	(7,257)	23	(53)	(48,605)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(5,217)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(2,703)
-	-	-	-	-	3,467	-	-	-	6,771
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,467	-	-	-	(1,149)
(29,482)	(42,827)	(13,126)	(41,455)	(22,946)	(57,639)	(42,481)	(37,277)	(1)	(404,539)
29,546	42,505	13,523	40,833	25,032	57,559	42,871	35,955	1	408,145
23	28	10	33	16	34	28	11	-	260
87	(294)	407	(589)	2,102	(46)	418	(1,311)	-	3,866
-	-	-	-	-	-	-	-	(53)	(40)
-	-	-	-	-	-	-	-	53	174
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134
\$ 6,262	\$ 1,507	\$ 652	\$ 4,261	\$ 1,158	\$ 1,347	\$ 1,397	\$ (460)	\$ -	\$ 19,099
-	-	-	-	-	-	-	-	-	450
(506)	(320)	(115)	(81)	18	(197)	7	616	-	(2,313)
-	-	-	-	-	-	-	-	-	-
134	229	119	291	619	(74)	289	425	-	2,391
(23)	(28)	(10)	(33)	(16)	(34)	(28)	(11)	-	(260)
4,558	4,594	1,448	1,133	3,899	5,907	3,862	1,227	-	39,186
(4,479)	229	417	(3,842)	(1,761)	(465)	1,754	(90)	-	(2,232)
(1,475)	(1,323)	(635)	(7)	(2,070)	(1,781)	(442)	(419)	-	(10,473)
\$ 4,471	\$ 4,888	\$ 1,876	\$ 1,722	\$ 1,847	\$ 4,703	\$ 6,839	\$ 1,288	\$ -	\$ 45,848

**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, 2016

(in thousands of dollars)

	Energy Programs	Section 8 Vouchers Programs	Other Grants	Subtotal Grant Programs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest income on mortgages and loans	\$ -	\$ -	\$ -	\$ -
Principal payments received on mortgages and loans	-	-	-	-
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(988)	(3,629)	(847)	(5,464)
Payments for goods and services	(1,559)	(354)	(506)	(2,419)
Cash received for externally funded programs	42,360	7,572	32,563	82,495
Cash received for Federal HAP subsidies	-	33,118	-	33,118
Payments for Federal HAP subsidies	-	(35,934)	-	(35,934)
Interfund receipts (payments)	(3,559)	(138)	(1,634)	(5,331)
Grant payments to other agencies	(36,467)	(67)	(30,297)	(66,831)
Other operating cash receipts	9	421	848	1,278
Other operating cash payments	-	(72)	(15)	(87)
<b>Net cash provided by (used for) operating activities</b>	<b>(204)</b>	<b>917</b>	<b>112</b>	<b>825</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	(98)	(98)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>(98)</b>	<b>(98)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	(23)	-	(23)
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>(23)</b>	<b>-</b>	<b>(23)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	2	8	-	10
<b>Net cash provided by (used for) investing activities</b>	<b>2</b>	<b>8</b>	<b>-</b>	<b>10</b>
Net Increase (decrease) in cash	(202)	902	14	714
Cash at the beginning of year	1,202	4,100	193	5,495
<b>Cash at the end of period</b>	<b>\$ 1,000</b>	<b>\$ 5,002</b>	<b>\$ 207</b>	<b>\$ 6,209</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (3,122)	\$ (2,103)	\$ (4,056)	\$ (9,281)
<i>Adjustments:</i>				
Depreciation expense	-	17	-	17
Provision for loan losses	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	3,627	670	4,910	9,207
Interest received from investments	(2)	(8)	-	(10)
Interest paid	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	-	-	-	-
Net increase (decrease) in assets, liabilities, and deferred resources	(707)	2,341	(742)	892
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (204)</b>	<b>\$ 917</b>	<b>\$ 112</b>	<b>\$ 825</b>

Schedule 24

Low Rent Program	Market Rate Rental Housing Programs	Home Ownership fund	Senior Housing Revolving Loan Fund	Subtotal Other Funds or Programs	Alaska Corporation for Affordable Housing	Combined Total
\$ -	\$ -	\$ 173	\$ 830	\$ 1,003	\$ -	\$ 1,003
-	-	296	1,570	1,866	1,000	2,866
-	-	-	-	-	(10,819)	(10,819)
-	-	(11,743)	(18,601)	(30,344)	-	(30,344)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(7,344)	(1,688)	-	-	(9,032)	-	(14,496)
(10,270)	(2,659)	-	-	(12,929)	(40)	(15,388)
10,609	2,137	-	-	12,746	-	95,241
-	-	-	-	-	-	33,118
-	-	-	-	-	-	(35,934)
3,617	1,299	-	-	4,916	9,777	9,362
-	-	-	-	-	-	(66,831)
7,675	2,389	-	-	10,064	282	11,624
(27)	(3)	-	-	(30)	(1)	(118)
4,260	1,475	(11,274)	(16,201)	(21,740)	199	(20,716)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	16	-	16	5,600	5,518
-	-	-	-	-	-	-
-	-	16	-	16	5,600	5,518
(165)	(509)	-	-	(674)	-	(697)
6	-	-	-	6	-	6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(159)	(509)	-	-	(668)	-	(691)
-	-	(11,272)	(17,923)	(29,195)	-	(29,195)
-	-	22,388	33,903	56,291	-	56,291
2	2	142	221	367	4	381
2	2	11,258	16,201	27,463	4	27,477
4,103	968	-	-	5,071	5,803	11,588
8,152	10,718	-	-	18,870	1,467	25,832
\$ 12,255	\$ 11,686	\$ -	\$ -	\$ 23,941	\$ 7,270	\$ 37,420
\$ (4,108)	\$ (1,531)	\$ 92	\$ 723	\$ (4,824)	\$ (189)	\$ (14,294)
5,145	1,229	-	-	6,374	-	6,391
-	-	113	144	257	470	727
-	-	59	98	157	-	157
3,019	1,491	45	98	4,653	5,312	19,172
(2)	(2)	(142)	(221)	(367)	(4)	(381)
-	-	-	-	-	-	-
-	-	(11,447)	(17,031)	(28,478)	(9,819)	(38,297)
206	288	6	(12)	488	4,429	5,809
\$ 4,260	\$ 1,475	\$ (11,274)	\$ (16,201)	\$ (21,740)	\$ 199	\$ (20,716)

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