



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

*a component unit of the State of Alaska*

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

**June 30, 2011**

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

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## Independent Auditor's Report

The Board of Directors  
Alaska Housing Finance Corporation

### 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, 2013, 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 opinion

## 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, 2013, 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.

### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, in 2013, Alaska Housing Finance Corporation adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

### *Other Matters*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10 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 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 September 24, 2013 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  
September 24, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

## OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation's ("the Corporation") consists of three sections: management's discussion and analysis, the basic financial statements and supplementary schedules. The Corporation's operations are business type activities and follow enterprise fund accounting. The Corporation is a component unit of the State of Alaska ("the State") and is discretely presented in the State's financial statements. The Corporation's basic financial statements include: the Statement of Net 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 FY 2012 is also presented here in the Management's Discussion and Analysis and the footnotes to facilitate and enhance the understanding of the Corporation's financial position, and the results of operations for the current fiscal year in comparison to the prior fiscal year.

### Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2013. This information is being presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

### Basic Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For the fiscal year 2013, the Corporation reports the following major funds:

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

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

As of June 30, 2013, the Administrative Fund reported net position of \$820 million, an increase of \$20 million from June 30, 2012. The increase in net position is the net result of an Operating Loss of \$21 million, offset by internal transfers received primarily from the Mortgage or Bond Fund of \$45 million and contributions to the State of Alaska of \$4 million. Approximately \$4 million of the Administrative Fund's net position is invested in capital assets, \$77 million, or 10%, is restricted by contractual or statutory agreements and \$739 million, or 90%, is unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported a \$21 million operating loss in FY 2013 and a \$13 million operating income in FY 2012. That change in the Administrative Fund between the two years was primarily due to a FY 2013 adjustment to the process that allocates central costs. That adjustment improved the matching-up of these costs to the corresponding programs and funds.

The *Grant Programs*: 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 Alaska 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 Other Grants Programs, the Energy Programs and the Section 8 Vouchers Programs. As of June 30, 2013 there were no significant changes in net position in the Grant Programs.

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

As of June 30, 2013, the Mortgage or Bond Funds reported net position of \$569 million, a decrease of \$51 million from June 30, 2012. The decrease in net position is the net result of an operating income of \$18 million offset by transfers to the Administrative Fund of \$63 million and contributions to The State of Alaska of \$6 million. Approximately \$13 million of the Mortgage or Bond Fund's net position is invested in capital assets, \$564 million, (99%) is restricted by bond resolutions, \$28 million is restricted by contractual or statutory agreements and a deficit of \$36 million is unrestricted.

The Mortgage or Bond Funds reported an \$18 Million operating income in FY 2013 and a \$13 million operating loss in FY 2012. That change in the Mortgage or Bond Funds between the two year was primarily due to a FY 2013 adjustment to the process that allocates central costs. That adjustment improved the matching-up of those costs to the corresponding programs and funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Other Funds or Programs*: AHFC owned housing for low income families that is managed under contract with HUD. These programs include the Low Rent programs, the Market Rental Housing Programs, and the inactive Homeowner Assistance Program. As of June 30, 2013, there were no significant changes in net position in the Other Funds or Programs.

The *Alaska Corporation for Affordable Housing (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.

The fiscal year ended June 30, 2013 was ACAH's first year of operations. ACAH's net position at June 30, 2013 was \$3 million. This net position is the primarily the result of land transferred to ACAH from the Grant Programs.

**FINANCIAL HIGHLIGHTS**

- As a result of this year's operations, the Corporation's operating loss was \$18 million whereas in FY 2012 the operating loss was \$30 million.
- The Corporation's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, as of June 30, 2013, by \$1.5 billion (net position).
- During the fiscal year ended June 30, 2013, the investment portfolio earned 0.43% overall.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2013, mortgage loans decreased by 9% and the bond portfolio used to finance the loans decreased by 6%.
- As of June 30, 2013, the net interest margin was 1.35%, the mortgage weighted average interest rate was 5.06% and the bond weighted average interest rate was 3.71%.
- During the fiscal year ended June 30, 2013, the Corporation's total assets decreased by \$228 million and total liabilities decreased by \$279 million.
- ACAH, a new subsidiary of AHFC was able to start on its mission of developing future affordable housing by receiving land with the approximate value of \$3 million transferred over from AHFC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CONDENSED STATEMENT OF NET POSITION**

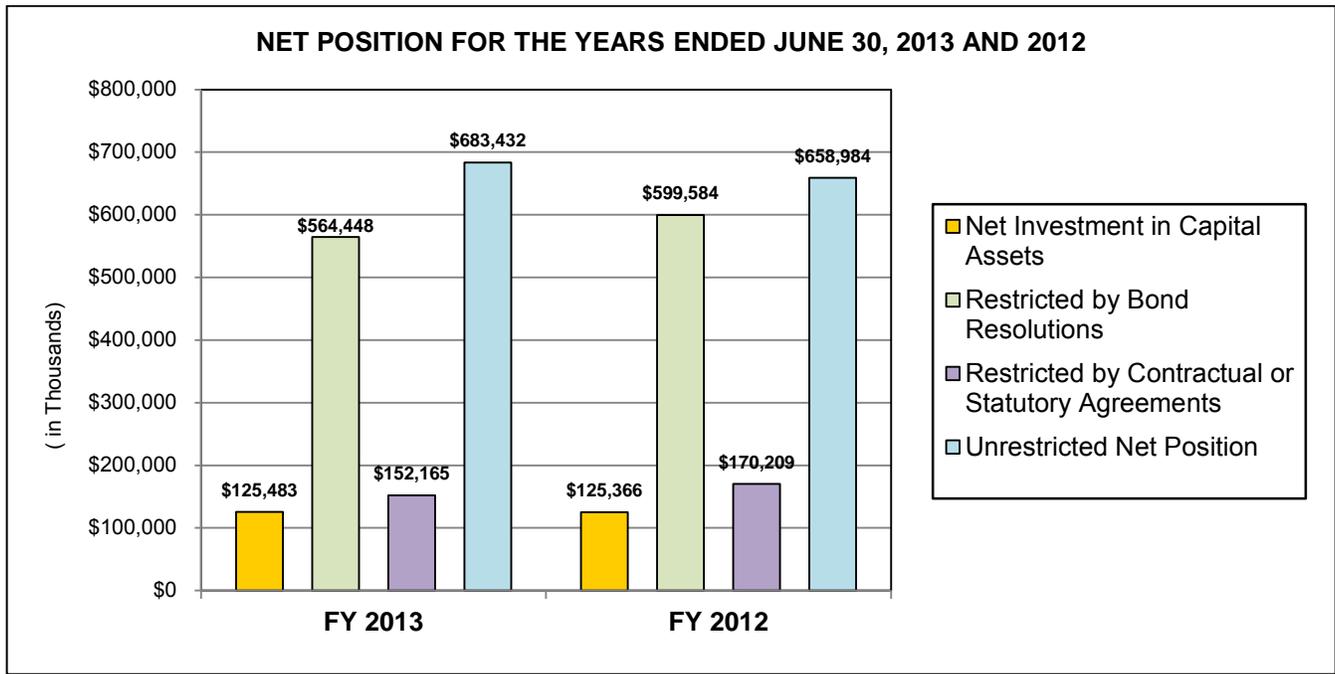
The following table presents condensed information about the financial position of the Corporation as of June 30, 2013 and 2012, and changes in the balances of selected items during the fiscal year ended June 30, 2013 (in thousands):

	2013	2012	Increase (Decrease)	
Investments	1,218,693	1,231,890	(13,197)	(1.1) %
Mortgage loans, notes and other loans, net	2,305,667	2,525,004	(219,337)	(8.7) %
Capital assets, net	125,483	125,366	117	0.1 %
<b>Total assets</b>	<b>3,845,160</b>	<b>4,072,891</b>	<b>(227,731)</b>	<b>(5.6) %</b>
Bonds and notes, net	2,257,875	2,407,864	(149,989)	(6.2) %
Short term debt	28,388	68,685	(40,297)	(58.7) %
Derivatives	138,635	219,480	(80,845)	(36.8) %
<b>Total liabilities</b>	<b>2,455,702</b>	<b>2,734,505</b>	<b>(278,803)</b>	<b>(10.2) %</b>
<b>Total net position</b>	<b>1,525,528</b>	<b>1,554,143</b>	<b>(28,615)</b>	<b>(1.8) %</b>

The decrease in total assets during FY 2013 can be primarily attributed to decreases in investments and mortgage loans. The decrease in mortgage loans resulted from collection of loan payments exceeding new loan purchases.

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

The chart below represents the classification of unrestricted and restricted net position and invested in capital assets for FY 2013 and FY 2012.

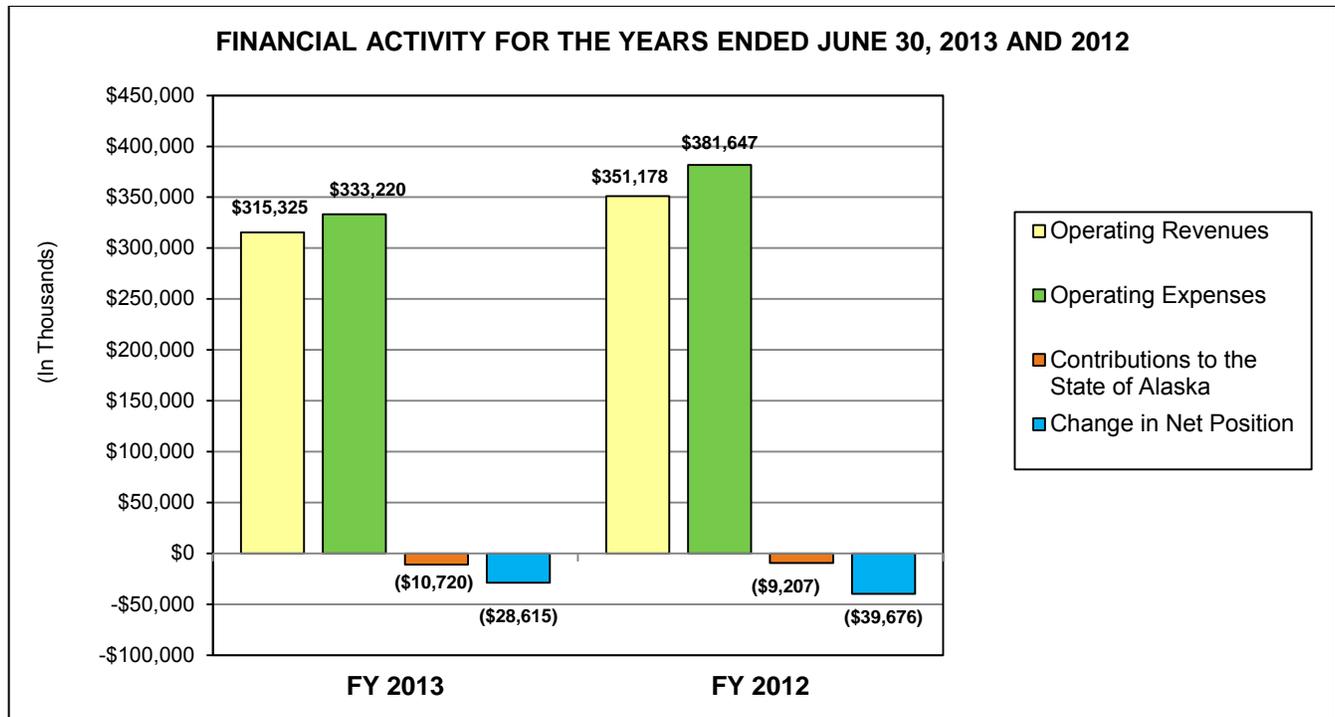


MANAGEMENT'S DISCUSSION AND ANALYSIS

**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, 2013 and 2012, and the variances from the prior fiscal year (in thousands):

	2013	2012	Increase (Decrease)	
Mortgage and loan revenue	125,059	147,078	(22,019)	(15.0) %
Investment interest income	6,385	6,793	(408)	(6.0) %
Net change in the fair value of investments	1,545	7,667	(6,122)	(79.8) %
Externally funded programs	168,152	179,704	(11,552)	(6.4) %
<b>Total operating revenues</b>	<b>315,325</b>	<b>351,178</b>	<b>(35,853)</b>	<b>(10.2) %</b>
Interest expense	94,409	111,558	(17,149)	(15.4) %
Operations and administration	56,663	57,126	(463)	(0.8) %
Housing grants and subsidies	150,460	179,194	(28,734)	(16.0) %
<b>Total operating expenses</b>	<b>333,220</b>	<b>381,647</b>	<b>(48,427)</b>	<b>(12.7) %</b>
Operating loss	(17,895)	(30,469)	(12,574)	(41.3) %
Contributions to the SOA or other State agencies	(10,720)	(9,207)	1,513	16.4 %
Change in net position	(28,615)	(39,676)	(11,061)	(27.9) %



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$36 million, or 10%, during FY 2013 primarily due to decreases in mortgage and loan revenue and externally funded program revenue.

Total operating expenses decreased by \$48 million, or 13%, during FY 2013 primarily due to decreases in interest expense and housing grants and subsidies expense.

The net effect of changes in operating revenues and expenses was a \$13 million or 41% decrease in operating loss compared to FY 2012.

The Corporation continued its series of annual payments to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan during the 2004 Legislative Session, transfers to the State for FY 2013 were approximately \$10 million and for FY 2012 were approximately \$9 million. See footnote 16 for details about the Transfer Plan calculation for FY 2013.

**DEBT ADMINISTRATION**

As of June 30, 2013, the Corporation had \$2.3 billion of bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's credit is rated by three major rating agencies. The ratings assigned to the Corporation by each of those agencies are:

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

Significant debt activity during the year included the following:

- Issued \$146 million in Tax Exempt General Mortgage Revenue bonds;
- Issued \$50 million in Taxable General Mortgage Revenue bonds;
- Issued \$186 million in Tax Exempt State Capital Projects bonds;
- Issued \$100 million in Taxable State Capital Projects bonds;
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of \$501 million.
- Current refunding of \$99 million of General Mortgage Revenue Bonds.

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

**ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION**

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

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

#### **CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT**

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

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

As of June 30, 2013

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>ASSETS</b>				
Cash	30,944	5,391	211	22,487
Investments	702,157	-	505,393	11,143
Accrued interest receivable	1,554	-	10,005	-
Inter-fund due to/from	12,581	(52,643)	42,143	(1,570)
Mortgage loans, notes and other loans	96,926	-	2,208,741	-
Net investment in direct financing lease	-	-	48,777	-
Unamortized bond issuance costs	-	-	10,855	-
Capital assets - non-depreciable	139	30	2,401	13,792
Capital assets - depreciable, net	3,833	46	10,777	90,927
Other assets	11,630	12,859	-	2,860
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	707	36,863	-	-
<b>Total Assets</b>	<b>860,471</b>	<b>2,546</b>	<b>2,839,303</b>	<b>139,639</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	136,070	-
<b>LIABILITIES</b>				
Bonds and notes payable	-	-	2,257,875	-
Short term debt	28,388	-	-	-
Accrued interest payable	1,723	-	8,224	-
Other liabilities	10,086	7,597	1,365	1,341
Derivative instrument - interest rate swaps	-	-	138,635	-
Intergovernmental payable	-	-	211	257
<b>Total Liabilities</b>	<b>40,197</b>	<b>7,597</b>	<b>2,406,310</b>	<b>1,598</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	3,972	76	13,178	104,719
Restricted by bond resolutions	-	-	564,448	-
Restricted by contractual or statutory agreements	76,671	13,282	28,110	34,102
Unrestricted or (deficit)	739,631	(18,409)	(36,673)	(780)
<b>Total Net Position</b>	<b>820,274</b>	<b>(5,051)</b>	<b>569,063</b>	<b>138,041</b>

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2013
59,033	174	59,207
1,218,693	-	1,218,693
11,559	-	11,559
511	(511)	-
2,305,667	-	2,305,667
48,777	-	48,777
10,855	-	10,855
16,362	3,538	19,900
105,583	-	105,583
27,349	-	27,349
-	-	-
37,570	-	37,570
<u>3,841,959</u>	<u>3,201</u>	<u>3,845,160</u>
<u>136,070</u>	<u>-</u>	<u>136,070</u>
2,257,875	-	2,257,875
28,388	-	28,388
9,947	-	9,947
20,389	-	20,389
138,635	-	138,635
468	-	468
<u>2,455,702</u>	<u>-</u>	<u>2,455,702</u>
-	-	-
121,945	3,538	125,483
564,448	-	564,448
152,165	-	152,165
683,769	(337)	683,432
<u>1,522,327</u>	<u>3,201</u>	<u>1,525,528</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, 2013

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	4,987	-	120,072	-
Investment interest	281	9	6,059	36
Net change in the fair value of investments	1,649	-	(100)	(4)
Net change of hedge termination	-	-	1,158	-
Total Investment Revenue	1,930	9	7,117	32
Externally funded programs	-	154,038	-	14,114
Rental	96	11	-	8,594
Other	3,216	891	-	218
<b>Total Operating Revenues</b>	10,229	154,949	127,189	22,958
<b>OPERATING EXPENSES</b>				
Interest	112	-	94,295	2
Mortgage and loan costs	1,206	-	8,892	-
Financing expenses	576	-	11,840	3
Provision for loan loss	4,895	-	(9,648)	-
Operations and administration	23,805	12,745	3,986	16,123
Rental housing operating expenses	183	592	-	13,149
Housing grants and subsidies	-	150,264	-	196
<b>Total Operating Expenses</b>	30,777	163,601	109,365	29,473
<b>Operating Income (Loss)</b>	(20,548)	(8,652)	17,824	(6,515)
<b>NONOPERATING EXPENSES, SPECIAL ITEM &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(4,420)	-	(6,300)	-
Special Item	-	-	-	-
Transfers - Internal	45,331	9,392	(63,188)	5,260
Change in Net Position	20,363	740	(51,664)	(1,255)
Net position at beginning of year	799,911	(5,791)	620,727	139,296
<b>Net Position at End of Period</b>	820,274	(5,051)	569,063	138,041

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2013
125,059	-	125,059
6,385	-	6,385
1,545	-	1,545
1,158	-	1,158
9,088	-	9,088
168,152	-	168,152
8,701	-	8,701
4,325	-	4,325
315,325	-	315,325
94,409	-	94,409
10,098	-	10,098
12,419	-	12,419
(4,753)	-	(4,753)
56,659	4	56,663
13,924	-	13,924
150,460	-	150,460
333,216	4	333,220
(17,891)	(4)	(17,895)
(10,720)	-	(10,720)
-	-	-
(3,205)	3,205	-
(31,816)	3,201	(28,615)
1,554,143	-	1,554,143
1,522,327	3,201	1,525,528

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2013

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	1,174	-	112,824	-
Principal payments received on mortgages and loans	2,288	-	613,473	-
Purchases of mortgages and loans	(407,132)	-	-	-
Receipt (payment) for loan transfers between funds	348,049	-	(348,049)	-
Payments to employees and other payroll disbursements	(22,663)	(6,037)	-	(9,147)
Payments for goods and services	(16,143)	(2,945)	(2,399)	(8,802)
Cash received for externally funded programs	9,236	96,979	-	11,682
Cash received for Federal HAP subsidies	-	31,413	-	-
Payments for Federal HAP subsidies	-	(32,967)	-	-
Interfund Receipts	855,029	116,812	751,350	17,825
Interfund Payments	(893,009)	(100,391)	(730,170)	(17,946)
Grant payments to other agencies	(18,831)	(104,514)	-	-
Other operating cash receipts	34,717	1,876	229	9,122
Other operating cash payments	(16,978)	(3,412)	(217)	(41)
<b>Net cash provided by (used for) operating activities</b>	<b>(124,263)</b>	<b>(3,186)</b>	<b>397,041</b>	<b>2,693</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	508,816	-
Principal paid on bonds	-	-	(651,775)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(2,753)	-	-	-
Interest paid	(115)	-	(93,002)	-
Proceeds from issuance of short term debt	559,361	-	-	-
Payment of short term debt	(599,655)	-	-	-
Contributions to the State of Alaska or other State agencies	(9,863)	-	(903)	-
Transfers (to) from other funds	121,533	(51)	(121,482)	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>68,508</b>	<b>(51)</b>	<b>(358,346)</b>	<b>-</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(3,947)	(206)	-	(172)
Proceeds from the disposal of capital assets	-	4	-	7
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(5,990)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(3,270)	-
Proceeds from the direct financing lease payments	-	-	6,771	-
Other cash payments	(131)	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(4,078)</b>	<b>(202)</b>	<b>(2,489)</b>	<b>(165)</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(5,043,071)	-	(3,778,474)	(137,927)
Proceeds from maturity of investments	5,097,947	-	3,738,373	137,894
Interest received from investments	265	9	3,889	35
<b>Net cash provided by (used for) investing activities</b>	<b>55,141</b>	<b>9</b>	<b>(36,212)</b>	<b>2</b>
Net Increase (decrease) in cash	(4,692)	(3,430)	(6)	2,530
Cash at the beginning of year	35,636	8,821	217	19,957
<b>Cash at the end of period</b>	<b>30,944</b>	<b>5,391</b>	<b>211</b>	<b>22,487</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(20,548)	(8,652)	17,824	(6,515)
<i>Adjustments:</i>				
Depreciation expense	695	22	119	6,690
Provision for loan losses	4,895	-	(9,648)	-
Amortization of bond issuance costs	-	-	4,800	-
Net change in the fair value of investments	(1,649)	-	100	4
Transfers between funds for operating activity	(25,360)	12,801	9,044	3,515
Interest received from investments	(265)	(9)	(3,889)	(35)
Interest paid	115	-	96,272	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	(56,795)	-	265,424	-
Net increase (decrease) in assets and liabilities	(25,351)	(7,348)	16,995	(966)
<b>Net cash provided by (used for) operating activities</b>	<b>(124,263)</b>	<b>(3,186)</b>	<b>397,041</b>	<b>2,693</b>
<b>Noncash investing, capital and financing activities:</b>				
Deferred outflow of resources	-	-	79,687	-
Derivative instruments liability	-	-	(80,845)	-
Net change of hedge termination	-	-	1,158	-
Land transferred to Alaska Corporation for Affordable Housing	-	(3,205)	-	-
Transfer of building	(13,296)	-	13,296	-
Transfer of investments	5,853	-	(5,853)	-

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2013
113,998	-	113,998
615,761	-	615,761
(407,132)	-	(407,132)
-	-	-
(37,847)	-	(37,847)
(30,289)	(1)	(30,290)
117,897	-	117,897
31,413	-	31,413
(32,967)	-	(32,967)
1,741,016	500	1,741,516
(1,741,516)	-	(1,741,516)
(123,345)	-	(123,345)
45,944	-	45,944
(20,648)	-	(20,648)
<u>272,285</u>	<u>499</u>	<u>272,784</u>
508,816	-	508,816
(651,775)	-	(651,775)
-	-	-
(2,753)	-	(2,753)
(93,117)	-	(93,117)
559,361	-	559,361
(599,655)	-	(599,655)
(10,766)	-	(10,766)
-	-	-
-	-	-
<u>(289,889)</u>	<u>-</u>	<u>(289,889)</u>
(4,325)	(325)	(4,650)
11	-	11
-	-	-
(5,990)	-	(5,990)
-	-	-
(3,270)	-	(3,270)
6,771	-	6,771
(131)	-	(131)
<u>(6,934)</u>	<u>(325)</u>	<u>(7,259)</u>
(8,959,472)	-	(8,959,472)
8,974,214	-	8,974,214
4,198	-	4,198
<u>18,940</u>	<u>-</u>	<u>18,940</u>
(5,598)	174	(5,424)
64,631	-	64,631
<u>59,033</u>	<u>174</u>	<u>59,207</u>
(17,891)	(4)	(17,895)
7,526	-	7,526
(4,753)	-	(4,753)
4,800	-	4,800
(1,545)	-	(1,545)
-	-	-
(4,198)	-	(4,198)
96,387	-	96,387
208,629	-	208,629
(16,670)	503	(16,167)
<u>272,285</u>	<u>499</u>	<u>272,784</u>

NOTES TO FINANCIAL STATEMENTS

**FOOTNOTE INDEX**

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NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2013**

**1 AUTHORIZING LEGISLATION AND FUNDING**

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

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

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

The Corporation has 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 Alaska Legislature.
- Alaska Housing Capital Corporation (AHCC) incorporated on May 23, 2006 pursuant to Senate Bill 232 of the 2006 Alaska Legislature.
- Alaska Corporation for Affordable Housing (ACAH) incorporated on February 1, 2012 pursuant to House Bill 119 of the 2011 Alaska Legislature.

The subsidiaries issue annual stand-alone audited financial statements. Contact AHFC to obtain a copy.

On May 21, 2013 the Governor signed in House Bill 4 which establishes the Alaska Gasline Development Corporation (AGDC) as an independent corporation of the State of Alaska. AGDC was originally incorporated as a subsidiary of AHFC on May 14, 2010 pursuant to House Bill 369 of the 2010 Alaska Legislature.

**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 of Alaska.

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 utilizes enterprise funds. The basic fund financial statements are comprised of; Statement of Net Position, Exhibit A, Statement of Revenues, Expenses and Changes in Net Position, Exhibit B, Cash Flow Statement, Exhibit C and then the accompanying notes. The supplemental section contains combining financial statements by program, purpose or bond indenture.

The basic financial statements includes 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, except those 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:* Provide resources to assist in the financing of loan programs or to fund legislature appropriations.

*Other Funds or Programs:* AHFC owned housing for low income families managed under contract with HUD.

*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. 16, State Authorizations and Commitments, for further details). The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond resolutions, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net 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 significant estimate for the Corporation is the allowance for loan losses.

**Investments**

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

**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.

## NOTES TO FINANCIAL STATEMENTS

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

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Mortgage loans are recorded as amounts are disbursed.

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

### **Real Estate Owned**

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

### **Depreciation**

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

### **Bonds and Notes**

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

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

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

### **Operating Revenues and Expenses**

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

### **Income Taxes**

The Corporation is exempt from federal and state income taxes.

### **New Accounting Pronouncements**

For the fiscal year ended June 30, 2013, AHFC has adopted the provisions of the Governmental Accounting Standards Board's statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The effect on the financial statements of the adoption of the provisions of this statement were to present a statement of net position rather than a statement of net assets, as presented in previous periods.

Governmental Accounting Standards Board's statement number 65, *Items Previously Reported as Assets and Liabilities*, effective for AHFC's fiscal year ending June 30, 2014, establishes guidance for accounts to be reclassified as deferred inflows and outflows. In addition, certain items previously reported as assets will be recognized as expenses. For example, debt issuance costs previously recorded as an asset and amortized over the life of the debt instruments will now be recognized as expenses when incurred. These provisions will be retrospectively applied, therefore the effect to AHFC's financial statements will be to reduce assets and net position by the carrying value of the unamortized debt issuance costs when this pronouncement is adopted.

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):

	<b>June 30, 2013</b>	
Restricted cash	\$	28,264
Unrestricted		30,943
Carrying amount	\$	59,207
Bank Balance	\$	60,046

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.

	<b>Investment Maturities (In Years)</b>					<b>June 30, 2013</b>
	<b>Less Than</b>		<b>More Than</b>			
	<b>1</b>	<b>1-5</b>	<b>6-10</b>	<b>10</b>		
Bank investment contracts	\$ -	\$46,881	\$ -	\$ -	\$ -	46,881
U. S. Treasury securities	403	3,207	-	-	-	3,610
Securities of U. S. Government agencies and corporations	404	1,349	-	100	-	1,853
Certificates of deposit	1,000	-	1,000	-	-	2,000
Negotiable Certificates of Deposit	1,300	-	-	-	-	1,300
Commercial paper & medium-term notes	432,833	312	-	-	-	433,145
Money market funds	141,425	-	-	-	-	141,425
Subtotal	<u>\$ 577,365</u>	<u>\$51,749</u>	<u>\$1,000</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>630,214</u>
GeFONSI pool						588,479
Total AHFC Portfolio					<u>\$</u>	<u>1,218,693</u>

**Restricted Investments**

A majority of the Corporation's investments, \$593,207,000 are restricted by bond resolutions, contractual agreements, and statutory agreements and the remainder, \$625,486,000, are 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):

	<b>June 30, 2013</b>	
Ending unrealized holding gain	\$	22,347
Beginning unrealized holding gain		20,602
Net change in unrealized holding gain		1,745
Net realized gain (loss)		(200)
Net increase (decrease) in fair value	\$	1,545

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.

NOTES TO FINANCIAL STATEMENTS

**Credit Risk**

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

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

The credit quality ratings of the Corporation's investments as of June 30, 2013, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). The Corporation's investments included \$3,610,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore, are not included in the summary.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AAA	\$ 1,740
Negotiable certificates of deposit:			
	Aaa	AAA	\$ 1,300
Certificates of deposit:			
	Aa1	AA-	1,000
	Aa2	A+	1,000
			<u>2,000</u>
Commercial paper, medium-term notes:			
	A1	A+	3,553
	A1	A	1,024
	A1	AA+	51
	A1	AA	1,020
	A2	A	2,270
	Aa2	AA-	1,430
	Aa2	AA	52
	Aa3	A+	1,011
	Aa3	AA-	3,317
	Aaa	AAA	104
	Baa	A-	1,000
	--	A+	1,000
	P-1	A-1+	351,639
	P-1	A-1	61,574
	P-1	A-2	1,300
	P-2	A-1	1,800
			<u>432,145</u>
Money market funds:			
	--	AAAm	141,425
Unrated investments:			
Bank investment contracts			46,881
U S Government Agency Securities			113
Commercial Paper and Medium Term Notes			1,000
			<u>47,994</u>
			<u>\$ 626,604</u>

NOTES TO FINANCIAL STATEMENTS

**Concentration Risk**

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

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

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

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 2013, 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
GeFONSI Pool	\$ 588,479	48.29 %
Fedrated Investment Prime	141,362	11.60
Nordea	101,410	8.32
Standard	99,906	8.20
Dom Holding	82,846	6.80
Autobahn Funding	64,076	5.26

**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 \$60,046,000 bank balance at June 30, 2013, cash deposits in the amount of \$20,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$38,877,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

NOTES TO FINANCIAL STATEMENTS

**Interest Rate Risk**

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

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, 2013:

	<b>Investment Fair Value</b>	<b>Modified Duration</b>
Bank investment contracts	\$ 46,881	0.000
U. S. Treasury securities:		
Treasury coupon securities	3,398	1.944
Treasury discounts	212	0.244
Securities of U. S. Government agencies and corporations:		
Federal agency coupon securities	1,641	1.473
Federal agency pass through securities	212	2.293
Certificates of deposit	2,000	2.626
Negotiable Certificates of deposit	1,300	0.057
Commercial paper & medium-term notes:		
Commercial paper discounts	417,312	0.308
Corporate bonds	104	1.736
Medium-term notes	12,428	0.477
Floating rate notes	3,301	0.278
Money market funds	141,425	0.000
	<b>\$ 630,214</b>	
Portfolio modified duration		0.126

**Investment in GeFonsi Pool**

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

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

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

NOTES TO FINANCIAL STATEMENTS

At June 30, 2013, the Corporation's share of pool investments was as follows:

Investment Type	Fair Value			
	Short-Term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool	Total
Deposits	\$ 6,140	\$ -	\$ -	\$ 6,140
Commercial Paper	11,981	-	-	11,981
Corporate Bonds	14,687	-	21,525	36,212
Mortgage Backed	616	-	5,670	6,286
Municipal Bonds	144	-	58	202
Other Asset Backed	122,600	-	7,128	129,728
U.S. Government Agency Discount Notes	21	-	-	21
U.S. Government Agency Treasury Bills	-	-	8,514	8,514
Treasury Notes	121,009	57,822	17,968	196,799
Treasury Strips	-	-	190,439	190,439
	-	-	1,566	1,566
Yankees:				
Yankee Corporate	3,848	-	3,840	7,688
Yankee Government	-	-	1,028	1,028
Total Invested Assets	281,046	57,822	257,736	596,604
Pool related net assets (liabilities)	(5,745)	-	(2,380)	(8,125)
Net Invested Assets	\$ 275,301	\$ 57,822	\$ 255,356	\$ 588,479

**Interest Rate Risk - GeFonsi pool**

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

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2013, the expected average life of individual fixed rate securities ranged from three days to thirty four years and the expected average life of floating rate securities ranged from fourteen days to twenty-two years.

Short-term Liquidity Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2013, the expected average life of fixed rate securities ranged from 46 to 67 days.

Intermediate-term Fixed Income Pool

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

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

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its other fixed income pool portfolios to the following:

Intermediate-term Fixed Income Pool -  $\pm$  20% of the Barclays 1-3 Year Government Bond Index. The effective duration for the Barclays 1-3 Year Government Bond Index at June 30, 2013, was 1.87 years.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2013, the effective duration by investment type was as follows:

	<b>Intermediate-term Fixed Income Pool</b>
Corporate Bonds	2.42
Mortgage Backed	1.45
Municipal Bonds	4.41
Other Asset Backed	0.59
U.S. Government Agency	1.70
Treasury Bills	0.11
Treasury Notes	2.04
Treasury Strips	4.43
Yankees:	
Corporate	1.85
Government	2.06
<b>Portfolio Effective Duration</b>	<b>1.77</b>

**Credit Risk – GeFonsi Pool**

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

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

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

Short-term Liquidity Pool investments are limited to U.S. Treasury obligations or other U.S. Government securities issued in full faith or guaranteed by agencies and instrumentalities of the U.S. Government, obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars, and the State's internally-managed Short-Term Fixed Income Pool.

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

NOTES TO FINANCIAL STATEMENTS

At June 30, 2013, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term		
		Short-term Fixed Income Pool	Liquidity Fixed Income Pool	Intermediate Term Fixed Income Pool
Deposits	Not Rated	2.22	-	-
Commercial Paper	Not Rated	4.34	-	-
Corporate Bonds	AAA	-	-	0.40
Corporate Bonds	AA	2.41	-	1.73
Corporate Bonds	A	2.91	-	4.80
Corporate Bonds	BBB	-	-	0.83
Corporate Bonds	BB	-	-	0.16
U.S. Government Agency	AA	-	-	2.75
U.S. Government Agency	Not Rated	0.01	-	0.38
Mortgage Backed	AAA	0.07	-	0.80
Mortgage Backed	AA	0.08	-	0.76
Mortgage Backed	A	0.07	-	0.09
Mortgage Backed	Not Rated	-	-	0.43
Municipal Bonds	AA	0.05	-	-
Municipal Bonds	A	-	-	0.02
Other Asset Backed	AAA	39.98	-	1.86
Other Asset Backed	AA	0.72	-	-
Other Asset Backed	Not Rated	3.71	-	0.76
Other Pool Ownership	Not Rated	-	0.07	5.92
Treasury Bills	AA	43.83	99.93	6.62
Treasury Notes	AA	-	-	70.18
Treasury Strips	AA	-	-	0.58
Yankee Corporate	AAA	-	-	0.18
Yankee Corporate	AA	0.55	-	0.69
Yankee Corporate	A	0.84	-	0.42
Yankee Corporate	BBB	-	-	0.13
Yankee Government	AA	-	-	0.34
Yankee Government	Not Rated	-	-	0.04
No Credit Risk		(1.79)	-	(0.87)
		<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
		%	%	%

**Concentration of Credit Risk – GeFonsi Pool**

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

At June 30, 2013, there was no exposure to any one issuer greater than 5% of invested assets.

NOTES TO FINANCIAL STATEMENTS

**4 INTERFUND RECEIVABLE/PAYABLE**

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

D u e T o	Due From					Alaska Corporation for Affordable Housing	Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs			
Administrative Fund	\$ -	\$ 52,643	\$ -	\$ 1,570	\$ 511	\$ 54,724	
Grant Programs	-	-	-	-	-	-	
Mortgage or Bond Programs	42,143	-	-	-	-	42,143	
Other Funds or Programs	-	-	-	-	-	-	
Alaska Corporation for Affordable Housing	-	-	-	-	-	-	
Total	\$ 42,143	\$ 52,643	\$ -	\$ 1,570	\$ 511	\$ 96,867	

The balance of \$42,143,000 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 balances of \$52,643,000 and \$1,570,000 due to the Administrative Fund from the Grant Programs and the Other Funds or Programs respectively 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 of \$511,000 due to the Administrative fund from the Alaska Corporation for Affordable Housing (ACAH) resulted primarily from cash advanced by the Administrative Fund to ACAH.

**5 MORTGAGE LOANS, NOTES AND OTHER LOANS**

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

	June 30, 2013
Mortgage loans	\$ 2,037,267
Multifamily loans	256,881
Other notes receivable	95,111
	<u>2,389,259</u>
Less:	
Allowance for losses	(83,592)
Net Mortgage loans, notes and other loans	<u>\$ 2,305,667</u>

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

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

	June 30, 2013
<u>Delinquencies and foreclosures:</u>	
Loans delinquent 30 days or more	\$ 125,954
Foreclosures during period	11,863
Loans in foreclosure process	23,005
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	97,749

**6 INSURANCE AGREEMENTS**

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

NOTES TO FINANCIAL STATEMENTS

## 7 DIRECT FINANCING LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately \$26 million. The building is part of the Corporation's State Lease Building Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The State has the option to purchase the building for \$1 in 2017 which is the end of the lease. In May 2005, the Corporation issued the General Housing Purpose Bonds, Series 2005 C, 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 at June 30, 2013 was \$43,328,000. The garage was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage for \$1 in 2027 which is the end of the lease. In September 2007, the Corporation issued the State Capital Project Bonds, Series 2007 A, to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

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

12 Months Ending June 30	Future Minimum Payments Due		
	Parking Garage	Building	Total
2014	\$ 3,304	\$ 3,467	\$ 6,771
2015	3,304	3,467	6,771
2016	3,304	3,467	6,771
2017	3,304	3,467	6,771
2018	3,304	-	3,304
Thereafter	33,036	-	33,036
Gross payments due	49,556	13,868	63,424
Less: Unearned revenue	(13,299)	(1,348)	(14,647)
Net investment in direct financing lease	\$ 36,257	\$ 12,520	\$ 48,777

## 8 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 and a summary of balances are shown below (in thousands):

	June 30, 2012	Additions	Reductions	June 30, 2013
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 16,153	\$ 3,538	\$ -	\$ 19,691
Construction in progress	478	1,920	(2,189)	209
Total Non-Depreciable	16,631	5,458	(2,189)	19,900
<b>Depreciable Capital Assets:</b>				
Buildings	233,361	4,018	-	237,379
Computers & Equipment	1,811	272	(219)	1,864
Vehicles	2,031	92	(139)	1,984
Less: Accumulated depreciation				
Buildings	(125,388)	(7,203)	-	(132,591)
Computers & Equipment	(1,381)	(218)	230	(1,369)
Vehicles	(1,699)	(123)	138	(1,684)
Total Depreciable, Net	108,735	(3,162)	10	105,583
<b>Total Capital Assets, Net</b>	<b>\$ 125,366</b>	<b>\$ 2,296</b>	<b>\$ (2,179)</b>	<b>\$ 125,483</b>

The above capital assets include \$3,538,000 of land that belongs to the Alaska Corporation for Affordable Housing.

The depreciation expense charged by the Corporation was \$7,526,000 for the year ended June 30, 2013. 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 \$8,726,000 at June 30, 2013.

NOTES TO FINANCIAL STATEMENTS

**9 BONDS AND NOTES PAYABLE**

With the exception of the Veterans Mortgage Program Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The Veterans Mortgage Program Bonds and Notes are backed by the full faith and credit of the State. All of the bonds and notes are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation has authorization to issue Draw Down bonds in the amount of \$900,000,000 for the purpose of preserving private activity bond volume capacity and to refund certain outstanding obligations of the Corporation. Only \$300,000,000 of these bonds can be outstanding at any one time. As of June 30, 2013, there are no draw down bonds outstanding.

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

	Original Amount	June 30, 2013
<b>First-Time Home Buyer Program</b>		
<b><i>Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 60,750
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	113,240
• 2010 Series A; 1.15% to 4.00%, due 2013-2027 Unamortized discount	43,130	37,480 (191)
• 2010 Series B; 1.15% to 4.625%, due 2013-2040	35,680	33,800
• 2011 Series B; 0.80% to 4.05%, due 2013-2026	71,360	67,205
<b><i>Mortgage Revenue Bonds, Taxable:</i></b>		
• 2011 Series A; 2.80% due 2015-2026	28,945	19,660
Total Mortgage Revenue Bonds	<u>372,215</u>	<u>331,944</u>
<b><i>Home Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2002 Series A; Floating Rate*; 0.09% at June 30, 2013, due 2032, 2036 Unamortized swap termination penalty	170,000	120,495 (8,039)
• 2006 Series A; 4.15% to 5.00%, due 2013-2036 Unamortized premium	98,675	27,550 162
• 2007 Series A; Floating Rate*; 0.22% at June 30, 2013, due 2017-2041 Unamortized deferred debt refunding expense	75,000	75,000 (1,606)
• 2007 Series B; Floating Rate*; 0.18% at June 30, 2013, due 2017-2041 Unamortized deferred debt refunding expense	75,000	75,000 (1,606)
• 2007 Series D; Floating Rate*; 0.20% at June 30, 2013, due 2017-2041 Unamortized deferred debt refunding expense	89,370	89,370 (1,968)
• 2009 Series A; Floating Rate*; 0.06% at June 30, 2013, due 2020-2040 Unamortized deferred debt refunding expense	80,880	80,880 (1,255)
• 2009 Series B; Floating Rate*, 0.05% at June 30, 2013, due 2020-2040 Unamortized deferred debt refunding expense	80,880	80,880 (1,255)
• 2009 Series D; Floating Rate*; 0.06% at June 30, 2013, due 2020-2040 Unamortized deferred debt refunding expense	80,870	80,870 (1,208)
Total Home Mortgage Revenue Bonds	<u>750,675</u>	<u>613,270</u>

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2013
<b>Veterans Mortgage Program Bonds and Notes:</b>		
<b><i>Collateralized State Guaranteed Bonds and Notes, Tax-Exempt:</i></b>		
• 2006 First Series; 4.00% to 4.90%, due 2013-2037	190,000	78,245
• 2007 & 2008 First Series; 3.625% to 5.25%, due 2014-2038	57,885	23,840
Total Veterans Mortgage Program Bonds	247,885	102,085
<b>Other Housing Bonds:</b>		
<b><i>Housing Development Bonds, Tax-Exempt:</i></b>		
• 2004 Series A; 4.05% to 4.80%, due 2013-2026	33,060	630
• 2004 Series B; 3.85% to 4.75%, due 2013-2032	52,025	370
Sub-Total Housing Development Bonds	85,085	1,000
<b><i>General Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2012 Series A; 0.50% to 4.25%, due 2013-2040	145,890	143,075
Unamortized discount		(737)
Unamortized premium		1,191
Unamortized deferred debt refunding expense		(1,416)
<b><i>General Mortgage Revenue Bonds, Taxable:</i></b>		
• 2012 Series B; Floating Rate*, 0.10% at June 30, 2013, due 2042	50,000	50,000
<b><i>Government Purpose Bonds, Tax-Exempt:</i></b>		
• 1997 Series A; Floating Rate*, monthly payments, 0.05% at June 30, 2013, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 0.04% at June 30, 2013, due 2013-2030	76,580	55,705
Unamortized swap termination penalty		(6,917)
• 2001 Series B, Floating Rate*; 0.04% at June 30, 2013, due 2013-2030	93,590	68,075
Total Other Housing Bonds	484,145	324,576
<b>Non-Housing Bonds:</b>		
<b><i>State Capital Project Bonds, Tax-Exempt:</i></b>		
• 2002 Series C; Floating Rate*, 0.05% at June 30, 2013, due 2013-2022	60,250	55,610
• 2006 Series A; 3.50% to 5.00%, due 2014-2040	100,890	90,420
Unamortized discount		(1,182)
Unamortized premium		1,046
• 2007 Series A & B; 4.00% to 5.25%, due 2013-2029	95,525	81,535
Unamortized discount		(50)
Unamortized premium		1,797
Unamortized deferred debt refunding expense		(2,344)
• 2011 Series A; 4.00% to 5.00%, due 2013-2027	105,185	86,525
Unamortized discount		(99)
Unamortized premium		2,042

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2013
• 2012 Series A; 2.00% to 5.00%, due 2013-2032	99,360	95,120
Unamortized discount		(133)
Unamortized premium		12,063
• 2013 Series A; 4.00% to 5.00%, due 2017-2032	86,765	86,765
Unamortized premium		12,879
<b>State Capital Project Bonds, Taxable:</b>		
• 2012 Series B; Floating Rate*, 0.10% at June 30, 2013, due 2042	50,000	50,000
• 2013 Series B; Indexed Floating Rate*, monthly payments 0.99378% at June 30, 2013, due 2043	50,000	50,000
<b>General Housing Purpose Bonds, Tax-Exempt:</b>		
• 2005 Series A; 3.60% to 5.25%, due 2013-2041	143,235	135,110
Unamortized premium		2,834
• 2005 Series B; 3.80% to 5.25%, due 2013-2030	147,610	118,790
Unamortized deferred debt refunding expense		(7,975)
Unamortized premium		2,727
• 2005 Series C; 5.00%, due 2013-2017	16,885	12,520
Total Non-Housing Bonds	955,705	886,000
<b>Total Bonds and Notes Payable</b>	<b>\$ 2,810,625</b>	<b>\$ 2,257,875</b>

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

**Redemption Provisions**

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

During the year ended June 30, 2013, the Corporation made \$500,710,000 special revenue redemptions and \$99,265,000 current refundings.

**Debt Service Requirements\*\***

For all bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2018 and in five year increments thereafter to maturity are shown below (in thousands):

	Total Debt Service		
	12 Months Ending June 30	Principal	Interest*
2014	\$ 50,695	\$ 83,252	\$ 133,947
2015	45,975	81,627	127,602
2016	47,420	80,041	127,461
2017	54,535	78,314	132,849
2018	55,635	76,208	131,843
2019-2023	368,575	340,310	708,885
2024-2028	448,700	258,160	706,860
2029-2033	489,070	159,019	648,089
2034-2038	387,630	73,969	461,599
2039-2043	310,880	13,528	324,408
	<b>\$ 2,259,115</b>	<b>\$ 1,244,428</b>	<b>\$ 3,503,543</b>

\* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2013

\*\* Also see Note 10 – Derivatives.

NOTES TO FINANCIAL STATEMENTS

## 10 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.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and 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, 2013, the Corporation has not posted any collateral and is not required to post any collateral.

### Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2013, are shown below:

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

1. Governmental Purpose Bonds

2. Home Mortgage Revenue Bonds

3. State Capital Project Bonds

4. London Interbank Offered Rate 1 month

5. London Interbank Offered Rate 3 month

6. Securities Industry and Financial Markets Municipal Swap Index

7. Standard & Poor's/Moody's

The change in fair value and ending balance of the hedging derivatives as of June 30, 2013, 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, 2013	June 30, 2012	
GP01A	\$ 55,705	\$ 58,793	\$ (3,088)	\$ (6,419)	\$ 3,331
GP01B	68,075	81,828	(13,753)	(19,306)	5,553
E021A1	43,255	47,361	(4,106)	(7,397)	3,291
E021A2	77,240	82,251	(5,011)	(8,764)	3,753
SC02C	55,610	62,712	(7,102)	(9,689)	2,587
E071AB	143,622	174,084	(30,462)	(48,522)	18,060
E071BD	95,748	115,704	(19,956)	(31,966)	12,010
E091A	72,789	88,750	(15,961)	(25,233)	9,272
E091B	72,789	88,682	(15,893)	(25,267)	9,374
E091ABD	97,052	117,790	(20,738)	(33,194)	12,456
Total	\$ 781,885	\$ 917,955	\$ (136,070)	\$ (215,757)	\$ 79,687

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2013, 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.

<b>Fiscal Year</b>	<b>VRDO</b>	<b>VRDO</b>	<b>Swap Net</b>	<b>Total</b>
<b>Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Payment</b>	<b>Payments</b>
2014	\$ 12,645	\$ 788	\$ 27,073	\$ 40,506
2015	13,175	782	26,620	40,577
2016	13,745	775	26,148	40,668
2017	16,765	767	25,655	43,187
2018	20,040	752	25,011	45,803
2019-2023	137,120	3,447	112,306	252,873
2024-2028	150,400	2,806	87,243	240,449
2029-2033	161,830	2,040	59,850	223,720
2034-2038	158,930	1,171	32,518	192,619
2039-2043	97,235	257	6,252	103,744
	<u>\$ 781,885</u>	<u>\$ 13,585</u>	<u>\$ 428,676</u>	<u>\$ 1,224,146</u>

**Credit Risk**

As of June 30, 2013, 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 33% of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 32% of the total notional amount of the swaps is held with one counterparty rated A+/Aa1. Of the remaining swaps, one counterparty is rated AAA/Aa3, another counterparty is rated A/A1, and the remaining counterparty is rated A+/Aa3, approximating 19%, 9%, 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, 2013, SIFMA was 0.06% and 1-month LIBOR was 0.19535%, resulting in a SIFMA/LIBOR ratio of 30.7%. The 3-month LIBOR was 0.2756%, resulting in a SIFMA/LIBOR ratio of 21.8%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

**Termination Risk**

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

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

NOTES TO FINANCIAL STATEMENTS

**Rollover Risk**

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

**Investment Derivative**

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

The significant terms and credit ratings of the Corporation's investment derivative as of June 30, 2013, is 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+/Aa1

The change in fair value of the investment derivatives as of June 30, 2013, 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, 2013	June 30, 2012	
SC02B	\$ 14,555	\$ 17,120	\$ (2,565)	\$ (3,723)	\$ 1,158

**Credit Risk**

As of June 30, 2013, 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+/Aa1.

**11 LONG TERM LIABILITIES**

The activity for the year ended June 30, 2013 is summarized in the following schedule (in thousands):

	June 30, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Total bonds and notes payable	\$ 2,407,864	\$ 508,326	\$ (658,315)	\$ 2,257,875	\$ 50,695
Compensated absences	5,250	3,525	(2,933)	5,842	2,195
Other liabilities	554	280	(215)	619	-
Total long-term Liabilities	\$ 2,413,668	\$ 512,131	\$ (661,463)	\$ 2,264,336	\$ 52,890

**12 SHORT TERM DEBT**

The Corporation has a 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 Board of Directors is \$150,000,000. The lowest yield during the year ended June 30, 2013 was 0.14% and the highest was 0.23%.

Short term debt activity for the year ended June 30, 2013 is summarized in the following schedule (in thousands):

	June 30, 2012	Additions	Reductions	June 30, 2013
Commercial paper	\$ 68,700	\$ 559,460	\$ (599,770)	\$ 28,390
Unamortized discount	(15)	(102)	115	(2)
Commercial paper, net	\$ 68,685	\$ 559,358	\$ (599,655)	\$ 28,388

NOTES TO FINANCIAL STATEMENTS

**13 TRANSFERS**

Transfers for the year ended June 30, 2013 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	
T Administrative Fund	\$ -	\$ 15,458	\$ 468,658	\$ -	\$ -	\$ 484,116
O Grant Programs	28,257	-	-	-	-	28,257
Mortgage or Bond Programs	405,470	-	458,127	-	-	863,597
Other Funds or Programs	5,058	202	-	-	-	5,260
Alaska Corporation for Affordable Housing	-	3,205	-	-	-	3,205
Total	\$ 438,785	\$ 18,865	\$ 926,785	\$ -	\$ -	\$ 1,384,435

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,
- (5) record land purchased by the Grant programs and gifted to the Alaska Corporation for Affordable Housing (ACAH) and various unreimbursible expenditures paid on behalf by the Administrative Fund on behalf of ACAH.

**14 OTHER CREDIT ARRANGEMENTS**

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary to satisfy debt service or unpaid bond principal obligations. Such arrangements may contain covenants restricting the amendment of terms and redemption of bonds or notes, and setting the minimum combined fund equity of the Corporation and minimum debt service reserve fund balances. Varying commitment fees are required, generally .02% to .65% per annum of the unused commitment amount.

At June 30, 2013 the Corporation had unused bond-related liquidity facilities of \$440,735,000 and bond insurance of \$466,925,000.

**15 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 and paid for the year ended June 30, 2013 was \$291,000 and \$226,000 respectively.

**16 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."

NOTES TO FINANCIAL STATEMENTS

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". At June 30, 2013, total state authorizations were \$615,412,000; payments were \$538,741,000 resulting in total remaining commitments of \$76,671,000.

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

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003" Act) which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of 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.

**Contributions to the State of Alaska or other State agencies**

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

	June 30, 2013	Cumulative Prior Fiscal Year	Total Payments to State
State debt repayment	\$ -	\$ 29,800	\$ 29,800
Asset purchases	-	252,300	252,300
Dividends		114,300	114,300
Direct cash transfers	-	631,653	631,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	4,420	327,291	331,711
Various bond proceeds disbursed	6,300	313,224	319,524
Total	<u>\$ 10,720</u>	<u>\$ 1,971,222</u>	<u>\$ 1,981,942</u>

NOTES TO FINANCIAL STATEMENTS

**17 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, 2013</b>
▪ ARRA State Energy Program	\$ 2,276
▪ ARRA Weatherization Assistance Program	2,136
▪ Beneficiaries and Special Needs Housing	831
▪ Domestic Violence	126
▪ Drug Elimination	20
▪ Emergency Shelter Grant (ESG)	113
▪ Energy Efficiency Conservation Block Grant	3,868
▪ Energy Efficiency Monitoring Research	1,100
▪ Energy Efficient Home Program	19,453
▪ HOME Investment Partnership	4,277
▪ Homeless Assistance Program	7,331
▪ Homeless Information Management System	26
▪ Housing Choice Vouchers	30,660
▪ Housing Loan Program	4,795
▪ Housing Opportunities for Persons with AIDS	636
▪ Low Income Home Energy Assistance	650
▪ Low Income Weatherization Assistance	56,796
▪ Neighborhood Stabilization	433
▪ Non-Elderly Disabled (NED)	240
▪ Parolees (TBRA)	226
▪ Resident Opportunity and Support Service	26
▪ Section 8 Rehabilitaton	397
▪ Senior Citizen Housing Development Grant	4,157
▪ Shelter Plus Care	788
▪ Special Needs Housing	12
▪ State Energy Program	239
▪ Supplemental Housing Grant	6,537
▪ Supportive Housing Grant Match	1,077
▪ Technical Assistance Grant	115
▪ Veterans Affairs Supportive Housing	904
▪ Youth (TBRA)	19
Total Expenses for the Grant Programs	<u>150,264</u>
▪ Utility Allowance Payments for Low Rent	196
Total Expenses for Other Funds or Programs	<u>196</u>
<b>Total Housing Grants and Subsidies Expenses</b>	<b>\$ 150,460</b>

In addition to grant payments made, the Corporation has advanced grant funds of \$10,900,000 and committed to third parties a sum of \$131,654,000 in grant awards at June 30, 2013.

**18 OTHER FUNDS OR PROGRAMS**

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

**Other Funds and Programs**

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

- Low Rent Management
- Modernization/Capital Fund Programs

Market Rate Rental Housing Programs consist of Corporate owned low-income housing facilities at various locations.

- Project Based Section 8
- Market Rate Rental

Home Ownership Fund includes the following program that provided assistance to borrowers for monthly mortgage payments. This fund is maintained due to statutory requirements. No borrowers are currently receiving assistance:

- Homeowner Assistance Program

NOTES TO FINANCIAL STATEMENTS

## 19 ENERGY AND WEATHERIZATION ENERGY EFFICIENCY PROGRAMS

The 2008 Legislature authorized funding for the Corporation to expand the existing Weatherization program by \$200,000,000 and create the new Energy Rebate Program with \$160,000,000 to help Alaskans make their homes more energy efficient. The 2011 and 2012 Legislature authorized additional funding for the Weatherization program of \$62,500,000 and \$30,000,000 respectively and for the Energy Rebate Program of \$37,500,000 and \$20,000,000 respectively.

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

The Home Energy Rebate Program has no income limits and provides homeowners with reimbursements for specific energy-efficiency improvements. The more the home's energy efficiency improves, the greater the potential rebate. As of June 30, 2013 the Corporation had outstanding commitments of \$45,028,000 and had paid out \$150,600,000 in the rebate program to homeowners since the inception of the program. The \$45,028,000 commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

## 20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

### Plan Description

As of June 30, 2013, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

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

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

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

Employees hired 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. Also the plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired 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.

NOTES TO FINANCIAL STATEMENTS

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

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

**Funding Policy**

*Defined Benefit Plans:*

Under State law, covered employees are required to contribute 6¼% of their annual covered salary to the pension plan and are not required to contribute to the Post Employment Healthcare Plan.

Under State law the Corporation is required to contribute 22% of annual covered salary. For the fiscal year 2013, 9.67% of covered salary was for the pension plan and 12.33% of covered salary was for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 35.84% for the fiscal year 2013 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the year ended June 30, 2013 was \$1,662,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2013 totaled \$1,723,000 and for the years ended June 30, 2012 and June 30, 2011 totaled \$1,813,000 and \$1,403,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2013 was \$1,449,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2013 totaled \$2,197,000 and for the years ended June 30, 2012 and June 30, 2011 totaled \$2,208,000 and \$2,636,000 respectively.

*Defined Contribution Plans*

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2013, the Corporation was required to contribute 5.14% of the annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For the fiscal year 2013, the Corporation was required to contribute 0.48% of the annual covered salary plus an annual flat dollar amount of \$1,848.43 for each covered employee.

If the total amount that the Corporation has contributed for the defined contribution pension and post employment healthcare plans is less than 22% of covered payroll, the Corporation must pay that additional amount. This additional amount is used to reduce the Plan's unfunded liability. For the year ended June 30, 2013, the Corporation paid additional contributions of \$570,000.

The contributions to the pension plan for the year ended June 30, 2013 by the employees totaled \$351,000 and by the Corporation totaled \$225,000.

The Corporation contributed \$170,000 to a health reimbursement arrangement for the year ended June 30, 2013.

**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 \$1,816,000 as of June 30, 2013.

**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.

NOTES TO 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.

**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,				
	2013	2012	2011	2010	2009
<b>Assets</b>					
Cash	\$ 59,207	\$ 64,631	\$ 73,411	\$ 59,218	\$ 24,720
Investments	1,218,693	1,231,890	1,362,107	1,389,605	1,247,669
Accrued interest receivable	11,559	12,423	13,305	14,647	15,854
Mortgage loans, notes and other loans	2,305,667	2,525,004	2,759,511	2,971,253	3,195,444
Net investment in direct financing lease	48,777	53,192	57,476	61,222	64,802
Unamortized bond issuance costs	10,855	14,110	16,880	19,751	23,252
Capital assets, net	125,483	125,366	121,968	112,759	113,004
Other assets	64,919	46,275	36,446	40,463	46,680
Derivative instrument - interest rate swaps	-	-	-	-	-
<b>Total Assets</b>	<b>3,845,160</b>	<b>4,072,891</b>	<b>4,441,104</b>	<b>4,668,918</b>	<b>4,731,425</b>
<b>Deferred Outflow of Resources</b>	<b>136,070</b>	<b>215,757</b>	<b>100,936</b>	<b>127,899</b>	<b>-</b>
<b>Liabilities</b>					
Bonds and notes payable	2,257,875	2,407,864	2,721,113	2,832,647	2,869,153
Short term debt	28,388	68,685	86,976	149,890	149,724
Accrued interest payable	9,947	11,323	12,688	12,770	13,715
Other liabilities	20,857	27,153	24,549	47,252	26,722
Derivative instrument - interest rate swaps	138,635	219,480	102,895	130,267	-
<b>Total Liabilities</b>	<b>2,455,702</b>	<b>2,734,505</b>	<b>2,948,221</b>	<b>3,172,826</b>	<b>3,059,314</b>
<b>Deferred Inflow of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Position</b>	<b>\$ 1,525,528</b>	<b>\$ 1,554,143</b>	<b>\$ 1,593,819</b>	<b>\$ 1,623,991</b>	<b>\$ 1,672,111</b>
<b>Operating Revenues</b>					
<u>Operating Revenues</u>					
Mortgage and loans revenue	\$ 125,059	\$ 147,078	\$ 164,242	\$ 177,855	\$ 205,138
Investment interest	6,385	6,793	8,454	11,605	25,148
Net change in fair value of investments	1,545	7,667	7,766	6,317	570
Net change of hedge termination	1,158	(1,765)	410	(794)	-
Total Investment Revenue	9,088	12,695	16,630	17,128	25,718
Externally funded programs	168,152	179,704	194,411	191,968	112,587
Rental	8,701	8,554	7,996	8,697	8,577
Other	4,325	3,147	2,416	1,610	3,337
<b>Total Operating Revenues</b>	<b>315,325</b>	<b>351,178</b>	<b>385,695</b>	<b>397,258</b>	<b>355,357</b>
<u>Operating Expenses</u>					
Interest	94,409	111,558	122,138	130,789	149,021
Mortgage and loan costs	10,098	11,131	11,587	12,709	14,139
Operations and administration	56,663	57,126	54,100	49,678	51,421
Financing expenses	12,419	7,807	8,692	7,456	9,159
Provision for loan loss	(4,753)	(1,542)	(6,673)	515	(7,703)
Housing grants and subsidies	150,460	179,194	196,168	194,883	106,480
Rental housing operating expenses	13,924	16,373	12,594	11,002	11,480
<b>Total Operating Expenses</b>	<b>333,220</b>	<b>381,647</b>	<b>398,606</b>	<b>407,032</b>	<b>333,997</b>
<b>Operating Income (Loss)</b>	<b>(17,895)</b>	<b>(30,469)</b>	<b>(12,911)</b>	<b>(9,774)</b>	<b>21,360</b>
<b>Non-Operating &amp; Special Item</b>					
Contribution to State or State agency	(10,720)	(9,207)	(20,349)	(36,772)	(15,420)
Special item	-	-	3,088	-	-
<b>Change in Net Position</b>	<b>\$ (28,615)</b>	<b>\$ (39,676)</b>	<b>\$ (30,172)</b>	<b>\$ (46,546)</b>	<b>\$ 5,940</b>

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

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2013

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<b>ASSETS</b>				
Cash	31,321	-	-	-
Investments	713,300	27,639	161,910	15,135
Accrued interest receivable	1,554	1,110	3,162	711
Inter-fund due to/from	12,581	4,590	16,483	3,646
Mortgage loans, notes and other loans	96,926	347,071	683,612	123,268
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	1,623	1,814	498
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	3,833	-	-	-
Other assets	11,630	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	707	-	-	-
<b>Total Assets</b>	<b>871,991</b>	<b>382,033</b>	<b>866,981</b>	<b>143,258</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	112,127	-
<b>LIABILITIES</b>				
Bonds and notes payable	-	331,944	613,270	102,085
Short term debt	28,388	-	-	-
Accrued interest payable	1,723	792	1,962	405
Other liabilities	10,085	100	243	53
Derivative instrument - interest rate swaps	-	-	112,127	-
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>40,196</b>	<b>332,836</b>	<b>727,602</b>	<b>102,543</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	3,972	-	-	-
Restricted by bond resolutions	-	49,197	251,506	40,715
Restricted by contractual or statutory agreements	88,192	-	-	-
Unrestricted or (deficit)	739,631	-	-	-
<b>Total Net Position</b>	<b>831,795</b>	<b>49,197</b>	<b>251,506</b>	<b>40,715</b>

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	211	27,675	59,207
207,369	93,340	-	1,218,693
1,513	3,509	-	11,559
5,730	11,694	(54,724)	-
359,902	694,888	-	2,305,667
-	48,777	-	48,777
2,328	4,592	-	10,855
-	2,401	17,360	19,900
-	10,777	90,973	105,583
-	-	15,719	27,349
-	-	-	-
-	-	36,863	37,570
576,842	870,189	133,866	3,845,160
16,841	7,102	-	136,070
324,576	886,000	-	2,257,875
-	-	-	28,388
756	4,309	-	9,947
370	599	8,939	20,389
16,841	9,667	-	138,635
-	211	257	468
342,543	900,786	9,196	2,455,702
-	-	-	-
-	13,178	108,333	125,483
223,030	-	-	564,448
28,110	-	35,863	152,165
-	(36,673)	(19,526)	683,432
251,140	(23,495)	124,670	1,525,528

# ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

REVOLVING FUNDS

As of June 30, 2013

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<b>ASSETS</b>			
Cash	30,944	377	31,321
Investments	702,157	11,143	713,300
Accrued interest receivable	1,554	-	1,554
Inter-fund due to/from	12,581	-	12,581
Mortgage loans, notes and other loans	96,926	-	96,926
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	3,833	-	3,833
Other assets	11,630	-	11,630
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	707	-	707
<b>Total Assets</b>	<b>860,471</b>	<b>11,520</b>	<b>871,991</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Bonds and notes payable	-	-	-
Short term debt	28,388	-	28,388
Accrued interest payable	1,723	-	1,723
Other liabilities	10,086	(1)	10,085
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
<b>Total Liabilities</b>	<b>40,197</b>	<b>(1)</b>	<b>40,196</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	3,972	-	3,972
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	76,671	11,521	88,192
Unrestricted or (deficit)	739,631	-	739,631
<b>Total Net Position</b>	<b>820,274</b>	<b>11,521</b>	<b>831,795</b>

**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, 2013

*(in thousands of dollars)*

	<b>Bonds 2009 A-1 2010 A, B</b>	<b>Bonds 2009 A-2 2011 A, B</b>	<b>Mortgage Revenue Bonds Combined Total</b>
<b>ASSETS</b>			
Cash	-	-	-
Investments	13,834	13,805	27,639
Accrued interest receivable	399	711	1,110
Inter-fund due to/from	2,108	2,482	4,590
Mortgage loans, notes and other loans	125,551	221,520	347,071
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	748	875	1,623
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Assets</b>	<b>142,640</b>	<b>239,393</b>	<b>382,033</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Bonds and notes payable	131,839	200,105	331,944
Short term debt	-	-	-
Accrued interest payable	368	424	792
Other liabilities	36	64	100
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
<b>Total Liabilities</b>	<b>132,243</b>	<b>200,593</b>	<b>332,836</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	10,397	38,800	49,197
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>10,397</b>	<b>38,800</b>	<b>49,197</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, 2013

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<b>ASSETS</b>				
Cash	-	-	-	-
Investments	16,129	2,887	-	-
Accrued interest receivable	689	188	-	-
Inter-fund due to/from	2,435	1,071	-	-
Mortgage loans, notes and other loans	137,447	28,645	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	518	207	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>157,218</b>	<b>32,998</b>	<b>-</b>	<b>-</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	9,117	-	-	-
<b>LIABILITIES</b>				
Bonds and notes payable	112,456	27,712	-	-
Short term debt	-	-	-	-
Accrued interest payable	377	110	-	-
Other liabilities	58	14	-	-
Derivative instrument - interest rate swaps	9,117	-	-	-
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>122,008</b>	<b>27,836</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	44,327	5,162	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>44,327</b>	<b>5,162</b>	<b>-</b>	<b>-</b>

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

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
-	-	-	-	-	-	-
21,796	21,058	-	26,597	-	-	29,319
307	348	-	399	-	-	340
1,943	1,258	-	2,456	-	-	1,711
64,652	63,868	-	83,767	-	-	92,170
-	-	-	-	-	-	-
184	115	-	157	-	-	212
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
88,882	86,647	-	113,376	-	-	123,752
15,907	15,884	-	18,627	-	-	17,690
73,394	73,394	-	87,402	-	-	79,625
-	-	-	-	-	-	-
233	233	-	277	-	-	220
25	27	-	31	-	-	24
15,907	15,884	-	18,627	-	-	17,690
-	-	-	-	-	-	-
89,559	89,538	-	106,337	-	-	97,559
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,230	12,993	-	25,666	-	-	43,883
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,230	12,993	-	25,666	-	-	43,883

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 4

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2013

*(in thousands of dollars)*

	<b>Bonds 2009 B</b>	<b>Bonds 2009 C</b>	<b>Bonds 2009 D</b>	<b>Home Mortgage Revenue Bonds Combined Total</b>
<b>ASSETS</b>				
Cash	-	-	-	-
Investments	30,836	-	13,288	161,910
Accrued interest receivable	355	-	536	3,162
Inter-fund due to/from	2,359	-	3,250	16,483
Mortgage loans, notes and other loans	97,470	-	115,593	683,612
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	197	-	224	1,814
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>131,217</b>	<b>-</b>	<b>132,891</b>	<b>866,981</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>17,622</b>	<b>-</b>	<b>17,280</b>	<b>112,127</b>
<b>LIABILITIES</b>				
Bonds and notes payable	79,625	-	79,662	613,270
Short term debt	-	-	-	-
Accrued interest payable	220	-	292	1,962
Other liabilities	25	-	39	243
Derivative instrument - interest rate swaps	17,622	-	17,280	112,127
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>97,492</b>	<b>-</b>	<b>97,273</b>	<b>727,602</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	51,347	-	52,898	251,506
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>51,347</b>	<b>-</b>	<b>52,898</b>	<b>251,506</b>

**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, 2013

*(in thousands of dollars)*

	<b>Collateralized Bonds/Notes 2005 First &amp; Second Series</b>	<b>Collateralized Bonds 2006 First Series</b>	<b>Collateralized Bonds 2007 &amp; 2008 First Series</b>	<b>Combined Total</b>
<b>ASSETS</b>				
Cash	-	-	-	-
Investments	-	11,293	3,842	15,135
Accrued interest receivable	-	563	148	711
Inter-fund due to/from	-	3,278	368	3,646
Mortgage loans, notes and other loans	-	95,725	27,543	123,268
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	294	204	498
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>111,153</b>	<b>32,105</b>	<b>143,258</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
Bonds and notes payable	-	78,245	23,840	102,085
Short term debt	-	-	-	-
Accrued interest payable	-	307	98	405
Other liabilities	-	42	11	53
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>78,594</b>	<b>23,949</b>	<b>102,543</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	-	32,559	8,156	40,715
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>-</b>	<b>32,559</b>	<b>8,156</b>	<b>40,715</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of June 30, 2013

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	General Mortgage Revenue Bonds II 2012 A & B
<b>ASSETS</b>				
Cash	-	-	-	-
Investments	20,841	362	-	28,601
Accrued interest receivable	32	136	-	553
Inter-fund due to/from	80	215	-	2,984
Mortgage loans, notes and other loans	7,159	24,492	-	231,506
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	10	-	1,261
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>28,112</b>	<b>25,215</b>	<b>-</b>	<b>264,905</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
Bonds and notes payable	-	1,000	-	192,113
Short term debt	-	-	-	-
Accrued interest payable	-	4	-	410
Other liabilities	2	2	-	53
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>2</b>	<b>1,006</b>	<b>-</b>	<b>192,576</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	-	24,209	-	72,329
Restricted by contractual or statutory agreements	28,110	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>28,110</b>	<b>24,209</b>	<b>-</b>	<b>72,329</b>

**Schedule 6**

<b>Governmental Purpose Bonds 1997 A</b>	<b>Governmental Purpose Bonds 2001 A-D</b>	<b>Combined Total</b>
-	-	-
6,757	150,808	207,369
114	678	1,513
-	2,451	5,730
14,888	81,857	359,902
-	-	-
108	949	2,328
-	-	-
-	-	-
-	-	-
-	-	-
21,867	236,743	576,842
-	16,841	16,841
14,600	116,863	324,576
-	-	-
1	341	756
-	313	370
-	16,841	16,841
-	-	-
14,601	134,358	342,543
-	-	-
-	-	-
-	-	-
7,266	119,226	223,030
-	-	28,110
-	-	-
7,266	119,226	251,140

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

### NON-HOUSING BONDS

As of June 30, 2013

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A
<b>ASSETS</b>				
Cash	-	-	142	-
Investments	13,537	13,566	15,128	2,056
Accrued interest receivable	174	332	121	369
Inter-fund due to/from	1,395	1,341	515	1,679
Mortgage loans, notes and other loans	38,971	76,600	32,197	73,189
Net investment in direct financing lease	-	-	36,257	-
Unamortized bond issuance costs	333	514	475	548
Capital assets - non-depreciable	-	-	-	2,401
Capital assets - depreciable, net	-	-	-	10,777
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>54,410</b>	<b>92,353</b>	<b>84,835</b>	<b>91,019</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	7,102	-	-	-
<b>LIABILITIES</b>				
Bonds and notes payable	55,610	90,284	80,938	88,468
Short term debt	-	-	-	-
Accrued interest payable	1,429	339	324	354
Other liabilities	15	28	12	27
Derivative instrument - interest rate swaps	9,667	-	-	-
Intergovernmental payable	-	-	142	-
<b>Total Liabilities</b>	<b>66,721</b>	<b>90,651</b>	<b>81,416</b>	<b>88,849</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	13,178
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	(5,209)	1,702	3,419	(11,008)
<b>Total Net Position</b>	<b>(5,209)</b>	<b>1,702</b>	<b>3,419</b>	<b>2,170</b>

Schedule 7

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	-	-	69	211
11,723	1,812	19,091	16,427	93,340
587	733	819	374	3,509
1,296	2,132	1,540	1,796	11,694
124,699	140,801	118,060	90,371	694,888
-	-	-	12,520	48,777
744	703	915	360	4,592
-	-	-	-	2,401
-	-	-	-	10,777
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
139,049	146,181	140,425	121,917	870,189
-	-	-	-	7,102
157,050	149,644	137,944	126,062	886,000
-	-	-	-	-
351	375	574	563	4,309
31	77	40	369	599
-	-	-	-	9,667
-	-	-	69	211
157,432	150,096	138,558	127,063	900,786
-	-	-	-	-
-	-	-	-	13,178
-	-	-	-	-
-	-	-	-	-
(18,383)	(3,915)	1,867	(5,146)	(36,673)
(18,383)	(3,915)	1,867	(5,146)	(23,495)

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2013

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental Housing Programs	Section 8 Vouchers Programs
<b>ASSETS</b>				
Cash	1,547	13,546	8,564	3,813
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(31,740)	(739)	(831)	(2,556)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	30	12,662	1,130	-
Capital assets - depreciable, net	1	70,022	20,905	45
Other assets	5,333	2,789	71	937
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	32,410	-	-	35
<b>Total Assets</b>	<b>7,581</b>	<b>98,280</b>	<b>29,839</b>	<b>2,274</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	5,944	1,055	287	439
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	257	-	-
<b>Total Liabilities</b>	<b>5,944</b>	<b>1,312</b>	<b>287</b>	<b>439</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	31	82,684	22,035	45
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	1,606	14,435	8,146	3,652
Unrestricted or (deficit)	-	(151)	(629)	(1,862)
<b>Total Net Position</b>	<b>1,637</b>	<b>96,968</b>	<b>29,552</b>	<b>1,835</b>

Schedule 8

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
31	174	27,675
-	-	-
-	-	-
(18,347)	(511)	(54,724)
-	-	-
-	-	-
-	-	-
-	3,538	17,360
-	-	90,973
6,589	-	15,719
-	-	-
4,418	-	36,863
(7,309)	3,201	133,866
-	-	-
-	-	-
-	-	-
1,214	-	8,939
-	-	-
-	-	257
1,214	-	9,196
-	-	-
-	-	-
-	3,538	108,333
-	-	-
8,024	-	35,863
(16,547)	(337)	(19,526)
(8,523)	3,201	124,670

# 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, 2013

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	4,987	15,604	38,604	9,975
Investment interest	315	143	478	121
Net change in the fair value of investments	1,645	(2)	(2)	(1)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1,960	141	476	120
Externally funded program	-	-	-	-
Rental	96	-	-	-
Other	3,220	-	-	-
<b>Total Operating Revenues</b>	<b>10,263</b>	<b>15,745</b>	<b>39,080</b>	<b>10,095</b>
<b>OPERATING EXPENSES</b>				
Interest	112	9,897	27,638	6,578
Mortgage and loan costs	1,206	1,406	2,906	785
Financing expenses	579	243	4,530	418
Provision for loan loss	4,895	(508)	(4,121)	(1,588)
Operations and administration	23,805	599	1,227	273
Rental housing operating expenses	183	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>30,780</b>	<b>11,637</b>	<b>32,180</b>	<b>6,466</b>
<b>Operating Income (Loss)</b>	<b>(20,517)</b>	<b>4,108</b>	<b>6,900</b>	<b>3,629</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(4,420)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	45,334	1,560	22,599	(47,733)
Change in Net Position	20,397	5,668	29,499	(44,104)
Net position at beginning of year	811,398	43,529	222,007	84,819
<b>Net Position at End of Period</b>	<b>831,795</b>	<b>49,197</b>	<b>251,506</b>	<b>40,715</b>

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
26,214	29,675	-	125,059
2,674	2,643	11	6,385
(4)	(91)	-	1,545
-	1,158	-	1,158
2,670	3,710	11	9,088
-	-	168,152	168,152
-	-	8,605	8,701
-	-	1,105	4,325
28,884	33,385	177,873	315,325
19,634	30,548	2	94,409
1,562	2,233	-	10,098
5,099	1,550	-	12,419
(2,268)	(1,163)	-	(4,753)
824	1,063	28,872	56,663
-	-	13,741	13,924
-	-	150,460	150,460
24,851	34,231	193,075	333,220
4,033	(846)	(15,202)	(17,895)
-	(6,300)	-	(10,720)
-	-	-	-
(7,928)	(31,686)	17,854	-
(3,895)	(38,832)	2,652	(28,615)
255,035	15,337	122,018	1,554,143
251,140	(23,495)	124,670	1,525,528

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 10

(A Component Unit of the State of Alaska)

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

## REVOLVING FUNDS

For the Year Ended June 30, 2013

*(in thousands of dollars)*

	Administrative Fund	Home Ownership Fund	Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	4,987	-	4,987
Investment interest	281	34	315
Net change in the fair value of investments	1,649	(4)	1,645
Net change of hedge termination	-	-	-
Total Investment Revenue	1,930	30	1,960
Externally funded program	-	-	-
Rental	96	-	96
Other	3,216	4	3,220
<b>Total Operating Revenues</b>	10,229	34	10,263
<b>OPERATING EXPENSES</b>			
Interest	112	-	112
Mortgage and loan costs	1,206	-	1,206
Financing expenses	576	3	579
Provision for loan loss	4,895	-	4,895
Operations and administration	23,805	-	23,805
Rental housing operating expenses	183	-	183
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	30,777	3	30,780
<b>Operating Income (Loss)</b>	(20,548)	31	(20,517)
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	(4,420)	-	(4,420)
Special Items	-	-	-
Transfers - Internal	45,331	3	45,334
Change in Net Position	20,363	34	20,397
Net position at beginning of year	799,911	11,487	811,398
<b>Net Position at End of Period</b>	820,274	11,521	831,795

**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, 2013

*(in thousands of dollars)*

	<b>Bonds 2009 A-1 2010 A, B</b>	<b>Bonds 2009 A-2 2011 A, B</b>	<b>Mortgage Revenue Bonds Combined Total</b>
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	6,047	9,557	15,604
Investment interest	47	96	143
Net change in the fair value of investments	-	(2)	(2)
Net change of hedge termination	-	-	-
Total Investment Revenue	47	94	141
Externally funded program	-	-	-
Rental	-	-	-
Other	-	-	-
<b>Total Operating Revenues</b>	<b>6,094</b>	<b>9,651</b>	<b>15,745</b>
<b>OPERATING EXPENSES</b>			
Interest	4,522	5,375	9,897
Mortgage and loan costs	527	879	1,406
Financing expenses	79	164	243
Provision for loan loss	(332)	(176)	(508)
Operations and administration	218	381	599
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	<b>5,014</b>	<b>6,623</b>	<b>11,637</b>
<b>Operating Income (Loss)</b>	<b>1,080</b>	<b>3,028</b>	<b>4,108</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Items	-	-	-
Transfers - Internal	(434)	1,994	1,560
Change in Net Position	646	5,022	5,668
Net position at beginning of year	9,751	33,778	43,529
<b>Net Position at End of Period</b>	<b>10,397</b>	<b>38,800</b>	<b>49,197</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, 2013

(in thousands of dollars)

	<b>Bonds 2002 A,B</b>	<b>Bonds 2006 A</b>	<b>Bonds 2006 B</b>	<b>Bonds 2006 C</b>
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	7,534	1,921	610	602
Investment interest	140	17	4	4
Net change in the fair value of investments	(2)	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	138	17	4	4
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>7,672</b>	<b>1,938</b>	<b>614</b>	<b>606</b>
<b>OPERATING EXPENSES</b>				
Interest	6,501	1,600	20	(214)
Mortgage and loan costs	600	134	41	38
Financing expenses	2,055	143	123	94
Provision for loan loss	(629)	(23)	164	35
Operations and administration	217	56	11	10
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>8,744</b>	<b>1,910</b>	<b>359</b>	<b>(37)</b>
<b>Operating Income (Loss)</b>	<b>(1,072)</b>	<b>28</b>	<b>255</b>	<b>643</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	2,702	70	(17,754)	(21,020)
Change in Net Position	1,630	98	(17,499)	(20,377)
Net position at beginning of year	42,697	5,064	17,499	20,377
<b>Net Position at End of Period</b>	<b>44,327</b>	<b>5,162</b>	<b>-</b>	<b>-</b>

**Schedule 12**  
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
3,290	3,394	951	4,314	714	980	3,552
43	38	6	48	5	6	60
-	-	-	-	-	-	-
-	-	-	-	-	-	-
43	38	6	48	5	6	60
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,333	3,432	957	4,362	719	986	3,612
2,863	2,860	366	3,408	120	319	2,969
277	260	66	336	46	64	255
149	139	215	178	81	208	75
(529)	(49)	(188)	(410)	(471)	(5)	(628)
111	108	16	140	12	16	153
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,871	3,318	475	3,652	(212)	602	2,824
462	114	482	710	931	384	788
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,581	20,461	(23,832)	34,228	(27,858)	(26,849)	25,431
20,043	20,575	(23,350)	34,938	(26,927)	(26,465)	26,219
(4,813)	(7,582)	23,350	(9,272)	26,927	26,465	17,664
15,230	12,993	-	25,666	-	-	43,883

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 12

(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, 2013

*(in thousands of dollars)*

	<b>Bonds 2009 B</b>	<b>Bonds 2009 C</b>	<b>Bonds 2009 D</b>	<b>Home Mortgage Revenue Bonds Combined Total</b>
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	4,034	2,639	4,069	38,604
Investment interest	57	13	37	478
Net change in the fair value of investments	-	-	-	(2)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	57	13	37	476
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>4,091</b>	<b>2,652</b>	<b>4,106</b>	<b>39,080</b>
<b>OPERATING EXPENSES</b>				
Interest	2,968	878	2,980	27,638
Mortgage and loan costs	284	204	301	2,906
Financing expenses	74	345	651	4,530
Provision for loan loss	(774)	(505)	(109)	(4,121)
Operations and administration	163	74	140	1,227
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,715</b>	<b>996</b>	<b>3,963</b>	<b>32,180</b>
<b>Operating Income (Loss)</b>	<b>1,376</b>	<b>1,656</b>	<b>143</b>	<b>6,900</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	31,296	(28,008)	34,151	22,599
Change in Net Position	32,672	(26,352)	34,294	29,499
Net position at beginning of year	18,675	26,352	18,604	222,007
<b>Net Position at End of Period</b>	<b>51,347</b>	<b>-</b>	<b>52,898</b>	<b>251,506</b>

# 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, 2013

(in thousands of dollars)

	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	124	7,580	2,271	9,975
Investment interest	1	95	25	121
Net change in the fair value of investments	-	(1)	-	(1)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	94	25	120
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>125</b>	<b>7,674</b>	<b>2,296</b>	<b>10,095</b>
<b>OPERATING EXPENSES</b>				
Interest	44	4,951	1,583	6,578
Mortgage and loan costs	10	599	176	785
Financing expenses	10	262	146	418
Provision for loan loss	(6)	(1,384)	(198)	(1,588)
Operations and administration	2	210	61	273
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>60</b>	<b>4,638</b>	<b>1,768</b>	<b>6,466</b>
<b>Operating Income (Loss)</b>	<b>65</b>	<b>3,036</b>	<b>528</b>	<b>3,629</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(4,679)	(33,785)	(9,269)	(47,733)
Change in Net Position	(4,614)	(30,749)	(8,741)	(44,104)
Net position at beginning of year	4,614	63,308	16,897	84,819
<b>Net Position at End of Period</b>	<b>-</b>	<b>32,559</b>	<b>8,156</b>	<b>40,715</b>

# ALASKA HOUSING FINANCE CORPORATION

(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, 2013

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	General Mortgage Revenue Bonds II 2012 A & B
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	508	11,277	855	7,039
Investment interest	76	61	19	173
Net change in the fair value of investments	(1)	(1)	(1)	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	75	60	18	173
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>583</b>	<b>11,337</b>	<b>873</b>	<b>7,212</b>
<b>OPERATING EXPENSES</b>				
Interest	-	8,933	1,174	4,829
Mortgage and loan costs	27	405	71	646
Financing expenses	4	4,383	81	140
Provision for loan loss	(80)	(1,569)	(1,308)	1,433
Operations and administration	13	244	-	383
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>(36)</b>	<b>12,396</b>	<b>18</b>	<b>7,431</b>
<b>Operating Income (Loss)</b>	<b>619</b>	<b>(1,059)</b>	<b>855</b>	<b>(219)</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	18	(1,684)	(76,854)	72,548
Change in Net Position	637	(2,743)	(75,999)	72,329
Net position at beginning of year	27,473	26,952	75,999	-
<b>Net Position at End of Period</b>	<b>28,110</b>	<b>24,209</b>	<b>-</b>	<b>72,329</b>

Schedule 14

<b>Governmental Purpose Bonds 1997 A</b>	<b>Governmental Purpose Bonds 2001 A-D</b>	<b>Combined Total</b>
279	6,256	26,214
17	2,328	2,674
-	(1)	(4)
-	-	-
17	2,327	2,670
-	-	-
-	-	-
-	-	-
296	8,583	28,884
20	4,678	19,634
-	413	1,562
(65)	556	5,099
-	(744)	(2,268)
25	159	824
-	-	-
-	-	-
(20)	5,062	24,851
316	3,521	4,033
-	-	-
-	-	-
57	(2,013)	(7,928)
373	1,508	(3,895)
6,893	117,718	255,035
7,266	119,226	251,140

# 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, 2013

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	2,196	4,016	1,664	4,925
Investment interest	62	58	1,562	42
Net change in the fair value of investments	(8)	-	-	-
Net change of hedge termination	1,158	-	-	-
Total Investment Revenue	1,212	58	1,562	42
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>3,408</b>	<b>4,074</b>	<b>3,226</b>	<b>4,967</b>
<b>OPERATING EXPENSES</b>				
Interest	2,899	4,106	3,811	3,722
Mortgage and loan costs	187	325	154	359
Financing expenses	316	137	87	131
Provision for loan loss	41	(366)	(118)	(366)
Operations and administration	68	118	53	251
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>3,511</b>	<b>4,320</b>	<b>3,987</b>	<b>4,097</b>
<b>Operating Income (Loss)</b>	<b>(103)</b>	<b>(246)</b>	<b>(761)</b>	<b>870</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(513)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(1,281)	(1,489)	75	(1,785)
Change in Net Position	(1,897)	(1,735)	(686)	(915)
Net position at beginning of year	(3,312)	3,437	4,105	3,085
<b>Net Position at End of Period</b>	<b>(5,209)</b>	<b>1,702</b>	<b>3,419</b>	<b>2,170</b>

Schedule 15

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
3,969	982	6,861	5,062	29,675
18	5	122	774	2,643
-	-	(82)	(1)	(91)
-	-	-	-	1,158
18	5	40	773	3,710
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,987	987	6,901	5,835	33,385
1,903	65	6,761	7,281	30,548
248	41	514	405	2,233
74	46	116	643	1,550
590	(33)	(960)	49	(1,163)
147	62	207	157	1,063
-	-	-	-	-
-	-	-	-	-
2,962	181	6,638	8,535	34,231
1,025	806	263	(2,700)	(846)
-	-	(5,787)	-	(6,300)
-	-	-	-	-
(19,408)	(4,721)	(2,740)	(337)	(31,686)
(18,383)	(3,915)	(8,264)	(3,037)	(38,832)
-	-	10,131	(2,109)	15,337
(18,383)	(3,915)	1,867	(5,146)	(23,495)

# 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, 2013

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental Housing Programs	Section 8 Vouchers Programs
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	-	-	-	-
Investment interest	2	1	1	7
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	2	1	1	7
Externally funded program	90,792	11,912	2,202	35,413
Rental	-	6,404	2,190	11
Other	1	214	-	148
<b>Total Operating Revenues</b>	<b>90,795</b>	<b>18,531</b>	<b>4,393</b>	<b>35,579</b>
<b>OPERATING EXPENSES</b>				
Interest	-	2	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	4,627	13,055	3,068	4,621
Rental housing operating expenses	471	10,906	2,243	119
Housing grants and subsidies	86,519	196	-	32,572
<b>Total Operating Expenses</b>	<b>91,617</b>	<b>24,159</b>	<b>5,311</b>	<b>37,312</b>
<b>Operating Income (Loss)</b>	<b>(822)</b>	<b>(5,628)</b>	<b>(918)</b>	<b>(1,733)</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	2,055	3,775	1,482	246
Change in Net Position	1,233	(1,853)	564	(1,487)
Net position at beginning of year	404	98,821	28,988	3,322
<b>Net Position at End of Period</b>	<b>1,637</b>	<b>96,968</b>	<b>29,552</b>	<b>1,835</b>

Schedule 16

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	-	11
-	-	-
-	-	11
27,833	-	168,152
-	-	8,605
742	-	1,105
28,575	-	177,873
-	-	2
-	-	-
-	-	-
-	-	-
3,497	4	28,872
2	-	13,741
31,173	-	150,460
34,672	4	193,075
(6,097)	(4)	(15,202)
-	-	-
-	-	-
7,091	3,205	17,854
994	3,201	2,652
(9,517)	-	122,018
(8,523)	3,201	124,670

# 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, 2013

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds and Notes
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	1,174	14,213	36,088	9,511
Principal payments received on mortgages and loans	2,288	50,965	241,360	84,469
Purchases of mortgages and loans	(407,132)	-	-	-
Receipt (payment) for loan transfers between funds	348,049	(45,081)	(54,509)	1,304
Payments to employees and other payroll disbursements	(22,663)	-	-	-
Payments for goods and services	(16,143)	-	(400)	-
Cash received for externally funded programs	9,236	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	855,029	66,135	284,977	100,640
Interfund Payments	(893,009)	(65,751)	(279,595)	(94,477)
Grant payments to other agencies	(18,831)	-	-	-
Other operating cash receipts	34,721	-	-	-
Other operating cash payments	(16,978)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>(124,259)</b>	<b>20,481</b>	<b>227,921</b>	<b>101,447</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(27,210)	(175,390)	(78,005)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(2,753)	-	-	-
Interest paid	(115)	(9,931)	(26,881)	(6,885)
Proceeds from issuance of short term debt	559,361	-	-	-
Payment of short term debt	(599,655)	-	-	-
Contributions to the State of Alaska or other State agencies	(9,863)	-	-	-
Transfers (to) from other funds	121,533	(3,491)	15,360	(30,053)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>68,508</b>	<b>(40,632)</b>	<b>(186,911)</b>	<b>(114,943)</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(3,947)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(131)	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(4,078)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(5,180,998)	(279,974)	(1,090,625)	(259,153)
Proceeds from maturity of investments	5,235,841	299,974	1,049,129	272,526
Interest received from investments	298	151	486	123
<b>Net cash provided by (used for) investing activities</b>	<b>55,141</b>	<b>20,151</b>	<b>(41,010)</b>	<b>13,496</b>
Net Increase (decrease) in cash	(4,688)	-	-	-
Cash at the beginning of year	36,009	-	-	-
<b>Cash at the end of period</b>	<b>31,321</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)	(20,517)	4,108	6,900	3,629
<i>Adjustments:</i>				
Depreciation expense	695	-	-	-
Provision for loan losses	4,895	(508)	(4,121)	(1,588)
Amortization of bond issuance costs	-	189	762	387
Net change in the fair value of investments	(1,645)	2	2	1
Transfers between funds for operating activity	(25,357)	808	4,196	172
Interest received from investments	(298)	(151)	(486)	(123)
Interest paid	115	9,931	26,881	6,885
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	(56,795)	5,884	186,851	85,773
Net increase (decrease) in assets and liabilities	(25,352)	218	6,936	6,311
<b>Net cash provided by (used for) operating activities</b>	<b>(124,259)</b>	<b>20,481</b>	<b>227,921</b>	<b>101,447</b>

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
24,474	28,538	-	113,998
98,745	137,934	-	615,761
-	-	-	(407,132)
(118,409)	(131,354)	-	-
-	-	(15,184)	(37,847)
(1,999)	-	(11,748)	(30,290)
-	-	108,661	117,897
-	-	31,413	31,413
-	-	(32,967)	(32,967)
128,760	170,838	135,137	1,741,516
(122,432)	(167,915)	(118,337)	(1,741,516)
-	-	(104,514)	(123,345)
18	211	10,994	45,944
-	(217)	(3,453)	(20,648)
9,157	38,035	2	272,784
196,414	312,402	-	508,816
(342,705)	(28,465)	-	(651,775)
-	-	-	-
-	-	-	(2,753)
(20,339)	(28,966)	-	(93,117)
-	-	-	559,361
-	-	-	(599,655)
-	(903)	-	(10,766)
175,002	(278,300)	(51)	-
-	-	-	-
8,372	(24,232)	(51)	(289,889)
-	-	(703)	(4,650)
-	-	11	11
-	-	-	-
-	(5,990)	-	(5,990)
-	-	-	-
-	(3,270)	-	(3,270)
-	6,771	-	6,771
-	-	-	(131)
-	(2,489)	(692)	(7,259)
(1,338,748)	(809,974)	-	(8,959,472)
1,318,552	798,192	-	8,974,214
2,667	462	11	4,198
(17,529)	(11,320)	11	18,940
-	(6)	(730)	(5,424)
-	217	28,405	64,631
-	211	27,675	59,207
4,033	(846)	(15,202)	(17,895)
-	119	6,712	7,526
(2,268)	(1,163)	-	(4,753)
2,547	915	-	4,800
4	91	-	(1,545)
(58)	3,926	16,313	-
(2,667)	(462)	(11)	(4,198)
20,339	32,236	-	96,387
(19,664)	6,580	-	208,629
6,891	(3,361)	(7,810)	(16,167)
9,157	38,035	2	272,784

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

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**REVOLVING FUNDS**

For the Year Ended June 30, 2013

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<b><u>Cash flows from operating activities:</u></b>			
Interest income on mortgages and loans	1,174	-	1,174
Principal payments received on mortgages and loans	2,288	-	2,288
Purchases of mortgages and loans	(407,132)	-	(407,132)
Receipt (payment) for loan transfers between funds	348,049	-	348,049
Payments to employees and other payroll disbursements	(22,663)	-	(22,663)
Payments for goods and services	(16,143)	-	(16,143)
Cash received for externally funded programs	9,236	-	9,236
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	855,029	-	855,029
Interfund Payments	(893,009)	-	(893,009)
Grant payments to other agencies	(18,831)	-	(18,831)
Other operating cash receipts	34,717	4	34,721
Other operating cash payments	(16,978)	-	(16,978)
<b>Net cash provided by (used for) operating activities</b>	<b>(124,263)</b>	<b>4</b>	<b>(124,259)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(2,753)	-	(2,753)
Interest paid	(115)	-	(115)
Proceeds from issuance of short term debt	559,361	-	559,361
Payment of short term debt	(599,655)	-	(599,655)
Contributions to the State of Alaska or other State agencies	(9,863)	-	(9,863)
Transfers (to) from other funds	121,533	-	121,533
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>68,508</b>	<b>-</b>	<b>68,508</b>
<b><u>Cash flows from capital financing activities:</u></b>			
Acquisition of capital assets	(3,947)	-	(3,947)
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(131)	-	(131)
<b>Net cash provided by (used for) capital financing activities</b>	<b>(4,078)</b>	<b>-</b>	<b>(4,078)</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchase of investments	(5,043,071)	(137,927)	(5,180,998)
Proceeds from maturity of investments	5,097,947	137,894	5,235,841
Interest received from investments	265	33	298
<b>Net cash provided by (used for) investing activities</b>	<b>55,141</b>	<b>-</b>	<b>55,141</b>
Net Increase (decrease) in cash	(4,692)	4	(4,688)
Cash at the beginning of year	35,636	373	36,009
<b>Cash at the end of period</b>	<b>30,944</b>	<b>377</b>	<b>31,321</b>
<b><u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u></b>			
Operating income (loss)	(20,548)	31	(20,517)
<i>Adjustments:</i>			
Depreciation expense	695	-	695
Provision for loan losses	4,895	-	4,895
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(1,649)	4	(1,645)
Transfers between funds for operating activity	(25,360)	3	(25,357)
Interest received from investments	(265)	(33)	(298)
Interest paid	115	-	115
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	(56,795)	-	(56,795)
Net increase (decrease) in assets and liabilities	(25,351)	(1)	(25,352)
<b>Net cash provided by (used for) operating activities</b>	<b>(124,263)</b>	<b>4</b>	<b>(124,259)</b>

**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, 2013

(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	5,494	8,719	14,213
Principal payments received on mortgages and loans	20,609	30,356	50,965
Purchases of mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(6,844)	(38,237)	(45,081)
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	25,620	40,515	66,135
Interfund Payments	(26,361)	(39,390)	(65,751)
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>18,518</b>	<b>1,963</b>	<b>20,481</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(6,025)	(21,185)	(27,210)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(4,518)	(5,413)	(9,931)
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	(1,251)	(2,240)	(3,491)
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(11,794)</b>	<b>(28,838)</b>	<b>(40,632)</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 the direct financing lease payments	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(107,454)	(172,520)	(279,974)
Proceeds from maturity of investments	100,682	199,292	299,974
Interest received from investments	48	103	151
<b>Net cash provided by (used for) investing activities</b>	<b>(6,724)</b>	<b>26,875</b>	<b>20,151</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)	1,080	3,028	4,108
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(332)	(176)	(508)
Amortization of bond issuance costs	62	127	189
Net change in the fair value of investments	-	2	2
Transfers between funds for operating activity	284	524	808
Interest received from investments	(48)	(103)	(151)
Interest paid	4,518	5,413	9,931
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	13,765	(7,881)	5,884
Net increase (decrease) in assets and liabilities	(811)	1,029	218
<b>Net cash provided by (used for) operating activities</b>	<b>18,518</b>	<b>1,963</b>	<b>20,481</b>

**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, 2013

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	7,090	1,767	534	552
Principal payments received on mortgages and loans	31,339	13,458	2,820	4,329
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(35,471)	586	212	244
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	(400)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	39,785	15,817	3,579	5,283
Interfund Payments	(38,738)	(15,357)	(3,360)	(4,889)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>3,605</b>	<b>16,271</b>	<b>3,785</b>	<b>5,519</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(23,030)	(15,345)	(15,450)	(12,085)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(4,702)	(1,777)	(269)	(220)
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	(1,983)	-	10,051	4,234
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(29,715)</b>	<b>(17,122)</b>	<b>(5,668)</b>	<b>(8,071)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(180,092)	(30,123)	(10,719)	(10,120)
Proceeds from maturity of investments	206,057	30,957	12,597	12,668
Interest received from investments	145	17	5	4
<b>Net cash provided by (used for) investing activities</b>	<b>26,110</b>	<b>851</b>	<b>1,883</b>	<b>2,552</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><u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u></b>				
Operating income (loss)	(1,072)	28	255	643
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(629)	(23)	164	35
Amortization of bond issuance costs	126	129	(64)	(229)
Net change in the fair value of investments	2	-	-	-
Transfers between funds for operating activity	1,948	70	(210)	(230)
Interest received from investments	(145)	(17)	(5)	(4)
Interest paid	4,702	1,777	269	220
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	(4,132)	14,044	3,032	4,573
Net increase (decrease) in assets and liabilities	2,805	263	344	511
<b>Net cash provided by (used for) operating activities</b>	<b>3,605</b>	<b>16,271</b>	<b>3,785</b>	<b>5,519</b>

**Schedule 20**  
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
3,059	3,195	881	4,026	639	897	3,416
22,190	18,455	5,743	25,530	5,305	5,605	32,188
-	-	-	-	-	-	-
(1,162)	(719)	184	(1,505)	507	22	(10,504)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,013	21,846	7,343	29,220	6,993	7,678	36,319
(25,486)	(21,808)	(6,635)	(29,852)	(6,000)	(6,514)	(35,826)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,614	20,969	7,516	27,419	7,444	7,688	25,593
-	-	-	-	-	-	-
-	-	(28,100)	-	(12,555)	(26,145)	-
-	-	-	-	-	-	-
(2,818)	(2,818)	(475)	(3,351)	(168)	(423)	(2,943)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(8,398)	(4,843)	17,085	(6,696)	1,597	13,759	(4,633)
-	-	-	-	-	-	-
(11,216)	(7,661)	(11,490)	(10,047)	(11,126)	(12,809)	(7,576)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(108,316)	(101,105)	(35,613)	(132,640)	(14,026)	(23,824)	(167,648)
94,875	87,759	39,581	115,220	17,703	28,938	149,570
43	38	6	48	5	7	61
(13,398)	(13,308)	3,974	(17,372)	3,682	5,121	(18,017)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
462	114	482	710	931	384	788
-	-	-	-	-	-	-
(529)	(49)	(188)	(410)	(471)	(5)	(628)
6	4	215	6	82	208	8
-	-	-	-	-	-	-
470	479	(315)	639	(235)	(344)	476
(43)	(38)	(6)	(48)	(5)	(7)	(61)
2,818	2,818	475	3,351	168	423	2,943
21,028	17,736	5,927	24,025	5,812	5,627	21,684
402	(95)	926	(854)	1,162	1,402	383
24,614	20,969	7,516	27,419	7,444	7,688	25,593

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 20

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

FIRST TIME HOME BUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2013

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	3,884	2,469	3,679	36,088
Principal payments received on mortgages and loans	38,130	9,754	26,514	241,360
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(7,760)	480	377	(54,509)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	(400)
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	42,078	12,813	30,210	284,977
Interfund Payments	(42,312)	(12,236)	(30,582)	(279,595)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>34,020</b>	<b>13,280</b>	<b>30,198</b>	<b>227,921</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(42,680)	-	(175,390)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,943)	(1,017)	(2,957)	(26,881)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(9,266)	27,317	(22,864)	15,360
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(12,209)</b>	<b>(16,380)</b>	<b>(25,821)</b>	<b>(186,911)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(155,278)	(47,073)	(74,048)	(1,090,625)
Proceeds from maturity of investments	133,410	50,160	69,634	1,049,129
Interest received from investments	57	13	37	486
<b>Net cash provided by (used for) investing activities</b>	<b>(21,811)</b>	<b>3,100</b>	<b>(4,377)</b>	<b>(41,010)</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)	1,376	1,656	143	6,900
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(774)	(505)	(109)	(4,121)
Amortization of bond issuance costs	7	256	8	762
Net change in the fair value of investments	-	-	-	2
Transfers between funds for operating activity	585	(207)	1,070	4,196
Interest received from investments	(57)	(13)	(37)	(486)
Interest paid	2,943	1,017	2,957	26,881
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	30,370	10,234	26,891	186,851
Net increase (decrease) in assets and liabilities	(430)	842	(725)	6,936
<b>Net cash provided by (used for) operating activities</b>	<b>34,020</b>	<b>13,280</b>	<b>30,198</b>	<b>227,921</b>

**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, 2013

(in thousands of dollars)

	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	120	7,185	2,206	9,511
Principal payments received on mortgages and loans	1,096	65,200	18,173	84,469
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	529	775	1,304
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	1,584	77,446	21,610	100,640
Interfund Payments	(1,218)	(72,820)	(20,439)	(94,477)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>1,582</b>	<b>77,540</b>	<b>22,325</b>	<b>101,447</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(3,220)	(59,810)	(14,975)	(78,005)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(57)	(5,184)	(1,644)	(6,885)
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	822	(24,187)	(6,688)	(30,053)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(2,455)</b>	<b>(89,181)</b>	<b>(23,307)</b>	<b>(114,943)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(4,263)	(192,151)	(62,739)	(259,153)
Proceeds from maturity of investments	5,135	203,695	63,696	272,526
Interest received from investments	1	97	25	123
<b>Net cash provided by (used for) investing activities</b>	<b>873</b>	<b>11,641</b>	<b>982</b>	<b>13,496</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><u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u></b>				
Operating income (loss)	65	3,036	528	3,629
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(6)	(1,384)	(198)	(1,588)
Amortization of bond issuance costs	-	246	141	387
Net change in the fair value of investments	-	1	-	1
Transfers between funds for operating activity	(23)	145	50	172
Interest received from investments	(1)	(97)	(25)	(123)
Interest paid	57	5,184	1,644	6,885
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	1,096	65,729	18,948	85,773
Net increase (decrease) in assets and liabilities	394	4,680	1,237	6,311
<b>Net cash provided by (used for) operating activities</b>	<b>1,582</b>	<b>77,540</b>	<b>22,325</b>	<b>101,447</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2013

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	General Mortgage Revenue Bonds II 2012 A, B
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	498	10,546	688	6,512
Principal payments received on mortgages and loans	2,315	24,467	2,907	29,053
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	(19,205)	2,177	(102,257)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	(1,999)	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	2,812	40,512	6,718	33,105
Interfund Payments	(2,825)	(35,073)	(3,602)	(35,882)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	18
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>2,800</b>	<b>19,248</b>	<b>8,888</b>	<b>(69,451)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	196,414
Principal paid on bonds	-	(224,825)	(110,265)	(2,815)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(9,898)	(1,670)	(4,447)
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	-	187,961	79,935	(91,272)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>(46,762)</b>	<b>(32,000)</b>	<b>97,880</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(212,021)	(286,047)	(59,283)	(157,861)
Proceeds from maturity of investments	209,144	313,500	82,373	129,261
Interest received from investments	77	61	22	171
<b>Net cash provided by (used for) investing activities</b>	<b>(2,800)</b>	<b>27,514</b>	<b>23,112</b>	<b>(28,429)</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)	619	(1,059)	855	(219)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(80)	(1,569)	(1,308)	1,433
Amortization of bond issuance costs	-	2,310	78	59
Net change in the fair value of investments	1	1	1	-
Transfers between funds for operating activity	18	(1,325)	(1,951)	2,779
Interest received from investments	(77)	(61)	(22)	(171)
Interest paid	-	9,898	1,670	4,447
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	2,315	5,262	5,084	(73,204)
Net increase (decrease) in assets and liabilities	4	5,791	4,481	(4,575)
<b>Net cash provided by (used for) operating activities</b>	<b>2,800</b>	<b>19,248</b>	<b>8,888</b>	<b>(69,451)</b>

Schedule 22

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
288	5,942	24,474
1,212	38,791	98,745
-	-	-
-	876	(118,409)
-	-	-
-	-	(1,999)
-	-	-
-	-	-
-	45,613	128,760
-	(45,050)	(122,432)
-	-	-
-	-	18
-	-	-
1,500	46,172	9,157
-	-	196,414
-	(4,800)	(342,705)
-	-	-
-	-	-
(21)	(4,303)	(20,339)
-	-	-
-	-	-
-	(1,622)	175,002
-	-	-
(21)	(10,725)	8,372
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(28,040)	(595,496)	(1,338,748)
26,544	557,730	1,318,552
17	2,319	2,667
(1,479)	(35,447)	(17,529)
-	-	-
-	-	-
-	-	-
316	3,521	4,033
-	-	-
-	(744)	(2,268)
7	93	2,547
-	1	4
57	364	(58)
(17)	(2,319)	(2,667)
21	4,303	20,339
1,212	39,667	(19,664)
(96)	1,286	6,891
1,500	46,172	9,157

# 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, 2013

(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	1,978	3,858	1,567	4,645
Principal payments received on mortgages and loans	12,358	23,748	8,783	20,398
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(10,066)	(19,852)	(4,422)	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	14,251	28,895	10,735	25,860
Interfund Payments	(14,502)	(27,782)	(10,418)	(25,256)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	142	-
Other operating cash payments	-	-	(143)	-
<b>Net cash provided by (used for) operating activities</b>	<b>4,019</b>	<b>8,867</b>	<b>6,244</b>	<b>25,647</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(325)	(1,765)	(3,405)	(10,736)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(718)	(4,142)	(3,958)	(3,939)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(238)	-	-	-
Transfers (to) from other funds	(1,391)	(638)	-	(14,763)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(2,672)</b>	<b>(6,545)</b>	<b>(7,363)</b>	<b>(29,438)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(4,315)	-	-	(1,604)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(2,266)	-	-	(589)
Proceeds from the direct financing lease payments	-	-	3,304	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(6,581)</b>	<b>-</b>	<b>3,304</b>	<b>(2,193)</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(74,089)	(195,577)	(129,938)	(85,546)
Proceeds from maturity of investments	79,250	193,197	127,707	91,488
Interest received from investments	73	58	45	42
<b>Net cash provided by (used for) investing activities</b>	<b>5,234</b>	<b>(2,322)</b>	<b>(2,186)</b>	<b>5,984</b>
Net Increase (decrease) in cash	-	-	(1)	-
Cash at the beginning of year	-	-	143	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(103)	(246)	(761)	870
<i>Adjustments:</i>				
Depreciation expense	-	-	-	119
Provision for loan losses	41	(366)	(118)	(366)
Amortization of bond issuance costs	68	29	50	122
Net change in the fair value of investments	8	-	-	-
Transfers between funds for operating activity	348	274	104	108
Interest received from investments	(73)	(58)	(45)	(42)
Interest paid	2,984	4,142	3,958	4,528
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	2,292	3,896	4,361	20,398
Net increase (decrease) in assets and liabilities	(1,546)	1,196	(1,305)	(90)
<b>Net cash provided by (used for) operating activities</b>	<b>4,019</b>	<b>8,867</b>	<b>6,244</b>	<b>25,647</b>

Schedule 23

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
4,102	1,084	6,508	4,796	28,538
12,722	2,628	31,373	25,924	137,934
-	-	-	-	-
(49,918)	-	(22,874)	(24,222)	(131,354)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
15,825	2,038	40,388	32,846	170,838
(16,978)	(3,944)	(38,084)	(30,951)	(167,915)
-	-	-	-	-
-	-	-	69	211
-	-	-	(74)	(217)
(34,247)	1,806	17,311	8,388	38,035
162,404	149,998	-	-	312,402
(4,240)	-	(1,119)	(6,875)	(28,465)
-	-	-	-	-
-	-	-	-	-
(2,667)	(44)	(6,503)	(6,995)	(28,966)
-	-	-	-	-
-	-	(665)	-	(903)
(109,546)	(149,954)	(2,008)	-	(278,300)
-	-	-	-	-
45,951	-	(10,295)	(13,870)	(24,232)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(71)	-	(5,990)
-	-	-	-	-
-	-	(415)	-	(3,270)
-	-	-	3,467	6,771
-	-	-	-	-
-	-	(486)	3,467	(2,489)
(46,722)	(7,791)	(145,114)	(125,197)	(809,974)
35,000	5,980	138,432	127,138	798,192
18	5	152	69	462
(11,704)	(1,806)	(6,530)	2,010	(11,320)
-	-	-	(5)	(6)
-	-	-	74	217
-	-	-	69	211
1,025	806	263	(2,700)	(846)
-	-	-	-	119
590	(33)	(960)	49	(1,163)
19	6	40	581	915
-	-	82	1	91
1,282	1,167	393	250	3,926
(18)	(5)	(152)	(69)	(462)
2,667	44	6,918	6,995	32,236
(37,196)	2,628	8,499	1,702	6,580
(2,616)	(2,807)	2,228	1,579	(3,361)
(34,247)	1,806	17,311	8,388	38,035

# 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, 2013

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental Housing Programs	Section 8 Vouchers Programs
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	-	-	-	-
Principal payments received on mortgages and loans	-	-	-	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	(1,717)	(7,490)	(1,657)	(3,324)
Payments for goods and services	(1,920)	(7,268)	(1,534)	(468)
Cash received for externally funded programs	75,428	9,483	2,199	3,502
Cash received for Federal HAP subsidies	-	-	-	31,413
Payments for Federal HAP subsidies	-	-	-	(32,967)
Interfund Receipts	94,022	14,663	3,162	4,032
Interfund Payments	(77,781)	(14,541)	(3,405)	(4,085)
Grant payments to other agencies	(90,201)	-	-	(28)
Other operating cash receipts	9	6,899	2,219	1,013
Other operating cash payments	-	(37)	(4)	(149)
<b>Net cash provided by (used for) operating activities</b>	<b>(2,160)</b>	<b>1,709</b>	<b>980</b>	<b>(1,061)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(185)	(172)	-	(21)
Proceeds from the disposal of capital assets	-	7	-	4
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(185)</b>	<b>(165)</b>	<b>-</b>	<b>(17)</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	2	1	1	7
<b>Net cash provided by (used for) investing activities</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>7</b>
Net Increase (decrease) in cash	(2,343)	1,545	981	(1,071)
Cash at the beginning of year	3,890	12,001	7,583	4,884
<b>Cash at the end of period</b>	<b>1,547</b>	<b>13,546</b>	<b>8,564</b>	<b>3,813</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(822)	(5,628)	(918)	(1,733)
<i>Adjustments:</i>				
Depreciation expense	4	5,497	1,193	18
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,208	2,584	928	246
Interest received from investments	(2)	(1)	(1)	(7)
Interest paid	-	-	-	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	(3,548)	(743)	(222)	415
<b>Net cash provided by (used for) operating activities</b>	<b>(2,160)</b>	<b>1,709</b>	<b>980</b>	<b>(1,061)</b>

Schedule 24

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	-	-
-	-	-
-	-	-
(996)	-	(15,184)
(557)	(1)	(11,748)
18,049	-	108,661
-	-	31,413
-	-	(32,967)
18,758	500	135,137
(18,525)	-	(118,337)
(14,285)	-	(104,514)
854	-	10,994
(3,263)	-	(3,453)
35	499	2
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(51)	-	(51)
-	-	-
(51)	-	(51)
-	(325)	(703)
-	-	11
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	(325)	(692)
-	-	-
-	-	-
-	-	11
-	-	11
(16)	174	(730)
47	-	28,405
31	174	27,675
(6,097)	(4)	(15,202)
-	-	6,712
-	-	-
-	-	-
10,347	-	16,313
-	-	(11)
-	-	-
-	-	-
(4,215)	503	(7,810)
35	499	2