



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

*a component unit of the State of Alaska*

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

**June 30, 2014**

**With Summarized Financial Information for**  
**June 30, 2013**

# Table of Contents

<b>FINANCIAL STATEMENTS</b>		PAGE NUMBER
	Independent Auditor's Report	1 – 3
	Management's Discussion and Analysis [MD & A]	4 – 10
<u>EXHIBITS</u>		
A	Statement of Net Position.....	11 – 12
B	Statement of Revenues, Expenses, and Changes in Net Position.....	13 – 14
C	Statement of Cash Flows.....	15 – 16
	Notes to the Financial Statements.....	17 – 43

## Supplemental Information

### SCHEDULES

Statement of Net Position		
1	All Funds.....	44 – 45
2	Revolving Funds.....	46
3	Mortgage Revenue Bonds.....	47
4	Home Mortgage Revenue Bonds.....	48 – 49
5	Veterans Mortgage Program Bonds.....	50
6	Other Housing Bonds.....	51 – 52
7	Non-Housing Bonds.....	53 – 54
8	Other Program Funds.....	55 – 56
Statement of Revenues, Expenses, and Changes in Net Position		
9	All Funds.....	57 – 58
10	Revolving Funds.....	59
11	Mortgage Revenue Bonds.....	60
12	Home Mortgage Revenue Bonds.....	61 – 62
13	Veterans Mortgage Program Bonds.....	63
14	Other Housing Bonds.....	64 – 65
15	Non-Housing Bonds.....	66 – 67
16	Other Program Funds.....	68 – 69
Statement of Cash Flows		
17	All Funds.....	70 – 71
18	Revolving Funds.....	72
19	Mortgage Revenue Bonds.....	73
20	Home Mortgage Revenue Bonds.....	74 – 75
21	Veterans Mortgage Program Bonds.....	76
22	Other Housing Bonds.....	77 – 78
23	Non-Housing Bonds.....	79 – 80
24	Other Program Funds.....	81 – 82



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## Independent Auditor's Report

Board of Directors  
Alaska Housing Finance Corporation  
Anchorage, Alaska

### Report on the Financial Statements

We have audited the accompanying statements of net position, revenues, expenses and change in net position and cash flows of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation (Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation, as of June 30, 2014, 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 24 to the financial statements for fiscal year 2014, the Corporation adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 65, *Items Previously Reported as Assets and Liabilities*. Adoption of this statement resulted in the restatement of net position as of June 30, 2013 in the amount of \$10,855,000. 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 26, 2014 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 26 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

## OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation (the "Corporation") consists of three sections: management's discussion and analysis, the basic financial statements, and supplementary schedules. The Corporation's operations are business type activities and follow enterprise fund accounting. 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 2013 is also presented in Management's Discussion and Analysis to facilitate and enhance the understanding of the Corporation's financial position and the results of operations for the current fiscal year in comparison to the prior fiscal year.

### Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2014. 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)* helps answer the question: "How is our financial health at the end of the year?" The State of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Corporation, both financial and capital, short-term and long-term. It uses the accrual basis of accounting and economic resources measurement focus. The accrual basis of accounting is used by most private-sector companies. The resulting net position presented in the Statement of Net Position is characterized as restricted and/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 declining.

The *Statement of Revenues, Expenses and Changes in Net Position (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the operating income (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. The Statement of Revenues, Expenses and Changes in Net Position 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 operations, 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 fiscal year 2014, 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, 2014, the Administrative Fund reported net position of \$779 million, a decrease of \$41 million from June 30, 2013. The decrease in net position is the net result of an operating loss of \$13 million along with net internal transfers out of \$27 million. Transfers were primarily to the Grant Programs Fund. Contributions were made to the State of Alaska of \$1 million. Approximately \$4 million, or 1%, of the Administrative Fund's net position is invested in capital assets; \$87 million, or 11%, is restricted by contractual or statutory agreements; and \$688 million, or 88%, is unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The *Grant Program Funds*: 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, 2014, the net position for these three programs was \$17 million, an increase of \$22 million from June 30, 2013. Despite an operating loss of \$15 million for fiscal year 2014, there were \$37 million in transfers from other funds, which generated the increase in net position. The operating loss for fiscal year 2014 was \$8 million more than fiscal year 2013 almost entirely due to less revenue 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, 2014, the Mortgage or Bond Funds reported net position of \$586 million, an increase of \$17 million, or 3%, from June 30, 2013. The increase in net position is the net result of an operating income of \$30 million offset by transfers to the Grant Program Funds of \$2 million. Expenses in the Mortgage or Bond Funds decreased by \$20 million, or 18%, primarily due to lower interest costs. Approximately \$13 million of the Mortgage or Bond Fund's net position is invested in capital assets, \$568 million is restricted by bond resolutions, \$29 million is restricted by contractual or statutory agreements and a deficit of \$23 million is unrestricted compared to a deficit in unrestricted net position as of June 30, 2013 of \$37 million.

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, 2014, there was a 10% decrease in net position due to transfers out to other funds of \$8 million.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The fiscal year ended June 30, 2014 was ACAH's first full year of operations. ACAH's net position at June 30, 2014 was \$3 million, unchanged from net position as of June 30, 2013. The net position is primarily the result of land transferred to ACAH from the Grant Programs in the fiscal year ended June 30, 2013.

**FINANCIAL HIGHLIGHTS**

- As a result of this year's operations, the Corporation's operating loss was \$3 million whereas in FY 2013 the operating loss was \$18 million.
- The Corporation's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, as of June 30, 2014, by \$1.5 billion (net position).
- During the fiscal year ended June 30, 2014, the investment portfolio earned approximately 0.54% overall, as compared with .43% for fiscal year ended June 30, 2013.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2014, mortgage loans increased by 10%, and the bond portfolio used to finance the loans increased by 2%.
- As of June 30, 2014, the net interest margin was 1.16%, the mortgage weighted average interest rate was 4.93% and the bond weighted average interest rate was 3.77%.
- During the fiscal year ended June 30, 2014, the Corporation's total assets increased by \$53 million and total liabilities increased by \$90 million.
- During the fiscal year ended June 30, 2014, new bonds were issued on January 15, 2014 (\$95,115,000 State Capital Project Bonds II, 2014 Series A) and also on June 12, 2014 (\$29,285,000 State Capital Project Bonds II, 2014 Series B). Both bond issues are tax-exempt and mature in 2033 and 2029, respectively.
- At the beginning of the fiscal year ended June 30, 2014, the Corporation implemented GASB Statement 65. Accordingly, the amount of unamortized bond costs of issuance as of June 30, 2013, was reported as a re-statement of beginning net position. At June 30, 2013, the amount of unamortized costs of issuance was \$10,855,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CONDENSED STATEMENT OF NET POSITION**

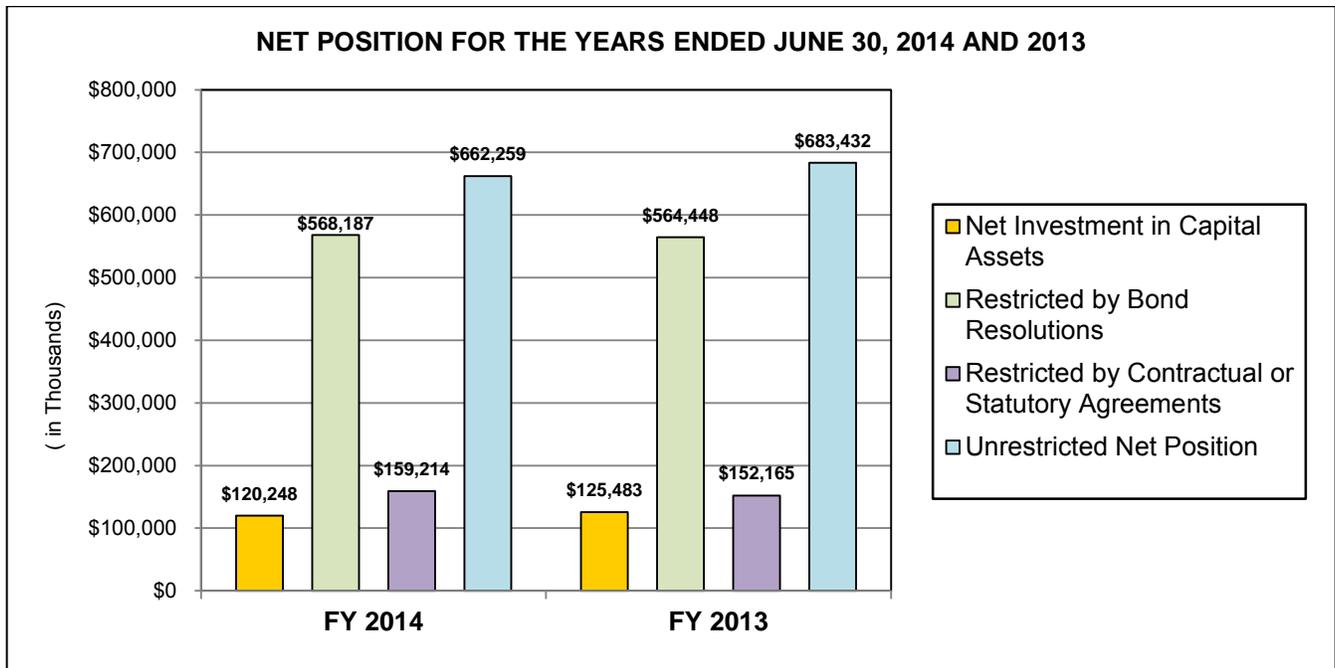
The following table presents condensed information about the financial position of the Corporation as of June 30, 2014 and 2013, and changes in the balances of selected items during the fiscal year ended June 30, 2014 (in thousands):

	2014	2013	Increase/(Decrease)	
Investments	1,063,200	1,218,693	(155,493)	(12.8) %
Mortgage loans, notes and other loans, net	2,536,596	2,305,667	230,929	10.0 %
Capital assets, net	120,248	125,483	(5,235)	(4.2) %
<b>Total assets</b>	<b>3,898,624</b>	<b>3,845,160</b>	<b>53,464</b>	<b>1.4 %</b>
Bonds and notes, net	2,308,710	2,257,875	50,835	2.3 %
Short term debt	64,993	28,388	36,605	128.9 %
Derivatives	139,704	138,635	1,069	0.8 %
<b>Total liabilities</b>	<b>2,545,295</b>	<b>2,455,702</b>	<b>89,593</b>	<b>3.6 %</b>
<b>Total net position</b>	<b>1,509,908</b>	<b>1,525,528</b>	<b>(15,620)</b>	<b>(1.0) %</b>

The increase in total assets during FY 2014 can be primarily attributed to increases in mortgage loans. The increase in mortgage loans was largely caused by a reduction in loan payoffs caused by a raising rate environment. The Corporation also benefited from increased outreach and education to industry partners, more competitive interest rates, and expanded loan parameters.

The increase in total liabilities is primarily attributed to increases in bond debt, short-term debt and derivatives.

The chart below represents the classification of unrestricted and restricted net position and net investment in capital assets for FY 2014 and FY 2013.

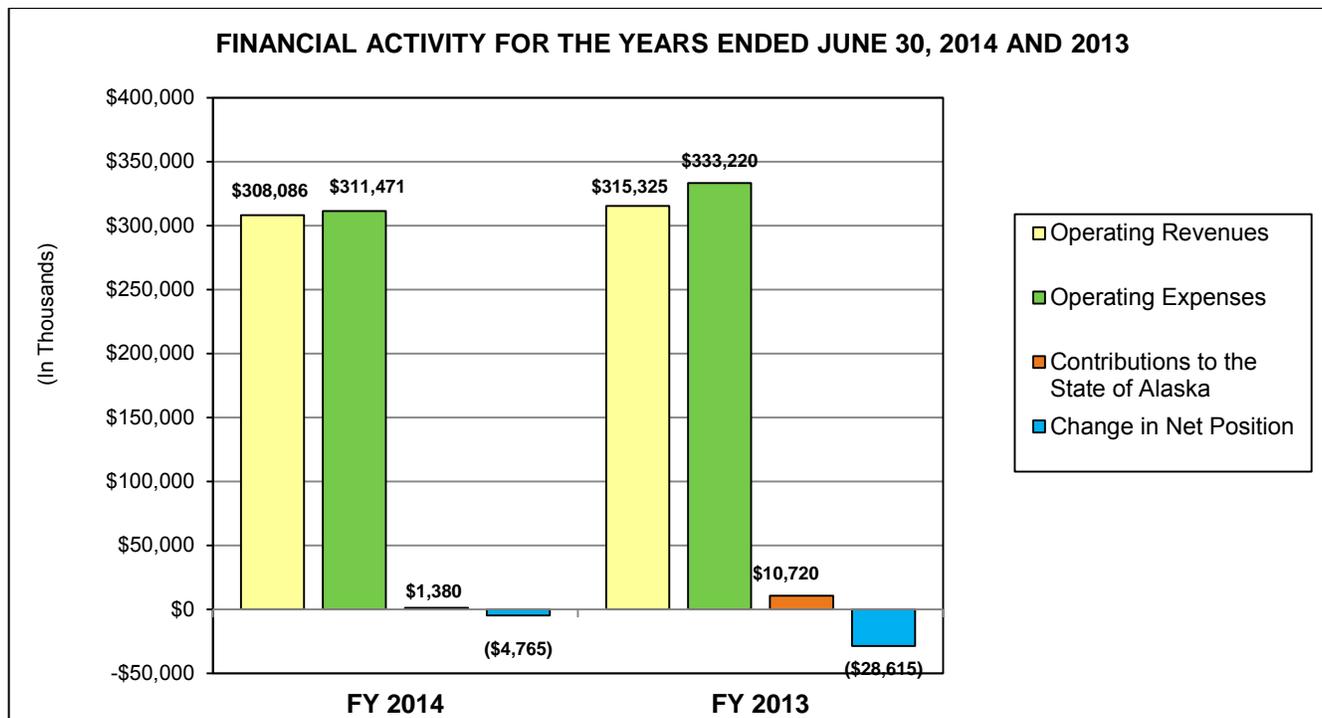


MANAGEMENT'S DISCUSSION AND ANALYSIS

**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, 2014 and 2013, and the variances from the prior fiscal year (in thousands):

	2014	2013	Increase/(Decrease)	
Mortgage and loan revenue	120,740	125,059	(4,319)	(3.5) %
Investment interest income	6,532	6,385	147	2.3 %
Net change in the fair value of investments	2,450	1,545	905	58.6 %
Externally funded programs	163,739	168,152	(4,413)	(2.6) %
Total operating revenues	308,086	315,325	(7,239)	(2.3) %
Interest expense	81,184	94,409	(13,225)	(14.0) %
Operations and administration	58,771	56,663	2,108	3.7 %
Housing grants and subsidies	149,188	150,460	(1,272)	(0.8) %
Total operating expenses	311,471	333,220	(21,749)	(6.5) %
Operating loss	(3,385)	(17,895)	(14,510)	(81.1) %
Contributions to the SOA or other State agencies	(1,380)	(10,720)	(9,340)	(87.1) %
Change in net position	(4,765)	(28,615)	(23,850)	(83.3) %



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$7 million, or 2%, during FY 2014 primarily due to decreases in mortgage and loan revenue and externally funded program revenue.

Total operating expenses decreased by \$22 million, or 7%, during FY 2014 primarily due to decreases in interest expense and financing expenses.

The net effect of changes in operating revenues and expenses was a \$15 million or 81% increase in operating income compared to FY 2013.

Net position decreased by \$16 million during FY2014. The majority of the decrease was the direct result of implementing GASB 65. The amount of June 30, 2013 unamortized costs of bond issuance reduced beginning net position by approximately \$11 million as previously mentioned in the Financial Highlights section of this report.

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 (explained in more detail in the Footnotes to the Financial Statements) during the 2004 Legislative Session, transfers to the State for FY 2014 were approximately \$1 million and for FY 2013 were approximately \$11 million. See footnote 17 for details about the Transfer Plan calculation for FY 2014.

**DEBT ADMINISTRATION**

As of June 30, 2014, 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 \$124 million in Tax-Exempt State Capital Projects bonds;
- Redeemed bonds through special revenue redemption provisions of their respective indentures in the amount of \$54.8 million.

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

**ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION**

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

#### 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 website at [www.ahfc.us](http://www.ahfc.us).

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# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

As of June 30, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>ASSETS</b>				
Cash	41,032	8,394	227	26,086
Investments	704,682	-	347,440	11,078
Accrued interest receivable	1,892	-	10,371	94
Inter-fund due to/from	(9,551)	(12,290)	34,946	(10,514)
Mortgage loans, notes and other loans	98,713	-	2,437,883	-
Net investment in direct financing lease	-	-	44,664	-
Capital assets - non-depreciable	139	-	2,401	13,615
Capital assets - depreciable, net	3,770	26	10,301	85,396
Other assets	9,543	9,850	-	629
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	5,659	17,699	-	-
<b>Total Assets</b>	<b>855,879</b>	<b>23,679</b>	<b>2,888,233</b>	<b>126,384</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	156,579	-
<b>LIABILITIES</b>				
Bonds payable	-	-	2,308,710	-
Short term debt	64,993	-	-	-
Accrued interest payable	1,978	-	8,169	-
Other liabilities	9,739	6,779	1,744	1,660
Derivative instrument - interest rate swaps	-	-	139,704	-
Intergovernmental payable	157	-	227	278
<b>Total Liabilities</b>	<b>76,867</b>	<b>6,779</b>	<b>2,458,554</b>	<b>1,938</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	3,909	26	12,702	99,011
Restricted by bond resolutions	-	-	568,187	-
Restricted by contractual or statutory agreements	86,714	18,135	28,612	25,753
Unrestricted or (deficit)	688,389	(1,261)	(23,243)	(318)
<b>Total Net Position</b>	<b>779,012</b>	<b>16,900</b>	<b>586,258</b>	<b>124,446</b>

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2014
75,739	1,287	77,026
1,063,200	-	1,063,200
12,357	-	12,357
2,591	(2,591)	-
2,536,596	-	2,536,596
44,664	-	44,664
16,155	4,600	20,755
99,493	-	99,493
20,022	1,153	21,175
-	-	-
23,358	-	23,358
<u>3,894,175</u>	<u>4,449</u>	<u>3,898,624</u>
<u>156,579</u>	<u>-</u>	<u>156,579</u>
2,308,710	-	2,308,710
64,993	-	64,993
10,147	-	10,147
19,922	1,157	21,079
139,704	-	139,704
662	-	662
<u>2,544,138</u>	<u>1,157</u>	<u>2,545,295</u>
<u>-</u>	<u>-</u>	<u>-</u>
115,648	4,600	120,248
568,187	-	568,187
159,214	-	159,214
663,567	(1,308)	662,259
<u>1,506,616</u>	<u>3,292</u>	<u>1,509,908</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, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	6,688	-	114,052	-
Investment interest	327	10	5,950	244
Net change in the fair value of investments	2,833	-	(169)	(214)
Net change of hedge termination	-	-	37	-
Total Investment Revenue	3,160	10	5,818	30
Externally funded programs	1,242	148,205	-	14,292
Rental	50	-	-	8,901
Other	5,090	531	-	16
<b>Total Operating Revenues</b>	16,230	148,746	119,870	23,239
<b>OPERATING EXPENSES</b>				
Interest	61	-	81,123	-
Mortgage and loan costs	706	-	8,736	-
Financing expenses	428	-	3,986	1
Provision for loan loss	2,966	-	(8,654)	-
Operations and administration	24,469	13,472	4,353	16,407
Rental housing operating expenses	209	1,306	-	12,644
Housing grants and subsidies	32	149,113	-	43
<b>Total Operating Expenses</b>	28,871	163,891	89,544	29,095
<b>Operating Income (Loss)</b>	(12,641)	(15,145)	30,326	(5,856)
<b>NONOPERATING EXPENSES, SPECIAL ITEM &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(1,380)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(27,241)	37,096	(2,276)	(7,739)
Change in Net Position	(41,262)	21,951	28,050	(13,595)
Net position at beginning of year	820,274	(5,051)	569,063	138,041
Cumulative effect of accounting change	-	-	(10,855)	-
Revised net position at beginning of year	820,274	(5,051)	558,208	138,041
<b>Net Position at End of Period</b>	779,012	16,900	586,258	124,446

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2014
120,740	-	120,740
6,531	1	6,532
2,450	-	2,450
37	-	37
9,018	1	9,019
163,739	-	163,739
8,951	-	8,951
5,637	-	5,637
308,085	1	308,086
81,184	-	81,184
9,442	-	9,442
4,415	-	4,415
(5,688)	-	(5,688)
58,701	70	58,771
14,159	-	14,159
149,188	-	149,188
311,401	70	311,471
(3,316)	(69)	(3,385)
(1,380)	-	(1,380)
-	-	-
(160)	160	-
(4,856)	91	(4,765)
1,522,327	3,201	1,525,528
(10,855)	-	(10,855)
1,511,472	3,201	1,514,673
1,506,616	3,292	1,509,908

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	2,194	-	105,930	-
Principal payments received on mortgages and loans	7,218	-	309,155	-
Purchases of mortgages and loans	(550,284)	-	-	-
Receipt (payment) for loan transfers between funds	477,858	-	(477,858)	-
Mortgage and loan proceeds	407,455	-	-	-
Payment of mortgage and loan proceeds to funds	(413,994)	-	-	-
Payments to employees and other payroll disbursements	(24,490)	(5,065)	-	(9,131)
Payments for goods and services	(13,734)	(4,010)	-	(8,483)
Cash received for externally funded programs	798	132,742	-	16,568
Cash received for Federal HAP subsidies	-	32,946	-	1
Payments for Federal HAP subsidies	-	(32,666)	-	-
Interfund receipts (payments)	21,075	(19,307)	-	(3,768)
Grant payments to other agencies	(12,313)	(103,268)	-	-
Other operating cash receipts	44,374	2,232	227	8,898
Other operating cash payments	(25,789)	(437)	(211)	(27)
<b>Net cash provided by (used for) operating activities</b>	<b>(79,632)</b>	<b>3,167</b>	<b>(62,757)</b>	<b>4,058</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	139,229	-
Principal paid on bonds	-	-	(99,405)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(666)	-	-	-
Interest paid	(1,456)	-	(80,353)	-
Proceeds from issuance of short term debt	452,023	-	-	-
Payment of short term debt	(415,422)	-	-	-
Contributions to the State of Alaska or other State agencies	(1,223)	-	-	-
Transfers (to) from other funds	55,097	(19)	(54,671)	(407)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>88,353</b>	<b>(19)</b>	<b>(95,200)</b>	<b>(407)</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(1,170)	(155)	-	(62)
Proceeds from the disposal of capital assets	1	-	-	8
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(5,567)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(2,251)	-
Proceeds from direct financing leases	-	-	6,771	-
Other cash payments	(645)	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(1,814)</b>	<b>(155)</b>	<b>(1,047)</b>	<b>(54)</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(3,199,017)	-	(2,182,072)	(37,517)
Proceeds from maturity of investments	3,201,907	-	2,337,275	37,369
Interest received from investments	291	10	3,817	150
<b>Net cash provided by (used for) investing activities</b>	<b>3,181</b>	<b>10</b>	<b>159,020</b>	<b>2</b>
Net Increase (decrease) in cash	10,088	3,003	16	3,599
Cash at the beginning of year	30,944	5,391	211	22,487
<b>Cash at the end of period</b>	<b>41,032</b>	<b>8,394</b>	<b>227</b>	<b>26,086</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(12,641)	(15,145)	30,326	(5,856)
<i>Adjustments:</i>				
Depreciation expense	392	19	475	6,690
Provision for loan losses	2,966	-	(8,654)	-
Net change in the fair value of investments	(2,833)	-	169	214
Transfers between funds for operating activity	(38,119)	37,301	9,046	(8,353)
Interest received from investments	(291)	(10)	(3,817)	(150)
Interest paid	1,456	-	82,604	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	(65,208)	-	(168,703)	-
Net increase (decrease) in assets, liabilities, and deferred resources	34,646	(18,998)	(4,203)	11,513
<b>Net cash provided by (used for) operating activities</b>	<b>(79,632)</b>	<b>3,167</b>	<b>(62,757)</b>	<b>4,058</b>
<b>Noncash investing, capital and financing activities:</b>				
Deferred outflow of resources-derivatives	-	-	(1,106)	-
Derivative instruments liability	-	-	1,069	-
Net change of hedge termination	-	-	37	-
Cumulative effect of accounting change	-	-	10,855	-
Transfer of Investments	(2,581)	-	2,581	-

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2014
108,124	-	108,124
316,373	-	316,373
(550,284)	-	(550,284)
-	-	-
407,455	-	407,455
(413,994)	-	(413,994)
(38,686)	-	(38,686)
(26,227)	(15)	(26,242)
150,108	-	150,108
32,947	-	32,947
(32,666)	-	(32,666)
(2,000)	2,000	-
(115,581)	-	(115,581)
55,731	160	55,891
(26,464)	-	(26,464)
<u>(135,164)</u>	<u>2,145</u>	<u>(133,019)</u>
139,229	-	139,229
(99,405)	-	(99,405)
-	-	-
(666)	-	(666)
(81,809)	-	(81,809)
452,023	-	452,023
(415,422)	-	(415,422)
(1,223)	-	(1,223)
-	-	-
-	-	-
<u>(7,273)</u>	<u>-</u>	<u>(7,273)</u>
(1,387)	(1,033)	(2,420)
9	-	9
-	-	-
(5,567)	-	(5,567)
-	-	-
(2,251)	-	(2,251)
6,771	-	6,771
(645)	-	(645)
<u>(3,070)</u>	<u>(1,033)</u>	<u>(4,103)</u>
(5,418,606)	-	(5,418,606)
5,576,551	-	5,576,551
4,268	1	4,269
<u>162,213</u>	<u>1</u>	<u>162,214</u>
16,706	1,113	17,819
59,033	174	59,207
<u>75,739</u>	<u>1,287</u>	<u>77,026</u>
(3,316)	(69)	(3,385)
7,576	-	7,576
(5,688)	-	(5,688)
(2,450)	-	(2,450)
(125)	125	-
(4,268)	(1)	(4,269)
84,060	-	84,060
(233,911)	-	(233,911)
22,958	2,090	25,048
<u>(135,164)</u>	<u>2,145</u>	<u>(133,019)</u>

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NOTES TO FINANCIAL STATEMENTS

**FOOTNOTE INDEX**

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number</u>
1	Authorizing Legislation and Funding .....	18
2	Summary of Significant Accounting Policies .....	18
3	Cash and Investments .....	21
4	Interfund Receivable/Payable.....	28
5	Mortgage Loans, Notes and Other Loans .....	28
6	Insurance Agreements.....	29
7	Direct Financing Leases .....	29
8	Capital Assets.....	30
9	Deferred Outflows of Resources .....	30
10	Bonds Payable.....	30
11	Derivatives .....	33
12	Long Term Liabilities.....	36
13	Short Term Debt .....	36
14	Transfers.....	37
15	Other Credit Arrangements.....	37
16	Yield Restriction and Arbitrage Rebate .....	37
17	State Authorizations and Commitments .....	37
18	Housing Grants and Subsidies Expenses .....	39
19	Other Funds or Programs .....	39
20	Energy and Weatherization Energy Efficiency Programs.....	40
21	Pension and Post Employment Healthcare Plans .....	40
22	Other Commitments and Contingencies.....	42
23	Risk Management.....	42
24	Cumulative Effect of Accounting Change .....	42
25	Five Year Financial Information .....	43

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NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2014**

**1 AUTHORIZING LEGISLATION AND FUNDING**

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

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

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

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

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

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

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

**Basis of Accounting**

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

## NOTES TO FINANCIAL STATEMENTS

### **Basis of Presentation**

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

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

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

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

*Administrative Fund:* This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, 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. 17, State Authorizations and Commitments, for further details). The remaining resources of the Administrative Fund are unrestricted.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

**Real Estate Owned**

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

**Depreciation**

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

**Bonds**

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

**Deferred Debt Refunding Expenses**

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

**Derivative Instruments-Interest Rate Swaps**

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

**Operating Revenues and Expenses**

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

**Income Taxes**

The Corporation is exempt from federal and state income taxes.

**New Accounting Pronouncements**

For the fiscal year ended June 30, 2014, AHFC adopted the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. Implementation of this Statement resulted in the bond deferred debt refunding expenses being reclassified from bonds payable to deferred outflow of resources. In addition, bond issuance costs previously recorded as an asset and amortized over the life of the debt instruments are now recognized as an expense when incurred.

The GASB's statement 68, Accounting and Financial Reporting for Pensions, is effective for AHFC's fiscal year 2015. This statement changes how employers measure and report the costs and obligations associated with pensions in their financial statements. The effect from the adoption of the provisions of this statement will be a liability recognized as employees earn their pensions benefits. This will be the first time that the Corporation will recognize its proportionate share of the collective pension amounts for all benefits provided through the plan. The pension amounts to be recognized in the financial statements include the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense.

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, 2014</b>	
Restricted cash	\$ 35,994
Unrestricted	41,032
Carrying amount	<u>\$ 77,026</u>
Bank Balance	<u>\$ 78,096</u>

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

	<b>Investment Maturities (In Years)</b>				<b>June 30, 2014</b>
	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>	
Bank investment contracts	\$ -	\$ 18,016	\$ -	\$ -	\$ 18,016
U. S. Treasury securities	1,845	1,336	-	-	3,181
Securities of U. S. Government agencies and corporations	1,078	248	40	-	1,366
Certificates of deposit	-	1,000	-	-	1,000
Commercial paper & medium-term notes	216,833	51	-	-	216,884
Money market funds	141,547	-	-	-	141,547
Subtotal	<u>\$ 361,303</u>	<u>\$ 20,651</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>381,994</u>
GeFONSI pool					681,206
Total AHFC Portfolio					<u>\$ 1,063,200</u>

#### Restricted Investments

A large portion of the Corporation's investments, \$432,271,000, are restricted by bond resolutions, contractual agreements, and statutory agreements and the remainder, \$630,929,000, is unrestricted.

#### Realized Gains and Losses

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

<b>June 30, 2014</b>	
Ending unrealized holding gain	\$ 25,310
Beginning unrealized holding gain	<u>22,347</u>
Net change in unrealized holding gain	2,963
Net realized gain (loss)	<u>(513)</u>
Net increase (decrease) in fair value	<u>\$ 2,450</u>

NOTES TO FINANCIAL STATEMENTS

**Deposit and Investment Policies**

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as 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, 2014, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). The Corporation's investments included \$3,181,000 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.

	<b>Moody's</b>	<b>S &amp; P</b>	<b>Investment Fair Value</b>
Securities of U. S. Government agencies and Corporations:			
	Aaa	AA+	\$ 1,366
Certificates of deposit:			
	Aa2	A+	1,000
Commercial paper, medium-term notes:			
	A1	A+	3,567
	A1	A	512
	A1	AA+	258
	A2	A	4,772
	A2	A+	1,222
	A2	A-	755
	A2	BBB+	753
	A3	A+	711
	A3	A	3,866
	A3	A-	754
	Aa2	AA	563
	Aa2	AA-	1,713
	Aa3	A+	1,000
	Aa3	AA-	2,182
	Aaa	AAA	102
	Baa1	A	721
	Baa1	A-	1,546
	Baa1	BBB	759
	Baa1	BBB+	1,513
	Baa2	A-	3,844
	Baa3	AAA	491
	P-1	A-1+	93,646
	P-1	A-1	89,336
	P-2	A-1	2,298
			<u>216,884</u>
Money market funds:			
	--	AAAm	141,547
Unrated investments:			
Bank investment contracts			18,016
			<u>\$ 378,813</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, 2014, 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	\$ 681,206	64.07 %
Goldman Sachs	142,294	13.38
Standard	63,940	6.01

**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 \$78,096,000 bank balance at June 30, 2014, cash deposits in the amount of \$385,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$50,904,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

**Interest Rate Risk**

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

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

NOTES TO FINANCIAL STATEMENTS

**Modified Duration**

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2014:

	<b>Investment Fair Value</b>	<b>Modified Duration</b>
Bank investment contracts	\$ 18,016	0.000
U. S. Treasury securities:		
Treasury coupon securities	3,181	1.041
Securities of U. S. Government agencies and corporations:		
Federal agency coupon securities	1,228	0.678
Federal agency pass through securities	138	1.877
Certificates of deposit	1,000	4.206
Commercial paper & medium-term notes:		
Commercial paper discounts	184,256	0.231
Corporate bonds	102	0.778
Medium-term notes	31,526	0.476
Commercial paper interest bearing	1,000	0.161
Money market funds	141,547	0.000
	<u>\$ 381,994</u>	
Portfolio modified duration		0.065

**Investment in GeFONSI Pool**

The Department of Revenue, Treasury Division (the "Treasury") has created a pooled environment by which it manages the investments under the fiduciary oversight of the Commissioner. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Corporation invests in the State's internally managed GeFONSI Pool. The GeFONSI consists of investments in the State's internally managed Short-term Fixed Income Pool, Short-term Liquidity Fixed Income Pool, and the Intermediate-term Fixed Income Pool. The complete financial activity of the funds is shown in the Comprehensive Annual Financial Report 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.

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 the 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.

At June 30, 2014, the Corporation's share of pool investments was as follows:

<b>Investment Type</b>	<b>Fair Value</b>			<b>Total</b>
	<b>Short-Term Fixed Income Pool</b>	<b>Short-term Liquidity Fixed Income Pool</b>	<b>Intermediate-term Fixed Income Pool</b>	
Corporate Bonds	\$ 22,269	\$ -	\$ 14,067	\$ 36,336
Mortgage Backed	1,530	-	6,483	8,013
Other Asset Backed	107,468	-	7,025	114,493
Overnight Sweep Account (Imcs)	34,898	-	-	34,898
Repurchase Agreement	21,806	-	-	21,806
U.S. Government Agency	-	-	313	313
Treasury Bills	188,114	93,610	13,647	295,371
Treasury Notes	42,318	3,134	185,134	230,586
Treasury Strips	-	-	501	501
Yankees:				
Yankee Corporate	5,051	-	3,240	8,291
Yankee Government	-	-	1,068	1,068
Total Invested Assets	423,454	96,744	231,478	751,676
Pool related net assets (liabilities)	(89,059)	39	18,550	(70,470)
Net Invested Assets	<u>\$ 334,395</u>	<u>\$ 96,783</u>	<u>\$ 250,028</u>	<u>\$ 681,206</u>

NOTES TO FINANCIAL STATEMENTS

**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 14 months to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to 3 years to maturity or 3 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, 2014, the expected average life of individual fixed rate securities ranged from one day to 2.2 years and the expected average life of floating rate securities ranged from 8 days to 3.2 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, 2014, the expected average life of fixed rate securities ranged from 31 to 179 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 - ± 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, 2014 was 1.94 years.

At June 30, 2014, the effective duration by investment type was as follows:

	<u>Intermediate-term Fixed Income Pool</u>
Corporate Bonds	1.40
Mortgage Backed	0.99
Other Asset Backed	0.70
Treasury Bills	0.42
Treasury Notes	2.14
Treasury Strips	3.27
U.S. Government Agency	1.71
Yankee Corporate	0.62
Yankee Government	0.78
<b>Portfolio Effective Duration</b>	<b>1.72</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”.

NOTES TO FINANCIAL STATEMENTS

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".

At June 30, 2014, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

<u>Investment Type</u>	<u>Rating</u>	<u>Short-term Fixed Income Pool</u>	<u>Short-term Liquidity Fixed Income Pool</u>	<u>Intermediate Term Fixed Income Pool</u>
Corporate Bonds	AAA	0.06	-	0.10
Corporate Bonds	AA	2.90	-	1.33
Corporate Bonds	A	3.71	-	2.98
Corporate Bonds	BBB	-	-	0.73
U.S. Government Agency	AA	-	-	0.11
Overnight Sweep Account (Imcs)	Not Rated	10.44	-	-
Mortgage Backed	AAA	0.23	-	1.19
Mortgage Backed	AA	0.04	-	0.69
Mortgage Backed	A	0.06	-	0.15
Mortgage Backed	BBB	-	-	0.01
Mortgage Backed	Not Rated	0.12	-	0.32
Other Asset Backed	AAA	22.93	-	1.71
Other Asset Backed	AA	0.21	-	0.34
Other Asset Backed	A	0.79	-	-
Other Asset Backed	Not Rated	8.20	-	0.51
Other Pool Ownership	Not Rated	-	0.01	8.81
Repo	AA	6.52	-	-
Treasury Bills	AA	56.25	96.71	4.98
Treasury Notes	AA	12.65	3.24	67.52
Treasury Strips	AA	-	-	0.18
Yankee Corporate	AA	0.77	-	0.63
Yankee Corporate	A	0.74	-	0.38
Yankee Corporate	BBB	-	-	0.06
Yankee Corporate	Not Rated	-	-	0.11
Yankee Government	AA	-	-	0.35
Yankee Government	Not Rated	-	-	0.04
No Credit Risk		(26.62)	0.04	6.77
		<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, 2014, the Corporation did not have more than five percent of its investments in any one company or affiliated group.

NOTES TO FINANCIAL STATEMENTS

**4 INTERFUND RECEIVABLE/PAYABLE**

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

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	\$ -	\$ 13,715	\$ -	\$ 10,514	\$ 1,166	\$ 25,395	
Grant Programs	-	-	-	-	1,425	1,425	
Mortgage or Bond Programs	34,946	-	-	-	-	34,946	
Other Funds or Programs	-	-	-	-	-	-	
Alaska Corporation for Affordable Housing	-	-	-	-	-	-	
Total	\$ 34,946	\$ 13,715	\$ -	\$ 10,514	\$ 2,591	\$ 61,766	

The balance of \$34,946,000 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 \$13,715,000 and \$10,514,000 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 \$1,166,000 due to the Administrative Fund from ACAH resulted primarily from cash advanced by the Administrative Fund to ACAH.

The balance of \$1,425,000 due to the Grant Programs from ACAH resulted from the reimbursable grant paid by the Grant Programs 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, 2014
Mortgage loans	\$ 2,202,815
Multifamily loans	313,540
Other notes receivable	98,005
	<u>2,614,360</u>
Less:	
Allowance for losses	(77,764)
Net Mortgage loans, notes and other loans	<u>\$ 2,536,596</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, 2014
<u>Delinquencies and foreclosures:</u>	
Loans delinquent 30 days or more	\$ 122,627
Foreclosures during period	14,127
Loans in foreclosure process	19,055
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	89,376

NOTES TO FINANCIAL STATEMENTS

## 6 INSURANCE AGREEMENTS

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

## 7 DIRECT FINANCING LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately \$26 million. The building is part of the Corporation's State Building Lease Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The State has the option to purchase the building for \$1 in 2017 which is the end of the lease. In May 2005, the Corporation issued the General Housing Purpose Bonds, 2005 Series 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, 2014, was \$43,973,000. 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, 2007 Series 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
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
2019	3,304	-	3,304
Thereafter	29,729	-	29,729
Gross payments due	\$ 46,249	\$ 10,401	\$ 56,650
Less: Unearned revenue	(11,200)	(786)	(11,986)
Net investment in direct financing lease	\$ 35,049	\$ 9,615	\$ 44,664

NOTES TO FINANCIAL STATEMENTS

## 8 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014, and a summary of balances are shown below (in thousands):

	June 30, 2013	Additions	Reductions	June 30, 2014
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 19,691	\$ -	\$ (4)	\$ 19,687
Construction in progress	209	859	-	1,068
Total Non-Depreciable	19,900	859	(4)	20,755
<b>Depreciable Capital Assets:</b>				
Buildings	237,379	1,097	-	238,476
Computers & Equipment	1,864	327	(44)	2,147
Vehicles	1,984	64	(31)	2,017
Less: Accumulated depreciation				
Buildings	(132,591)	(7,215)	-	(139,806)
Computers & Equipment	(1,369)	(246)	43	(1,572)
Vehicles	(1,684)	(115)	30	(1,769)
Total Depreciable, Net	105,583	(6,088)	(2)	99,493
<b>Total Capital Assets, Net</b>	<b>\$ 125,483</b>	<b>\$ (5,229)</b>	<b>\$ (6)</b>	<b>\$ 120,248</b>

The above capital assets include \$3,534,000 of land and \$1,066,000 of construction in progress that belong to ACAH.

The depreciation expense charged by the Corporation was \$7,576,000 for the year ended June 30, 2014. The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was \$6,237,000 at June 30, 2014.

## 9 DEFERRED OUTFLOWS OF RESOURCES

GASB has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at June 30, 2014, were interest rate swap derivatives of \$137,175,000 and deferred debt refunding expense of \$19,404,000.

## 10 BONDS PAYABLE

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

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

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, 2014, there are no draw down bonds outstanding, and the Corporation does not anticipate issuing any additional draw down bonds in the future.

NOTES TO FINANCIAL STATEMENTS

Bonds outstanding are shown below (in thousands):

	Original Amount	June 30, 2014
<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	\$ 57,610
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	107,630
• 2010 Series A; 1.50% to 4.00%, due 2014-2027 Unamortized discount	43,130	35,190 (178)
• 2010 Series B; 1.50% to 4.625%, due 2014-2040	35,680	33,035
• 2011 Series B; 1.20% to 4.05%, due 2014-2026	71,360	61,180
<b><i>Mortgage Revenue Bonds, Taxable:</i></b>		
• 2011 Series A; 2.80% due 2015-2026	28,945	14,210
Total Mortgage Revenue Bonds	<u>372,215</u>	<u>308,677</u>
<b><i>Home Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2002 Series A; Floating Rate*; 0.05% at June 30, 2014, due 2032, 2036 Unamortized swap termination penalty	170,000	117,705 (7,482)
• 2006 Series A; 4.25% to 5.00%, due 2014-2036 Unamortized premium	98,675	19,865 68
• 2007 Series A; Floating Rate*; 0.18% at June 30, 2014, due 2017-2041	75,000	75,000
• 2007 Series B; Floating Rate*; 0.18% at June 30, 2014, due 2017-2041	75,000	75,000
• 2007 Series D; Floating Rate*; 0.21% at June 30, 2014, due 2017-2041	89,370	89,370
• 2009 Series A; Floating Rate*; 0.05% at June 30, 2014, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*, 0.04% at June 30, 2014, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 0.08% at June 30, 2014, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	<u>750,675</u>	<u>612,156</u>
<b>Veterans Mortgage Program Bonds:</b>		
<b><i>Collateralized State Guaranteed Bonds, Tax-Exempt:</i></b>		
• 2006 First Series; 4.05% to 4.90%, due 2014-2037	190,000	56,220
• 2007 & 2008 First Series; 3.75% to 5.25%, due 2015-2038	57,885	17,235
Total Veterans Mortgage Program Bonds	<u>247,885</u>	<u>73,455</u>
<b>Other Housing Bonds:</b>		
<b><i>Housing Development Bonds, Tax-Exempt:</i></b>		
• 2004 Series A; 4.80%, due 2024-2026	33,060	50
• 2004 Series B; 4.75%, due 2027-2032	52,025	50
Sub-Total Housing Development Bonds	<u>85,085</u>	<u>100</u>

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2014
<b>General Mortgage Revenue Bonds, Tax-Exempt:</b>		
• 2012 Series A; 0.80% to 4.30%, due 2014-2040	145,890	136,495
Unamortized discount		(697)
Unamortized premium		949
<b>General Mortgage Revenue Bonds, Taxable:</b>		
• 2012 Series B; Floating Rate*, 0.06% at June 30, 2014, due 2042	50,000	50,000
<b>Governmental Purpose Bonds, Tax-Exempt:</b>		
• 1997 Series A; Floating Rate*, monthly payments, 0.07% at June 30, 2014, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 0.07% at June 30, 2014, due 2014-2030	76,580	53,455
Unamortized swap termination penalty		(6,519)
• 2001 Series B; Floating Rate*; 0.07% at June 30, 2014, due 2014-2030	93,590	65,320
Total Other Housing Bonds	484,145	313,703
<b>Non-Housing Bonds:</b>		
<b>State Capital Project Bonds, Tax-Exempt:</b>		
• 2002 Series C; Floating Rate*, 0.05% at June 30, 2014, due 2014-2022	60,250	50,760
• 2006 Series A; 3.50% to 5.00%, due 2015-2040	100,890	88,585
Unamortized discount		(1,105)
Unamortized premium		954
• 2007 Series A & B; 4.00% to 5.25%, due 2014-2029	95,525	77,995
Unamortized discount		(44)
Unamortized premium		1,547
• 2011 Series A; 4.25% to 5.00%, due 2014-2027	105,185	78,975
Unamortized discount		(89)
Unamortized premium		1,589
• 2012 Series A; 2.00% to 5.00%, due 2014-2032	99,360	91,270
Unamortized discount		(124)
Unamortized premium		10,540
• 2013 Series A; 4.00% to 5.00%, due 2017-2032	86,765	86,765
Unamortized premium		11,459
• 2014 Series A; 3.00% to 5.00%, due 2016-2033	95,115	95,115
Unamortized discount		(71)
Unamortized premium		9,533
• 2014 Series B; 2.00% to 5.00%, due 2015-2029	29,285	29,285
Unamortized premium		4,745
<b>State Capital Project Bonds, Taxable:</b>		
• 2012 Series B; Floating Rate*, 0.08% at June 30, 2014, due 2042	50,000	50,000
• 2013 Series B; Indexed Floating Rate*, monthly payments 0.951% at June 30, 2014, due 2043	50,000	50,000
<b>General Housing Purpose Bonds, Tax-Exempt:</b>		
• 2005 Series A; 3.75% to 5.25%, due 2014-2041	143,235	133,870
Unamortized premium		2,680
• 2005 Series B; 4.00% to 5.25%, due 2014-2030	147,610	114,460
Unamortized premium		2,410
• 2005 Series C; 5.00%, due 2014-2017	16,885	9,615
Total Non-Housing Bonds	1,080,105	1,000,719
<b>Total Bonds Payable</b>	<b>\$ 2,935,025</b>	<b>\$ 2,308,710</b>

Note: Debt service payments on the above mentioned bonds are semi-annual unless otherwise mentioned.

\*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

NOTES TO FINANCIAL STATEMENTS

**Redemption Provisions**

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

During the year ended June 30, 2014, the Corporation made \$54,815,000 special revenue redemptions and no current refundings.

**Debt Service Requirements\*\***

For all bonds in the preceding schedules, the Corporation's debt service requirements through 2019 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending June 30	Total Debt Service		
	Principal	Interest*	Total
2015	\$ 45,315	\$ 85,351	\$ 130,666
2016	47,415	83,837	131,252
2017	61,045	82,039	143,084
2018	61,035	79,700	140,735
2019	62,835	77,274	140,109
2020-2024	408,010	336,145	744,155
2025-2029	496,980	244,160	741,140
2030-2034	479,140	139,271	618,411
2035-2039	359,305	57,666	416,971
2040-2042	257,465	7,205	264,670
	<u>\$ 2,278,545</u>	<u>\$ 1,192,648</u>	<u>\$ 3,471,193</u>

\* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2014

\*\* Also see Note 11 – Derivatives

**Conduit Debt**

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements. The Corporation has made the commitment to issue up to \$ 5,000,000 of Revenue Bonds 2014 (Eklutna Estates II Senior Housing Projects). As of June 30, 2014, there are no bonds outstanding.

**11 DERIVATIVES**

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

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

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.

NOTES TO FINANCIAL STATEMENTS

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, 2014, 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, 2014, 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/A2
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	A+/Aa3
E021A1 <sup>2</sup>	10/09/08	2.9800	70% of 3M LIBOR <sup>5</sup>	06/01/32	AAA/Aa2
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	A+/Aa3
SC02C <sup>3</sup>	12/05/02	4.3030	SIFMA <sup>6</sup> +0.115%	07/01/22	A+/Aa3
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa2
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	A+/Aa3
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	A/A2
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa2
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	A+/Aa3

- 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, 2014, 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, 2014	June 30, 2013	
GP01A	\$ 53,455	\$ 56,808	\$ (3,353)	\$ (3,088)	\$ (265)
GP01B	65,320	78,423	(13,103)	(13,753)	650
E021A1	41,920	46,115	(4,195)	(4,106)	(89)
E021A2	75,785	79,876	(4,091)	(5,011)	920
SC02C	50,760	56,741	(5,981)	(7,102)	1,121
E071AB	143,622	175,034	(31,412)	(30,462)	(950)
E071BD	95,748	116,325	(20,577)	(19,956)	(621)
E091A	72,789	89,309	(16,520)	(15,961)	(559)
E091B	72,789	89,250	(16,461)	(15,893)	(568)
E091ABD	97,052	118,535	(21,483)	(20,738)	(745)
Total	\$ 769,240	\$ 906,416	\$ (137,176)	\$ (136,070)	\$ (1,106)

As of June 30, 2014, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2015	\$ 13,175	\$ 760	\$ 26,836	\$ 40,771
2016	13,745	752	26,362	40,859
2017	16,765	745	25,867	43,377
2018	20,040	729	25,218	45,987
2019	20,950	710	24,495	46,155
2020-2024	143,580	3,209	108,336	255,125
2025-2029	157,395	2,542	82,815	242,752
2030-2034	158,320	1,766	54,818	214,904
2035-2029	159,220	944	27,174	187,338
2040-2043	66,050	130	3,112	69,292
	\$ 769,240	\$ 12,287	\$ 405,033	\$ 1,186,560

## NOTES TO FINANCIAL STATEMENTS

### **Credit Risk**

As of June 30, 2014, 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 33.6% of the total notional amount of the swaps is held with one counterparty rated "AAA/Aa2". Another 31.7% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa3". Of the remaining swaps, another counterparty is also rated "A+/Aa3", another counterparty is rated "A/A2", and the remaining counterparty is also rated "A/A2", approximating 18.3%, 9.5%, and 6.9% 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, 2014, SIFMA was 0.06% and 1-month LIBOR was 0.1552%, resulting in a SIFMA/LIBOR ratio of 38.7%. The 3-month LIBOR was 0.2307%, resulting in a SIFMA/LIBOR ratio of 26.0%. 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.

### **Rollover Risk**

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

NOTES TO FINANCIAL STATEMENTS

**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, 2014, is shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap	Counterparty Credit Rating
				Termination Date	
SC02B	12/05/02	3.77%	70% of 1M LIBOR	07/01/24	A+/Aa3

The change in fair value of the investment derivatives as of June 30, 2014, 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, 2014	June 30, 2013	
SC02B	\$ 14,555	\$ 17,083	\$ (2,528)	\$ (2,565)	\$ 37

**Credit Risk**

As of June 30, 2014, 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+/Aa3".

**12 LONG TERM LIABILITIES**

The activity for the year ended June 30, 2014, is summarized in the following schedule (in thousands):

	June 30, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Total bonds and notes payable	\$ 2,257,875	\$ 139,229	\$ (88,394)	\$ 2,308,710	\$ 45,315
Compensated absences	5,842	2,443	(3,000)	5,285	2,113
Other liabilities	619	218	-	837	-
Total long-term liabilities	\$ 2,264,336	\$ 141,890	\$ (91,394)	\$ 2,314,832	\$ 47,428

**13 SHORT TERM DEBT**

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield during the year ended June 30, 2014, was 0.11% and the highest was 0.17%.

Short term debt activity for the year ended June 30, 2014, is summarized in the following schedule (in thousands):

	June 30, 2013	Additions	Reductions	June 30, 2014
Commercial paper	\$ 28,390	\$ 452,090	\$ (415,480)	\$ 65,000
Unamortized discount	(2)	(64)	59	(7)
Commercial paper, net	\$ 28,388	\$ 452,026	\$ (415,421)	\$ 64,993

NOTES TO FINANCIAL STATEMENTS

**14 TRANSFERS**

Transfers for the year ended June 30, 2014, are summarized in the following schedule (in thousands):

		Due From					
		Administrative	Grant	Mortgage or	Other	Alaska	
		Fund	Programs	Bond	Funds or	Corporation	Total
				Programs	Programs	for Affordable	
						Housing	
<b>D</b>	Administrative Fund	\$ -	\$ 1,024	\$ 67,240	\$ 11,943	\$ -	\$ 80,207
<b>u</b>	Grant Programs	38,290	-	-	-	16	38,306
<b>e</b>	Mortgage or Bond Programs	64,964	-	-	-	-	64,964
	Other Funds or Programs	4,178	186	-	-	-	4,364
<b>T</b>	Alaska Corporation for						
<b>o</b>	Affordable Housing	16	-	-	160	-	176
	<b>Total</b>	<b>\$ 107,448</b>	<b>\$ 1,210</b>	<b>\$ 67,240</b>	<b>\$ 12,103</b>	<b>\$ 16</b>	<b>\$ 188,017</b>

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 ACAH and various unreimbursable expenditures paid on behalf by the Administrative Fund on behalf of ACAH.

**15 OTHER CREDIT ARRANGEMENTS**

The Corporation currently has outstanding certain debt obligations with respect to which it has entered into standby bond purchase agreements to provide liquidity in the event of unremarketed tenders and/or bond insurance contracts to guarantee the payment of debt service. At June 30, 2014, the Corporation had unused standby bond purchase agreements of \$437,945,000 and bond insurance of \$444,490,000.

**16 YIELD RESTRICTION AND ARBITRAGE REBATE**

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds. Most of the non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. The amount of excess earning arbitrage expensed for the year ended June 30, 2014 was \$218,000. No arbitrage was paid for the year ended June 30, 2014.

**17 STATE AUTHORIZATIONS AND COMMITMENTS**

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

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

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, 2014, total state authorizations were \$631,475,000; payments were \$557,722,000 resulting in total remaining commitments of \$73,753,000.

**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, 2014	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	1,380	331,711	333,091
Various bond proceeds disbursed	-	319,524	319,524
<b>Total</b>	<b>\$ 1,380</b>	<b>\$ 1,981,942</b>	<b>\$ 1,983,322</b>

NOTES TO FINANCIAL STATEMENTS

**18 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, 2014</b>
▪ Affordable Housing Development Program	\$ 32
▪ ARRA Weatherization Assistance Program	383
▪ Beneficiaries and Special Needs Housing	1,198
▪ Continuum of Care Homeless Assistance	1,605
▪ Domestic Violence	1,066
▪ Drug Elimination	48
▪ Emergency Shelter Grant (ESG)	455
▪ Energy Efficiency Monitoring Research	913
▪ Energy Efficient Home Program	22,166
▪ HOME Investment Partnership	4,605
▪ Homeless Assistance Program	8,498
▪ Homeless Information Management System	4
▪ Housing Choice Vouchers	28,775
▪ Housing Loan Program	10,675
▪ Housing Opportunities for Persons with AIDS	608
▪ Low Income Weatherization Assistance	52,589
▪ Neighborhood Stabilization Program (NSP)	50
▪ Non-Elderly Disabled (NED)	253
▪ Parolees (TBRA)	398
▪ Section 8 Rehabilitaton	421
▪ Senior Citizen Housing Development Grant	4,372
▪ Shelter Plus Care	199
▪ Supplemental Housing Grant	8,193
▪ Supportive Housing Grant Match	363
▪ Technical Assistance Grant	61
▪ Veterans Affairs Supportive Housing	1,060
▪ Youth (TBRA)	155
▪ Utility Allowance Payments for Low Rent	43
<b>Total Housing Grants and Subsidies Expenses</b>	<u><u>\$ 149,188</u></u>

In addition to grant payments made, the Corporation has advanced grant funds of \$8,544,000 and committed to third parties a sum of \$120,876,000 in grant awards at June 30, 2014.

**19 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

## 20 ENERGY AND WEATHERIZATION ENERGY EFFICIENCY PROGRAMS

The 2008 Legislature authorized funding for the Corporation to expand the existing Weatherization program by \$200,000,000 and create the new Energy Rebate Program with \$160,000,000 to help Alaskans make their homes more energy efficient. The 2011, 2012, 2013 and 2014 Legislatures authorized additional funding for the Weatherization program of \$62,500,000, \$30,000,000, \$30,000,000, and \$27,500,000, respectively, and for the Energy Rebate Program of \$37,500,000, \$20,000,000, \$20,000,000 and \$15,000,000, 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, 2014, the Corporation had outstanding commitments of \$39,409,000 and had paid out \$172,766,000 in the rebate program to homeowners since the inception of the program. The \$39,409,000 commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

## 21 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

### Plan Description

As of June 30, 2014, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees. 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. 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 2014, 10.64% of covered salary is for the pension plan and 11.36% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 35.68% for the fiscal year 2014 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, 2014, was \$1,330,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2014 totaled \$1,829,000 and for the years ended June 30, 2013, and June 30, 2012, totaled \$1,723,000 and \$1,813,000, respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2014 was \$1,021,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2014, totaled \$1,953,000 and for the years ended June 30, 2013, and June 30, 2012, totaled \$2,197,000 and \$2,208,000, respectively.

*Defined Contribution Plans:*

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2014, the Corporation is required to contribute 5.20% 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 2014, the Corporation is required to contribute 0.48% of the annual covered salary plus an annual flat dollar amount of \$1,896.20 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, 2014, the Corporation paid additional contributions of \$618,000. These contributions equal \$299,000 for pension and \$319,000 for post-employment healthcare plans.

The contributions to the pension plan for the year ended June 30, 2014, by the employees totaled \$381,000 and by the Corporation totaled \$246,000.

The Corporation contributed \$185,000 to a health reimbursement arrangement for the year ended June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

## **22 OTHER COMMITMENTS AND CONTINGENCIES**

### **Medical Self Insurance**

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$175,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of \$2,180,000 as of June 30, 2014.

### **Litigation**

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

### **Contingent Liabilities**

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

### **Subsequent Events**

On August 27, 2014, the Corporation issued \$140,000,000 State Capital Project Bonds II, 2014 Series C. The bonds are general obligations of the Corporation. The 2014 Series C bonds are federally taxable and bear interest at a floating rate equal to a money market reference rate, like LIBOR, plus a quoted spread, payable each June 1 and December 1 commencing on December 1, 2014. The bonds have a final maturity date of December 1, 2029.

## **23 RISK MANAGEMENT**

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

## **24 CUMULATIVE EFFECT OF ACCOUNTING CHANGE**

Beginning in the fiscal year 2014, the Corporation implemented GASB Statement 65, Items Previously Reported as Assets and Liabilities. According to this statement, the amount of any unamortized bond cost of issuance at June 30, 2013, would be reported as a restatement of beginning net position. The amount of unamortized bond cost of issuance at June 30, 2013, was \$10,855,000, the cumulative effect of the accounting change.

NOTES TO FINANCIAL STATEMENTS

## 25 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2014	2013	2012	2011	2010
<b>Assets</b>					
Cash	\$ 77,026	\$ 59,207	\$ 64,631	\$ 73,411	\$ 59,218
Investments	1,063,200	1,218,693	1,231,890	1,362,107	1,389,605
Accrued interest receivable	12,357	11,559	12,423	13,305	14,647
Mortgage loans, notes and other loans	2,536,596	2,305,667	2,525,004	2,759,511	2,971,253
Net investment in direct financing lease	44,664	48,777	53,192	57,476	61,222
Unamortized bond issuance costs	-	10,855	14,110	16,880	19,751
Capital assets, net	120,248	125,483	125,366	121,968	112,759
Other assets	44,533	64,919	46,275	36,446	40,463
Derivative instrument - interest rate swaps	-	-	-	-	-
<b>Total Assets</b>	<b>3,898,624</b>	<b>3,845,160</b>	<b>4,072,891</b>	<b>4,441,104</b>	<b>4,668,918</b>
<b>Deferred Outflow of Resources</b>					
	156,579	136,070	215,757	100,936	127,899
<b>Liabilities</b>					
Bonds and notes payable	2,308,710	2,257,875	2,407,864	2,721,113	2,832,647
Short term debt	64,993	28,388	68,685	86,976	149,890
Accrued interest payable	10,147	9,947	11,323	12,688	12,770
Other liabilities	21,079	20,857	27,153	24,549	47,252
Derivative instrument - interest rate swaps	140,366	138,635	219,480	102,895	130,267
<b>Total Liabilities</b>	<b>2,545,295</b>	<b>2,455,702</b>	<b>2,734,505</b>	<b>2,948,221</b>	<b>3,172,826</b>
<b>Deferred Inflow of Resources</b>					
	-	-	-	-	-
<b>Total Net Position</b>	<b>\$ 1,509,908</b>	<b>\$ 1,525,528</b>	<b>* \$ 1,554,143</b>	<b>\$ 1,593,819</b>	<b>\$ 1,623,991</b>
<b>Operating Revenues</b>					
Mortgage and loans revenue	\$ 120,740	\$ 125,059	\$ 147,078	\$ 164,242	\$ 177,855
Investment interest	6,532	6,385	6,793	8,454	11,605
Net change in fair value of investments	2,450	1,545	7,667	7,766	6,317
Net change of hedge termination	37	1,158	(1,765)	410	(794)
Total Investment Revenue	9,019	9,088	12,695	16,630	17,128
Externally funded programs	163,739	168,152	179,704	194,411	191,968
Rental	8,951	8,701	8,554	7,996	8,697
Other	5,637	4,325	3,147	2,416	1,610
<b>Total Operating Revenues</b>	<b>308,086</b>	<b>315,325</b>	<b>351,178</b>	<b>385,695</b>	<b>397,258</b>
<b>Operating Expenses</b>					
Interest	81,184	94,409	111,558	122,138	130,789
Mortgage and loan costs	9,442	10,098	11,131	11,587	12,709
Operations and administration	58,771	56,663	57,126	54,100	49,678
Financing expenses	4,415	12,419	7,807	8,692	7,456
Provision for loan loss	(5,688)	(4,753)	(1,542)	(6,673)	515
Housing grants and subsidies	149,188	150,460	179,194	196,168	194,883
Rental housing operating expenses	14,159	13,924	16,373	12,594	11,002
<b>Total Operating Expenses</b>	<b>311,471</b>	<b>333,220</b>	<b>381,647</b>	<b>398,606</b>	<b>407,032</b>
<b>Operating Income (Loss)</b>	<b>(3,385)</b>	<b>(17,895)</b>	<b>(30,469)</b>	<b>(12,911)</b>	<b>(9,774)</b>
<b>Non-Operating &amp; Special Item</b>					
Contribution to State or State agency	(1,380)	(10,720)	(9,207)	(20,349)	(36,772)
Special item	-	-	-	3,088	-
<b>Change in Net Position</b>	<b>\$ (4,765)</b>	<b>\$ (28,615)</b>	<b>\$ (39,676)</b>	<b>\$ (30,172)</b>	<b>\$ (46,546)</b>

\*Does not reflect the FY14 cumulative effect of accounting change.

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# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2014

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>ASSETS</b>				
Cash	41,415	-	-	-
Investments	715,760	21,849	52,043	5,995
Accrued interest receivable	1,986	1,030	3,132	562
Inter-fund due to/from	(9,551)	4,171	12,438	3,029
Mortgage loans, notes and other loans	98,713	331,964	792,582	95,650
Net investment in direct financing lease	-	-	-	-
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	3,770	-	-	-
Other assets	9,543	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	5,659	-	-	-
<b>Total Assets</b>	<b>867,434</b>	<b>359,014</b>	<b>860,195</b>	<b>105,236</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	123,286	-
<b>LIABILITIES</b>				
Bonds payable	-	308,677	612,156	73,455
Short term debt	64,993	-	-	-
Accrued interest payable	1,978	751	1,829	293
Other liabilities	9,739	95	386	42
Derivative instrument - interest rate swaps	-	-	114,739	-
Intergovernmental payable	157	-	-	-
<b>Total Liabilities</b>	<b>76,867</b>	<b>309,523</b>	<b>729,110</b>	<b>73,790</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	3,909	-	-	-
Restricted by bond resolutions	-	49,491	254,371	31,446
Restricted by contractual or statutory agreements	98,269	-	-	-
Unrestricted or (deficit)	688,389	-	-	-
<b>Total Net Position</b>	<b>790,567</b>	<b>49,491</b>	<b>254,371</b>	<b>31,446</b>

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	227	35,384	77,026
103,166	164,387	-	1,063,200
1,842	3,805	-	12,357
5,019	10,289	(25,395)	-
465,144	752,543	-	2,536,596
-	44,664	-	44,664
-	2,401	18,215	20,755
-	10,301	85,422	99,493
-	-	11,632	21,175
-	-	-	-
-	-	17,699	23,358
575,171	988,617	142,957	3,898,624
17,818	15,475	-	156,579
313,703	1,000,719	-	2,308,710
-	-	-	64,993
726	4,570	-	10,147
612	609	9,596	21,079
16,457	8,508	-	139,704
-	227	278	662
331,498	1,014,633	9,874	2,545,295
-	-	-	-
-	12,702	103,637	120,248
232,879	-	-	568,187
28,612	-	32,333	159,214
-	(23,243)	(2,887)	662,259
261,491	(10,541)	133,083	1,509,908

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 2

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

REVOLVING FUNDS

As of June 30, 2014

*(in thousands of dollars)*

	Administrative Fund	Home Ownership Fund	Combined Total
<b>ASSETS</b>			
Cash	41,032	383	41,415
Investments	704,682	11,078	715,760
Accrued interest receivable	1,892	94	1,986
Inter-fund due to/from	(9,551)	-	(9,551)
Mortgage loans, notes and other loans	98,713	-	98,713
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	3,770	-	3,770
Other assets	9,543	-	9,543
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	5,659	-	5,659
<b>Total Assets</b>	<b>855,879</b>	<b>11,555</b>	<b>867,434</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Bonds payable	-	-	-
Short term debt	64,993	-	64,993
Accrued interest payable	1,978	-	1,978
Other liabilities	9,739	-	9,739
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	157	-	157
<b>Total Liabilities</b>	<b>76,867</b>	<b>-</b>	<b>76,867</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	3,909	-	3,909
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	86,714	11,555	98,269
Unrestricted or (deficit)	688,389	-	688,389
<b>Total Net Position</b>	<b>779,012</b>	<b>11,555</b>	<b>790,567</b>

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 3

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2014

(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	8,988	12,861	21,849
Accrued interest receivable	409	621	1,030
Inter-fund due to/from	2,235	1,936	4,171
Mortgage loans, notes and other loans	123,077	208,887	331,964
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Assets</b>	<b>134,709</b>	<b>224,305</b>	<b>359,014</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Bonds payable	125,657	183,020	308,677
Short term debt	-	-	-
Accrued interest payable	356	395	751
Other liabilities	37	58	95
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
<b>Total Liabilities</b>	<b>126,050</b>	<b>183,473</b>	<b>309,523</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	8,659	40,832	49,491
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>8,659</b>	<b>40,832</b>	<b>49,491</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, 2014

(in thousands of dollars)

	<b>Bonds 2002 A,B</b>	<b>Bonds 2006 A</b>	<b>Bonds 2007 A</b>	<b>Bonds 2007 B</b>
<b>ASSETS</b>				
Cash	-	-	-	-
Investments	20,941	1,294	3,978	4,138
Accrued interest receivable	582	116	340	372
Inter-fund due to/from	2,102	355	961	1,227
Mortgage loans, notes and other loans	129,792	23,780	83,803	83,421
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>153,417</b>	<b>25,545</b>	<b>89,082</b>	<b>89,158</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	8,285	-	17,942	17,918
<b>LIABILITIES</b>				
Bonds payable	110,223	19,933	75,000	75,000
Short term debt	-	-	-	-
Accrued interest payable	261	78	235	235
Other liabilities	50	8	43	29
Derivative instrument - interest rate swaps	8,285	-	16,403	16,379
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>118,819</b>	<b>20,019</b>	<b>91,681</b>	<b>91,643</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	42,883	5,526	15,343	15,433
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>42,883</b>	<b>5,526</b>	<b>15,343</b>	<b>15,433</b>

Schedule 4

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
-	-	-	-	-
5,271	4,916	5,530	5,975	52,043
425	401	375	521	3,132
1,051	2,078	2,204	2,460	12,438
106,368	115,885	123,417	126,116	792,582
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
113,115	123,280	131,526	135,072	860,195
21,093	19,521	19,462	19,065	123,286
89,370	80,880	80,880	80,870	612,156
-	-	-	-	-
282	221	221	296	1,829
35	31	29	161	386
19,207	18,312	18,252	17,901	114,739
-	-	-	-	-
108,894	99,444	99,382	99,228	729,110
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
25,314	43,357	51,606	54,909	254,371
-	-	-	-	-
-	-	-	-	-
25,314	43,357	51,606	54,909	254,371

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 5

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2014

*(in thousands of dollars)*

	<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	5,299	696	5,995
Accrued interest receivable	447	115	562
Inter-fund due to/from	2,469	560	3,029
Mortgage loans, notes and other loans	73,898	21,752	95,650
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Assets</b>	<b>82,113</b>	<b>23,123</b>	<b>105,236</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Bonds payable	56,220	17,235	73,455
Short term debt	-	-	-
Accrued interest payable	221	72	293
Other liabilities	33	9	42
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
<b>Total Liabilities</b>	<b>56,474</b>	<b>17,316</b>	<b>73,790</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	25,639	5,807	31,446
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>25,639</b>	<b>5,807</b>	<b>31,446</b>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of June 30, 2014

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds II 2012 A & B	Governmental Purpose Bonds 1997 A
<b>ASSETS</b>				
Cash	-	-	-	-
Investments	21,601	2,219	8,626	8,264
Accrued interest receivable	245	134	601	104
Inter-fund due to/from	314	213	2,351	-
Mortgage loans, notes and other loans	6,453	25,657	250,444	13,655
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>28,613</b>	<b>28,223</b>	<b>262,022</b>	<b>22,023</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	1,361	-
<b>LIABILITIES</b>				
Bonds payable	-	100	186,747	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	-	394	1
Other liabilities	1	2	59	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>1</b>	<b>102</b>	<b>187,200</b>	<b>14,601</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	-	28,121	76,183	7,422
Restricted by contractual or statutory agreements	28,612	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>28,612</b>	<b>28,121</b>	<b>76,183</b>	<b>7,422</b>

Schedule 6

Governmental Purpose Bonds 2001 A-D	Combined Total
-	-
62,456	103,166
758	1,842
2,141	5,019
168,935	465,144
-	-
-	-
-	-
-	-
-	-
234,290	575,171
16,457	17,818
112,256	313,703
-	-
331	726
550	612
16,457	16,457
-	-
129,594	331,498
-	-
-	-
-	-
121,153	232,879
-	28,612
-	-
121,153	261,491

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

### NON-HOUSING BONDS

As of June 30, 2014

(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	-	-	136	-
Investments	4,027	2,779	955	3,657
Accrued interest receivable	185	340	154	316
Inter-fund due to/from	920	1,354	363	1,086
Mortgage loans, notes and other loans	45,606	86,060	44,320	64,317
Net investment in direct financing lease	-	-	35,049	-
Capital assets - non-depreciable	-	-	-	2,401
Capital assets - depreciable, net	-	-	-	10,301
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>50,738</b>	<b>90,533</b>	<b>80,977</b>	<b>82,078</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	5,981	-	2,202	-
<b>LIABILITIES</b>				
Bonds payable	50,760	88,434	79,498	80,475
Short term debt	-	-	-	-
Accrued interest payable	1,329	333	312	324
Other liabilities	15	29	15	23
Derivative instrument - interest rate swaps	8,508	-	-	-
Intergovernmental payable	-	-	136	-
<b>Total Liabilities</b>	<b>60,612</b>	<b>88,796</b>	<b>79,961</b>	<b>80,822</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	12,702
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	(3,893)	1,737	3,218	(11,446)
<b>Total Net Position</b>	<b>(3,893)</b>	<b>1,737</b>	<b>3,218</b>	<b>1,256</b>

Schedule 7

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	-	-	-	-	91	227
2,584	4,528	102,850	34,081	28	8,898	164,387
773	719	-	-	961	357	3,805
1,614	1,561	-	-	1,945	1,446	10,289
137,154	143,627	-	-	138,477	92,982	752,543
-	-	-	-	-	9,615	44,664
-	-	-	-	-	-	2,401
-	-	-	-	-	-	10,301
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
142,125	150,435	102,850	34,081	141,411	113,389	988,617
-	-	-	-	-	7,292	15,475
151,686	148,224	104,577	34,030	136,550	126,485	1,000,719
-	-	-	-	-	-	-
341	372	383	73	570	533	4,570
34	31	-	50	44	368	609
-	-	-	-	-	-	8,508
-	-	-	-	-	91	227
152,061	148,627	104,960	34,153	137,164	127,477	1,014,633
-	-	-	-	-	-	-
-	-	-	-	-	-	12,702
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(9,936)	1,808	(2,110)	(72)	4,247	(6,796)	(23,243)
(9,936)	1,808	(2,110)	(72)	4,247	(6,796)	(10,541)

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2014

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental Housing Programs	Section 8 Vouchers Programs
<b>ASSETS</b>				
Cash	1,361	16,386	9,317	7,030
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(6,675)	(10,266)	(248)	(4,096)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	12,485	1,130	-
Capital assets - depreciable, net	-	65,428	19,968	26
Other assets	2,044	557	72	337
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	9,961	-	-	179
<b>Total Assets</b>	<b>6,691</b>	<b>84,590</b>	<b>30,239</b>	<b>3,476</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	3,137	1,366	294	255
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	278	-	-
<b>Total Liabilities</b>	<b>3,137</b>	<b>1,644</b>	<b>294</b>	<b>255</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	77,913	21,098	26
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	4,717	5,320	8,878	3,195
Unrestricted or (deficit)	(1,163)	(287)	(31)	-
<b>Total Net Position</b>	<b>3,554</b>	<b>82,946</b>	<b>29,945</b>	<b>3,221</b>

Schedule 8

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
3	1,287	35,384
-	-	-
-	-	-
(1,519)	(2,591)	(25,395)
-	-	-
-	-	-
-	4,600	18,215
-	-	85,422
7,469	1,153	11,632
-	-	-
7,559	-	17,699
13,512	4,449	142,957
-	-	-
-	-	-
-	-	-
-	-	-
3,387	1,157	9,596
-	-	-
-	-	278
3,387	1,157	9,874
-	-	-
-	4,600	103,637
-	-	-
10,223	-	32,333
(98)	(1,308)	(2,887)
10,125	3,292	133,083

# 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, 2014

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	6,688	14,449	34,621	6,339
Investment interest	569	94	350	39
Net change in the fair value of investments	2,619	-	6	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	3,188	94	356	39
Externally funded program	1,242	-	-	-
Rental	50	-	-	-
Other	5,096	-	-	-
<b>Total Operating Revenues</b>	<b>16,264</b>	<b>14,543</b>	<b>34,977</b>	<b>6,378</b>
<b>OPERATING EXPENSES</b>				
Interest	61	9,335	23,600	3,921
Mortgage and loan costs	706	1,340	2,807	492
Financing expenses	429	45	2,218	8
Provision for loan loss	2,966	(176)	(1,950)	(762)
Operations and administration	24,469	549	1,199	175
Rental housing operating expenses	209	-	-	-
Housing grants and subsidies	32	-	-	-
<b>Total Operating Expenses</b>	<b>28,872</b>	<b>11,093</b>	<b>27,874</b>	<b>3,834</b>
<b>Operating Income (Loss)</b>	<b>(12,608)</b>	<b>3,450</b>	<b>7,103</b>	<b>2,544</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(1,380)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(27,240)	(1,533)	(2,424)	(11,315)
Change in Net Position	(41,228)	1,917	4,679	(8,771)
Net position at beginning of year	831,795	49,197	251,506	40,715
Cumulative effect of accounting change	-	(1,623)	(1,814)	(498)
Revised net position at beginning of year	831,795	47,574	249,692	40,217
<b>Net Position at End of Period</b>	<b>790,567</b>	<b>49,491</b>	<b>254,371</b>	<b>31,446</b>

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
17,499	41,144	-	120,740
3,219	2,248	13	6,532
(458)	283	-	2,450
-	37	-	37
2,761	2,568	13	9,019
-	-	162,497	163,739
-	-	8,901	8,951
-	-	541	5,637
20,260	43,712	171,952	308,086
9,192	35,075	-	81,184
1,398	2,699	-	9,442
432	1,283	-	4,415
(140)	(5,626)	-	(5,688)
714	1,716	29,949	58,771
-	-	13,950	14,159
-	-	149,156	149,188
11,596	35,147	193,055	311,471
8,664	8,565	(21,103)	(3,385)
-	-	-	(1,380)
-	-	-	-
4,015	8,981	29,516	-
12,679	17,546	8,413	(4,765)
251,140	(23,495)	124,670	1,525,528
(2,328)	(4,592)	-	(10,855)
248,812	(28,087)	124,670	1,514,673
261,491	(10,541)	133,083	1,509,908

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 10

(A Component Unit of the State of Alaska)

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

## REVOLVING FUNDS

For the Year Ended June 30, 2014

*(in thousands of dollars)*

	Administrative Fund	Home Ownership Fund	Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	6,688	-	6,688
Investment interest	327	242	569
Net change in the fair value of investments	2,833	(214)	2,619
Net change of hedge termination	-	-	-
Total Investment Revenue	3,160	28	3,188
Externally funded program	1,242	-	1,242
Rental	50	-	50
Other	5,090	6	5,096
<b>Total Operating Revenues</b>	16,230	34	16,264
<b>OPERATING EXPENSES</b>			
Interest	61	-	61
Mortgage and loan costs	706	-	706
Financing expenses	428	1	429
Provision for loan loss	2,966	-	2,966
Operations and administration	24,469	-	24,469
Rental housing operating expenses	209	-	209
Housing grants and subsidies	32	-	32
<b>Total Operating Expenses</b>	28,871	1	28,872
<b>Operating Income (Loss)</b>	(12,641)	33	(12,608)
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	(1,380)	-	(1,380)
Special Items	-	-	-
Transfers - Internal	(27,241)	1	(27,240)
Change in Net Position	(41,262)	34	(41,228)
Net position at beginning of year	820,274	11,521	831,795
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	820,274	11,521	831,795
<b>Net Position at End of Period</b>	779,012	11,555	790,567

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 11

(A Component Unit of the State of Alaska)

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

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2014

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	5,748	8,701	14,449
Investment interest	39	55	94
Net change in the fair value of investments	-	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	39	55	94
Externally funded program	-	-	-
Rental	-	-	-
Other	-	-	-
<b>Total Operating Revenues</b>	<b>5,787</b>	<b>8,756</b>	<b>14,543</b>
<b>OPERATING EXPENSES</b>			
Interest	4,374	4,961	9,335
Mortgage and loan costs	518	822	1,340
Financing expenses	17	28	45
Provision for loan loss	(27)	(149)	(176)
Operations and administration	203	346	549
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	<b>5,085</b>	<b>6,008</b>	<b>11,093</b>
<b>Operating Income (Loss)</b>	<b>702</b>	<b>2,748</b>	<b>3,450</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Items	-	-	-
Transfers - Internal	(1,692)	159	(1,533)
Change in Net Position	(990)	2,907	1,917
Net position at beginning of year	10,397	38,800	49,197
Cumulative effect of accounting change	(748)	(875)	(1,623)
Revised net position at beginning of year	9,649	37,925	47,574
<b>Net Position at End of Period</b>	<b>8,659</b>	<b>40,832</b>	<b>49,491</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, 2014

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2007 A	Bonds 2007 B
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	7,488	1,413	3,535	3,665
Investment interest	55	11	39	37
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	55	11	39	37
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>7,543</b>	<b>1,424</b>	<b>3,574</b>	<b>3,702</b>
<b>OPERATING EXPENSES</b>				
Interest	4,304	1,034	2,915	2,906
Mortgage and loan costs	665	96	308	293
Financing expenses	851	9	144	144
Provision for loan loss	(482)	(275)	(268)	(330)
Operations and administration	213	41	122	120
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>5,551</b>	<b>905</b>	<b>3,221</b>	<b>3,133</b>
<b>Operating Income (Loss)</b>	<b>1,992</b>	<b>519</b>	<b>353</b>	<b>569</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(2,918)	52	(56)	1,986
Change in Net Position	(926)	571	297	2,555
Net position at beginning of year	44,327	5,162	15,230	12,993
Cumulative effect of accounting change	(518)	(207)	(184)	(115)
Revised net position at beginning of year	43,809	4,955	15,046	12,878
<b>Net Position at End of Period</b>	<b>42,883</b>	<b>5,526</b>	<b>15,343</b>	<b>15,433</b>

Schedule 12

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
4,674	3,931	4,370	5,545	34,621
55	54	51	48	350
2	2	2	-	6
-	-	-	-	-
57	56	53	48	356
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,731	3,987	4,423	5,593	34,977
3,479	2,986	2,985	2,991	23,600
377	305	333	430	2,807
176	80	67	747	2,218
(565)	181	181	(392)	(1,950)
156	172	183	192	1,199
-	-	-	-	-
-	-	-	-	-
3,623	3,724	3,749	3,968	27,874
1,108	263	674	1,625	7,103
-	-	-	-	-
-	-	-	-	-
(1,303)	(577)	(218)	610	(2,424)
(195)	(314)	456	2,235	4,679
25,666	43,883	51,347	52,898	251,506
(157)	(212)	(197)	(224)	(1,814)
25,509	43,671	51,150	52,674	249,692
25,314	43,357	51,606	54,909	254,371

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**ALASKA HOUSING FINANCE CORPORATION**

Schedule 13

(A Component Unit of the State of Alaska)

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

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2014

*(in thousands of dollars)*

	<b>Collateralized Bonds 2006 First Series</b>	<b>Collateralized Bonds 2007 &amp; 2008 First Series</b>	<b>Combined Total</b>
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	4,884	1,455	6,339
Investment interest	31	8	39
Net change in the fair value of investments	-	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	31	8	39
Externally funded program	-	-	-
Rental	-	-	-
Other	-	-	-
<b>Total Operating Revenues</b>	<b>4,915</b>	<b>1,463</b>	<b>6,378</b>
<b>OPERATING EXPENSES</b>			
Interest	2,967	954	3,921
Mortgage and loan costs	379	113	492
Financing expenses	6	2	8
Provision for loan loss	(591)	(171)	(762)
Operations and administration	136	39	175
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
<b>Total Operating Expenses</b>	<b>2,897</b>	<b>937</b>	<b>3,834</b>
<b>Operating Income (Loss)</b>	<b>2,018</b>	<b>526</b>	<b>2,544</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Items	-	-	-
Transfers - Internal	(8,644)	(2,671)	(11,315)
Change in Net Position	(6,626)	(2,145)	(8,771)
Net position at beginning of year	32,559	8,156	40,715
Cumulative effect of accounting change	(294)	(204)	(498)
Revised net position at beginning of year	32,265	7,952	40,217
<b>Net Position at End of Period</b>	<b>25,639</b>	<b>5,807</b>	<b>31,446</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, 2014

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds II 2012 A & B	Governmental Purpose Bonds 1997 A
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	435	1,651	8,190	257
Investment interest	507	5	51	15
Net change in the fair value of investments	(454)	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	53	5	51	15
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>488</b>	<b>1,656</b>	<b>8,241</b>	<b>272</b>
<b>OPERATING EXPENSES</b>				
Interest	-	22	4,702	8
Mortgage and loan costs	22	30	778	-
Financing expenses	2	1	51	28
Provision for loan loss	(36)	(275)	759	-
Operations and administration	11	42	398	22
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>(1)</b>	<b>(180)</b>	<b>6,688</b>	<b>58</b>
<b>Operating Income (Loss)</b>	<b>489</b>	<b>1,836</b>	<b>1,553</b>	<b>214</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	13	2,086	3,562	50
Change in Net Position	502	3,922	5,115	264
Net position at beginning of year	28,110	24,209	72,329	7,266
Cumulative effect of accounting change	-	(10)	(1,261)	(108)
Revised net position at beginning of year	28,110	24,199	71,068	7,158
<b>Net Position at End of Period</b>	<b>28,612</b>	<b>28,121</b>	<b>76,183</b>	<b>7,422</b>

Schedule 14

Governmental Purpose Bonds 2001 A-D	Combined Total
6,966	17,499
2,641	3,219
(4)	(458)
-	-
2,637	2,761
-	-
-	-
-	-
9,603	20,260
4,460	9,192
568	1,398
350	432
(588)	(140)
241	714
-	-
-	-
5,031	11,596
4,572	8,664
-	-
-	-
(1,696)	4,015
2,876	12,679
119,226	251,140
(949)	(2,328)
118,277	248,812
121,153	261,491

# 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, 2014

(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	2,331	4,223	1,936	3,993
Investment interest	19	28	1,469	23
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	37	-	-	-
Total Investment Revenue	56	28	1,469	23
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
<b>Total Operating Revenues</b>	<b>2,387</b>	<b>4,251</b>	<b>3,405</b>	<b>4,016</b>
<b>OPERATING EXPENSES</b>				
Interest	2,705	4,049	3,705	3,598
Mortgage and loan costs	196	382	189	296
Financing expenses	63	37	33	6
Provision for loan loss	(45)	(417)	65	(93)
Operations and administration	76	141	69	584
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,995</b>	<b>4,192</b>	<b>4,061</b>	<b>4,391</b>
<b>Operating Income (Loss)</b>	<b>(608)</b>	<b>59</b>	<b>(656)</b>	<b>(375)</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	2,257	490	930	9
Change in Net Position	1,649	549	274	(366)
Net position at beginning of year	(5,209)	1,702	3,419	2,170
Cumulative effect of accounting change	(333)	(514)	(475)	(548)
Revised net position at beginning of year	(5,542)	1,188	2,944	1,622
<b>Net Position at End of Period</b>	<b>(3,893)</b>	<b>1,737</b>	<b>3,218</b>	<b>1,256</b>

Schedule 15

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
8,683	8,530	-	-	6,745	4,703	41,144
35	32	-	-	37	605	2,248
-	-	266	18	(1)	-	283
-	-	-	-	-	-	37
35	32	266	18	36	605	2,568
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,718	8,562	266	18	6,781	5,308	43,712
2,646	3,081	1,530	40	6,718	7,003	35,075
344	364	-	-	535	393	2,699
42	132	590	263	61	56	1,283
(674)	(1,776)	-	-	(2,454)	(232)	(5,626)
216	236	35	-	212	147	1,716
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,574	2,037	2,155	303	5,072	7,367	35,147
6,144	6,525	(1,889)	(285)	1,709	(2,059)	8,565
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,047	(99)	(221)	213	1,586	769	8,981
9,191	6,426	(2,110)	(72)	3,295	(1,290)	17,546
(18,383)	(3,915)	-	-	1,867	(5,146)	(23,495)
(744)	(703)	-	-	(915)	(360)	(4,592)
(19,127)	(4,618)	-	-	952	(5,506)	(28,087)
(9,936)	1,808	(2,110)	(72)	4,247	(6,796)	(10,541)

# 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, 2014

(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	8
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	2	1	1	8
Externally funded program	79,875	12,100	2,192	38,176
Rental	-	6,669	2,232	-
Other	1	4	6	113
<b>Total Operating Revenues</b>	<b>79,878</b>	<b>18,774</b>	<b>4,431</b>	<b>38,297</b>
<b>OPERATING EXPENSES</b>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	5,060	13,214	3,193	5,129
Rental housing operating expenses	1,102	10,322	2,322	158
Housing grants and subsidies	76,051	43	-	32,128
<b>Total Operating Expenses</b>	<b>82,213</b>	<b>23,579</b>	<b>5,515</b>	<b>37,415</b>
<b>Operating Income (Loss)</b>	<b>(2,335)</b>	<b>(4,805)</b>	<b>(1,084)</b>	<b>882</b>
<b>NONOPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	4,252	(9,217)	1,477	504
Change in Net Position	1,917	(14,022)	393	1,386
Net position at beginning of year	1,637	96,968	29,552	1,835
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	1,637	96,968	29,552	1,835
<b>Net Position at End of Period</b>	<b>3,554</b>	<b>82,946</b>	<b>29,945</b>	<b>3,221</b>

Schedule 16

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	1	13
-	-	-
-	-	-
-	1	13
30,154	-	162,497
-	-	8,901
417	-	541
30,571	1	171,952
-	-	-
-	-	-
-	-	-
-	-	-
3,283	70	29,949
46	-	13,950
40,934	-	149,156
44,263	70	193,055
(13,692)	(69)	(21,103)
-	-	-
-	-	-
32,340	160	29,516
18,648	91	8,413
(8,523)	3,201	124,670
-	-	-
(8,523)	3,201	124,670
10,125	3,292	133,083

**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, 2014

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	2,194	13,226	32,107	5,880
Principal payments received on mortgages and loans	7,218	32,916	113,740	21,058
Purchases of mortgages and loans	(550,284)	-	-	-
Receipt (payment) for loan transfers between funds	477,858	(17,267)	(218,739)	3,003
Mortgage and loan proceeds	407,455	-	-	-
Payment of mortgage and loan proceeds to funds	(413,994)	-	-	-
Payments to employees and other payroll disbursements	(24,490)	-	-	-
Payments for goods and services	(13,734)	-	-	-
Cash received for externally funded programs	798	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	21,075	-	-	-
Grant payments to other agencies	(12,313)	-	-	-
Other operating cash receipts	44,380	-	-	-
Other operating cash payments	(25,789)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>(79,626)</b>	<b>28,875</b>	<b>(72,892)</b>	<b>29,941</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(23,280)	(10,475)	(28,630)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(666)	-	-	-
Interest paid	(1,456)	(9,361)	(22,918)	(4,034)
Proceeds from issuance of short term debt	452,023	-	-	-
Payment of short term debt	(415,422)	-	-	-
Contributions to the State of Alaska or other State agencies	(1,223)	-	-	-
Transfers (to) from other funds	55,097	(2,119)	(3,955)	(6,459)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>88,353</b>	<b>(34,760)</b>	<b>(37,348)</b>	<b>(39,123)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(1,170)	-	-	-
Proceeds from the disposal of capital assets	1	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	(645)	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(1,814)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(3,236,534)	(173,858)	(697,701)	(84,609)
Proceeds from maturity of investments	3,239,276	179,647	807,575	93,751
Interest received from investments	439	96	366	40
<b>Net cash provided by (used for) investing activities</b>	<b>3,181</b>	<b>5,885</b>	<b>110,240</b>	<b>9,182</b>
Net Increase (decrease) in cash	10,094	-	-	-
Cash at the beginning of year	31,321	-	-	-
<b>Cash at the end of period</b>	<b>41,415</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)	(12,608)	3,450	7,103	2,544
<i>Adjustments:</i>				
Depreciation expense	392	-	-	-
Provision for loan losses	2,966	(176)	(1,950)	(762)
Net change in the fair value of investments	(2,619)	-	(6)	-
Transfers between funds for operating activity	(38,118)	675	4,301	126
Interest received from investments	(439)	(96)	(366)	(40)
Interest paid	1,456	9,361	22,918	4,034
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	(65,208)	15,649	(104,999)	24,061
Net increase (decrease) in assets, liabilities and deferred resources	34,552	12	107	(22)
<b>Net cash provided by (used for) operating activities</b>	<b>(79,626)</b>	<b>28,875</b>	<b>(72,892)</b>	<b>29,941</b>

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
16,303	38,414	-	108,124
45,915	95,526	-	316,373
-	-	-	(550,284)
(149,532)	(95,323)	-	-
-	-	-	407,455
-	-	-	(413,994)
-	-	(14,196)	(38,686)
-	-	(12,508)	(26,242)
-	-	149,310	150,108
-	-	32,947	32,947
-	-	(32,666)	(32,666)
-	-	(21,075)	-
-	-	(103,268)	(115,581)
-	227	11,284	55,891
-	(211)	(464)	(26,464)
(87,314)	38,633	9,364	(133,019)
-	139,229	-	139,229
(12,485)	(24,535)	-	(99,405)
-	-	-	-
-	-	-	(666)
(8,971)	(35,069)	-	(81,809)
-	-	-	452,023
-	-	-	(415,422)
-	-	-	(1,223)
1,955	(44,093)	(426)	-
-	-	-	-
(19,501)	35,532	(426)	(7,273)
-	-	(1,250)	(2,420)
-	-	8	9
-	-	-	-
-	(5,567)	-	(5,567)
-	-	-	-
-	(2,251)	-	(2,251)
-	6,771	-	6,771
-	-	-	(645)
-	(1,047)	(1,242)	(4,103)
(521,208)	(704,696)	-	(5,418,606)
624,953	631,349	-	5,576,551
3,070	245	13	4,269
106,815	(73,102)	13	162,214
-	16	7,709	17,819
-	211	27,675	59,207
-	227	35,384	77,026
8,664	8,565	(21,103)	(3,385)
-	475	6,709	7,576
(140)	(5,626)	-	(5,688)
458	(283)	-	(2,450)
1,501	2,443	29,072	-
(3,070)	(245)	(13)	(4,269)
8,971	37,320	-	84,060
(103,617)	203	-	(233,911)
(81)	(4,219)	(5,301)	25,048
(87,314)	38,633	9,364	(133,019)

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## 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, 2014

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<b>Cash flows from operating activities:</b>			
Interest income on mortgages and loans	2,194	-	2,194
Principal payments received on mortgages and loans	7,218	-	7,218
Purchases of mortgages and loans	(550,284)	-	(550,284)
Receipt (payment) for loan transfers between funds	477,858	-	477,858
Mortgage and loan proceeds	407,455	-	407,455
Payment of mortgage and loan proceeds to funds	(413,994)	-	(413,994)
Payments to employees and other payroll disbursements	(24,490)	-	(24,490)
Payments for goods and services	(13,734)	-	(13,734)
Cash received for externally funded programs	798	-	798
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	21,075	-	21,075
Grant payments to other agencies	(12,313)	-	(12,313)
Other operating cash receipts	44,374	6	44,380
Other operating cash payments	(25,789)	-	(25,789)
<b>Net cash provided by (used for) operating activities</b>	<b>(79,632)</b>	<b>6</b>	<b>(79,626)</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(666)	-	(666)
Interest paid	(1,456)	-	(1,456)
Proceeds from issuance of short term debt	452,023	-	452,023
Payment of short term debt	(415,422)	-	(415,422)
Contributions to the State of Alaska or other State agencies	(1,223)	-	(1,223)
Transfers (to) from other funds	55,097	-	55,097
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>88,353</b>	<b>-</b>	<b>88,353</b>
<b>Cash flows from capital financing activities:</b>			
Acquisition of capital assets	(1,170)	-	(1,170)
Proceeds from the disposal of capital assets	1	-	1
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	(645)	-	(645)
<b>Net cash provided by (used for) capital financing activities</b>	<b>(1,814)</b>	<b>-</b>	<b>(1,814)</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(3,199,017)	(37,517)	(3,236,534)
Proceeds from maturity of investments	3,201,907	37,369	3,239,276
Interest received from investments	291	148	439
<b>Net cash provided by (used for) investing activities</b>	<b>3,181</b>	<b>-</b>	<b>3,181</b>
Net Increase (decrease) in cash	10,088	6	10,094
Cash at the beginning of year	30,944	377	31,321
<b>Cash at the end of period</b>	<b>41,032</b>	<b>383</b>	<b>41,415</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	(12,641)	33	(12,608)
<i>Adjustments:</i>			
Depreciation expense	392	-	392
Provision for loan losses	2,966	-	2,966
Net change in the fair value of investments	(2,833)	214	(2,619)
Transfers between funds for operating activity	(38,119)	1	(38,118)
Interest received from investments	(291)	(148)	(439)
Interest paid	1,456	-	1,456
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	(65,208)	-	(65,208)
Net increase (decrease) in assets, liabilities and deferred resources	34,646	(94)	34,552
<b>Net cash provided by (used for) operating activities</b>	<b>(79,632)</b>	<b>6</b>	<b>(79,626)</b>

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## ALASKA HOUSING FINANCE CORPORATION

Schedule 19

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2014

(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	5,271	7,955	13,226
Principal payments received on mortgages and loans	12,672	20,244	32,916
Purchases of mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(10,373)	(6,894)	(17,267)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>7,570</b>	<b>21,305</b>	<b>28,875</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(6,195)	(17,085)	(23,280)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(4,372)	(4,989)	(9,361)
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	(1,888)	(231)	(2,119)
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(12,455)</b>	<b>(22,305)</b>	<b>(34,760)</b>
<b>Cash flows from capital financing activities:</b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(73,079)	(100,779)	(173,858)
Proceeds from maturity of investments	77,924	101,723	179,647
Interest received from investments	40	56	96
<b>Net cash provided by (used for) investing activities</b>	<b>4,885</b>	<b>1,000</b>	<b>5,885</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)	702	2,748	3,450
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(27)	(149)	(176)
Net change in the fair value of investments	-	-	-
Transfers between funds for operating activity	284	391	675
Interest received from investments	(40)	(56)	(96)
Interest paid	4,372	4,989	9,361
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	2,299	13,350	15,649
Net increase (decrease) in assets, liabilities and deferred resources	(20)	32	12
<b>Net cash provided by (used for) operating activities</b>	<b>7,570</b>	<b>21,305</b>	<b>28,875</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, 2014

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2007 A	Bonds 2007 B
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	6,925	1,332	3,272	3,394
Principal payments received on mortgages and loans	16,849	4,691	12,353	11,246
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(10,251)	1,215	(30,672)	(28,613)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>13,523</b>	<b>7,238</b>	<b>(15,047)</b>	<b>(13,973)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(2,790)	(7,685)	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(3,865)	(1,160)	(2,846)	(2,836)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(2,113)	2	34	(151)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(8,768)</b>	<b>(8,843)</b>	<b>(2,812)</b>	<b>(2,987)</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 direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(127,543)	(18,824)	(77,987)	(70,773)
Proceeds from maturity of investments	122,731	20,417	95,804	87,693
Interest received from investments	57	12	42	40
<b>Net cash provided by (used for) investing activities</b>	<b>(4,755)</b>	<b>1,605</b>	<b>17,859</b>	<b>16,960</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)	1,992	519	353	569
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(482)	(275)	(268)	(330)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	1,075	50	406	422
Interest received from investments	(57)	(12)	(42)	(40)
Interest paid	3,865	1,160	2,846	2,836
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	6,598	5,906	(18,319)	(17,367)
Net increase (decrease) in assets, liabilities and deferred resources	532	(110)	(23)	(63)
<b>Net cash provided by (used for) operating activities</b>	<b>13,523</b>	<b>7,238</b>	<b>(15,047)</b>	<b>(13,973)</b>

Schedule 20

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
4,315	3,625	4,100	5,144	32,107
16,763	16,533	17,305	18,000	113,740
-	-	-	-	-
(38,292)	(41,070)	(43,320)	(27,736)	(218,739)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(17,214)	(20,912)	(21,915)	(4,592)	(72,892)
-	-	-	-	-
-	-	-	-	(10,475)
-	-	-	-	-
(3,392)	(2,938)	(2,937)	(2,944)	(22,918)
-	-	-	-	-
-	-	-	-	-
(721)	(551)	(452)	(3)	(3,955)
-	-	-	-	-
(4,113)	(3,489)	(3,389)	(2,947)	(37,348)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(113,931)	(97,530)	(98,793)	(92,320)	(697,701)
135,201	121,876	124,043	99,810	807,575
57	55	54	49	366
21,327	24,401	25,304	7,539	110,240
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,108	263	674	1,625	7,103
-	-	-	-	-
(565)	181	181	(392)	(1,950)
(2)	(2)	(2)	-	(6)
529	451	464	904	4,301
(57)	(55)	(54)	(49)	(366)
3,392	2,938	2,937	2,944	22,918
(21,529)	(24,537)	(26,015)	(9,736)	(104,999)
(90)	(151)	(100)	112	107
(17,214)	(20,912)	(21,915)	(4,592)	(72,892)

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**ALASKA HOUSING FINANCE CORPORATION**

*Schedule 21*

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2014

(in thousands of dollars)

	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	4,518	1,362	5,880
Principal payments received on mortgages and loans	17,107	3,951	21,058
Purchases of mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	2,601	402	3,003
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>24,226</b>	<b>5,715</b>	<b>29,941</b>
<b><u>Cash flows from noncapital financing activities:</u></b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(22,025)	(6,605)	(28,630)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(3,053)	(981)	(4,034)
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	(5,175)	(1,284)	(6,459)
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(30,253)</b>	<b>(8,870)</b>	<b>(39,123)</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 direct financing leases	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchase of investments	(69,977)	(14,632)	(84,609)
Proceeds from maturity of investments	75,972	17,779	93,751
Interest received from investments	32	8	40
<b>Net cash provided by (used for) investing activities</b>	<b>6,027</b>	<b>3,155</b>	<b>9,182</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)	2,018	526	2,544
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(591)	(171)	(762)
Net change in the fair value of investments	-	-	-
Transfers between funds for operating activity	101	25	126
Interest received from investments	(32)	(8)	(40)
Interest paid	3,053	981	4,034
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	19,708	4,353	24,061
Net increase (decrease) in assets, liabilities and deferred resources	(31)	9	(22)
<b>Net cash provided by (used for) operating activities</b>	<b>24,226</b>	<b>5,715</b>	<b>29,941</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, 2014

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds II 2012 A, B	Governmental Purpose Bonds 1997 A
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	417	1,630	7,566	266
Principal payments received on mortgages and loans	507	1,149	21,712	1,234
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	(38,194)	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>924</b>	<b>2,779</b>	<b>(8,916)</b>	<b>1,500</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(900)	(6,580)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(25)	(4,866)	(8)
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	-	-	333	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>(925)</b>	<b>(11,113)</b>	<b>(8)</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 direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(76,638)	(12,308)	(145,534)	(36,597)
Proceeds from maturity of investments	75,424	10,450	165,509	35,090
Interest received from investments	290	4	54	15
<b>Net cash provided by (used for) investing activities</b>	<b>(924)</b>	<b>(1,854)</b>	<b>20,029</b>	<b>(1,492)</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)	489	1,836	1,553	214
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(36)	(275)	759	-
Net change in the fair value of investments	454	-	-	-
Transfers between funds for operating activity	13	43	638	50
Interest received from investments	(290)	(4)	(54)	(15)
Interest paid	-	25	4,866	8
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	507	1,149	(16,482)	1,234
Net increase (decrease) in assets, liabilities and deferred resources	(213)	5	(196)	9
<b>Net cash provided by (used for) operating activities</b>	<b>924</b>	<b>2,779</b>	<b>(8,916)</b>	<b>1,500</b>

Schedule 22

Governmental Purpose Bonds 2001 A-D	Combined Total
6,424	16,303
21,313	45,915
-	-
(111,338)	(149,532)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<u>(83,601)</u>	<u>(87,314)</u>
-	-
(5,005)	(12,485)
-	-
-	-
(4,072)	(8,971)
-	-
-	-
-	-
1,622	1,955
-	-
<u>(7,455)</u>	<u>(19,501)</u>
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(250,131)	(521,208)
338,480	624,953
2,707	3,070
<u>91,056</u>	<u>106,815</u>
-	-
-	-
-	-
4,572	8,664
-	-
(588)	(140)
4	458
757	1,501
(2,707)	(3,070)
4,072	8,971
(90,025)	(103,617)
314	(81)
<u>(83,601)</u>	<u>(87,314)</u>

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

### NON-HOUSING BONDS

For the Year Ended June 30, 2014

(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	2,162	3,885	1,758	3,804
Principal payments received on mortgages and loans	7,230	12,431	4,107	14,227
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(13,461)	(21,809)	(16,158)	(4,833)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	136	-
Other operating cash payments	-	-	(142)	-
<b>Net cash provided by (used for) operating activities</b>	<b>(4,069)</b>	<b>(5,493)</b>	<b>(10,299)</b>	<b>13,198</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(340)	(1,835)	(3,540)	(6,569)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(99)	(4,071)	(3,819)	(3,542)
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	797	585	157	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>358</b>	<b>(5,321)</b>	<b>(7,202)</b>	<b>(10,111)</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	(4,511)	-	-	(982)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(1,309)	-	-	(529)
Proceeds from direct financing leases	-	-	3,304	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(5,820)</b>	<b>-</b>	<b>3,304</b>	<b>(1,511)</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(59,983)	(72,288)	(57,378)	(51,804)
Proceeds from maturity of investments	69,494	83,073	71,550	50,203
Interest received from investments	20	29	19	25
<b>Net cash provided by (used for) investing activities</b>	<b>9,531</b>	<b>10,814</b>	<b>14,191</b>	<b>(1,576)</b>
Net Increase (decrease) in cash	-	-	(6)	-
Cash at the beginning of year	-	-	142	-
<b>Cash at the end of period</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>-</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(608)	59	(656)	(375)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	475
Provision for loan losses	(45)	(417)	65	(93)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	204	252	176	132
Interest received from investments	(20)	(29)	(19)	(25)
Interest paid	1,408	4,071	3,819	4,071
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	(6,231)	(9,378)	(12,051)	9,394
Net increase (decrease) in assets, liabilities and deferred resources	1,223	(51)	(1,633)	(381)
<b>Net cash provided by (used for) operating activities</b>	<b>(4,069)</b>	<b>(5,493)</b>	<b>(10,299)</b>	<b>13,198</b>

Schedule 23

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
7,919	8,275	-	-	6,221	4,390	38,414
15,224	15,151	-	-	13,756	13,400	95,526
-	-	-	-	-	-	-
25,701	(16,289)	-	-	(32,696)	(15,778)	(95,323)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	91	227
-	-	-	-	-	(69)	(211)
48,844	7,137	-	-	(12,719)	2,034	38,633
-	-	105,166	34,063	-	-	139,229
(3,850)	-	-	-	(1,166)	(7,235)	(24,535)
-	-	-	-	-	-	-
(4,169)	(4,504)	(1,736)	-	(6,463)	(6,666)	(35,069)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(50,000)	50	1,736	-	1,734	848	(44,093)
-	-	-	-	-	-	-
(58,019)	(4,454)	105,166	34,063	(5,895)	(13,053)	35,532
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(74)	-	(5,567)
-	-	-	-	-	-	-
-	-	-	-	(413)	-	(2,251)
-	-	-	-	-	3,467	6,771
-	-	-	-	-	-	-
-	-	-	-	(487)	3,467	(1,047)
(86,600)	(68,076)	(105,166)	(34,063)	(70,785)	(98,553)	(704,696)
95,739	65,360	-	-	89,847	106,083	631,349
36	33	-	-	39	44	245
9,175	(2,683)	(105,166)	(34,063)	19,101	7,574	(73,102)
-	-	-	-	-	22	16
-	-	-	-	-	69	211
-	-	-	-	-	91	227
6,144	6,525	(1,889)	(285)	1,709	(2,059)	8,565
-	-	-	-	-	-	475
(674)	(1,776)	-	-	(2,454)	(232)	(5,626)
-	-	(266)	(18)	1	-	(283)
209	447	77	213	458	275	2,443
(36)	(33)	-	-	(39)	(44)	(245)
4,169	4,504	1,736	-	6,876	6,666	37,320
40,925	(1,138)	-	-	(18,940)	(2,378)	203
(1,893)	(1,392)	342	90	(330)	(194)	(4,219)
48,844	7,137	-	-	(12,719)	2,034	38,633

**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, 2014

(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	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(1,175)	(7,344)	(1,787)	(3,335)
Payments for goods and services	(3,214)	(6,867)	(1,616)	(378)
Cash received for externally funded programs	101,534	14,374	2,194	4,104
Cash received for Federal HAP subsidies	-	-	1	32,946
Payments for Federal HAP subsidies	-	-	-	(32,666)
Interfund receipts (payments)	(23,055)	(3,502)	(266)	1,089
Grant payments to other agencies	(74,133)	-	-	(40)
Other operating cash receipts	10	6,635	2,257	1,763
Other operating cash payments	-	(23)	(4)	(274)
<b>Net cash provided by (used for) operating activities</b>	<b>(33)</b>	<b>3,273</b>	<b>779</b>	<b>3,209</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	-	(407)	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>(407)</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(155)	(29)	(33)	-
Proceeds from the disposal of capital assets	-	2	6	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(155)</b>	<b>(27)</b>	<b>(27)</b>	<b>-</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	8
<b>Net cash provided by (used for) investing activities</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>8</b>
Net Increase (decrease) in cash	(186)	2,840	753	3,217
Cash at the beginning of year	1,547	13,546	8,564	3,813
<b>Cash at the end of period</b>	<b>1,361</b>	<b>16,386</b>	<b>9,317</b>	<b>7,030</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	(2,335)	(4,805)	(1,084)	882
<i>Adjustments:</i>				
Depreciation expense	1	5,471	1,219	18
Provision for loan losses	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	4,438	(9,580)	1,226	504
Interest received from investments	(2)	(1)	(1)	(8)
Interest paid	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	(2,135)	12,188	(581)	1,813
<b>Net cash provided by (used for) operating activities</b>	<b>(33)</b>	<b>3,273</b>	<b>779</b>	<b>3,209</b>

Schedule 24

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	-	-
-	-	-
-	-	-
(555)	-	(14,196)
(418)	(15)	(12,508)
27,104	-	149,310
-	-	32,947
-	-	(32,666)
2,659	2,000	(21,075)
(29,095)	-	(103,268)
459	160	11,284
(163)	-	(464)
(9)	2,145	9,364

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(19)	-	(426)
-	-	-
(19)	-	(426)

-	(1,033)	(1,250)
-	-	8
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	(1,033)	(1,242)

-	-	-
-	-	-
-	1	13
-	1	13

(28)	1,113	7,709
31	174	27,675
3	1,287	35,384

(13,692)	(69)	(21,103)
-	-	6,709
-	-	-
-	-	-
32,359	125	29,072
-	(1)	(13)
-	-	-
-	-	-
(18,676)	2,090	(5,301)
(9)	2,145	9,364

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