

ALASKA HOUSING FINANCE CORPORATION
BOARD OF DIRECTORS
REGULAR BOD MEETING IN ANCHORAGE

November 30, 2016

10:00 a.m.

Anchorage/Fairbanks/Juneau

- I. ROLL CALL
 - II. APPROVAL OF AGENDA
 - III. MINUTES: October 26, 2016
Next Resolution: #16-31
 - IV. PUBLIC COMMENTS
 - V. OLD BUSINESS:
 - VI. NEW BUSINESS:
 - A. Consideration of a request to modify a term loan commitment issued to the City of Galena for the long term financing of an energy efficiency project under the Alaska Energy Efficiency Revolving Loan Program.
 - B. Presentation and discussion by BDO and AHFC staff regarding Alaska Housing Finance Corporation's FY16 External Audit results:
 - 1. SAS 114 Standard Communications Report.
 - 2. AHFC Financial Statements.
 - 3. AHFC Federal Financial Assistance Report.
 - C. Resident Advisory Board Report to the AHFC Board of Directors.
 - VII. REPORT OF THE CHAIR
 - VIII. BOARD COMMITTEE REPORTS: NONE
 - IX. REPORT OF THE EXECUTIVE DIRECTOR
 - X. ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD
 - X. Monthly Department Reports and Meeting Schedules
 - XI. EXECUTIVE SESSION: Corporation's operational matters that may have an impact on the Corporation's financial matters. Board action related to this matter, if any, will take place in the public session following the Executive Session.
- **The Chair may announce changes in the Order of Business during the meeting.

ALASKA HOUSING FINANCE CORPORATION
BOARD OF DIRECTORS

REGULAR MEETING

October 26, 2016

10:00 a.m.

Anchorage

The Board of Directors of Alaska Housing Finance Corporation met October 26, 2016, in the AHFC board room, 4300 Boniface Parkway in Anchorage, AK at 10:00 a.m. Board members present were:

BRENT LEVALLEY
Anchorage

CHAIRMAN
Member of the Board

ALAN WILSON
Anchorage

VICE CHAIRMAN
Member of the Board

CAROL GORE
Anchorage

Member of the Board

HAVEN HARRIS
Anchorage

Member of the Board

RANDALL BURNS
Anchorage

Designee for Commissioner
Department of Health
& Social Services
Member of the Board

PAM LEARY
Juneau

Designee for Commissioner
Department of Revenue
Member of the Board

CHRIS HLADICK
Anchorage

Commissioner
Department of Commerce,
Community & Economic
Development
Member of the Board

I. ROLL CALL. A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

II. APPROVAL OF AGENDA. CHAIRMAN LEVALLEY requested revisions or acceptance of the agenda. CAROL GORE made a motion for approval and ALAN WILSON seconded the motion. Seeing and hearing no objections, the agenda was approved as presented.

III. MINUTES OF AUGUST 24, 2016. CHAIRMAN LEVALLEY asked for revisions or acceptance of the minutes. Seeing and hearing no objection, the minutes were approved as presented.

- IV. PUBLIC COMMENTS. no public wished to testify.
- V. OLD BUSINESS. No old business for discussion.

VI. A. CONSIDERATION OF A TERM LOAN REQUEST IN THE AMOUNT OF \$4,500,000 FOR THE REFINANCE WITH REHABILITATION OF A 268 UNIT AFFORDABLE HOUSING COMPLEX KNOWN AS "PANORAMIC VIEW APARTMENTS" AND LOCATED IN ANCHORAGE, ALASKA. BRYAN BUTCHER introduced the item to the board. ERIC HAVELOCK presented the item to the board. Term loan financing for the refinance with rehabilitation of an affordable multifamily apartment complex consisting of 268 units named "Panoramic View Apartments" and located at 787 Elm Street in Anchorage, Alaska. The request falls within the parameters of the Multi-Family Housing Loan Program; it is reasonable to expect that the loans will be repaid; and it is considered to be an acceptable risk; therefore, staff recommended approval of the request subject to certain conditions as outlined to the board. Discussion followed. HAVEN HARRIS moved for approval. CAROL GORE seconded the motion. In order to prevent the appearance of a conflict of interest, RANDALL BURNS disclosed a professional relationship with a member of the borrower's board of directors and elected to abstain from the vote. Resolution #16-27 was approved with 6 yea votes, and RANDALL BURNS abstaining. (6-0-1)

RESOLUTION #16-27

RESOLUTION APPROVING TERM FINANCING FOR A MULTI-FAMILY HOUSING PROJECT TO ANCHORAGE NEIGHBORHOOD HOUSING SERVICES, INC. DBA NEIGHBORWORKS ALASKA

VI. B. CONSIDERATION OF A LOAN REQUEST IN THE AMOUNT OF \$1,000,000 UNDER THE LOANS TO SPONSORS PROGRAM FOR COMMUNITY FINANCIAL INCORPORATED. MR. BUTCHER introduced the item and ERIC HAVELOCK presented. The loans to sponsor program (LTSP) is designed to provide financing for low to moderate income individuals or persons who might not otherwise qualify for financing due to income limitations, down payment requirements, loan-to-value or other considerations. The request allows the borrower the ability to offer a beneficial program in facilitating home ownership and improving the quality of housing. Staff recommended approval of the \$1,000,000 loan, subject to the terms and conditions of the loans to sponsors guidelines. Discussion followed. CAROL GORE made a motion to approve Resolution #16-28. ALAN WILSON seconded the motion. In order to prevent the appearance of a conflict of interest, HAVEN HARRIS disclosed a professional relationship with a member of the borrower's board of directors and elected to abstain from the vote. The resolution was approved with 6 yea votes, and HAVEN HARRIS abstaining. (6-0-1)

RESOLUTION #16-28

RESOLUTION APPROVING A \$1,000,000 LOAN TO PROVIDE FUNDS UNDER THE LOANS TO SPONSORS PROGRAM.

VI. C. CONSIDERATION OF A RESOLUTION FOR THE FINAL ADOPTION OF AMENDMENTS TO 15 AAC 535(B)(2)(A) AND 15 AAC 535(B)(2)(B) FEE SCHEDULE AND COMMITMENT PERIOD. BRYAN BUTCHER introduced the item to the board. ERIC HAVELOCK presented the item. Staff recommended amendments 15 AAC 151.535(b)(2){8} to provide a range of loan fees that correspond to the term of the loan commitment. The proposed for-profit entity fee structure for a 24 month commitment is 2% on the first million dollars borrowed; 1.5% on the next four million dollars borrowed; 1% on the next ten million dollars borrowed; and .5% on the next 15 million dollars borrowed. The fee structure for a 12 month commitment will be half of these amounts, which matches the current fee structure. Loan proposals for not for-profit entities will be one-half of the for-profit fee structure and are addressed in proposed amendments to 15 AAC 151.535(b)(2)(a). The fee for commitment extensions will remain unchanged. Discussion followed. ALAN WILSON made a motion for approval. HAVEN HARRIS seconded. Resolution #16-29 was unanimously approved. (7-0)

RESOLUTION #16-29

RESOLUTION AMENDING 15 AAC 151.535(B)(2)(A) AND 15 AAC 535(B)(2)(B) FEE SCHEDULE AND COMMITMENT PERIOD, UNDER THE MULTIFAMILY, SPECIAL NEEDS AND CONGREGATE HOUSING LOAN PROGRAM.

VI. D. CONSIDERATION OF A RESOLUTION TO APPROVE THE AHFC FY2018 OPERATING AND CAPITAL BUDGETS. BRYAN BUTCHER introduced the item. Staff recommended that the FY2018 Operating and Capital budget requests be approved for submission through the Department of Revenue to the Office of Management and Budget for inclusion in the Governor's FY2018 Budget. LES CAMPBELL presented. JAMES WIEDLE provided an overview of capital budget projects. Discussion followed. Members of the board expressed appreciation to Governor Walker's administration for the priority status placed on housing. HAVEN HARRIS extended an invitation to the board to travel outside of the larger towns or rural hub communities and to visit the smaller villages where housing is greatly needed due to overcrowding. HAVEN HARRIS made a motion to approve Resolution #16-30. COMMISSIONER HLADICK seconded the motion. The resolution was unanimously approved. (7-0)

RESOLUTION #2016-30

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING AHFC TO SUBMIT THE FY2018 OPERATING AND CAPITAL BUDGETS THROUGH THE DEPARTMENT OF REVENUE TO THE GOVERNOR'S OFFICE FOR SUBMITTAL TO THE STATE LEGISLATURE.

VII. REPORT OF THE CHAIR. CHAIRMAN LEVALLEY stated that the next AHFC Board of Directors meeting will be November 30, 2016 in Anchorage and that there will also be NTSC Membership and Annual BOD meetings.

VIII. BOARD COMMITTEE REPORTS. KEVIN TUNE provided a brief overview of the October 26, 2016 Audit Committee. There were no other committee reports to present to the Board.

IX. REPORT OF THE EXECUTIVE DIRECTOR. BRYAN BUTCHER reported on: 1.) Energy efficiency policy retreat (Thurs & Fri, 9/8 & 9/9); 2.) Meeting w/Governor Walker/Jeff Jesse (Tues, 9/13); 3.) Pay for Success discussion (Thur. 10/06); 4.) UAA Business and Finance Club discussion (Mon. 10/10); 5.) Alaska Coalition on Housing & Homelessness, introduced Lt. Governor (Tues, 10/11); 6.) Alaska Council on the Homeless meeting at the Marriott (Wed 10/12); 7.) Alaska Bankers Association annual meeting, Wed, 10/12); 8.) Grass Creek North Open House, 52 units of affordable and market rental housing (Fri. 10/14); 9.) AAHA Quarterly Meeting (Tue. 10/25); 10.) AO 281 Update.

X. OTHER MATTERS. CHAIRMAN LEVALLEY asked if there were any other matters to properly come before the board.

1. Monthly Loan Reports. Finance, Mortgage, Public Housing, R2D2 and Planning reports were presented for discussion and review.
2. Schedule of Board Meetings:

NTSC Annual Membership & BOD Meeting	November 30, 2016	TBD	Anchorage
ACAH Annual Membership & BOD Meeting	November 30, 2016	TBD	Anchorage
AHFC Regular BOD Meeting	November 30, 2016	TBD	Anchorage

XI. EXECUTIVE SESSION: Discussion of the Corporation's operational issues that may have an impact on financial matters. Board action related to this matter, if any, will take place in the public session following the executive session. CHAIRMAN LEVALLEY requested a motion. ALAN WILSON made a motion to adjourn into Executive Session. HAVEN HARRIS seconded. Seeing and hearing no objections, the board moved into Executive Session.

Off Record: 11:50 a.m. EXECUTIVE SESSION
On Record: 12:20 p.m.

CHAIRMAN LEVALLEY reconvened the meeting and announced that no action was taken during Executive Session.

XII. OTHER MATTERS. CHAIRMAN LEVALLEY asked if there were any other matters to properly come before the board. ALAN WILSON made a motion to adjourn. HAVEN HARRIS seconded the motion. Seeing and hearing no objections, the meeting was adjourned at 12:25 p.m.

ATTESTED:

Brent LeValley
Chairman of the Board

Bryan Butcher
CEO/Executive Director

BOARD CONSIDERATION MEMORANDUM

Date: November 30, 2016

Staff: Eric A. Havelock

Item: Multi-family Commitment Modification Request

BACKGROUND: On February 24, 2016, AHFC's board of directors approved a loan for energy efficiency improvements to the City of Galena's central boiler plant and the associated district heat loop. A condition of this commitment required that a contractor's performance bond be assigned to AHFC. The city was advised by their attorney that they were unable by law to assign the performance bond to AHFC, and AHFC declined to fund the loan.

ISSUE: The City of Galena has appealed the determination of AHFC to not fund the loan by asking for the condition to be waived. The city provides alternative options to support AHFC's request for collateral. (See appendix I)

DISCUSSION: The city has proposed three options to their inability to meet the commitment condition under the original term loan commitment.

Option #1: Waive the commitment condition. The city advises that all work is completed and therefore the contractor bond is not necessary. Accordingly, they request that AHFC waive the condition and fund the loan. Staff, acting at the direction of the board, requested a form of collateral for this loan as substitution for the contractor's bond. This proposal does not meet this directive.

Option #2: Authorize funding based on the city providing a security interest in their utility revenue stream. This approach meets the direction of the board and would give AHFC a security agreement perfected by a UCC filing as collateral for the loan.

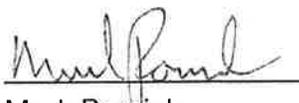
Option #3: Authorize funding based on the city's intent to enter into a memorandum of understanding with the utility payer (school district) that creates an annual connection fee based on the annual payment that would be due AHFC. This approach also meets the direction of the board to obtain collateral. However, this approach is not as secure as Option #2 as it relies on the cooperation of the third party (school district) to perfect collection of payments under the assignment.

RECOMMENDATION: Option #2 provides the strongest collateral for this loan and is an improvement over the original commitment terms. The modification request falls within the parameters of the Alaska Energy Efficiency Revolving Loan Program; it is reasonable to expect that the loan will be repaid subject to legislative appropriation; and it is considered to be an acceptable risk; therefore, Staff recommends approval to collateralize the loan with a security agreement and a UCC filing. All other terms and conditions shall remain the same.

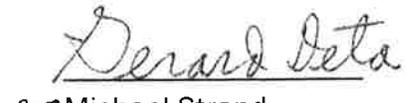
Reviewed and accepted by Senior Staff as substantively stated in this loan consideration memorandum, subject to Board approval:



Bryan D. Butcher
CEO, Executive Director



Mark Romick
Deputy Executive Director



Michael Strand
CFO/Finance Director

Date: 11-18-16

Date: 11-18-16

Date: 11/18/16



**ALASKA HOUSING FINANCE CORPORATION
RESOLUTION NO. 2016-**

**RESOLUTION APPROVING A MODIFICATION TO
THE FINANCING COMMITMENT FOR AN ENERGY
EFFICIENCY IMPROVEMENT PROJECT FOR THE
CITY OF GALENA**

BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

- A. There is need to provide financing for energy efficiency improvements to public buildings in Alaska;
- B. At the February 24, 2016 board meeting, AHFC's board of directors approved financing for the City of Galena under its Alaska Energy Efficiency Revolving Loan Program;
- C. The City of Galena has asked that the financing condition for the assignment of a contractor's bond be replaced with a security agreement on the utility revenue stream with all other financing terms and conditions remaining the same;
- D. The purpose of the proposed financing as amended is to implement energy efficiency measures in city owned buildings and the associated district heat loop for the long term reduction of energy use in public buildings;
- E. The proposed financing as amended falls within the established program regulations; and,
- F. The proposed financing as amended is found to be an acceptable risk to the Alaska Housing Finance Corporation.

II. Conclusion:

Pursuant to the foregoing findings, the Board hereby approves the request substantively as stated in the November 30, 2016 Board Consideration Memorandum prepared in support of the request for modification.

This resolution shall take effect immediately.

DATED THIS 30th Day of November, 2016

Brent LeValley
Chair



City of Galena
PO Box 149 - Galena, Alaska 99741-0149
(907) 656-1301 -- (907) 656-1769 Fax

November 10, 2016

Chairman Brent LeValley
Alaska Housing Finance Corporation
PO Box 101020
Anchorage, AK 99510

Re: Galena AEERLP Loan

Dear Chairman LeValley:

The City of Galena appreciates Alaska Housing Finance Corporation's commitment to partially finance the City's biomass heat project through the Alaska Energy Efficiency Revolving Loan Program.

The City's biomass project is the culmination of several years' work. The purpose of the project is to ensure that the Galena City School District ("GCSD") GILA campus continues to have an economically viable and sustainable source of heat. The project has three distinct construction components: changing the boiler plant from diesel to wood, changing the heat delivery loop from steam to hot water, and renovating the domestic water lines. The City seeks to borrow from AHFC to finance the second piece of this project, construction of the hot water heat distribution loop. Construction of the heat distribution loop is now substantially complete, and we anticipate switching from diesel to locally sourced wood chips as the principle fuel source for heating the GILA campus the first week in December.

As you are aware, AHFC conditionally committed to finance up to \$2,445,000 of the project. Terms for permanent financing approval are set out in AHFC's commitment letter dated February 25, 2016. Included in those conditions are the following:

7. Receipt and acceptance by AHFC of the following:

- a. the general contractor's warranty which at a minimum is for one (1) year for all work performed and materials provided as part of the construction contract;
- b. an accountant's (or other source acceptable to AHFC) written certification verifying the final total development cost of the project;
- c. all required certificates and/or binders of insurance;
- d. copy of the construction contract as awarded by the city of Galena;
- e. assignment of the contractor's performance bond;
- f. authorizing city council resolution identifying the individual to execute the transaction;

- g. a copy of the heat sales agreement between the City of Galena and the GILA school; and
- h. a letter of opinion from the Borrower's legal counsel verifying such matters as their legal entity, ability to enter into closing documentation, zoning compliance, permitting and licensing requirements; etc.

As the loan moved toward closing, we discovered the City and AHFC had different understandings of condition 7(e), assignment of the performance bond.

The City believed condition 7(e) required assignment of the Performance Guarantee as contemplated by the AEERLP guidelines¹ as well as draft loan documentation provided to the City in March 2016.²

AHFC clarified that condition 7(e) was intended to require assignment of the Little Miller Act performance bond. AHFC explained that assignment of the performance bond was required "to allow completion of the project in the event the contractor walks off the job for whatever reason."

The City accepted AHFC's interpretation of condition 7(e) and requested that AHFC provide the form of assignment required, with the caveat that the City's counsel could not provide an opinion that assignment of a Little Miller Act performance bond to a general creditor is legally effective. AHFC would not accept assignment without the city attorney opining to its efficacy.

AHFC staff, wanting the City to succeed with its project, have been assisting the City to find a solution to the difficulties associated with condition 7(e). Mr. Havelock explained that he does not have authority to waive, modify, or accept an alternative to condition 7(e). He explained such a decision must come from the board, and he has provided guidance to the City for seeking the board's approval.

The City of Galena respectfully requests the board authorize permanent financing approval on the terms and conditions described below.

1. Deem condition 7(e) satisfied by delivery of the Certificate of Substantial Completion.

The intent and terms of the original commitment letter can be satisfied and permanent financing approved without significant modification. The City requests the board deem condition 7(e) satisfied by delivery of the Certificate of Substantial Completion of the construction contract, issued by the City through the Owner's Representative. Completion of the construction contract puts AHFC in a position superior to AHFC taking an interest in the performance bond,

¹ Section .06 C.1 of AHFC's Energy Efficiency Revolving Loan Fund Program Guide requires a "security position in a three-year Performance Contract Guaranty, if applicable". Section .10 requires "the following documents to be executed for loan closing: . . . assignment of Performance Contract Payment Guaranty".

² That draft loan agreement states that "Assignment of Rights' means the Assignment of Rights to Reimbursement under the Performance Guarantee by and between the Corporation and the Borrower and related to the Energy Improvements."

which is nothing more than a surety's promise that the contract will be completed if the contractor defaults.

AHFC explained the performance bond assignment is required "to allow completion of the project in the event the contractor walks off the job for whatever reason." Where AHFC sought security in the form of a surety's promise that construction contract would be completed should the contractor default, actual completion of the construction contract is superior security.

The condition that the City assign the performance bond was set nine months ago. That condition contemplates distribution of loan proceeds *prior to and during construction*. That did not occur. In the nine months since the commitment was issued, the City entered into a construction contract for construction of the district heat loop, and the contractor substantially completed the contract. Because the facts have changed, the purpose of condition 7(e) is better satisfied by delivery of the Certificate of Substantial Completion than assignment of the contract performance bond.

By deeming delivery of the Certificate of Substantial Completion to AHFC as fulfilling the requirement of 7(e), AHFC receives better security than originally requested – *actual completion rather than a surety's promise of completion*. With the City providing security superior to what AHFC required, it makes no sense for to now add additional security requirements to the loan.

The City therefore requests the board authorize final financing approval on the conditions it set in February, clarifying that delivery of the Certificate of Substantial Completion also satisfies condition 7(e).

2. Issue the loan based on a pledge of the City of Galena Heat Service revenues.

Alaska Statute 29.47.240 authorizes a municipality to issue debt for a public utility or service by securing the debt with the revenue of the service. The City requests the board authorize permanent financing approval with the revenue of the City's heat service as security for the loan.

Enclosed with this letter is a draft of a security agreement for securing the AHFC loan with the heat service's revenues. This form of agreement has been used by smaller Alaska municipalities seeking to borrow from loan programs for utility development, such as from the United States Department of Agriculture, Rural Utilities Service. The structure of this security agreement ensures that the lender is protected without unnecessarily restricting the municipality in the operation of the service or disturbing cash flow by preventing the City from recovering (and covering) the service's operating and maintenance costs as they are incurred throughout the year.

The Galena Municipal Code requires the council set rates "on the basis of recognized public service practices to the end that the service will be self-sustaining, can accommodate future demand and will provide a reasonable return to the city on its investments." As city manager, I am required to submit to the council a recommendation for rates when the annual budget is presented. As the biomass heat service is just now being put into use, rates were not set this spring. On November 9, 2016, an ordinance setting interim rates was introduced. The rate will generate \$52,065.79 in monthly revenue for the heat service. The anticipated monthly payment on the AHFC loan is \$17,700.12, so the anticipated revenue, at almost three times the anticipated debt service, is more than adequate to service the debt. Enclosed with this letter is a

copy of my rate recommendation given to the council, which provides more detail for the basis of the recommended rate.

Securing loans for municipal utility infrastructure improvement using the form of agreement enclosed herewith is authorized by Alaska law and an established practice for loan financing of such improvements. I ask the board to authorize permanent financing approval based on the loan secured by the revenues of the heat service, with such security taking the form of the enclosed security agreement

3. Issue the loan based on the City of Galena School District's commitment to purchase heat for the duration of the loan repayment period.

The City's biomass project required renovation of the GILA campus domestic water line connection. To finance that renovation, the City borrowed \$2,000,000 from ADEC's Drinking Water Fund. As a credit enhancement for that loan, ADEC required the City and GCSD enter into an MOU obligating GCSD to pay certain sums owed to the City directly to ADEC. AHFC staff suggested an MOU substantially similar to the MOU entered into in connection with the ADEC loan as a potential alternative to condition 7(e). A copy of the City-GCSD MOU is enclosed.

Though it is not the City's preferred method for advancing this loan to permanent financing approval, so as to leave open the possibility, we ask the board to authorize the loan secured by an MOU substantially similar to the enclosed City-GCSD MOU that was used in connection with the ADEC loan.

CONCLUSION

The City appreciates the board's consideration of this matter and the staff's efforts in moving the loan forward so the loan can be issued and the construction contractor paid. The City's preference is for the loan to proceed to final approval based on the February 25, 2016 commitment letter, with the understanding that condition 7(e) is fulfilled by delivery of the Certificate of Substantial Completion because substantial completion is superior to assignment of the performance bond - a surety's promise that construction will be completed. Moving forward on the basis of the original commitment with the understanding condition 7(e) is satisfied by delivery of the Certificate of Substantial Completion, preserving the original intent and obligations of AHFC and the City while putting AHFC in a better position than would assignment of the performance bond.

Should the board determine completion of the construction contract does not satisfy a condition requiring assignment of the contract performance bond, the City requests the board authorize permanent funding approval with either of the above described conditions in lieu of condition 7(e).

Very truly yours,

Shanda Huntington



City Manager

cc: Rod Stanton – Richard Stanton Construction, Inc.

Chris Reitan – Galena City School District

Alaska Housing Finance Corporation, a
component unit of the State of Alaska

AUDIT WRAP-UP

Year Ended June 30, 2016



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., the Board) and, if appropriate, management of the Corporation and is not intended and should not be used by anyone other than these specified parties.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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November 10, 2016

The Audit Committee
Alaska Housing Finance Corporation

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On **June 29, 2016** we presented an overview of our plan for the audit of the financial statements of **Alaska Housing Finance Corporation** (the Corporation) as of and for the year ended **June 30, 2016**, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Corporation's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Corporation and look forward to meeting with you on **November 30, 2016** to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

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Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2016. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We have issued unmodified opinions on the financial statements and released our report on **November 10, 2016**.
- All records and information requested by BDO were available for our inspection.
- Management's cooperation was excellent. We received access to all information that we requested while performing our audit, and we acknowledge the cooperation extended to us by all levels of Corporation personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the Corporation's accounting practices, policies, estimates, and significant unusual transactions:

The Corporation's significant accounting practices and policies are those included in Note 2 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 2 to the financial statements.

- A summary of recently issued accounting pronouncements is included in Note 2 to the Corporation's financial statements.
- The Corporation adopted the following new GASB pronouncements in 2016:
 - GASB Statement 72, *Fair Value Measurement and Application*. For the Corporation, this changed the required disclosures for investment positions held in external investment pools, reducing the disclosure requirements.
- There were no other changes in significant accounting policies and practices during 2016.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Corporation's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed below:

Significant accounting estimates include:

Mortgage loan loss reserve (allowance for Uncollectable Accounts)

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2016, except that the evaluation loss reserve for soft second mortgages was performed separately from the remainder of the mortgage portfolio.
- We did not identify any significant or unusual transactions, or any transactions for which there was a lack of authoritative guidance.

Results of Our Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

There were two corrected misstatement to accrue additional accounts payable and expenses in the amount of \$668,532, and to accrue interest payable and expense in the amount of \$1,095,028 for the year ended June 30, 2016.

QUALITY OF THE CORPORATION'S FINANCIAL REPORTING

A discussion was held regarding the quality of the Corporation's financial reporting, which included the following:

- Qualitative aspects of significant accounting policies and practices
- Our conclusions regarding significant accounting estimates
- Significant unusual transactions
- Financial statement presentation
- New accounting pronouncements
- Alternative accounting treatments

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Corporation’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation’s financial statements will not be prevented, or detected and corrected on a timely basis.

We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses. Our report on internal control is included in the single audit section of the bound audit document and is not repeated herein.

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the Corporation:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Corporation's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Corporation's financial statements or to our auditor's report, that were not satisfactorily resolved.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	Please refer to the attached management representation letter.

Independence Communication

Our engagement letter to you dated [May 16, 2016](#) describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Corporation with respect to independence as agreed to by the Corporation. Please refer to that letter for further information.

BDO Board Reflections and Ac'sense Programs

The **BDO Board Reflections** resource center is developed with Board members in mind. Understanding the roles, responsibilities, and risks associated with each committee, BDO routinely provides guidance to Directors as they navigate through ever changing challenges in today's corporate climate. BDO's proprietary studies, publications, practice aids, and educational programs help fuel conversations among those charged with corporate governance - who are making the tough decisions. BDO's thought-provoking resources are tailored to help keep Board members ahead of the trends while meeting compliance obligations. For a comprehensive listing of such resources, visit <http://www.bdo.com/board>.

In line with the board resource center is **Ac'senseSM**, BDO's program designed to assist both those charged with governance (including Audit Committees and Boards of Directors) as well as financial executives of both public and private companies in keeping up to date on the latest corporate governance and financial reporting developments.

The program is multi-faceted and consists of complimentary CPE-worthy webinars and self-study courses covering both broad and specific topics of interest, publications, and links to various BDO and external resources. Visit <http://www.bdo.com/acsense/>.

AC'SENSESM WEBINARS

Our webinar programs are presented by our firm technical experts and comprise both short-form and longer-form webinars on a variety of "hot" topics of interest, such as "Compensation Risk," "Fair Value Matters," "Business Combinations," "Applying New Revenue Recognition Rules," "Ethics and the Corporate Board," and many others. In addition, we host several series including our "Quarterly Technical Updates" and "International Financial Reporting Standards" on financial accounting and reporting matters as well as "Focus on Fraud."

Our webinars are complimentary and are generally applicable for Audit Committees, Board members, management, finance and compliance professionals of both public and private companies. In addition, most webinars and archives are worthy of Continuing Professional Education (CPE) credit. Please visit our website <http://www.bdo.com/acsense/> for further information on upcoming and archived webinars.

EFFECTIVE AUDIT COMMITTEES IN THE EVER CHANGING MARKETPLACE

The focus of BDO's governance initiatives is to provide those charged with governance with essential, relevant information through clear and concise executive summary-type communications. In this spirit, we have created the [*Effective Audit Committees in the Ever Changing Marketplace*](#) publication as a practical guide to forming and running an effective Audit Committee. Within this publication, we provide answers to certain frequently asked questions (FAQs) centering on the WHYs, WHOs, WHATs, WHENs, and HOWs of Audit Committees. More specifically, these FAQs summarize the common functions and responsibilities of Audit Committees and seek to provide insights and perspective as to how to optimize Audit Committee effectiveness. Our vision has been shaped by our own experiences with our clients and interpretations of the specific recommendations, guidelines and rules of the SEC; the stock exchanges; the Public Company Accounting Oversight Board (PCAOB); the American Institute of Certified Public Accountants (AICPA); and the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees, sponsored by the New York Stock Exchange and the National Association of Securities Dealers.

Throughout this publication, we focus on some of the more challenging aspects facing Audit Committees. To that end, in addition to our commentary, we have included links and references to other relevant BDO practice aids and tools as well as certain valuable external resources. The guide and practices aids are available at <http://www.bdo.com/acsense/effective.aspx>.

BDO Resources

BDO is a national professional services firm providing assurance, tax, financial advisory, and consulting services to a wide range of publicly traded and privately held companies. Guided by core values including competence, honesty and integrity, professionalism, dedication, responsibility, and accountability for 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

The firm serves clients through 40 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,082 offices in 119 countries. BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For further information, please refer to <http://www.bdo.com/about/>.

Below is a summary of just some of the many resources BDO makes available at no additional charge to our clients. To subscribe to BDO publications, please use our RSS (Really Simple Syndication) Feeds or complete registration at BDO's Subscription Center at <https://subscriptions.bdo.com/>.

BDO KNOWS FINANCIAL REPORTING LETTERS AND FLASH REPORTS

Our *BDO Knows* financial reporting newsletters address significant financial reporting developments, relating to both public and private businesses, that occur throughout the year. In addition, our Flash reports are intended to highlight certain financial reporting developments in a timely and brief "flash" format.

TAX ALERTS AND NEWSLETTERS

BDO's National Tax Organization (NTO) provides a multitude of alerts and newsletters spanning considerations involving expatriate, federal, state, and local jurisdictions and includes such areas as compensation and benefits, and credits and incentives. NTO further provides Tax Seminars/Webinars on a variety of topics, whose archives are readily available to clients and contacts.

INDUSTRY PUBLICATIONS

BDO's industry publications are numerous and span the sectors of government, technology, finance, insurance, healthcare, retail and consumer products, not-for-profit and real estate, among many others.

For a complete listing of services, publications, archives of various webinars and events and other information regarding BDO, please visit <http://www.bdo.com/> for further information.

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

Alaska
Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements
And Independent Auditor's Report

June 30, 2016

With Summarized Financial Information for
June 30, 2015

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

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Independent Auditor's Report

Board of Directors
Alaska Housing Finance Corporation
Anchorage, Alaska

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016 on our consideration of the Alaska Housing Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alaska Housing Finance Corporation's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 10, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Management's Discussion and Analysis

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

Basic Financial Statements

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

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

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

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

Major Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

FINANCIAL HIGHLIGHTS

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

CONDENSED STATEMENT OF NET POSITION

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

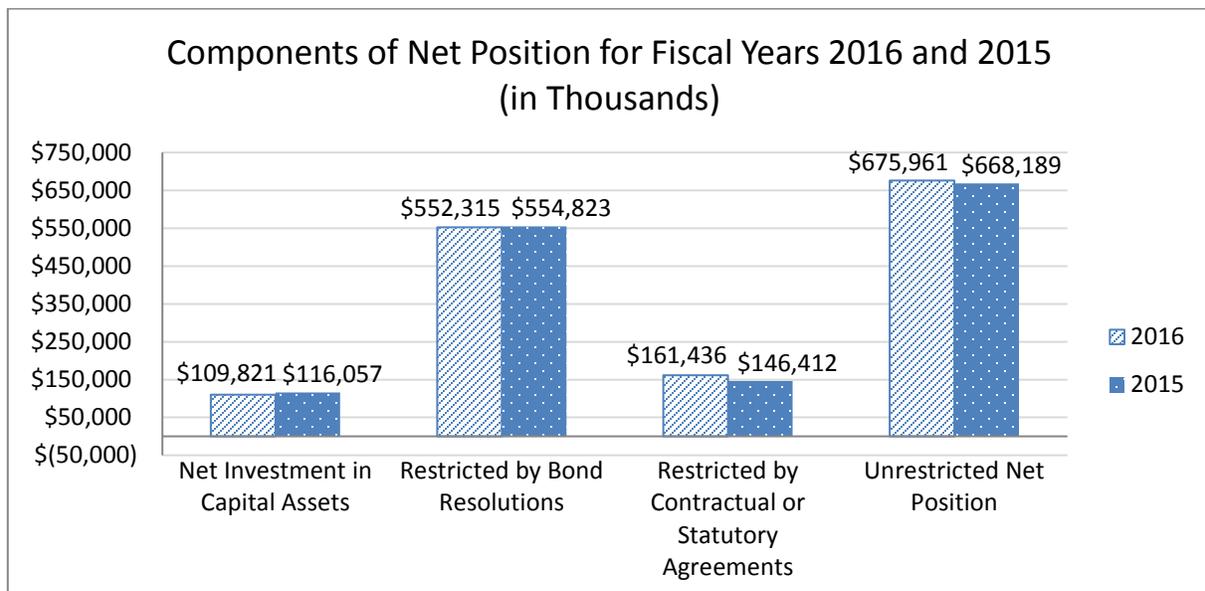
Condensed Statement of Net Position

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

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

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

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

DEBT ADMINISTRATION

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Significant debt activity during the year included the following:

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

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

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

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

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

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

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

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of June 30, 2016

(in thousands of dollars)

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

See accompanying notes to the financial statements.

Exhibit A

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2016

(in thousands of dollars)

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

See accompanying notes to the financial statements.

Exhibit B

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

Exhibit C

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

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NOTES TO FINANCIAL STATEMENTS

FOOTNOTE INDEX

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1 AUTHORIZING LEGISLATION AND FUNDING

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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

Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS

Basis of Presentation

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

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

Major Funds and Component Unit

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

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

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

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

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

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

Restricted Net Position

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

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

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

Use of Estimates

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

Investments

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

Accrued Interest Receivable on Loans and Real Estate Owned

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

Loans and Allowances for Estimated Loan Losses

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

NOTES TO FINANCIAL STATEMENTS

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

Real Estate Owned

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

Depreciation

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

Bonds

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

Deferred Debt Refunding Expenses

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

Pensions

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

Derivative Instruments-Interest Rate Swaps

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

Operating Revenues and Expenses

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

Income Taxes

The Corporation is exempt from federal and state income taxes.

New Accounting Pronouncements

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

NOTES TO FINANCIAL STATEMENTS

3 CASH AND INVESTMENTS

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

	June 30, 2016	
Restricted cash	\$	37,554
Unrestricted		32,550
Carrying amount	\$	70,104
Bank Balance	\$	70,959

Investment Valuation

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

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

Investment Maturities

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

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

Restricted Investments

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

Realized Gains and Losses

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

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

NOTES TO FINANCIAL STATEMENTS

Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

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

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

Credit Risk

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

NOTES TO FINANCIAL STATEMENTS

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

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

Concentration Risk

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

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

NOTES TO FINANCIAL STATEMENTS

Investment Holdings Greater than Five Percent of Total Portfolio

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

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

Custodial Credit Risk

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

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

Interest Rate Risk

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

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

Modified Duration

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

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

NOTES TO FINANCIAL STATEMENTS

Investment in GeFONSI Pool

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

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

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

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

4 INTERFUND RECEIVABLE/PAYABLE

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

Due To	Due From						Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing		
Administrative Fund	\$ -	\$ 7,232	\$ -	\$ 2,039	\$ 5,859	\$ -	\$ 15,130
Grant Programs	-	-	-	-	1,425	-	1,425
Mortgage or Bond Programs	38,947	-	-	-	-	-	38,947
Other Funds or Programs	-	-	-	-	-	-	-
Alaska Corporation for Affordable Housing	-	-	-	-	-	-	-
Total	\$ 38,947	\$ 7,232	\$ -	\$ 2,039	\$ 7,284	\$ -	\$ 56,502

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

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

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

NOTES TO FINANCIAL STATEMENTS

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

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

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

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

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

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

6 INSURANCE AGREEMENTS

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

7 DIRECT FINANCING LEASES

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

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

NOTES TO FINANCIAL STATEMENTS

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

12 Months Ending June 30,	Future Minimum Payments Due		
	Parking Garage	Building	Total
2017	\$ 3,304	\$ 3,467	\$ 6,771
2018	3,304	-	3,304
2019	3,304	-	3,304
2020	3,304	-	3,304
2021	3,034	-	3,034
Thereafter	23,392	-	23,392
Gross payments due	39,642	3,467	43,109
Less: Unearned revenue	(8,452)	(102)	(8,554)
Net investment in direct financing lease	\$ 31,190	\$ 3,365	\$ 34,555

8 CAPITAL ASSETS

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

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

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

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

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was \$6,465,000 at June 30, 2016.

9 DEFERRED OUTFLOWS OF RESOURCES

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

10 BONDS PAYABLE

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

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

NOTES TO FINANCIAL STATEMENTS

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

Bonds outstanding are shown below (in thousands):

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

NOTES TO FINANCIAL STATEMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

Redemption Provisions

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

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

Advance Refundings

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

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

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

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

Debt Service Requirements**

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

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

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

** Also see Note 11 – Derivatives

NOTES TO FINANCIAL STATEMENTS

Conduit Debt

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

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

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

11 DERIVATIVES

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

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

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

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

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

Hedging Derivatives

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

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating⁷
GP01A ¹	12/01/08	2.4530	67% of 1M LIBOR ⁴	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	AA-/Aa3
E021A ¹²	10/09/08	2.9800	70% of 3M LIBOR ⁵	06/01/32	AA-/Aa2
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	AA-/Aa3
SC02C ³	12/05/02	4.3030	SIFMA ⁶ +0.115%	07/01/22	A+/Aa2
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AA-/Aa2
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	A+/Aa2
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AA-/Aa1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AA-/Aa2
E091ABD	05/28/09	3.7450	70% of 3M LIBOR	12/01/40	A+/Aa2

1. Governmental Purpose Bonds

2. Home Mortgage Revenue Bonds

3. State Capital Project Bonds

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

5. London Interbank Offered Rate 3 month

6. Securities Industry and Financial Markets Municipal Swap Index

7. Standard & Poor's/Moody's

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Credit Risk

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

Interest Rate Risk

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

Basis Risk

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

NOTES TO FINANCIAL STATEMENTS

Termination Risk

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

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

Rollover Risk

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

Investment Derivative

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

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

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

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

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

Credit Risk

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

12 LONG TERM LIABILITIES

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

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

NOTES TO FINANCIAL STATEMENTS

13 SHORT TERM DEBT

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

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

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

14 DEFERRED INFLOWS OF RESOURCES

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

15 TRANSFERS

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

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

Transfers are used to:

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

16 OTHER CREDIT ARRANGEMENTS

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

NOTES TO FINANCIAL STATEMENTS

17 YIELD RESTRICTION AND ARBITRAGE REBATE

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

18 STATE AUTHORIZATIONS AND COMMITMENTS

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

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

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

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

Transfer Plan with the State

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

19 HOUSING GRANTS AND SUBSIDIES EXPENSES

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

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

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

20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Description of Plans

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

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

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

PERS audited financial statements are available at www.doa.alaska.gov/drb.

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

Employee Benefits:

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

Funding Policy:

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

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

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

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

Pension Liabilities:

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

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

Pension Expense:

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions:

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

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

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

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

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

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

Discount rate:

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

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

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

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

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

Employee Benefits

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

NOTES TO FINANCIAL STATEMENTS

Funding Policy

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

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For fiscal year 2016, the Corporation is required to contribute 1.68% of the annual covered salary plus an annual flat dollar amount of \$2,004.52 for each covered employee.

If the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the year ended June 30, 2016, the Corporation paid additional contributions of \$754,000. These contributions equal \$454,000 for the defined benefit pension and \$300,000 for the defined benefit post-employment healthcare plans.

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

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

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

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

Litigation

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

Contingent Liabilities

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

Subsequent Events

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

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

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

22 RISK MANAGEMENT

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

NOTES TO FINANCIAL STATEMENTS

23 FIVE YEAR FINANCIAL INFORMATION

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Contributions (in thousands)

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

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

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

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

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2016

(in thousands of dollars)

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

Schedule 1

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

ADMINISTRATIVE FUND

As of June 30, 2016

(in thousands of dollars)

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2016

(in thousands of dollars)

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2016

(in thousands of dollars)

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

Schedule 4

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 5

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2016

(in thousands of dollars)

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 6

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of June 30, 2016

(in thousands of dollars)

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of June 30, 2016

(in thousands of dollars)

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

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2016

(in thousands of dollars)

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

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

Schedule 9

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Administrative Fund

For the Year Ended June 30, 2016

(in thousands of dollars)

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

Schedule 12

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2016

(in thousands of dollars)

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 14

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER HOUSING BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

NON-HOUSING BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

Schedule 17

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

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 18

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

ADMINISTRATIVE FUND

For the Year Ended June 30, 2016

(in thousands of dollars)

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 19

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

Schedule 20

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

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ALASKA HOUSING FINANCE CORPORATION
Schedule 21

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2016

(in thousands of dollars)

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

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ALASKA HOUSING FINANCE CORPORATION

Schedule 22

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
NON-HOUSING BONDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2016

(in thousands of dollars)

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

Schedule 24

Low Rent Program	Market Rate Rental Housing Programs	Home Ownership fund	Senior Housing Revolving Loan Fund	Subtotal Other Funds or Programs	Alaska Corporation for Affordable Housing	Combined Total
\$ -	\$ -	\$ 173	\$ 830	\$ 1,003	\$ -	\$ 1,003
-	-	296	1,570	1,866	1,000	2,866
-	-	-	-	-	(10,819)	(10,819)
-	-	(11,743)	(18,601)	(30,344)	-	(30,344)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(7,344)	(1,688)	-	-	(9,032)	-	(14,496)
(10,270)	(2,659)	-	-	(12,929)	(40)	(15,388)
10,609	2,137	-	-	12,746	-	95,241
-	-	-	-	-	-	33,118
-	-	-	-	-	-	(35,934)
3,617	1,299	-	-	4,916	9,777	9,362
-	-	-	-	-	-	(66,831)
7,675	2,389	-	-	10,064	282	11,624
(27)	(3)	-	-	(30)	(1)	(118)
4,260	1,475	(11,274)	(16,201)	(21,740)	199	(20,716)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	16	-	16	5,600	5,518
-	-	-	-	-	-	-
-	-	16	-	16	5,600	5,518
(165)	(509)	-	-	(674)	-	(697)
6	-	-	-	6	-	6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(159)	(509)	-	-	(668)	-	(691)
-	-	(11,272)	(17,923)	(29,195)	-	(29,195)
-	-	22,388	33,903	56,291	-	56,291
2	2	142	221	367	4	381
2	2	11,258	16,201	27,463	4	27,477
4,103	968	-	-	5,071	5,803	11,588
8,152	10,718	-	-	18,870	1,467	25,832
\$ 12,255	\$ 11,686	\$ -	\$ -	\$ 23,941	\$ 7,270	\$ 37,420

\$ (4,108)	\$ (1,531)	\$ 92	\$ 723	\$ (4,824)	\$ (189)	\$ (14,294)
5,145	1,229	-	-	6,374	-	6,391
-	-	113	144	257	470	727
-	-	59	98	157	-	157
3,019	1,491	45	98	4,653	5,312	19,172
(2)	(2)	(142)	(221)	(367)	(4)	(381)
-	-	-	-	-	-	-
-	-	(11,447)	(17,031)	(28,478)	(9,819)	(38,297)
206	288	6	(12)	488	4,429	5,809
\$ 4,260	\$ 1,475	\$ (11,274)	\$ (16,201)	\$ (21,740)	\$ 199	\$ (20,716)

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Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)

Federal Financial Assistance Reports
Year Ended June 30, 2016

Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)

Federal Financial Assistance Reports
Year Ended June 30, 2016

**Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)**

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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Alaska Housing Finance Corporation

We have audited, in accordance with the 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, the financial statements of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Alaska Housing Finance Corporation's basic financial statements, and have issued our report thereon dated November 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alaska Housing Finance Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alaska Housing Finance Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Alaska Housing Finance Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alaska Housing Finance Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alaska Housing Finance Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alaska Housing Finance Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
November 10, 2016



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Alaska Housing Finance Corporation

Report on Compliance for Each Major Federal Program

We have audited Alaska Housing Finance Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alaska Housing Finance Corporation's major federal programs for the year ended June 30, 2016. Alaska Housing Finance Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alaska Housing Finance Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alaska Housing Finance Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Alaska Housing Finance Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Alaska Housing Finance Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Alaska Housing Finance Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alaska Housing Finance Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alaska Housing Finance Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Alaska Housing Finance Corporation as of and for the year ended June 30, 2016, and have issued our report thereon dated November 10, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
November 10, 2016

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Schedule

Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

	Federal CFDA Number	Federal Cluster and Moving to Work Program Components	Loan Guarantees	Expenditures	Amounts Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
Direct Programs:					
Very Low to Moderate Income Housing Loans (FmHA) (RD)	10.41				
Cash Claims Paid			\$ -		
At Risk Loan Balance at Fiscal Year End			135,911,852		
Total for CDFA 10.410				\$ 135,911,852	\$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE				135,911,852	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs:					
Mortgage Insurance - Homes (FHA)	14.117				
Cash Claims Paid			2,785,183		
At Risk Loan Balance at Fiscal Year End			291,157,878		
Total for CDFA 14.117				293,943,061	-
Emergency Shelter Grants Program	14.231			214,010	197,803
Home Investment Partnerships Program	14.239			2,096,072	1,882,259
Housing Opportunities for Persons With AIDS	14.241			638,103	557,518
Continuum of Care Program	14.267			874,057	859,742
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.896			306,322	-
Section 8 Project-Based Cluster:					
Project-based Section 8	14.195	2,141,185			-
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	508,757			426,689
Section 8 Project-Based Cluster Total				2,649,942	
Loan Guarantees for Indian Housing (HUD184)					
Cash Claims Paid	14.865		190,189		
At Risk Loan Balance at Fiscal Year End			140,054,578		
Total for CDFA 14.865				140,244,767	-
Housing Voucher Cluster:					
Veterans Affairs Supportive Housing	14.871	1,634,574			-
Non-Elderly Disabled Housing	14.871	278,549			-
Housing Voucher Cluster Total				1,913,123	-
Moving to Work Demonstration Program (MTW)					
Public and Indian Housing	14.881	9,515,243			-
Housing Choice Vouchers		35,169,583			-
Public Housing Capital Fund		579,959			-
Total for CDFA 14.881				45,264,785	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				488,144,242	3,924,011
U.S. DEPARTMENT OF VETERANS AFFAIRS					
Direct Programs:					
Veterans Housing - Guaranteed and Insured Loans	64.114				
Cash Claims Paid			1,577,444		
At Risk Loan Balance at Fiscal Year End			59,366,061		
Total for CDFA				60,943,505	-
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS				60,943,505	-
U.S. DEPARTMENT OF ENERGY					
Direct Programs:					
State Energy Program	81.041			147,334	-
Weatherization Assistance for Low-Income Persons	81.042			1,577,830	1,465,890
State Energy Program Special Projects	81.119			165,349	-
TOTAL U.S. DEPARTMENT OF ENERGY				1,890,513	1,465,890
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-Through State of Alaska - Alaska Department of Health & Social Services (State of Alaska Grant# 06HSSINT)					
Low-Income Home Energy Assistance	93.568			300,000	259,624
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				300,000	259,624
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 687,190,112	\$ 5,649,525

Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Alaska Housing Finance Corporation (the Corporation) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the net position, changes in net position or cash flows of the Corporation.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation has elected to not use the 10% de minimus cost rate as covered in 2 CFR 200.414.

3. Loan Guarantee Programs

During the fiscal year ended June 30, 2016, the Corporation owned mortgage loans with various federal insurance and guarantee agreements covering future losses. Coverage under the Veterans Affairs Mortgage Guarantee is subject to a loss limit. The principal balances of loans covered under these federal programs at June 30, 2016, are:

June 30, 2016

Housing and Urban Development FHA Mortgage Insurance	\$ 291,157,878
Housing and Urban Development Loan Guarantees for Indian Housing	140,054,578
Department of Veterans Affairs Mortgage Guarantees	170,174,548
Farmers Home Administration Mortgage Insurance	137,580,943
	<hr/>
	\$ 738,967,947

4. Petroleum Violation Escrow

Department of Energy (DOE) programs have been traditionally funded in part by Petroleum Violation Escrow (PVE) funds. These expenditures are not included in the schedule of expenditures of federal awards. PVE funds represent the State of Alaska's share of settlement proceeds in various lawsuits between the Federal Government and oil producers. During the year ended June 30, 2016, the Corporation expended \$201,532 from the trust fund in support of DOE programs.

**Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X (none reported)

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X (none reported)

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers	Department of Housing and Urban Development
14.117	Mortgage Insurance - Homes	Department of Housing and Urban Development
14.865	Public and Indian Housing - Indian Loan Guarantee Program	Department of Housing and Urban Development

Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? yes X no

Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)

Schedule of Findings and Questioned Costs, continued
For the Year Ended June 30, 2016

**Section II - Financial Statement Findings Required to be Reported in Accordance with
*Government Auditing Standards***

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Audit Findings

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

Alaska Housing Finance Corporation
(A Component Unit of the State of Alaska)

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

Federal Award Findings

Finding 2015-001 Internal Control Over Compliance - Reporting

Condition: Loan guarantee amounts initially reported on the SEFA subject to audit were overstated by \$142,366,866.

Status: Corrective action was taken. This finding is considered resolved.

Resident Advisory Board Report to the AHFC Board of Directors November 30, 2016

Members

- Board members present: Alberta Bulacan (Anchorage), Ronny Caton (Petersburg), Billie Meisinger (Kenai), Sean Reilly (Fairbanks), Tanya Zuniga (Fairbanks)
- Board members absent: Victoria Garcia (Wrangell), Gina Hoyt (Juneau), Ronald Mallott (Anchorage), Mary Thoeni (Wasilla)
- AHFC: Michael Courtney, Sherrie Hinshaw, Amanda Manning, Michael Singleton, Tammy Steele, Pamela Stantorf

The Resident Advisory Board met on October 19, 2016 and discussed the following topics.

Public Comments

A RAB member commented that she had called the main number for the Anchorage Family Investment Center and felt that she had to wait a long time for someone to answer. Ms. Hinshaw stated that AHFC is working on establishing a better “phone tree” to route calls more efficiently. It was also suggested that individuals contact their local offices for a quicker response.

Old Business

AHFC has plans to proceed with a presentation to the AHFC Board of Directors regarding a proposal for a Smoke-Free initiative. It is anticipated that instituting a smoke-free policy for all its units will save AHFC money by lessening turnover time and decreasing costs associated with vacancies. Mr. Courtney also shared a recent news article about the harmful effects of secondhand smoke on pets.

Staff will present their plan to the Board of Directors at the January meeting. If approved by the Board, staff have the following tentative timeline:

- Mid to late February – notices to all residents regarding the new rules for smoke-free housing and inviting comments
- March – resident comment period
- April – if no significant comments received, existing residents will have their house rules or leases amended
- May 1 – begin smoke-free initiative

RAB members supported the timeline and were enthusiastic about plans to eliminate smoke in AHFC buildings.

- Members asked that AHFC include rules about smoking close to the entrances of AHFC properties. AHFC stated that it has considered how to handle this as its units are in a variety of building types (single family, duplexes, and large multi-unit).
- Members also expressed concerns about enforcement. AHFC stated that it would investigate complaints and concerns on a case-by-case basis.
- Members asked if AHFC would offer some type of class or support to encourage people to quit smoking. AHFC stated that it has been having discussions with the American Lung Association about offering classes at its properties for interested individuals.

Jumpstart Update

Sherrie Hinshaw introduced the new Jumpstart case management lead, Mandi Manning. She comes to AHFC with extensive experience. Ms. Hinshaw stated that Jumpstart is at its one year anniversary, and it has received 750 referrals of which 529 are enrolled and 50 are pending enrollment. She provided the following updates on the Jumpstart Program.

1. During the AHFC Housing Workshop, Jumpstart staff attended training for coaching, awareness of cultural differences, and motivational interviewing techniques. They feel that this intensive training will help staff motivate families to achieve their family plans and goals.
2. Ms. Hinshaw introduced the Shop and Share program. This is a partnership with a cooperative market in Fairbanks addressing a family's access to healthy and affordable food. She stated that families can receive a food voucher that they can use to purchase a variety of foods. They are planning to monitor this program to determine its success and see if it can be expanded.
3. Jumpstart staff are working on their desk manual. They are looking at a December 1 target for completion.
4. Jumpstart staff will begin administering the Level 2 (incentives only) program. This is currently monitored by housing program staff. Part of the reason for this switch is to adjust for changes in the new Bridge Process. Jumpstart staff will work closely with the Bridge Committee by providing information regarding specific family barriers to work. Close connection with Jumpstart staff will also help staff better identify when a family may need additional resources or need to switch to Level 1 (case management).

Facilities Management Update

Michael Singleton provided a brief overview of the EMT (extraordinary maintenance team, "Road Crew"). He stated that AHFC recently hired a mechanic, Dylon Wolcott, to fill a position vacancy.

The crew is working on the following projects.

1. Nome – working on the maintenance shop to provide warm areas for working and cold storage areas.
2. Anchorage
 - a. Alpine Terrace – will be working on several units that are damaged beyond normal vacancy work due to water damage from a fire.
 - b. Chugach Manor – reviewing proposals to work on the fire and sprinkler systems similar to the work that was done at Chugach View.
 - c. Chugach View/Manor speed humps – did some preliminary research and discovered that this shared location would require quite a few installations to be effective. Right now the cost of each speed hump is \$5,500. They are doing further research to possibly purchase some temporary humps to investigate the best locations and minimize the impact on current parking.
3. Fairbanks – the fire and sprinkler system work is in winter shutdown at Golden Ages.
4. Valdez – working on a solution for the water drainage problem that causes flooding in the office area. They partnered with the city to complete needed paving repairs.
5. Juneau – replaced the hot water heater at Mountain View and provided for system redundancy.
6. Cordova – completed the window installation and siding replacement is continuing at Sunset View.

Members stated that an electrical outage at Chugach Manor lasted an extended time and expressed concerns as this is a large building with a number of persons with limited mobility. They asked if a generator could be installed to provide back-up in extended periods of outages. AHFC responded that it is in the process of looking at emergency plans and investigating options for more vulnerable locations.

Members then asked what vulnerable individuals should do if the power goes out, and they cannot use the elevators to get out of the building. AHFC informed them that they should remain in their unit and the Fire Department will help them. AHFC also stated that it will confirm this guidance.

Report of the RAB Chair, Tanya Zuniga

Ms. Zuniga stated that the only item mentioned was the assignment of parking for individuals with disabilities at Chugach Manor and Chugach View (Anchorage). AHFC responded that the regional manager, John Sperbeck, is already working on a plan. More information will be distributed to residents when the plan is finalized.

Report of the Director, Public Housing Division

Michael Courtney provided information to members on the following topics:

A. Section 811 Grant

AHFC received a large grant from the U.S. Department of Housing & Urban Development to facilitate the move of persons currently in assisted living to independent living units. Preliminary plans are for PHD to offer sponsor-based rental assistance equivalent to 50 vouchers to encourage participation by private market landlords. At this time, AHFC is thinking that this proposal will require the successful bidder to offer supportive services along with the units.

B. Step Program Evaluation

AHFC has a team that is currently working on reviewing household data and conducting surveys to evaluate how well the Step Program is working. The goals of the evaluation are: 1) develop a systematic approach for collecting, analyzing, and using information to answer key questions about Step's effectiveness and efficiencies; 2) complete evaluation of Step program effectiveness to date, including any recommendations for policy changes, and 3) to prepare a presentation to management, staff, and the Board summarizing the findings.

Preliminary survey plans include surveying current and former Step Program families. AHFC will gather data including current family employment and income status, the family's awareness and understanding of how the Step program works, and family barriers to working. At this time, AHFC plans to have their presentation ready by the end of January 2017. Preliminary data shows:

- Average Step Program family household income has risen from \$20,000/year to \$27,000/year.
- Average family income for participants in Step Program Year 3 has risen from \$21,000/year to \$31,000/year.
- Family income has risen at a rate greater than increases in family rent portion.

C. PHD Staff Workshop

During the week of September 19, approximately 75 staff members from around the state convened in Anchorage to attend training. AHFC included one day of intensive training focusing on persons with mental illnesses. The training included how to identify persons with a possible mental illness, how to successfully communicate, and how to de-escalate persons experiencing a crisis.

Staff also received training on the revised Bridge Process, efficiencies in operations (better rent calculations, faster vacancy turns, findings from quality assurance reviews, the grievance and termination process), and AHFC's employee assistance program.

D. MTW Plans and Reports

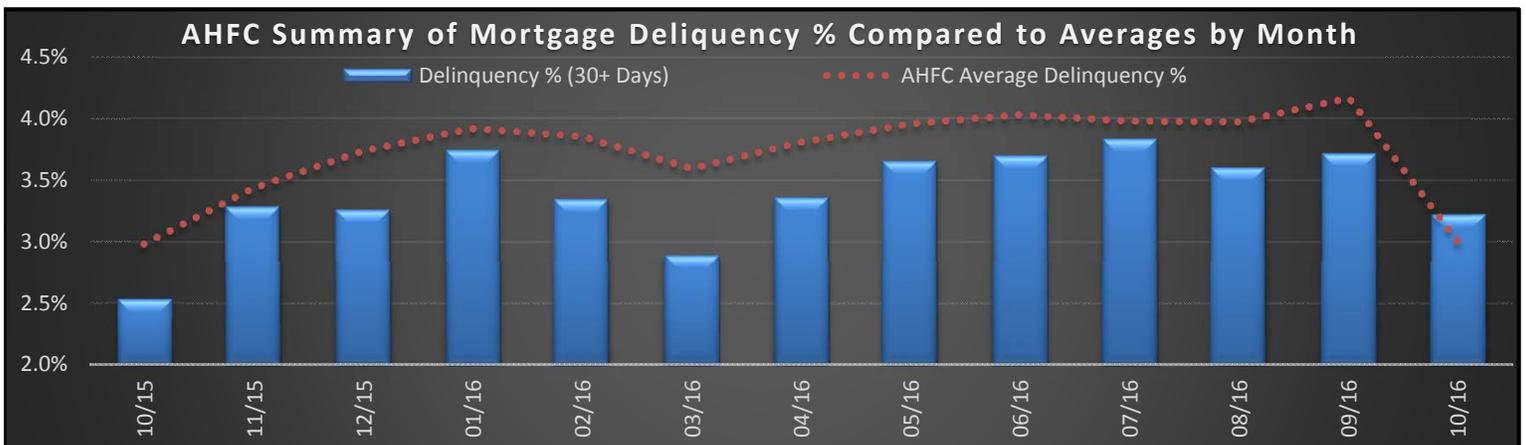
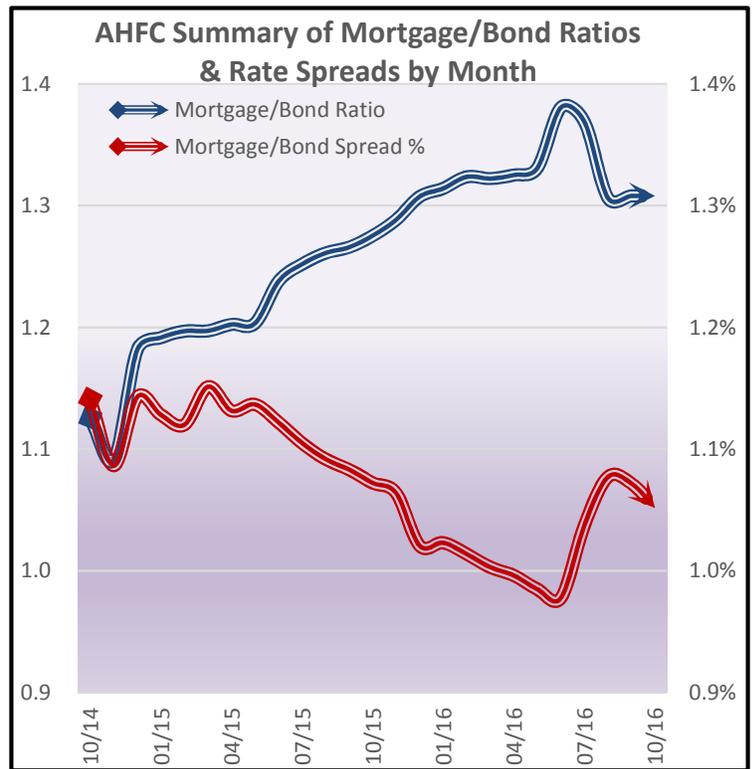
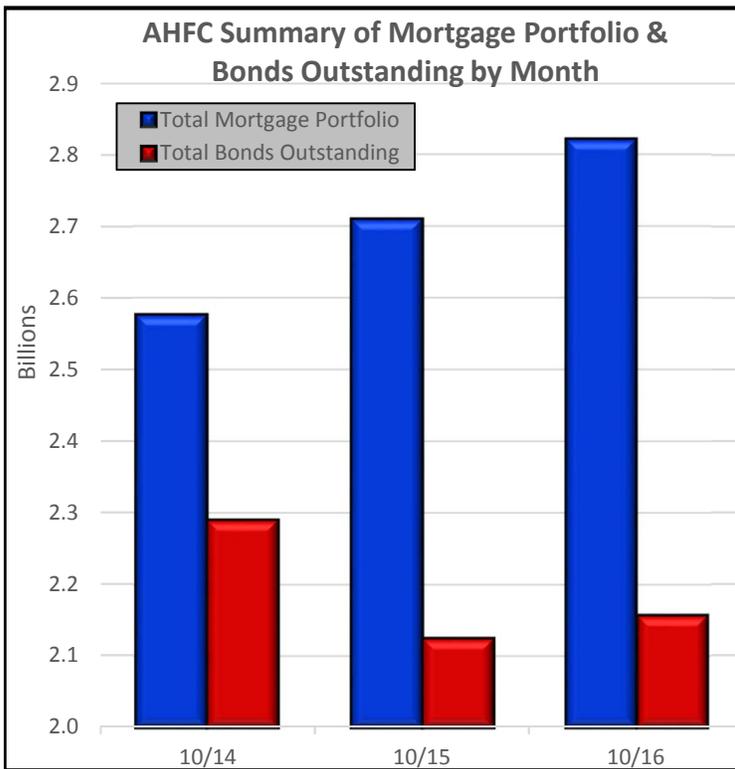
- FY2017 Plan – approved by HUD on September 23.
- FY2016 Report – this is currently in preparation.

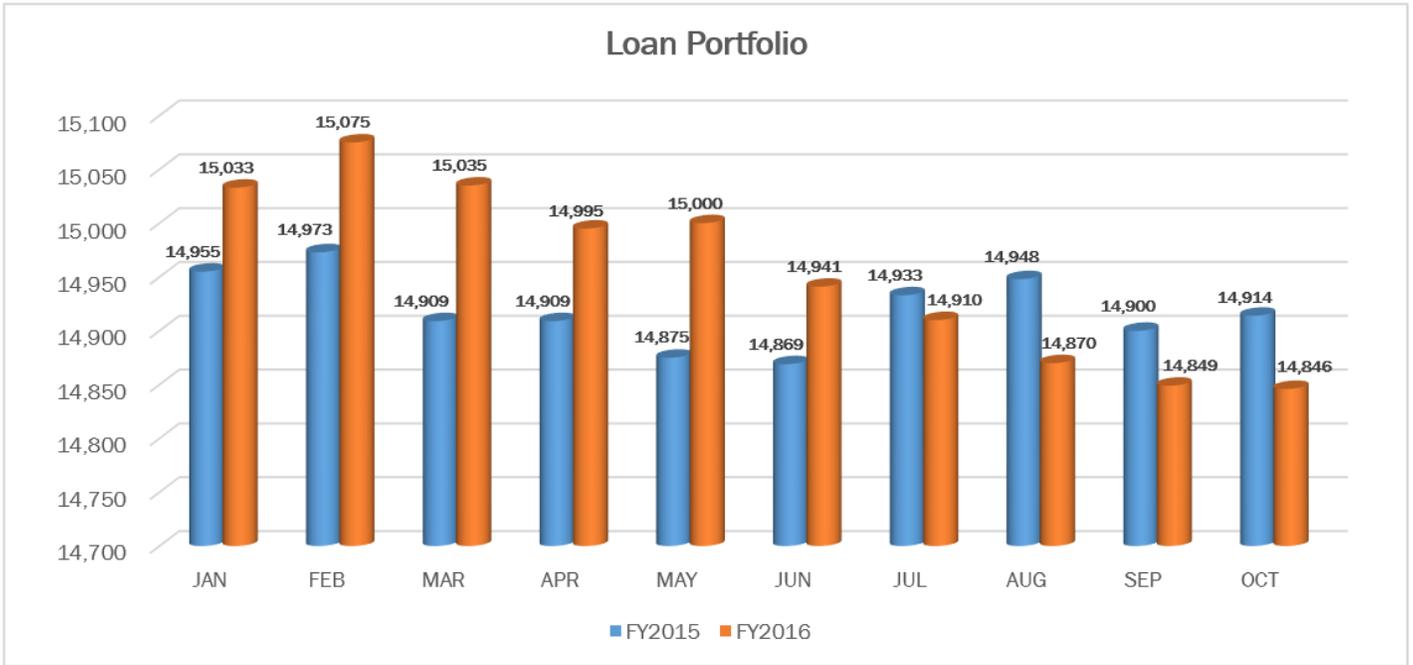
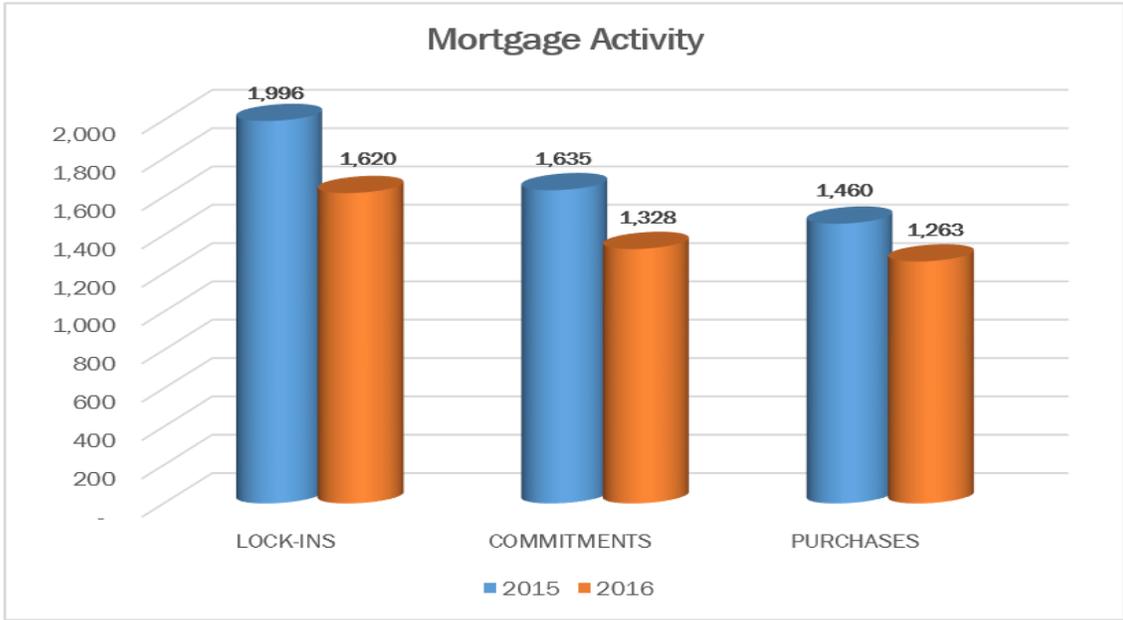
ALASKA HOUSING FINANCE CORPORATION

Finance Board Report

OCTOBER 2016

	Current Month	1 Year Ago	2 Years Ago	1 Year Ago	2 Years Ago
	10/31/16	10/31/15	10/31/14	% Change	% Change
Total Mortgage Portfolio	2,821,334,389	2,710,092,150	2,576,998,260	4%	9%
Mortgage Changes (through FY)	30,428,894	60,845,153	56,219,664	(50%)	(46%)
Mortgage Average Rate %	4.66%	4.72%	4.88%	(1%)	(5%)
Delinquency % (30+ Days)	3.22%	2.53%	3.11%	27%	4%
Foreclosure % (Annualized)	0.28%	0.38%	0.54%	(27%)	(49%)
Total Bonds Outstanding	2,157,020,000	2,125,120,000	2,289,665,000	2%	(6%)
Bond Changes (through FY)	135,690,000	(15,060,000)	11,120,000	1001%	1120%
Bond Average Rate %	3.60%	3.65%	3.74%	(1%)	(4%)
Unhedged Variable Rate %	8.8%	8.9%	8.3%	(1%)	6%
Mortgage/Bond Spread %	1.05%	1.07%	1.14%	(2%)	(8%)
Mortgage/Bond Ratio	1.31	1.28	1.13	3%	16%
Total Cash & Investments	726,948,823	743,101,517	1,073,189,858	(2%)	(32%)
Annualized Return %	0.66%	0.49%	0.46%	35%	45%





Multi-Family Loans Committed

8/22/16 to 11/17/16



Loan	Commitment				
Amount	Type	Date	Program	Location	
\$ 300,000	8plx	9-12-16	M	Kenai	
\$ 501,300	11plx	9-12-16	M	Soldotna	
\$ 386,500	SFR	9-14-16	N	Anchorage	
\$ 364,500	SFR	9-23-16	N	Anchorage	
\$ 490,000	9plx	10-3-16	N	Fairbanks	
\$ 399,000	SFR	10-3-16	N	Anchorage	
\$ 449,910	SFR	10-3-16	N	Anchorage	
\$ 548,000	10plx	11-15-16	M	Anchorage	
\$ 317,600	6plx	11-15-16	M	Anchorage	
\$ 336,000	6plx	11-15-16	M	Anchorage	

Total: \$4,092,810 in 10 loans

M = Multi-family

N = Special Needs

E = Energy



Public Housing Operations Update

November 2016

Public Housing

Units Statewide	1608
Housing Waiting List	1778

Housing Choice Vouchers

Vouchers statewide	4381
Voucher Waiting List	3845

jumpstart Family Self-Sufficiency

Family Self Sufficiency Total Enrolled	502
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Operations Updates:

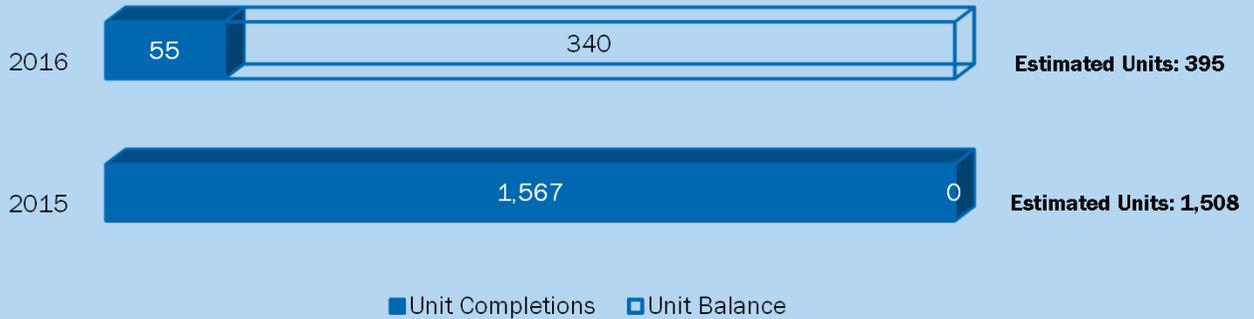
- Achieved 100% utilization in the Moving Home Program.
- Step Program Evaluation project continues to move forward with phone surveys and focus group meetings. Results and a report will be provided to the Board at the February meeting.
- Meeting with HUD regarding changes to their Central Office Cost Center funding in response to an OIG report. Initial review indicates few changes to AHFC COCC allocation, but additional budget reporting will be necessary.

Facilities Management & Construction Updates:

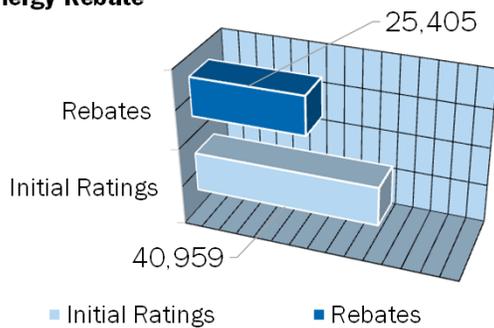
- Bethel – Foundation Project: Project is in closeout. A&E to certify for VCA compliance.
- Fairbanks – Golden Ages Sprinkler/Fire Alarm, Fairbanks Right-of-Way department is closed for winter, and the contract is in winter shut down.
- Juneau –Local Staff is working to complete the last unit for VCA/ADA upgrades to the Riverbend property, EMTs project being prepared to correct the VCA/ADA site work at Cedar Park for next summer
- Sitka – Swan Lake Security system upgrade/replacement contract is being developed for an informal Invitation to Bid.
- Valdez – Roof repair project is being developed.
- Cordova – Project Siding/Soffit/Window replacement at Sunset View; all windows are installed, siding is complete, exterior lighting is near completions, and awaiting pricing on rain gutters.
- Anchorage –Scattered site infrastructure repair/replacement project is in progress, substantial completion issued; Chugach Manor Sprinkler/Fire Alarm upgrade awaiting schematic review.
- Facilities Management Extraordinary Maintenance Team (Road Crew): Alpine Terrace building exterior painting project to commence in the spring (no change); Nome maintenance shop interior wall built, garage portion separated from heated space, scheduled for a return trip in the spring to finish framing and empty rented container; Alpine Terrace Unit remediation and rehab continues.

Research and Rural Development

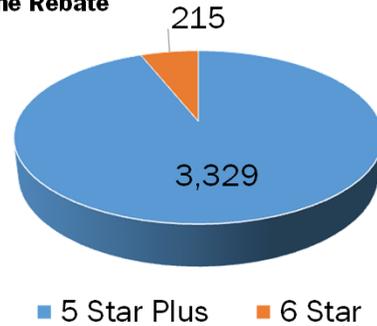
Weatherization Program Unit Completions



Home Energy Rebate



New Home Rebate



EE NOW

EE NOW, the third annual energy efficiency building conference hosted by Research and Rural Development, will be held March 29 & 30 at the Captain Cook Hotel in Anchorage.

Great Alaska Energy Challenge

A competition among State of Alaska facilities to reduce energy usage over a six month period (Oct 16 - Mar 17). 6 AHFC buildings are entered into the contest. A project team, with representatives from multiple departments, has been assembled to identify and implement energy saving initiatives.

Grants for Efficiency Projects

Up to \$10,000, total funding allocation of \$150,000 from a Department of Energy Competitive Award, was made available to public facility owners for developing energy efficiency upgrade projects. Eligible entities include school districts, regional education attendance areas, tribes, and municipalities with a population of 20,000 or less. Research and Rural Development received 8 applications during the Notice of Funding Availability period and will have issued grants to qualified applicants by November 18, 2016.



AHFC BOARD OF DIRECTORS
SCHEDULE 2016

~~January 27, 2016 (AHFC regular & AHCC Annual)~~ **CANCELLED**

~~February 24, 2016 (Audit Committee, AHCC (Membership & BOD)
Annuals & AHFC Regular)~~

~~April 27, 2016 (AHFC Regular)~~

~~May 25, 2016 (AHFC Regular)~~

~~June 29, 2016 (Audit Committee & AHFC Regular)~~

~~July 27, 2016 BOD (AHFC Regular)~~

~~August 24, 2016 (AHFC Annual)~~

~~October 26, 2016 (Audit Committee & AHFC Regular)~~

**November 30, 2016 (NTSC Membership and BOD Annuals &
ACAH Membership & BOD Annuals & AHFC Regular)**



AHFC BOARD OF DIRECTORS
SCHEDULE 2017

January 25, 2017 (AHFC regular & Audit Committee & AHCC Annual Membership & Board)

February 22, 2017 (AHFC Regular)

April 26, 2017 (AHFC Regular & Audit Committee)

May 31, 2017 (AHFC Regular)

June 28, 2017 in FAIRBANKS (AHFC Regular)

July 26, 2017 BOD (AHFC Regular & Audit Committee)

August 23, 2017 (AHFC Annual)

(NCSHA Annual Conference September dates TBD)

October 25, 2017 (AHFC Regular & Audit Committee & ACAH Annual Membership & Board)

November 29, 2017 (AHFC Regular & NTSC Annual Membership and Board)