Report of Independent Auditors
and Financial Statements with
Supplemental Information for

Washington State Housing Finance Commission

June 30, 2016 and 2015

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Washington State Housing Finance Commission

Report on Financial Statements

We have audited the accompanying financial statements of the Washington State Housing Finance Commission, which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Housing Finance Commission as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the schedules of proportionate share of net pension liability and contributions on page 45 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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements. The supplemental schedules of program net position, program revenues, expenses, and changes in program net position, program cash flows and notes and bonds payable on pages 46 through 61 are presented for purposes of additional analysis and are not a required part of the basic 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 supplemental schedules of program net position, program revenues, expenses, and changes in program net position, program cash flows and notes and bonds payable are fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Seattle, Washington
November 17, 2016

As management of the Washington State Housing Finance Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2016. This overview and analysis is required by accounting principles generally accepted in the United States of America for governmental entities.

FINANCIAL HIGHLIGHTS

During the fiscal year ended, or as of June 30, 2016 ("FY 2016"):

Net position increased $53.2 million to $348.1 million primarily due to the $49.2 million increase in net position of the Program Investment Fund ("PIF"), coupled with an increase in net position in the bond funds and the General Operating Fund ("GOF") of $2.0 million and $2.0 million, respectively. The increase in the PIF resulted from an excess of revenues over expenses totaling $37.7 million primarily from the down payment assistance revenues from Homeownership's daily pricing program coupled with the operating transfer from GOF of $11.5 million. The increase in the bond fund net position is primarily due to the excess of expenses over revenues ($0.4 million) related to the reduction in the unrealized gain on mortgage-backed securities ("MBSs") offset by the operating transfer of $2.4 million from GOF. The increase in GOF represents an increase in reserves by $2.0 million.

During the fiscal year mortgage loans increased by $433.8 million due to issuance of new loans while MBS's decreased by $59.4 million as borrowers continued to make prepayments. Primarily due to these factors, total assets and deferred outflows of resources increased by $391.6 million.

Total bonds and notes payable of $3.7 billion were outstanding, net of premiums and discounts. This represents a net increase of $309.3 million (9%) over the prior year resulting from the net issuance of bonds ($778.9 million) and the net payment of principal ($469.6 million).

PIF and GOF program fees and grant revenue increased by $19.1 million due primarily to an increase in program fees associated with the Home Advantage daily pricing program. Bond program revenues (mortgage interest, unrealized loss on mortgage-backed securities, investment and other) increased by $20.6 million partially due to the increase in the cost of issuance and interest revenue from an increase in issuances in the multifamily and a reduction in the unrealized losses on mortgage-backed securities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: Management's Discussion and Analysis, the basic financial statements, and the notes to the financial statements. The basic financial statements include the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. The financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all Commission programs and operations. The statements of net position include all of the Commission's assets, liabilities and deferred inflows and outflows of resources. All of the revenues and expenses of the Commission are accounted for in the statements of revenues, expenses, and changes in net position. Program financial statements are presented as supplementary schedules. These schedules separate the financial statements into General Operating Fund, Program Investment Fund, and Bond Fund.

Economic Outlook

During the fiscal year ended June 30, 2016, multifamily bond issuances increased, nearly matching a record level set in 2008. This production was supported by demand in the issuance of tax-exempt bonds coupled with 4% Housing Credit. Developers have been using this as an alternative to the 9% Housing Credit where demand far outstrips supply. While there was only a small amount of issuance in the Nonprofit Housing Program, the Nonprofit Facilities Program issuances remained at levels similar to recent years. In the Homeownership Division, production continued to be funded primarily through the Home Advantage, daily-priced program using traditional, taxable mortgage funding rather than with proceeds of tax-exempt bonds issued by the Commission. Production through that program reached a record level ($1.17 billion through 5,613 originations) for the year. We anticipate utilizing this funding mechanism for the foreseeable future.

Interest rates remain low by historical standards. Indications are that the Federal Reserve will begin raising interest rates over the next year. While this might be expected to have a negative impact on our production, rising rates are expected to increase the value of the tax-exemption on interest that we can provide as the spread between taxable and tax-exempt rates widens. Also, Washington State continues to grow, benefiting from a strong economy. The demand for housing, especially in urban areas, is strong. We expect that will also support production, even in a rising interest rate environment.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Position

The following table summarizes the changes in assets and deferred outflows of resources, liabilities, deferred inflows of resources, and net position between June 30, 2016 and 2015, in millions:

	2016	2015	Change	
Assets				
Cash and cash equivalents	$ 128.4	$ 233.2	$ (104.8)	(44.9%)
Investments	251.4	139.4	112.0	80.3
Accrued interest receivable	17.1	8.9	8.2	92.1
Fees receivable, net	5.8	4.8	1.0	20.8
Other receivables	1.4	0.7	0.7	100.00
Mortgage-backed securities, net	556.1	615.5	(59.4)	(9.7)
Mortgage loans, net	3,296.2	2,862.4	433.8	15.2
Prepaid fees and other	0.6	0.4	0.2	50.0
Total assets	4,257.0	3,865.3	391.7	10.1
Deferred outflows of resources	1.2	1.3	(0.1)	(7.7)
Total assets and deferred outflows of resources	$ 4,258.2	$ 3,866.6	$ 391.6	10.1%

	2016	2015	Change	
Liabilities				
Accounts payable and other liabilities	$ 138.4	$ 108.5	$ 29.9	27.6%
Accrued interest payable	24.6	20.4	4.2	20.59
Unearned revenue and other	10.2	13.6	(3.4)	(25.0)
Derivative instrument - interest rate swap	0.7	0.9	(0.2)	(22.2)
Project equity held for borrower	0.6	1.2	(0.6)	(50.0)
Bonds and notes payable, net	3,735.0	3,425.7	309.3	9.0
Total liabilities	3,909.5	3,570.3	339.2	9.5
Deferred inflows of resources	0.6	1.4	(0.8)	100.0
Net position				
Restricted				
Bond operations	123.8	121.8	2.0	1.6
Grants and donations to PIF	1.1	1.1	-	-
Net investment in capital assets	0.3	0.1	0.2	200.0
Unrestricted				
General operations	15.5	13.8	1.7	12.3
Housing Washington	0.3	0.2	0.1	50.0
Program Investment Fund	207.1	157.9	49.2	31.2
Total net position	348.1	294.9	53.2	18.0
Total liabilities, deferred inflows of resources, and net position	$ 4,258.2	$ 3,866.6	$ 391.6	10.1%

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

Assets increased as loans continued to be issued and cash, cash equivalents and investments were held to fund mortgage commitments. New bond issues exceeded the amount of scheduled and early redemptions resulting in an increase of $309.3 million in the bond payable balance. The net position of the Commission increased $53.2 million from the June 30, 2015 amount. This increase resulted from the net operating income, before contributions and distributions, in the GOF ($15.9 million) and PIF ($37.7 million) offset by the net operating loss in the bond funds ($372 thousand).

The net position of the bond programs is classified as restricted because the uses of the funds are directed by trust indentures. The Commission has designated a General Operating Fund reserve dedicated to maintaining its future commitments and ensuring its ability to meet unforeseen fiscal or legal challenges. Additionally, it has created the Program Investment Fund to make strategic investments in higher-risk programs to support the financing and production of low-income housing, special needs housing, and facilities that provide community services primarily to low-income persons. The total amount designated for this purpose is $208.2 million which includes $37.0 million in partner investments and $1.1 million donations received.

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes the changes in revenues and expenses between 2016 and 2015 (in millions):

	2016	2015	Change	
Revenues				
Bond programs mortgage interest	$ 107.7	$ 95.8	$ 11.9	12.4%
Bond programs investments and other income	1.2	0.4	0.8	200.0
Bond program loss on mortgage-backed securities	(6.8)	(10.7)	3.9	(36.4)
Other bond fees	7.4	3.4	4.0	117.6
Program fees and grants	72.9	53.8	19.1	35.5
General Operating Fund interest income	1.5	0.7	0.8	100.0
Total revenues	$ 183.9	$ 143.4	$ 40.5	28.2%
Expenses				
Bond programs interest expense	$ 102.0	$ 90.5	$ 11.5	12.7%
Other bond programs expenses	7.8	3.5	4.3	122.9
Salaries and wages	7.8	7.1	0.7	9.9
Other General Operating Fund and Program Investment Fund expenses	13.1	12.1	1.0	8.3
Total expenses	$ 130.7	$ 113.2	$ 17.5	15.5%
Change in net position from operations	$ 53.2	$ 30.2	$ 23.0	76.2%

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

The primary components of total revenues for the bond funds are mortgage-related interest earnings ($107.7 million) and the unrealized loss on mortgage-backed securities ($6.8 million). Bond interest expense ($102.0 million) is the primary component of total expense for the bond funds. During FY 2016, the Commission's General Operating Fund revenue and expense included $5.6 million of housing counseling and foreclosure relief funds received and disbursed to qualifying counseling agencies. The remaining Commission revenues in the General Operating Fund are generated primarily from issuer fees and the premium generated from the Home Advantage daily pricing program.

DEBT ADMINISTRATION

The Commission has long-term debt obligations of $3.7 billion, net of bond premium and discounts, at June 30, 2016. The Commission's bond program funds are held by a trustee or paying agent who ensures that bond resolution requirements are met, including payments of debt service and funding of necessary reserves. At June 30, 2016, amounts held by the trustees and paying agents represent full funding of these requirements.

Most of the debt issued by the Commission is tax-exempt and is issued under the Internal Revenue Code and Treasury Regulations governing either mortgage revenue bonds or residential rental projects. The Federal Tax Reform Act of 1986 imposes an annual ceiling on the aggregate amount of federally tax-exempt private activity bonds, including bonds for housing, student loans, beginning farmers/ranchers, exempt facilities, small issue industrial, redevelopment, and certain public utility projects that may be issued during any calendar year by or on behalf of states and their political subdivisions. The private-activity volume cap received by Washington State is allocated to eligible issuers pursuant to the Revised Code of Washington Chapter 39.86. The Commission's Single-family Homeownership and Multifamily Housing Programs rely on private activity bonds subject to this volume cap. Bonds issued under the Nonprofit Programs are private activity bonds, which are not subject to this cap.

The Commission's ability to recycle tax-exempt debt is limited by the Code of Federal Regulations, Title 26, commonly known as the ten-year rule, which prohibits refunding of mortgage prepayments received more than ten years after the date of issuance of the bonds. The Commission also issues limited amounts of taxable debt in order to supplement its tax-exempt authority and for lending under programs where federal restrictions are inconsistent with the program requirements.

The Commissioners have adopted policies that govern the process followed to issue debt. All bonds issued in the Single-family Homeownership Program are backed by Federal National Mortgage Association ("Fannie Mae"), Government National Mortgage Association ("Ginnie Mae"), or Federal Home Loan Mortgage Corporation ("Freddie Mac") securities and are rated equal to the credit rating of the United States by Moody's Investors Service or by Standard and Poor's Ratings Services. Multifamily and Nonprofit Program publicly sold bond issues generally must have a minimum initial A rating by one of the major rating agencies.

DEBT ADMINISTRATION (continued)

The Commission evaluates and uses available debt management techniques to achieve its goals of reducing interest expense and preserving the maximum amount of bonding authority in the Single-family Homeownership Program. In implementing these techniques, the Commission often retires higher interest rate debt as opportunities for economic refunding occur, to reduce overall borrowing costs and for preservation of bonding authority.

The Commission's outstanding debt is limited to six billion dollars by the Revised Code of Washington Section 43.180.160. The Commission has no general obligation bonds and does not currently have an issuer credit rating.

Net bonds and notes payable as of June 30, 2016 was $3.7 billion, an increase of about $309.3 million from 2015. Changes by program are summarized in the following table (in millions):

	2015	Issued	Redeemed	Changes	2016
Single-family	$ 348.3	$ 130.6	$ 145.6	$ (15.0)	$ 333.3
Home Ownership (NIPB)	199.2	-	46.6	(46.6)	152.6
Multifamily Housing	1,803.1	425.4	166.6	258.8	2,061.9
Nonprofit Housing	714.2	198.7	57.5	141.2	855.4
Nonprofit Facilities	360.9	24.2	53.3	(29.1)	331.8
	$ 3,425.7	$ 778.9	$ 469.6	$ 309.3	$ 3,735.0

COMPARISON OF FISCAL YEAR 2015 WITH 2014

Statements of Net Position

The following table summarizes the changes in combined adjusted net position between June 30, 2015 and 2014 (in millions):

	2015	2014	Change	
Assets				
Cash and cash equivalents	$ 233.2	$ 183.4	$ 49.8	27.2%
Investments	139.4	175.6	(36.2)	(20.6)
Accrued interest receivable	8.9	8.2	0.7	8.5
Fees receivable, net	4.8	3.6	1.2	33.3
Other receivables	0.7	0.7	-	-
Mortgage-backed securities, net	615.5	741.5	(126.0)	(17.0)
Mortgage loans, net	2,862.4	2,715.1	147.3	5.4
Prepaid fees and other	0.4	0.3	0.1	33.3
Total assets	3,865.3	3,828.4	36.9	1.0
Deferred outflows of resources	1.3	1.1	0.2	18.2
Total assets and deferred outflows of resources	$ 3,866.6	$ 3,829.5	$ 37.1	1.0%

COMPARISON OF FISCAL YEAR 2015 WITH 2014 (continued)

	2015	2014	Change	
Liabilities				
Accounts payable and other liabilities	$ 108.5	$ 101.8	$ 6.7	6.6%
Accrued interest payable	20.4	20.4	-	-
Unearned revenue and other	13.6	14.0	(0.4)	(2.9)
Derivative instrument - interest rate swap	0.9	1.1	(0.2)	(18.2)
Project equity held for borrower	1.2	5.3	(4.1)	(77.4)
Bonds and notes payable, net	3,425.7	3,418.4	7.3	0.2
Total liabilities	3,570.3	3,561.0	9.3	0.3
Deferred inflows of resources	1.4	-	1.4	100.0
Net position				
Restricted				
Bond operations	121.8	124.5	(2.7)	(2.2)
Grants and donations to PIF	1.1	1.1	-	-
Net investment in capital assets	0.1	0.1	-	-
Unrestricted				
General operations	13.8	17.9	(4.1)	(22.9)
Housing Washington	0.2	0.3	(0.1)	(33.3)
Program Investment Fund	157.9	124.6	33.3	26.7
Total net position	294.9	268.5	26.4	9.8
Total liabilities, deferred inflows of resources, and net position	$ 3,866.6	$ 3,829.5	$ 37.1	1.0%

COMPARISON OF FISCAL YEAR 2015 WITH 2014 (continued)

The following summarizes the changes in revenues and expenses between fiscal years 2015 and 2014 (in millions):

	2015	2014	Change	
Revenues				
Bond programs mortgage interest	$ 95.8	$ 94.4	$ 1.4	1.5%
Bond programs investments and other income	0.4	3.6	(3.2)	(88.9)
Bond program loss on mortgage-backed securities	(10.7)	(7.0)	(3.7)	52.9
Other bond fees	3.4	7.7	(4.3)	(55.8)
Program fees and grants	53.8	44.0	9.8	22.3
General Operating Fund interest income	0.7	0.6	0.1	100.0
Total revenues	$ 143.4	$ 143.3	$ 0.1	0.1%
Expenses				
Bond programs interest expense	$ 90.5	$ 88.5	$ 2.0	2.3%
Other bond programs expenses	3.5	7.7	(4.2)	(54.5)
Salaries and wages	7.1	6.3	0.8	12.7
Other General Operating Fund and Program Investment Fund expenses	12.1	10.8	1.3	12.0
Total expenses	$ 113.2	$ 113.3	$ (0.1)	(0.1%)
Change in net position from operations	$ 30.2	$ 30.0	$ 0.2	0.7%

During the fiscal year ended June 30, 2015, the Commission's total assets increased by $36.9 million greatly attributable to an increase in net mortgage loans ($147.3 million) from the renewed interest in loans for multifamily housing programs, partially offset by the decrease in MBSs ($126.0 million) as borrowers continued to make prepayments, The net increase in cash, cash equivalents and investments of $13.6 million as new conduit bonds were issued and proceeds held to fund project costs, contributed to the increase in net assets.

The Commission's $26.4 million increase in net position, resulted primarily from the PIF ($33.3 million), partially offset by a decrease in net position in the bond funds (2.7 million) and in the GOF ($4.1 million). PIF's increase was a result of revenues over expenses of $24.0 million, largely due to down payment assistance revenues from the daily pricing program coupled with a $9.3 million transfer from the General Operating Fund.

ADDITIONAL INFORMATION

Questions and inquiries may be directed to the Senior Director of Finance or the Senior Controller at Washington State Housing Finance Commission, 1000 2nd Avenue, Suite 2700, Seattle, Washington 98104 (206-464-7139).

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2016	June 30, 2015
CASH AND CASH EQUIVALENTS	$ 128,429,813	$ 233,213,484
INVESTMENTS		
U.S. government and agencies securities	77,799,191	80,794,629
Investment agreements and other investments	173,627,453	58,639,407
	251,426,644	139,434,036
ACCRUED INTEREST RECEIVABLE	17,078,192	8,922,838
FEES RECEIVABLE, net	5,832,235	4,762,203
OTHER RECEIVABLES	1,403,785	708,065
MORTGAGE-BACKED SECURITIES, cost	518,028,542	570,599,863
Cumulative unrealized gain on mortgage-backed securities	38,063,063	44,854,534
MORTGAGE-BACKED SECURITIES, fair value	556,091,605	615,454,397
MORTGAGE LOANS, net	3,296,178,288	2,862,449,297
PREPAID FEES AND OTHER	597,856	434,893
TOTAL ASSETS	4,257,038,418	3,865,379,213
DEFERRED OUTFLOWS OF RESOURCES	1,235,300	1,284,922
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,258,273,718	$ 3,866,664,135

See accompanying notes to financial statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	June 30, 2016	June 30, 2015
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 138,429,515	$ 108,545,743
ACCRUED INTEREST PAYABLE	24,602,969	20,352,137
UNEARNED REVENUE AND OTHER	10,226,551	13,605,992
DERIVATIVE INSTRUMENT - INTEREST RATE SWAP	663,459	862,919
PROJECT EQUITY HELD FOR BORROWER	637,277	1,235,179
BONDS PAYABLE		
Current interest bonds	3,580,332,725	3,255,385,240
Taxable bonds	147,346,292	164,181,906
Unamortized bond discount	(136,051)	(308,265)
Unamortized bond premium	7,429,697	6,467,014
	3,734,972,663	3,425,725,895
TOTAL LIABILITIES	3,909,532,434	3,570,327,865
DEFERRED INFLOWS OF RESOURCES	617,309	1,392,761
NET POSITION		
Restricted		
Bond operations	123,827,331	121,774,203
Grants and donations to Program Investment Fund	1,082,696	1,082,696
Net investment in capital assets	329,256	152,620
Unrestricted		
General operations	15,523,475	13,763,918
Housing Washington	298,379	247,127
Program Investment Fund	207,062,838	157,922,945
	348,123,975	294,943,509
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 4,258,273,718	$ 3,866,664,135

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended June 30, 2016	Years Ended June 30, 2015
REVENUES		
Interest earned on mortgage loans and mortgage-backed securities	$ 107,656,146	$ 95,749,754
Other interest and investment income	2,719,584	1,132,195
Unrealized loss on mortgage-backed securities	(6,791,481)	(10,661,954)
Other fee income	74,699,985	51,479,505
Nonoperating revenues - grants	5,577,935	5,705,642
	183,862,169	143,405,142
EXPENSES		
Interest on debt	102,026,326	90,474,796
Amortization of bond discount	172,214	47,984
Amortization of bond premium	(1,523,692)	(1,739,294)
Bond issuance costs	6,961,632	2,515,736
Amortization of bond insurance premium	2,200	2,231
Servicing and commission fees	1,863,460	2,105,311
Salaries and wages	7,811,389	7,070,657
Communication and office expense	2,481,315	2,789,534
Professional fees	1,274,791	1,190,234
Trustee and paying agent fees	138,837	171,152
Other	180,322	2,751,167
Nonoperating expenses - grants	9,292,909	5,799,000
	130,681,703	113,178,508
EXCESS OF REVENUES OVER EXPENSES	53,180,466	30,226,634
NET POSITION		
Balance, beginning of year	294,943,509	268,423,023
Cumulative effect of change in accounting principle	-	(3,706,148)
Balance, beginning of year, as restated	294,943,509	264,716,875
Balance, end of year	$ 348,123,975	$ 294,943,509

 See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2016	2015
OPERATING ACTIVITIES		
Receipts for interest on mortgages	$ 105,173,097	$ 95,568,456
Receipts for other fee income	69,468,073	55,560,829
Receipts for loans and mortgage prepayments	385,916,414	388,498,241
Payments for acquisition of loans and mortgages	(742,079,617)	(417,946,360)
Payments for bond program expenses	(6,545,431)	(4,712,978)
Payments to employees and suppliers	(16,773,632)	(18,231,215)
Net cash from operating activities	(204,841,096)	98,736,973
INVESTING ACTIVITIES		
Purchase of investments	(858,811,690)	(139,679,196)
Sale of investments	746,838,934	175,616,035
Interest received on investments	2,291,706	1,601,753
Net cash used for investing activities	(109,681,050)	37,538,592
NONCAPITAL FINANCING ACTIVITIES		
Project equity used, net	(597,902)	(4,022,327)
Proceeds from sale of bonds and notes	762,166,415	493,936,536
Proceeds from short-term loan	35,000,000	-
Interest paid on debt	(97,775,492)	(90,553,664)
Short-term loans funded	(35,000,000)	-
Debt repayments	(454,054,546)	(485,830,355)
Net cash used for capital financing activities	209,738,475	(86,469,810)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,783,671)	49,805,755
CASH AND CASH EQUIVALENTS		
Beginning of year	233,213,484	183,407,729
End of year	$ 128,429,813	$ 233,213,484

See accompanying notes to financial statements.

	Years Ended June 30, 2016	Years Ended June 30, 2015
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH USED FOR OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 53,180,466	$ 30,226,634
Adjustments to reconcile excess of revenues over expenses to net cash from operating activities		
Amortization of mortgage discount	(718,215)	(709,012)
Amortization of mortgage premium	275,645	304,588
Amortization of bond insurance premium	(357,877)	(2,231)
Amortization of bond premium	(1,168,016)	(1,739,294)
Amortization of bond discount	172,214	47,984
Amortization of unearned fee income	2,200	2,231
Unrealized loss on securities	6,791,481	10,661,954
Cash from changes in operating assets and liabilities		
Acquisition of mortgage loans	(766,388,611)	(421,643,177)
Repayments of mortgage loans	385,916,414	388,498,241
Interest and other receivables	(8,191,244)	(1,761,764)
Interest and other payables	125,644,447	94,850,819
Net cash from operating activities	$ (204,841,096)	$ 98,736,973

Note 1 – Description of Business

Organization – The Washington State Housing Finance Commission (the "Commission") was created in 1983 by the legislature of the State of Washington (the "State") to "act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs thereby making additional funds available at affordable rates to help provide housing throughout the state." The state legislature later authorized the Commission to issue bonds to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations, beginning farmers/ranchers, sustainable energy and energy efficiency retrofit programs. The Commission's debt limit is six billion dollars.

The Commission has eleven voting members. Two commissioners, the state treasurer and the director of the Department of Commerce, serve ex officio. The chair of the Commission is appointed by, and serves at the pleasure of, the governor. The remaining eight members are appointed by the governor to a four-year term and are subject to confirmation by the Washington State Senate.

The Commission is legally separate from the State and does not impose a financial burden on, nor accrue any financial benefit to, the State. Legal restrictions on the Washington State legislature's ability to impose its will on the Commission and the inability of the governor to remove the majority of the voting members of the Commission prevent the State from being considered to be financially accountable for the Commission. However, in the State's Comprehensive Annual Financial Report ("CAFR"), the Commission is presented as a discrete component unit of the State.

Program Funds – The Commission summarizes its financial activities in the General Operating Fund, Program Investment Fund and Bond Fund.

General Operating Fund – The General Operating Fund accounts for the fiscal activities related to the administration of the Commission's ongoing program responsibilities. Revenues of this fund are derived primarily from fees earned on bond issues, homeownership daily pricing program, housing tax credit allocations and compliance monitoring, as well as interest income on General Operating and Program Investment Fund investments. Except for certain pass-through grants and loans, all funds received by the Commission are generated by its activities and are not direct appropriations from the State.

The Commission adopted a General Operating Fund Reserve Policy ("Reserve Policy") in 1989. General reserves provide income to fund current operations, help to ensure a sufficient revenue stream for the Commission to remain independent of State funds and safeguard the Commission's ability to meet its future legal and program obligations. Earnings in excess of the reserve requirements are generally transferred to the Program Investment Fund at the direction of the Commission, except for a portion of earnings on the homeownership daily pricing program which are transferred to the Single Family Indenture.

Effective June 30, 2016, the Reserve Policy requires the maintenance of general reserves of $20 million based upon capital adequacy analyses, net of the impact of any deferred pension liability as required by GASB No. 68. Therefore, the reserves reflect $15.9 million and $13.9 million for June 30, 2016 and June 30, 2015, respectively.

Note 1 – Description of Business (continued)

Program Investment Fund – The Program Investment Fund, established by the Commission in 1989, is comprised of reserves above those required by the Reserve Policy. This fund strategically invests in programs to support the financing and production of low-income housing, special needs housing facilities that provide community services, and energy programs. Investments also include resources provided by other funders for use in established down payment assistance and other programs in which our missions align. Revenues include interest on these investments and down payment assistance fees associated with the homeownership daily pricing program.

Bond Fund – All activities of Commission-issued bond transactions are established under separate Indentures of Trust, Funding Agreements or Financing Agreements. Financial activities under such documents are recorded by the Commission in this fund. The Commission further summarizes its bond activities by program type as follows:

Single-Family Homeownership Program – The proceeds from the sale of Single-family Homeownership Program mortgage revenue bonds and the debt service requirements of these bonds are summarized in this program. The program consists of three indentures, the General (Single-family) Indenture, the Homeownership Bond Program (NIBP) Indenture and the Special Single Family Program Indenture. Activities of the program are, in general, limited to the purchase of MBSs containing pools of mortgage loans originated under the Commission's First-time Homebuyer program which are secured by mortgages on single-family, owner-occupied, new or existing residential housing located in Washington State. The bonds, which are established under multiple series indentures within the three program indentures, constitute a special obligation of the Commission, are payable solely from the bond funds established pursuant to the indenture and are funded primarily from payments received on the MBS pools and from any other money held by the bond trustee pursuant to the indenture. As such, the assets of the bond are pledged as collateral for the debt. As of June 30, 2016 and 2015, the assets so pledged were $576.3 million and $640.5 million, respectively.

Loans in the programs are made to first-time homebuyers (except for some in targeted areas) whose income does not exceed the limits established by the Commission. Mortgage rates for these programs ranged from 2.50% to 6.75%.

The General (Single-family) and the Special Single Family Program indentures are reported together on the supplemental schedules of program net position, results of program revenues, expenses, and changes in program net position, and program cash flows.

Conduit Financing Programs – All bonds issued by the Commission, except for the Single-family Homeownership Program discussed above, are conduit debt, i.e., limited-obligation bonds issued for the express purpose of providing financing for a specific third party that is not a part of the Commission's financial reporting entity. Financing proceeds for the Conduit Financing Programs are used to purchase qualified mortgages or MBSs from mortgage lenders. The issuer of the MBSs, the mortgagor, the letter of credit provider or the lender will pay the bond trustee principal and interest in amounts calculated to meet periodic debt service payments on the bonds.

Note 1 – Description of Business (continued)

Although the conduit debt securities bear the name of the Commission, it has no obligation for payment of such debt beyond the resources provided by the loan with the third party on whose behalf they are issued.

At the time of a Conduit Financing Program bond issuance, the Commission assigns its rights, title and interest in the loan or financing agreement (with certain exceptions and reservations), and in any collateral securing the loan, to a bond trustee or the lender pursuant to a trust indenture or financing agreement. The bond trustee, paying agent or the lender administers the bond issue. The bonds, which constitute a special obligation of the Commission, are payable solely from the bond fund established pursuant to the indenture, and principal and interest payments are funded primarily from payments made by the borrower to satisfy the loan agreement and from any other money held by the bond trustee pursuant to the indenture. As such, the assets of each bond are pledged as collateral for the debt. As of June 30, 2016 and 2015, the assets so pledged were $3.4 billion and $3.0 billion, respectively.

The obligation of the borrower to repay the loan is absolute and unconditional. The bonds do not constitute a general, moral, or special obligation of the State of Washington, a pledge of the faith and credit of the State, or a general obligation of the Commission. The owners of the bonds have no right to require the State of Washington or the Commission, nor has the State of Washington or the Commission any obligation or legal authorization to levy any taxes or appropriate or expend any of its funds for the payment of principal thereof, premium, if any, or interest thereon.

Bonds may be sold in the capital markets by underwriters, or, in the case of private placement bonds, privately placed directly by the Commission with a financial institution or other sophisticated investor. Proceeds of the conduit bonds may be used in any of the following programs:

Multifamily Housing Program – This program accounts for financing issued on behalf of developers of multifamily housing. The proceeds are used to purchase, construct, refinance and/or remodel projects containing affordable housing and housing for the elderly.

Nonprofit Housing Program – This program accounts for bonds and notes issued on behalf of nonprofit housing organizations. The proceeds are used to purchase, construct, refinance, and/or remodel projects containing housing consistent with the organization's IRS approved purpose.

Nonprofit Facilities Program, Beginning Farmers/Ranchers and Energy Programs – This program accounts for the bonds and notes sold to purchase loans of 501(c)(3) organizations whose proceeds are used for capital acquisitions and/or improvements, to purchase loans on behalf of beginning farmers and ranchers and to purchase loans qualified under the Commission's energy programs.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission has applied all applicable GASB pronouncements. The more significant of the Commission's accounting policies are described below.

Measurement focus and basis of accounting – All accounts and transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred inflows and outflows of resources and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position for all funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. These funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Unclassified statement of net position – The Commission's business cycle is greater than one year. As such, all assets and liabilities as shown on the statement of net position are unclassified.

Cash and cash equivalents – The Commission considers all highly liquid, interest-bearing instruments purchased with an original maturity of three months or less to be cash and cash equivalents. Cash deposits in the Bond Fund are held in the corporate trust departments of commercial banks in the bond issue's name. As of June 30, 2016 and 2015, the total amount of uncollateralized or uninsured cash equivalents in the bond fund were $39.6 million and $72.6 million, respectively, virtually all of which was held in government money market funds. Cash deposits held by the General Operating Fund are entirely covered by the Federal Depository Insurance Corporation ("FDIC") or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission ("PDPC").

Investments – The Commission categorizes its investments 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. Investments are reported at fair value, unless they meet an exception as outlined under accounting standards generally accepted in the United States of America.

Investments in the General Operating and Program Investment Funds are managed by Nuveen Asset Management and are comprised of marketable securities issued or guaranteed by the U.S. government. They are valued at fair value based upon quoted market prices as of June 30, 2016 and 2015.

Note 2 – Summary of Significant Accounting Policies (continued)

Investments in the Bond Fund at June 30, 2016 and June 30, 2015, include guaranteed investment contracts, commercial paper, repurchase agreements, and US government-backed securities held by the trustee. Guaranteed investment contracts (GICs) held in the Bond Funds are non-participating and have redemption terms that are not affected by market rates. GICs have been specifically excluded from the requirement to be listed at fair value and are therefore stated at cost. For additional information regarding investments, see Note 3.

Mortgage-backed securities – Mortgage-backed securities are presented at their fair value based on quoted market prices as of June 30, 2016 and 2015.

Mortgage loans, net – Mortgage loans, net, are stated at their unpaid principal balance, increased by mortgage premiums or reduced by unearned discounts, and reduced by unamortized bond insurance premiums associated with the loans, which are amortized over the life of the loans.

Provision for loan losses – The provision for loan losses is estimated for each fund.

General Operating Fund – Most fees in the General Operating Fund are billed and collected in advance so no provision for loss is deemed to be necessary.

Program Investment Fund – The Commission provides for estimated losses on the loans it funds in the Program Investment Fund based on its past loan loss experience, known and inherent risks in the portfolio and current economic conditions. The allowance for loan losses is increased by charges to expense and decreased by charge-offs (net of recoveries). The loan loss reserve was $9,809,724 and $6,390,157 as of June 30, 2016 and 2015, respectively. No provision for loss is made on loan balances funded by partner investments because return of those investments is not guaranteed by the Commission.

Bond Fund – Mortgage loans and mortgage-backed securities are purchased with non-recourse revenue bonds payable solely from the assets specifically pledged under the trust indenture with respect to such bonds. No assets of the Commission, other than those assets held under such trust indentures, are pledged to payment of the bonds.

Single-Family Homeownership Program Mortgage Loans – No loan loss provisions are considered necessary, as the assets held by all the outstanding Single-family Homeownership Program indentures are mortgage-backed securities, of which payment is guaranteed by Fannie Mae, Ginnie Mae, or Freddie Mac.

Note 2 – Summary of Significant Accounting Policies (continued)

Conduit Financing Programs Mortgage Loans – Since borrowers through the Commission's Conduit Financing Programs obtain credit enhancements from a third party that pays or secures the payment of principal and interest on the bonds, no loan loss provisions are considered necessary. However, in some programs, the only collateral for the payment of principal and interest is the real estate loan. In these cases, the Commission has generally limited investment in such bonds to a small number of bond owners, who must be sophisticated investors that have underwritten the real estate loan. These investors have authority under the bond documents to enforce remedies against the projects to protect their interests as investors. These limited-investor bond issues include those privately placed with a lender. On bond issues where there have been delinquencies in the payment of debt service, workout agreements have been reached between the bond owner/investor and the borrower.

Other assets – Furniture, fixtures, equipment and leasehold improvements are accounted for in the General Operating Fund and are stated at cost, less accumulated depreciation and amortization. The Commission's policy is to capitalize assets with a cost of $5,000 or more. Depreciation and amortization are charged to current operations on the straight-line method over the estimated useful lives of the assets, generally between three and ten years. See Note 5 for additional information concerning furniture, fixtures and equipment.

Unearned revenue – Unearned revenue represents the unearned portion of the Commission's bond fees, tax credit reservation fees, and compliance monitoring fees that are received in advance. These fees are recorded as other fee income on the statement of revenues, expenses and changes in net position when earned.

Interfund transfers and balances for single family program liquidity management – During the course of operations, interfund transfers may be completed [for short-term program purposes] and are considered to be loans to and from the impacted funds. At fiscal year-end, balances are recognized as a interfund loans in the corresponding fund.

During the fiscal year ending June 30, 2016, the Commission supported its Home Advantage program's Master Servicer by purchasing and holding certain loans for a short time until they could be pooled into mortgage-backed securities. Resources in excess of those required to meet other program obligations in the Single Family Program fund, Homeownership Program fund and the PIF fund were used. Balances remaining outstanding are as follows:

	Single-Family Bond Program	Homeownership Bond Program (NIBP)	Program Investment Fund	Total
Interfund Loans Receivable (Payable)	$ (30,000,000)	$ 4,000,000	$ 26,000,000	$ -

No such transfers were made during the year ended June 30, 2015.

Note 2 – Summary of Significant Accounting Policies (continued)

Deferred outflow and inflow of resources – Deferred outflows of resources represent consumption of resources that are applicable to future reporting periods and deferred inflows of resources represent acquisition of resources that are applicable to future reporting periods. Deferred outflow of resources represents the year-end estimated negative fair value of the Commission's derivative instruments as of June 30 and the value of pension contributions made during fiscal year, which is subsequent to the pension liability measurement date. Deferred inflows of resources represent the difference between actuarial projected and actual earnings on pension plan assets. Additional information on the derivative is found in Note 6. More information regarding pension liability and the related deferred outflows and inflows of resources is found in Note 8.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") of the State of Washington and additions to or deductions from PERSs fiduciary net position have been determined on the same basis as they are reported by PERS.

Bonds payable – Current interest serial and term bonds are stated at their principal amounts outstanding, net of unamortized bond premium and discount, if any. Certain bonds are variable rate bonds remarketed on a periodic basis and are subject to market rate fluctuation.

Unamortized bond premium, unamortized bond discount, and unamortized bond insurance premiums – Unamortized bond premium, unamortized bond discounts, and unamortized bond insurance premiums are amortized using the bonds outstanding method.

Bond issuance costs – Bond issuance costs, including underwriter's fees are expensed at issuance.

Project equity held for borrower – Project equity held for borrower represents funds contributed by the borrower to the trust estate to complete the bond issuance, pursuant to the terms of the indenture. The funds may be used for project expenditures, interest costs or to fund reserve funds or lag deposits necessary to meet rating agency requirements. The funds are accounted for as a liability until such time as the funds are requisitioned and released to the borrower.

Compensated absences – Permanent employees of the Commission earn annual leave in accordance with length of service. Generally, a maximum of 240 hours of annual leave may be accumulated. Upon termination, employees are entitled to compensation for their unused annual leave.

Note 2 – Summary of Significant Accounting Policies (continued)

In addition, non-exempt work period employees may earn compensatory time at the rate of time-and-one-half up to a maximum of 240 hours. Employees classified as exempt work period employees may earn exchange time at the rate of actual time worked up to a maximum of 174 hours. Upon separation or transfer to another agency, the employee is given the opportunity to postpone his/her cessation of employment until the accumulated authorized compensatory or exchange time has been used.

Employees earn sick leave at the rate of one day per month and may be compensated for accumulated sick leave at the rate of 25% in many circumstances. In consideration of this, the Commission accrues all costs associated with compensated absences and 25% of sick leave, including an allowance for payroll taxes.

Net position – Net position is classified into three components:

Restricted net position has constraints placed on use by external parties such as creditors, grants, laws or regulations.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The Commission does not hold any debt related to capital assets.

Unrestricted net position consists of the remaining assets and liabilities.

Revenue recognition – The primary source of revenue for the Commission is interest earned on its mortgage loans outstanding, MBSs and other investments. This revenue is used to pay interest expense on the bonds outstanding. Interest and fees are recognized on the accrual basis.

In addition, the Commission earns fees on its bond issues and the sale of MBSs originated in the Home Advantage Program, which are allocated to the Bond, General Operating and Program Investment Funds all of which are recorded as other fee income on the statement of revenues, expenses and changes in net position. Other fee income is comprised of the following at June 30:

	2016	2015
Commission fees	$ 8,945,717	$ 8,439,555
HomeOwnership Program fees	47,373,955	30,757,837
Other program fees	11,327,733	9,385,096
Other income	7,052,580	2,897,017
	$ 74,699,985	$ 51,479,505

Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes – The Commission, as an instrumentality of the State of Washington, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Arbitrage rebate – Arbitrage rebate obligations vary by bond type:

Single Family Homeownership Program – Arbitrage earnings that are owed to the United States Department of the Treasury are recorded as accrued arbitrage rebate and are based on calculations performed by independent valuation specialists on an ongoing basis.

Conduit Financing Programs – The liability for potential arbitrage earnings on conduit programs remains the responsibility of the borrower and is not accrued by the Commission.

Use of estimates – The preparation of the statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. The Commission uses estimates in determining the allowance for doubtful accounts, valuation of certain investments, valuation of interest rate swap, arbitrage rebate liability, loan loss provisions, accrued sick leave and other contingencies. Actual results may differ from those estimates.

Risks and uncertainties – The Commission may invest in various types of investment securities and loans that are exposed to interest rate, market, credit and/or other risks. It is possible that changes in the values of these assets will occur in the near term, and those changes could subsequently affect the amounts reported in the statement of net position.

Adoption of new accounting pronouncements – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement established general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard generally requires investments to be measured at fair value and establishes a valuation hierarchy that provides greater consistency across organizations in valuation of investments and the related disclosures. Statement No. 72 is effective for financial statements of fiscal years beginning after June 15, 2015. The impact to the Commission is limited to note disclosure.

In June 2015 GASB, issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement outlines what constitutes GAAP for all state and local governmental entities and establishes the order of priority of GASB pronouncements and other sources of accounting and financial reporting guidance available for governmental entities to apply. Statement No. 76 is also effective for financial statements of fiscal years beginning after June 15, 2015. There is no impact to the Commission statements.

Note 3 – Cash, Cash Equivalents and Investments

General Operating and Program Investment Funds

Cash and cash equivalents – Custodial credit risk is the risk that deposits might not be returned in the event of the failure of a financial institution. This risk is minimized by limiting deposits to those entirely covered by the Federal Depository Insurance Corporation ("FDIC") or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission ("PDPC"). As of June 30, 2016 and June 30, 2015, cash deposits held by the General Operating Fund met these requirements.

Deposits in money market funds were primarily held in the Local Government Investment Pool operated by the State Treasurer pursuant to RCW 43.250 in which the Commission is a voluntary participant. Investments in the pool are reported at amortized cost.

Cash and cash equivalents by institution at June 30:

	2016		2015	
Bank of America	$ 2,281,332	35.74%	$ 3,790,837	10.51%
Local Government Investment Pool	3,508,498	54.96%	31,987,049	88.67%
All others	593,510	9.30%	297,458	0.82%
	$ 6,383,340	100.00%	$ 36,075,344	100.00%

Investments

While RCW 43.180.080(5) grants the Commission the authority to invest its funds, it provides no investment guidelines or restrictions. The State law generally limits the type and character of investment of "public funds." In light of the Commission's authorizing legislation, Washington State court decisions, and the sources of its dedicated funds, the Commission finds that the investment limitations on public funds do not apply to its dedicated funds. However, as a matter of policy, the Commission believes that it is appropriate at this time to invest its dedicated funds in a manner generally consistent with the investment limitations on public funds. The Commission has adopted an investment policy that requires the investments held by the Funds, be subject to the following policy. Limiting investments to those authorized in this policy minimizes the Commission's exposure to credit risk on these Funds.

Note 3 – Cash, Cash Equivalents and Investments (continued)

The Commission may invest in non-governmental investments, including certificates of deposit, banker's acceptances, and repurchase agreements. In addition, the following governmental investments are eligible:

1. Treasury bills, notes, and other obligations issued by the United States Department of the Treasury and backed by the full faith and credit of the U.S. government.

2. Federal Home Loan Bank notes and bonds.

3. Federal Land Bank bonds.

4. Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.

5. The obligations of certain government-sponsored entities whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.

6. Shares of mutual funds with portfolios consisting of only U.S. government bonds or U.S. government guaranteed bonds issued by federal agencies with average maturities of less than four years.

Investments are managed to this policy through an agreement with Nuveen Asset Management.

Custodial credit risk is the risk that, in the event that a depository institution or counterparty fails, the Commission would not be able to recover the value of its investments or collateral security. The Commission manages this risk by prequalifying institutions with which the Commission places investments. As of June 30, 2016 and June 30, 2015, investment securities were registered and held in the Commission's custodian agent's name.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission manages this risk by limiting investments to those permitted in its investment policies, diversifying the investment portfolio and prequalifying institutions with which investments are placed.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Commission's policy limits the investment in any single institution (except for United States Government Securities) to no more than 20% of the portfolio.

Note 3 – Cash, Cash Equivalents and Investments (continued)

Investments as of June 30:

As of June 30, 2016		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Government and Agency Obligations				
US Treasury Notes	$ 11,196,395	$ 11,196,395	$ -	$ -
US Agencies	39,638,787	-	39,638,787	-
Other Municipal Agencies	1,038,872	-	1,038,872	-
Total General and PIF Fund Investments	$ 51,874,054	$ 11,196,395	$ 40,677,659	$ -

As of June 30, 2015		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Government and Agency Obligations				
US Treasury Notes	$ 14,032,252	$ 14,032,252	$ -	$ -
US Treasury Bonds	1,065,121	1,065,121	-	-
US Agencies	37,906,607	-	37,906,607	-
Other Municipal Agencies	1,331,405	-	1,331,405	-
Total General and PIF Fund Investments	$ 54,335,385	$ 15,097,373	$ 39,238,012	$ -

Note 3 – Cash, Cash Equivalents and Investments (continued)

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Examining the maturities of the Funds' securities can reveal information about interest rate risk. Investment securities along with maturities of the Commission's debt securities, as of June 30 consist of the following:

	Total	Maturities (in Years)		
As of June 30, 2016	Fair Value	Less Than 1	1 - 5	Greater Than 5
US Agencies	$ 39,638,787	$ 3,160,326	$ 36,434,584	$ 43,877
US Treasuries	11,196,395	-	11,196,395	-
Other government securities	1,038,872	720,887	317,985	-
	$ 51,874,054	$ 3,881,213	$ 47,948,964	$ 43,877

	Total	Maturities (in Years)		
As of June 30, 2015	Fair Value	Less Than 1	1 - 5	Greater Than 5
US Agencies	$ 37,906,607	$ 4,558,723	$ 33,294,205	$ 53,679
US Treasuries	15,097,373	1,014,060	14,083,313	-
Other government securities	1,331,405	295,089	816,834	219,482
	$ 54,335,385	$ 5,867,872	$ 48,194,352	$ 273,161

Investment Securities – Bond Funds

Bond Funds

Single-Family Homeownership Program – The Single-family program indentures require that investments be made with proper regard for the preservation of principal and with maturities that provide sufficient liquidity to meet obligations.

During the fiscal years ending June 30, 2016 and June 30, 2015 investments held in the Single-family program indentures included Guaranteed Investment Contracts, non-purpose MBSs, and short term repurchase agreements.

Note 3 – Cash, Cash Equivalents and Investments (continued)

Non-Purpose MBS – During the year, the Commission invests available Single Family bond fund reserves by purchasing MBSs originated through its Single Family Homeownership programs in advance of issuing bonds. These investments are recorded at fair market value. However, no such investments were held at June 30, 2016 or 2015.

Short-term repurchase agreements – In April 2015, the Commission entered into a Mortgage Loan purchase and sale agreement ("ML Liquidity Repurchase Agreement") with its Master Servicer, Alabama Housing Finance Authority ("AHFA"), to provide funds to the Master Servicer to purchase approved mortgage loans originated under the Commission's Home Advantage program. The purpose of this agreement is to promote the continued success of the program by assuring timely purchase of qualified mortgage loans and are intended to be held by the Commission for less than 120 days. For reporting purposes, the Commission considers these as non-purpose investments in the Single Family bond program.

AHFA agrees to repurchase these mortgage loans on the earlier of each monthly settlement date, immediately upon receipt of funds resulting from the sale of the security including the mortgage loans or 120 days following purchase. AHFA guarantees the repurchase of each mortgage loan, regardless of disposition and at the original principal amount funded plus interest at the note rate from funding to repurchase date. The repurchase agreement is collateralized by the underlying loans and held by the Commission until repurchase, minimizing custody risk. The loans are conveyed using an assignment of ownership. The maximum duration of 120 days limits the Commission's interest rate risk. The short-term nature of the investments as well as the fact that each loan within the collateral pool was originated under the Home Advantage program guidelines and approved for purchase after Commission review mitigates concentration risk.

Note 3 – Cash, Cash Equivalents and Investments (continued)

The first purchase under this agreement occurred on July 8, 2015. During the year ended June 30, 2016, the Commission purchased $435.6 million of loans while AHFA repurchased $367.2. As of June 30, 2016 the Commission held 322 loans with a total principal balance remaining of $68.4 million and an average number of days held by the Commission of 10 days and a maximum of 85 days. Because the principal return is guaranteed by AHFA, an agency with a general obligation Moody's rating of Aaa, and the short-term duration of the holding period, the Commission considers the fair value to be equivalent to the loan face value. The repurchase agreement does not have an observable market; therefore, the fair value classification is considered to be a Level 3 input.

As of June 30, 2016		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase agreements				
Alabama Housing Finance Agency	$ 68,381,225	$ -	$ -	$ 68,381,225
Total Single Family Bond Program Investments	$ 68,381,225	$ -	$ -	$ 68,381,225

Conduit Financing Programs – Investment risk in the bond programs accrues to the borrower in the Conduit Financing Programs. The indenture for each bond issue outlines the permitted investments for that transaction. During the fiscal years ending June 30, 2016 and June 30, 2015, investments consisted of GICs, US Treasuries, US government agencies, and commercial paper. Investments are held by the Trustee in the name of the bond issue, thereby minimizing custodial credit risk. Concentration and interest rate risk in these programs does not affect the Commission since the risk is borne by the borrower.

Note 3 – Cash, Cash Equivalents and Investments (continued)

Investments held at June 30:

As of June 30, 2016		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Government and Agency Obligations				
US Treasury Notes and Bills	$ 13,493,142	$ 13,493,142	$ -	$ -
US Agencies	12,431,995	-	12,431,995	-
Total Government and Agency Obligations	25,925,137	13,493,142	12,431,995	-
Other Investments				
Commercial Paper	101,101,659	-	101,101,659	-
Guaranteed Investment Contracts (stated at cost)	4,144,569	-	-	-
Total Other Investments	105,246,228	-	101,101,659	-
Total Bond Fund Investments	$ 131,171,365	$ 13,493,142	$ 113,533,654	$ -

As of June 30, 2015		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Government and Agency Obligations				
US Treasury Notes and Bills	$ 15,977,050	$ 15,977,050	$ -	$ -
US Agencies	10,482,194	-	10,482,194	-
Total Government and Agency Obligations	26,459,244	15,977,050	10,482,194	-
Other Investments				
Commercial Paper	48,489,695	-	48,489,695	-
Guaranteed Investment Contracts (stated at cost)	5,280,567	-	-	-
Total Other Investments	53,770,262	-	48,489,695	-
Total Bond Fund Investments	$ 80,229,506	$ 15,977,050	$ 58,971,889	$ -

Note 4 – Mortgage-Backed Securities

The bond proceeds for all Single-family Homeownership Program bond issues issued since 1988 have been used to purchase mortgage-backed securities in which principal and interest are guaranteed by either the Ginnie Mae, Freddie Mac, or Fannie Mae, whose guarantee is backed by the full faith and credit of the U.S. government. Two bond issues in the Conduit Financing Programs also contain mortgage-backed securities.

For the fiscal years ended June 30, 2016 and 2015, the net decrease in fair market value from that of the prior year end, based upon quoted market price at the fiscal year end, was $6,791,481 and $10,661,954, respectively. The following table shows the sources of the gains and losses on mortgage-backed securities on the statements of revenue, expenses, and changes in net position for 2016 and 2015 by program.

Unrealized loss on mortgage-backed securities as of June 30:

	2016				2015			
	Single Family Program Bonds	Homeownership Program Bonds	Multifamily & Non-Profit Housing	Total	Single Family Program Bonds	Homeownership Program Bonds	Multifamily & Non-Profit Housing	Total
Unrealized loss due to adjustment to market value	$ (3,839,575)	$ (2,901,542)	$ (50,364)	$ (6,791,481)	$ (5,640,774)	$ (4,412,454)	$ (608,726)	$(10,661,954)

Cumulative unrealized gains at June 30 2016 and 2015, were $38,063,063 and $44,854,534, respectively, and are included in the balance of mortgage-backed securities on the statement of net position.

Note 5 – Furniture, Fixtures and Equipment

Furniture, fixtures and equipment as shown below at June 30, 2016 and 2015, are included in prepaid fees and other on the statements of net position.

	Useful Life	July 1, 2015	Increase	Decrease	June 30, 2016
Furniture, fixtures and equipment	3 to 10 years	$ 1,606,648	$ 228,302	$ (11,856)	$ 1,823,094
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		1,782,706	228,302	(11,856)	1,999,152
Less accumulated depreciation		(1,630,086)	(39,810)	-	(1,669,896)
Net book value		$ 152,620	$ 188,492	$ (11,856)	$ 329,256

	Useful Life	July 1, 2014	Increase	Decrease	June 30, 2015
Furniture, fixtures and equipment	3 to 10 years	$ 1,532,012	$ 74,636	$ -	$ 1,606,648
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		1,708,070	74,636	-	1,782,706
Less accumulated depreciation		(1,598,580)	(31,506)	-	(1,630,086)
Net book value		$ 109,490	$ 43,130	$ -	$ 152,620

Note 6 – Bonds and Notes Payable

Bonds issued by the Commission are limited obligations payable solely from and secured by a pledge of the mortgage loans (including any insurance payments made with respect thereto), restricted investments, undisbursed bond proceeds and the earnings thereon held under the indenture authorizing the bonds.

As of June 30, 2016, the Commission had outstanding notes and bonds of $3.7 billion bearing interest varying in rates as listed below:

	Low	High
Single-family Program	0.41%	5.20%
Homeownership Program	2.25%	5.30%
Multi Family Program	0.42%	9.50%
Nonprofit Housing Program	0.40%	7.50%
Nonprofit Facilities Program	0.40%	6.63%

Derivative Instruments – Interest Rate Swaps

Single-Family Homeownership Program – The Commission has entered into interest rate swap agreements ("swaps") in connection with issuing variable rate mortgage revenue bonds. The intention of the swaps is to create debt with synthetic interest rates with ranges that are lower than would have been achievable from long-term fixed rate bonds to achieve the Commission's goal of lending to low- and moderate-income first-time home buyers at below market, fixed interest rates. The swaps are considered to be hedging derivative instruments. Additional information, including the fair market value of each swap, is listed below.

Using rates as of June 30, 2016, debt service requirements of the outstanding variable rate debt and associated net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2017	$ 8,972,500	$ 38,197	$ 267,147	$ 9,277,844
2018	6,740,000	28,701	200,931	6,969,632
2019	4,697,500	20,010	140,262	4,857,772
2020	2,837,500	12,091	84,872	2,934,463
2021	1,272,500	5,430	38,303	1,316,233
2022	310,000	1,333	4,079	315,412

Note 6 – Bonds and Notes Payable (continued)

The terms and counterparty credit ratings of the outstanding swaps as of June 30, 2016 are shown below. The notional amounts of the swaps match principal amounts of the associated debt as of June 30, 2016. The notional amounts are expected to approximately follow scheduled or anticipated reductions in the principal amounts of the associated debt.

Associated Bond Series	Current Notional Amount	Current Principal Amount	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2008 VR-1A	$ 5,430,000	$ 5,430,000	July 22, 2008	3.629%	SIFMA plus 10bps	$ (410,190)	December 1, 2021	Aaa
2008 VR-2N	4,120,000	4,120,000	September 25, 2008	3.249%	SIFMA plus 5 bps	(253,269)	June 1, 2021	Aaa
	$ 9,550,000	$ 9,550,000				$ (663,459)		

The fair values presented in the foregoing tables were estimated by the Commission's counterparties to the swaps and approximate the termination payments that would have been due had the swaps been terminated as of June 30, 2016. A negative fair value represents the estimated amount payable by the Commission had the swaps been terminated on June 30, 2016. The interest rate swap does not have an observable market; therefore, the fair value classification is considered to be a Level 3 input.

The maturity of the variable debt exceeds that of the swaps by a range of 14.5 to 27 years creating the risk that variable rates after the swaps terminate may exceed the maximum swap fixed rates to the Commission and that the Commission might not be able to obtain subsequent interest rate agreements that limit interest at or below these levels.

The Commission's swap contracts are based upon the International Swap Dealers Association Master Agreement, which includes standard termination events. The swap contracts may be terminated by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the market value of the swap. The potential termination risks to the Commission are the liability for termination payments to the counterparty or the inability to replace the swaps under favorable financial terms. To reduce the Commission's termination risk, the swap contract limits the counterparty's ability to terminate due to the following Commission actions or events: payment defaults, other defaults that remain uncured for 30 days after notice, bankruptcy and insolvency.

The terms of the swaps expose the Commission to potential credit risk with the counterparties upon the occurrence of a termination event. The swap agreements contain collateral requirements based upon counterparty credit ratings and the fair value of the swaps. These bi-lateral requirements are established to mitigate potential credit risk exposure. These requirements were met as of June 30, 2016 and June 30, 2015.

The Commission may incur amortization risk because the Commission may receive prepayments from the mortgage loans portfolio that cannot be used to call other bonds of the same Series or to cross-call into other Series. The flexibility of the Commission's operating policy and other series of bonds as well as the use of Planned Amortization Class ("PAC") Bonds for restricted principal payments minimizes this risk. Additionally, the Commission may terminate the swaps at market value at any time.

Note 6 – Bonds and Notes Payable (continued)

The Commission incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Commission pays a variable rate on its bonds based on a weekly remarketing rate but, under the terms of its swap, receives a variable rate based upon the weekly SIFMA rate, plus a specified spread as outlined in the table above, which is based upon AA variable rate demand bonds. Basis risk will vary over time due to inter-market conditions. As of June 30, 2016, the interest rate on the Commission's variable rate debt with swaps ranged from 0.42% to 0.43% per annum while the variable interest rate on the corresponding swaps was 0.41% per annum (SIFMA at June 30, 2016). As of June 30, 2015, the interest rate on the debt ranged from 0.08% to 0.10% per annum while interest on the corresponding swap was 0.07% (SIFMA at June 30, 2015). In order to reduce the cumulative effect of basis risk the variable rate determination structure included cash flow modeling with bond rate assumptions consistent with the terms of the associated swap.

The structure of the variable interest rate payments the Commission receives from its swap contracts is based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. Tax risk represents a risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Commission has chosen to assume this risk because it was not economically feasible to transfer to the swap counterparties.

Conduit Financing Programs – While borrowers in these programs may enter into interest rate swaps on these transactions, the Commission is neither a party to, nor a beneficiary of these contracts and does not include them in its financial statements.

Bond Defeasance

Defeasance amounts are deposited in irrevocable trusts to provide for all future debt service payments on the bonds. Accordingly, neither the assets of the respective trust accounts or the liabilities for the defeased bonds are reflected in the Commission's financial statements. Funds held in the respective trust accounts are qualifying U.S. government securities and are assumed sufficient to service and redeem the defeased bonds. Because of the nature of the programs, reporting varies.

Single-Family Homeownership Program – The difference between the cost to defease outstanding debt and the carrying value of bonds defeased by refunding bonds is deferred and amortized over the shorter of the remaining term of the refunded bonds or the term of the refunding bonds, using the straight-line method.

On December 10, 2015, the Commission issued Series 2015 1 A-R bonds of $38,845,000 with an effective interest rate of 3.022%. The bond proceeds, including premium received of $1,018,164 were used to refund $39,865,000 of outstanding 2006 Series 2, 2006 Series 3, 2006 Series 5. As a result of the current refunding, the Commission reduced its total debt service requirements by $8,759,339, which resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of $6,766,031.

Note 6 – Bonds and Notes Payable (continued)

On May 26, 2016, the Commission issued Series 2016 1 A-R bonds of $30,500,000 with an effective interest rate of 2.869%. The bond proceeds, including premium received of $1,216,802 were used to refund $31,720,000 of outstanding 2005 Series VR-2, 2006 Series 6, 2007 Series 1. As a result of the current refunding, the Commission reduced its total debt service requirements by $2,765,038, which resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of $3,534,988.

The fiscal year ended June 30, 2015 included the following defeasance transactions:

On May 28, 2015, the Commission issued taxable Homeownership Program Bonds Series 2015 A B of $69,370,000 with an effective interest rate of 3.12%. The bond proceeds were used to refund $69,370,000 of outstanding 2009 Series AC1 and AC2 bonds issued under the New Issue Bond Program (“NIBP”). As a result of the current refunding, the Commission reduced its total debt service requirements by $1,940,701, which resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of $9,168,586.

On December 18, 2014, the Commission issued Series 2014 2A-R, and 2N-R bonds of $28,715,000 with an effective interest rate of 2.997%. The bond proceeds were used to refund $29,685,000 of outstanding 2005 Series 1, 2005 Series 2, 2005 Series 3, 2005 Series 4, and 2006 Series 1 bonds. As a result of the current refunding, the Commission reduced its total debt service requirements by $5,505,775, which resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of $5,640,806.

Conduit Financing Programs – No difference between the cost to defease outstanding debt and the carrying value of bonds defeased by refunding bonds is calculated, amortized or disclosed since the cash flows and economic gain or loss accrues to the borrower and not the Commission as the conduit issuer.

Note 6 – Bonds and Notes Payable (continued)

Future principal and interest payments and bonds outstanding – Bonds mature in varying amounts through 2054. The following table is based on scheduled terms of the bond agreements; however, refinancing or early redemptions may periodically occur. As of June 30, 2016, future principal and interest requirements per the bond agreements are as follows:

Fiscal Year June 30,	Total Principal Redemptions	Total Interest Payments	Total Debt Service
2017	$ 55,336,714	$ 109,676,551	$ 165,013,265
2018	47,161,890	110,429,601	157,591,491
2019	55,041,919	107,625,603	162,667,522
2020	41,848,546	106,335,499	148,184,045
2021	77,717,864	104,552,392	182,270,256
2022-2026	333,378,098	485,869,207	819,247,305
2026-2031	466,416,168	411,340,126	877,756,294
2031-2036	705,889,310	284,251,584	990,140,894
2036-2041	882,701,882	193,423,789	1,076,125,671
2041-2046	631,805,805	107,015,266	738,821,071
2046-2051	340,344,321	30,763,889	371,108,210
2051-2055	90,036,500	3,186,675	93,223,175
	$ 3,727,679,017	$ 2,054,470,182	$ 5,782,149,199

Changes in bonds outstanding during the fiscal year ended June 30, 2016, are summarized in the following table:

June 30, 2015	Issued	Redeemed	June 30, 2016
$ 3,419,567,146	$ 777,406,966	$ 469,295,095	$ 3,727,679,017

Note 7 – Commitments

Mortgage loans – The Commission has committed to purchase mortgage loans to the extent qualified loans are available under each of the programs currently in the acquisition phase. The Commission's commitments by program as of June 30, 2016, are shown below:

Mortgage Loan, Commitments Program	Amount
Single Family Housing Program	$ 4,209,693
Multifamily Housing Program	10,752,470
Nonprofit Housing Program	80,492,328
Nonprofit Facilities Program	2,667,787
	$ 98,122,278

Operating lease – The Commission has a lease commitment for office space on a long-term basis. Lease expense for the fiscal years ended June 30, 2016 and 2015 was $690,600 and $635,922, respectively. Future minimum lease payments for the lease agreement that ends in fiscal year 2021 are below:

2017	$ 691,539
2018	754,406
2019	754,406
2020	754,406
2021	754,406
	$ 3,709,163

Lines of credit – On April 22, 2013, the Commission agreed to provide Impact Capital, a Community Development Financial Institution, a revolving liquidity loan, with an amount not to exceed $2 million. The agreement was renewed on January 28, 2016. However, as of June 30, 2016 and June 30, 2015, no funds had been drawn.

During the fiscal year ending June 30, 2016, the Commission, as a nonmember borrower of the Federal Home Loan Bank ("FHLB"), entered into a collateralized line of credit agreement. This agreement allowed the Commission to access short term funds to meet liquidity needs. During the fiscal year, the Commission accessed $4 million from this line. However, no balance remained outstanding as of June 30, 2016.

Note 8 – Employee Benefit Plans

Deferred compensation plan – The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Commission employees, permits them to defer a portion of their salaries until future years. The deferred compensation is paid to employees upon termination, retirement, death or unforeseeable emergency. The money is held under a separate fund by the State; therefore, neither an asset nor liability is recorded on the Commission's financial statements.

Retirement (pension) plan – The Commission's employees participate in the PERS of the State. The legislature established PERS in 1947. PERS is a cost-sharing multiple-employer retirement system. Membership in the system includes elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of legislative committees; community colleges, college and university employees not in national higher education retirement programs such as TIAA/CREF; judges of district and municipal courts; noncertified employees of school districts, and employees of local government. Approximately 50% of PERS salaries are from State employment. Within the PERS, the Commission's employees are eligible to participate in Plans 2 and 3. Plan 2 and a portion of Plan 3 are defined benefit plans. Plan 3 includes a defined contribution component. Each employee is responsible for plan selection.

Commission employees may retire at the age of 65 with five years of service or at age 55 with 20 years of service, with an allowance of 2% per year of service of the average final salary (average final compensation is based on the greatest compensation during any consecutive 60-month period) for PERS plan 2 and 1% for PERS plan 3. Retirements prior to age 65 are reduced by amounts dependent on age and service date. A cost-of-living allowance on the benefit is added, based on the Seattle Consumer Price Index, capped at 3% annually. PERS Plans 2 and 3 benefits include duty and non-duty disability payments and a one-time duty related death benefit.

PERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to PERS accrue interest at a rate specified by the Department of Retirement Services (DRS). The DRS-established rate of interest on employee contributions was 5.5%, compounded quarterly. Retirement benefit provisions are established in State statute and may be amended only by the State legislature. Employees in PERS can elect to withdraw total employee contributions and interest earnings thereon upon termination. PERS defined benefits are vested after an employee completes five years of eligible service for Plan 2 participants. For PERS plan 3 participants, defined benefits are vested after ten years of eligible service or after five years if twelve months of that service are earned after age 44.

Each biennium the legislature establishes employer and employee contribution rates. These rates are developed by the Office of the State Actuary to fully fund the plan. All employers are required to contribute at the level established by the legislature. The methods used to determine the contribution requirements are established under State statute in accordance with chapters RCW 41.40 and 41.45. While no Commission employees are eligible to participate in PERS Plan 1, the employer rate for participants in Plans 2 and 3 include a component to address the PERS Plan 1 unfunded actuarial accrued liability. PERS Plan 1 is closed to new participants.

Note 8 – Employee Benefit Plans (continued)

The Commission and employee required contribution rates and amounts to the pension plan for the fiscal years 2016 and 2015 are detailed below:

	2016		2015	
	Rate	Amount	Rate	Amount
Employer contributions				
Plan 1 component	4.76%	$ 252,076	4.01%	$ 191,004
Plan 2 and 3 component	6.41%	339,133	5.20%	247,802
	11.17%	$ 591,209	9.21%	$ 438,806

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS financial statements, which may be obtained at:

Washington State Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

The DRS retirement plans are accounted for in pension trust funds using the flow of economic-resources-measurement focus and the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments held by the plans are reported at fair value. As of the most recent period available, fiscal year ended June 30, 2015, DRS reported a total net pension liability for Plan 1 of $5.2 billion, and a total net pension liability for Plan 2 and 3 of $3.6 billion.

At June 30, 2016, the Commission recognized its proportionate share of the net pension liabilities of Plan 1, and Plans 2 and 3 of $2,165,498 and $1,936,303, respectively, which is included in accounts payable and other liabilities within the General Operating Fund. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. Plan liabilities were rolled forward using each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. The Commission's proportion of net pension liability was based upon its contributions in relation to all other employer and non-employer contributions to the plan. The Commission's proportions used for measurement of its obligations as of June 30, 2016 and 2015, were:

	2015	2014	Change
Plan 1	0.0415%	0.0411%	0.00038%
Plans 2 and 3	0.0536%	0.0529%	0.00069%

Note 8 – Employee Benefit Plans (continued)

The change in Commission proportions were determined to not be material, therefore a deferral of the impact of the change was not recognized.

For the years ended June 30, 2016 and June 30, 2015, the Commission recognized pension expense of $635,648 and $799,317, respectively. At June 30, 2016 and 2015, the Commission recognized deferred outflows and inflows of resources related to pension obligations from the following sources:

As of June 30, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
Plan 1		$ 116,920
Plans 2 and 3		500,389
Contributions subsequent to the measurement date	$ 571,841	
Total	$ 571,841	$ 617,309

As of June 30, 2015	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
Plan 1		$ 258,908
Plans 2 and 3		1,133,853
Contributions subsequent to the measurement date	$ 422,003	
Total	$ 422,003	$ 1,392,761

The $571,841 reported as deferred outflows of resources related to pensions resulting from the Commissions contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows for years ending June 30:

2017	$ 241,375
2018	241,375
2019	241,375
2020	(106,816)

Note 8 – Employee Benefit Plans (continued)

The total pension liability in the June 30, 2014, actuarial valuation, which was rolled forward to June 30, 2015, was determined using the following actuarial assumptions.

Inflation	
Economic	3.00%
Salary	3.75%
(Salaries are also expected to grow by promotions and longevity)	
Investment rate of return	7.50%
Discount rate	7.50%

Mortality rates were based on the RP-2000 report's combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The Office of State Actuary applied offsets to the based table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year through his or her lifetime.

The long-term expected rate of return on pension plan investments was determined using a building-block method. The Washington State Investment Board ("WSIB") used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of the WSIB's Capital Market Assumptions ("CMAs"). WSIB uses the CMAs and their target asset allocations to simulate future investment returns at various future times. The long-term expected rate of return of 7.50% approximately equals the median of the simulated investment returns over a 50 year time horizon, adjusted to remove or dampen any short-term changes to WSIB's CMAs that aren't expected over the entire 50-year measurement period.

The target allocation and best estimates of arithmetic real rates of return for each major asset class (as of PERS year-end June 30, 2015), including an inflation component of 2.20%, are summarized in the following table:

Asset Class	Target Allocation	% Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Note 8 – Employee Benefit Plans (continued)

The discount rate used to measure the total pension liability was 7.50%. The rate was determined by completing an asset sufficiency test on whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.70% long-term discount rate to determine funding liabilities for calculation future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.50% future investment rate of return on investment assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based upon 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 of 7.50% was used to determine the total liability.

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.50% as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Plan 1	$ 2,642,140	$ 2,165,498	$ 1,763,969
Plan 2 and 3	$ 5,598,978	$ 1,936,303	$ (906,035)

Note 9 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; natural disasters and acts of terrorism for which the agency carries commercial insurance. As of June 30, 2016, there were no known asserted or unasserted claims or judgments against the Commission.

The Commission may be subject to various threatened or pending legal actions, contingencies and commitments in the normal course of conducting its business. The Commission provides for costs or income related to a settlement of these matters when a loss or gain is probable and the amount can be reasonably estimated. The effect of the outcome of these matters on the Commission's future results of operations and liquidity cannot be predicted because any such effect depends on future results of operations and the amount and timing of the resolution of any such matters. While it is not possible to predict with certainty, management believes that the ultimate resolution of any such matters will not have a material adverse or beneficial effect on the financial position of the Commission.

Note 10 – Related Party Transactions

The Commission provides staff and administrative services to the following state agencies as of and for the years ended June 30, 2016 and 2015:

Charges for Services	2016	2015
Washington Higher Education Facilities Authority	$ 241,432	$ 212,812
Tobacco Settlement Authority	$ 25,508	$ 67,117
Receivable From		
Washington Higher Education Facilities Authority	$ 38,094	$ 89,020
Tobacco Settlement Authority	$ 4,656	$ 24,026

Note 11 – Subsequent Events

Subsequent to June 30, 2016, the Commission issued $459.9 million in additional bonds and the trustees, under the normal and early redemption provisions of the trust indenture, have redeemed $281.0 million in bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability

PLAN 1	2016	2015
WSHFC's portion of net pension liability	0.0415%	0.0411%
WSHFC's proportionate share of the net pension liability	$ 2,165,498	$ 2,065,694
WSHFC's covered employee payroll	N/A	N/A
WSHFC's proportionate share of the net pension liability as a percentage of its covered employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	59.10%	61.19%

PLAN 2 and 3	2016	2015
WSHFC's portion of net pension liability	0.0536%	0.0529%
WSHFC's proportionate share of the net pension liability	$ 1,936,303	$ 1,047,010
WSHFC's covered employee payroll	$ 4,764,468	$ 4,556,682
WSHFC's proportionate share of the net pension liability as a percentage of its covered employee payroll	40.64%	22.98%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	93.29%

Schedule of Contributions

PLAN 1	2016	2015
Statutorily-required contributions	$ 190,655	$ 181,929
Contributions in related to the statutorily-required contributions	190,655	181,929
Contribution (deficiency) excess	$ -	$ -
WSHFC's covered-employee payroll	N/A	N/A
Contribution as a percentage of covered-employee payroll	N/A	N/A

PLAN 2 and 3	2016	2015
Statutorily-required contributions	$ 238,702	$ 223,548
Contributions in related to the statutorily-required contributions	238,702	223,548
Contribution (deficiency) excess	$ -	$ -
WSHFC's covered-employee payroll	$ 4,764,468	$ 4,556,682
Contribution as a percentage of covered-employee payroll	5.01%	4.91%

Plan 1 – No Commission employees are eligible for PERS 1. Commission contributions are required in order to address the PERS 1 unfunded actuarial accrued liability. Therefore, covered payroll and contributions as a percentage of covered payroll is not applicable to Plan 1.

SUPPLEMENTAL INFORMATION

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM NET POSITION

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Restricted Bond Fund		
	Single-family Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program
CASH AND CASH EQUIVALENTS	$ 23,073,508	$ 11,866,834	$ 51,440,392
INVESTMENTS			
U.S. government and agencies securities	-	-	8,727,119
Investment agreements and other investments	68,381,225	-	615,719
	68,381,225	-	9,342,838
ACCRUED INTEREST RECEIVABLE	1,246,774	492,437	2,202,405
FEES RECEIVABLE, net	-	-	-
OTHER RECEIVABLES	1,403,785	-	-
INTERFUND LOANS	(30,000,000)	4,000,000	-
MORTGAGE-BACKED SECURITIES, cost	354,999,424	149,113,421	13,915,697
Cumulative unrealized gain on mortgage-backed securities	25,330,938	12,695,943	36,182
MORTGAGE-BACKED SECURITIES, fair value	380,330,362	161,809,364	13,951,879
MORTGAGE LOANS, net	-	-	2,030,787,053
PREPAID FEES AND OTHER	-	-	27,077
TOTAL ASSETS	444,435,654	178,168,635	2,107,751,644
DEFERRED OUTFLOWS OF RESOURCES	663,459	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 445,099,113	$ 178,168,635	$ 2,107,751,644

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2016	June 30, 2015
$ 30,441,344	$ 5,224,395	$ 6,332,422	$ 50,918	$ 128,429,813	$ 233,213,484
17,198,018	-	20,237,026	31,637,028	77,799,191	80,794,629
104,630,509	-		-	173,627,453	58,639,407
121,828,527	-	20,237,026	31,637,028	251,426,644	139,434,036
11,755,211	374,601	370,117	636,647	17,078,192	8,922,838
-	-	5,553,081	279,154	5,832,235	4,762,203
-	-	-	-	1,403,785	708,065
-	-	-	26,000,000	-	-
-	-	-	-	518,028,542	570,599,863
-	-	-	-	38,063,063	44,854,534
-	-	-	-	556,091,605	615,454,397
749,789,535	329,077,027	-	186,524,673	3,296,178,288	2,862,449,297
-	-	570,779	-	597,856	434,893
913,814,617	334,676,023	33,063,425	245,128,420	4,257,038,418	3,865,379,213
-	-	571,841	-	1,235,300	1,284,922
$ 913,814,617	$ 334,676,023	$ 33,635,266	$ 245,128,420	$ 4,258,273,718	$ 3,866,664,135

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Restricted Bond Fund		
	Single-family Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 10,990,376	$ 496,815	$ 38,818,577
ACCRUED INTEREST PAYABLE	915,351	961,805	5,826,094
UNEARNED-REVENUE AND OTHER	-	-	-
DERIVATIVE INSTRUMENT - INTEREST RATE SWAP	663,459	-	-
PROJECT EQUITY HELD FOR BORROWER	-	-	637,277
BONDS PAYABLE			
Current interest bonds	314,730,000	87,315,000	2,008,012,233
Taxable bonds	15,054,496	64,489,096	53,846,072
Unamortized bond discount	-	-	-
Unamortized bond premium	3,576,033	859,377	-
	333,360,529	152,663,473	2,061,858,305
TOTAL LIABILITIES	345,929,715	154,122,093	2,107,140,253
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Restricted			
Bond operations	99,169,398	24,046,542	611,391
Grants and donations to Program Investment Fund	-	-	-
Net investment in capital assets	-	-	-
Unrestricted			
General operations	-	-	-
Housing Washington	-	-	-
Program Investment Fund	-	-	-
	99,169,398	24,046,542	611,391
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 445,099,113	$ 178,168,635	$ 2,107,751,644

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2016	June 30, 2015
$ 42,460,640	$ 2,039,925	$ 6,640,296	$ 36,982,886	$ 138,429,515	$ 108,545,743
16,008,435	891,284	-	-	24,602,969	20,352,137
-	-	10,226,551	-	10,226,551	13,605,992
-	-	-	-	663,459	862,919
-	-	-	-	637,277	1,235,179
850,687,306	319,588,186	-	-	3,580,332,725	3,255,385,240
1,800,000	12,156,628	-	-	147,346,292	164,181,906
(136,051)	-	-	-	(136,051)	(308,265)
2,994,287	-	-	-	7,429,697	6,467,014
855,345,542	331,744,814	-	-	3,734,972,663	3,425,725,895
913,814,617	334,676,023	16,866,847	36,982,886	3,909,532,434	3,570,327,865
-	-	617,309	-	617,309	1,392,761
-	-	-	-	123,827,331	121,774,203
-	-	-	1,082,696	1,082,696	1,082,696
-	-	329,256	-	329,256	152,620
-	-	15,523,475	-	15,523,475	13,763,918
-	-	298,379	-	298,379	247,127
-	-	-	207,062,838	207,062,838	157,922,945
-	-	16,151,110	208,145,534	348,123,975	294,943,509
$ 913,814,617	$ 334,676,023	$ 33,635,266	$ 245,128,420	$ 4,258,273,718	$ 3,866,664,135

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN PROGRAM NET POSITION

	Restricted Bond Fund		
	Single-family Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program
REVENUES			
Interest earned on mortgage loans and mortgage-backed securities	$ 16,356,753	$ 6,633,743	$ 40,197,048
Other interest and investment income (loss)	1,147,150	11,715	70,730
Unrealized loss on mortgage-backed securities	(3,839,575)	(2,901,542)	(50,364)
Other fee income	1,367,192	441,376	1,763,937
Nonoperating revenues - grants	-	-	-
	15,031,520	4,185,292	41,981,351
EXPENSES			
Interest on debt	11,634,144	5,925,769	39,897,903
Amortization of bond discount	-	-	-
Amortization of bond premium	(892,398)	(355,677)	-
Bond issuance costs	1,316,335	97,822	1,761,737
Amortization of bond insurance premium	-	-	2,200
Servicing and commission fees	1,397,513	441,377	24,570
Salaries and wages	-	-	-
Communication and office expense	-	-	-
Professional fees	-	-	-
Trustee and paying agent fees	94,752	38,156	5,929
Other	180,322	-	-
Nonoperating expenses - grants	-	-	-
	13,730,668	6,147,447	41,692,339
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	1,300,852	(1,962,155)	289,012
NET POSITION			
Balance, beginning of year	95,443,127	26,008,697	322,379
Cumulative effect of change in accounting principle	-	-	-
Balance, beginning of the year, as restated	95,443,127	26,008,697	322,379
Contribution (distribution) of equity	2,425,419	-	-
Balance, end of year	$ 99,169,398	$ 24,046,542	$ 611,391

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Years Ended June 30, 2016	2015
$ 37,547,423	$ 6,921,179	$ -	$ -	$ 107,656,146	$ 95,749,754
(7,346)	3,851	1,493,484	-	2,719,584	1,132,195
-	-	-	-	(6,791,481)	(10,661,954)
3,327,001	458,737	25,952,581	41,389,161	74,699,985	51,479,505
-	-	5,577,935	-	5,577,935	5,705,642
40,867,078	7,383,767	33,024,000	41,389,161	183,862,169	143,405,142
37,643,480	6,925,030	-	-	102,026,326	90,474,796
172,214	-	-	-	172,214	47,984
(275,617)	-	-	-	(1,523,692)	(1,739,294)
3,327,001	458,737	-	-	6,961,632	2,515,736
-	-	-	-	2,200	2,231
-	-	-	-	1,863,460	2,105,311
-	-	7,811,389	-	7,811,389	7,070,657
-	-	2,481,315	-	2,481,315	2,789,534
-	-	1,274,791	-	1,274,791	1,190,234
-	-	-	-	138,837	171,152
-	-	-	-	180,322	2,751,167
-	-	5,577,935	3,714,974	9,292,909	5,799,000
40,867,078	7,383,767	17,145,430	3,714,974	130,681,703	113,178,508
-	-	15,878,570	37,674,187	53,180,466	30,226,634
-	-	14,163,665	159,005,641	294,943,509	268,423,023
-	-	-	-	-	(3,706,148)
-	-	14,163,665	159,005,641	294,943,509	264,716,875
-	-	(13,891,125)	11,465,706	-	-
$ -	$ -	$ 16,151,110	$ 208,145,534	$ 348,123,975	$ 294,943,509

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM CASH FLOWS

	Restricted Bond Fund		
	Single-family Housing Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program
OPERATING ACTIVITIES			
Receipts for interest on mortgages	$ 16,023,198	$ 6,782,691	$ 43,029,164
Receipts for other fee income	1,471,472	441,376	-
Receipts for loans and mortgage prepayments	65,995,462	43,207,912	151,350,380
Payments for acquisition of loans and mortgages	(56,265,519)	-	(456,389,269)
Payments for bond program expenses	(637,471)	(581,397)	(1,792,236)
Payments to employees and suppliers	-	-	-
Net cash from (used for) operating activities	26,587,142	49,850,582	(263,801,961)
INVESTING ACTIVITIES			
Purchase of investments	(485,143,225)	-	(10,464,026)
Sale of investments	421,631,145	-	11,365,191
Interest received on investments	1,160,600	10,164	80,566
Net cash from (used for) investing activities	(62,351,480)	10,164	981,731
NONCAPITAL FINANCING ACTIVITIES			
Project equity used, net	-	-	(597,902)
Proceeds from sale of bonds and notes	129,345,000	-	410,111,533
Proceeds from short-term loan from other fund	35,000,000	-	-
Short-term loan provided to other fund	-	(4,000,000)	-
Interest paid on debt	(11,787,111)	(6,255,715)	(39,283,350)
Debt repayments	(145,646,099)	(46,226,414)	(151,350,380)
Contributions	2,425,419	-	-
Net cash from (used for) noncapital financing activities	9,337,209	(56,482,129)	218,879,901
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,427,129)	(6,621,383)	(43,940,329)
CASH AND CASH EQUIVALENTS			
Beginning of year	49,500,637	18,488,217	95,380,721
End of year	$ 23,073,508	$ 11,866,834	$ 51,440,392

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Year Ended June 30, 2016
$ 32,094,689	$ 7,243,355	$ -	$ -	$ 105,173,097
-	-	26,414,727	41,140,498	69,468,073
57,508,214	53,323,439	-	14,531,007	385,916,414
(131,934,057)	(32,072,156)	-	(65,418,616)	(742,079,617)
(3,075,590)	(458,737)	-	-	(6,545,431)
-	-	(16,200,967)	(572,665)	(16,773,632)
(45,406,744)	28,035,901	10,213,760	(10,319,776)	(204,841,096)
(342,967,413)	-	(20,237,026)	-	(858,811,690)
288,204,283	2,939,958	-	22,698,357	746,838,934
(341,328)	3,604	1,378,100	-	2,291,706
(55,104,458)	2,943,562	(18,858,926)	22,698,357	(109,681,050)
-	-	-	-	(597,902)
198,554,056	24,155,826	-	-	762,166,415
-	-	-	-	35,000,000
-	-	-	(31,000,000)	(35,000,000)
(33,574,653)	(6,874,663)	-	-	(97,775,492)
(57,508,214)	(53,323,439)	-	-	(454,054,546)
-	-	(13,891,125)	11,465,706	-
107,471,189	(36,042,276)	(13,891,125)	(19,534,294)	209,738,475
6,959,987	(5,062,813)	(22,536,291)	(7,155,713)	(104,783,671)
23,481,357	10,287,208	28,868,713	7,206,631	233,213,484
$ 30,441,344	$ 5,224,395	$ 6,332,422	$ 50,918	$ 128,429,813

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM CASH FLOWS (continued)

	Restricted Bond Fund		
	Single-family Housing Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program
RECONCILIATION OF EXCESS (DEFICIT) OF REVENUES OVER EXPENSES TO NET CASH FROM OPERATING ACTIVITIES			
Excess (deficit) of revenues over expenses	$ 1,300,852	$ (1,962,155)	$ 289,012
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash from operating activities			
Amortization of mortgage discount	(546,001)	-	-
Amortization of mortgage premium	27	-	-
Amortization of bond insurance premium	-	(355,677)	(2,200)
Amortization of bond premium	(892,398)	-	-
Amortization of bond discount	-	-	-
Amortization of unearned fee income	-	-	2,200
Unrealized loss on securities	3,839,575	2,901,542	50,364
Cash from changes in operating assets and liabilities			
Acquisition of mortgage loans	(56,265,519)	-	(464,746,439)
Repayments of mortgage loans	65,995,462	43,207,912	151,350,380
Interest and other receivables	(830,451)	137,236	951,485
Interest and other payables	13,985,595	5,921,724	48,303,237
Net cash from (used for) operating activities	$ 26,587,142	$ 49,850,582	$ (263,801,961)

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Year Ended June 30, 2016
$ -	$ -	$ 15,878,570	$ 37,674,187	$ 53,180,466
(172,214)	-	-	-	(718,215)
275,618	-	-	-	275,645
-	-	-	-	(357,877)
(275,618)	-	-	-	(1,168,016)
172,214	-	-	-	172,214
-	-	-	-	2,200
-	-	-	-	6,791,481
(147,567,813)	(32,390,224)	-	(65,418,616)	(766,388,611)
57,508,214	53,323,439	-	14,531,007	385,916,414
(8,875,789)	(140,411)	(2,604,218)	3,170,904	(8,191,244)
53,528,644	7,243,097	(3,060,592)	(277,258)	125,644,447
$ (45,406,744)	$ 28,035,901	$ 10,213,760	$ (10,319,776)	$ (204,841,096)

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2016	Balance Outstanding 2015
Single-family (Open Indenture)					
Single-family Series 2005 2A/VR-2A	06/16/05	$ 30,000,000	03/01/36	$ -	$ 9,085,000
Single-family Series 2006 2	04/12/06	79,370,000	12/01/37	-	15,325,000
Single-family Series 2006 3	07/13/06	55,000,000	12/01/37	-	3,770,000
Single-family Series 2006 4	08/23/06	55,000,000	06/01/37	-	555,000
Single-family Series 2006 5	10/12/06	55,000,000	12/01/37	-	22,260,000
Single-family Series 2006 6	11/02/06	53,795,000	12/01/37	-	11,430,000
Single-family Series 2007 1	02/08/07	54,490,000	06/01/38	-	17,040,000
Single-family Series 2007 2	03/29/07	55,000,000	06/01/48	32,215,000	43,670,000
Single-family Series 2007 3	05/17/07	55,000,000	06/01/48	1,430,000	4,680,000
Single-family Series 2007 4	06/20/07	54,980,000	06/01/48	-	5,245,000
Single-family Series 2007 5	10/25/07	80,005,000	12/01/47	13,755,000	13,755,000
Single-family Series 2008 1	07/01/08	55,000,000	06/01/49	5,770,000	7,205,000
Single-family Series 2008 2	09/25/08	41,000,000	06/01/48	4,120,000	5,305,000
Single-family Series 2009 1	06/25/09	20,000,000	06/01/39	6,000,000	6,190,000
Single-family Series 2009 2N	10/28/09	24,820,000	06/01/40	4,070,000	11,335,000
Single-family Series 2010 1A-R/1N-R	11/30/10	35,175,000	12/01/35	9,855,000	13,235,000
Single-family Series 2013 1A-R/1N-R	03/27/13	62,515,000	06/01/43	51,550,000	55,155,000
Single-family Series 2014 1A-R/1N-R	01/28/14	36,700,000	06/01/43	16,595,000	32,630,000
Single family Series 2014 2A-R 2N 2N-R	12/18/14	50,515,000	06/01/44	41,305,000	48,575,000
Single-family Series 2015 1A-R/1N	12/10/15	63,845,000	06/01/38	62,565,000	-
Single family Series 2016 1A-R 1N VR-1N	05/26/16	65,500,000	12/01/46	65,500,000	-
Special Single family	10/18/12	26,171,376	10/01/42	15,054,496	19,640,595
				329,784,496	346,085,595
Unamortized Bond Premium				3,576,033	2,233,465
Unamortized Bond Discount				-	-
				$ 333,360,529	$ 348,319,060
Homeownership Program Bonds					
HPB 09 B - NBIP	12/21/09	$ 50,000,000	10/01/40	$ 4,530,000	$ 7,050,000
HPB 09 Series AC1/2010 Series A - NBIP	06/29/10	100,000,000	10/01/41	11,800,000	16,390,000
Homeownership Program Bonds 09 AC2/11 A	03/24/11	99,990,000	10/01/41	14,960,000	20,335,000
Homeownership Program Bonds 09 AC3/11 B	09/29/11	116,440,000	10/01/41	52,025,000	69,835,000
Homeownership Program Bonds 2013A	01/30/13	23,675,203	03/01/40	12,209,096	15,050,510
Homeownership Program Bonds2015 AB	05/28/15	69,370,000	05/01/41	56,280,000	69,370,000
				-	-
				151,804,096	198,030,510
Unamortized Bond Premium				859,377	1,215,054
Unamortized Bond Discount				-	-
				$ 152,663,473	$ 199,245,564
Multifamily Bonds					
Inglenook Court	05/25/95	$ 8,300,000	07/01/25	$ 8,300,000	$ 8,300,000
Wandering Creek Project	11/22/95	5,300,000	01/01/26	5,300,000	5,300,000
Courtside Apartments	02/28/96	10,600,000	01/01/26	-	7,975,000
Brittany Park Project	11/07/96	14,200,000	11/01/21	10,480,000	10,990,000
Pacific Inn Apartments	11/08/96	5,900,000	05/01/28	3,630,000	3,830,000
Meridian Court	12/12/96	8,000,000	12/01/28	6,700,000	6,700,000
Hamilton Place Senior Living	12/20/96	4,140,000	07/01/28	-	3,590,000
Larkin Apartments	12/20/96	5,565,000	07/01/28	-	4,825,000
Merrill Gardens	07/14/97	12,500,000	07/01/22	-	8,125,000
Anchor Village	12/10/97	10,750,000	12/15/27	10,750,000	10,750,000
Brittany Park II	08/12/98	5,800,000	11/01/21	3,480,000	3,625,000
Boardwalk Apartments	09/14/98	12,400,000	09/01/28	9,920,000	9,920,000
Avalon Ridge Apartments	10/14/99	18,755,000	05/15/26	17,690,000	18,240,000
Regency Park Apartments	09/23/99	11,150,000	09/01/29	7,805,000	7,805,000
WoodRose Apartments	11/09/99	9,000,000	06/15/32	6,750,000	6,755,000
Mill Pointe	12/21/99	14,500,000	01/01/30	-	9,425,000
Holly Village	12/23/99	8,800,000	07/15/32	-	6,600,000
Vintage at Bremerton Senior Project	09/29/00	7,600,000	05/15/33	-	6,200,000
Granite Falls	10/03/00	3,930,000	10/01/27	2,650,000	2,795,000
Greens at Merrill Creek	10/12/00	17,310,000	06/01/24	14,723,000	14,936,000
Lakewood Meadows	11/21/00	7,850,000	07/15/33	6,280,000	6,405,000
Springfield Meadows Apartments Project	08/06/01	17,000,000	01/01/34	11,050,000	11,050,000
Country Club Apartments Project	08/09/01	12,920,000	08/01/32	9,690,000	10,045,000
Woodlands Apartments Project 2001	12/07/01	6,600,000	07/15/34	5,365,000	5,465,000
Ocean Ridge Apartments 2001	12/21/01	9,000,000	11/01/38	7,999,268	8,124,693
Tama Qua (Whisperwood)	05/14/02	7,900,000	05/15/35	6,240,000	6,370,000

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2016	Balance Outstanding 2015
Multifamily Bonds (continued)					
Valley View Apartments 2002	02/19/02	$ 2,880,000	09/15/20	$ 2,475,000	$ 2,580,000
Olympic Heights Apartments 2002	02/19/02	5,165,000	09/15/20	4,995,000	5,165,000
Deer Run	10/01/02	4,900,000	05/01/30	3,772,014	3,869,880
Alderwood Court	05/17/02	7,645,000	06/15/35	6,295,000	6,510,000
Quail Run	12/06/02	7,150,000	07/01/35	6,384,495	6,483,306
Heatherwood Apartments.	12/11/02	21,350,000	01/01/35	14,525,000	14,525,000
Mallard Lake Park Apartments.	11/26/02	18,500,000	05/15/35	14,405,000	14,405,000
Fort Vancouver	04/03/03	6,668,000	09/01/39	5,403,781	5,498,175
Vintage at Mt. Vernon	06/05/03	10,000,000	01/15/37	8,155,000	8,285,000
Alaska House	07/15/04	8,040,000	07/20/45	7,275,000	7,365,000
International House	07/15/04	7,390,000	07/20/45	6,675,000	6,760,000
Stonebrook Apartments	10/28/04	15,710,000	02/01/37	-	12,905,000
Rainier Court Apartments	12/23/03	17,000,000	12/15/36	15,325,000	15,545,000
Rolling Hills Apartments	05/27/04	8,750,000	06/15/37	7,415,000	7,520,000
Highlander Apartments II	04/30/04	10,000,000	05/01/37	8,350,000	8,350,000
Silver Creek Apartments	05/26/04	17,500,000	12/15/37	12,250,000	12,465,000
Crestview West Apartments	12/01/04	14,000,000	12/15/37	14,000,000	14,000,000
Vintage at Everett	06/30/04	17,750,000	01/15/38	15,750,000	15,750,000
Vintage at Richland	06/29/04	11,750,000	01/15/38	7,535,000	7,535,000
Ballinger Court Apartments	09/01/04	5,800,000	09/15/37	4,985,000	5,090,000
Arbor Park Apartment Homes	07/30/04	9,135,000	07/30/21	-	7,659,453
Deer Run West	12/22/04	6,270,000	06/15/37	5,390,000	6,130,000
Merrill Gardens at Queen Anne	12/17/04	30,200,000	12/01/40	27,375,000	27,805,000
Merrill Gardens at Renton	12/17/04	23,100,000	12/01/40	21,410,000	21,685,000
Valley View Apartments	12/22/04	29,675,000	05/01/38	25,682,000	26,261,000
Vintage at Burien Apartments Project	12/22/04	7,300,000	01/15/38	6,570,000	6,570,000
Vintage at Sequim	01/27/05	8,390,000	03/01/38	6,011,310	6,101,535
Park Vista Retirement Project	03/07/05	15,250,000	03/01/41	14,040,000	14,285,000
Highland Park	06/30/05	11,300,000	07/15/38	9,860,000	10,075,000
Fairwinds - Redmond	07/15/05	27,500,000	07/01/41	23,270,000	23,620,000
Pinehurst Apartments	09/27/05	14,185,000	03/15/39	12,390,000	12,720,000
The Vintage at Silverdale	09/29/05	19,575,000	09/15/39	14,880,000	14,880,000
Lodge at Eagle Ridge	08/17/05	13,550,000	08/01/41	12,910,000	12,910,000
Scenic Vista Senior Apartment	11/22/05	6,100,000	01/01/39	5,801,711	5,851,040
Kamiakin Apartments	11/23/05	8,275,000	05/01/42	7,337,165	7,437,697
Vintage at Vancouver	02/10/06	8,900,000	04/01/36	7,955,292	8,086,253
Merrill at Tacoma	09/01/06	19,600,000	09/15/40	18,285,000	18,525,000
Vintage at Spokane Senior Living	07/17/06	17,200,000	08/15/40	16,295,000	16,295,000
Forrest Creek	11/30/06	13,815,000	06/15/40	13,680,000	13,680,000
Crowne Pointe Apartments	05/26/06	8,740,000	12/01/47	8,221,750	8,299,182
Orchard Hills	11/03/06	9,060,000	07/01/39	8,442,831	8,546,552
Ballard Landmark	12/15/06	35,100,000	12/15/41	-	35,100,000
Eagle's Landing Apartments	07/24/06	13,400,000	08/15/39	12,730,000	12,730,000
Echo Lake	12/07/06	17,970,000	07/15/40	17,970,000	17,970,000
Heron Creek	01/03/07	5,000,000	03/01/40	4,735,939	4,779,059
Covington Place	11/02/07	9,975,000	12/01/25	9,464,659	9,561,130
The Season Apartments	12/20/06	37,500,000	12/15/40	37,300,000	37,300,000
Vintage at Chehalis	11/30/06	8,190,000	06/15/40	8,190,000	8,190,000
Elk Creek Apartments	04/27/07	7,470,000	04/01/40	7,159,013	7,218,548
Northgate Village	12/08/06	5,990,000	06/01/43	5,476,970	5,555,876
Island Skagit Partner	02/28/07	3,850,000	03/01/37	1,941,936	1,990,358
Three County Partners	02/28/07	5,900,000	03/01/37	3,625,012	3,715,395
Barkely Ridge Apartments	08/28/07	10,400,000	09/01/40	9,985,000	9,985,000
Linden Square Apartments 2007	11/29/07	45,150,000	06/01/42	43,055,848	43,619,438
Merrill Gardens at Kirkland	10/04/07	34,000,000	04/15/41	24,600,000	24,600,000
Merrill Gardens University Village	10/04/07	55,000,000	04/15/41	48,540,000	48,540,000
Clark Island 2007	11/09/07	5,560,000	11/01/42	5,560,000	5,560,000
Greentree Apartment Homes 2008	01/30/08	13,965,000	02/01/26	13,926,767	14,073,364
Arrowhead Gardens Senior Living	12/05/07	35,000,000	01/01/42	34,374,211	34,647,210
First Liberty Apartments 2007	12/11/07	5,965,000	04/01/40	4,700,000	4,770,000
Talon Hills Apartments	05/30/08	4,115,000	09/01/40	3,170,000	3,215,000
APD WA RD 2007	07/31/08	9,940,000	02/01/40	5,539,756	5,614,424
Parkview Apartments	07/28/08	3,060,000	08/01/43	3,060,000	3,060,000
Artspace Everett Lofts	12/23/08	7,500,000	12/01/41	3,200,000	3,200,000
Appian Way	12/31/08	13,610,000	07/01/40	5,521,004	5,639,133
Lake City Way Mixed Use	12/23/09	15,600,000	01/01/44	15,135,000	15,375,000
Lake City Senior	08/28/09	16,250,000	07/01/44	16,250,000	16,250,000
Washington Terrace	02/16/10	11,250,000	02/15/43	11,250,000	11,250,000

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE (continued)
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2016	Balance Outstanding 2015
Multifamily Bonds (continued)					
New Haven	12/15/09	$ 19,000,000	12/15/44	$ 19,000,000	$ 19,000,000
Cambridge	12/15/09	12,650,000	12/15/44	12,650,000	12,650,000
Rose Street Apartments	02/08/10	9,600,000	02/01/27	4,061,069	4,107,645
Discovery Heights Apartment	12/22/10	33,175,000	12/01/43	31,895,000	32,210,000
Evergreen Vista Apartments	05/03/11	7,300,000	11/01/27	4,554,569	4,627,370
12th Ave & Jefferson Apartments WW	05/25/11	6,281,847	05/01/28	2,412,769	2,446,856
Columbia City Station WW	06/28/11	6,220,000	06/28/28	2,361,314	2,399,255
Tomason Place II WW	06/29/11	2,770,000	06/01/28	1,002,921	1,017,040
55th Avenue Apartments 2011 A&B	08/16/11	9,600,000	07/01/29	6,345,000	6,400,000
Downtowner Apartments	06/06/12	24,000,000	07/01/30	24,000,000	24,000,000
La Venture Workforce WWHP	08/03/11	3,940,000	01/29/28	2,193,611	2,228,768
Willow Tree Grove Apartments	08/04/11	21,840,000	02/01/44	20,360,000	20,710,000
Traditions at South Hill	08/15/11	14,780,000	08/01/44	13,295,000	13,500,000
Vintage at Tacoma	08/15/11	17,800,000	07/15/29	17,750,000	17,800,000
Urban Center Apartments aka Ash Way	06/11/12	41,400,000	07/01/47	40,990,000	41,400,000
Interurban Senior Living	07/11/12	14,750,000	07/01/52	14,640,000	14,750,000
Tri-Court Apartments	08/01/12	15,900,000	08/01/29	15,473,199	15,700,807
Desert Villa Apartments	07/30/12	11,100,000	07/01/30	10,670,000	10,820,000
North City Apartments	06/07/12	20,150,000	06/01/44	19,631,178	19,963,162
Quilceda Creek Apartments 2012	11/13/12	21,020,000	07/01/30	21,020,000	21,020,000
Rainier Court Phase III	08/08/13	7,200,000	08/08/13	7,200,000	7,200,000
Sunny View Village	06/04/14	3,068,000	06/01/33	1,205,000	3,068,000
Parklane Apartments	03/28/13	17,420,000	11/01/46	16,508,830	16,653,941
Villas at Lakewood	03/22/13	24,180,000	03/01/31	23,971,519	23,627,561
The District Apartments 2013	05/31/13	32,250,000	05/01/45	31,947,332	32,250,000
Des Moines Family Housing	09/13/13	5,850,000	03/13/34	5,558,194	5,418,207
Copper Landing Apartments	08/15/13	11,500,000	08/01/15	-	11,500,000
Vantage Apartments (Speedway)	12/05/13	24,300,000	12/01/31	24,078,432	24,300,000
Reserve at Everett	12/23/13	16,350,000	12/01/31	15,602,660	14,807,531
Monroe Family Village	05/23/14	6,800,000	12/01/45	6,703,762	2,831,459
Copper Trail Apartments	10/03/13	26,300,000	10/01/45	21,829,960	26,183,637
Park 16 Apartments	12/02/13	32,750,000	12/01/31	33,941,191	29,083,671
Lake Washington 2014	03/14/14	28,000,000	09/01/26	28,000,000	24,951,540
Vintage at Lakewood	04/03/14	20,200,000	10/01/47	20,200,000	13,297,767
Olympia Vista	05/05/14	10,500,000	06/01/17	10,500,000	7,294,841
Hirabayashi Place	05/16/14	15,250,000	11/16/34	15,250,000	2,221,398
Celebration Senior Living East	06/10/14	22,400,000	06/01/47	21,909,426	20,864,784
Lilac Terrace	10/09/08	5,200,000	11/01/25	142,413	153,028
Copper Lantern Apartments	12/21/11	1,834,000	01/01/27	1,715,064	1,744,600
Pioneer Human Services 2011	12/16/11	6,603,000	12/01/31	5,491,442	5,758,258
15 West Apartments	07/02/14	12,850,000	07/01/54	12,850,000	8,743,194
Summit Ridge Apartments	10/28/14	11,600,000	11/01/52	11,519,905	9,206,586
Towne Square Apartments	09/11/14	3,600,000	04/30/31	644,760	3,493,934
The Reserve at Renton	07/29/14	24,000,000	08/01/49	24,000,000	24,000,000
Kitt's Corner	09/12/14	27,500,000	10/01/49	27,500,000	27,500,000
High Point Apartments	09/08/14	44,000,000	10/01/47	21,189,950	6,951,768
Axis Apartments	10/15/14	41,500,000	11/01/47	32,604,668	9,671,759
Grand View Apartments	10/23/14	42,000,000	11/01/47	14,396,703	5,185,074
Market Street Apartments	11/21/14	12,000,000	12/01/51	2,500,000	12,000,000
Polaris at Covington Apartments	11/01/14	24,800,000	12/01/46	22,796,375	7,704,263
The Douglas	12/23/14	9,000,000	01/01/32	8,412,171	7,703,281
Scriber Creek	02/28/15	44,400,000	03/01/52	15,526,597	2,712,162
Copper Lane Apartments	01/28/15	19,000,000	02/01/33	19,000,000	5,265,177
The Reserve at SeaTac	03/03/15	33,000,000	04/01/53	33,000,000	33,000,000
The Winthrop	05/05/15	28,000,000	06/01/32	22,518,467	9,696,400
CAC 515 Preservation	09/10/15	6,450,000	10/01/18	6,450,000	-
HopeSource 2015	03/10/16	7,390,000	04/01/19	7,390,000	-
Adriana Senior Apartments	12/21/15	16,000,000	01/01/34	4,328,045	-
CityCenter Apartments	09/11/15	43,150,000	10/01/33	17,748,297	-
Ruby 2015 A&B	10/08/15	13,000,000	11/01/32	11,653,247	-
Reserve at Lynnwood	12/14/15	36,772,519	01/01/35	12,654,031	-
Marion Court	07/29/15	13,200,000	08/01/32	12,891,054	-
South Hill Apartments	09/30/15	25,000,000	10/01/33	8,159,239	-
Ballard Landmark Inn	08/03/15	45,150,000	12/15/41	45,150,000	-
Mountlake Senior Living	10/02/16	13,209,000	11/01/27	12,004,434	-
Isabella Court	11/16/15	7,000,000	12/01/33	4,260,077	-
The Estates at Hillside Gardens 2015	02/25/16	15,400,000	03/01/34	4,484,746	-
Promenade Apartments 2016	02/24/16	54,000,000	03/01/34	6,001,288	-

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2016	Balance Outstanding 2015
Multifamily Bonds (continued)					
Mercy Othello Plaza East 2015	12/10/15	$ 13,418,435	06/10/36	$ 496,032	$ -
13 West Apartments 2015	12/04/15	11,050,000	12/01/33	4,006,514	-
Madison Way 2016	05/04/16	27,500,000	12/01/33	50,096	-
Gateway Apartments	12/22/15	34,000,000	01/01/33	5,419,243	-
Celebration Senior Living West	12/22/15	21,100,000	12/01/34	12,896,313	-
Beaver Cove Apartments 2015	02/09/16	17,050,000	02/01/32	14,529,625	-
The Timbers 2016	03/04/16	20,300,000	04/01/33	17,909,189	-
The Meadows 2016	03/04/16	13,300,000	04/01/33	10,636,410	-
Lynnwood City Center Senior Living 2016	03/11/16	39,756,000	04/01/29	2,080,547	-
The Vintage at Arlington 2016	03/04/16	10,950,000	04/01/33	9,985,331	-
The Vintage at Bellingham 2016	03/04/16	10,000,000	04/01/33	8,056,519	-
LARC at Kent	06/28/16	14,250,000	07/01/34	1,328,389	-
Vintage at Holly Village 2016	06/30/16	23,500,000	07/01/33	19,581,742	-
Mt. Baker Apartments	10/15/98	2,320,000	10/01/28	1,471,284	1,548,119
Covington Commons Apartments	06/11/99	2,600,000	07/01/29	952,282	988,771
Terrace Apartments	08/28/00	1,222,000	08/01/30	882,794	918,175
Yakima Gardens	12/18/98	942,500	01/01/29	605,258	635,993
Oregon Place	07/14/00	2,500,000	08/01/30	906,414	944,621
Westgage Terrace Apartments	08/31/05	3,218,000	03/01/22	2,663,646	2,733,596
Parkland Terrace Apartments	08/31/05	1,600,000	04/01/22	1,324,373	1,359,152
Hiawatha Artist's Loft	12/01/06	8,500,000	12/01/28	3,418,441	3,490,300
Creston Point Apartments 2007	10/19/07	2,000,000	11/01/37	1,922,222	2,000,000
				2,061,858,305	1,803,097,152
Unamortized Bond Premium				-	-
Unamortized Bond Discount				-	-
				$ 2,061,858,305	$ 1,803,097,152
Nonprofit Housing					
Nikkei Concerns	10/20/94	$ 6,250,000	10/01/19	$ 1,505,000	$ 1,880,000
Nikkei Manor	11/06/96	3,100,000	10/01/21	1,250,000	1,400,000
Panorama City	01/29/97	24,300,000	01/01/27	9,010,000	10,330,000
Living Care Centers	10/26/00	14,950,000	10/01/30	10,530,000	10,970,000
Pioneer Human Services 2001	08/02/01	7,100,000	08/01/19	920,000	1,365,000
Franke Tobey Jones	08/27/03	13,035,000	09/01/33	13,035,000	13,035,000
Mercy Housing	09/19/03	6,445,215	09/19/33	4,336,183	4,485,491
Mercy Housing - Cobble Knoll, Phase II	11/30/04	3,900,000	11/01/34	3,083,790	3,175,404
Mirabella	11/03/06	256,745,000	03/01/36	30,750,000	30,750,000
Skyline at First Hill	02/28/07	214,700,000	01/01/38	98,930,000	101,025,000
Wesley Homes Lea Hill	04/02/07	57,610,000	01/01/36	40,370,000	41,425,000
Panorama Apartments	04/03/08	28,500,000	04/01/43	28,000,000	28,000,000
Edmonds Community College	07/16/08	16,155,000	07/01/43	-	15,880,000
Pioneer Human Services 2009	06/30/09	10,460,000	07/01/29	8,625,000	8,990,000
Odd Fellows 2010	07/15/10	8,609,000	07/01/20	6,530,442	6,920,563
Crista Ministries	12/29/10	13,495,000	01/01/26	9,457,457	10,264,908
San Franciscan Apartments WW	12/22/10	1,250,000	01/01/31	1,130,945	1,155,209
Mt Baker/Cedar Village WW	12/21/10	2,444,000	12/01/21	2,252,358	2,298,056
Mount Vista Apartments WW	03/29/11	1,100,000	04/01/41	992,433	1,015,062
Purple Sage Apartments WW	05/12/11	1,100,000	05/01/21	1,012,306	1,038,214
Littlerock Road Housing WW	05/27/11	3,568,621	06/01/43	3,174,193	3,229,664
Park Place Townhomes	08/19/11	1,200,000	09/01/41	1,093,264	1,117,746
Kline Galland Center	12/08/11	20,880,000	12/01/26	15,733,234	16,951,601
Skyline 2012	03/23/12	8,000,000	01/01/19	-	5,465,000
Judson Park 2012	05/31/12	21,505,000	02/01/37	18,017,703	18,889,527
Housing Hope 2012	08/31/12	1,713,769	09/01/42	1,614,176	1,642,628
Mirabella	12/27/12	89,240,000	10/01/47	80,070,000	80,775,000
Riverview Retirement Community 2012	12/03/12	15,695,000	01/01/48	15,180,000	15,360,000
Emerald Heights	02/07/13	29,845,000	07/01/33	27,275,000	28,270,000
Tacoma Lutheran Retirement Community	03/22/13	13,000,000	04/01/43	12,117,620	12,405,494
Presbyterian Retirement Community NW	06/19/13	14,840,000	01/01/43	14,240,000	14,485,000
Bellevue Duplexes 2013	07/01/13	820,000	08/01/23	782,532	796,334
The Hearthstone 2013	07/03/13	25,000,000	07/01/41	23,500,711	23,256,542
Rockwood Retirement 2014	02/13/14	103,755,000	01/01/49	84,465,000	102,505,000
Heritage Heights 2013	07/31/13	1,700,000	08/01/28	1,582,265	1,625,313
Green River Community College	08/28/13	14,885,000	07/01/35	13,598,726	14,083,136
Horizon House 2014	03/06/14	61,000,000	04/01/39	58,553,613	48,101,560
Wesley Homes at Lea Hill	09/30/14	10,000,000	10/01/39	9,949,188	3,956,878
Liberty Park	10/30/14	1,160,000	11/02/44	1,137,701	1,152,097
Meadowdale Apartments	05/26/15	7,000,000	06/01/31	6,496,247	4,848,839

WASHINGTON STATE HOUSING FINANCE COMMISSION
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YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2016	Balance Outstanding 2015
Nonprofit Housing (continued)					
Heron's Key	08/06/15	$ 145,055,000	07/01/50	$ 145,055,000	$ -
Skyline 2015	12/02/15	8,740,000	01/01/45	8,525,000	-
ECCO Properties Project 2015	09/29/15	15,740,000	07/01/43	15,740,000	-
Crista Ministries 2015	10/09/15	3,000,000	10/01/30	3,000,000	-
Cannon House 2016	03/09/16	4,875,000	03/01/41	4,844,783	-
Fairview Apartments 2016	05/31/16	1,300,000	06/01/46	1,300,000	-
Wilton Apartments	06/21/95	620,000	10/01/15	207,268	245,756
3904 Martin Luther King Way Apartments	03/01/00	561,000	04/01/25	-	333,596
Brentwood Apartments	08/27/02	1,491,000	09/01/32	1,117,615	1,156,658
Clallam County Hostelries	11/25/02	366,843	12/01/22	161,706	182,729
St. Andrew's Place	07/29/97	3,000,000	08/01/27	1,687,370	1,817,878
Der Garten Haus	09/21/98	650,000	10/01/18	414,867	436,333
Nuuanu Pali Apartments Project	01/31/02	725,000	02/01/32	-	558,820
Christian Health Care Center	10/13/05	7,532,219	10/02/20	2,584,512	3,062,457
Josephine Sunset Home	08/04/05	7,320,000	08/01/25	5,074,188	5,329,188
Tall Firs Apartments	07/15/10	2,850,000	07/01/45	1,350,000	2,850,000
Mt Baker View	09/30/10	1,250,000	10/01/40	1,122,910	1,147,782
				852,487,306	711,441,463
Unamortized Bond Premium				2,994,287	3,018,495
Unamortized Bond Discount				(136,051)	(308,266)
				$ 855,345,542	$ 714,151,692
Nonprofit Facilities					
YMCA-Inland Northwest	04/08/99	$ 5,800,000	07/01/29	$ 3,965,000	$ 4,150,000
Community College of Spokane Foundation 2000	08/04/00	8,800,000	07/01/30	-	7,010,000
Southwest WA Pipe Trades Training Center	10/31/00	4,230,000	10/01/25	2,315,000	2,485,000
Evergreen School 2002	06/27/02	9,500,000	07/01/28	5,955,000	6,330,000
Tacoma Art Museum	06/04/02	10,000,000	06/01/32	10,000,000	10,000,000
Overlake School	10/02/03	10,030,000	10/01/29	6,410,000	6,750,000
Bertschi School	06/15/06	6,300,000	06/01/35	-	5,365,000
Antioch University Project	05/18/05	6,780,000	01/01/27	-	4,245,000
Gig Harbor YMCA	08/01/06	12,500,000	12/01/32	8,665,000	9,190,000
Allied Trades Training Center	11/02/06	7,225,000	11/01/32	5,175,000	5,420,000
YMCA of Snohomish County	12/01/06	17,345,000	12/01/33	-	11,545,000
Overlake School 2008	08/15/08	10,350,000	10/01/29	8,110,000	8,545,000
YMCA - Inland Northwest	09/11/08	11,000,000	07/01/33	9,240,000	10,325,000
Billings Middle School	05/06/10	1,484,000	06/01/20	938,937	1,007,780
Benton-Franklin Children's Center	07/28/09	624,000	08/01/19	394,060	432,576
South Sound YMCA	01/15/10	4,145,000	02/01/20	2,563,175	2,843,738
Multi-Service Center	12/30/09	1,750,014	09/30/40	1,177,025	1,201,503
Girl Scouts of W. WA	09/08/11	2,741,250	06/01/42	2,530,959	2,586,395
Villa Academy 2011	12/01/11	8,262,000	12/01/21	7,295,265	7,548,759
Northwest School 2012	05/24/12	16,665,000	06/01/39	9,419,190	12,154,675
Seattle Country Day School Ref	07/20/12	9,450,000	08/01/37	8,700,000	8,960,000
Lutheran Community Services 2012	08/01/12	3,450,000	01/01/37	3,154,125	3,246,432
YMCA of Greater Seattle	07/31/12	30,000,000	09/01/37	28,045,000	28,730,000
Seattle Prep 2013	05/31/13	10,000,000	08/01/38	9,537,743	9,793,212
ACRS Project 2013	11/26/13	3,500,000	11/26/38	3,267,958	3,363,517
YMCA of Pierce & Kitsap 2014	03/26/14	44,040,000	06/01/39	40,750,000	42,245,000
Whatcom CC Foundation 2014	03/31/14	7,740,000	04/01/39	6,490,869	7,074,534
STEP People for People 2014	04/30/14	918,000	05/01/24	752,769	833,593
Westside School	06/02/14	8,775,000	06/01/25	8,424,000	8,775,000
Hamlin Robinson School	07/02/14	15,000,000	08/01/37	10,000,000	8,707,877
Pierce County AIDS Foundation	07/30/14	1,120,000	07/30/34	916,492	1,087,356
Amara Project 2015	06/30/15	5,400,000	12/31/25	5,324,919	3,650,000
Puget Sound Regional Services	12/22/14	1,700,000	01/01/45	1,657,823	1,688,915
Pacific Science Center	04/28/15	2,397,000	05/01/30	2,270,495	2,388,350
Eastside Catholic School	02/25/15	46,765,000	07/01/38	45,115,000	46,765,000
Dawson Place Child Advocacy	04/28/15	1,196,590	05/01/25	1,163,032	1,194,399
Work Force Development	05/23/96	1,027,000	12/01/21	376,823	436,791
Little Red School House	04/29/98	385,941	05/01/23	153,524	172,865
SEED Homesight Project	05/13/99	616,000	07/01/09	389,453	411,072
Pullman Community Action Center	03/30/00	700,000	04/01/30	486,354	507,165
Island School Expansion and Remodel	11/01/01	1,300,000	11/01/26	437,966	474,024
Harlequin Productions Project	11/08/01	538,750	11/01/21	58,713	67,775
Artist Trust Project	11/30/01	350,000	11/30/31	213,982	233,809
Girl Scouts-Totem Council Project	12/28/01	2,576,000	01/01/32	1,886,439	1,956,410

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE (continued)
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2016	Balance Outstanding 2015
Nonprofit Facilities (continued)					
Hyla Middle School Project	12/26/01	$ 650,000	01/01/27	$ 256,109	$ 277,634
Tomorrows Hope	04/05/02	860,000	04/01/27	506,112	545,780
Southside Senior Center	05/22/02	650,000	06/01/22	176,858	212,273
New Horizon's School	07/31/02	875,000	08/01/32	613,523	641,126
Harbor Montessori	07/02/03	1,300,000	07/01/28	804,301	856,404
Martha & Mary	12/09/03	1,416,000	12/01/28	715,131	763,525
Whatcom Family YMCA 2004	02/04/04	1,100,000	02/01/24	520,229	579,510
French American School	04/21/04	1,875,000	02/01/25	912,661	1,033,780
NW Pipe Trade - Local 26 Educational Dev. Trust	07/20/05	3,500,000	04/01/31	2,311,087	2,427,815
Morningside	11/07/05	2,244,118	11/01/30	210,927	304,911
Valley Residential Services	11/09/05	640,000	11/01/20	461,198	484,198
Goodwill Industries - Spokane Complex	03/01/06	2,400,000	03/01/26	-	263,610
Richland Health Science Center - Columbia Basin	03/30/06	2,950,000	09/01/31	1,963,229	2,184,142
N.E.W.J.A. Training Center	05/05/06	874,989	05/01/06	348,862	413,680
SKCAC Industries	08/01/06	1,100,000	08/01/21	849,047	880,521
Re Sources Sustainable Living Center	10/31/06	2,025,000	11/01/31	1,534,876	1,608,057
Tacoma Musical Playhouse	11/01/06	1,425,000	11/01/18	913,544	1,005,293
Archbishop Thomas Murphy School	05/02/07	8,500,000	05/01/27	-	6,133,240
University Cooperative School	05/09/07	1,000,000	06/01/37	898,769	915,167
Perry Technical Institute	10/26/07	5,000,000	11/01/27	3,608,266	3,837,191
Alliance Center	12/19/07	2,150,000	12/31/37	-	1,883,902
West Sound Academy	04/01/08	4,640,000	04/01/28	4,049,311	4,140,007
French American School	04/03/08	2,290,000	10/01/28	1,384,927	1,527,904
Soundview School	10/01/08	2,890,000	10/01/18	2,382,273	2,461,176
Open Window School	08/02/10	7,710,000	08/01/35	5,750,416	6,063,688
TVW - Jeannette C. Hayner Media Center	09/30/11	1,187,251	10/01/21	1,053,989	1,084,896
Alpha Supported Living Services	01/29/13	1,336,000	02/01/38	1,214,712	1,252,473
Columbia Basin 2015	07/29/15	7,000,000	07/01/45	50,000	-
The Bertschi School Project 2015	09/09/15	7,500,000	09/01/40	5,310,975	-
Alliance Center 2015	09/29/15	1,936,100	10/01/40	1,906,712	-
Railway History Center 2015	02/29/16	3,600,000	02/01/41	2,528,713	-
Senior Life Res Fowler Street	06/06/16	1,500,000	06/01/36	1,500,000	-
Archbishop Thomas Murphy High School 2016	05/27/16	5,892,815	06/01/31	5,892,815	-
Compass Health	07/10/12	500,000	07/01/27	389,597	418,906
Swauk Wind	12/27/12	9,000,000	12/20/32	8,299,499	8,483,552
YMCA of Greater Seattle 2013	07/12/13	2,030,000	07/01/20	1,224,791	1,506,756
Town & Country	03/06/14	1,150,000	03/06/14	1,054,165	1,130,833
Seattle Art Museum	05/04/16	2,802,964	05/04/31	2,802,964	-
Matthew Tregoning	04/30/08	250,000	05/01/33	174,386	182,504
Christopher Glasso	05/23/08	184,800	06/01/33	-	141,896
Michael Pottratz	08/06/08	72,000	01/02/33	50,166	52,507
Jose Torres	01/07/09	326,500	01/01/24	184,846	205,465
Craig & Pamela Cleveringa	09/22/09	142,000	01/01/39	116,975	120,286
Kenneth & Carrie Little	08/24/09	217,500	08/01/39	-	188,812
Daniel & Kimberly Hulse	09/22/09	195,000	09/01/39	166,901	171,493
John & Sara Burns	08/31/09	305,000	08/01/39	259,422	266,666
Sage Shelton	11/18/09	225,000	11/01/39	195,965	201,178
Kyle Chamberlain	11/20/09	132,603	10/01/39	115,147	118,206
Brent & Melissa Favilla	01/15/10	127,500	01/01/35	-	109,780
Aaron Otto & Kim Denend	01/29/10	213,000	01/01/40	184,383	189,385
Scott Johnson & Erika Britney	03/04/10	400,000	03/01/35	298,444	315,957
Ross and Deborah Landt	04/29/10	242,000	01/01/34	199,516	206,906
Cody Schoesler	05/21/10	165,000	03/01/35	107,337	119,916
Wesley Wasson & Karen Temen	06/25/10	265,000	03/01/40	215,151	220,815
Jacob Wyles	08/06/10	278,500	01/01/31	224,470	235,925
Nicholas Wyles	03/11/11	262,000	01/01/36	223,325	231,146
Jason Salvo & Siri Brown	08/17/11	197,500	08/01/41	173,064	182,417
Josh Hyatt & Melissa Henderso	05/18/12	150,000	05/01/42	-	132,672
Gary Johnson	04/21/14	200,000	05/01/29	58,248	98,022
Jeffrey and Arienne Pauls	11/18/15	215,000	12/01/45	214,390	-
Keith and Ashley Luft	04/28/16	455,000	10/01/41	455,000	-
				331,744,814	360,912,426
Unamortized Bond Premium				-	-
Unamortized Bond Discount				-	-
				$ 331,744,814	$ 360,912,426
Totals - Net				$ 3,734,972,663	$ 3,425,725,894
Totals Gross				$ 3,727,679,017	$ 3,419,567,146