MAINE STATE HOUSING AUTHORITY

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2016

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
MARCH 31, 2016
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	$143	$929	$1,072
Investments (notes 3, 8, and 10)	299,725	36,573	336,298
Accounts receivable - Federal	0	3,224	3,224
Other assets	15,694	1,573	17,267
Mortgage notes receivable, net (note 4)	33,488	18	33,506
Other notes receivable, net (note 4)	35	0	35
Internal balances	(4,498)	4,498	0
Total Current Assets	344,587	46,815	391,402
Noncurrent Assets:			
Investments (notes 3, 8, and 10)	80,258	0	80,258
Other assets (note 11)	1,490	0	1,490
Mortgage notes receivable, net (note 4)	1,151,913	27,435	1,179,348
Other notes receivable, net (note 4)	346	9	355
Land, equipment and improvements, net	729	0	729
Other real estate owned	4,902	0	4,902
Total Noncurrent Assets	1,239,638	27,444	1,267,082
Total Assets	1,584,225	74,259	1,658,484
DEFERRED OUTFLOWS OF RESOURCES:			
Accumulated decrease in fair value of hedging derivatives (note 6)	17,550	0	17,550
Deferred pension expense (note 7)	1,343	335	1,678
Deferred amount on debt refundings	6,022	0	6,022
Total Deferred Outflows of Resources	24,915	335	25,250
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	13,674	394	14,068
Accounts payable - Federal	0	306	306
Accounts payable and accrued liabilities	5,913	4,808	10,721
Unearned income	0	3,061	3,061
Mortgage and other bonds payable, current (notes 5, 8, 13, and 15)	39,560	2,980	42,540
Total Current Liabilities	59,147	11,549	70,696
Noncurrent Liabilities:			
Pension liability (note 7)	2,604	1,164	3,768
Derivative instrument - interest rate swaps (note 6)	17,550	0	17,550
Mortgage and other bonds payable, net (notes 5, 8, 13, and 15)	1,242,850	35,755	1,278,605
Total Noncurrent Liabilities	1,263,004	36,919	1,299,923
Total Liabilities	1,322,151	48,468	1,370,619
DEFERRED INFLOWS OF RESOURCES:			
Deferred loan origination points	50	0	50
Deferred pension credit (note 7)	1,914	776	2,690
Total Deferred Inflows of Resources	1,964	792	2,756
NET POSITION:			
Net investment in capital assets	729	0	729
Restricted for bond resolutions	258,123	0	258,123
Restricted for grants and programs	0	25,334	25,334
Unrestricted	26,173	0	26,173
Total Net Position	$285,025	$25,334	$310,359

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE PERIOD ENDED MARCH 31, 2016
(IN THOUSANDS OF DOLLARS)

		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Investment Income	Grants and Contributions	Business-type Activities	Governmental Activities	Total
Business-type activities:							
Mortgage Purchase Fund	$13,556	$14,751	$2,415	$0	$3,610	$0	$3,610
Bondholder Reserve Fund	12	0	4	0	(8)	0	(8)
General Administrative Fund	398	182	0	0	(216)	0	(216)
Total business-type activities	13,966	14,933	2,419	0	3,386	0	3,386
Governmental activities:							
HOME Fund	2,067	12	7	3,867	0	1,819	1,819
Section 8 Housing Programs	24,676	1,322	0	23,614	0	260	260
Low Income Housing Energy Assistance Program	9,536	277	0	9,321	0	62	62
Maine Energy, Housing and Economic Recovery Program	2,120	9	8	0	0	(2,103)	(2,103)
Other Federal and State Programs	1,201	483	1	864	0	147	147
Total governmental activities	39,600	2,103	16	37,666	0	185	185
Total MaineHousing	$53,566	$17,036	$2,435	$37,666	3,386	185	3,571
General Revenues:							
Unrestricted investment income					8	0	8
Transfers					119	(119)	0
Total general revenues and transfers					127	(119)	8
Change in Net Position					3,513	66	3,579
Net Position at beginning of year					281,512	25,268	306,780
Net Position at end of period					$285,025	$25,334	$310,359

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2016
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	$ 0	$ 2	$ 141	$ 143
Investments (notes 3, 8, and 10)	266,617	7,894	25,214	299,725
Other assets	15,586	1	107	15,694
Mortgage notes receivable, net (note 4)	33,057	0	431	33,488
Other notes receivable, net (note 4)	0	0	35	35
Interfund (note 12)	443	0	2,812	3,255
Total Current Assets	315,703	7,897	28,740	352,340
Noncurrent Assets:				
Investments (notes 3, 8, and 10)	80,258	0	0	80,258
Other assets (note 11)	1,490	0	0	1,490
Mortgage notes receivable, net (note 4)	1,144,881	0	7,032	1,151,913
Other notes receivable, net (note 4)	0	0	346	346
Land, equipment and improvements, net	22	0	707	729
Other real estate owned	4,902	0	0	4,902
Total Noncurrent Assets	1,231,553	0	8,085	1,239,638
Total Assets	1,547,256	7,897	36,825	1,591,978
DEFERRED OUTFLOWS OF RESOURCES:				
Accumulated decrease in fair value of hedging derivatives (note 6)	17,550	0	0	17,550
Deferred pension expense (note 7)	636	4	703	1,343
Deferred amount on debt refundings	6,022	0	0	6,022
Total Deferred Outflows of Resources	24,208	4	703	24,915
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	13,674	0	0	13,674
Accounts payable and accrued liabilities	2,124	6	3,783	5,913
Interfund (note 12)	1,689	5	6,059	7,753
Mortgage and other bonds payable, current (notes 5, 8, 13, and 15)	39,560	0	0	39,560
Total Current Liabilities	57,047	11	9,842	66,900
Noncurrent Liabilities:				
Pension liability (note 7)	2,213	13	378	2,604
Derivative instrument - interest rate swaps (note 6)	17,550	0	0	17,550
Mortgage and other bonds payable, net (notes 5, 8, 13, and 15)	1,242,850	0	0	1,242,850
Total Noncurrent Liabilities	1,262,613	13	378	1,263,004
Total Liabilities	1,319,660	24	10,220	1,329,904
DEFERRED INFLOWS OF RESOURCES:				
Deferred loan origination points	50	0	0	50
Deferred pension credit (note 7)	1,477	9	428	1,914
Total Deferred Inflows of Resources	1,527	9	428	1,964
NET POSITION:				
Net investment in capital assets	22	0	707	729
Restricted for bond resolutions	250,255	7,868	0	258,123
Unrestricted	0	0	26,173	26,173
Total Net Position	$250,277	$7,868	$26,880	$285,025

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE PERIOD ENDED MARCH 31, 2016
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	$14,524	$0	$70	$14,594
Income from investments	847	4	8	859
Net increase in the fair value of investments	1,568	0	0	1,568
Fee income	225	0	95	320
Other revenue	2	0	17	19
Total Revenues	17,166	4	190	17,360
OPERATING EXPENSES:				
Operating expenses	2,022	12	385	2,419
Other program administrative expenses	1,576	0	3	1,579
Mortgage servicing fees	438	0	10	448
Provision for losses on loans (note 4)	0	0	0	0
Losses on foreclosed real estate	0	0	0	0
Interest expense	9,462	0	0	9,462
Loss on bond redemption (note 13)	58	0	0	58
Total Expenses	13,556	12	398	13,966
Operating Income (Loss)	3,610	(8)	(208)	3,394
Transfers between funds, net (note 12)	0	0	119	119
Change in Net Position	3,610	(8)	(89)	3,513
Net Position at beginning of year	246,667	7,876	26,969	281,512
Net Position at end of period	$250,277	$7,868	$26,880	$285,025

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE PERIOD ENDED MARCH 31, 2016
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	$14,715	$0	$70	$14,785
Principal receipts on mortgages and notes - scheduled	8,264	0	117	8,381
Principal receipts on mortgages and notes - prepayments	23,739	0	67	23,806
Payments for operating expenses	(2,341)	(2)	(96)	(2,439)
Payments for personnel expenses	(1,695)	(10)	(289)	(1,994)
Investment in mortgages and other notes	(31,331)	0	(2,351)	(33,682)
Other	397	3	(321)	79
Net cash provided by (used for) operating activities	11,748	(9)	(2,803)	8,936
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	65,535	0	0	65,535
Principal payments on bonds	(19,630)	0	0	(19,630)
Interest payments on bonds	(194)	0	0	(194)
Payments from other funds	(338)	0	686	348
Net cash provided by non-capital financing activities	45,373	0	686	46,059
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	5,118	0	1	5,119
Purchase of investments	(329,901)	6	2,138	(327,757)
Sales and maturity of investments	266,781	0	0	266,781
Interest received on investments	881	4	8	893
Net cash provided by (used for) investing activities	(57,121)	10	2,147	(54,964)
Net decrease in cash	0	1	30	31
Cash at beginning of year	0	1	111	112
Cash at end of period	$0	$2	$141	$143
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES:				
Operating income (loss)	$3,610	($8)	($208)	$3,394
Adjustments to reconcile operating income (loss) to net cash used for operating activities:				
Depreciation and amortization	184	0	84	268
Interest on bonds	9,278	0	0	9,278
Provision for losses on loans	0	0	0	0
Losses on foreclosed real estate	0	0	0	0
Loss on bond redemption	58	0	0	58
Pension expense	0	0	176	176
Interest income on investments	(847)	(4)	(8)	(859)
Net increase in fair value of investments	(1,568)	0	0	(1,568)
Changes in operating assets and liabilities:				0
Other assets	210	0	(122)	88
Deferred pension outflows	0	0	(114)	(114)
Mortgage note interest receivable	191	0	0	191
Accounts payable and accrued liabilities	(38)	3	(444)	(479)
Unearned income	(2)	0	0	(2)
Investment in mortgage and other notes	(31,331)	0	(2,351)	(33,682)
Mortgage & other note principal repayments	32,003	0	184	32,187
Net cash provided by (used for) operating activities	$11,748	($9)	($2,803)	$8,936
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	$6,225	$0	$45	$6,270
Transfer of capital assets	$0	$0	$125	$125

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2016
(IN THOUSANDS OF DOLLARS)

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
ASSETS:						
Current Assets:						
Cash, principally time deposits (note 3)	$0	$68	$0	$0	$861	$929
Investments (notes 3, 8, and 10)	12,423	5,110	464	12,631	5,945	36,573
Accounts receivable - Federal	0	194	458	0	2,572	3,224
Other assets	1,382	110	0	15	66	1,573
Mortgage notes receivable, net (note 4)	18	0	0	0	0	18
Interfund (note 12)	539	5,520	0	0	0	6,059
Total Current Assets	14,362	11,002	922	12,646	9,444	48,376
Noncurrent Assets:						
Mortgage notes receivable, net (note 4)	20,790	0	0	6,645	0	27,435
Other notes receivable, net (note 4)	0	0	0	0	9	9
Total Noncurrent Assets	20,790	0	0	6,645	9	27,444
Total Assets	$35,152	$11,002	$922	$19,291	$9,453	$75,820
LIABILITIES:						
Current Liabilities:						
Accrued interest payable	$0	$0	$0	$394	$0	$394
Accounts payable - Federal	0	281	0	0	25	306
Accounts payable and accrued liabilities	0	60	340	0	4,408	4,808
Unearned income	261	0	129	0	2,671	3,061
Interfund (note 12)	0	443	350	0	768	1,561
Bonds payable, net (note 5 and 8)	0	0	0	2,980	0	2,980
Total Current Liabilities	261	784	819	3,374	7,872	13,110
Noncurrent Liabilities:						
Bonds payable, net (note 5 and 8)	0	0	0	35,755	0	35,755
Total Non Current Liabilities	0	0	0	35,755	0	35,755
Total Liabilities	261	784	819	39,129	7,872	48,865
FUND BALANCES:						
Restricted by program requirements	34,891	10,202	103	0	1,581	46,777
Unassigned	0	0	0	(19,838)	0	(19,838)
Total Fund Balances	34,891	10,202	103	(19,838)	1,581	26,939
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$35,152	$11,002	$922	$19,291	$9,453	$75,820

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balances in governmental funds	26,939
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Pension expense deferrals reported as deferred outflows of resources in governmental activities are not financial resources and therefore are not reported in the governmental funds.	335
Net pension liabiltiies reported in governmental activities are not due and payable in the current period and therefore not reported in the governmental funds.	(1,164)
Pension credit deferrals reported as deferred inflows of resources in governmental activities are not available to pay for current period expenditures and therefore are not reported in the governmental funds.	(776)
Net Position of governmental activities	$25,334

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE PERIOD ENDED MARCH 31, 2016

	HOME Fund	Section 8 Housing Programs	Low Income Home Energy Assistance Program	Maine Energy, Housing & Economic Recovery Fund	Other Federal and State Programs	Total
REVENUES:						
Interest from mortgages and notes	$12	$0	$0	$9	$0	$21
Income from investments	7	0	0	8	1	16
Fee income	0	1,321	277	0	483	2,081
Other revenue	0	1	0	0	0	1
Grant income	821	0	9,321	0	864	11,006
Income from State	3,046	0	0	0	0	3,046
Federal rent subsidy income	0	23,614	0	0	0	23,614
Total Revenues	3,886	24,936	9,598	17	1,348	39,785
EXPENDITURES:						
Operating expenditures	0	940	215	0	343	1,498
Other program administrative expenditures	0	140	0	0	76	216
Provision for losses on loans (note 4)	47	0	0	0	0	47
Grant expenditures	2,020	0	9,321	1,800	782	13,923
Federal rent subsidy	0	23,596	0	0	0	23,596
Interest	0	0	0	320	0	320
Total Expenditures	2,067	24,676	9,536	2,120	1,201	39,600
Revenues in Excess of (Less Than) Expenditures	1,819	260	62	(2,103)	147	185
Transfers between funds, net (note 12)	0	0	(62)	0	(57)	(119)
Change in Fund Balances	1,819	260	0	(2,103)	90	66
Fund Balances at beginning of year	33,072	9,942	103	(17,735)	1,491	26,873
Fund Balances at end of period	$34,891	$10,202	$103	($19,838)	$1,581	$26,939

See accompanying notes to the financial statements

ORGANIZATION AND NATURE OF OPERATIONS

The Maine State Housing Authority (MaineHousing) is a public corporation and an instrumentality of the State of Maine established under the provisions of the *Maine Housing Authorities Act*, Title 30-A, Chapter 201, of the Maine Revised Statutes, as amended. MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential units for the purpose of providing housing for persons and families of low income in the State of Maine. MaineHousing also administers various housing and energy related state and federal programs and collects and disburses federal rent subsidies for low-income housing.

For financial reporting purposes, MaineHousing is considered a component unit of the State of Maine. As such, the financial condition and results of operations of MaineHousing are included in the State's financial statements.

(1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

MaineHousing financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* and related statements, and are comprised of three components: 1) Agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. MaineHousing follows GASB pronouncements as codified under GASB 62.

The financial statements comply with the provisions of GASB statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all the organization's activities and functions for which MaineHousing is financially accountable. Determination of financial accountability includes among other factors, appointment of a voting majority of the component's governing body and (1) ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, MaineHousing. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than MaineHousing.

The Agency-wide financial statements are comprised of a Statement of Net Position and Statement of Activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements reflect all of the assets, liabilities, revenues, expenses, deferred inflows, deferred outflows, gains and losses of business-type and governmental activities. Interfund balances entirely within the proprietary funds and governmental funds are eliminated from the Statement of Net Position; remaining amounts are shown as Internal Balances.

The business-type activities, which include single and multi-family loan programs, are classified as proprietary funds. Proprietary funds are reported using the accrual basis of accounting and revenues are recorded when earned and expenses when incurred. The governmental activities reflect the administration of the various programs for the State of Maine and the federal government. Governmental funds are reported using the modified accrual basis and revenues are recorded when they become available and measurable and expenses when incurred. Revenues from grants and programs are generally considered "available" if eligibility and time restrictions have been satisfied and if received within three months of the balance sheet date.

Separate fund financial statements are provided for proprietary and governmental funds. The fund financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities, which provides that accounting systems be organized by funds to account for specific activities consistent with legal and operating requirements. Major individual governmental funds and all proprietary funds and fund groups are reported as separate columns in the fund financial statements. Certain indirect costs are allocated to the funds; such costs are not significant.

Fund Structure

Financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of loans and other lender services are presented as proprietary funds. MaineHousing's proprietary funds are:

MORTGAGE PURCHASE FUND

This fund consists of funds and accounts established by the General Mortgage Purchase Bond Resolution. Pursuant to the Mortgage Purchase Program, MaineHousing is authorized to purchase or originate first lien mortgages on single-family and multi-family residential properties. Proceeds from the sale of mortgage revenue bonds, the debt service requirements of the bond indebtedness, and mortgage loans made from bond proceeds are recorded in this fund.

BONDHOLDER RESERVE FUND

This fund consists of accounts established by the General Authority Bondholder Reserve Fund Resolution and are pledged to replenish any deficiency in the debt service reserve fund of the General Mortgage Purchase Bond resolution.

GENERAL ADMINISTRATIVE FUND

This fund consists of account balances that are not directly pledged to or restricted by a particular bond resolution or program and generates fee and interest income. The receipt of revenues not specifically pledged for the repayment of bonds or notes is recorded in this fund.

Activities financed by grant and program agreements with the federal government and appropriations from the State of Maine legislature are presented as governmental funds. None of the governmental funds are legally required to adopt a formal budget. MaineHousing's governmental funds are:

HOME FUND

The Maine State Legislature authorized the creation of the Housing Opportunities for Maine (HOME) Program to promote and create affordable housing. The program has been funded by a portion of the Real Estate Transfer Tax levied by the State of Maine and by appropriations. These funds may be used in conjunction with MaineHousing's other housing resources. MaineHousing also administers in this fund the Shelter Operating Subsidy Program, which is funded by the State of Maine.

SECTION 8 HOUSING PROGRAMS

This fund group consists of activity related to MaineHousing's administration of various Department of Housing and Urban Development (HUD) Section 8 programs. These are federal programs that provide rental subsidies to landlords to preserve low-income rental units and also provide funding to tenants to assist with rent payments. The program funding levels are established by the federal government annually. MaineHousing receives annual fees from HUD for the administration of these programs. These programs consist of the following:

Moderate Rehabilitation
New Construction
Housing Choice Voucher
Performance Based Contract Administration

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

MaineHousing is the designated administrator of the Low Income Home Energy Assistance Program for the State of Maine. This program is federally funded through the Department of Health and Human Services. Under this program, funds are provided to low income homeowners and renters to assist with the payment of heating costs. The funding level is established annually by the federal government and MaineHousing receives annual fees for the administration of this program.

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND
The purpose of the Maine Energy, Housing and Economic Recovery Fund (MEHER) is to create capital funding sources to provide affordable housing and to improve energy efficiency of residential housing in the State of Maine. The fund consists of accounts established by the MEHER General Indenture. The revenue anticipation bonds issued under the MEHER General Indenture are liabilities of the fund and the debt service for these bonds is paid by a source of revenue from the State of Maine.

The deficit in this fund is due to timing differences between the expending of capital funds from bond proceeds on program activities and the receipt of revenues from the State of Maine, which is based on debt service schedules. The deficit will be eliminated over time as capital funds available for programs are depleted and revenues received from the State of Maine exceed expenditures.

OTHER FEDERAL AND STATE PROGRAMS
MaineHousing administers various other federal and state housing and energy related programs and grants. This fund group records the activity and reflects the consolidation of these programs and grants. Program administration is governed by the appropriate federal regulations or state laws. The annual program and grant funding levels are set by the appropriate federal or state government. MaineHousing receives annual fees for the program administration for most of the federal programs and grants. Federal and state programs consist of the following:

U.S. Department of Housing and Urban Development
Emergency Solutions Grant Program
HOME Investment Partnership Program
Lead-Based Paint Hazard Control Program
Homeless Management Information System
Housing Counseling Program
Family Self-Sufficiency Program
Tax Credit Assistance Program – American Recovery & Reinvestment Act

U.S. Department of Energy
Weatherization Program
Weatherization Assistance Program Training Centers and Programs

U.S. Department of Health and Human Services
Weatherization / Central Heating Improvement Program

State of Maine
Arsenic Remediation Program
Natural Disaster Housing Assistance Fund
Mental Health Facilities Program
Municipal Revolving Loan Fund
Land Acquisition Program
Maine Affordable Housing General Obligation Bonds
Consumer Residential Opportunities Program
Indian Housing Mortgage Insurance Program
Foreclosure Prevention Counseling Grant-Bureau of Consumer Credit
Neighborhood Stabilization Program

Private
Robert Wood Johnson Foundation
Low Income Assistance Plan
National Foreclosure Mitigation Counseling Program

Net Position
In the agency-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of activities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. For business-type activities, the net position is restricted by bond resolutions for the acquisition of loans, payment of debt service and payment of operating costs. For governmental activities, the net position is restricted by state statutes or federal regulations and program agreements for specific program purposes.

Unrestricted – This consists of activities that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Balances
In the governmental funds financial statements, fund balances are reported as either restricted for housing and energy related programs, nonspendable in current form due to the long term nature of certain assets, or unassigned for any residual deficit fund balances. Generally, if unrestricted fund balances are available they are used after assigned or restricted amounts.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash on hand and held by banks in demand deposits and savings accounts.

Investments
Investments are comprised of short-term investments that mature in one year or less and long-term investments with maturities in excess of one year. Investments are reported at fair value based on quoted market prices. Unrealized gains and losses due to fluctuations in market values and gains and losses realized upon sale are reported as net increases or decreases in the fair value of investments. Interest received that is required by federal programs to be spent on program activities is deferred and recorded as a payable to the federal government.

Mortgage Notes Receivable
Mortgage notes receivable are carried at their uncollected principal balance less allowances for loan losses. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful. Program income received for revolving loan programs are recorded as unearned income. MaineHousing reclassifies its liability for amounts due under revolving loan programs relating to forgivable loans and loans with no payments due until sale of the collateral or maturity of the loan (usually 30 years from origination) to reduce the associated loan balances. MaineHousing believes this presentation better reflects the underlying economics of the loan.

Allowances For Losses On Loans
MaineHousing has established allowances for losses on mortgages and other notes receivable. The allowances are established through provisions for losses on loans charged to expenses. Losses are charged against the allowances when MaineHousing believes that collection of the loan principal is unlikely.

The allowances are amounts that MaineHousing believes will be adequate to absorb losses based on evaluations of collectability and prior loss experience. The evaluation takes into consideration such factors as the nature and volume of the portfolio, extent of available mortgage insurance, collateral, delinquencies and current economic conditions that may affect the borrowers' ability to pay.

Capital Assets
Capital assets consisting of land, equipment and leasehold improvements are stated at cost less accumulated depreciation and are reported in the agency-wide and proprietary funds financial statements. Capital assets are reported in the governmental funds statements as transfers to the General Administrative Fund. MaineHousing capitalizes assets with an initial cost of one thousand dollars or more. Depreciation on capital assets is computed using the straight line method over the estimated useful lives of the assets.

Other Real Estate Owned
Other real estate owned consists of single-family and multi-family residential properties acquired through foreclosure, or acceptance of a deed in lieu of foreclosure and are carried at the lower of cost or fair value less estimated costs to sell. Losses arising from the acquisition of other real estate owned are charged to the allowance for loan losses. Operating expenses, subsequent provisions to reduce the carrying value, and any gain or loss on disposition of the property are reflected in the Statement of Revenues, Expenses and Changes in Net Position in the year incurred or realized.

Bond Discount, Premium, Issuance Costs and Deferred Amounts on Refunding
Bond discounts and premiums are reflected as a component of bonds payable and are deferred and amortized over the lives of the bonds using a method that approximates the effective interest method. Gains and losses on debt refundings are amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter and reflected as a deferred outflow of resources. Costs associated with the issuance of bonds are expensed in the year the bonds are issued.

Loan Origination Fees and Costs
MaineHousing pays origination costs at the time it purchases single-family mortgage loans. These and other program costs, including closing cost assistance to borrowers, paid in connection with acquiring certain single-family loans are expensed in the year of origination.

MaineHousing may receive points in connection with the origination of single-family mortgage loans, which are essentially yield adjustments on the loans. Points received are reflected as a deferred inflow of resources and amortized as a component of interest income using the effective interest method over the life of the mortgages. When a loan is paid off prior to maturity, all unamortized deferred points are recognized immediately as interest income. MaineHousing may charge a fee at the time that a commitment is made to originate a mortgage on a multi-family loan. These fees are recognized as income in the year the commitment is made.

Revenues, Expenses and Expenditures
Program revenues in the agency-wide Statement of Activities are reported in three categories including (1) charges for services, (2) investment income and (3) grants and contributions. Charges for services include all revenues from mortgage loans and program administration fees. Investment income consists of earnings from non-mortgage investment assets. Grants and contributions include revenues from other governments and organizations that are restricted for use in a particular program. All revenues are recorded as income when earned and the associated expenses are recorded as incurred.

The proprietary funds' primary sources of operating revenues are income from mortgage loans and other permitted investments. Operating expenses in the proprietary funds consist of expenses incurred for loans, servicing, bond interest and program administration.

Revenues in the governmental funds are derived from grant and program agreements with the federal government and other organizations and appropriations from the Maine State Legislature. MaineHousing also receives fee income for program administration. Expenditures in the governmental funds are all current operating expenditures and consist primarily of program disbursements and administration charges.

Derivatives and Hedging Instruments

MaineHousing enters into various interest rate swap agreements in order to manage risks associated with interest on its variable rate bond portfolio. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, MaineHousing recognizes the fair value of swap agreements as either an asset or liability on its Statement of Net Position with the offsetting gains or losses as either deferred inflows or outflows of resources, if deemed an effective hedge. If swap agreements are not effective hedges, interest expense is increased or decreased by the change in the fair value. MaineHousing measures the effectiveness of its interest rate swap agreements in total whereby all the swaps are used to hedge interest expense on a portion of the total variable rate bonds equal to the notional amount of the swaps. Hedge effectiveness is determined by using the regression analysis and synthetic instrument methods. MaineHousing's swap agreements constitute an effective hedge of the hedged portion of the variable rate bond portfolio at March 31, 2016.

Defined Benefit Pension Plan

Mainehousing is a participating local district (PLD) member of the Maine Public Employees Retirement System (MainePERS) and employees may participate in a defined benefit plan offered by MainePERS. 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 positon of MainePERS' PLD Consolidation Plan have been determined on the same basis as they are reported by MainePERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments at MainePers are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statements and the reported amounts of revenues, expenses and expenditures during the reporting year. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for losses on loans. Actual results could differ from estimates.

Future Accounting Standards

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for the year ending December 31, 2016 and requires fair value measurement for certain investments not previously measured at fair value.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* is effective for the year ending December 31, 2017. This standard establishes requirements for pension plans that are not administered through a trust.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* is effective for the year ending December 31, 2017. This standard expands the disclosure requirements for certain postemployment benefit plans.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* is effective for the year ending December 31, 2018 and requires the recognition of a liability for obligations incurred under postemployment benefit plans.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* is effective for the year ending December 31, 2016 and modifies the hierarchy of authoritative standards for accounting and reporting on governmental entities. It establishes two tiers of standards: Tier 1 – GASB statements and Tier 2 – GASB technical bulletins and implementation guides and AICPA guidance that has been cleared by the GASB.

GASB Statement No. 77, *Tax Abatement Disclosures,* is effective for the year ending December 31, 2016 and requires state and local governments to disclose information about property and other tax abatement agreements.

MaineHousing has not yet adopted these standards and is evaluating the impact they may have on its financial statements.

(3.) CASH AND INVESTMENTS

At March 31, 2016, the carrying amount of MaineHousing's bank deposits was $1,072 and the bank balance was $1,642. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, $270 was covered by federal depository insurance and $1,372 was collateralized by money market funds for which the securities are held in the bank's name at the Federal Reserve Bank.

The Mortgage Purchase Program bond resolution permits MaineHousing to invest in direct obligations of, or obligations guaranteed by, the United States of America, certain government-sponsored enterprises and the State of Maine (permitted investments). The resolution also permits MaineHousing to invest in certificates of deposit, repurchase agreements and other similar banking arrangements that are collateralized by permitted investments.

MaineHousing has a formal Investment Policy that outlines its investment practices and policies. The primary purpose of the policy is to ensure safety of principal while managing liquidity to pay MaineHousing's financial obligations. MaineHousing's deposit policy is to have its deposits covered by insurance, collateralized or deposited in well capitalized institutions.

MaineHousing's investment balances and stated maturities as of March 31, 2016 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

		Investment Maturities in Years			
Investment	Carrying Amount	Less than 1	1-5	6-10	More than 10
PROPRIETARY FUNDS					
MORTGAGE PURCHASE FUND					
Repurchase Agreements	$114,325	$114,325	$0	$0	$0
Money Market Funds	20,744	20,744	0	0	0
U.S. Government-sponsored enterprise obligations (Rated AAA/Aaa)	211,806	131,548	0	0	80,258
Total - Mortgage Purchase Fund	346,875	266,617	0	0	80,258
BONDHOLDERS RESERVE FUND					
Repurchase Agreements	7,894	7,894	0	0	0
GENERAL ADMINISTRATIVE FUND					
Repurchase Agreements	10,346	10,346	0	0	0
Money Market Funds	14,868	14,868	0	0	0
Total - General Administrative Fund	25,214	25,214	0	0	0
Total - Proprietary Funds	$379,983	$299,725	$0	$0	$80,258
GOVERNMENTAL FUNDS					
HOME FUND					
Repurchase Agreements	$12,423	$12,423	$0	$0	$0
SECTION 8 HOUSING PROGRAM					
Money Market Funds	5,110	5,110	0	0	0
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM					
Money Market Funds	464	464	0	0	0
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY PROGRAM					
Repurchase Agreements	12,631	12,631	0	0	0
OTHER FEDERAL AND STATE PROGRAMS					
Repurchase Agreements	5,945	5,945	0	0	0
Total - Governmental Funds	$36,573	$36,573	$0	$0	$0

Repurchase agreements and money market funds are not credit rated and are continuously and fully secured by permitted investments. It is MaineHousing's policy to require that collateral be held by MaineHousing's

trustee in MaineHousing's name, wherever practicable, or its bank's trustee. MaineHousing generally invests in repurchase agreements and money market funds for short-term investments.

On March 31, 2016, $336,298 was invested in short-term repurchase agreements, money market funds and government sponsored enterprises having maturity dates of less than one year, at rates up to 0.34%. Investments other than repurchase agreements and money market funds are registered in MaineHousing's name. Investments issued by Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), and Federal Home Loan Bank (FHLB) make up 3%, 10%, 9%, and 40% of total investments, respectively, in the Mortgage Purchase Fund.

(4.) MORTGAGE AND OTHER NOTES RECEIVABLE:

For financial statement presentation, the allowance for losses on loans has been netted against the noncurrent portion of mortgage notes receivable and other notes receivable. However, where there is no noncurrent portion for other notes receivable, the allowance is netted against the current amount. A summary of mortgage notes receivable at March 31, 2016 is as follows:

	Number Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	484	$38,937	5.0%
FHA insured	1,992	161,129	20.7%
USDA/RD guaranteed	4,044	387,071	49.8%
Privately insured	521	35,738	4.6%
Non-insured	2,981	154,522	19.9%
Total Mortgage Purchase Fund - single-family	10,022	777,397	100.0%
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	185	157,871	38.6%
Conventional	240	226,238	55.4%
Supportive Housing	189	24,617	6.0%
Total Mortgage Purchase Fund - multi-family	614	408,726	100.0%
Less: Allowance for losses on loans		(8,185)	
Total Mortgage Purchase Fund	10,636	1,177,938	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	100	3,237	97.1%
Privately insured	3	96	2.9%
Total General Administrative Fund-Single Family	103	3,333	100.0%
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Conventional	5	3,821	100.0%
GENERAL ADMINISTRATIVE FUND- HOME IMPROVEMENT LOANS:			
Non-insured	199	979	100.0%
Less: Allowance for losses on loans		(670)	
Total General Administrative Fund	307	7,463	
Total Proprietary Funds	10,943	$1,185,401	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	399	$3,565	100.0%
HOME FUND - MULTI-FAMILY:			
Non-insured	66	18,182	100.0%
Total HOME Fund	465	21,747	
Less: Allowance for losses on loans		(939)	
Total HOME Fund	465	20,808	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY PROGRAM - MULTI-FAMILY			
Non-insured	13	6,645	100.0%
Total Governmental Funds	478	$27,453	

A summary of other notes receivable at March 31, 2016 is as follows:

	Number Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
GENERAL ADMINISTRATIVE FUND			
Non-insured	5	$381	100.0%
Total Proprietary Funds	5	$381	
GOVERNMENTAL FUNDS			
OTHER FEDERAL AND STATE PROGRAMS:			
Non-insured	2	38	100.0%
Less: Allowance for losses on loans		(29)	
Total Governmental Funds	2	$9	

A summary of the activity in the allowance for losses on loans is as follows:

	PROPRIETARY FUNDS		GOVERNMENTAL FUNDS	
	Mortgage Purchase Fund	General Administrative Fund	HOME Fund	Other Federal and State Programs
Balance – December 31, 2015	$8,475	$714	$910	$29
Provision	0	0	47	0
Loans charged off	(415)	(45)	(18)	0
Recoveries	125	1	0	0
Balance – March 31, 2016	$8,185	$670	$939	$29

(5.) MORTGAGE BONDS PAYABLE

MaineHousing issues bonds that pay interest that is subject to Alternative Minimum Tax (AMT), bonds that pay interest that is not subject to this tax (Non-AMT) and federally taxable bonds. Interest paid on AMT bonds is treated as a preference item in calculating the tax imposed on individuals and corporations under the Internal Revenue Service Code. MaineHousing's AMT, Non-AMT and federally taxable bonds are denoted for each series or sub-series below.

The interest rates presented in the table below for variable rate bonds represent the rate at March 31, 2016. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at March 31, 2016 are as follows:

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
PROPRIETARY FUNDS							
MORTGAGE PURCHASE FUND							
2005 SERIES B BONDS (M/F):							
2005 Series B (Federally Taxable)							
Term Bonds	15,000	15,000	Variable-.80%	2016-2020	2,840	-	3,115
2005 SERIES G BONDS (M/F):							
2005 Series G (AMT)							
Term Bonds	22,300	21,075	Variable-.53%	2016-2037	175	-	4,385
2007 SERIES C BONDS (S/F):							
2007 Series C (AMT)							
Term Bonds	5,000	0	5.05%				
Term Bonds	8,000	0	5.13%				
Term Bonds	12,000	100	5.15%	2032		100	
	25,000	100					
2007 SERIES E BONDS (S/F):							
2007 Series E-1 (AMT)							
Serial Bonds	2,885	0	4.65%				
Term Bonds	1,405	0	4.80%				
Term Bonds	2,700	0	5.15%				
Term Bonds	10,010	0	5.30%				
2007 Series E-2 (AMT)							
Term Bonds	8,000	8,000	Variable-.42%	2032-2041		800	
	25,000	8,000					
2008 SERIES C BONDS (S/F):							
2008 Series C-1 (Non-AMT)							
Serial Bonds	12,260	310	4.00%	2016		310	
2008 Series C-2 (AMT)							
Term Bonds	1,740	0	5.00%				
	14,000	310					
2008 SERIES D BONDS (S/F):							
2008 Series D (AMT)							
Term Bonds	20,000	20,000	Variable-.46%	2028-2042	905	-	1,870
2009 SERIES C BONDS (S/F):							
2009 Series C (Non-AMT)							
Serial Bonds	8,000	1,200	3.30%	2017		1,200	
Term Bonds	2,885	0	4.50%				
Term Bonds	11,795	0	5.00%				
	22,680	1,200					

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2009 SERIES D BONDS (S/F):							
2009 Series D (Non-AMT)							
Serial Bonds	23,010	1,575	3.85%	2019		1,575	
Term Bonds	1,560	0	4.38%				
Term Bonds	3,430	0	4.70%				
	28,000	1,575					
2010 SERIES A BONDS (S/F):							
2010 Series A (Non-AMT)							
Serial Bonds	20,405	12,930	2.75%-4.00%	2016-2023	975	-	1,885
Term Bonds	3,595	0	4.25%				
	24,000	12,930					
2010 SERIES B BONDS (S/F):							
2010 Series B-1 (Non-AMT)							
Serial Bonds	8,750	2,755	2.25%-2.60%	2016-2017	1,185	-	1,570
2010 Series B-2 (Non-AMT)							
Term Bonds	9,495	0	4.10%				
2010 Series B-3 (AMT)							
Serial Bonds	33,435	1,750	3.40%	2016		1,750	
	51,680	4,505					
2010 SERIES C BONDS (S/F):							
2010 Series C (Non-AMT)							
Serial Bonds	13,020	2,955	3.30%-3.90%	2017-2019	1,445	-	1,510
Term Bonds	980	0	4.75%				
	14,000	2,955					
2010 SERIES D BONDS (M/F):							
2010 Series D-1 (Non-AMT)							
Serial Bonds	8,415	0	3.35%-3.70%				
2010 Series D-2 (Non-AMT)							
Serial Bonds	9,785	885	2.90%-4.05%	2016-2019	270	-	615
Term Bonds	8,460	0	5.05%				
Term Bonds	2,280	0	5.55%				
	28,940	885					
2011 SERIES A BONDS (S/F):							
2011 Series A (Non-AMT)							
Serial Bonds	12,650	6,880	2.20%-4.00%	2016-2023	890	-	1,095
Term Bonds	3,350	0	4.63%				
	16,000	6,880					
2011 SERIES B BONDS (M/F):							
2011 Series B-1 (Non-AMT)							
Serial Bonds	20,490	20,490	2.70%-3.75%	2017-2021	3,425	-	4,735
Term Bonds	4,085	2,950	4.00%	2022-2023	250	-	2,700
2011 Series B-2 (Non-AMT)							
Term Bonds	4,750	0	4.38%				
	29,325	23,440					
2011 SERIES C BONDS (M/F):							
2011 Series C-1 (Non-AMT)							
Serial Bonds	27,320	27,075	2.00%-3.75%	2016-2023	780	-	5,715
2011 Series C-2 (Non-AMT)							
Serial Bonds	6,000	6,000	3.88%-4.88%	2024-2041	530	-	3,470
	33,320	33,075					

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2011 SERIES D BONDS (S/F):							
2011 Series D (Non-AMT)							
Serial Bonds	10,615	9,990	1.80%-3.30%	2016-2022	710	-	2,210
Term Bonds	7,385	7,385	4.00%	2023-2026	1,650	-	2,010
	18,000	17,375					
2011 SERIES E BONDS (M/F):							
2011 Series E (Non-AMT)							
Serial Bonds	10,440	0	1.70%				
Term Bonds	2,810	2,810	4.38%	2028-2031	700	-	705
	13,250	2,810					
2012 SERIES A BONDS (S/F):							
2012 Series A-1 (AMT)							
Serial Bonds	42,610	34,065	1.85%-3.45%	2016-2022	3,060	-	8,115
Term Bonds	21,885	11,430	4.00%	2024		11,430	
Term Bonds	22,575	13,110	4.50%	2026-2027	5,615	-	7,495
2012 Series A-2 (Non-AMT)							
Term Bonds	11,800	11,800	3.60%	2024-2026	2,350	-	5,250
2012 Series A-3 (Non-AMT)							
Serial Bonds	5,000	5,000	2.00%-2.85%	2018-2022		1,000	
Term Bonds	20,000	20,000	3.85%	2026-2029	1,265	-	7,165
	123,870	95,405					
2012 SERIES B BONDS (M/F):							
2012 Series B-1 (AMT)							
Serial Bonds	4,210	4,210	2.50%-3.75%	2018-2024	380	-	720
Term Bonds	14,720	13,920	4.25%	2025-2027	4,200	-	5,000
2012 Series B-2 (Non-AMT)							
Serial Bonds	1,735	1,735	1.95%-2.95%	2018-2023	175	-	350
Term Bonds	1,220	1,220	3.50%	2023-2027	55	-	325
2012 Series B-3 (Non-AMT)							
Term Bonds	3,000	3,000	3.88%	2028-2031		750	
	24,885	24,085					
2013 SERIES A BONDS (S/F):							
2013 Series A (Federally Taxable)							
Serial Bonds	9,000	7,460	1.19%-2.37%	2016-2020	1,140	-	1,615
	9,000	7,460					
2013 SERIES B BONDS (S/F):							
2013 Series B (Non-AMT)							
Serial Bonds	7,540	7,030	2.20%-2.75%	2021-2024	1,685	-	1,835
Term Bonds	3,890	2,000	3.00%	2026-2027	985	-	1,015
Term Bonds	38,690	38,690	3.45%	2028-2032	7,215	-	8,280
Term Bonds	28,880	28,880	3.60%	2033-2036	2,230	-	9,205
Term Bonds	27,000	17,850	4.00%	2036-2039	855	-	9,875
	106,000	94,450					
2013 SERIES C BONDS (S/F - M/F):							
2013 Series C (Federally Taxable)							
Serial Bonds	61,900	55,650	1.12%-3.09%	2016-2023	3,500	-	9,000
Term Bonds	24,910	24,910	3.84%	2024-2027	5,765	-	7,615
Term Bonds	8,560	8,560	4.32%	2028-2030	2,840	-	2,860
	95,370	89,120					
2013 SERIES D BONDS (S/F):							
2013 Series D-1 (AMT)							
Serial Bonds	15,000	15,000	1.63%-3.65%	2016-2023	1,735	-	2,060

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2013 Series D-2 (Non-AMT)							
Term Bonds	12,990	12,990	4.00%	2024-2028	925	-	5,565
Term Bonds	12,010	12,010	4.50%	2033-2037	2,205	-	2,610
	40,000	40,000					
2013 SERIES E BONDS (S/F):							
2013 Series E (Non-AMT)							
Serial Bonds	20,000	16,735	1.25%-4.00%	2016-2023	1,255	-	3,420
Term Bonds	10,000	0	4.95%				
	30,000	16,735					
2013 SERIES F BONDS (S/F -M/F):							
2013 Series F (Federally Taxable)							
Term Bonds	39,585	39,585	Variable-0.39%	2024-2032	1,400	-	5,400
	39,585	39,585					
2013 SERIES G BONDS (S/F):							
2013 Series G (Federally Taxable)							
Term Bonds	60,000	60,000	Variable-0.60%	2028-2041	1,660	-	5,350
	60,000	60,000					
2014 SERIES A BONDS (S/F):							
2014 Series A-1 (AMT)							
Serial Bonds	5,595	4,620	1.10%-3.20%	2016-2021	200	-	960
Term Bonds	4,445	0	4.45%				
Term Bonds	11,545	9,825	3.25%	2038-2043	1,155	-	1,945
2014 Series A-2 (Non-AMT)							
Serial Bonds	9,045	9,045	2.75%-3.55%	2021-2024	1,120	-	3,080
Term Bonds	9,865	9,865	4.00%	2025-2028	1,290	-	4,145
Term Bonds	11,090	7,845	4.50%	2031-2034	1,890	-	2,025
	51,585	41,200					
2014 SERIES B BONDS (M/F):							
2014 Series B (AMT)							
Term Bonds	50,965	50,965	Variable-0.87%	2024-2037	1,415	-	6,415
	50,965	50,965					
2014 SERIES C BONDS (S/F):							
2014 Series C-1 (AMT)							
Serial Bonds	14,860	14,160	0.65%-3.10%	2016-2024	705	-	3,105
Term Bonds	2,000	2,000	3.63%	2025-2029		400	
Term Bonds	7,620	7,620	4.00%	2030-2034	400	-	1,810
Term Bonds	17,465	15,090	3.50%	2034-2043	1,120	-	2,900
2014 Series C-2 (Non-AMT)							
Term Bonds	29,000	29,000	3.75%	2030-2034	3,485	-	8,065
	70,945	67,870					
2014 SERIES D BONDS (S/F):							
2014 Series D (Federally Taxable)							
Term Bonds	55,000	55,000	Variable-0.48%	2028-2039	730	-	11,370
	55,000	55,000					
2015 SERIES A BONDS (M/F)							
2015 Series A-1 (AMT)							
Serial Bonds	13,485	13,485	1.55%-3.05%	2018-2025	1,550	-	1,855
2015 Series A-2 (Non-AMT)							
Term Bonds	6,555	6,555	3.25%	2026-2029	600	-	2,680

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2015 Series A-3 (Non-AMT)							
Serial Bonds	8,050	8,050	0.50%-1.20%	2016-2018	1,540	-	3,255
Term Bonds	11,220	11,220	3.50%	2030-2034	2,085	-	2,410
Term Bonds	13,505	13,505	3.63%	2035-2039	2,505	-	2,905
Term Bonds	16,225	16,225	3.75%	2040-2044	2,995	-	3,500
	69,040	69,040					
2015 SERIES B BONDS (S/F)							
2015 Series B (Non-AMT)							
Serial Bonds	9,750	9,750	0.80%-2.60%	2017-2025	1,020	-	1,175
Term Bonds	10,750	10,750	3.20%	2026-2030	2,015	-	2,285
Term Bonds	1,610	1,610	3.45%	2031-2034	380	-	425
Term Bonds	9,890	9,890	3.50%	2035-2040	1,505	-	1,805
	32,000	32,000					
2015 SERIES C BONDS (M/F)							
2015 Series C (Federally Taxable)							
Serial Bonds	9,480	9,480	1.46%-3.04%	2018-2025	390	-	1,410
Term Bonds	18,000	18,000	3.59%	2026-2030	3,190	-	4,100
Term Bonds	12,520	12,520	3.95%	2036-2040	2,315	-	2,700
	40,000	40,000					
2015 SERIES D BONDS (S/F)							
2015 Series D (Non-AMT)							
Serial Bonds	7,105	7,105	1.65% - 3.30%	2019-2026	780	-	1,000
Term Bonds	3,340	3,340	3.75%	2027-2030	540	-	1,130
Term Bonds	4,890	4,890	4.00%	2031-2035	660	-	1,300
Term Bonds	7,585	7,585	4.25%	2036-2040	1,165	-	1,880
Term Bonds	7,080	7,080	4.00%	2041-2045	1,020	-	1,795
	30,000	30,000					
2015 SERIES E BONDS (S/F)							
2015 Series E-1 (AMT)							
Serial Bonds	30,115	30,115	.60% - 3.60%	2016-2026	2,545	-	4,155
Term Bonds	26,690	26,690	4.00%	2027-2030	5,600	-	9,575
Term Bonds	26,325	24,785	3.50%	2031-2034	5,170	-	7,240
2015 Series E-2 (Non-AMT)							
Term Bonds	2,105	2,105	3.80%	2031-2033	650	-	755
Term Bonds	8,360	8,360	4.05%	2039-2040	4,085	-	4,275
Term Bonds	14,535	14,535	4.15%	2041-2045	2,515	-	3,285
2015 Series E-3 (AMT)							
Term Bonds	30,000	30,000	Variable-0.40%	2035-2038	5,455	-	8,975
	138,130	136,590					
2015 SERIES F BONDS (M/F)							
2015 Series F-1 (AMT)							
Serial Bonds	8,800	8,800	1.3%-2.20%	2018-2021		2,200	
2015 Series F-2 (Non-AMT)							
Serial Bonds	2,450	2,450	2.05%-2.85%	2022-2026	450	-	500
2015 Series F-3 (Non-AMT)							
Serial Bonds	15,005	15,005	.40%-1.10%	2016-2018	4,785	-	5,110
Term Bonds	6,340	6,340	3.40%	2027-2030	1,185	-	1,785
Term Bonds	9,565	9,565	3.85%	2031-2035	1,310	-	2,195
Term Bonds	11,840	11,840	3.95%	2036-2040	1,635	-	2,720
	54,000	54,000					

	Original Amount Issued	Amount Outstanding	Interest Rate(s)	Maturities/ Sinking Fund Installments on Bonds Outstanding	Range of Required Annual Principal Payments on Bonds		
2015 SERIES G BONDS (S/F)							
2015 Series G (Non-AMT)							
Serial Bonds	8,185	8,185	2.00%-3.00%	2021-2027	630	-	2,095
Term Bonds	1,730	1,730	3.35%	2028-2030	535	-	615
Term Bonds	2,125	2,125	3.65%	2031-2035	325	-	525
Term Bonds	12,060	12,060	3.85%	2036-2040	2,295	-	2,535
Term Bonds	5,900	5,900	3.50%	2041-2045	1,095	-	1,270
	30,000	30,000					
2016 SERIES A BONDS (S/F)							
2016 Series A (Non-AMT)							
Serial Bonds	6,065	6,065	1.13%-2.45%	2019-2026	670	-	855
Term Bonds	6,520	6,520	2.90%	2027-2030	1,545	-	1,720
Term Bonds	4,630	4,630	3.30%	2031-2035	865	-	990
Term Bonds	10,900	10,900	3.55%	2036-2040	1,960	-	2,355
Term Bonds	6,885	6,885	4.00%	2041-2045	1,305	-	1,475
	35,000	35,000					
		1,280,620					
Plus: Net Unamortized Bond Premium		1,790					
Total Mortgage Purchase Fund bonds payable	1,585,870	1,282,410					
Total Proprietary Funds bonds payable	$1,585,870	$1,282,410					
GOVERNMENTAL FUNDS							
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND							
2010 Series 1(Non-AMT)							
Serial Bonds	$39,970	$38,425	2.50%-5.00%	2016-2026	355	-	3,800
2010 Series 2(Taxable)							
Serial Bonds	9,630	0	3.03%				
		38,425					
Plus: Net Unamortized Bond Premium		310					
Total Maine Energy, Housing & Recovery Fund Group bonds payable	49,600	38,735					
Total Governmental Funds bonds payable	$49,600	$38,735					

The following table summarizes the debt activity for the period ended March 31, 2016:

Fund	Outstanding at December 31, 2015	Issuance	Retirement	Outstanding at March 31, 2016
Mortgage Purchase Fund	$1,235,250	$65,000	($19,630)	$1,280,620
Maine Energy, Housing & Economic Recovery Fund	38,425	0	0	38,425
Total	$1,273,675	$65,000	($19,630)	$1,319,045

Interest is payable semi-annually for the Mortgage Purchase Fund and the Maine Energy, Housing & Economic Recovery Fund. Scheduled principal payments on bonds are due November 15 for the Mortgage Purchase Fund and September 15 for the Maine Energy, Housing & Economic Recovery Fund.

The interest calculations shown in the table below are based on the variable rate in effect at March 31, 2016 and may not be indicative of actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary. The following table provides a summary of MaineHousing's debt service requirements and net interest rate swap payments through 2020 and in five-year increments thereafter to maturity:

	Mortgage Purchase Fund					Maine Energy, Housing & Economic Recovery Fund	
	Fixed/Variable Unswapped		Variable Swapped		Swaps	Fixed Unswapped	
Year(s)	Principal	Interest	Principal	Interest	Net Interest	Principal	Interest
2016	$36,545	$32,505	$3,015	$878	$4,046	$2,980	$1,295
2017	42,060	32,620	3,115	1,020	3,518	3,070	1,204
2018	43,810	31,835	3,225	995	3,342	3,160	1,114
2019	45,865	30,940	3,315	970	3,164	3,245	1,024
2020	45,045	29,768	3,310	944	2,652	3,340	921
2021-2025	221,493	128,450	6,707	4,550	7,653	18,485	2,761
2026-2030	253,157	89,809	19,563	4,033	3,355	4,145	87
2031-2035	195,674	53,587	62,396	3,261	2,411	0	0
2036-2040	150,011	25,709	75,579	797	404	0	0
2041-2045	63,885	6,275	2,850	18	0	0	0
Total	$1,097,545	$461,498	$183,075	$17,466	$30,545	$38,425	$8,406

MaineHousing's bonds are a special obligation of MaineHousing and do not constitute a debt or liability of the State of Maine. The bonds are secured in accordance with bond resolutions. Security for bonds in the Mortgage Purchase Fund includes the mortgage loans made or purchased under the resolution and all monies and investments in the fund and accounts pledged under the resolution. Bonds in the Mortgage Purchase Fund may be redeemed in excess of the annual maturities in accordance with the terms of the resolution. Bonds in the Maine Energy, Housing & Economic Recovery Fund are secured by a portion of the Real Estate Transfer Tax revenues collected by the State of Maine and the bonds may not be redeemed in excess of the annual maturities until September 15, 2020.

Moral Obligation Debt

The reserve funds of the Mortgage Purchase Fund are secured by a non-binding obligation (moral obligation) from the State of Maine to replenish by appropriation any deficiency in such reserve funds. MaineHousing was authorized to have bonds outstanding for this program in an aggregate amount not to exceed $2,150,000 as of March 31, 2016. Of that amount, $1,280,620 was outstanding at March 31, 2016.

Other Debt

MaineHousing uses its tax-exempt debt issuing authority to provide financial assistance to private sector developers for the acquisition and rehabilitation, or the construction of multi-family housing projects serving low-to-moderate income households. The debt, which is referred to as conduit debt, is collateralized by revenues generated by the properties financed and is repayable solely from payments received on the underlying mortgage loans and any specific third-party credit enhancement associated with the individual financings. MaineHousing has a total of $53,935 outstanding in two series at March 31, 2016. The debt does not constitute a liability or a pledge of faith and credit of MaineHousing and is not reported in the accompanying financial statements.

(6.) INTEREST RATE SWAP AGREEMENTS

MaineHousing has twelve interest rate swap agreements (swaps) with four counterparties as of March 31, 2016. The objective of the agreements is to attain a synthetic fixed interest rate on a portion of its variable rate bonds at a cost expected to be less than rates associated with fixed-rate debt. The swap agreement terms state MaineHousing is to make semi-annual fixed interest rate payments at a specified rate on a notional principal amount and in exchange receive semi-annual payments based upon either the thirty-day or ninety-day London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA).

The swaps have an aggregate negative fair value of $17,550 at March 31, 2016. During 2016, the negative fair value of the swaps increased by $3,573. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swaps, assuming that the current forward rates implied by the current yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swaps have been determined to constitute an effective hedge of a portion of the variable rate bond portfolio equal to the notional amount of the swaps at March 31, 2016 by using the regression analysis and synthetic instrument methods. The aggregate fair value is classified as a derivative instrument liability and a deferred outflow of resources, which represents the accumulated decrease in fair value. Total variable rate bonds outstanding at March 31, 2016 total $299,625.

The following table contains the terms, fair values, and credit ratings of the swaps as of March 31, 2016. Specific swaps are assigned to certain debt issuances for arbitrage purposes. The credit ratings were issued by Moody's Investor Services and Standard & Poor's, respectively.

Related Debt Issuance	Current Notional Amount	Effective Date of Swap	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2005 Series B	$15,000	11/17/2015	1.41%	100 % of 90 day LIBOR	($216)	11/15/2020	Aa3/AA-
2005 Series G	21,075	2/1/2006	3.59%	65% of 30 day LIBOR plus .20%	(7,177)	11/15/2037	Aa3/A+
2015 Series E	5,000	3/14/2006	3.67%	65% of 90 day LIBOR plus .20%	(558)	11/15/2019	Aa1/AA-
2015 Series E	5,000	7/11/2006	3.92%	65% of 90 day LIBOR plus .20%	(165)	11/15/2016	Aa3/A+
2007 Series E-2	8,000	9/12/2007	4.05%	65% of 90 day LIBOR plus .20%	(401)	11/15/2027 [1]	Aa1/AA-
2008 Series D	20,000	4/8/2008	3.40%	70% of 90 day LIBOR plus .20%	(1,041)	11/15/2022 [2]	Aa1/AA-
2014 Series B	9,500	4/22/2008	3.25%	67% of 30 day LIBOR	(480)	11/15/2018	Aa1/AA-
2014 Series B	9,500	12/23/2003	3.25%	67% of 30 day LIBOR	(480)	11/15/2018	Aa3/A+
2014 Series B	15,000	1/29/2008	3.71%	100% of SIFMA plus .06%	(3,529)	5/15/2023	Aa3/A+
2014 Series D	25,000	12/26/2014	1.94%	100 % of 90 day LIBOR	(948)	11/15/2019	A2/A-
2014 Series D	30,000	12/31/2014	2.05%	100 % of 90 day LIBOR	(1,408)	11/15/2020	A2/A-
2015 Series E-3	20,000	11/15/2015	1.60%	67% of 30 day LIBOR	(1,147)	11/15/2025	A2/A-
Totals	$183,075				($17,550)		

1 MaineHousing has the option of termination, with no Termination Payment on May 15, 2017 and on each May 15 and November 15 thereafter.

2 MaineHousing has the option of termination, with no Termination Payment on November 15, 2017 and on each May 15 and November 15 thereafter.

Credit Risk – The swaps contain varying collateral agreements with the counterparties in order to mitigate the potential for credit risk. The requirements of the collateral agreements are met as of March 31, 2016. As of March 31, 2016, MaineHousing is not exposed to credit risk for the swaps that have negative fair values.

Basis Risk – The floating rate payments provided by the counterparties are based upon either the SIFMA index or the LIBOR index. The LIBOR rate will be adjusted on a monthly basis, except for 2005 Series B, which is adjusted on a quarterly basis. MaineHousing's floating rate bonds will have rates adjusted weekly. MaineHousing's bonds are expected to track with the SIFMA Index, which differs from the LIBOR index. If the floating rate tax exempt bonds, which should correspond to the SIFMA index, trade at a value significantly different than their historical relationship to LIBOR, the net cost to MaineHousing could increase or decrease.

As of March 31, 2016, the thirty day LIBOR rate and the ninety day LIBOR rate were .44% and .63%, respectively and the SIFMA rate was 0.40%.

Termination Risk – In addition to the optional terminations embedded in some of MaineHousing's swap agreements, swap agreements may be terminated in whole or in part prior to the respective maturities of the bonds under certain circumstances (including certain events of default with respect to MaineHousing or the swap providers). Following certain terminations of the swap agreements, either MaineHousing or the swap providers, as applicable, may owe a termination payment equal to the fair value of the swap to the other, depending upon market conditions and the events that caused such swap agreements to terminate. Under certain circumstances, this termination payment could be substantial. Such termination payment by MaineHousing would be payable on a basis subordinate to the payments on the bonds.

Rollover Risk – MaineHousing is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt.

(7.) RETIREMENT BENEFITS

MaineHousing has defined contribution and defined benefit pension plans that cover substantially all employees. Employees have the option to participate in either plan.

Defined Contribution Plan

The defined contribution plan consists of a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a separate plan created under the provisions of the Internal Revenue Code Section 401(a).

Benefit terms, including contribution requirements, for the defined contribution plan are establishment by management. For each participant in the plan, MaineHousing contributes 4.6% of annual salary to the 401(a) plan. Additionally, if a participant makes voluntary contributions to the 457 plan, MaineHousing matches the contributions up to 5.9% of annual salary. The employer match contribution is made to the 401(a) plan.

For the period ended March 31, 2016, employee contributions totaled $113 and MaineHousing recognized expense of $72. Employees are immediately vested in their own contributions, MaineHousing contributions, and the earnings on those contributions.

Defined Benefit Plan

Plan Description: MaineHousing is a participating local district (PLD) member of the Maine Public Employees Retirement System's PLD Consolidated Retirement Plan (MainePERS) and employees may elect to participate in this multiple-employer cost sharing defined benefit plan. An advisory group established by Maine statute reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them.

Benefits Provided: Retirement benefits are based on participants' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. The normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years (20 years for participants in the plan prior to July 1, 2014) of service credit is reduced by a statutorily prescribed factor for each year of age that a participant is below her/his normal retirement age at retirement.

Post-retirement cost-of-living adjustments (COLA) become available to participants after 12 months of retirement. The post-retirement COLA is capped at 3% annually. The plan also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Upon termination, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and rights. The annual rate of interest credited to participants' accounts is set by MainePERS Board of Trustees and is currently 5.0%.

Contributions: Retirement benefits are funded by contributions from participants and employers and by earnings from MainePers investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Participant and employer normal cost contributions are each a percentage of applicable participant compensation. Participant contribution rates are defined by the MainePERS Board of Trustees. Employers' contributions are determined by actuarial valuations. As of March 31, 2016, the established MainePERS employer and employee contribution rates were 8.9% and 7.5%, respectively. MaineHousing also currently pays on behalf of its employees 1.6% of the MainePERS employee contribution rate. Total employer contributions were $114 for the period ended March 31, 2016.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2015 and 2014, using the following actuarial assumptions, applied to all periods included in the measurement period:

Investment Rate of Return – 7.125% per annum for June 30, 2015 and 7.25% per annum for June 30, 2014, compounded annually
Inflation Rate – 3.5%
Salary Increases, Merit and Inflation – 3.5% to 9.5% per year
Cost of Living Benefit Increases – 2.55% per annum for June 30, 2015 and 3.12% per annum for June 30, 2014
Mortality Rates – RP 2000 Table for Males and Females projected forward using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period of July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

Discount Rate: The discount rate used to measure the collective total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability: At March 31, 2016, MaineHousing has a liability of $3,768 for its proportionate share of the net pension liability. 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 that date. MaineHousing's proportion of the net pension liability was based on MaineHousing's employer contributions received by MainePERS during the measurement period July 1, 2014 through June 30, 2015, relative to the total employer contributions received from all participating entities. At March 31, 2016, MaineHousing's proportion is 1.181151%. In 2014, the proportion was 1.420739%.

Sensitivity of MaineHousing's proportionate share of the net pension liability to changes in the discount rate: The following represents MaineHousing's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what MaineHousing's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.125%) or 1% higher (8.125%) than the current rate.

1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
$7,508	$3,768	$(223)

Pension plan fiduciary net position: Detailed information about the plan's fiduciary net position is available in the separately issued MainePERS' Comprehensive Annual Financial Report at www.mainepers.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the period ended March 31, 2016, MaineHousing recognized pension expense of $176 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$183	$484
Employer contributions subsequent to the measurement date	370	0
Net difference between projected and actual earnings on pension plan investments	1,164	1,742
Changes in proportion and differences between employer contributions and proportionate share of contributions	(372)	464
Changes of assumptions	333	0
Total	$1,678	$2,690

Amounts reported as deferred outflows of resources related to pensions resulting from MaineHousing's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense through December 31, 2019 as follows:

Year ended December 31:	Pension Expense Amount
2016	($547)
2017	($547)
2018	($403)
2019	$291

Payables to the Pension Plan: At March 31, 2016, MaineHousing's total payables to MainePERS for unremitted contributions were $28.

(8.) AVAILABLE BONDS PROCEEDS

MORTGAGE PURCHASE FUND
The following bond proceed amounts are invested in the various bond proceed sub-accounts of the Bond Proceeds Fund of the Mortgage Purchase Fund and are available for the purchase of mortgages:

2015 Series A (M/F)	$3,767
2015 Series B (S/F)	1,503
2015 Series E (S/F)	22,521
2015 Series F (M/F)	25,589
2015 Series G (S/F)	13,172
2016 Series A (S/F)	35,350
	$101,902

MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY FUND
The following bond proceeds are invested in accordance with the Maine Energy, Housing and Recovery General Indenture and are available for program activities at March 31, 2016:

2010 Series 1	$6,134
2010 Series 2	2,843
	$8,977

(9.) COMMITMENTS

MORTGAGE COMMITMENTS
Mortgage commitments are agreements to loan money provided there is no violation of any term or condition established in the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as MaineHousing deems necessary. At March 31, 2016, MaineHousing had outstanding commitments in several funds to originate multi-family mortgage loans of approximately $44,002. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At March 31, 2016, single-family loans being processed by lenders for MaineHousing totaled approximately $28,404.

LEASE COMMITMENT
MaineHousing has committed to a lease agreement for approximately 39,000 square feet of office space that expires on December 31, 2019. Annual rent under this lease agreement increases at a rate of 3% per year and rental expense amounted to $176 for the period ended March 31, 2016.

(10.) RESERVE FUNDS

MORTGAGE PURCHASE FUND – HOUSING RESERVE FUND
On or before December 1 of each year, MaineHousing is required to value the Housing Reserve Fund and verify to the Governor of the State of Maine that the sum of money in the fund equals or exceeds the Housing Reserve Fund Minimum Requirement. The Housing Reserve Fund Minimum Requirement equals the amount of principal and interest maturing and coming due in the next succeeding calendar year on bonds outstanding. The Housing Reserve Fund Minimum Requirement as of March 31, 2016 was $112,820.

When issuing bonds MaineHousing must also meet the Housing Reserve Fund Maximum Requirement. The Housing Reserve Fund Maximum Requirement equals the maximum debt service required in any subsequent calendar year. The Housing Reserve Fund Maximum Requirement as of March 31, 2016 was $114,383.

In calculating the Housing Reserve Minimum and the Housing Reserve Maximum requirements, MaineHousing assumes a 12% rate for variable rate bonds, which is the maximum interest rate under the terms of the bonds. Swap payments and receipts are not included in the calculation. At March 31, 2016, valuation of the investments in the Housing Reserve Fund, computed at the lower of par or cost in accordance with the General Mortgage Purchase Program Bond Resolution was $129,645.

MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND – CAPITAL RESERVE FUND
MaineHousing is required to maintain a Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement established under the General Indenture. The Capital Reserve Fund Requirement equals the greatest amount of principal and interest maturing and becoming due in the current or any succeeding bond year. The Capital Reserve Requirement as of March 31, 2016 was $4,320. This requirement may be satisfied by the deposit of money or by the deposit of a Credit Facility or an insurance policy for the benefit of the bondholders.

Between July 1 and July 15 of each year, MaineHousing must certify to the Treasurer of the State the amount necessary and sufficient to meet MaineHousing's debt service obligation, including amounts necessary to replenish the Capital Reserve Fund to the Capital Reserve Requirement. At March 31, 2016, valuation of the Capital Reserve Fund insurance policy in the Capital Reserve Fund was $4,320.

(11.) EXCESS ARBITRAGE TO BE REBATED

Tax-exempt bonds issued by MaineHousing are subject to Internal Revenue Service (IRS) regulations that limit the amount of income that can be earned with non-mortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds.

Excess earnings must be rebated every five years. At March 31, 2016, there are no arbitrage liabilities to be rebated.

Prior rebate payments made by MaineHousing that are eligible for refund from the United States Treasury, based on estimated arbitrage rebate calculations, are recorded as an asset. MaineHousing has recorded assets, which are included in other assets, in the amount of $1,490 in the Mortgage Purchase Fund.

(12.) FUND TRANSFERS AND INTERFUND BALANCES

MaineHousing records transfers between funds for various purposes including program subsidies and capital asset transfers. Transfers for the period ended March 31, 2016 consisted of the following:

	General Administrative Fund	Other Federal And State Programs
Capital Assets	$125	($125)
Program Subsidies	(6)	6
	$119	($119)

MaineHousing reports interfund balances among its funds. These balances generally consist of amounts for various revenues or expenses due to a fund, but received or paid to another and funds for loan closings. These amounts are generally paid or received within the subsequent year.

Interfund accounts receivable (payable) balances at March 31, 2016 consisted of the following:

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	HOME Fund	Section 8 Housing Programs	Low Income Housing Energy Assistance Program	Maine Energy, Housing & Economic Recovery Program	Other Federal And State Programs
Receivable due from:								
Mortgage Purchase Fund	$0	$0	$1,689	$0	$0	$0	$0	$0
General Adminstrative Fund	0	0	0	539	5,520	0	0	0
Other Federal And State Programs	0	0	350	0	0	0	0	0
Collectively, all other funds	443	0	773	0	0	0	0	0
	443	0	2,812	539	5,520	0	0	0
Payables	(1,689)	(5)	(6,059)	0	(443)	(350)	0	(768)
	($1,246)	($5)	($3,247)	$539	$5,077	($350)	$0	($768)

The interfund accounts receivable of the General Administrative Fund consist primarily of operating expenses owed from the Mortgage Purchase Fund and Other Federal and State Programs. The General Administrative Fund accounts payable consist of program revenues and fees collected for the HOME Fund and Section 8 Housing Program.

(13.) REDEMPTION OF BONDS

For the period ended March 31, 2016, MaineHousing redeemed prior to maturity $19,630 of its Mortgage Purchase Fund bonds from recoveries of principal, surplus revenues and the proceeds of refunding bonds. Losses of $58 were attributed to the recognition of related bond discount. In general, where these redemptions were related to refundings, the overall interest rate was lower with the new bonds. The following is a summary of bonds redeemed:

	Interest Rate	Original Maturity	Amount	Redemption Price
Mortgage Purchase Fund				
2009 Series A-2 Serial Bonds	3.88%	11/15/2017	$4,405	100%
2009 Series B Serial Bonds	3.45%	11/15/2017	1,520	100%
2009 Series D Serial Bonds	3.40%	11/15/2017	1,720	100%
2009 Series D Serial Bonds	3.65%	11/15/2018	1,770	100%
2010 Series B-3 Serial Bonds	3.80%	11/15/2017	5,060	100%
2010 Series C Serial Bonds	3.65%	11/15/2018	1,470	100%
2010 Series D-1 Serial Bonds	3.35%	11/15/2017	1,090	100%
2010 Series D-1 Serial Bonds	3.70%	11/15/2018	405	100%
2010 Series D-2 Serial Bonds	3.35%	11/15/2017	410	100%
2010 Series D-2 Serial Bonds	3.70%	11/15/2018	240	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,540	100%
			$19,630	

(14.) CONTINGENCIES

MaineHousing is subject to various legal proceedings and claims that arise in the normal course of its business. MaineHousing also receives funding from federal government agencies. These funds are to be used for designated purposes only and are subject to financial and compliance audits and the resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements.

(15.) SUBSEQUENT EVENTS

Subsequent to March 31, 2016, MaineHousing redeemed bonds. The following is a summary of subsequent event transactions.

On June 10, 2016 MaineHousing will redeem at par $40,950 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Redemption Price
2008 Series C-1 Serial Bonds	4.00%	11/15/2016	$310	100%
2009 Series D Serial Bonds	3.85%	11/15/2019	1,575	100%
2010 Series A Serial Bonds	3.70%	11/15/2020	1,735	100%
2010 Series A Serial Bonds	3.90%	11/15/2021	975	100%
2010 Series A Serial Bonds	3.95%	11/15/2022	1,740	100%
2010 Series A Serial Bonds	4.00%	11/15/2023	1,885	100%
2010 Series B-1 Serial Bonds	2.25%	11/15/2016	1,570	100%
2010 Series B-3 Serial Bonds	3.40%	11/15/2016	1,750	100%
2010 Series C Serial Bonds	3.90%	11/15/2019	1,510	100%
2010 Series D-2 Serial Bonds	2.90%	11/15/2016	615	100%
2010 Series D-2 Serial Bonds	4.05%	11/15/2019	270	100%
2011 Series A Serial Bonds	2.20%	11/15/2016	890	100%
2011 Series A Serial Bonds	4.00%	11/15/2023	1,095	100%
2011 Series B-1 Term Bonds	4.00%	11/15/2023	2,950	100%

	Interest Rate	Maturity	Amount	Redemption Price
2011 Series C-1 Serial Bonds	2.00%	11/15/2016	5,000	100%
2012 Series A-1 Serial Bonds	1.85%	11/15/2016	3,060	100%
2012 Series A-1 Term Bonds	4.50%	11/15/2028	1,820	100%
2013 Series B Term Bonds	4.00%	11/15/2043	1,690	100%
2013 Series E Serial Bonds	4.00%	11/15/2023	3,420	100%
2014 Series A-1 Term Bonds	3.25%	11/15/2043	900	100%
2014 Series C-1 Serial Bonds	0.65%	11/15/2016	705	100%
2014 Series C-1 Term Bonds	3.50%	11/15/2044	1,000	100%
2015 Series B Term Bonds	3.50%	11/15/2040	105	100%
2015 Series E-1 Serial Bonds	0.60%	11/15/2016	2,835	100%
2015 Series E-1 Term Bonds	3.50%	11/15/2035	1,545	100%
			$40,950	