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Maine State Housing Authority

Basic Financial Statements
Management's Discussion and Analysis
and Required Supplementary Information

Year Ended December 31, 2015

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MAINE STATE HOUSING AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Maine State Housing Authority

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Maine State Housing Authority (MaineHousing), a component unit of the State of Maine, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise MaineHousing's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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 opinions.

Board of Commissioners
Maine State Housing Authority

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of MaineHousing, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in notes 2 and 7, MaineHousing adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* amended by Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matter – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of MaineHousing's Proportionate Share of the Net Pension Liability and Schedule of MaineHousing's Pension Contributions as listed in the table of contents 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.

Baker Newman & Noyes
Limited Liability Company

Portland, Maine
March 29, 2016

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2015

This discussion and analysis provides an overview of the Maine State Housing Authority's (MaineHousing) financial activities for the year ended December 31, 2015 and should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68* (GASB 71) were implemented in 2015. As a result of the implementation, the agency-wide beginning net position for the year was reduced by $4.7 million.

- As a result of program operations and financing activities, MaineHousing's net position increased by $6.5 million to $306.8 million.

- Debt retirements totaled $311.2 million. The retirement and refunding of bonds contributed to a $1.6 million reduction in interest expense, which offset a $1.1 million decrease in interest income from mortgage loans and improved the net interest margin by $0.5 million.

- Single-family mortgage loan delinquency rates and loans in-foreclosure decreased significantly during 2015. The rate for loans 60 days or more delinquent decreased from 10.42% to 8.18%, while loans in-foreclosure decreased by $15.7 million or 34%.

- Mortgage receivables increased by $38.8 million. Single-family loan purchases amounted to $87.7 million and increased by $37.5 million or 75%. Multi-family loan originations totaled $73.1 million and increased by $59.6 million or 441%.

- Total revenues from federal programs decreased by $5.6 million or 4% to $136.5 million due principally to lower income from the U.S. Department of Health and Human Services for the Low Income Home Energy Assistance Program (LIHEAP).

OVERVIEW OF MAINEHOUSING

MaineHousing was created in 1969 by an Act of the Maine State Legislature and is a public corporation and government instrumentality of the State of Maine. MaineHousing was established to assist in the financing, development, and rehabilitation of housing in Maine for persons and families of low and moderate income. In this capacity, MaineHousing is authorized to issue bonds for the purchase or origination of notes and mortgages on single-family and multi-family residential properties.

MaineHousing also acts as an agent for the State of Maine in administering various federal housing and energy related programs. These programs are funded through grants and program agreements with the federal government's departments of Housing and Urban Development, Energy, and Health and Human Services, as well as capital and operating subsidies from MaineHousing's own funds.

MaineHousing is a component unit of the State of Maine and receives certain appropriations from the Maine State Legislature, all of which are used in connection with specified housing related programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

MaineHousing's financial statements consist of three parts – this management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include agency-wide financial statements, fund financial statements, and notes to the financial statements.

- Agency-wide financial statements provide information about MaineHousing's overall financial position and operations. These statements, which are presented using the accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities.

- Fund financial statements of MaineHousing include its major proprietary funds, which operate similarly to private-sector businesses, and governmental funds, which consist of activities that are funded from federal grants and state appropriations.

- The basic financial statements include notes to financial statements that provide additional information and explain some of the information in the agency-wide and fund financial statements.

- The report also includes required supplementary information regarding historical pension information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Agency-wide Statements

Agency-wide statements report information about MaineHousing as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position presents MaineHousing's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Statement of Activities presents current year revenues and expenses.

The two agency-wide statements report MaineHousing's net position and results of operations. Net position is one measure of MaineHousing's financial health and position. Agency-wide financial statements are divided into two categories:

- *Business-type activities* – MaineHousing's business-type activities consist of providing mortgage financing on single-family and multi-family residential properties. These activities are funded primarily through the issuance of bonds.

- *Governmental activities* – MaineHousing administers various state and federal housing and energy related programs. These activities are financed by grant and program agreements with the federal government and appropriations from the Maine State Legislature.

Fund Financial Statements

The fund financial statements provide more detailed information about MaineHousing's most significant funds and not MaineHousing as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. MaineHousing has two kinds of funds:

- *Proprietary funds* – MaineHousing's business-type activities are in its proprietary funds and they are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily through the issuance of bonds, the proceeds of which are mainly used to make various types of loans to finance low and moderate-income housing. The net positions of these funds represent accumulated earnings since their inception and interest rate subsidy amounts contributed from governmental funds. Amounts in the funds are generally restricted for program purposes.

- *Governmental funds* – MaineHousing has five governmental funds. MaineHousing is the administrator of these funds, the revenues of which are appropriated to MaineHousing for making housing and energy related grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. A substantial portion of the fund balances for these funds consist of investments reserved for grants or making mortgage loans.

Maine State Housing Authority
Management's Discussion and Analysis
December 31, 2015

AN OVERVIEW OF MAINEHOUSING'S FINANCIAL POSITION AND OPERATIONS

MaineHousing's financial position and operations are summarized on the following pages for the years ended December 31, 2015 and 2014 based on the information included in the financial statements.

During the year, MaineHousing implemented GASB 68 and GASB 71. These accounting statements required the recognition of a net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense associated with its allocated proportionate share of the Maine Public Employees Retirement System's Participating Local District Consolidated Pension Plan.

The following financial information for 2014 has been restated to include the effect of the accounting changes required by GASB 68 and GASB 71. The restatement included the recording of a $2.2 million net pension liability, deferred pension expenses (outflows) of $0.5 million, deferred pension credits (inflows) of $3 million and a net position reduction of $4.7 million. The 2014 financial statements have also been restated to be comparative to how the 2015 financial statements present interfund balances.

Statement of Net Position
(in millions of dollars)

	Business-type Activities		**Governmental Activities**		**Total**		**Total Percentage Change**
	2015	**2014 (restated)**	**2015**	**2014 (restated)**	**2015**	**2014 (restated)**	
Cash and investments	$317.5	$287.9	$38.5	$45.2	$356.0	$333.1	6.9%
Mortgage and other notes receivable	1,190.6	1,153.0	26.3	25.1	1,216.9	1,178.1	3.3%
Other assets	17.8	21.7	11.5	8.7	29.3	30.4	(3.6%)
Total Assets	**1,525.9**	**1,462.6**	**76.3**	**79.0**	**1,602.2**	**1,541.6**	**3.9%**
Total Deferred Outflows of Resources	**21.4**	**21.0**	**0.3**	**0.2**	**21.7**	**21.2**	**2.4%**
Mortgage and other bonds payable	1,236.4	1,179.9	38.7	41.7	1,275.1	1,221.6	4.4%
Other Liabilities	27.6	26.0	11.9	8.4	39.5	34.4	14.8%
Total Liabilities	**1,264.0**	**1,205.9**	**50.6**	**50.1**	**1,314.6**	**1,256.0**	**4.7%**
Total Deferred Inflows of Resources	**1.8**	**2.2**	**0.7**	**4.3**	**2.5**	**6.5**	**(61.5%)**
Investment in capital assets	0.7	0.9	0.0	0.0	0.7	0.9	(22.2%)
Restricted	254.5	248.8	25.3	24.8	279.8	273.6	2.3%
Unrestricted	26.3	25.8	0.0	0.0	26.3	25.8	1.9%
Total Net Position	**$281.5**	**$275.5**	**$25.3**	**$24.8**	**$306.8**	**$300.3**	**2.2%**

Total assets at December 31, 2015 were $1.6 billion, an increase of $60.6 million or 3.9% from December 31, 2014. The change in assets consisted primarily of a $38.8 million increase in mortgage receivables, resulting from an increase in loan purchases and originations, and a $22.9 million increase in cash and investments due to higher available bonds proceeds at December 31, 2015.

Total deferred outflows of resources, which consist of the accumulated decrease in the fair value of interest rate swaps and deferred amounts associated with debt refundings and pension expenses, increased $0.5 million primarily due to an increase in deferred pension expenses.

Total liabilities at December 31, 2015 were $1.31 billion, an increase of $58.6 million or 4.7% from December 31, 2014. The increase in liabilities is due principally to the issuance of $363.2 million of bonds, which contributed to a $53.5 million net increase in bonds payable. Other liabilities increased $5.1 million due primarily to a net pension liability increase.

Total deferred inflows of resources, which represent deferred amounts associated with grant income and pension credits, decreased $4.0 million due to reductions in deferred pension credits and grant income.

Cash and Investments

Total cash and investments increased by $22.9 million or 6.9% at December 31, 2015 compared to December 31, 2014. The increase is attributed to higher unexpended bond proceeds at December 31, 2015.

MaineHousing's investment portfolio is comprised of securities of the U.S. Government, certain Federal agencies, the State of Maine, or repurchase agreements and money market funds that are secured by such securities. Investments are carried at fair value and unrealized gains and losses due to fluctuations in market values are recognized in revenues. In 2015, the fair value of investments increased and MaineHousing recognized $0.4 million of unrealized gains compared with $12.3 million of unrealized gains in 2014.

Mortgage and Other Notes Receivable

Total net mortgages and other notes receivable increased $38.8 million or 3.3% in 2015. MaineHousing's total mortgage purchases and originations of $160.8 million in 2015 were higher by $96.5 million compared with 2014. The receipt of scheduled mortgage loan repayments of $29.8 million decreased from the previous year's level of $30.2 million. Mortgage loan prepayments increased during 2015 by $15.6 to a total of $70.4 million. Foreclosures totaled $22.6 million in 2015 and $17.3 million in 2014.

MaineHousing's allowance for losses at December 31, 2015 amounted to $10.1 million, which is a decrease of $1.3 million compared with 2014.

Bonds Payable

Bonds payable increased $53.5 million or 4.4% in 2015. During the year, MaineHousing completed the issuance of bonds totaling $363.2 million. In 2014, $228.5 million bonds were issued. Debt retirements totaled $311.2 million in 2015 and $282.4 million in 2014. MaineHousing issues bonds or notes as capital is needed for program purposes and as opportunities for economic refunding occur. For additional details, see the Debt Activity section of the Management's Discussion and Analysis.

Net Position

As a result of program operations and financing activities, MaineHousing's net position increased by $6.5 million or 2.2% to $306.8 million at December 31, 2015. The net position of the proprietary funds, which present MaineHousing's business-type activities, increased $6.0 million to $281.5 million and the net position for governmental activities increased by $0.5 million to $25.3 million.

MaineHousing's business activities are in the proprietary funds and are dissimilar to the activities in the governmental funds. The results of operations for both MaineHousing's proprietary and governmental funds are presented on the following table for the years ended December 31, 2015 and 2014:

Agency-wide Changes in Net Position
(in millions of dollars)

	2015	2014 (restated)	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Revenues:				
Interest from mortgages and notes	$58.9	$60.0	($1.1)	(1.8%)
Income from investments	3.5	3.8	(0.3)	(7.9%)
Increase in fair value of investments	0.4	12.3	(11.9)	(96.7%)
Grants and subsidies	143.3	147.3	(4.0)	(2.7%)
Other	10.0	8.9	1.1	12.4%
Total revenues	216.1	232.3	(16.2)	(7.0%)
Expenses:				
Operating and other program expenses	25.9	24.2	1.7	7.0%
Provision for losses on loans and foreclosed real estate	0.1	1.5	(1.4)	(93.3%)
Interest expense	42.1	43.7	(1.6)	(3.7%)
Grants and subsidies	141.5	150.6	(9.1)	(6.0%)
Total expenses	209.6	220.0	(10.4)	(4.7%)
Increase in net position	6.5	12.3	(5.8)	(47.2%)
Net position at beginning of year	300.3	288.0	12.3	4.3%
Net position at end of year	$306.8	$300.3	$6.5	2.2%

Changes in business-type and governmental activities are explained in the following Results of Operations sections.

RESULTS OF OPERATIONS

Proprietary Funds Results

The net position of MaineHousing's proprietary funds was increased by $6.0 million to $281.5 million at December 31, 2015. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position of MaineHousing's proprietary funds for the years ended December 31, 2015 and December 31, 2014:

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
(in millions of dollars)

	2015	2014 (restated)	Increase/(Decrease) Amount	Percentage
Operating revenues:				
Interest from mortgages and notes	$58.8	$59.9	($1.1)	(1.8%)
Income from investments	3.5	3.8	(0.3)	(7.9%)
Increase in fair value of investments	0.4	12.3	(11.9)	(96.7%)
Fee income	2.0	1.1	0.9	81.8%
Other revenue	0.6	0.1	0.5	500.0%
Total revenues	65.3	77.2	(11.9)	(15.4%)
Operating expenses:				
Operating expenses	9.7	9.0	0.7	7.8%
Other program administrative expenses	7.7	6.9	0.8	11.6%
Mortgage servicing fees	1.8	1.9	(0.1)	(5.3%)
Provision for losses on loans	(0.5)	1.0	(1.5)	(150.0%)
Losses on foreclosed real estate	0.4	0.3	0.1	33.3%
Interest expense	40.8	42.3	(1.5)	(3.5%)
Loss on bond redemption	0.4	0.3	0.1	33.3%
Excess arbitrage	(0.4)	(0.4)	0.0	0.0%
Total expenses	59.9	61.3	(1.4)	(2.3%)
Net Operating income	5.4	15.9	(10.5)	(66.0%)
Transfers in	0.6	2.3	(1.7)	(73.9%)
Change in net position	6.0	18.2	(12.2)	(67.0%)
Net position at beginning of year	275.5	257.3	18.2	7.1%
Net position at end of year	$281.5	$275.5	$6.0	2.2%

Operating revenues of MaineHousing's business-type activities are generated principally from earnings on mortgages and investments. Operating revenues from business-type activities totaled $65.3 million for 2015. Of this total, $62.3 million or 95.4% was from interest earned from mortgages, other notes and non-mortgage investments.

Operating expenses of MaineHousing's business-type activities consist primarily of interest expense on debt incurred to fund its various lending programs. The expenses for business-type activities totaled $59.9 million, of which $40.8 million or 68.1% was interest expense.

The 2015 financial results of MaineHousing's proprietary funds were significantly affected by the following:

- The $10.5 million reduction in net operating income is attributed to a significantly lower net increase in the fair value of investments. Interest rate changes during the year generated an unrealized gain of $0.4 million. This represents a decrease of $11.9 million compared with the unrealized gain of $12.3 million that was recognized in 2014. Excluding unrealized gains, net operating income increased $1.4 million or 38.9%.

- Interest earned on mortgages and notes decreased by $1.1 million or 1.8% due to lower average outstanding loan balances during the year and lower average yields. Although single-family loan purchases increased substantially in 2015, new loan purchases were outpaced by loan repayments and foreclosures and the portfolio decreased by $19 million.

- Interest expense decreased by $1.5 million or 3.5% as a result of bond refunding activities, which lowered average interest rates on outstanding bonds.

- Financing fees from higher multifamily lending activities and income from the issuance of conduit debt during the year increased fee income by $0.9 million.

- Program administrative expenses for single-family loan originations and cost associated with the issuance of bonds increased by $0.6 million and $0.3 million, respectively, due to higher loan production and bond funding activities.

- Provision for loan losses decreased by $1.5 million as a result of lower net loan charge-offs, lower delinquency rates and an overall performance improvement with the single-family loan portfolio.

Governmental Fund Results

The net position of MaineHousing's governmental funds increased $0.6 million to $25.4 million at December 31, 2015. The following table summarizes the Statement of Revenues, Expenditures and Changes in Fund Balances of MaineHousing's governmental funds for the years ended December 31, 2015 and December 31, 2014:

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
(in millions of dollars)

	2015	2014 (restated)	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Revenues:				
Income from mortgages and notes	$0.1	$0.1	$0.0	0.0%
Fee income	7.3	7.6	(0.3)	(3.9%)
Other revenues	0.0	0.1	(0.1)	(100.0%)
Grant income	39.0	44.6	(5.6)	(12.6%)
Income from the State	12.4	11.3	1.1	9.7%
Federal rent subsidy income	91.9	91.4	0.5	0.5%
Total revenues	150.7	155.1	(4.4)	(2.8%)
Expenditures:				
Program administrative expenditures	6.5	6.6	(0.1)	(1.5%)
Provision for losses on loans	0.2	0.2	0.0	0.0%
Interest expense	1.3	1.4	(0.1)	(7.1%)
Grant expense	49.5	58.3	(8.8)	(15.1%)
Federal rent subsidy expense	92.0	92.3	(0.3)	(0.3%)
Total expenditures	149.5	158.8	(9.3)	(5.9%)
Revenues in excess of expenditures	1.2	(3.7)	4.9	132.4%
Transfers out	(0.6)	(2.3)	1.7	73.9%
Change in fund balances	0.6	(6.0)	6.6	110.0%
Fund balances at beginning of year	24.8	30.8	(6.0)	(19.5%)
Fund balances at end of year	$25.4	$24.8	$0.6	2.4%

MaineHousing's total revenues from governmental activities are generated primarily from federal grants and rent subsidy income. Revenues from governmental activities total $150.7 million in 2015, which is a decrease of $4.4 million or 2.8%.

MaineHousing's governmental activities expenditures consist primarily of federal grants and rent subsidies. Total expenditures decreased $9.3 million or 5.9% to $149.5 million for 2015.

MaineHousing earns fees for administering various federal programs. Typically fees earned provide MaineHousing with a revenue source adequate to recover direct and indirect costs of delivering related services. Fee income for administering federal programs amounted to $7.3 million in 2015, which is a decrease of $0.3 million or 3.9% compared with 2014.

The 2015 financial results of MaineHousing's governmental funds were significantly affected by the following:

- Total grant income decreased by $5.6 million or 12.6% due primarily to a lower federal grant from the U.S. Department of Health and Human Services for the Low Income Home Energy Assistance Program (LIHEAP). LIHEAP grant income was lower in 2015 by $6.8 million compared with 2014. Additionally, income from the U.S. Department of Housing & Urban Development for the Lead-Based Hazard Control Program was lower in 2015 by $1.0 million. These grant reductions were offset by higher income from the U.S. Department of Energy for the Weatherization Assistance Program, which increased by $2.2 million.

- Total grant expenditures decreased by $8.8 million or 15.1% due to lower available federal grant receipts.

- Income from the State, which consists of real estate transfer tax deposits to the HOME Fund, increased $1.1 million or 9.7% as a result of higher real estate sales and deposits from the State.

DEBT ACTIVITY

MaineHousing is authorized to issue housing revenue bonds to purchase or originate mortgages or notes on single-family and multi-family residential properties. MaineHousing had $1.28 billion in bonds outstanding at December 31, 2015, which is an increase of $53.5 million or 4.4% from 2014.

MaineHousing's debt issuances for 2015 totaled $363.2 million. Principal payments on bonds totaled $311.2 million in 2015. MaineHousing redeemed prior to maturity $297.1 million of its outstanding bonds in 2015 from reserve funds, mortgage prepayments, surplus revenues, and the proceeds from refunding bonds. Scheduled principal payments on bonds totaled $14.1 million in 2015.

MaineHousing issues some variable rate demand obligations and enters into interest rate swaps agreements to provide synthetically fixed interest rates on a portion of the variable rate bonds. At December 31, 2015, the total amount of variable rate debt outstanding was $299.6 million and represented 23.5% of the $1.28 billion total debt portfolio. Twelve interest rate swap agreements have been executed with three counterparties in connection with $183.1 million of these bonds to, in effect, convert them to synthetic fixed rate bonds.

Bonds in MaineHousing's General Mortgage Purchase Bond Resolution were rated Aa1 and AA+ by Moody's Investor Service and Standard & Poor's, respectively, in 2015. For additional information about MaineHousing's mortgage bonds and notes payables, see Notes 5, 6, 8, 13, and 15 to the financial statements.

ADDITIONAL INFORMATION

The purpose of this financial report is to provide information needed to understand MaineHousing's financial position and results of operations for the year ended December 31, 2015. Inquiries for additional information may be directed to the Director of Finance at Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330, at (207) 626-4600 or at www.mainehousing.org.

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2015
(IN THOUSANDS OF DOLLARS)

	Business-type Activities	Governmental Activities	Total
ASSETS:			
Current Assets:			
Cash, principally time deposits (note 3)	$112	$847	$959
Investments (notes 3, 8, and 10)	221,013	37,621	258,634
Accounts receivable - Federal	0	5,893	5,893
Other assets	15,047	1,380	16,427
Mortgage notes receivable, net (note 4)	29,722	85	29,807
Other notes receivable, net (note 4)	34	0	34
Internal balances	(4,269)	4,269	0
Total Current Assets	261,659	50,095	311,754
Noncurrent Assets:			
Investments (notes 3, 8, and 10)	96,348	0	96,348
Other assets (note 11)	1,490	0	1,490
Mortgage notes receivable, net (note 4)	1,160,479	26,206	1,186,685
Other notes receivable, net (note 4)	356	9	365
Land, equipment and improvements, net	686	0	686
Other real estate owned	4,882	0	4,882
Total Noncurrent Assets	1,264,241	26,215	1,290,456
Total Assets	1,525,900	76,310	1,602,210
DEFERRED OUTFLOWS OF RESOURCES:			
Accumulated decrease in fair value of hedging derivatives (note 6)	13,977	0	13,977
Deferred pension expense (note 7)	1,229	335	1,564
Deferred amount on debt refundings	6,165	0	6,165
Total Deferred Outflows of Resources	21,371	335	21,706
LIABILITIES:			
Current Liabilities:			
Accrued interest payable	4,590	60	4,650
Accounts payable - Federal	0	305	305
Accounts payable and accrued liabilities	6,392	7,076	13,468
Unearned income	0	3,247	3,247
Mortgage and other bonds payable, current (notes 5, 8, 13, and 15)	39,560	2,980	42,540
Total Current Liabilities	50,542	13,668	64,210
Noncurrent Liabilities:			
Pension liability (note 7)	2,604	1,164	3,768
Derivative instrument - interest rate swaps (note 6)	13,977	0	13,977
Mortgage and other bonds payable, net (notes 5, 8, 13, and 15)	1,196,846	35,769	1,232,615
Total Noncurrent Liabilities	1,213,427	36,933	1,250,360
Total Liabilities	1,263,969	50,601	1,314,570
DEFERRED INFLOWS OF RESOURCES:			
Deferred loan origination points	52	0	52
Deferred pension credit (note 7)	1,738	776	2,514
Total Deferred Inflows of Resources	1,790	776	2,566
NET POSITION:			
Net investment in capital assets	686	0	686
Restricted for bond resolutions	254,521	0	254,521
Restricted for grants and programs	0	25,268	25,268
Unrestricted	26,305	0	26,305
Total Net Position	$281,512	$25,268	$306,780

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(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	$58,215	$59,812	$3,908	$0	$5,505	$0	$5,505
Bondholder Reserve Fund	46	0	7	0	(39)	0	(39)
General Administrative Fund	1,646	1,633	0	0	(13)	0	(13)
Total business-type activities	59,907	61,445	3,915	0	5,453	0	5,453
Governmental activities:							
HOME Fund	7,893	49	10	8,575	0	741	741
Section 8 Housing Programs	96,355	5,184	1	91,912	0	742	742
Low Income Housing Energy Assistance Program	27,211	705	0	26,487	0	(19)	(19)
Maine Energy, Housing and Economic Recovery Program	4,696	36	14	4,319	0	(327)	(327)
Other Federal and State Programs	13,525	1,490	4	11,959	0	(72)	(72)
Total governmental activities	149,680	7,464	29	143,252	0	1,065	1,065
Total MaineHousing	$209,587	$68,909	$3,944	$143,252	5,453	1,065	6,518
		General Revenues:					
		Unrestricted investment income			14	0	14
		Transfers			590	(590)	0
		Total general revenues and transfers			604	(590)	14
		Change in Net Position			6,057	475	6,532
		Net Position at beginning of year, as restated (note 2)			275,455	24,793	300,248
		Net Position at end of year			$281,512	$25,268	$306,780

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
ASSETS:				
Current Assets:				
Cash, principally time deposits (note 3)	$ 0	$ 1	$ 111	$ 112
Investments (notes 3, 8, and 10)	185,761	7,900	27,352	221,013
Other assets	14,934	1	112	15,047
Mortgage notes receivable, net (note 4)	29,290	0	432	29,722
Other notes receivable, net (note 4)	0	0	34	34
Interfund (note 12)	523	0	4,041	4,564
Total Current Assets	230,508	7,902	32,082	270,492
Noncurrent Assets:				
Investments (notes 3, 8, and 10)	96,348	0	0	96,348
Other assets (note 11)	1,490	0	0	1,490
Mortgage notes receivable, net (note 4)	1,155,671	0	4,808	1,160,479
Other notes receivable, net (note 4)	0	0	356	356
Land, equipment and improvements, net	22	0	664	686
Other real estate owned	4,834	0	48	4,882
Total Noncurrent Assets	1,258,365	0	5,876	1,264,241
Total Assets	1,488,873	7,902	37,958	1,534,733
DEFERRED OUTFLOWS OF RESOURCES:				
Accumulated decrease in fair value of hedging derivatives (note 6)	13,977	0	0	13,977
Deferred pension expense (note 7)	786	4	439	1,229
Deferred amount on debt refundings	6,165	0	0	6,165
Total Deferred Outflows of Resources	20,928	4	439	21,371
LIABILITIES:				
Current Liabilities:				
Accrued interest payable	4,590	0	0	4,590
Accounts payable and accrued liabilities	2,162	3	4,227	6,392
Interfund (note 12)	2,257	5	6,571	8,833
Mortgage and other bonds payable, current (notes 5, 8, 13, and 15)	39,560	0	0	39,560
Total Current Liabilities	48,569	8	10,798	59,375
Noncurrent Liabilities:				
Pension liability (note 7)	2,213	13	378	2,604
Derivative instrument - interest rate swaps (note 6)	13,977	0	0	13,977
Mortgage and other bonds payable, net (notes 5, 8, 13, and 15)	1,196,846	0	0	1,196,846
Total Noncurrent Liabilities	1,213,036	13	378	1,213,427
Total Liabilities	1,261,605	21	11,176	1,272,802
DEFERRED INFLOWS OF RESOURCES:				
Deferred loan origination points	52	0	0	52
Deferred pension credit (note 7)	1,477	9	252	1,738
Total Deferred Inflows of Resources	1,529	9	252	1,790
NET POSITION:				
Net investment in capital assets	22	0	664	686
Restricted for bond resolutions	246,645	7,876	0	254,521
Unrestricted	0	0	26,305	26,305
Total Net Position	$246,667	$7,876	$26,969	$281,512

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
OPERATING REVENUES:				
Interest from mortgages and notes	$58,505	$0	$266	$58,771
Income from investments	3,513	7	14	3,534
Net increase in the fair value of investments	395	0	0	395
Fee income	1,077	0	971	2,048
Other revenue	230	0	396	626
Total Revenues	63,720	7	1,647	65,374
OPERATING EXPENSES:				
Operating expenses	8,177	46	1,515	9,738
Other program administrative expenses	7,621	0	77	7,698
Mortgage servicing fees	1,758	0	44	1,802
Provision for losses on loans (note 4)	(500)	0	10	(490)
Losses on foreclosed real estate	400	0	0	400
Interest expense	40,837	0	0	40,837
Loss on bond redemption (note 13)	377	0	0	377
Excess arbitrage (note 11)	(455)	0	0	(455)
Total Expenses	58,215	46	1,646	59,907
Operating Income (Loss)	5,505	(39)	1	5,467
Transfers between funds, net (note 12)	360	0	230	590
Change in Net Position	5,865	(39)	231	6,057
Net Position at beginning of year, as restated (note 2)	240,802	7,915	26,738	275,455
Net Position at end of year	$246,667	$7,876	$26,969	$281,512

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(IN THOUSANDS OF DOLLARS)

	Mortgage Purchase Fund	Bondholder Reserve Fund	General Administrative Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Interest receipts from borrowers	$58,804	$0	$266	$59,070
Principal receipts on mortgages and notes - scheduled	29,290	0	466	29,756
Principal receipts on mortgages and notes - prepayments	70,180	0	186	70,366
Payments for operating expenses	(10,105)	(8)	(547)	(10,660)
Payments for personnel expenses	(6,691)	(38)	(968)	(7,697)
Investment in mortgages and other notes	(159,538)	0	(1,295)	(160,833)
Other	1,137	(9)	870	1,998
Net cash used for operating activities	(16,923)	(55)	(1,022)	(18,000)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	363,461	0	0	363,461
Principal payments on bonds	(308,265)	0	0	(308,265)
Interest payments on bonds	(40,114)	0	0	(40,114)
Payments from other funds	739	5	2,357	3,101
Net cash provided by non-capital financing activities	15,821	5	2,357	18,183
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from disposition of foreclosed real estate	25,033	0	235	25,268
Purchase of investments	(672,815)	0	(1,592)	(674,407)
Sales and maturity of investments	645,240	36	0	645,276
Interest received on investments	3,644	6	12	3,662
Net cash provided by (used for) investing activities	1,102	42	(1,345)	(201)
Net decrease in cash	0	(8)	(10)	(18)
Cash at beginning of year	0	9	121	130
Cash at end of year	$0	$1	$111	$112
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES:				
Operating income (loss)	$5,505	($39)	$1	$5,467
Adjustments to reconcile operating income (loss) to net cash used for operating activities:				
Depreciation and amortization	935	0	458	1,393
Interest on bonds	39,902	0	0	39,902
Provision for losses on loans	(500)	0	10	(490)
Losses on foreclosed real estate	400	0	0	400
Loss on bond redemption	377	0	0	377
Pension expense	304	1	51	356
Interest income on investments	(3,513)	(7)	(14)	(3,534)
Net increase in fair value of investments	(395)	0	0	(395)
Changes in operating assets and liabilities:				
Other assets	(1,434)	0	(226)	(1,660)
Deferred pension outflows	0	0	(480)	(480)
Mortgage note interest receivable	299	0	0	299
Accounts payable and accrued liabilities	1,272	(10)	(179)	1,083
Unearned income	(7)	0	0	(7)
Investment in mortgage and other notes	(159,538)	0	(1,295)	(160,833)
Mortgage & other note principal repayments	99,470	0	652	100,122
Net cash used for operating activities	($16,923)	($55)	($1,022)	($18,000)
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:				
Transfer from mortgage notes receivable to other assets and other real estate owned	$22,461	$0	$209	$22,670
Transfer of capital assets	$0	$0	$5	$5

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(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	$82	$0	$0	$765	$847
Investments (notes 3, 8, and 10)	10,733	4,893	160	15,902	5,933	37,621
Accounts receivable - Federal	0	288	1,510	0	4,095	5,893
Other assets	1,128	108	0	33	111	1,380
Mortgage notes receivable, net (note 4)	85	0	0	0	0	85
Interfund (note 12)	1,269	5,302	0	0	0	6,571
Total Current Assets	13,215	10,673	1,670	15,935	10,904	52,397
Noncurrent Assets:						
Mortgage notes receivable, net (note 4)	21,065	0	0	5,141	0	26,206
Other notes receivable, net (note 4)	0	0	0	0	9	9
Total Noncurrent Assets	21,065	0	0	5,141	9	26,215
Total Assets	$34,280	$10,673	$1,670	$21,076	$10,913	$78,612
LIABILITIES:						
Current Liabilities:						
Accrued interest payable	$0	$0	$0	$60	$0	$60
Accounts payable - Federal	0	278	0	0	27	305
Accounts payable and accrued liabilities	0	53	1,232	0	5,791	7,076
Unearned income	1,082	0	166	0	1,999	3,247
Interfund (note 12)	126	397	169	2	1,608	2,302
Bonds payable, net (note 5 and 8)	0	0	0	2,980	0	2,980
Total Current Liabilities	1,208	728	1,567	3,042	9,425	15,970
Noncurrent Liabilities:						
Bonds payable, net (note 5 and 8)	0	0	0	35,769	0	35,769
Total Non Current Liabilities	0	0	0	35,769	0	35,769
Total Liabilities	1,208	728	1,567	38,811	9,425	51,739
FUND BALANCES:						
Restricted by program requirements	33,072	9,945	103	0	1,488	44,608
Nonspendable in current form	0	0	0	5,141	0	5,141
Unassigned	0	0	0	(22,876)	0	(22,876)
Total Fund Balances	33,072	9,945	103	(17,735)	1,488	26,873
Total Liabilities and Fund Balances	$34,280	$10,673	$1,670	$21,076	$10,913	$78,612

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

Total fund balances in governmental funds	26,873
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	$25,268

See accompanying notes to the financial statements

MAINE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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
REVENUES:						
Interest from mortgages and notes	$49	$0	$0	$36	$0	$85
Income from investments	10	1	0	14	4	29
Fee income	0	5,171	705	0	1,448	7,324
Other revenue	0	13	0	0	42	55
Grant income	532	0	26,487	0	11,959	38,978
Income from State	8,043	0	0	4,319	0	12,362
Federal rent subsidy income	0	91,912	0	0	0	91,912
Total Revenues	8,634	97,097	27,192	4,369	13,453	150,745
EXPENDITURES:						
Operating expenditures	0	3,744	702	0	1,199	5,645
Other program administrative expenditures	0	529	3	2	290	824
Provision for losses on loans (note 4)	224	0	0	0	0	224
Grant expenditures	7,669	0	26,487	3,371	12,002	49,529
Federal rent subsidy	0	91,975	0	0	0	91,975
Interest	0	0	0	1,323	0	1,323
Total Expenditures	7,893	96,248	27,192	4,696	13,491	149,520
Revenues in Excess of (Less Than) Expenditures	741	849	0	(327)	(38)	1,225
Transfers between funds, net (note 12)	(360)	0	0	0	(230)	(590)
Change in Fund Balances	381	849	0	(327)	(268)	635
Fund Balances at beginning of year	32,691	9,096	103	(17,408)	1,756	26,238
Fund Balances at end of year	$33,072	$9,945	$103	($17,735)	$1,488	$26,873

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Change in Fund Balances - total governmental funds	$635
Amounts reported for governmental activities in the Statement of Activities are different because:	
Expenses reported in the Statement of Activities include a pension expenditure, which does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	(160)
Change in Net Position of governmental activities	$475

See accompanying notes to the financial statements

(1.) 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.

(2.) 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 December 31, 2015.

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.

New Accounting Standards
In 2015, MaineHousing implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These statements establish standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expenses.

The adoption of these statements change how obligations and annual costs associated with pension benefits are reported in the financial statements and require MaineHousing to recognize a net pension liability for its defined benefit retirement plan in the agency-wide and proprietary fund financial statements. The net pension liability represents the difference between the total pension liability and the value of pension plan assets available to pay pension benefits.

The cumulative effect of these accounting changes resulted in a decrease to the beginning net positions of the proprietary funds and governmental activities by $3,237 and $1,445, respectively. Within the proprietary funds, the Mortgage Purchase Fund decreased by $2,750, the Bondholder Reserve Fund decreased by $17, and the General Administrative Fund decreased by $470.

The proprietary funds net position reduction results from the recording of a $1,511 net pension liability, deferred pension expense of $366 and deferred pension credit of $2,092. The governmental activities net position was reduced as a result of recording a $676 pension liability, $167 pension expense and $936 pension credit.

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 December 31, 2015, the carrying amount of MaineHousing's bank deposits was $959 and the bank balance was $2,237. 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 $1,967 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 December 31, 2015 are presented in the following table. Actual maturities may differ due to investments being called by the issuer.

Investment	Carrying Amount	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
PROPRIETARY FUNDS					
MORTGAGE PURCHASE FUND					
Repurchase Agreements	$48,176	$48,176	$0	$0	$0
Money Market Funds	17,307	17,307	0	0	0
U.S. Government-sponsored enterprise obligations (Rated AAA/Aaa)	216,626	120,278	0	13,940	82,408
Total - Mortgage Purchase Fund	282,109	185,761	0	13,940	82,408
BONDHOLDERS RESERVE FUND					
Repurchase Agreements	7,900	7,900	0	0	0
GENERAL ADMINISTRATIVE FUND					
Repurchase Agreements	12,486	12,486	0	0	0
Money Market Funds	14,866	14,866	0	0	0
Total - General Administrative Fund	27,352	27,352	0	0	0
Total - Proprietary Funds	$317,361	$221,013	$0	$13,940	$82,408
GOVERNMENTAL FUNDS					
HOME FUND					
Repurchase Agreements	$10,733	$10,733	$0	$0	$0
SECTION 8 HOUSING PROGRAM					
Money Market Funds	4,893	4,893	0	0	0
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM					
Money Market Funds	160	160	0	0	0
MAINE ENERGY, HOUSING & ECONOMIC RECOVERY PROGRAM					
Repurchase Agreements	15,902	15,902	0	0	0
OTHER FEDERAL AND STATE PROGRAMS					
Repurchase Agreements	5,933	5,933	0	0	0
Total - Governmental Funds	$37,621	$37,621	$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 December 31, 2015, $258,634 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 0.30%. 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 6%, 7%, 8%, and 57% 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 December 31, 2015 is as follows:

	Number Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
MORTGAGE PURCHASE FUND - SINGLE-FAMILY:			
VA guaranteed	488	$38,791	4.9%
FHA insured	2,029	164,860	21.0%
USDA/RD guaranteed	4,062	390,211	49.6%
Privately insured	573	40,314	5.1%
Non-insured	2,981	152,804	19.4%
Total Mortgage Purchase Fund - single-family	10,133	786,980	100.0%
MORTGAGE PURCHASE FUND - MULTI-FAMILY:			
Section 8	186	157,988	38.9%
Conventional	232	223,524	55.0%
Supportive Housing	190	24,944	6.1%
Total Mortgage Purchase Fund - multi-family	608	406,456	100.0%
Less: Allowance for losses on loans		(8,475)	
Total Mortgage Purchase Fund	10,741	1,184,961	
GENERAL ADMINISTRATIVE FUND - SINGLE-FAMILY:			
Non-insured	103	3,333	97.1%
Privately insured	3	98	2.9%
Total General Administrative Fund-Single Family	106	3,431	100.0%
GENERAL ADMINISTRATIVE FUND - MULTI-FAMILY:			
Conventional	4	1,472	100.0%
GENERAL ADMINISTRATIVE FUND- HOME IMPROVEMENT LOANS:			
Non-insured	209	1,051	100.0%
Less: Allowance for losses on loans		(714)	
Total General Administrative Fund	319	5,240	
Total Proprietary Funds	11,060	$1,190,201	
GOVERNMENTAL FUNDS			
HOME FUND - SINGLE-FAMILY:			
Non-insured	399	$3,538	100.0%
HOME FUND - MULTI-FAMILY:			
Non-insured	69	18,522	100.0%
Total HOME Fund	468	22,060	
Less: Allowance for losses on loans		(910)	
Total HOME Fund	468	21,150	
MAINE ENERGY, HOUSING AND ECONOMIC RECOVERY PROGRAM - MULTI-FAMILY			
Non-insured	13	5,141	100.0%
Total Governmental Funds	481	$26,291	

A summary of other notes receivable at December 31, 2015 is as follows:

	Number Notes	Principal Balance	Percent of Portfolio
PROPRIETARY FUNDS			
GENERAL ADMINISTRATIVE FUND			
Non-insured	5	$390	100.0%
Total Proprietary Funds	5	$390	
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, 2014	$9,738	$925	$757	$27
Provision	(500)	10	224	0
Loans charged off	(1,710)	(228)	(71)	0
Recoveries	947	7	0	2
Balance – December 31, 2015	$8,475	$714	$910	$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 December 31, 2015. The Single-Family (S/F) and Multi-Family (M/F) Mortgage Bonds Payable outstanding at December 31, 2015 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-.54%	2016-2020	2,840	-	3,115
2005 SERIES G BONDS (M/F):							
2005 Series G (AMT)							
Term Bonds	22,300	21,075	Variable-.02%	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-.02%	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-.04%	2028-2042	905	-	1,870
2009 SERIES A BONDS (S/F):							
2009 Series A-1 (Non-AMT)							
Serial Bonds	9,595	0	3.10%				
2009 Series A-2 (Non-AMT)							
Serial Bonds	10,405	4,405	3.88%	2017		4,405	
Term Bonds	5,000	0	4.90%				
	25,000	4,405					

Maine State Housing Authority
Notes to Financial Statements – December 31, 2015
(IN THOUSANDS OF DOLLARS)

	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 B BONDS (S/F):							
2009 Series B (Non-AMT)							
Serial Bonds	11,150	1,520	3.45%	2017	1,520		
Term Bonds	5,365	0	4.65%				
Term Bonds	13,485	0	5.00%				
	30,000	1,520					
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					
2009 SERIES D BONDS (S/F):							
2009 Series D (Non-AMT)							
Serial Bonds	23,010	5,065	3.40%-3.85%	2017-2019	1,575	-	1,770
Term Bonds	1,560	0	4.38%				
Term Bonds	3,430	0	4.70%				
	28,000	5,065					
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	6,810	3.40%-3.80%	2016-2017	1,750	-	5,060
	51,680	9,565					
2010 SERIES C BONDS (S/F):							
2010 Series C (Non-AMT)							
Serial Bonds	13,020	4,425	3.30%-3.90%	2017-2019	1,445	-	1,510
Term Bonds	980	0	4.75%				
	14,000	4,425					
2010 SERIES D BONDS (M/F):							
2010 Series D-1 (Non-AMT)							
Serial Bonds	8,415	1,495	3.35%-3.70%	2017-2018	405	-	1,090
2010 Series D-2 (Non-AMT)							
Serial Bonds	9,785	1,535	2.90%-4.05%	2016-2019	240	-	615
Term Bonds	8,460	0	5.05%				
Term Bonds	2,280	0	5.55%				
	28,940	3,030					
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					

	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 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					
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					

	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 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
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-0.36%	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-0.31%	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	1,330	-	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-0.74%	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-0.35%	2028-2039	730	-	11,370
	55,000	55,000					

Maine State Housing Authority
Notes to Financial Statements – December 31, 2015
(IN THOUSANDS OF DOLLARS)

	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 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
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	26,325	3.50%	2031-2035	565	-	8,215
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-0.02%	2035-2038	5,455	-	8,975
	138,130	138,130					
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

	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 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					
		1,235,250					
Plus: Net Unamortized Bond Premium		1,156					
Total Mortgage Purchase Fund bonds payable	1,575,870	1,236,406					
Total Proprietary Funds bonds payable	$1,575,870	$1,236,406					
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		324					
Total Maine Energy, Housing & Recovery Fund Group bonds payable	49,600	38,749					
Total Governmental Funds bonds payable	$49,600	$38,749					

The following table summarizes the debt activity for the year ended December 31, 2015:

Fund	Outstanding at December 31, 2014	Issuance	Retirement	Outstanding at December 31, 2015
Mortgage Purchase Fund	$1,180,345	$363,170	($308,265)	$1,235,250
Maine Energy, Housing & Economic Recovery Fund	41,315	0	(2,890)	38,425
Total	$1,221,660	$363,170	($311,155)	$1,273,675

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 December 31, 2015 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	$31,476	$3,015	$542	$4,217	$2,980	$1,295
2017	56,265	30,992	3,115	536	3,725	3,070	1,204
2018	47,695	29,683	3,225	519	3,537	3,160	1,114
2019	45,195	28,645	3,315	503	3,348	3,245	1,024
2020	44,355	27,481	3,310	486	2,794	3,340	921
2021-2025	213,288	117,329	6,707	2,322	7,935	18,485	2,761
2026-2030	240,222	80,195	19,563	1,929	3,430	4,145	87
2031-2035	190,459	45,763	62,396	1,468	2,464	0	0
2036-2040	127,051	20,388	75,579	299	412	0	0
2041-2045	51,100	4,780	2,850	1	0	0	0
Total	$1,052,175	$416,732	$183,075	$8,605	$31,862	$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 December 31, 2015. Of that amount, $1,235,250 was outstanding at December 31, 2015.

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. In 2015, MaineHousing issued $29,935 in conduit debt and has a total of $53,935 outstanding in two series at December 31, 2015. 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 December 31, 2015. 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 $13,977 at December 31, 2015. During 2015, the negative fair value of the swaps decreased by $458. 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 December 31, 2015 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 December 31, 2015 total $299,625.

The following table contains the terms, fair values, and credit ratings of the swaps as of December 31, 2015. 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	$6	11/15/2020	Aa3/AA-
2005 Series G	21,075	2/1/2006	3.59%	65% of 30 day LIBOR plus .20%	(5,897)	11/15/2037	Aa3/A+
2015 Series E	5,000	3/14/2006	3.67%	65% of 90 day LIBOR plus .20%	(481)	11/15/2019	Aa1/AA-
2015 Series E	5,000	7/11/2006	3.92%	65% of 90 day LIBOR plus .20%	(160)	11/15/2016	Aa3/A+
2007 Series E-2	8,000	9/12/2007	4.05%	65% of 90 day LIBOR plus .20%	(372)	11/15/2027 [1]	Aa1/AA-
2008 Series D	20,000	4/8/2008	3.40%	70% of 90 day LIBOR plus .20%	(896)	11/15/2022 [2]	Aa1/AA-
2014 Series B	9,500	4/22/2008	3.25%	67% of 30 day LIBOR	(440)	11/15/2018	Aa1/AA-
2014 Series B	9,500	12/23/2003	3.25%	67% of 30 day LIBOR	(440)	11/15/2018	Aa3/A+
2014 Series B	15,000	1/29/2008	3.71%	100% of SIFMA plus .06%	(3,839)	5/15/2023	Aa3/A+
2014 Series D	25,000	12/26/2014	1.94%	100 % of 90 day LIBOR	(393)	11/15/2019	A2/A-
2014 Series D	30,000	12/31/2014	2.05%	100 % of 90 day LIBOR	(514)	11/15/2020	A2/A-
2015 Series E-3	20,000	11/15/2015	1.60%	67% of 30 day LIBOR	(551)	11/15/2025	A2/A-
Totals	$183,075				($13,977)		

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 December 31, 2015. As of December 31, 2015, MaineHousing is not exposed to credit risk for the swaps that have negative fair values. MaineHousing is exposed to credit risk on the 2005 Series B swap that has a positive fair value of $6 at December 31, 2015. This amount represents MaineHousing's credit exposure to the related counterparties, and the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. Fair value is only a factor upon termination.

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 December 31, 2015, the thirty day LIBOR rate and the ninety day LIBOR rate were .43% and .61%, respectively and the SIFMA rate was 0.01%.

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 year ended December 31, 2015, employee contributions totaled $451 and MaineHousing recognized expense of $301. 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 December 31, 2015, the established MainePERS employer and employee contribution rates were 7.8% and 8.6%, respectively. MaineHousing also currently pays on behalf of its employees 2.7% of the MainePERS employee contribution rate. Total employer contributions were $480 for the year ended December 31, 2015.

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 December 31, 2015, 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 December 31, 2015, MaineHousing proportion was 1.181151%. At December 31, 2014, the proportion was 1.420739%

In 2015, MaineHousing had a negative Unpooled Unfunded Actuarial Liability (IUUAL), which represents surplus pension assets. These surplus funds were held on account in MaineHousing's name at MainePERS and were used incrementally to pay a portion of future employer contributions. The funds, which amounted to $303 at June 30, 2015, were remitted to MaineHousing and recorded as other revenue in the General Administrative Fund.

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 year ended December 31, 2015, MaineHousing recognized pension expense of $518 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	256	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)	288
Changes of assumptions	333	0
Total	$1,564	$2,514

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 December 31, 2015, MaineHousing's total payables to MainePERS for unremitted contributions were $12.

(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)	$4,009
2015 Series B (S/F)	6,502
2015 Series E (S/F)	25,005
2015 Series F (M/F)	34,746
	$70,262

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 December 31, 2015:

2010 Series 1	$7,930
2010 Series 2	4,318
	$12,248

(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 December 31, 2015, MaineHousing had outstanding commitments in several funds to originate multi-family mortgage loans of approximately $45,678. MaineHousing, under its single-family program, enters into purchase agreements with lenders to purchase mortgage loans. At December 31, 2015, single-family loans being processed by lenders for MaineHousing totaled approximately $23,603.

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 $693 for the year ended December 31, 2015.

(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 December 31, 2015 was $101,438.

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 December 31, 2015 was $125,605.

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 December 31, 2015, 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 $136,441.

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 December 31, 2015 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 December 31, 2015, 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 December 31, 2015, 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 year ended December 31, 2015 consisted of the following:

	Mortgage Purchase Fund	General Administrative Fund	HOME Fund	Other Federal And State Programs
Capital Assets	$0	$5	$0	($5)
Program Subsidies	360	225	(360)	(225)
	$360	$230	($360)	($230)

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 December 31, 2015 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	$2,257	$0	$5,302	$0	$0	$0
General Adminstrative Fund	0	0	0	1,269	0	0	0	0
Other Federal And State Programs	0	0	1,608	0	0	0	0	0
Collectively, all other funds	523	0	176	0	0	0	0	0
	523	0	4,041	1,269	5,302	0	0	0
Payables	(2,257)	(5)	(6,571)	(126)	(397)	(169)	(2)	(1,608)
	($1,734)	($5)	($2,530)	$1,143	$4,905	($169)	($2)	($1,608)

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 year ended December 31, 2015, MaineHousing redeemed prior to maturity $297,045 of its Mortgage Purchase Fund bonds from recoveries of principal, surplus revenues and the proceeds of refunding bonds. Losses of $377 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				
2005 Series A-1 Serial Bonds	4.15%	2015	$420	100%
2005 Series A-1 Serial Bonds	4.30%	2016	530	100%
2005 Series A-1 Serial Bonds	4.40%	2017	530	100%

Maine State Housing Authority
Notes to Financial Statements – December 31, 2015
(IN THOUSANDS OF DOLLARS)

	Interest Rate	Original Maturity	Amount	Redemption Price
2005 Series A-1 Term Bonds	4.90%	2032	5,100	100%
2005 Series A-2 Term Bonds	4.95%	2027	2,260	100%
2005 Series C Term Bonds	variable	2039	11,125	100%
2005 Series D-3 Term Bonds	variable	2038	20,000	100%
2006 Series A-2 Term Bonds	4.85%	2036	6,800	100%
2006 series B Term Bonds	variable	2036	5,000	100%
2006 Series D-2 Term Bonds	4.85%	2026	2,870	100%
2006 Series D-2 Term Bonds	4.95%	2031	6,855	100%
2006 Series D-2 Term Bonds	4.90%	2036	12,870	100%
2006 Series D-3 Term Bonds	variable	2035	5,000	100%
2006 Series E-2 Term Bonds	4.80%	2026	5,160	100%
2006 Series E-2 Term Bonds	4.90%	2031	9,040	100%
2006 Series E-2 Term Bonds	4.95%	2036	11,165	100%
2006 Series G Term Bonds	4.55%	2026	13,600	100%
2006 Series G Term Bonds	4.63%	2031	7,250	100%
2006 Series G Term Bonds	4.70%	2037	11,285	100%
2006 Series I-1 Term Bonds	4.40%	2026	2,450	100%
2006 Series I-2 Term Bonds	4.75%	2036	8,800	100%
2007 Series A Term Bonds	4.75%	2032	8,065	100%
2007 Series C Term Bonds	5.15%	2032	11,900	100%
2008 Series C-1 Serial Bonds	4.00%	2016	870	100%
2008 Series F-1 Serial Bonds	4.20%	2017	950	100%
2008 Series F-1 Serial Bonds	4.30%	2018	330	100%
2009 Series A-2 Serial Bonds	3.60%	2016	880	100%
2009 Series A-2 Serial Bonds	4.00%	2018	1,570	100%
2009 Series A-2 Serial Bonds	4.13%	2019	1,180	100%
2009 Series B Serial Bonds	2.85%	2015	1,260	100%
2009 Series B Serial Bonds	3.15%	2016	1,485	100%
2009 Series B Term Bonds	4.65%	2024	5,365	100%
2009 Series C Serial Bonds	2.80%	2015	1,000	100%
2009 Series C Serial Bonds	3.05%	2016	1,200	100%
2009 Series C Term Bonds	4.50%	2024	2,020	100%
2009 Series D Serial Bonds	2.75%	2015	1,890	100%
2009 Series D Serial Bonds	3.10%	2016	2,430	100%
2009 Series D Serial Bonds	4.00%	2020	1,635	100%
2009 Series D Serial Bonds	4.10%	2021	2,705	100%
2009 Series D Term Bonds	4.38%	2024	1,025	100%
2009 Series D Term Bonds	4.70%	2027	3,055	100%
2010 Series A Serial Bonds	2.30%	2015	1,650	100%
2010 Series A Serial Bonds	4.10%	2024	1,905	100%
2010 Series A Term Bonds	4.25%	2027	3,595	100%
2010 Series B-1 Serial Bonds	2.00%	2015	3,070	100%
2010 Series B-2 Term Bonds	4.10%	2025	8,080	100%
2010 Series B-3 Serial Bonds	3.10%	2015	5,740	100%
2010 Series B-3 Serial Bonds	4.10%	2018	5,300	100%
2010 Series B-3 Serial Bonds	4.30%	2019	4,025	100%
2010 Series B-3 Serial Bonds	4.50%	2020	1,915	100%
2010 Series C Serial Bonds	2.45%	2015	865	100%

	Interest Rate	Original Maturity	Amount	Redemption Price
2010 Series C Serial Bonds	2.95%	2016	1,395	100%
2010 Series C Serial Bonds	4.15%	2020	1,570	100%
2010 Series C Serial Bonds	4.25%	2021	1,620	100%
2010 Series C Term Bonds	4.75%	2026	980	100%
2010 Series D-1 Serial Bonds	2.60%	2015	430	100%
2010 Series D-1 Serial Bonds	4.05%	2019	2,305	100%
2010 Series D-2 Serial Bonds	2.60%	2015	535	100%
2010 Series D-2 Serial Bonds	4.20%	2020	2,010	100%
2010 Series D-2 Serial Bonds	5.55%	2040	2,280	100%
2011 Series A Serial Bonds	1.95%	2015	875	100%
2011 Series A Serial Bonds	4.13%	2024	1,145	100%
2011 Series A Serial Bonds	4.25%	2025	1,195	100%
2011 Series A Term Bonds	4.63%	2028	3,350	100%
2011 Series B-1 Term Bonds	4.00%	2023	285	100%
2011 Series B-2 Term Bonds	4.38%	2025	4,750	100%
2012 Series A-1 Serial Bonds	1.50%	2015	2,905	100%
2012 Series A-1 Term Bonds	4.00%	2024	3,170	100%
2012 Series A-1 Term Bonds	4.50%	2028	2,335	100%
2012 Series B-1 Term Bonds	4.25%	2027	800	100%
2013 Series B Serial Bonds	2.13%	2020	510	100%
2013 Series B Term Bonds	3.00%	2027	1,890	100%
2013 Series B Term Bonds	4.00%	2043	3,390	100%
2013 Series E Serial Bonds	4.25%	2024	850	100%
2013 Series E Serial Bonds	4.45%	2025	1,460	100%
2013 Series E Term Bonds	4.95%	2028	8,695	100%
2014 Series A-1 Term Bonds	4.45%	2030	4,445	100%
2014 Series A-1 Term Bonds	3.25%	2043	915	100%
2014 Series A-2 Term Bonds	4.50%	2034	3,245	100%
2014 Series C-1 Serial Bonds	0.25%	2015	265	100%
2014 Series C-1 Term Bonds	3.50%	2044	2,375	100%
			$297,045	

(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 December 31, 2015, MaineHousing issued and redeemed bonds. The following is a summary of subsequent event transactions.

On January 7, 2016 MaineHousing issued, at par, $30,000 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Issued Price
2015 Series G Serial Bonds	2.00%-3.00%	2021-2027	$8,185	100%
2015 Series G Term Bonds	3.35%	2030	1,730	100%
2015 Series G Term Bonds	3.65%	2035	2,125	100%
2015 Series G Term Bonds	3.85%	2040	12,060	100%
2015 Series G Term Bonds	3.50%	2045	5,900	100%
			$30,000	

On February 22, 2016 MaineHousing redeemed at par $19,630 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Redemption Price
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	

On March 21, 2016 MaineHousing issued, at par, $35,000 of bonds in the General Mortgage Purchase Bond Resolution as follows:

	Interest Rate	Maturity	Amount	Issued Price
2016 Series A Serial Bonds	1-13%-2.45%	2019-2026	$6,065	100%
2016 Series A Term Bonds	2.90%	2030	6,520	100%
2016 Series A Term Bonds	3.30%	2035	4,630	100%
2016 Series A Term Bonds	3.55%	2040	10,900	100%
2016 Series A Term Bonds	4.00%	2045	6,885	110%
			$35,000	

MAINE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SELECTED PENSION INFORMATION - UNAUDITED
PRESENTED FOR YEARS INFORMATION IS AVAILABLE
FOR THE YEAR ENDED DECEMBER 31, 2015
(IN THOUSANDS OF DOLLARS)

Schedule of MaineHousing's Proportionate Share of Net Pension Liability
Last Ten Fiscal Years*
As of Measurement Date of June 30:

	2015	2014
Employer's Proportion of the Net Pension Liability	1.181151%	1.420739%
Employer's Proportionate Share of the Net Pension Liability	$3,768	$2,186
Employer's Covered-Employee Payroll	$4,598	$4,691
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	81.95%	46.60%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	88.27%	94.10%

Schedule of MaineHousing's Pension Contributions
Last Ten Fiscal Years*
As of Measurement Date of June 30:

	2015	2014
Contractually Required Contribution	$483	$492
Contributions in Relation to Contractually Required Contribution	$483	$492
Contribution Deficiency (Excess)	$0	$0
Employer's Covered Employee Payroll	$4,598	$4,691
Contributions as a Percentage of Covered Employee Payroll	10.50%	10.50%

*These schedules are intended to show information for 10 years. Retroactive information is not required to be presented. Information will be presented each year until 10 years of such information is available.