OKLAHOMA HOUSING FINANCE AGENCY

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2021 and 2020

WITH

INDEPENDENT AUDITOR'S REPORTS

HoganTaylor LLP
CPAs + ADVISORS

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oklahoma Housing Finance Agency

Report on the Financial Statements

We have audited the accompanying financial statements of Oklahoma Housing Finance Agency (the Agency, or OHFA), a component unit of the State of Oklahoma, as of and for the years ended September 30, 2021 and 2020, and the related notes to the basic financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of September 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9, the schedule of OHFA's proportionate share of the net pension liability on page 38, the schedule of OHFA's pension contributions on page 39, the schedule of OHFA's proportionate share of the net OPEB liability (asset) on page 40, and the schedule of OHFA's OPEB contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 supplemental 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 audits 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.

Other Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 42 through 50 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of OHFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OHFA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OHFA's internal control over financial reporting and compliance.

Hogan Taylor LLP

Oklahoma City, Oklahoma
January 25, 2022

OKLAHOMA HOUSING FINANCE AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

September 30, 2021 and 2020

Oklahoma Housing Finance Agency (the Agency, or OHFA) was created in 1975 to provide funds to promote the development of adequate residential housing to families of Oklahoma with low and moderate incomes. OHFA is a self-supporting public trust and follows enterprise fund accounting.

As management of OHFA, we offer readers of OHFA's financial statements this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2021 and 2020. This information is presented to provide additional information regarding the activities of OHFA and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This analysis should be read in conjunction with the basic financial statements, notes to financial statements, and supplemental information.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of OHFA consists of three sections: management's discussion and analysis, the basic financial statements, and supplemental information. OHFA's basic financial statements include the following: the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; the Statements of Cash Flows; and the Notes to the Basic Financial Statements.

The Statements of Net Position answers the question, "How is our financial health at the end of the year?" This statement includes all assets, deferred outflows, liabilities and deferred inflows of OHFA, both financial and capital, short term and long term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net position presented in this statement is displayed as invested in capital assets, restricted and unrestricted. Assets are restricted when their use is subject to external limits such as bond resolutions, legal agreements or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net position may serve as a useful indicator of whether the financial position of OHFA is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position measure the activities of OHFA's operations over the past year and present the operating income and change in net position. They can be used to determine whether OHFA has successfully recovered all its costs through mortgage and loan interest, investment interest, externally funded programs, and other revenue sources. This statement helps answer the question, "Is OHFA, as a whole, better off or worse off as a result of this year's activities?"

The primary purpose of the Statements of Cash Flows is to provide information about the sources and uses of OHFA's cash and the components of the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operating, noncapital financing, capital financing, and investing activities. It provides answers to such questions as "What were the sources of cash?" "How was cash used?" and "What was the change in cash balance during the reporting period?"

The Notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

In addition, this report contains a Supplemental Combining Statement of Net Position for the Single Family Mortgage Revenue Bond Programs as well as a Supplemental Combining Statement of Revenues, Expenses, and Changes in Net Position for the various Single Family Mortgage Revenue Bond Programs. These supplemental schedules are presented to provide the reader with information regarding the financial condition of each Single Family Mortgage Revenue Bond Program of the Agency.

FINANCIAL HIGHLIGHTS

Year ended September 30, 2021

- Total assets decreased by $44.1 million.
- Total liabilities decreased by $53.9 million.
- Net position increased by $11.4 million.
- Made 3,011 single family mortgage loans available to first-time homebuyers compared to 2,142 in 2020.
- Provided 122,945 unit months of Section 8 rental assistance compared to 124,128 in 2020.
- Paid $60.3 million in rental assistance to benefit Section 8 voucher holders compared to $57.3 million in 2020.
- Paid $80.0 million in rental assistance to project-based Section 8 properties compared to $79.7 million in 2020.

FINANCIAL HIGHLIGHTS

Year ended September 30, 2020

- Total assets increased by $32.7 million.
- Total liabilities increased by $15.9 million.
- Net position increased by $16.7 million.
- Made 2,142 single family mortgage loans available to first-time homebuyers compared to 1,198 in 2019.
- Provided 124,128 unit months of Section 8 rental assistance compared to 120,954 in 2019.
- Paid $57.3 million in rental assistance to benefit Section 8 voucher holders compared to $55.6 million in 2019.
- Paid $79.7 million in rental assistance to project based Section 8 properties compared to $77.2 million in 2019.

The Agency has maintained a General Obligation issuer rating of A1 from Moody's Investors Service since June 2006. This rating reflects OHFA's sound financial condition and a bond program collateralized by highly rated mortgage-backed securities (MBS), as well as capable and dedicated management.

The Section 8 Voucher Program provides rental assistance to many elderly people, persons with disabilities, single parents, or working families in need of help with their rent payments.

The Single Family Loan Program provides affordable mortgages with down payment and closing cost assistance to homebuyers through proceeds from mortgage revenue bonds (first-time homebuyers) or selling MBS in the open market via the "To Be Announced" (TBA) Program (no first-time homebuyer requirement).

Housing Tax Credits are provided to developers as an incentive to build new, affordable complexes or rehabilitate complexes in need of repair.

As Section 8 Contract Administrator for project-based Section 8 properties located throughout Oklahoma for the U.S. Department of Housing and Urban Development (HUD), OHFA's 2021 duties consisted of 167 properties, totaling 12,733 assisted units. The Agency receives a fee to administer the program based on the number of units under contract.

CONDENSED FINANCIAL INFORMATION

Statement of Net Position

The following table presents condensed statements of net position for the Agency as of September 30 (in millions):

Condensed Statements of Net Position

	2021	2020	2019
Assets			
Current assets	$ 42.6	$ 28.3	$ 31.3
Noncurrent assets:			
Restricted	284.7	339.8	321.6
Net capital assets	5.5	3.2	3.0
Unrestricted	63.1	68.7	51.4
Total assets	395.9	440.0	407.3
Deferred outflows	2.3	0.9	1.1
Liabilities			
Current liabilities	11.8	14.5	11.1
Noncurrent liabilities	189.2	240.4	227.9
Total liabilities	201.0	254.9	239.0
Deferred inflows	0.2	0.4	0.5
Net Position			
Invested in capital assets	5.5	3.2	3.0
Restricted for Single Family Bond Programs	91.6	92.4	86.3
Restricted for Section 8 Voucher Program	1.7	-	0.9
Unrestricted	98.2	90.0	78.7
Total net position	$ 197.0	$ 185.6	$ 168.9

Explanations of significant variances between 2021 and 2020 on the condensed statements of net position follow:

> The decrease in total assets of $44.1 million is primarily due to the net effect of reductions in MBS due to paying down $54.1 million of bonds and notes payable from payments and prepayments of Agency MBS investments due to homeowners refinancing their mortgages due to low market interest rates, and a $11.4 million net position increase realized by the Agency.

The decrease in total liabilities of $53.9 million is primarily due to the net effect of three factors: 1) payments and prepayments of $54.1 million on bonds payable which decreased total liabilities as loans were paid down early by homeowners refinancing their mortgages to take advantage of low market mortgage rates; 2) a decrease of $2.4 million in unearned revenue relating to CARES Act funding for the Section 8 Housing Choice Voucher program due to revenues being recognized in the current period; and 3) an increase in the OPERS pension liability of $2.3 million to reflect OHFA's share of the public pension.

The $0.8 million decrease in net position restricted for Single Family Bond Programs is a result of $1.1 million of net loss before transfers of $0.3 million relating to the bond programs.

The Section 8 Voucher Program is included in the Agency General Fund and that program's net position, which is restricted, increased by $1.6 million due to receiving $1.6 million more in rental assistance payments from HUD than program expenditures in the current year. Since 2006, HUD has required agencies to report receipts for Housing Assistance Payments (HAP) funds from HUD in excess of program expenditures as income and to report assistance payments in excess of program receipts as an expense in the current year. These items are reported in net position instead of as a payable or receivable with HUD. These funds are only available to pay (HAP) under the Section 8 Voucher Program. The Agency had funds restricted for the Section 8 Voucher Program of $1.6 million and $0.0 million, respectively, as of September 30, 2021 and 2020.

The increase in Agency General Fund unrestricted net position (including investment in capital assets) of $10.5 million is primarily due to almost $10.5 million in net operating income (excluding Single Family Bond Programs).

Explanations of significant variances between 2020 and 2019 on the condensed statements of net position follow:

The increase in total assets of $32.7 million is primarily due to the net effect of adding $51.7 million of new assets and related bonds payable from new bond issues, reductions in MBS due to paying down $39.6 million of bonds and notes payable from payments and prepayments of Agency MBS investments due to homeowners refinancing their mortgages due to low market interest rates, and a $16.7 million net position increase realized by the Agency.

The increase in total liabilities of $15.9 million is primarily due to four factors: 1) The issuance of debt for the 2020 Series A programs of $50.0 million; 2) payments and prepayments of $38.5 million on bonds payable which decreased total liabilities as loans were paid down early by homeowners refinancing their mortgages to take advantage of low market mortgage rates; 3) receipt of $2.7 million in unearned revenue relating to CARES Act funding for the Section 8 Housing Choice Voucher program; and 4) an increase of $0.7 million of excess administrative fees received for the Section 8 Housing Choice Voucher program in excess of fees earned which are payable to HUD.

The $6.1 million increase in net position restricted for Single Family Bond Programs is a result of $6.1 million of net income relating to the bond programs.

The Section 8 Voucher Program is included in the Agency General Fund and that program's net position, which is restricted, decreased by $0.9 million due to receiving $0.9 million less in rental assistance payments from HUD than program expenditures in the current year. Since 2006, HUD has required agencies to report receipts for Housing Assistance Payments (HAP) funds from HUD in excess of program expenditures as income and to report assistance payments in excess of program receipts as an expense in the current year. These items are reported in net position instead of as a payable or receivable with HUD. These funds are only available to pay (HAP) under the Section 8 Voucher Program. The Agency had funds restricted for the Section 8 Voucher Program of $0.0 million and $0.9 million, respectively, as of September 30, 2020 and 2019.

The increase in Agency General Fund unrestricted net position (including investment in capital assets) of $11.5 million is primarily due to $11.5 million in net operating income (excluding Single Family Bond Programs).

Revenues, Expenses and Changes in Net position

The following table presents condensed statements of revenues, expenses and changes in net position for the Agency for the years ended September 30 (in millions):

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2021	2020	2019
Operating and Nonoperating Revenues			
Investment and program loan income	$ 10.6	$ 14.3	$ 13.7
Net increase (decrease) in fair value of investments	(3.6)	5.8	9.1
Realized gain on sale of investments	5.9	5.3	1.1
Fees and other income	17.2	13.6	13.3
Federal and state program revenues	149.7	145.2	141.7
Total revenues	179.8	184.2	178.9
Operating and Nonoperating Expenses			
Interest on bonds and notes payable	4.7	7.1	5.8
Other bond program expenses	1.7	2.0	2.4
Salaries, general and administrative	14.3	12.4	11.9
Federal and state program expenses	147.7	146.0	141.4
Total expenses	168.4	167.5	161.5
Increase in net position	11.4	16.7	17.4
Net position at beginning of year	185.6	168.9	151.5
Net position at end of year	$ 197.0	$ 185.6	$ 168.9

Explanations of significant fluctuations between 2021 and 2020 in revenues, expenses, and changes in net position follow:

The net decrease in interest income from investments and program loans of $3.7 million is primarily due to older, higher interest bond program loan pools being paid down, as consumers refinance their mortgages at a faster rate, than new, lower interest rate bond program loans are added to the portfolio and MBS being sold into the market via the TBA Program due to market conditions instead of being placed into a bond issue.

The net decrease in the fair value of investments of $3.6 million for 2021 was due to market interest rates being higher than in the previous year, causing a decrease in the value of older, relatively lower yielding interest rate securities. The market values of fixed interest rate investments typically have an inverse relationship to interest rates.

The realized gain on sale of investments of $5.9 million in 2021 and $5.3 million in 2020 is due to the Agency capitalizing on market opportunities to sell newly pooled Single Family Loan Program MBS at a gain on the open market via the TBA Program instead of placing these MBS into a bond issue.

Federal program revenues increased by $4.5 million due primarily to the net effect of a $0.3 million increase in the Section 8 Contract Administration Program revenues, a $0.9 million decrease in the HOME Investment Partnership Program revenues, a $0.8 million decrease in National Housing Trust Fund revenues, a $0.4 million increase in the new Emergency Housing Voucher (EHV) program, and a $5.5 million increase in the Section 8 Voucher Program revenues due to varying availability of federal program funding.

Interest expense on bonds and notes payable decreased by $2.4 million in 2021 from 2020. The decrease in interest expense is due to bonds and notes payable balances of $54.1 million less than the prior year due to net paydowns due to homeowners refinancing their mortgages due to low market interest rates.

Federal program expenses increased by $1.7 million due primarily to the net effect of a $0.3 million increase in the Section 8 Contract Administration Program expenses, a $0.9 million decrease in the HOME Investment Partnership Program expenses, a $0.8 million decrease in National Housing Trust Fund expenses, and a $2.9 million increase in the Section 8 Voucher Program expenses due to varying availability of federal program funding.

The increase in net position of $11.4 million from $185.6 million in 2020 to $197.0 million in 2021 is primarily due to an operating profit of $9.4 million and a $2.0 million increase in net position due to OHFA receiving $2.0 million more in nonoperating federal program revenues than federal program expenses.

Explanations of significant fluctuations between 2020 and 2019 in revenues, expenses, and changes in net position follow:

The net increase in interest income from investments and program loans of $0.6 million is primarily due to the Agency adding MBS to its portfolio of investments via issuing debt for the 2020 A Single Family Bond program which enabled the Agency to have more assets earning interest.

The net increase in the fair value of investments of $5.8 million for 2020 was due to market interest rates being lower than in the previous year, causing an increase in the value of older, relatively higher yielding interest rate securities. The market values of fixed interest rate investments typically have an inverse relationship to interest rates.

The realized gain on sale of investments of $5.3 million in 2020 and $1.1 million in 2019 is due to the Agency capitalizing on market opportunities to sell newly pooled Single Family Loan Program MBS at a gain on the open market via the TBA Program instead of placing these MBS into a bond issue.

Federal program revenues increased by $3.5 million due primarily to the net effect of a $2.5 million increase in the Section 8 Contract Administration Program revenues, a $1.8 million increase in the HOME Investment Partnership Program revenues, a $1.5 million decrease in National Housing Trust Fund revenues, and a $0.6 million increase in the Section 8 Voucher Program revenues due to varying availability of federal program funding.

Interest expense on bonds and notes payable increased by $1.3 million in 2020 from 2019. The increase in interest expense is due to bonds and notes payable balances of $12.1 million more than the prior year due to the issuance of new debt for the 2020 Series A program as well as the debt from the 2019 Series A bond issue being issued very late in fiscal 2019 so it was only outstanding for a short period of time in fiscal 2019 compared to a full year in fiscal 2020.

Federal program expenses increased by $4.6 million due primarily to the net effect of a $2.5 million increase in the Section 8 Contract Administration Program expenses, a $1.8 million increase in the HOME Investment Partnership Program expenses, a $1.5 million decrease in National Housing Trust Fund expenses, and a $1.7 million increase in the Section 8 Voucher Program expenses due to varying availability of federal program funding.

The increase in net position of $16.7 million from $168.9 million in 2019 to $185.6 million in 2020 is primarily due to an operating profit of $17.6 million and a $0.9 million decrease in net position due to OHFA receiving $0.9 million less in nonoperating federal program revenues than federal program expenses.

Capital Assets and Long-Term Debt Administration

Capital assets

As of September 30, 2021 and 2020, the Agency had invested $5.5 million and $3.2 million, respectively, net of accumulated depreciation, in a broad range of capital assets, including a building and building improvements, land and furniture and equipment.

Long-term debt

As of September 30, 2021, the Agency had $192.5 million in bonds and notes payable outstanding, which is a decrease of 21.9% from last year's amount of $246.6 million. More detailed information about the bonds and notes payable is presented in Note 7 of the notes to the basic financial statements.

Economic Factors and Other Financial Information

OHFA's main sources of revenues include mortgage loan activity, investment interest income, and externally funded grants. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at higher rates. If interest rates fall, mortgage and investment income should decrease as new loans are originated and new investments are purchased at the lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. Administrative fees for administering federal programs have stabilized and continue to trend slightly higher. Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

The Agency expects to continue its commitment to its mission of providing housing resources while preserving a strong financial position during the coming year.

Contacting OHFA's Financial Management

This discussion and analysis is to provide additional information to our stakeholders regarding the activities of the Agency. If you have questions about this report, or need additional financial information, contact the OHFA Deputy Executive Director and Chief Financial Officer, Mr. Kurt Fite, CPA, at (405) 419-8212; Oklahoma Housing Finance Agency, P.O. Box 26720, Oklahoma City, Oklahoma 73126-0720; e-mail: kurt.fite@ohfa.org; or visit our website at www.ohfa.org.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF NET POSITION

September 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 40,151,895	$ 21,453,100
Investments	-	5,259,470
Accounts receivable (net of an allowance for doubtful accounts of $1,661,643 and $1,559,621 for 2021 and 2020, respectively)	186,045	29,719
Accounts receivable - U.S. Department of Housing and Urban Development	988,914	716,349
Hedging receivable	-	113,808
Prepaid expenses	936,520	458,906
Interest receivable	328,781	307,610
Total current assets	42,592,155	28,338,962
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	15,033,241	25,567,259
Investments	268,853,849	313,191,504
Interest receivable	768,876	986,815
Program loans receivable	5,949,322	4,000,000
OPEB asset	140,607	118,198
Long-term investments	57,010,271	64,622,799
Nondepreciated capital assets	2,954,696	550,000
Capital assets, net	2,579,231	2,683,225
Total noncurrent assets	353,290,093	411,719,800
Total assets	395,882,248	440,058,762
Deferred outflows of resources:		
Pension	2,076,316	802,212
OPEB	130,174	76,161
Accumulated decrease in fair value of hedging derivatives	51,603	-
Total deferred outflows of resources	2,258,093	878,373

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF NET POSITION (continued)

September 30, 2021 and 2020

	2021	2020
Liabilities		
Current liabilities:		
Salaries and related expenses	916,501	756,024
Accounts payable - vendors and contractors	-	2,375
Accounts payable - U.S. Department of Housing and Urban Development	658,952	899,956
Accounts payable - Family Self Sufficiency Program	289,131	136,753
Accounts payable - other	458,868	453,954
Hedging payable	51,603	-
Unearned revenue	1,832,797	3,835,479
Compensated absences	1,139,494	1,120,253
Interest payable	509,066	676,809
Current maturities of bonds and notes payable	5,895,210	6,605,440
Total current liabilities	11,751,622	14,487,043
Noncurrent liabilities:		
Pension liability	2,675,690	404,956
Bonds and notes payable, less current maturities	186,562,801	239,994,104
Total noncurrent liabilities	189,238,491	240,399,060
Total liabilities	200,990,113	254,886,103
Deferred inflows of resources:		
Pension	62,540	223,273
OPEB	122,592	108,816
Accumulated increase in fair value of hedging derivatives	-	113,808
Total deferred inflows of resources	185,132	445,897
Net Position		
Invested in capital assets	5,533,927	3,233,225
Restricted for Single Family Bond Programs	91,621,892	92,380,645
Restricted for Section 8 Voucher Program	1,621,913	42,170
Unrestricted	98,187,364	89,949,095
Total net position	$ 196,965,096	$ 185,605,135

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended September 30, 2021 and 2020

	2021	2020
Operating Revenues		
Investment income	$ 10,504,759	$ 14,200,965
Program loan income	92,667	90,667
Net increase (decrease) in fair value of investments	(3,642,136)	5,869,474
Realized gain on sale of investments	5,890,166	5,285,143
Fees and other income	17,233,790	13,587,677
Total operating revenues	30,079,246	39,033,926
Operating Expenses		
Interest on bonds and notes payable	4,705,332	7,072,631
Mortgage servicing fees	1,344,291	1,428,807
Trustees, issuer and other fees	31,012	41,511
Bond issue costs	355,894	530,220
Salaries and related expenses	10,945,914	9,458,109
Other general and administrative	3,353,225	2,899,257
Total operating expenses	20,735,668	21,430,535
Operating income	9,343,578	17,603,391
Nonoperating revenue (expenses):		
Federal and state program revenues	149,718,689	145,175,133
Federal and state program expenses	(147,702,306)	(146,052,513)
Total nonoperating income (loss)	2,016,383	(877,380)
Increase in net position	11,359,961	16,726,011
Total net position, beginning of year	185,605,135	168,879,124
Total net position, end of year	$ 196,965,096	$ 185,605,135

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS

Years ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Receipts from fees	$ 16,858,582	$ 16,012,535
Receipts from program loan payments	92,667	90,667
Receipts from other sources	127,646	183,905
Payments to employees	(10,766,196)	(9,229,112)
Payments to suppliers	(4,742,946)	(1,492,261)
Payments for purchases of program loans	(1,949,322)	-
Payments for bond fees	(1,366,698)	(1,421,424)
Payments for trustee and other fees	(34,247)	(45,270)
Net cash provided by (used in) operating activities	(1,780,514)	4,099,040
Cash Flows from Noncapital Financing Activities		
Proceeds from issuance of bonds and notes payable	248,494,905	293,471,136
Principal paid on bonds and notes payable	(302,636,438)	(281,411,088)
Interest paid on bonds and notes payable	(4,873,076)	(7,057,821)
Payment of bond issuance costs	(355,893)	(530,220)
Receipt of federal and state program revenues	149,718,689	145,175,133
Payment of federal and state program expenses	(147,702,306)	(146,052,513)
Net cash provided by (used in) noncapital financing activities	(57,354,119)	3,594,627
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(2,867,338)	(680,882)
Net cash used in capital and related financing activities	(2,867,338)	(680,882)
Cash Flows from Investing Activities		
Purchase of investments	(601,594,557)	(453,813,903)
Proceeds from sales and maturities of investments	661,059,778	424,364,300
Interest received on investments	10,701,527	14,161,609
Net cash provided by (used in) investing activities	70,166,748	(15,287,994)
Net increase (decrease) in cash and cash equivalents	8,164,777	(8,275,209)
Cash and cash equivalents, beginning of year	47,020,359	55,295,568
Cash and cash equivalents, end of year	$ 55,185,136	$ 47,020,359
Cash and Cash Equivalents as Reported in Statement of Net Position		
Unrestricted	$ 40,151,895	$ 21,453,100
Restricted	15,033,241	25,567,259
	$ 55,185,136	$ 47,020,359

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS (continued)

Years ended September 30, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating income	$ 9,343,578	$ 17,603,391
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	559,098	477,695
Interest from investments	(10,504,759)	(14,200,965)
Bond issue costs	355,894	530,220
Net increase (decrease) in fair value of investments	3,642,136	(5,869,474)
Realized gain on sale of investments	(5,890,166)	(5,285,143)
Interest on bonds and notes payable	4,705,332	7,072,631
Change in operating assets, liabilities, deferred outflows, and deferred inflows:		
Accounts receivable and HUD receivable	(406,484)	(7,033)
Prepaid expenses	(477,614)	(22,024)
Program loans receivable	(1,949,322)	-
Accounts payable and accrued expenses	51,983	884,776
Hedging receivable or payable	165,411	(119,769)
Unearned revenue	(2,002,682)	2,929,064
Pension payable	2,270,734	(122,497)
OPEB asset or liability	(22,409)	(83,202)
Deferred outflows	(1,379,720)	222,096
Deferred inflows	(260,765)	(49,662)
Compensated absences	19,241	138,936
Net cash provided by (used in) operating activities	$ (1,780,514)	$ 4,099,040

Note 1 – Authorizing Legislation and Activities

Oklahoma Housing Finance Agency (the Agency, or OHFA) is a public trust established pursuant to a Trust Indenture, as amended, which was originally adopted on May 1, 1975. Under the Trust Indenture, OHFA was created for the benefit of the State of Oklahoma (the State) pursuant to the Oklahoma Public Trust Act (the Act). Pursuant to the Act, the Governor of the State, on behalf of the State, approved the creation of OHFA and accepted the beneficial interest created thereby on May 1, 1975. The Trust Indenture was last amended by the third amendment as of August 19, 2002, with the approval of the Governor of the State. The Governor has, pursuant to the Trust Indenture, approved the by-laws of OHFA. The Governor also appoints the five-member Board of Trustees and the resident board member representing the Housing Choice Voucher Program.

OHFA is authorized, in the furtherance of public purposes, to issue mortgage revenue bonds through its Single Family Bond Programs (or Single Family Mortgage Revenue Bond Programs) in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State. In no event does the indebtedness constitute a debt, liability, or moral obligation of the State or any political subdivision thereof. OHFA has no taxing power. The Agency receives application, servicing and issuer fees in connection with its bond programs.

OHFA is included in the State's financial report. The State reports the transactions of OHFA in its Comprehensive Annual Financial Report as a major component unit.

In addition to its bond programs, OHFA administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development (HUD). OHFA receives administrative fees based on the number of housing units administered under its contracts with HUD. OHFA also administers the Home Investment Partnerships Program (HOME) for HUD. The intent of the HOME Program is to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation. Activities that are eligible under HOME include homeowner rehabilitation, homebuyer activities, rental housing and tenant-based rental assistance. OHFA receives reimbursement of eligible costs associated with the administration of the program.

OHFA is the Section 8 Contract Administrator for federal HUD-financed Section 8 properties located throughout Oklahoma. The Agency receives a fee to administer the program determined by the number of units under contract. The Agency also administers the U.S. Department of Treasury's (Treasury) Low Income Housing Tax Credit (LIHTC) Program for the State. The Agency receives application and service fees from developers who participate in the LIHTC Program.

OHFA also administers certain other federal and state programs.

Note 2 – Summary of Significant Accounting Policies

Financial statement presentation

OHFA accounts for revenues and expenses related to temporary funding of certain single family first mortgage loans within its general fund until the loans are sold in specified increments in connection with related bond programs, when required, due to the temporary restrictions associated with bond programs. Intergovernmental grants are also accounted for within the Agency's general fund. Pursuant to OHFA's bond obligation resolutions, separate funds are established by each trustee bank to record all transactions relating to OHFA programs financed under each of the resolutions. Within each fund, there is a group of accounts required by the respective resolutions. The Single Family Bond Program funds and the general fund have been presented on a combined basis because OHFA is considered a single enterprise fund for financial reporting purposes. All interfund balances and transactions have been eliminated in the financial statements.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Basis of accounting

The Agency accounts for its activities within a proprietary fund type. The Agency's activities meet the definition of an enterprise fund because it is the intent of the Agency to recover, primarily through user charges, the cost of providing goods or services to the general public.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. The accrual basis of accounting is utilized by a proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes generally accepted accounting principles (GAAP) for governmental units.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When the Agency incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used.

Cash and cash equivalents

For purposes of the statement of cash flows, OHFA's cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash with an original maturity of 90 days or less.

Investments

The Agency's investment policy for the general fund is governed by state statute and the Board of Trustees' "Statement of Investment Policy." Permissible investments include direct obligations of the United States Government and Agencies, mortgage-backed securities (MBS) guaranteed by federal agencies, certificates of deposit, repurchase agreements and savings accounts. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by Federal Deposit Insurance Corporation (FDIC) insurance. Investments are reported at fair value.

The short-term investments within the Single Family Bond Programs are generally restricted by the various bond resolutions as to authorized investments. Most are commonly held in guaranteed investment contracts or money market accounts collateralized by government securities. These short-term investments are reported at cost, which approximates their fair values.

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, U.S. government and agency securities and MBS are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers, brokers, investment banks or other services at the valuation date.

MBS reported by the Single Family Bond Programs are pass-through certificates of the Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA), which securitize qualified pools of loans or individual loans under the respective programs. These securities are reported at fair value. MBS do not have a contractual maturity date, and the Agency may be subject to the risk of prepayment on these MBS.

Without consideration of the net change in the fair value of investments, OHFA's net operating income would have been $12,985,714 and $11,733,917 for the years ended September 30, 2021 and 2020, respectively.

Fair value measurements

During the fiscal year ended September 30, 2016, the Agency adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. The Agency categorizes its assets and liabilities measured at fair value within the hierarchy established by GAAP. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

> Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.
>
> Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Agency's own assumptions as there is little, if any, related market activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Program loans receivable

Program loans receivable consists of a Workforce Housing Pilot Program loan and Oklahoma Housing Trust Fund loans secured by mortgages. These loans are reported at cost. Based on management's evaluation of program loans receivable, no allowance was deemed necessary as of September 30, 2021 or 2020.

Capital assets

Capital assets, with an initial value of $250 or more and all furniture, are capitalized and carried at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 1 to 40 years. Maintenance and repairs are expensed as incurred. Total depreciation expense for the years ended September 30, 2021 and 2020, were $559,098 and $477,695, respectively, and is included with other general and administrative expense on the Statements of Revenues, Expenses and Changes in Net Position.

Unearned revenue

Unearned revenue arises when the resources were received by the Agency before it has a legal claim to the resources. Amounts received under certain intergovernmental grant agreements are recognized only to the extent of allowable expenses. Any amounts received in excess of expenditures incurred are unearned and recorded as a liability.

The only exception to this accounting policy is the Section 8 Housing Choice Voucher Program. Per HUD guidance, excess budget authority disbursed to a Public Housing Agency that is not utilized to pay Housing Assistance Payments (HAP) becomes part of the net position – restricted for the Section 8 Voucher Program.

Bond issue costs

Bond issue costs are costs associated with issuing bonds and are expensed in the period incurred.

Pensions and other postemployment employee benefits

The fiduciary net position of the Oklahoma Public Employees Retirement System (OPERS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes measuring the net pension and OPEB liabilities (assets), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about assets, liabilities and additions to/deductions from OPERS fiduciary net position. Benefit payments (including refunds of employee contributions related to pensions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Restrictions and designations of net position

The use of assets of each of the Single Family Bond Program funds is restricted by the related bond indenture and resolution. Certain amounts in the program funds are considered subject to the restriction that they may be applied to the financing of housing for the respective program purposes or to the retirement of obligations issued for such purposes. The Agency previously designated $8,000,000 of unrestricted net position to provide funds and reserves to purchase single family loans to be acquired from future issuances under the Single Family Mortgage Revenue Bond Programs.

Net position restricted for the Section 8 Voucher Program represent funds received from HUD in excess of HAP expenditures. These funds can only be utilized to make HAP payments for the Section 8 Voucher Program.

Subsequent events

The Agency has evaluated events for recognition and disclosure that occurred through January 25, 2022, the date the financial statements were available to be issued.

Note 3 – Cash and Investments

Deposit custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Agency requires that financial institutions pledge securities as collateral to secure the deposits of the Agency in each institution for amounts above the FDIC insurance coverage.

Current Agency policy for deposits not held by the Single Family Bond Programs requires the lesser of the cost or fair value of the collateral pledged to be 110% of the deposit value. As of September 30, 2021 and 2020, the Agency was not exposed to custodial credit risk.

As of September 30, 2021 and 2020, $15,033,396 and $25,568,072, respectively, of the total cash consisted primarily of money market accounts held at trustee banks. These funds are classified as investments for the purposes of GASB Statement No. 40, *Deposit and Investment Risk Disclosures* requirements and therefore are not subject to custodial credit risk. For presentation on the face of the Statement of Net Position, these funds are classified as cash equivalents.

Investment interest rate risk

The Agency limits investments to those having maturities of no more than 36 months, unless specifically authorized by the Agency Board of Trustees, which helps manage its exposure to fair value losses from increasing interest rates. The Agency's investments in securities and related maturities as of September 30, are listed below:

	2021				
		Investment Maturity			
	Fair Value	Less than One Year	One to Three Years	Greater Than Three Years	Fair Value Investment
Agency General Fund:					
GNMA pooled loans	$ 42,257,847	$ -	$ -	$ 42,257,847	Level 2
FNMA pooled loans	14,046,227	-	-	14,046,227	Level 2
Certificates of deposit	706,197	-	706,197	-	Level 2
Total investments in securities	57,010,271	$ -	$ 706,197	$ 56,304,074	
Single Family Bond Programs:					
GNMA pooled loans	234,361,630				Level 2
FNMA pooled loans	34,004,950				Level 2
Guaranteed investment contracts	487,269				Level 3
Total investments	$ 325,864,120				

	2020				
		Investment Maturity			
	Fair Value	Less than One Year	One to Three Years	Greater Than Three Years	Fair Value Investment
Agency General Fund:					
GNMA pooled loans	$ 47,900,456	$ -	$ -	$ 47,900,456	Level 2
FNMA pooled loans	15,009,552	-	-	15,009,552	Level 2
Certificates of deposit	6,972,261	5,259,470	1,712,791	-	Level 2
Total investments in securities	69,882,269	$ 5,259,470	$ 1,712,791	$ 62,910,008	
Single Family Bond Programs:					
GNMA pooled loans	274,866,171				Level 2
FNMA pooled loans	37,162,025				Level 2
Guaranteed investment contracts	1,163,308				Level 3
Total investments	$ 383,073,773				

Investment custodial credit risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Agency's investments in securities are held by the investment's counterparty in the name of the Agency. FNMA and GNMA are rated AA+ by Standard & Poor's and AAA by Moody's. Credit ratings are not available for the guaranteed investment contracts.

At September 30, total investments are reported in the Statement of Net Position in the following classifications:

	2021	2020
Current:		
Agency General Fund	$ -	$ 5,259,470
Noncurrent:		
Restricted - Single Family Bond Programs	268,853,849	313,191,504
Agency General Fund	57,010,271	64,622,799
Total noncurrent	325,864,120	377,814,303
Total investments	$ 325,864,120	$ 383,073,773

The net change in fair value of investments shown in the financial statements takes into account all changes in fair value that occurred during the year. Fair value amounts for individual investments fluctuate based on changes in the market interest rates available to investors.

Concentration of investment credit risk

The Agency places no limit on the amount the Agency can invest in any one type of issuer. Investments by issuer that account for 5% or more of the Agency's total investments are indicated by an asterisk (*) as follows at September 30:

	2021			2020		
	Fair Value		Credit Exposure as a Percentage of Total Investments	Fair Value		Credit Exposure as a Percentage of Total Investments
Agency General Fund:						
GNMA pooled loans	$ 42,257,847	*	13.0%	$ 47,900,456	*	12.5%
FNMA pooled loans	14,046,227		4.3%	15,009,552		3.9%
Certificates of deposit	706,197		0.2%	6,972,261		1.8%
	57,010,271		17.5%	69,882,269		18.2%
Single Family Bond Programs:						
GNMA pooled loans	234,361,630	*	71.9%	274,866,171	*	71.8%
FNMA pooled loans	34,004,950	*	10.4%	37,162,025	*	9.7%
Guaranteed investment contracts	487,269		0.2%	1,163,308		0.3%
	268,853,849		82.5%	313,191,504		81.8%
Total investments	$ 325,864,120		100.0%	$ 383,073,773		100.0%

MBS forward contracts

Beginning in 2013, the Agency entered into forward contracts to hedge the interest rate risk of delivering MBS guaranteed by GNMA and FNMA in the future, before the securities are ready for delivery (referred to as "to-be-announced," or TBA MBS). These securities represent pools of qualified mortgage loans originated by Agency approved lenders. The forward contracts offset the financial impact to the Agency of changes in interest rates between the time the loan reservations are made to originating mortgage lenders and the securitization and sale of such loans as GNMA and FNMA securities. The forward contracts are considered derivative instruments and the fair values were obtained from an external pricing specialist who used acceptable methods and assumptions in accordance with GASB requirements, subject to review and approval by the Agency. A positive fair value represents money due the Agency by the counterparty, while a negative fair value represents money payable by the Agency.

Outstanding forward sales contracts as of September 30, 2021, are as follows:

Forward Contracts to Sell TBA MBS	Notional Amount September 30, 2021	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2021
Bank of America Merrill Lynch					
GNMA II	$ 2,400,000	7/22/2021	10/21/2021	3.00%	$ (9,374)
GNMA II	1,200,000	7/26/2021	10/21/2021	3.00%	(3,188)
GNMA II	1,800,000	8/2/2021	10/21/2021	3.00%	(2,250)
GNMA II	2,200,000	8/11/2021	10/21/2021	3.00%	(4,469)
GNMA II	1,200,000	8/13/2021	10/21/2021	3.00%	(1,500)

Forward Contracts to Sell TBA MBS	Notional Amount September 30, 2021	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2021
GNMA II	1,800,000	8/20/2021	11/18/2021	3.00%	(3,305)
GNMA II	2,200,000	8/25/2021	11/18/2021	3.00%	(7,047)
GNMA II	3,000,000	8/26/2021	11/18/2021	3.00%	(8,203)
GNMA II	2,000,000	8/27/2021	11/18/2021	3.00%	(3,750)
GNMA II	1,400,000	9/1/2021	11/18/2021	3.00%	(984)
GNMA II	2,600,000	9/2/2021	11/18/2021	3.00%	(1,219)
GNMA II	3,000,000	9/9/2021	11/18/2021	3.00%	3,281
GNMA II	251,500	9/16/2021	10/21/2021	2.00%	1,100
GNMA II	2,300,000	9/16/2021	10/21/2021	3.00%	2,156
GNMA II	2,400,000	9/16/2021	11/18/2021	3.00%	5,063
GNMA II	2,800,000	9/17/2021	11/18/2021	3.00%	4,594
GNMA II	2,000,000	9/23/2021	12/20/2021	3.00%	313
GNMA II	2,400,000	9/28/2021	12/20/2021	3.00%	(2,063)
Bank of Montreal					
GNMA II	1,000,000	7/20/2021	10/21/2021	3.00%	(3,593)
GNMA II	1,800,000	8/3/2021	10/21/2021	3.00%	(1,688)
GNMA II	2,400,000	8/10/2021	10/21/2021	3.00%	(9,281)
GNMA II	1,400,000	8/30/2021	11/18/2021	3.00%	(2,188)
GNMA II	3,200,000	9/13/2021	11/18/2021	3.00%	6,000
GNMA II	1,800,000	9/27/2021	12/20/2021	3.00%	-
GNMA II	2,600,000	9/29/2021	12/20/2021	3.00%	(2,031)
Bank of New York Mellon					
GNMA II	1,800,000	7/28/2021	10/21/2021	3.00%	(6,046)
GNMA II	1,600,000	7/30/2021	10/21/2021	3.00%	(2,375)
GNMA II	2,400,000	8/4/2021	10/21/2021	3.00%	(4,219)
GNMA II	2,400,000	8/17/2021	10/21/2021	3.00%	(3,844)
GNMA II	2,800,000	9/7/2021	11/18/2021	3.00%	1,531
GNMA II	2,200,000	9/10/2021	11/18/2021	3.00%	1,977
GNMA II	2,200,000	9/15/2021	11/18/2021	3.00%	5,586
GNMA II	1,404,900	9/16/2021	10/21/2021	2.50%	4,390
GNMA II	2,000,000	9/16/2021	11/18/2021	3.00%	3,750
GNMA II	1,800,000	9/21/2021	12/20/2021	3.00%	2,039
GNMA II	1,800,000	9/24/2021	12/20/2021	3.00%	(703)
Bank of Oklahoma					
GNMA II	2,000,000	7/21/2021	10/21/2021	3.00%	(7,968)
FNMA	1,000,000	8/5/2021	10/14/2021	3.00%	(1,563)
GNMA II	3,600,000	8/6/2021	10/21/2021	3.00%	(9,844)
GNMA II	2,800,000	8/16/2021	10/21/2021	3.00%	(3,063)
GNMA II	800,000	9/16/2021	10/21/2021	2.50%	3,000
GNMA II	2,600,000	9/16/2021	10/21/2021	3.00%	7,719

Forward Contracts to Sell TBA MBS	Notional Amount September 30, 2021	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2021
Jefferies					
GNMA II	2,600,000	7/27/2021	10/21/2021	3.00%	(6,500)
GNMA II	3,800,000	8/16/2021	10/21/2021	3.00%	(2,375)
GNMA II	2,600,000	8/18/2021	11/18/2021	3.00%	(5,688)
GNMA II	2,600,000	8/24/2021	11/18/2021	3.00%	(3,250)
FNMA	1,000,000	9/3/2021	11/10/2021	3.00%	313
GNMA II	2,400,000	9/8/2021	11/18/2021	3.00%	2,250
GNMA II	8,600,000	9/16/2021	10/21/2021	3.00%	21,500
Piper Sandler					
FNMA	600,000	7/13/2021	10/14/2021	3.50%	(1,875)
GNMA II	1,400,000	7/29/2021	10/21/2021	3.00%	(4,156)
GNMA II	1,800,000	8/31/2021	11/18/2021	3.00%	(1,688)
GNMA II	2,000,000	9/22/2021	12/20/2021	3.00%	3,125
	$ 115,756,400				
Total deferred outflows of resources accumulated decrease in fair value of hedging derivatives					$ (51,603)

Outstanding forward sales contracts as of September 30, 2020, are as follows:

Forward Contracts to Sell TBA MBS	Notional Amount September 30, 2020	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2020
Bank of America Merrill Lynch					
GNMA II	$ 1,200,000	7/27/2020	10/21/2020	3.00%	$ 3,376
GNMA II	1,600,000	8/5/2020	10/21/2020	2.50%	2,375
GNMA II	2,600,000	8/12/2020	10/21/2020	2.50%	(813)
GNMA II	2,000,000	8/18/2020	10/21/2020	2.50%	8,125
GNMA II	1,200,000	8/21/2020	10/21/2020	3.00%	4,500
GNMA II	1,200,000	8/25/2020	11/19/2020	2.50%	(188)
GNMA II	1,600,000	8/27/2020	11/19/2020	2.50%	(1,750)
GNMA II	1,200,000	9/1/2020	11/19/2020	2.50%	3,844
GNMA II	1,800,000	9/28/2020	12/21/2020	2.50%	(1,406)
Bank of New York Mellon					
GNMA II	2,000,000	7/23/2020	10/21/2020	3.00%	9,452
GNMA II	1,600,000	8/13/2020	10/21/2020	2.50%	1,625
GNMA II	1,400,000	8/17/2020	10/21/2020	2.50%	4,375
Bank of Oklahoma					
GNMA II	2,400,000	7/22/2020	10/21/2020	3.00%	10,499
GNMA II	1,800,000	7/29/2020	10/21/2020	2.50%	(563)

Forward Contracts to Sell TBA MBS	Notional Amount September 30, 2020	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2020
GNMA II	1,800,000	7/30/2020	10/21/2020	2.50%	844
GNMA II	2,300,000	7/31/2020	10/21/2020	3.00%	14,555
GNMA II	1,600,000	8/20/2020	11/19/2020	2.50%	5,063
GNMA II	1,000,000	8/27/2020	10/21/2020	3.00%	3,438
GNMA II	3,600,000	9/4/2020	11/19/2020	2.50%	(2,672)
GNMA II	1,400,000	9/10/2020	11/19/2020	2.50%	930
GNMA II	622,700	9/16/2020	10/21/2020	3.00%	(973)
GNMA II	2,800,000	9/24/2020	12/21/2020	2.50%	(8,531)
GNMA II	3,400,000	9/25/2020	12/21/2020	2.50%	(4,516)
Jefferies					
GNMA II	600,000	7/20/2020	10/21/2020	2.50%	(1,923)
GNMA II	500,000	7/28/2020	10/21/2020	2.50%	(313)
GNMA II	1,600,000	7/28/2020	10/21/2020	3.00%	4,750
GNMA II	1,800,000	8/3/2020	10/21/2020	2.50%	3,938
GNMA II	2,400,000	8/4/2020	10/21/2020	2.50%	4,313
GNMA II	2,000,000	8/6/2020	10/21/2020	2.50%	2,969
GNMA II	2,600,000	8/11/2020	10/21/2020	2.50%	3,453
GNMA II	1,600,000	8/14/2020	10/21/2020	2.50%	1,500
GNMA II	1,200,000	8/19/2020	11/19/2020	2.50%	3,375
GNMA II	1,400,000	8/21/2020	11/19/2020	2.50%	2,188
GNMA II	1,200,000	8/25/2020	10/21/2020	3.00%	3,750
GNMA II	3,400,000	9/2/2020	11/19/2020	2.50%	7,969
GNMA II	3,800,000	9/3/2020	11/19/2020	2.50%	7,125
GNMA II	600,000	9/4/2020	10/21/2020	3.00%	2,063
GNMA II	2,600,000	9/8/2020	11/19/2020	2.50%	406
GNMA II	2,000,000	9/11/2020	11/19/2020	2.50%	3,750
GNMA II	3,200,000	9/17/2020	11/19/2020	2.50%	(4,750)
GNMA II	1,400,000	9/21/2020	12/21/2020	2.50%	(5,250)
GNMA II	2,600,000	9/22/2020	12/21/2020	2.50%	(10,156)
GNMA II	1,800,000	9/29/2020	12/21/2020	2.50%	(563)
GNMA II	2,400,000	9/30/2020	12/21/2020	2.50%	(1,125)
Piper Sandler					
GNMA II	2,000,000	7/21/2020	10/21/2020	3.00%	10,624
GNMA II	1,800,000	8/7/2020	10/21/2020	2.50%	5,625
GNMA II	1,000,000	8/7/2020	10/21/2020	3.00%	6,094
GNMA II	1,400,000	8/14/2020	10/21/2020	3.00%	7,219
GNMA II	1,400,000	8/24/2020	11/19/2020	2.50%	2,188
GNMA II	2,000,000	8/31/2020	11/19/2020	2.50%	1,875
GNMA II	1,800,000	9/9/2020	11/19/2020	2.50%	1,125
	$ 94,222,700				
Total deferred inflows of resources accumulated increase in fair value of hedging derivatives					$ 113,808

Note 4 – Program Loans Receivable

Program loans receivable consists of the following at September 30:

	2021	2020
Housing Trust Fund, Milestone Builders, LLC, bearing interest at 2.00%, 24-month term, maturing February 2023	$ 1,949,322	$ -
Workforce Housing Pilot Program, American Opportunity Partners LLC, bearing interest at 2%, ten-year term, maturing August 2029	4,000,000	4,000,000
	$ 5,949,322	$ 4,000,000

In addition to the loans in the table above, certain loans from the federally appropriated HOME Investment Partnership Program and National Housing Trust Fund Program are carried at below-market interest rates, and repayment is deferred for up to 40 years. These loans are generally in either a second or more subordinate position. Given the nature of these loans and the risk associated with them, at the time of origination, they are fully expensed as part of federal and state program expenses, resulting in a net carrying value of zero. Loans with net carrying values of zero are excluded from the table above, and loans are tracked for affordability by OHFA staff. The balances of these loans for the years ended September 30, 2021 and 2020, were $12,420,516 and $11,678,904, respectively.

Note 5 – Capital Assets

Capital assets activity for the year ended September 30, was as follows:

	2021			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 550,000	$ -	$ -	$ 550,000
Construction in progress	-	2,404,696	-	2,404,696
Total capital assets not being depreciated	550,000	2,404,696	-	2,954,696
Capital assets being depreciated:				
Furniture and equipment	3,993,020	438,661	(655,287)	3,776,394
Buildings	2,073,056	-	-	2,073,056
Improvements	2,323,101	23,981	-	2,347,082
Total capital assets being depreciated	8,389,177	462,642	(655,287)	8,196,532
Less accumulated depreciation:				
Furniture and equipment	(3,170,079)	(408,453)	647,749	(2,930,783)
Building	(984,701)	(51,827)	-	(1,036,528)
Improvements	(1,551,172)	(98,818)	-	(1,649,990)
Total accumulated depreciation	(5,705,952)	(559,098)	647,749	(5,617,301)
Total capital assets being depreciated	2,683,225	(96,456)	(7,538)	2,579,231
Capital assets, net	$ 3,233,225	$ 2,308,240	$ (7,538)	$ 5,533,927

	2020			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 550,000	$ -	$ -	$ 550,000
Capital assets being depreciated:				
Furniture and equipment	3,524,766	541,490	(73,236)	3,993,020
Buildings	2,073,056	-	-	2,073,056
Improvements	2,183,709	139,392	-	2,323,101
Total capital assets being depreciated	7,781,531	680,882	(73,236)	8,389,177
Less accumulated depreciation:				
Furniture and equipment	(2,915,477)	(327,743)	73,141	(3,170,079)
Building	(932,875)	(51,826)	-	(984,701)
Improvements	(1,453,046)	(98,126)	-	(1,551,172)
Total accumulated depreciation	(5,301,398)	(477,695)	73,141	(5,705,952)
Total capital assets being depreciated	2,480,133	203,187	(95)	2,683,225
Capital assets, net	$ 3,030,133	$ 203,187	$ (95)	$ 3,233,225

Note 6 – Conduit Debt

The Agency has issued multi-family mortgage revenue bonds as a conduit debt issuer to promote the development of adequate residential housing and other economic development. The net proceeds of these bonds are used to provide interim and permanent financing for multi-family construction projects and establish debt-service reserves as required by the various trust indentures. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Agency, the State, nor any political subdivision thereof, is obligated in any manner for repayment of these bonds.

The following series of bonds were outstanding as of September 30:

Development	Number of Units	Issued	Original Principal Amount	Outstanding Balance September 30, 2021	Outstanding Balance September 30, 2020
Go Ye Village	74	12/1/1985	$ 13,315,000	$ -	$ 2,130,000
New Page	136	3/18/2016	21,000,000	7,129,190	7,223,475
John H. Johnson Care Suites	130	9/12/2017	16,000,000	-	15,895,505
Highland Trails	100	4/27/2018	9,000,000	5,514,901	5,605,427
Sooner Haven	150	10/24/2018	12,500,000	12,500,000	12,500,000
The Curve	240	12/21/2018	25,000,000	25,000,000	25,000,000
Deer Park	152	7/11/2019	14,000,000	14,000,000	14,000,000
Stillwater Springs	120	7/24/2019	12,000,000	12,000,000	10,414,023
Apache Manor/Sandy Park	316	7/31/2020	23,600,000	23,600,000	23,600,000
Oklahoma Central Region Portfolio	261	10/14/2020	12,600,000	12,600,000	-
The Village at a New Leaf	62	5/14/2021	5,400,000	5,400,000	-
			$ 164,415,000	$ 117,744,091	$ 116,368,430

Note 7 – Bonds and Notes Payable

The Single Family Bond Programs are generally payable in annual and semiannual installments and are subject to mandatory sinking fund requirements. These bonds are special obligations payable solely from the income and receipts of these indentures. Neither the Agency, the State, nor any political subdivision thereof, is obligated in any manner for the repayment of these bonds, which are secured by MBS and other assets of their respective indentures.

The Agency renews its line of credit agreement with the Federal Home Loan Bank (FHLBank) each April. The agreement requires monthly interest payments at the three-month LIBOR rate (0.26% and 0.33% at September 30, 2021 and 2020, respectively), matures daily, and is collateralized by investment securities. As of September 30, 2021 and 2020, there was no outstanding balance. According to the terms of the agreement, the maximum amount of credit available with FHLBank may not exceed the collateral lending value of pledged securities. At September 30, 2021 and 2020, the amount available under this line of credit was $49,010,961 and $55,633,239, respectively.

Bonds and notes payable and changes for the fiscal years ended 2021 and 2020, are as follows:

Single Family Bond Program	Issued	Interest Rate Range on Outstanding		Maturity Through	Ending Balance September 30, 2019	Additions	Reductions	Ending Balance September 30, 2020	Additions	Reductions	Ending Balance September 30, 2021	Amount Due in One Year
1991 A&B	11/1/1991	7.35%	7.35%	11/1/2024	$ 76,614	$ -	$ 36,066	$ 40,548	$ -	$ 31,772	$ 8,776	$ 8,776
2010 A	10/1/2010	n/a	n/a	n/a	790,000	-	790,000	-	-	-	-	-
2011 A	5/19/2011	n/a	n/a	n/a	4,275,000	-	1,530,000	2,745,000	-	2,745,000	-	-
2011 B	11/4/2011	n/a	n/a	n/a	20,850,000	-	5,330,000	15,520,000	-	15,520,000	-	-
2012 A	12/5/2012	2.89%	5.00%	9/1/2043	43,705,000	-	8,600,000	35,105,000	-	7,380,000	27,725,000	1,295,000
2013 A&B	4/30/2013	n/a	n/a	n/a	22,910,000	-	5,025,000	17,885,000	-	17,885,000	-	-
2013 C&D	10/30/2013	3.35%	3.75%	3/1/2044	24,407,106	-	4,704,457	19,702,649	-	4,176,360	15,526,289	641,434
2018 A	10/23/2018	2.35%	4.75%	9/1/2048	42,460,000	-	7,260,000	35,200,000	-	11,370,000	23,830,000	800,000
2019 A	8/29/2019	1.35%	5.00%	9/1/2049	66,755,000	-	4,140,000	62,615,000	-	14,620,000	47,995,000	920,000
2020 A	5/6/2020	1.25%	4.00%	3/1/2050	-	50,000,000	1,070,000	48,930,000	-	7,960,000	40,970,000	1,030,000
2020 B	12/10/2020	0.20%	3.25%	9/1/2050	-	-	-	-	30,000,000	1,300,000	28,700,000	1,200,000
Total Single Family Bond Programs					226,228,720	50,000,000	38,485,523	237,743,197	30,000,000	82,988,132	184,755,065	5,895,210
Agency line of Credit		0.33%	0.33%	Daily	-	241,800,000	241,800,000	-	217,300,000	217,300,000	-	-
Total bonds and notes payable					226,228,720	291,800,000	280,285,523	237,743,197	247,300,000	300,288,132	184,755,065	5,895,210
Unamortized premium					8,310,776	1,671,136	1,125,565	8,856,347	1,194,905	2,348,306	7,702,946	
Total bonds and notes payable including unamortized premium					$ 234,539,496	$ 293,471,136	$ 281,411,088	$ 246,599,544	$ 248,494,905	$ 302,636,438	$ 192,458,011	$ 5,895,210

Debt requirements on bonds and notes payable at September 30, are as follows (in thousands):

	2022	2023	2024	2025	2026	2027-2031	2032-2036	2037-2041	2042-2046	2047+	Total
2021:											
Principal and interest	$ 11,979	$ 11,035	$ 13,689	$ 13,563	$ 13,465	$ 52,857	$ 52,361	$ 47,289	$ 39,282	$ 22,147	$ 277,667
Less interest	6,084	5,936	5,781	5,516	5,237	22,944	18,793	13,514	7,595	1,512	92,912
Total principal	$ 5,895	$ 5,099	$ 7,908	$ 8,047	$ 8,228	$ 29,913	$ 33,568	$ 33,775	$ 31,687	$ 20,635	184,755
Unamortized premium											7,703
									Bonds and notes payable		$ 192,458

	2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2040	2041-2045	2046+	Total
2020:											
Principal and interest	$ 14,682	$ 14,624	$ 15,698	$ 18,090	$ 15,937	$ 70,113	$ 69,711	$ 64,733	$ 45,075	$ 29,742	$ 358,405
Less interest	8,077	7,905	7,682	7,356	6,943	29,996	23,977	16,821	9,342	2,562	120,661
Total principal	$ 6,605	$ 6,719	$ 8,016	$ 10,734	$ 8,994	$ 40,117	$ 45,734	$ 47,912	$ 35,733	$ 27,180	237,744
Unamortized premium											8,856
									Bonds and notes payable		$ 246,600

Note 8 – Retirement Plans

Employees hired prior to July 1, 1997, who elect not to be covered by the Oklahoma Public Employees Retirement Plan (OPERS Plan), are covered by the Oklahoma Housing Finance Agency Retirement Plan (OHFA Plan). The OHFA Plan is a defined contribution plan. No new employees are allowed to join this plan after June 30, 1997. OHFA's contribution amount is at the discretion of the Board of Trustees and does not have any limitations. The Board of Trustees approved a monthly contribution to the OHFA Plan equaling the required contribution for the OPERS plan. The contribution to the OHFA Plan was 15.5% of allowable compensation beginning July 1, 2009, and increased to 16.5% of allowable compensation on July 1, 2011. All OHFA employees hired after June 30, 1997, and prior to November 1, 2015, are required to participate in the OPERS Plan. Employees hired on or after November 1, 2015, are required to participate in the State's mandatory defined contribution plan administered by OPERS. Under this plan, members choose a contribution rate which will be matched by OHFA up to 7%.

Note 9 – Defined Benefit Pension Plans

OPERS Plan description

OHFA participates in the OPERS, a cost-sharing multiple-employer defined benefit pension for many state employees in Oklahoma. It covers substantially all employees of the State except those covered by six other plans sponsored by the State and also covers employees of participating counties and local agencies. The employee and employer contribution rates for each member category are established by the Oklahoma Legislature after recommendation by the OPERS Board of Trustees based on an actuarial calculation which is performed to determine the adequacy of such contribution rates.

All OHFA employees hired on or after July 1, 1997, and prior to November 1, 2015, are covered by OPERS.

Pension plan fiduciary net position

Detailed information about OPERS fiduciary net position is available in separately issued Comprehensive Annual Financial Reports that include financial statements and required supplemental information. These reports may be obtained on the Internet at https://www.opers.ok.gov/wp-content/uploads/2020/11/2020_CAFR_OPERS.pdf; P.O. Box 53007, Oklahoma City, OK 73152-3007; and telephone (800) 733-9008.

Benefits provided

OPERS provides retirement benefits to eligible employees (and their beneficiaries) of many state employees in Oklahoma. Members qualify for full retirement benefits at their specified normal retirement age or, depending upon when they became members, when the sum of the member's age and years of credited service equals 80 or 90. Generally, benefits for state, county, and local agency employees are determined at 2% of the average salary, as defined, multiplied by the number of years of credited service. Members may elect to pay an additional contribution rate to receive benefits using a 2.5% factor for each full year the additional contributions are made.

Contributions

The contribution rates for each member category of the plan are established by the Oklahoma Legislature after recommendation by the OPERS Board of Trustees based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation. The following contribution rates were in effect for State, County, and Local Agency Employees: for 2021 and 2020, state agency employers contributed 16.5% on all salary, and state employees contributed 3.5% on all salary.

For the years ended September 30, 2021 and 2020, OHFA contributed approximately $823,000 and $800,000, respectively, to the OPERS Plan.

Actuarial methods and assumptions

The total pension liability was determined based on actuarial valuations prepared as of July 1, 2020, and July 1, 2019, using the following actuarial assumptions:

- Investment return – 6.5% for 2020 and 7% for 2019 compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.25% for 2020 and 3.5% to 9.5% for 2019
- Mortality rates – In 2020, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.5% for 2020 and 2.75% in 2019
- Payroll Growth – 3.25% for 2020 and 3.5% for 2019
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2020 valuation are both based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These 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.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as used in the June 30, 2019 experience study are summarized in the following tables:

2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
U.S. TIPS	3.5%	0.3%
Total	100.0%	

2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-U.S. Equity	24.0%	9.2%
U.S. Fixed Income	32.0%	1.5%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 6.5% and 7% for 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate

The following schedule presents the OHFA portion of the OPERS pension liability calculated using the discount rate of 6.5% for 2020 and 7% for 2019, as well as what OHFA's pension liability would be if it were calculated using a discount rate that is 1% lower than and 1% greater than the discount rate that was used in measuring the net pension liability as of June 30, 2020 and 2019, per the respective OPERS schedule of employer allocations and collective pension amounts.

	2020		
	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
OHFA's proportionate share of the net pension liability (asset)	$ 6,298,802	$ 2,675,690	$ (385,792)
	2019		
	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
OHFA's proportionate share of the net pension liability (asset)	$ 3,661,437	$ 404,956	$ (2,355,917)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At September 30, 2021 and 2020, respectively, OHFA reported a liability of $2,675,690 and $404,956 for its proportionate share of the OPERS net pension liability. For the years ended September 30, 2021 and 2020, OHFA recognized pension expense of $1,619,177 and $657,115, respectively.

The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period July 1, 2019 through June 30, 2020, and the period July 1, 2018 through June 30, 2019.

The amount recognized by the Agency as its proportionate share of the net pension liability and the total portion of the net pension liability that was associated with the Agency were as follows at September 30:

	2021	2020
Agency's proportion of the net pension liability	0.30%	0.30%
Agency's proportionate share of the net pension liability	$ 2,675,690	$ 404,956
Agency's covered-employee payroll	$ 5,334,545	$ 5,195,297
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.16%	7.79%
Plan fiduciary net position as a percentage of the total pension liability	91.59%	98.63%

At September 30, 2021 and 2020, OHFA reported its proportionate share of the OPERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021:		
Change in proportionate share	$ 19,369	$ (47,919)
Differences between expected and actual economic experience	955,731	(14,621)
Difference between projected and actual investment earnings	317,939	-
Contributions paid to OPERS subsequent to the measurement date	783,277	-
	$ 2,076,316	$ (62,540)
2020:		
Change in proportionate share	$ 52,199	$ (5,792)
Differences between expected and actual economic experience	-	(95,292)
Difference between projected and actual investment earnings	-	(122,189)
Contributions paid to OPERS subsequent to the measurement date	750,013	-
	$ 802,212	$ (223,273)

Deferred outflows of resources of $783,277 and $750,013 related to pensions as of September 30, 2021 and 2020, respectively, resulting from OHFA contributions subsequent to the measurement dates of June 30, 2020 and 2019, were recognized as a reduction of the net pension liability in the years ended September 30, 2021 and 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30, 2021	Pension Expense
2022	$ 498,985
2023	400,632
2024	195,520
2025	135,362

Note 10 – Other Postemployment Employee Benefits (OPEB)

OPERS OPEB plan description

OHFA participates in the OPERS Health Insurance Subsidy Plan (HISP), a cost-sharing multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS. The HISP is classified as an "other postemployment employee benefit."

OPEB plan fiduciary net position

Detailed information about OPERS OPEB fiduciary net position is available in separately issued Comprehensive Annual Financial Reports that include financial statements and required supplemental information. These reports may be obtained on the Internet at https://www.opers.ok.gov/wp-content/uploads/2020/11/2020_CAFR_OPERS.pdf; P.O. Box 53007, Oklahoma City, OK 73152-3007; and telephone (800) 733-9008.

Benefits provided

HISP provides a health insurance premium subsidy for retirees of OPERS who elect to maintain health insurance with the Office of Management Enterprise Services (OMES) Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employers. The HISP subsidy is capped at $105 per month per retiree. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not the joint annuitants or beneficiaries.

Contributions

The contribution rates for each member category of the plan are established by the Oklahoma Legislature after recommendation by the OPERS Board based on actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contribution to OPERS is set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to IRS limitations on compensation. Only employers contribute to the HISP. The following contribution rates were in effect for State, County, and Local Agency Employees: For 2021 and 2020, state agency employers contributed 16.5% on all salary toward OPERS and HISP.

For the years ended September 30, 2021 and 2020, OHFA contributed approximately $58,000 and $57,000, respectively, to OPERS for the HISP.

Actuarial methods and assumptions

The total OPEB asset (liability) was determined based on actuarial valuations prepared as of July 1, 2020 and July 1, 2019, using the following actuarial assumptions:

- Investment return – 6.5% for 2020 and 7% in 2019 compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.25% for 2020 and 3.5% to 9.5% for 2019
- Mortality rates – In 2020, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.

- No annual post-retirement benefit increases
- Assumed inflation rate – 2.5% for 2020 and 2.75% in 2019
- Payroll Growth – 3.25% for 2020 and 3.5% for 2019
- Actuarial cost method – entry age
- Select period for the termination of employment assumptions – ten years
- Health Care Trend Rate – Not applicable based on how the system is structured and benefit payments are made

The actuarial assumptions used in the July 1, 2020 and July 1, 2019, valuations are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as in the June 30, 2019 experience study, are summarized in the following table:

2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
Total	100.0%	

2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-U.S. Equity	24.0%	9.2%
U.S. Fixed Income	32.0%	1.4%
Total	100.0%	

Discount rate

The discount rate used to measure the total OPEB liability was 6.5% and 7% net of investment expenses for 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from employers are made at the current contribution rate as set out in state statute. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset or liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the net OPEB liability to changes in the discount rate

The following schedule presents the OHFA portion of the OPERS OPEB asset or liability calculated using the discount rates of 6.5% for 2020 and 7% for 2019, as well as what OHFA's OPEB asset or liability would be if it were calculated using a discount rate that is 1% lower than and 1% greater than the discount rate that was used in measuring the net OPEB liability (asset) as of June 30, 2020 and 2019, per the respective OPERS schedule of employer allocations and collective OPEB amounts.

	2020		
	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
OHFA's proportionate share of the net OPEB liability (asset)	$ (35,798)	$ (140,607)	$ (230,430)

	2019		
	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
OHFA's proportionate share of the net OPEB liability (asset)	$ (18,670)	$ (118,198)	$ (203,808)

OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At September 30, 2021 and 2020, OHFA reported assets of $140,607 and $118,198, respectively, for its proportionate share of the OPERS net OPEB liability (asset). For the years ended September 30, 2021 and 2020, OHFA recognized OPEB revenue of $7,706 and OPEB expense of $6,724, respectively.

The net OPEB liability (asset) was measured as of June 30, 2020 and 2019, respectively, and the total OPEB asset or liability used to calculate the net OPEB asset or liability was determined by actuarial valuations as of those dates. The employer's proportion of the net OPEB asset or liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period July 1, 2019 through June 30, 2020, and July 1, 2018 through June 30, 2019.

The amount recognized by the Agency as its proportionate share of the net OPEB asset or liability and the total portion of the net OPEB asset or liability that was associated with the Agency were as follows at September 30:

	2021	2020
Agency's proportion of the net OPEB liability (asset)	0.30%	0.30%
Agency's proportionate share of the net OPEB liability (asset)	$ (140,607)	$ (118,198)
Plan fiduciary net position as a percentage of the total OPEB asset or liability	114.27%	112.11%

At September 30, 2021 and 2020, OHFA reported its proportionate share of the OPERS deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021:		
Change in proportionate share	$ 4,214	$ (3,543)
Differences between expected and actual economic experience	-	(119,049)
Changes in actuarial assumptions	49,615	-
Difference between projected and actual investment earnings	21,407	-
Contributions paid to OPERS subsequent to the measurement date	54,938	-
	$ 130,174	$ (122,592)
2020:		
Change in proportionate share	$ 4,985	$ -
Differences between expected and actual economic experience	-	(96,046)
Changes in actuarial assumptions	17,761	-
Difference between projected and actual investment earnings	-	(12,770)
Contributions paid to OPERS subsequent to the measurement date	53,415	-
	$ 76,161	$ (108,816)

Deferred outflows of resources of $54,938 and $53,415 related to OPEB as of September 30, 2021 and 2020, respectively, resulting from OHFA contributions subsequent to the measurement dates of June 30, 2020 and 2019, were recognized as a reduction of the net OPEB liability in the year ended September 30, 2021 and 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended September 30,	OPEB Expense
2022	$ (20,822)
2023	(11,555)
2024	(7,762)
2025	(5,013)
2026	(2,204)

Note 11 – Risk Management

OHFA is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. OHFA pays an annual premium to a private insurance carrier for its tort liability, property loss, workers' compensation, and general liability insurance coverage. OHFA purchases commercial employee life insurance and pays an annual premium for its employee health insurance coverage. There has not been any significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The Agency is not subject to significant risk of loss with respect to the above risks.

Note 12 – Contingencies

Intergovernmental Financial Assistance – OHFA administers various federal and state programs. These programs are subject to audit and adjustments by the awarding agencies and other organizations. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amount, if any, of expenditures disallowed cannot be determined at this time. OHFA expects such amounts, if any, to be immaterial.

Litigation – OHFA, in the normal course of business, is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, OHFA believes the resolution of these matters will not have a material adverse effect on the financial condition of OHFA.

REQUIRED SUPPLEMENTAL INFORMATION

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Seven Fiscal Years[(1)]

	2021	2020	2019	2018	2017	2016	2015
OHFA's proportion of the net pension liability	0.29991057%	0.30404844%	0.27042901%	0.27571479%	0.24714034%	0.23478392%	0.25492617%
OHFA's proportionate share of the net pension liability	$ 2,675,690	$ 404,956	$ 527,453	$ 1,490,688	$ 2,352,317	$ 844,480	$ 467,953
OHFA's covered payroll	$ 5,334,545	$ 5,195,297	$ 4,547,539	$ 4,809,522	$ 4,298,455	$ 4,374,297	$ 4,185,176
OHFA's proportionate share of the net pension liability as a percentage of its covered payroll	50.16%	7.79%	11.60%	30.99%	54.72%	19.30%	11.18%
OPERS' fiduciary net position as a percentage of the total pension liability	91.59%	98.63%	97.96%	94.28%	89.50%	96.00%	97.90%

(1) The amounts presented for each fiscal year were determined as of June 30 of the prior year.

Only the last seven fiscal years are presented because ten-year data is not readily available.

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S PENSION CONTRIBUTIONS

Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 822,509	$ 800,230	$ 698,746	$ 741,664	$ 709,245	$ 721,759	$ 690,554
Contributions in relation to the contractually required contributions	822,509	800,230	698,746	741,664	709,245	721,759	690,554
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OHFA's covered payroll	$ 5,334,545	$ 5,195,297	$ 4,547,539	$ 4,809,522	$ 4,298,455	$ 4,374,297	$ 4,185,176
Contributions as a percentage of covered payroll	15.4%	15.4%	15.4%	15.4%	16.5%	16.5%	16.5%

Only the last seven fiscal years are presented because ten-year data is not readily available.

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Last Four Fiscal Years[(1)]

	2021	2020	2019	2018
OHFA's proportion of the net OPEB liability (asset)	0.29991057%	0.30404844%	0.27042901%	0.27571479%
OHFA's proportionate share of the net OPEB liability (asset)	$ (140,607)	$ (118,198)	$ (34,996)	$ 31,580
OHFA's covered payroll	$ 5,334,545	$ 5,195,297	$ 4,547,539	$ 4,809,552
OHFA's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.64%	2.28%	0.77%	0.66%
OPERS' fiduciary net position as a percentage of the total OPEB asset or liability	114.27%	112.11%	103.94%	96.50%

(1) The amounts presented for each fiscal year were determined as of June 30 of the prior year.

Only the last four fiscal years are presented because ten-year data is not readily available.

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S OPEB CONTRIBUTIONS

Last Four Fiscal Years

	2021	2020	2019	2018
Contractually required contribution	$ 57,691	$ 56,991	$ 51,598	$ 51,912
Contributions in relation to the contractually required required contributions	57,691	56,991	51,598	51,912
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
OHFA's covered payroll	$ 5,334,545	$ 5,195,297	$ 4,547,539	$ 4,809,522
Contributions as a percentage of covered payroll	1.08%	1.10%	1.13%	1.08%

Only the last four fiscal years are presented because ten-year data is not readily available.

OTHER SUPPLEMENTAL INFORMATION

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION

September 30, 2021

	1991 Series A & B	1994 Master Indenture Accumulation Fund	2009 Series C NIBP Master Indenture	2010 Series A 2009 C-1	2011 Series A 2009 C-2	2011 Series B 2009 C-3	2012 Series A 2009 C-4
Assets							
Noncurrent assets:							
Cash and cash equivalents	$ 896	$ 3,157,289	$ 1,623,135	$ -	$ -	$ -	$ 558,455
Investments	8,113	13,821,841	7,351,630	-	-	-	26,929,502
Interest receivable	51	52,669	17,115	-	-	-	71,107
Total assets	9,060	17,031,799	8,991,880	-	-	-	27,559,064
Liabilities							
Current liabilities:							
Accounts payable - other	-	-	-	-	-	-	12,797
Interest payable	54	-	-	-	-	-	90,570
Current maturities of bonds and notes payable	8,776	-	-	-	-	-	1,295,000
Total current liabilities	8,830	-	-	-	-	-	1,398,367
Noncurrent liabilities:							
Bonds and notes payable, less current maturities	-	-	-	-	-	-	27,997,228
Total liabilities	8,830	-	-	-	-	-	29,395,595
Net Position							
Restricted for Single Family Bond Programs	$ 230	$ 17,031,799	$ 8,991,880	$ -	$ -	$ -	$ (1,836,531)

See independent auditor's report.

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION (continued)

September 30, 2021

	2013 Series A & B	2013 Series C & D	2018 Master Indenture Special Program Fund	2018 Series A	2019 Series A	2020 Series A	2020 Series B	Total Single Family Bond Programs
Assets								
Noncurrent assets:								
Cash and cash equivalents	$ -	$ 1,119,961	$ 3,317,888	$ 973,569	$ 2,501,373	$ 1,530,817	$ 249,858	$ 15,033,241
Investments	-	19,345,252	53,478,864	25,884,318	46,082,588	45,957,326	29,994,415	268,853,849
Interest receivable	-	58,929	150,275	91,247	139,255	123,260	64,968	768,876
Total assets	-	20,524,142	56,947,027	26,949,134	48,723,216	47,611,403	30,309,241	284,655,966
Liabilities								
Current liabilities:								
Accounts payable - other	-	6,264	-	8,481	15,387	15,137	9,541	67,607
Interest payable	-	46,225	-	79,354	142,288	103,963	46,002	508,456
Current maturities of bonds and notes payable	-	641,434	-	800,000	920,000	1,030,000	1,200,000	5,895,210
Total current liabilities	-	693,923	-	887,835	1,077,675	1,149,100	1,255,543	6,471,273
Noncurrent liabilities:								
Bonds and notes payable, less current maturities	-	14,884,855	-	23,812,569	49,915,696	41,309,329	28,643,124	186,562,801
Total liabilities	-	15,578,778	-	24,700,404	50,993,371	42,458,429	29,898,667	193,034,074
Net Position								
Restricted for Single Family Bond Programs	$ -	$ 4,945,364	$ 56,947,027	$ 2,248,730	$ (2,270,155)	$ 5,152,974	$ 410,574	$ 91,621,892

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended September 30, 2021

	1991 Series A & B	1994 Master Indenture Accumulation Fund	2009 Series C NIBP Master Indenture	2010 Series A 2009 C-1	2011 Series A 2009 C-2	2011 Series B 2009 C-3	2012 Series A 2009 C-4
Operating Revenues							
Investment income	$ 1,411	$ 758,894	$ 99,681	$ 34,681	$ 53,064	$ 466,107	$ 1,137,424
Net increase (decrease) in fair value of investments	(103)	(167,662)	(79,756)	-	-	-	(342,247)
Gain (loss) on sale of investments	-	-	-	86,085	67,249	(258,916)	(28,663)
Total operating revenues	1,308	591,232	19,925	120,766	120,313	207,191	766,514
Operating Expenses							
Interest on bonds and notes payable	1,452	-	-	-	22,121	78,319	790,268
Mortgage servicing fees	98	67,068	17,792	3,427	5,643	50,185	147,655
Trustees, issuer and other fees	29	5,062	-	-	-	67,882	201,950
Bond issue costs	-	-	-	-	-	-	-
Other general and administrative	-	-	3,235	-	-	-	-
Total operating expenses	1,579	72,130	21,027	3,427	27,764	196,386	1,139,873
Operating income (loss) before transfers	(271)	519,102	(1,102)	117,339	92,549	10,805	(373,359)
Equity transfers in (out)	-	(6,175,585)	5,954,010	(9,343,507)	(12,505,409)	1,028,589	(1,808,416)
Operating transfers in (out)	-	-	-	-	-	-	(4,544)
Increase (decrease) in net position	(271)	(5,656,483)	5,952,908	(9,226,168)	(12,412,860)	1,039,394	(2,186,319)
Total net position, beginning of year	501	22,688,282	3,038,972	9,226,168	12,412,860	(1,039,394)	349,788
Total net position, end of year	$ 230	$ 17,031,799	$ 8,991,880	$ -	$ -	$ -	$ (1,836,531)

See independent auditor's report.

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)

Year ended September 30, 2021

	2013 Series A & B	2013 Series C & D	2018 Indenture Special Program Fund	2018 Series A	2019 Series A	2020 Series A	2021 Series B	Total Single Family Bond Programs
Operating Revenues								
Investment income	$ 10	$ 878,282	$ 1,319,340	$ 954,977	$ 1,551,762	$ 1,426,090	$ 573,491	$ 9,255,214
Net increase (decrease) in fair value of investments	-	(202,939)	(881,280)	(552,535)	(190,692)	(126,798)	(224,648)	(2,768,660)
Gain (loss) on sale of investments	-	-	-	-	-	-	-	(134,245)
Total operating revenues	10	675,343	438,060	402,442	1,361,070	1,299,292	348,843	6,352,309
Operating Expenses								
Interest on bonds and notes payable	(52,622)	615,706	-	741,755	1,026,221	1,073,854	401,803	4,698,877
Mortgage servicing fees	-	99,438	231,345	141,385	248,641	237,860	93,754	1,344,291
Trustees, issuer and other fees	11,857	98,351	-	138,688	248,269	239,418	17,554	1,029,060
Bond issue costs	-	-	-	-	-	-	355,894	355,894
Other general and administrative	-	-	-	-	-	-	-	3,235
Total operating expenses	(40,765)	813,495	231,345	1,021,828	1,523,131	1,551,132	869,005	7,431,357
Operating income (loss) before transfers	40,775	(138,152)	206,715	(619,386)	(162,061)	(251,840)	(520,162)	(1,079,048)
Equity transfers in (out)	17,194,989	(520,271)	5,569,703	112,121	485,178	(597,299)	605,897	-
Operating transfers in (out)	-	-	-	-	-	-	324,839	320,295
Increase (decrease) in net position	17,235,764	(658,423)	5,776,418	(507,265)	323,117	(849,139)	410,574	(758,753)
Total net position, beginning of year	(17,235,764)	5,603,787	51,170,609	2,755,995	(2,593,272)	6,002,113	-	92,380,645
Total net position, end of year	$ -	$ 4,945,364	$ 56,947,027	$ 2,248,730	$ (2,270,155)	$ 5,152,974	$ 410,574	$ 91,621,892

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION

September 30, 2021

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Assets				
Current assets:				
Cash and cash equivalents	$ -	$ 40,151,895	$ -	$ 40,151,895
Accounts receivable (net of an allowance for doubtful accounts of $1,661,643)	-	253,652	(67,607)	186,045
Accounts receivable - U.S. Department of Housing and Urban Development	-	988,914	-	988,914
Prepaid expenses	-	936,520	-	936,520
Interest receivable	-	328,781	-	328,781
Total current assets	-	42,659,762	(67,607)	42,592,155
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	15,033,241	-	-	15,033,241
Investments	268,853,849	-	-	268,853,849
Interest receivable	768,876	-	-	768,876
Program loans receivable	-	5,949,322	-	5,949,322
OPEB asset	-	140,607	-	140,607
Long-term investments	-	57,010,271	-	57,010,271
Nondepreciated capital assets	-	2,954,696	-	2,954,696
Capital assets, net	-	2,579,231	-	2,579,231
Total noncurrent assets	284,655,966	68,634,127	-	353,290,093
Total assets	284,655,966	111,293,889	(67,607)	395,882,248
Deferred outflows of resources:				
Pension	-	2,076,316	-	2,076,316
OPEB	-	130,174	-	130,174
Accumulated decrease in fair value of hedging derivatives	-	51,603	-	51,603
Total deferred outflows of resources	-	2,258,093	-	2,258,093

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION (continued)

September 30, 2021

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Liabilities				
Current liabilities:				
Salaries and related expenses	-	916,501	-	916,501
Accounts Payable - U.S. Department of Housing and Urban Development	-	658,952	-	658,952
Accounts payable - Family Self Sufficiency Program	-	289,131	-	289,131
Accounts payable - other	67,607	458,868	(67,607)	458,868
Hedging Payable	-	51,603	-	51,603
Unearned revenue	-	1,832,797	-	1,832,797
Compensated absences	-	1,139,494	-	1,139,494
Interest payable	508,456	610	-	509,066
Current maturities of bonds and notes payable	5,895,210	-	-	5,895,210
Total current liabilities	6,471,273	5,347,956	(67,607)	11,751,622
Noncurrent liabilities:				
Pension liability	-	2,675,690	-	2,675,690
Bonds and notes payable, less current maturities	186,562,801	-	-	186,562,801
Total noncurrent liabilities	186,562,801	2,675,690	-	189,238,491
Total liabilities	193,034,074	8,023,646	(67,607)	200,990,113
Deferred inflows of resources:				
Pension	-	62,540	-	62,540
OPEB	-	122,592	-	122,592
Total deferred inflows of resources	-	185,132	-	185,132
Net Position				
Invested in capital assets	-	5,533,927	-	5,533,927
Restricted for Single Family Bond Programs	91,621,892	-	-	91,621,892
Restricted for Section 8 Voucher Program	-	1,621,913	-	1,621,913
Unrestricted	-	98,187,364	-	98,187,364
Total net position	$ 91,621,892	$ 105,343,204	$ -	$ 196,965,096

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended September 30, 2021

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Operating Revenues				
Investment income	$ 9,255,214	$ 1,249,545	$ -	$ 10,504,759
Program loan income	-	92,667	-	92,667
Net increase in fair value of investments	(2,768,660)	(873,476)	-	(3,642,136)
Realized gain (loss) on sale of investments	(134,245)	6,024,411	-	5,890,166
Fees and other income	-	18,231,838	(998,048)	17,233,790
Total operating revenues	6,352,309	24,724,985	(998,048)	30,079,246
Operating Expenses				
Interest on bonds and notes payable	4,698,877	6,455	-	4,705,332
Mortgage servicing fees	1,344,291	-	-	1,344,291
Trustees, issuer and other fees	1,029,060	-	(998,048)	31,012
Bond issue costs	355,894	-	-	355,894
Salaries and related expenses	-	10,945,914	-	10,945,914
Other general and administrative	3,235	3,349,990	-	3,353,225
Total operating expenses	7,431,357	14,302,359	(998,048)	20,735,668
Operating income (loss)	(1,079,048)	10,422,626	-	9,343,578
Nonoperating revenues (expenses):				
Federal and state program revenues	-	149,718,689	-	149,718,689
Federal and state program expenses	-	(147,702,306)	-	(147,702,306)
Total nonoperating loss	-	2,016,383	-	2,016,383
Income (loss) before transfers	(1,079,048)	12,439,009	-	11,359,961
Transfers	320,295	(320,295)	-	-
Increase in net position	(758,753)	12,118,714	-	11,359,961
Total net position, beginning of year	92,380,645	93,224,490	-	185,605,135
Total net position, end of year	$ 91,621,892	$ 105,343,204	$ -	$ 196,965,096

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS

Year ended September 30, 2021

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Cash Flows from Operating Activities				
Receipts from fees	$ -	$ 17,856,630	$ (998,048)	$ 16,858,582
Receipts from program loan payments	-	92,667	-	92,667
Receipts from other sources	-	127,646	-	127,646
Payments to employees	-	(10,766,196)	-	(10,766,196)
Payments to suppliers	-	(4,742,946)	-	(4,742,946)
Payment for purchases of program loans	-	(1,949,322)	-	(1,949,322)
Payments for bond fees	(1,366,698)	-	-	(1,366,698)
Payments for trustee and other fees	(1,032,295)	-	998,048	(34,247)
Net cash provided by (used in) operating activities	(2,398,993)	618,479	-	(1,780,514)
Cash Flows from Noncapital Financing Activities				
Proceeds from issuance of bonds and notes payable	31,194,905	217,300,000	-	248,494,905
Principal paid on bonds and notes payable	(85,336,438)	(217,300,000)	-	(302,636,438)
Interest paid on bonds and notes payable	(4,865,797)	(7,279)	-	(4,873,076)
Payment of bond issuance costs	(355,893)	-	-	(355,893)
Receipt of federal and state program revenues	-	149,718,689	-	149,718,689
Payment of federal and state program expenses	-	(147,702,306)	-	(147,702,306)
Transfers	320,295	(320,295)	-	-
Net cash provided by (used in) noncapital financing activities	(59,042,928)	1,688,809	-	(57,354,119)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	(2,867,338)	-	(2,867,338)
Net cash used in capital and related financing activities	-	(2,867,338)	-	(2,867,338)
Cash Flows from Investing Activities				
Purchase of investments	(74,886,605)	(526,707,952)	-	(601,594,557)
Proceeds from sales and maturities of investments	116,321,355	544,738,423	-	661,059,778
Interest received on investments	9,473,153	1,228,374	-	10,701,527
Net cash provided by investing activities	50,907,903	19,258,845	-	70,166,748
Net increase (decrease) in cash and cash equivalents	(10,534,018)	18,698,795	-	8,164,777
Cash and cash equivalents, beginning of year	25,567,259	21,453,100	-	47,020,359
Cash and cash equivalents, end of year	$ 15,033,241	$ 40,151,895	$ -	$ 55,185,136
Cash and Cash Equivalents as Reported in Statement of Net Position				
Unrestricted	$ -	$ 40,151,895	$ -	$ 40,151,895
Restricted	15,033,241	-	-	15,033,241
	$ 15,033,241	$ 40,151,895	$ -	$ 55,185,136

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS (continued)

Year ended September 30, 2021

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ (1,079,048)	$ 10,422,626	$ -	$ 9,343,578
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	-	559,098	-	559,098
Interest from investments	(9,255,214)	(1,249,545)	-	(10,504,759)
Bond issue costs	355,894	-	-	355,894
Net decrease in fair value of investments	2,768,660	873,476	-	3,642,136
Realized loss (gain) on sale of investments	134,245	(6,024,411)	-	(5,890,166)
Interest on bonds and notes payable	4,698,877	6,455	-	4,705,332
Change in operating assets, liabilities, deferred outflows, and deferred inflows:				
Accounts receivable and HUD receivable	-	(406,484)	-	(406,484)
Prepaid expenses	-	(477,614)	-	(477,614)
Program loans receivable	-	(1,949,322)	-	(1,949,322)
Accounts payable and accrued expenses	(22,407)	74,390	-	51,983
Hedging receivable or payable	-	165,411	-	165,411
Unearned revenue	-	(2,002,682)	-	(2,002,682)
Pension payable	-	2,270,734	-	2,270,734
OPEB asset or liability	-	(22,409)	-	(22,409)
Deferred outflows	-	(1,379,720)	-	(1,379,720)
Deferred inflows	-	(260,765)	-	(260,765)
Compensated absences	-	19,241	-	19,241
Net cash provided by (used in) operating activities	$ (2,398,993)	$ 618,479	$ -	$ (1,780,514)

OTHER REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oklahoma Housing Finance Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oklahoma Housing Finance Agency (the Agency), as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hogan Taylor LLP

Oklahoma City, Oklahoma
January 25, 2022